Powering Skills Organisation Ltd

# Powering Skills Organisation Submission

## Interim report on the Australian Productivity Commission’s Inquiry into ‘Building a Skilled and Adaptable Workforce’

DATE: SEPTEMBER 2025

Powering Skills Organisation (PSO) welcomes the opportunity to provide feedback in relation to the interim report on the Productivity Commission's Inquiry into 'Building a Skilled and Adaptable Workforce', released on 11 August 2025.

PSO also thanks the Commission for meeting to discuss these matters with our organisation directly on 24 September 2025. As discussed, a copy of the recent PSO report, 'Pathways to Unrestricted Electrical Licence in Australia', prepared for the Department of Employment and Workplace Relations, has been provided to assist the Commission. However, please note that this report is interim in nature, and we kindly request that it not be shared externally.

*About PSO*

PSO is one of ten national Jobs and Skills Councils (JSCs) established in 2023 by the Australian Government. Each JSC strengthens the voice of the industries and training sector they represent to deliver better outcomes for learners and employers. PSO works specifically to address the workforce and skills challenges of the energy, gas and renewables sector and oversees four nationally accredited training packages, UEE (Electrotechnology), UET (Energy Transmission), UEP (Energy Generation) and UEG (Gas), which underpin the core skills across the sector.

PSO collaborates with governments, industry, unions, and training providers to build the skilled workforce needed to deliver the clean energy transition, meet Australia's net-zero targets, and support energy-related roles across the economy.

Our work is structured around four core functions: Workforce Planning, which identifies and responds to current and future workforce needs; Training Product Development, which creates flexible, high-quality training products; Implementation, Promotion and Monitoring, which ensures products are fit for purpose and support meaningful career outcomes; and Industry Stewardship, which provides strategic advice on skills priorities and Vocational, Education and Training (VET) system effectiveness.

*2025 Workforce Plan and forthcoming work from PSO*

On 28 August, PSO launched its 2025 Workforce Plan for the energy sector, 'High Load, Short Supply: Bridging the Gap to 2030'.[1] It was developed through a structured, industry-led process to identify and address the most pressing workforce challenges facing the energy sector, and it provides a roadmap for building a resilient, skilled, and diverse energy workforce to meet the demands of the net zero transition. In developing this document, PSO engaged with over 280 organisations across the nation, which provided more than 3,000 insights on the workforce and training issues they face. This engagement covered every state and territory and the range of industry subsectors, occupations and stakeholder cohorts, with 60 per cent of input provided directly by industry and training bodies.

The Workforce Plan sets out 31 actions to respond to the broad issues identified, and an additional six recommendations to be released shortly in a policy paper that will inform PSO's advocacy to policymakers. Some of these actions may also be relevant to the Productivity Commission's work, including a research project to clarify post-trade training for energy workers and a forthcoming research brief on the role of labour productivity, skills development, and the energy sector. PSO would welcome sharing the outcome of these projects.

[1] PSO (2025). High Load, Short Supply: Bridging the Gap to 2030, Workforce Plan 2025 - Powering Skills Organisation

*Labour productivity in the energy sector, work-related training and skills shortages*

Boosting labour productivity is critical for Australia's energy-related sector. Between 1995 and 2021, labour productivity growth in energy-related industries was the weakest of all subsectors, and it has subsequently continued to underperform in recent years.[2] This weakness is driven primarily by stagnation and decline in multifactor productivity components, which appear to include labour.[3]

Work-related training rates in Australia's energy-related sectors have also declined significantly. Fewer than 40 per cent of workers in the utilities sector participate in work-related training, compared with an average of almost 47 per cent across all industries. The construction industry reports the third lowest training rates of any industry at just 17.2 per cent.[4] Long-term reductions between 2007 and 2022 have been most severe in the utilities sector (down 62 per cent), with construction also recording a substantial decline of 32 per cent over the same period.[5]

Skills gaps across the energy sector are now pervasive. In 2024, the skills provided by Technicians and Trades Workers, including the energy trades, were in the highest demand relative to other occupation groups, and are increasingly difficult for employers to secure. 77 per cent of businesses reported an increased need for these skills (up from 49 per cent in 2020), while 79 per cent said they were struggling to find or train staff to meet this demand (up from 39 per cent in 2020).[6]

When asked about the actions they plan to take to support the clean energy economy, 75 per cent of businesses reported that they intend to reskill existing staff on the job.[7] However, evidence also suggests that skill mismatches remain a barrier: for every three electricians seeking to change roles, two are not hired by their next employer due to suitability concerns, despite holding a prerequisite electrical licence and work rights in Australia. Anecdotal evidence indicates this reflects gaps in the desired skills and capabilities required by employers.[8]

PSO's submission will first provide some general comments about the interim report and then provide responses to selected information requests.

## General comments on the interim report

*Draft recommendations 1.1 & 1.2 – The best resources to improve school student outcomes*

PSO is supportive of the recommendations to invest in a single national platform for lesson planning materials and to lead national efforts to ensure equitable access to edtech and AI. However, both should be extended to include the VET sector. A unified platform across schools and VET would promote greater consistency in teaching approaches and strengthen pathways from school to work. VET provides the applied, work-focused bridge into the labour market and should be integrated into broader educational reform. Likewise, embedding edtech and AI across both schooling and VET will

[2] Australian Industry Group (2025). Research Note: Unpacking Australia's poor productivity performance
[3] Productivity Commission (2023). 5-year Productivity Inquiry: Keys to Growth. Inquiry report – volume 2; Productivity Commission (2025). Productivity before and after COVID-19. Research paper; Australian Industry Group (2025). Research Note: Unpacking Australia's poor productivity performance.
[4] Australian Bureau of Statistics – ABS (2022). Work-Related Training and Adult Learning, Australia
[5] Committee for Economic Development Australia – CEDA (2024). Learning curve. Why Australia Needs a Training Boost
[6] Australian Industry Group (2024). Skills in demand in 2024.
[7] Australian Industry Group (2024). Skills for a clean economy.
[8] PSO (2025). High Load, Short Supply: Bridging the Gap to 2030

better equip students with the applied skills and workplace readiness required for the energy sector and the wider economy.

*Draft recommendations 2.1 - Move toward a national system of credit transfer and RPL*

PSO supports the intent of this recommendation. Credit transfer has long been a feature of the Australian Qualifications Framework (AQF), but it has not been consistently implemented or enforced. Stronger national coordination of both credit transfer and RPL is needed to ensure learners can move more effectively between education and training pathways. The most immediate benefits are likely to be realised in pathways between the VET and university systems, where a range of articulation arrangements already exist (often from Diplomas to Bachelor degrees) between RTOs, TAFEs, and universities. For example, TAFE Queensland, through its Centre of Excellence – Clean Energy (Batteries), is collaborating with the Queensland University of Technology to develop new vocational degree apprenticeships at AQF Level 7, tailored specifically to the clean energy and batteries sector.

However, progress in coordinating credit transfer and RPL across systems has historically been limited by the self-accrediting status of universities, which allows them to set their own recognition practices. A national system will therefore need robust governance and enforcement mechanisms to ensure consistency across providers.

PSO believes that reducing duplication of training could also ease pressure on the VET system, which is experiencing constraints related to capacity, thereby enabling resources to be redirected to areas of greatest demand.

*Draft recommendations 3.1 to 3.4 – Fit for purpose occupational entry regulations*

PSO recognises the Productivity Commission's intent to improve consistency and reduce unnecessary regulatory burden. We note that relevant occupations, such as the electrical trades and air conditioning and refrigeration mechanics in New South Wales, are referenced in this context in the interim report.

PSO considers that there would be strong opposition among stakeholders to lowering the minimum standards of occupational entry regulations in high-risk energy trades. While harmonisation may deliver productivity gains and enable workforce mobility, PSO cautions against any proposed reforms that default to the lowest common denominator. Instead, harmonisation should be guided by a best-practice licensing model that places worker safety, public safety, and quality of work at its core. This is essential given the high-hazard profile of these trades and the serious consequences of failure.

*A more modular approach to licensing*

The interim report (p. 68) suggests the government should consider a more modular approach to licensing for some occupations, with specific reference to the electrical trades. It cites commentary from the Clean Energy Council, which stated: *'It suggested that reforms underway to the Electrotechnology Training Package could help establish an industrial electrician's licence, which would produce qualified workers faster by removing the need to obtain experience in residential and commercial settings. While gaining the full set of competencies may appeal to some apprentices and employers, many would find the full training package superfluous to their needs.'*

As the steward of the UEE (Electrotechnology) training package, PSO does not support a modular approach to licensing. We are concerned that such an approach would dilute the licence, erode the required skills base, and increase the risk of individuals working outside the scope of their licence. Feedback from stakeholders strongly indicates that the industry shares these concerns.

PSO also notes that licensing of electricians is agnostic to the industry sub-sectors of domestic, commercial or industrial work. Licensing of electrical workers is directly related to the legislative framework in each jurisdiction, as it defines electrical installation requirements. A cable intended to carry electrical current at a Low Voltage installed in any sector, including renewable energy, is defined as installation work and requires an unrestricted electrical licence.

## Responses to selected information requests

### Information request 2.4 - Financial incentives for training in small and medium enterprises (SMEs)

**The PC is seeking further information on the design and implementation of financial incentives for SMEs to provide work-related training.**

**1. What is the most effective way to encourage SMEs to increase work-related training? What lessons are there from past programs and policies?**

Post-apprenticeship upskilling and work-related training emerged as the third most significant labour market issue raised by stakeholders in PSO's 2025 Workforce Plan, with approximately one in ten comments addressing this area. The key themes are summarised below:

- Reduce Training Costs: Many SMEs face significant financial barriers to accessing training, such as Certificate IV programs, whether for business operations or employee upskilling. Employers are frequently expected to meet training needs without adequate subsidies or guidance. Releasing staff for training can also create productivity losses and immediate revenue impacts, particularly for smaller businesses. As a result, many SMEs either forgo training or rely on employees to self-fund and complete courses outside of work hours.

- Increase Training Flexibility to Suit SME Demands: The current structure and duration of most training programs, particularly full qualifications, are poorly aligned with the operational demands of SMEs. Time constraints are a major barrier for both employers and their workers, especially in niche or high-demand sectors. For example, qualified electricians often lack motivation to pursue further skills in areas like renewable energy due to the time investment required. Developing and delivering in-house training is highly resource-intensive and takes employees away from generating income, disproportionately affecting SMEs.

- Link Training to Recognised Accreditation Frameworks: A significant portion of training, including vendor-specific or micro-credential courses, is currently not recognised within formal accreditation frameworks. This limits the transferability and industry recognition of these qualifications, reducing their perceived value to both employees and employers. The absence of accreditation can also pose safety risks, particularly in regulated sectors like electrotechnology. Aligning training options with national or industry accreditation frameworks would improve their credibility, portability, and overall uptake.

- Align Training Content with Industry Needs and Improve Accessibility: *Many SMEs report that existing training programs often fail to address their operational or workforce development needs.* There is strong demand for more relevant and accessible training in both technical areas, such as renewable energy and digital technologies, and non-technical areas, including project management and business operations. Increasing the visibility of these options, while ensuring alignment with industry demand, would improve engagement and support more effective workforce development across the sector.

Further to that feedback, PSO believes an important strategy to increase individual participation in work-related training in the energy labour market is to link work-related training and upskilling requirements to the electrical licence renewal process through a compulsory Continuing Professional Development (CPD) framework. While there is no nationally consistent approach, compulsory CPD linked to licence renewals has been implemented in Victoria and Tasmania, providing early evidence of its possibility. PSO's consultation with industry stakeholders has also revealed that licences from jurisdictions with compulsory CPD have a perceived higher quality than those from jurisdictions without.

One of the recommendations in the PSO's upcoming policy paper will call for a national CPD framework for the electrical trades to be developed as part of the work currently underway on developing a national licensing scheme for electrical tradespeople. PSO will also be advocating for this position in a submission to Treasury's consultation on its issues paper for national licensing for electrical occupations.

**2. What should be considered in determining an appropriate size of SMEs eligible for financial incentives for training? Should sole traders be eligible?**

PSO supports sole traders being eligible for financial incentives to provide training. According to 2024 ABS data, there are an estimated 49,990 sole traders in the energy sector, representing 44 per cent of all energy businesses. The potential effectiveness of financial incentives in lifting overall training participation will depend on ensuring sole traders are eligible for future incentive programs.

**5. What other criteria should be considered when determining eligibility for financial incentives?**

The energy labour market faces significant challenges, including the need to increase training participation, boost apprenticeship numbers, and encourage SMEs to build capability in the renewables and clean energy sector.

While eligibility criteria for financial incentives should remain broadly accessible to all SMEs, there is an opportunity in the energy sector to align eligibility with these broader workforce priorities. This would allow incentives to meet multiple objectives simultaneously while signalling to SMEs in the energy market the advantages of positive workforce development behaviours.

For example, higher levels of support or prioritised eligibility could be offered to SMEs that employ, or plan to employ, apprentices. This would encourage businesses not currently engaged in the apprenticeship system to participate, while also recognising the substantial contribution already made by SMEs, who employ around 80 per cent of all energy apprentices, often with limited direct benefit.[9]

[9] PSO (2025). Workforce Plan 2025 – High Load, Short Supply. Bridging the gap to 2030.

**Information request 2.5 - SME advisory services for training provision**

**The PC is seeking further information on the value of SME advisory services for training provision.**

**2. Which government entities should be responsible for coordinating and delivering support services?**

PSO recommends that Jobs and Skills Councils (JSCs) should be considered as candidates to coordinate and deliver SME advisory services within their respective industries. JSCs are well-positioned for this role, combining sector expertise with national reach and strong connections to both employers and training providers. For example:

- JSCs maintain established connections with industry, SMEs, and training organisations, supported by a broad national footprint and well-developed stakeholder engagement capabilities.

- JSCs possess a deep understanding of the training and skills issues in their sectors and either already provide, or could readily acquire, workforce planning and advisory capabilities, including skills and training needs analysis for SMEs.
- Information generated through these services could be used to track emerging skills needs and training rates, allowing for aggregation and alignment at the national level to inform broader workforce planning and development strategies.

- As independent entities reporting to the federal government, JSCs provide a framework for regular information sharing, program monitoring, and auditing, while maintaining a degree of operational separation from government, which supports transparency and responsiveness to industry needs.

## Conclusion

As the Jobs and Skills Council for the energy sector, PSO welcomes future opportunities to contribute to national productivity discussions and to share further insights from the projects outlined in this submission.

For any further information, please contact [redacted]