



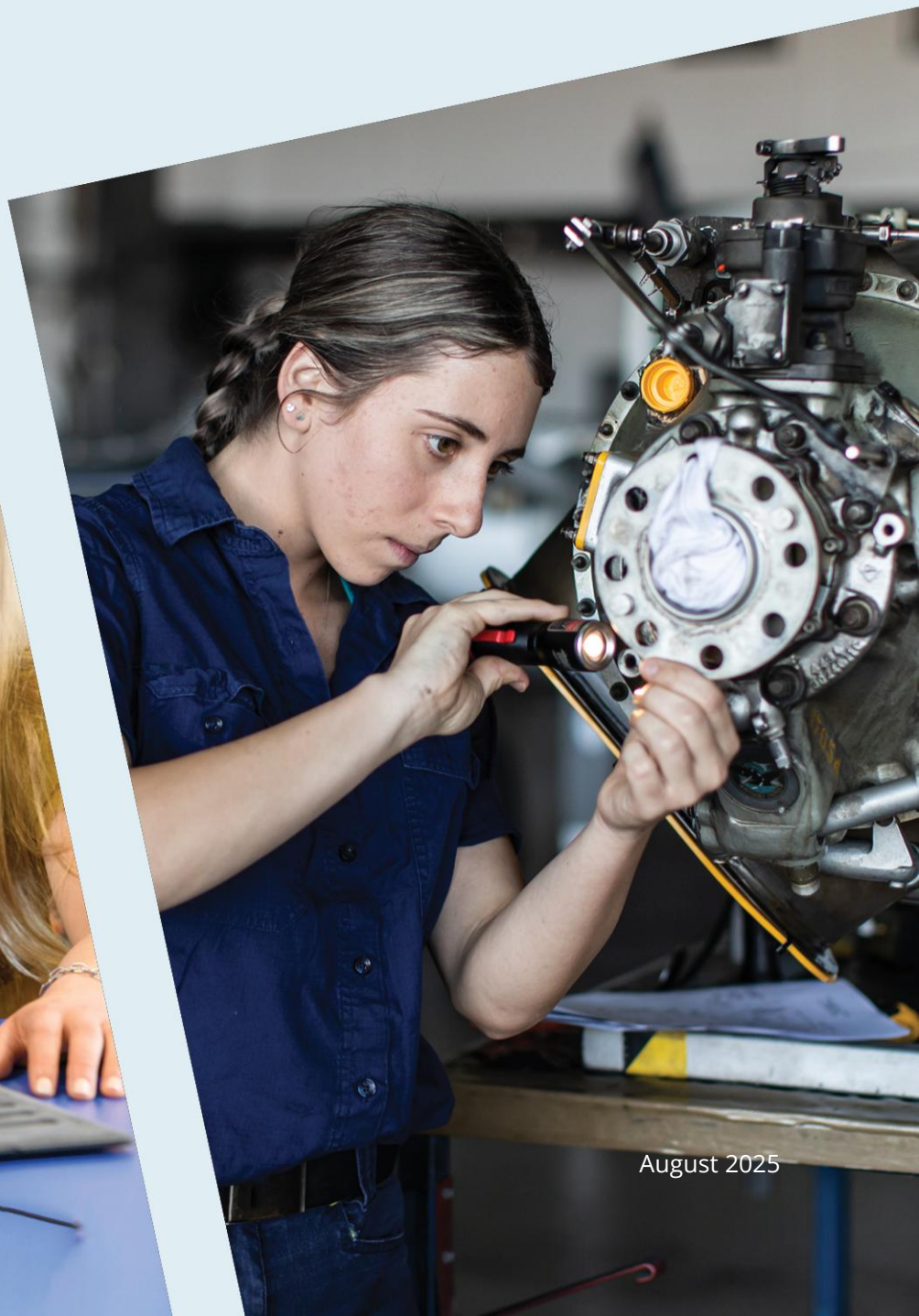
Building a skilled and adaptable workforce

Interim report

Executive summary



This is an interim report prepared for further public consultation and input. The PC will finalise its report after these processes have taken place.



August 2025



The Productivity Commission acknowledges the Traditional Owners of Country throughout Australia and their continuing connection to land, waters and community. We pay our respects to their Cultures, Country and Elders past and present.

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An appropriate reference for this publication is:
Productivity Commission 2025, *Building a skilled and adaptable workforce*, Interim report, Canberra, August

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Opportunity for comment

The PC thanks all participants for their contribution to this Inquiry and now seeks additional input for the final report.

You are invited to examine this interim report and comment on it by written submission to the PC, preferably in electronic format, by 15 September 2025.

Further information on how to provide a submission is included on the website:
www.pc.gov.au/inquiries/current/adaptable-workforce

The PC will prepare the final report after further submissions have been received, and it will hold further discussions with participants.

Commissioners

Alex Robson

Deputy Chair

Catherine de Fontenay

Commissioner

Executive summary

This report proposes reforms to secondary and post-secondary education and to occupational entry requirements to build a more skilled and adaptable workforce, an essential pillar of a growing economy. While reforms are underway to boost the quantity and quality of skills in Australia, the adaptability of our workforce has received less attention. Yet the average worker is likely to change occupations two or three times over the next two decades, and to be sure of ongoing work, will need to both learn new skills and adapt to new tasks and contexts. Workers will need solid foundational skills, smooth pathways to upskilling, and easier entry into new occupations.

Foundational skills allow workers to learn new skills, improving their productivity and employability. Yet the share of students leaving school with solid foundational skills is falling. School teachers are under pressure to produce teaching materials for a wide range of student abilities. These challenges are more acute for teachers in remote areas or who teach out of their field. We propose the creation of a single, national platform to host lesson planning, curriculum and support materials, ensuring that all teachers can meet their students' learning needs.

Well implemented generative artificial intelligence (GenAI) and other technologies have tremendous potential to support students who are falling behind, and challenge those who are ahead. We propose a national approach to advanced educational technology. At present states and territories are developing and adapting advanced edtech, such as chatbots, at their own pace, with some not developing any at all. A national approach would aid innovation, support equal access to high-quality tools, and spread the benefits to all.

Without opportunities to upskill, workers and jobseekers may find themselves stuck in less rewarding work or in unemployment. People of all ages and backgrounds need smoother entry pathways to Vocational Education and Training and universities, and better transitions between these two sectors. Better recognition of prior learning and credit transfer arrangements can make it easier for workers to access learning and build their skills over time. A national database of credit decisions is a necessary first step.

Workers should be supported to continue to learn once in employment. Ensuring that work-related training incentives are targeted at the financial barriers faced by small and medium enterprises – the majority of employers – can support workers in these businesses to engage in lifelong skill development.

Improving our education systems will not be enough; we must make better use of existing skills and not create excessive entry requirements for workers. About one in five workers in Australia are subject to occupational entry regulations (OERs) – requirements to meet minimum conditions such as completing a degree, applying for a licence or passing an exam. Evidence suggests that OERs worsen worker shortages.

Governments can ensure that consumers and workers are protected, while taking steps to remove or loosen unduly restrictive regulations. State and territory governments could begin by reducing the excessive regulations that exist in some jurisdictions. We also suggest that more flexible trades entry pathways can be created and qualification requirements streamlined without compromising the competency of workers, and that overly burdensome qualification requirements for some professional occupations be removed.

Draft recommendations

The best resources to improve school student outcomes



Draft recommendation 1.1

Invest in a single national platform for all teachers to access lesson planning materials

The Australian Government should invest in a single online national platform that houses a comprehensive bank of high-quality, curriculum-aligned lesson planning materials. These materials should be publicly available to teachers in all states and territories and across all school sectors, including Catholic and independent schools.

To support this objective, appropriate national education bodies should be asked to:

- develop and maintain a complete resource bank of lesson planning materials that aligns with and covers all components in F–10 of the current endorsed version of the Australian Curriculum. These materials should draw from existing materials where these are assessed as high quality and support evidence-based teaching practices that align with how students learn
- establish a national framework for assessing the quality of lesson planning materials and their alignment with evidence-based education standards
- promote a national online platform for all teachers to access the resource bank. Materials on the platform should be regularly updated and include jurisdictionally developed materials where feasible
- develop professional learning programs to help teachers to use the materials and schools to adopt a whole-school curriculum approach.



Draft recommendation 1.2

Lead national efforts to ensure equitable access to educational technology (edtech) and artificial intelligence (AI)

The Australian Government should provide national leadership on edtech and AI in schools, and work to make the best available tools available to all teachers. Appropriate national education bodies should:

- establish a framework for assessing edtech tools' quality and alignment with evidence-based practices
- undertake a stocktake of what tools are being used, within Australia and internationally
- assess selected edtech and AI tools, and recommend suitable tools for nationwide use
- coordinate acquisition of AI tools for national use, drawing on the combined purchasing power of all states and territories
- continue to develop and refine guidelines for teachers and school leaders to guide the adoption and use of edtech tools
- continue to fund trials of new edtech with a commitment to national roll-out of successes.

State and territory governments should focus their efforts on professional development and wrap-around support for schools that enables teachers to adopt and use these tools effectively.

Building skills and qualifications for a more productive workforce



Draft recommendation 2.1

Move toward a national system of credit transfer and recognition of prior learning (RPL)

To better enable credit transfer and RPL, the Australian Government should:

- enforce the right to have credit transfer or RPL assessed before the deadline for accepting an offer
- develop a national database of academic credit decisions
- develop a model of coordinated assessments of prior learning, and possibly of credit transfers.

Students could draw on the database to better understand possible tertiary education pathways, making decisions about the allocation of credit more transparent and providers more accountable.

The Government should consider a staged approach to establishing the database that begins with compiling credit transfer decisions, before including credit granted from different types of learning, such as microcredentials, informal learning or work experience, including international work experience.

The Australian Tertiary Education Commission, as steward of the tertiary education system, should play a role in establishing the database and enforcing consistent and accurate data collection from providers.



Draft recommendation 2.2

Better target incentives to lift work-related training rates in small and medium enterprises (SMEs)

The Australian Government should trial:

- financial incentives (such as a tax credit) to increase work-related training for SMEs
- SME advisory services to support work-related training.

The measures should be evaluated to determine cost-effectiveness as well as to better understand how SME advisory services and other supports can aid implementation and improve take-up. Data collection to establish a baseline and evaluate the measures should be embedded into the program design.

Fit-for-purpose occupational entry regulations



Draft recommendation 3.1

Remove excessive occupational entry regulations that offer limited benefits

State and territory regulators should work to eliminate occupational entry regulations that exist in their jurisdiction but not in others, where the evidence that the regulations improve outcomes is weak. As a start, reductions in occupational entry regulations should be considered for:

- motor vehicle repairers in New South Wales, Western Australia and the Australian Capital Territory
- air conditioning and refrigeration mechanics in New South Wales
- hairdressers in New South Wales and South Australia
- painters and decorators in New South Wales, Victoria, Queensland, Western Australia and South Australia.



Draft recommendation 3.2

Expand entry pathways and streamline qualification requirements for occupations

Australian, state and territory governments should assess whether current regulated qualification requirements for occupations are proportionate to identified risks, and implement alternative entry pathways where feasible while maintaining quality and safety standards.

To begin, the Australian Government should consider revising qualification requirements for registered company auditors by introducing a tier of licensing for lower-risk assurance activities.

Australian, state and territory governments should also address skills shortages in trades occupations by investigating opportunities for alternative approaches to acquiring competencies in trade-based occupations and expanding non-apprentice pathways.



Draft recommendation 3.3

Improve the regular reviews of occupational entry regulations

State and territory treasury departments, or other government authorities responsible for regulatory policy advice, should work with licensing regulators to jointly review occupational entry regulations in their jurisdictions. These reviews should remove regulations deemed to be excessive and not proportional to risk. They should draw on joint expertise on industry and licensing, as well as principles for best practice regulation.

Licensing regulators and treasury departments should undertake sunset reviews of occupational entry regulations on a scheduled basis. State and territory governments should also perform independent reviews to identify occupational entry regulations that are no longer fit for purpose.



Draft recommendation 3.4

Incentivise occupational entry regulation reform through National Competition Policy

Australian, state and territory governments should use the National Competition Policy process to incentivise reform of occupational entry regulations at the state and territory level.