CENTRE FOR
EDUCATION & TRAINING

Learning that works: Skills for today and tomorrow

November 2025

The Centre for Education and Training acknowledges the significant contribution of Vidura Sumanasena, PhD Student at La Trobe University's Centre for Data Analytics and Cognition, to the analysis that underpins this report.

This research was undertaken through an internship facilitated by APR.Intern at the Australian Mathematical Sciences Institute. APR.Intern connects businesses across all industries to the vast technical expertise in Australia's universities through short-term research projects.

CEO introduction

Australia's economic future will be shaped by the skills and capabilities of our people.

In a world of rapid technological change, global uncertainty and the changing nature of work, the ability to learn, adapt and grow has never been more important. Lifelong learning is no longer a luxury, it's a necessity.

Work-related learning is not the only component of successful lifelong learning, but it is a vitally important one.

This report reveals that Australian employers are stepping up — investing significantly in work-related training, even in the face of challenging business conditions.

The data tells a compelling story. Participation in work-related training has rebounded strongly following pandemic-era disruption, and employers are fully sponsoring a large and increased proportion of this training.

This is important because it runs counter to much of the recent public reporting and commentary on this issue in Australia.

While millions of Australians already engage in work-related training each year, we can and should aim higher. Continuing to build the skills and capabilities of our workforce is essential to Australia's future success — not just for productivity and competitiveness but for equity and opportunity.

We need a clear and comprehensive focus on enabling and supporting lifelong learning in the workplace context. While this is not solely a responsibility of government, public policy settings matter.

This report is both a snapshot of where we are and a roadmap for where we need to go. It calls on government, industry and individuals to work together to build a culture of learning in the workplace that drives productivity, opportunity and resilience. This will require shared responsibility, shared investment and above all, shared commitment.

The strength of our economy will depend not just on innovation or investment but on our collective commitment to building the skills and capabilities of every Australian worker.

Innes Willox
Chief Executive
Australian Industry Group

Executive summary

A skilled, agile and productive workforce aligned to employer needs is critical for Australia's economic and social prosperity. Investment in staff training and development is a major priority for Australian businesses.

In our modern and dynamic labour market, a focus on lifelong learning across the entirety of Australia's workforce is more important than ever. Work-related training is not the only component of successful lifelong learning, but it is a vitally important one.

Much of the recent public commentary on work-related training has focused on a fall in reported participation in this training when comparing 2007 and 2022.

With the more recent 2023 data now available, the picture has changed notably. Rates of participation in work-related training rebounded significantly between 2022 and 2023 and are now above the long-term average.

The investment by employers in work-related training is large — and growing. Since 2020, employers have consistently fully sponsored the highest share of work-related training since collection of this data began.

More than a third of the Australian workforce engaged in work-related training in 2023, representing over 183 million hours of training. But in an environment of global competition, workforce shortages and tepid productivity, we can and should aim higher. A sharp focus on the forms of work-related training most likely to drive productivity and competitiveness is needed.

Employers have an important role to play, but this is not an issue for employers alone. Employers, governments and individuals themselves all have a role in sharing in the costs and benefits of work-related training.

These are complex issues that require multifaceted solutions and a mature, collaborative discussion with a sharp focus on maximising the effectiveness of existing investment. Government policy can play a vital role in driving a coordinated and system-wide approach that unlocks barriers to participation and investment in work-related training.

Drawing upon available data and Australian Industry Group's deep engagement with employers across a broad range of industries, this report lays out four priority actions for boosting work-related training in Australia.

These actions are the building blocks for boosting lifelong learning in the workplace context so that Australia's human capital can drive our prosperity for many years to come.

Key findings

Rates of work-related training in Australia are above the long-term average

- More than a third (35%) of Australia's workforce undertook work-related training in 2023 - on par with the rate recorded in 2007
- 8 hours of work-related training took place for every 1000 hours worked – the highest ratio in a decade.

A vast and growing majority of work-related training is fully sponsored by employers

- The number of employees undertaking work-related training fully sponsored by their employer is at the highest level in more than a decade
- Around 9 in 10 individuals undertaking work-related training report having done so in paid time – representing billions of dollars in paid training time annually.

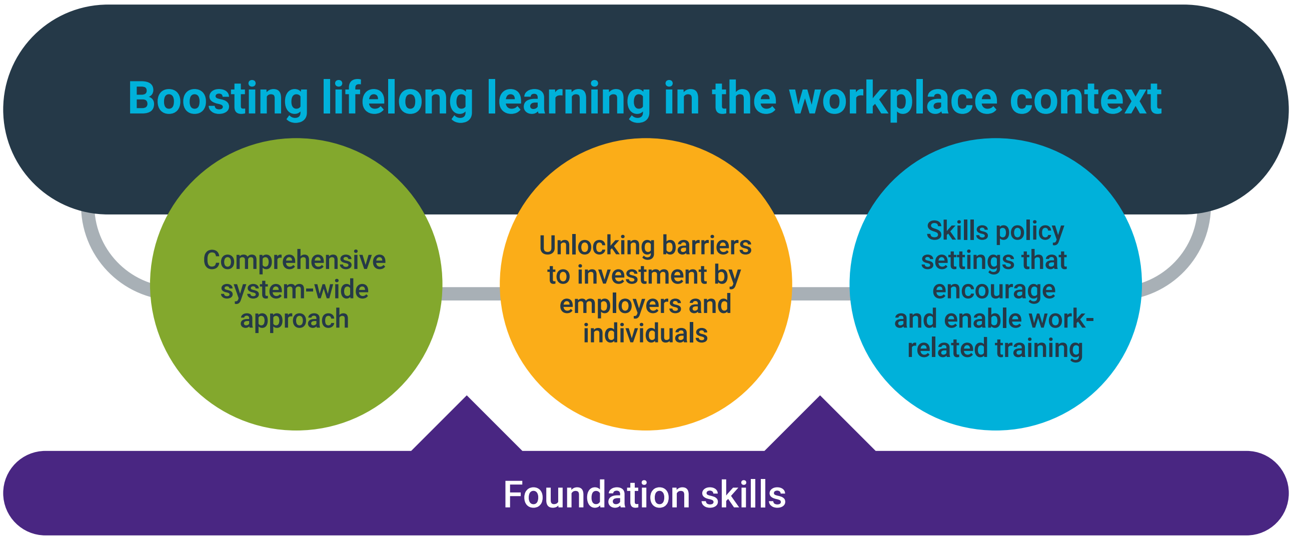
The pandemic triggered a structural shift in employer investment in training

- Since 2020, employers have consistently fully sponsored the highest share of work-related training since collection of this data began (86%).
- The most significant increases have been experienced by those among the least likely to be fully sponsored pre-pandemic – including young people, women and low-income earners.

Work-related training is associated with higher incomes and employee retention

- In 2023, the average annual increase income of those who had undertaken work-related training in the previous year was over $2400 higher than for those who had not.
- An employee who had undertaken work-related training in the previous year was nearly 40% less likely to have changed employers.

Priority actions



Priority action 1: System-wide approach

Australian Government, working with States and Territories and industry, develop and implement a comprehensive national strategy for lifelong learning which includes:

- A strong focus on productivity enhancing training delivered in the workplace;
- Improved data collection on work-related training; and
- A clear policy framework for quality careers information and advice.

Priority action 2: Barriers to investment

Review specific federal and state policy settings that may be constraining investment by individuals and employers in work-related training. This should include, at minimum, consideration of the impact of the collective weight of compliance training, Fringe Benefits Tax liabilities on employers and low uptake of self-education tax deductions.

Priority action 3: Skills policy

Australian Government and State and Territory Governments increase investment in VET to deliver the skills uplift Australia needs, with a focus on encouraging and enabling training in the workplace context. This should include, but not be limited to:

- Creating and encouraging workplace delivery options within relevant existing funding settings and programs
- Re-introduction of programs that directly support productivity-enhancing workplace training
- Ensuring policy and regulatory settings are conducive to viable Enterprise-based Registered Training Organisations; and
- Driving more widespread use of Recognition of Prior Learning.

Priority action 4: Strengthening foundation skills

Improve availability and accessibility of training focussed on developing foundation skills in the workplace context. This should include, but not be limited to, wider promotion and support for employers to access the Skills for Education and Employment Program and all States and Territories including workplace delivery options in foundation skills initiatives aligned to the National Skills Agreement.

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Work-related training is essential for Australia's productivity uplift

KEY POINTS

- The economic and social benefits that arise from building the skills of our workforce will be central to our quality of life for decades to come.
- Workplace learning is a vitally important component of successful lifelong learning and ensuring productivity benefits from education and training.
- Staff training and development is a major investment priority for Australian businesses.

Workforce skills underpin productivity and competitiveness

Workforce skills and capabilities are key enablers of the productivity, innovation, competitiveness and business investment that will underpin our quality of life for decades to come. In a global marketplace where Australia often cannot compete on price alone, the skills of our workforce are critical in driving the quality of goods and services produced and driving competitive advantage.

The scale of Australia's upskilling and reskilling challenge is significant, with about 7 in 10 Australians working today likely to require upskilling and/or reskilling in the five years to 2030. This is higher than the global figure of about 6 in 10.[1]

> Building human capital is central to harnessing global opportunities and responding to economic change.

At the same time, labour market conditions remain particularly tight across both technical and trades and professional occupations[2], demonstrating the importance of all parts of our post-school education and training system in meeting current and future skills needs. Jobs and Skills Australia identifies that over the coming decade, over 90% of new jobs will require a post-school qualification, with the pathways roughly evenly split between VET and higher education.[3]

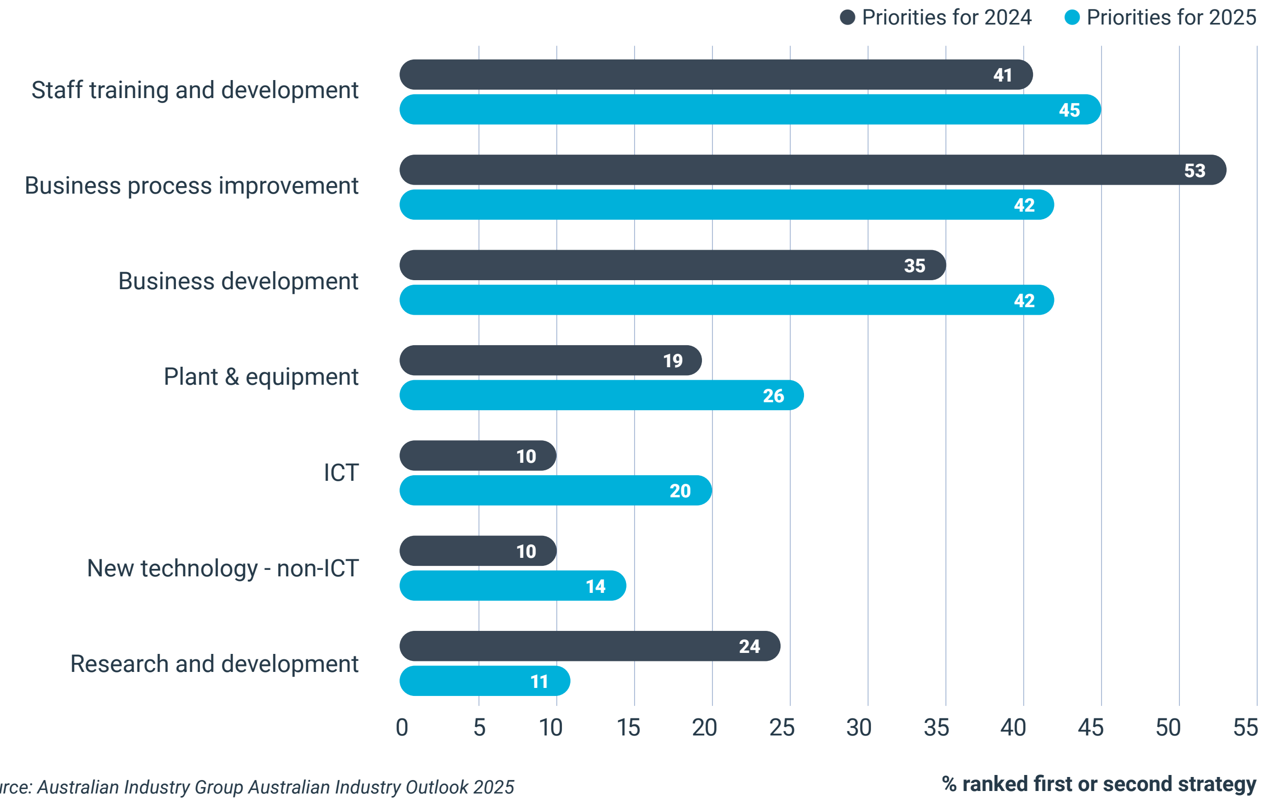
Lifelong learning leads to both economic and social benefits

The days of an individual undertaking a single qualification upon entry to the labour market with limited further training thereafter are over. Ongoing upskilling and reskilling throughout an individual's working life that equips them for a rapidly changing labour market will continue to increase in prevalence and importance.

Lifelong learning is both an economic necessity and a social imperative.[4] It enables individuals to fully participate in our labour market by providing pathways into, or back into, the workforce; improved incomes and higher living standards.

The foundation skills of language, literacy, numeracy and broader digital skills are the 'learning to learn' skills fundamental to lifelong learning. Australian Industry Group research shows about 9 in 10 employers report foundation skills as an issue in their workplace, with the effects negatively impacting firm-level productivity.[5]

Figure 1: Major investment priorities, 2024 and 2025



Source: Australian Industry Group Australian Industry Outlook 2025

The workplace is an important site for successful, context-driven learning

Work-related learning is not the only component of successful lifelong learning, but it is a vitally important one. The Centre for Education and Training has been a longstanding advocate for the importance of linking education and training with the workplace context.

> While work-related learning is not the only component of successful lifelong learning, it is a vitally important one.

Skills development in and of itself does not automatically lift productivity nor does it automatically provide employment and income benefits for individuals. It is the connection between education and training and application in the workplace that underpins the realisation of benefits for firms and individuals and, by extension, for the economy more broadly.

Employers are strongly committed to staff training and development

Australian employers continue to be committed to developing the skills of their workforce, despite challenging and uncertain business conditions.

Australian Industry Group's Industry Outlook for 2025 identified staff training and development as the highest investment priority for businesses. A total of 42% of businesses reported planning to maintain their investment and 40% reported planning to increase their investment in staff training. In 2024, staff training and development was the second highest priority.

Measuring the extent of work-related training

KEY POINTS

- Participation in work-related training is above the long-term average and rebounded significantly in 2023 following pandemic-era disruption.
- In 2023, there was around 8 hours of work-related training undertaken in the labour market for every 1000 hours worked – the highest level in a decade.
- Participation in work-related training in 2023 was on par with the rate recorded in 2007.

Millions of Australians undertake work-related training each year. Work-related training takes place in many forms, in many settings and for many different reasons. It can be initiated by either the employer or the employee. It may be voluntary or a compulsory requirement of employment. It may be funded by the employer or employee, through government funding or a combination.

There is no single data source that fully captures the extent of work-related training in Australia. However, data is available that enables conclusions to be drawn on how much work-related training is being undertaken and how this has changed over time.

The most commonly utilised source is the Household, Income and Labour Dynamics in Australia (HILDA) Survey, which underpins much of the analysis in this report.

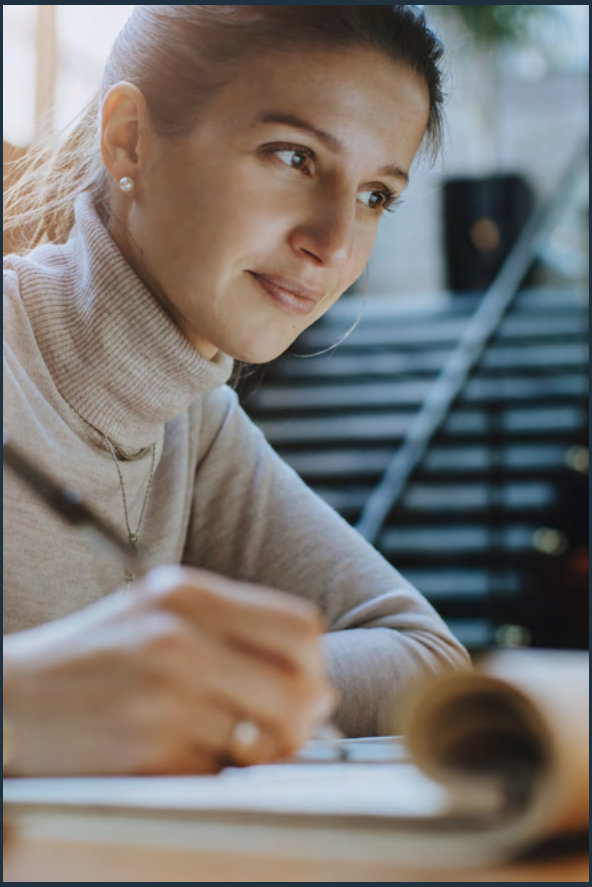
It is important to note that beyond work-related training, there are other forms of education, training and learning critically important to developing the skills and capabilities Australia needs. This includes, but is not limited to, institutional learning undertaken outside of the workplace context, informal learning, on-the-job training and more. While these are all important components of lifelong learning, they do not form part of the analysis in this report.

Measuring work-related training using HILDA data

The Household, Income and Labour Dynamics in Australia (HILDA) Survey is a nationally representative longitudinal study that tracks the lives of Australians, collecting detailed information on employment, education, income, health and wellbeing.

Data are reported directly by individuals (i.e.: employees themselves), which captures self-assessed participation in activities such as work-related training.

Work related training includes: *"any structured learning activity undertaken in the past 12 months that is related to the respondent's current or future employment"*.



The most recent wave of HILDA data (wave 23) provides data for 2023 and was published in January 2025.

This survey collected data for
21,819 individuals

Of which
9,023 (41%) were employed

Of which
3,096 (35%) reported undertaking work-related training
in the last year

It does not include:

- Education unrelated to employment (e.g., hobbies, personal enrichment)
- Formal degree programs unless pursued for work reasons and through the employer
- Training not associated with the respondent's job or occupational development.

To ensure findings are representative of the broader Australian population, HILDA provides a comprehensive set of survey weights that allow researchers to generate reliable national estimates, such as the proportion of all Australian employees who undertook work-related training. These weights have been applied in the analysis contained within this report unless otherwise stated.

Further information on methodology is provided on page 37.

Participation in work-related training is above the long-term average

Much of the public commentary on work-related training in recent times has been focused on a fall in participation in work-related training that occurred when comparing participation rates in 2007 and 2022.[6]

Rates of participation in workplace training rebounded significantly between 2022 and 2023, to the point where training rates in 2023 were above the long-term average.

> Rates of work-related training rebounded significantly between 2022 and 2023 following pandemic-era disruption.

The 2023 data suggests that as recovery from the pandemic progressed during 2022 and 2023, rates of workplace training returned to around pre-pandemic levels.

There has been no notable change in the participation rate in work-related training between 2007 and 2023.

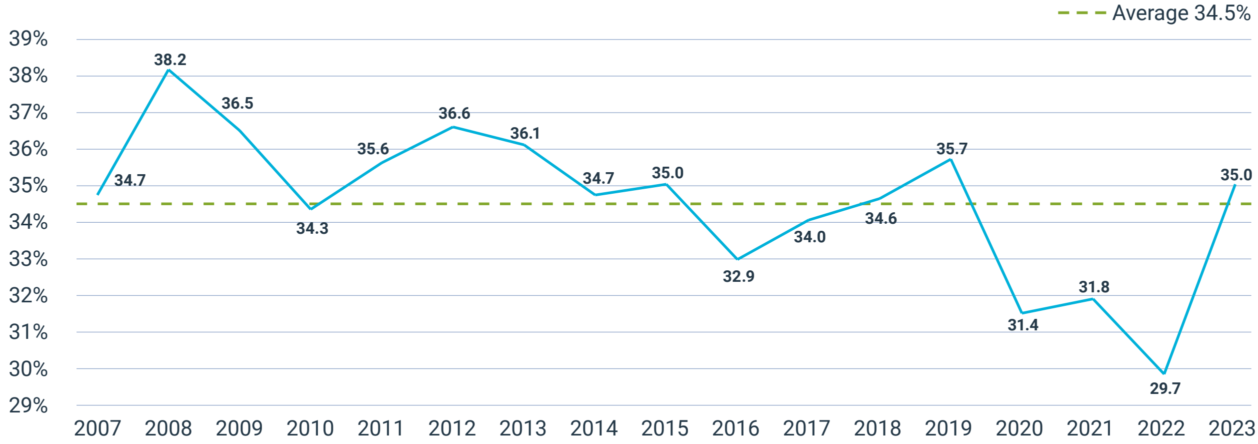
The volume of work-related training undertaken by individuals has been growing since the pandemic

While the proportion of the workforce participating in work-related training is important, so, too, is the volume of training being undertaken.

In 2023, the average person undertaking work-related training completed about 43 hours of training. This volume has risen for three consecutive years following a pandemic-era low in 2020.

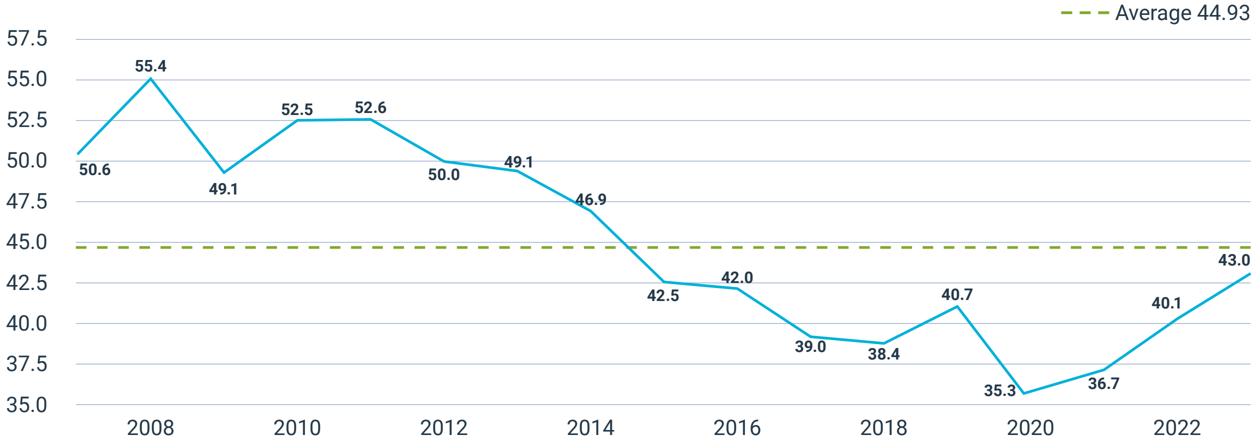
Despite clear indications of a growth trajectory in recent years, this measure remains below the long-term average.

Figure 2: Participation rate in work-related training



Source: HILDA Survey, Release 23

Figure 3: Per person average hours engaged in work-related training



Source: HILDA Survey, Release 23

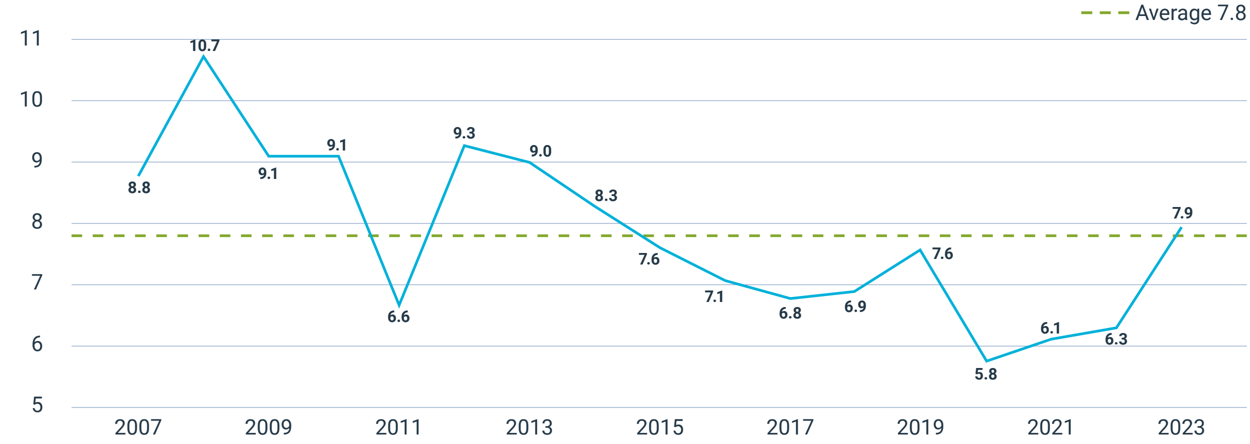
Australians undertake about 8 hours of work-related training per 1000 hours worked

The HILDA data indicates that in 2023, Australians undertook more than 183 million hours of work-related training. To observe how this measure has changed over time, it can be compared to the total hours worked in the Australian economy.[7]

This shows that in 2023, there was approximately 8 hours of work-related training undertaken for every 1000 hours worked –– more than the long-term average and the highest level in a decade.

> In 2023, Australians undertook over 183 million hours of work-related training.

Figure 4: Ratio of work-related training undertaken per 1000 hours worked



Source: HILDA Survey, Release 23 and Labour Force Survey 2006-2025.

The HILDA data also provides insights on the demographics of those undertaking work-related training and their reasons for undertaking training. This shows:

Women are more likely than men to participate in work-related training.

For both men and women, employees aged over 45 are the most likely to participate in work-related training.

Most employees report undertaking work-related training with a **primary aim that is focused on their current employment**.

Higher wages and education levels are associated with greater participation in work-related training.

Professionals and Community and Personal Services Workers are the occupations most likely to be undertaking work-related training.

Further detail on these findings is available at Attachment 1.

Employers invest significantly in work-related training

KEY POINTS

- The vast majority of work-related training undertaken in Australia is fully sponsored by employers.
- Employers are fully sponsoring the highest share of work-related training since collection of this data began, driven by a structural shift in the post-pandemic era.
- The majority of work-related training takes place in paid work time and this investment by employers is at a record high.

Rates of work-related training are not a direct measure of employer investment in work-related training. HILDA data captures work-related training that is both fully sponsored by an employer and not fully sponsored by an employer.

A clearer picture of patterns of employer investment in work-related training can be gained by breaking down the work-related training undertaken between these two categories of sponsorship.

Defining fully sponsored work-related training

The HILDA survey asks the following question to determine whether work-related training undertaken is fully employer sponsored or not:

Have you contributed towards the cost of any of this training? For example, by paying course fees; purchasing materials and books, paying for travel and accommodation while attending a training course; or taking unpaid time off to attend a training course.

Employers are fully sponsoring the vast majority of work-related training

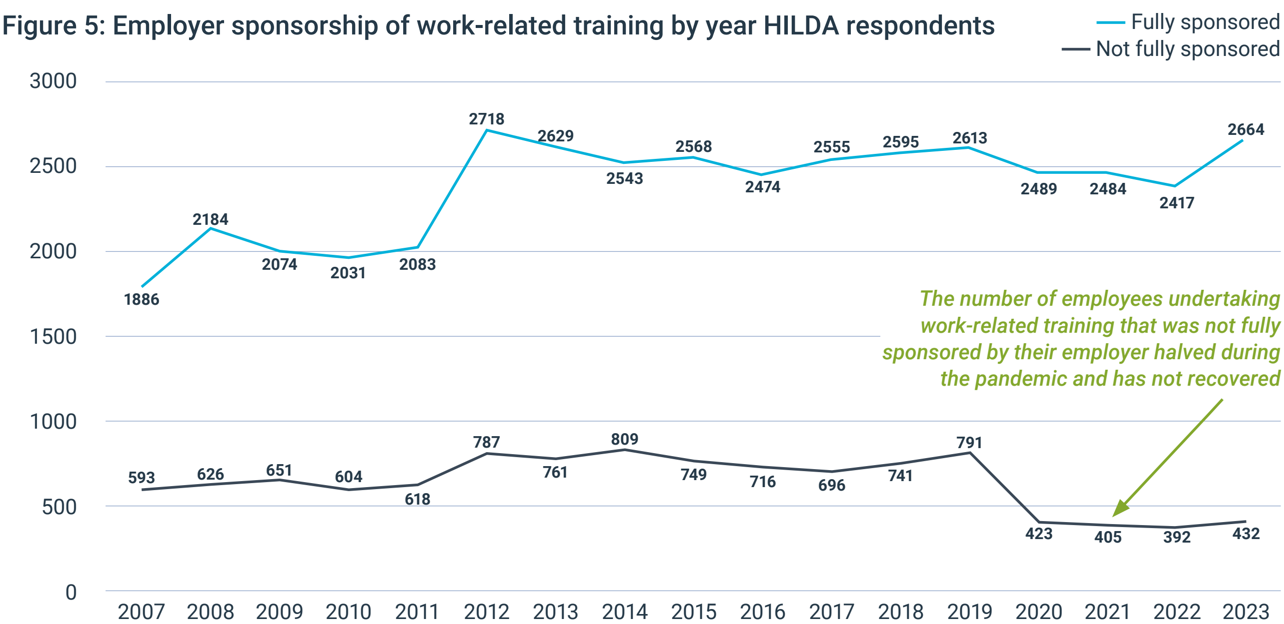
In 2023, the number of employees undertaking fully sponsored work-related training was at the highest level in more than a decade and near the highest since collection of this data began in 2007. Six times more people undertook employer-sponsored work-related training compared to training not fully sponsored.

> The number of employees undertaking work-related training that is fully sponsored by their employer is at the highest level in more than a decade.

The number of employees participating in work-related training not fully sponsored by their employer halved during the pandemic and has remained near this record low since this time.

Where overall rates of work-related training fell between 2020 and 2022, a large portion of this fall was driven by individuals no longer investing in work-related training — not by employers reducing their investment in fully sponsored training.

Figure 5: Employer sponsorship of work-related training by year HILDA respondents



Source: HILDA Survey, Release 23 (HILDA weights not applied)

The COVID-19 pandemic triggered a structural shift in employer investment in training

Since the collection of this data began in 2007, employers have fully sponsored the vast majority of work-related training. This further increased in 2020 during the pandemic and has remained steady since then.

> Employers are fully sponsoring the highest proportion of work-related training since collection of this data began.

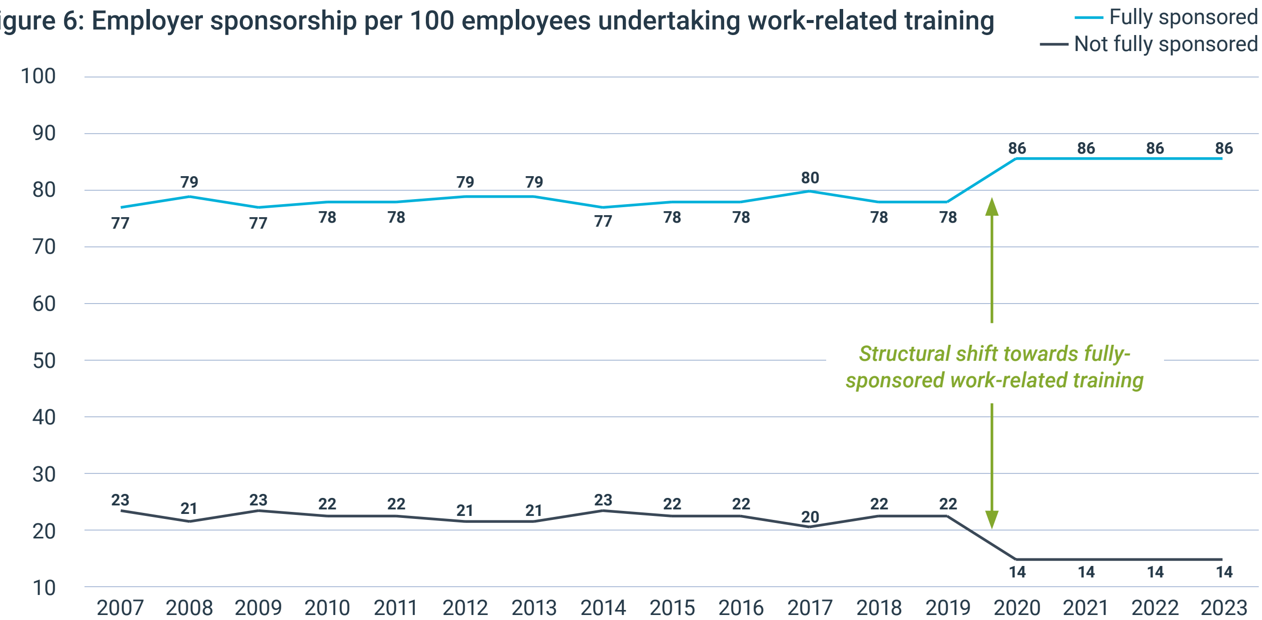
Of those employees undertaking work-related training, 86 out of every 100 report undertaking training that was fully employer sponsored.

While several indicators around work-related training have rebounded after disruption during the pandemic era, this one has not. The current available data indicate that this is a clear and sustained structural shift in who is contributing to work-related training.

Patterns in the proportion of work-related training fully sponsored by employers can be cross-referenced against the Australian Bureau of Statistics' (ABS) Work-Related Training and Adult Learning collection. While the specific definitions of data being collected differ slightly[8] and fewer time points are available, the overall trend is the same.

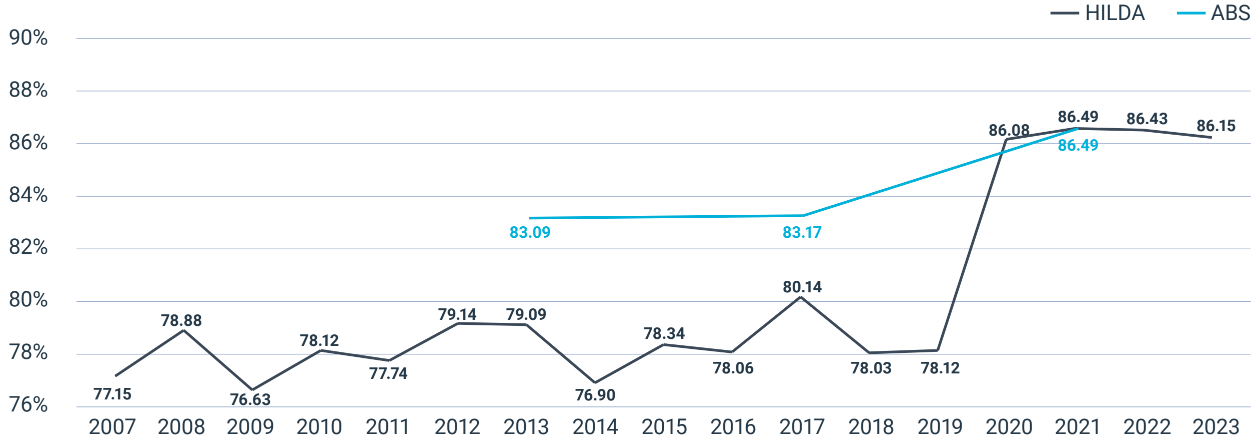
These two independent data sources indicate a greater share of the cost of work-related training is being borne by employers in the post-pandemic era.

Figure 6: Employer sponsorship per 100 employees undertaking work-related training



Source: HILDA Survey, Release 23

Figure 7: Percentage of fully sponsored work-related training



Source: HILDA Survey, Release 23 and ABS Work-Related Training and Adult Learning (WRTAL) survey for the years 2013, 2017 and 2021.

Several cohorts have been particularly impacted by the structural change

The structural shift towards work-related training fully-sponsored by employers has been widespread across the labour market.

> The most significant shifts towards fully sponsored training have been experienced by those that were among the least likely to be fully sponsored pre-pandemic.

When comparing by age, gender, occupation (ANZSCO 1 digit), annual salary and highest education level, every cohort is more likely to be undertaking fully sponsored training post-pandemic compared to pre-pandemic.[9]

Several cohorts have experienced particularly significant increases in the likelihood of undertaking fully sponsored training during this time, including young people (aged 15-24), women, low-income earners and professionals. It is interesting to note that these cohorts were among the least likely to be undertaking fully sponsored work-related training prior to the pandemic.

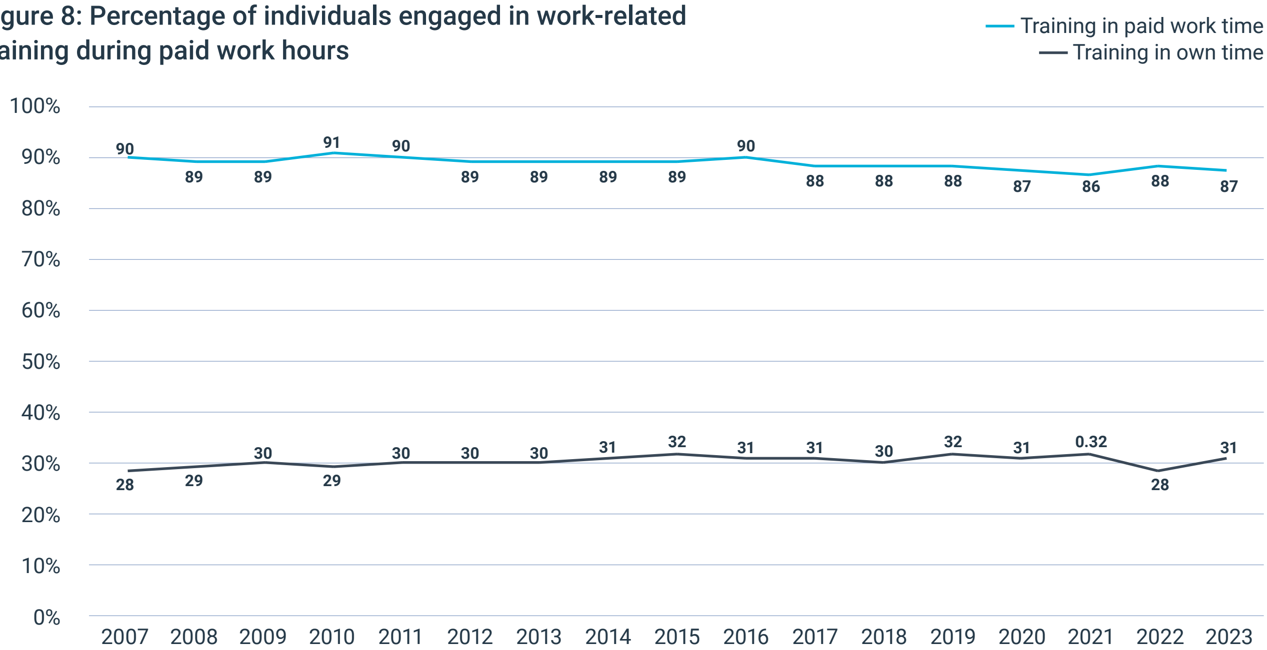
Young people (15-24)	Women	Income < $40,000 p.a	Professionals
85.7%	84.7%	83.7%	83.0%
Undertaking fully-sponsored training post-pandemic	Undertaking fully-sponsored training post-pandemic	Undertaking fully-sponsored training post-pandemic	Undertaking fully-sponsored training post-pandemic
74.8%↑	75.6%↑	74.7%↑	71.0%↑
Pre-pandemic	Pre-pandemic	Pre-pandemic	Pre-pandemic

Most work-related training occurs in paid work time

The cost of training delivery is important, but it isn't the only consideration when exploring employer investment in work-related training.

About 9 in 10 individuals who have undertaken work-related training report having done so in paid work time. About 3 in 10 individuals have undertaken some form of work-related training in their own time. These figures have remained relatively consistent since 2007.

Figure 8: Percentage of individuals engaged in work-related training during paid work hours



Source: HILDA Survey, Release 23

Employers invest significantly in paid time for work-related training

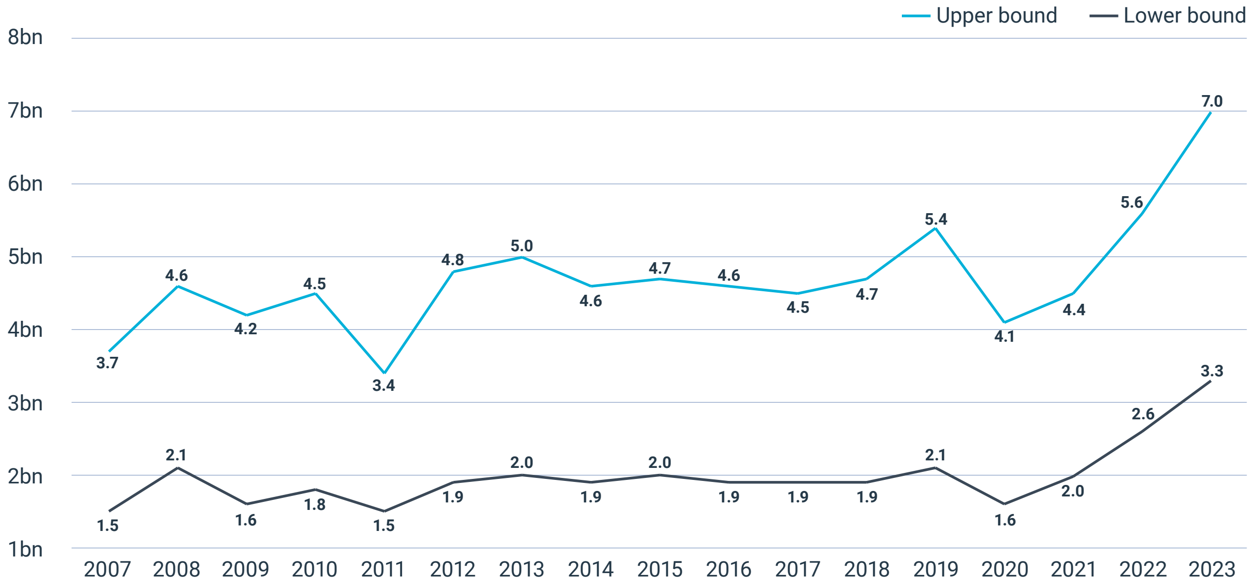
The total investment in paid training time can be estimated using mean wage data captured within the HILDA data, noting that the precise figure cannot be calculated, given the specific design of the survey questions asked.

> In 2023, employer investment in paid time for work-related training was at a record high.

In 2023, employers invested at least $3.3 billion in paid training hours alone. The actual figure is likely higher, with the upper bound of the estimate being $7 billion. Regardless of the upper or lower bound, this investment has risen significantly since 2020 and is at the highest level since data collection began in 2007.

Once the cost of training delivery is factored in, the total investment in work-related training by employers would be significantly higher than these figures.

Figure 9: Total investment in paid training hours by employers ($ billion)

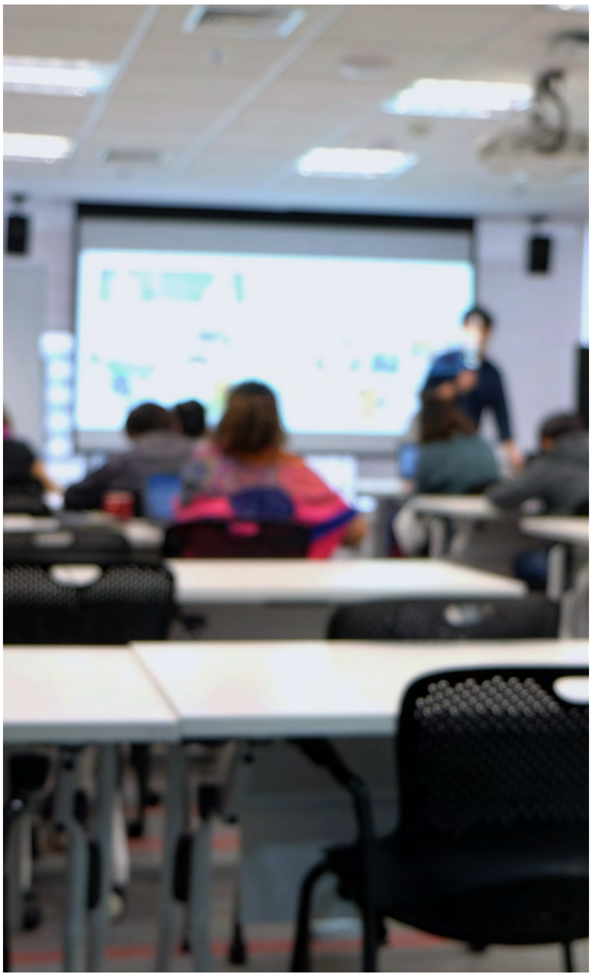


Source: HILDA Survey, Release 23

Who benefits from work-related training?

KEY POINTS

- Individuals undertaking work-related training report higher income levels in the year following training compared to individuals that did not.
- Work-related training is associated with a lower likelihood of changing employers in the year following this training.
- There is a broad range of research linking employer investment in work-relating training with benefits at the firm-level.



Work-related training is associated with greater increases in total income

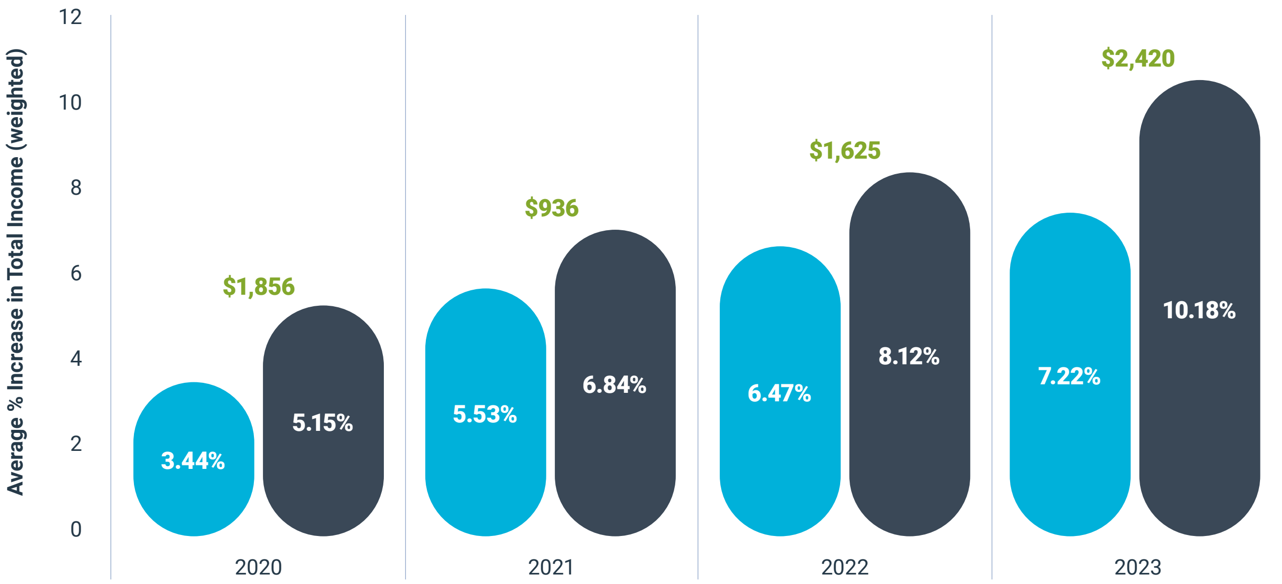
Individuals who have undertaken work-related training consistently report higher average increases in total income in the following year compared to those who have not.

In 2023, the average annual increase in total income reported for individuals who had undertaken work-related training in the previous year was more than $2400 higher than for those who had not.

> Individuals undertaking work-related training consistently report higher average increases in income in the following year.

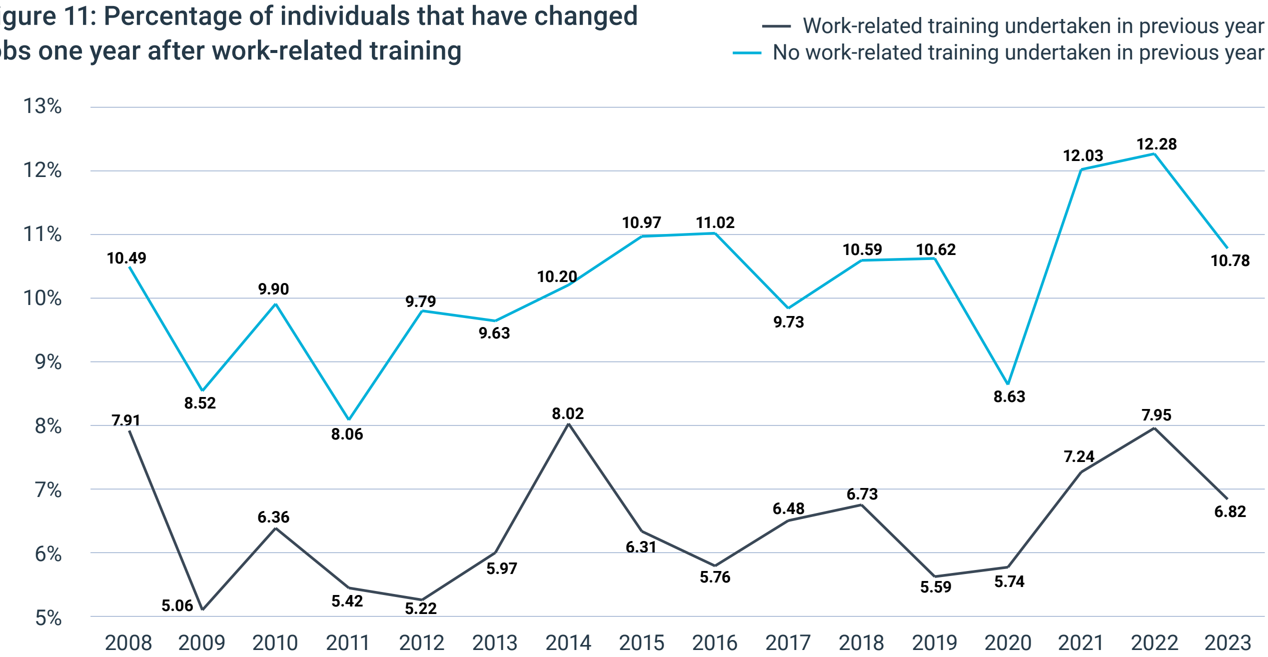
Figure 10: Average percentage increase in reported total income (2020-2023)

● No Work-related training undertaken in previous year
● Work-related training undertaken in previous year
● Difference in average income increase between work-related trained vs not



Source: HILDA Survey, Release 23

Figure 11: Percentage of individuals that have changed jobs one year after work-related training



Source: HILDA Survey, Release 23

Work-related training is associated with increased employee retention

There is clear evidence that undertaking work-related training is associated with increased employee retention.

In 2023, an employee who had undertaken work-related training in the previous year was nearly 40% less likely to have changed employers in the following year.

Employers also benefit from work-related training

The HILDA data, based on detailed information from individuals, does not directly quantify the benefits to employers from investment in work-related training. However, a broad range of research highlights benefits including increased productivity, competitiveness and innovation and higher levels of value-added activities.[10,11] The positive relationship between training and firm performance is present for firms of different sizes, across sectors and with varying degrees of technological intensity.[12] Work-related training is also associated with increased employee retention and tackling major business challenges including rapid digitalisation.[13,14]

Aiming higher for work-related training

KEY POINTS

- While millions of Australians already engage in work-related training each year, we can and should aim higher.
- In a global marketplace with strong demand for talent, focus is needed on driving uplift in the forms of work-related training that are most likely to drive productivity and competitiveness.
- Employers, individuals and governments all have a role in sharing in the costs and benefits of work-related training.

While millions of Australians already engage in work-related training each year, we can and should aim higher. Continuing to build the skills and capabilities of our workforce is essential to Australia's future success — not just for productivity and competitiveness but for equity and opportunity.

About two in five jobs (39%) are expected to be fundamentally changed between 2025 and 2030. The scale of Australia's upskilling and reskilling challenge is significant, with about 7 in 10 Australians working today likely to require upskilling and/or reskilling in the five years to 2030. This is higher than the global figure of about 6 in 10.[15]

This needs to be much more than a compliance exercise. A sharp focus is needed to drive an uplift in the forms of work-related training that are most likely to drive productivity and competitiveness.

> Focus is needed on driving an uplift in the forms of work-related training that are most likely to drive productivity and competitiveness.

Work-related training is important but is not the only component of successful lifelong learning for individuals. Increases in work-related training should also contribute to a broader focus on quality and coherent skills development pathways that enable lifelong learning.

Many countries are proactively boosting lifelong learning in the workplace context

Adult learning and lifelong learning feature as key priorities for major global policy bodies. The International Labour Organisation and World Economic Forum call for accelerated efforts in reskilling, upskilling and workforce inclusion, in particular, reskilling initiatives that equip both individuals and organisations to navigate evolving job markets, fostering lifelong learning opportunities.[16,17] The OECD identifies the importance of accessible and flexible learning options, including in the workplace context, that recognise the constraints of people who work or have family or other responsibilities.[18]

Contemporary international comparisons of participation in work-related training are challenging because Australia elected not to participate in data collection for the OECD's Programme for the International Assessment of Adult Competencies (PIAAC) in 2023. Australia has committed to re-engaging with the PIAAC survey in the next collection.[19] This is welcomed by Australian Industry Group as it will provide important additional evidence to inform policy and practice in this area.

The most recent available PIAAC data is for 2012, which indicated that 49% of adults participated in job-related adult learning in Australia in 2012, above the OECD average of 40%.

Training intensity at that time was also above average, with a median of 36 hours annually compared to 30.5 hours in OECD countries.[20] These figures are not directly comparable with the HILDA data on work-related training.[21]

In a global marketplace with strong demand for talent, many countries are taking significant and proactive steps to build the skills of the current and future workforces to drive productivity and competitiveness through work-related training. Australia's activity in this area needs to be considered in a global context.

Work-related training is a shared responsibility

While employers have an important role to play, this is not an issue for employers alone. This report outlines that employers are doing more of the heavy lifting in investing in work-related training than ever before.

Lifelong learning, including in the workplace, provides clear benefits for employers, individuals and the wider economy.[22] Employers, governments and individuals all have an interest and a role to play in sharing the costs and benefits of work-related training.

	Potential benefits (not exhaustive)	Potential costs (not exhaustive)
Employers	• Increased productivity, competitiveness and innovation • Increased employee retention, morale and well-being • Supporting recruitment and workforce attraction • Fostering a culture of continuous improvement • Increased ability to navigate complexity (e.g. digitalisation).	• Training fees and associated materials • Paid time off for training • Reduced productivity associated with supervision and on-the-job learning • Securing quality and relevant training aligned to the workplace context
Individuals	• Increased wages • Increased job satisfaction, personal and professional fulfilment • Increased employment stability • Transferrable skills • Currency with new processes and technologies • Career advancement	• Training fees and associated materials (where not fully employer sponsored) • Time to undertake training • Training not tailored to specific needs
Governments	• Increased productivity, competitiveness and innovation economy-wide • Reduced unemployment • Advancing equity objectives • Education and training delivery aligned to economic priorities and industry skills needs • Higher tax receipts through increased wages	• Government-funded training • Investment in foundation skills uplift • Supported skills development pathways aligned to equity priorities • System enablers (e.g. quality, recognition of prior learning systems, industry advice functions). • Partnership programs supporting work-related training and broader economic priorities

Boosting lifelong learning in the workplace context

KEY POINTS

- A multifaceted approach is required to build Australia's human capital through work-related training.
- While governments are not solely responsible, policy settings need to drive a coordinated and system-wide approach that unlocks barriers to participation and investment.
- Four key components have been identified as the building blocks for boosting lifelong learning in the workplace context.

While strengthening work-related training in Australia is not solely a responsibility of government, public policy settings matter.

There is a critical role for government policy, at both national and state levels, to drive priority on these issues and unlock barriers to participation and investment in work-related training that enhances productivity and builds Australia's human capital.

> There is a critical role for government policy to prioritise and unlock barriers to participation and investment in work-related training.

These are complex issues that require multifaceted solutions. Blunt and siloed instruments, such as training levies, are not the answer. There is a range of evidence, including from both recent[23] and historical[24] sources, that does not support such an approach.

A strong foundation is already in place. Significant reform has been progressed across Australia's post-school education and training system in recent years. Key reforms underway such as tertiary harmonisation, the National Skills Taxonomy and the National Skills Passport are important parts of an overall system architecture that can enable lifelong learning, including in the workplace. There are also ways Australia's tax system is intended to incentivise investment in training aligned to employment, particularly for individuals.

Drawing upon the analysis in this report and Australian Industry Group's deep engagement with employers across a broad range of industries, four key components have been identified as the building blocks for boosting lifelong learning in the workplace context to strengthen Australia's human capital.

Comprehensive system-wide approach

While there are many initiatives in place or underway that seek to support lifelong learning, in practice Australia has a highly fragmented approach. A range of different economic and social policy settings need to work together to drive a coordinated and system-wide approach to boost lifelong learning in the workplace context underpinned by shared commitment and shared responsibility.

This coordinated approach needs to extend across numerous portfolios and levels of government. The Australian Government, in particular, can play an important national leadership role.

A coordinated national strategy for lifelong learning

A national strategy for encouraging and enabling lifelong learning across Australia is important to provide a clear national framework outlining priorities for boosting lifelong learning in the workplace context. It would also provide an anchor point against which to align relevant policies and programs across a range of portfolios.

> Each of the priority actions outlined in this report should be reflected in a coordinated national strategy.

In order to be comprehensive, a national strategy for lifelong learning should encompass aspects of lifelong learning that go beyond the workplace. However, it should be underpinned by a strong focus on the critical importance of work-related training, particularly given that across OECD countries, the majority of adult learning happens in the workplace.[25] Each of the priority actions outlined in this report should be reflected in such a strategy.

A national strategy can also support the strengthening of a community-wide mindset and culture that recognises the critical importance of lifelong learning. This can encourage participation in work-related learning and build intrinsic motivations for skills development.[26,27]

A national strategy should place priority on equity of access to opportunities associated with lifelong learning in the workplace context. For example, proactive skills and capability development for low-skilled individuals is especially important as the economy and labour market evolves. Inclusive policies and programs that cater to diverse needs and enable flexible learning options will support equity of access across the entire workforce.

Improved data and evidence

A robust system-wide approach requires good evidence. The current available data on work-related training in Australia is patchy and imperfect. A particular gap relates to the employer perspective on provision of work-related training, both in terms of motivations and investment, given the majority of currently available data is based on the employee perspective.

> A robust system-wide approach requires good evidence

The Australian Bureau of Statistics collected data on employer training expenditure and practices in the early 2000s, with the purpose of supporting vocational education and training policy, planning and marketing activities.[28] This survey was conducted by the ABS will full funding from the then Australian National Training Authority. It built on previous surveys on training practices and training expenditure that occurred throughout the late 1990s.[29]

While there were some challenges associated with these surveys at the time[30], it is timely to consider whether the challenges previously experienced can be overcome through more modern data collection approaches.

Strengthened career information and advice

Access to information and advice that allows individuals of all ages to make informed and educated decisions about career and education and training pathways is essential in the context of lifelong learning. An OECD study in 2022 found there is potential for better and clearer pathways into career guidance for mid-career adults in Australia and the system faces challenges in coordination, awareness building and scale.[31]

The delivery of career information and advice is fragmented across the country. At a national level, policy can help align education, training and workforce policy so career information reflects the full spectrum of opportunities. Noting that funding for the National Careers Institute has recently been discontinued, it is essential that the Australian Government establishes a clear and robust policy framework on these issues, including through consultation with industry.

Priority action 1

Australian Government, working with States and Territories and industry, develop and implement a comprehensive national strategy for lifelong learning which includes:

- A strong focus on productivity enhancing training delivered in the workplace;
- Improved data collection on work-related training; and
- A clear policy framework for quality careers information and advice.

Unlocking barriers to investment in work-related training

At present, there is a range of issues that can inhibit both employers and individuals in proactively investing in work-related training. It is important that proactive investment in skills development in all its forms is actively encouraged and enabled, particularly where it is focused on productivity-enhancing skills development.

> It is important that proactive investment in skills development in all its forms is actively encouraged and enabled.

The impact of the collective weight of compliance training

Australian Industry Group consistently hears from businesses that economic conditions and pressures on costs and margins constrain the provision of work-related training. For many, their necessary time and spend associated with compliance-related training and activities to meet laws and regulations can be large and must be undertaken as a priority. This can put a squeeze on rolling out broader work-related training.

The increase in compliance-focused training over time for many firms has been identified as a barrier to broader investment in training. Much of the compliance training delivered is not aligned to broader upskilling or reskilling objectives or part of any broader qualification or career pathway.

Compliance-related training serves an important function. However, careful consideration is needed on the collective weight of compliance-related training now being undertaken by employers and employees imposed through a broad range of regulatory settings and the potential impacts on the provision and uptake of other important forms of training in the workplace.

Incentives and disincentives created by the tax system for employers

Careful consideration is needed to identify and resolve instances where the tax system is creating unreasonable barriers to employer investment in work-related training.

There is considerable unevenness in the tax treatment of training costs. Sometimes training is tax deductible and sometimes not, and sometimes it attracts Fringe Benefits Tax (FBT) and sometimes not. This is overly complex. These rules should be simplified to make it simpler for businesses to invest in skills development for their workforce.

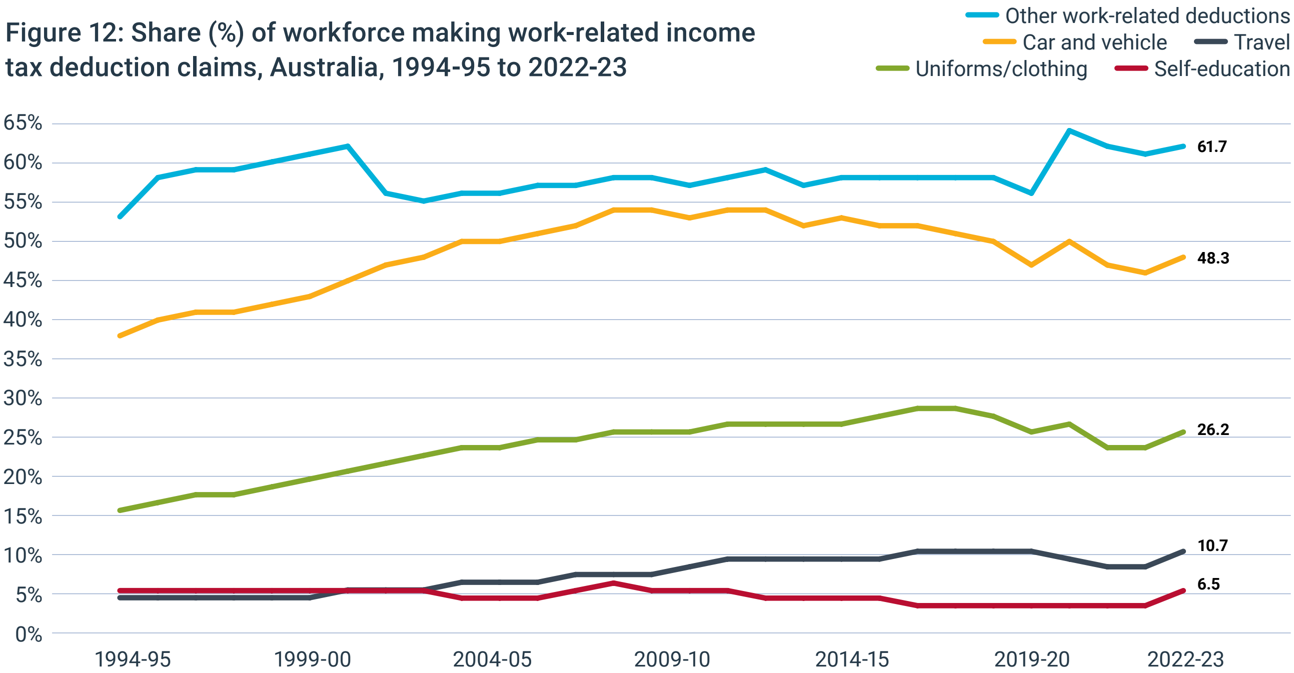
While some changes were made that provide exemptions for retraining or reskilling employees in some instances since 2020[32], complexity remains. For example, issues related to Fringe Benefits Tax are one of the major barriers to increased take up of degree apprenticeships in Australia.[33]

Incentives and disincentives created by the tax system for employees

Employees can claim a tax deduction for self-education expenses if it either maintains or improves the specific skills or knowledge required for current employment activities or results in, or is likely to result in, an increase in income from current employment activities. A deduction is not allowable for self-education expenses undertaken with the objective of obtaining employment, obtaining new employment or opening up new income-earning activity.[37]

Over the past 30 years, the share of the population claiming a deduction for self-education expenses

Figure 12: Share (%) of workforce making work-related income tax deduction claims, Australia, 1994-95 to 2022-23



Source: ATO Taxation Statistics, ABS Labour Account

has barely shifted, despite significant broader labour market change. It is the slowest growing of all work-related deductions and the relativity with other forms of tax deductions is also stark. For example, an individual is four times more likely to claim a deduction for uniforms and clothing than for self-education.

In the context of a rapidly changing labour market, it is timely to consider the merits or otherwise of limiting the self-education tax deduction to an individual's current employment only. These are complex issues that require detailed consideration. However, in the Australian context, a recommendation was made by the OECD in 2019 to allow the tax deduction for self-education expenses to be used towards training not directly related to one's current employment, while excluding training for leisure or personal interest purposes.[34]

Overall system complexity

Employers consistently report that the overall complexity of the education and training system is a barrier to their engagement. While training package architecture, regulation of training standards and some policy and program delivery are national, states and territories also have responsibility for their respective systems. This very complex landscape of stakeholders, training requirements, eligibility requirements and national inconsistency frustrates and creates additional complexity for employers.

A key priority for all governments in Australia must be to minimise the overall complexity of the education and training system for users, including employers. This includes providing simplicity and certainty in eligibility for government skills development programs to support awareness, access and investment decisions by employers.

Priority Action 2

Review specific federal and state policy settings that may be constraining investment by individuals and employers in work-related training. This should include, at minimum, consideration of the impact of the collective weight of compliance training, Fringe Benefits Tax liabilities on employers and low uptake of self-education tax deductions.

Skills policy settings that encourage and enable work-related training

Significant reform has been progressed in Australia's skills and training system in recent years. As reforms progress, public funding for skills development must be at a level that enables high quality outcomes and inclusion. In recognition of the importance of a high-quality and diverse VET sector that delivers the skills uplift Australia needs, investment in the sector must increase.

The focus on workplace training in VET policy settings and associated funding arrangements has diminished over the last decade. Recent reforms have generally focused on uplifting and expanding institutional-based delivery, which has potentially occurred at the expense of workplace delivery models that can enable work-related training.

> Over the past decade, the focus on workplace training in policy settings associated funding arrangements has diminished.

A re-balancing is required to recognise the critical importance of both institutional and workplace delivery through the overall system.

Connecting education and training with the workplace

A critical enabler of work-related training is flexibility from education and training providers to align skills development with the workplace context. Many employers need training to be delivered onsite and at hours that align with operational requirements. Australian Industry Group members consistently report that, in a VET context, this type of flexibility is more likely to be provided by private training providers. Recent initiatives directing funding towards public providers and changes to state and territory funding has adversely impacted the ability of some employers to access workplace-tailored training for their workforce.

The solution does not always require new investment. One of the major levers available to boost work-related training is to strengthen the connection between the significant existing investment in tertiary education and training to the workplace context, driving benefit for both individuals and their employers.

For example, almost 14,000 people enrolled in government-funded Leadership and Management VET qualifications in the first six months of 2025.[35] However, this is often focused on delivery in an institutional context, disconnected from the workplace. System and funding settings can and should encourage and enable this training to be delivered in a workplace context where appropriate.

Government programs targeted at productivity-enhancing workplace training

There are numerous examples of previous government programs that have directly supported workplace training, including with a direct focus on productivity-enhancing training in the workplace, that no longer exist. The absence of such programs is stark when productivity has been identified as a national priority. The re-introduction of programs of this nature should be a priority for both the Australian and state and territory governments.

The Centre for Education and Training has previously outlined examples of past programs considered successful and the common elements across them that could be considered design principles for future initiatives in this area.[36]

These design principles include:

- Strong industry involvement in design and implementation
- A focus on firm-level productivity and business improvement
- Availability of independent, trusted and industry-relevant advice to design effective skilling solutions
- Access to training tailored to business and employee needs
- Co-investment between government and industry.

Enterprise-based Registered Training Organisations

Enterprise-based Registered Training Organisations (ERTOs), by their nature, enable very high levels of customisation and alignment of training to the workplace context, while still meeting the requirements of nationally recognised training[37]. Yet, Australia has seen a significant reduction of the number of ERTOs in recent years.

The cost and complexity of operating an ERTO for companies is significant.[38] This is reflected in feedback received by Australian Industry Group that businesses are making the decision not to seek initial registration as an ERTO or ceasing their ERTO operations owing to significant compliance and cost burdens. This is another potential constraint on employer investment in work-related training that requires careful consideration.

Recognition and portability of skills

Better ways of facilitating Recognition of Prior Learning (RPL) will help more people engage with lifelong learning. As workers change jobs or move into new roles, they need skills recognised and translated to new occupations and qualifications. RPL does not currently function well. Students report they find it too costly and time-consuming. For training providers, RPL is often poorly funded, and concerns about compliance lead them to be very cautious in what is recognised. Quality RPL tools that are freely available and supported by suitable case studies, will assist with a higher and more effective level of RPL provision. While there is a clear need to make RPL simpler, easier and more widespread, it must still be sufficiently rigorous. The education system and the labour market must have confidence in the skills and knowledge recognised through an RPL process.

Priority Action 3

Australian Government and State and Territory Governments increase investment in VET to deliver the skills uplift Australia needs, with a focus on encouraging and enabling training in the workplace context. This should include, but not be limited to:

- Creating and encouraging workplace delivery options within relevant existing funding settings and programs
- Re-introduction of programs that directly support productivity-enhancing workplace training
- Ensuring policy and regulatory settings are conducive to viable Enterprise-based Registered Training Organisations; and
- Driving more widespread use of Recognition of Prior Learning.

Foundation skills

Foundation skills, including language, literacy, numeracy and digital literacy are today a baseline requirement for workers of all ages. They are the basis for any individual to work and learn in a technology-rich environment and a workforce that has an increasing demand for higher-level skills. They also underpin the success of the other elements of this roadmap.

> Lifting foundation skills capability across Australia's workforce is a national priority.

Almost 9 in 10 Australian employers report being affected by low levels of literacy and numeracy among their workforce, which directly translates to a range of negative impacts on productivity.[39] Lifting foundation skills capability across Australia's workforce is a national priority.

The workplace is an important site for delivering foundation skills training. Foundation skills training closely aligned with the workplace context can open critical skills development opportunities to individuals who would not otherwise be able or willing to undertake this training.

Since the closure of the former Workplace English Language and Literacy (WELL) Program in 2014, there has been a vacuum in skills development for working Australians who lack the foundation skills to function competently and productively in the workplace.[40] While the Skills for Education and Employment (SEE) program has recently been expanded to enable some workplace delivery, the scale and success of this expansion cannot yet be fully determined.

Recent investments by the Australian and state and territory governments in foundation skills, such as through the National Foundation Skills Strategy 2025-2035[41] and bilateral implementation plans under the National Skills Agreement[42], are welcomed. However, it is essential that initiatives progressed through this investment reflect the importance of foundation skills delivery in both workplace and community settings.

Priority Action 4

Improve availability and accessibility of training focussed on developing foundation skills in the workplace context. This should include, but not be limited to, wider promotion and support for employers to access the Skills for Education and Employment Program and all States and Territories including workplace delivery options in foundation skills initiatives aligned to the National Skills Agreement

Attachment 1: Further insights on participation in work-related training

Women aged 45 and over are most likely to participate in work-related training

In 2023, women were about five percentage points more likely to participate in work-related training than men.

For both men and women, employees aged over 45 are the most likely to be participating in work-related training. About 43% of women aged 55+ participated in work-related training in 2023, well in excess of the total participation rate (35%).

Young people aged 15-24 are among the least likely to be participating in work-related training. However, it should be noted that many people in this cohort are likely to be undertaking other forms of education and training that would not be included in the definition of work-related training through the HILDA survey.

Work-related training is primarily aligned to current employment

The vast majority of employees report undertaking work-related training with a primary aim focused on their current employment. The three most common aims relate to:

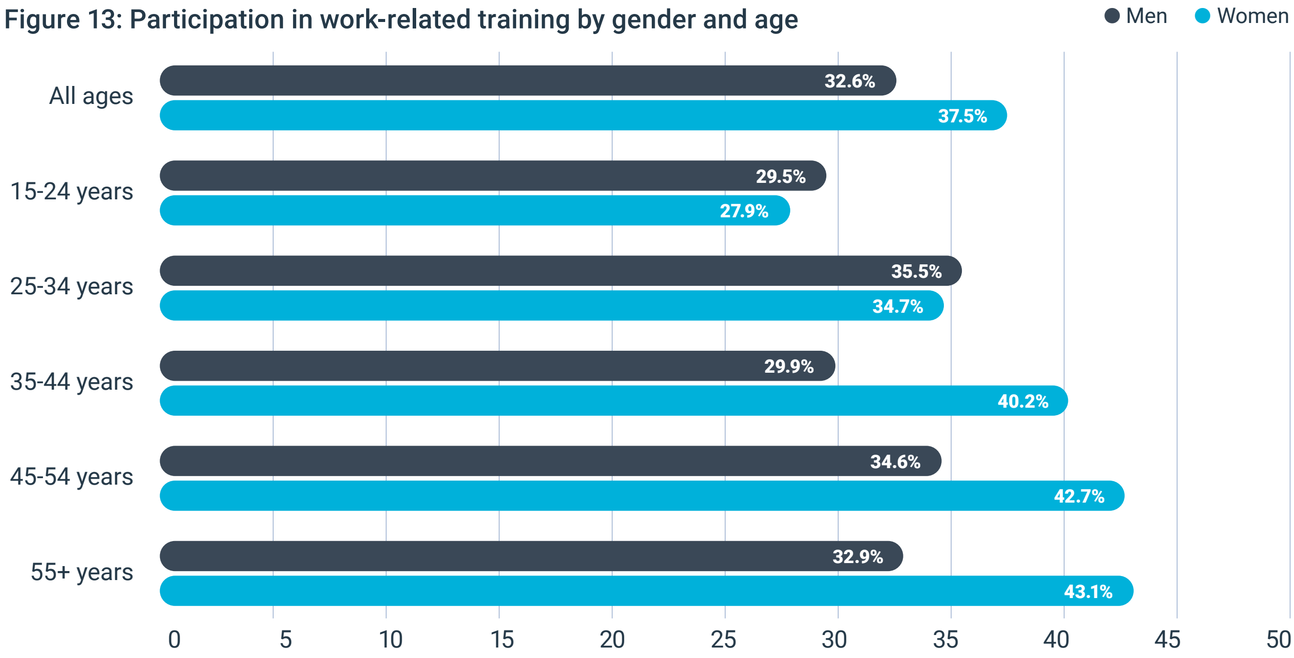
- Improving skills in a current job
- Developing skills generally
- Maintaining professional status or meeting occupational requirements.

Together, these three categories account for roughly three quarters of all training motivations.

Only about 10% of individuals report undertaking work-related training with the aim of preparing them for a new job.

There is no significant variation in the identified aims of work-related training when comparing across occupation or industry of employment.

Figure 13: Participation in work-related training by gender and age



Source: HILDA Survey, Release 23

Higher wages and education levels are associated with greater participation in work-related training

Individuals become more likely to participate in work-related training as their annual income level increases. In 2023, 28% of those with an annual income under $40,000 participated in work-related training, compared to 41% of those with an annual income over $100,000. This trend is consistent across earlier years.

Individuals are also more likely to participate in work-related training where they have a higher level of education attainment. In 2023, 25% of those with Year 11 as their highest level of education attainment participated in work-related training.

The rate of participation rises steadily alongside levels of education to reach 46% for Graduate Certificate and Graduate Diploma level and 44% at PhD level. Again, this trend is consistent across earlier years.

These broad trends are reflected in the overall participation rates in work-related training by occupation. Those in occupations generally associated with higher levels of post-school education and training and/or higher wages are most likely to be undertaking work-related training.

Figure 14: Participation in work-related training by occupation in 2023

48.03%
Community and Personal Services Workers

46.51%
Professionals

33.68%
Managers

31.78%
Technicians and Trades Workers

26.20%
Machinery Operators and Drivers

24.95%
Clerical and Administrative Workers

21.68%
Labourers

21.25%
Sales Workers

Source: HILDA Survey, Release 23

About this research

- This report uses unit record data from Household, Income and Labour Dynamics in Australia (HILDA) Survey conducted by the Australian Government Department of Social Services (DSS). The findings and views reported in this paper, however, are those of the author[s] and should not be attributed to the Australian Government, DSS, or any of DSS' contractors or partners. DOI: https://doi.org/10.26193/NBTNMV
- This analysis is based on multiple key national data sources: the Australian Bureau of Statistics (ABS) Work-Related Training and Adult Learning (WRTAL) survey for 2013, 2017 and 2021; Labour Force Surveys 2006-2025, which provide periodic national benchmarks on labour market activity; and Wave 23 (2023) of the HILDA Survey, which forms the core of our detailed investigation.
- To ensure our findings are nationally representative, all visualisations and descriptive statistics derived from the HILDA data employ the provided cross-sectional population weights, which adjust the sample bias considering the following:
    - Complex Survey Design: The HILDA survey employs a multi-stage sampling method, which can lead to certain groups having a higher or lower probability of being selected. The weights adjust for these unequal selection probabilities, ensuring that the sample is balanced.
    - Survey Non-response: Some individuals chosen for the sample may be unwilling or unable to participate. This non-response can introduce bias if the characteristics of participants differ systematically from those of non-participants.
    - Sample Attrition: As a longitudinal study, HILDA is subject to attrition, which is the cumulative loss of participants over successive waves of the survey. This can affect the representativeness of the sample over time.
- These factors can lead to the under- or over-representation of certain demographic cohorts within the survey data. By applying the cross-sectional population weights, we effectively correct these imbalances. Each respondent's contribution to the analysis is adjusted, giving more weight to individuals from underrepresented groups and less to those from overrepresented groups. This process ensures the sample composition aligns with the known demographic characteristics of the Australian population, thereby enabling reliable national estimates to be made.
- The definitions provided by HILDA and the ABS regarding the sponsorship of training differ slightly. HILDA's definition considers personal costs associated with any training undertaken, allowing for a cumulative account of training investments over the past 12 months. In contrast, the ABS definition focuses solely on personal costs incurred for the most recent work-related training event.

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