

WHOLESALE, RETAIL
& FLORISTRY

ENVIRONMENTAL SCAN 2010



2010



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INTRODUCTION

THE ROLE OF SERVICE SKILLS AUSTRALIA

Service Skills Australia (SSA) is the Industry Skills Council for the service industries. Skills councils are the recognised national bodies providing advice to government and industry on industry training and skill development needs.

SSA is an independent, not-for-profit body, managed by industry members and funded by the Australian government to:

- develop a culture within the service industries which promotes and enhances the skills development of its workforce
- develop policies, programs and services, including industry training packages, that support industry needs in relation to skills and workforce development
- achieve quality skills outcomes throughout the service industries
- produce quality workforce development information and use industry intelligence to inform decision making.

SSA represents the interests of businesses across sectors, including tourism, hospitality and events; sport, fitness and recreation; and retail, wholesale and personal services.

OBJECTIVES

This environmental scan provides an industry-specific overview of current and future trends and developments in the retail, wholesale and floristry industries in relation to workforce development and vocational education and training (VET). Developed in partnership with industry and based on data mostly collected between February 2009 and January 2010, the scan reflects key issues and provides information on current and future skill demands, and their context, to inform the continuous improvement of training packages in this sector.



“There is a lack of recognition of the significant contribution that the retail, wholesale and floristry sectors bring to the Australian economy.”

KEY MESSAGES

SSA’s Environmental Scan 2009 advocated for skill development in the right way and in the right timeframe. Skill development needs to occur in a way that ensures that the right skills are being developed for the job outcome, context of learners, and learners’ work circumstances¹.

These issues are still valid and current.

There is a lack of recognition of the significant contribution that the retail, wholesale and floristry sectors bring to the Australian economy.

Businesses and employees in the retail, wholesale and floristry industries bear the consequence of a broad misconception that their industries comprise low-skilled workers with a lesser need for support and resourcing to develop skills. Consequences may be seen to include poor funding support, lack of recognition of careers in the industry, and ongoing issues in the quality of training and assessment delivered by some providers.

Driven by changes in consumer trends and the demographics of the Australian and international population, the nature of the industries is changing. The complexity of the businesses, organisations and workforce that make up the industries needs to be understood by skill markets and policy makers to avoid a ‘one size fits all’ response to productivity and participation outcomes.

Any consideration of strategies to improve the capability of the retail, wholesale and floristry workforce needs to be predicated on a clear understanding of these changes.

LATEST INDUSTRY INTELLIGENCE

THE CONTRIBUTION OF THE INDUSTRIES

Retail and wholesale

The retail and wholesale industries are made up of mainly small and medium sized businesses. In 2007 they included almost 244,500 businesses² and supported a large number of small and medium enterprises (SMEs), large employers as well as retail chains and franchising companies.

The contribution of the wholesale trade to Australia’s gross domestic product (GDP) for 2008–09 was AUD57 billion (4.9%), with a similar figure of over AUD54 billion (4.7%) for the retail trade sector³.

Businesses in the industries cover a wide range of formats, such as supermarkets, department stores, discount department stores, speciality chains, commission-based retail and convenience stores.

The concentration of businesses varies between retail sub-sectors. The department store segment shows a high level of concentration, with key retailers holding 95% of market share. Medium levels of concentration exist in takeaway food, footwear and domestic appliance retailing. Low levels of concentration are found in the liquor, sport, camping equipment and photographic equipment retailing sectors⁴.

Projected growth varies across the retail sector. In the four years to 2013–14, employment in the retail trade industry is expected to grow at an average rate of 1.1% per annum, which equates to around 67,600 new jobs. Supermarket and grocery stores are expected to have the strongest annual employment growth at 3.3% per annum in the four years to 2013–14, followed by specialised food retail (2.8% per annum). Negative employment growth is projected for department stores (0.9%) and commission-based retail (buying and selling, 0.8%)⁵.

In the four years to 2013–14, employment in wholesale trade is expected to decrease at an average rate of 0.5% per annum, which equates to a loss of around 9,000 jobs over the period. The projected decrease reflects a temporary employment peak reached in 2007 and shows employment declines from this level⁶.

Besides economic factors, the value of the retail and wholesale industries for Australia's economy and population cannot be under-estimated. These industries provide the first job for many Australians, be it part-time during studies or as a first full-time job⁷. They provide the foundation for the basic work-related skills and knowledge of many individuals for their ongoing careers, whether in the service industries or outside them.

Floristry

Throughout Australia, flower retailers are an example of low volatility (volatility calculated through total number of entries and business closures as a percentage of the total business count). Industry revenue volatility can depend on such factors as changes in consumer sentiment and changes in the cost of inputs. Strong increases in consumer sentiment or discretionary income will facilitate greater expenditure on floriculture products. Similarly, higher input prices will also lead to greater revenue as higher prices are passed on to the final consumer (although the extent to which this occurs depends on the degree of competition between flower retailers). However, given that these factors usually change gradually, overall revenue volatility is low. It's worth noting that while consumer sentiment has varied significantly in recent years, these changes are often offset by changes in monetary and fiscal policy⁸.

The floristry industry is dominated by small businesses with less than 20 employees and shows a low level of concentration. There is a degree of price/quality segmentation, depending on location and customer base.

Florists are thought to derive around 55% of their revenue from floral arrangements, 20% from cut flowers, 10% from plants and 15% from delivery services and other merchandise⁹. The majority of florists have expanded their product range to include non-floral items and other merchandise, such as chocolates, gift cards, balloons, or champagne, which are often combined with floral arrangements.

The total retail value of cut flowers, both arranged and unarranged, was estimated to be around \$1.7 billion in 2008–09¹⁰. The flower retailing industry (which includes only shop-front retailers specialising in cut flowers) is estimated to account for just under half of this market.

Clearly, the population level of each state influences the number of potential customers. Therefore, as may be seen from Table 1 below, more densely populated states have a higher proportion of stores to service consumer demand.

REGION	NUMBER	PERCENTAGE
ACT	57	2.3%
NSW	873	35.4%
NT	12	0.5%
QLD	387	15.7%
SA	186	7.5%
TAS	51	2.1%
VIC	636	25.8%
WA	264	10.7%
Total	2,466	100.0%

TABLE 1 NUMBER OF FLORISTRY BUSINESSES (MID 2007)

Major customers are households (flowers as gifts, flowers for home decoration, decoration for weddings) and corporate clients, including hotels, convention centres and funeral services (floral displays).

Despite growth in consumer demand for cut flowers, specialist florists have faced increasing competition from other retailers, such as supermarkets, internet retailers, convenience stores and roadside stalls. Florists also compete in the broader gift market against retailers of substitutes such as chocolates, wines and perfume. In an effort to remain competitive, some florists have diversified into the broader gift and homewares market or niche markets, such as the commercial or wedding sectors. Despite revenue for the floristry industry growing about 3.6 % a year during the past five years, profit levels have declined from 4.7% in 2004 to 3.1% in the last financial year¹¹.

NATURE OF THE WORKFORCE

In mid-2009, the sector employed more than 1.4 million people, of which almost 41% worked part-time¹². Traditionally, the industry workforce has a high percentage of casual employees.

In the wholesale industry:

- The workforce is predominantly male. In the year to February 2009, the male share of employment in the industry was 67%.
- Employment is largely full-time, with only 17% of workers being employed on a part-time basis.
- Compared with other industries, the wholesale industry has an above average share of 'prime age' workers, aged 25 to 44. Half of the wholesale workforce was part of this age group in 2008. In contrast, the share of employed younger workers, aged 15 to 24, was below the average for all industries (10% compared with 17.7% for all industries)¹³.

In the retail industry:

- Employment is dominated by female workers. 57% of the retail workforce is female, compared to 45.4% for all industries. There is a large share of female part-time employees (34%) and a smaller share of male full-time workers in (29.5%).
- 73% of the workforce is aged less than 44, and a relatively low 27% are aged 43 years and older. This reflects a high proportion of youth employment, with many working part-time while in full-time education.
- Just under 36% of the workforce are aged 24 and younger, with 19.5% of the workforce being made up of people aged 15 to 19.
- The median age of workers in 2008 was 32, and it has the second lowest percentage of workers aged 45 years and over.
- In May 2008, nearly 60% of workers were employed in the industry without a non-school qualification, compared with 39.8% for all industries¹⁴.

Towards the end of 2009, SSA engaged in strategic conversations with 17 retail employers¹⁵.

These strategic conversations produced the following feedback in regard to the companies consulted.

- 65% of senior managers were male and 35% female.
- Gender division of retail/store managers was equal (50% female and 50% male).
- The majority of buying/merchandise manager positions were held by female employees (57%).
- Marketing managers were also predominantly female (67%).
- 80% of sales assistants were female.

On types of employment, research from the interviewed businesses found that:

- casual staff represent 56% of all employees, part-time employees 23%, and full-time employees 21%
- management positions are generally all full-time, with some part-time positions and no casual positions, and
- sales assistant positions are 52% casual, 30% part-time and 18% full-time.

The businesses consulted stated that 69% of hours worked are by full-time employees, 10% by part-time employees and 21% by casual employees.

As reflected in the demographic information above, all age groups are represented in the workforce. However the youth of the industry is marked, with 34% of the workforce aged between 15 and 21, 34% aged between 22 and 35, and 32% aged 36 and over.

Interestingly, the length of service shows that 46% of employees have been employed between 0–2 years, 23% between 2–5 years, 14% between 5–10 years and 17% 10+ years, indicating that the majority of employees do stay within the sector for longer than two years.

Regarding turnover of labour, in the companies analysed the research found that sales assistant positions account for 96% of labour turnover. Critically, casual employees represent 79.5% of this turnover. It must be noted that the information provided above reflects the overall position of the companies consulted and may not reflect the position of industry overall.

Understanding the workforce profile of the retail industry is crucial to addressing the perceptions of the industry in relation to attraction and retention. The data would indicate that the retail industry is an industry that employs high numbers of women, where employment can be gained at any age and where flexible employment options are available.

RETENTION

Retention of talent is an important focus for the industry, although this focus does not necessarily extend to the retention of casual employees. Feedback to SSA indicates that critical to the retention process is harnessing the potential of those employees who view their work in the industry as an ‘in the meantime’ job, to fully engage them in the industry as ‘career’ workers. It is important for stakeholders to realise that there are workers within the industries who identify as having a career and working casual or part-time hours.

Casual employees are predominantly trained for the skills they need to perform their job, and are often viewed as ‘pre-career’ and on the path to other career options. This should by no means reflect upon the quality of the training received or the quality of the work experience of casual employees. Promotion from within the business

is a key characteristic of the retail, wholesale and floristry industries, with many casuals pursuing a career within the industry, opportunities exist for businesses to harness their current casual workforce.

Industry tells us that skill and workforce development strategies are among the most influential retention tools for workers in the retail, wholesale and floristry industries.

DEVELOPING SKILLS IS THE BEST RETENTION TOOL.

CRITICALLY, STRATEGIES NEED TO BE CONGRUENT WITH THE BUSINESS CASE. SKILL DEVELOPMENT NEEDS TO ACCOMMODATE THE DIFFERENT TRAINING NEEDS OF DIFFERENT INDUSTRIES.

QUALITY DELIVERY INCLUDES BEING ABLE TO RESPOND TO THE VARIABILITY OF INDUSTRY

Small and medium enterprises

There is evidently a range of qualities that successful businesses must have to effectively build and sustain their operations. To a certain extent, big business has the ability to sustain a range of systems and processes to underpin growth and longevity and these must be constantly attended to. Business success is often predicated on an ability to think and work through to a long-term vision rather than a short-term vision.

SSA believes that a key role of government should be to provide advice and support to SMEs to support the development of skills and systems to improve productivity.

Leaders and managers of SMEs fulfil a wide range of roles and so require a variety of skills. The global financial crisis (GFC) has highlighted the need for managers to have a greater knowledge and understanding of financial matters, technology, business planning and human resource management. Industry feedback to SSA strongly supported the need for managers to have a better understanding of the global economy and how it relates to their businesses, and to have financial management skills to understand business processes that maintain profitability.

The importance of having succession plans in place and the need for succession planning to be included in management training were identified by industry to be important. Effective succession planning reduces the time and expense by employers when continually recruiting, and increases staff motivation through training opportunities and advancement within the business.

Leadership and management skills benefit far more than the business bottom line. Human resource management skills are critical to managing workforces with diverse needs and improving their productivity and morale, which in turn can improve individual and social wellbeing and so contribute to socioeconomic mobility and economic growth. To be effective, training for managers in broad areas of finance and human resource in the retail, wholesale and floristry industries requires a long-term approach. Convincing employers that training at Certificate IV and Diploma levels is necessary for relevant existing workers may be a way of starting the process. While this may be relatively easy for large businesses, it will be more difficult for smaller businesses where the employer is also the manager.

Industry consultation revealed a perception that many people who buy into small business are motivated by a belief in their business experience and are not aware of the limitations of that experience. The consequences of poor management are dire for others in the supply chain, such as wholesalers who are left with large debts when businesses fail.

REGIONAL ASPECTS

While broad conclusions may be made about certain sections of the service industries, it is crucial to the nation's workforce development not to homogenise workforce development responses.

Not unexpectedly, not every national trend is reflected at state level. Even within a state, there are regional variations based on the health of the industries, demographic trends (employment, growth, ageing, migration, etc.) and local economic drivers.

Usually, overall share of retail trade revenue generated by each state is correlated to:

- number of stores operating in region
- consumer demand for specific goods in state, and
- population share of state.

The trend regarding the population level of each state is that population influences the number of potential customers, and so more densely populated states have a higher proportion of stores to service consumer demand. The majority of retail trade revenue is generated in New South Wales (32%), Victoria (24%) and Queensland (21%), with the latter showing an increase in share from 19% in 2002–03. Western Australia also experienced an increased from 10% in 2002–03 to 11% in 2008–09, based on population growth as a result of the resources boom. Northern Territory, Tasmania and Australian Capital Territory (ACT) each account for about 1–2% of revenue¹⁶.

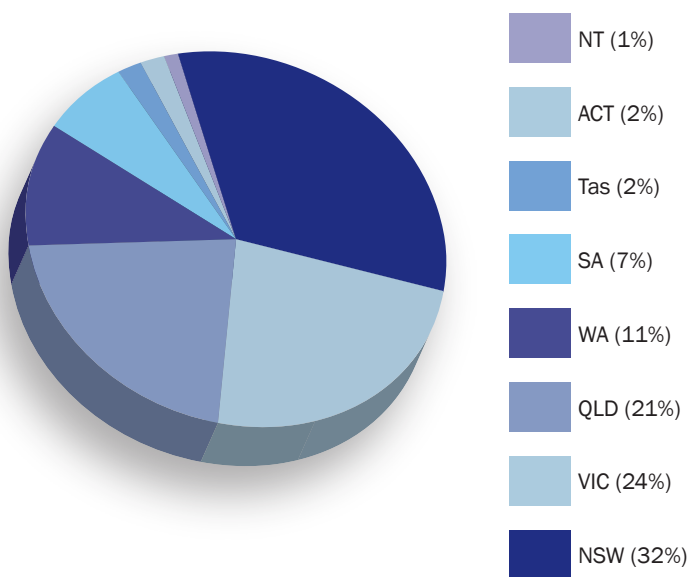


FIGURE 1 ESTIMATES OF RETAIL SHARE OF BUSINESSES BY STATE AND TERRITORY (2009)¹⁷

New South Wales

New South Wales (NSW) had the highest number of retail and wholesale businesses in Australia in 2009¹⁸, which mirrors the high population density in the state.

The contribution of net overseas migration was a major component of population growth for NSW for the year ended 31 December 2008, with 76.2% (74,300 persons). However, negative net interstate migration was experienced by NSW (-22,700 persons)¹⁹.

The declining availability of retail outlets discussed later in this scan also holds true for NSW.

Victoria

As with last year, net overseas migration made a positive contribution to the population of Victoria, which recorded a gain of 67,800 people²⁰.

The increasing cultural diversity of the Victorian workforce and its customer base means that the ability to provide services attuned to different cultures is an essential skill for many employees, especially in service-related industries.

Notably, between April–June 2009 the highest percentage of commencement apprenticeships and traineeships in SIR07 Retail Services Training Package occurred in Victoria (37%)²¹.

Queensland

Queensland continues to be the most popular destination for Australians moving interstate. The state is projected to experience the largest percentage increase in population between mid-2007 and 2056 of any state or territory, more than doubling the 2007 population of 4.2 million to 8.7 million people by 2056²².

Along with Western Australia (WA), Queensland is forecast to achieve the strongest retail growth to 2010–11, with its predicted growth of 7.5% being above the national average of 6%²³.

Interestingly, between April–June 2009 the highest percentage of completions of apprenticeships and traineeships in SIR07 Retail Services Training Package occurred in Queensland (39%)²⁴.

South Australia

In 2008, net overseas migration was the major component of population growth in South Australia (SA) at 86.9% (16,100 persons)²⁵. For service-related industries, this indicates the need for cultural awareness and an ability to work with different cultures.

By 2056, SA is forecast to have the second highest median age in Australia (43.9 years)²⁶. The effects of this ageing population will be felt, and so employers should support the participation of older workers to not only maintain the skill and experience base but also to better align their workforce with the ageing customer base²⁷.

The floristry industry reported reduced spending across the state. There appears to have been noticeably less discretionary spending in this industry since the GFC, with supermarket flower arrangements being purchased over specialised and intimate arrangements. The result has been a cooperative venture currently being coordinated to introduce more efficient buying strategies.

Western Australia

The continuous increase in WA's population, which is projected to more than double between 2007 and 2056, reaching 4.3 million people²⁸, will further boost the demand for the service industries. Along with Queensland, WA is forecast to achieve the strongest retail growth to 2010–11, with its predicted growth of 7.5% being above the national average of 6%²⁹.

Feedback to SSA revealed a level of concern that the Gorgon gas project in WA will impact on jobs in the retail sector, drawing away existing workers who are mobile and attracted to positions offering higher wages.

The state government has lifted a cap on the size of the state's shopping centres. It is anticipated that the removal of the cap on retail space will lead to numerous multi-million dollar retail expansions. Shopping Centre Council of Australia figures show that during the past decade, \$55 million was spent on retail development in WA, in comparison with \$1.7 billion in Victoria and \$3.5 billion in NSW³⁰. Political discussions are also ongoing in WA on the issue of extending the current retail trading hours.

Tasmania

Tasmania is forecast to have the fastest ageing population in Australia, which will result in Australia's highest median age of 45.7 in 2056, compared to an Australia-wide median age of 42.4³¹. This trend is mainly based on the fact that Tasmania traditionally experiences a loss to interstate migration in younger age groups and a gain in older age groups³². The major effect that this age demographic signals is the even greater competition it will mean for available workers in the retail and wholesale industries.

Northern Territory

The transient nature of many people who live in the Northern Territory (NT) impacts greatly on the ability to employ and retain qualified employees. As the territory has large remote areas, good IT infrastructure is vital in order to continuously train, keep up with current trends and developments, and deliver up-to-date services.

Two important trends in the NT's demographic for the retail, wholesale and floristry industries are the age structure of the territory and its forecast growth.

The population of the NT is the youngest of any Australian state or territory, and will continue to be so in the future. In mid 2007, the NT had a median age of 31.1, followed by the ACT with 34.5. By 2056, the median age in the NT will have only increased to 34.5, while the Australia-wide median age is forecast to be 42.4. Additionally, the NT's population is projected to increase by 186,600 people between mid 2007 and 2056, to 401,600 people. This is a significant increase of 214,900 people in the 2007 NT population³³. Hence, the effect of its ageing population (see further information below) while still noticeable, may not be felt as much in the NT as in other Australian states.

Industry feedback to SSA has revealed concern regarding the effect of franchising on smaller businesses in Darwin. Specifically, that there is not a large enough population to support franchises and smaller enterprises in a region where retaining quality staff is a challenge.

Feedback also indicates that Darwin residents are making a conscious effort to buy locally, which is helping to support local businesses. Please refer to sustainability section on page 13 for further information on this topic.

Australian Capital Territory

Of importance for employers is that between June 1998 and June 2008, the ACT's net interstate migration fluctuated considerably, but declined overall. In 2007–08, the ACT recorded a net loss of 265 persons³⁴.

In seasonally adjusted terms, total retail turnover in the ACT increased by 0.7% from July 2009 (\$370m) to August 2009 (\$372.6m), which was in line with national trends³⁵.

This increase was mainly based on a positive growth in food retailing and cafés, restaurants and takeaway food services³⁶.

MACRO-ENVIRONMENT FACTORS

The changing landscape

Change is a constant within the retail, wholesale and floristry industries. The difference between those businesses that foresee and adapt to change and those that don't is survival.

According to industry feedback, among the changes that the retail, wholesale and floristry industries have seen in the past several years is that the pace of change is accelerating. Being first to market is the key to success. This is very important in understanding how responsive the training and education sector needs to be to keep up with industry. Industry cannot afford to wait and will do whatever it takes to not only keep up with, but get in front of, change.

The retail, wholesale and floristry industries are commercial environments and are based on quick delivery and immediate results making execution critical to viability and success. This drives a very results-focused environment, where decision making and problem solving happen at a fast pace.

Changes occurring in retail that were reported by industry stakeholders are summarised in Table 2 below.

FROM	TO
Dynastic, privately-owned business empires operating in the Australian market	A plethora of privately owned, speciality, franchisee, publicly-listed small and large businesses operating in a global environment
Operating in a stable environment with small incremental change	Operating in a fast paced environment where sustainability is driven by the capacity to respond nimbly to growth, increased customer expectations, increased competition and increased excitement in product design and availability
Less complexity and fewer processes (boxes in – boxes out)	Increased complexity, process systems and legislation impacting on product selection, in-store merchandising and decision making
Mundane, repetitive tasks, high cost of doing business, command and control culture where decisions are made by managers	Increased process and technology, reduced cost of doing business, emphasis on driving business efficiency and continuous improvement, increased automation (floor ready stock), problem solving and decision making devolved to shop floor
Operations-driven strategies	Customer, employee and community focus and involvement (live and work in community)

TABLE 2 INDUSTRY FEEDBACK ON CHANGES IN THE RETAIL SECTOR

The retail, wholesale and floristry industries are very diverse in relation to the products and services provided and the size of businesses and customer segmentation, and have experienced significant growth and change over the past several years. Industry feedback suggests this will continue in the future, albeit at a faster rate.

Feedback identified current major issues as being the availability of suitable retail outlets with proximity to key markets, transport and parking facilities; and rising rental and leasing costs, which make it harder for small businesses to compete for prime locations. Retailers and other relevant stakeholders involved in the consultation also held the opinion that SMEs face rising competitive pressure from major supermarkets and the growing internet-based retail market.

Growing population

Australia's estimated resident population of 22 million in June 2009³⁷ is projected to increase to between 30.9 and 42.5 million people by 2056, and to between 33.7 and 62.2 million people by 2101³⁸.

This population growth will lead to an increased demand for workers in the service industries; whose skills needs will be driven by the staff efficiency and productivity gains required to service the growing number of customers and changing nature of their needs.

Ageing population

Population ageing is occurring globally, with a substantial shift in the age structure towards older ages. The median age of Australia's population (36.8 years mid-2007) is projected to increase to between 38.7–40.7 years in 2026 and to between 41.9–45.2 years in 2056³⁹.

Australia's population aged 15–64 years, which encompasses much of the working-age population, is projected to decline from 67% in 2004, to between 57–59% in 2051⁴⁰. As labour force growth is forecast to be slower than population growth, participation rates will decrease.

Consultation with the floristry industry revealed that mature female workers are generally considered to be valuable employees because of their strong rapport with target customer markets. Workplaces that employ older workers reported that despite challenges posed by the use of new technologies, this labour cohort clearly demonstrates a willingness to learn new skills.

With the reduced youth pool, many retail businesses (especially large department stores) are already looking at other groups as sources of labour. Older women in particular are increasingly valued for their life experiences and preference for part-time work.

The ageing Australian population presents a challenge for those businesses that require the manual handling of heavy objects. From a workplace health and safety perspective, there is an increasing need to consider mechanical processes to overcome this issue. Some employers spoke of introducing workplace programs to help staff maintain health and fitness⁴¹.

Sustainability

Feedback to SSA revealed that employers are finding that customers and potential employees are increasingly aware of environmental issues. Those customers aware of environmental issues will often choose products with low energy consumption as a first preference.

The retail and wholesale industries have significant potential to provide a range of sustainable products and services, as well as advice on water and energy-efficient products to consumers⁴². However, the trend towards purchasing sustainable and organic products – whether food, clothes or toys – depends on the customer's level of disposable income and living costs, as well as consumer confidence.

Environmental sustainability issues addressed in SIR07 Retail Services Training Package may be found in the following units of competency.

- SIRXCLM001A Organise and maintain work areas (offered at Certificates I, II, and III qualification levels).
- SIRXGLC003A Comply with legislative requirements affecting business activities (offered at Certificate II qualification level).

These units cover areas relating to the legislative requirements of environmental protection, waste removal, hazardous substances and dangerous goods (such as flammable goods, explosive goods and waste), avoiding spills, and using personal protective clothing.

WRF04 Floristry Training Package is currently under review and its replacement (SFL10) is expected to be endorsed in 2010. The proposed draft training package includes sustainability skills from the perspective of both individual tasks and management. Successful completion of the floristry qualifications requires knowledge of the environmental impact of constructing and maintaining floristry products and practices that minimise their impact, especially those that relate to energy use. Knowledge is also required of correct and environmentally sound disposal methods for all types of waste, in particular hazardous substances, spoiled and diseased flower and plant materials, and those with a propensity to propagate weeds. Safe use of hazardous substances, such as cleaning and conditioning agents and preservatives, is also required.

Economic factors

Business sales in retail are of a cyclical nature and react quickly to economic trends and changes in consumer spending patterns. The level of consumer spending varies in response to various factors, the most noticeable being interest rate changes and fluctuations in petrol prices.

As a result of the GFC, some businesses indicated they are very conscious of expenditure and wherever possible have reduced it, by such means as delaying capital works, cutting back on conferences and training for existing workers, and not taking on additional trainees. The GFC has highlighted the need for managers to have a greater knowledge and understanding of financial matters, including business planning, as managers are expected to maintain outputs on smaller budgets.

Feedback to SSA indicated that the GFC provided the opportunity for some businesses to restructure operations and make better use of frontline assets, rather than terminate staff. Some major companies reported having cut training arms to reduce costs and, as a result, may have to buy-in training once full recovery is underway.

The majority of industry stakeholders consulted noted that the federal government's stimulus package had helped boost sales immediately, however some believed it had also only delayed the inevitable dip in sales.

Economic uncertainty caused by the GFC, which in some cases stakeholders reported had been exacerbated by media attention on job cuts and redundancies, resulted in many consumers cutting their spending. However, select reports on the economic recovery reveal that retail spending increased in the 2009 June quarter, indicating growing consumer confidence. 'Australians who retained their jobs enjoyed higher disposable incomes, due to consecutive interest-rate cuts, lower petrol prices and prolonged sales by retailers. This increase in spending capacity, as well as the federal government's handouts, helped save the retail sector from a worse fate'⁴³.

It is estimated that Australia's GDP will increase by 1.8% in 2009–10, and then at an annual rate of 3.6% over the four years to 2014–15. GDP growth is expected to peak at close to 5% growth in 2011–12, before slowing to less than 3% in 2013–14 as high interest rates take their toll⁴⁴.

The importance of value was highlighted in industry feedback to SSA, with the view that customers need to feel they are getting greater value for money. This is seen as a new trend, with customers becoming increasingly discerning in their choices. Service delivery is also viewed as critical, with the time of turn-around of services vital in the retail industry.

Business trends

During consultation with SSA, representatives from the retail industry were asked to identify the major business trends and changes they expect to take place over the next five to ten years.

The trends identified included a wider range of products, changing service delivery, incorporating franchising elements into department stores, the promotion of career pathways and the changed perception of retail jobs as a 'real profession', increased computer literacy and self-service checkouts in a number of supermarkets and hardware warehouses.

The importance of increased computer literacy was also raised by the floristry industry, especially increased online requirements to allow instant answers to customer queries and orders, constant website updates and regular special offers. Another noted trend is the decreasing market share for florists. By expanding their products to include gift lines, florists are attempting to reverse this trend.

Decreasing market share for small food specialists, such as butchers and fruit and vegetable stores, to the benefit of larger retailers was also identified as a future trend. With this in mind, an increased need for management training in business administration and the development of business plans to guide business operations into the future may also be required. In the case of personal and household retailing, the reverse trend is occurring with department stores losing market share to specialist outlets, such as women's clothing stores.

There is also increasing pressure for staff to be able to have comprehensive product knowledge to be able to sell the 'full package'. One large employer said that only about 10% of its employees have adequate customer skills. Smart recruitment practices followed by workplace-specific training will be essential to handle increasing customer expectations.

Technology

Changes in technology impact on the retail, wholesale and floristry industries. They represent major tools for increasing sales and generate ongoing training and skill development for employees.

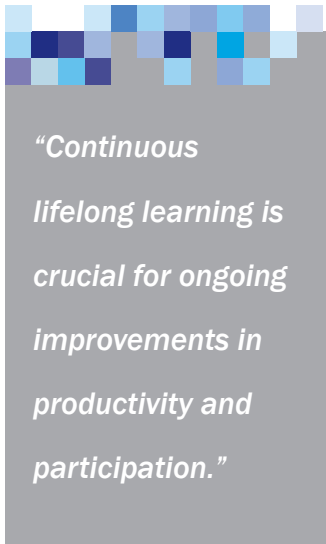
The major technological trend identified during industry consultation was the development of radio frequency identification (RFID) technology, which has the potential to bring about major changes in the retail sector. RFID tags are seen as a potential replacement for barcodes, having a number of important advantages over the older barcode technology. The development of RFID technology may eventually lead to the replacement of cashier staff with an automated system that requires no barcode scanning. RFID technology is already finding application in the management of supply chain inventory (e.g. containers). While it is hugely challenging and costly for businesses to implement, RFID could potentially improve customer experience by making checkout faster and freeing staff to handle other aspects of the business, like customer enquiries. A further benefit of RFID is the increased security it offers through the tagging of goods, thus eliminating loss due to shoplifting.

Another major identified trend in the retail industry is the growth in online retail, which will lead to expenditure shifts and savings on such things as use of space for retail outlets. There may be a reduction in staffing, but good web-based customer service is viewed as critical in terms of responsiveness and handling customer queries and complaints.

The ability to use changing technologies and software applications has been identified as a huge advantage, as it allows businesses to advertise to a wider audience relatively cheaply. Instant messaging and the ability to display photographs of new products also assist online sales. The online availability of product images also increases accountability for delivering products as shown.

E-learning has not yet taken off at a great pace within the retail, wholesale or floristry industries, but there is some interest, especially from training organisations.

While e-learning was identified as advantageous for people who are capable of self-directed learning, there is a belief that face-to-face learning for practical components is still of benefit.



“Continuous lifelong learning is crucial for ongoing improvements in productivity and participation.”

IDENTIFIED WORKFORCE DEVELOPMENT NEEDS

People – customers and employees – are critical to the retail, wholesale and floristry industries. The industries firmly believe that building a highly skilled workforce will deliver a highly productive economy. Continuous lifelong learning is crucial for ongoing improvements in productivity and participation.

Work in the service industries dominates the economy, and working in these industries demands a range of different skills to those required in other industries, like traditional trades⁴⁵. Workforce development is about ensuring that Australian industry has access to appropriate numbers of skilled workers to address needs into the future. It aims to tackle the skill shortages that will come about as a result of trends, such as the ageing population, by increasing levels of workforce participation and developing the skills of the current workforce. Any course of action to solve skill shortages and increase workforce participation will depend on the sector specific labour market that is in imbalance – as each market may need a tailored solution⁴⁶. If a blanket approach to workforce development is adopted, the result will be an under representation of the development of service industries workers.

The reality is that the majority of jobs that will be available in the retail, wholesale and floristry industries will be at entry level – that is, Certificates II and III. These skill levels are suited to the majority of employer needs, with most employees commencing with basic skills in customer service and then, for some, gaining skills and experience in specialised fields. This skills gap needs to be addressed. It should be noted though that while the mismatch in supply and demand does represent a need for higher level skills for those who do not possess a qualification, it does not reflect a demand for training only at diploma, management or trade level.

To provide a more detailed view about the training needs for the service industries, SSA has recently engaged Monash University through its Faculty of Education Centre for the Economics of Education and Training to develop a labour and skills forecast for the service industries in 2010.

Qualifications

Entry point to these sectors is at Certificate II, with the 'trade level' qualifications (which include skills in supervising and coaching staff) sitting at Certificate III. Australian Qualifications Framework (AQF) level 2 and 3 qualifications represent the bulk of the retail, wholesale and floristry workforce, with the remainder made up to a significantly lesser extent of the higher AQF levels. The industry qualification structure and framework reflect this fact, and so the opportunity to develop a more highly skilled workforce lies in skilling the workforce to AQF level 3.

Moreover, recognition of skills is critical when one considers that public funding data describes that 40% of the retail workforce⁴⁷ and 51.6% of the wholesale workforce hold non-school qualifications⁴⁸. With this in mind, notions of developing a highly skilled workforce must also be tied to building first on recognised skills.

Institutional delivery

SSA understands that a significant number of students in fee-paying colleges undertake a number of service industry qualifications through an institutional pathway, with minimal exposure to a real workplace context.

An increasing number of employers are reporting that graduates from institute or wholly classroom-based programs do not have the equivalent skill depth and breadth as graduates from workplace-based programs (for instance, from apprenticeships).

Evidence is mounting that the typical institutional delivery approach used by many colleges is of an inferior quality because:

- many students do not get access to workplace training or work experience, and
- without a workplace component, the training is shorter and inadequate for the development of employability skills relevant to real work.

It would appear that a number of providers are not meeting the delivery requirements specified in the training package. It has been reported that training facilities often do not meet the recommended standard and that students graduate without ever getting access to industry application at work or in training. As a result, employers are reluctant to employ graduates from 'institutional course pathways' as they are not considered to be work ready. This significantly disadvantages international students, who in effect receive a less valuable qualification than others simply because of their choice of provider and despite a regulatory system which assures standardised quality for all recognised providers.

It is also problematic for employers and employees who work with these graduates if they find employment. There are certain expectations in relation to a qualification which, through no fault of their own, they cannot fulfil and which have implications for workplace safety and productivity. Students who experience this are often left with a poor sense of mastery, achievement and possibly self-worth.

Assessment practice

The question of assessment practice in institutional pathway delivery is of great concern to SSA and industry. If students are gaining qualifications without gaining the skills articulated in the industry training packages, the assessment processes must not be sufficiently thorough.

The perception is that there is widespread inconsistency and poor practice in relation to assessment, resulting in the awarding of qualifications which industry views as lacking value. Examples of this include:

- lack of rigor in the interpretation and application of competency standards
- poor attention to industry expectations and requirements in the context of assessment, and
- lack of industry experience among assessors.

Completion rates

Completion rates continue to be a concern to this industry. Critically, industry overall and the service industry in particular, believe that they have been unnecessarily disadvantaged by use of completion rates as a measure of success of industry training. This situation remains a concern in 2010.

There is a range of measures that assess the inputs, outputs and outcomes of the VET sector. A primary outcome measure is recording the number of students who complete government-funded VET courses. Government funding is usually provided through traineeships, short course programs and skill shortage courses.

The completion rates of government-funded courses vary significantly across industry sectors and qualification levels. While completion rates are considered quite high, there is minimal information on the context in which this data is collected.

Within the service industries and in other sectors, little is known about why completion rates vary and, in particular, why students do not complete courses. Further research on completion rates is warranted if this issue is to be properly understood.

Currently, information publicly available on VET effort is limited to public-funded training and accredited training delivered to international students as part of immigration requirements. SSA is aware that the existing data only provides part of the picture and is looking forward to the implementation of the National VET Data Strategy.

The issue of completion rates and how VET is measured is currently a high profile issue, as the federal government outlined in its response to the Bradley Review of Higher Education⁵⁰. The federal Minister for Education has stated that VET course completion rates should be a primary indicator of success when looking to increase the number of students who receive a qualification.

Quality delivery – industry’s contribution

As observed earlier, while SSA represents industry’s voice within the VET sector, its influence in strengthening training provision is limited to ensuring the robustness of its training packages. However, industry representatives are keen to become more involved in implementation to support the national training system and build the nation’s productivity.

In response to ongoing industry concern, SSA has already made improvements to the quality of its training packages. This has resulted in more specific units of competency, tighter assessment guidelines, and more detailed requirements for assessors. Future changes will also result in a more helpful/detailed resource checklist available as part of the non-endorsed training package support material.

Further, SSA has recently implemented two initiatives to provide more guidance and input into provider recognition processes, which have been very well received.

- The ‘pink slip’ system, whereby in NSW the Vocational Education and Training Advisory Body (VETAB) contracts an industry specialist to inspect the registered training organisation (RTO) prior to registration to ensure that its facilities meet industry standards.
- In the development of the most recent Training Packages, SSA has produced a User Guide which specifies:
 - minimum assessment and learning requirements to achieve qualifications
 - required assessor/trainer qualifications and experiences above and beyond those required by regulation
 - professional development requirements for trainers and assessors
 - requirements around work placement and/or experience
 - guidelines for selecting and recruiting students
 - minimum equipment and facility requirements for delivery
 - minimum recommended duration for delivery of units and/or qualifications.

SSA recommends that auditing and quality processes be made more effective through a more active industry role, including the use of industry advisers.

The service industries are ready, willing and able to be more supportive of the national training system. SSA’s commitment to ensuring that the skilling system is able to support productivity growth has been reiterated in a range of projects, including the ‘New Deal’ project⁴⁹ which explored ways that industry can value add and support better quality outcomes in its training system.

In 2010 SSA will implement recommendations of the ‘New Deal’, which will result in:

- retaining a panel of technical industry advisers that will be available to audit systems to assist in the audit process and spot checks
- establishing a provider recognition and information system to support the selection of quality training providers
- establishing a service industry assessor network to enhance VET practitioner capability, and
- implementing a strategy to improve the capability of VET practitioners working with the service industries, including an annual series of professional development activities aimed at improving industry and pedagogical skills and knowledge.

Core skills

Apart from vocational education, the development of core skills (language, literacy and numeracy skills) helps individuals effectively and safely operate at work and in their personal lives and so is important for the productivity and efficiency of businesses. Sometimes employers and managers focus their training on vocational skills, neglecting the literacy and numeracy that underpin those skills. When the development of language, literacy and numeracy skills is handled constructively and sensitively, one could expect this to positively impact upon retention rates.

The results of the 2006 Adult Literacy and Life Skills Survey (ALLS)⁵¹ provide information on whether Australians' literacy skills are adequate for the challenges they face in daily work and life. The ALLS gives information on skills and knowledge of 15 to 74 year olds in the following four domains: prose literacy, document literacy, numeracy and problem solving. ALLS measures literacy and numeracy by using a 5 point scale where 1 is the lowest level and 5 the highest (except problem solving, where the highest is level 4). To assist with interpreting the results, level 3 is regarded by the survey developers as the minimum required for individuals to meet the complex demands of everyday life and work in the emerging knowledge-based economy.

As may be seen in Table 3 below, the data shows that the majority of people employed in the retail and wholesale industries are at prose and document literacy levels 2 and 3 and that numeracy and problem-solving skills are less developed. Feedback indicated that core skill issues need to be addressed hand in hand with customer service and 'attitudinal' skills.

PROSE LITERACY	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4/5
Retail	166.7 (13%)	438.6 (35%)	473.2 (38%)	160.6 (13%)
Wholesale	46.4* (11%)	127.2 (30%)	168.4 (40%)	77.5 (18%)
DOCUMENT LITERACY	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4/5
Retail	165.3 (13%)	403.3 (33%)	484.5 (39%)	186 (15%)
Wholesale	44.3 (11%)	117.9 (28%)	173 (41%)	84.3 (20%)
NUMERACY	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4/5
Retail	218.6 (18%)	424.6 (34%)	434.9 (35%)	161 (13%)
Wholesale	59 (14%)	117.5 (28%)	162.7 (39%)	80.3 (19%)
PROBLEM SOLVING	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4
Retail	387.4 (31%)	474.6 (38%)	308.3 (25%)	68.7 (6%)
Wholesale	99.2 (24%)	151.2 (36%)	140.7 (34%)	28.3 (7%)

* estimate has a relative standard error of 25% to 50% and should be used with caution

TABLE 3 LEVEL OF CORE SKILLS OF EMPLOYED PEOPLE IN THE RETAIL AND WHOLESALE INDUSTRY (IN '000)

The data from the ALLS survey shows a strong correlation between education and training and achieved literacy levels. People who had completed a qualification generally had higher literacy scores. Employment also contributes significantly to the achievement of functional literacy levels.

Please refer to Appendix B for a full definition of core skills and core skill levels.

SUGGESTED APPROACHES TO WORKFORCE DEVELOPMENT

Recognition of prior learning

During 2009, SSA worked with industry to develop a new model of recognition of prior learning (RPL), as feedback had indicated that employees in the service industries found the existing RPL processes and procedures too demanding, requiring a considerable investment in time and effort in an industry where time is crucial to ensuring quality customer experiences⁵².

A SKILLS RECOGNITION PROCESS THAT IS APPROPRIATE FOR THE SERVICE INDUSTRIES NEEDS TO BE INDUSTRY AND WORK FOCUSED.

Skills recognition candidates need to describe and/or demonstrate the jobs and tasks they do and describe and/or demonstrate what the jobs and tasks involve. Taking into account the feedback on capability, a crucial part of the process involves an industry savvy 'specialist' assessor who 'translates' the information provided to meet VET requirements.

IT IS THE SPECIALIST ASSESSOR WHO DECIDES WHETHER THE INFORMATION PRESENTED COULD BE EQUIVALENT TO A QUALIFICATION OR PART OF A QUALIFICATION – NOT THE CANDIDATE. THE CANDIDATE'S ROLE IS SIMPLY TO KNOW WHAT THEY DO IN THEIR INDUSTRY.

One of the major strengths of this model is that it is very simple for new, existing and potential workers to understand. As this more interactive, facilitated process does not require individuals to have strong literacy skills or knowledge of competencies and the VET framework, it also meets the diverse needs of the service industries' workforce. In reality, the approach is based on the candidate's experience and skill with duties and tasks. It is the assessor's responsibility to link the candidate's information to competencies⁵³.

VET in schools

Industry feedback to SSA indicated problems around the delivery of vocational education and training in schools (VETiS). The feedback suggested that typical delivery of VETiS does not achieve required industry outcomes and, often in school environments, VET training requirements are in competition with a fundamentally different pedagogical approach than that required by VET. Furthermore, inconsistency of VETiS practice and delivery across the states and territories makes delivery difficult for those providers and employers who employ across state borders.

Working with industry, SSA is addressing these issues through its VETiS project in 2010, which includes the development of an industry position paper and 'rules of engagement' for the service industries. Further, it aims to develop 'resource ready' tools to assist VETiS delivery, as well as case studies that reflect what is occurring in industry.

Integrating higher education and VET into the retail sector

The retail industry has identified that retention of quality employees is a key sustainability issue. In addition, promoting retail as a worthwhile career and profession is a strategy that many employers believe is crucial to retaining quality skilled labour. Industry stakeholders have reported that VET qualifications and higher education degrees are useful for a variety of reasons, including providing skills for the workplace, developing frameworks for thinking for the future, expanding employee horizons, demonstrating the professionalism of the industry, affirming self-worth, and as an opportunity for employers to value add to employees' workplace experience.

As previously discussed, employees in the retail sector have low levels of tertiary qualifications. As there is a high correlation between tertiary education and effective performance, there is a clear need to professionalise the retail industry through higher levels of qualifications. Furthermore, industry is keen to see relevant outcomes in terms of employability and qualifications that improve productivity.

Therefore during 2009 SSA worked with the University of Western Sydney (UWS) and its associated training organisation, the University of Western Sydney College (UWS College), on a project to address this identified need. 'Integrating Higher Education and VET in the Retail Sector' set out to provide candidates with a degree with an integrated VET major in retail. Through this elevated qualification, retail employees will be able to take advantage of career opportunities in industry at managerial levels.

Strengthening the relationship between the VET and higher education sectors is critical to each sector. Equally critical is addressing issues around workforce development in retail, as well as quality issues that are relevant to both sectors; issues such as questions of trainer capability, relevance of pedagogy and appropriateness of programs. The partnership between education sectors is proving that positive, productive and effective relationships, built on the needs of industry as well as mutual trust and understanding of the role that each can bring to industry, will provide a powerful foundation for a strong retail workforce.

CURRENT IMPACT OF TRAINING PACKAGES

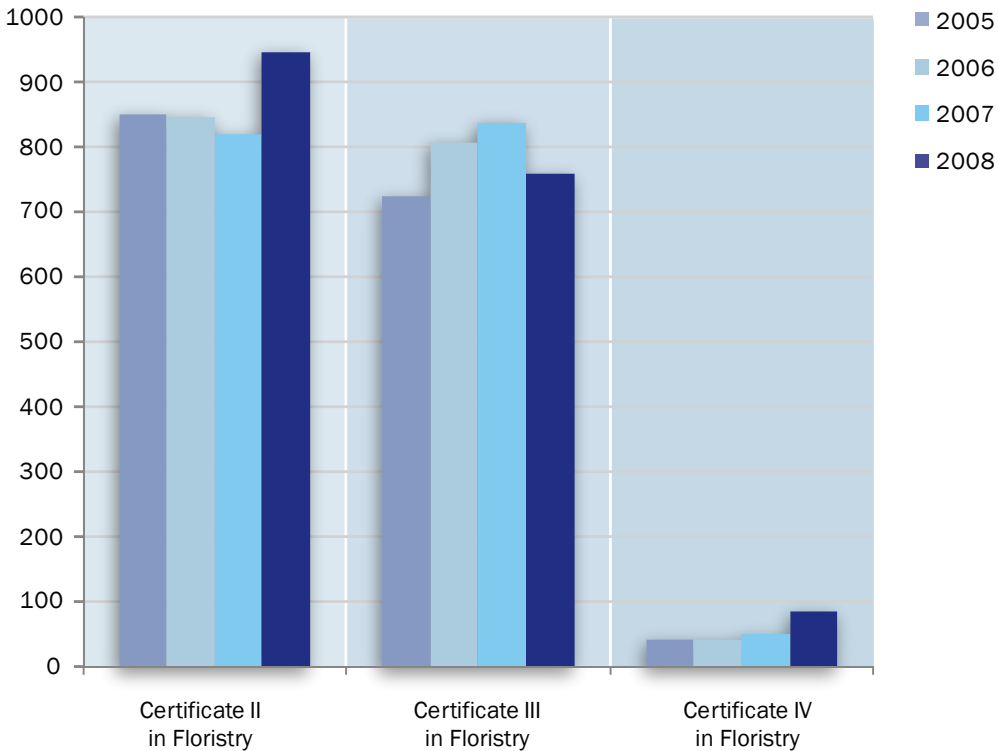


FIGURE 2 VOCATIONAL COURSE ENROLMENTS BY FLORISTRY QUALIFICATION (2005-2008)

The majority of enrolments in WRF04 Floristry Training Package over the last four years have been at the entry-level qualification Certificate II. The rising number in enrolments seen in Figure 2 above for Certificate IV can be attributed to the growing acceptance and uptake of the VET pathway by the industry⁵⁴.

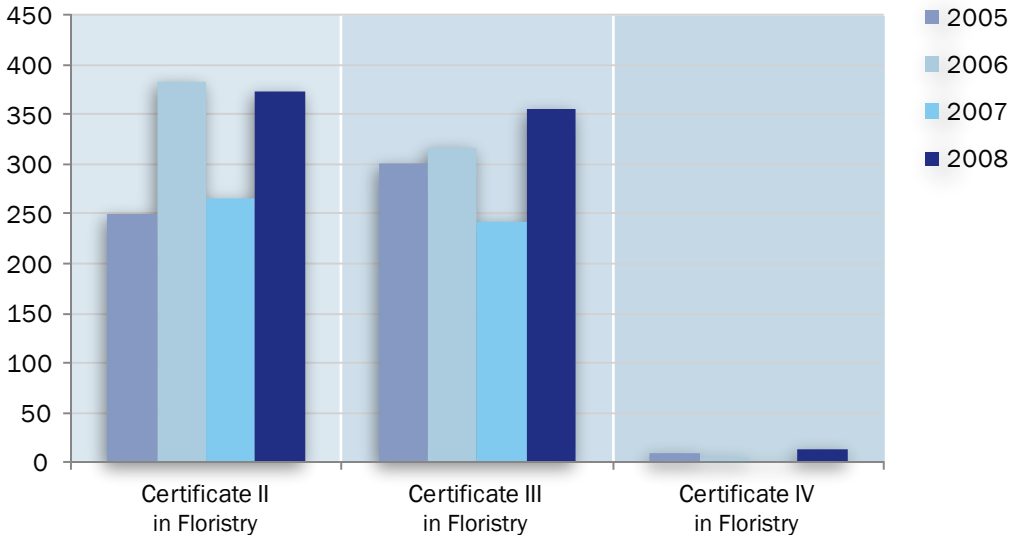


FIGURE 3 VOCATIONAL COURSE COMPLETIONS BY FLORISTRY QUALIFICATION (2005-2008)

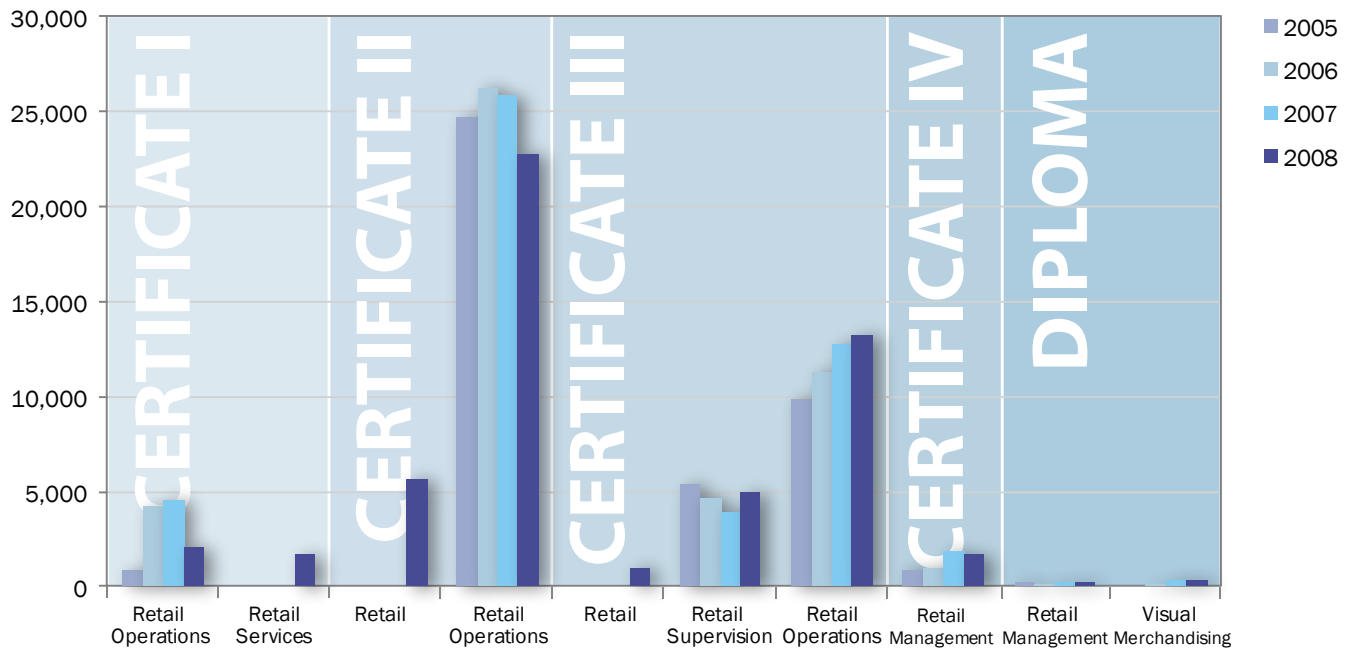


FIGURE 4 VOCATIONAL COURSE ENROLMENTS BY RETAIL QUALIFICATION (2005-2008)

The majority of government-funded course enrolments in retail training by public providers between 2005 and 2008 were in the Certificate II in Retail Operations, which is considered to be the entry-level qualification relevant for most of the workforce.

The growing number of enrolments in the Diploma of Visual Merchandising mirrors industry's needs.

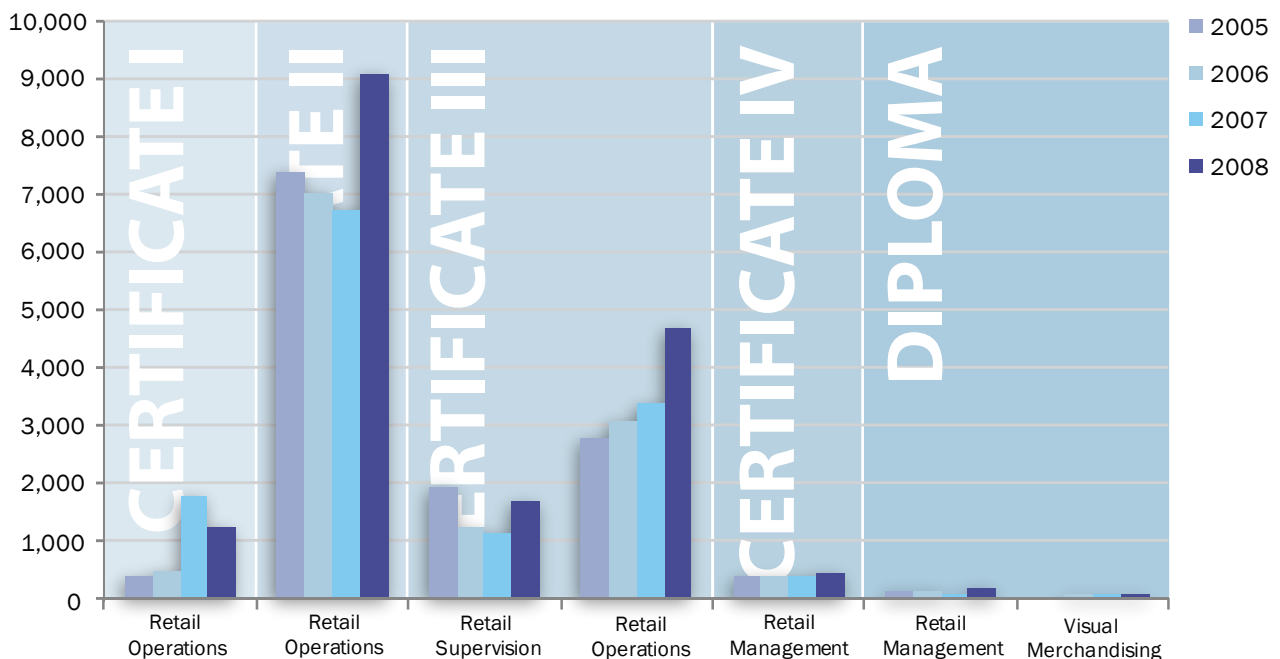


FIGURE 5 VOCATIONAL COURSE COMPLETIONS BY RETAIL QUALIFICATION (2005-2008)

Engagement in higher AQF levels in the retail industry is typically low because AQF levels 2 and 3 (pre-trade and trade level) suit most industry needs and also represent an appropriate career starting point for the sectors. This is not to downplay the role for higher AQF qualifications. Growth in the sector will require skilled, knowledgeable and highly qualified leaders for effective planning, budgeting and employee engagement, to strengthen the skill base of the retail workforce in the future.

The retail sector has acknowledged the role higher skill development in management/leadership skills, innovation, buying, merchandising, etc. has in building productivity and participation in the industry.

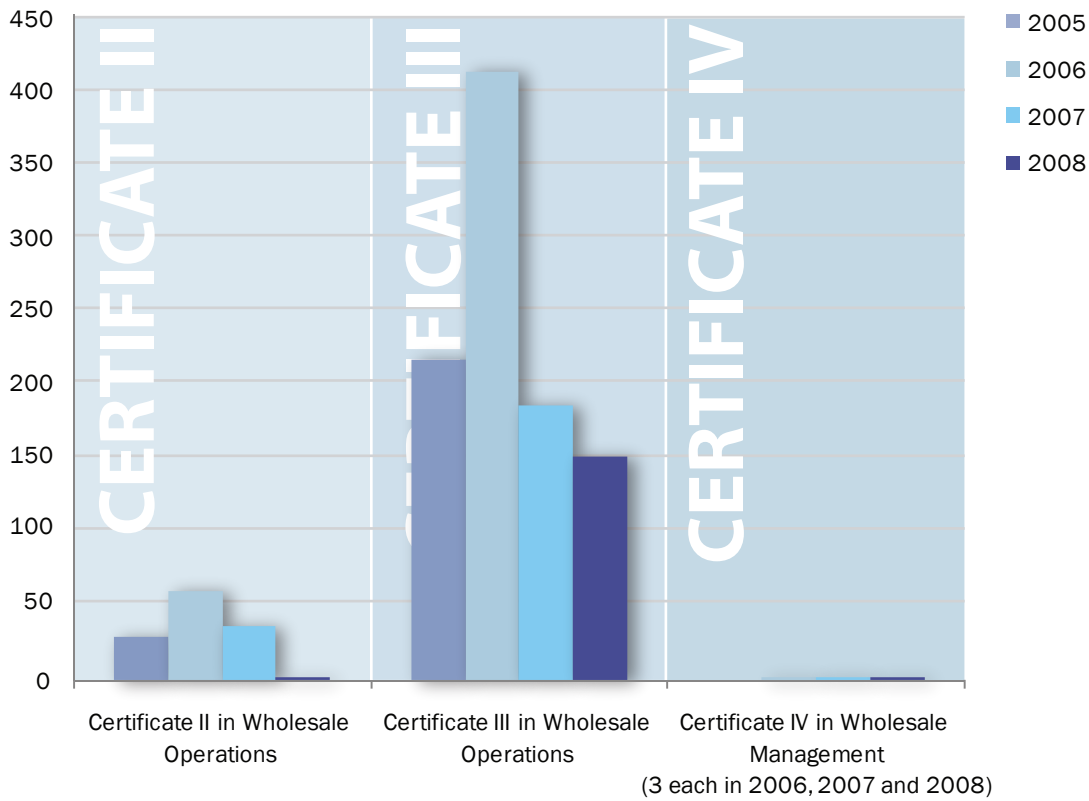


FIGURE 6 VOCATIONAL COURSE ENROLMENTS BY WHOLESALE QUALIFICATION (2005-2008)

The majority of enrolments in WRW01 Wholesale Training Package over the last four years were at Certificate III level, representing the skill needs of the sector.



FIGURE 7 VOCATIONAL COURSE COMPLETIONS BY WHOLESALE QUALIFICATION (2005-2008)

FUTURE DIRECTIONS FOR ENDORSED COMPONENTS OF TRAINING PACKAGES

For detailed information on the continuous improvement of the training packages in these industries, refer to Appendix A.

SFL10 FLORISTRY TRAINING PACKAGE

SSA will be completing the review of the Floristry Training Package in 2010. This continuous improvement project has included scoping the areas of 'post-trade' skills and how they are undertaken within the floristry industry.

The revised training package will include qualifications for the job roles of:

- florist assistant
- florist
- senior florist and shop manager, and
- floral designer.

The new higher level qualification for floral designers, along with the associated new units of competency, will address industry feedback regarding the importance of this high-level design role within industry.

As mentioned in the 'Macro-environment factors' section on page 11, the proposed draft SFL10 Floristry Training Package includes sustainability skills from the perspective of both individual tasks and management.

SSA anticipates submitting the training package to the National Quality Council for endorsement in May 2010.

SIR07 RETAIL SERVICES TRAINING PACKAGE

There will be continuous improvement of SIR07 Retail Services Training Package. Based on industry feedback, this continuous improvement project will include a review of the content of the current Training Package and scoping of the following areas.

- Merchandising.
- Buying.
- Franchising.

The industry tends to recruit for attitude and train for skills and this is evident across entry-level positions. Promotion is based on desire to pursue a retail career and performance (track record). Promotion from within is a key characteristic of the industry and training provided is aligned to the career path within the business. Businesses are focused on processes to identify and develop leaders. Leadership development is becoming more important as the demands of management positions change.

SSA is developing a discussion paper in early 2010, with the Training Package undergoing review later in the year.

The review will ensure that the Training Package reflects the skills and knowledge needed by retail workers to perform effectively. In order to meet current and future industry needs, it will look at the following.

- Business acumen
 - Understanding the competitive environment
 - Financial management
 - Stock management
 - Sustainable business performance over the long term
- Change management
 - Doing more with less, aligned to increased expectations from customers
 - Managing more complexity in problem solving and decision making
 - Achieving consistency in execution
 - Flexible business responses
- Leadership
 - Engaging and motivating teams to execute strategy to achieve business goals
 - Managing complexity – higher order problem solving and decision making
 - Managing diverse stakeholder relationships, such as with the community
- People management
 - Recruiting the right people for the business, aligned to business culture and values
 - Managing performance
 - Delegating – as businesses move from command and control/micro managing
 - Implementing and managing compliance systems and processes
 - Communication skills, including presentation skills and managing meetings
 - Working as part of a team
- Sales and service
 - Expert and qualified employees to deliver the business service ‘promise’
 - Product knowledge – implementation aligned to the pace of change in technology and product development
 - ‘Active’ selling
 - Visual merchandising to attract customers into the store, aligned with capital investment in state-of-the-art store design
 - Implementing green initiatives
- Social interaction
 - Face-to-face communication, as opposed to texting, SMS, etc.
 - Negotiation skills – to negotiate the best price for a product in the context of margin protection/growth and best value for the customer
 - Increased community awareness and involvement
- Strategic planning
 - For business, products and customers
 - Increased innovation and the pace of change
 - Identifying and managing growth

Appendix C provides information on occupations in demand in the retail, wholesale and floristry industries.

APPENDIX A – REPORT OF CONTINUOUS IMPROVEMENT OF SFL10 FLORISTRY TRAINING PACKAGE

SFL10 FLORISTRY TRAINING PACKAGE		DATE MADE PUBLIC THROUGH NTIS
INDUSTRY IMPERATIVES/RATIONALE FOR CHANGE		DATE ENDORSED BY NQC/ or ISC UPGRADE
INDUSTRY IMPERATIVES/RATIONALE FOR CHANGE		DATE SUBMITTED TO NQC SECRETARIAT
<p>TRAINING PACKAGE</p> <p>BRIEF SUMMARY OF CHANGE</p> <p>Service Skills Australia commenced the continuous improvement of WRF04 Floristry Training Package in 2008. This project is reviewing revised competency standards to ensure that the skills and knowledge identified in the training package reflect those required by industry to meet job outcomes. The report into the continuous improvement of WRF04 Floristry Training Package was released in March 2008. In December 2008, 14 revised and new units of competency were drafted and made available for stakeholder comment over a four-month period.</p> <p>Following consultation on the units, further refinement was undertaken. As a result, 17 revised units of competency were made available for stakeholder comment, along with a proposed qualification structure consisting of four qualifications.</p> <ul style="list-style-type: none"> • Certificate II in Floristry Operations • Certificate III in Floristry • Certificate IV in Floristry Business Management • Diploma of Floristry Design <p>At the end of 2009, SSA had completed a second round of consultation and anticipates making revised drafts available for stakeholder feedback in early 2010.</p>	<p>INDUSTRY IMPERATIVES/RATIONALE FOR CHANGE</p> <p>WRF04 Floristry Training Package was last reviewed and endorsed in 2004. Since that time, industry has evolved to meet customer needs, new technologies and demand for higher quality products. The current review project will explore and analyse current and future trends in the industry to ensure that the training package reflects them and meets industry skill needs.</p>	<p>May 2010</p>

APPENDIX B – DEFINITION OF CORE SKILLS AND CORE SKILL LEVELS

DEFINITION OF CORE SKILLS (ABS 4228.0)

Literacy and numeracy skills are defined as following:

- Prose literacy: the ability to understand and use information from various kinds of narrative texts, including texts from newspapers, magazines and brochures.
- Document literacy: the skills and knowledge required to locate and use information contained in various formats including job applications, payroll forms, transportation schedules, maps, tables and charts.
- Numeracy: the skills and knowledge required to effectively manage and respond to the mathematical demands of diverse situations.
- Problem solving: goal-directed thinking and action in situations for which no routine solution is available.

DEFINITION OF CORE SKILL LEVELS (ABS 4228.0)

Prose

Level 1 (0-225)	Most of the tasks in this level require the respondent to read relatively short text to locate a single piece of information which is identical to or synonymous with the information given in the question or directive. If plausible but incorrect information is present in the text, it tends not to be located near the correct information.
Level 2 (226-275)	Some tasks in this level require respondents to locate a single piece of information in the text; however, several distracters or plausible but incorrect pieces of information may be present, or low-level inferences may be required. Other tasks require the respondent to integrate two or more pieces of information or to compare and contrast easily identifiable information based on a criterion provided in the question or directive.
Level 3 (276-325)	Tasks in this level tend to require respondents to make literal or synonymous matches between the text and information given in the task, or to make matches that require low-level inferences. Other tasks ask respondents to integrate information from dense or lengthy text that contains no organisational aids such as headings. Respondents may also be asked to generate a response based on information that can be easily identified in the text. Distracting information is present, but is not located near the correct information.
Level 4 (326-375)	These tasks require respondents to perform multiple-feature matches and to integrate or synthesize information from complex or lengthy passages. More complex inferences are needed to perform successfully. Conditional information is frequently present in tasks at this level and must be taken into consideration by the respondent.
Level 5 (376-500)	Some tasks in this level require the respondent to search for information in dense text which contains a number of plausible distracters. Others ask respondents to make high-level inferences or use specialized background knowledge. Some tasks ask respondents to contrast complex information.

Document

- Level 1 (0-225) Tasks in this level tend to require the respondent either to locate a piece of information based on a literal match or to enter information from personal knowledge onto a document. Little, if any, distracting information is present.
- Level 2 (226-275) Tasks in this level are more varied than those in Level 1. Some require the respondents to match a single piece of information; however, several distracters may be present, or the match may require low-level inferences. Tasks in this level may also ask the respondent to cycle through information in a document or to integrate information from various parts of a document.
- Level 3 (276-325) Some tasks in this level require the respondent to integrate multiple pieces of information from one or more documents. Others ask respondents to cycle through rather complex tables or graphs which contain information that is irrelevant or inappropriate to the task.
- Level 4 (326-375) Tasks in this level, like those at the previous levels, ask respondents to perform multiple-feature matches, cycle through documents, and integrate information; however, they require a greater degree of inferencing. Many of these tasks require respondents to provide numerous responses but do not designate how many responses are needed. Conditional information is also present in the document tasks at this level and must be taken into account by the respondent.
- Level 5 (376-500) Tasks in this level require the respondent to search through complex displays that contain multiple distracters, to make high-level text-based inferences, and to use specialised knowledge.

Numeracy

- Level 1 (0-225) Tasks in this level require the respondent to show an understanding of basic numerical ideas by completing simple tasks in concrete, familiar contexts where the mathematical content is explicit with little text. Tasks consist of simple, one-step operations such as counting, sorting dates, performing simple arithmetic operations or understanding common and simple percents such as 50%.
- Level 2 (226-275) Tasks in this level are fairly simple and relate to identifying and understanding basic mathematical concepts embedded in a range of familiar contexts where the mathematical content is quite explicit and visual with few distracters. Tasks tend to include one-step or two-step processes and estimations involving whole numbers, benchmark percents and fractions, interpreting simple graphical or spatial representations, and performing simple measurements.
- Level 3 (276-325) Tasks in this level require the respondent to demonstrate understanding of mathematical information represented in a range of different forms, such as in numbers, symbols, maps, graphs, texts, and drawings. Skills required involve number and spatial sense, knowledge of mathematical patterns and relationships and the ability to interpret proportions, data and statistics embedded in relatively simple texts where there may be distracters. Tasks commonly involve undertaking a number of processes to solve problems.

Level 4 (326-375) Tasks at this level require respondents to understand a broad range of mathematical information of a more abstract nature represented in diverse ways, including in texts of increasing complexity or in unfamiliar contexts. These tasks involve undertaking multiple steps to find solutions to problems and require more complex reasoning and interpretation skills, including comprehending and working with proportions and formulas or offering explanations for answers.

Level 5 (376-500) Tasks in this level require respondents to understand complex representations and abstract and formal mathematical and statistical ideas, possibly embedded in complex texts. Respondents may have to integrate multiple types of mathematical information, draw inferences, or generate mathematical justification for answers.

Problem solving

Level 1 (0-250) Tasks in this level typically require the respondent to make simple inferences, based on limited information stemming from a familiar context. Tasks in this level are rather concrete with a limited scope of reasoning. They require the respondent to make simple connections, without having to systematically check any constraints. The respondent has to draw direct consequences, based on the information given and on his/her previous knowledge about a familiar context.

Level 2 (251-300) Tasks in this level often require the respondent to evaluate certain alternatives with regard to well-defined, transparent, explicitly stated criteria. The reasoning however may be done step by step, in a linear process, without loops or backtracking. Successful problem solving may require the combination of information from different sources, e.g. from the question section and the information section of the test booklet.

Level 3 (301-350) Some tasks in this level require the respondent to order several objects according to given criteria. Other tasks require the respondent to determine a sequence of actions/events or to construct a solution by taking non-transparent or multiple interdependent constraints into account. The reasoning process goes back and forth in a non-linear manner, requiring a good deal of self-regulation. At this level respondents often have to cope with multi-dimensional or ill-defined goals.

Level 4 (351-500) Items in this level require the respondent to judge the completeness, consistency and/or dependency among multiple criteria. In many cases, the respondent has to explain how the solution was reached and why it is correct. The respondent has to reason from a meta-perspective, taking into account an entire system of problem solving states and possible solutions. Often the criteria and the goals have to be inferred from the given information before actually starting the solution process.

APPENDIX C – RETAIL, WHOLESALE AND FLORISTRY OCCUPATIONS IN DEMAND

ANZSCO CODE	OCCUPATION	TRAINING PACKAGE QUALIFICATION	JUSTIFICATION / EVIDENCE
142111	Retail manager	Certificate IV in Retail Management Diploma in Retail Management	In the four years to 2013-14, employment in the retail trade is projected to grow at an average rate of 1.1% per annum, which equates to around 67,600 new jobs. With growth in the sector, the requirement for skilled and knowledgeable highly qualified retail managers is critical for effective planning and budgeting to secure the retail workforce into the future.
621511	Retail supervisor	Certificate III in Retail Supervision	These are the shop floor first line managers who supervise the retail sales assistants and deal with customer queries and complaints.
	Front line manager	Certificate III in Retail Supervision	These are the shop floor first line managers who supervise the retail sales assistants and deal with customer queries and complaints.
621111	Retail sales assistant	Certificate II in Retail Operations Certificate III in Retail Operations	There is a growing demand from customers for better trained staff and improved customer service. The majority of government-funded course enrolments in retail training by public providers between 2005 and 2008 were in Certificate II in Retail Operations, which is consistent with where most jobs are within the industry.
362111	Florist	Certificate III in Floristry	There is an ongoing consumer demand for florists. In mid 2007 there were 2,466 florist businesses in Australia. Aside from traditional services, floristries have diversified into the broader gift and homeware markets, as well as niche markets such as the commercial or wedding sectors.

ENDNOTES

- 1 Service Skills Australia, Environmental Scan 2009
- 2 Based on ABS 8165.0 Counts of Australian Businesses, including Entries and Exits, June 2007; retail and wholesale businesses without motor vehicle, motor vehicle parts and fuel wholesaling and retailing; please note that these figures are based on the information provided by the company to the ATO when they register for an ABN. Prior to 1st July 2007, businesses with turnover of at least AUD50,000 per annum (AUD100,000 in the case of non-profit organisations) were required to register for an ABN and remit GST. Businesses with turnover under AUD50,000 were able to voluntarily register and these voluntarily-registered businesses are included in the counts
- 3 ABS 5204.0 Australian System of National Accounts 2006/07; Table 11 Industry Gross Value Added, current prices; please note that these figures include also sectors (e.g. motor vehicle wholesaling) which are not in Service Skills Australia's scope
- 4 ACRS, *The 2008 Australian Retail Snapshot*, ACRS Secondary Research Report 2009 and IBISWorld *Retail trade in Australia, 2009*
- 5 *Employment Outlook for Retail Trade*, 2009, skillsinfo.gov.au; please note that this includes motor vehicle retailing
- 6 *Employment Outlook for Wholesale Trade*, 2009, skillsinfo.gov.au; please note that this includes motor vehicle wholesaling
- 7 ABS Job Search Experience Survey, July 2007, 32% of first jobs was in the occupation of sales assistants and salespersons
- 8 IBISWorld, *Flower Retailing in Australia: G5254*, August 2009
- 9 IBISWorld, *Flower Retailing in Australia: G5254*, August 2009
- 10 IBISWorld, *Flower Retailing in Australia: G5254*, August 2009
- 11 IBIS World, as reported in the Courier Mail, October 2009
- 12 ABS 6291.0.55.003 Labour Force, Australia, Detailed, Quarterly, Aug 2009, table 6291.0.55.003 E15_AUG06 - Employed persons by Sex, Industry (ANZSIC06), State, Status in Employment; ABS defines part time as working less than 35 hours per week in all jobs and can be permanent or casual
- 13 SkillsInfo *Employment Outlook for the Wholesale Trade*, 2009. Please note that this data includes sectors (e.g. motor vehicle retail) which are not in Service Skills Australia's scope
- 14 SkillsInfo *Employment Outlook for the Retail Trade*, 2009. Please note that this data includes sectors (e.g. motor vehicle retail) which are not in Service Skills Australia's scope
- 15 Businesses interviewed included McDonald's Australia, Yum! Restaurants, Westfield, Woolworths, Haigh's Chocolates, Bunnings, Coles Supermarkets, Sussan, Myer, Pulse Pharmacy Group, Target, National Pharmacies, Harris Scarfe, Kmart, Dan Murphy's, Supercheap Auto and Super Amart
- 16 IBISWorld, *Retail Trade in Australia*, September 2009
- 17 IBISWorld, *Retail Trade in Australia*, September 2009
- 18 IBISWorld, *Retail Trade in Australia*, August 2009
- 19 ABS 3101.0 Australian Demographic Statistics, Dec 2008
- 20 ABS 3101.0 Australian Demographic Statistics, Dec 2008
- 21 NCVER VOC Stats, 2009
- 22 ABS 3222.0 Population Projections, Australia, 2006 to 2101
- 23 URBIS *Retail Perspectives*, Special Edition, October 2009
- 24 NCVER VOC Stats, 2009
- 25 ABS 3101.0 Australian Demographic Statistics, Dec 2008
- 26 ABS 3222.0 Population Projections, Australia, 2006 to 2101, Series B
- 27 Business Council of Australia, *Age can work: A business guide for supporting older workers*, 2003

- 28 ABS 3222.0 Population Projections, Australia, 2006 to 2101
- 29 URBIS *Retail Perspectives*, Special Edition, October 2009
- 30 ACRS *Retail Insights*, Edition 122, June 30 2009
- 31 ABS 3222.0 Population Projections, Australia, 2006 to 2101, Series B
- 32 ABS 3412.0 Migration Australia, 2006-07
- 33 ABS 3222.0 Population Projections, Australia, 2006 to 2101, Series B
- 34 ABS 3412.0 Migration, Australia, 2007-08
- 35 ABS data released on 24 November 2009 <http://www.abs.gov.au/ausstats/abs@.nsf/Products/2817FAFD AEE59E62CA257677001438BD?opendocument>
- 36 ABS data released on 24 November 2009 <http://www.abs.gov.au/ausstats/abs@.nsf/Products/2817FAFD AEE59E62CA257677001438BD?opendocument>
- 37 ABS 3101.0 Australian Demographic Statistics, June 2009
- 38 ABS 3222.0 Population Projections, Australia, 2006 to 2101
- 39 ABS 3222.0 Population Projections, Australia 2006 to 2101
- 40 ABS 3222.0 Population Projections, Australia, 2006 to 2101
- 41 NRA *Retail Engagement Strategy Report*, September 2009
- 42 Service Skills Australia Environmental Scan 2009, p21
- 43 IBISWorld Forecast Briefing, *The Economic Recovery*, November 2009
- 44 IBISWorld Forecast Briefing, *The Economic Recovery*, November 2009
- 45 Lowry, Molloy and McGlennon, 2008, *Future Skill Needs: Projections and Employers' Views*, Australian Bulletin of Labour, Vol 34 No 2
- 46 Shah & Bourke, 2005, *Skills Shortages: Concepts, Measurements and Policy Responses* Australian Bulletin of Labour, Vol 31 No 1
- 47 Skills Info, *Employment Outlook for Retail Trade 2009*
- 48 Skills Info, *Employment Outlook for Wholesale Trade 2009*
- 49 For further information on the New Deal project, please refer to http://www.serviceskills.com.au/index.php?option=com_content&task=view&id=974&Itemid=2265
- 50 Department of Education, Employment and Workplace Relations *Transforming Australia's Higher Education System 2009*
- 51 ABS 4228.0, 2006 is the latest data available, the ALLS survey was developed and produced by the Australian Bureau of Statistics as part of a broader international investigation into adult numeracy and literacy; please find definition of core skills levels in the appendix
- 52 Please also see SSA's Environmental Scan 2009
- 53 Service Skills Australia, Issues paper: *Skills Recognition for the Service Industries*
- 54 NCVET Vocational course enrolment and completions 2005-2008; information collected by NCVET encompasses TAFE institutes, some universities, secondary schools offering VET, industry organisations, Adult Migrant Education Scheme providers, private enterprises in receipt of government funding for training, agricultural colleges, community education providers and other government providers, but no private training organisations which do not receive government funding; NCVET Australian vocational education and training statistics: SSA is aware that data from public providers only describes part of the picture and is not a robust reflection of all training engagement however, currently, data from private providers is not publicly available

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