

ARA SUBMISSION

BLUEPRINT FOR THE VET WORKFORCE

MARCH 2024

The Australian Retailers Association (ARA) welcomes the opportunity to provide a submission to the Department of Employment and Workplace Relations (DEWR) in relation to the development and implementation of its Workforce Blueprint for the Vocational Education and Training (VET) sector.

The ARA is the oldest, largest and most diverse national retail body, representing a \$420 billion sector that employs 1.4 million Australians - making retail the largest private sector employer in the country. As Australia's peak retail body the ARA informs, advocates, educates, protects and unifies our independent, national and international retail community.

We represent the full spectrum of Australian retail, from our largest national and international retailers to our small and medium sized members, who make up 95% of our membership. Our members operate across the country and in all categories - from food to fashion, hairdressing to hardware, and everything in between.

The ARA also operates the Retail Institute - Australia's leading Registered Training Organisation (RTO) for the retail industry. With over 30 years' experience as an RTO, the Retail Institute provides accredited and non-accredited training across Australia, through our own team of trainers and assessors. It is from this perspective, and as Australia's peak retail body representing the interests of retailers, that we advocate for the continuation of vocational training in our sector and the sustainability of the VET workforce.

The VET workforce plays a pivotal role in furnishing participants of VET courses with the practical skills, knowledge and qualifications that enable career success. With approximately 4.5 million learners¹ enrolled in training programs across Australia, high quality trainers and the long-term sustainability of these programs is irrevocably important in addressing skill shortages and enabling economic growth.

BACKGROUND

The Australian Government, in collaboration with States and Territories, is leading the development of the VET Blueprint, an initiative aimed at addressing critical workforce supply and retention issues facing the VET sector.

The primary objective of the program will be to identify effective strategies that combat barriers to VET workforce participation, leading to sustainable current and future workforce numbers. A VET Workforce steering group has been appointed by the Hon Brendan O'Connor MP, the Minister for Skills and Training, tasked with leading the design and implementation of the blueprint.

Stakeholders have been invited to provide feedback and recommendations on three main topics:

- how to support, grow and sustain the VET workforce;
- how to address identified barriers; and
- how any potential actions can be implemented.

¹ NCVET Statistical Report - Total VET Students and Courses 2021 | ncver.edu.au/_data/assets/pdf_file/0038/9680573/Total-VET-students-and-courses-2022.pdf

KEY RECOMMENDATIONS

Increase funding for private RTOs

Private RTOs are among the highest quality educational and training providers within the VET sector, often boasting higher completion rates² and higher levels of student satisfaction³ than other training providers. Despite these strengths, government funding either prioritises apprenticeships over traineeships⁴, the main VET product in the retail sector, or provides minimal funding at all in some jurisdictions. This leads to a scarcity of funding for this sector that presents adverse consequences for the VET workforce.

Comparative to TAFE, private RTOs are smaller training organisations that focus on delivering industry specific courses. Unlike large institutional providers, private RTOs lack the financial capacity to cross-subsidise these lower-margin speciality programs with high-volume programs, leading to these businesses being burdened by high costs that can't be offset.

This means that smaller training organisations are less attractive from the perspective of an employee value proposition because their cost model - and what they can pay trainers and assessors - is constrained by the revenue they might secure for each individual training product or program they deliver. As a result, private RTOs have less capacity to compete with TAFE on remuneration or provide a compelling proposition for specialised trainers and assessors, a clear problem given current cost-of-living pressures.

This leads to specialised trainers moving out of private RTOs to TAFE, and a shift in qualified teachers moving out of the VET sector back to primary or secondary education due to more competitive remuneration.

For private RTOs, these financial considerations and general uncertainty, resulting from government policy, also limit an employers' ability to support ongoing employment contracts for trainers and assessors. This results in employers only being able to offer fixed-term, fixed-task employment, which might suit some trainers and assessors but generally provides adverse outcomes for the VET workforce.

The ARA therefore recommends the allocation of additional funding to private RTOs that offer sector-specific traineeships and apprenticeships, to ensure that these organisations can continue to attract and retain a skilled workforce for the benefit of the sectors they serve.

In-line with the ARA Pre-budget Submission, we also recommend the reinstatement of employer incentives for all traineeships and apprenticeships, so RTOs can offset some of their operational costs leading to these training providers being able to develop their business and compensate employees competitively.

Without competitive revenue and cost models, private RTO's cannot offer competitive remuneration and specialised trainers and assessors will be forced to pursue other employment opportunities, which will contribute to higher attrition rates across the VET sector.

² NCVET, VET Qualification Completion Rates | ncver.edu.au/news-and-events/media-releases/vet-qualification-completion-rates-increase

³ Independent Tertiary Education Council of Australia | <https://www.iteca.edu.au/state-of-sector>.

⁴ Australian Government, Current Grant Opportunities | [Current Grant Opportunity View - GO5667: GrantConnect \(grants.gov.au\)](https://www.grants.gov.au/grantconnect/grants/current-grant-opportunities).

Restructure the learning requirements

The Standards for Registered Training Organisations (VET Workforce Support) Instrument 2024 has revised the employment standards for RTO's, with the aim of providing the VET workforce more accessibility to accreditation and employment pathways.⁵ Despite these changes, the process for becoming a VET trainer or assessor remains time consuming, challenging and costly.

Before they can deliver programs, most trainers and assessors are required to complete TAE40122 Certificate IV in Training and Assessment. In some instances, completion of this program can take 12 to 18 months to complete.⁶ This timeframe impacts the ability of trainers and assessors to work alongside their education, and delays the time before they can deliver programs, impacting their earning potential and career pathways.

These learning requirements for trainers and assessors can also prove to be costly, with some facing out-of-pocket expenses up to \$5,070.⁷ This creates challenges for unemployed or low earning individuals.

The additional requirements that trainers and assessors need to have a minimum of 'two years full time work experience and access to a workplace'⁸ create barriers to entry for individuals that are younger. Given the collective median age for the VET workforce is 50 years old⁹, this is a problematic pre-requisite that challenges the long-term sustainability of the workforce.

For VET trainers and assessors that have completed their qualification, their training and study requirements continue into employment, as individuals that hold these roles must always have up-to-date industry skills and knowledge in the industry they are providing training or assessment services into.¹⁰ The reasoning of these requirements is sound, in that it leads to a highly skilled VET workforce, but it also places a burden on trainers and assessors to manage their time between working part-time in the industry, engaging with industry partners and continually needing to undertake accredited training for the industry as it is updated.¹¹

As the government is looking to attract and retain an engaged VET workforce, the ARA recommends further refinement of the RTO Standards and training course structures, to remove barriers to entry and endorse participation for those considering a career in vocational training and education.

Introduce employee-based incentives

In the pursuit of attracting and retaining skilled VET trainers, incentives should be made available to potential learners that encourage them to become trainers and/or assessors. Incentives would grow participant rates in the VET workforce, while simultaneously removing financial barriers for learners from a low socio-economic background.

⁵ DWER, Early Changes to the Current Standards for RTO's | dewr.gov.au/skills-reform/quality-reforms/early-changes-current-standards-rtos.

⁶ TAFE Courses, Certificate IV in Training and Assessment | tafecourses.com.au/course-listing/certificate-iv-in-training-and-assessment

⁷ Western Sydney University, Certificate IV in Training and Assessing | westernsydney.edu.au/future/study/application-pathways/the-college/rto-programs/certificate-iv-in-training-and-assessment

⁸ TAFE Courses, Certificate IV in Training and Assessment | tafecourses.com.au/course-listing/certificate-iv-in-training-and-assessment

⁹ Department of Employment and Workplace Relations, Consultation paper | [Consultation Paper – Developing a blueprint for the VET workforce - Department of Employment and Workplace Relations, Australian Government \(dewr.gov.au\)](http://www.dewr.gov.au/consultation-papers/developing-a-blueprint-for-the-vet-workforce) >; Knight, G., White, I. and Granfield, P. (2020) *Understanding the Australian Vocational Education and Training Workforce*, NCVET, Adelaide, SA.

¹⁰ ASQA, Employ Skilled Trainers and Assessors | asqa.gov.au/rtos/users-guide-standards-rtos-2015/chapter-4-training-and-assessment

¹¹ ASQA, Employ Skilled Trainers and Assessors | asqa.gov.au/rtos/users-guide-standards-rtos-2015/chapter-4-training-and-assessment

In-line with the recommendations made by the ARA in our pre-budget submission we recommend the reinstatement of the \$5000 completion incentives for all traineeships and apprenticeships. This one-off payment would help incentivise learners to pursue a VET career pathway, improving the quantity of qualified trainers and assessors in the industry, and contributing to growing the VET workforce.

Provide career development pathways and industry recognition

The ARA also recommends that government allocate additional funding to support RTO's in providing pathways for trainers and assessors to up-skill, build on their pre-existing skills base and be recognised for their accomplishments.

Through employer endorsed participation in workshops, seminars and additional formal learning, the VET workforce can gain industry insights, and stay up to date on industry skills. This would ensure that trainers and assessors have access to pathways to build their knowledge and capabilities, with the effect of a higher quality VET workforce, greater staff satisfaction and higher retention rates.

The secondary impacts of these initiatives would enable VET employees to further build relationships with peers, elevating their social and professional connections.

Improve standing of the VET workforce

The VET workforce should be better positioned as an attractive and viable career pathway for Australians. To improve participation rates in the Certificate IV in Training and Assessment, the ARA recommends that government promotes the career development opportunities for the VET workforce. This could be advanced through media and social media campaigns, outreach at job fairs and engagement through Services Australia.

Improving workforce data collection

The collection of accurate quantitative and qualitative data on the VET Workforce is imperative to understanding the labour force. Current available data and workforce estimates have previously underestimated profiles of individuals working in the VET sector, due to the fact many trainers and assessors will have dual occupations.¹² The impact of this is that training organisations cannot appropriately navigate industry and employee needs as data is incorrect or out-dated.

For this reason, there needs to be strict parameters pertaining to timely data collection and workforce estimates. This will enable employers to understand the size of the problem regarding attraction and retention rates and enable them to use this insight to develop mechanisms to strategically mitigate these challenges.

The ARA recommends that government invest funds and resources into bridging these data gaps.

CONCLUSION

There are many barriers facing the VET workforce that can be mitigated through reinvesting in private RTOs, improving the employee value proposition for the VET workforce, and incentivising learners to complete their studies through payments, industry recognition and reformation of learning standards.

¹² DWER Consultation Paper: Developing a blueprint for the VET workforce | [dewr.gov.au/skills-reform/resources/consultation-paper-blueprint-vet-workforce](https://www.dewr.gov.au/skills-reform/resources/consultation-paper-blueprint-vet-workforce)

Correspondingly, it is important to continue to track changes to the VET labour force through workforce data and insights to tailor appropriate responses.

The ARA and its members thank the DEWR for the opportunity to provide industry insights and recommendations on promoting a sustainable VET workforce. Any queries in relation to this submission can be directed to our policy team at policy@retail.org.au.