



**Senate Employment, Workplace
Relations and Education
References Committee
Inquiry into Current and Future
Skills Needs**

Submission by:
*National Wholesale, Retail and Personal Services Industry
Training Council*
PO Box 1171
Burwood NSW 2134
Phone: 02 9745 3122
Email: natwraps@natwraps.com.au

National Wholesale, Retail and Personal Services Industry Training Council (National WRAPS) is the National Industry Training Advisory Body for the Wholesale, Retail and Personal Services industries.

The Wholesale, Retail and Personal Services industries are the largest employing industries in the nation; during 2001-02 almost 1.6 million Australians, or 17.3% of the workforce, were employed in the industries. It is anticipated that national WRAPS employment will grow by 11.68% during the period to 2009-2010.

In June 2001, the ABS Business Register recorded 267,743 businesses registered and active for the GST in the WRAPS industries.

These industries have a high proportion of small businesses. For example, the average employment size of hair and beauty salons is 3.2 people, and small businesses employing less than 20 people account for 95% of retailers.

While representing the overwhelming number of enterprises, small retailers generate just 34.3% of sales revenue for the industry. Medium sized employers with staff of between 20 and 200 contribute 13.7% to overall sales and employ 15% of the workforce. The large retailers, who represent only 1% of all businesses, employ approximately half the workforce and generate 51.9% of sales revenue.

Of those young Australians entering the workforce for the first time (15 – 24 year olds), in either a full time, part time or casual capacity, 74.6% of females and 51.5% of males were employed by the WRAPS industries in 2001-02.

This diversity in size and employment characteristics represent a significant challenge for the VET sector. The needs, demand and capacity to support skill development and recognition processes varies considerably between the largest and smallest businesses within each of the WRAPS industries – requiring tailored and flexible responses by the VET sector.

The WRAPS industries collectively employ almost one-quarter of the workforce, and the projected growth of the WRAPS industries means that these areas will continue to be among the largest employers in Australia. The demand for skilled staff will therefore continue to be strong. This requires maintenance and expansion of the current resource allocation to the WRAPS industries.

Key issues for the WRAPS industries include:

- Strong growth in employment at higher than average growth
- Essential skills across all WRAPS industries include customer relations, marketing, public relations and communications
- Specialised skills are required in industry-specific business operations
- The proportion of the training dollar spent on the wholesale, retail and personal services industries should reflect the proportion of the industry and of these growth patterns
- Entry level training (including new apprenticeships and traineeships) for young people to be of a quantity to match industry profile requirements.

Support is required to promote the take up of new apprenticeships and traineeships in the industries

- Creation of career opportunities are essential to attract suitable VET graduates and to decrease attrition
- Mechanisms needed to promote and enhance small businesses to utilise training opportunities including new apprenticeships
- Increase in new technologies impacts across all WRAPS industries, including the growth of e-business, introduction of new technologies to support business operations, and new technologies as new products for the industries.

INDUSTRY RESPONSE TO VET

The WRAPS industries are substantial participants in the VET sector and major consumers of nationally recognised training - with the Certificate II in Retail Operations alone having almost 27,000 enrolments in 2001.

Many enterprises participate in training that is not measured in official figures, which seek to capture only 'funded' enrolments. As such, the analysis of 'take up' figures also significantly under-represents the large volume of skill development undertaken by enterprises, and training that is outside Training Package qualifications.

- Woolworths has advised National WRAPS that "The ratio of state funded to unfunded trainees is probably about 1:9. The State Training Authorities (with the exception of the ACT) only ask us to submit AVETMISS data for the trainees that they have funded (i.e., even if they do receive Commonwealth Funds, if they don't receive State funds then they are not reported)."
- McDonalds have reported that approximately 70% of their trainees are reported with 30% not being recorded on the national reporting system.
- Coles-Myer has advised that of their 165,000 staff, 153,000 are award employees. While all of the award employees are provided with training based on competency standards and Training Package qualifications approximately only 6000 are involved in publicly funded New Apprenticeship programs. The remainder are involved with skills training and short course programs run internally within the organisation.

In practice, it has been medium to large retailers that have been the primary users of VET; the Retail Training Package has been implemented in a number of major retailers, and these qualifications are increasingly becoming part of the human resources system. As such, the Retail Training Package qualifications are being recognised and valued by a significant number of major employers.

Small businesses with fewer resources have generally found accessing training much more difficult. In general, these businesses are not in a position to fund extensive training.

CAPACITY OF CURRENT VET STRUCTURES TO ADDRESS INDUSTRY SKILL NEEDS

While the WRAPS industries have been significant users of the VET system, and are supportive of the basic direction of nationally recognised training, there remain issues in relation to the adequacy of policies and structures in place. Industry concerns focus on the availability and accessibility of appropriate strategies for skills development, national consistency, quality of delivery and assessment. These are discussed in further detail below:

1. Availability of appropriate, accessible skills development strategies

The WRAPS industries, with wide geographic distribution, large numbers of small business, high numbers of part-time and casual employees, large number of female employees, and operation within an increasingly 24/7 environment, require a high level of flexibility to enable them to access skill development programs to meet their needs. Significant barriers to their use of VET relate to the current inability of the VET system to adequately address these needs.

Industry and individuals require pathways and services that enable skill development to be conducted in methods that meet their specific needs. The inherent flexibility of Training Packages, which provide a framework for the development and recognition of skill via a variety of pathways, has not been replicated in the range of pathways and services available to industry.

Specific strategies are required:

- to enable new employees to develop basic foundation skills in an industry,
- to enable small business to access training,
- to enable existing workers to be recognised for their existing skills,
- to enable existing workers to develop new skills,
- to provide short, specific, skill development programs to address skills 'gaps' in areas of immediate importance to the business (particularly for small business),
- to enable part-time or casual employees to access training,
- to retrain employees with existing qualifications that have been out of industry for some time,
- to retrain mature workers seeking to gain employment in a new industry.

The capacity of existing training arrangements to meet the full range of needs is clearly inadequate.

One of the primary pathways that have been used for industry skills development has been New Apprenticeships. This pathway is strongly supported by the WRAPS industries, which see these as a means of providing structured training to employees that includes significant workplace training as part of the arrangements; the combination of off-job and on-job training embodied in effectively-managed New Apprenticeships is viewed as an appropriate strategy to ensure quality of delivery.

The focus of New Apprenticeships is on generating employment opportunities through providing employer incentives to sign up a trainee/apprentice. Incentives have played an important role in enabling individuals to access recognised training and gain industry experience, while also assisting to offset some of the costs of employment and training of these staff for business.

However, the focus on New Apprenticeships has been to the exclusion of other important pathways, particularly for existing workers or for mature workers seeking to retrain for work in another industry. The lack of funding for recognition of current competency (RCC or RPL) or retraining programs has meant that the system is not meeting the needs of these groups effectively.

Recognition of current competency has had limited application, primarily due to the funding systems operative in the states. Under current funding arrangements most employers find that RCC is a relatively costly exercise – even though the actual costs of an RCC process should be lower than traditional training and assessment. Consequently it has been applied only on a limited basis.

In addition to the issues around pathways, there are also issues around the range of services that RTOs are able to provide. A recently completed survey by the National WRAPS ITAB also indicates that industry associations believe that major barriers to accessing training remain:

- Difficulty in finding a training provider that can deliver the needed programs – and deliver them when and where needed. This is particularly so in the case of ‘niche’ markets such as Funeral Services.
- Difficulty of releasing staff from work to train.
- Poor quality delivery in the past.
- Cost.

These issues are, and will remain, an ongoing challenge for VET and for industry if the level of skill in the industry is to continue to develop. One key consideration must be the examination of additional funding models and incentives for pathways other than New Apprenticeships; this would enable strategies to be adopted that are more responsive to client needs, some of which may in fact be more cost-effective for the system.

2. National consistency

A much-vaunted feature of the National Training Framework has been its national nature. In practice, significant inconsistencies persist across the states and territories, which create ongoing difficulties for enterprises and RTOs operating across state borders, and individuals seeking to move from one state to another.

Key issues include:

- Variance in time taken for each state/territory to implement a Training Package once endorsed, leading to variations in availability of qualifications;
- Variations in terms of which Training Package qualifications are recognised as New Apprenticeship pathways;

- Differences between states in terms of the duration and funding arrangements for New Apprenticeships utilising the same qualifications;
- Differences in the availability of alternative pathways, such as institution-based training, between different states and territories;
- Issues around occupational licensing, with significant variations between the requirements of different states and territories;
- Continued development and funding of curricula based on Training Package qualifications in some states;
- Variables in the implementation of User Choice;
- Differences in AQTF auditing of training organisations, with the majority of states failing to utilise any industry involvement.

All of these factors contribute to the complexity and difficulty experienced by industry in its attempts to navigate the VET system, and reduce the effectiveness of national approaches to skills development.

3. Quality of Delivery and Assessment:

A key concern of industry is that the system delivers quality outcomes that allow for certainty and confidence in the skills recognised under nationally recognised training. This is essential if the system is to meet the needs of industry as well as the individuals participating in learning.

There have been significant concerns expressed by a range of stakeholders around the lack of quality controls in place in key areas. These concerns are all founded upon the perceived inadequacies of those systems that are designed to ensure quality, such as the Australian Quality Training Framework (AQTF). While there is general agreement that the AQTF standards are a significant improvement upon the previous Australian Recognition Framework options, there is still concern that the system remains focused on checking of administrative procedures, rather than the quality of training and assessment. Significantly, in the majority of states audits are carried out with no industry involvement; auditors are therefore not equipped to assess how the organisation applying for recognition is able to deliver training and assessment for a specific industry.

Quality issues centre around three key areas:

1. Fully on-the-job training

This issue is of significant concern in terms of the credibility of the VET sector and the New Apprenticeship system. While quality concerns are not restricted to this pathway, this has been an ongoing and well-documented concern among a range of stakeholders. The key issue is the lack of adequate mechanisms to ensure the quality of the training and assessment conducted under on-job traineeship arrangements.

- **Structured workplace learning**
- On-job traineeships must be supported by effective, structured workplace learning through a planned and formal process which is distinct from normal work. This requires a significant level of

instruction and support by the employer. Effective on-job training systems require that each trainee has an appropriately-skilled workplace coach or mentor who is able to provide instruction and support, and that formal structures and plans are in place to develop the employee's skills. For example, some employers may rotate retail trainees through different store operations, such as stock processing, point of sale, administration and customer service/sales; at each point specific skills are being developed, and relevant formal learning is taking place. This is qualitatively different from the retail trainee who completes a brief induction program and is then expected to carry out the normal duties of a sales assistant without any further support or training, and is expected to complete self-paced learning materials in their own time and without workplace support. Unfortunately the latter situation appears to be too common.

- **Adequate support from the RTO**

On-job training also requires that the learner is able to access effective ongoing support from the Registered Training Organisation, which may assist them in completing their learning and preparing for assessment. This support must be in addition to the limited number of workplace visits made by the RTO representative. There are clearly many cases where this is not occurring. National WRAPS receives a number of calls from on-job trainees who have not been advised of assessment processes or how they can seek assistance in relation to learning or accessing additional information. In a significant number of cases, the RTO has not even provided its contact details to the trainee.

The current regulatory arrangements around on-job training are inadequate to ensure that this is a meaningful learning experience which actually develops skills. While some employers and RTOs are providing effective systems, many are not. There is a need for further requirements for accountability of both employers and RTOs in meeting their obligations under the training contract, and for NACs signing up trainees under these arrangements.

2. Fully institution-based training and assessment

It is clear that pathways to learning for individuals not currently employed within an industry must be available, and institutional pathways clearly meet a need. However, the quality of the skills outcomes of these programs needs to be assured. Industry is concerned that where little or no workplace experience is gained, the 'competence' of graduates of these programs is questionable.

The notion of 'competence' is founded upon the ability to carry out a skill in a workplace context; this involves being able to manage workload and meet commercial requirements in terms of consistency, speed and accuracy, respond to variables in the environment and integrate skills as part of a complete work role.

Learners therefore require time and practice to develop competence. There is significant industry concern that some institution-based courses fail to deliver truly competent employees, because they fail to allow for structured workplace learning, or provide simulated environments that are inadequate. In some cases, employees are provided with instruction that develops their knowledge, but does little to develop actual skill; practice may be restricted to classroom-based activities such as role plays that bear little relationship to real industry conditions, and where work placement is provided, the learner is engaged in menial tasks and not provided with the opportunity to develop the required range of skills. This is of particular concern where assessment procedures lack sufficient rigour, and are restricted to written activities that do not actually assess competence. This is of concern in a number of programs, including VET in schools courses.

Industry is concerned that structured work placement, designed to develop actual workplace competence, must be a feature of any effective training program. Where 'simulated workplace environments' are used in training and assessment, these environments must appropriately reflect real industry conditions in order to be valid.

Again, there need to be further requirements for accountability of RTOs in their methods for delivering and assessing such programs.

3. Skills of RTO staff

The introduction of Training Packages has placed additional demands upon the RTO staff involved in delivering and assessing training. Staff must hold the requisite industry skills, and must also have a high level of skill in planning and conducting training delivery and assessment.

One area of concern is around the industry skills of RTO staff involved in training and assessment. Although the Australian Quality Training Framework stipulates that RTO staff must hold the relevant industry competencies, there is still concern that this standard is not applied with sufficient rigour, and that some staff lack current, appropriate industry knowledge and experience.

Of equal concern is the level of competence of RTO staff in the conduct of competency-based training and assessment. The role of assessment is critical and is consistently expressed by industry as a concern in terms of the quality of outcomes. Under the AQTF, RTO staff are required to hold relevant qualifications in workplace training and assessment. However, it is clear through the interactions that National WRAPS has with many RTO staff seeking information and assistance, that many trainers and assessors lack a sufficient understanding of the principles of assessment within a competency-based system. These range from RTOs seeking to assess a unit of competency via a single written examination, to RTOs that consider a single observation of a candidate in the workplace as sufficient to assess competence. These concerns apply in relation to both public providers (high schools and TAFE) and private providers.

These approaches to assessment indicate a failure in the RTOs' understanding of what competence actually entails – this would cast doubt on the actual competence of candidates assessed under these arrangements.

The training of trainers and assessors, as well as the quality of RTOs and auditing under the AQTF all clearly need attention to enhance the quality of assessment.

ISSUES AROUND TURNOVER AND SUPPLY OF LABOUR

The consistent growth of the WRAPS industries has led to a growth in demand for staff at all levels, and with a variety of skills. Therefore, for several of the WRAPS industries, issues around skills are also closely related to issues around the ability of the industries to attract and retain staff.

The Retail and Hairdressing industries are two areas in which the industry has identified skills shortages. Both industries have a high turnover rate and issues with retention of staff.

The process of meeting industry skill needs must be addressed by a range of approaches, of which VET is a significant but not the sole element.

Issues faced by industry in maintaining an appropriately-skilled workforce include:

- levels of remuneration
- working conditions
- image of the industry
- career paths and opportunities for progression
- working hours and ‘family-friendly’ arrangements
- recruitment practices

These factors are clearly issues that must be addressed primarily by industry, and which cannot be met entirely by VET or other government approaches.

INDUSTRY ADVISORY ARRANGEMENTS

National WRAPS has historically maintained close and co-operative relations with the State and Territory WRAPS ITAB network. Many of our efforts to engage stakeholders have been made co-operatively with the WRAPS Network, which operated efficiently and provided solid representation across all of the WRAPS industry sectors. This Network has provided a number of critical functions in terms of identifying industry skill needs at state and regional levels, engaging industry at state and regional levels, in assisting National WRAPS in consultations, and in implementation of Training Packages.

The fragmentation of that Network through budget cuts and forced restructuring will have major impact on the resources we require to achieve the same level of ‘on the ground’ and high level advice at state and regional levels, and also holds further implications for national consistency.

CONCLUSION

The WRAPS industries are significant employers with an ongoing need for skilled employees, and for upskilling/recognition of the skills of existing employees.

The capacity of the VET system as a whole to meet the skill needs of industry has been enhanced through the National Training Framework and Training Packages.

However, issues remain around several components of the VET system, including lack of national consistency, quality and availability of a range of appropriate pathways, which limit the effectiveness and responsiveness of the system to a broad range of employer and individual needs.

The current VET system is not effectively offering industry a truly 'national' system, with significant variation between states and territories in a range of areas around the implementation of Training Package. These issues are based largely upon the administrative and funding mechanisms employed at state/territory level. Further accountability is required in terms of how these jurisdictions manage these processes.

Critical issues to enhance quality include the need to establish more effective systems for accountability of RTOs and employers under New Apprenticeship contracts, more effective training for RTO staff and more consistent and rigorous auditing procedures.

New Apprenticeship programs have also been of significant importance in raising the profile and availability of VET to industry; this has been particularly important in terms of the WRAPS industries, and the continuation and expansion of these programs is seen as essential in order to meet the skill needs of a growth industry. However, this must also be complemented by an increased emphasis on the needs of more diverse groups, including existing workers and individuals retraining for work in a new industry.