

# Built on bright ideas

A POLICY GUIDE TO AUSTRALIA'S FUTURE

April 2022



UNIVERSITIES  
AUSTRALIA





Australia's universities  
contributed

**\$41bn**

to our GDP in 2018  
and supported

**259,100**

jobs.

For every

**\$1**

invested in research,

**\$5**

comes back to the  
economy.

International  
education is our

**No. 1**

services export,  
contributing over

**\$19bn**

in 2018 alone.

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# Australia is built on bright ideas

Every day, millions of Australians pour their skills, expertise and hearts into their communities. This commitment is nothing new: our prosperity, productivity and wellbeing has always been driven by each other's bright ideas.

Despite the uncertainty of the last two years, Australians have worked together to overcome seemingly insurmountable obstacles with ingenuity, expertise and creativity. As we look beyond the COVID-19 pandemic, now is the time to reaffirm and harness this spirit to build a better future.

Australia's universities are already a trusted partner in this future. Universities are part of Australia's national fabric, and universities have national and international impact.

The knowledge, innovation and ideas of university graduates, researchers and experts are central to addressing new challenges, fulfilling the needs of today's and tomorrow's work, and growing prosperity across our economy.

Critical thinking, cutting edge knowledge and expertise cements our sovereign capability and global standing.



As the coming years present us with enormous challenge and opportunity, our universities are committed to taking them on, in partnership with the nation, for the benefit of every Australian.

Let's keep building Australia on bright ideas.

# Building productivity powered by our universities

University education and research drive productivity, creating economic prosperity for us all.

Australia's universities are key to re-energising national productivity. Through higher education, research and engagement, universities are ready to contribute to solving our biggest ecological, economic and social challenges.

Skilled graduates bring bright ideas, critical thinking and the latest knowledge to solve our nation's challenges, improve business productivity and change lives. Australia's university-qualified workers grew the economy by 8.5 per cent, or \$161 billion, in 2018.<sup>1</sup>



Meanwhile, university research underpins innovation which enables business to thrive. It's no coincidence that South Korea,

**Every dollar spent on university R&D has grown the Australian economy by \$5.**

Singapore, Israel and other world leaders in research are seeing the productivity benefits from their investment in R&D.<sup>1,2</sup>

Over the last thirty years, every dollar spent on university R&D – including foundational research – has grown the Australian economy by \$5. Every 1 per cent increase in said spending grows multifactor productivity by 0.13 percentage points.

Regulation should support our universities to build Australia's productivity through innovation and safeguard our global reputation for high-quality education and research. Together, universities and government can strike a balance of regulation that will re-energise Australia's productivity.

When government invests in universities, it builds Australia's best.

# Building our workforce for today and tomorrow

Australians are uplifted by the high-quality education delivered by our universities.

University-qualified workers enjoy benefits in a range of areas, including higher wages, better employment outcomes and improved health and wellbeing. Over their lifetime, a university graduate is expected to be \$674,000 better off on average than a non-graduate.

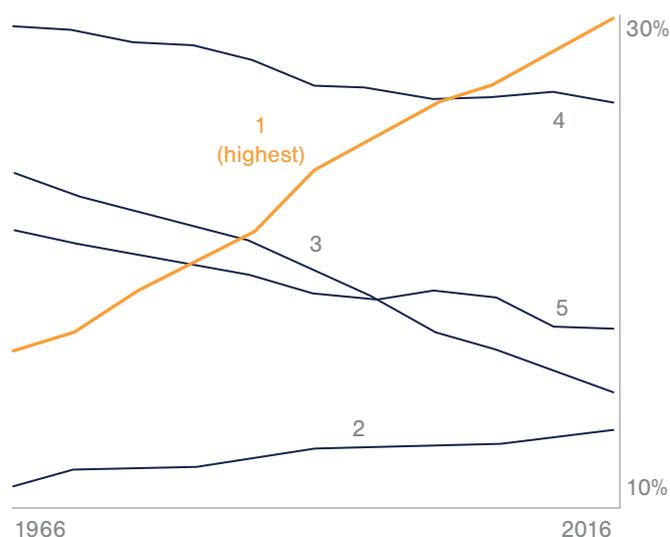
These benefits extend to the wider community and workforces. Each new university graduate delivers an average of \$891,000 in benefits to the broader economy over their lifetime. This includes higher tax contributions, the creation of new jobs and higher benefits for non-graduate workers, and increased investment.<sup>1</sup>

The shape of Australia's workforce is changing. The last five decades of employment growth has been almost exclusively in the highest-skilled jobs (Figure 1),<sup>3</sup> with this trend expected to continue.

Over the next five years, the National Skills Commission predicts more than 500,000 new jobs will be created that will require a Bachelor degree or higher.<sup>4</sup>

Meanwhile, 95 per cent of jobs on the priority list for skilled migration are at the highest skill levels.<sup>1</sup>

Fig 1: Change in employment by Skill Level, as defined by the Australian Bureau of Statistics.<sup>6</sup>



Our continued prosperity needs more knowledge – not less, and more skilled graduates – not fewer, to fulfil the needs of our modern economy. As our economy needs increasing numbers of skilled graduates, more fully-funded Commonwealth Supported Places are needed for Australians seeking to undertake a university education.

By 2024-25, the young adults of the mid-2000s baby boom will be ready to enter university – and universities hope to be able to welcome them.

The scale of the increase is large (Figure 2). By 2030, there will be 55,000 more 18-year-olds in Australia than there were in 2021. In both 2024 and 2025, the 18-year-old population will increase by well over 10,000 per year.<sup>5</sup>

Fig 2: Projected growth in 18-year-old population compared to 2021.<sup>5</sup>



Government and universities need to prepare now for this increase in demand, and to ensure that these young Australians have the same opportunities to go to university as those before them.

Graduates will fulfill a range of different jobs in their careers, including some that do not yet exist. Life-long learning enables Australians to build on the foundations of their initial university qualification.

Our universities offer flexible courses, such as industry-linked certificates and microcredentials, that better suit the needs of those up-skilling and re-skilling.

Current policy settings create barriers to up-skilling through life-long learning. At present, our universities' modern and relevant course offerings are ineligible for financial support under the FEE-HELP program, creating an up-front disincentive for many Australians.

Australia should ensure funding and policy settings that enable learners to access courses that suit their needs, when it suits them. In turn, this ensures Australia has access to the skills we need, when we need them.

When government invests in life-long learning, it builds our economic prosperity.

# Building knowledge and ideas to benefit all Australians

Australia's universities are the backbone of our research and development capability.

Every day, thousands of Australia's most talented researchers work in our universities to solve our greatest challenges and create new opportunities. They bring us life-saving health advances, help us to understand our society and environment and boost prosperity.

**Investing 1% more in uni research would grow GDP by almost \$2.4 billion per year.**

Australia's university research and development benefits all of us. We're recognised globally for its high quality and the return on our R&D investment flows throughout the economy. If an extra one per cent was invested in university research now, our GDP would grow by \$2.4 billion annually over time.<sup>1</sup>

The sovereign research capability that universities foster is one of Australia's greatest assets. It is the result of decades of investment from taxpayers, and by our universities who fund more than half of the R&D they undertake,

including through revenue earned from international education.

University capability and expertise equip us to tackle the most complex challenges and grasp the biggest 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.

Australia's universities play a huge role informing and equipping us to confront the great global challenge of climate change and adaption to it. Universities are essential to an effective response to climate change, and to the development of clean energy and sustainable industries. University research – in partnership with government and industry – generate the new ideas we need and identify how to apply them.

Similarly, universities' expertise and research help Australia to navigate geopolitical shifts and uncertainty. Universities are unique institutions – with expertise across many fields including the sciences, health, the social sciences, the humanities and the arts.



As such, universities build the nation's capacity in many areas – economic, technological, social and diplomatic. Universities are vital to building resilience and adaptability – for individuals, firms, communities and the nation as a whole. The past two years have shown that our universities are some of the most valuable assets in our community. From epidemiologists and engineers to economists and ethicists, our university experts have partnered with the community to help Australia face the COVID crisis.

More than this, universities help us to understand who we are and our place in the world. University research points to what Australia might become.

Government has made a critical contribution to investment in university R&D over several decades. It is important to at least maintain this government investment, to ensure that university R&D keeps contributing to a prosperous Australia.

In 2018-19, however, total government investment in university R&D as a proportion of GDP was the lowest in four decades. Action is needed now to ensure that university R&D keeps contributing to a prosperous future, and additional funding will ensure it can continue through the pandemic.

While the quality of our university research is world-renowned, as a nation we can do more to connect our industries to the great ideas inside our universities.

This must be a long-term agenda, where the nation's industries see university collaboration as "business as usual". Modern and relevant strategies, including innovation vouchers and direct incentives, are a practical first step to encourage industry to engage in partnerships, so that the cutting-edge expertise of our universities translates to globally competitive and innovative industries.

Australia's university research can continue to deliver us big advances, bring bright ideas to life and create jobs for today and tomorrow.

When government invests in university R&D, it builds our innovative future.

# Building our global standing, mobility and excellence

Australia's future is built not just from our own abilities, but from our connections with the world.

We're a strong player in international research, thanks to our capacity to attract the best and brightest from around the globe. The best research and biggest breakthroughs are undertaken by international, cross-disciplinary teams.

**International education contributed over \$19 billion to our GDP in 2018 alone.**

Our global links also build our global reach and diplomacy, helping to shape the world we live in. International education showcases our nation to hundreds of thousands of students every year, creating a vast global network of ambassadors for Australia.

The exchange of talent and bright ideas builds our economic prosperity. International education at Australian universities contributed more than \$19.4 billion to our GDP and supported more than 127,300 jobs across Australia in 2018.<sup>1</sup>



The COVID-19 pandemic, however, has severely disrupted our international education sector. Its economic contribution declined by almost a quarter in 2020 alone: from \$40 billion in 2019 to \$31.5 billion.

Continuing to attract international students and researchers to our renowned international sector will form an important part of Australia's economic recovery.

When government invests in global mobility, it builds our global standing.

# The steps we need to take

## Access to university education

Support every Australian who wants to study with a place at university so we keep up with the economy's growing demand for skilled people and gear the country for a strong future.

- Working in partnership, universities and government can give all Australians a genuine opportunity to choose a university education.
- Expand the number of fully-funded 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 by 2024-25.
- Expand uncapped places to all Aboriginal and Torres Strait Islander students, regardless of their postcode.

## Research sustainability

Maintain Australia's place as a top research nation so all Australians can reap the benefits of bright ideas and breakthroughs.

- The research system needs sustainable, increased and predictable long-term investment.
- Investment should match the OECD average of 2.4 per cent of GDP and grow commensurately with GDP.

## Research commercialisation

Incentives for proactive, long-term collaboration with universities can help business invest in bringing Australia's brightest ideas to the world.

- Stimulate commercialisation of research with direct incentives for business to back university ideas.
- Include demand-side programs like technology vouchers and the scaling up of the Business Research Innovation Initiative.



### Global connections

Connecting our university students and researchers to the world – and warmly welcoming the world’s brightest in return – will cement Australia’s place in the global exchange of knowledge and ideas.

- Establish clear plans that put Australia’s international education and research back on the world stage.
- Support universities in encouraging international students and researchers to, once again, make Australia their destination of choice.

### Life-long learning

New skills help Australians stay ahead in a changing world. Microcredentials equip people with skills for the future.

- Provide flexible access for learners to access higher education as they need it, when they need it.
- Expand FEE-HELP to microcredentials and shorter courses to ensure that Australians can up-skill and re-skill as they need to.

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