



Workforce Futures: Towards an Australian Workforce Development Strategy

Skills Australia would like to hear your views on *Workforce Futures* and welcomes your written submission by **6 November 2009**.

To assist with the analysis of submissions received, we request that feedback is provided using this template. Your co-operation is appreciated.

Submissions received may be published by Skills Australia or quoted. Please indicate in the space provided below if you would like your submission to remain confidential.

Please email submissions to secretariat@skillsaustralia.gov.au

Submission information

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Workforce Futures:

Background Paper One

What does the future hold? Meeting Australia's skill needs

The *Workforce Futures Overview* paper raised a number of questions relating to Skills Australia's proposed approach to developing an Australian Workforce Development Strategy. In this section, we seek your feedback on questions relevant to meeting Australia's skill needs. *Background Paper One* at

www.skillsaustralia.gov.au/Publications_and_Resources

highlights a number of issues for discussion which are relevant to your response.



ERTOA applauds the focus Skills Australia has taken on Workforce Development. The VET sectors' primary role should be working to develop existing workers and potential workers' skills in order to develop the Australian Workforce. All too often the focus is on development models that emphasise courses and products rather than working in true partnerships with industry and enterprises to offer services that focus on workforce capability and performance improvement.

ERTOA argues that it should be a key player in discussions around workforce capability. After all, ERTOA members are both training providers as well as industry. Enterprise RTOs (ERTOs) exist within enterprises to assist with workforce development. They would cease to exist if they were not seen by their 'parent' enterprises as contributing to business performance improvement by developing worker skills.

Enterprise RTOs make a significant contribution to skilling Australian workers. However, this contribution, represented in VET completions, is substantially under reported. Members of the Enterprise RTO Association are businesses and Government agencies with a commitment to quality learning and development to ensure their employees can contribute effectively to business outcomes. They are also Registered Training Organisations (RTO). ERTOA members have developed business-focused processes to justify and maintain their RTO status. The models developed by ERTOA members provide a franchisable template for providing employees with access to qualifications from the National Training Framework whilst using the existing quality learning, development and performance appraisal processes of the business enterprise.

Exposing non-RTO business enterprises and other RTOs to the ERTOA training model has the potential to see many existing Australian workers have their skills developed and recognised in order to gain national qualifications. Up-take of the model within those enterprises will assist in meeting the COAG National Agreement for Skills and Workforce Development targets to provide working aged Australians with the opportunity to develop the skills and qualifications needed to enable them to be effective participants in, and contributors to, the modern labour market.¹

There are currently three broad groupings of providers of vocational education and training in Australia. These are the TAFE sector, the private provider sector and the enterprise RTO sector. The enterprise RTO sector is typified by successful Australian companies such as Qantas and Woolworths, and Government departments including Defence and the Australian Tax Office. The core business of these enterprises is not education and training, however, they provide their employees with comprehensive training and development programs to ensure they can perform their jobs well and contribute to the achievement of the enterprise business objectives. Registration as an RTO enables these enterprises to leverage their training investment through the issue of relevant National Training Package qualifications to employees completing the enterprise training and assessment program. There are between 250 to 300 ERTOs currently registered across Australia.

The peak body for enterprise RTOs is the Enterprise RTO Association. This Association was formally incorporated in late 2006 and its members include some of Australia's largest employers.

The majority of the accredited training activity provided by ERTOs is not collected or reported as part of the annual national VET data collection because it is not publically funded. However, the outputs of enterprise RTOs in terms of courses/units/competencies completed are significant. Whilst a small percentage of this effort is collected by AVETMIS reporting, the vast majority is not captured or reported in the national VET effort. As a consequence the valuable contribution enterprise RTOs make to national skills development of the Australian population is largely unrecognised.

In a DEEWR funded report soon to be published², ERTOA researched the role and nature of ERTOs. Part of the report was to establish the scale of completions in ERTOs. The following extract from the report highlights the findings:

A follow-up survey [to the original project survey] was prepared which sought a simpler data set of amalgamated data on a totally anonymous basis from a representative sample group of fifty enterprise RTOs.

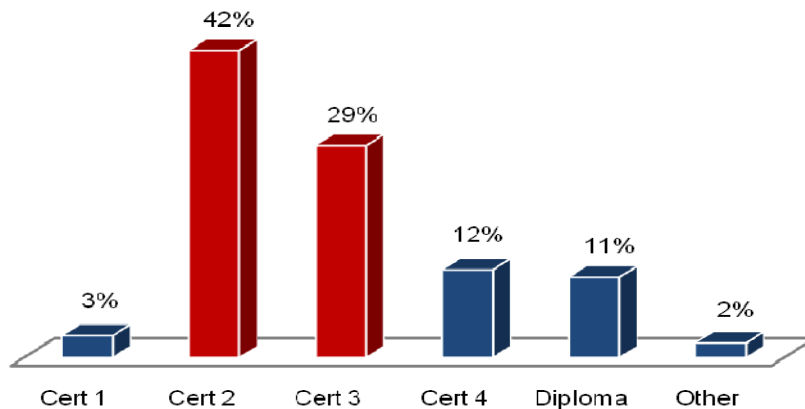
The sample group reported a total of 17,583 qualification completions distributed across the various AQF levels as shown in the following table.

¹ COAG National Agreement for Skills and Workforce Development

² Profiling the Australian enterprise RTO, A DEEWR-funded project managed by the Enterprise RTO Association, October 2009. Unpublished but expected late November 2009.

Qualification level	Total number issued by sample group in 2008	Estimated total number issued by all enterprise RTOs in 2008	% by level of qualification
Certificate I	564	2888	3%
Certificate II	7424	38010	42%
Certificate III	5169	26465	29%
Certificate IV	2036	10424	12%
Diploma	1972	10097	11%
Advanced Diploma	418	2140	2%
Totals	17583	90,024³	100%

The total number of qualification completions reported by the sample group was used to extrapolate an estimate for the total number of qualifications completed for all enterprise RTOs in 2008. The estimated total is just over 90,000. The distribution of these across the various AQF level is shown in the following chart.



The majority (71%) of qualifications completed by employees of enterprise RTOs in 2008 were at the Certificate II and Certificate III levels. Around one in four completed qualifications was at Certificate IV level or higher. Certificate I and Advanced Diploma level qualifications are virtually unused by enterprise RTOs.

The follow-up survey also asked respondents to provide the total number of competencies completed during 2008. Based upon the survey returns, employees in enterprise RTOs completed just over one million competencies during that year.

	Total competency completions for sample group in 2008	Estimated total competency completions for all enterprise RTOs in 2008
Competencies completed	201,668	1,008,340

³ The public VET system generated 335,000 completions in 2007 (NCVER)

What is an enterprise RTO, what is ERTOA, and who are members?

Enterprise RTOs are businesses and government agencies who provide high quality business-focused training and development programs for their employees and who have gained and maintain registration as an RTO.

The primary business of an enterprise RTO is not training and development and the RTO operation is typically embedded within the existing business operations and processes of the enterprise. Enterprise RTOs are a distinct and unique component of the Australian VET sector and differ markedly from TAFE and private providers in their business objectives, operational environment and target learner populations.⁴

The Enterprise RTO Association is incorporated in the ACT and was formally launched by the Hon Gary Hardgrave, Minister for Vocational and Technical Education in Adelaide on 16th November 2006. ERTOA is a national association and its members include some of Australia's largest and most successful businesses. The current membership list is provided below. The Association has two broad objectives as follows:

Objective 1

To support and assist the member enterprise RTOs and their staff to operate effectively and efficiently by enabling members to:

- seek advice, exchange ideas and experiences with colleagues from other organisations on all aspects of setting-up and running an enterprise RTO;
- participate in regular meetings with colleagues from other enterprises to discuss issues of concern, exchange ideas and give and take advice; and,
- participate in, and contribute to, an association that has a mandate to commission and publish research on specific issues facing enterprise RTOs.

Objective 2

To provide formal representation and promote the interests of members by:

- interacting as an association, and in a coordinated way, with State Training Authorities, Industry Skills Councils, DEEWR and other VET players, on the issues faced by enterprise RTOs in order to promote greater recognition of enterprise RTO activities and interests;
- participating as a formal association with a 'seat at the table' whenever discussions occur, and decisions are made, affecting enterprise RTOs; and,
- influencing the Australian VET sector regarding enterprise RTO issues and interests.

ERTOA is represented on review panels, in policy discussions, at conferences, at the National Quality Council (Action Groups), on Skills Councils and makes numerous representations on policy development. ERTOA has close links to the other peak provider bodies. ERTOA commissions and publishes research that contributes to members' business outcomes and supports members with regular meetings, professional development activities, special interest groups and email advice. Members offer support to each other as they deal with the day by day issues in managing their enterprise's workforce development and RTO operations.

⁴ Smith, Erica and Smith, Andy(2009)'Making training core business: Enterprise Registered Training Organisations in Australia', *Journal of Vocational Education & Training*,61:3,287

ERTOA membership list as at September 2009:

1. Accor Hospitality
2. Australian Broadcasting Corporation
3. Australian Customs Service
4. Australian Drilling Industry Training Committee Ltd
5. Australian Public Service Commission
6. Australian Railroad Group
7. Australian Tax Office
8. Boral Construction Materials Limited
9. Brisbane Convention & Exhibition Centre
10. Carter Holt Harvey
11. Department of Defence
12. Department for Families and Communities (SA)
13. DP World Australia
14. HBF Health Funds Inc.
15. Hungry Jack's
16. IAG Services Pty Ltd
17. IBM Australia
18. Life Without Barriers
19. McDonalds Australia Limited
20. National Pharmacies
21. NSW Department of Corrective Services
22. NSW Fire Brigades
23. OneSteel Whyalla Steelworks
24. Optus Administration Pty Ltd
25. Pilbara Iron Company (Services) Pty Ltd
26. Public Transport Authority (WA)
27. Qantas Airways Limited
28. RailCorp (NSW)
29. Skilled Group Training Services
30. State Transit Authority of NSW
31. Surf Life Saving Australia
32. Surf Life Saving NSW
33. Surf Life Saving WA
34. Toyota Motor Corporation of Australia
35. TransAdelaide
36. Transfield Services (Australia) Pty Ltd
37. Wesfarmers General Insurance Limited
38. Westpac Banking Corporation
39. Woolworths Limited
40. Yum Restaurants Australia Pty Ltd

There are a number of comments ERTOA would like to submit on the papers. They are arranged below with page references:

Overview Paper:

Page 5.

As detailed above, the lack of accurate and up-to-date statistics regarding VET effort and engagement is problematical.

Page 8.

Missing from projections is the engagement and completion data from enterprise RTOs. See discussion above.

Page 15.

Whilst the comments in the paper were about accessing higher level skills, they prompted a number of more general comments:

Your comments:

'Addressing skill use directly in enterprises. For instance, where public funds are involved for training, support could be linked to other interventions taken by enterprises to tackle job design, work organisation or organisational performance and to engage workers'

ERTOAs comments:

There is certainly an argument that organisations need a 'maturity' in their processes and products that support workforce development and performance appraisal in order to effectively develop their staff. The soon to be published report⁵ (quoted above) comments on the low level of qualifications issued by ERTOs and asks if this represents the true level of the job.

Your comments:

'Developing the capacity of enterprises—examination of opportunities to build the internal capacity of enterprises as learning organisations by developing leadership and management capacity'

ERTOAs comments:

ERTOAs would welcome research and follow up action that focussed on developing the capacity of enterprises to provide quality training and development and workplace performance appraisal. ERTOA members, in the main, are leaders in quality training and development and argue that being an RTO raises the quality of workforce development across the entire organisation. Leveraging the RTOs adherence to the AQTF has benefits for the whole organisation.

⁵ *Profiling the Australian enterprise RTO, A DEEWR-funded project managed by the Enterprise RTO Association, October 2009. Unpublished but expected late November 2009.*

Your comments:

'Developing the capability of service providers—identification of new skills or capability needed among education providers and other agencies working with enterprises to support more flexible workplace solutions to boost workforce development.'

ERTO comments:

ERTO would welcome a fresh view on the role of providers and how they see their contribution to workforce development. With a few notable exceptions, most providers do not have the skills or the products to engage usefully with enterprises in the area of business focussed workforce development. Close examination and exposure to the models used in ERTOs would be of value to all providers.

Background Paper 1.

Page 32.

Whilst enterprises focus on their business needs, and gaining a qualification is indeed not the main game, ERTOS do acknowledge the advantages of offering staff access to development pathways including access to national qualifications. The ERTOS model achieves skill development at the same time as providing access to national qualifications. See

<http://www.ertoa.org.au/library/Evidence%20for%20accredited%20outcomes.pdf>

for more details.

Page 44.

Whilst definitions and data differ, there is no doubt that many workers are offered access to structured, quality workplace learning and assessment. There are opportunities to leverage the 'structured training' offered to employees. In a recent paper ERTOA reported:

ABS figures from 2002 indicate that a high proportion (~80%) of Australian employers provide some form of structured training for the purpose of developing the workforce capability of their employees.⁶ However, a more recent NCVET report titled 'Australian vocational education and training statistics: Employers' use and views', published in 2007 provided a revealing breakdown of employer use of nationally recognised training. The report found only 22.1% of employers provided their employees with nationally recognised training in 2007 – a slight decline from the 2005 figure of 24.1%.⁷

Strong anecdotal evidence, and research into the models used by ERTOA members, suggests that much of the 'job-specific' training currently provided to employees in the workplace can be mapped directly to the content of National Training Packages. Additionally, the outcomes of enterprise job performance and normal business process measures can provide valid and reliable evidence for comprehensive assessment of competency.

⁶ ABS, *Employer Training Expenditure and Practices, 636 2.0, 2001 – 02, Page 3*

⁷ *Australian vocational education and training statistics: Employers' use and views of the VET system 2007 – Summary, NCVET 2007*

Page 52 and 53.

Some ERTOA members access available external funding to support skills development but many do not. There are opportunities to look at targeted funding to encourage enterprises with structured training and assessment processes to engage with the NTF. See:

<http://www.ertoa.org.au/library/Recognition%20models%20-%20DET%20NSW%20RPL%20Project%20final%20report.pdf>

for details of how an innovative RPL process assisted existing, mature Boral ACM quarry workers to gain national qualifications.

ERTOEA would welcome discussions about how to capture and report employer training expenditure and how this expenditure could lead to qualification outcomes.

Page 68:

ERTOEA would welcome discussion on the development of foundation and 'employability' skills. Models that acknowledge the significant foundation skill development occurs in the workplace need to be included.

As noted above ERTOA would welcome up to date data on employer expenditure on skills development. ERTOA also argues that research into existing enterprise models is scarce. With a few exceptions the VET research is focussed on traditional development pathways based on institutional managed learning.

Work based learning, with a focus on business outputs not competency completion, is an opportunity for providers (ERTO, Public and Private) to add to the development of Australian workers' skills. There is benefit in researching RTO and enterprise partnerships (include in between ERTOs and their 'host' enterprise) to highlight models where the provider is a genuine business partner, not just a provider of courses.

ERTOEA agrees with the comments on page 68:

'The faster adaptation of provision to a changing occupational and workplace landscape is required to ensure contemporary relevance of teaching and learning. Expansion of workplace based delivery and work integrated learning is anticipated to address individuals' changing needs for flexibility and currency and also co-ordinate with whole of enterprise strategies to link learning to performance'

The models of quality training and development, assessment linked to enterprise performance appraisal processes, and mapping at the assessment level to national qualifications can assist enterprises and provide access for staff to national qualifications.

Background Paper 2.

Page 45.

ERTOA is concerned that this section makes no reference to the ERTO model (RTO and enterprise is the one entity) and its considerable impact on workforce development and contribution to VET completions. There are many lessons to be learned from the successful models developed in ERTOS, linking a focus on workplace development, performance appraisal and pathways to national qualifications.

ERTOA would welcome inclusion in these discussions as a key stakeholder, whose members exhibit best practice in workforce development.

Page 64 and 65.

Your comments:

'What sort of analytical and advisory capacity and tools are needed within industry bodies and among training providers to work effectively with enterprises on whole of business diagnostics?'

ERTOA comments:

In short; lots! There is a considerable lack of understanding about business drivers and needs within the VET provider sector. This is particularly the case when dealing with large and sophisticated companies such as ERTOA members.

Your comments:

'What is the best way to encourage enterprise engagement and investment in such activities?'

ERTOA comments:

Exposing enterprises to the models used in high performing ERTOA members. These models showcase the benefits of engagement with the VET sector as positive to business bottom lines. They also showcase the funding models and compliance models that make engagement feasible.

Your comments:

'What strategic initiatives are needed at the national level to facilitate this? Is there the need address the leadership styles, organisational cultures and people management practices of enterprise as drivers and/or impediments of skill use and innovation at the workplace level? What strategic initiatives are needed at the national level to facilitate this? What changes need to occur in the skills and capability of education and other service providers to support enterprise level workforce development?'

ERTOA comments:

There are several key areas that would assist the set up and maintenance of enterprise engagement with the VET sector:

- Targeted funding to encourage and support the set up and maintenance of ERTOS
- Simplified and consistent regulation across all jurisdictions
- A national approach to regulation

- Exposure for VET providers to successful enterprise engagement models where the focus is on workforce development and business performance not courses and course based products
- Exposure of non engaged business enterprises to the ERTO model to show how they can gain business advantage from an internal RTO
- Collection and publication of national data on skills development and associated costs in enterprises as well as basic ERTO completion data.

End of ERTOA comments.