



Australian Government



Australian
**Small Business and
Family Enterprise**
Ombudsman

8 March 2023

Ms Lisa Chesters MP

Chair

House of Representatives Standing Committee on Employment, Education and Training

PO Box 6021

Parliament House

CANBERRA ACT 2600

via email: ee.reps@aph.gov.au

Dear Chair,

Inquiry into the Perceptions and Status of Vocational Education and Training

We welcome the government's inquiry into the perceptions and status of Vocational Education and Training (VET). We strongly support the committee's efforts to ensure the inquiry captures the needs and views of business in relation to their engagement with VET. Along with increasing skilled migration, VET is vital to addressing the national shortage of skilled labour and ensuring small and family businesses have access to a workforce with the relevant skills and qualifications. Small businesses employ 42% of Australia's workforce and 43% of all apprentices and trainees in training.¹ Ensuring that the VET system incorporates the needs of small business employers is critical to supporting employment opportunities and driving Australia's economic growth. As such, we provide the following comments.

- 1. The committee should consider how employment opportunities enabled by VET qualifications can be better promoted to improve community perceptions and engagement with VET sector.**

Increased student engagement with the VET system is essential to support recruitment in small business sectors that do not require university-level qualifications. These sectors instead rely on transferrable workplace skills and other characteristics relevant to available positions. While many employment categories still require university level qualifications, the VET system provides a unique opportunity to offer efficient and affordable training solutions. The structure of the VET system also provides training organisations with the capacity to more effectively adapt to the changing needs of industries and businesses.

- 2. The committee may wish to consider VET delivery models that imbed workplace-based learning and ensure graduates have relevant skills and experience required by small businesses.**

VET delivery models that imbed workplace-based learning should be designed to encourage and enable opportunities for small businesses to engage with, and contribute, to student training. Increasing the role of business and workplace-based learning in VET may address real problems, and perception issues, that result in some VET courses and delivery modes

¹ Australian Small Business and Family Enterprise Ombudsman (ASBFEO) Data Portal, *Contribution to Australian Employment; Apprentices and Trainees Employed by Small Business*.



being rigid, slow to adapt, outdated, and unresponsive to existing or future employer needs. To help improve the accessibility of VET, delivery of qualifications should also be tailored to meet unique industry needs, such as planning teaching hours around the employing small businesses seasonal workload.

For example, the business model adopted by Apprenticeship Careers Australia (ACA). ACA has a fee-for-service model and as an apprentice/trainee employment agency, it carries the responsibility for providing apprentice and trainee Australian Government registration, training, and elements of employment such as payroll and insurances. Crucially, the ACA also offer job-matching process to pair suitable candidates with small business employers and facilitate coaching and mentoring for employee supervisors.²

Further, the committee may wish to consider international VET models such as Switzerland and Singapore:

- Switzerland's industries have a prominent role in developing VET curricula and offer apprenticeships that help ensure VET qualification skills and knowledge are relevant to industry and match industry demand. Swiss people have a positive perception of the VET system – a factor that contributes to over 70% of students being enrolled in VET qualifications.³
- Singapore's VET system is structured so that some courses require up to 80% of coursework to be delivered via workplace-based training. Such strong workplace engagement contributes to staff retention. A survey of graduates found that 80% continued with the same business post-qualification.⁴

3. The committee should consider how a 'competency verification' system could be implemented to provide assurance to employers that a graduate has genuinely met the required competencies, with consideration for the relevant experience and qualifications of teachers.

Without a mechanism to ensure trust in the quality of VET qualifications, employers, especially small businesses without dedicated human resources, may question the value of those qualifications and relevant skills of graduates.

4. The committee should consider developing capacity within the VET system to recognise transferable skillsets gained through other employment and life experience, via micro-credentials.

There is scope for better recognition of skills that already exist within the workforce and to ensure the VET system provides up to date and relevant qualifications through improved use of micro-credentials. For example, tailored courses to upskill employees with existing qualifications i.e., training internal combustion vehicle mechanics in servicing of electric vehicles.

² Apprenticeship Careers Australia. (2023). Why Partner With Us?

³ Hoffman N and Schwartz R (2015) 'Gold Standard: The Swiss Vocational Education and Training System', *National Center on Education and the Economy*, viewed 27 February 2023. <<http://ncee.org/wp-content/uploads/2018/09/SWISSVETSep2018web.pdf>>

⁴ Koay A. (29 November 2022). Students in this ITE programme get paid while studying & working in their chosen industry; Institute of Technical Education, Singapore. (22 April 2022). Work-Study Diploma Programme



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To ensure VET qualifications are dynamic and remain relevant to business needs, and further alleviate small business challenges or difficulty in identifying suitably skilled employees, consideration should be given to investing in a system of micro-credentialling. Such a system should be backed by the National Skills Agreement to better recognise and translate skillsets people have acquired during their working life.

Thank you for the opportunity to comment. If you would like to discuss this matter further, please contact Mr Lachlan Butler on 02 5114 6132 or at lachlan.butler@asbfeo.gov.au.

Yours sincerely

The Hon. Bruce Billson

Australian Small Business and Family Enterprise Ombudsman