ARA/NRA SUBMISSION
PILLAR 2: BUILDING A SKILLED AND ADAPTABLE WORKFORCE

JUNE 2025

The Australian Retailers Association (ARA) and National Retail Association (NRA) welcome the opportunity to contribute to the Productivity Commission's consultation on *Pillar 2: Building a Skilled and Adaptable Workforce* – a critical area for lifting participation, productivity and economic resilience across Australia.

The ARA and NRA, which propose to amalgamate into the Australian Retail Council (ARC), represent a **$430 billion sector,** and employs **1.4 million Australians** – making retail the largest private sector employer in the country and a significant contributor to the Australian economy.

Our membership spans the full spectrum of Australian retail, from family-owned small and independent retailers that make up 95% of our membership, through to our largest national and international retailers that employ thousands of Australians and support both metropolitan and regional communities every day.

With a significant portion of every dollar spent in retail flowing back to employees, suppliers, super funds, and local communities, a thriving retail sector benefits all Australians. After a uniquely challenging five-year period, which has had significant impacts on the sector, we are united in advocating for policies, reform and collaboration that will drive growth, resilience, and prosperity for the retail sector and all Australians.

EXECUTIVE SUMMARY

As Australia's largest private sector employer, retail plays a critical role in developing workforce capability across logistics, supply chains and customer service, particularly for young Australians.

Retailers invest significantly in training and development to meet changing workforce needs and support career pathways, particularly through Vocational Education and Training (VET). However, current workforce policy settings are often too rigid, complex, or slow to adapt. Retailers continue to face challenges accessing skilled staff, navigating state-based training systems, and responding to emerging capability demands in areas such as digital, logistics and sustainability.

At the same time, Australia's broader education and skills pipeline faces persistent structural issues, including low school engagement, fragmented transitions between learning and work, and limited support for upskilling in frontline industries. As the economy undergoes significant transformation, workforce policy must become more flexible, responsive and outcomes-driven to support both national productivity and individual career success.

This submission highlights five key areas where reform can help build a more skilled and adaptable workforce:
1. Improving school student outcomes with better tools and resources;
2. Enhancing flexibility and relevance in post-secondary training and recognition systems;
3. Streamlining occupational entry regulations to address skills shortages and reduce red tape

Together, these reforms will support better learning and employment outcomes, reduce skills shortages, and help Australians thrive in a changing economy.

IMPROVING SCHOOL STUDENT OUTCOMES WITH BETTER TOOLS AND RESOURCES

Australia's education system is essential in preparing students to enter further academia and the workforce, however, concerns persist with respect to stagnating outcomes. The National Assessment Program – Literacy and Numeracy (NAPLAN) test demonstrates modest gains for some groups, including First Nations students, while the OECD's Programme for International Student Assessment (PISA) indicates declines in secondary performance.

The Australian Qualifications Framework and national curriculum seek to unify education, however more investment and a review of the curriculum will assist in developing critical strategies to prepare students with the capabilities to enter the workforce.

Educational performance is also closely tied not just to curriculum content, but to how that content is delivered. Several jurisdictions, including New South Wales, have moved toward evidence-based approaches rooted in the science of learning, such as explicit instruction and phonics in early literacy. Continued national focus on embedding these proven pedagogical models, supported through university teacher training and professional development, is critical to lift outcomes and build foundational skills across the student population.

The 2022 OECD Programme for International Student Assessment (PISA) undertook an assessment of a sample of 13,437 Australian students from 743 schools in Australia and identified that only half of students achieved the National Proficient Standard – 51 percent for mathematics, 57 percent in reading and 58 percent in science. This result demonstrates that half of the Australian student population cannot demonstrate basic skills across these key areas.

Teacher training and the impact on student success
Teachers drive up to 30 percent of student outcome variance, according to Australian Professional Standards for Teachers (APST), but face challenges including heavier workloads, and lower enrolment at a university level. Swinburne University recently announced programmes dedicated to upskilling teachers and providing them with further career opportunities (1). Deloitte's call for retraining every six years highlights the need for ongoing professional development (PD) in science, technology, engineering, maths (STEM), and enterprise skills. However, with the accelerating pace of technological change, particularly in artificial intelligence (AI), there is a risk that a six-year professional development cycle will leave teachers behind. A more dynamic and continuous upskilling model may be necessary to ensure educators can confidently incorporate emerging technologies into the classroom.

We support initiatives that can provide Federal and/or State and Territory funding aim to bridge gaps in training, upskilling, and equipping teachers with the digital resources to manage workloads. We recommend that the Federal Government invest in inquiry-based learning and targeted retraining for teachers every six years. Streamlining reporting for teachers, establishing practical and tool/digital-focused training for teachers and establishing professional development (PD) hubs will empower educators to drive student success and productivity.

Attracting more people into teaching, especially in high-demand areas like STEM, must be a national priority. Targeted incentives, including university scholarships, teacher cadet programs, and clearer career development pathways, can help address declining enrolment in teaching degrees and ensure the profession remains an attractive long-term option.

Education Technology and access for students and teachers

In Australia, education tools like Mathspace, an adaptive digital platform for mathematics, are increasingly vital for improving student outcomes in a system striving to prepare a productive workforce. Similarly, Khan Academy, a STEM education platform offers free, high-quality online learning resources for students and teachers.

These programs, in addition to other forms of Education AI are key to improving student outcomes in Australia, aligning with critical numeracy, literacy and science targets. Additionally, they offer personalised learning through tailored exercised and can provide immediate feedback and analytics. For many regional, remote, rural and low socio-economic schools, these programs vary in access, and critically, where NAPLAN results show lower numeracy scores (e.g., 20% lower for remote students compared to urban students). Ensuring equitable access to platforms like Mathspace, Khan Academy and Education AI programs is critical to addressing skill gaps and fostering workforce-relevant competencies like problem-solving and digital literacy.

South Australia's EdTech investment improved access in 80 percent of regional schools and this can be emulated at a national level. Initiatives that can assist bridging the education technology gap include funding internet and devices for remote, regional, rural, and disadvantaged schools, subsiding education and AI technology programs including Mathspace and Khan Academy for disadvantaged schools, aligning targeted education technology with the national curriculum, and training students in digital literacy.

More also needs to be done to ensure remote and regional areas have access to high-quality teaching and retain skilled staff. In addition to improving access to education technology, there should be greater focus on developing career pathways for existing team members in rural and regional communities, particularly those already employed in retail, to transition into teaching and training roles.

We recommend that Federal, State and Territory Governments co-invest in a national catalogue of vetted lesson planning tools, and technology aligned to the Australian Curriculum, and a dedicated plan to support Professional Development of educators. Additionally, we recommend that digital technology and programs are subsidised to target teachers and students in disadvantaged schools and rural, remote, and regional Australia.

National Curriculum inconsistencies

We note that the Australian Curriculum, Assessment and Reporting Authority (ACARA) develops the National Curriculum and is adopted by each State and Territory. Variations in state implementation can create inconsistencies, as noted in the 2019 Australian Qualifications Framework Review (2). Slow updates to training packages and curriculum content can lag behind workforce needs, particularly in digital skills. Critically, teachers require ongoing professional development to effectively deliver the curriculum.

We recommend the streamlining of Federal, State and Territory alignment through a unified digital platform for curriculum resources and lesson planning materials to reduce inconsistencies. In addition, expanding teacher training as a mandatory prerequisite and as part of ongoing curriculum delivery, focusing on digital technology developments and strengthening industry input, will ensure Australia's curriculum remains robust and adaptable, preparing students for the future.

SUPPORTING THE WORKFORCE THROUGH FLEXIBLE POST-SECONDARY EDUCATION & TRAINING

Subsection A: Credit Transfer and Recognition of Prior Learning (RPL)

Australia's post-secondary system, including VET (TAFE and RTOs) and higher education, is vital for workforce readiness. The Australian Qualifications Framework enables transitions between sectors, however only 60 percent of 25-year-olds hold qualifications, and many struggle to find full-time work. Jobs and Skills Councils align VET with industry, while scholarships support access. Rapid skill changes demand a more responsive system to ensure productivity.

While fee-free TAFE initiatives have expanded access to training in critical areas, some stakeholders have noted that the exclusive focus on TAFE providers may inadvertently crowd out high-quality private and enterprise RTOs. Given retail's status as Australia's largest private sector employer and a significant training provider, future programs should ensure equitable access to funding across the VET ecosystem, recognising the role of diverse providers in delivering industry-relevant and job-ready skills.

Recognition of Prior Learning (RPL) and credit recognition allow learners to transfer skills and qualifications across TAFEs, Registered Training Organisations, and universities, supporting flexible pathways. However, inconsistent frameworks result in only 5 percent of Vocational Education and Training (VET) students using Recognition of Prior Learning (RPL), and just 10 percent of VET graduates transitioning to degrees.

Standardisation, as recommended by the 2019 AQF Review, is critical to meet the 45 percent high-skill job demand and enhance workforce productivity.

Many retailers deliver accredited and non-accredited training in-house, however, face inconsistent recognition frameworks across State and Territory jurisdictions. A national digital learner record would track qualifications, credits, and RPL across jurisdictions and providers, enhancing transparency and mobility under the Australian Qualifications Framework (AQF). Currently, fragmented systems limit portability, with only 10 percent of learners transferring credits seamlessly.

We strongly recommend the development of a national platform integrating a Unique Student Identifier (USI) with higher education records by 2028.

To standardise frameworks and boost productivity, we recommend the introduction of a national RPL and credit recognition standard, enforced by Australian Skills Quality Authority (ASQA), for 80 percent consistency by 2028. Additionally, simplify RPL documentation using digital templates, educating students and employers on RPL via a national campaign to increase uptake, assisting RTOs to build RPL assessment capacity and harmonising State and Territory frameworks will enhance transferability, and align skills with workforce needs.

Small and Medium Enterprises (SMEs) rely on RPL to upskill, but complex processes limit the average uptake to approximately 5 percent of VET students. Complex documentation, time constraints, cost and resourcing issues, inconsistent standards and low awareness are barriers for SMEs.

We recommend simplifying RPL documentation with pre-filled digital templates to reduce time, duplication, and inefficiencies, subsiding or minimising the costs associated with RPL assessment fees, standardising the RPL criteria across RTOs and providing dedicated RPL support officers for SMEs in regional areas. These recommendations will assist in streamlining the complexity around RPL and may increase the capabilities of SMEs to employ more VET students.

In addition, many retailers note that existing training packages and qualifications are no longer fit-for-purpose. They do not sufficiently reflect the evolving nature of retail work, including the increasing importance of digital literacy, customer engagement, and sustainability. While fee-free TAFE has expanded access to vocational training, it has also had the unintended effect of crowding out high-quality private RTOs, limiting learner choice

and reducing industry-specific responsiveness. Given retail's scale and workforce significance, we recommend that government redirect resources to support an immediate, comprehensive review of retail training packages in close partnership with industry.

Subsection B: Work-Related Training
Structured non-formal training (e.g., workplace workshops, online courses) is excluded from VET policy, limiting access to subsidies like VET Student Loans. Under 7 percent of percent of young people participate in VET, and high costs deter disadvantaged learners.

Additionally, inconsistent quality assurance reduces employer trust, and the Australian Skills Quality Authority lacks guidelines for integration. We therefore, strongly recommend that that the National Skills Agreement is amended to fund non-formal training, in addition to an allocation of funding and resourcing provided to the Australian Skills Quality Authority to develop quality frameworks, and pilot subsidies for TAFEs to deliver digital skills courses. These recommendations will ensure that structured and non-formal training in VET policy settings will allow eligibility for government support.

Employer training for future skills (e.g., digital literacy) is limited as a result of high costs and limited to no tax offsets, with only 20 percent of SMEs offering programs. Complex subsidy processes and poor Australian Qualifications Framework (AQF) alignment hinder scalability, and Jobs and Skills Councils underutilise employer-led training. We recommend that a tax offset is provided for SMEs (30 – 40 percent) to deliver training aligned with JSC skills (e.g., cybersecurity). Additionally, streamlining the subsidies via a digital portal can assist in increasing uptake, and providing resourcing and funding to develop AQF training templates, will incentivise upskilling and the alignment of future workforce capabilities.

A skills passport for in-employment training is hindered by fragmented systems, and it is estimated, with only 10 percent seamless credit transfers. Small and Medium Enterprises (SMEs) face validation issues, and it is estimated that only 30 percent of employers understand recognition. We strongly recommend the development of a National Skills Passport that can recognise in-employment training, and to support this initiative, the allocation of funding to develop Privacy Act-compliant security, standardise recognition via Australian Skills Quality Authority, and a national campaign promoting the Skills Passport to SMEs.

FIT-FOR-PURPOSE OCCUPATIONAL ENTRY REGULATIONS

Reassess the need for licensing in low-risk retail facing occupations where training and consumer laws already exist
Occupational licensing in low-risk retail roles including beauty and hairdressing is overly restrictive, adding time, resourcing and cost burdens despite VET training and Australian Consumer Law (ACL) protections. State-based inconsistencies create confusion for workers and Small and Medium Enterprises (SMEs), limiting workforce participation and exacerbating skill shortages in the retail sector.

These roles typically require extensive training through VET providers like TAFEs, yet additional licensing requirements, such as mandatory certificates or renewals, impositions without clear evidence of enhanced consumer protection. For example, beauty therapists in some states must complete lengthy compliance processes despite existing consumer laws, including the Australian Consumer Law (ACL), which already address service quality and safety.

To streamline entry and boost productivity, Australia should reassess licensing requirements for low-risk retail occupations. We recommend a national review to evaluate the necessity of licensing in beauty and hairdressing, and prioritising roles covered by existing VET qualifications and Australian Consumer Law (ACL) protections.

Additionally, we recommend eliminating redundant licensing for low-risk occupations, replacing them with voluntary certification aligned with Australian Qualification Framework (AQF) standards. Jobs and Skills Councils (JSCs) have the capability to develop streamlined training pathways that integrate consumer law compliance, reducing the need for separate licenses. These measures will reduce entry barriers, align regulations with existing protections, and enhance retail sector productivity.

Support a nationally portable licensing system to promote mobility
Inconsistent state-based licensing for retail roles like beauty, hairdressing, and security hinders mobility, with varying requirements despite AQF qualifications. Weak mutual recognition creates administrative burdens for SMEs, discouraging relocation and exacerbating regional labour shortages, reducing retail sector efficiency. As an example, an employer registered in Queensland may face additional requirements to work in New South Wales. Despite the *Mutual Recognition Act 1992 (Cth)* framework, there remains large administrative burdens place on SMEs operating in multiple jurisdictions.

To promote mobility and enhance productivity, we recommend the establishment of a nationally portable licensing system for retail occupations, accompanied by strengthening the *Mutual Recognition Act* to mandate automatic licensing recognition across states for qualified workers in low-risk roles. Additionally, we recommend that the Jobs and Skills Councils create uniform licensing standards for beauty, hairdressing, and security, aligned with Australian Qualifications Framework (AQF) by 2028. These measures will streamline workforce deployment, reduce administrative burdens, and support retail sector productivity.

Review licensing conditions to adapt to retail labour shortages, especially in regional areas
Restrictive licensing in retail roles including beauty and hairdressing worsens regional labour shortages, with high costs and in-person assessments creating barriers. State-based variations complicate hiring for retailers, undermining productivity in regional, rural, and remote economies.

Regional, rural, and remote employers struggle to fill vacancies due to high licensing costs and lengthy processes, with rural areas facing greater challenges than metropolitan and urban areas The lack of flexibility in licensing frameworks, including mandatory in-person assessments or renewals, disproportionately affects regional and remote workers who face travel and cost barriers.

To address labour shortages and boost productivity, we recommend licensing conditions with a focus on regional retail needs. A review into streamlining licensing for low-risk retail occupations, prioritising reduced compliance requirements in regional areas and the introduction of digital licensing assessments to eliminate travel barriers for regional workers will address the barriers to fir for purpose occupational entry regulations. Finally, providing subsidies for licensing fees in regional areas and targeting SMEs may incentivise hiring. These reforms will alleviate shortages, enhance regional workforce participation, and strengthen retail sector productivity.

RECOMMENDATIONS

The ARA and NRA thank the Productivity Commission for the opportunity to contribute to this important consultation and stand ready to support the Government in developing practical, industry-led reforms that will strengthen education and training outcomes, reduce regulatory barriers to workforce entry, and better equip Australia's labour market for future economic challenges.

To support this, the ARA and NRA recommend the following:

1. Federal Government invest, and mandate educators' professional development every six years
2. Subsidise digital programs and technology targeted at disadvantaged students in STEM and engineering
3. Investment in a national catalogue of vetted lesson planning tools
4. Streamlining of Federal, State and Territory alignment through a unified digital platform
5. Develop a national platform integrating a Unique Student Identifier (USI) with higher education records
6. The introduction of a national Recognition of Prior Learning (RPL) and credit recognition standard
7. Development of a National Skills Passport that can recognise in-employment training
8. Recognise high-quality RTOs as a critical part of the national training system and ensure equitable access to funding and policy support across the VET sector, including incentives for enterprise-based training delivery.
9. Eliminating redundant licensing for low-risk occupations, replacing them with voluntary certification aligned with Australian Qualification Framework
10. Invest in training, skills and development training to create 'job ready' graduates in manufacturing, logistics, sustainability, and in digital technologies, including coding and Artificial Intelligence (AI).

As Australia navigates a changing economy, a skilled and adaptable workforce is vital to our nation's productivity and competitiveness.

Thank you again for the opportunity to provide a submission on *Pillar 2: Building a Skilled and Adaptable Workforce*. Any queries in relation to this submission can be directed to our policy team at policy@retail.org.au.

References

(1) *Teachers are increasingly leaving the job. Upskilling could hold the key to Australia's educational future.* 2025, Swinburne.edu.au, https://www.swinburne.edu.au/news/2025/05/teachers-are-increasingly-leaving-the-job-upskilling-could-hold-the-key-to-Australias-educational-future/.

(2) Clarke, M 2019, *Australian Qualifications Framework Review - Department of Education, Australian Government*, Department of Education.