

Markets and funding in TAFE: *blowing the whistle*

DAMON ANDERSON gave this address at the 2006 TAFE AGM

Thank you for inviting me to speak today. Markets and funding in TAFE was the topic I addressed at an AEU TAFE AGM almost ten years ago. Since then, training markets have almost become part of the taken-for-granted landscape in VET. Yet despite their omnipresence and seeming inevitability, they remain a highly problematic and contestable phenomenon. Before I review the current state of play, I'll start by reflecting on the nature of markets and some of their key features.

Markets in VET, indeed of any kind, are neither natural nor preordained phenomena. Like any other institution, they are socially constructed and historically situated. Indeed, humans were present at their creation. Wherever there are human societies, there are markets—for products and services that people require or desire in their daily lives, such as fruit and vegetables, motor vehicles, life insurance and labour. So markets are 'man-made' institutions that serve real needs and can perform a worthwhile role.

Markets are often juxtaposed in opposition to the state (or government), as if they are two entirely separate and self-contained domains. However, history shows that the boundaries around, and between, market and state shift over time. Governments can decide to enlarge or shrink the market sector, vis-à-vis the non-market or state sector—but not vice versa, as markets cannot act of their own accord.

So there is nothing inherently anti-social, dehumanising or corrosive about markets per se. They are essentially neutral phenomena, neither good nor bad. Choice and competition, which are the organising principles of markets, are worthy and desirable—but not for their own sake, or in isolation from other organising principles of human activity, such as sharing and cooperation. Indeed, in a sports-mad nation like Australia, most would concede that competition can be healthy. It can produce superior performances and results not otherwise possible under non-competitive conditions.

Let's explore the sport analogy a bit further, as it is informative. Both the Australian Football League and the 'Training Market League' share some common features. In the AFL, there are rules and regulations set by the AFL Commission, an umpire, two competing sides on the field (sixteen

in all), groups of fans who can choose to follow one or other team, a centre, boundary and goal posts. So it is in the Training Market League! Government sets the rules and regulations, training authorities act as umpires, several sides compete to win contracts, clients can choose one or other provider, and so on. In both Leagues, therefore, we appear to have the proverbial 'level playing field'.

But we all know that the practice and reality of the AFL is often (and often far) removed from the theory and the rhetoric. The rules and regulations can be changed to favour one or other team. Umpires can be subject to bias. Team performances are often affected as much by what happens off the field, in the clubroom, the media and corporate world, as what transpires on it. So despite rhetorical claims and appearances to the contrary, the proverbial playing field is far from level. So it is in the Training Market League. Government sets and changes the rules and regulations, often in response to external forces and influences, such as politics, geography, money and power. It can move the goal posts, and make biased and poor decisions.

The key point of this analogy is that in the process of making the training market, governments (intentionally and sometimes unintentionally) tilt the playing field in one or other direction, according to external forces, ideological commitments and values. In doing so, the interests of one or other team are prioritised over others. Dare I point out the similarities between the case of private providers under the Kennett government in the early 1990s, and the Brisbane Bears/Lions in the AFL around the same time! In both instances, the playing field was clearly tilted in their favour.

What I'm suggesting is that it's not a question of market or state—such equations are too simplistic and miss the point. The key questions to ask when evaluating the efficacy of training markets are: how do the rules, regulations and umpire's decisions tilt the playing field in one or other direction? In so tilting the playing field, whose needs and interests are being prioritised? Do these market arrangements and their outcomes serve the central purposes and stakeholders of publicly-funded VET in a fair, equitable and efficient manner? Whose needs and interests are being ignored, subordinated or marginalised? If

current market arrangements are deficient, what should be changed, and how, if VET is to serve its key purposes and stakeholders effectively?

As I suggested earlier, markets also need to be viewed in context—historical, political and economic. As you'll be aware, there has been a long-term erosion of TAFE's public revenue base. Government funding of TAFE declined from around 86 per cent in the early 1990s to 80 per cent in 2001. During the same period, government decided to marketise VET. From 1995 onwards, there was an incremental shift of recurrent funding away from TAFE to create the competitive tendering market. From 1998, there was an even more substantial shift of recurrent revenue from TAFE to create the user choice market. In all, around 20 per cent of public VET funding (which had been part of TAFE's base revenue) was extracted to underwrite State and Federal Governments' new training markets.

As a result, TAFE has become increasingly reliant on unstable 'soft money', sourced either from commercial or government training markets—which together account for around one-third of TAFE's revenue for training delivery, a staggering figure on any account! Yet the Federal Government also continued to extract 'growth-through-efficiency' dividends from TAFE—though minus the 'growth' funding in recent years. So while TAFE's 'hard' recurrent revenue from government fell to around 65 per cent in 2001, enrolments rose by 20 per cent. On top of that, TAFE has had to implement a vast

array of major reforms to curriculum and delivery, such as training packages and flexible delivery.

So how have these choices and decisions by governments at all levels tilted the playing field in the training market? Who have been the winners and losers? As Pat Forward has indicated, such questions are addressed in the just-released report of my national evaluation of market reform in VETa. What this research suggests is that large and medium enterprises, fee-paying clients, and private

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providers have been the principal beneficiaries. Individual students, small business and the wider community have been less well served. A majority of both TAFE and ACE providers said that, on balance, market reform has had a negative impact.

In effect, the training market has been constructed and tilted over the past decade, by neo-liberal governments on both sides of the political 'divide', to serve sectional corporate interests rather than the wider public interest. Such trends highlight some profound tensions and contradictions in the current training market, for example between the rhetoric and reality of 'free choice', 'fair competition', and the 'level playing field'.

Given that markets in education and training seem likely to persist for the foreseeable future, and what I've just said is premised on this assumption, the immediate challenge is to reinvigorate debate about what sort of market best serves the needs of all stakeholders in a more just and equitable manner, and how it should be remade (and tilted) accordingly. However, there are deeper questions I've not addressed here about whether market-based provision of essential human services, like education and training, is desirable or appropriate. So we also need to continue critiquing training markets with a view to moving beyond them over the longer term—to new constructions of VET that serve the public interest in more explicit, transparent and unequivocal ways.

Thank you. ❖

a Anderson, D. (2006) Trading places: the impact and outcomes of market reform in vocational education and training, NCVER, Adelaide, URL: <http://www.ncver.edu.au/publications/1641.html>

Damon Anderson is a senior lecturer in Work and Learning Studies in the Faculty of Education at Monash University. Previously, Damon worked for ten years as a youth programs coordinator, teacher and policy analyst in the Victorian TAFE sector. He has since researched and published widely on training markets and policy issues in VET.



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