Small Business
Development Corporation

GOVERNMENT OF
WESTERN AUSTRALIA

Our ref: D25/9305

Building a skilled and adaptable workforce
Productivity Commission
Locked Bag 2
Collins St East
MELBOURNE VIC 8003

Dear Commissioners

BUILDING A SKILLED AND ADAPTABLE WORKFORCE – INTERIM REPORT

The Small Business Development Corporation (**SBDC**) welcomes the opportunity to provide feedback on the Productivity Commission's interim report *Building a skilled and adaptable workforce* ('**the Report**').

Background

The SBDC is an independent statutory authority of the Government of Western Australia (**WA**), established to support and facilitate the growth and development of small businesses in the State.[1]

Under the leadership of the WA Small Business Commissioner, the SBDC provides a range of services to assist and empower small business operators in this State to establish and grow their businesses. These services are tiered based on the level of support needed, and include:

- information and guidance through online channels (including the SBDC's website), workshops, business advice and outreach services;
- dispute resolution service, which includes pre-mediation case management and mediation if required; and
- through the Business Investigation Unit, the SBDC is able to examine behaviour impacting negatively on the commercial interests of small businesses – particularly when there is a power imbalance between parties.

Through these various touchpoints with small businesses, the SBDC is able to monitor the State's small business landscape and constructively contribute to government reviews and policy development. To that end, the SBDC's feedback on the interim report follows, in line with select focus questions.

[1] The views presented here are those of the SBDC and not necessarily those of the Western Australian Government.

The feedback is included as two attachments – Attachment 1, responses to the information requested in the Report that is directly relevant to small businesses and Attachment 2, the SBDC's response to the Draft Recommendations in the Report.

This submission also includes responses to the Draft Recommendations from the Policy, Planning and Innovation Directorate of the Western Australian Department of Training and Workforce Development (**DTWD**).

Concluding remarks

Thank you for the opportunity to provide feedback on the Productivity Commission's Interim report regarding the inquiry into *Building a skilled and adaptable workforce*. The SBDC looks forward to further engagement on the issues surrounding the support of small businesses in Western Australia.

If you would like to discuss this submission in more detail, please contact [redacted].

Yours sincerely

[redacted]

Shayne Sherman
A/Small Business Commissioner

2 October 2025

ATTACHMENT 1: RESPONSE TO QUESTIONS RELEVANT TO WESTERN AUSTRALIAN SMALL BUSINESS

Information request 2.4
Financial incentives for training in small and medium enterprises (SMEs)

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

Small businesses operators face many challenges when accessing training, including:
- Lack of awareness of the need for particular training or where to access it
- Ingrained attitudes (particularly in relation to digital capability)
- Fear/resistance to perceived threats (including cyber security of AI)
- Lack of time
- Overwhelmed by information
- Lack of trusted information
- Size of business
- Stage of business
- Age of the business owner
- Poor access to online services (regional/remote)
- Cost
- Uncertain return on investment.

With these challenges in mind, a broad variety of training formats encourages increased participation from SMEs. This could include micro qualifications, accredited and non-accredited qualifications, online/on-demand delivery, RPL etc. The traditional route of nationally recognised accredited qualifications (undertaken through off the job, traineeship or apprenticeship delivery) is not a requirement for several industries in which SMEs operate.

In states like WA, regional and remote business operators have difficulty accessing local registered training organisations (TAFE or private) to deliver these qualifications. They often must send their employees to Perth or larger town centres to complete these types of qualifications which adds to the expense and time away from the business. RPL pathways may also be discouraged by training providers in order to drive attendance at their training programs.

Based on the experience of the SBDC's business advisors, module-based online courses often work best for small business owners. Consideration could be given to the development of gamified training to engage younger employees and recognised micro-credentials that can be displayed on Linked-In or included in resumes so improve uptake.

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

Sole traders and micro enterprises would benefit significantly from training incentives as these are the businesses which feel the impacts of training requirements (i.e. expenses, time away from the business, etc) more acutely than larger businesses. These businesses tend to prioritise training against these other factors which leads to many not pursuing upskilling options. This can then stifle innovation and productivity as micro and sole business operators may lag their competitors when it comes to developing internal capability and skills.

As a business matures, the investment in training options can assist SMEs to seek new opportunities, diversify or scale-up with confidence, to achieve competitive advantage and lead to commercial benefits.

Recognising the benefits of supporting SMEs with their growth plans, the Western Australian Government (through the SBDC) is currently offering Small Business Growth Grants in the form of vouchers of up to $10,000 to support businesses with business planning, digital marketing and e-commerce, financial health checks, cybersecurity, tender responses, export readiness and market positioning.

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?*

    There are currently a number of public and private operators in the training space, and it would be extremely challenging to vet each provider. Limiting the training to RTOs and/or accredited training imposes restrictions on business operators and may not yield the required benefits to warrant government intervention, particularly if niche or industry specific training is not offered by RTOs.

    In the SBDC's experience, the location of training can be important. This is particularly important for regional and remote businesses in Western Australia that otherwise may have to book plane flights and accommodation to accommodate workers attending training in the nearest major city. Additionally, if training is targeted at manufacturing businesses for example, then having an event close to them, where they can wear 'working clothes' rather than business attire, removes some of the barriers to participation.

    There may also be benefit in workplace learning that is specifically formatted to be undertaken on mobile devices to enable workers who do not typically use computers as part of their work have easier access.

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?*

    Each business will have varying needs and there is not a one size fits all solution. Training incentives should be sufficient to allow small businesses to obtain the skills to grow and become more productive within the market. Larger businesses would likely already have commercial incentives to provide training to their employees and financial support would likely be less impactful to increasing overall productivity.

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

    No comment at this time.

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?*

Small businesses play an incredibly important role across our country - providing essential services, creating jobs and contributing to communities. Helping businesses to access training opportunities and support them to take the next step in their operations is a worthy investment.

Whenever governments are being distributed, there is unfortunately always a risk of fraud. This should not be a disincentive to the provision of financial incentives, instead consideration needs to be considered into the checks and balances that can be introduced to minimise this risk.

Another way that risk could be minimised is by delivering financial incentives through the tax system, making the process easier to manage and auditable. Previous examples where employees undertaking traineeships were excluded from State payroll tax requirements for the duration of the training were successful.

The Western Australian Government, through the SBDC, previously delivered a Training Voucher Program, offering vouchers worth $200 to help fund the provision of training to SME owners. Administration of the program was somewhat resource intensive but it was an effective mechanism in removing barriers to learning.

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

   The Federal Government should be aware of programs currently offered by State Governments and seek to avoid duplication wherever possible. A collaborative approach should be pursued, with many excellent programs offered by the States that could be expanded with further investment.

Information request 2.5
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?*

   In WA, the SBDC provides a conduit for business owners to obtain information about relevant training options as part of our business advisory service – both recommendations to the SBDC's workshops or training by other providers. There is no one size fits all solution for business operators when it comes to training and the pathway for one business may vary across industries, maturity and employee number. The marketplace relies on service providers to advertise and sell the benefits of upskilling/training which can cause some confusion for business operators, especially micro businesses, as to what is required and what represents the best value for their investment. Our services help to bridge the divide by introducing business operators to a variety of enterprise skills workshops to encourage professional development which hopefully leads them to invest in ongoing training once they recognise the benefits.

   To help support SME access to training, the SBDC offers low-cost in-person and online workshops at various times of the day and on weekends. Workshops can be live or pre-recorded to enable participants to view at a time that best suits them. This is an important consideration for all training providers if they are committed to meeting the needs of SMEs.

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

   Each jurisdiction is different and already have advisory programs and services which are well established. The State governments with Federal government investment should be responsible for the economic development and productivity of SMEs so that programs can be fit-for-purpose and not duplicate already existing and successful initiatives.

   The SBDC would be the appropriate agency to deliver this kind of program to SMEs in Western Australia.

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

   Support services should be publicly funded where there is a clear market failure or need. In Western Australia, in recognition of the unique challenges facing prospective or current SME operators, and their economic importance, the State Government continues to fund the SBDC's advisory and business skills services in order to provide advice and access to low-cost workshops.

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?*

   The SBDC has been facilitating workshops for Western Australian small businesses since 2005. There has been an evolution in how these workshops have been delivered over the years, with the agency currently delivering in-person workshops across various locations around the state or presented online.

   The SBDC's key workshop themes include:

   - Foundational business skills. Including how to write a business plan, setting up a business and developing systems, through to employing staff, health and safety obligations, and succession planning.
   - Financial management. Including education around how businesses operate day to day, as well as at a strategic level. These workshops focus on budgeting, cash flows and recordkeeping.
   - Interpersonal skills. This focuses on assisting business owners to understand how to deal with customers, staff and suppliers.
   - Sales and marketing. Including developing sales strategies, building personal networks, managing online purchases or bookings, and marketing goods or services.
   - Strategy and risk. Including how to develop strategic plans and to manage risk.
   - Tendering and contracts. Many business opportunities, particularly with government or larger businesses, are only available through a tendering process. These workshops walk business operators through the basics of how to get started through to understanding contracts.

   Based on feedback from the SBDC business advisory team, some key capability gaps are understanding finance, digital capacity and productive use of AI, and communication in business relationships to resolve disputes.

   An emerging topic where SMEs will need additional guidance is related to climate resilience and broader climate impacts, particularly when supplying to a large business that has climate reporting obligations.

ATTACHMENT 2: RESPONSE TO RECOMMENDATIONS

<table>
<tr><th colspan="2">Draft recommendation 2.1
Move toward a national system of credit transfer and recognition of prior learning (RPL)</th></tr>
<tr><td>SBDC Response

The SBDC supports the Productivity Commission's suggestion that Australia should move toward a national system of credit transfer and recognition of prior learning (RPL). This aligns with the Western Australian Government's plans for building a smarter, more sustainable and diversified economy for Western Australia.
We endorse the suggestion that the Australian Government should develop a national database of academic credit decisions and a model for the coordinated assessment of prior learning.
We agree that students should have the right to be notified of the outcomes of the assessment of credit transfers or recognised prior learning before the deadline for accepting an offer.
We support the concept that a database would allow students to better understand possible tertiary education pathways, making decisions about the allocation of credit more transparent and making educational providers more accountable.
We believe that the database should be expanded, with time, to include different types of learning, including microcredentials, informal learning or work experience, including international work experience.
We concur that the Australian Tertiary Education Commission, as steward of the tertiary education system, would be the appropriate organisation to establish the database and enforce consistent and accurate data collection from providers.</td>
<td>DTWD Response

Recommendation 2.1 proposes a nationally coordinated approach to improve transparency, consistency, and accessibility in credit transfer and RPL across the tertiary education system.

Western Australia has long recognised the role of RPL and credit transfer in supporting lifelong learning and workforce mobility. A unified framework may enhance student choice and streamline transitions, provided it reflects the diversity of qualifications, providers, and delivery models.

Timely assessment, particularly prior to offer acceptance, is widely regarded as essential for informed decision-making. A centralised database, developed in consultation with jurisdictions and VET stakeholders, may improve visibility of credit arrangements while accommodating varied contexts.

Assessment models will require careful design to balance national consistency with the flexibility needed to address local workforce priorities and support competency-based training. Reform may benefit from collaborative governance involving the Australian Tertiary Education Commission and active jurisdictional engagement.</td></tr>
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Draft recommendation 2.2 Better target incentives to lift work-related training rates in small and medium enterprises (SMEs)	
SBDC Response The SBDC supports the Productivity Commission's suggestion that Australia should develop better target incentives to lift work-related training rates in small and medium enterprises (SMEs). This aligns with the Western Australian Government's plans to provide students with the skills they need for the jobs of tomorrow while strengthening the workforce of today. • We believe that financial incentives such as tax credits would provide a strong incentive for SMEs to support the increase of work-related training. In our rapidly changing world, ensuring that Australian workers' skills keep pace with technological change is the key to increasing productivity in the longer term. • We support the proposal that SME advisory services could support work related training through the development of targeted consultancy services or training provision. The SBDC already provides information to small businesses regarding suggested training and provides workshops to upskill SMEs on various relevant topics. The Federal Government should not replicate existing state services, however, budget could be made available to organisations, such as the SBDC, to employ advisors to do specific skills audits with small businesses to identify skills gaps and to match them with the optimal training opportunities to fill them.	**DTWD Response** Recommendation 2.2 proposes targeted incentives and advisory support to strengthen workforce capability in small and medium-sized enterprises (SMEs). SMEs play a critical role in Western Australia's economy but continue to face barriers to structured training, including financial limitations, time constraints, and the availability of suitable programs. Financial mechanisms such as tax credits may encourage investment, reduce duplication, and ease administrative burden, particularly for microbusinesses. Alignment with existing state initiatives and national strategies may enhance effectiveness. Robust evaluation frameworks and baseline data are essential to ensure future programs are evidence-informed and responsive to sector needs. National coordination, informed by local conditions, may support more targeted policy development and implementation.

Draft recommendation 3.1 Remove excessive occupational entry regulations that offer limited benefits	
SBDC Response The SBDC supports the Productivity Commission's suggestion that state and territory regulators should, where possible, align the occupational entry requirements. However, the SBDC does not agree with harmonisation that includes the routine adoption of the least restrictive OERs. Additionally, OER reform needs to be considered within a broader framework of industry regulation. Unbiased analysis should be undertaken that prioritises assessment of potential outcomes, including the physical, financial and psychological safety of both the workers employed in an occupation and the community who are the end users of the products and services. Industry self-regulation can be influenced by a loss of perspective regarding potential risks or the vulnerability of the consumer base.	**DTWD Response** Recommendation 3.1 highlights the importance of occupational entry regulations that are evidence-based, proportionate to risk, and responsive to workforce needs. Licensing reviews may help identify regulatory settings where public benefit is unclear, particularly given jurisdictional variation. Addressing these issues may support a more coherent and transparent framework across sectors. Reform may benefit from a consultative, nationally coordinated approach, underpinned by robust evidence and designed to promote workforce agility and inclusivity while maintaining appropriate safeguards.

Draft recommendation 3.2 Expand entry pathways and streamline qualification requirements for occupations	
SBDC Response The SBDC supports the Productivity Commissions suggestion regarding the value of expanding entry pathways and assessing qualification requirements for occupations. Reform of entry pathways needs to be considered within a broader framework of industry regulation by government or self-regulation by industry. The Western Australian government already supports a range of alternative pathways for both skilled migrants and senior secondary students.	**DTWD Response** Recommendation 3.2 identifies the opportunity to improve workforce accessibility by ensuring qualification requirements are proportionate to risk and that alternative entry pathways are available. In Western Australia: • **Trade Occupations:** The Trade Skills Recognition (TSR) process enables experienced workers to gain certification via RPL without a formal apprenticeship, supporting skill-shortage areas subject to rigorous assessment. • **Quality Assurance:** Changes to entry pathways should be supported by strong quality frameworks. WA's training system—including TAFE and approved providers—is equipped to deliver flexible, high-quality training. • **Strategic Alignment:** The Skills and Workforce Development Action Plan under the National Skills Agreement prioritises accessible training and workforce agility. Expanded pathways may support these goals and broader economic development. A nationally coordinated approach that respects jurisdictional differences, engages stakeholders, and ensures credibility and relevance may support more consistent and responsive outcomes.

Draft recommendation 3.3 Improve the regular reviews of occupational entry regulations	
SBDC Response The SBDC supports the Productivity Commissions suggestion with respect the use of best practice regulation and the use of regulatory impact assessment. The Better Regulation Unit at the Department of Treasury and Finance leads this work in Western Australia.	**DTWD Response** Recommendation 3.3 emphasises the need for occupational entry regulations to remain current, proportionate, and responsive. Western Australia's VET framework includes ongoing review through statutory bodies such as the State Training Board and Training Accreditation Council, supported by industry engagement. The Skills and Workforce Development Action Plan reinforces a commitment to continuous improvement. Mechanisms such as sunset reviews, joint evaluations with Treasury and regulators, and independent assessments may help identify outdated or excessive requirements and inform reforms that support participation while maintaining safety and quality. A nationally coordinated review framework, informed by local expertise and stakeholder input, may contribute to a more adaptive and coherent licensing system.

Draft recommendation 3.4 **Incentivise occupational entry regulation reform through National Competition Policy**	
SBDC Response The SBDC supports this recommendation.	**DTWD Response** Recommendation 3.4 proposes using National Competition Policy (NCP) mechanisms to encourage reform of occupational entry regulations where they may be excessive or disproportionate to risk. In the Western Australian context, several considerations may be relevant: • **Regulatory Review:** Periodic assessment of entry requirements has been identified as a means of reducing barriers to employment and improving labour market responsiveness. NCP-linked incentives have been suggested as one potential mechanism to encourage reform across jurisdictions. • **Mobility and Growth:** Regulatory consistency has been raised by stakeholders, including the Chamber of Commerce and Industry of Western Australia (CCIWA), as a factor that may contribute to skilled workforce mobility and broader economic development. • **Framework Design:** Incentive models may warrant careful design to ensure transparency, equity, and alignment with measurable outcomes - such as improved regulatory efficiency, increased workforce participation, and enhanced productivity - rather than focusing solely on legislative change. Further consideration of how NCP mechanisms might be applied in this context could benefit from collaborative input, including jurisdictional perspectives and sector-specific expertise, to ensure any approach is responsive to workforce needs and broader policy objectives.