

15 September 2025  
Productivity Commission  
By upload

Dear Ms Wood,

### Interim Report on Building a skilled and adaptable workforce

The Insurance Council of Australia (Insurance Council) welcomes the opportunity to provide feedback on behalf of our members on the Productivity Commission's Interim Report - *Building a skilled and adaptable workforce*.

The Insurance Council of Australia (Insurance Council) is the representative body for the general insurance industry of Australia. Our members represent approximately 85 per cent of total premium income written by private sector general insurers, spanning both insurers and reinsurers. The general insurance industry plays a critical role in safeguarding the financial security of everyday Australians by protecting against unexpected losses. It also has an indispensable role in helping businesses manage risk, enabling them to grow and contribute to Australia's broader economic prosperity.

However, emerging gaps in critical skills within insurance – and in industries on which insurance is critically dependent - are creating inefficiencies that threaten insurers' ability to serve their customers effectively. A well-insured nation is a productive nation. An insurance safety net enables communities and businesses to recover more quickly and effectively when disaster strikes or when the unexpected happens. The Productivity Commission's interim report, which focuses on building a flexible and skilled workforce to support long-term productivity, provides an important basis for the reforms Australia needs to strengthen workforce capability to ensure that our industry can continue to do what it does best – helping Australian communities and businesses in their greatest time of need.

Specifically, the Insurance Council and its members are supportive of:

- **Draft Recommendation 2.1:** Which proposes national recognition of prior learning and streamlined credit transfer to accelerate entry into critical roles by ensuring existing skills are fully recognised. This reduces duplication, enhances workforce productivity, and strengthens adaptability to emerging technologies and evolving customer needs.
- **Draft Recommendations 3.1 to 3.4** - Insurance Council members rely on skilled trades to serve customers, but inconsistent occupational entry licensing requirements (which are often unsupported by evidence of benefit) create unnecessary barriers, exacerbate labour shortages, delay claims, and raise overall supply chain costs. We therefore support Draft Recommendations 3.1–3.4 for reducing and streamlining occupational entry requirements.

We provide further detail on our position in the sections below.

Should you have any questions regarding this submission please contact Meaghan Noble, Senior Adviser at [mnoable@insurancecouncil.com.au](mailto:mnoable@insurancecouncil.com.au).

Yours sincerely



**Kylie Macfarlane**  
Chief Operating Officer and Deputy CEO

## Appendix: Building a Skilled and Adaptable Workforce

### Insurance industry response to the Commission's interim recommendations

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#### *Draft Recommendation 2.1: Move toward a national system of credit transfer and recognition of prior learning (RPL).*

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The Insurance Council supports, in principle, reforms to strengthen and streamline recognition of prior learning (RPL) and credit processes, to accelerate the development of a skilled, adaptable workforce in general insurance and related financial services.

A nationally consistent framework for credit transfer and recognition of prior learning (RPL) would assist in addressing workforce pressures in the insurance sector. The Insurance Council's 2024 Talent Roadmap highlighted the current challenges, noting the insurance sector ranked seventh among industries most affected by skills shortages in Australia, with 90% of insurance employers experiencing a shortage of skilled staff, particularly in high demand roles such as liability claims consultants, works compensation specialists and underwriters.<sup>1</sup> These shortages are exacerbated by an aging workforce, with nearly 30% of the current insurance workforce expected to reach retirement age by 2030.

Recruitment timeframes further illustrate workforce pressures: claims managers typically require around six months to become fully competent, while entry-level claims staff may take four to nine weeks to reach a level of proficiency suitable for handling customer calls. These timeframes highlight the challenges insurers face in rapidly scaling their workforce during periods of high demand, such as after natural disasters.<sup>2</sup>

The transition to a National Skills Taxonomy provides an opportunity to align RPL and credit transfer processes with a more contemporary, adaptive framework. For insurance, this alignment would ensure that transferable capabilities, helping to shorten reskilling timeframes and remove unnecessary barriers to entry.

Addressing these workforce pressures has broader productivity implications. High workloads and recruitment pressures reduce operational efficiency within the insurance sector, leading to delays in claims resolution, slow property repairs and business recovery, increasing indirect costs to households and firms with downstream effects on national productivity. By strengthening recognition of skills and streamlining workforce entry, the sector will be better placed to respond more quickly to surges in demand, support faster recovery from disasters, and contribute to broader economic resilience.

Such a framework would also broaden workforce participation, particularly for older workers, regional employees, culturally and linguistically diverse (CALD) groups, and mid-career changers, who often face barriers to retraining. By formalising recognition of existing experience, insurers could redeploy talent more quickly in response to surges in demand. Combined with targeted upskilling, this would expand the talent pool, strengthen resilience, and ensure the sector remains agile and inclusive.

The Insurance Council notes several considerations to ensure the education and training system delivers meaningful outcomes for both students and industry.

- **Alignment with industry-specific competencies** - Academic credit or prior learning may not fully reflect technical, regulatory, or compliance skills required in the insurance sector. Ensuring alignment will support workforce readiness and productivity.
- **Data quality, consistency, and timeliness** - A national RPL database must provide accurate and reliable information, as insurers rely on it for recruitment, redeployment, and upskilling decisions.

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<sup>1</sup> Insurance Council of Australia, *The Insurance Talent Roadmap*, August 2024 [ICA DEI and Talent Roadmap](#)

<sup>2</sup> Insurance Council of Australia, *The Insurance Talent Roadmap – The Companion Document*, August 2024, [The Insurance Industry Talent Roadmap - The Companion Technical Document](#)

- **Standardisation of micro-credentials, informal learning, and international experience** - While valuable, these forms of learning must be assessed consistently to maintain fairness, clarity, and transparency across the system.
- **Managed implementation and transition** - Staged rollouts should be carefully planned to avoid unintended skills gaps or variability in workforce readiness, particularly during early adoption phases.

The Insurance Council encourages collaboration between government, tertiary providers, and industry to ensure the RPL framework supports a workforce that is adaptable, inclusive, and job ready.

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### *Draft Productivity Commission Recommendations 3.1 to 3.4*

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While not directly affected by occupational entry licensing, Insurance Council members are critically dependent on a skilled and responsive trades workforce to effectively serve their customers. Every home, business or motor insurance claim involves skilled builders, plumbers, and electricians to restore damaged property or motor repairers to fix cars.

Increasingly, inconsistent and excessive Occupational Entry Licensing (OEL) requirements are creating artificial barriers to entry across the economy. Like in the case of motor repair licensing discussed in our [pre-consultation submission](#), these requirements are introduced without rigorous analysis or evidence, creating additional and unnecessary barriers to entry and compounding existing labour shortage challenges. Downstream, this leads to poor outcomes for insurance customers including delays in resolving claims, due the shortage of available tradespeople, as well as higher premiums due to higher input costs.

On that basis, the Insurance Council is supportive of draft recommendations 3.1 to 3.4 to:

- Remove excessive occupational entry regulations that offer limited benefits to consumers or broader public
- Expand entry pathways and streamline qualification requirements for occupations
- Improve the regular reviews of occupational entry regulations
- Incentivise occupational entry regulation reform through National Competition Policy

### **Removal of occupational entry regulations for motor vehicle repairers**

The Insurance Council is particularly supportive of Recommendation 3.1, which proposes certain jurisdictions consider the removal of occupational entry regulations for motor vehicle repairers, given the limited evidence that these regulations improve outcomes. This position reflects the Insurance Council's feedback to the consultation survey.<sup>3</sup>

To reiterate our previous feedback:

- Insurers measure repair quality through rectification rates, that is, the proportion of vehicles requiring rework after the initial repair.
- Data from Insurance Council members, who collectively oversee in excess of 1.5 million motor repairs each year shows that:
  1. rectification rates are consistently low (<1%) indicating minimal risk of poor repair quality overall, and
  2. there is little difference in rectification rates between states with licensing (NSW, ACT, WA) and those without (VIC, SA, TAS, NT). Notably, in 2024, states without licensing collectively recorded lower rectification rates than those with licensing.

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<sup>3</sup> Insurance Council of Australia. 2025. [Building a skilled and adaptable workforce inquiry – Questionnaire Response 49](#).

Taken together, this evidence suggests that occupational entry licensing for motor repair trades does not meaningfully improve repair quality or consumer safety, and therefore warrants consideration for full removal.

### **Maintain but Streamline and Harmonise Licensing for High-Risk Trades**

Insurance Council members recognise the importance of prudent regulation, including appropriate OEL for high-risk trades such as plumbing, electrical, and structural building work, where poor workmanship poses genuine safety risks to workers and the public, and incidents of quality issues are well documented and pervasive.

There is scope, however, for greater uniformity in OEL across jurisdictions to improve labour mobility. Following major natural disasters, insurers routinely mobilise surge workforces from interstate and varying licensing rules delay the mobilisation of tradespeople across jurisdictions, depriving communities of essential skilled workers when they are most needed for recovery.

We welcome state governments' efforts to introduce automatic recognition for trades and the Federal government's progress towards national licensing schemes for occupations such as electricians. However, ongoing variations in licensing conditions within existing OEL requirements will need to be addressed to maximise the benefits of these initiatives. One example of these variations is in the level of mandatory insurance electricians must hold under trade licensing conditions:

- In New South Wales, there does not appear to be any requirement for holding insurance as part of electrician licensing.<sup>4</sup>
- In Victoria electricians are required to hold public liability insurance with a minimum cover of \$5 million.<sup>5</sup>
- In Queensland, electricians are required to hold public liability insurance with a minimum of \$5 million, plus an additional mandatory consumer protection insurance cover of at least \$50,000.<sup>6</sup>

Ongoing inconsistencies create a more complex and uncertain operating environment for the deployment of interstate trades and risks undermining benefits of mutual recognition arrangements or national licensing schemes if not adequately addressed.

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<sup>4</sup> Service NSW. [Electrical work](#)

<sup>5</sup> Energy Safe Victoria. [Registered Electrical Contractors](#).

<sup>6</sup> Work Safe Queensland. [Electrical contractor licences](#).