MARKETS, COMPETITION AND 'REFORM' IN VET: VIEWS FROM PUBLIC AND PRIVATE REGISTERED TRAINING ORGANISATIONS IN WESTERN AUSTRALIA

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Abstract

For more than a decade the vocational education and training (VET) sector has been subject to a number of reforms as a consequence of National Competition Policy, but more specifically due to the introduction of the National Training Framework. While market advocates extol the gains these changes have made to efficiency and effectiveness in VET, critics have pointed to actual and potential damage to traditional VET clients and providers. This paper reviews these developments and reports on research among four Western Australian registered training organisations (RTOs)—two public and two private—and explores managers’ and teachers’ views of the market, competition and ‘reform’ in their organisations. Our results suggest that competitors in the new marketised, corporatised VET sector cannot be distinguished in terms of a public–private divide. Orientation to education as product rather than service characterises those who feel they are travelling well in the current climate. Determining the impact of market reform on outcomes, rather than process, will require further research.

Introduction

By 1999 disquiet about the impact of competition and market reform in the vocational education and training (VET) sector had moved from the academic literature to the national newspapers (Anderson 1996, 1998a, 1998b; The Australian, 17 November 1999). Despite growing research on the eastern seaboard of Australia, it was clear that little research had been undertaken in Western Australia on the impact of reforms on the technical and further education (TAFE) system in that state, in particular on the way in which competition was affecting staff and the quality of teaching.

In 2001 with unpredictable electorates at state and federal level, the debate about the nature and pace of economic reform in Australia was
re-invigorated. More than two decades of once bipartisan support for a more open, competitive Australian economy was showing strains as members of the Liberal–National Coalition talked openly about the need to ameliorate the impacts of National Competition Policy (ABC *Four Corners*, 2 April 2001). Now in 2002 there is widespread recognition for the need to monitor the impact of the reform process on essential services such as education. The processes leading to the current debate began in the 1980s with the introduction of ‘managerialism’—the imposition of private sector management approaches on the operations of government (Considine & Painter 1997). This period was followed by a second wave of micro-economic reform dedicated to the removal of impediments to the market in the public sector, and characterised by the domination of the contract—not simply for goods and services, but increasingly for relationships between governments and citizens (Yeatman 1996).

In the VET sector in Australia these micro-economic reforms centred on the creation of an open training market, as set out in the Deveson report (1990), and the implementation of National Competition Policy flowing from the Hilmer report (Hilmer, Raynor & Taperell 1993), recommendations of which were endorsed by the Council of Australian Governments (COAG) in 1994, with agreements to implement by all states and territories in 1995. The Deveson report included a recommendation for the establishment of more open and diversified markets with training providers from both the public and private sectors (Anderson 1997a).

The Australian National Training Authority (ANTA) was established in 1992 to develop and co-ordinate the newly created national training market and, since then, has issued a number of policy statements setting out the strategies by which this could be achieved. These include:

*... ‘opening up the market’; an expansion of competitive funding processes; the introduction of ‘user choice’ arrangements for apprenticeship/traineeship training; removal of barriers to market entry for industry and private providers; improving access to training for small business and disadvantaged groups; and increasing industry involvement in resource allocation processes. (Anderson 1997a, p.6)*
The development of the VET market in Australia is taking place in an international context in which a wide range of market models are operating. These range from those with limited government interference in the operation of the training market, to more interventionist approaches such as those operating in several Organisation for Economic Co-operation and Development (OECD) countries (Curtain 1995; Anderson 1997a; UNEVOC 1999; Selby Smith et al. 2001). Some countries, like Sweden, have recently moved from highly public, almost monopolistic training provision to a deregulated and market-oriented system. Others, like The Netherlands, have reorganised their public training institutions and developed regional training centres, resulting in a dramatic reduction of publicly funded VET institutions from 396 to 65 institutions (Brandsma, Noonan & Westphalen 2000). This combination of privatisation and reorganisation/corporatisation of previously public sector training institutions is echoed in much of the Australian VET sector.

**Markets in the VET sector**

The VET market comprises all post-secondary, non-degree-level education and training; the entry of both schools and universities; and the emergence of regional and global players (Anderson 1997a; McIntyre & Solomon 1999). In 1999 (the most recent figures available), the TAFE sector delivered 76% of all VET training in Australia, with community providers supplying 15% and ‘other recognised providers’ 9% (ANTA 1996a, cited in Selby Smith et al. 2001, p.115).

Determining the size, structure and composition of the training market has been difficult and conceptualised in a number of different ways (Selby Smith et al. 2001, pp.114–5). One of the most useful is provided by Anderson who identifies three sectors; a regulated or closed market sector of largely TAFE providers, subject to considerable government regulation; a partially or quasi-market sector of public and private providers, characterised by competitive tendering and funding submissions, and partially regulated in terms of provider registration, course accreditation and the like; and a deregulated or open market sector in which there is direct competition between public and private providers for clients and resources, with minimal government
regulation. These sectors can be further distinguished as either supply-side models (performance agreements, competitive tendering, and preferred supplier arrangements) or demand-side models (fee-for-service, user choice, intermediaries and vouchers) (Anderson 1997a).

The role of government and regulation

Rather than government having the predominant role in the development and delivery of VET, increasing emphasis has been placed on the need for government involvement to be limited to ‘a purchaser of programs and services on behalf of the taxpaying community, a facilitator of market competition, and a regulator of market behaviour’ (Anderson 1997a, p.36). The National Framework for the Recognition of Training (NFROT) was developed to provide equivalent recognition of TAFE training delivered by registered private and industry providers (Anderson 1997a; 1998b). This was seen by private providers as too TAFEcentric (ACPET 1999). The National Training Framework, consisting of new recognition arrangements and training packages, devolves more responsibility for curriculum development to non-TAFE providers.

Free market advocates argue that this model of government as purchaser, facilitator and regulator still allows too much government interference in the open market (ACPET 1999, p.14). Critics of market reform, on the other hand, are concerned that the withdrawal of government has led or will lead to the neglect of VET’s traditional clients, particularly the economically and socially disadvantaged (Anderson 1994, 1995; Selby Smith 1995). There have also been claims that devolution of government responsibility may lead to a loss of quality in training, and hence risk to TAFE credentials (Anderson 1997a, 1998a).

Assessing the impact of market reforms on the VET sector

Determining the impact of market reforms on the VET sector is complex. Difference in market arrangements in the states and
territories, the combination of various market and non-market mechanisms, and the delayed timeframes of relevant data collection and analysis, all contribute to an insubstantial research base in this area (Anderson 1998a). Added to this is the presence of so-called thin markets in small industries and rural and regional areas. However, the paucity of clear benefits stemming from the operation of a VET market have been variously interpreted as due to: the imperfect application of market principles; inadequate information for clients; products which are insufficiently differentiated; hidden price and costing structures; prohibitive barriers to the market for small enterprises; and thin markets in both small industry sectors and rural and regional areas (cited in Selby Smith et al. 2001, p.119). These inhibitors indicate the difficulties of an unregulated market environment in the Australian context. The issues identified also indicate the ideological differences between those who strongly support market reforms and those who argue against them.

Market advocates argue that competition will increase 'efficiency, responsiveness, quality, flexibility and innovation in VET' (Anderson 1997a, p.347). Through processes such as tender design and specifications including quality considerations, the quality of VET education and training processes and products should be enhanced (Burkhardt & Corben 1996; WADOT 1995, 1996). Certainly this was the intention of the National Competition Policy (National Competition Council 1999, p.95). ANTA itself was cautious about over-zealous application of national competition policy to the VET sector, stating that 'the nature of the training market is very different to the public utility industries for which the competition policy was intended’ (ANTA 1996a, p.18).

Social justice advocates believe that increased competition in the VET sector may have an adverse impact on access and equity, educational quality, organisational stability and provider planning (Anderson 1994, 1998a; Burkhardt & Corben 1996; Fooks 1995; Kell 1993; Lundberg 1994). There is some evidence that educational support services such as libraries and study skills support have declined due to competition from lower cost providers (Anderson 1994; Anderson 1998a). There are claims also that there has been a reduction of choice and diversity in the
type and quality of training programs, due to the use of standardised training packages. Another contention is that the intellectual integrity of VET training has been compromised by divorcing the assessment of industry competency standards from those expert in the relevant disciplines (Gonczi 1998). This has implications for the development of professional knowledge and skills, including the inculcation of appropriate ethics and values (Flynn 1999).

A number of inquiries have recently examined both the putative benefits and alleged costs of market reforms in the VET sector (ANTA 1999b; DETYA 1999; NCVER 1999; Schofield 1999a, 1999b, 2000). A wide-ranging senate committee examining the quality of vocational education and training in Australia heard evidence from VET stakeholders across the country, including the results from some of these inquiries. Their report (Commonwealth of Australia 2000) highlighted the definitional problems of quality in the VET sector, but noted that quality generally referred to effectiveness, or 'the extent to which VET is achieving certain outcomes' (p.11). The committee adopted Schofield's (1999a, 1999b, 2000) five indicators of quality in terms of both outcomes and processes—effectiveness, fitness for purpose, efficiency, accountability and ethical practice—and they note the disagreements between public and private sector VET lobby groups about the impact of competition on these indicators.

TAFE Directors Australia and the Australian Education Union argue that the 'growth through efficiencies' funding model imposed by the Commonwealth in the 1998–2000 ANTA agreement and competition from user choice have compromised the quality of VET delivery and outcomes, and the viability of some TAFE institutes, in particular. They claim that class sizes have increased, student contact hours have decreased, student support services have declined, and increased fees and charges have been imposed (Commonwealth of Australia 2000, p.93).

The committee noted the moratorium on the further expansion of user choice in Queensland, Tasmania and Victoria, in spite of support in principle for such competition. Most critical was the submission from Victoria which claimed that private providers had concentrated on low-cost training, while TAFE institutes were still committed to high cost
training with inadequate funding (p.96). On the basis of these and other concerns the Committee recommended that:

*A moratorium be placed on User Choice pending an independent national investigation of the impact of competition policies and User Choice on the viability of TAFE.*

(Commonwealth of Australia 2000, p.98)

In spite of this intense debate at the national level and a growing literature expressing caution about market reform, there is very little published research on perceptions of market reform on the VET sector in Western Australia. As academics working in the VET system, we had become aware of anecdotal evidence about growing pressures on TAFE teachers due to increasing competition—both from private providers and other TAFE colleges. We wanted to explore these concerns in a selected number of public and private RTOs within one state jurisdiction, and time and budget constraints limited the number of cases which could be included.

**Methods**

The sample consisted of four Western Australian registered training organisations—two public and two private—all delivering accredited community services courses in children’s' services. Besides the commonalities of this range of courses, the RTOs were selected largely because of convenience, but also because they represented a combination of old and new TAFE cultures (Funnell 1993) and private providers. Given the exploratory nature of this research, and the sometimes contentious status of questions of competition and quality, selection of sample RTOs had to be undertaken carefully. By taking a case-study approach and selecting just four RTOs, we hoped to be able to concentrate on qualitative issues central to the research (Smith 2000). Case studies typically involve one or more selected examples of a particular social unit which are examined using a range of data-collection techniques (Hakim 2000, p.59).

The approach did reveal rich descriptions of each RTO but our publication of those descriptions has been constrained by the necessity
to conceal the identities of each institution, as the small size of the Western Australian market means that those working in the VET sector are familiar with most providers. This is a problem of case study methodology generally (Smith 2000). The two public providers are both relatively large TAFE colleges, one having a long history in the state, the other created more recently. As with most public providers, both offer a variety of courses in the areas of business and management, community and health services, child care/early childhood development, building and construction, and information technology. Qualification levels taught range between certificate 1 to diploma in most areas.

Unlike the public providers with more universal course offerings, private providers tend to be more limited in the courses they offer. Differences in the scope and qualification level of courses offered were evident also between the two private providers. Private Provider A offers nationally accredited courses in child care, education, disability and human services, as well as various professional development courses from certificate 2 through to diploma level. Private Provider B offers accredited courses in community services up to certificate 3 level, and health and safety courses for child care workers as well as professional development programs in child care and adult literacy and recreational programs through a linked community centre.

The physical settings of the RTOs reflect both their history and function. Public Provider A has two campuses, one with architectural design from the 1970s, while the other campus is a newer, contemporary building that refutes its traditional TAFE origins. This difference is reflected in the internal office environment of each campus, one looking more like an old high school, the other more similar to a new satellite company anticipating future activity. Staff attire is casually downmarket at the older institution, and more upmarket/business style at the newer campus. Public Provider B also has two campuses, one on a crowded metropolitan site, the other more spacious and located in a suburban setting. Architecturally, the sites are similar with functional, industrial buildings. While the metropolitan site has had minimal upgrading, the newer campus is more spacious and attractive, and appears to have been recently refurbished. As with Public Provider A, staff dress differs at Public Provider B with those on the older campus more casual than
staff at the newer campus. This organisation has the feel of an efficient, sleek operation in the business of training.

Private Provider A consists of a parent office located in a heritage building in an inner-city suburb, and a training college which occupies a floor in a new office building in the centre of Perth. The college has a very polished, corporate-like reception area. Staff dress accordingly in neat office attire or business suits. Private Provider B operates as a child care centre a few kilometres from the city centre. Buildings are reasonably new, although there is evidence of the growth of the site over the years, without much attention to architectural continuity. The reception area is small, but functional with side rooms for client consultations. Staff here dress more casually than at Private Provider A. Rather than a business orientation, this RTO exudes a more intimate, family-like atmosphere.

Data collection consisted of a three-stage process including a literature review of national competition and VET policy developments, in-depth interviews and observations, followed by analysis. In the second stage, in-depth interviews were conducted with selected managerial and teaching staff at the four RTOs. We wanted to interview both these levels as other research has indicated quite different understandings of and commitment to the ‘reform’ process in education on the part of managers and teachers (Bailey 1999). Each interview was conducted at the provider’s site and was approximately one hour in duration. The main research question guiding the project was: ‘How is competition policy, specifically the outsourcing of education and training, affecting quality issues in the VET sector in Western Australia’? The interviews explored informants’ understandings of the National Training Framework and their perceptions of the impacts of these changes on their work and organisation.

Limited ethnographic observations of the physical, social and cultural settings of each RTO were also carried out. These provided comparative data which assisted in the final analysis of the ways in which the structural and cultural differences between RTOs differentially affected their understandings of and reactions to national changes in the VET sector.
Findings

The National Training Framework

In spite of differences between the various states and territories, all VET stakeholders are operating within a broad reform agenda which includes the following principles (Schwartz et al. 1997; Selby Smith et al. 2001, p.4):

- a national framework overseen by ANTA and including the Australian Qualifications Framework (AQF)
- competency-based training (CBT) which awards credentials based on industry driven, demonstrated knowledge and capacity, and providing for recognition of prior learning
- a demand, or client-driven, system promoting more choice and competition, and reducing public provider monopolies
- multiple pathways and flexible delivery providing more seamless transition from school to employment
- a commitment to access and equity for disadvantaged young people and adults.

While our research was prompted by concerns about the impact of the demand-driven system in particular, and our research questions have focussed on these issues, it is clear that the broader policy context of VET in Australia sets the parameters to this investigation. Given the claim that VET policy development is veiled in secrecy (Hawke & Cornford 1998, p.129), we wanted to know how familiar our respondents were with this framework and our questions probed their understandings of the term.

Responses varied within and between RTOs. Informants from Public Provider A, Private Provider A and managers from Public Provider B stressed the importance of the Australia-wide articulation of vocational training which allowed:

... clients of learners across all states and territories the opportunity to articulate from one to another in a recognisable state, so you are not wasting time ...

These respondents talked about the greater flexibility this portability allowed, and the way it accelerated learning for many students. For these people, the framework was spoken of in largely positive terms, as facilitating clients’ learning needs more directly than had occurred in the past.

For lecturers at Public Provider B, however, the framework was only a hazy concept, involving training packages and competencies. They had quite limited understanding of the national picture, and recognised this. One commented:

I just operate in the here and now and often without the information or background or the time to read all the things I should. I just do it.

Another had a very similar response: ‘I am the deliverer, that’s all I see, that’s all I have to understand’. Informants from Private Provider B were also less specific, and certainly less positive about the national framework. The manager commented upon the constant change in the framework and the feeling that: ‘you’re never really sure where it [the National Framework] is at any one point in time ... as governments, theory and beliefs change’.

In terms of the national recognition of skills there were some differences within and between public and private providers. One manager from Private Provider A, who had earlier given an articulate description of the National Training Framework, delivered a fulsome endorsement of the philosophy of skills recognition, while noting that there were some deficiencies. One informant from Private Provider B however, was much more cynical about what she perceived as the gap between rhetoric and reality:

The National Training Framework is really about the theory about how it all should work and how the processes weave into each other and how at the end we get these wonderful outcomes ... as with everything the theory does not necessarily match the practice.

The differences in understandings of and attitudes towards the training framework within providers suggests, not surprisingly, that managers possess more strategic understandings, as opposed to the more
operational understandings of lecturers. The perceived complexity of the training framework and the pressures on teaching staff to do more with less appear to be widening the gap between teaching and management staff in private and public RTOs. Similar differences between managers and teachers in attitudes towards education 'reform' have been demonstrated elsewhere (Bailey 1999).

National training packages

National training packages must include competency standards, assessment guidelines, and Australian Qualifications Framework (AQF) qualifications for specific industries and are aimed at (but are yet to achieve, according to submissions to the Commonwealth of Australia, 2000) developing nationally recognised standards. Optional components include learning structures, teaching/learning resource materials, and professional development materials. The design of courses, including any curriculum and assessment is based on industry-developed skill standards, and demonstrated prior learning in industry is also recognised (Hawke & Cornford 1998; Selby Smith et al. 2001). The packages require RTOs to assess individuals against the competency standards outlined, to note competencies achieved, and to award qualifications on the basis of those competencies. In 1999 all states and territories agreed to the implementation of the first 31 endorsed packages, with a further 15 to be implemented in 2000. Around 9% of all VET students were enrolled in programs based on national training packages in 1999 (Commonwealth of Australia 2000, pp.33-4).

Submissions to the Report of the inquiry into the quality of vocational education and training in Australia (Commonwealth of Australia 2000) demonstrated a clear distinction between industry-based organisations who were enthusiastic about the potential of the packages, and TAFE educators critical of their content and the absence of any evaluation of outcomes, rather than processes. Our results show a similar pattern. Both public providers were aware of what the packages are intended to achieve, but were critical of difficulties in implementation because of the 'loose framework' of the packages. The limited content of the packages was perceived to be a problem for all providers, who
described them as ‘too generic and broad, not enough substance’, and ‘too thin’. Private Provider B spoke of the need to supplement the packages as ‘you can’t just pick up the modules and use them’.

For Private Provider A, however, the beauty of the packages was that ‘units of competency can be built on in terms of whatever the product is you are designing it around’ (emphasis added). This provided stability and portability for individuals, and generally more flexibility for their training needs. Her enthusiasm mirrors that reported to the senate inquiry by industry associations, in particular that the packages ‘... are representative of the current and future skill needs of industry’ (Wholesale, Retail and Personal Services Industry Training Council submission to Commonwealth of Australia 2000, p.145).

The training market

As we have indicated, the national VET training market does not simply consist of buyers and sellers of training products operating according to free market principles. Instead there are a number of demand-side and supply-side factors, especially the continuing role of government finance and regulation, which shape the marketplace (Selby Smith et al. 2001, p.114). Respondents were interviewed to elicit their understandings of the role of their RTO within this marketplace. Interview questions probed respondents’ understandings of the term ‘training market’, and asked them to identify the main stakeholders within that market. Our ethnographic observations of each RTO were designed to explore cultural similarities and differences between RTOs which may reflect their response to the marketisation and corporatisation of education and training (Funnell 1993).

There was both a broad understanding among all RTOs of the operation of a VET training market, and general agreement that the market is not completely free. All providers spoke of the way in which the operation of the market is shaped by the Western Australian Department of Training, and bodies such as the Industry Training Council. In Western Australia, as elsewhere in Australia, the degree of competition among providers is significantly influenced by state and territory priorities (Allen Consulting Group 1994, p.51). For one private provider, in
particular, this was seen as unnecessary interference and anti-competitive, favouring public providers. All providers could identify a wide range of stakeholders, with most informants from both public and private providers focussing more on the regulatory bodies shaping the market. These included national bodies such as ANTA; state government bodies such as the WA Department of Training; industry bodies including the Chamber of Commerce and Industry, industry training advisory bodies, and the Industry Training Council; TAFE staff and unions; and the broader community of students and prospective students.

Perceptions of the size and scope of the market differed somewhat within and between RTOs. Responses varied also in terms of their emphasis on supply-side or demand-side factors. In terms of the former, all informants could identify potential and actual competitors. For the public providers, other TAFE colleges were seen as their chief competitors, but both also acknowledged the growing presence of private training providers. Private Provider A did not differentiate between TAFEs and private providers, citing only ‘450 RTOs across WA’ and universities offering VET programs as their competitors. Reflecting the more limited nature of their courses, Private Provider B recognised only a small number of other private providers and TAFE colleges as their direct competition. This variation indicates both the historical dominance of the TAFE colleges in the training market, and also the diversity within the private training market.

Demand-side factors identified demonstrated similarities between Public Provider A and Private Provider A who cited client markets at the local, state and national level. Informants in both organisations spoke specifically and confidently of their participation in these markets. This was much less the case in Public Provider B where the diverse client base was mentioned only in vague terms. For Private Provider B, the client base was more intimately known but existed mostly at local and state level, with only infrequent forays into the national market, due to student demand.

When asked to comment on their competitive advantages, the public providers cited the high reputation of TAFE credentials (although TAFE colleges themselves varied in reputation) and their subsidised funding
as their main advantage over the private providers. The private providers were more likely to cite resource advantages of the public providers rather than any difference in reputation. However, this could be a double-edged sword as competitive neutrality demanded that TAFE resources be costed into tenders which, in the eyes of our TAFE informants, discriminated against them compared to the leaner operations of the private RTOs. Both Public Provider A and Private Provider A saw TAFE's size as an advantage in networking, and hence their ability to build their knowledge of the market and potential collaborators.

Both public and private providers cited the private RTOs' smaller size and flexibility as their primary advantage over public providers. This, it was claimed, enabled them to be more responsive to the market, in terms of the range of courses offered and how they were delivered. The public providers claimed that the private RTOs could offer different and more interesting courses, and better match student demand for delivery times and locations. Private providers added to this their belief that they were able to offer more skilled, industry-based staff and better quality control over training.

In general these observations of the relative advantages of public and private providers support those by Anderson (1997a, pp.50-1) and reinforce the contested nature of competitive neutrality in the VET sector. None of our respondents thought that competitive neutrality existed in Western Australia because of inequalities identified by them, both between TAFE colleges, and between public and private RTOs. In the words of Private Provider A: 'competition is only real competition if you have two equal teams'.

Cultural evidence of marketisation and corporatisation is starting to appear in the Western Australian VET sector. Differences in language and presentation were apparent in those RTOs which appeared to have more fully embraced the market. Terms used, especially by Public Provider A and Private Provider A, to describe stakeholders included purchasers/buyers, consumers, sellers/providers—all terms signifying the cultural change from the focus of social services to economic utility (Powles & Anderson 1996). Our informants at these organisations were more likely to be comfortable using the language of the training market.
and dress in a style more typical of corporate business than traditional higher education. Extending Funnell’s (1993) characterisation of the ‘cardigan set’ and ‘new TAFE’ cultures, it is clear that corporatisation and marketisation is producing organisational cultures which cross the public–private divide. We do not want to exaggerate these differences, however, because, particularly in the public RTOs, there were marked differences between campuses and within levels of appointment within single institutions.

**Contestable funding markets**

Competition between actual or potential providers in the training market remains a primary objective of the reform agenda and currently this includes competitive tendering and user choice. In Western Australia competitively funded programs have increased over the past few years, with 20% of all publicly funded training now being contested. This includes 2.2% allocated to user choice, but only the public providers in this research had significant experience of this arrangement.

Competitive tendering requires public and private RTOs to compete for funding contracts from state and territory training authorities, thus strengthening the purchaser–provider split and creating a quasi-market relationship between competing suppliers responding to demands from VET purchasers. However, this market is also influenced by industry through participation in the planning process by which decisions are made about the training put to tender (Selby Smith et al. 2001, p.117). In 1998 competitive tendering accounted for between 1.7% and 6.7% of recurrent expenditure on VET nationally (SCRCSSP 2000). Interview questions explored informants’ understandings of competitive tendering and the impact it had on their organisation, in terms of the time and staff numbers spent preparing tender submissions.

Given the relatively minor role played by competitive tendering in terms of overall funding, informants at managerial and teaching levels from both public and private RTOs appear to be disproportionately affected by its operation. There was widespread recognition that the absence of a level playing field made competing for tenders a risky business. On the positive side this ‘makes you think about what you are
providing, makes you try and tailor your courses to the demonstrated areas of need', but it also meant the wasting of resources because 'all work virtually stops to get tenders in ... with no guarantees of success' (Public Provider A, Manager). Both Public Provider A and Private Provider A acknowledged that it was necessary to approach tendering strategically, but that opportunities existed for responsive organisations. For Public Provider B and Private Provider B, however, the opportunities were not seen so optimistically. One person, in particular, was sceptical about the way in which the tendering process selected for submission skills:

*I might be a good provider but I'm not a good tender writer ... what are you judging me on, on being a good provider or a good tender writer?*  
(Private Provider B, Manager)

These differences continued when we examined the process of tender submission in each organisation. At both Public Provider A and Private Provider A managers assume primary responsibility for tender preparation, and devote significant portions of their time to the submission in the weeks of the tendering period.

*I often have to shelve a lot of important work and just get holed up in my office to get the tenders done ...*  
(Public Provider A, Manager)

Experience in these organisations has led to a streamlining of the process which includes a search for tenders, sponsorship, identifying partnerships, writing and proof-reading. Generic templates, skilling staff in particular areas, and utilising a risk-management approach were ways of more strategically competing.

For Public Provider B, however, the process was apparently less focussed, with lecturers rather than managers taking responsibility for submissions. However, this was ‘... just an extra thing that you are doing ... this is on top of what we are already doing, you don’t get relieved from duties’. For teaching staff in this organisation, competitive tendering was just another activity which made their already stressed working conditions even more difficult. A manager from Private Provider B was similarly unimpressed by the whole process which involved managers with team input, ‘days and days’ of work, but with no guarantee of success.
Impact on quality

Much has been written about the potential or actual harms of market reform on the VET sector (Anderson 1994, 1998a; Fooks 1995; Burkhardt & Corben 1996; Gonzi 1998; Commonwealth of Australia 2000). The time and budgetary limitations of this project precluded a detailed examination of this issue, but aspects of quality we examined included perceptions of staff qualifications and training, student facilities, and quality processes at each RTO.

We expected some differences in the staff qualifications between the public and private RTOs, with staff at the private RTOs less likely to have teaching qualifications and more likely to have recent industry experience. In fact, there appeared to be few differences in the staff profile of Public Provider A, Public Provider B and Private Provider A. All claimed that staff had both industry experience and teaching/academic qualifications. All stressed the primacy of industry background over other qualities:

*I don’t insist on teacher qualification … it is critical they have a childcare background if they are going to be out there assisting.*

(Public Provider A, Manager)

Private Provider B staff were all Certificate 4 Workplace Assessor qualified, and some had TAFE or university qualifications as well. According to the manager, the RTO evaluated staff so that those without higher education were assessed as excellent in terms of the facilitation of training knowledge. It seems that Gonczi’s (1998) concern about the separation of industry-based competency from the relevant disciplines is not shared by these providers, all of whom were primarily interested in securing staff with industry credentials.

Trying to compare facilities available for students at the four RTOs was difficult because of the difference in their histories, size, and mission. Both public providers are large, well-established TAFE colleges with relatively comprehensive libraries, canteens and student support facilities, in areas such as disability and career advice. The private providers also have libraries but these are more limited and focussed, and their student support facilities are less extensive and specialised.
Public Provider A and Private Provider A had simulated work areas, again emphasising their similarities in orientation. As an operational child care centre, Public Provider B provides a real work environment for students.

As the recent senate committee had reported, we found that it was not useful to attempt to distinguish quality RTOs in terms of their quality assurance (QA) mechanisms as these are primarily to do with processes, not outcomes (Commonwealth of Australia 2000). Both Public Provider A and Private Provider A could identify the QA mechanisms of their RTO, and reported having been audited on a 12-monthly basis. This was not the case at the other RTOs. Public Provider B was unclear as to QA mechanisms, and could not recall having had an external audit. Private Provider B was currently undertaking a QA process but was cynical about the link between this and quality:

_There's another issue, you are a quality organisation just because you've been QETOed, are you? [QETO refers to being a quality endorsed training organisation.]_

These limited data support calls for a more rigorous evaluation of the impact of market reforms on student outcomes in the VET sector.

**Conclusion**

The last decade of market reforms in the VET sector in Western Australia have differentially affected the RTOs in this study. While all staff we interviewed have some knowledge of the National Training Framework and the macro-economic policies at its foundation, some RTOs and staff are apparently better equipped to deal with the challenges than others. Our informants from Public Provider A and Private Provider A have embraced the marketised, corporatised VET philosophy and see themselves as successful competitors in this market. These RTOs represent an emerging VET culture, based in part on the 'new TAFE' (Funnell 1993), apparent in the language, physical and social environments of these organisations. Staff in these organisations are more likely to see education and training as an economic product, rather than a social service (Powles & Anderson 1996) and it is this
orientation which is increasingly separating RTOs across the public–private divide. The other side of this mostly positive picture, however, is the pessimism and resentment expressed by staff in those RTOs which are not travelling so well in the new climate. It will be important to monitor these trends across the sector.

The new, corporatised VET culture is more evident among managers than teaching staff, particularly in the public RTOs where there are more hierarchical staff structures. While managers focus on the extent to which their organisations are meeting their corporate goals, some teaching staff are frustrated with what they see as increasing emphasis on cost-efficiency, to the detriment of good teaching. Here, as elsewhere, there is a gap between managers and teachers as to the benefits of reform (Bailey 1999). This apparently widening gulf between managers and teachers in the VET sector deserves more exploration as the VET sector’s ability to deliver more efficiently and effectively is dependent upon front line teaching staff.

Competition in the VET sector is at least as fierce between and among public RTOs as it is between public and private providers in this study, a finding reported elsewhere in Australia (Anderson 1994). This, in part, is what National Competition Policy and the National Training Framework was intended to achieve. But there has been little examination of the consequences of this competition at the level of staff and students. In addition, few providers, whether public or private, believe competitive neutrality has been achieved. In part, this is due to the segmentation of the market which has seen private providers specialising in lower cost short courses for particular niche markets which complement, rather than compete with, the much broader course offerings of the public sector (Anderson 1994, pp.155–6). Most of our informants see the emergence of winners and losers with respect to competitive tendering and user choice. Struggling to thrive (or simply survive) in this climate is foremost in the minds of staff in both public and private RTOs.

Disquiet about the impact of market reform on the VET sector has been registered, as is evidenced by moratoriums on the expansion of user choice, and recommendations by the senate committee about the need for investigation of the impact of competition policies on the TAFE
sector (Commonwealth of Australia 2000). There is currently no evidence that the skills required by Australian industry are best met by the operation of a training market that perfectly meets all the theoretical conditions of a market (Robinson 1998). Internationally, too, there have been calls to maintain regulatory and enforcement mechanisms in order to avoid some of the excesses of the training market, particularly in developing countries (Middleton et al. 1993).

Our research lends support also to those arguing for a more rigorous assessment of the impact of these policies and processes on educational and training processes and outcomes (Anderson 1997c, 1998c; Selby Smith et al. 2001). This assessment needs to include all of Schofield’s (1999, 2000) indicators of quality—effectiveness, fitness for purpose, efficiency, accountability and ethical practice. Only then will we be able to speak more authoritatively about the benefits of reform to the VET sector.

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