

Response to Productivity Commission interim report 'Building a skilled and adaptable workforce'

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Introduction

I am responding primarily to Section 3 of the report, but also to the part of Section 2 on pathways. I find the report both internally contradictory and also curiously uninformed. The internal contradiction is that the report claims Australia need a better-qualified population, and then argues that qualifications are not needed for many occupations. Little peer-reviewed literature is provided for topics on which seemingly authoritative pronouncements are made.

For example the claim in both the executive summary and the report that 'the average worker is likely to change occupations two or three times over the next two decades', which seemingly underpins the whole of Section 3, is supported only by reference to a report by a consulting firm called AlphaBeta, in a report which was, according to its cover, 'commissioned by Google'. This AlphaBeta report contains such amazing revelations as the fact that jobs content changes due to technology! It is worrying that such sources are cited.

The industrial relations and VET academic literature has time and again debunked claims of potential radical changes in the labour market due to technological change (see Warhurst's recent work, for example); and the peer-reviewed careers literature shows that the proportion of people changing their careers is not growing over time. Those of us researching, and working, in the field have been presented time and again with future scenarios that do not eventuate. In fact, economies, firms and people have adapted time and again, over the centuries, to technological and other changes.

Given that, there is little case for change. The Productivity Commission report, in fact, presents no data on people wishing to move into jobs but being thwarted by qualification requirements.

The suggestions, therefore, that qualification requirements for jobs be removed, so that (an unknown number of people) could move into these jobs, could make workplaces more dangerous and less rewarding, for no especial reason. Solutions already exist. One is the use of apprenticeships and traineeships.

Apprenticeships and traineeships make moving jobs easier, as people can continue to be paid while learning. There is literature that shows that in traineeships but also in apprenticeships, employers pay above the rate for their trainees/apprentices, especially, but not only, for mature workers wishing to move into those positions. In general, employers pay the training fees to the training providers, or the fees may be covered by 'Free TAFE'.

As an example, Federation TAFE introduced an innovative traineeship program for enrolled nurse traineeships, in conjunction with the local health service, in the late 2010s. This enabled mature people to achieve the Diploma of Nursing qualification while working; taking a year to undertake the qualification full-time was not possible for such people. A number of regulatory and industrial relations issues needed to be overcome, but they were overcome. For these people, changing occupations was made possible at low risk.

External trends that do need addressing, but are not mentioned in the report

I researched the nurse training initiative in Ballarat as part of a series of papers I wrote on how apprenticeships could adapt and were adapting to future work trends, including work I undertook for a project of Cedefop, the European Union's VET agency, in which I traced five 'future work' developments in Australian organisations which employed apprentices and/or trainees. The case studies were mainly in smaller companies rather than larger ones, but while this could have been seen as a disadvantage, it actually indicated the extent to which responses to changes were being adopted through the economy. I developed the work further, partly as a result of a major project which I managed for the International Labour Organization analysing the ILO's survey¹ of G20's apprenticeship countries. I was invited to present this body of research on apprenticeships and future work at a major event at the OECD in Paris in 2019² and subsequently published it in a peer-reviewed journal³. My argument was that companies and workers were adapting progressively to 'new work' developments, but governments were lagging somewhat behind.

One of the features of 'future work' which I mention in my work on this topic has been the growth of the 'gig economy', curiously is not mentioned in the Productivity Commission's interim report. But neither are the other features of changing work contexts which I analysed: Industry 4.0⁴, globalisation, movement of workers among countries (including, but not confined to, migration), and economic structural adjustment. These changes are those routinely discussed in the skills literature and in international debates on skills, but, oddly, are not mentioned in the interim report.

Occupational licensing

There are some obvious and well-regarded sources to turn to for information on occupational licensing. One is the International Labour Organization (ILO), an agency of the UN. The ILO produced a report on the topic in 2019 ('Preliminary review of country studies on occupational licensing benefits and shortcomings' - Employment Working Paper 248 (Richmond, 2019)).⁵ This provides a useful and balanced investigation, summarising pros and cons for different types of countries.

There are many protections which licensing and qualifications offer. Workers, employers and training providers have cooperated over many years to produce a system where quality, safety and worker protection are key concerns. I looked carefully at the Productivity Commission's sources for the arguments against licensing. One source is a working paper based on some European Union countries, for only a limited range of occupations. Another is an American study of an online platform used by consumers for home improvements, similar to Airtasker. Neither of the sources, on inspection, actually support the points made in the interim report. Such weak evidence could not, and should not, be used to bolster arguments to dismantle qualification requirements and licensing.

Certainly, licensing arrangements vary among States. This situation is common across many

¹ A number of questions were posed to governments, employer peak bodies, and peak union bodies.

² Smith, E. (2019) New apprenticeship arrangements for a new world of work. Invited plenary presentation to *CEDEFOP and OECD Symposium: The next steps for apprenticeship*. OECD offices, Paris, 7 October.

³ Smith, E. (2019). Apprenticeships and 'future work': Are we ready? *International Journal of Training and Development*, special edition on apprenticeships. 23:1, 69-88.

⁴ Some commentators review to later developments as 'Industry 5.0' but this is generally not adopted.

⁵ The ILO's web site is being reorganised but currently the paper can be found at <https://www.ilo.org/publications/preliminary-review-country-studies-occupational-licensing-benefits-and>

countries, and is normal, if sometimes inconvenient, across Australia in many areas of activity. In some countries there is even greater variation among jurisdictions. In densely-populated regions of the world, such as Western Europe, some workers may cross boundaries daily for work (Switzerland being a good example), encountering yet addressing the requirements. There has clearly been a great deal of work by the Commission in analysing the extent of variations in licensing differences across jurisdictions among industries. This work is commendable, but actually this fact is very well-known! Over decades, work has been put into trying to incorporate licensing requirements into Training Package qualifications; this wasn't mentioned in the report. It would have been better for the authors to have put more work into more empirical research on the substantive issues.

The occupational 'case studies' (chosen how?) offer worrying insights into the authors' thinking. Perhaps over-eager to find arguments against licensing (one wonders why?), some patently ridiculous arguments are mounted. For example, concerns about quality and safety in hairdressing are dismissed as having 'limited evidence' (except that no evidence is actually presented); while no evidence in favour of reducing licensing is actually provided by the authors.

A particularly pernicious argument is that 'consumers' can use on-line reviews to decide who is qualified to cut their hair, repair their car and so on. Online reviews are notoriously unreliable, and 'fake reviews', nowadays sometimes generated by AI, are common. (I suggest the authors consult the hospitality journals for many peer-reviewed articles on the problems associated with online reviews of hotels and restaurants.) Moreover, the harmful effects of 'trolling' and related online activity on people's mental health and wellbeing are well documented. Licensing and qualifications were introduced to provide everyone with certainty that a job is done properly. This includes fellow-workers; in many environment, workers depend on each other to be safe, and/or to retain customers for the business. Online reviews may be helpful, but for businesses and works where qualifications and licensing apply, the customer should be able to assume that all workers have a certified level of competence, and safe working practices.

I was particularly struck by the dismissive discussion on painters and decorators. Firstly the authors say that the risks of 'a bad paint job' are 'typically cosmetic'. Painting and decorating is a worthwhile field of work involving many skills. An individual consumer or (an organisation) experiencing a 'bad paint job' may have spent hundreds or thousands of dollars on hiring the painter or painting firm. This isn't 'cosmetic'; it's real; it would cause distress. Recourse to the law is not a helpful suggestion. The risk of injury to painters from their work is also dismissed (using secondary data). 'General legislation' and 'codes of practice' will do the job, apparently.

In other words, the report tries to argue that bad workmanship is not really a problem for the people that would experience it. What's more, customers ought to read online reviews more carefully. They can always sue the worker or the company. Or should send the vehicle back for rework (which is the measure the authors use in relation to motor vehicle repairers!) And anyway (says the Productivity Commission) the workers should observe a code of practice and know all the legislation. Except that, how would workers and managers learn about these if no qualifications were to be required? All qualifications (VET or higher education) associated with licenced occupations and industry include study of the appropriate regulatory and risk environment, as well as more general workplace health and safety training.

Would the authors be happy to apply this type of logic to a surgeon operating on them? No, I think

they would want an appropriately qualified and accredited surgeon.

Comments on Recommendation 2.1 – Move towards a national system of credit transfer and recognition of prior learning (RPL)

The arguments in this section of the report are not based on current evidence or understanding of processes. The 2018 Ithaca report, commissioned to provide evidence for the Australian Qualifications Framework Pathways policy, was sound, but it focused on pathways, not on RPL and credit practices more broadly. In any case, its age means it cannot be used for current decision-making.

I will briefly outline current practices. In higher education, credit transfer is available where students apply, and where subjects are comparable. University processes (which are governed by TEQSA) determine the exact procedures. RPL may also be offered; again, the decision rests with the university department, but could be challenged by Academic Boards and/or TEQSA. Appeal processes are in place for students. The inference that universities deliberately refuse credit or RPL, in order to make money that they then use for research (p.34), is insulting and out of place in a government document. As is the claim that education providers encourage credentialism to get more students (using a view expressed in an American magazine article as evidence).

In the VET sector, credit transfer is automatic if someone already has the same unit of competency that has been passed elsewhere. RTOs are also required to offer RPL; the new 2025 RTO Standards have retained this provision, introduced in the 2015 Standards. RPL processes may indeed be complex, but this is because RTOs need to be sure that the student has the skills and knowledge. NCVER figures show that that only a small proportion of students (about 5% in 2023) actually take up the offer of RPL, but that the 'pass' rate is very high. This could well be because RTOs provide pre-RPL counselling for students, and only those who are likely to pass decide to formally apply. Over-use of RPL is a feature of 'dodgy RTOs' and is well recognised, as high RPL rates are an ASQA-designated risk factor; the regulatory system can be trusted to take care of this.

There is thus no reason at all to set up a formal register or external assessors for RPL and credit transfer. Such initiatives would be a colossal waste of money, and an extra reporting burden for both sectors. Unique Student Identifiers (USIs) make it possible to track individuals' records of RPL in VET and Higher Education. The NCVER, for example, makes use of USI data in its VET data.

Credit transfer from VET to higher education is common, and is routine practice in some discipline areas. For example, early childhood diplomas gain standard credit into early childhood degrees. The simplest way to encourage credit transfer from VET to HE is for all universities to require the reporting of details of the credit transfer pathways from VET into their qualifications, at the point at which their committees approve or review qualifications. This already happens at many universities, and perhaps it is already in place universally – it would have been a useful piece of information for the interim report to have provided. Again, there is no need for any additional administrative arrangements to be put in place, but reporting by universities to the Australian Tertiary Education Commission could be required, say every five years.

General comments

The lack of knowledge leads to many errors in the report. One example is provided here, and several have been provided earlier. On the same day as the Productivity Commission authors published an

article on the interim report in 'The Conversation', an article appeared in The Age (Wright & Muroi, p. 11) and the Sydney Morning Herald, reporting that the Interim Report said that hairdressing prices were higher in some states because of qualification requirements for hairdressers. One presumes, from the timing, that this was as a result of a press release sent to those newspapers. The report uses occupational demographics to claim that overseas qualifications are not recognised in Australia (p. 83-4). In fact, that newspaper article⁶, while repeating the report's inference that licensing raises customer costs, provides a case study of a migrant from UK who had easily had her hairdresser qualifications recognised in Australia. Australia has a good overseas qualification recognition system, which is not described in the Interim Report. The body VETASSESS is not mentioned. Perhaps the authors do not know about it.

Errors in phraseology affect understanding and indicating a lack of knowledge: On p. 5 there is a statement 'Some low-risk occupations should not be licensed at all. In other occupations, educational requirements have gradually increased to boost professionalism or related goals, rather than improving wages or conditions as a way to attract workers.' To which the obvious response is 'what's wrong with professionalism?' until one realises that the authors actually meant 'professionalisation', which is quite a different thing.

On p. 87, in a discussion which advocates 'short practical courses' for psychologists, the statement is made 'A better designed training package may provide an equivalent level of competence at lower cost.' I do not think that the authors are advocating the development of a psychology Training Package (a specific term used in the VET sector, where Training Packages are developed by Jobs and Skills Councils). I think the authors are using the term in a generic sense meaning a qualification regime (the correct term!) but in a report aimed at occupations which have qualifications in VET as well as those which have higher education qualifications, the authors should be aware of the term Training Packages and not use it unless they mean it. This is an extremely worrying indicator.

Referencing errors: These indicate sloppiness, but also potential concealment of less-than-reputable sources. There are quite a few references with no referencing details at all, meaning that one cannot check their provenance. One can't help feeling that this might be deliberate. On investigation, a reference by Wild (2018) proves to be a submission from a so called 'think tank' (the Institute of Public Affairs) to a parliamentary inquiry. Wurm (2012) is from an industry body and therefore bound to reflect that stakeholder group's interests. Pittinsky (2015) is an opinion piece from a magazine. This means that one cannot trust such references, as equally one cannot trust a statement like 'The PC heard of cases in which....' (p.62)

Lack of relevant literature: There is very little peer-reviewed literature is cited on VET and specifically on apprenticeships, which is clearly inappropriate in a discussion of occupational qualifications. The few reputable papers on training are referenced to a repository voced.edu.au with no original citation material provided, although it is readily available - including on that website.

Over-reliance on secondary data: the authors rely heavily on secondary data of many types, rather than carrying out research. The words 'a measure of' are used through the paper, when all of these instances could be challenged. For example, a measure of motor vehicle repair work could include

⁶ <https://www.theage.com.au/politics/federal/taking-a-haircut-the-states-where-you-re-paying-more-at-the-salon-20250811-p5mlws.html>

an analysis of accidents for those caused by faulty repairs – but this is not suggested. Similarly, ‘serious workers’ compensation claims’ are used as the only measure of safety risks in painting work.

Lack of respect for occupations: The report also indicates a lack of respect for the work that people do. For example, on p. 1 of the executive summary, the statement that ‘people may find themselves stuck in less rewarding work or in unemployment’ indicates the authors’ contempt for some jobs in the economy (‘less rewarding’). The discussion of hairdressing and painting clearly indicates that such occupations are not considered worthy of qualifications or licensing. Yet these occupations both involve a great deal of skill – technical, artistic and communication skills.

Lack of understanding of apprenticeships: On p. 66 a discussion of ‘long training’ times for trade apprenticeships does not display an understanding that most of the three or four years is spent at work, not in formal training. Therefore it is not appropriate to compare the training time with a full-time bachelor’s degree. As discussed earlier, apprenticeships and traineeships are equally available to older people; in fact more commencing apprentices/trainees are over than under 20 years of age, (NCVER’s ‘Databuilder’). There is no reason why women should not undertake apprenticeships or traineeships (trade or non-trade), as is claimed; employers are able to make the jobs available part-time if required (as they do with school-based apprenticeships). There are historical reasons why women are not encouraged into male trades, but the government is at least attempting to redress these⁷.

Suggestion: The report exhibits a deficit of knowledge about work, training, and the VET and higher education systems. These seriously affect the credibility of the interim report and bring into question the efficacy of any suggestions. If the work proceeds, I suggest that academic experts on these matters are consulted, and that also they are given the chance to comment on the final report. A reference group could be set up. The experts will be able to explain the current policies and practices, and will be able to suggest literature to consult.

A final point: The Australian governments’ recent removal (2024) of (the modest) employer incentive to employ trainees in most occupations is likely to reverse traineeships’ potential as a route for career change. This particularly affects women⁸ but is not mentioned. A current government discussion paper (DEWR, 2025) looks to cement these changes in incentives, which were prompted by a government-commission report⁹.

⁷ Smith, E. (2025). How women are disadvantaged in the Australian apprenticeship system. *Economic and Labour Relations Review*. DOI: 10.1017/elr.2025.100331.

⁸ *Op cit*.

⁹ Ross I and Paul L (2024) *Skills for Tomorrow: Shaping the Future of Australian Apprenticeships. Final Report of the Strategic Review of the Australian Apprenticeship Incentive System*, Canberra: Commonwealth of Australia.