Comments on Building a Skilled and Adaptable Workforce Interim Report

15 September 2025

Workday appreciates the opportunity to comment on the Productivity Commission's interim report ("Report") on "Building a Skilled and Adaptable Workforce" and the draft recommendations within the report. Workday is the AI platform for managing **people**, **money** and **agents**. The Workday platform is built with AI at the core to help customers elevate people, supercharge work, and move their business forever forward. Workday is used by more than 11,000 organisations around the world and across industries – from medium-sized businesses to more than 65% of the Fortune 500. With offices in Brisbane, Canberra, Melbourne, and Sydney, two in-country data centres, and a customer support presence, we are proud of our robust offerings in Australia. Workday serves major Australian customers including Atlassian, Bunnings, Canva, the Commonwealth Bank of Australia, Latitude Financial Services, One Rail Australia, QANTAS, Reece Group, Telstra, and St Vincent's Health Australia.

At Workday, we believe that AI is powering the future of work by unlocking human potential, driving business value, and enabling our customers and their employees to focus on more strategic and fulfilling work. Our guiding principle is that AI should be used in ways that augment, rather than displace people. AI tools should not be seen as just tools for automation, but a catalyst for a new way of working that is more agile and human-centric. An example of this would be Workday's Career Hub which empowers employees by automatically recommending personalised internal job opportunities and gigs, as well as learning opportunities based on their skills and aspirations.

As a global leader in the enterprise cloud applications for finance, human resources and workforce planning, Workday is deeply committed to empowering organisations to build agile, skilled and adaptable workforces that can thrive amidst constant change. We strongly support the report's focus on foundational skills and lifelong learning as essential pillars for boosting Australia's productivity.

Workday offers the following comments as Australia considers the various reforms and pathways required to build a highly skilled and agile future-ready workforce. Please do not hesitate to contact [redacted] if you have any questions or would like further information.

A) A skills-based approach to workforce development

The Commission accurately highlights that the average worker must continuously acquire new skills to remain relevant in a changing economy. This reality underscores the need for a fundamental shift from traditional job-based views of talent to a more dynamic, skills-based approach. A skills-based approach focuses on the specific capabilities an individual possesses and those an organisation needs, rather than relying solely on credentials, qualifications, or job titles. Our own research at Workday confirms this: **organisations that have adopted a skills-first workforce development strategy see tangible gains in productivity, workforce agility and employee engagement**.

For Australia to make this critical shift, the first step is **to enhance its skills intelligence capabilities by developing a common language for skills**. This can be achieved through initiatives like **the National Skills Taxonomy** currently being developed by Jobs and Skills Australia (JSA).

A National Skills Taxonomy would provide a clear, consistent framework for understanding skills. When workers and employers share a common language for skills, it becomes easier to:

- **Identify transferable skills**: Workers can more easily transition between occupations and industries. This is especially important for jobs affected by automation or the transition to a net-zero economy.
- **Targeted upskilling and reskilling**: Both employers and employees can pinpoint specific skill gaps and create targeted training programs. This supports the concept of lifelong learning by making it relevant and accessible.
- **Optimise workforce utilisation:** A granular view of existing skills helps organisations better use the capabilities of their existing employees, which can mitigate the impact of excessive occupational entry regulations (OERs).

Workday believes that a common skills language is the bedrock of a future-ready, adaptable workforce. The same Workday research cited earlier shows that Australian organisations are already embracing skills-based workforce strategies.[1] Leaders recognise that prioritising an individual's skills over traditional credentials is the most effective way to future-proof their workforce and ensure they can adapt to whatever challenges come next.

By leveraging the National Skills Taxonomy, both government and industry can make more informed decisions about talent, policy and education.

B) Unlocking labour market data for better policy and planning

To achieve the benefits of a skills-based approach to workforce development, a critical step would require **better access to labour market data that is accurate and updated.** In fact, building skills intelligence capabilities requires not just improved access to labour market data but also how such data is collected and used.

The Report acknowledges that robust policy development requires a strong evidence base. However, the current landscape in Australia is hampered by fragmented and outdated information, particularly regarding work-related training, making it difficult to understand skill gaps, evaluate policy effectiveness, and guide career decisions. The Report further highlights stagnating work-related training rates and persistent skill shortages, particularly within Small and Medium Enterprises (SMEs) as some of the key challenges confronting the Australia workforce. **Unlocking access to comprehensive labour market data, combined with advanced skills intelligence capabilities**, offers a powerful mechanism to address these issues, inform policy, and enhance planning for a skilled and adaptable workforce.

This data accessibility would enable more rigorous analysis and evidence-based decision-making in the following areas:

i) **Precise skill gap identification**: SMEs often lack the internal capacity to assess their skill requirements. Comprehensive, dynamic labour market data, integrated with a skills intelligence platform, can provide a real-time understanding of in-demand skills nationally and regionally. This data allows SMEs to accurately identify critical skill gaps within their workforce and prioritise training investments based on current and future market needs.

ii) **Targeted and effective training incentives**: To determine the most effective way to encourage SMEs and which types or formats of training are most impactful, policy requires granular data.

[1] https://en-au.newsroom.workday.com/press-releases?item=122834#:~:text=SYDNEY%E2%80%93%20March%2010%2C%202025%20%E2%80%93,to%20address%20growing%20talent%20shortages.

Open labour market data can reveal which specific skills are most critically short or yield the highest productivity returns. Financial incentives (such as tax credits) can then be **precisely targeted** to support training in these identified high-priority areas, ensuring government support drives productivity gains and addresses genuine market failures, rather than subsidising training that would occur anyway.

iii) **Informing education and career pathways**: Students and workers need clear signals about which skills are in demand to make informed decisions about their education and careers. Open labour market data can provide these signals, highlighting emerging occupations and the skills required to access them. This is particularly important for navigating the structural changes driven by technological transformation and the transition to net zero.

iv) **Recognition of Diverse Learning**: The Report identifies "lack of recognition" for non-formal learning as a significant issue. By integrating with a National Skills Passport and leveraging a National Skills Taxonomy, a skills platform that is powered by detailed labour market data, could recognise and verify skills acquired through diverse pathways—formal, informal, work experience, or micro-credentials. This transparency would enhance the value of all forms of learning, facilitating smoother transitions for individuals between roles and sectors.

For Australia to build a skilled and adaptable workforce, reliable, frequently collected, and detailed data on work-related training, employer expenditure, and skill demands is essential**.** Workday recommends that Australia establishes a **comprehensive, data-driven skills ecosystem that can analyse and interpret this data and by making this information accessible to policymakers, businesses, and individuals**. This integrated, data-centric approach is crucial for overcoming existing barriers, fostering adaptability, and driving productivity growth across Australia's economy.

C) Government-Industry Partnerships

The vision outlined in the Report for a more skilled, adaptable, and productive workforce requires a collaborative effort between government, industry, and the education sector. Technology solution providers like Workday can play a unique role in this ecosystem.

Our AI-powered Workday Skills Cloud provides the tools and platforms necessary to help organisations gain a real-time understanding of their workforce. This technology can provide valuable insights into skill gaps by:

- **Creating a living skills inventory**: Workday Skills Cloud automatically infers skills from employee data, such as job history and experiences. This creates a comprehensive, dynamic view of the skills landscape within an organisation, moving beyond static job titles. The Royal Automobile Club of Western Australia RAC) is using Workday Skills Cloud to shift from a traditional, competency-based approach to an adaptive, skills-based organisation. Workday's AI platform provides "granular visibility into skills" to better understand the capabilities of their workforce which helps them identify skill gaps and move toward a more agile and resilient organisation
- **Providing real-time insights for strategic planning:** By continuously analysing the skills within the workforce, our platform helps government and organizational leaders identify existing and future skill gaps. This data is crucial for strategic workforce planning, enabling them to make informed decisions about reskilling, upskilling, and targeted recruitment efforts. For example, Telstra has been able to use the Workday platform to analyse critical skills needed, identify gaps and how best to fill them, and then create holistic workforce plans to adapt to changing business needs.
- **Powering personalised learning and development:** The platform can deliver personalised learning recommendations to employees, targeting training where it is most needed to close identified skill gaps. This ensures that training initiatives are effective and directly contribute to building the capabilities required for the future. Hewlett Packard Enterprise (HPE) uses Workday

Skills Cloud and Workday Learning to match employees' skills and talent to the job, helping employees unlock their potential and chart their career paths

Workday stands ready to share our expertise and collaborate with the Australian Government and other stakeholders to support key initiatives. We strongly endorse the focus on skills, data, and technology as the key enablers of this transformation. By embracing a skills-based approach to workforce development, expanding access to Australia's labour market data and establishing a skills ecosystem, Australia can unlock significant productivity gains and accelerate its transition to a modern, skills-based economy.