

Investment in Australia's universities = investment in a more productive future

The nation's enviable economic growth, low unemployment and high living standards depend largely on improving productivity.

However, our productivity growth has slowed. Australians are feeling the effects - the cost of living is biting, and people don't feel like they are able to get ahead.

We need to do everything we can to lift Australia's productivity and move towards a more modern and faster growing economy.

Universities are at the heart of driving Australia's productivity - through the highly skilled graduates we produce and technological and social innovation we generate through research.

In fact, if we could lift investment in higher education research and development by just one per cent, we could lift productivity and increase the size of Australia's economy by \$24 billion over 10 years.

Investment in Australia's universities is an investment in Australia's future.

1% increase
to higher education R&D =

\$24b
over 10 years

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



Universities develop the bright ideas we need

Every day, thousands of Australia's most talented researchers work to solve our greatest challenges and create new opportunities.

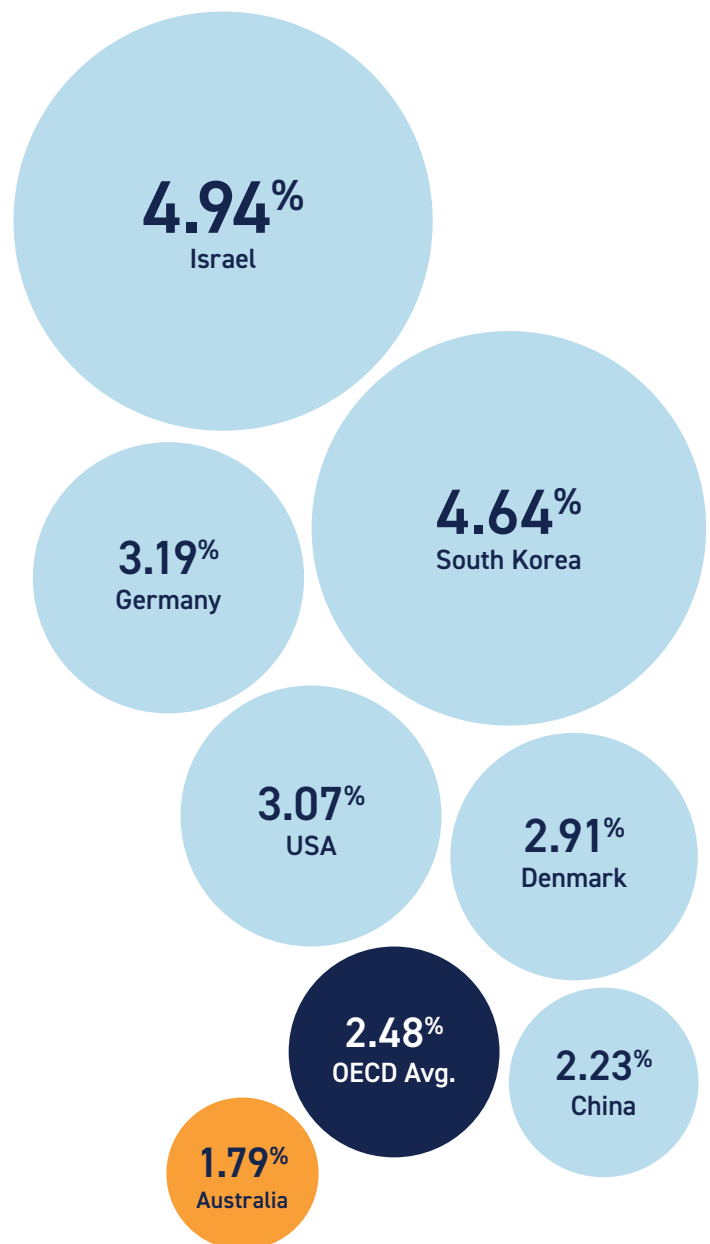
Our research helps Australia to deal with economic, environmental and social challenges, and helps communities cope with change and seize opportunities.

This has never been more evident than during the COVID-19 pandemic with world class expertise in medical research and epidemiology to expert public health advice; from analysis of the economic impacts to practical ideas for adapting to a changed world.

For every \$1 government invested in university research, \$5 is returned to the economy.



But Australia's total investment in research and development is falling behind our international competitors.



Source: OECD Main Science and Technology Indicators, accessed on 2 February 2022.

Universities help build the workforce of tomorrow



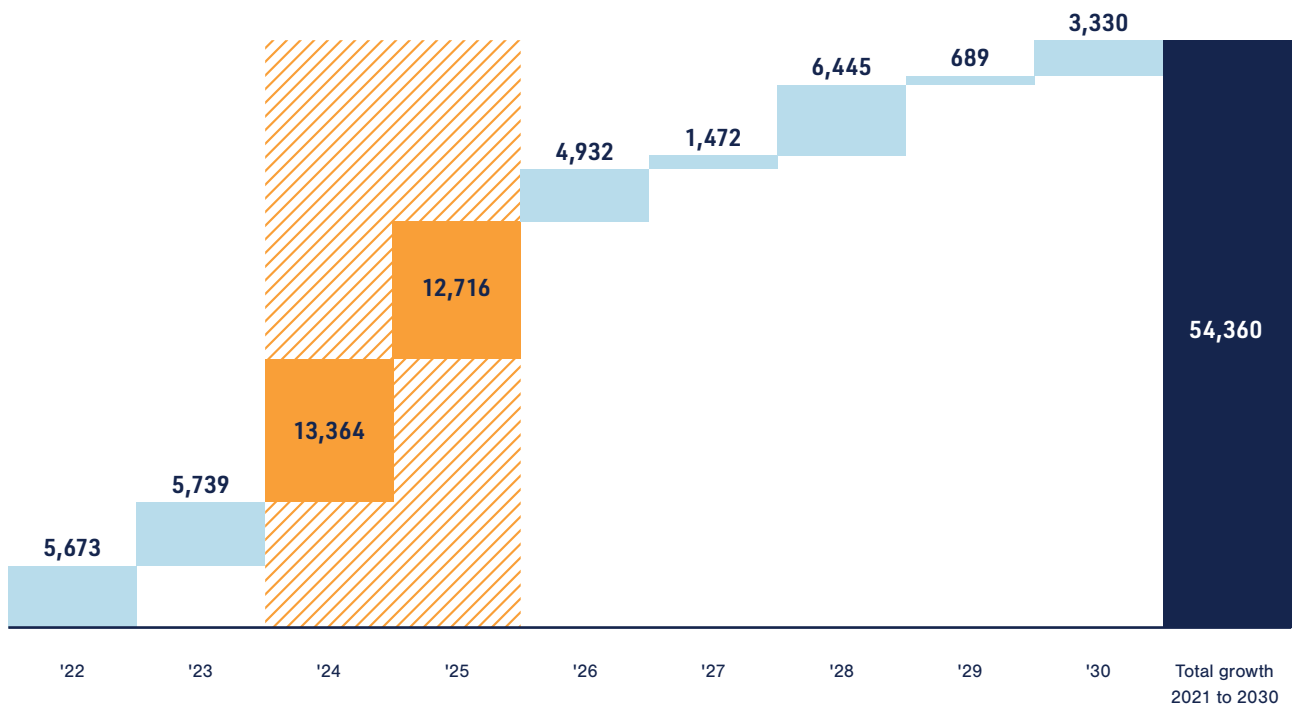
With record low unemployment rates and as the nation recovers from the COVID-19 pandemic, Australia faces a critical skills shortage. Without skilled people to keep pace with evolving technologies and the changing nature of work we risk falling behind the rest of the world.

Our continued prosperity depends on more skilled graduates.

By 2024-25, the young adults of the mid-2000s baby boom will be ready to enter university. We need to make sure we're ready for the increased demand so that we can keep producing the graduates we need for a thriving, modern economy.



Projected growth in 18-year-old population to 2030, compared to 2021



Universities help build the workforce of tomorrow (cont'd)



Key to developing new sovereign capabilities is ensuring Australians have the education and skills they need to succeed in emerging industries.

Over the five years to 2026, the National Skills Commission predicts more than

600,000

new jobs will be created that will require a bachelor degree or higher.

There have been big increases in student demand for health, natural and physical science, information technology and engineering qualifications over the last decade.

Health up
↗ **66%**

Natural & physical science up
↗ **52%**

Information technology up
↗ **50%**

Engineering up
↗ **11%**

Technology is driving the need for more workers to acquire new skills at different times in their lives. People will need new skills to perform their jobs and will need to access industry-focused microcredentials.



How does Australia unleash universities' potential to drive productivity and increase the size of the economy?



- Ensure policy and investment settings build and maintain a strong, vibrant university teaching and research system.

- Establish long-term support for university research to build a pipeline of innovative ideas that boost productivity and translate into economic impact.

- Better support research and development by shifting the balance to direct support programs and away from indirect schemes such as the R&D tax incentive.

- Expand the number of fully funded university places to meet the growing need for skilled graduates and prepare for the expected boom in the number of young adults looking to enter university in 2024-25.

- Extend uncapped places to all Aboriginal and Torres Strait Islander students, not only those from regional areas.

- Extend the Higher Education Loan Program to Australians who wish to undertake microcredentials.

- Create a time-limited fund to support partnerships between universities and community-based health services to ensure students can complete their practical learning on time, especially when we need more skilled healthcare professionals in aged, disability and primary care.

- Create a time-limited grant program to support technology solutions, such as simulations, in clinical education. This can help overcome the logistical challenges of the pandemic and provide more innovative ways for students to complete practical learning components of their degrees.

- Remove duplication and overlap in regulatory and reporting requirements to reduce the red tape burden on universities.