

Submission to the Productivity Commission

RE: Interim Report – Building a skilled and adaptable workforce

15 September 2025

Introduction

This submission provides feedback on the Productivity Commission's interim report, *Building a skilled and adaptable workforce*. The submission focuses primarily on the draft recommendations and analysis presented in **Chapter 2: Building skills and qualifications for a more productive workforce** and **Chapter 3: Fit-for-purpose occupational entry regulations**.

The core arguments of this submission are:

1. The fundamental challenges in Australia's skills recognition system lie not within the Vocational Education and Training (VET) sector, but in the **Higher Education (HE) sector's** systemic failure to recognise prior learning.
2. The solution is not new policy, but the robust **enforcement of existing policy**, namely the Australian Qualifications Framework (AQF) Pathways Policy, particularly within universities.
3. An effective Recognition of Prior Learning (RPL) process must be **developmental and learner-centric**, incorporating a formative phase of guidance and counselling. An independent national body is required to champion this approach.
4. Reforming occupational regulations requires a focus on creating **robust alternative pathways** through RPL, which can address barriers created by professional organisations without compromising skill standards.
5. Incentives for work-related training in Small and Medium Enterprises (SMEs) will be most effective when they are used to formally map and recognise in-house training against **Nationally Recognised Training (NRT)**.

This submission draws upon extensive national and international research and practice in skills recognition to offer constructive recommendations for reform.

Feedback on Chapter 2: Building skills and qualifications for a more productive workforce

Draft Recommendation 2.1: Move toward a national system of credit transfer and RPL

While the intent of this recommendation is supported, its premise is partially flawed. The core problem is not the lack of a national system, but the dysfunction of skills recognition and credit pathways *between* the VET and HE sectors.

- **The VET system is already a functional national system.** It is a critical point of fact that Registered Training Organisations (RTOs) are mandated under national standards to recognise qualifications and Statements of Attainment from all other RTOs across Australia. The primary bottleneck is the HE sector. This submission contends that the Commission's focus should be directed squarely at the systemic and **attitudinal barriers** within universities that prevent genuine recognition of VET qualifications and other forms of non-formal learning. These barriers

include a persistent institutional bias that misunderstands competency -based VET qualifications as lacking theoretical "knowledge".

- **The issue is a failure of enforcement, not a lack of policy.** The **AQF Qualifications Pathways Policy** already mandates that all issuing organisations, including universities, must have clear, accessible policies to "maximise the credit that students can gain for learning already undertaken" and to "recognise learning regardless of how, when and where it was acquired" (AQF Council, 2013, p. 7778). The failure of many universities to adhere to the spirit and letter of this policy is an issue of regulatory enforcement, not a policy vacuum.
- **The "Assessment Before Offer" proposal is fundamentally flawed.** The recommendation to enforce the right to have RPL assessed *before* accepting an offer is impractical and misunderstands the nature of the RPL journey. Many candidates, particularly in the opaque HE sector, where curricula can be opaque, are not fully aware of the specific learning content until they are enrolled and engaged in the course. A more effective model, proven in international best practice, treats RPL as a process that can occur at multiple points in the learner journey. It requires a **formative phase** of guidance and reflection before a summative assessment is made. This developmental approach builds a candidate's confidence and ability to articulate their skills, leading to better and more equitable outcomes.

Response to Information Request 2.3: Recognition of Prior Learning (RPL) assessments

A national database of credit decisions is a sound first step for transparency, but it is insufficient. A more robust, system -level response is needed to address institutional bias, assessment quality, and the commercial conflict of interest inherent in the current system.

- **Establish a National Centre for RPL.** This submission proposes the creation of a national, independent body to act as a centre of excellence for skills recognition. This body could be modelled on successful international examples such as Korea's **National Institute for Lifelong Education (NILE)** or the **Thai Professional Qualification Institute (TPQI)**, which operates under the Prime Minister's Office to coordinate qualifications and certify individuals. Such a centre would:
 - **Champion RPL as a Professional Service:** An independent body would be positioned to promote RPL as a valuable professional service (encompassing guidance, assessment, and career planning) rather than just a mechanism for credit. This is crucial for building trust with individuals and employers.
 - **Overcome Commercial Conflicts of Interest:** A key barrier to RPL uptake is that providers (both RTOs and universities) have a financial disincentive to offer it, as it **competes directly with the "training dollar"** from full -course enrolments. An independent centre would be free from this conflict, ensuring candidates receive impartial advice and assessment.
 - **Accredit and Develop the RPL Workforce:** The centre could act as an accrediting body for RPL providers and practitioners, operating to rigorous international standards like **ISO 17024** for assessment bodies. This would build a national workforce of highly skilled, quality -assured RPL specialists.
 - **Serve as an Impartial Assessor:** The centre could serve as an impartial third party for complex assessments, particularly for VET -to-HE pathways (e.g. NILE), thus bypassing the institutional and attitudinal barriers present in universities.

- **Prioritise Competency -Based Assessment.** Australian universities must fundamentally understand and adopt **competency -based assessment** if they are to genuinely engage with RPL. Credit must be awarded for demonstrated competence, not simply for mapping previous course outlines. This addresses the bias against non -formal (e.g., work-based training) learning and informal learning (competencies acquired through work and volunteering) and values what a person can actually do and know.

Draft Recommendation 2.2: Better target incentives to lift work -related training rates in SMEs

The recommendation to trial financial incentives is supported. However, to ensure a genuine and lasting uplift in national skills and productivity, these incentives must be explicitly linked to the formal, nationally -recognised VET system.

- **Incentivise Employers to Engage in Skills Recognition.** The primary barrier to lifting work -related training rates in SMEs is not a lack of providers, but a lack of engagement from the SMEs themselves. Therefore, financial incentives, such as the **tax credit proposed by the Commission**, should directly target the employer. A powerful incentive would be making such financial support conditional on the SME partnering with an RTO to formally map their in -house training to NRT and have their employees assessed via RPL. As the International Labour Organization's guidelines suggest, government subsidies and tax incentives are effective instruments for encouraging enterprises to invest in skills recognition.
- **Use RPL to Credential Staff and Identify Gaps.** Through this process, employees gain formal, portable national credentials for the skills they already possess. Crucially, the RPL assessment also identifies the specific "gap training" required, allowing for highly efficient and cost -effective training investment.
- **Proven Benefits for Productivity and Retention.** Research consistently shows that when employees are formally recognised with national credentials, it leads to improved productivity, greater staff retention, and more professional workplace conduct. In a climate of persistent skills shortages, investing in the formal recognition and upskilling of the existing workforce is a logical and highly effective strategy.

Additional Recommendation: Micro -credentials and Pathways

Any national strategy for micro -credentials (MCs) must be developed within a recognition ecosystem. The current practice of some TAFEs and universities developing industry MCs but **failing to offer RPL pathways into them** is a significant flaw. Many individuals, particularly in fields like ICT, already possess the skills contained within these MCs. It is imperative that policy mandates RPL as a valid entry and completion pathway for all micro -credentials to avoid redundant training and properly recognise existing skills. Additionally, the recognition ecosystem must account for 'non -credit -bearing micro -credentials' through the enactment of competency -based assessment.

Feedback on Chapter 3: Fit -for -purpose occupational entry regulations

Draft Recommendation 3.2: Expand entry pathways and streamline qualification requirements

This submission argues that simply reducing qualification requirements is a reductive approach that may compromise quality, particularly during times of skill oversupply where qualifications serve as an important market signal. The more robust and productivity-enhancing solution is to maintain high standards while creating **legitimate, alternative entry pathways through RPL**.

- **Focus on Barriers Erected by Professional Organisations.** The Commission's review of OERs should be expanded to critically examine the significant barriers constructed by professional organisations and accrediting bodies. These bodies often create overly academic or rigid requirements that disproportionately disadvantage **migrant workers** and those with extensive practical experience but without a specific type of formal qualification.
- **RPL is the Key Mechanism for Alternative Pathways.** RPL is the ideal mechanism to overcome these barriers. A rigorous, competency-based RPL assessment can validate that an individual—regardless of how they acquired their skills—meets the robust requirements of a professional occupation. This satisfies the need for high standards while allowing for a more diverse and experienced pool of practitioners. This approach is essential for addressing skills shortages in critical professional fields without lowering the bar.

Conclusion

To build a truly skilled and adaptable workforce, the Productivity Commission's final recommendations should shift focus from creating new policies to enforcing existing ones, particularly in the Higher Education sector. The primary challenge is not a lack of systems in VET, but a lack of recognition and respect for VET and other forms of non-formal learning from universities.

A successful skills recognition system must be learner-centric, developmental, and independently arbitrated to overcome institutional biases and commercial conflicts. By establishing a National Centre for RPL, focusing on competency-based assessment, and creating robust alternative pathways into occupations, Australia can better recognise and utilise the skills of its entire population. Furthermore, by strategically linking SME training incentives to the national VET system through mapping and RPL, the government can achieve a significant and lasting return on investment through improved productivity and workforce capability.

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