



Engaging more employers in nationally recognised training to develop their workforce: peak body interviews - support document 2

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Publisher's note

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Employer peak bodies

- Australian Industry Group (AI Group)
- Australian Chamber of Commerce and Industry (ACCI)
- Business Council of Australia
- National Farmers Federation (NFF)
- Council of Small Business Organisations Australia
- Australian Retailers Association - Retail Institute Industry skills advisory bodies
- PwC Skills for Australia (Skills Service Organisation)
- Western Australia State Training Board
- Victorian Skills Commissioner
- Business South Australia (Business SA)
- SA Training and Skills Commission
- Victorian Transport Association VET training provider bodies
- Independent Tertiary Education Council Australia (ITECA)
- TAFE Directors Australia
- Enterprise Registered Training Organisation Association Incorporated (ERTOIA)

Introduction

The project

This project, which examined how to engage more employers in nationally recognised training to develop their workforce, was triggered by the observation that, prior to the onset of the COVID-19 pandemic, there had been a downward trend overall in employers' use of the national vocational education and training (VET) system¹ in the 14 years up until 2019, from 58% to 51% of all employers (NCVER 2019a).

The project aims to deepen understanding of what employers think and expect from the training of their workforces, and to arrive particularly at strategies to improve their use of nationally recognised training.

The project involves:

- desktop research (see support document 1: literature review)
- interviews with representatives of peak stakeholder bodies (this support document 2)
- interviews with at least five employers in each of five industry sectors in which employers' engagement with the national VET system is comparatively low according to the 2019 NCVER Survey of Employer use and views of the VET system (support document 3: employer interviews). These are:
 - transport, postal and warehousing (36.4%);
 - information media and telecommunications (29.1%);
 - retail (36.7%); and
 - agriculture, forestry and fishing (35.2%) (NCVER 2019b).

While there has been a downward trend overall in employer use of the VET system, use remains relatively high in some industry sectors, such as in the construction industry (73.3% of employers, NCVER 2019b).

This document

This support document reports on the outcomes of the interviews with representatives of the peak stakeholder bodies recorded in the acknowledgements section earlier.

The peak stakeholder bodies included:

- Employer networks and advisory bodies (six bodies)
- Government industry training and skills bodies (six bodies)
- VET training provider peak bodies (three bodies).

The perspectives of senior representatives of these key peak stakeholder groups are considered as they may affect employer views and practices in training their workforce, while offering a strategic overview of the motivations and trends behind employer engagement in training, including nationally recognised and other types of training.

¹ Employers engage in the national VET system in three main ways: having jobs that require vocational qualifications, having apprentices and trainees, using nationally recognised training (2019a).

Methodology for the peak body interviews

The interviews with representatives of 15 peak bodies were conducted between November 2020 and February 2021. This was after a first review of the relevant literature had been undertaken for the project and before interviews with individual employers in the five industry sectors in which employer engagement with the national VET system was identified as comparatively low in 2019 (NCVER 2019b).

The heads of the selected peak bodies were invited to provide theirs or their representatives' views on employer training of their workforce. Participants were referred to the brief for the research project, available on the NCVER website.

Here are the definitions used in this paper and that representatives of the 15 peak bodies understood to be what we were talking of:

Nationally recognised training is defined as:

Training that leads to vocational qualifications and credentials that are recognised across Australia. Only registered training organisations (RTOs) that meet government quality standards such as TAFE, private providers, enterprise registered training organisations, vocational divisions of universities, community RTOs and schools that are RTOs can provide nationally recognised training (Naidu, Stanwick & Frazer 2020).

Nationally recognised training is listed on the National Training Register (training.gov.au) and includes accredited courses, endorsed training package qualifications, training package skill sets and associated subjects (Naidu, Stanwick & Frazer 2020).

Nationally recognised qualifications, from certificate I to graduate diploma, are VET qualifications within the Australian Qualifications Framework (AQF), which is the national policy for regulated qualifications in the Australian education and training system (Naidu, Stanwick & Frazer 2020).

It is important to note that the term 'accredited', while loosely used by employers and stakeholders, specifically refers to a 'nationally recognised **course** accredited by VET regulators and developed to meet training needs not addressed by existing training packages'. A 'statement of attainment' is issued for completion of an accredited course and also for completion of one or more 'units of competency' or modules within an accredited course or part of an AQF qualification, as specified by a nationally endorsed training package (Naidu, Stanwick & Frazer 2020).

A grouping of one or more units of competence can comprise a nationally recognised 'skill set' specified in a national training package, which clearly defines the skills and knowledge required to meet a specific industry need or a licensing or regulatory requirement (Naidu, Stanwick & Frazer 2020).

Nationally recognised training can only be delivered by registered training organisations (RTOs), whether public, private, community-based or enterprise-based (ERTOs). RTOs must meet the standards and essential conditions in the Standards for Registered Training Organisations 2015 and state-based Guidelines where applicable, and are registered by the national VET regulator, the Australian Skills Quality Authority (ASQA), or a state registering and accrediting body (i.e., VRQA, WATAC).

Other types of training that do not lead to nationally recognised certification are commonly referred to as 'non-nationally recognised training'. They include structured training typically offered by in-house or external trainers with considerable industry experience and expertise, and vendor training provided by the company that has provided products, machinery or services to an employer (Naidu, Stanwick & Frazer 2020).

Non-nationally recognised forms of training also include unstructured or informal training, where knowledge and skills are acquired by working alongside expert others, or through mentoring and

coaching, or alone through learning by doing. In this report we use the term ‘non-nationally recognised training’ to mean training that does not lead to vocational qualifications and credentials that are recognised across Australia.

Initial or entry-level VET (IVET) is training that equips individuals to commence employment. It usually involves whole qualifications training for a particular occupation. **Continuing VET (CVET)** is training that supports workers’ ongoing employability and career development. It often involves specific skills sets training. In this report we focus on the learner. If they are a new entrant to work then they are doing IVET. If they are an existing worker, then they are doing CVET.

All peak bodies invited to be interviewed accepted. Nominated representatives of the peak bodies for interview were then sent the interview questions ahead of the scheduled interview time.

Also sent prior to interview was a Form for Informed Consent for sign off. The conduct of this research follows the ethical guidelines of the Australian Vocational Education Training Researchers Association Researchers (AVETRA) Code of Practice.

Questions asked

The peak body interview questions were structured around the following core themes:

- 1 Trends in workforce training in Australian businesses
- 2 Forms of workforce training: advantages and disadvantages
- 3 Good practices examples of forms of workforce training
- 4 Improving employer use of nationally recognised training for workforce training

The full set of interview questions that guided the interview discussions is provided in the appendix.

Key findings

During the interviews some of the peak body representatives alerted us to relevant publications written recently by their organisation. These publications are referred to in the literature review Support Document 1 for the project. Reported here are the collective thoughts of the interviewees on the major themes covered in the interviews. In keeping with our research ethical guidelines there is no identification of the views of any specific interviewee.

Trends in workforce training in Australian businesses

Interviewees reported that trends in workforce training differ by industry sector, and business and job type.

For some industries it was believed that there was a lot more public funding for nationally recognised training ten to fifteen years ago. As public funding was progressively withdrawn, particularly for traineeships, employers in some industries, both large and small, moved to fee for service workforce training and the increased use of non-nationally recognised training.

Regular shifts in public funding for nationally recognised training to match training supply to apparent demand have also been impactful. These shifts, as part of the managed training market approach by each Australian state and territory, have differential impacts on industry sectors and their employer use of nationally recognised training to train their workforce. However, interviewees also noted that the availability of public funding, while important, is not the most important factor influencing employer patterns of workforce training.

Delays in the updating of training packages to keep pace with changing skill needs is another specific factor mentioned for some industry sectors and employers shifting towards increased use of non-nationally recognised training.

Another factor that affects levels of nationally recognised training in the workforce is the nature of the jobs involved. Some jobs have low entry requirements such as a licence only. These types of jobs do not require a full nationally recognised qualification, only that part related to the licence. An example was given of attempts to professionalise truck driver jobs, by raising the standard for entry to a full VET qualification, which have been so far unsuccessful.

The use of nationally recognised training for workforce development can also be lower in some Australian businesses compared with others due to business type. It was argued by interviewees that high volume, low return businesses do not have the spare cash to spend on the training of their workforce. These businesses must focus closely on returns on investment in training. For them it is about ensuring jobs are done right, on time and within budget and usually this is achieved through on the job training in processes specific to the business.

A current key driving factor for the use of training for workforce development identified by interviewees is the digitalisation of work processes. The world of work is changing. Agile upskilling and reskilling are a key to ensuring that businesses thrive in this ever changing, technology-focused decade. As the pace of technological change quickens, the workforce will need to learn new skills quickly to adapt and stay competitive. Some interviewees suggested that larger businesses are more likely to train to keep up with these trends around digitalisation. For small businesses, keeping up with the digitalisation of work processes can be very hard due to the lack of time and resources. This situation is also very true for mature aged workers.

Interviewees reported that the COVID-19 pandemic has impacted workforce training of all forms in many locations and industries. Examples given include in Victoria where many public and private training institutions closed for several months at the direction of the Victorian Government due to lockdowns to curb the spread of COVID-19. Interviewees reported that these closures caused a need to revise and downsize workforce numbers and training strategies in many businesses of all sizes.

The COVID-19 pandemic has also caused the suspension of the on-the-job training component for apprentices and other workplace-based training for many qualifications. COVID-19 has stymied the practical component of training and the ability to assess what students have learnt on the job.

Regulators have been impacted too, with the Australian Skills Quality Authority (ASQA) not undertaking audits, leaving RTOs waiting for approval to add qualifications to their scope of delivery.

It was also suggested that the pandemic has derailed the work of Industry Reference Committees (IRCs) in updating training packages to have qualifications that meet changing industry needs. However, while the COVID-19 pandemic has caused disruption to workforce training, it has also brought some new opportunities. Interviewees highlighted that the pandemic has accelerated existing trends in VET provision in the use of online modes of delivery and skill sets forms of training.

Providing more VET delivery digitally has been a necessity during the COVID-19 pandemic. While a step change for many RTOs, it was believed by most interviewees that RTOs have shown their agility to respond quickly and shift to more online training while maintaining quality. Online delivery has offered flexibility in when and where people train and has enabled greater reach of training.

COVID-19 has also been a key driver of more training in nationally recognised skill sets, a long considered important addition to full qualifications training, especially for the existing workforce, according to the interviewees. Large numbers of employees have been trained in short timeframes in operationally required skill sets for COVID-19 management, for example, in infection control and management of customer aggression for front line staff.

Some interviewees explained that in some instances, industry associations led the development and delivery of COVID-19 required skill sets. Industry associations quickly developed suitable non-nationally recognised skill sets in COVID-19 infection control. This training was rolled out to frontline staff well ahead of the nationally recognised VET system developing similar skill sets and making these available for delivery. This success has had a positive impact on some employers' thinking about turning more often to their industry associations for assistance with training.

One interviewee noted that during the COVID-19 pandemic the potential for more training opportunities was large. With the government providing support for employers to keep paying the salaries of their employees whilst workplaces were closed, workers had the opportunity to undertake training instead of work. The interviewees believed, however, that the extent to which this actually occurred was mixed.

Interviewees expect there will be permanent changes in the delivery of nationally recognised training because of COVID-19. Interviewees expect the trend in online training will continue with considerable scope existing for increased improvements to be made to this mode. They also expect skill sets training to continue for upskilling and reskilling of the existing workforce. According to interviewees, the need for the deepening of skills as jobs change will continue, especially due to the increasing use of technology in work activities.

Another post-pandemic development in employer workforce training anticipated by the interviewees is around filling skills shortages. In many industries, due to the impacts of suspended skilled migration programs, there is greater pressure for locally based domestic employees to be trained up. For the

mature aged worker it was reported that some may require hands on training as this is how they learn best, given they have not been in a classroom for many years. It was noted though that there is a shortage of skilled trainers to deliver both nationally recognised and non- nationally recognised training, as many have been pulled back to work in their primary technical jobs due to skills shortages, thereby no longer working as VET trainers.

Forms of workforce training

Interviewees were asked how employers view both nationally recognised and non-nationally recognised training as part of the VET system available for their workforce. It was proposed by nearly all interviewees that employers want the training they need for their workforce when they want it and at a cost they can afford. An identified key barrier to employers using training of any kind is time. This factor includes the time of employers to work out what training their workforce needs and how to access it and the time for employees to complete the training.

To fill skills gaps, employers dip in and out of both nationally recognised and non-nationally recognised training to train their workers. In a lifelong learning model, nationally recognised training is preferred as the baseline and trusted foundation training step for entry into work. Nationally recognised training is known to be of quality in that its courses lead to qualifications within the Australian Qualifications Framework (AQF), which conveys what the training represents. After having achieved a nationally recognised qualification to enter work in an occupation with a full range of required competencies, more specific training comes into play for the existing workforce for upskilling and multi-skilling. Non-nationally recognised training is bespoke and tailored to suit individual business needs. It was labelled by interviewees as being more responsive and flexible for continuing training of the workforce than nationally recognised training, and which does not, and cannot, cover everything.

Some workforce training is better done in one sub-system than the other. To illustrate this point reference was made to enterprises with embedded RTOs, i.e. enterprise RTOs (ERTOs). They use both non-nationally recognised as well as nationally recognised training. ERTOS use non-nationally recognised training for leadership development, for example. Although there are nationally recognised qualifications for this, many ERTOS have a need for management and leadership training that is more bespoke to their enterprise.

Enterprises with embedded RTOs start by identifying the knowledge and skills needed, and then match to available units of competency in training packages to determine if the skills they need might add to a qualification. Many interviewees reported that this is what industry-led VET is about. Some ERTOS involve employees who provide input to the training required. Others do not and have their own set standards they train their employees to meet.

The number of enterprises with embedded RTOs to deliver nationally recognised training has dropped over time. Many factors were cited in interviews including due to business closure and nationally recognised training being found to be too bureaucratic. ERTOS continue using nationally recognised training for two main reasons: compliance, and where jobs, knowledge and skill levels are aligned to payroll. The decision to use nationally recognised training pivots on compliance and economic benefits.

It was also suggested that higher level qualifications (e.g. at diploma level) may come more into play as part of the upskilling programs for existing workers due to the long-term trend towards higher levels of skill requirements for jobs. With universities moving to deliver equivalent level qualifications (e.g. diplomas), it was speculated by a few interviewees that some employers might choose higher education (HE) graduates over VET graduates at diploma level. It needs to be made clear that under the AQF, diploma level HE qualifications are equivalent in level with VET diplomas, which emphasise practical skills, while HE diplomas focus more on knowledge and theory.

Why use nationally recognised training?

Interviewees identified the following as the key reasons why employers use nationally recognised training:

- A major factor in favour of nationally recognised training is its quality within the national VET system, with the ability of RTOs to make the assessment current
- VET training with its associated nationally recognised qualifications provides clearer directions around career paths
- Licensing and regulatory requirements make nationally recognised training a 'have to' (e.g. construction, electrical and maritime, historically are major users of nationally recognised training and are expected to stay so, as will other long-term users with licensing and other legislated requirements)
- Public funding is available for nationally recognised training in the form of student loans and concessions (e.g. Free TAFE Victoria). This can be a major motivator. An example is in aviation training, for which a helicopter licence costs \$100,000 to gain, but this training can be subsidised through fee subsidies for nationally recognised training. The 50% wage subsidy provided by the Federal Government to small businesses for the training of apprentices and traineeships was also seen to be a major incentive for employers to use more nationally recognised training pathways
- The developers of training packages have consulted with industry, and can be trusted to have researched industry trends, using surveys, desktop research, interviews and industry workshops. Employers benefit by having appropriately skilled, employees with nationally recognised VET qualifications, which might also provide a productivity boost if their skills are used well
- Skill sets with links to the competencies in training packages provide possible solutions for more specific training for the upskilling of the existing workforce. Growth in the use of these skill sets is seen to be a means of moving the trend back towards nationally recognised rather than non-nationally recognised training for workforce development as they offer many advantages. Nationally recognised skill sets can compete against non-nationally recognised professional development models by offering highly targeted courses designed to help improve a specific skill, which can be verified with evidence of competence.

For example, the Western Australian Government introduced free skill sets (e.g. the Heavy Haulage Driving Operations skill set) and reduced fees for qualifications under the *Lower fees, local skills* initiative. The aim of funding these nationally recognised skill sets and qualifications is to address worker shortages and provide pathways into nationally recognised training.

Other examples of skill sets linked to training packages include the small business skill set (ICTSS00108) that meets current skill needs (e.g. how to use social media to assist customers) and that also links to multiple training packages: i.e. the Basic Customer Engagement Skill Set, SSCHC0004 Community Care Skill Set, SSTLI0021 Transport (Driver) Skill Set and Infection control skill set (Food Handling) (HLTSS00066). In agriculture, the AgSkilled 2.0 initiative has expanded the use of short course subsidised training to drive the productivity and profitability of NSW agriculture through training and upskilling, including to support cotton and grain farmers in skill set type short courses in cotton pest management aligned with four national units of competency.

Why nationally recognised training is not used

Interviewees identified the following aspects of the VET system that work against the use of nationally recognised training by employers for their workforce:

- Some training packages have not kept pace with changes in work and resulting skills needs. There can be a misalignment between what training is needed and what is available. Training packages can fall behind, being slow to be updated to take account of new rules that come into an industry sector that require new or updated competencies.
- Training packages can be up to date and reflect the skills required, but RTOs do not tailor their delivery to employers' specific needs. Training packages leave room for RTOs to tailor training, but interviewees were of the view that many RTOs did not make the effort to do so. The heavily prescriptive approach to the auditing and regulation of ASQA was identified as an inhibiting factor to RTOs creating bespoke nationally recognised training. However, it was conceded that ASQA is changing its auditing approach and that this should provide more incentives for RTOs to tailor nationally recognised training to employer needs. Indeed, as one interviewee pointed out, RTOs have a requirement for regular engagement with industry. This is a central RTO standard for accountability. It may be, however, that RTOs need professional development in the tailoring of training packages to employers' particular workforce skills development needs, especially for the younger members of the ageing VET workforce.
- Public funding for nationally recognised training can be unevenly or inconsistently available. National employers want more consistent funding across the nation for the same nationally recognised training.
- Public funding for nationally recognised training can come and go according to state and territory analyses of skills in demand. What is included on their course lists for public funding changes frequently, causing a lack of continuity in the availability of public funding for workforce training.
- There is the risk of trained employees leaving and going elsewhere to work, so the employer does not capture the full return on their investment. This is another barrier to employers using nationally recognised training for employee development. The poaching of trained employees that have nationally recognised qualifications by other employers that do not train, or who use non-nationally recognised training, was seen by the interviewees to be a persistent issue providing a disincentive to some employers choosing to use nationally recognised training. This is a serious issue in the finance sector, for example. Labour hire firms were frequently cited as one group that pick up skilled and qualified workers. In turn, the continued growth in labour hire is seen to continue to build the momentum against some industries supporting staff to gain their full qualifications through nationally recognised training.
- That nationally recognised training involves too much complexity for employers is another reason given as why a lot of employers have taken training in-house, choosing to use more non-nationally recognised forms of training.
- Finally, some mention was also made of the reputational damage to RTOs due to VET FEE-HELP.

Why use non-nationally recognised training?

- A major factor mentioned by many interviewees is the perceived inability of training packages to keep up and meet the needs of an industry. There is the perception, whether true or not, that updates of training packages take many years to complete. As a result, in the ICT sector as an example, employers seek other avenues to achieve more skills in new fields such as artificial intelligence, automation, virtual and augmented reality, big data and data analysis. Vendor based training in new ICT software products is provided very efficiently by experts in the products from Microsoft, CISCO, Amazon and Adobe, and the experts are available for any follow up training and advice.
- Supplier (vendor-provider) driven training is a major driver of the use of non-nationally recognised training by employers seeking greater skills and productivity benefits by skilling employees in the use

of new equipment and machinery. Forestry, for example, is cited as a large user of vendor training with its equipment.

- Training done by a highly experienced industry professional, using up-to-date equipment and curriculum, is judged to be a better fit for a business as these trainers provide more immediate skill set solutions, including the opportunity for customisation to meet in-house skill demands.
- Flexible short course non-nationally recognised training linked to the Professional Development Training (PDP) of industry bodies, with valid and quality independent assessment, is often seen to be better than nationally recognised training.
- Thwarted attempts to professionalise a sub-industry sector to make it a long-term career pathway through the introduction of new standards and nationally recognised training to provide a skills recognition and progression system, was another cited reason for the extensive use of non-nationally recognised structured training. The transport industry was cited often by interviewees as a key example.

Good practice examples in forms of workforce training

Nationally recognised training

Our interviewees identified the following as good practice examples in employer use of nationally recognised training for workforce development.

1. Apprenticeships overall, including through Group Training schemes. Apprentices enter a structured training program of classroom and paid on-the-job training under the guidance of a workplace mentor or trainer from an RTO. As their skills increase, so do their wages. Upon completion of the program, apprentices have an industry-recognised credential, that is portable across Australian states and territories, and usually are hired into a job and industry that marks the start of a career. In addition to securing the employment as an apprentice, another payoff is that an overwhelming majority of apprentices have continued employment as a tradesperson after completing their apprenticeship.
2. Other special industry VET partnerships, such as the Siemens and Swinburne digitisation and engineering alliance, were cited. In this partnership, the two parties are working together through the Industry 4.0 higher apprenticeship and the Associate Degree of Applied Technologies, integrating trade skills into higher-level qualifications in Industry 4.0 technologies, such as cyber physical systems, internet of things, cloud computing, and augmented reality. This project was initiated and managed by Ai Group. The first phase was funded by the Commonwealth Government, while State governments (SA, NSW & Qld) have since provided funding to support the roll-out. Ai Group's role was to build and deepen employer engagement.
3. Under rail was mentioned WA's METRONET and Rio Tinto's rail automation project. The first stage of the METRONET Trade Training Centre at North Metropolitan TAFE's Midland campus is complete. The Training Centre is WA's first dedicated facility to support training for the rail industry and will equip local people with the skills needed to build and operate rail in Western Australia. Stage one includes new rail signalling workshops, which will be where a new electrical rail signalling qualification will run from to complement the range of engineering qualifications supporting METRONET manufacturing and maintenance. The hands-on training with industry providing specialised equipment to customise the new workshops provides students the opportunity to work on real equipment. The new facility when completed in late 2022 will include a bespoke scaled back signalling yard using industry standard equipment including rail

tracks, signals, signal equipment room and boom gates. The facility will provide training opportunities for employees from companies such as Rio Tinto, John Holland Group and Hitachi to undertake a Certificate IV in Electrical Rail Signalling and for those with a WA electrical licence the Certificate IV in Electrical Rail Signalling.

4. The BHP FutureFit Academy is delivering customised apprenticeships and traineeships that are seen by those at BHP and more broadly to add value to the business. BHP has committed this funding to their FFA that provides resources and training that can be beyond smaller employers that supply services to them. BHP is working with RTOs to deliver bespoke training that meets the needs for their Services Operations divisions. BHP FutureFit Academy is tailoring nationally recognised training, developing fit-for-purpose training programs in dedicated learning centres in Perth, WA and Mackay, QLD that provide a pathway to a career in maintenance. The training program delivered through the BHP FutureFit Academy provides the choice of two training options that will earn you nationally recognised certifications: a MEM20205 Certificate II in Engineering - Production Technology to develop skills in a range of preventative maintenance tasks; and a trade apprenticeship, initially in Heavy Diesel Fitting or Mechanical Fitting.
5. The Retail Institute is tailoring training to the Australian retail industry through a suite of both nationally recognised and non-nationally recognised training solutions, ranging from the Diploma of Retail Merchandise Management to customised in-house training programs. This suite is seen by interviewees from the retail sector to provide a diverse and flexible range of education products to suit business and industry needs. The Pharmacy Guild is another example of an industry specific association that aids tailored and bespoke training for pharmacists through RTO partnerships. Working under the guidance of a pharmacy assistant or pharmacist learners gain on-the-job experience and start nationally recognised training with a Certificate II in Community Pharmacy (SIR20116) or a Certificate III in Community Pharmacy (SIR30116) at a public or private RTO.

Non-nationally recognised training

Non-nationally recognised training best practice examples cited by interviewees included:

1. The Certified Practising Accountant's (CPA) for its well-known continuing professional development program. CPA Australia offers expert courses and a wide range of online learning resources designed to increase the knowledge of accounting and finance professionals in key learning areas. CPA Australia is seen to provide good examples of flexible online learning courses, allowing remote learning that is self-paced and guided by subject-matter experts. Their courses are labelled as innovative, practical, relevant to the workplace and up-to-date with latest industry changes. Courses are also marketed around their networking opportunities with other learners and their businesses.
2. Victoria's Local Learning Employment Network is where community organisations aim to empower young people who are disengaged from schools, employment or the region they live in, by providing educational programs, work placements and industry-specific training, supported by state governments.
3. Woolworth's recently announced Future of Work Fund for training is linked to restructuring of their business to online shopping and home delivery that requires more warehousing, use of digital and robotic machines. This training is not necessarily nationally recognised, while the Work Fund helps upskill, reskill and redeploy team members impacted by industry disruption and technological change. It also underpins the launch of an online learning platform to offer team members easily accessible training, apprenticeship and mentoring support across Australia. The

key technical focus areas for training will be in digital, data analytics, machine learning and robotics, with further investment planned for advanced customer service skills, team leadership and agile ways of working. The Fund is expected to support training for more than 60,000 Woolworth's team members over three years across its store and e-commerce operations, supply chain network and support offices.

While the program will be built for Woolworths' needs, the knowledge will be shared across retail and other service industries to help support economy-wide upskilling and training programs.

4. South Australia's recently announced piloting of an industry led non-nationally recognised micro-credentials development and endorsement process in 2021 (DIS 2021a). SA's Training and Skills Commission (TaSC) and the State Department for Innovation and Skills (DIS) have invited applications from industry and their tertiary education partners for new micro-credentials development. While the policy respects the role of VET qualifications on the National Training Register (training.gov.au), it also signals a break-out from the national qualifications system, or at least a move to alternatives. Proponents first need to look for units of competency that meet their need, but other learning outcomes or new competencies are welcome, including a blending of nationally recognised and non-nationally recognised training. Pursuing 'learning outcomes' aligns with the core organising principle of the AQF.

DIS will support industry to develop micro-credentials which will then go to the Commission (i.e. TaSC) for endorsement. Endorsed micro-credentials can be delivered by RTOs, other education providers and/or industry partners. Recognition, quality assurance, and protection for students and employers, are most cited as the limiting factors for non-nationally recognised micro-credentials, are also addressed. Graduating students are 'issued with a certificate that indicates successful completion of the course endorsed by the Commission', the guidelines state (DIS 2021b). The credential endorsed by the Commission is to cover the expected outcomes, assessment methodology and quality measures, assumed to be built off the back of an RTO's capabilities. This assures the micro-credential is 'portable and could contribute towards a formal qualification,' the guidelines state (DIS 2021b). DIS offers support to work with ASQA to formalise the learning as a nationally recognised course if that is needed by industry.

5. An overseas example cited was Canada Foundation for Innovation that is helping to turn innovative ideas into reality, especially for small and medium-size enterprises (SMEs). Canada Foundation for Innovation tackles practical problems by applying the latest technology and knowledge to create new products, services, and processes, or improve current products and practices. Colleges and institutes across Canada have become research partners of choice by thousands of businesses, entrepreneurs, and social enterprises helping them to find state-of-the-art solutions to their challenges. Over 90% of colleges and institutes have applied research offices ready to support their communities and local businesses with innovative solutions. Through local level industry engagement Canadian Colleges and Institutes are facilitating leading practice in technology transfer to SMEs (innovation.ca).

Engaging more employers in use of nationally recognised training

To improve employer use of nationally recognised training the interviewees suggested that several aspects of the national VET system require change, including how employers are engaged and how the nationally recognised training product is delivered. Each of these areas for change are now briefly investigated.

Improve promotion of nationally recognised training to employers

Employers that require workers with nationally recognised qualifications understand nationally recognised training at various AQF qualification levels and what these signify. However, across industry sectors interviewees believed that employer understanding of nationally recognised training is mixed. Employers in industries that do not necessarily require qualified workers particularly do not understand nationally recognised training well. They can take on workers with little formal training, and it was judged to be their current reality that they do not need to know (nor actually know) what nationally recognised training is available.

Noting that ‘Employers want skills, employees want the qualifications’, a key advocate for change among the interviewees proposed that there is need to investigate what is useful in motivating employers to take on nationally recognised training programs for their employees. More communication on the value proposition of nationally recognised training is required to employers of all sizes. The communications also need to be in ‘business speak’ not ‘VET speak’. Interviewees suggested it might be best to tell successful stories of employer use of nationally recognised training, including the use of industry VET training award winners as examples. There is added value also in promoting the role of life-long and continuous learning, while moving away from, or additional to, the key focus being on the front-end, initial training for entry to the workforce.

When asked who is responsible for awareness raising among employers about the value of nationally recognised training, interviewees predominantly pointed to the role of government. The development of the National Careers Institute was noted as a good approach to promoting nationally recognised training to individual learners. It was believed that something similar is required to promote nationally recognised training to employers. It was not seen to be within the expertise, nor the role of peak industry bodies to educate members on training opportunities nor to link employers to training opportunities.

Foster improved relationships between RTOs and employers

Most employers are small businesses and those interviewed repeatedly reported that employers do not have the time to spend defining what training was required for their workforces. They require assistance, and the interviewees were of the view that this assistance needs to be locally based.

Several ideas were put forward for creating place-based collaborations between RTOs and employers with these collaborations being considered critical. Some interviewees suggested that such collaborations had been in existence more so in the past than at present. One idea was that local brokers be appointed to work between small businesses and RTOs and connect the two in more meaningful ways. The local broker needs to be as close to the businesses as possible, such as with an employer association, who can talk through training opportunities with employers and connect them to RTOs, while helping them to avoid ‘dodgy’ providers. Local brokers were put forward as a large part of the solution to help RTOs and employers connect well. Also, regional development organisations can play an increased role in connecting businesses to nationally recognised training.

It was noted that place-based initiatives relating to small business workforces have been around for many years, particularly for businesses with needs for highly skilled tradespeople. An example of this is the small business manufacturing sector in the Illawarra region (around Port Kembla and Unanderra). Small businesses such as Leussink Engineering (<https://www.leussink.com.au/about/careers>) have developed sophisticated approaches to training their apprentices that involve place-based partnerships with local

high schools and RTOs (including TAFE). In this environment small businesses don't overly rely on the RTOs but take the initiative in their workforce skills development.

The place-based approach in regional manufacturing in places such as the Illawarra, Hunter and Geelong is greatly assisted by brokerage assistance from industry cluster organisations such as i3net (<https://i3net.com.au/>), Hunternet (<https://hunternet.com.au/>) and Geelong Manufacturing Council (<https://geelongmanufacturingcouncil.com.au/>). The drive for workforce skills development and innovation fostered by these organisations should not be underestimated.

In other industries experiencing skilled workforce shortages, place-based approaches are more effective than highly centralised/standardised systems. An example of the power of place-based training brokerage occurred during the Global Financial Crisis (GFC) (again in the Illawarra region) and involved an innovative approach to brokerage by the Local Employment Coordinator. Aged care services is a major industry in the Illawarra region but it faces the same recruitment difficulties that the industry faces all around Australia. The industry is comprised of large, medium and small employers. Faced with rising unemployment due to the GFC, the Local Employment Coordinator brokered training and employment arrangements for young unemployed people, residential aged care providers and RTOs.
<https://www.illawarramercury.com.au/story/2245154/young-boost-to-aged-care/>

The key differences in place-based workforce skills development are the highly targeted response to business needs, and the speed with which programs can be implemented.

Yet another view was that RTOs themselves should lead this relationship building with employers to help them to learn about, and how best to respond to, employer workforce development needs using nationally recognised training options. Bodies responsible for training must better demonstrate that the nationally recognised training they provide is driven by the views and needs of employers.

Many interviewees noted that the VET workforce is ageing. New and younger members of the VET workforce require additional professional development on training packages, their flexibility and how to tailor them to the workforce skills needs of individual employers. There is a need for more dexterous RTOs providing just in time workforce training options to employers.

Bring back financial incentives for employers and RTOs to work together

The Australian National Workforce Fund (2012, Labour Government), and the Industry Skills Fund, were mentioned frequently by interviewees as good examples of the successful application of financial incentives for employers to work with RTOs to undertake workforce planning and implement tailored to nationally recognised training to meet their plans for workforce skilling.

Establish more responsive, short form nationally recognised skill sets

Very frequent mention was made by those interviewed about the need to accelerate the use of skill sets. It was argued that the availability and suitability of skill set training linked to competencies in training packages should be made more widely known to employers, and that more of these responsive, short form of nationally recognised skill sets needed to be developed.

In addition, interviews emphasised the need to examine ways in which skill sets and units of competency can be fast-tracked through the endorsement process in training packages or as accredited short courses.

While the Australian Industry Skills Committee (AISC) was seen to do a good job of reviewing what is in training packages currently, the AISC was judged to be less effective in creating new innovations. There is a need to bring relevant industry associations into the Industry Reference Committee structure to

promote not only continuous improvement but also an increased appetite for reform. This reform includes ways in which skill sets and units of competency can be fast-tracked through the endorsement process in training packages or as accredited short courses.

Industry Reference Committees should be tasked with reviewing training packages to ensure entry level qualifications contain core digital skills at a level appropriate for a transforming economy and contain enterprise skills that will facilitate greater adaptability to a changing work environment.

Furthermore, in line with actions taken internationally (see Support Document 1), an audit needs to be done of the list of training packages and those not being used to any great extent be ‘parked to one side’ and possibly no longer be funded².

Grow apprenticeships and traineeships

Another suggestion was to provide resources to schools to establish new, and to enhance existing, partnerships with local business and enterprises to grow the provision of apprenticeships and traineeships. Linked to this was the need to offer incentives to employers to allow greater workplace learning opportunities.

Acknowledge that not all workforce training needs to be nationally recognised

This point was made several times. In short, ongoing workforce training involves both nationally recognised and non-nationally recognised training. These two forms of training are complementary. Different cohorts of workers have different needs that require different training solutions. Non-nationally recognised training is more flexible and more convenient for skills development that does not require formal assessment. Nationally recognised training is logical for initial training for entry into the workforce and for upskilling in critical new technical skills such as digital skills formally assessed.

² Work is underway to reform Australian VET qualifications and simplify, rationalise and streamline national Vocational Education and Training (VET) training packages (see <<https://www.dese.gov.au/skills-reform/skills-reform-overview/qualifications-reforms>>).

Summary

Interviewees with the 15 peak stakeholder bodies made the following key points:

- The national VET system is under considerable pressure to assist employers to recover their business post the COVID-19 pandemic. This is in addition to the pressure on the system that existed before the pandemic, to work with industry in stronger partnerships to meet the requirements for new skills development as jobs change due to technological advancements.
- Non-nationally recognised training currently is judged to be better able to provide immediate and customised skill set solutions to meet the demand for improved skills among existing workers.
- The underpinning requirements to increase employers' engagement with the nationally recognised vocational education and training system are its improved promotion to employers, and improved relationships between RTOs and employers to facilitate the provision of more tailored nationally recognised workforce training.

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Appendix: peak body interview questions

Interview Questions – Major Bodies

Employer Bodies, Industry Skills Advisory Bodies, VET Provider Bodies

Preamble

Thank you for finding time to do this interview with our research team on the NCVET sponsored project *“Strategies for engaging employers in nationally recognised VET to develop their workforce”*.

Definitions

So that we are thinking similarly, to begin, some definitions:

Nationally recognised VET includes accredited courses that lead to vocational qualifications and credentials within the Australian Qualifications Framework (AQF) [the national policy for regulated qualifications], such as certificates and diplomas, that are recognised throughout Australia.

The commonly used short-hand term for nationally recognised VET is accredited training.

According to the Australian Skills Quality Authority (ASQA): “Accreditation is formal confirmation that the course: is nationally recognised; meets an established industry, enterprise, educational, legislative or community need; provides appropriate competency outcomes and a satisfactory basis for assessment; meets national quality assurance requirements; and is aligned appropriately to the AQF where it leads to a qualification.”

Other types of training are commonly referred to as non-accredited training and do not lead directly to vocational qualifications and credentials within the Australian Qualifications Framework. Examples are locally developed courses, vendor-training and other training that focus on equipping the learner with a specific knowledge and skillset.

CORE QUESTIONS FOR ALL

Q. Do you have any clarification questions on these definitions?

Structure of the interview

This interview is structured around several core themes on which we seek your thoughts:

1. Trends in workforce training in Australian organisations and influencing factors
2. Forms of workforce training: advantages and disadvantages
3. Employers understandings of training types for their workforces
4. Employers use of nationally recognised training
5. Practices examples in nationally recognised VET training
6. Improving employers use of nationally recognised training
7. Other matters you wish to raise about employers training of their workforces

Theme 1: Trends in workforce training in Australian organisations

Q1. What does your organisation believe are the major factors currently influencing employers training their existing workforce?

- a) in general?
- b) in relation to using accredited training to meet the training needs of their businesses?
- c) in relation to using non-accredited training forms of training?

Q2. How has the coronavirus impacted upon how employers are meeting the training needs of their businesses?

- a) In general?
- b) How they are using accredited training?
- c) How they are using non-accredited forms of training?

Q3. What long term changes do you think will occur around employer training of their workforces even when there is a COVID19 vaccine?

Q4. What does your organisation think employer training to develop employee skills will look like in ten years' time or possibly less time?

Q5. Do you think accredited or non-accredited training is better positioned currently to respond to future training needs of employers? Why do you think this?

Theme 2: Forms of workforce training: advantages and disadvantages

Q1. What does your organisation judge to be:

- a) current good examples of employer use of nationally recognised training to develop their workforces?
- b) current good examples of employer use of forms of training, not in the category of being nationally recognised training?
- c) advantages of employers using nationally recognised forms of training?
- d) disadvantages of employers using forms of nationally recognised training?
- e) advantages to employers of using other forms of training not nationally recognised?
- f) disadvantages to employers of using these other forms of training not nationally recognised?

Theme 3: Views about employers understanding of training

- Q1. Does your organisation believe that employers distinguish between nationally recognised training and other types of training in making their training choices for their workforces? If so, in what ways?
- Q2. To what extent does your organisation think that employers have a good understanding of nationally recognised training and its outcomes?
- a) What do you think they do understand?
 - b) What do you think they don't they understand?
- Q3. What do you understand employers want to change to make nationally recognised training programs and their outcomes better for them and their workforces?

Theme 4: Employers use of nationally recognised training

- Q1. How do you think employers would rate their experiences with national recognised VET training use in their business?
- Q2. What does your organisation judge to be:
- a) the major barriers in the current VET environment for employers using nationally recognised training options more often to develop their workforce?
 - b) the major facilitators in the current VET environment for employers using nationally recognised training options more often to develop their workforce?

Theme 5: Practices examples in nationally recognised VET training

- Q1. What does your organisation see as poor practices around the design and delivery of nationally recognised VET training for Australian employers? What are some examples?
- Q2. What does your organisation see as good practices, even best practice, around the design and delivery of nationally recognised VET training for Australian employers? What are some examples?
- Q3. Have we anything to learn from good practices around nationally recognised VET training in other countries - if so, what practices and in what countries?

Theme 6: Improving employers use of nationally recognised training

- Q1. What might be the key elements of new strategies that might be introduced for engaging employers more fully than at present in nationally recognised VET training to develop their workforce?
- Q2. What changes are needed to make nationally recognised VET more attractive to today's employers?

Q3. Who needs to make these changes? What are the roles of employer advisory bodies, industry peak bodies, training providers and governments in engaging employers in nationally recognised VET?

Q4. What is the role(s) of your organisation when it comes to Australian employer training of their workforce:

- a) as of now?
- b) possible in the future?

Theme 7: Other matters you wish to raise about employers training of their workforces

Q1. Do you have additional comments you would like to make that you think will help this NCVER research project; or put another way is there something that you thought that we would be talking about, but we did not, and if so, what might that be about?

END - Many thanks for sharing your insights

Check: Signed Informed Consent Form Received
