

Tuesday, August 12, 2025

## Productivity Commission skills report lets employers off the hook – ACTU

Australian Unions are urging the Albanese Government to reject key elements of the Productivity Commission's newly released interim report 'Building a Skilled and Adaptable Workforce,' arguing it prioritises employer cost-cutting over effective solutions to address Australia's skills and training challenges.

Unions oppose the report's proposals to undermine essential safety and quality standards, claiming it dismisses the value these requirements provide to workers and the public, with its primary focus on reducing employer training costs.

Unions warn that the Productivity Commission's proposal to lower occupational entry requirements to address workforce shortages risks a 'race to the bottom.' These entry requirements represent the minimum level of skills and suitability to operate in that occupation.

The report's recommendations do not address job quality issues in occupations experiencing a shortage. It also fails to recommend improving employer investment in training, and addressing the uptake of apprenticeships and traineeships through pay increases and better support.

The report's finding that there is little unmet demand for workplace training ignores the reality that employers have entirely ceased to provide effective onboarding training to new workers and no longer provide training to their own workforce when they want to introduce new technology or ways of working. Whilst the report recognises falling levels of investment in training and the greater need for a trained and skilled workforce in future, and the low overall rate of investment in Australia compared to other OECD nations, it fails to propose any meaningful solutions to lift training rates.

The Productivity Commission suggests the continued handover of taxpayer dollars to employers to do what they should be doing anyway – investing in their own workforce – a measure that has failed to arrest the decline in work-related training.

Australian Unions last week threw their support behind a national skills levy, a mechanism to ensure that employers contribute to the cost of training workers and boost productivity. Unions are proposing a revival of the National Training Guarantee by imposing a levy of 1.5 per cent of payroll for medium and large businesses with a turnover over \$500,000 a year who fail to spend that amount on training for their own workforce each year. The last time a levy like this was imposed, expenditure on training by employers rose 18 per cent - despite the recession occurring at the same time.

Unions also strongly oppose the expansion of non-apprentice pathways for apprenticeship-based occupations. Apprenticeships offer significant value to workers and employers and are the bare minimum requirement for workers to operate safely in those occupations. Non-apprentice pathways typically offer no job security for workers, require workers to meet the cost of their own education and often deliver a lower standard of training. The apprenticeship model has a long history of success in Australia and overseas, and issues with commencement and completion rates can be more effectively addressed via increases in apprentice pay and industry-based provision of apprentice support.

Australian Unions support the proposals around recognition of prior learning and streamlining the transfer of credits across Universities and TAFEs, but call for this process to include consultation with unions and employers.

**Quotes attributable to ACTU Assistant Secretary, Liam O'Brien:**

“Attacking occupational licensing and registration undermines worker and public safety. These minimum standards have been developed to ensure quality services and consumer protection and are often the driving force for productivity.

“The Productivity Commission's suggestion of inferior pathways for apprenticeships will erode the successful model that so many trades rely on, exacerbating skills shortages in the future with workers developing narrower, less transferable skills.

“The Productivity Commission has severely misunderstood the drivers of the lack of investment by large employers in training, and then suggested the answer is to provide small and medium businesses with a tax break. This is a missed opportunity.

“Employers need to contribute to the nation’s training effort. We don’t support a handout from the Government with no requirements, as that is not a training policy, it’s corporate welfare. That’s why we’ve called for National Training Guarantee, which the Commission admits worked to increase training in the 1990s, be brought back.”

**ENDS**

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