

## Political economist challenge to state VET system

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There is a growing chorus of voices questioning the wisdom of the changes made to VET funding in Victoria, led by the minister for education in NSW, Adrian Piccoli (Campus Review, October 18) and the federal minister Chris Evans (Campus Review, November 29).

The latest voice to express disquiet over the Victorian experimentation is political economist, Dr Phillip Toner, senior research fellow at the centre for industry and innovation studies at the University of Western Sydney, who also provides advice to the OECD. In an interview for this column, Toner posed a series of confronting questions for the Victorian policy makers.

He asked if the policy changes to VET in Victoria were based on ideology or evidence-based policy making ideology. "It is not even good economics, it is ideology run amok in Victoria. It reflects an ideological position that has absolutely no relationship to the market reality. The policy makers have simply imposed a ridiculously simplified model of a market that wouldn't even get a pass mark in first year economics."

He said the policy came from the UK. "It's the neo-liberal marketised UK VET model that was developed in the late '70s, early '80s. And the UK VET model compared to any other in Europe is regarded by leading analysts as the worst in the developed world."

Toner backed this up by pointing to the recent report on the UK VET system. "There have been multiple reviews of the UK system and the most recent one, Alison Wolf's report, was scathing of the marketised model [for further education] in the UK."

He said the model was inappropriate and too simplistic for VET because any market relies on a system in which prices reflect supply and demand conditions and where differences in prices reasonably reflect differences in quality. It relies on an informed consumer and a system of incentives that doesn't undermine quality and each of these market elements are far from straightforward in the VET arena, he said.

VET delivery as an economic commodity, does not fit the simple economic model of, say, the supply and demand of a potato. "In the case of potatoes the quality's self-evident: you can look at a potato and you can compare prices. When you look at the distinguishing features of VET as a product, the quality is not self-evident. The first reason is that there are no requirements in relation to the duration of training, and secondly the standards that are specified in training packages are very general. And thirdly the assessment of the VET activity in terms of whether you're competent or not is solely up to the person who's delivered the training."

On the supply side he said VET supplied a very unusual product in terms of objective assessment of what's being bought, "making it difficult for many consumers to know what they are buying or what is its level of quality. Not like buying a potato".

Toner has examined in detail some industries where such distinguishing features of the VET product were abused by dishonest service providers, for instance in the training associated with the licensing of building inspectors. This was the subject of an inquiry by the

Independent Commission against Corruption in NSW and the training providers were found to be “rotting the system, either providing no training whatsoever or just minimal training”.

As a result of this research, Toner is concerned by one of the developments seen as a positive by the Victorian government, the doubling in the number of private providers since 2008. Does the customer, let alone the government, have any idea what quality of VET product is provided by every one of these providers, asks Toner?

Consumers are not able to access sufficient and discriminating information about the hundreds of VET suppliers in Victoria. On the supply side of VET, there are no rankings (of providers), no objective assessment of the quality (they provide). You can't go onto a website as you can with a university and look at where it stands in relation to other universities, he said.

On the customer or demand side you have a remarkably segmented demand structure, said Toner. It's highly segmented in that people are doing VET training for a multiplicity of reasons and with very different knowledge bases about what it is they are buying and why they're doing it.

“Now what the policy-makers in Victoria assume, and what the student entitlement model assumes, is that we have an informed VET consumer.”

However, Toner ridicules the idea that every VET consumer has perfect knowledge base and information processing capabilities. This belief in the all-knowing consumer “is economics 101 but nobody teaches, nobody believes this stuff anymore. The only people who believe these assumptions are the public policy makers.”

Toner was not surprised by what he calls the perverse enrolment patterns in Victoria over the last two years, such as the large increase in the number of people undertaking a certificate in fitness training.

“When you open up public VET funding to competition this is an inevitable outcome. It's not competition, it's a totally perverted market with distorted incentives on the part of the people supplying and the people demanding training.”

In relation to the increased volume of training provided over the last two years, Toner has some blunt questions for the Victorian policy markers about planning responsibility and accountability for public funds.

“A, can you put your hand on your heart and demonstrate to me empirically that that was high quality training?

B, what are the labour market outcomes of that training?

C, what are the economic returns to the individual?

Do they actually get a more highly qualified job?”

Australia has seen before the disasters of evidence-free neo-liberal approaches, with the explosion of traineeships in the late 1990s and the scandals that arose at the time, he said. “This is the neo-liberal policy trajectory. They deregulate a field, the public sector provider gets screwed up, quality goes out the window and there are consumer rip-offs all over the place. Then there is a push back from the electorate and the neo-liberals are then forced to introduce extensive and expensive interventions and intrusive regulation.”

Toner believes the Victorian policy makers are dismantling TAFE in line with this ideological trajectory, not evidence. “This is privatisation by stealth, it’s a public sell-off, and of course the consequences are absolutely dire,” he said.

”Show me the evidence that the problem was so profound in the delivery by TAFE that it required this phenomenal shock treatment, this complete 180 degree in public policy. Show me the evidence. There isn’t any. And this is where the ideology comes in.”

He held out an invitation to the policy makers. “If someone can show me that this is a wonderful new VET system and that the old system was genuinely stuffed, I’m not going to be the equivalent of the climate change denier. I am not against ‘user choice’ in principle, but the way it has been implemented in Victoria is deeply damaging to quality in the VET system”

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