

**Engaging more employers in  
nationally recognised training**

**to develop their workforce**

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**RESEARCH REPORT**

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# About the research

### *Engaging more employers in nationally recognised training to develop their workforce*

### Kaye Bowman, Kaye Bowman Consulting and Victor Callan, The University of Queensland

Australia’s economic recovery from the COVID-19 pandemic depends on the ability of employers to fill the skills shortages resulting from lower migration and upturns in economic prosperity associated with ongoing technological change. The national vocational education and training (VET) system is best placed to support employers to meet these skill needs. However, data from the Survey of Employers’ Use and Views of the VET System show that, prior to the onset of the pandemic, employers’ engagement with the VET system had trended downward over the previous14 years up until 2019.

This research examined the factors in the current VET environment that influence employers’ decisions when choosing training options, in particular, nationally recognised training. The research is based on interviews with a range of peak stakeholder bodies in late 2020 and early 2021 and of employers between March and June 2021. The employers were selected from five industries with comparatively low engagement with the national VET system in 2019. The research was supported by a review of the most relevant national and international literature.

Key messages

* Employers train their workforces to improve their businesses. They use both nationally and non-nationally recognised training and view these two forms of training as complementary. The training is judged by its relevance to the skills needs of their workers; its flexibility in fitting in with their business cycles; the expertise of its provider; and its cost. These factors are more important to employers than its recognition status; that is, whether it is nationally recognised or non-nationally recognised training.
* Employers who use nationally recognised training highlight its quality and the ability of registered training organisations (RTOs) to make assessments against the industry-developed national performance standards in training packages and in accredited courses, and that it is mandated in some instances.
* Nationally recognised training is seen as the logical fit for initial training for entry into the workforce and for upskilling in critical new technical skills, those that need to be formally acknowledged or recorded for certification purposes. The challenge is for RTOs to form closer partnerships with employers to understand their needs more fully and customise the curriculum and training delivery accordingly, including complementing other forms of training.

Simon Walker  
Managing Director, NCVER

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# P:\PublicationComponents\Icons\ExecutiveSummary.emfExecutive summary

## Aims

This report explores employer approaches to training their workforce through the use of nationally recognised vocational education and training (VET) as opposed to other forms of training, with the aim of identifying strategies that encourage more employers to use nationally recognised training. This objective is in response to what was, prior to the onset of the COVID-19 pandemic, a downward trend in employer engagement with the national VET system, including employers with jobs that require vocational qualifications, those with apprentices and trainees, and those who use nationally recognised training other than through apprenticeships and traineeships; a trend that had occurred in the previous 14 years up until 2019 (NCVER 2019a). The latest Survey of Employer Use and Views of the VET System shows a break in that trend with a higher proportion of employers having new training requirements in 2021 in response to the COVID-19 pandemic (NCVER 2021).

## What we did

Semi-structured interviews were undertaken with a range of peak stakeholder bodies and employers, with the questions put to interviewees based on a review of the most relevant national and international literature.

Fifteen interviews were held with peak stakeholder bodies in late 2020 and early 2021 on the motivations they understood to be behind industry and employer engagement with training their workforce, and how the use of nationally recognised training might be increased. Interviews were also held with 35 employers between March and June 2021. The employers represent five industry sectors with comparatively low engagement with the national VET system as of 2019, namely agriculture, retail, transport, warehousing, and information media and telecommunications (NCVER 2019b).

The interviews were preceded by a review of the national and international literature to identify the various forms of training employers are using and their reasons for this. We also hoped to identify potential strategies — which could be tested — for increasing support for nationally recognised training among employers in industry sectors with relatively low current use.

To ensure consistency, we defined ‘nationally recognised training’ as ‘training that leads to vocational qualifications and credentials that are recognised across Australia’, deliverable only by registered training organisations (RTOs); and ‘non-nationally recognised training’ as that which does not lead to nationally recognised certification, such as ‘locally developed programs and non-accredited modules or skill sets that can be delivered by all training providers not just RTOs’ (Naidu, Stanwick & Frazer 2020).

## What we found

Employers train their workforces to improve their businesses, and judge training by its relevance to the skills needs of their workers; its flexibility in fitting in with their business cycles; the expertise of the training provider; and its affordability. These factors are more important to employers than whether the training is nationally recognised. Employers use both nationally and non-nationally recognised training to train their workers. They see these two forms of training as complementary.

### In favour of nationally recognised training

Employers use nationally recognised training because of its quality and the ability of its providers (that is, registered training organisations) to make assessments against industry-developed performance standards in training packages and in accredited courses. Nationally recognised qualifications are mapped to the Australian Qualifications Framework (AQF), providing clear directions on career paths. The ability of nationally recognised training to recognise units and skill sets (below the full qualification level) in statements of attainment adds flexibility and enables the provision of short forms of nationally recognised training. In addition, where there are licensing and regulatory requirements, nationally recognised training is a necessity for employers and the workforce.

The key concern for employers is having employees with the required capability to perform the job. Unless there is a regulatory or legislative requirement, some employers are not concerned about their employees completing qualifications or parts thereof, although these may be considered signals of capability. Completing qualifications or parts thereof is more likely to be of interest to employees, especially when they seek to change jobs and for longer-term careers in a particular industry.

### In favour of other forms of training

Factors cited by employers that deter their use of nationally recognised training included: outdated training packages; training not tailored to employer needs; a lack of continuity in public funding for training; the complexity of the nationally recognised training system; and no requirement for nationally recognised qualifications or parts of the training.

Employers use non-nationally recognised training because of its ‘ability to be bespoke’, as some employers labelled it; namely, tailored to specific job skills or organisation-specific skills development needs. The availability of quality and expert vendor training delivered by highly experienced professionals is a major factor in the uptake of non-nationally recognised training, with employers typically seeking greater skills and productivity benefits by skilling employees in the use of new equipment, machinery and technologies. Non-nationally recognised training is also used for training in business-specific processes, leadership training and bespoke initiatives associated with building organisational culture.

### Potential strategies to facilitate use of nationally recognised training

Strategies that might encourage employers to make more use of nationally recognised training were identified by asking interviewees for their ideas on this issue, as well as for examples of good practice. Interviewees pointed to a range of innovative employer—RTO partnerships as examples of good practice, whereby RTOs work collaboratively with employers to identify their needs, consequently enabling them to respond accordingly. In these partnerships, RTOs find ways of meeting training needs through nationally recognised training.

Interviewees also discussed the disruption to workforce training caused by COVID-19, but also the positive trends in VET provision the pandemic has accelerated. Interviewees generally praised VET providers and some industry associations for the agility shown during the pandemic. With their rapid responses, they have led the way in their pivot to a greater application of online modes of delivery, with short forms of skill sets training used to promote upskilling, reskilling and cross-skilling to meet new and ongoing employment demands. This success has positively impacted on employers’ thinking, prompting them to contact their industry associations and RTOs more frequently for assistance with training in the future.

Interviewees favoured increasing employer—RTO partnerships for improved collaboration in adapting nationally recognised training products and their provision to better meet workforce needs. A parallel suggestion was for more focused and relevant promotion of nationally recognised training to employers.

## What we concluded

Now is the time for ensuring that nationally recognised training takes more responsibility for better supporting the skills development of existing workers and preparing new entrants to the workforce. Economic recovery from the COVID-19 pandemic depends in part on nationally recognised training playing its role in restoring employment levels. Many of the peak bodies interviewed emphasised that filling the skills shortages resulting from lower migration, as well as from recent uplifts in economic prosperity will depend on nationally recognised training continuing to upskill workers to cope with technological advancements, greater digitalisation and other innovations.

Stronger relationships between RTOs and employers are key to the effectiveness of this essential upskilling. RTOs are the major source of knowledge about nationally recognised training for employers: they look locally first for training assistance, and this is where better partnerships need to flourish. VET providers need to be encouraged to build their skills in working collaboratively to identify employer workforce needs and to improve their ability to reach out to local employers and industry experts. This outreach is crucial to ensuring the customisation of training and delivery according to employer needs.

The need for the co-creation of training by employers, with RTO assistance, was frequently mentioned, along with an increase in the incidence of special industry—VET partnerships, including the creation of applied research partnerships to further build engagement between employers and RTOs. Engaging directly with professional associations or industry sector peak bodies, those that represent groups of employers, is seen to be particularly valuable for raising the levels of engagement by small and medium-sized employers, who face unique barriers.

The need for additional skill sets with links to training package competencies to provide more specific training for the upskilling of the existing workforce was also proposed, the aim being to encourage the use of nationally recognised rather than non-nationally recognised training for workforce development, thus reversing the recent trend. These training package skill sets offer many advantages, in that they are aligned with nationally recognised training; they also compete favourably with unrecognised professional development models, by offering highly targeted courses designed to help improve a specific skill, which can be verified with evidence of competence.

Some interviewees acknowledged that VET professionals need broader skills to enable them to engage more fully with employers. By way of example, they need to: have a better understanding of workplace environments and their industrial relations arrangements; conduct training in the workplace, tailoring it to meet employee and enterprise skills needs; and customise assessment to workplace contexts. Systematic approaches are required to prepare VET teachers, including mentor support and continual professional development.

According to the peak bodies and employers interviewed, the development of more skill sets is linked to the need to reduce the number of existing training packages. Also acknowledged is the reality that many employers have a limited understanding of nationally recognised training, underlining the requirement for improved messaging as a starting point for better engagement. More communication to impart the value of nationally recognised training is required for employers of all sizes, in ‘business speak’ not ‘VET speak’. This issue is central to the strategies being considered for worker progression in their jobs, as well as for improved career pathways in an industry and for productivity gains.

The establishment of the National Careers Institute[[1]](#footnote-2) was highlighted as an exemplar for promoting nationally recognised training to individual learners. It was believed that something similar is required to promote nationally recognised training to employers. Such an initiative would require follow-up from RTOs through outreach and partnerships to ensure the provision of nationally recognised training is better tailored to employer needs.

# Introduction

Key points

* Prior to the onset of the COVID-19 pandemic, employer use of the national VET system had declined between 2005 and 2019.
* This project seeks to identify strategies to reverse this decline, with a focus on nationally recognised training.

Employer use of nationally recognised training in decline

This project has been primarily motivated by the downward trend in employer engagement with the national VET system over 14 years, from 58% to 51% of all employers, up until 2019 (NCVER 2019a). The focus of this report is on gaining the views of employers from the five industry sectors that were among the lowest users of the national VET system in 2019: agriculture, retail, transport, warehousing, and information media and telecommunications (NCVER 2019b).

## How this trend might be reversed is addressed in this research

How the Australian VET system can transform itself into an agile learning ecosystem — one that supports existing workers and their skills development and prepares new entrants to the workforce — is the major and ongoing challenge addressed in this project. This is a challenge for all national VET systems, not merely the Australian system. As explained by the European Centre for the Development of Vocational Training (Cedefop 2019), escalating skills development for existing workers is imperative for generating and successfully adopting innovation and for meeting new and fast-evolving skills requirements, particularly in a time of accelerating technological change. Supporting existing workers in the development of skills can assist in closing skills gaps, help individuals to stay and progress in employment, boost motivation and improve the performance and productivity of businesses.

This project seeks to identify ways to improve Australian employer uptake of nationally recognised training to develop their workforce. The project addresses three key questions:

* How do these employers choose training for their workforce?
* What factors in the current environment, including COVID-19, affect employer training options to develop their workforce?
* What are the elements of strategies for engaging more employers in nationally recognised training to develop their workforce?

## Literature review and data collection

A significant body of literature addresses employers and workforce training, and similarly there is no shortage of commentaries on the future of skilling in Australia and other countries. They all suggest that VET now operates in a world of unprecedented change, a characteristic thrown into sharp relief by the COVID-19 pandemic. Having an effective VET system, one that supports the continuing learning of the workforce, has never been more important in efforts to assist employees to continually upgrade their skills — the skills that will allow them to adapt nimbly to rapid technological change and enable them to progress through their vocational career throughout their lives. A review of the most relevant national and international literature to the end of 2020 was undertaken and is reported in support document 1.

To gain a deeper understanding of employer workforce training decisions and issues, interviews were conducted with two groups; peak bodies representing employers and employers themselves.

Fifteen peak bodies were interviewed between late 2020 and early 2021, including:

* six employer network and advisory bodies
* six government industry training and skills bodies
* three RTO peak bodies.

Their perspectives offer a strategic overview of the motivations behind employer engagement in the training of their workforce. The detailed findings of these interviews with peak body representatives are provided in support document 2.

Interviews were conducted between March and June 2021 with 35 employers from five industry sectors in which employers have comparatively low engagement with the national VET system (NCVER 2019b; also see table A1 in appendix A):

* agriculture (nine employers)
* retail (seven employers)
* transport (eight employers)
* warehousing (five employers)
* information media and telecommunications (six employers).

The employers interviewed included a mix of small and large employers, from various sub-sectors of each of the five industry sectors, and from across Australia. They provided rich data and associated insights into how they organised and conducted workforce training and the impacts of the COVID-19 pandemic. In addition, employers identified specific opportunities for increasing the use of nationally recognised training to develop the workforce in their industry, while noting that there is, and always will be, a place for non-nationally recognised training.

Some of the opportunities identified coincided with efforts from the federal and state/territory governments to reverse the adverse economic impacts of the COVID-19 pandemic, as part of the new national VET Heads of Agreement for Skills Reform,[[2]](#footnote-3) the aim of which is to ensure all Australians have access to training that will provide them with the skills needed for emerging jobs.

Detailed findings from the interviews with employers from the five industry sectors are provided in support document 3.

This report summarises the findings and key messages from the literature review, the interviews with the representatives from the employer peak bodies and with the employers themselves.

## Definitions

This report focuses on employer use of nationally recognised training as opposed to other forms of training for their workforce. These and other related terms are defined here.

### Nationally recognised training

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 in 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 to refer to all nationally recognised training, technically specifically refers to a ‘nationally recognised *course* accredited by VET regulators and developed to meet training needs not addressed by existing training packages’ (Naidu, Stanwick & Frazer 2020). A ‘statement of attainment’ is issued to denote completion of an accredited course and also completion of one or more ‘units of competency’ or modules in 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 ‘skills set’, which is specified in a national training package and 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, whether public, private, community-based or enterprise-based (ERTOs). RTOs must meet the standards and essential conditions for RTOs in the Australian Quality Training Framework (AQTF) 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 (Victorian Registrations and Qualifications Authority, Western Australian Training Accreditation Council).

### Other forms of training

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 conducted 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, whereby 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 skill sets training. In this report we focus on the learner. If they are a new entrant to work, then they are undertaking IVET. If they are an existing worker, then they are undertaking CVET.

# Employers’ training of their workforce

Key points

* Employers invest in workforce training to improve their business
* Employers use both nationally recognised and non-nationally recognised training to train their workers
* The relevance and flexibility of the training and expertise of the trainer are more important to employers than its type

## Employers train their workforce to improve their business

Research shows that employers train their workforce to improve their business. Employer training decisions are driven by a business case, which reflects the need to continue to respond to the impact of organisational change and new technologies (Smith & Billett 2004).

Employers need employees with the capability and expertise to perform their jobs to deliver the aims of their business (Townsend, Waterhouse & Malloch 2005).

Employers provide training to upskill the workforce, to promote innovation, to produce higher-quality services and products and to assure other commercial benefits to the enterprise (Cully 2005).

These past research findings are reinforced in this summary by White, De Silva and Rittie (2018, p.3):

The key drivers of employer investment in workforce training include improving the quality of a product or service, the adoption of new technology, and to meet legislative, regulatory or licensing requirements. Various types of training — accredited, unaccredited, informal — are accessed by employers to fulfil their training needs.

## Employers use a mix of training types for their workforce

The interviewees confirmed that employers want the training they need for their workforce at a time that suits them and at a cost they can afford. To fill workforce skills gaps, employers use both nationally recognised and non-nationally recognised training. Employers see these two forms of training as complementary.

Making use of non-nationally recognised training allows access to bespoke and tailored training, which can be a better fit with the needs of individual businesses. Non-nationally recognised training is described by interviewees as being more responsive and flexible than nationally recognised training, which does not, and cannot, cover everything.

As many Australian employers reported, qualifications are not the key focus of their attention; rather, the key concern is having employees with the required capability and expertise to perform on the job. Employers are seeking to develop skills that are highly job-relevant or organisation-specific and make use of a range of training activities, including informal training and experiential learning, as well as nationally recognised training.

Employers use a mixed model of training, best illustrated in relation to enterprises with embedded RTOs, known as enterprise RTOs, which are a unique component of the national VET system. Here the employer is accredited as an RTO authorised to deliver nationally recognised qualifications and credentials to their staff. Although these employers have invested considerable resources in their RTO systems, they use both nationally recognised training and non-nationally recognised training. For example, the ERTOs in our sample of employers interviewed invariably used non-nationally recognised training for leadership development. Although similar nationally recognised training is available, many ERTOs have a need for management and leadership training that is tailored to their enterprise.

Enterprise RTOs start by identifying the knowledge and skills needed and then match this to available units of competency in training packages to determine whether the skills they need might encompass a complete qualification or part thereof. Many interviewees reported that this is what industry-led VET is about. Some ERTOs involve employees, seeking input into the nature and amount of training required. Others do not and have their own set of standards, which they train their employees to meet. ERTOs use nationally recognised training for two main reasons: compliance, and where jobs, knowledge and skills levels are aligned to levels of pay.

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| Box 1 A mix of training types is used |
| **Examples from retail** |
| All seven retail employers interviewed engage in nationally recognised training or as they referred to it, ‘VET’ or ‘TAFE’ or ‘RTO’ or ‘traineeships/apprenticeships’ training. The extent of the engagement varied widely: from those most active, with full qualifications training for entry-level jobs, to minimal and ‘only when it is mandated’. Where externally mandated, nationally recognised training is utilised in the form of specified units or skill sets (chunks of a qualification[s] selected by the employer). For employees’ continuing learning, all seven retail employers used mainly non-nationally recognised training. Once a retail worker is fully entrenched in a job, non-nationally recognised programs, usually developed and delivered in-house, are utilised for further learning, staff development and a career pathway within the business. These programs cover topics such as ‘leading teams’ and specialised functions such as visual merchandising and may be delivered internally or with a contracted external partner, in small chunks. |
| Examples from agriculture |
| Most agricultural employers adopt a mixed-training model, which includes nationally recognised and non-nationally recognised training. This is best exemplified by a vertically integrated beef business that breeds, feeds and processes cattle for production, and packs and markets meat for retail and distribution. A wide variety of nationally recognised training is used to ensure ‘that we are on par with industry standards and using best practice’. They use apprenticeships and traineeships, industry-accredited short courses and standard generic industry courses. The business also makes use of non-nationally recognised, online modules located in their internal learning management system. These cover multiple topics, including leadership, communication, safety, emotional intelligence and Microsoft suites. |

## Why employers use nationally recognised training

Peak body interviewees identified many reasons for employer use of nationally recognised training. Its quality within a national system, with the ability of RTOs to make their skills assessments current, is a major factor in its selection. Nationally recognised training provides clearer direction around career paths. Developers of training packages have consulted with industry and can be trusted to have researched industry trends through surveys, desktop research, interviews and industry workshops. Employers benefit by having appropriately skilled and qualified employees, who may also provide a productivity boost if their skills are used well.

A related factor is the availability of skill sets, with links to competencies in training packages. This is a positive for employers wanting to upskill and reskill their existing workforce. Palmer (2021) investigated the type of VET training students undertook in 2019. He found that the majority of VET learners studied subjects that were not part of a nationally recognised program, which Palmer called ‘subject bundles’, also labelled as a form of ‘skill sets’, made up of nationally recognised subjects. More than 2.6 million students engaged with VET by enrolling in subject bundles; that is, 62.7% of all students that year (noting that some of these students may have been enrolled in other VET programs as well). Palmer’s analysis clearly indicated that subject bundles are mainly concerned with regulation and skills maintenance, either explicitly or implicitly, and are largely a ‘private’ market, funded on a fee-for-service basis in more than 93% of cases, with little government intervention.

Another factor that can influence employers to use nationally recognised training is the availability of public funding, in the form of student subsidies and VET student loans for selected qualifications. However, in attempts to manage the VET training market, public funding for nationally recognised training regularly changes in each Australian state and territory to match skills gaps. In turn, this has differential impacts on industry sectors and employer use of nationally recognised training for upskilling their workforce. The role of the National Skills Commission (NSC) is to explore skills demand, with the commission currently seeking ways to standardise training subsidies to address these variabilities and shifts.

Interviewees believed that, about 10 to 15 years ago, more public funding was available for nationally recognised training for some industries. As public funding was progressively withdrawn, particularly for traineeships, employers in some industries, both small and large, moved to fee-for-service workforce training and increased their use of non-nationally recognised training. The availability of public funding, while important, is not the most important factor influencing employer patterns of workforce training. The relevance of the training and the flexibility of its provision are more important to employers than the availability of funding.

Interviewees reported that employers prefer nationally recognised training as the baseline and trusted foundation training for entry into work. Nationally recognised training is known to be of a high quality, since it is regulated, and its various qualifications fit within the AQF. Employers particularly appreciate the apprenticeship training model because it involves structured training in a classroom and paid on-the-job training under the guidance of a workplace mentor or trainer from an RTO. Upon completion of the program, apprentices have an industry-recognised credential, which is portable across Australia, and are usually hired into a job and industry, marking the start of a career. The overwhelming majority of apprentices who complete their training program find ongoing employment (NCVER 2019c).

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| Box 2 Nationally recognised training for entry into work and  career development |
| **Examples from retail** |
| A large national retail chain employer (food) is extremely active in training and puts its entry-level staff, both in-house and in franchisees, through the Certificate II in Retail traineeships (that can be school - based in some jurisdictions), which are provided by the chain’s ERTO. This ERTO also has the Certificate III in Retail on scope, for which staff can apply via recognition of prior learning (RPL), following completion of the internal manager’s designed and delivered course. From there, staff progress through the organisation’s management and leadership structures by taking non-nationally recognised training that is designed and delivered by the company’s learning and development team. |
| A similar model is used by the smaller-scale remote store chain, with the addition of a compulsory Certificate III in Retail for all store managers, using its ERTO to satisfactorily tailor the accredited training to their business needs, while maintaining quality training standards and registration.  A national furniture company also offers nationally recognised programs specifically designed for its needs. A Certificate III in Retail is delivered to new recruits through in-store coaching, workplace practice and the company’s e-learning platform. ‘This qualification creates a firm basis of competence for customer-facing sales staff.’ To date, 275 staff have completed the qualification. Of their current staff of 984, 236 are enrolled in the Certificate III in Retail. The company also actively seeks talent from within for promotion through their non-nationally recognised development program for emerging leaders. Participants customise it by setting their own project objectives and aligning them to practical business outcomes. The leaders’ training program is highly effective for career development, with 119 of the 157 program leadership participants still employed in the business.  See box B1, appendix B, for additional examples from the retail industry of the use of nationally recognised training for entry into work and career development. |

Some jobs do not require a full qualification for entry, so qualifications are not a key focus for many Australian employers; rather, the key concern is having employees with the required capability and expertise to perform on the job. These employers engage in nationally recognised training as necessary to meet licensing and regulatory requirements. For example, construction, electrical and maritime are major users of nationally recognised training historically and are expected to remain so, as will other long-term users with licensing and other legislated requirements.

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| Box 3 Employers engage in nationally recognised training to  meet industry standards |
| **Examples from agriculture** |
| A large beef producer uses nationally recognised training to meet industry standards, and to do so they source external providers. The employer reported: ‘We base most of our training on nationally recognised training to ensure that we are maintaining industry standards. There is a lot of AQF training that matches what we do as an industry. This training is developed in conjunction with industry groups, so it is very much around what industry wants and needs. Our employees know that the training leads to a qualification and higher job roles.’  A large business that covers the whole supply chain, from farm gate to delivering products to consumers, and storing, handling, transporting and marketing commodities (including grains, oilseeds and cotton), uses nationally recognised training to meet national industry standards. The business uses units from the Certificate IV for Work Health and Safety, and units from the Certificate III in Agriculture and is attempting to hire new apprentices.  Other agricultural employers interviewed are making frequent use of nationally recognised training in areas such as driver training (for example, forklifts, truck driving, other machinery) and for grievance and management training. A fish production farm is using a certificate III, in partnership with a regional university, and has decided to use nationally recognised training as they seek ‘a national seal of approval’. |

## Why employers don’t use nationally recognised training

Peak body and employer interviewees identified many aspects of the national VET system that work against the use of nationally recognised training by employers for their workforce. One group of reasons centred on training packages: they are considered not relevant to current training needs or their provision is not tailored to specific business needs. The other group of reasons relates to access and costs.

Both groups of reasons can be summarised as follows:

* outdated training packages
* a prescriptive training approach through auditing and regulation by Australian Skills Quality Authority
* the complexity of the VET system
* little understanding of the VET system
* no reason to use nationally recognised training if it is not mandated
* potential ‘poaching’ of trained employees
* lack of affordability.

Interviewees reported that some training packages have not kept pace with changes in work practices and the consequent skills needs. There can be a misalignment between what training is needed and what is available. Training packages can fall behind in their currency, being seen to be slow to take account of new industry rules that require new or updated competencies.

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| Box 4 Out-of-date training packages make nationally recognised  training underutilised |
| **Example from ICT** |
| Where training packages and their updates are seen to be too slow by employers and peak bodies, employers look for other avenues to achieve more skills in new fields such as artificial intelligence, automation, virtual and augmented reality, big data and data analysis. A main avenue is vendor training in new ICT software products is provided efficiently by experts in the products from Microsoft, CISCO, Amazon and Adobe. These expert trainers are available for any follow-up training and advice. The more training done with these IT companies, the more benefits, such as quicker access to experts, employers gain. |

In addition, peak body and employer interviewees revealed that, while training packages can be up to date and reflect the skills required, some RTOs do not tailor their delivery to employers’ specific needs. Although training packages leave room to enable RTOs to tailor training, interviewees indicated that many RTOs do not make the effort to do so (see box 5 for an example from the agriculture industry). Also, ASQA’s heavily prescriptive approach to auditing and regulation 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 this should provide more incentives for RTOs to tailor nationally recognised training to employer needs. Moreover, many RTOs need professional development in the tailoring of training packages, especially older members of the ageing VET workforce, to meet employers’ particular workforce skills and development needs.

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| Box 5 Nationally recognised training is not tailored to employer needs |
| **Example from agriculture** |
| As the owner of a large cattle station put it: ‘TAFE training is a silo. Their TAFE training does not link with their other training and life experiences of employees. It needs to provide better linkages with their training and better recognition of prior learning’. As a beef producer summarised their views: ‘Within some qualifications it feels more about the assessment than the actual learning. I find that the assessment criteria are so hard to nail down in the real world – it often feels like the people who write the assessment have never stepped foot in our industry’. |

That nationally recognised training is too complex and is not well understood by employers and/or employees or is not mandated are other major reasons for employers deciding not to use it, selecting non-nationally recognised forms of training instead.

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| Box 6 Nationally recognised training is not well understood  and not mandated |
| **Examples from transport** |
| In road transport, knowledge of the nationally recognised training system and how it works varied amongst the three road operations employers interviewed. By way of example, one employer was quite confident about his understanding of most aspects of nationally recognised training, readily able to explain clearly to others in the organisation the benefits and drawbacks of nationally recognised training, and whether it was or wasn’t mandated by standards or regulation. The other two interviewees learnt about the system on the job, as did those in different roles. For example, fatigue management, work health and safety and first aid were cited as essential areas of training, and it was important that their finance and HR people understood this.  The collective view was that nationally recognised training needs to be better communicated and promoted to road transport employers. However, the view was that, where a licence is the starting point for driving a truck (generally, not a heavy vehicle), few will undertake full qualifications training such as the Certificate III in Transport Operations (that is, a traineeship) until the industry mandates it. As one employer put it: ‘Accredited training is available, but mandatory. We have men with licences only driving massive missiles down the road. It is hard to be totally confident in their skills, knowledge, and abilities currently. We need to ask, is this what we want or more safety?’ It was considered the role of peak road bodies and heavy vehicle regulators to support professionalisation of the workforce and to create safer workplaces and roads for all.  Notably, the heavy vehicle licensing regimes in each Australian jurisdiction are different. Some regimes utilise national qualifications with licensing for individuals to work in the industry, others just use licensing.  See box B2, appendix B, for additional examples from the retail and warehousing industries demonstrating why nationally recognised training may be considered too complex or not well understood. |

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| Box 7 Nationally recognised training is hard to access at an  affordable cost |
| **Examples from transport** |
| For most of the aviation employers who participated in this study, the major barriers to the use of nationally recognised training are cost; access to providers; and access to courses that meet specific rather than generalist needs. The time off required by employees to complete the course away from the workplace was also a barrier. For one employer the main barrier to using more nationally recognised training is that it does not always align well with work, which is highly specialised.  In the maritime industry, for the employers interviewed the main barrier to the use of nationally recognised training (including that mandated) is the lack of local RTOs. Another issue for them was the costs imposed by RTOs for delivery, and by the regulators who stipulate the certification, that are judged to be high. They also report that no financial incentives are available for either employers or employees. Funding is generally borne by the employer as all crew must have the certification to work on board or the vessel cannot go to sea. One of the highest costs associated with training is travel interstate and accommodation, and this cost is considerable as some qualifications take months to complete. |
| Example from agriculture |
| The major drivers of training for the agricultural employers include requirements around employee safety, legislative requirements, identified skills shortages and availability, and available budget. As one employer put it:  We are regional, and generally do not have RTOs within our region that can deliver the training that we require or what you might call the other ‘nice to have’ training. We look local first, then at price, while selection of content is first by necessity (legislation, regulations, licensing requirements), then by upskilling. In our case, a key one is the Certificate III in Horticulture for our parks and gardens labourers. Then it is professional development, including extensions of the qualifications and the additional soft skills training that is also required. |

## Why employers use non-nationally recognised training

Employers use non-nationally recognised training because it is delivered by ‘experts who bespoke the training’. The availability of high quality and expert vendor—provider driven training is a major factor in the use of non-nationally recognised training by employers, who are seeking greater skills — with the associated productivity benefits — by skilling employees in the use of new equipment and machinery. Forestry, ICT and retail, for example, are cited as large users of vendor training where the employer is a user of the equipment and technology of the vendor.

Typically linked to vendor training is access to training by a highly experienced industry professional, using up-to-date equipment and curriculum. Such training is judged to be a better fit for a business, as these trainers provide more immediate skill needs solutions, including the opportunity for some customisation to meet in-house skills demands. These flexible, short-course forms of non-nationally recognised training, linked to the professional development training of industry bodies, with valid and independent assessment, are often seen to be better than nationally recognised training.

Most employers using non-nationally recognised training are satisfied that it provides the required skills for their workers. The 2019 Survey of Employers’ Use and Views of the VET System (NCVER 2019a) found some 87.4% of employers were satisfied with non-nationally recognised training as a way of meeting their skills needs, similar to survey results in 2017 and 2021 (NCVER 2021). In many cases, employers believe that nationally recognised training is simply not needed by their business. For these employers, this type of training has advantages over comparable nationally recognised training, these advantages are lower costs; more convenience with delivery at flexible times; and better tailored to employer needs and preferences. They prefer to use in-house trainers or industry specialist trainers with a high level of industry knowledge.

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| Box 8 Nationally recognised training is seen as not needed |
| **Example from retail** |
| A large retailer who participated in the interviews had decided, based on past experience, that the available nationally recognised training wasn’t suitable for their needs, and there was no reason to use it for regulatory or quality reasons. Non-nationally recognised training works for them and their largely part-time staff, many of whom are tertiary students: ‘We have a highly casualised in-store workforce, many of them are studying courses at TAFE or university and they are happy to learn the job and do in-store training and modules. They are not looking for a career in retail and do not want to do more formal training and assessment’. For this business, their in-store non-nationally recognised training is readily available, relevant and of a high quality, because they have control of it and so: ‘it’s on time, on topic and flexibly delivered to suit business needs and cycles, and at a reasonable cost’. This company is expanding in overseas markets, providing another reason to design and deliver holistic training programs that suit its own culture and standards.  See box B3, appendix B, for additional examples from the ICT industry as to why some employers prefer to use non-nationally recognised training. |

## Why employers don’t train their workforce

A Cedefop (2019) report provided the reasons given in 2015 by European Union enterprises for not providing (further) training, with a large majority of enterprises that did not train staff indicating they had no need for it, as they perceived that the skills available matched their current needs. Most of these large enterprises stated that the qualifications, skills and competences of their employees matched their current needs, and this emerged as the main reason for not providing training.

Another common reason the Cedefop (2019) report found for not providing training was that employers had adopted a different strategy for skills development. Many companies had recruited new staff with the required skills to fulfil company needs rather than train their current workforce. Larger organisations more often adopted this strategy than medium and small enterprises.

Other reasons that were still important, but less frequently indicated, were a high workload; a lack of time for staff to participate; high costs of courses; or that there had been major training efforts in previous years (Cedefop 2019). Smith et al. (2017) also observed that Australian employers have good intentions about training, but time constraints mean they are not always able to implement these. They believed that employers require more assistance in streamlining their business planning and in planning the provision of training.

# Going forward: nationally recognised training under pressure

VET now operates in a world of unprecedented change, a characteristic thrown into sharp relief by the COVID-19 pandemic. VET systems are under considerable pressure to assist employers to revitalise their businesses following the pandemic. The pressures on VET that existed well before the pandemic include the need for new skills development as jobs change, particularly as a result of technological advancements. While business and government look for ways to recover from the pandemic, the capacity to grow, compete and thrive in a global economy is highly dependent on employers and individuals accessing the right skills at the right time.

Key points

* A national VET system that supports continuing workforce skills development has never been more important
* The COVID-19 pandemic is impacting upon workforce training of all forms in many locations
* While a crisis affects everyone, low-skilled adults are the most impacted

A recent NCVER report (O’Dwyer 2021) demonstrates the impact of COVID-19 upon employers in the manufacturing, healthcare, and hospitality and tourism industries. Most businesses adapted to changing conditions during the pandemic rather than innovated. Where training occurred, it was predominantly non-nationally recognised, completed informally on the job or via free online training from government, industry and vendor websites. Where nationally recognised training was used, such as in the aged care sector, it was mostly conducted online. Some businesses reported that VET was irrelevant to their needs during the pandemic, while others reported that VET needed to be more responsive, including providing more training of a short duration (O’Dwyer 2021).

## Negative impacts of the COVID-19 pandemic on workforce training

Interviewees in our five industries reported that the COVID-19 pandemic is impacting upon workforce training of all forms, in many locations and different parts of their industries. The examples given include many public and private providers in Victoria that were closed for several months. These closures resulted in the need to revise and downsize workforce numbers and training strategies in businesses of all sizes.

The COVID-19 pandemic has also caused the suspension of the on-the-job training component of apprenticeships, along with other workplace-based training for many qualifications. COVID-19 restrictions affected the availability of the practical component of training and the ability to assess what students have learnt on the job.

Regulators have been impacted too, with ASQA not undertaking audits, leaving RTOs waiting for confirmation of which nationally recognised qualifications they have on their scope to deliver. Peak bodies and employees also suggested that the pandemic had derailed the work of Industry Reference Committees in updating training packages to meet industry needs.

The pandemic has caused economic downturns and accelerated the considerable job displacement due to technological, demographic and other structural changes that were occurring prior to the pandemic. A key lesson learned from prior economic downturns, and again shown with the COVID-19 pandemic, is that while a crisis affects everyone, low-skilled adults are the most impacted. Overall, these changes before, during and after the pandemic environment will mean that employees must constantly upgrade their skills to facilitate their career progression by means of ongoing learning.

## Positive training innovations linked to the COVID-19 pandemic

While the COVID-19 pandemic has caused disruption to workforce training, it has also brought some new opportunities. Interviewees highlighted that the pandemic had accelerated existing trends in VET provision, specifically, in the use of online modes of delivery and skills set forms of training. For example, providing more VET delivery digitally has been a necessity during the pandemic. While a step change for many VET providers, it was believed by a vast majority of interviewees that VET providers had shown their agility to respond quickly and pivot to more online training, while still maintaining quality. Online delivery has offered flexibility with when, and where, people train and has enabled greater reach of training.

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| Box 9 The COVID-19 pandemic is driving the shift to online training |
| **Examples from warehousing** |
| In warehousing, training for a minority of businesses was curtailed due to the rapid growth in business during the pandemic. But for a majority, decision-making about training was centred on the mode of delivery, whether face-to-face or online, rather than on content. An employer explained: ‘Most of our courses were delivered online because trainers couldn’t travel to sites’. Consequently, greater use was made of online team sessions, and it was expected that this would continue. In general, the pandemic has led to greater use of online technology, both in warehousing itself and in training, and has, to some extent, changed the mix of internal and external provision. The pandemic particularly had the effect of overcoming any remaining hesitancy about the utility of more online training.  One enterprise had a training model able to be converted to use more technology and digital training. They were able to roll out ongoing training quickly: ‘without missing a step during COVID-19, so training didn’t have to be suspended with people pivoting to video and online training’. This further validated the model. |
| **Examples from transport** |
| All three road transport employers reported that the pandemic has, in general, restricted face-to-face training during lockdowns, including observations of drivers in the cab. However, for other sectors in the transport industry, there were also innovations linked to the pandemic. For one of these employers, the pandemic had accelerated the move to more online training, especially for knowledge or theory-based components, although this industry is mostly focused on experiential learning. Some online modules are completed in the cabin while drivers are waiting for loads, thus saving time for the driver and the employer. Face-to-face training was put on hold, with the focus being on ‘getting the job done’ and being ‘COVID-safe’. However, injuries and incidences increased, so skills enhancement has been increased. In the longer term, the pandemic has shown that online learning could be increased, especially to keep up with new technology in vehicles for tracking and interactivity.  See box B4, appendix B, for additional examples from the retail industry about the impact of the COVID-19 pandemic for online training provision. |

The pandemic has been a key driver of employers seeking out more training in skill sets, long considered an 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, including in infection control and management of customer aggression for frontline staff.

Some interviewees explained that, in some instances, industry associations had successfully led COVID-19 skill sets development and delivery; for example, the rapid development of 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 training system developing similar nationally recognised skill sets and making this training available for delivery. This success has had a positive impact, in that employers may turn more in the future to their industry associations for assistance with training in a post-COVID world.

Interestingly, for those employers from the ICT industry who participated in the interview, the COVID-19 pandemic was not seen to have had any major negative impacts on decisions about training in their ICT businesses. Training was, as one interviewee put it, ‘business as usual’. The major reason given for this by almost all participating ICT employers was that they were already heavily reliant upon flexible and online delivery modes and internet-based training products. Training approaches were not expected to alter any time soon; the use of technologies and the structures and cultures of ICT firms are seen to be already accommodating what a post-COVID-19 future might resemble. For instance, ICT firms pre-COVID had organisational cultures that allowed a large range of differences in work styles, including considerable flexibility and remote working. The use of flat organisational structures and management teams, with workers being geographically dispersed, was further aided by the technologies used by their businesses.

## Permanent changes in nationally recognised training with COVID-19

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

Another post COVID-19 development anticipated by interviewees is associated with filling existing skills shortages. Due to the impacts of suspended skilled migration programs, in many industries there is greater pressure for locally based domestic employees to be trained to fill vacant job roles. It was noted, however, that there is a shortage of skilled trainers to deliver both nationally recognised and non-nationally recognised training, as many trainers have been pulled back to their work in their primary technical jobs due to skills shortages.

According to many of those interviewed, during the pandemic the VET system has shown an ability to adapt to changing employer needs relating to training, including online and remote, offering more connected learning experiences to promote upskilling, reskilling and cross-skilling to meet key new employment demands.

Finally, others strongly support decisions for major government and industry spending and development be brought forward to provide more jobs. These projects are in: defence; advanced manufacturing; resources, including critical minerals; energy, which includes LNG and renewable hydrogen; precision agriculture and agrifoods; and rail developments. Many of these projects will also have a regional focus, which will benefit employers and employees in those areas and industries.

## Digitalisation as an ongoing driver for workforce training

The information, media and communications technology industry is becoming increasingly important to many other industry sectors in the Australian economy. Supporting this realisation, a current key driving factor for workforce training — identified by almost all interviewees across industries — is the digitalisation of work processes. The world of work is changing. Agile upskilling and reskilling are key to ensuring that businesses thrive in this ever-changing, technology-focused decade. As the pace of technological change accelerates, the workforce will need to learn new skills quickly to adapt and stay competitive. Significantly, the Australian Industry and Skills Committee (AISC) released the Digital Transformation Strategy in May 2021 to inform training system and broader responses to the digitalisation transformation of the economy.[[3]](#footnote-4)

Some employers suggested that larger businesses are more likely to train to keep up with these trends in digitalisation. For small businesses, keeping up with the digitalisation of work processes can be problematic, due to costs and the older age of small business owners. They require more hands-on training, as this is how they learn best, given that many have not been in a classroom for many years.

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| Box 10 Digitalisation a key ongoing driver for training |
| **Examples from agriculture** |
| Australia’s diverse agricultural sector operates in a highly competitive and changing international marketplace. The sector is focused upon driving productivity growth through a combination of more advanced technology and innovation, shaped by the improved use of knowledge and new practices, and through having access to a more flexible and skilled workforce. |
| **Examples from retail** |
| Retail trading is widespread, either in the form of bricks-and-mortar establishments, multi-channel operations, or purely online shopping options, which can involve warehousing operations. Significant advancements in technology have largely changed the way in which consumers and retail businesses interact. These developments include, but are not limited to, social media and online platforms to provide new channels for sales, advertising, promotion and customer engagement; automated checkout systems and mobile payments; online shopping; and drone delivery. The shift to digital technology has been relatively slow in the retail industry, but it is rapidly gaining in momentum. |
| **Examples from transport** |
| Transport has four sub-sectors: road, rail, aviation and maritime. New technologies are changing driving operations, for example, with developments including autonomous vehicles; devices, sensors and cameras which generate data; fatigue-management technologies to warn drivers; protocols for interoperability; and zero emissions technology. Technological advances in air traffic control operations include integration of drone operations with more conventional flight operations. Control towers are rapidly becoming more digitalised to enhance service delivery and improve safety outcomes. Rail is trending towards automated driverless trains and advanced train-management systems. Asset maintenance is also being enhanced and disrupted by new technologies, including wearable devices, requiring a workforce with digital literacy and data manipulation and analysis skills. Automation is gaining pace in the maritime sector. It is expected that autonomous technology will reshape the industry’s technology-based operational systems and necessitate new skills and training. E-navigation and digital developments in communication and information systems are creating new opportunities for improving the navigation of vessels, as well as their safety and efficiency. |
| **Examples from warehousing** |
| Warehousing is a component of transport and logistics and is a growing function in the retail industry, with the surge in online purchasing of goods, which effectively bypasses person-to-person sales. Automation is helping logistics and warehousing operations to meet increasingly volatile product demands, seasonal peaks and changing consumer delivery expectations. The ‘Evolution of skills in transport and logistics *—* thought leadership report’ (TAFE NSW Enterprise 2020) identifies that those working in warehousing will require more training to enable them to participate in activities involving more omni-channel retailing, jobs integrated with transport and logistics work and influenced by more digital transformation and the use of robotics and cobots (i.e.collaborative robots). |

# Strategies to engage more employers in nationally recognised training

The national VET system needs to continue to adapt and transform itself into an agile learning ecosystem for all. It needs to become more adept at supporting the skills development of existing workers, as well as preparing new entrants to the workforce. This is a major and continuing challenge for all national VET systems worldwide.

Key points

* For more employers to use nationally recognised training requires closer collaboration between employers and RTOs
* Employers and RTOs need to work together to adapt both nationally recognised training products and their provision
* Better messaging to employers about nationally recognised training is needed

Our interviewees identified two main strategies to improve employers’ use of nationally recognised training. One strategy involves building stronger relationships between training providers and employers to tailor and extend the nationally recognised training product and its provision, with the aim of better meeting business needs. The other main strategy, which encompasses several elements, encapsulates the more effective promotion of nationally recognised training to employers, with the aim of emphasising its benefits as central to business and to industry growth and productivity, and to creating more professionalised industries with established careers and career paths.

Within these two main strategies, our interviewees made mention of some of the reforms set out in the new Heads of Agreement for Skills Reform (Department of the Prime Minister and Cabinet 2020). All jurisdictions signed the Agreement in recognition of the critical role that Australia’s national VET system will play in supporting Australia’s future growth and prosperity, including the economic recovery from the COVID-19 pandemic.

## More collaboration between RTOs and employers

The interviewees offered several examples of what they considered to be good practice in nationally recognised training, all of which involved close collaboration between RTOs and employers — this was the foremost suggestion for engaging more employers in nationally recognised training. Several examples of strong and successful collaborations between RTOs and employers were offered; having more of these was considered to be crucial. Interestingly, some interviewees suggested that some of the example collaborations had been more prominent in the past than at present.

### Strengthen RTO outreach to employers

Most of those interviewed noted that, for individual employers, RTOs are the major source of their knowledge about nationally recognised training. The RTO’s role needs to continue to shift to that of ‘navigator’ instead of merely ‘informant’. Rather than selling products to employers, RTOs need to build their skills in working collaboratively with employers, with the aim of identifying their needs and then suggesting new ways of meeting them. Specifically, RTOs need to be encouraged to undertake more outreach with local employers and industry experts. Outreach is crucial in ensuring both sound and tailored curriculum development and delivery; this will assist in the achievement of nationally recognised training outcomes for businesses’ workforces. This outreach may not necessarily lead to immediate business for the RTO but may help both parties to develop and to grow an ongoing and interdependent relationship.

Most of the employers in our study were keen to be more engaged in nationally recognised training. Examples of the roles that employers would like to have may be found in appendix C.

### Bring back financial incentives for employers and RTOs working together

The previous National Workforce Development Fund and the Industry Skills Funds were mentioned frequently by interviewees. Both these initiatives were judged to be good examples of the successful application of financial incentives allowing employers to work with RTOs to undertake workforce planning and to implement tailored nationally recognised training to meet their plans for workforce skilling.

### More industry–RTO special partnerships

Agriculture employers expressed the desire for a new industry skills organisation focused on the development of agrifood skills as one strategy to help increase levels of employer — and broader industry — engagement in nationally recognised training. An innovative and responsive partnership between RTOs and employers is likely to make employers view nationally recognised training more positively. Employers are seeking more personal contact with RTOs, with a view to promoting increased flexibility and responsiveness in RTOs, and they desire to work more intensively with RTOs with a business orientation. Across our interviewees there was mention of several special industry—VET partnerships and that more of these are needed.

The Siemens and Swinburne digitilisation and engineering alliance was one example cited. In this partnership, the two parties are working together through 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.

Rail WA’s METRONET and Rio Tinto’s rail-automation project were identified as examples of good practice. The METRONET Trade Training Centre at North Metropolitan TAFE’s Midland campus is Western Australia’s first dedicated facility to support training for the rail industry. It will equip local people with the skills needed to build and operate rail in Western Australia. Stage one includes new rail-signalling workshops, the site at which a new electrical rail-signalling qualification will be delivered; this qualification is designed to complement the range of engineering qualifications supporting METRONET manufacturing and maintenance. The hands-on training, with industry supplying specialised equipment to customise the new workshops, provides students with the opportunity to work on modern equipment. In 2021 the program will kick off with a pilot group of employees from Rio Tinto, John Holland Group and Hitachi, who will undertake a Certificate IV in Electrical Rail Signalling. From the second semester in 2021, those with a WA electrical licence can undertake the Certificate IV in Electrical Rail Signalling.

Another example is the BHP FutureFit Academy (FFA), which delivers 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 to provide resources and training that are likely beyond the scope of the smaller employers who supply services to them. BHP is working with RTOs to deliver bespoke training that meets the needs of their Services Operations divisions. BHP’s FFA is tailoring nationally recognised training by developing fit-for-purpose training programs in dedicated learning centres in Perth and in Mackay, Queensland, these providing a pathway to a career in maintenance. The training program delivered through BHP’s FFA provides the choice of two training options, which will earn 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.

The Victorian Government-funded Digital ICT Apprenticeships program was also highlighted. The program supports one year of customised training and paid employment to suit the products and services of ICT firms. A second case cited was the P-TECH program, which provides students with the skills and support required to transition from school to work or university. The P-TECH model is based on a partnership between education and STEM industry sectors and is designed to provide: opportunities and support to students with an industry mentor; hands-on workplace experience; defined pathways to achieving vocational and university qualifications; and links to ICT jobs via the Technology Park.

### Use applied research partnerships to build more engagement

Another example of an innovative and responsive partnership between training providers and employers is a Canadian VET partnership, which has been highlighted by TAFE Directors Australia (TDA; 2020a). TDA has suggested drawing upon successful Canadian VET sector cases, which have changed VET’s image by promoting partnerships that offer applied research. Through local-level industry engagement, Canada Applied Research facilitates leading practice in technology transfer to small and medium enterprises. TAFE Directors Australia argues that applied research partnerships more effectively meet the skills requirements of industry by providing hands-on opportunities for learners to work alongside employers to solve real-world challenges.

Australian examples of applied research partnerships include trade teachers at SkillsTech (TAFE Queensland) who worked with two international suppliers of high-pressure polyethylene gas pipelines, and with international gas experts, to find and fix leaking joints in a pipeline newly laid in the Western Darling Downs region. In a second example, a partnership between South-East Water and Holmesglen Plumbing Department in Victoria tested a new sustainable water-management system for a new housing development in southeast Melbourne, called ‘Aquarevo’.

### Grow support for enterprise RTOs to build employer engagement

Enterprise registered training organisations (ERTOs) can contribute to improved employee and employer engagement and increased skills levels, as well as offer other benefits. Typically, these entities have established specialist training arms and are required to exhibit the same characteristics, and adhere to the same regulatory frameworks, as all RTOs. As ERTOs offer qualifications, there is considerable investment in resources in their RTO systems, and they are major users of nationally recognised training for workers within companies. Because these organisations are the most experienced in making qualifications available through work, many believe they are the most committed to its success.

Enterprises gain benefits from being RTOs in their own right. These benefits include the ability of the business to deliver qualifications to large groups of workers both quickly and customised to the enterprise’s own needs and requirement; the ability to seek and use available government funding for training to develop their own training infrastructure; and to gain supply-chain benefits by training workers from other organisations, such as subcontractors or suppliers, to ensure the quality of work performed by these organisations (Enterprise RTO Association 2009a, 2009b). They also have a stream of workers ready to move onto higher-level training and promotional positions.

### Engage more effectively with smaller businesses through brokers

Strategies for engaging employers in training need to be better tailored to company size and sector and to the specific type of training required. These factors do influence the suitability of nationally recognised training and the degree of its uptake. The evidence shows that those companies that offer employees the opportunity to gain qualifications for development within a job are usually of medium to large size. This greater use of nationally recognised training in larger companies is linked to three factors: economies of scale in training delivery; more employees who work in more highly skilled jobs; and larger companies making longer-term investments due to more market certainty and larger profit margins.

Small businesses are less likely to engage in formal nationally recognised training than their larger counterparts. These businesses have a lower level of knowledge of the formal VET system, often being unaware that the skills being gained through on-the-job training could be counted towards nationally recognised qualifications through RPL.

Small businesses are concerned with specific business needs, and formal training often does not meet that need. At the core of the training philosophy in smaller businesses is the value of the experience and skills acquired on the job by comparison with nationally recognised training. Supplier or vendor training is a significant and a highly valued component of their overall training, particularly in the retail and ICT sectors.

To engage small and medium-sized companies in nationally recognised training and its promotion, it is important to have staff with formal responsibilities for training or a senior manager who values the VET system. In addition, there is a place for industry and employer associations in promoting nationally recognised skills development and better formal recognition of structured and semi-structured learning, such as the training provided by suppliers and equipment manufacturers, for the existing workforce.

The strategies that potentially meet the needs of the diverse range of small businesses demonstrate three essential elements: a clear focus on business-specific needs; a personal approach through a recognised local facilitator or business service organisation able to reach small business operators who may not be positive about training; and flexible provision, which carefully individualises training information, content and delivery to the needs of each small business (Dawe & Nguyen 2007). Strategies which fit with the way small business learns are clearly more successful than direct or formal training.

A key and often repeated idea was that local brokers be appointed to work between small businesses and RTOs to connect the two in more meaningful ways. The local broker needs to be as close to the business as possible, such as an employer association, which can talk through training options with employers and connect them to RTOs while helping them to avoid poor-quality providers. In this study local brokers were proposed as a significant element in the solution to assist RTOs and employers to connect more meaningfully. Regional development organisations can also play an increased role in connecting businesses to nationally recognised training.

Yet another view was that the RTOs themselves should lead this relationship-building with employers to assist them to discover how best to respond to employers’ workforce development needs through the use of nationally recognised training options. The bodies responsible for training must better communicate how nationally recognised training is driven by the views and needs of employers. Most employers are small, and those interviewed repeatedly reported that employers do not have the time to spend defining what training was required for their workforce. They do require assistance, however, and the peak body interviewees in particular were of the view that this assistance needs to be locally based.

### Grow the currency and diversity of trainers

A major reason that employers choose non-nationally recognised training is their access to credible and experienced professional trainers who are still closely connected with their industry. Some consider that RTO trainers who offer nationally recognised training do not have this industry currency. More specifically, to engage even more fully with industry, VET professionals need broader skills and capabilities, including understanding workplace environments and their industrial relations arrangements; promoting learning in the workplace; tailoring training to best meet employee and enterprise skills needs; and customising training and assessment to workplace contexts.

The key stakeholders are generally united on the need to implement systematic approaches to VET teacher preparation, mentorship support and opportunities for continuing professional development. Strong support was shown for using teacher capability frameworks or professional standards as diagnostic tools and guidelines for teacher self-evaluation and reflection, including for the planning of objectives for personal and professional development.

Improving the quality of VET teaching is widely supported. Most of the stakeholders consulted by Misko, Guthrie and Waters (2020) agreed that teaching quality in nationally recognised training is variable: some teachers are experts in training delivery; others have well-regarded industry expertise; while the teaching skills and/or industry expertise of others need improvement. It was reported that, while teachers are doing their best, they are challenged as ‘dual professionals’ to maintain their industry currency while continuously improving their teaching and assessment expertise.

Stakeholders also reported that teachers face significant constraints to teaching, such as heavy workloads, which can include administration, compliance and other tasks, an observation confirmed by the literature. That the responsibility for improving quality is a shared one is also generally agreed. RTOs, governments, regulators, industry and VET practitioners all have a role to play, with RTOs taking a leadership role for their own institutions, and governments helping with funding in some areas, such as professional development (Misko, Guthrie & Waters 2020).

### Introduce more skill sets and micro-credentials

In keeping pace with the changing nature of work, qualifications can be seen as taking too long to complete. Employees must be more able to regularly update their skills, rather than dropping out of the workforce to obtain a full qualification. From an employer perspective, as the Expert Review of Australia’s Vocational Education and Training System, led by Joyce highlighted, employers often do not wish to train employees to gain full qualifications, but prefer to train employees for the parts of qualifications relevant at the time (Department of the Prime Minister and Cabinet 2019).

Very frequent mention was made during the interviews, especially by those from the peak bodies, about the need to accelerate the use of skill sets to enable employers to ensure efficient skills development in their workforces: ‘just enough: just in time’. It was argued that the availability and suitability of skills set training should be made more widely known to employers, especially since skill sets are linked to competencies in training packages, and that more responsive short-form nationally recognised skills set products need to be developed. In addition, they emphasised the requirement for examining the 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.

The Joyce review recommended that ‘micro-credentials’ are an option with the potential to be developed beyond the skill sets currently recognised in the national VET system. Micro-credentials are attracting a lot of attention for their potential to rapidly fill skills gaps and re-skill but there are varying definitions of micro-credentials in VET and across the broader education and training landscape.

Joyce defined micro-credentials as ranging from a single module, subject, skills or competency to a suite of skills or knowledge, or a skills set that is, or is not, currently nationally recognised (Department of the Prime Minister and Cabinet 2019). The point of a micro-credential is to meet the unique needs of an individual learner. It is argued that the micro-credential is more responsive to the specific stage of a worker’s career and what their employer needs from them, as well as their developmental needs.

This recommendation is in line with the recent *Australian Qualifications Framework Review final report* (Australian Government 2019), which proposed that micro-credentials, as just broadly defined, be investigated to help the AQF evolve such that it responds to emerging workforce skills and knowledge needs, and the challenge of the availability of information through the web and other technologies and includes individual acquisition of skills and experience in a variety of settings outside the formal tertiary education and training system. The AQF Review recommendation also spoke specifically about developing guidelines for credit recognition of micro-credentials.

That said, is this a useful suggestion? The use of the term micro-credentials to cover all forms of skills acquisition below the level of a qualification can muddy the situation in nationally recognised training, where short-form credentials, known as statements of attainment, in skill sets already exist. Skill set usage ranges from upskilling, meeting compliance and licensing requirements, and responding to an established industry need, to acting as an entry pathway to more training. Those skill sets with highest enrolments are compliance-related or safety-related, with the largest skills set (based on recent enrolments) being ‘Responsible service of alcohol’, followed by two ‘Work zone traffic control’ skill sets. The overwhelming majority of skill sets being currently funded are through fee-for-service arrangements, with government-funded training accounting for a small amount of skills set activity (Palmer 2021).

The future of the term micro-credentials in VET is yet to be resolved. It might be the term ‘micro-credentials’ is used when both nationally recognised and non-nationally recognised short forms of training are meant but that when referring specifically to nationally recognised short forms of training, the term ‘skill sets’ remains in use. In February 2020, Skills Senior Officials released a discussion paper on micro-credentials, seeking views on how micro-credentials should be defined.[[4]](#footnote-5)

Developments in the 2021 pilot in South Australia of an industry-led non-nationally recognised micro-credentials development and endorsement process will be observed with great interest.

This pilot is being run by the South Australian Training and Skills Commission (TaSC) and the Department for Innovation and Skills (DIS) who have invited applications from industry and their tertiary education partners for new micro-credentials development that can be within the national qualifications system, or outside of it. Applicants do first need to look for units of competency within training packages that meet their need but other new competencies are equally allowable, including a blend of nationally recognised and non-nationally recognised ones. DIS will support industry to develop these micro-credentials, which will then go to the TaSC for endorsement. Endorsed micro-credentials can be delivered by RTOs, other education providers and/or industry partners. The most cited limiting factors of non-nationally recognised micro-credentials — recognition and quality assurance and protection for students and employers — are also covered in the guidelines. Graduating students are ‘issued with a certificate that indicates successful completion of the course endorsed by the Commission (TaSC)’; the guidelines state that the credential endorsed by TaSC covers the expected outcomes, assessment methodology and quality measures, the last assumed to be a guarantee of an education and training provider’s capabilities. According to the guidelines, this assures the micro-credential is ‘portable and could contribute towards a formal qualification’. DIS offers support to work with ASQA to formalise the learning as an accredited course if that is needed by industry.[[5]](#footnote-6)

Countries where micro-credentials have been advanced into a national framework include New Zealand and Canada. In New Zealand, micro-credentials are integrated into the National Qualification System. The central authority therefore recognises them as part of New Zealand’s regulated education and training system.[[6]](#footnote-7) In Canada, Colleges and Institutes Canada (2020) has launched a national framework for micro-credentials, offering a standard definition and guiding principles. This new framework defines a micro-credential as a certification of assessed competencies, which is additional, alternate, complementary to, or a component of a formal qualification. It also articulates the leadership role that colleges and institutes are playing in offering micro-credentials, which have been largely developed in response to the needs of employers in their communities.

### Training packages need review

Linked to the development of more skill sets in training packages and perhaps beyond is the need to review the number of existing training packages. According to the peak bodies and employers interviewed, there is now sufficient evidence that the number of training packages needs review. Many nations have implemented policies whereby their equivalent training products and qualifications are being reviewed and rationalised, the reviews reinforcing the qualifications that are valued, but limiting their numbers (Wibrow & Waugh 2020). These policies associated with the regular review of training products are directed at improving their overall design and promoting the utility of qualifications, along with their greater flexibility in delivery. Regular reviews of existing vocational qualifications will lead to the removal of those not in use, as well as to the reorganisation of qualifications into clusters, routes or vocational pathways. This is beginning to occur with the Australian Industry Skills Committee releasing in March 2021 a list of national training products being deleted from, or reinstated to, the training system[[7]](#footnote-8).

The 2018 ASQA review of all current accredited courses that contain training package units of competency found that 61% of accredited courses include training package units and 48% of all accredited courses contain superseded or deleted training package units. In cases where deleted or superseded training package units substantially affect the intended outcomes of the accredited course, ASQA has outlined that it may cancel the course’s accreditation and the course owner may need to apply to accredit a new course. As further guidance, two primary methods have emerged in other countries to reduce quite significantly the number of qualifications: review existing vocational qualifications to remove those not in use; and investigate reorganising qualifications into clusters or vocational pathways (Wibrow & Waugh 2020).

## Promote nationally recognised training more effectively to employers

Transparency is an enduring objective of the national VET system. The employer peak bodies have made numerous calls for a simpler VET system to enable employers to engage more easily with it. There is a substantial imperative to support employers and employees to understand the system better, enabling them to make more informed choices about training. This requires effective promotion of the national VET system through suitable communications and marketing. How the nationally recognised VET system, and its adaptations, are promoted to employers is critical. What employers know and understand about the national VET system is their starting point for engagement.

A more strategic approach to communications and marketing has emerged, with a greater focus on individuals. For example, the National Careers Institute, established by the Australian Government in 2019, aims to improve the quality of available career development advice by rationalising the significant amount of fragmented and difficult-to-use career information and services currently available, with the aim of opening up access. The former Australian National Training Authority (2000) also investigated the need for a more strategic approach to communications and marketing to engage employers. Three key messages from the ANTA report still apply in current times, according to those interviewed:

* Simplify the language of VET: employers viewed their knowledge and information base on the emerging national VET system as inadequate and the available knowledge and information as too complicated and jargonistic.
* Provide better information on VET: employers indicated that they are not well informed about what VET learning products are on offer, the range of AQF qualifications now available in the VET sector, and that it is not widely understood that the basis of VET qualifications is industry-validated competency standards and assessment.
* Make the system less complex for employers to engage with.

Noting that ‘Employers want skills, employees want the qualifications’, a key advocate for change from among the peak body interviewees proposed that there is a need to investigate more thoroughly what motivates employers to take on nationally recognised training programs. More communication on the value proposition of nationally recognised training is required for employers of all sizes. These communications should be in ‘business speak’ not ‘VET speak’. Interviewees suggested that an effective approach might be the telling of successful stories of employer use of nationally recognised training, including using industry VET training award winners as examples.

Employers that require national VET-qualified workers are more likely to understand nationally recognised training at various qualifications levels and what they signify. However, the peak body interviewees across industry sectors believed that employer understanding of nationally recognised training is mixed. Employers in industries that do not necessarily require national VET-qualified workers especially do not understand the national VET system well. They can take on workers with little formal training, and it was assessed that they either feel that they do not need to know, nor actually know, what nationally recognised training is available.

According to the peak body interviewees, employers have very little understanding of how training is developed and delivered. Related areas for improving employer knowledge included communicating to them the amount of time required to update nationally recognised training and the challenges involved in redesigning nationally recognised training into more modular components, from which employers might pick and choose to make training more responsive to immediate needs notwithstanding this was wanted to be shortened. In their view, this sort of information is best conveyed by RTOs to employers.

When asked who is responsible for awareness-raising among employers about the value of nationally recognised training, peak body interviewees predominantly pointed to governments. The development of the National Careers Institute was noted as a good development for 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 be the role, of peak industry bodies to educate members on training opportunities nor to link employers to training opportunities.

### Greater promotion to employers of the value of national standards

Industry determines the training outcomes of the national VET system in order to achieve the system’s overarching objective — a competitive Australian workforce. Industry identifies the skills and knowledge that individuals need to perform effectively in the workplace, these couched in terms of competencies, and sets them out in training packages. Nationally recognised training credentials are designed to be used by employers to meet Australian industry workforce needs relating to the required knowledge and skills and to ensure continued national competitiveness. Other accredited courses that sit alongside training packages also allow for the development of the skills required, but not yet captured, in training packages.

Training packages are seen by those consulted as a significant component in encouraging employer involvement in the training system, in that they provide a set of nationally endorsed standards and qualifications, which are used to recognise and assess skills in a specific industry, sector or enterprise Queensland Department of Employment and Training 2003). Training packages comprise units of competency, assembled into qualifications, with the packaging rules being the road map to the approved job-aligned outcome. Training packages codify what is taught and assessed in the VET sector. National portability of training outcomes is a major consequence of having these standards.

National standards for RTOs have been established to assure quality delivery of the skills standards or competency outcomes specified in training packages and complementary accredited courses. This is another major strategic element of the national VET system that interviewees believe needs more comprehensive promotion. VET providers determine how learners are trained to ensure they meet the specified performance standards in training packages. Key to the quality of the system is that an RTO must meet the current national standards to gain accreditation for the design and delivery of nationally recognised training and assessment of VET students; this enables them to issue qualifications and credentials to those deemed competent in the described skills and knowledge, set down in training packages and other accredited courses.

The VET Quality Framework promotes employer engagement through ‘standards and essential conditions’, which the RTO must meet to ensure that training and assessment are consistent and of high quality (ASQA 2021). By meeting these standards, RTOs offer a large degree of consistency in VET outcomes, as specified in training packages and other accredited courses. In addition, the national regulator, ASQA (2020), ensures that the national standards for VET providers are met to guarantee the delivery of nationally consistent training and assessment across Australia’s VET system, such that the interests of all VET students are protected.

### Promote more to employers the reality of a national training market

The national training market facilitates employer engagement with a full range of RTOs, both public and private, allowing for diversity and choice of provider for employers, individuals and governments. RTOs can distinguish themselves by price, location, mode of delivery and by effective marketing. ERTOs are a unique component of the national VET system, being accredited to offer VET qualifications and credentials to their staff directly, with the employers investing considerable resources in their RTO systems.

The training market also aims to help stimulate the efficient allocation of the public training dollar, to ensure that public funding achieves the right mix and quality of skills that meet industry needs nationally, regionally and locally, and so to assist graduates to obtain jobs or progress to further learning in areas that aid good job outcomes.

In short, the promotion of RTOs helps to stimulate the efficient allocation of the public training dollar. Government funds and subsidises VET provision to support job outcomes, which might not occur if left entirely to employers and individuals.

## Acknowledge that not all workforce training must be nationally recognised

Finally, a point made several times by peak body interviewees and by many employers in the five sectors investigated was that not all workforce training needs to be nationally recognised. In short, they believe that ongoing workforce training involves both nationally recognised and non-nationally recognised training and that the two forms of training are complementary. Different cohorts of workers have different needs and these require different training solutions.

Non-nationally recognised training is more flexible and more convenient for skills development not requiring 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, which require formal acknowledgment or for certification purposes. The challenge is that RTOs need to improve the customisation of their offerings, compete with other forms of training, and to work better alongside other forms of training through closer partnerships with employers.

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# Appendix A – Employers use of the VET system by industry

Table A1 Employers use of the VET system by industry, 2019

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| Industry | % |
| Agriculture, forestry and fishing | 35.2 |
| Mining | 66.4 |
| Manufacturing | 55.5 |
| Electricity, gas, water and waste services | 63.7 |
| Construction | 73.3 |
| Wholesale trade | 28.7 |
| Retail trade | 36.7 |
| Accommodation and food services | 39.1 |
| Transport, postal and warehousing | 36.4 |
| Information media and telecommunications | 29.1 |
| Financial and insurance services | 56.7 |
| Rental, hiring and real estate services | 49.1 |
| Professional, scientific and technical services | 41.4 |
| Administrative and support services | 33.4 |
| Public administration and safety | 73.4 |
| Education and training | 75.1 |
| Health care and social assistance | 50.9 |
| Arts and recreation services | 41.7 |
| Other services | 67.1 |
| **Total** | **50.9** |

Note: Employers use of the VET system’ encompasses having jobs that require   
vocational qualifications, having apprentices and trainees, using nationally   
recognised training.

Source: NCVER (2019b, table 5).

# Appendix B – Employer use of training: additional examples from industries

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| Box B1 Nationally recognised training for entry into work  and career development |
| **Additional examples from retail** |
| A small retail business owner uses an external associated RTO to provide entry-level nationally recognised training for its staff licences in OHS and ‘Responsible service of alcohol’, as required by the jurisdiction. This is matched with non-nationally recognised on-the-job learning in the business culture and practices (for example, working in teams, customer service), overseen by the store supervisor. For this small business owner, who competes with big chains nearby, product knowledge is its differentiating factor and so staff are paid to attend tastings and to take highly valued industry accredited courses in wine, for example.  A grocer interviewed is stepping further into nationally recognised training in partnership with TAFE for tailored short courses to improve the skills levels of some staff (recognised in statements of attainment). They might possibly take on baker and butcher apprentices, where they are struggling to recruit because of the skills shortages. However, these developments are happening ‘somewhat warily and with some frustration’. |

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| Box B2 Nationally recognised training is too complex or  not well understood |
| **Examples from retail** |
| A large retail employer has a learning and development team that is well versed in the national training system and well able to inform colleagues across all operational units about the pros and cons of various training responses, including nationally recognised programs. One of the main considerations cited by this large national employer is the return on investment. They have found that using government subsidies and formal (strictly by the training package rules) competency assessment with nationally recognised training may add unnecessary complexity to arrangements. They perceive it to be easier and cheaper to purchase what is needed from established external partners, or design and deliver it in house, incorporating relevant holistic assessment approaches. This may include adapting training package units (even from differing training packages) into a bespoke non-nationally recognised course. Occasionally nationally recognised training is justified. This organisation has no intention of becoming an enterprise RTO. |
| Examples from warehousing |
| The nature of warehousing jobs and the attitudes of the employees themselves are major barriers to the use of nationally recognised training. Warehousing employees are seen to be uninterested in training, but happy with learning on the job. One respondent said:  ‘With our warehousing, logistics and packaging group, most of the staff are unskilled. They tend to be long-standing employees with very little interest in training. But the increasing automation and digitalisation of supply chain functions may well challenge this attitude. These employees will need to become more skilled around automation and the company would like to professionalise this part of their business more and use more national standards’.  Another respondent said:  ‘We take account of our business needs, of where we’re going to be most productive and profitable. There is very little invested in training at present due to the older less-skilled nature of the staff, though we’ll do more training in warehousing when we see the old guard moving out and retiring over time’.  From our interviewees’ perspective, a major barrier to using nationally recognised training in warehousing is that there is no mandated requirement for a qualification or recognised skills set other than the forklift licence and/or high-risk ticket. Also, almost by convention, organisational culture or habit, there is little support for using nationally recognised or externally subsidised training for warehousing.  As the distribution respondent said, echoing other interviewees:  ‘As a private company we do not have a tradition of seeking out subsidised training in warehousing or other areas. We seek what we want, make sure it best meets our business needs and use it. Training partners, whether RTO or non-accredited training organisation, are engaged, based on their agility, quality and affordability. Effective partnerships are mutually cultivated with clear and honest communication’. |

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| Box B3 Non-nationally recognised training is leading edge |
| **Examples from ICT** |
| The ICT industry, like other industry sectors, is part of a changing workplace, whereby the nature of work, aided by technology, is also quickly evolving. Major factors shaping the choices about training in the industry which emerged from the interviews included the need for highly specialised skill sets to respond to the growing challenges facing business. The sector faces the ongoing importance of credentials, not only from accredited sources (that is, VET providers, universities) but also in the form of non-nationally recognised training. There is great value attributed to completing training provided by ICT vendors, such as software firms and other providers, which is recognised nationally and globally. Completion of vendor training allows more support to firms and their employees using those vendor products. The ICT industry can be seen as specifically driven by vendors and proprietary systems. TAFEs and RTOs are generally not able to provide training unless they enter into a licensing arrangement; hence, the proliferation of vendor training. Global online delivery such as through MOOCs is also seen to be a very cost-effective relative to local delivery.  Vendor certifications, such as those provided through Microsoft, Amazon, Cisco and others, are judged to be the industry standard across many ICT job roles. Those who are graduates with vendor certifications are highly sought after in the industry. This type of training was referred to across various interviews as ‘focused and tailored’, ‘cutting edge’, ‘very relevant’, ‘highly flexible’, ‘great value for money’, ‘has national and international standing as forms of vendor training’. One employer gave the following example:  ‘Microsoft and Cisco offer respected courses and some, that when you’ve completed, have such a reputation that anyone with that qualification could get a job immediately. For example, there is an information security course called Offensive Security Web Expert, which is about how to deal with hackers. They make the training so difficult to get that it’s valuable to the IT industry. Make the training very to get, then it’d be respected’.  There are high levels of satisfaction with the quality of vendor and other forms of non-nationally recognised training. There is the use of in-house training, often linked to the products of companies. Microsoft products, for example, come with websites and their own training packages. Accreditations gained online include the use of Microsoft, Scrum courses via Scrumology, Udemy (that provides a MOOC and an online provider), Plurasight, Amazon Web Services (AWS), Salesforce, YouTube and Magneto. All were very frequently cited sources for access to online training materials and modules by interviewees.  In addition, the rapid rate of change in the ICT sector puts a focus on the need for lifelong learning access by employees to ensure their skills stay relevant in this sector. Employers emphasised the transition away from a reliance on ‘front loaded’ education, to continuous skills acquisition through on-the-job learning and training. In particular, they reported that their enterprises supported ongoing reskilling and upskilling from their employees, either by paying for their access to short online vendor training or leaving the responsibility to the employers themselves. They supported employees to complete ongoing training online so that the business had an adequate skills supply at the appropriate levels to meet new trends in the industry. As one employer reported: ‘As a small company we cannot afford the cost to continually train our employees. We encourage them to study by themselves in their spare time, but we will help them to decide about what to study and their future career direction’. |

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| Box B4 The COVID-19 pandemic is driving the shift to online skills development |
| **Examples from retail** |
| Some impacts were short-lived for employers, such as delayed training sessions due to distancing and travel. Others reported that training and recruitment were curtailed or increased or changed in mode, such as shifting to online. For several respondents, the pandemic provided opportunities for welcome changes in training approaches and showed that online learning was sustainable, if not essential.  For example:  ‘Because of COVID we grabbed opportunities for blended learning that were always there. We can’t take face-to-face for granted anymore. We were on the cusp and were able to quickly re-align to more flexible virtual learning, especially in the regions. Instead of face-to-face we used engaging live webinars, quizzes and polls. And we are more consultative, using feedback on the blended approach (on-the-job with virtual) because we had to experiment’.  ‘COVID accelerated our shift to online — it’s here to stay and becoming mainstream. It’s been central to our planning, and much more training was achieved over the period. It was sustained by upskilling in data and digital transformation in the company’.  The pandemic was seen and used as a lever to move away from traditional classroom training  (time-, place- and often travel- or capacity-bound) into virtual learning (anywhere, anytime, any number of students) and in shorter chunks. On- and off-the-floor learning was enhanced by mixing supervised experiential learning with short online chunks, which can be accessed several times, as needed. The pandemic reduced staff resistance to online learning. Many retail employers found they could do it. Others struggled due to their lack of digital skills. Employers realised they had to invest in ‘fit for purpose’ learning management systems, equipment and technology, as well as professional development for RTO and other learning and development staff.  For a large retailer, the pandemic provided a timely intervention and an opportunity to transition their training. This retailer, which is expanding globally and has stores across the three Australian time zones, was already transitioning to more virtual learning, especially for career development programs. The employer is keen on self-paced online options, but staff favour the use of classroom learning. The strategy is based on investing in sustainable partnerships with external experts in niche areas to provide content for the virtual components. Their iterative praxis model is built around ‘learn online, apply in the workplace, learn more online and apply and so on’, based on the future-of-work research. |

# Appendix C – Roles for employers in nationally recognised training

## Examples across five industries

*Retail* employers talked about ‘Judicious partnerships between the business and an RTO focused on the skills needs of the business and the learner’; ‘Accredited training can work well when it is customised and contextualised to the business practices, ethos and culture’; ‘Fast track RPL process for higher qualifications for experienced store managers with some skills and knowledge gaps’; ‘Small employers using nationally accredited training to bring in young school leavers through apprenticeships and skilling them up to grow their business and future-proof themselves’.

*Agriculture* employers indicated that they were willing to play a larger role in identifying new qualifications as the industry continues to respond to technological and cultural change. They wish to be more involved in developing qualifications and transferable skills, which are more cross-industry, thereby allowing career paths across, as well as within, sub-sectors of this large and varied industry. Some mention was made of the new industry skills organisations being piloted in three areas and the development of an agrifood skills organisation pilot as one strategy to help grow levels of employer, and broader industry, engagement. Mention was also made of the need for more skills around the development of new and emerging food sources, green agriculture, sustainability and sustainable food systems and farm operations, to pursue new opportunities for growth and increased productivity, by developing more flexible business processes and farming practices.

In *transport*, the road transport sub-sector wants better-prepared freight truck drivers with a full qualification for entry, not just a licence. Road freight stands out, as the transport sub-sector struggles with introducing a more systematic approach to driver training. Dominated by small-to-medium enterprises with embedded traditional attitudes and practices, they see the need for training to be hands-on, and to be at quite basic levels of skills development.

In *warehousing*, hands-on training, possibly supported with foundation skills training, is required to aid the transition to increased automation in warehousing operations. The objective is to enable workers and team leaders/supervisors to gain the necessary skills and knowledge to apply the new technologies and enable more flexible career pathways and workforce mobility.

In *ICT*, and reflecting upon the Microsoft Traineeship Program, employers interviewed believed that there was a major opportunity for more design of training that combined vendor certifications with nationally recognised training. Employers with more positive views about nationally recognised training believed that the ICT training packages as a whole had considerable potential for growth and change, especially around the continued development of even more flexible and transferable package components, including more development of modules in new skills set areas. The view was that the employers themselves must play a more active role in determining the nature of the VET qualifications available for those wanting to join the industry, as well as assisting with the development of learning packages. One employer, who was a strong advocate for the ICT industry making greater use of nationally recognised training, commented on the increasing importance of having more advanced, and often specialised, skills if a person is to have a long-term career in the ICT industry. They cited the need for more diploma-level traineeships in technical occupations and management skills, as well as more partnerships between RTOs and universities for transitions from VET to university qualifications.

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