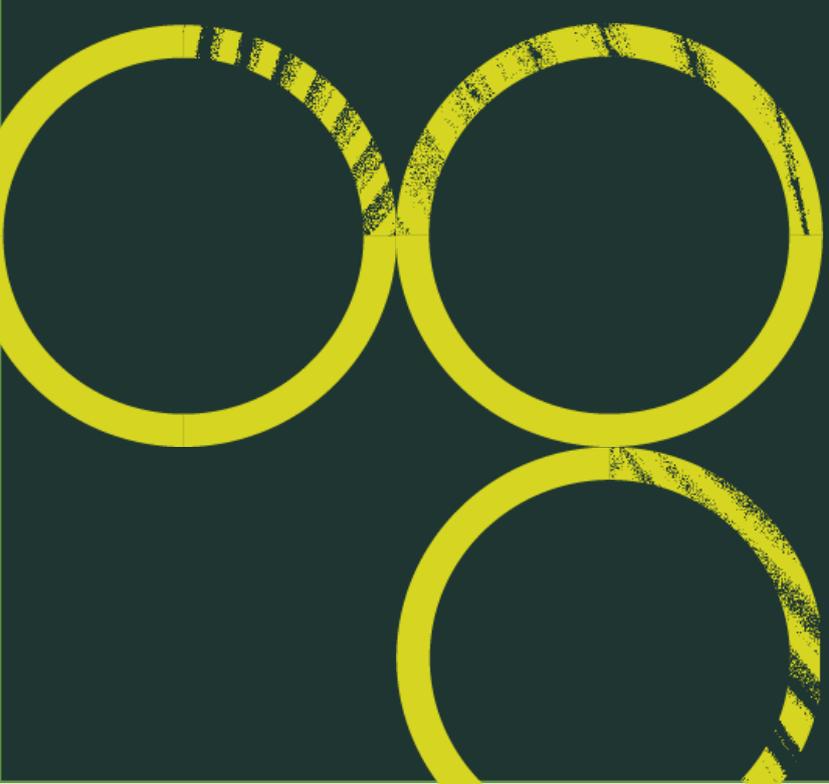




Productivity
Commission
5 Pillar Inquiries
National Competition
Policy Analysis 2025

Submission from Skills Insight
Jobs and Skills Council
15 September 2025



Skills Insight acknowledges that First Nations peoples have been living on and caring for country for thousands of years. This is respected in our values and the way we work.



Skills Insight is a Jobs and Skills Council funded by the Australian Government Department of Employment and Workplace Relations.

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Responses to Productivity Commission Interim Papers

Introduction

During 2025, the Productivity Commission has been conducting the 5 Pillar Productivity Inquiries, which look at:

- Creating a more dynamic and resilient economy
- Building a skilled and adaptable workforce
- Harnessing data and digital technology
- Investing in cheaper, cleaner energy and the net zero transformation
- Delivering quality care more efficiently

In addition, the Productivity Commission has also undertaken a **National Competition Policy Analysis** focused on occupational licensing schemes and standards.

These inquiries are connected, and this submission provides responses to all of these reports in areas which impact stakeholders working with Skills Insight Jobs and Skills Council.

This submission is based on extensive stakeholder consultation and research undertaken by Skills Insight and its partners with participants in the agribusiness, fibre, furnishing, food, animal and environment care industries. Research reports providing evidence to support positions in this submission have previously been provided to the Commission.

Previous Submissions

Skills Insight has previously submitted survey responses regarding:

Pillar 1: Creating a more dynamic and resilient economy

Pillar 2: Building a skilled and adaptable workforce

These submissions remain relevant and should be further considered by the Productivity Commission.

Australia's Jobs and Skills Councils provided a joint submission to the Productivity Commission. Skills Insight supports further consideration of that submission.

Attribution

Skills Insight Jobs and Skills Council

The organisation does not identify as an Aboriginal or Torres Strait Islander organisation

Acknowledgement of use

This response may be published on the Productivity Commission website with attribution

We agree to the Productivity Commission guidelines and policies related to this consultation.

Skills Insight is willing to meet further with the Productivity Commission to assist with this and previous submissions, or for any other purpose that will aid the Commission.

Contact Information

Geoff Barbaro

Executive Manager, Industry Skills Policy

geoff@skillsinsight.com.au

The Productivity Commission may contact us about our response.

Executive Summary

Skills Insight welcomes the Productivity Commission’s 5-Pillar Inquiries and supports embedding recent reforms. However, stakeholders across agribusiness, fibre, furnishing, food, animal and environment care identify persistent gaps—especially under Pillar 2 (Building a skilled and adaptable workforce)—that constrain productivity, safety and equity, particularly in regional, rural and remote (RRR) Australia.

Core problem

Decision-making and funding settings in VET prioritise administrative management over system complexity and real need. Narrow readings of “national priorities”, thin-market labels, and uneven state approaches to delivery and funding reduce access to quality, accredited training in RRR areas, weaken workforce pipelines, and dampen multifactor productivity. These issues are amplified for First Nations peoples and small but critical supply-chain occupations.

What’s at stake

- Access and equity - RRR communities contribute significantly to GDP yet face higher costs, infrastructure gaps, limited finance, and fewer providers—resulting in fewer enrolments relative to workforce share and persistent shortages.
- Supply-chain resilience - Low-volume, high-criticality roles (e.g., saw technicians, wool classers) underpin national priorities like construction and food security but are often excluded from funding and planning lenses.
- System integrity and safety - Treating occupational pathways chiefly as “barriers” risks undermining safety, welfare, biosecurity and public trust in regulated sectors.
- First Nations leadership - Economic participation and leadership opportunities in Net Zero and green industries remain under-recognised; on-Country delivery and knowledge systems are insufficiently supported.
- Quality of learning - Policy and funding increasingly discourage workplace-based training in sectors where competence depends on real-world experience with animals, plants and environments.
- Mobility and efficiency - Cross-border delivery frictions, inconsistent state funding, and misaligned tertiary settings impede portability and responsiveness.
- Recognition of learning - RPL/credit systems are cumbersome, inconsistently applied, and often culturally or contextually inappropriate—especially affecting priority cohorts.

A data-informed approach

Stakeholders propose a broadened evidence base for decisions—beyond enrolment volumes—to include industry risk and safety profiles, regulatory settings, capital and

trainer availability, seasonality, delivery mode suitability, ROI, priority cohort impacts, and RRR delivery preferences. This would align investment with actual industry rhythm and risk.

Recommended priority actions for the Commission

1. Re-set the thin-market lens: Reframe “thin markets” in RRR as access and equity failures; design viability-adjusted funding that reflects real capital, travel, seasonality and safety costs.
2. Protect critical low-volume roles: Fund and plan for small, high-leverage occupations essential to national priorities and supply-chain resilience.
3. Re-enable and encourage workplace-based and on-Country delivery: Remove policy and funding disincentives; back simulation where appropriate but prioritise real-world competence.
4. Strengthen cross-border portability: Reduce inter-jurisdictional friction so small/emerging industries can be serviced nationally where there are limited number of RTOs.
5. Balance recognition and regulation: Explore a national trade recognition approach that maintains safety and integrity while reducing duplicative regulation; align incentives via apprenticeships/traineeships.
6. Improve RPL and credit transfer: Streamline, value and resource RPL (including for foundation skills); ensure cultural appropriateness; integrate with any Skills Passport/USI rather than creating parallel systems.
7. Elevate First Nations leadership: Embed First Nations economic partnership in Net Zero and regional development; support on-Country VET and appropriate recognition/compensation for knowledge sharing.
8. Adopt a broadened decision dataset: Move beyond volume metrics; use the proposed decision-support data domains to target investment where it lifts productivity, safety and equity.

Offer to assist

Skills Insight stands ready to brief the Commission on evidence, RRR delivery models, and supply-chain critical roles, and to support pragmatic implementation pathways across jurisdictions.

Submission

Much of the concern of the stakeholders working with Skills Insight is that the Productivity Commission has missed important opportunities to consider improvements that may have greater impacts on productivity.

In particular, in the Pillar 2: Building a Skilled and Adaptable Workforce Interim Report, the identification of RPL and credit pathways and examination of occupational entry barriers fail to consider important elements for decision-making across the whole of the skills system.

This submission will identify key points for consideration by the Productivity Commission. Where applicable, specific reports or sections will be identified.

Decision-making, funding and investment for skills and training

Stakeholders perceive that decision-making systems to support Australia's skills and training, including those relating to funding and investment, have been designed for administrative management and not for productivity and worker safety. This has particular impact in regional, rural and remote Australia (RRR) which continues to lose access to quality, accredited training and safe, effective and productive workers.

There are clear imbalances in the financial resources, regulation and infrastructure available across the school, VET and higher education sectors, which are leading to areas of disadvantage and inaccessibility, and these effects are exacerbated for RRR and priority cohort learners and workers.

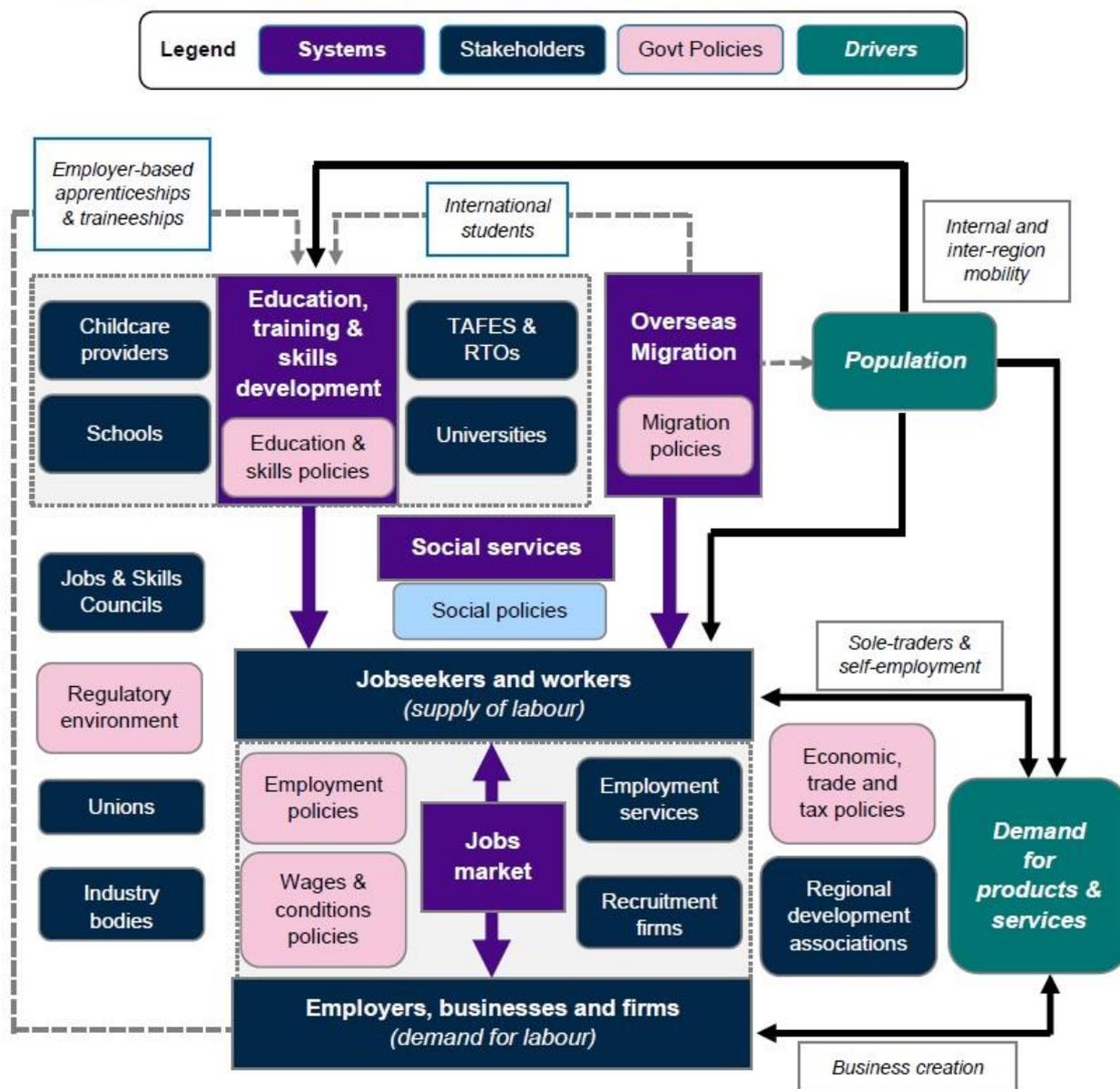
Effective and productive skills and training systems globally are necessarily complex and impact people's lives from early schooling through to work retirement. There are multiple purposes behind education, skills and training, including literacy, interactions for daily living, citizenship involvement and employment. There are also multiple circumstances in which people choose to live, requiring flexible and adaptable approaches that can allow communities opportunities to prosper and flourish.

The Productivity Commission has emphasised the need for harmonisation across the complex skills and training system. Harmonisation in an environment where there are imbalances of resources, finance, infrastructure and political influence are more likely to lead to homogenisation of approach, less competition, domination by large players, fewer place-based solutions and greater disadvantage for those already facing disadvantage.

The diagram below indicates just how complex the Australian skills system is, and even a cursory look illustrates some key missing features, such as careers advice,

policies and campaigns, RRR governance and communities, key priority cohorts, Closing the Gap and First Nations enterprises, and place-based growth strategies.

Figure 5: Overview of the jobs and skills system, stakeholders and policies



Source: Jobs and Skills Australia, Jobs and Skills Roadmap for Regional Australia, Phase 1 Report (released 3 July 2025), available at <https://www.jobsandskills.gov.au/publications/jobs-and-skills-roadmap-regional-australia-phase-1>

In such complex environments, decision-making is critical, especially in relation to funding and investment in VET, the delivery of training (especially VET) in RRR and across State/Territory borders, and improving accessibility to skilled workers.

In the Exploring Training Demand and Supply challenges research (2025, <https://skillsinsight.com.au/project/exploring-training-demand-supply-challenges/>), Skills Insight stakeholders identified data areas that could be used to improve systemic decision-making, using existing data and data that would need to be sourced or created.

Data areas	Description and sources
Current enrolments, completions, conversions to jobs	Currently available standard data numbers
Qualification purpose	Requires development based on the Qualifications Reform guidance
Proportion of core v elective units	Requires development to identify internal qualification flexibility
Risk Profile of the industry sector	Evaluation of the risk profile of the sector based on insurance and similar information, if available
Safety in industry	Evaluation of sector safety based on Safe Work Australia analysis and data, and union data
Level of regulation within industry	Identification of Australian regulatory requirements as defined by regulatory bodies
Employer and Industry characteristics	This will include size of sales, employment, types of employers, management and labour levels, relevant awards, growth opportunities to be compiled from multiple sources
Qualification requirement to secure a job	Identification of importance of having a qualification to be able to gain employment or meet criteria, based on the National Training Register and other sources
Alternative pathways to secure jobs	Analysis of the usage of pathways to employment other than formal qualifications, based on multiple existing sources, but potentially requiring additional data.
RRR delivery need or preferences	Analysis of the need for or preference for local, regional, rural, remote or on-country delivery of training, as a result of practical, financial, regulatory or workforce attraction requirements, as identified by industry stakeholders

Criticality of role to industry	Requires development based on stakeholder consultation to identify roles without which industry cannot operate, especially those with low workforce numbers
Capital investment levels and access requirements to deliver training	Identification of levels of capital investment required to deliver training, and availability of investment funds, based on information from industry and RTO stakeholders
Niche-ness of role and trainer requirements	Training for more niche occupations can be difficult to deliver and may be more effective if delivered through industry bodies, but may also need formal training for regulatory, licensing or safety reasons. Requires development based on stakeholder consultation
Worker characteristics	Full and part time, casual and gig workers, diversity, potential for role share/communal delivery-based stakeholder engagement with unions and desktop research
Clash of peak operational and training times	Whether earners will need to be absent from workplaces to deliver training at peak operational times, for example to learn meat processing techniques when animals are available for processing. Requires development based on stakeholder consultation with employers and RTOs
Training-based competency v experience-based competency	Evaluation of the competency journey and the level to which competency can be trained, and additional level of competency that requires practical experience
Workplace/simulation/classroom delivery	Analysis of qualifications for best options for workplace, classroom (including online), virtual and augmented reality training environments, based on unit performance criteria and assessment conditions
Ability to deliver to the industry rhythm/ability to recruit enrollees to the industry rhythm	Whether training can be scaffolded to align with the seasonal activities and timelines of industry. Requires development based on stakeholder consultation with educators

State/Territory Funding Support/Fee free/no support	Evaluation of State and Territory funding support based on data provided by Training authorities
Fed/State/Territory/Local government industry support strategies	Evaluation of the level and nature of strategic support for industries within JSC coverage, based on data provided by relevant governments
Priority cohort focus, including supporting economic development	Evaluation of the potential for qualifications to deliver employment opportunities and economic development for priority cohorts
Cross-border delivery/national delivery suitability	Analysis of the potential opportunities and barriers for cross-border and national delivery as identified by RTOs
Competing qualifications	Analysis of alternative qualifications which might lead to employment within the industry sector, as identified by industry stakeholders
Visibility of career progression opportunities in industry	Clarity and existence of career mapping, and whether they have been accepted and used by industry, identified through stakeholder engagement
Historical/known connection with VET	Whether the industry has been historically serviced by VET providers, or well-known through the VET system, to be identified by RTO stakeholders
LLN requirements	The LLN requirements for each qualification as identified by RTOs and specialists in LLN
Availability of trainers/replacements/ holiday or other activity coverage	Current state of the VET Workforce, including the ability for trainers to take holidays or undertake industry or other work, as reported by educators
Potential for educator career progression and potential barriers due to expertise	Analysis of RTO career progression opportunities, and whether progression may be hampered due to the nature of expertise or the limited availability of similar specialists

Training Return on Investment -
reality and visibility

Evaluation of Training Return on Investment,
potentially based on the NCVET formulation
(accepted internationally)

While the list may be debatable and some data unavailable, it is important to accept that this complex system needs decision-making based on that complexity, and not decision-making overly simplified to rely on volumes as the basis for demand or to treat entry requirements primarily as barriers unless directly related to regulations or licensing.

Narrow interpretations of national priorities exclude supply chains and small but critical occupations

Another aspect impacting decision-making is the use of increasingly narrowing interpretations and literal readings of policy and strategy documents. Much government planning and funding is around national priorities, notably care services and construction. However, these priority industries rely on supply chains with small and niche activities/occupations that are often under-recognised. Funding for skills and training should focus also on preventing shortages in these areas, or challenges down the supply chain will be exacerbated.

For example, it is unlikely that decision-makers would consider saw technicians as a critical part of the construction industry. Saw technicians are a highly specialised but small occupational group within the timber, wood processing and building solutions industry. Despite their limited numbers, they are essential to the operation of sawmills, where they maintain and optimise the cutting machinery that transforms logs into timber products. Most structural timber used in residential construction is processed in Australia and requires the saw technician workforce.

Saw technicians are foundational to broader national priorities and economic activity, particularly in housing and regional development

As Skills Insight reports in the 2025 Workforce Plan:

“Government funding of vocational education and training (VET) typically responds to identified workforce needs based on retrospective data: funding what was in demand yesterday rather than proactively investing in emerging or strategically critical occupations. This reactive approach can leave growth areas under-funded and overlooks the true costs of sustaining training delivery for small but essential occupations that underpin major industries. It also creates a vulnerability: when training for critical but low-volume roles, such as saw technicians or wool classers, is not adequately funded, the risk of workforce shortfalls increases. These gaps can compromise the stability of broader economic systems, including housing, food

security, and trade. A more forward-looking and viability-adjusted funding model would better align VET investment with current and future needs and support a resilient economy."

There is further discussion in this submission relating to Transformation to Net Zero and how that is being increasingly seen as "clean energy" instead of a total value and supply chain. Similarly, meat and seafood processing are rarely considered in decisions concerning biosecurity, yet occupations in these industry sectors can play roles in enhancing Australia's biosecurity.

Inequality in RRR and impacts on Multifactor Productivity

There is a lack of access to appropriate funding, investment and finance in RRR to address productivity issues. Not only is the cost of money higher in RRR than urban areas, but the competition for the limited available funds is intensified, and training and education are not considered to be priorities for private investment outside of specific employer investment for their employee training. This does little to assist with the capital investment needed to develop facilities, equipment and other skilling requirements for agribusiness, fibre, furnishing, food, animal and environment care industries.

Compounding these issues is the flow of revenue out of RRR and into urban and international economies. Some RRR areas are among Australia's biggest contributors to GDP, yet only small percentages of these earnings remain in RRR Australia. This makes local investment very difficult.

What this results in is that the opportunities in RRR to improve Multifactor Productivity are limited. Multifactor Productivity relies on a business's ability to invest in new, more efficient capital inputs, as well as labour productivity. The barriers described earlier will impede any RRR operation's ability to create greater productivity, especially in the VET space.

Limited access to a diverse range of lenders and investors means fewer options for businesses seeking to expand or innovate. Financial institutions may be less willing to lend to businesses in RRR areas due to perceived higher risks, geographic distance, or a lack of local knowledge. This can force businesses to rely on self-financing or forgo investments altogether. Governments routinely rely on funding loadings and grant programs to offset these factors, however these schemes do not bridge the gap, and do not provide a reliable basis for business planning.

These issues are compounded by higher cost of living in regions, infrastructure gaps and scale and isolation factors in RRR, making Multifactor Productivity difficult for these industries.

The same thinking can be applied to First Nations communities and enterprises, with the added complication of trying to break into already established markets, or emerging markets against strong and well organised competitors.

For example, in attempting to build industries based on Australia’s transformation to Net Zero, First Nations communities and enterprises start from a long way behind established competitors, especially energy companies looking to build clean energy opportunities within an existing legal framework that provides access to land and water, which doesn’t integrate well with Native Title. These existing companies have been able to focus interest and policy support for Net Zero Transformation strongly on clean energy, with limited consideration of other transformation activities (in particular, ecosystem management and green industries) or the encouragement of new industry entrants from First Nations communities. An example of this focus can be seen in the *Productivity Commission’s Pillar 5: Investing in cheaper, cleaner energy and the net zero transformation*, which only mentions agribusiness, animal and environmental care in passing, noting that agriculture needs to reduce current contributions to greenhouse gases, which will need to be looked at in the near future. The report does not consider the significant contributions made by the industries covered by Skills Insight in climate mitigation, and that the best performing industries since June 2005 include land use, land use change and forestry, and agriculture.

There needs to be more effective recognition that in achieving Net Zero, and in clean energy, First Nations people and communities should be economic leaders and partners.

Stakeholders suggest that the Productivity Commission should examine the inequality and multifactor productivity implications that can arise from the potential exclusion or limited participation of First Nations communities and enterprises in RRR economic development, skills and training.

Access to VET in RRR

Note: This section is mainly relevant to the Pillar 2: Building a skilled and adaptable workforce.

Industry stakeholders working with Skills Insight have made every effort, over years, to find ways to convince decision-makers that RRR funding of VET is badly structured, poorly implemented and inadequate. The loading and grant systems routinely used by states and territories are not fit for purpose, and there is clear evidence to support this in ongoing workforce shortages and lack of access to VET delivery.

Skills Insight coverage	2021				
	Major Cities of Australia	Inner Regional Australia	Outer Regional Australia	Remote Australia	Very Remote Australia
Industry workforce	41.7%	29.9%	22.4%	4.0%	1.9%
VET qualification enrolments	53.1%	27.5%	14.9%	2.5%	2.1%

Sources: a) ABS, 2021, Census of population and housing; b) NCVET, 2024, VOCSTATS: Total VET activity

Barriers to training are intensified in RRR areas. RTOs face difficulties offering training in these locations due to dispersed clients and additional costs for travel and attracting trainers. In the industries covered by Skills Insight, there are often requirements for capital investment in stock, major equipment and/or land, or a reliance on employers to provide access to workplaces for training. Working with live animals and plants is a daily business all year, which doesn't align with the standard rhythm of education delivery in Australia. In the Griffith University (2025) Report, *Training product translation: Good practices in learning resource development*, there is discussion about the difficulties in matching training delivery times and business peak periods – it is difficult to teach shearing when there are no sheep to shear, but when there are sheep to shear, the business will be in a peak period and want as many workers on site as possible – which has implications for backfilling positions and workforce availability.

Developing operational campuses for agribusiness, food, animal and environmental care training is expensive, and may require students to be campus-based, adding to expenses related to travel, accommodation and finding available workplace experience with external employers. Advanced manufacturing training requires continual updating of technology, adaptation to changing industry standards and responsiveness to trends (such as changing consumer tastes) and policies (such as decarbonisation). This is in addition to the significant initial capital investment costs for land, water and infrastructure.

Relying on delivery within employer workplaces adds to training expenses and minimises capacity to utilise economies of scale, as well as adding to insurance and administrative costs. It can be disruptive to training schedules because of business requirements and lack of peer-to-peer training.

These issues are too often dismissed as being related to “thin markets”, rather than being identified as a denial of access to VET, which according to the NSW VET Review Final Report in June 2024 *“is critical to the future of our communities and our economy.”* The Final Report also notes that *“marketisation and competition policies within the VET system over the last decade have not delivered on the promise of a smart and skilled workforce.”* One of the barriers to improvement of access to RRR is the acceptance of the excuse of “thin market”, which is a term that can be defined by decision-makers in ways that preclude delivery, and has brought no industry benefits or effective policy approaches to improved training delivery over decades.

Another barrier, which also has implications for attraction of workforce, is the lack of access to VET in Schools across significant areas of RRR, as outlined and discussed in the Joint Select Committee on Northern Australia, Northern Australia workforce Development Final Report in November 2024. Many industry stakeholders believe

that the lack of VET in Schools, taster programs and school curriculum relating to the industries covered by Skills Insight places them at a competitive disadvantage in attracting workforce, impacting on labour productivity.

Tertiary Harmonisation and the need for VET Harmonisation

Note: This section is mainly relevant to the Pillar 2: Building a skilled and adaptable workforce.

Australia needs strategic approaches to attraction, training, skilling, retention, re-attraction and training supported pathways - this will not happen without the willingness of and incentivisation for many actors in the system to take on additional responsibilities and drive changes to cultural attitudes towards formal learning.

The Productivity Commission makes numerous references to tertiary harmonisation, however industry stakeholders face the more immediate issue of inconsistent access to VET from State to State and the difficulties RTOs face in being able to deliver services across state and territory borders.

Differences in regional priorities is understandable and supported. Place-based solutions tend to work more effectively, while not unduly inhibiting skills portability.

However, stakeholders remain frustrated by the difficulties experienced in obtaining cross-border VET, particularly for emerging industries in one state or territory which already have existing training available in another state or territory, or for small and emerging industries which should be able to share delivery from a small number (even one) of RTOs nationally, to assist RTO viability and service industry need.

The differences in funding levels and approaches have been highlighted in previous Productivity Commission reports and remain a cause of frustration.

It will also be difficult to achieve any form of harmonisation with Higher Education when the imbalance in finances, infrastructure, regulatory environment and political influence remain. While the *JSA Opportunity and Productivity: Towards and tertiary harmonisation roadmap (2025)* states that it does not recommend or intend for there to be mergers between the sectors, it is difficult to see how VET is able to continue to differentiate itself and exist independently with the current systemic imbalance and inequality.

While Jobs and Skills Australia could see little rationale for Higher Education bodies moving into the VET space, the reality is that they have clearly moved into short course training and micro-credentialling, with considerable success. The avoidance of VET may be more to do with the avoidance of regulatory burden and the ability to sidestep existing requirements by offering informal but credentialled short courses. As Higher Education bodies move to diversify revenue streams in light of recent

restrictions affecting income, this may be an option that they consider, and one that has already been tried and tested by dual sector institutions.

It is noted in numerous reports and by the Productivity Commission that as technology develops and expands, there will be a corresponding need for higher-level skills and digital literacy. However, technology also has the effect of making other roles simpler and requiring less training and skill: while fixing a car has become more complex, driving a car is becoming easier and safer.

Modern precision agriculture requires workers to operate drones, manage automated irrigation systems, or analyse data from sensors and satellite imagery. This demands digital literacy, data analysis, and higher-level technical skills that were not traditionally part of farm work. At the same time, some routine farm tasks are becoming simpler. GPS-guided machinery, automatic feeders, and robotic milking systems reduce the training needed for basic operations, as machines take over much of the complexity.

There are many references to skills requirement moving up the AQF ladder (in its current hierarchical state), but there will surely be job roles that will also be better suited to VET delivery than Higher Education in the future. Which current Higher Education qualifications could be more effectively and productively trained through the VET system will be an important consideration for tertiary harmonisation.

There have been a number of recent reports, including the Universities Accord, encouraging Australian Universities to look at work-integrated learning. The basis for VET has been training-integrated work (or workplace-based training), but this has been diminished over time as RTOs look to improve viability by using classroom based delivery, to the point where mandatory work placements now need to be justified and accepted by relevant authorities before being included in Training Package qualifications.

RPL and VET Evidence Requirements

Note: This section is mainly relevant to the Pillar 2: Building a skilled and adaptable workforce.

We noted in the survey response prior to the Interim Report that credit transfer and RPL systems in Australia do not work that well, though for differing reasons when considering: within Higher Education; from VET to Higher Education; from Higher Education to VET; and within VET.

The Australian Qualifications Review Final Report (2019, p8) noted that there was a need to shape a future in which:

“Post-secondary education and training is conceived and redesigned as a diverse set of offerings, available through better linkages and pathways between the VET and higher education sectors. These linkages and pathways will no longer be linear and

hierarchical; they will need to recognise that throughout adulthood, people need to develop new skills in different areas and at different levels. Central to this objective is reinvigorating the VET system and raising its standing."

When formal qualifications are assessed, there is a reluctance to recognise qualifications obtained at one level of the AQF as relevant to a different AQF level. This may even apply to the failure to recognise an AQF Level 9 education qualification for RPL purposes towards a TAE Cert IV. This is particularly an issue when trying to establish credit pathways and institutional pathway agreements.

While a national database may be helpful, this should not be developed as a separate repository from any future National Skills Passport (if this proceeds) or records related to Unique Student Identifiers. It remains difficult to see how such a database can incorporate actual experience and non-accredited training, and may have the unintended consequence of reinforcing requirements for completion of formal training for any recognition.

A potential issue recently raised by stakeholders and not fully investigated by Skills Insight at this time, is whether VET assessors struggle with RPL based on the Training Package stipulations of performance and assessment evidence. While these would apply for delivered training, it may be that assessors also believe that the specific evidence requirements may be needed to assess competency.

RPL needs to be properly valued and compensated. Certainly, in the VET context, RPL needs to be competency-based. However, like others, stakeholders we have consulted find it difficult to provide the how: what approaches can be introduced that will result in effective, viable and sustainable RPL.

In achieving a goal of lifelong learning, there is an emphasis on trying to create simple recognition pathways. There is value to taking prior learning and current experience and being guided in how to organise and better utilise your existing skills and knowledge through a formal education program. There may need to be some assessment of whether successful RPL applications produce better student outcomes. Potentially, this can become a point of differentiation for educational bodies in marketing.

Closing the Gap

Skills Insight has a responsibility under the Jobs and Skills Program to assist with the achievement of Closing the Gap targets. We have been working with First Nations stakeholders since the start of the JSC program to build relationships, adding to the work undertaken by our organisational predecessor.

There needs to be more effective recognition that First Nations people and communities are not just participants to be engaged with. They can and should be economic leaders and partners, and the approaches of the First Nations Economic

Empowerment Alliance should be central to reviews and development of policy. Respect should be paid to the rights of First Nations people recognised by Title and by the Courts over land and water, taking a principles approach to building relationships, rather than an apparently participatory or legalistic approach.

First Nations people hold traditional and cultural knowledge of Country, and have much knowledge that can be shared and utilised in scientific, research and implementation endeavours, which would aid productivity. This knowledge and skill should be recognised, and, where agreed to through free, prior and informed consent by First Nations knowledge holders, shared with appropriate recognition and compensation.

In the industries covered by Skills Insight, this knowledge is beginning to be considered by and shared with Rural Research and Development Corporations, CSIRO and other bodies, producing greater impacts and better innovation than has been achieved without this knowledge and experience. The potential for an increased leadership role for First Nations people in Australia's skills and training system should be investigated, particularly in RRR where VET can be inaccessible or difficult to access.

Trade Recognition and Occupational Entry Barriers

Note: This section is mainly relevant to the Pillar 2: Building a skilled and adaptable workforce and to the National Competition Policy Analysis 2025.

Stakeholders support the removal of unnecessary or duplicative occupational entry barriers, but there is limited agreement as to how these should be identified. Many stakeholders believe that occupational entry pathways are not barriers, but necessary to create a safe, effective and productive workforce.

The Productivity Commission has utilised a regulation stringency index to assist its analysis. The Commission in its discussions has made comparisons of entry barriers or regulations across occupations, Australian states and territories and internationally.

The analysis of the Productivity Commission tends to focus on the existence and potential inconsistency of occupational entry barriers, including detailed analysis using the stringency index, without also including the safety, welfare, labour and market concerns that underlie these barriers. This comparative analysis may well demonstrate the tipping point between entry pathways and entry barriers.

An additional factor for the Productivity Commission to consider is industry integrity and reputation. Skills Insight works with the almost fully regulated horse and greyhound racing industries, for which this consideration is central. Many occupations need to abide by illicit substance codes (eg meat processing), and it would be a considerable advantage if knowledge, understanding and skills to deal with these requirements were trained through mandatory processes.

It may be useful to examine whether there is a uniform basis for Trade Recognition nationally, and whether trade recognition could be used to address some of the concerns regarding occupational entry while reducing actual regulation. In particular, the delivery of more trade level qualifications through apprenticeships offers value to workers and employers, and access to incentives that encourage the level of training required to be safe, effective and productive. Perhaps an approach based more on recognition and less on regulation could be designed which would help meet the competing requirements of industries in a flexible way.

Although not accepted by the Productivity Commission, stakeholders working with Skills Insight believe they struggle to attract and retain workforce because of the lack of recognition that the job roles within their industries require high level safety, welfare, biosecurity and traceability skills. They have been disadvantaged by having entry level occupations classified at too low a skill level in ANZSCO/OSCA, resulting in those occupations being out of scope for government funding, incentives and skilled migrant programs. The lack of identifiable and required entry pathways inhibits the ability to provide motivation or incentive to complete qualifications and continue lifelong learning and upskilling.

While it is accepted that licensing and regulatory barriers now cover more occupations, this has often been at the request of employers and practitioners who understand the growing complexities of their fields and the increasing demands of consumers, governments, NFPs and insurers to meet higher safety, welfare and quality standards. This has been the case in the health occupations discussed by the Commission in the Interim Report.

In examining occupational entry barriers, stakeholders would urge the Productivity Commission to consider the balance between removing excessive and expensive regulation, and the importance of having a safe, effective and productive workforce, with incentives to employers to train and skill their employees, especially through apprenticeships and traineeships.

Workplace-based Training

Note: This section is mainly relevant to the Pillar 2: Building a skilled and adaptable workforce.

As recognised in the Australian Government's White Paper on Jobs and Opportunities, skilling requires both formal learning and work experience. Stakeholders advise that competency is best achieved in most parts of agribusiness, fibre, furnishing, food, animal and environment care industries when training is workplace-based.

There is a need for support for training approaches that provide more workplace or simulated workplace delivery for better worker outcomes in these industries, and most sectors require real life experience with animals, plants, fibres and natural

environments. There is a continuing perception among some stakeholders, policy bodies and decision-makers that VET does not produce safe, effective and productive workers ready for unsupervised activities in the workplace, and this perception is greater when the training is not workplace-based.

This is more than work integrated learning and could be described as training integrated work. The experiential learning approach is one of the keys to VET, which has become increasingly challenged by policies and procedures, yet is central to student learning styles and to attainment of practical, workplace competency.

Workplace-based training may assist the delivery of digital skills. This delivery poses an additional challenge through access to the technology and the demand for qualified trainers and assessors. To be qualified, the VET system requires trainers and assessors to be knowledgeable on, and maintain industry currency relating to, the skills they are delivering. Digital and automation skills delivery requires trainers who understand the technology in the context of the industry in which they are delivering training. However, it remains a challenge for RTOs to find suitable candidates with industry, VET and pedagogical proficiency when the broader market has needs for:

- developers looking to continue improving the technology and to expand range of use and access to markets
- sales and marketing workforces to demonstrate and persuade businesses to invest in the technology
- on-site trainers for specific brand products to provide immediate training to incorporate the technology on-site
- maintenance, repair and improvement staff to address issues and meet purchaser requirements.

All these requirements are seen by digital and automation creators, wholesalers and retailers as essential to sales and further product development, leading to strong competition for an expert workforce. In this highly competitive market, RTOs struggle to compete for access to the technology and to trainers.

This can be somewhat addressed by utilising workplace learning as workplaces may often already have access to the technology prior to RTOs. Employers are more likely to be leaders in investment in the infrastructure and need to build the expertise to utilise the technology.

Workplace and on-Country delivery is better placed to meet industry needs and learner preferences and improves VET skilling outcomes. High quality practice and learning come from carrying out real functions in real situations, requiring workplace-based training. Workplace and on-Country delivery is being actively discouraged by VET policies, including in the Training Package Organisation Framework, and other

structures and funding, with decisions on policy often made by non-educators and without industry support.

Information Requests

The Productivity Commission has made information requests in the Pillar 2: Building a skilled and adaptable workforce interim report. The following responses relate to specific information requests.

Information Request 1.1

Which agency in the existing national education infrastructure is best placed to take on responsibility for the assessment and development of lesson planning materials and the assessment and procurement/development of advanced edtech tools?

Although this recommendation relates to F-10 education, we would request the Productivity Commission consider whether a similar question could be asked relating to VET.

The Commission's recommendations are similar to a proposal for VET identified in Griffith University Research on behalf of Skills Insight, *Training product translation: Good practices in learning resource development* (2025, available at <https://skillsinsight.com.au/project/from-training-package-to-training-delivery/>).

The potential for an online, quality controlled VET marketplace (perhaps similar to the Open Universities model) where resource, training and assessment materials and EdTech (rather than student course offerings) that have already been assessed by suitable quality control bodies are made available is worth investigating further.

Information Request 2.1

How do the current challenges in navigating credit transfer and RPL impact Aboriginal and Torres Strait Islander people, people with disability, people living in regional and remote locations, women, mature aged workers, and people from culturally and linguistically diverse backgrounds?

Stakeholders report considerable difficulty in obtaining suitable assessment for RPL, including for Foundation Skills. First Nations stakeholders, while acknowledging issues with foundation skills, have also indicated that foundation skills assessment can be inconsistent and culturally inappropriate.

The issues with foundation skills in particular, need to be addressed through school level systems, with greater consideration of the variety of ways in which skills can be exercised.

Information Request 2.2

Is a national credit database feasible with the current credit data infrastructure?

In consultation on the National Skills Passport, stakeholders indicated significant scepticism of current systems. This was mainly due to the importance of recognising work experience, cultural learning experiences and informal learning. Without these features, it was felt that a national system would not produce the level of benefit to justify the ongoing expenditure and maintenance.

Information Request 2.5

What advisory or consultation services would most effectively support SMEs to increase their provision of work-related training? In what form should this support be made available or delivered?

VET is often seen by employers as difficult, disruptive to productivity, costly, and inconvenient. There is a need to develop strategies based on the cost of employers not acting on utilising VET being much higher than the costs of acting, which is likely to require collaborative efforts between employers and unions. This may require reconsideration and redesign of funding models.

VET information availability has been identified as a persistent barrier for many years and requires transformative change and new thinking to improve. The lack of simplicity of information flow has an impact on the use of the VET system, especially the decision-making of employers, especially SMEs, for whom such decisions are only a small part of the many decisions made in running a business, and learners who are trying to make difficult life-changing decisions.

Information networks have provided value to stakeholders and may provide a partial blueprint towards transformative change.

Apprenticeship and traineeship networks, and group training organisations, influence VET usage and delivery. Appropriate standards to encourage skills development in fairly paid, secure employment, including qualification completion, should be part of government support structures. National recognition of qualifications is important for licensing and where Apprenticeship and traineeship networks, GTOs and others may operate directly or in partnership across state and territory borders. It can be difficult for SMEs to access and understand these services, and this is a potential area for improvement.