Jobs and Skills Australia
National Skills System Branch
GPO Box 9828
Canberra ACT 2601
Australia
By email: NationalSkillsTaxonomy@jobsandskills.gov.au

9 August 2024

Dear National Skills System Branch,

Re: National Skills Taxonomy

The Council of Small Business Organisations Australia (**COSBOA**) represents the voices of small business across Australia and to Government. Small businesses (employing less than 20 people) contributed $506 billion to the Australian economy in 2021-22 which represented 32% of Australia's total GDP. Small businesses contribute significantly to workforce skills and economic productivity by providing training to new and existing workers of various ages and skill levels.

COSBOA appreciates the opportunity to participate in Jobs and Skills Australia's consultation process regarding a National Skills Taxonomy and we attended a virtual workshop session in July.

COSBOA has previously acknowledged that small businesses want to invest in lifelong learning opportunities for their staff. In 2023 COSBOA conducted a *Small Business Skills and Training Needs Survey* (**Survey**) which found that 33 per cent of survey participants considered a need to regularly upskill and train their staff. Survey respondents indicated that administrative complexity, time and cost all impact a small business' ability to continuously upskill their staff. The Survey also found the main skills lacking from job applicants were "soft skills" (65 per cent) followed by technical skills specific to an industry (47 per cent).

The National Skills Taxonomy Discussion Paper (**Discussion Paper**) notes that VET system already has several taxonomies in place to classify and organise skills, qualifications and occupations such as the Australian Skills Classification (**ASC**). The Discussion Paper also states that a decision has been made to decommission the ASC and replace it with an NST. The Discussion Paper argues that one of ASC's biggest limitations is its alignment to the ANZSCO and competency-based skills definition which make it challenging to apply in educational contexts. COSBOA considers that replacing the ASC is an appropriate course of action. In our view, competency-based skills definitions would be useful for small businesses by allowing them to better match a candidates' skills and qualifications to a position's requirements. It would also permit businesses that are evolving and diversifying additional flexibility and adaptability in its job roles.

COSBOA has previously expressed its support for a National Skills Passport and in general is supportive of any measures that enhance the recognition and verification of skills and qualifications in Australia. Whilst a National Skills Taxonomy (**NST**) is an arguably good concept, COSBOA's seeks to better understand the practical application and impacts of the NST as well as the practical benefits to small businesses. It would be helpful to be better informed of which government agencies are likely to integrate the NST into their processes and how the NST will effectively inform those agencies as well as industries around recognised skills. It is also not clear to us how the NST will interact or overlap with the National Skills Passport initiative.

Given that the NST is still in a conceptual stage and there currently appears to be a lack of clarity about what the NST aims to achieve, particularly outside of the tertiary education sector, COSBOA would welcome the opportunity to provide further input a small business perspective when the aims and objectives of the NST become clearer and more formed.

Kind regards

Luke Achterstraat
Chief Executive Officer
COSBOA