

6 June 2025

Via: Online Portal

Woolworths Group submission to Productivity Commission Pillar 2 Consultation - *Building a skilled and adaptable workforce*

Dear Sir/Madan,

Woolworths Group Limited (**Woolworths**) welcomes the opportunity to make comment on the Productivity Commission's (PC) consultation, *Building a skilled and adaptable workforce (the consultation)*.

We are Australia's largest private sector employer, with more than 178,000 hard working Australian team members who service more than 20 million Australian customers every week across more than 1,250 Woolworths Supermarkets, Metro Food Stores and BIG Discount Department Stores. We also offer a range of consumer services, including telecommunications and insurance, operate Everyday Rewards which has 14 million members, and own WPay, the largest non-bank acquirer of card payments in Australia.

Summary of Woolworths' key feedback

We support the PC's focus on providing quality advice to the Australian Government on the current, emerging and future skills and workforce needs of the Australian economy. Productivity is essential to our continued shared success and the economic prosperity of Australia. As customer habits shift, we are seeing strong customer preference for quicker, easier and personalised shopping experiences, which create both opportunities and challenges for Woolworths.

Overall, we are seeing an increase in demand for digital roles, including product management, engineering, cybersecurity, food and data science across our Group.

In the context of these opportunities and challenges, we provide the following comments:

- The food and grocery sector is a significant employer in Australia, with around one in eight Australians starting their working career with Woolworths.
- Technology and automation are creating new career opportunities in the retail sector, with an increase in demand for particular skill sets. Many of the skills sets required for retail are also in demand in other industries, requiring a level of cross-economy coordination on skills policy.
- Engagement with State and Territory counterparts will be essential to ensure a consistent approach to skills and training reform.

Specific comments on these key themes are detailed below.

Feedback on focus areas

Retail and supply chain logistics

In line with changing customer preferences, we have a strong focus on supply chain innovation. We are now seeing more customers visiting our digital platforms than visiting our stores, which is resulting in more customers shopping through our eCommerce network.

While noting the overall increase in our front-line workforce described previously, our supply chain processes incorporate automation and robotics to service this growing and changing customer demand. Our Melbourne South Regional Distribution Centre, Moorebank National Distribution Centre and Auburn Customer Fulfillment Centre, all incorporate state-of-the-art automation to help ensure that customer demand for convenience can be met.

Importantly, these changes have improved safety outcomes for our team, with less manual handling involved, whilst also improving productivity. These advances also create employment opportunities for a more diverse workforce as roles can accommodate more workplace adjustments.

Critical to realising this ongoing productivity benefit, will be ensuring there is a pipeline of suitably qualified people to work in an increasingly high tech supply chain. As a result of our eCommerce growth, we are seeing a convergence of demand for talent with skills in industrial, software and process engineering, integration and roles specialising in the optimisation of vendor technologies. In those engineering roles, the interoperability of skills is vital.

We are interested in exploring the benefits of a Skills Passport, announced as part of the Federal Government's Employment White Paper, to our future supply chain workforce and consulted on in 2024. Trust across industries in the reliability of the credentials in a Skills Passport will be critical to the program's success.

As a national business, we have observed the prioritisation of skills funding, may differ across States and Territories, perhaps reflecting skills in demand locally. This results in differing skills priorities at the State level and a disconnect between what may be a skills priority for government, versus what are skills priorities for industry. Additionally the rules and complexity to access training funding acts as a barrier for many industry participants to access government-funded programs.

Recommendation 1: The PC, in its interim report, should give consideration to:

- **Whole supply chain workforce mapping:** Different businesses face different skills challenges. Workforce mapping by the Commonwealth could link with the ABS to identify future trends in skills shortages, informing policy responses.
- **Curriculum alignment:** Stronger alignment between schools, TAFE, universities and industry on skills needed will support sustainable career pathways.
- **Leading coordination between the states** to ensure a nationally consistent approach to skills and training reform - as state-by-state regulations can pose challenges in terms of skills mobility.

Supporting skilled regional workforces

A regional program of policy reform to identify key steps in enhancing regional Australia's human capital will be central to realising the full potential of regional employment opportunities. We are a significant employer in regional Australia, directly employing 47,500 regional Australian workers through our Woolworths and BIG W Discount Department stores, representing 1 in 29 regional jobs and 17% of all retail workers in regional Australia.

Importantly, the economic activity that these employees create also leads to other important employment opportunities in other parts of the regional Australian economy, supporting an estimated 57,500 jobs.

These opportunities are disproportionately provided to Australians who have traditionally had lower workforce participation, including:

- 60.5% of Woolworths' regional workers are women, which is 25% higher than the regional Australian average;
- 33.6% of Woolworths' regional workers are aged between 15-24, more than double the regional Australian average; and
- 4.9% of Woolworths' regional workers are First Nations Australians, 11% more than the regional average.

We also play an important role in developing the future of regional Australia's workforce with entry-level job opportunities and providing these workers with the vital skills they will need across their working lives. As part of analysis conducted by Mandala Partners for the Woolworths 2023 Regional Report, eight of the 10 most in-demand skills listed in Australian job ads are common to roles in Woolworths. Extending this further, 12 of the top 20 skills are common in Woolworths jobs. These skills include communication, teamwork and collaboration, planning, customer service and problem solving, which are essential general workforce skills.

Recommendation 2: The PC to consider as part of its interim report, regional workforce dynamics and the unique opportunity for skills development provided by on-the-job development and training.

Using mapping and tools to promote better workforce outcomes and balance service availability and quality

As part of our workforce planning, we have assessed the labour market dynamics of geographic locations, the challenges we face in finding team members and what we could do to more actively promote employment opportunities. We have experienced challenges in filling proactive service roles, with these challenges being particularly acute in regional locations such as the NSW Snowy region and the Southern Highlands. These are locations with low unemployment rates and locations known to have tight labour and talent markets. Moreover, some of our more remote areas lack the infrastructure to enable the development of a local workforce.

Recommendation 3: The PC consider a whole of government solution where organisations, like Woolworths, could provide on future workforce needs in specific locations to inform priorities in the education and training sector and ancillary government policy.

Truck driver shortages and solutions

As Australia's urban freight task continues to grow, more truck drivers will be needed to meet this demand. Truck drivers are an ageing workforce and this will build pressure on an already strained trucking industry to meet growing demand for qualified drivers.

Recruiting local drivers is also a major challenge as the regulatory system currently does not provide a competency-based nor a school-based pathway. In general, licence progression to heavier vehicles is

based on time served on a lower class. It takes a minimum of 36 months from the point an individual holds a provisional licence to process to a Multi-Combination (MC) licence. The challenge is compounded as driver mobility between states is constrained due to differences in state licensing programs.

Licensing reforms are key to addressing this challenge. In 2023, Federal and State Transport Ministers supported progressing licensing reforms, meaning a driver would be able to upgrade from a Medium-Rigid (MR) licence to a MC licence in as little as six months - instead of a minimum of two years under current arrangements. We would welcome this as a move to creating clearer career pathways for drivers entering the industry.

Recommendation 4: The PC, as part of its interim report, to consider how reforms to truck licensing regimes could create clearer career pathways for drivers entering the industry, support the growing demand for qualified drivers and better manage on-road risk.

We appreciate the time and effort the Productivity Commission has taken to review our submission on this important matter. We also note that the PC intends to publish an interim report in coming months. We look forward to reviewing the publication of this material and welcome the opportunity to contribute further to this process and in the implementation of practical and scalable reforms.

If you would like to discuss any aspect of this written submission, please contact Ryan Mahon, Government Relations & Industry Affairs Manager via