

19 September 2022

Director
Small Business Tax Unit
The Department of the Treasury
Langton Crescent
PARKES ACT 2600

via e-mail only: SkillsBoost@treasury.gov.au

Treasury Laws Amendment Bills

Dear Director

Thank you for the opportunity to comment on the exposure draft legislation for the Skills and Training Boost and for the Technology Investment Boost. The Digital Skills Organisation (DSO) welcomes the Australian Government's commitment to proceed with these two measures in support of Australian small business. Small and medium enterprises (SMEs), less than 200 employees, makeup 99.5 percent of all employing businesses in Australia and employ nearly 70 percent of the Australian private sector workforce. We note the two measures are for businesses with an aggregated annual turnover of less than \$50 million.

Digital Skills Organisation

The DSO is one of three industry-led skills organisation pilots designed to inform broader improvements to the national training system, alongside similar pilots in human services and mining. The DSO is funded by the Australian Government Department of Employment and Workplace Relations, through the *Delivering Skills for Today and Tomorrow*¹ package, to develop sustainable employer-led approaches that create a digitally upskilled, job ready workforce.

The DSO is testing innovative solutions so digital training may meet the skills needs of employers and build Australia's digital workforce. The DSO is working with industry, employers, and governments to identify skills needs, develop agile qualifications, and improve the quality of training delivery and assessment to shape the national training system and provide a competitive edge needed in the global market.

The DSO, as a pilot, is timed to conclude at 30 June 2023 with a final report to the Australian Government.

Key Points

- The DSO applauds the Australian Government's focus on small business, to enable small business to more readily contribute to an economy that is digitalised, through skilling their employees and through incentives to invest in technology.

¹ https://archive.budget.gov.au/2019-20/factsheets/download/fact_sheet_skills_package.pdf

- Given time is the most valuable resource for small business, access and take-up of the incentives need to be simple to understand and easy to action, while monitoring take-up especially in the early stages to ensure small business are benefiting.
- The economy requires a breadth of digital skills (digital literacy and digital fluency to technology specialist skills). But digital literacy is foundational.
- It is important to recognise the role non-accredited training can play. While the DSO appreciates the focus on registered training organisations (RTOs) many RTOs in regional and remote Australia do not have the capability to deliver this training and the take up from accredited courses is low, with low completions. Those that do graduate struggle to gain employment due to lack of industry relevance of accredited courses.
- In our submission, below, we note the crucial role of assessment. We believe the initiative must be underpinned by an approach to assessment that is measurable and guarantees an agreed standard is being achieved. It is the assessment, and the ability to undertake assessments contextualised for the workplace of the employer, that provides the right skills at the right time for the employee and employer.
- It is the assessment that gives confidence to the employer, and employee, the skills trained are relevant. An outcome approach through assessment will also give confidence to the Government the sought for outcomes of the two initiatives are being achieved.
- The National Microcredentials Framework, covering both accredited and non-accredited training, with its assessment approach will assist in mitigating any perceived risk from opening up the Skills and Training Boost to non-accredited training, especially industry training that has an assessment component.

Skills and Training Boost

The DSO supports all Commonwealth and state and territory government initiatives that may increase the level of skills in the Australian workforce. This is especially where this enables Australian small business to be more productive and innovative in undertaking job tasks to meet customers' needs or where these initiatives may lower the transaction costs for small business to employ more staff.

The Australian economy is already digitalised, that is, the need for digital skills is largely ubiquitous across the economy. This is especially the case since cloud technology became pervasive across all industries driven by the uptake of software as a service (SaaS) and the internet of things (IoT).

As a post-industrial economy, the structure of the Australian economy has changed and by value add it is about 80 percent service oriented. This means a lot of the value add is intangible and relies on skills that connect more closely with job roles that brings value add to customers from across the firm, whether those customers are domestic or international.

If productivity and innovation are the drivers of economic growth and more secure and higher paying job roles, allowing small businesses to grow, expand and employ more Australians, then underpinning these twin pillars of growth are people - richer and deeper knowledge, skills, and application of knowledge and skills - and data. With both people and the application of data to business settings enabled by technology.

For small business, technology contributes strongly to negating the tyranny of distance whether around the corner, coast to coast in Australia, or serving regional or more distant international customers. Technology also drives down business costs while differentiating the business from competitors. To get the most value out of the Skills and Training Boost, small business need to be able to access both accredited and non-accredited training that best meets their business need.

The recognition by governments, industry, and employee groups of the need to focus on skills has led to the implementation of a National Micro-credentials Framework² - a nationally consistent framework for defining micro-credentials across higher education, vocational education, and industry - of:

- VET skillsets or units of competency.
- Modularised, assessed components of existing higher education curriculum or subjects.
- Industry learning that is assessed (such as vendor certifications, professional learning).
- Other forms of assessed learning or competencies (e.g., vocational education, higher education, or industry courses not currently accredited by a regulatory authority, and those by other providers).

The key to the national micro-credentials framework is 'assessed'. It recognises skills-jobs, that is, jobs, job clusters, job families as the new structure of the post-industrial economy. These market generated employment pathways are mirrored by market generated skills pathways, of which the micro-credentials framework seeks to address.

One of the greatest challenges for business of all sizes, but especially SMEs, is the transaction costs to on-board new employees where these potential employees will not be job ready and able to integrate into the business from day one. Small business, generally, can not carry this cost. It is clear from the work of the DSO, and from national collected education and training data, consistently over time, the qualification-occupation approach does not adequately meet this business challenge.

There is a need for employers to be able to engage new employees through a skills learning pathway that delivers for a job role identified within the firm. The national micro-credentials assessed training products will better serve the economy, small business and the objectives of the Skills and Training Boost. Access to vendor certifications and professional learning will be important.

The DSO notes the Treasury seeks for submission to focus on how problems can be addressed and for ideas around recommendations. As noted, the DSO is a pilot. We have undertaken trials for sustainable employer-led approaches that create a digitally upskilled, job ready workforce. We are available to support the Commonwealth and the Treasury as it engages with employers, including small business, on skilling including through the Skills and Training Boost.

Recommendation

- The DSO recommends the agreed elements of the National Micro-credentials Framework be available for small business in skilling employees and for skilling new entrants under the Skills and Training Boost to enable more new entrants to be employed in small business and to ensure the right skills for each workplace context is delivered.

² <https://www.education.gov.au/higher-education-publications/resources/national-microcredentials-framework>

Technology Investment Boost

The DSO welcomes support for small business to adapt to an economy already digitalised.

Small business investment in digital technology requires knowledge of the technology being invested in and, importantly, an understanding of how technology may deliver better business outcomes. Our understanding is the Skills and Training Boost will not cover the costs of employing small business owners gaining understanding on what technology investments would best benefit their business.

Technology can be transformative, but it requires knowledge as to which investments may be the most transformative for that small business. Support for small business to make these decisions, up to a cap, may be worth considering, if an investment in a related technology is then made by the business. For a small business these decisions are generally one-off, require time to get right, and are generally a 'sizeable' investment for the business.

Finally, there may be greater benefit in supporting small business in the use of digital media and marketing technology investment in platforms and digital processes than actual content, so going forward small business is able to continue to independently generate its own content through the technology investment and investment in digital processes. Therefore some post investment training support for this aspect for small business, up to a cap, may also be worth considering to maximise returns on their investments in digital media and marketing technology.

Recommendations

- The DSO recommends where an investment in digital technology expenditure is claimed, external non-associated advice on making such an investment, up to a cap, be considered..
- Rather than supporting digital media and marketing content creation, post investment training in the use of digital media and marketing technology platforms and digital marketing processes, up to a cap, be considered where there is a claim under the initiative for such technology investments.

Thank you for the opportunity to comment on the exposure draft legislation for the Skills and Training Boost and for the Technology Investment Boost. I trust you find this submission of value. I may be contacted at ron@digitalskillsorg.com.au or on +61 418 979 031. The DSO remains open to assisting the Treasury with more detailed design of these measures as sought.

Your sincerely,

Ronald Jackson

Ronald Jackson
Director Policy