

CEDA media release

Australia losing out on wage, productivity gains as workplace training declines

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Work-related training is declining in Australia, despite it bringing higher incomes for workers and increased productivity for employers, the Committee for Economic Development of Australia (CEDA) has found.

In *Learning curve: Why Australia needs a training boost*, CEDA analysis of HILDA data shows workers' incomes are 20 per cent higher the year after starting work-related training.

"Workers who trained were also more satisfied at work and more likely to report a promotion the year after training," CEDA Head of Research Andrew Barker said.

"For employers, greater staff satisfaction and engagement are associated with higher productivity. Given the need to lift Australia's productivity performance, increasing training should be a focus for employers and policymakers.

"These findings show work-related training is important to everyone – for employees in terms of their future incomes and career progression, and for employers in terms of employee engagement and productivity – even though it can sometimes feel like yet another task on the to-do list.

"The time and money devoted to training underline its economic importance. We estimate employers and employees invest a combined \$12 billion a year in work-related training. Of this, \$7 billion is the direct cost of delivering training, while the remainder is the time spent by employees on training.

"Despite its importance, it is under-researched, and its decline has received little attention."

Work-related training is structured learning such as short courses or online modules to help people become more effective in their jobs.

It can be voluntary or mandatory and can range from help to get started in a job to senior leadership training and compliance training.

Participation in work-related training has declined by 14 per cent since 2007 in Australia, falling in 17 of 19 industries. This is concerning when Australia urgently needs to boost its productivity.

The decline has occurred even as participation in work-related training has increased in most other developed countries over the past decade.

"The decline is surprising given strong wage growth for those who do training, productivity and staff-retention payoffs for employers and the increasing need to update skills in a changing economy," Mr Barker said.

"Time constraints are one key barrier identified by both workers and employers.

"Another is concerns that staff will take their new skills to a competitor after receiving training. But our analysis found participants were actually less likely to move jobs after receiving training."

"Employers should also take care that compliance training does not crowd out time for upskilling in more functional areas.

“Compliance training can be necessary to ensure safety, but when poorly delivered it can cut the time available to develop more practical skills.”

One-third of Australian occupations face worker shortages. The need for work-related training is also increasing due to other trends including:

- Shifts such as digital transformation and the energy transition, which require retraining and upskilling as new roles emerge and industries adjust;
- Artificial intelligence (AI), which is reshaping roles, changing how work is organised and the types of skills in demand;
- The failure of tertiary education to fully meet the need for technical skills at the leading edge of industry practice; and
- An ageing workforce, which means there is a greater need to update skills to today’s needs, and an increasing need for lifelong learning.

To address the decline in training, employers should:

- 1) Build a culture that values and encourages learning by understanding the barriers to training across the organisation;
- 2) Measure the return on investment from training initiatives; and
- 3) Better target compliance training through measures such as regular evaluation and minimising unnecessary re-training.

Governments should:

- 1) Develop transparent and consistent accreditation of work-related training at the federal level, beginning with formal micro-credentials developed in collaboration with education providers, and incorporate this data into the new *National Skills Passport* currently under consideration; and
- 2) Work to reverse declining literacy and numeracy skills among school students, ensuring disadvantaged children can meet the minimum standards necessary to enable learning in later life. This will require work at both the federal and state/territory level.

“Done well, workplace training offers significant benefits for relatively low effort,” Mr Barker said.

“At a time of weak productivity growth, high skills mismatch, skill shortages and low job mobility, we should do everything we can to improve productivity and workers’ career trajectories through training.”

CEDA Head of Research Andrew Barker is available for further comment and interviews.

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CEDA’s members come from a broad cross-section of industry, government, community and academia and span every state and territory.

CEDA was founded in 1960 by leading economist Sir Douglas Copland. His legacy of applying economic analysis to practical problems to aid Australia’s development continues to drive our work.