Industry Skills Australia

ISA SUBMISSION TO THE PRODUCTIVITY COMMISSION'S BUILDING A SKILLED AND ADAPTABLE WORKFORCE INTERIM REPORT

Industry Skills Australia (ISA) welcomes the opportunity to provide feedback to the Productivity Commission's inquiry into Australia's productivity reform priorities.

About ISA

As the Jobs and Skills Council for the Transport Supply Chain industries, ISA is deeply committed to building a world-class supply chain workforce to increase productivity, create better jobs and build opportunities for individuals. Through our core functions, we collaborate with a wide range of stakeholders on issues relating to workforce development, skills and training.

Our role for the Transport Supply Chain industries is to:

- Gather industry intelligence to inform a planned approach to workforce development.
- Develop contemporary training products to solve industry's new and emerging skill needs.
- Bring stakeholders together to broker sustainable, high-impact workforce development solutions.
- Represent industry views on workforce development to the training system and decision makers.

Our response to the Interim Report is informed by insights gathered through targeted research and stakeholder consultation, and our 30 years of proven expertise in addressing workforce planning and skills development challenges. In this submission, we address the Interim Report information requests that fall within ISA's area of expertise. These are information requests 2.1, 2.4, 2.5, 2.6 and 3.1.

Summary of ISA proposals

1. **Policy consistency** is required to build a skilled and adaptable workforce.
   ISA proposes that future reforms should be cognisant of approaches that have been previously implemented, evaluated and found to be successful.
2. **Independent assessment** is required for reliable, high-quality RPL.
   ISA proposes that independent, industry-led assessment-only centres are trialled and independently evaluated as a mechanism for providing RPL services and support for individuals and employers.
3. **Co-investment models are successful for work-related training in SMEs.**
   ISA proposes the introduction of a co-investment program for small to medium enterprises which includes independent advisory services to help identify workforce development needs and broker high-quality training options
4. **Targeted adjustment** of regulatory requirements would ease entry and progression pathways.
   ISA proposes that regulatory reform must be guided by the lived insights of impacted industry stakeholders.

1. Policy consistency is required to build an adaptable workforce

The work of ISA actively supports the Australian Government's productivity priorities to build a ***skilled and adaptable*** workforce. However, the Interim Report suggests that the adaptability of the workforce has received less attention than the quality and quantity of skills (page 1).

ISA is currently undertaking actions, in collaboration with stakeholders, that support the directions identified by the Productivity Commission to build an adaptable workforce. Selected examples include:

- Reviewing existing qualifications in aviation rescue to **enhance their usability in adjacent sectors**[1]
- Identifying and **bridging recognition gaps between military and civilian** aviation training standards for flight instructors[2]
- Developing **occupational mobility pathways** for Australia's maritime workforce by identifying and promoting skills that are portable between maritime occupations
- Supporting the **mutual recognition of entry level training** for the rail industry[3].

Through ISA's long history in the national skill system, we have observed considerable focus on adaptability as a widely recognised workforce priority. This can be seen in recurring efforts to advance foundation skills, digital skills, innovation, career education, skills recognition, harmonisation of licensing, flexible pathways and a national skills passport through various national strategies, blueprints and action plans.

Unfortunately, change in these areas is complex, involving multiple stakeholders inside and outside the Vocational Education Training (VET) system. It also takes considerable time for system change to be consolidated across jurisdictions, regulatory bodies, industry and educational institutions. During this consolidation process, promising programs may be abandoned if they lack independent evaluation or cannot be successfully scaled at a systemic level. Even programs that have had positive evaluations can fall victim to changes of government and shifts in policy direction.

Some solutions for building a skilled and adaptable workforce have been previously identified, independently evaluated and found to be successful. The ***Enterprise Based Productivity Places Program (EBPPP)*** and ***National Workforce Development Fund (NWDF)*** are pertinent examples. We elaborate on lessons that can be learned from these programs in our response to Information Request 2.4.

While industry and workforce requirements are constantly changing, there is much that can be learned from successful initiatives of the past.

ISA proposes that future reforms should be cognisant of approaches that have previously been implemented, evaluated and found to be successful.

[1] https://www.industryskillsaustralia.org.au/aviation-training-package-aviation-rescue?tab=consultation#project-tabs-1025
[2] https://www.industryskillsaustralia.org.au/aviation-defence-flight-instructor
[3] https://www.industryskillsaustralia.org.au/rail-mutual-recognition-project

2. Independent assessment is required for reliable, high-quality RPL

Information request 2.1, the Interim Report asks about 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?

Recognition of prior learning (RPL) has been a cornerstone of Australia's competency-based system since the 1980s. RPL allows individuals to have their existing skills and knowledge formally recognised, regardless of whether they were acquired through formal education, workplace experience or informal learning. Since competency-based training focuses on the demonstration of competence against industry standards, RPL must produce assessment outcomes that are equally accurate and reliable. Less than rigorous RPL undermines the credibility of VET qualifications, erodes stakeholder confidence in the system and has the potential to deter employers from investing in nationally recognised training.

While the concept of RPL is relatively simple in VET, and a requirement of the *2025 Standards for RTOs*, many Registered Training Organisations (RTOs) are challenged by the need to provide RPL.

Barriers

Barriers to the provision of effective RPL include:

- **Lack of awareness** – Despite it being a requirement of an RTO's registration that they make RPL available to all learners and that they *'are supported to seek recognition of prior learning'*[4], in practice, the onus is often on the learner to request it.
- **Lack of support** – No systemic support is provided for RPL candidates to help them with RPL. People who are daunted by formal education and training are reluctant to apply for a process that appears complicated and time-consuming, and which may use language that they find difficult to understand.
- **Limited practitioner capacity** – There is widespread misunderstanding of RPL among VET practitioners and gaps in assessor capability to conduct RPL assessments. Much past and current RPL practice is reactive, with the onus on candidates providing a range of documentary evidence, rather than assessors driving the assessment of evidence through appropriate tools and processes, based on an understanding of the individual candidate's journey.
- **Expense** – The cost of customised one-on-one assessment for RPL can exceed standard program costs for training and assessment. In situations where RTOs receive less funding for conducting an RPL assessment than for delivering a training program, the relative profitability of each option may influence RTO attitudes and actions.

While individuals from underrepresented cohorts are least equipped to overcome the cost, awareness and administrative barriers inherent in pursuing RPL, many individuals and employers also need support to navigate an inconsistent system that is frequently onerous and opaque for the applicant.

[4] Australian Skills Quality Authority (2025) Standard 1.6, *2025 RTO Standards*

Benefits

After four decades, the VET system is still grappling with the challenge of RPL, but it is a goal that must be pursued. When done well, RPL offers multiple benefits for learners, employers and the workforce.

- **Learner benefits**
    - **Faster pathways** - prevent study in what they already know, and enable the timely completion of qualifications.
    - **Confidence and motivation** - formal recognition of existing skills builds self-worth and keeps people engaged in learning.
    - **Better job mobility** - portable, nationally recognised qualifications make it easier to change industries or advance.
- **Employer benefits**
    - **Quicker upskilling** - staff get qualified faster, filling skill gaps without long training delays.
    - **Higher retention** - recognising employees' skills signals respect and investment, which improves loyalty.
    - **Targeted training spend** - avoids wasting money on unnecessary training, focusing only on what workers genuinely need.
    - **Fosters a learning culture** - builds employee motivation to participate in further education and training.

Workforce benefits

- **More efficient use of skills** - taps into the existing capability in the labour market instead of leaving it 'invisible'.
- **Boosts participation** - especially valuable for migrants, mature-age workers, and those re-entering the workforce.
- **Supports labour mobility and resilience** - helps workers shift industries (e.g. renewable energy, mining → Transport Supply Chain Industries) without starting from scratch.
- **Addresses skill shortages faster** - accelerates the pipeline of qualified workers into areas of demand.
- **Lifts overall productivity** - less duplication of training, quicker deployment of capable people.

Insights from the Maritime industry

In highly regulated workforces, such as the maritime workforce, revalidation and recognition of current competence (RCC) are key concerns for employers. ISA is working with the Australian Maritime Safety Authority (AMSA) to develop a VET model to support revalidation and RCC for Australian seafarers. ISA is also working with AMSA to develop an RPL model to support transition from Naval occupations into civilian maritime occupations. These pieces of work highlight several pre-requisites for creating an effective RPL system:

- **Aligning learning outcomes to valued industry skills**, e.g. ISA is working with AMSA to identify Naval occupations that are most aligned with civilian maritime skill shortages.
- **Addressing specific capability demands for assessors**, e.g. ISA is developing a tool to assist maritime trainers and assessors with RCC.
- **Validating assessment outcomes with industry**, e.g. ISA is validating outcomes with key maritime and navy stakeholders.
- **Raising awareness of RPL pathways among target cohorts**, e.g. ISA is working with the National Maritime Skills Network to promote naval to civilian maritime transition pathways and the RPL process.

The critical workforce needs of the Strategic Fleet are driving action on RPL and RCC for the Maritime industry. Although this national impetus and level of collaboration may not be achievable for all potential RPL pathways, ISA's work in this area emphasises the importance of assessor capability building, industry validation, and pathway promotion.

International approaches

Some international models of RPL prioritise the recognition and certification of existing skills and knowledge as essential for realising national goals in labour market and social equity priorities.

In the European Union[5], where RPL is known as 'validation', EU guidelines encourage member states to put national arrangements in place. The guidelines do not advocate for a single correct solution, but present interconnected building blocks for a coherent approach to validation. Several of these building blocks could benefit the Australia system:

- **Individual-centred design**: individuals with diverse learning experiences, needs and life stages should be able to access, control and benefit from the RPL process.
- **Strategic coordination and stakeholder involvement**: national coordination mechanisms should include cooperation among stakeholders with clear roles and responsibilities supported by legal frameworks.
- **Sustainable financing**: shared cost models should incentivise take-up by individuals and institutions and provide transparency of costs and benefits.
- **Qualified professionals**: validation counsellors, assessors and managers should be trained and supported through professional development and communities of practice.

[5] Cedefop. (2023) *European guidelines for validating non-formal and information learning, Third edition*. European Centre for the Development of Vocational Training. https://www.cedefop.europa.eu/files/3093_en.pdf

- **Information, outreach and guidance**: individuals must be informed and supported before, during and after validation by counsellors or advisers who are independent from the assessment. Outreach strategies should target diverse groups, especially those unaware of validation opportunities.

The French system has a well-established focus on supporting individuals through validation. In France[6] everyone has a legal right to receive individual advice and support for *validation des acquis de l'experience* (VAE). This includes access to training leave to participate in VAE, an individual training account that workers can use to finance training and VAE, and an obligation for companies to carry out regular interviews to review workers' professional development and inform them about VAE and the availability of guidance from a counsellor.

A new approach

Assessment-only centres offer a potential solution for addressing systemic issues that have hindered the accessibility, quality and consistency of RPL. As the Interim Report noted, training providers can experience perverse financial disincentives that influence their motivation and capacity to offer RPL. RPL assessors also require specialist expertise that is not held by all VET practitioners.

Trialling assessment-only centres to conduct RPL assessment would provide an opportunity to:

- develop practitioner and organisation expertise by focusing solely on high-quality, transparent RPL assessment processes
- establish guidance and advisory roles, that are separate from the assessor, to support candidates through RPL
- develop approaches for providing information, advice and guidance before, during and after the assessment to empower individuals and ensure they are well prepared
- promote the availability of RPL to make it more widely accessible, including through targeted outreach to equity-priority groups.

To safeguard the integrity of RPL assessment and promote employer confidence in assessment outcomes, in ISA's view assessment-only centres should be not-for-profit organisations that are independent from training providers and are industry-led.

ISA proposes that independent, industry-led assessment-only centres are trialled and independently evaluated as a mechanism for providing RPL services and support for individuals and employers.

[6] Cedefop. Validation of non-formal and information learning in France. https://www.cedefop.europa.eu/en/tools/validation-non-formal-informal-learning/countries/france-2023

3. Co-investment models are successful for work-related training in SMEs

Information request 2.4, the Interim Report asks about financial incentives for training small and medium enterprises (SMEs).

The ISA response to the questions on co-investment models is informed by experience implementing highly successful government-funded workforce development programs in collaboration with employers, industry stakeholders, training providers and states/territories.

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

Most SMEs need individualised support to understand the relevance and value of work-related training. They typically lack the time or expertise to navigate the training system themselves. Many SMEs also need external support to understand their specific workforce needs and identify development opportunities. To deliver value for money for enterprises and government, funding for SMEs need to be accompanied by wraparound support provided through an ***independent advisory service***.

An independent advisory service can encourage SMEs to take up training opportunities by performing the role of an honest broker that negotiates high quality, relevant outcomes for the employer and their employees while also ensuring that the program delivers value on the investment of public money. To perform the role of honest broker effectively, an independent advisory service should be:

- not-for-profit
- not connected to an RTO
- not at risk of favouring existing stakeholder networks over the broader industry
- expert in the occupations/skill needs of the target industry
- able to connect employers with relevant training provision.

The ***Enterprise Based Productivity Places Program (EBPPP)*** and ***National Workforce Development Fund (NWDF)*** are examples of past programs that were exceptionally successful at engaging SMEs in upskilling their existing workforce.

The EBPPP (2009-2011) and NWDF (2011-2014) used a co-investment model, whereby Government leveraged its funding in VET by sharing the cost of training with participating employers. The programs featured an 'honest broker' support role provided by Industry Skills Councils (forerunners of current Jobs and Skills Councils) that empowered employers to negotiate directly with RTOs to secure tailored training services and training places at a reduced cost. Participating enterprises appreciated having someone on their side as an advocate who would get the most appropriate intervention and the best value for them.

The involvement of Industry Skills Councils as honest brokers also increased the value extracted from public investment in training through rigorous reporting and management of funds. ISCs had dedicated staff to confirm that the required employer contributions were made and that training activities were negotiated within a prescribed funding cap. By enhancing program efficiency and outcomes, the administrative functions of the ISCs helped to offset the cost of their service provision.

An independent impact analysis[7] evaluated the workforce development activities of ISCs and found that:

- together the EBPPP and NWDF funded more than 80,000 training places – 14,000 in EBPPP and 67,000 in NWDF
- financial contributions from enterprises expanded the total pool of investment in training – for every dollar contributed by the Australian Government, the co-investment model delivered:
  - 41 cents on average from employers in EBPPP
  - 64 cents on average from employers in NWDF
- administrative fees paid to ISCs represented only 4.9% of program costs
- completion rates for EBPPP were 65% compared with the VET average of 35.5% at the time
- training places were secured for between 62-87% of their average capped value through direct negotiation with RTOs for tailored training services.

Aside from quantitative metrics, the EBPPP and NWDF delivered long-term benefit by changing the culture within enterprises. ISA has found that many industry organisations and employers continue to talk about the value the program provided to enterprises.

In 2012, All Purpose Transport became one of the first companies to participate in the NWDF program. It was its first real exposure to a systematic approach to training and national training products. In 2023, All Purpose Transport won the Australian Training Awards Large Employer of the Year Award for their comprehensive workforce development program, Project APT, which offers every employee a formal qualification at Certificate III or above. The company has continued to measure the overwhelmingly positive impact of a skilled workforce on its productivity, attraction and retention, and workplace safety.

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

The EBPPP and NWDF used a sliding scale for co-investment according to the size of the business (small, medium or large enterprise). This approach acknowledges the additional benefit that accrues to large organisations through economies of scale. Both programs used the ABS definition of business size to determine the level of co-investment.

- EBPPP scaling system for co-investment:
  - Fewer than 100 employees – funded for 90% of the training cost
  - Between 100 and 199 employees – funded for 75% of the training cost
  - Over 200 employees – funded for 50% of the training cost.

[7] Acil Allen Consulting. (2014). *Impact analysis of the workforce development activities of Industry Skills Councils – and lessons for the future*. https://www.voced.edu.au/content/ngv:69368

- NWDF scaling for Government contribution:
  - Small enterprises – 67% of training costs
  - Medium enterprises – 50% of training costs
  - Large enterprises – 34% of training costs.

Under the EBPPP, 54% of participating enterprises were SMEs. Under the NWDF, this share increased to 89% despite an increase in the required level of employer contribution. The increase was attributed to changes in the program parameters and higher contribution rates for larger enterprises, which may have decreased their participation. Another factor may also be the time it takes to engage SMEs in workforce development opportunities. Some connections with SMEs that ISCs established and nurtured during the EBPPP rollout may also not have come to fruition until the NWDF was in operation.

A 2014 impact analysis[8] found that some stakeholders felt that the higher contribution requirements of the NWDF resulted in higher levels of engagement, commitment and understanding among participating enterprises. However, many felt that the co-investment rate of 33% was too high, and the reporting requirements were too onerous, for micro businesses.

An analysis[9] of NWDF training in the Transport and Logistics industry compared the cost of training experienced by small, medium and large enterprises to the impact of economies of scale and market power. The analysis found that the cost of delivering a qualification in a small enterprise was, on average, 36% higher than in a large enterprise. For medium-sized enterprises, the cost was, on average, 29% higher than for large enterprises. The sliding scale of enterprise contributions applied in the NWDF more than compensated for this cost discrepancy. The analysis observed that while the subsidy to small enterprises 'was over generous, there were other reasons for being more generous to small firms, for example, to help them develop a culture of valuing skills development within their organisations' (Shah, 2017, p 10).

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?

Employers need flexibility to identify their specific training needs. However, most SMEs also need assistance with this process. This is why the support of an 'honest broker' is crucial for assisting SMEs with strategic workforce planning to identify workforce skill gaps and training options.

Investment by the Australian Government should be directed exclusively toward ***nationally recognised training*** to ensure portability of skills, value for money, and to limit risk. VET regulators provide a level of quality assurance and risk mitigation around nationally recognised training that is critical for promoting the integrity of public funding. Additionally, restricting delivery to nationally endorsed training or accredited courses means that training outcomes will reflect national standards and support workforce mobility.

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[8] Acil Allen Consulting. (2014). *Impact analysis of the workforce development activities of Industry Skills Councils – and lessons for the future*. https://www.voced.edu.au/content/ngv:69368
[9] Shah, C. (2017). *Analysis of National Workforce Development Fund training in the transport and logistics industry*. https://www.voced.edu.au/content/ngv:77394

The EBPPP and NWDF demonstrated that it is possible to deliver training that is specifically contextualised for enterprise needs using nationally endorsed training. A key advantage of this approach for funding bodies is that it enables the development of program parameters based on Australian Qualifications Framework (AQF) levels and provides greater insight into the skills and knowledge that are being developed through the program.

Independent advisory services (as described previously) should play a role in identifying high quality providers and advising enterprises of the training options available to them.

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?

Scaled government contributions (as described in question 2) can be used to create equity between small, medium and large enterprises by offsetting the differing economies of scale experienced by enterprises with different sized workforces.

Instead of, or in addition to, co-investment scaled by enterprise size, differentiated contributions could be based on the number of workers participating in training. This would offset the cost difference experienced by an SME training one worker compared to an SME training 30 workers in the same program.

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

Eligibility criteria could be used to target enterprises that are impacted by:

- occupational shortages
- structural change, digital transformation and automation
- regional challenges.

Eligibility criteria may also be used to prioritise enterprises that are:

- operating in critical industries
- making efforts to increase workforce diversity.

Additionally, as with the EBPPP and NWDF programs, and in keeping with the need to establish a world class workforce, eligibility criteria should be linked to the level of qualification or type of skill set that will be delivered, e.g. qualifications at Certificate III and above, or skill sets on State/Territory priority lists.

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?

The VET system has experienced well-publicised instances of fraud and misuse of public funds. The risk of these adverse outcomes can be reduced through program guard rails such as:

- Using an independent, honest broker to handle employer applications and negotiate with RTOs to agree on the number and cost of training places. This provides transparency on the value for money being delivered by RTOs for training provision.
- Ensuring 'honest brokers' are not at risk of favouring existing stakeholder networks over the broader industry.
- Setting a program cap on the maximum cost per training place according to the AQF level of the qualification being delivered. This provides a level of certainty about the quantity of training that can be delivered through the program. Often, an honest broker can negotiate a lower cost per training place, thus achieving even greater value for money.

7. What other risks, complexities or unintended consequences should the Australian Government be aware of?

The EBPPP and NWDF experienced significant differences in the cost of training across jurisdictions. Jurisdictional price variations reflect differences in the structure of the training market, including differences in the way that TAFEs are administered. When setting caps on the cost of training places, it is essential to take State/Territory funding contexts into account.

Some RTOs delivering training through the EBPPP and NWDF reported cash flow issues that related to payment schedule timing. While it is important to design payment regimes that incentivise the delivery of training outcomes, payment schedules must also acknowledge the ongoing costs associated with high-quality training delivery.

Information request 2.5, the Interim Report seeks further information on the value of SME advisory services for training provision.

1. 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?

As noted previously, to perform the role of ***honest broker***, an independent advisory service should be:

- not-for-profit
- not connected to an RTO
- not at risk of favouring existing stakeholder networks over the broader industry
- expert in the occupations/skill needs of the target industry
- able to connect employers with relevant training provision.

Additionally, the honest broker should have credibility in the target industry/sector and should not have any conflicts of interest that would prevent them from serving all enterprises in the industry, i.e. an honest broker should not be a membership organisation.

Advisory and consultation services that would support SMEs to increase their provision of work-related training mirror the role played by ISCs in supporting the delivery of the EBPPP and NWDF. Functions of the role are:

- Generating industry demand for the program across the broadest possible cross-section of industries.
- Assisting interested organisations to develop enterprise-based training proposals, costings and project plans.
- Managing the application process to ensure high quality applications are submitted.
- Maintaining regular communication with applicants regarding the outcome of their proposal.
- Assisting in the selection of RTOs to deliver the training required by the enterprise.
- Ensuring that training arrangements between the enterprise and the training provider are underpinned by sufficient legal provisions.
- Gathering relevant data through the duration of the program, including the number of participants, completions and withdrawals, and identifying barriers to the take up and/or completion of training.

For the EBPPP and NWDF, the services were provided by dedicated staff within ISCs. This arrangement allowed the advisors to leverage ISC communication and engagement channels to quickly build industry credibility and reach. Networking between the ISCs provided opportunities for the advisors to build capability and share good practice. These arrangements helped to ensure that enterprises in all industries/sectors across the country were offered a responsive and tailored service.

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

Industry-specific advisory services align with the remit of JSCs to support workforce development for their industries. As with the role that ISCs performed for EBPPP and NWDF, there is potential for JSCs to leverage their existing industry engagement activities and networks to provide support services for SMEs.

With their extensive industry coverage, JSCs are well-placed to provide comprehensive support for a national program. However, some more targeted advisory services may also be appropriate, these include:

- cohort-specific advisory services, e.g. to support Aboriginal Community Controlled Organisations
- geographically specific advisory services to support regional approaches to workforce development.

In these instances, there may be cross-over with existing national and state/territory programs, such as the Queensland Government's Industry Workforce Advisor program[10].

[10] Business Queensland, Industry Workforce Advisors: https://www.business.qld.gov.au/running-business/employing/planning-workforce/industry-workforce-advisors

3. What should be considered in deciding whether and how support services are publicly funded?

The SMEs in most need of support to train their workforce do not have capacity to monitor funding availability opportunities or negotiate training contracts for themselves. Advisory and support services are essential for any Australian Government investment to reach the target cohort and achieve the intended outcomes. A relatively small allocation from the program budget for advisory services (for EBPPP it was 4.9%) is a sound investment for achieving the intended program outcomes, delivering value for money, managing risk, and building a culture of workforce development.

Decisions on providing public funding for support services should focus on:

- **Ensuring the effectiveness of program** – without support many SMEs will not be aware of the program or be capable of taking up the opportunity.
- **Targeting the program to those in most need** – the SMEs least capable of independently accessing the program are often those most in need of training and workforce development.
- **Overcoming administrative barriers to participation** – to mitigate risk and ensure accountability, government programs must include reporting and administrative requirements, support services from an honest broker can ensure these requirements are not a barrier to SMEs' participation.
- **Ensuring equitable distribution of benefit** – by taking responsibility for program participation within an industry or region, an honest broker can identify and address gaps in access and participation.

4. 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?

Even within the same industry sector, SMEs have diverse workforce and training requirements, which is why they require individualised advice and support to secure training that is customised for their specific needs.

Broad areas of need for SMEs in the Transport Supply Chain Industries include:

- Rapid technology adoption and optimisation
- Streamlining administrative processes
- Maintaining compliance with changing regulations
- Strategic workforce planning (working *on* the business instead of *in* the business).

Information request 2.6, the Interim Report seeks information on policies to encourage individual participation in work-related training.

1. With ongoing tertiary education reforms in mind, what else can the Australian Government do to address the work-related training barriers individuals face?

The Transport Supply Chain Industries do not have a strong tradition of work-related training, and the cost of training is often extremely high due to a variety of factors, including:

- national and international regulatory requirements for licensing and safety certification
- limited availability of training providers delivering in thin markets
- difficulty of simulating working conditions to required standards
- barriers to accessing training in aeronautical and nautical environments.

The Australian Government is already supporting the Maritime industry by funding access to sea berths to allow prospective seafarers to gain essential experience at sea. This will help to address a major barrier to industry entry and progression.

The high cost of training for the Aviation industry is often funded by individual learners through their personal savings and loans. Industry stakeholders have emphasised the need for government funding through apprenticeship programs or VET loans for Aviation occupations in shortage. Suggestions identified in ISA's 2025 Workforce Plan for the Aviation industry include:

- Removing the 20% one-off levy on VET Student Loans for pilot students across all jurisdictions as this fee has a disproportionate impact on high-cost pilot qualifications.
- Reducing the HECS debt for pilots and other priority aviation roles working in regional areas with the loan reduction linked to length of time served in a regional area.

Across the Transport Supply Chain industries, stakeholders have reported that:

- Reducing the cost of training would provide more opportunities for people from underrepresented cohorts to access training.
- Government support and funding should be targeted at individuals, rather than institutions, to enable them to search for the most affordable and suitable course without being limited by government-funded courses.

2. 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?

The high cost of training in the Transport Supply Chain industries impacts more significantly on disadvantaged cohorts and can limit their access to some occupations. Many occupations in the Transport Supply Chain industries have very low representation of women. First Nations people are also underrepresented in key roles. Limited participation in work-related training may be preventing these workers from accessing higher level roles that allow them to progress in their careers.

An impact analysis[11] of the EBPPP and NWDF found only minor differences between enrolment proportions for program participants from disadvantaged learner groups and their enrolment in the broader VET system – as shown in the table below.

Learner group	EBPPP participation	NWDF participation	VET sector participation
Indigenous learners	2%	4%	5%
Learners with a disability	12%	2%	7%
Learners from a non-English speaking background	7%	9%	17%

Although some disadvantaged groups appear to be underrepresented in EBPPP and NWDF, the impact analysis noted that, unlike many government training policies, disadvantaged groups were not specifically targeted for participation in EBPPP and NWDF. Their underrepresentation in these programs may reflect underrepresentation in the workforce, but comparison with the broader VET sector is misleading because VET encompasses participation by school leavers and others who are not in the labour force.

An analysis of the NWDF in the Transport and Logistics industry[12] examined data from 6,697 workers who were enrolled in 6,921 qualifications and skill sets between 2011 and 2014. The analysis presents a profile of training participants:

- 89% male
- 3.7% Indigenous Australians
- 2.5% had a disability
- 5.1% from homes where the main language spoken was not English
- 88.1% employed full-time
- 33% lived outside major cities.

[11] Acil Allen Consulting. (2014). *Impact analysis of the workforce development activities of Industry Skills Councils – and lessons for the future*. https://www.voced.edu.au/content/ngv:69368
[12] Shah, C. (2017). *Analysis of National Workforce Development Fund training in the transport and logistics industry*. https://www.voced.edu.au/content/ngv:77394

This profile broadly aligns with the workforce profile for the Transport and Logistics industry. Participation in work-related training offers opportunities for individuals already in the industry to upskill and advance their careers. While this training may not directly influence the diversity of new entrants, it can contribute to a more inclusive workplace culture. Supporting career progression for workers from underrepresented groups may ultimately make the industry more attractive to diverse candidates and help to broaden future workforce participation.

ISA proposes the introduction of a co-investment program for small to medium enterprises which includes independent advisory services to help identify workforce development needs and broke high-quality training options

4. Targeted adjustment of licensing requirements would ease entry and progression pathways

Information request 3.1, the Interim Report seeks information on occupational entry regulations

1. What occupational entry regulations should be prioritised for review?

Any review of occupational entry regulations should prioritise those that create barriers to national workforce mobility and limit access to entry-level occupations based on age. For example, in the Transport Supply Chain Industries, age restrictions for obtaining a forklift license can prevent young people from accessing entry-level positions. This is regarded as a missed opportunity for creating attractive pathways into the industry for school-leavers as part of a sustainable skills pipeline.

2. Are there examples of requirements other than occupational entry regulations that overly limit entry into professions? How could these be addressed?

Through engagement with industry stakeholders, ISA has identified several examples of requirements that limit entry into Transport Supply Chain occupations. Addressing these barriers will require collaboration between key stakeholders, including national and state/territory regulatory authorities, industry associations and unions.

- Heavy vehicle licence progression is not related to experience hours or competency. To upgrade from one class of heavy vehicle licence to the next class, individuals must have held the first licence for a stipulated period. This unnecessarily extends the time required for career progression.
  - Solution: base Heavy Vehicle licence progression on skill, rather than time.
- There are long wait times for obtaining heavy vehicle licences in regional areas meaning that regional employers often face the additional cost of sending drivers to metropolitan areas to obtain the required licence.
  - Solution: increase availability of Heavy Vehicle licence testing in regional areas.
- Viable entry pathways for young people are prevented by age restrictions on licences, as outlined previously in relation to forklift licences.
  - Solution: remove licensing age restrictions for entry-level driving occupations, where risks can be reasonably managed.

- Apprenticeships are declared by jurisdictions and are not consistently available across the country, e.g. the Heavy Vehicle Apprenticeship is only available in Queensland despite there being national occupational shortages.
  - Solution: provide national access to the Heavy Vehicle Apprenticeship pathway.
- The transport industry does not benefit from the reduced premiums for young workers that are available to employers of apprentices in traditional trades.
  - Solution: address excessive workers' compensation insurance requirements for young people entering driving occupations.
- Use of customised training by Rail enterprises prevents mutual recognition of training outcomes and limits worker mobility between jurisdictions.
  - Solution: encourage mutual recognition of entry-level training that is currently customised by enterprises. ISA is working with the Rail industry to establish nationally recognised entry-level rail skills training.

ISA proposes that regulatory reform must be guided by the lived insights of impacted industry stakeholders

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Contacting ISA

ISA is committed to working with the Productivity Commission to drive reforms that strengthen Australia's tertiary system and lift productivity. We look forward to supporting initiatives that arise from the release of the Commission's final report.

Further enquiries should be addressed to: [redacted]