

In this short response to the PC's interim report "*Building a skilled and adaptable workforce*", I wish to address three of the eight recommendations:

- Recommendation 2.1. Move toward a national system of credit transfer and recognition of prior learning (RPL).
- Recommendation 2.2. Better target incentives to lift work-related training rates in small and medium enterprises (SMEs)
- Recommendation 3.1. Remove excess occupational entry regulations that offer limited benefits.

## Recommendation 2.1.

In the discussion on credit transfer and RPL (commencing p 32) the report, without any supporting evidence, impugns the motives of Universities and VET providers by implying that they deliberately restrict credit transfer and RPL as they stand to benefit from the extra course fees and subsidies that they will receive if the students are forced to undertake complete courses of study:

*But education providers can also have poor incentives to grant credit or RPL. If a university does not grant credit, a student may instead complete the full length of study at that university, producing a higher net revenue yield from that student. Universities can use those additional funds for research activities, which contribute to improved rankings and can lead to a larger share of the student market. In 2022, approximately 51% of higher education expenditure on R&D came from general university funds (ABS 2024)*

*In VET, the national training system has largely removed provider discretion over credit transfers (Ithaca Group 2018, p. 4), although perverse incentives still exist for RPL. For VET providers, RPL is likely to reduce the total revenue they receive for individual students, even if providers can charge RPL assessment fees. (p. 34-35)*

This is very unhelpful speculation that demonstrates little understanding of the lengths that Universities go to grant credit for previous study and VET providers to grant RPL. As the report acknowledges, VET providers are required to assess and grant RPL. As a former Deputy Vice-Chancellor of an Australian dual-sector University, I can say that in my experience the problem with provision of RPL in the VET sector is that providers may grant too much rather than too little in an attempt attract students. This section should simply be removed.

Whilst a more consistent approach to credit transfer and RPL might be useful to consider as part of the tertiary harmonisation processes being overseen by JSA, I do not think that the establishment of a credit database is either feasible or useful. The resources that would need to be spent of establishing and maintaining such a database, which by its nature would change considerably over time, would be enormous. I do not see how it would help either institutions or students to improve their chances of obtaining credit transfer or RPL. Far

better to have institutions commit to a consistent set of principles that could be applied and monitored through the ATEC compact processes for universities and the audit processes of ASQA and State Governments in the case of VET providers.

## Recommendation 2.2

The issue of employer provided training for workers is critical. The report notes that it appears that the incidence and participation in employer training has declined in recent years in Australia. The problem with this section is that it suffers from a paucity of evidence. The main evidence for the statements on the trajectory of employer training is a brief report from CEDA in 2024 which is based on a few short questions in the HILDA survey and a very small scale employer survey of 17, primarily large, employers. As the report notes, Australia used to collect regular data on employer training until the early 2000s (the Training Expenditure Survey and the Training Practices Survey). In the absence of high quality employer data, it is simply impossible to make any assertions about the commitment or otherwise of enterprises to training their workers. Data drawn from a survey of employees is not enough. For instance, fewer employees may have undertaken training, but this may be a function of respondents' ability to recognise training and development activities or the result of decisions by an employer to train fewer staff more deeply. The overseas data based on solid employer survey data simply cannot be compared to a short analysis by two economists at CEDA. A key recommendation should be that Australia re-start the regular collection of this data rather than relying on secondary analysis of other surveys. Whilst I understand that the Federal Government is keen not to increase the response burden on employers, the fact is that many other countries collect this data and can use it to fashion much more effective employer training policy.

There is also a need for much more qualitative data on employer training which is the result of the complex integration of factors at the economy and at the enterprise level. I suggest that the team look at two recent papers from myself and colleagues on this topic based on extensive research with Australian employers funded by the NCVET.

Smith, E., Callan, V., Tuck, J. and Smith, A. (2019). Employer training in Australia: current practices and concerns. *International Journal of Training and Development*, 23:2. 169-183.

Smith, E. and Smith, A. (2023). Informal training and learning in Australian firms: the need for a new perspective. *International Journal of Training and Development*, 27:3-4. 442-460.

## Recommendation 3.1

The section on Occupational Entry Regulation (from p 53 onwards) needs to be re-thought. To state as the report does on p 62 that:

*Qualification requirements are the biggest hurdle to entry for many workers*

is a problem. This statement makes it appear that somehow gaining the skills and knowledge necessary to practice an occupation or a profession is equivalent to an unnecessary OER. This is nonsense. The OERs and qualifications are quite different things. An OER is a requirement for someone entering an occupation or a profession to meet certain determined criteria. These are often prescribed by professional regulatory bodies. This is not the same thing as a qualification that attests to the skills and knowledge of an individual. Education is a requirement to enter an occupation or profession, but it is not, in itself, a barrier or hurdle.

The podcast seems to suggest that the advance of on-line reviewing of tradesmen or professionals providing a service can substitute for licensing. Again, these two concepts are quite different. Licensing ensures that only those meeting the standards of the profession or occupation can practice. Online reviews simply record the level of satisfaction that a customer experienced on a particular occasion. We all know the extent to which online reviews of restaurants and hotels can be manipulated. Reviewing cannot substitute for licensing. When I select a professional for a particular service, I assume that, as they are practicing, they are licensed and meet certain standards. The online reviews only serve to tell me if others have found them satisfactory.

The suggestion that credentialism – the increasing requirement for people to gain skills and knowledge to enter a certain occupation or profession – is somehow a bad thing is rather puzzling. Throughout the report the authors assert that the pace of technical development is increasing the need for more skills and knowledge, not less!! Clearly one would expect that in such a world the requirement for credentials will increase. It is a good thing not a bad thing.

Removing or curtailing the need for skills and knowledge embodied in a qualification could only lead to a decline in the skills and competencies of the Australian workforce at a time when the report itself acknowledges that they will be required. This is a sign of every poor-quality thinking and underlines my concluding point about the need to have an expert reference group guiding the developments of reports such as this which have been commissioned to shape future government policy.

Surprisingly, in this section there is no discussion of the role of professional bodies. It is suggested, as an example of qualifications reduction, that the 6-year training period for psychologists could be reduced. I find it hard to understand how, as our knowledge of the brain and its malfunctions increases, that there would be a need for less rather than more education in these areas. However, what is not discussed is the role of the Australian Psychological Society in controlling entry to the profession by requiring unnecessarily high scores from undergraduates in their degrees to progress to Honours and thence to Masters in order to qualify. What about the role of the AMA in restricting the number of medical schools that can be founded as well as requiring an ATAR of 99+ to qualify to study medicine? These are the sort of OERs that should be considered in this report and yet fail to appear.

## Concluding remarks

I find it odd that in a paper dealing specifically with the secondary and tertiary education systems in Australia, the Commission did not appoint a Reference Group of experts in education to guide the development of the paper. Despite the survey that was undertaken, the only people referenced at the beginning of the report (p. vi) are other members of the PC and help from Treasury and the RBA. Neither of these institutions employ experts in education. The report is full of misunderstandings about the education system, and these might have been avoided and the recommendations improved if the PC has established a small group of education experts to work with the writers. This is standard practice overseas especially in EU agencies and with good reason.

This is a poor-quality report. It appears to have been written in the almost total absence of any knowledge or understanding of the Australian education system. It makes sweeping recommendations often based on little or no evidence at all. Essentially the report is arguing for a watering down of professional standards as expressed in licensing arrangements and a dumbing down of professionals and others by reducing the rigour of the qualifications they require. Not a good start to a serious debate on improving the skills and competencies of the Australian workforce in the future.

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