

RETAIL & WHOLESALE TRADE



Government of South Australia
Training and Skills Commission

www.tasc.sa.gov.au

Foreword



The Commission is pleased to present this report on South Australia's Industry Priority Qualifications (IPQs). This unique report details the extensive industry collaboration and consultation process undertaken by the Commission over the last 12 months, culminating in the identification of industry's priorities across the State economy and within 18 industry sectors; the first time this has been achieved. The level of engagement with industry stakeholders exceeded the Commission's expectations, and we acknowledge the hundreds of contributions made by industry. The scope and depth of the results achieved through this collaborative approach means this work will remain important and relevant for years to come.

These Priority Qualifications Lists are a direct reflection of industry feedback and will play an important role as one of a range of inputs used by Government to determine which Vocational Education and Training qualifications will receive publicly funded support.

South Australia needs a workforce that is innovative and adaptable but most importantly, in possession of the skills required to meet the ever-changing needs of industry and the South Australian economy. This report is a valuable tool to assist in meeting this challenge.

The detailed findings contained in this report are valuable across several domains; valuable to Government in guiding public investment in skills development, and valuable to industry to better understand and compare qualification priorities across sectors. These findings are also valuable to the Commission as they provide a platform for further exploration and policy deliberations which in turn will inform future recommendations to Government as part of our State Workforce Development Plan Skills for Future Jobs 2020 to be released at the end of 2016.

While it is acknowledged that the priorities of Government and public investment may differ from those of industry, we are encouraged by the fact that this is the first time Government will have a comprehensive understanding, informed directly by industry, of the needs of industry within the context of qualification and skills priorities.

On behalf of the Commission, we extend a sincere thank you to all contributors and respondents who participated in our consultations. It is clear that the challenges facing skills development for industry are significant, but so is the appetite from Government, industry and the community to actively pursue mutually beneficial solutions.

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Anthony Kittel
CHAIR

A handwritten signature in white ink, appearing to read 'Melinda OLeary'.

Melinda OLeary
DEPUTY CHAIR

Our Members



Mr Anthony Kittel (Chair)
Chief Executive Officer, REDARC Electronics



Ms Melinda OLeary (Deputy Chair)
Nova Systems



Mr Adrian Smith
Managing Director, Rheinmetall Defence



Ms Adrienne Nieuwenhuis
Director, Office of Strategic Programs, Chancellery,
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SA Branch Secretary, Maritime Union of Australia



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Professional



Ms Lindsay Palmer
Former Member of Parliament, School Principal
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Director, Operations & Strategy, Australian Nursing
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Deputy Members



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Professor John Buchanan
Principal Advisor, Research Impact at the
University of Sydney Business School



Dr Karleen Thornton
Nursing Director, Northern Adelaide Local Health
Network

The Training and Skills Commission

The Commission, established in 2003 and later reformed in 2008, is comprised of industry, academic and community leaders with responsibility for advising the Minister for Higher Education and Skills on skills and workforce development priorities for South Australia and regulation of our Apprenticeship and Traineeship system.

The Commission also provides independent, strategic advice on how South Australia can invest in a sustainable, highly skilled workforce particularly in key growth sectors. This advice is crucial to meeting South Australia's economic and social needs, now and into the future.

Our Responsibilities

The Commission's responsibilities include:

- promoting and encouraging investment, equity and participation in, and access to vocational education and training (VET);
- monitoring, reporting and making recommendations to the Minister on the state of VET and workforce development in South Australia, including the expenditure of public money in these areas; and
- promoting pathways between the secondary school, VET, adult community education, and higher education sectors.

Executive Summary

This report represents the significant findings of the Commission's Industry Priority Qualifications Survey. With 1,138 Qualifications, Skill Sets and Accredited Courses (QSCs) identified by industry as a priority, this report provides a unique opportunity for the State Government to strategically align its investment in skills development with the qualification priorities of industry.

The 'Whole of Economy' List of Priority Qualifications was informed by 850 responses to an industry designed survey, 20 half-day consultation sessions, discussion with peak employer and employee bodies and now a final revision after being available for feedback since the launch of the Interim Report on 8 December 2015. This document represents over 800 hours of consultation activity, and is arguably the most comprehensive exploration of industry demand conducted in any jurisdiction across Australia.

Across the breadth of our State's economy there are 106 QSCs identified as Highest Priority (Tier 1), 169 identified as a High Priority (Tier 2), 225 identified as a Priority (Tier 3), 639 identified as a Low Priority (Tier 4) and 2,961 were not selected (Tier 5).

As diverse as enterprises are within our State, the results of the Commission's stakeholder consultations indicate the wide application of generic and transferable qualifications across most industry sectors. Of the 106 qualifications identified as a Tier 1 priority, approximately 50 percent are highly transferable and non-industry specific. Leadership and management, general business related qualifications as well as work, health and safety qualifications were routinely identified as a high priority across most industry sectors.

These results are complemented by qualitative insights gathered from extensive conversations with our industry Partners, which in turn has enabled the identification of key trends and workforce development challenges in South Australia.

These include:

- The increasing complexity of the Vocational Education and Training (VET) sector is proving difficult to understand and navigate;

- Formal training is not always the answer to the workforce development needs of industry;
- Enterprises highly value skills that increase the internal mobility and capabilities of employees;
- The Australian Qualifications Framework (AQF) and Training Packages are inconsistent and often misunderstood by many engaged in the VET system;
- Continual changes to the level of public subsidy for VET qualifications at both a State and Commonwealth level diminishes business planning capability;
- The capacity of industry to invest in skills development varies widely between sectors and sub-sectors, as well as between small and large employers;
- As diverse and unique as our State's economy is in the national context, so too are the unique needs of our regions when compared to the broader South Australian economy; and
- High growth employers have demonstrated differing needs than those employers experiencing subdued conditions.

Throughout the process of consultation the Commission has remained committed to its principles of transparency with its approach and methodology.

The final consultation phase and work of the Commission has reaffirmed the strength of this engagement, with some (though not extensive) changes in priorities that reflect additional stakeholder feedback and analysis.

The Commission is confident that the 'Whole of Economy' Priority Qualifications List now represents the best platform South Australia has ever had to guide Government investment in VET towards industry need. These qualifications have been self-identified by industry and have been considered in the context of the wider economy. Discussions with our industry Partners and stakeholders were extensive to the point of being able to consider individual qualifications and their place in our diverse VET sector.

It is not always the case that VET qualifications are undertaken for the purposes of employment or improving business productivity. It is therefore important to understand the role that VET plays in our society in the broader context. The Commission has long provided support and analysis on the importance of the VET sector in social inclusion, and recognises the integral part that Adult Community Education (ACE) plays in providing pathways that encourage participation in work and community.

In this report, the Commission has provided suggestions on how the South Australian Government should treat the findings as well as identifying opportunities for future policy work.

That said, this report is a platform for industry as much as a blueprint for Government; one which provides better information on market demand and activity, as well as providing a tool to promote closer alignment of Government support to industry need.

As perhaps the only report of its kind – industry, government, training providers, employers and various other stakeholders now have yet another piece of the strategic puzzle, one which can respond to the question of ‘what training and skills should the Government support’?

This report, although not the complete answer, is a significant step forward and one that will provide insight into the skills needs of industry well into the future.

This report should be read in conjunction with the full Report on South Australia's Industry Priority Qualifications available at: www.tasc.sa.gov.au



Respondents

850 respondents completed the IPQ Survey representing employers, individuals, unions, registered training organisations and industry groups.

Key Insights



Employer Size

58% of employers surveyed identified as **micro or small businesses** with less than 20 employees.



Qualifications

Over 1,100 Qualifications, Skills Sets and Accredited Courses (QSCs) were identified by industry as a priority. This is just over 25% of all available QSCs (4,103) embedded within the IPQ Survey.



Priorities

106 qualifications were identified as a **top priority** for industry over the next five years, while 169 were identified as a high priority and 225 identified as a priority. The remaining 639 were identified as lower priority.



Top Qualifications

Generic (business-related) qualifications were consistently identified as high priorities for industry and the SA economy. These qualifications were often considered applicable to multiple occupations and transferable across industry sectors.



Skills Clusters

Managerial and Leadership, Sales and Customer Service and Information and Technology skills were ranked most highly across industry sectors by survey respondents as the skills required in the next five years.



Key Challenges

Reskilling will be a priority to meet the skills and workforce needs of the future as structural change presents ongoing challenges for the South Australian economy.



Projected Employment Growth

TaSC Interim Modelling projects employment growth of **1.1 % per annum (43,000 new jobs)** over the next five-year period.



Regional Needs

The **Industry Priority Qualifications of State Government Regions** are very diverse and need to be better understood.



High Growth & Small Employer Needs

Both High Growth and Small Employers have ranked **Marketing & Customer Engagement qualifications** as high priority.



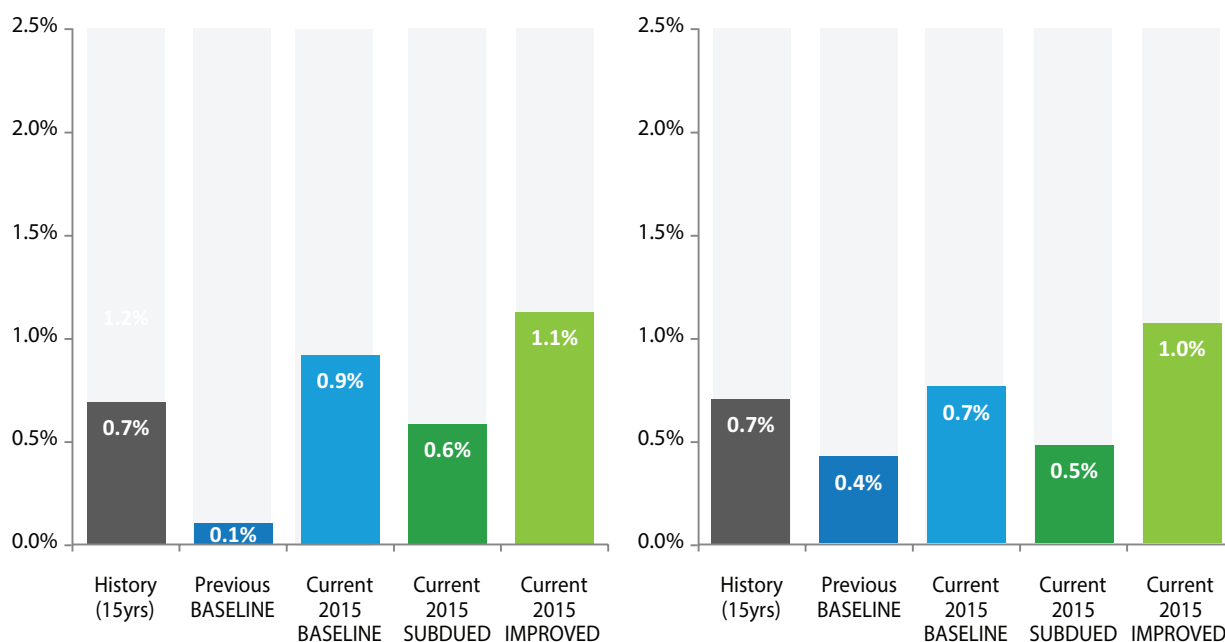
Retail and Wholesale Trade

Employment Outlook

According to the Commission's interim modelling, employment in the Retail and Wholesale Trade Industry is projected to increase 1.1 percent a year over the next five (5) years under the baseline scenario. This compares with a rate of growth over the past 15 years of 0.7 percent per annum.

Over the long-term (2014-15 to 2024-25), the Industry is expected to record continued employment growth slightly below the State average. As a result, its share of the State's employment is projected to decline from 13.6 percent to 13.2 percent.

**Figure 1 - Retail & Wholesale Trade, Average Annual Employment Change
2014-15 to 2019-20 and 2014-15 to 2024-25**



Source: Interim TaSC Economic Modelling, 2015

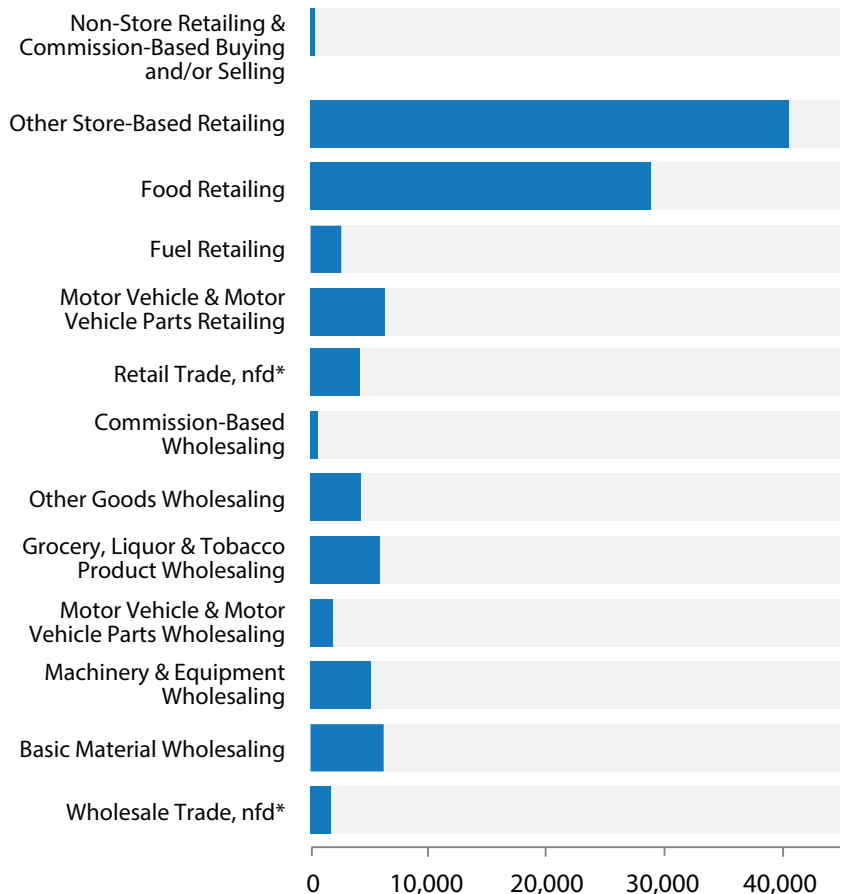
Industry Outlook

Retail sales rose 6.1 percent in the year to June 2015 in South Australia. The pace of annual growth in retail sales has lifted and is now well above the rate of a year ago (2.8 percent in the year to June 2014). The annual growth rate also remains well above the 10-year average of 3.6 percent.¹ This solid growth is promising for an Industry strongly affected by interest rates, online buying, changing customer expectations and increasing competition from International retailers.

Efficient merchandise and supply chain management are critical to successful online customer service with technology, such as Radio Frequency Identification (RFID) replacing bar coding and providing instantaneous stock information. Traditional one-way marketing has been well and truly replaced by social media, underpinned by Big Data making use of loyalty schemes².

Employment in the Wholesale Industry declined in the five years up to November 2014 by 33.2 percent³. Traditional wholesale businesses are generally family owned and have an ageing workforce who is looking to retire. This may provide business and employment opportunities in the future.

Figure 2 - Retail & Wholesale Trade, Employment by Sub-Sector



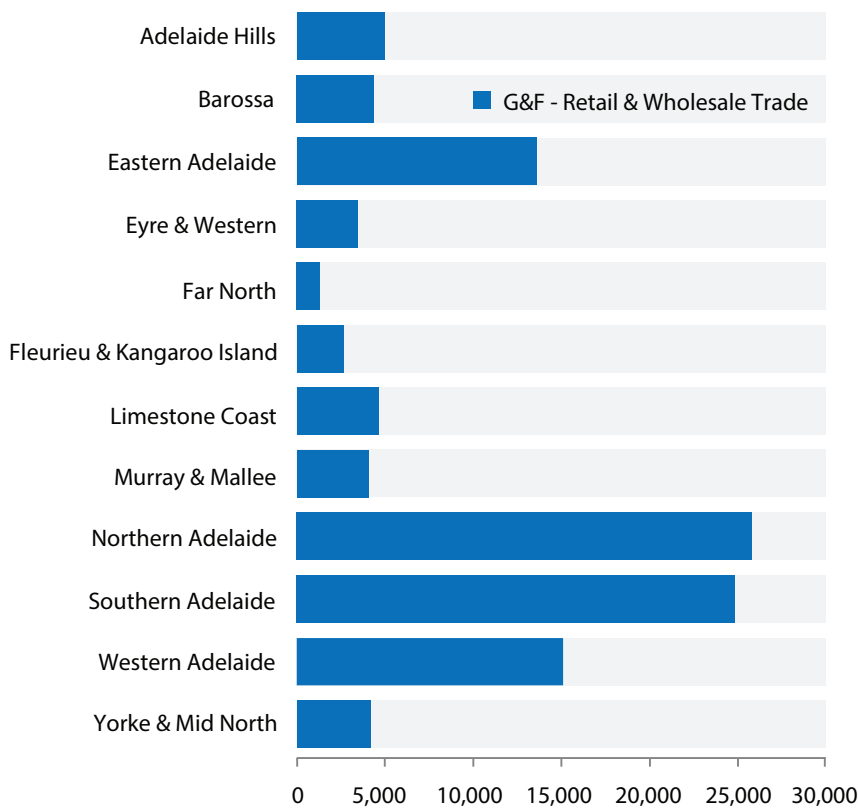
Source: Australian Bureau of Statistics, Census of Population and Housing, 2011

1 - <https://www.banksa.com.au/content/dam/bsa/downloads/report-centre/eco-reports/SApercent20Economicpercent20Outlookpercent20Augustpercent202015percent20percent20BSA.pdf>

2 - <https://www.serviceskills.com.au/sites/default/files/files/Environmentalpercent20Scans/Snapshots/2015-Retail-and-Wholesale-Snapshot.pdf>

3 - Department of Employment, 2015, Australian Jobs 2015, Australian Government.

Figure 3 - Retail & Wholesale Trade, Employment by Region



Source: Australian Bureau of Statistics, Census of Population and Housing, 2011

Motor vehicle and parts wholesaling and retailing, truck wholesaling and retailing, bicycle and marine retailing are expected to grow. Trends in the sector include consolidation of businesses, which is leading to the decline of independent operators. New business models are emerging including the establishment of joint ventures, duopoly arrangements such as those between vehicle auction and salvage auction sub-sectors, and franchisee/franchisor arrangements⁴.



⁴ - Auto Skills Australia, 2015, *Automotive Environmental Escan* 2015

Skills needs

Survey respondents ranked the Sales and Customer Service skills cluster as having the highest importance, followed by the Managerial and Leadership and then the Work Health and Safety (WHS) skills clusters.

Sustainability and Environmental and Language, Literacy and Numeracy (LLN) skills clusters were ranked of lowest importance by the Retail and Wholesale Trade Survey respondents. The subsector distribution was reasonable, despite not reaching the target number of responses. The ranking of the Entrepreneurial cluster skills as third to lowest was surprising given the fierce competition locally, nationally and globally in this Industry.

Table 1 - Retail & Wholesale Trade, Ranked Skills Clusters

Skills Clusters	This Industry	All Respondents	Compare
Sales & Customer Service	1	2	↑
Managerial & Leadership	2	1	↓
Work Health & Safety (WHS)	3	4	↑
Marketing & Engagement	4	7	↑
Administration & Support	5	5	↔
Information & Technology	6	3	↓
Financial	7	6	↓
Human Resources	8	8	↔
Entrepreneurial	9	11	↑
Language, Literacy & Numeracy (LLN)	10	10	↔
Sustainability & Environmental	11	9	↓

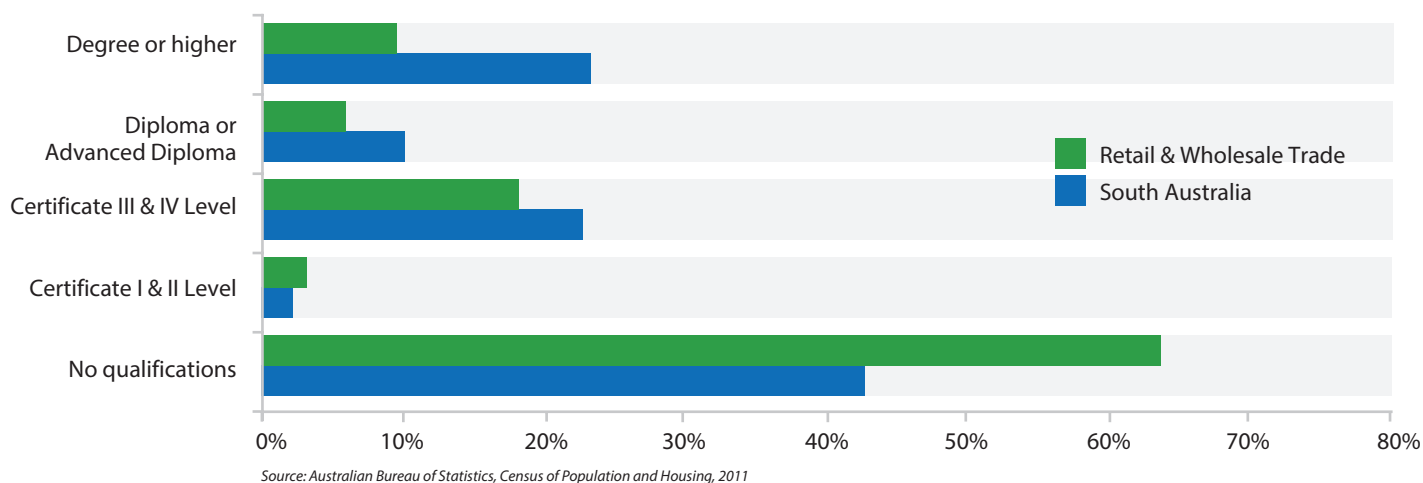
Workforce development themes and issues

Frontline retail staff are needing advanced problem solving, and deeper product knowledge to build and differentiate the customer experience. Demand for additional retail managers is expected to grow and they will need a broader skill base to manage staff, stock, marketing and information.

The pace of technological change is increasing demand for business analysis skills. Specifically, the ability to analyse Big Data to make more effective decisions. Additionally, e-commerce, digital literacy and social media skills are expected of the workforce to maintain Websites and social media. Merchandise management, particularly buying and planning skills are in short supply, somewhat explained by the shortage of formal qualifications and in-house development pathways.⁵

5 - <https://www.serviceskills.com.au/sites/default/files/files/Environmentalpercent20Scans/2015-SSA-Escan-WRAPs.pdf>

Figure 4 - Retail & Wholesale Trade, Employment Share by Post-School Qualification Level



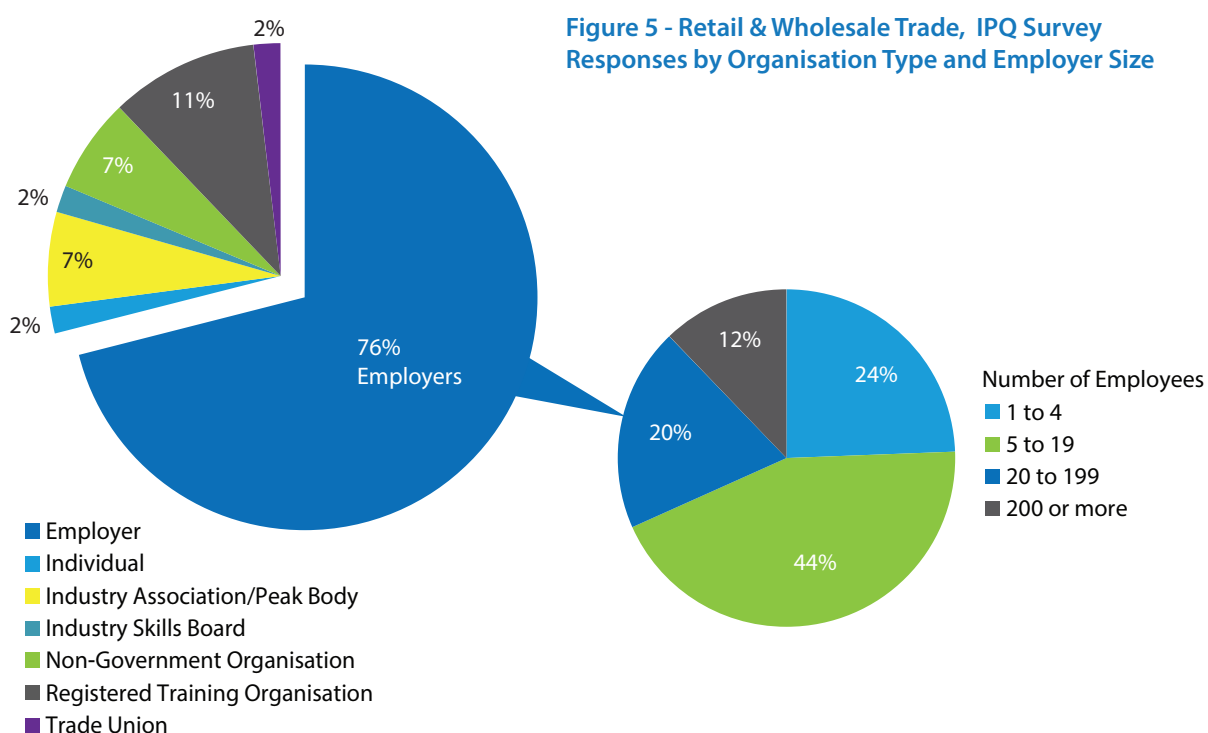
Digital technology offers the Wholesale Industry the same opportunities as Retail but many businesses still don't have websites, and more generally lack the digital skills to utilise the technology available to them. Business-to-business commerce, which requires investing in skills development and hiring new staff, lags well behind business-to-consumer commerce.⁶

The increasing complexity of motor vehicles with intelligent transport systems, navigation, tracking and infotainment systems and the embedded network of controls that manage these technologies are constantly placing new demands on the skills base. The rate of change makes reskilling a constant priority and a challenge. The previous divide between the skills of mechanic technicians and electrical technicians is no longer the case, with basic cross-over skills becoming more desirable. The marine sector reports a decline in Apprentices associated with a lack of career visibility⁷.

⁶ - <https://www.serviceskills.com.au/sites/default/files/files/Environmentalpercent20Scans/2015-SSA-Escan-WRAPs.pdf>
⁷ - Auto Skills Australia, 2015, Automotive Environmental Escan 2015

Industry Priority Qualifications

The Retail and Wholesale Trade industry received a total of 55 responses to the Survey. This was below the target number of responses, however the distribution among sub-sectors and organisation types was satisfactory and peak body industry representation was excellent.



There was a good spread of organisations by size, with the majority in the small to medium size category. Most employers reported flat employment growth over the short-term.

Stakeholders were generally pleased with the raw results of the Survey, with only a few qualifications critical to smaller industry sub-sectors reprioritised.

Table 2 - Retail & Wholesale Trade, Prioritised Qualifications

Retail and Wholesale Trade

Tier 1 (Highest Priority)

Diploma of Retail Management
Certificate IV in Retail Management
Certificate III in Retail Operations
Certificate III in Retail Supervision
Certificate II in Retail Services

Tier 2 (High Priority)

Diploma of Business Administration
Diploma of Leadership and Management
Diploma of Visual Merchandising
Certificate IV in Business
Certificate IV in Business Administration
Certificate IV in Business Sales
Certificate IV in Leadership and Management
Certificate IV in Small Business Management
Certificate IV in Work Health and Safety
Certificate III in Business
Certificate III in Business Administration
Certificate III in Community Pharmacy
Certificate III in Work Health and Safety

Tier 3 (Priority)

Advanced Diploma of Business
Advanced Diploma of Leadership & Management
Advanced Diploma of Marketing
Diploma of Business
Diploma of Financial Services
Diploma of Human Resources Management
Diploma of Purchasing
Diploma of Work Health and Safety
Certificate IV in Accounting
Certificate IV in Bookkeeping
Certificate IV in Community Pharmacy
Certificate IV in Customer Engagement
Certificate IV in Financial Services
Certificate IV in Human Resources
Certificate IV in Marketing
Certificate IV in Project Management Practice
Certificate IV in Purchasing
Certificate III in Automotive Sales
Certificate III in Business to Business Sales
Certificate III in Customer Engagement
Certificate III in Financial Services
Certificate III in Hospitality
Certificate III in Information, Digital Media and Technology
Certificate III in Micro Business Operations
Certificate III in Recordkeeping
Certificate II in Automotive Sales
Certificate II in Business
Certificate II in Community Pharmacy
Certificate II in Emergency Medical Service First Response
Certificate II in Hospitality
Certificate II in Information, Digital Media and Technology
Certificate I in Hospitality
Certificate I in Retail Services



A full list of **Tier 4** (Low Priority) Industry Prioritised Qualifications are available in the IPQ Dataset
www.tasc.sa.gov.au



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Disclaimer: The material contained in this report has been developed by the Training and Skills Commission and was informed through a detailed survey of industry and consultations with key industry partners and groups. The information contained in this report does not necessarily reflect the views of the Government of South Australia or the Department of State Development, or indicate any commitment to a particular course of action.

The information contained in the report is provided in good faith and all reasonable care has been taken in its preparation. The Training and Skills Commission recommends users exercise care in interpreting this report and carefully evaluate the relevance of the material for their purpose and where necessary obtain appropriate advice specific to their particular circumstances.

A full copy of the Report on South Australia's Industry Priority Qualifications can be accessed electronically at:
www.tasc.sa.gov.au

Images have been supplied by the Department of State Development and the South Australian Tourism Commission.

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