

BCA

Business Council of Australia

Building a skilled and adaptable workforce

BCA response to the Productivity Commission's Interim Report

September 2025

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1. BCA response to the Productivity Commission's Interim Reports

The BCA welcomes the opportunity to respond to all five interim reports developed as part of the Productivity Commission's Five Pillars of Productivity Inquiries. We are a member-led organisation, and our submissions reflect engagement with those members and the expertise and practical experience they bring.

Australians have long enjoyed rising living standards, supported by productivity growth, abundant natural resources, a skilled population, and strong institutions. But this is now under pressure. Living standards are falling amid rising costs and sluggish productivity. At the same time, geopolitical tension, shifting trade patterns, decarbonisation, and digital transformation are reshaping the world economy. The only sustainable path to higher living standards and real wage growth is faster productivity growth. This means improving skills, attracting capital, innovating, and allocating resources efficiently.

Australia's productivity growth over the previous decade was the weakest in 60 years, and Budget forecasts suggest it will be even lower this decade. This outlook is based on an assumed return to pre-COVID productivity trends — a risky bet that ignores the scale of the challenge we face.

What's needed is a shift in mindset, one that recognises our deteriorating competitiveness and puts productivity back at the centre of the national reform agenda. That means doubling down on the fundamentals: investment and innovation.

There are practical, positive steps we can take, and ones that we believe could unite business, government, and the broader community. We must make it easier to do business, without compromising the protections and standards that underpin trust in our economy. That starts with cutting the needless red tape that adds cost but delivers no value.

We believe Australia should set a national ambition: to reduce the cost of regulation by 25 per cent by 2030.

The Productivity Commission gets the challenge, and we acknowledge the extensive work that it has undertaken to develop detailed and actionable recommendations that seek to support Australian governments to deliver meaningful and measurable reforms to boost productivity. The BCA does not support every recommendation in the interim reports; however, we welcome the constructive exchange of ideas and the opportunity for robust policy debate.

This report focuses on our response to the report ***Building a skilled and adaptable workforce*** released for comment on 11 August 2025. In section two we provide our detailed observations and recommendations in response to the draft recommendations and information requests. These are summarised below:

- We support practical reforms to reduce excessive and inconsistent occupational entry requirements, broaden alternative entry pathways, and review qualifications to address skills shortages, improve labour mobility, and lift workforce participation. We encourage the use of the \$900 million National Productivity Fund to incentivise states and territories to support the establishment of national occupational licensing frameworks, which has been a longstanding reform challenge.
- We back a nationally consistent, quality-assured platform for teaching materials, with a strong focus on foundational literacy and numeracy. In addition, we support a coordinated national approach to educational technology and artificial intelligence, alongside long-overdue reforms to streamline and improve the transparency of recognition of prior learning (RPL) and credit transfer across the system.
- The NSW Digital Skills and Workforce Compact and the Institute of Applied Technology – Digital are gold-standard mechanisms that develop industry-led training that is well suited to workforce upskilling. The BCA recommends scaling the NSW Skills Compact nationally and funding short form training across all sectors.

2. Key observations and recommendations

2.1 The best resources to improve school student outcomes

Table 1 Draft recommendations

No	Draft Recommendation	BCA Response
1.1	Invest in a single national platform for all teachers to access lesson planning materials.	We support both recommendations. As technology continues to shape the future of life and work, Australians are more likely to need to understand and work with digital technologies such as AI.
1.2	Lead national efforts to ensure equitable access to educational technology (edtech) and artificial intelligence (AI).	

Table 1 Information requests

No	Information Request	BCA Response
1.1	The PC is seeking views on: - 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? - Any changes required to the Australian Curriculum or the role of Australian Government education agencies to enable collaboration across jurisdictions to achieve the reforms? - Funding implications for both recommendations, including views on appropriate cost sharing arrangements?	Education providers would be best placed to comprehensively address these requests for information. However, we note the valuable role of the business community — particularly the tech and digital infrastructure sectors — in shaping future curriculum design and advanced educational technology (edtech) tools. We propose further consultation with these sectors if this recommendation progresses.

Further observations and recommendations

- We support the creation of a nationally consistent, quality-assured platform of teaching materials, prioritising foundational literacy and numeracy. This should include:
 - Clear definitions of governance, intellectual property management, and ongoing maintenance, agreed to by Commonwealth, state and territory governments.
 - Providing materials for Foundation to Year 10, starting with literacy and numeracy; allow local adaptation and incorporate jurisdictional resources.
 - Open access across all school sectors to lift equity and reduce duplication.
- We strongly support a coordinated national approach to edtech and AI. This will avoid a fragmented rollout across jurisdictions and lift teaching quality and productivity at scale. It will also ensure all students benefit, not just those in better-resourced schools.
 - A national approach would also reduce duplicated state efforts (e.g., AI pilots in NSW and SA), while leveraging combined purchasing power to deliver more cost-effective access to high-quality tools.
 - We recommend that a stocktake of tools in use domestically and internationally be undertaken; we also recommend that governments prioritise assessment of AI and advanced edtech that directly improves teacher workload and student outcomes.

- States and territories will also need to focus on professional development and wraparound support for effective adoption by teachers.
- Industry is well placed to support this initiative to ensure the curriculum and edtech tools are fit for purpose.

2.2 Building skills and qualifications for a more productive workforce

Table 3 Draft recommendations

No	Draft Recommendation	BCA Response
2.1	Move toward a national system of credit transfer and recognition of prior learning (RPL).	We support this recommendation, we have consistently called for a streamlined, transparent national system for recognition of prior learning and credit transfer.
2.2	Better target incentives to lift work related training rates in small and medium enterprises (SMEs).	We support targeted SME training tax credit and advisory support. However, the PC could explore more cost-effective solutions.

Table 2 Information requests

No	Information Request	BCA Response
2.1	The impacts and use of credit transfer and RPL. 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?	In our view, education providers would be best placed to comprehensively address this request for information.
2.2	Establishing a national credit database. The PC is interested in participant views on the following questions. 1. Is a national credit database feasible with the current credit data infrastructure? 2. Would it be possible to codify RPL decisions into the database? What are the key challenges? 3. What are the major risks of establishing a national database? How can they be mitigated? 4. What are the key barriers to coordinating consistent and accurate data on credit decisions across providers? How can providers be supported to overcome these barriers?	A national credit database must manage constant course redesigns, updates and removals. It should align new and legacy qualifications through a skills taxonomy, ensuring credit is truly “like-for-like” and comparable across provider.
2.3	Recognition of Prior Learning (RPL) assessments. The PC is interested in hearing from education providers that have RPL assessment processes. 1. What approaches are used? What costs are incurred? What level of staff involvement is required? 2. Would it be helpful to have a coordinated RPL assessment process that spans across multiple education providers? Would that be feasible? What would be the challenges and risks?	In our view, communities, representative groups and education providers would be best placed to comprehensively address this request for information.

No	Information Request	BCA Response
2.4	Financial incentives for training in 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? 2. What should be considered in determining an appropriate size of SMEs eligible for financial incentives for training? Should sole traders be eligible? 3. Which types or formats of training (for example, management or IT related, short courses versus workshops) should be covered by financial incentives? How should training providers be vetted? What types of training would be most effective in increasing productivity in SMEs? 4. How and at what level should support for training be capped (per firm, per employee)? How can co-payment requirements be designed to reduce inefficiencies without disadvantaging small businesses? 5. What other criteria should be considered when determining eligibility for financial incentives? 6. Can the introduction of financial incentives for training in SMEs lead to increased risks of fraud or misuse? Have past measures identified significant fraud or misuse? 7. What other risks, complexities or unintended consequences should the Australian Government be aware of?	We support the PC's call for a targeted SME training tax credit and advisory support. In particular, SME tech skills and digital literacy are a key weak point that needs uplifting to support the modern economy. A 'carrot not stick' approach will deliver better outcomes for workers, lift training rates in the sector that employs most Australians and avoid the compliance burden and quality risks of a training levy. While financial incentives are important and help alleviate cost barriers, 'time' is other major impediment to increasing workforce training. SMEs need access to short-form, relevant and high-quality training materials in areas such as digital and AI, cyber security, finance, marketing, critical thinking, communication, and leadership. Training should be co-designed with industry, modular, and flexible so employees can complete it around work commitments. Courses should be nationally recognised for quality, ensuring employer confidence. The NSW Digital Skills and Workforce Compact and the Institute of Applied Technology – Digital are gold-standard mechanisms that develop industry-led training that is well suited to workforce upskilling. The BCA recommends scaling the NSW Skills Compact nationally and funding short form training across all sectors. To support this, government should create a single national portal that curates approved SME-relevant courses for upskilling and reskilling the workforce, ensuring they are low-cost, accessible, and highly relevant to industry.
2.5	SME advisory services for training provision 1. The PC is seeking further information on the value of SME advisory services for training provision. 2. 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? 3. Which government entities should be responsible for coordinating and delivering support services? 4. What should be considered in deciding whether and how support services are publicly funded?	While advisory services may help some firms, they can be an expensive way to connect SMEs with training options. Most businesses already know the types of training they need (e.g. leadership, digital and AI, marketing); the real barrier is often knowing where to find quality options. A more effective approach is to create a central repository of recognised, high-quality short form training that SMEs can access at low or no cost, rather than building a costly consultancy ecosystem.

No	Information Request	BCA Response
	5. Do Australian SMEs have persistent capability gaps, such as managerial capacity, digital competencies or any other critical skills, that an advisory or consultation service should prioritise?	
2.6	Supporting access to work related training for individuals. 1. The PC is seeking information on policies to encourage individual participation in work related training. 2. With ongoing tertiary education reforms in mind, what else can the Australian Government do to address the work-related training barriers individuals face? 3. How does low participation in work related training impact different segments of the population, such as Aboriginal and Torres Strait Islander people, women, people with disabilities and workers in regional and remote areas? 4. What risks, complexities or unintended consequences should the Australian Government consider?	The main barriers to individuals undertaking work-related training are <u>cost</u> and <u>time</u>. As above, collating existing high quality short courses so they are available to both businesses and individuals would go a long way to overcoming these barriers. Courses must be flexible, time-efficient, co-designed with industry, and formally recognised by government and employers to ensure uptake and relevance.

Further observations and recommendations

- We have consistently called for a streamlined, transparent national system for recognition of prior learning and credit transfer. The PC's recommendation is a critical step to remove barriers to lifelong learning and make skills acquisition faster, cheaper and more accessible.
- We recommend prioritising RPL pathways in the trades, allowing workers to more efficiently gain adjacent trade qualifications while safeguarding safety and core competencies. This is particularly important for mid-career entrants, where the requirement to return to a first-year apprenticeship wage remains a major disincentive.

2.3 Fit for purpose occupational entry regulations

Table 5 Draft recommendations

No	Draft Recommendation	BCA Response
3.1	Remove excessive occupational entry regulations that offer limited benefits.	We support all four draft recommendations. We strongly back the need for a practical pathway to remove excessive and inconsistent occupational entry regulations, expand alternative entry pathways and review qualification requirements. This is essential to address skills shortages, improve labour mobility and boost workforce participation. Determining how to best utilise the \$900 million National Productivity Fund to incentivise state and territory governments to support national occupational licensing frameworks could be an effective tool to address this perennial issue.
3.2	Expand entry pathways and streamline qualification requirements for occupations.	
3.3	Improve the regular reviews of occupational entry regulations.	
3.4	Incentivise occupational entry regulation reform through National Competition Policy.	

Table 6 Information requests

No	Information Request	BCA Response
3.1	1. What occupational entry regulations should be prioritised for review? 2. Are there examples of requirements other than occupational entry regulations that overly limit entry into professions? How could these be addressed? 3. How do occupational entry regulations uniquely impact segments of the population, such as Aboriginal and Torres Strait Islander people, women, mature aged workers and people from culturally and linguistically diverse backgrounds? 4. Aside from regulatory impact assessments, what other policy instruments could Australian governments use to better address excessive occupational entry regulations? 5. What data collection would best inform the evaluation of occupational entry regulations? 6. What alternative approaches to apprenticeships should governments consider to improve pathways into trade based occupations, while maintaining quality standards? And what are the potential implications of alternative pathways? 7. How can Australian governments and industries facilitate and incentivise greater use of accelerated apprenticeships? 8. How can the Australian Government best support state and territory governments in reforming occupational entry regulations? 9. How can the National Competition Policy process (or other longer-term arrangements) help to incentivise reform on occupational entry regulations? 10. What other aspects of occupational entry regulations (or broader, contextual issues) warrant consideration by Australian governments?	Government could explore group training models with work simulations or shorter periods of work-based training. BHP's Future Fit Academy has successfully used this approach. Accelerated apprenticeships are being piloted in South Australia. If successful, this model could be rolled out for specific trades across Australia.

BCA

Business Council of Australia

BUSINESS COUNCIL OF AUSTRALIA
GPO Box 1472
Melbourne 3001
T 03 8664 2664
www.bca.com.au

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