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UNIVERSITIES AUSTRALIA

# Skilling Australia for the future

Australia is facing a critical skills shortage which, if unaddressed, threatens to hold our nation back – economically, technologically and socially.

Changes in our economy and advances in science and technology are reshaping how Australians work and live. As a nation we must adapt and upskill, or we risk being left behind by our global peers.

Australian universities have a vital role to play in addressing the nation's skill shortages, ensuring businesses – big and small – have the workforce they need to fuel our economy.

Of the almost one million jobs expected to be created over the next five years, more than half will require a university degree. Jobs in healthcare, teaching, and in professional, scientific and technical services.

Failure to equip workers today with the education and skills they need for the future will hinder our ability to solve challenges and embrace opportunities tomorrow, slowing our economic growth and progress.

We have no time to waste.

Universities Australia will use our seat at the table of the Government's Jobs and Skills Summit to advocate our four-pronged approach to ensuring Australia has the pipeline of workers that employers and the economy need to grow and prosper – now and in the future.

## Our solutions will:

- make it easier for people to retrain and upskill
- provide incentives for university, industry and research collaborations
- attract and keep international students and knowledge workers, and
- drive more investment in university-trained workers.

The Jobs and Skills Summit, along with the creation of Jobs and Skills Australia, provides a well-timed opportunity for the country to take stock of the demand for skills and to undertake comprehensive workforce planning for the next decade and beyond.

The following pages outline the suggestions we'll be bringing to the table.

# Make it easier for people to retrain and upskill

## Extend student loans for short courses and microcredentials

To help drive productivity, we need more people upskilling and retraining. We know that one of the biggest barriers to this is cost. Anyone wanting to undertake a short course or microcredential is required to pay upfront, and fees aren't tax deductible unless the course relates to a person's current job.

We need to fix this problem by extending income contingent loans (FEE-HELP) to anyone undertaking short courses and microcredentials in critical areas of skills shortage.

## Make microcredentials part of our national framework

Microcredentials are currently unregulated and sit outside the Australian Qualifications Framework, which creates challenges for the recognition and portability of these qualifications across providers.

Universities Australia recently developed guidance for the portability of microcredentials to help universities design and recognise these qualifications. Our guidance recommends the adoption of three minimum or baseline standards that enable easy evaluation of a credential by any institution where microcredentials:

1. have clear evidence of achievement or learning outcome
2. have an understandable unit of exchange, and
3. are quality assured and verifiable, with sufficient, relevant metadata.

This guidance could serve as a model to set a minimum baseline standard that enables easy evaluation of credentials from one employer to the next.

# Incentives for university, industry and research collaborations

## Offer direct incentives for industry-university collaboration

The stronger our collaboration is with business, the bigger the economic and social benefits for the nation – it's pure bang for buck. For every dollar invested in higher education research, five dollars is returned to the economy.

However, while universities have increased their investment in R&D over the past decade, Australia's total investment in R&D has declined to well below the OECD average. At 1.79 per cent of GDP, Australia lags behind the OECD average of 2.48 per cent.

We are also an outlier in how business R&D is funded. Australia sits apart from peer nations in its singular focus on tax incentives as a mode of stimulating business R&D. While tax incentives play an important role, they are not the silver bullet.

To ensure Australia remains globally competitive, we need to offer more effective direct incentives for business to back university-generated ideas, for example through more grant funding or prizes.

## Create the jobs and products of the future by lifting our investment in research

The impact of Australian research and innovation speaks for itself. We have produced the bionic ear, Wi-Fi and developed the first cervical cancer vaccine. But as a country, our investment in R&D is going backwards.

Leading innovation nations now invest significant proportions of their GDP in R&D - Israel 5.1 per cent, South Korea 4.6 per cent, the United States 3.2 per cent.

In Australia, overall R&D spending has fallen from 2.5 per cent of GDP in 2008 to just 1.79 per cent of GDP in 2020.

This investment decline must be turned around as an urgent national priority if we are to meet the challenges facing our economy – from developing new technologies and industries to responding to climate change and energy transition.

# Attract and keep international students and knowledge workers

## Create clearer pathways for students who wish to stay in Australia after graduation

It's in Australia's economic and social interests to provide easier and more immediate residency options for students who wish to call Australia home once they graduate.

We need to make it easy for international students to stay in Australia, whether it be in our regions or cities, once they have they completed their degree – especially where there is an urgent need for those student's skills.

To prevent the brain drain of university graduates, we should extend post-study work rights for international students.

We should also make it easier for international students to achieve permanent residency when they graduate where those students have trained in an area of identified skills shortages such as health, teaching and tech.

## Remove recruitment hurdles for international knowledge workers

The international standards for attracting global talent continue to shift. To remain competitive, Australia must keep pace with visa policies in countries with leading university sectors.

We must work together to streamline labour market testing and skills assessment requirements for the appointment of international academics and other knowledge workers.

This is especially true of emerging strategic areas such as nuclear physics, where only a handful of experts may exist. Australian universities need to be in the best position to secure these experts in an increasingly competitive market.

Removing the labour market testing and skills assessment requirements for university knowledge workers would go a long way to reducing the cost and red tape associated with recruiting international talent into Australian universities.

# Invest in more university-trained workers

## Remove roadblocks to the supply of qualified people in teaching, health, IT and STEM

It should be as easy as possible for students to get the practical experience they need to graduate on time and be ready to join the workforce.

We can unlock the productivity potential of Australian universities by removing overlap and duplication in regulations, and by cutting red tape.

- **Health workers:** There is a backlog of health students trying to complete their practical training, but too few practical placements in the health system to meet the demand. We need to fund partnerships between universities and community-based health services to ensure that more students can complete their practical learning on time.
- **Tech jobs:** The Government wants to create 1.2 million tech jobs by 2030, and so do we. Universities are ready to work with the Government on ideas like Startup Year which will provide funding for final-year university students to participate in accelerator programs and put their innovative ideas into practice.
- **Teaching:** We need more teachers in classrooms today. That means ensuring that trainee teachers are ready to do the job the day they graduate. By creating a degree apprenticeship system, we can get students doing more of their training in schools and - like any other form of apprenticeship - get a job at the end of it.

Universities are also committed to working with government on a taskforce that identifies ways to streamline degree accreditation, especially in critical areas such as health and tech.

## Expanding opportunity for Aboriginal and Torres Strait Islander people

University places are, for the most part, capped at certain levels. While universities have an uncapped number of places to offer Aboriginal and Torres Strait Islander students, these are only available to students from regional and remote areas.

While the attainment gap is very large in regional areas, Aboriginal and Torres Strait Islander peoples living in the cities are also much less likely to have a degree than their non-Indigenous neighbours.

We need to extend uncapped university places to all Aboriginal and Torres Strait Islander students, not just those from regional areas.

Universities are working together to further the advancement of Aboriginal and Torres Strait Islander peoples and will work with government to help ensure no aspiring Indigenous students get left behind.

This is one of a range of important measures to ensure that Australians from all backgrounds have a fair go at the huge opportunities a university education offers.

# Universities support the economy and create jobs

Australia's universities contributed **$41b** to the economy and supported almost **260,000 jobs**


For every **$1** invested in research, **$5** is returned to the economy

For every **one per cent** increase in R&D, Australia's productivity rises by **0.13% points**

In 2019, international education was Australia's **largest services export** and **third largest export**, generating export revenues of **$41b**

**$369m**

to the economy in 2018 from friends and relatives visiting international students

The university-qualified workforce has meant the Australian economy was **$161b** larger and Australia's **GDP 8.5%** higher

For every **$1** invested in teaching **$3** in tax revenue is generated for government

Source: Deloitte Access Economics 2020, *The importance of universities to Australia's prosperity.*