Australian Government

Jobs and Skills Australia

Skills, Mobility and Productivity

Why Australia needs a skills-first tertiary education system

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Commissioner's foreword

Australia stands at a pivotal juncture in the evolution of its tertiary education system. The pace of technological change, the growing importance of skills in labour market outcomes, and the increasing non-linearity of careers demand more than incremental adjustment. They call for a considered redesign of the architecture that underpins how learning is recognised, valued and translated into opportunity.

Across the globe, policy makers are grappling with this same challenge. The *Skills-first: policy and impact* working paper we contributed to in partnership with our colleagues from the Institute for Adult Learning in Singapore reflects a growing international consensus: that a more explicit focus on skills – alongside, not instead of, qualifications – can enhance labour market dynamism, improve inclusion and strengthen productivity. This global dialogue underscores that 'skills-first' is not a passing idea, but an emerging organising principle for modern tertiary systems.

Jobs and Skills Australia is committed to advancing this discussion in the Australian context. We recognise that adopting a skills-first lens raises important questions for the structure, function and purpose of our tertiary education and training system. How do we better connect vocational and higher education? How do we ensure that skills gained through work and life experience are recognised with integrity? And how do we make pathways more transparent, portable and navigable for learners across a lifetime?

This occasional paper provides a timely and thoughtful contribution to that conversation. It argues that the challenge is not to choose between skills and qualifications, but to strengthen how they connect within a coherent, human-centred system architecture. It points to a need for more flexibility in the Australian Qualifications Framework, a clearer articulation of the skills embedded within qualifications, and the development of shared infrastructure – particularly a National Skills Taxonomy – to support consistency, transparency and mobility.

The recommendations set out in this paper reflect a deliberate and pragmatic reform agenda. They emphasise the importance of multidirectional credit transfer, robust recognition of prior learning, and a shift towards capability-based approaches that better equip individuals for a dynamic future. Importantly, they also highlight the critical role of human-centred policy design – ensuring that reform is grounded in the lived experiences of learners, workers and employers.

For Australia, the opportunity is clear. By taking a strategic, coordinated approach to reform, we can build a tertiary education system that is more connected, more responsive and more equitable – one that supports lifelong learning not as an aspiration, but as a practical reality.

This foreword is therefore an endorsement of the careful analysis and constructive proposals contained in this paper, and an invitation to governments, institutions, industry and the broader community to engage with the implications of a skills-first model for Australia's future.

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Introduction

This paper is focused on the foundational question: what architecture is needed to make skills more visible, portable and trusted across education, training and work? The answer lies not in choosing skills over qualifications, but in strengthening the connections between them, through clearer skills language, more transparent qualification design, better credit transfer, stronger recognition of prior learning and experience (RPL/E), and more reliable signals for learners, workers, employers and governments.

Over the next decade, Australia's tertiary education system requires sequenced reform to remain fit for purpose in a rapidly changing economy. Digital transformation, demographic change, the net-zero transition and shifting patterns of work are reshaping what people need to learn, how they learn it, and how learning is recognised and used. The speed of this change is accelerating, with generative and agentic artificial intelligence (AI) adding pressure for stronger cognitive, digital and adaptive capabilities.

Internationally, countries responding seriously to technological change are not just updating curriculum content. They are retooling the underlying architecture of skills, assessment, credentials and workforce intelligence (Griffiths and Maclean 2026; Klinkum 2025; The Straits Times 2025). A system that was designed around relatively linear pathways from education to work now sits alongside non-linear careers, frequent occupational transitions, fast-moving skill demands and the practical imperative for lifelong and lifewide learning across formal, informal and non-formal contexts. Australia's productivity performance will be shaped by how effectively the system enables people to develop and use adaptive capability.

International evidence also suggests a significant share of work-related skills. For example, the World Economic Forum (2025) estimates 39% of workers' core skills will change by 2030, while the OECD (2025a) warns that without structural reform to skills systems, countries risk falling behind in productivity and inclusion. Together, these sources point to the growing importance of skills visibility, recognition and adaptability for productivity and inclusion.

Incremental reform will not be enough. A key element of Australia's reform picture is the need for a tertiary education architecture that makes skills visible, portable and trusted, while preserving the enduring value of qualifications. This means aligning the Australian Qualifications Framework (AQF), qualification design, the National Skills Taxonomy, credit transfer and recognition of prior learning and experience around a common skills-first logic. In response, the Australian Government has created the Australian Tertiary Education Commission and commissioned the preparation of a Tertiary Harmonisation Roadmap.

The aim is not to replace qualifications with skills, or to diminish institutions that have served Australia well. It is to modernise the rules, frameworks and signals that shape behaviour across the system, so people can understand their options, have their learning recognised, move across sectors without unnecessary duplication, and signal capability in ways employers can trust.

Australia's tertiary system is often described as fragmented: secondary education, vocational education and training (VET), higher education and industry frequently operate in parallel rather than as a connected ecosystem. This fragmentation creates friction at key transition points, particularly when people move between sectors or enrol in further study. These are

questions of pathway design, transparency and portability, and they should be examined through system data as well as policy intent if reform is to target the frictions that matter most. The purpose of this architecture is not only smoother movement through education. It is to improve how skills are applied, recognised and rewarded across work and life. Clearer skills signals can support better job matching, workforce mobility, productivity and participation by helping learners, workers, employers and governments understand what people can do, where their capabilities can transfer, and what further learning would add value.

Human-centred policy design[1] reframes reform around these lived experiences. It asks: can people understand their options? Can they move between pathways without unnecessary repetition? Can they carry what they have learned across providers and sectors? And can employers interpret capabilities in ways that support opportunity and productivity? Too often, today's structures forces individuals to do the hard work of translating between systems. A future-fit architecture should make those translations easier and more reliable for people. This focus is particularly important because lifelong learning can no longer sit as an abstract policy aspiration. As the AQF Review makes clear, it must become a practical reality for all Australians, especially those with lower levels of educational attainment and participation. In a system increasingly characterised by modular learning accumulated across time, sectors and life stages, the central policy challenge is recognition and portability: how capability is made visible, trusted and usable across education and work. Without this, expanded choice risks reinforcing existing advantage rather than widening participation.

Human-centred design is broader than career guidance alone. It requires a tertiary education system in which the suite of educational offerings is coherent, connected and intelligible from the user's point of view, so people can understand their options, see how different forms of learning relate to one another, and move between them without unnecessary confusion or duplication. In that context, career guidance is an important enabling support, not the solution in itself. It helps learners and workers interpret available options, navigate transitions between VET and higher education, and make informed decisions about upskilling and reskilling across adulthood. But guidance works best when the underlying system has been designed to make sense to the people using it, especially those who have the least familiarity with tertiary education.

The equity case for skills-first is not only about fairness in principle. As the OECD (2025b) notes, 'the central challenge for policies is to ensure equal access to the opportunities to develop skills and have them recognised and valued in the labour market.' When skills developed through work, international experience, care, volunteering or community leadership are not recognised, people are forced to rely more heavily on informal networks and social capital to translate their experience into labour market opportunity. Those with the least system familiarity are therefore doubly disadvantaged: their capabilities are less visible, and they have fewer intermediaries to help make them legible. A trusted skills passport, linked to a common skills language and robust recognition processes, could help reduce this friction by giving people a portable, verifiable way to signal capability across education and employment.

[1] Human-centred design is an approach to problem-solving that puts people at the heart of the process (Victorian Government 2023).

Skills-first as a people-centred organising principle

A skills-first approach provides a powerful organising principle for reform. It shifts attention away from proxies like job titles, institutions or credentials alone, and towards the underlying knowledge, skills and capabilities that people can apply in different contexts. It also improves labour market matching by making skills more visible, comparable and usable across roles, sectors and life stages.

Traditional proxies such as job titles are becoming less reliable indicators of capability as tasks are reconfigured by digitalisation and AI. Skills-first approaches respond to this by focusing on the actual skills and capabilities of the person, rather than relying on the label attached to their past role. This matters in labour markets where role boundaries are fluid and role-adjacent skills and capabilities are increasingly valuable.

Skills-first does not mean a qualifications-free system. It means the skills, knowledge and capabilities embedded in qualifications should be made clearer, more portable and more usable across education and work. Qualifications remain essential as trusted bundles of learning outcomes, skills development and acquisition; as signals of depth, breadth and coherence; as mechanisms for quality assurance; and as gateways to regulated occupations, professions and further study. The completion of at least an initial post-secondary qualification, whether it be a formal qualification or a well-regarded industry-focused credential, remains an important enabler for transition into meaningful employment.

The challenge is not to choose between skills and qualifications, but to better explain how they interact and to build the architecture that keeps qualifications current and fit for purpose.

A well-designed system treats skills and qualifications as complementary: skills provide granularity and portability, while qualifications provide coherence and trust. In practice, this means ensuring that qualifications clearly articulate the skills they develop (including transferable capabilities), and that skills gained through informal and non-formal learning or work experience can be robustly recognised on their own and/or as credit towards qualifications, depending on the learner's goals.

A revised, broad and inclusive definition of ‘skill’ – the foundation for coherence

A skills-first system requires a shared understanding of what ‘skill’ means. Without a clear, inclusive definition, a skills language becomes inconsistent and exclusionary. Some skills remain invisible or undervalued, and different parts of the system use different terms for the same human capabilities. This can lead, for example, to gendered or status-based assumptions about what counts as a ‘real’ skill.

This definitional question is not neutral. The ways systems describe and reward skill have historically reflected gendered assumptions. Caring, relational and coordination capabilities were often treated as lower status or less economically valuable, despite their centrality to social and economic functioning and productivity.

A contemporary definition should recognise skill as dynamic, context-dependent and deeply human. The definition that underpins the development of the National Skills Taxonomy is framed as:

> *Skill is a valued and purpose-driven human ability that is acquired or refined through learning and practice. It is a dynamic function of an individual’s knowledge, experience, and personal attributes that is continuously influenced by context, interaction with others, and the demands of the environment in which it is exercised (Jobs and Skills Australia 2025).*

This framing matters because it moves beyond narrow task lists to recognise judgement, coordination, ethical reasoning, teamwork, cultural awareness and social responsibility as real skills central to productivity and inclusion. As AI and automation expand, routine technical tasks are increasingly automated, elevating the value of uniquely human capabilities such as complex problem-solving, creativity and ethical judgement. Increasingly, digital and AI literacies sit at the point of integration between these human capabilities and work itself, shaping how decisions are made, responsibilities are exercised, and technology is used effectively and safely. This highlights the need for a dynamic definition of skill that reflects interaction between people and technology, rather than treating digital capability as a separate or purely technical domain.

Such an inclusive definition is not merely a matter of semantics – it is a policy fundamental. The definition provides the underlying infrastructure for a consistent skills language across sectors; supports interoperability between education and employment systems; and helps avoid reinforcing bias about what counts as ‘real’ skill. By explicitly valuing social and cognitive capabilities, it also supports better recognition of skills gained in diverse ways (including informal and experiential learning and through life experience), which is central to both equity and national economic fairness. The new skill definition aligns with global best practice and positions Australia well in the global market for skills and workforce mobility.

The definition only becomes useful if it is operationalised. It should guide the National Skills Taxonomy, qualification descriptors, learning outcomes, RPL/E assessment, credit transfer rules and digital skills signalling. Without that line of sight, the definition risks remaining a statement of principle rather than a reform instrument.

A common definition can guide the design of the National Skills Taxonomy, inform qualification descriptors and learning outcomes, shape RPL/E assessment practices, and underpin the development of digital records or skill passports that help people signal their capabilities.

Redesigning the architecture: AQF, qualifications and a National Skills Taxonomy

The next phase of reform should focus squarely on the system's policy architecture: the AQF, qualification design principles and rules, and a National Skills Taxonomy that together act as the connective tissue between VET, higher education and work.

First, the AQF could evolve from a static hierarchy into a more flexible design framework (Department of Education 2019). The AQF is critical national infrastructure that supports quality assurance, coherence and international recognition. However, it has also been criticised for:

- placing too much weight on level hierarchies rather than on qualification types and their purposes
- overly rigid structures
- privileging knowledge acquisition over skill attainment
- providing insufficient guidance on recognising shorter form credentials (e.g. micro-credentials) and contemporary capabilities.

A modernised AQF should focus more on clearly defining qualification types and their purposes in terms that are meaningful to employers and learners. It should also use up-to-date descriptors of knowledge and skills, and support multidirectional pathways across secondary, VET and higher education sectors.

Reforming the AQF in this way would not require abandoning its levelled structure. It would strengthen the connective functions around that structure, particularly qualification purpose, contemporary descriptors, recognition of shorter-form learning and alignment with a National Skills Taxonomy.

Second, as recommended in *Unlocking the potential of VET* (Department of Employment and Workplace Relations 2024), the final report of the Qualifications Design Reform Group, qualifications could be redesigned to be more purpose-driven and future-facing. Recent VET qualification reform proposals point to the limitations of 'one-size-fits-all' models and argue for differentiated qualification purposes (for example occupation-specific, industry-wide and cross-sectoral vocational programs). They similarly argue for a qualification-first approach,[2] clearer qualification descriptors that are human-centred, and a stronger integration of knowledge with application so that graduates develop adaptable capability and broader competencies, not just narrow task proficiency.

Likewise, the higher education sector, characterised by institutional accreditation and comparatively opaque labour market signalling, would benefit from the disciplined application of a skills-first lens. Stronger, more consistent articulation of industry need and workforce relevance in degree design, learning outcomes and graduate attributes would improve the legibility of university qualifications for employers, learners and intermediaries. This is not about narrowing higher education to immediate job outcomes, but about making the skills and capabilities embedded in degrees more visible, transferable and comparable across contexts.

Evidence suggests that employers increasingly value demonstrable skills alongside traditional proxies, particularly in fast changing labour markets shaped by digitalisation and AI (OECD 2025a; WEF 2023). However, where higher education learning outcomes remain framed in abstract or institution-specific terms, graduates' transferable capabilities can be difficult to interpret outside academic settings. A skills-first approach would support universities to express learning outcomes in ways that are intelligible to the labour market while preserving the depth, coherence and quality assurance functions of degrees.

International experience shows that skills transparency infrastructure in higher education improves mobility and recognition without undermining academic autonomy. In Europe, the Bologna Process, the Diploma Supplement and learning outcomes-based qualification frameworks have strengthened credit portability, employer understanding and cross-border recognition by clearly describing what graduates know and can do (Cedefop 2021; European Commission 2020). Domestically, the Australian Universities Accord similarly emphasises the need for clearer signalling of skills, employability and pathways to support a more integrated tertiary system.

Embedding a skills-first lens in higher education would therefore mean clearer skills-based learning outcome descriptors; stronger alignment between degree purposes and workforce capability needs; and interoperability with the National Skills Taxonomy and credit transfer arrangements. Done well, this would not dilute the role of higher education, but enhance the relevance, portability and public value of higher education qualifications within a skills-first tertiary education architecture.

A skills-first lens also needs to account for professional accreditation. In parts of higher education and regulated occupations, qualification design is shaped by professional standards and tightly specified graduate outcomes. This can slow change and create additional barriers to recognising shorter form learning or prior experience, even where capability is demonstrable. A reform agenda that strengthens skills transparency, outcomes-

[2] A **qualification-first approach** focuses on designing a coherent body of knowledge and skills. In contrast, the traditional **unit-first approach** focuses on developing a large range of units of competency to reflect all functions and tasks, which are then packaged into qualifications (Department of Employment and Workplace Relations 2025).

based equivalence and trusted recognition therefore needs an explicit strategy for engaging professions and accreditation bodies so that the architecture supports modern capability while preserving public interest safeguards.

Third, a National Skills Taxonomy can provide the shared language needed to connect capabilities across jobs, qualifications and experience. If built as an open, interoperable framework, it can support more consistent recognition of prior learning, whether formally credentialed or not, improve curriculum design, and help individuals identify transferable skills and gaps for development. Crucially, the taxonomy cannot be a fixed or static inventory of skills. Unlike traditional occupational classifications, it must be dynamic, continuously updated and responsive to emerging capabilities, technological change and shifting labour market demand. It would not replace qualifications. Rather, it would make visible what qualifications contain, what sits between them, and how learning and capability can move across the system. This would be a significant improvement on the current opaque arrangements, which too often make mobility, recognition and progression harder than they need to be.

Together, these three elements – the AQF, qualifications and a National Skills Taxonomy – form the architecture that can move Australia from a fragmented system to one that puts people and skills first while maintaining the trust and signalling power of qualifications.

A skills-first architecture must also work for employers and the labour market as a whole. In labour economics, matching efficiency refers to how effectively a labour market connects people who are available for work with the jobs that exist. Frameworks such as the Matching, Unemployment, Vacancies, Efficiency and Residual (MUVER) model use this concept to help explain why unemployment and vacancies can coexist: not simply because of a shortage of jobs or workers, but because of frictions in how people and opportunities are connected.

In practical terms, high matching efficiency means employers can fill roles more quickly with people whose skills are well suited to the work, and individuals can move into jobs that make better use of their capabilities. Low matching efficiency reflects frictions such as poor information, weak signalling, skills mismatch, opaque qualification design, inconsistent recognition of prior learning, and barriers to mobility across sectors, occupations or locations.

A skills-first tertiary education architecture can help reduce those frictions. Clearer qualification purposes, a common skills language through the National Skills Taxonomy, stronger recognition of prior learning and experience, multidirectional credit transfer, and trusted digital signalling such as a skills passport can make skills more visible, comparable and portable. This improves the information available to learners, workers, employers and intermediaries, and strengthens the connection between learning and work.

Seen through this lens, improving matching efficiency is one of the key economic mechanisms through which tertiary reform can lift productivity and participation. Better matching can shorten hiring times, improve workforce mobility, reduce unnecessary retraining, and support more effective use of skills across the economy. This is particularly important in a labour market shaped by AI, technological change and more fluid role design, where reliable signals about transferable capability matter more than traditional proxies alone.

Moving towards a capability approach in VET

Australia's vocational education and training system has long been underpinned by competency-based training (CBT). CBT has delivered important benefits: clear occupational standards, transparency for employers about what a learner can do, and a strong focus on workplace relevance. However, as work changes and the pace of change accelerates, CBT on its own is no longer sufficient to support adaptability, mobility and long-term workforce resilience.

Research by the National Centre for Vocational Education Research (Misko and Circelli 2022) finds that while CBT ensures baseline job skills, it often fails to develop broader 'adaptive capacity', reinforcing the need to embed transferable skills and knowledge into vocational training. Narrow competency models can be less effective where work requires people to adapt skills across changing contexts.

A capability approach shifts the focus from whether a person can perform a prescribed task in a specific context, to whether they can apply knowledge, skills and attributes flexibly across varied and evolving situations. Capability incorporates technical skill, but also includes problem-solving, learning-to-learn, communication, ethical reasoning, collaboration and the ability to adapt practice as contexts change. Importantly, a capability perspective recognises that proficiency develops over time and through experience, rather than being fully demonstrated at a single point of assessment.

Moving towards a capability approach does not mean abandoning rigour or employer relevance. Rather, it requires modernising how competencies are conceived, assessed and bundled within qualifications. VET qualifications should integrate explicit knowledge components, contextual understanding and transferable capabilities alongside occupational skills. Assessment practices should allow for holistic demonstrations of capability, including the integration of multiple skills, reflective practice and the application of learning to unfamiliar problems, not only the replication of defined tasks.

A capability approach also better supports mobility and lifelong learning. When qualifications articulate broader capabilities, it becomes easier to recognise prior learning and experience, to award credit across different sectors or institutions, and to identify transferable skills that support occupational transitions. This aligns closely with multidirectional credit transfer systems and the National Skills Taxonomy, which depend on learning outcomes that are applicable beyond a single job role or industry context.

From an equity perspective, adopting a capability lens helps surface and value skills developed through work, life experience and informal learning – capabilities that are often rendered invisible in tightly specified competency frameworks. By recognising judgement, coordination, leadership and contextual problem-solving as legitimate outcomes of vocational learning, the system can become more inclusive of diverse learner backgrounds while maintaining quality and trust.

Over the next decade, reform should therefore focus on connecting CBT into a more capability-oriented framework: maintaining clear occupational standards where they are truly needed, but embedding those standards within qualifications that prioritise adaptability, the integration of knowledge and transferable human capability. This evolution is essential if the VET sector is to remain a central pillar of a skills-first tertiary education system, one capable of supporting both immediate workforce needs and long-term economic transformation.

Capability-oriented models also provide opportunities for improving teaching, learning and assessment within the other components of the education and training system, namely senior secondary education and higher education. Most importantly, these models can help us closely align what is taught, how it is taught and methods of assessment which can more clearly evidence that all learning outcomes have been achieved.

Multidirectional credit transfer: making mobility real

Credit transfer and Recognition of Prior Learning and Experience (EPL/E) are related but distinct. Credit transfer recognises formal learning already completed across providers, sectors or qualification types, while RPL/E assesses whether skills and capabilities developed outside formal study can be evidenced and recognised with integrity.

If skills are the currency of a modern labour market, credit transfer is the mechanism that makes lifelong learning financially and practically feasible, and a critical enabler of meaningful social and economic participation. Without reliable credit transfer, individuals are often forced to repeat learning they have already achieved, spend additional time out of the workforce and face unnecessary cost. This is an unnecessary impediment that delays careers – it is a drag on productivity as well as on personal opportunity.

Australia has long recognised that credit transfer within the tertiary system requires reform. A National Credit Transfer System (NCTS) could be defined as a nationally coordinated combination of settings, practices and enabling infrastructure that facilitate the recognition and portability of credit outcomes across tertiary sectors, providers and qualification types.

A human-centred approach to credit should be explicitly multidirectional. Pathways are not simply linear transitions from VET to university, or from lower to higher qualifications. People move sideways across fields, pause and return to study, stack short courses over time, and seek recognition for learning acquired through work and life experience. Credit transfer arrangements therefore need to accommodate these real-world patterns rather than enforcing narrow, institution-to-institution pathways.

In practice, multidirectional credit requires:

- **shared reference points for learning volume and level,** so credit can be translated as a common currency across sectors and providers
- **outcomes-based equivalence**, allowing different learning experiences to be recognised where they achieve the same learning outcomes, regardless of delivery mode or institution
- **alignment with robust recognition of prior learning and experience**, so experiential and informal learning can be credited alongside formal study where capability is demonstrable
- **transparency for learners before enrolment**, enabling people to understand credit opportunities upfront and plan pathways with confidence
- **digital ‘rails’ that reduce administrative burden**, ensuring credit decisions are timely, consistent and easily accessible across the system

- **provider commitment to a proactive, high-integrity credit recognition culture**, where institutions actively seek to award credit wherever learning outcomes are met.

Shared reference points and enabling infrastructure can reduce duplication, while providers retain authority over final credit decisions. In Australia, a pragmatic starting point for an NCTS would be to make existing credit pathways more transparent, pilot common recognition arrangements in high-demand transition routes, build a repository of precedent decisions, and progressively strengthen shared data standards and credit exchange.

Done well, multidirectional credit will make tertiary harmonisation tangible for learners. It can turn the system from a set of siloed institutions into a connected network of navigable learning pathways.

Recognition of prior learning and experience: fairness, inclusion and productivity

A related but distinct issue is how the system recognises learning acquired outside formal study, including through work, migration, care and community experience. That is less a question of sector-to-sector transfer than of how capability is evidenced, trusted and valued.

RPL/E is often discussed as a technical assessment matter, but it is better understood as a fairness and productivity lever. When RPL is underutilised or difficult to access, people are forced to repeat learning they've already acquired, which slows their transitions and can exclude those whose skills were built outside formal education, particularly mid-career workers, migrants, carers returning to work, and others who largely learned on the job.

RPL/E underutilisation primarily stems from a system architecture problem. In the absence of a shared skills language, recognition relies on narrow unit-by-unit and subject-by-subject matching against provider-specific curricula, resulting in inconsistent decisions that are difficult to scale. International evidence shows that without common reference points, RPL lacks transparency, trust and transferability, and places the burden of translating experience onto individuals rather than the system. The AQF Review reached similar conclusions, noting that fragmented qualification descriptors undermine recognition and portability across Australia's tertiary system.

A human-centred reform agenda would make RPL (including recognition of prior informal experience) a normal, high-integrity pathway – not a rare or opaque process open to fraud and misuse. The key is alignment: RPL should be assessed against the same outcomes-based reference points used for credit transfer. In the NCTS framing, this means experiential learning can be recognised consistently and defensibly where it demonstrably meets the relevant learning outcomes. In this way, RPL and formal credit transfer can reinforce each other rather than operating as separate silos.

Such alignment also strengthens trust. RPL decisions will carry more weight when the system speaks a shared language for learning outcomes and skills (supported by the National Skills Taxonomy), and when assessment practices are transparent and consistent. New approaches such as cluster recognition – assessing groups of outcomes rather than forcing one-to-one matches for every unit – could better reflect how capability is actually

developed in work and life. For example, someone who has led teams and managed projects across different roles may have a cluster of leadership and project management skills that can be recognised and credited toward a management qualification, even if their experience does not map exactly to each individual task in the formal curriculum.

Funding and incentives also matter. High-quality RPL assessments take time and expertise. If funding models do not cover these costs, providers will undersupply RPL or conduct only perfunctory assessments. Over the next decade, governments and institutions should treat RPL capacity as essential infrastructure: investing in assessor training, digital tools for capturing evidence of skills, and implementing robust regulatory and quality assurance processes that maintain integrity while expanding access.

> **Recognition of Prior Learning in practice**
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> Research by the Council for Adult and Experiential Learning (2010) – which included a longitudinal analysis of more than 60,000 adult learners from 48 institutions – finds that students receiving credit for prior learning are significantly more likely to complete qualifications and do so faster, typically saving 6 months to a year depending on credit volume. Larger multi-institution studies (more than 230,000 learners) by the same American organisation show completion gains of around 17%, with particularly strong effects for Hispanic, Black, and low-income learners (Klein-Collins et al. 2020). While these cohorts benefit most when accessing prior learning credit, they are also less likely to receive it, reinforcing its importance as an equity lever.

Improving RPL is fundamentally an equity reform. When the system can recognise capability no matter where it was acquired, it lowers barriers for those with non-traditional pathways and ensures that a skills-first approach does not become a new gatekeeping mechanism.

Delivering a human-centred, skills-first system

Adopting a human-centred design approach necessitates more than rhetorical commitment. It requires rigorous policy actions to identify key user journeys throughout the system, including:

- multiple points of entry and exit
- transitions across sectors
- recognition of prior learning and experience
- pathways for advancement.

Effective implementation calls for the co-design of solutions with learners, workers, employers, professional bodies and providers to pilot initiatives prior to scaling and the establishment of robust feedback mechanisms to enable continuous improvement. International research highlights that human-centred approaches deliver optimal outcomes when they focus on genuine user needs rather than organisational boundaries, and are cultivated as an enduring capability rather than a one-off reform (OECD 2017).

This approach also requires active stewardship across portfolios and jurisdictions. Today's fragmentation across vocational education and training, higher education and labour market systems produces inconsistent signals for learners and employers, and weak accountability for whole-of-system outcomes. The AQF Review found that qualifications, credit and recognition arrangements have evolved in isolation, limiting portability and undermining confidence in pathways (Department of Education 2019). Reform of core policy architecture – including the AQF, qualifications design, the National Skills Taxonomy, credit transfer and RPL/E – should therefore be governed as connected work, with shared objectives and carefully sequenced implementation rather than parallel, uncoordinated initiatives.

In addition to the need for system stewardship and architectural reform, a credible reform plan would sequence change so that early wins reduce friction and build stakeholder confidence. International experience highlights the importance of starting with enabling foundations before pursuing deeper structural reform (Cedefop n.d.).

Trust is the central implementation challenge. Education institutions must trust the quality and integrity of each other's learning; employers must trust the signals that qualifications and skill credentials provide; and individuals must trust that the system will recognise their capabilities fairly and consistently. Evidence from qualifications frameworks and credit systems internationally shows that trust is built through transparency, shared standards, robust quality assurance and sustained collaboration, not through one-off agreements or siloed sporadic projects (Bjørnåvold and Le Mouillor 2009; Brezzi et al. 2021). A human-centred, system-stewardship approach provides the best foundation for rebuilding that trust over time.

A skills-first future: making it happen

The coming decade presents an important window for sequenced action. By modernising the AQF's architecture, supporting qualifications with clearer purposes, embedding a National Skills Taxonomy and shared skill definition, and building multidirectional credit and robust recognition systems, Australia can move from a fragmented tertiary system towards a more connected, navigable and trusted one.

Australia's ability to lift productivity, participation and resilience will depend on how well it develops, recognises and applies the skills and capabilities of all its people. A tertiary education architecture that puts people and skills at its centre, while preserving the value of high-quality qualifications, can support opportunity, inclusion and productivity in an uncertain future.

What is needed now is a sequenced national reform program. In the near term, Australia should adopt a common and inclusive definition of skill, establish the governance and update model for the National Skills Taxonomy, and pilot aligned credit arrangements in priority pathways. In parallel, governments, regulators, providers and industry should begin modernising qualification descriptors and digital signalling infrastructure, including foundations for a trusted skills passport. The task is more than incremental tidying: it is to build the shared architecture that makes lifelong learning, fair recognition and skills portability real.

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