Building a skilled and adaptable workforce

Response to the Productivity Commission's questionnaire

June 2025

THE UNIVERSITY OF MELBOURNE

The University of Melbourne welcomes the opportunity to respond to the Productivity Commission's questionnaire as part of its Productivity Inquiry into Pillar 2: Building a skilled and adaptable workforce.

For further information or to discuss the response, Professor Gregor Kennedy, Deputy Vice-Chancellor (Academic) can be contacted at gek@unimelb.edu.au.

Credit transfer and recognition of prior learning

In your experience, how well does the credit transfer and recognition of prior learning system operate in Australia? Does it adequately support students to move between courses or have their work experience recognised as part of a qualification? Are there ways it could be improved?

The Higher Education Standards Framework (Threshold Standards) 2021 and the Australian Qualifications Framework (AQF) together establish the regulatory and quality assurance foundations for recognition of prior learning (RPL) and credit transfer in Australia's higher education sector. While these form the foundations, they do not establish a standardised process across all Universities.

At the University of Melbourne, after an applicant receives a course offer, they can apply to transfer any recognised prior learning by applying for Advanced Standing (also known as credit or recognition of prior learning). If they are applying for a graduate course, their eligibility for advanced standing will automatically be assessed with their course application.

For a small proportion of the overall cohort of students seeking credit transfer or RPL there will be previously existing articulation agreements, or they will have specific qualifications with existing credit precedents. For these applicants, credit can be assessed and applied automatically at the time of application. However, for most, a considerable amount of manual work is involved in the credit transfer process. Every university has its own program structures and advanced standing policies, and many courses have specific rules about which subjects can be credited. That means that even if a student's previous study is relevant, it often cannot be recognised because it does not align neatly with the current program's structure. The lack of a centralised or national system to identify equivalent subjects across institutions also makes credit transfer more difficult. This burdens individual academics to assess credit on a case-by-case basis, leading to delays and potentially inconsistent decisions. Each university will keep records of recognition precedent in some form.

When it comes to recognising work experience, there are opportunities to enhance the process. The requirements for evidence can vary, and individuals may find it challenging to navigate the criteria for assessment. Digital credentialing may offer the potential for more streamlined approaches, to better translate workplace skills into formal qualifications, providing clearer pathways and portability across different institutions.

There are several ideas that could be explored to enhance the process, such as:

- Considering the development of a national subject equivalency database to support more consistent and transparent credit transfer decisions. This could share precedents of RPL and credit transfer decisions.
- Exploring the potential for standardised RPL frameworks to make the recognition of work experience more predictable and standardised. Any efforts to change the current system must be cautious to enhance recognition efficiency without imposing further limitations on institutional methods for acknowledging prior learning and awarding credit. Flexibility and institutional autonomy remain key.
- Considering the use of digital credentials or micro-credentials to help individuals demonstrate skills gained through work, potentially increasing the portability of these credentials across institutions and employers.
- Designing programs with greater flexibility for credit recognition from the outset.

- Encouraging collaboration between education and industry to acknowledge structured workplace learning as part of formal qualifications.

These suggestions could help reduce duplication, support mobility, and ultimately contribute to a more student and learner-friendly system.

Work-related training

What are the main reasons individuals and/or businesses do or do not participate in work-related training?

In 2024, Australian businesses spent an estimated $5.19 billion on organisational training and development programs. The primary motivator for both individuals and businesses to engage in work-related training is the return on investment (ROI).

Individuals may view training as a pathway to career advancement, enhancing their CV and future prospects. Using longitudinal HILDA data, CEDA found that participation in work-related training was associated with considerably higher incomes for employees.[1] For businesses, the focus is on tangible outcomes such as improved staff satisfaction, enhanced business performance in areas like sales or innovation, compliance with regulations, and alignment with strategic goals set by the Board.

Employer sponsorship plays a significant role, given that a significant portion of professional development is funded by employers. This sponsorship can serve as a mechanism to attract and retain talent, particularly in sectors where offering professional development is seen as a valuable non-financial benefit. Training participants are less likely to move jobs and report higher satisfaction levels. Firms that value learning also tend to demonstrate greater innovation, profitability and resilience.[2]

However, several barriers can impede participation in work-related training, which has seen participation decline by 14 per cent since 2007.[3] Cost is a primary concern, with both individuals and businesses weighing the financial investment against perceived benefits. Time constraints and the intensity of training programs, especially those involving assessments, can be deterrents. Many employees struggle to balance work responsibilities with training commitments. Additionally, the recognition of credentials, particularly newer formats like micro-credentials, remains a challenge as they may not yet be recognised by some employers. Micro-credentials which are ‘stackable’ into credit for a formal qualification may be more attractive to employees, and employers. Some University of Melbourne micro-credentials are designed in a way that enables students to ‘stack’ them together with other micro-credentials to use as combined credit to apply for a related award course.

The lack of tailored training that reflects specific industry or organisational needs can reduce the appeal of some programs. Furthermore, without proper communication and managerial support, employees may fail to see the value in participating, leading to low engagement and buy-in. Accredited training, which provides proof that learning has taken place, is often valued more highly by both individuals and organisations.

[1] https://www.ceda.com.au/researchandpolicies/research/workforce-skills/learning-curve-why-australia-needs-a-training-boost

[2] Ibid.

[3] Ibid.

What role, if any, should businesses be playing to address any barriers and better support the offer of work-related training to employees?

A key barrier for employees can be as simple as a lack of time. Businesses need to allocate sufficient time for learning. An efficient way of providing employees opportunities to upskill, while minimising disruption is 'micro-learning', utilising short, focused learning sessions that can fit into busy schedules. The potential of generative AI to enhance these micro-learning experiences is worth exploring.

Moving away from unstructured training to more organised and targeted professional development programs in collaboration with recognised tertiary education providers is another way to support the offer of work-related training to employees. Both employees and their employers are more likely to value programs which provide relevant and cutting-edge professional development by a reputable provider.

The University of Melbourne for example collaborates with industry to co-design professional development programs that are tailored to workforce needs and aligned with strategic objectives. This process begins with a detailed needs analysis, where the University works closely with partner organisations to understand their goals, identify skill gaps, and pinpoint opportunities for growth and transformation. Based on these insights, subject matter experts help develop customised training solutions that reflect the organisation's vision and values.

Success stories include the University's partnership with Rabobank, where it delivered training on carbon-neutral agriculture to support the shift toward low-emission farming. Another example is the Belong Leadership Academy, a 12-month program combining Melbourne MicroCerts and masterclasses to build leadership capability. The University also collaborated with the National Mental Health Commission to deliver a six-month fellowship featuring residential modules, group projects, and mentoring, all grounded in evidence-based leadership research.

What, if anything, could government do to address barriers and better support the offer of work-related training to employees?

While the market should largely drive the development of work-related training opportunities, governments can play a supportive role in addressing barriers and encouraging participation. One approach is to implement targeted support programs, such as Victoria's Digital Jobs program, which focuses on specific demographics based on factors like unemployment or age. Governments could also facilitate connections between universities, training providers, businesses, and employees to create more cohesive training ecosystems.

Promoting skills-based hiring practices, which are more common in countries like the United States, could help align training outcomes with employer needs. Supporting skills mapping and frameworks, including the development of rich skill descriptors for various industries, would enhance the relevance and recognition of training programs. We note that Jobs and Skills Australia is exploring the potential of a National Skills Passport to better communicate an individual's competencies to employers. The University's response to that consultation from 2024 is available here.

Learning from past initiatives is crucial. For instance, the Federal Government has invested $18.5 million in the Microcredentials Pilot in Higher Education. This pilot should be properly evaluated before further Government investments are made, ensuring that funding is addressing market failures rather than paying for training that would have occurred anyway.

The University submits that the Productivity Commission should also consider looking at ways Government can support formal (i.e. leading to a qualification), work-related training of employees. This approach may be better aligned with the objective to build the skilled and adaptable workforce needed for Australia to be a leading innovative nation.

One newer Government-supported program which is delivering this objective is the National Industry PhD Program. A flagship initiative under the Australian Government's Research Translation and Commercialisation Agenda, the National Industry PhD Program aims to foster a new generation of researchers skilled in navigating both academic and industry environments. The program consists of two streams. The *Industry Linked PhD stream* enables outstanding PhD candidates to undertake research projects co-designed by university and industry, with opportunities to be embedded in industry. More relevant to this inquiry is the *Industry Researcher PhD stream*, which is aimed at industry professionals who are supported by their employers to undertake PhD projects in partnership with a university while retaining industry employment and salary benefits.

Those who undertake the program will be equipped with both advanced research expertise and practical industry experience, which aligns with the Government's focus on boosting R&D in Australia, including by forging closer relationships between industry and universities.

Over ten years, the program will support 1,350 industry-engaged PhDs, with the *CSIRO Industry PhD (iPhD) Program* contributing a further 450, for a combined target of 1,800 industry-engaged PhDs nationally. At full scale, the National Industry PhD Program is expected to support approximately 140 candidates per year, split roughly evenly between the two streams. However, with around 70 *Industry Researcher PhD stream* positions available nationally each year, the program remains too limited to meaningfully expand access to work-integrated research training nationally.

To unlock the full potential of industry-based research talent, the government should expand its investment in the National Industry PhD Program – particularly the *Industry Researcher PhD stream*.

The University also submits that the Productivity Commission could consider ways that Government can better encourage the close engagement with industry by those being trained in advanced research. If the objective is to build the skilled and adaptable workforce needed for Australia to be a leading innovative nation, we need to ensure that those with this training have the opportunity for careers beyond research institutes and universities.

Government policy acknowledges this, and seeks to incentivise engagement with industry, but current arrangements could be improved. Under the Research Training Program (RTP), through which Australian Government supports higher education providers to support their training of domestic and overseas students, there is an *industry internship weighting incentive*. This funding incentive to providers is a mechanism to encourage doctoral candidates' engagement with industry and strengthen pathways between research training and employment. However, current eligibility constraints unnecessarily limit its effectiveness and fail to reflect the diversity and value of industry engagements undertaken across the course of candidature.

Currently, only internships that are agreed in writing within the first 18 months of candidature for full-time candidates (or 36 months for part-time candidates) are eligible for the RTP completions weighting.

This parameter diminishes the potential impact of the incentive by excluding valuable industry placements formalised later in candidature, despite their often greater strategic and educational value. Such engagements typically arise from the candidate's maturing research, established industry networks, and a clearer understanding of project relevance and application. They also frequently align more closely with refined research skills and offer enhanced opportunities for translation and post-PhD employment. Moreover, this requirement creates unnecessary administrative complexity, forcing premature formalisation before partnerships are fully developed.

The University recommends that the Productivity Commission should recommend that the Department of Education revise the RTP industry internship incentive settings to remove or extend the 18/36 month restriction on when agreements must be formalised.

This reform would reduce administrative burden, improve equity of access, and ensure the incentive better reflects the diverse and valuable ways research training contributes to Australia's skilled and adaptable workforce.

Permitting industry-engaged PhDs, and the hosting of PhD interns to qualify as eligible activities under the R&D Tax Incentive would be an additional means of encouraging employers to invest in building a highly skilled and adaptable workforce.

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