

# **ARA Response to Review of Vocational Education and Training**

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Australian  
Retailers  
Association

AUSTRALIAN RETAILERS ASSOCIATION

1300 368 041

[www.retail.org.au](http://www.retail.org.au)

[policy@retail.org.au](mailto:policy@retail.org.au)



# Review of Vocational Education and Training

## About the ARA:

The Australian Retailers Association (ARA) is the retail industry's peak representative body representing Australia's \$310 billion sector, which employs more than 1.2 million people. The ARA works to ensure retail success by informing, protecting, advocating, educating and saving money for its 7,500 independent and national retail members, which represent in excess of 50,000 shopfronts throughout Australia. The ARA ensures the long-term viability and position of the retail sector as a leading contributor to Australia's economy.

Members of the ARA include Australia's most trusted retailers, from the country's largest department stores and supermarkets, to specialty retail, electronics, food and convenience chains, to mum-and-dad operators.

## Executive Summary:

Post-high school education and skills training is an increasingly vital asset in an environment characterised by rapid digitisation, globalisation and competition. The ways that we work, trade, compete and live are shifting, and the associated capabilities and responsibilities required to stay in work and make positive and gratifying contributions continue to change.

In the retail context, sophisticated competitors from the advanced retail markets of Asia, South Africa, North America and Europe have established a significant presence in the Australian retail market over the last decade. Local retailers need the tools and capabilities to meet sophisticated competition head on. A key component of this is a suite of equally sophisticated skill sets, and adaptable, well-trained employees.

When these tools are not utilised or readily available, the resulting effects can be calamitous. A lack of sophisticated skills to manage the inherent pressures of a competitive retailing environment has led to numerous disasters over the last five years. Since 2014, several well-known local retailers, employing thousands of Australians, have succumbed to this malaise.



<b>Table 1: Retail Brand Collapses and Closures since 2014</b>			
<b>Year</b>	<b>Retailer</b>	<b>Result</b>	<b>Stores</b>
2016	Dick Smith	Liquidation	331
2016	Pumpkin Patch	Liquidation	84
2016	Payless Shoes	Liquidation	132
2017	Herringbone, Rhodes & Beckett	Administration (business sold)	29
2017	Specialty Fashion Group	Store closures	1000
2017	Oroton	Administration (business sold)	62
2018	Maggie T	Store closures	28
2018	Diana Ferrari	Store closures (moved solely online)	17
2018	Retail Food Group	Store closures	1545
2018	Roger David	Liquidation	57

Conversely, however, when retailers can access employees who possess the sophisticated, diverse skills needed to manage the modern trading environment, the results can be incredibly positive. Local brands which have capitalised on these factors, including Cotton On, Harvey Norman, Honey Birdette, Lovisa, Forever New, Smiggle and Peter Alexander, have utilised the skills and expertise of their workforce to push into international markets.

In acknowledgement of both the opportunities and the pitfalls that exist for Australian retailers, in the increasingly competitive market, and the high demand for skilled workers, the ARA is advocating for greater recognition and acceptance of highly skilled retail roles as important career paths for Australians. As an outcome of this Review into Vocational Education and Training (Review), the ARA and our members would like to see increased investment in skills, and greater opportunities for retail-related training and qualifications. The opportunity to facilitate meaningful reforms which place Vocational Education and Training at the forefront of Australian industry, education and employment development is now.

## **1: Vocational Education and Training:**

The ARA supports the recognition of VET as a crucial driver of employment, productivity and skills outcomes for the Australian economy. While we welcome recent focuses on re-designing key aspects of the VET system to improve efficacy and quality, the ARA and our members remain concerned at a lack of substantial investment. Despite substantial increases in investment by the Federal Government for early learning, schools and higher education, a reduction in investment for VET has been unwelcome.



While the current structure of the VET System, as a provider for skills-based training and qualifications, should not change, the ARA supports a range of initiatives to improve funding, governance, information, workforce planning, and employment pathways.

### **1.1 Coordination and Responsibility:**

The ARA supports this review as a key point for resolving not only the investment issue, but a range of problems caused by increasing duplication and cost shifting between State and Territory Governments across the system. Governance and accountability issues caused by the current state of confusion are not delivering the best outcomes, and this review should motivate a strategic overhaul of all levels of education and training across the Australian VET system.

While there are repeated calls from a range of stakeholders to establish a national apprenticeship body or a new national trades board, the ARA is unconvinced that this will assist providers, students and industry. The imposition of an additional body to oversee skills, in combination with the Australian Skills Quality Authority and State Departments, will further complicate the environment. This is an environment where providers, industry and students already must contend with eight jurisdictions for a qualification or program to be nationally recognised.

The ARA prioritises Federal and State Governments working under more clearly delineated responsibilities, greater accountability and a reduction in overlaps. Providers and employers operating in the skills sector are overburdened by multi-layered regimes and divergent platforms needed to ensure compliance across multiple jurisdictions<sup>1</sup>. The ARA believes that this leads to poor outcomes. The development of a national program for industry is often stalled or significantly delayed due to these overlaps and extra compliance.

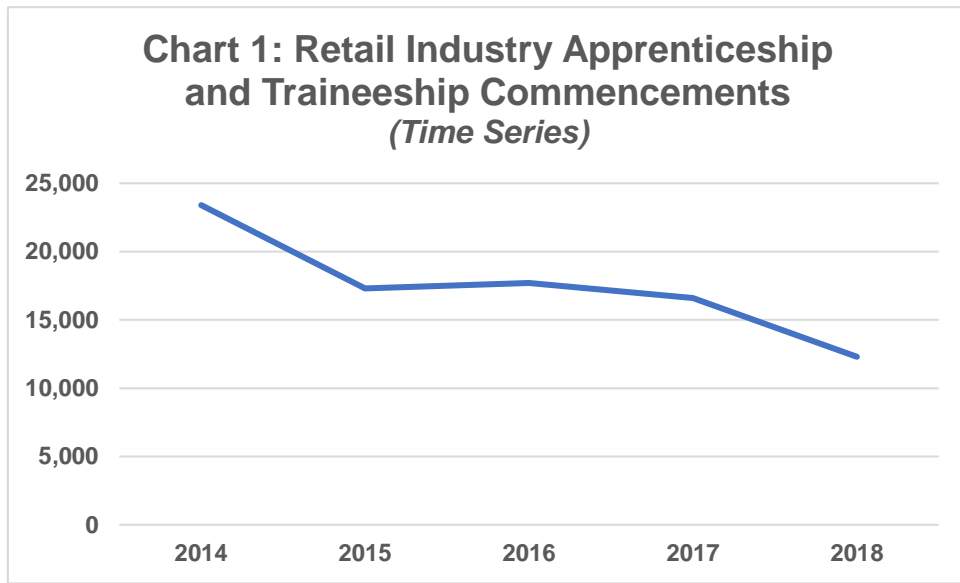
## **2: Funding and Employment Programs:**

### **2.1: A New Way of Funding VET:**

The ARA is not convinced that the current method for funding VET and skills development is future-proof. Relying on the current siloed model between higher education and VET, as well as split responsibilities between Federal and State levels will not prepare Australian workers and businesses for the demands of the future market. The current indecision and blame shifting around VET has allowed uptake and rates of attainment to fall dramatically in recent years. Chart 1 illustrates the dramatic fall in retail industry training commencements since 2014.

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<sup>1</sup> CSIRO 2016, Equipping Australia's workforce for the future digital economy.



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The ARA's approach has historically been to prioritise funding for VET focused on high quality and national qualifications with industry engagement, including work-integrated learning models such as apprenticeships.

While the ARA continues to advocate for pathways and recognition of quality outcomes to be improved between the sectors to achieve efficiency of public funding spend, our priority is a holistic approach to the total system and with a focus on industry and learners, not providers.

A key component of this is the equity between Higher Education funding and VET funding. The imbalance between the two sectors has only fuelled perceptions of VET as a 'poor cousin' or 'second choice' for learners. In order to equip employees and industry with the right skills to manage and adapt to changing ways of working and future capabilities, the Federal Government should prioritise a level playing field between the two sectors.

Currently, an undesirable situation exists whereby jobs in industries such as retail and hospitality are overpopulated by overqualified university graduates, which reduces opportunities for VET and apprenticeship pathways to work. Consequently, this leads to a drop in demand for retail-related skills, commencements and completions, and subsequently, funded courses.

When qualifications are not articulated to relevant fields of work, the outcomes for individuals who choose not to undertake university studies, whether of their own

<sup>2</sup> National Centre for Vocational Education Research 2018.



volition or by circumstance, are poor. This also causes issues for employers regarding staff retention and promotion of sector-relevant skills and qualifications<sup>3</sup>.

The ARA believes that the funding streams should be merged to form a holistic education and skills funding program, prioritising transparency and ratio-based subsidies determined by public and private benefits. This would require improved cooperation between Federal and State jurisdictions but could ultimately involve a similar distribution model to the Goods and Services Tax principle of Horizontal Fiscal Equalisation.

The Federal Government needs to prioritise better overall coordination and a clear delineation of responsibility in VET to encourage action. While the National Partnership Agreements under the Skilling Australians Fund goes some way towards addressing this issue, contention between jurisdictions continues, with Victoria and Queensland yet to sign up<sup>4</sup>. Meaningful funding reform in this area should continue to be a priority and will deliver long-term outcomes in all areas of post-secondary education.

In the meantime, overall investment should not be reduced, and indeed more targeted effort should be placed on increasing apprenticeships, particularly for school to work transitions and disadvantaged groups, to reduce the reliance on welfare support.

## **1.2: Employment Programs:**

The ARA has been a key supporter of employment programs at both Federal and State level, especially for programs which provide job outcomes for disadvantaged and young Australians. These programs provide critical support for individuals, and assist businesses with hiring skilled, committed employees. The ARA remains supportive of these programs, especially with the currently-high youth unemployment rate. In a highly competitive marketplace, it is increasingly difficult for inexperienced individuals to gain employment. The ARA was an early supporter of the PaTH program, and we are hopeful that this Review will assist with improving the program to increase its ability to provide outcomes.

### **1.2.1: PaTH:**

The ARA is concerned that the PaTH program does not provide enough incentives or reimbursements for efforts to secure internship or job outcomes. The current arrangement ensures that training providers must share financial incentives for placements with employment service providers. This model places training providers under strain, given their responsibility and reliance on intensive resource and

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<sup>3</sup> International Labour Organization 2019, Global Commission on the Future of Work, *Work for a Brighter Future*.

<sup>4</sup> Australian Government 2019, Department of Education and Training, *Skilling Australians Fund* site, <https://www.education.gov.au/skilling-australians-fund>.



financial expenditure to facilitate quality training programs, and ensure compliance and documentation.

In addition to this, we are concerned at the current mutual obligation requirements of PaTH are ineffective, leading to some students commencing training with little prospect of employment. A new model of mutual obligation should be developed, which prioritises linking PaTH training to outcomes, whether that be an internship, work experience, or a job. This will assist with reducing wastage and the expenditure of resources.

The ARA is recommending that as an outcome of this Review, PaTH training providers with strong links to industry, or with strong connections to employers, are involved in organising internships, job outcomes and work experience. Training providers are best-placed to facilitate these outcomes due to their unique expertise in developing skills and delivering outcomes. This will increase the viability and success of the program and assist with achieving a reduction in the youth unemployment rate. Further outcomes may result in increased commencements in further training, and higher workplace productivity.

Further improvements to PaTH could be made by funding a trial to run traineeship-type arrangements, whereby vocational training is run concurrently with work placements. This model would further assist with fostering closer ties between industry, training providers and students, and would improve outcomes.

## **3: Information Provision and Workforce Planning:**

### **3.1: Statistics and Data to inform the Market:**

The ARA, as well as a broad range of representative organisations and individuals across industry, employment, trade unions, Government and the workforce, rely on the statistical infrastructure provided by the Australian and New Zealand Standard Classification of Occupations (ANZSCO).

ANZSCO provides the underpinnings for a broad range of data relating to the labour market, including Census information, job outlook, regulation of skilled migration pathways, and is crucial for workforce planning and skills forecasting. Despite its importance, ANZSCO is fast-becoming unfit-for-purpose, due to only two reviews being conducted since its introduction in 2006.

Rapid advancements in the workforce, new kinds of technology and ways of working, and changes to the economy, are not reflected in ANZSCO. The ARA is concerned that this will significantly disadvantage businesses, workers, and the economy. In previous submissions prepared by the ARA, we have noted the importance of a more sophisticated and inclusive approach to identifying strategic occupations in industries like retail.





As an outcome of this Review, the ARA would like to see a commitment to reviewing ANZSCO on a more regular basis, with funding allocated to the Australian Bureau of Statistics regular budget in order to facilitate an updated statistical database.

### 3.2: Access to Quality Information:

In addition to improving the information available through ANZSCO, the ARA believes that industry, employees, students and the overall economy, would benefit from vastly improved access to information about qualifications, training, skills and higher education. A well-informed market will lead to better workforce planning outcomes for all involved, and this should be a high priority<sup>56</sup>.

The ARA is advocating for a single platform as a source of market information in post-secondary education, skills and higher education. This platform should be focused on providing a transparent, easy-to-understand, one-stop shop for the information students, employees and industry need to make good decisions. While MySkills, training.gov.au, JobOutlook and Quality Information for Learning and Teaching perform some of these roles, ideally, they would be merged into a single platform. Any such platform should also involve:

- Tools to assist students with identifying strengths and passions and matching students to potential industries and occupations.
- Industry profiles and the types of skills, strengths and qualifications needed to work in that industry.
- Potential career pathways and long-term employment outcomes.
- Education providers.
- Information about government subsidies, cost of delivery, private returns and length of time to pay back loans.
- Study modes, course content and duration.
- Who to contact for further information and assistance.

Importantly, the development of any such platform should be centred around improving data provision, especially with relation to timeliness. Real-time data, or more commonly updated data, would vastly improve workforce planning and skills development.

As an outcome of this Review, the ARA would like to see a commitment from Federal and State Governments to agree to support the investigation of a centralised data location for the education, skills and training sector. This should be linked with a preferred model for governance arrangements and a clear delineation of responsibilities and timeliness. One key example of an improvement which could be made in this area is the burden of multiple compliance and reporting for education

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<sup>5</sup> CSIRO 2016, *Equipping Australia's workforce for the future digital economy*.

<sup>6</sup> International Labour Organization 2019, Global Commission on the Future of Work, *Work for a Brighter Future*.





providers and industry, which undermines efforts to appropriately forecast and provide timely information.

### **3.3: Information for Workforce Planning:**

The ARA also believes outcomes would be improved for students, employees and industry by implementing a Workforce Development Strategy. The inclusion of the above two strategies as outcomes of this Review are linked to workforce planning and will assist with facilitating a greater understanding at the individual and business level of preparedness for the future. Businesses need quality information, but also need to be educated about the importance of workforce planning to their overall success.

## **4: Recognition and Promotion of VET and Skills:**

The Federal Government should work with industry to better promote apprenticeship and traineeship pathways as a high-value proposition for industry and Australians of all ages. A lifelong learning concept, skills transferability and flexible options are crucial components to this goal. This should be a priority outcome of this Review, to assist with levelling the playing field, and removing the stigma of VET as a ‘fall-back’ or ‘second-rate’ option to Higher Education.

More care needs to be taken to clearly articulate the benefits of all post-secondary qualifications to students. Moreover, the Federal Government should prioritise re-skilling older workers and prioritise pathways to employment in industries like retail. This will assist in leveraging mature-age workers’ experience, whilst providing high-level, transferable skills, to enable people to stay in the workforce for longer<sup>7</sup>.

An initiative which can assist in achieving these goals is fostering greater recognition of flexible, abbreviated and modular qualifications, including professional development, communications and upskilling, to provide additional skills, job outcomes and capabilities<sup>8</sup>. Key business skills, including succession planning, transitional arrangements, personnel management, communications, and entrepreneurship, are crucial for all industries. These forms of training, which under the current model would be classified as ‘non-accredited’ cannot continue to be overlooked and should be a priority for funding and subsidy<sup>9</sup>.

A coordinated and well-funded campaign which promotes VET as a rewarding and positive pathway, which promotes lifelong skills for the future. This will be greatly assisted by providing better information access, as mentioned earlier in this

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<sup>7</sup> International Labour Organization 2019, Global Commission on the Future of Work, *Work for a Brighter Future*.

<sup>8</sup> CSIRO 2016, *Equipping Australia’s workforce for the future digital economy*.

<sup>9</sup> World Economic Forum 2016, *The future of Jobs: Employment, Skills and Workforce Strategy for the Fourth Industrial Revolution*.



submission. A key focus of this should also revolve around the growing services sector, including prioritising retail training as a qualification. Many higher-level roles exist within the retail industry, which are often overlooked, and this diminishes the attractiveness of training and careers in the retail and hospitality industries.

## Summary:

The ARA is passionate about developing a VET system within a holistic approach to skills and education which will equip employees and businesses for the roles of the future. Services industries such as retail are not exempt to the changes brought about by rapid digitisation, technological change, globalisation and changes to the economy.

Reform of the VET system is crucial to ensure the skills and capabilities for the future of work, and should focus on better coordination, a clear delineation of responsibilities between Federal and State Governments, funding, employment and workforce planning, access to quality information and promotion of VET as a fulfilling and crucial pathway.

Thank you for the opportunity to represent the retail industry on this matter. Should you wish to discuss the ARA's position further, please contact Josh Walker, ARA Policy and Regulatory Affairs Advisor at [josh.walker@retail.org.au](mailto:josh.walker@retail.org.au), or Russell Zimmerman, ARA Executive Director at [russell.zimmerman@retail.org.au](mailto:russell.zimmerman@retail.org.au).

Kind regards,



Russell Zimmerman  
Executive Director  
Australian Retailers Association



Josh Walker  
Policy and Regulatory Affairs Advisor  
Australian Retailers Association