

Tom Karmel
Managing Director
NCVER

Dear Tom,

Thanks for inviting ERTOA to be part of the consultation on new national research priorities for the VET sector. ERTOA has been involved in the NCVER VET Research Selection Panel for a number of years and members have welcomed the opportunity to have input into project selection. We hope that association will continue.

Your consultation paper raises some interesting points. In the review of your focus for 2007 to 2010 you comment on the lack of interest in Priority 4:

'While one program of work, being conducted by the Workplace Relations Centre at the University of Sydney, is approaching its study from the perspective of enterprises, priority four has attracted relatively little interest from VET researchers, perhaps because their attention tends to focus on the training sector rather than on business. This suggests that in the future it would be useful to try to attract scholars interested in industry and workplace issues to engage in VET research.'

In the light of this we would have liked to see an additional theme focused on the reality of enterprises offering structured training to their employees and the potential for the training outcomes to be part of the National Training Framework. Perhaps this could be encompassed in your Theme 8 as a way to address the issues you identify, including:

'Other challenges facing VET providers are plateauing student numbers, poor completion rates and a high incidence of mismatch between study areas and occupational outcomes. These issues highlight the need for providers to continually improve the efficiency and effectiveness of their operations... There is also a trend, which is likely to continue, towards more on-the-job training aligned to workforce development plans.'

All of these issues are addressed in the enterprise RTO training model. A wider definition of RTO and a wider definition of VET professional may be needed in NCVER's deliberations.

ERTOA has considered your discussion paper and has provided suggestions for research opportunities that would support and enhance the operation of enterprise RTOs (ERTOs), and hence the development of workforce capability in Australia. We have drawn upon some recent work we have done examining the nature and scale of ERTOs, and information developed through ERTOA planning sessions and member meetings.

We would be happy to discuss these suggestions with you in more detail.

Anthony Tyrrel
ERTOA Executive Officer
0433 044 116
anthony.tyrrel@performancefirst.com.au

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1. Research findings:

Recent DEEWR funded research conducted by ERTOA has provided some much needed clarity around the role and scale of ERTOS. The report [Profiling the Australian enterprise RTO](#) will be released shortly and published on the ERTOA web page at www.ertoa.org.au. Amongst other things the report has sought to quantify annual AQF qualification completions within ERTOS. The project estimates completions for Australian ERTOS at more than 90,000 in 2008 with over 1 million associated competency completions. These figures confirm the importance of the ERTO sector in skilling Australian workers. The research reports:

‘The total number of enterprise RTOs registered in Australia in July 2009 was 256. They represent 5.2% of Australian registered RTOs, but generate at least 20% of annual VET qualification completions.’

The report also addressed the business drivers for establishing and maintaining ERTO status. These are discussed in detail in the report but indicate that ERTOS are established to support workforce development, with the ability to access external funding a minor driver. The report notes:

The key characteristic of an enterprise RTO is that training and assessment are not the core business of the enterprise. For example, the core business of Woolworths Ltd is retailing, however, it has taken a business decision to seek and maintain registration as an RTO. Why does an enterprise such as Woolworths take this significant business decision?

The report ranked 14 business drivers using a weighted score rating with:

- An internal RTO can better develop and deliver customised training relevant to the specific business needs of our enterprise and
- An internal RTO provides greater flexibility and control in the delivery of training and assessment to our employees

ranking highest and

- The cost of using an external RTO to deliver the required training and assessment was considered to be too high and
- RTO registration helps us attract, recruit and retain qualified and experienced training professionals and
- Registration as an RTO is a pre-requisite to accessing sources of external funding

ranking the lowest amongst the identified business drivers.

The value of these findings is in acknowledging that standard enterprise training and development needs are well supported by the decision to set up an ERTO. However, the focus for the business is on workforce capability development, not on being an ERTO.

The report also commented on potential areas for additional research. They are detailed below:

‘As a result of the work done to support this paper [Profiling the Australian enterprise RTO], it is apparent that there are a number of areas that will constitute fertile and useful research directions in the future. These are briefly summarised below:

- Establishing a clear ‘RTO definition’ that could be consistently applied across all ERTOS. It is consistently difficult to get clear data on the role of ERTOS while enterprises define the role, responsibility and operations of their RTO in different ways.
- Establishing a useful measure of the true cost of operating an ERTO, or indeed on the cost of training to an enterprise. This has proven to be very difficult exercise to date because of the wide variability in the definition of what constitutes training within an enterprise. In the past the ABS has collected training effort and costs in enterprises but this has not been done for some time. There would be benefit in obtaining current figures representing the actual cost of an enterprise running an RTO, as well as current costs of enterprises training their staff.
- The reported outcomes in this paper regarding the level of qualifications offered in ERTOS, provides opportunities to look at the actual level of workplace skills and the associated AQF

level. The emphasis on lower level qualifications may indeed represent the actual work done, but also offers opportunities to raise the skills of workers and increase the up-take of higher level qualifications. This is an explicit outcome identified in the COAG National Agreement for Skills and Workforce Development.

- This paper highlights the restricted scope of registration of most ERTOs and offers potential to research engagement models with external RTOs to offer additional development beyond that scope. Useful engagement models focusing on improved workplace performance not training programs are available and could be examined to offer a workable model for engagement between RTOs and enterprises.
- Return on investment analysis appears to be a little used tool in ERTOs. There would be benefit in looking at ways to assist enterprises to gauge the effectiveness of their investment in training from a business perspective.
- On-line training is shown to be almost non-existent in ERTOs. Why are sophisticated business enterprises not using on-line learning?
- Accepting that ERTOs are major contributors to skilling Australian workers and to increasing the qualification level of workers, are there funding models that could support and extend the operation of ERTOs?

2. ERTOA member meetings and planning discussions:

ERTO A conducts a series of member meetings during the year that, amongst other things, influence and guide the work program ERTO A develops for following years. ERTO A also offers opportunities for its Committee to meet and develop a strategic approach to priorities. During 2009 a number of key priorities were identified for action in 2010 and beyond including:

‘Promoting the ERTO A training model as a workforce capability tool to skill Australian workers.’

3. The ERTO A training model and its benefit in Australian workforce skills development:

The nature of the ERTO A training model and its benefit as a workforce capability tool are detailed in the ERTO A paper [The role of enterprise RTOs in skilling the Australian Workforce](#). The paper is available on the ERTO A web site at www.ertoa.org.au. The paper prefaced its recommendations by identifying a number of enablers including:

- The identification and documentation of exemplar enterprise RTO training model case studies amongst ERTO A members.
- Research training effort in enterprises (including Government agencies) to identify potential target enterprises for the promotion and implementation of the training model.
- The provision of appropriate advice and support to enterprises seeking to gain and maintain RTO registration and to implement the training model.
- Evaluation of the success of the initiatives in promoting the training model and the contribution they have made to the achievement of the COAG Agreement outcomes.

The paper goes on to make a number of recommendations all of which have implications for potential research opportunities. The recommendations are:

Recommendation 1

Governments take steps to collect the necessary information and data to ensure the Annual National Report provides a true measure of Australia’s total annual VET effort.

At present the majority of the VET effort of enterprise RTOs goes unreported and largely unrecognised. Inclusion of enterprise RTO data would provide a significant boost to the achievement of COAG targets without the need for the provision of additional training places in the more traditional learning pathways. The completion data included in the mandated AQTF Quality Indicator

Competency Completion collection and managed by NCVER, is currently the only existing source of enterprise RTO activity data but it is not available for national reporting purposes.

Recommendation 2

Identify and implement initiatives for the promotion of the enterprise RTO training model.

The model has considerable potential for transference to other businesses which have existing non-accredited training and development processes. If the models of assessment, evidence gathering and issuing of qualifications developed and implemented by ERTOA members were used more broadly in other business enterprises, they would make a significant contribution to the achievement of the COAG Agreement targets.

Recommendation 3

Extend existing Government policies and incentives to explicitly encompass enterprise training pathways.

This would allow the existing training investment of Australian enterprises to be leveraged into a significant contribution to the achievement of the COAG Agreement targets.

Recommendation 4

Design and deliver professional development opportunities for enterprise RTOs, public and private providers.

This would introduce RTOs to a wider role in performance improvement and as performance consultants, as they develop relationships and partnerships with enterprises.

...End of ERTOA response