Australian Chamber of Commerce and Industry

Building a skilled and adaptable workforce

ACCI Submission

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Australian Chamber of Commerce and Industry

Working for business.
Working for Australia.

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ACCI welcomes the opportunity to comment on the Productivity Commission's Interim Report on Pillar 2: Building a skilled and adaptable workforce. We refer the Commission to the previous submission we made during the consultation process (August 2025) and limit this submission to reactions to the draft recommendations made in the interim report and our members' feedback based on the PC's information requests.

ACCI's overall view somewhat aligns with the PC's recommendations; however, there are a few points that ACCI would support greater emphasis on as reflected in our submission during the consultation process (August 2025), such as long-term employer incentives, international students and skilled migration as key components of workforce policy and greater industry co-design in occupational regulation.

The best resources to improve school student outcomes

As noted in our previous submission, members expressed concern over the decline in foundational skills, which are critical for workforce readiness—particularly literacy, numeracy, and digital literacy. The interim report also highlights this issue, noting that NAPLAN scores for each grade level have grown little since 2008, while Australia's performance in PISA has declined across all three domains. Members further observed that the challenge is not a shortage of educational technologies, but the difficulty in identifying which tools genuinely improve outcomes.

Draft recommendation 1.1

ACCI **supports** the PC's recommendation to invest in a single platform for all teachers to access lesson planning materials. This could build upon the comprehensive platform via the Australian Curriculum and complementary resources delivered by Education Services Australia (ESA). However, more attention needs to be given to the upskilling of teachers to support the adoption of edtech. If teachers do not buy into the adoption of edtech and foster the skills to utilise edtech as a new tool effectively, there will be no improvement to foundational skills.

Draft recommendation 1.2

ACCI **supports** the PC's framework of the Australian Government, acting as a trusted evaluator in identifying and endorsing technologies that support high-quality teaching and learning. The evaluative function is best placed at the federal government level to provide consistent, evidence-based guidance to schools and teachers across all jurisdictions. This could encourage the growth of educational technologies, bring together educators, policymakers, industry and technology providers to collaborate and guide responsible and effective adoption. Regarding changes required in the Australian Curriculum, a revision of the minimum standard of education requirements across jurisdictions should be considered. The revision should reflect the principles of the interim report to ensure the equitable development of edtech capabilities throughout Australia.

Building skills and qualifications for a more productive workforce

ACCI supports the view that whole-of-system reform to achieve tertiary harmonisation is essential to improving credit transfer and Recognition of Prior Learning (RPL) accreditation across the tertiary system. However, ACCI cautions that a national system of credit transfer and RPL is beyond the capabilities of the current credit transfer database infrastructure and tertiary system. This position reflects our members' direct experiences with credit transfer and RPL accreditation processes, as well as their views on the feasibility of coordinated RPL assessment across multiple providers.

Our members shared that the credit transfer and RPL system has not been implemented effectively for more than 20 years, despite the existence of regulatory frameworks. For example, under the VET Quality Framework, RTOs are subject to compliance checks by the Australian Skills Quality Authority (ASQA). Of the five regulatory standards, the most relevant are:

1. Outcome Standards for NVR Registered Training Organisations, which seek to ensure nationally consistent, quality outcomes for learners and employers; and
2. The Australian Qualifications Framework (AQF) is the national policy for regulated qualifications in Australian education and training.

While these frameworks are intended to ensure quality, they impose significant regulatory risk on RTOs and have fostered a culture of audit fear, making the current system administratively burdensome, inefficient, and unproductive, deterring both providers and learners from engaging in credit transfers and RPL. Due to the regulatory risks of auditing, RTOs are reluctant to trust employer attestations, even though employers are often best placed to assess an apprentice's or employee's skills. Instead, RTOs demand excessive amounts of evidence to mitigate compliance risk when assessing applications. Members emphasised that greater weight should be given to employer attestations, particularly for practical, skills-based recognition, and this should be reflected in the VET Quality Framework.

Secondly, the funding system for credit transfers and RPLs disincentivises providers from approving credit transfers between institutions. This is compounded by asymmetric information, as providers lack full visibility into the quality and content of courses delivered by other institutions, leading to distrust of external credit claims. Without transparent comparability of learning outcomes, institutions default to rejecting credits to protect academic integrity. At the same time, they face a financial disincentive; if students can easily transfer or receive recognition for prior study, providers lose potential fee revenue.

This combination increases the time and labour required to process an RPL request, making it costly and administratively burdensome. Members cautioned that layering an ill-fitting government database to standardise results will not resolve the underlying distrust and inconsistent regulatory enforcement in the VET system and may exacerbate the problem by adding new compliance obligations without addressing the root causes.

These discussions show that current settings are not conducive to expanding credit transfer and RPLs.

Credit transfers and RPLs

Due to the unconducive conditions for credit transfers and RPLs in the current VET and higher education systems shared above, ACCI does not support establishing a national credit database at this time or as currently described.

Our members noted that RPL decisions are already subject to codification through ASQA and state audit processes. However, this process has become unnecessarily time- and labour-intensive, costly, and administratively burdensome because of entrenched distrust between institutions and employers.

Draft Recommendation 2.1

ACCI **does not support** enforcing a student's right to have their application for credit transfer or RPL assessed before the deadline for accepting an offer, as this could add further regulatory burdens for providers. Without a streamlined digital capability for assessment and reporting, this requirement may reduce the quality and efficiency of provider services.

ACCI **does not recommend** that a national database of academic credit decisions be created unless current settings within the VET and higher education system are addressed. In addition, there are two significant risks that, unless mitigated, could plague a national credit database. The first is cybersecurity: recent breaches of government databases demonstrate that a centralised credit transfer system could become a cyber "honeypot," exposing students' personal information. Strong security protocols, privacy safeguards and industry co-design of the system architecture and governance framework must be embedded from the outset to ensure resilience, protect sensitive data, and maintain public trust. A second risk is that non-accredited or informal training will not be adequately captured, leaving substantial gaps in the system and undermining the value of the database for learners, employers, and providers. This would defeat the PC's intention to build a database that helps students better understand possible tertiary education pathways, making decisions about the allocation of credit more transparent and providers more accountable.

Work-related training for SMEs

ACCI fully supports the PC's draft recommendation 2.2 to better target businesses and organisations with incentives to lift work-related training rates in small and medium enterprises (SMEs). Our members have provided some feedback on how these incentives can be best targeted and utilised by SMEs.

As constructive feedback to the PC, our members considered the aspects of past programmes and policies regarding the proposed tax incentive.

Efficacy

ACCI believes the PC should first consider baseline data on the extent to which SME training is currently subsidised before evaluating the efficacy of any proposed tax incentive. At present, SMEs receive very limited support. For example, under the apprenticeship incentive framework, eligible SMEs may receive a Priority Hiring Incentive of up to $5,000 in the first year of certain types of apprenticeships, paid in instalments. This represents only a fraction of the training costs borne by employers.

If new tax incentives are not designed at a meaningful scale, SMEs are unlikely to consider them worthwhile, and training activity will not materially increase. Incentives must therefore be substantial enough to offset the upfront financial risks for small businesses and deliver a genuine behavioural shift in training investment. The simplest way to achieve this is by reinstating traditional supports for employers of trainees, a proven approach to fostering integrated work-based learning opportunities in small and medium enterprises.

Eligibility

There are two key eligibility concerns and various types of training we believe the PC should support:

1. Not-for-profits

Tax incentives will exclude not-for-profit organisations such as Group Training Organisations (GTOs), which play a critical role in linking apprentices with host employers. Excluding them risks undermining a vital part of the training ecosystem. Any future model should explicitly account for not-for-profits, either through direct grant funding or an alternative mechanism that mirrors the value of tax incentives. Without such a provision, this policy would inadvertently disadvantage organisations that are central to apprenticeship and skills development pathways.

2. Sole traders

Sole traders should also be eligible. As emerging technologies like Gen AI reshape the labour market, sole traders will require fast, niche training to remain competitive without undertaking lengthy diploma courses to attain qualifications. This would be especially relevant for industries that consist primarily of sole traders, such as cultural and creative industries; excluding them would deny vital training in business and financial skills that are essential to the viability of their businesses.

3. Types of training

Lastly, when considering what types or formats of training should be covered by financial incentives, ACCI does not think that another framework is needed to determine an SME's eligibility. Mechanisms for vetting nationally recognised training providers, such as RTOs and GTOs, already exist through state and territory systems. For other forms of non-accredited training, such as workshops and (online) short courses, coverage should be determined by the free market.

Our members noted that the proposed tax incentive is expected to be around 20%. A 20% offset is relatively small compared to the upfront costs of training, particularly for SMEs that already face significant cashflow pressures. If an employer chooses to co-pay for training in advance with only a modest 20% rebate incentive (which would be realised later through the tax system), and makes the effort to apply for the scheme, the decision will necessarily reflect the perceived value and necessity of that training. Put differently, the opportunity cost of investing in training ensures that only programs deemed genuinely useful and important by employers will be pursued. Therefore, supply and demand will naturally determine which types of training are supported, without the need for the government to prescribe eligible formats.

SME advisory services for training provision

The PC has proposed leveraging existing government mentoring and advisory infrastructure to support SME training uptake. Our members emphasised that small and medium businesses often prefer advice from peers and industry associations they already trust. State and territory chambers of commerce and peak business bodies such as ACCI are best placed to deliver these services, given their knowledge, experience, and established relationships with SMEs.

Draft Recommendation 2.2

ACCI **supports** the trial of financial incentives and complementary advisory services to increase SME training. However, the government must ensure incentives are designed at a meaningful scale, equitably benefit for-profit and not-for-profit organisations, and are paired with advisory services delivered through trusted industry channels.

Fit-for-purpose Occupational Entry Regulations

ACCI supports the PC's focus, ensuring regulations remain fit-for-purpose and deliver genuine public benefit. However, we have some concerns about the proposed changes in Occupational Entry Regulations (OERs) outlined in Draft Recommendation 3.1. ACCI believes that there is a case for greater harmonisation across states, but that care needs to be taken that standards are appropriate for the occupation—typically, specific industries will be best placed to advise on this. ACCI supports the use of regulatory impact assessments to keep policymakers accountable for the impacts of their decisions and to limit unnecessary red tape.

Case studies

ACCI is broadly supportive of harmonising occupational entry requirements, to the extent that doing so reduces duplication and/or unnecessary or low-value differentiation in regulation across jurisdictions and improves business and labour mobility or otherwise reduces the costs of doing business in more than one State/territory. At its core, it is the quality of training and overall experience that determines an individual worker's skill and ability to meet relevant standards.

However, the examples below provide important exemplars of industries where appropriate standards are being upheld thanks to fit-for-purpose OERs.

1. The air-conditioning and refrigeration trades' current requirement of a Certificate III Level apprenticeship ensures environmental compliance and maintains the technical standards of the industry. Its completion is mandatory for an Australian Refrigerant Handling Licence under the Ozone Protection and Synthetic Greenhouse Gas Management Act. This is because practitioners must safely perform electrical work, handle hazardous substances, and operate in risky environments while maintaining systems critical to health, safety, energy efficiency, and fire protection. These responsibilities demand rigorous training and experience that only a formal apprenticeship can provide.

2. The over-deregulation of the hairdresser's industry risks consumer harm (e.g. chemical burns from bleach) and creates liability and insurance challenges, ultimately damaging the industry rather than supporting it. Experience in states that have deregulated training pathways for the hairdressing profession shows that graduates of deregulated pathways often receive lower-quality training and cannot match the skills of those who undertook a traditional integrated work-based apprenticeship. Many eventually return to complete the apprenticeship, anyway, making the process more time-consuming and inefficient than if they had done so from the outset.

In conclusion, ACCI supports fit-for-purpose regulations that involve industry co-design, ensuring that contextualised research into current conditions in each industry is considered before proposing recommendations. It would be in Australia's interest to maintain trade consistency and integrity in training and qualifications nationwide to reserve the professional standing of the trade and reassure employers, clients, and regulators that workers are properly qualified to perform their duties. Any erosion of this standard would undermine industry confidence, exacerbate skills shortages by devaluing the trade, and weaken pathways for career progression in Australia's most critical technical sectors.

Draft Recommendation 3.1.

Whilst ACCI supports PC Draft Recommendation 3.1, ACCI **cautions against** wholesale reductions in OERs, without due regard to jurisdiction-specific factors affecting consumer protection and professional standards or good-faith consultation with industry.

Draft Recommendation 3.2.

ACCI **recognises the benefits** of alternative approaches to acquiring competencies in trade-based occupations, such as accelerated apprenticeships for mature-aged students, but cautions against over-expanding and streamlining qualification requirements for occupations. Alternative pathways carry the risk of only delivering point-in-time competency but cannot guarantee the proficiency and mastery that underpins what employers truly value. Therefore, these pathways should be accompanied by safeguards.

Draft Recommendation 3.3.

ACCI **cautions against** mandating regular reviews of occupational entry regulations unless the process is streamlined and digitalised. Without such reform, mandated reviews risk adding unnecessary regulatory burden for licensing regulators. A more effective approach would be to embed industry co-design into the review process, ensuring efficiency, relevance, and minimal red tape.

Draft Recommendation 3.4.

ACCI **supports** using the National Competition Policy process to incentivise reform.

About ACCI

The Australian Chamber of Commerce and Industry represents businesses in every state and territory and across all industries. Ranging from small and medium enterprises to the largest companies, our network employs millions of people.

ACCI strives to make Australia the best place in the world to do business – so that Australians have the jobs, living standards and opportunities to which they aspire.

We seek to create an environment in which businesspeople, employees and independent contractors can achieve their potential as part of a dynamic private sector. We encourage entrepreneurship and innovation to achieve prosperity, economic growth, and jobs.

We focus on issues that impact on business, including economics, trade, workplace relations, work health and safety, and employment, education, and training.

We advocate for Australian business in public debate and to policy decision-makers, including ministers, shadow ministers, other members of parliament, ministerial policy advisors, public servants, regulators and other national agencies. We represent Australian business in international forums.

We represent the broad interests of the private sector rather than individual clients or a narrow sectional interest.

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