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Australian Universities Accord Panel
Department of Education
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Via online submission

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Dear Minister for Education, Hon Jason Clare MP,

The Victorian Chamber of Commerce and Industry welcomes the opportunity to provide a submission on the Australian Universities Accord to contribute to the transformative reform of the higher education system in Australia.

As Victoria's leading business and industry body, each year the Victorian Chamber informs and services more than 65,000 members, customers, and clients across the State. Our work encompasses all industry sectors, spanning small, medium, family and large enterprises.

The position presented in this submission has been informed by our ongoing member consultation. We would be happy to meet to discuss this submission.

If you would like to discuss this in more detail, please contact Dylan Broomfield, General Manager, Policy and Advocacy, on [REDACTED] or DBroomfield@victorianchamber.com.au.

Yours sincerely,



Paul Guerra
Chief Executive
Victorian Chamber of Commerce and Industry

Introduction

The Victorian Chamber of Commerce and Industry welcomes the opportunity to provide a submission on the Australian Universities Accord to help shape the fundamental role of higher education in contemporary Australia. As Victoria's leading industry body, the Victorian Chamber is the voice of more than 65,000 members, customers and clients across the State. We represent all industries and businesses – small, medium, family, and large.

This submission contains 28 recommendations to the Australian Government that reflect the views of our membership, which includes universities and dual sector institutions. The recommendations were informed by insights and data obtained through roundtables, surveys, one-on-one consultation with members, and the Victoria Summit 2021 process.

Higher education exists to train the next generation of workers to enter the workforce, while also providing critical research that helps solve industry problems. Australia needs a higher education system that is built on national needs and in line with industry demands. This will see more people into jobs that will propel the growth and prosperity of our nation into the future.

Through the Victorian Chamber's extensive consultation with industry and higher education providers, one common sentiment has prevailed: Australia needs to develop a more flexible and nimble tertiary education system that responds to industry needs. Core to this is industry collaboration.

Accredited internships, industry-based research and learning precincts boost industry participation in education and training. Employers, students, and universities benefit from the reciprocity of these work-integrated learning partnerships. They increase on-the-job training opportunities, enabling students to acquire practical skills and businesses to teach industry-specific skillsets to new grads and fill job vacancies.

Adapting PhD courses so that they are demand-led, meaning businesses put forward research problems that PhD researchers solve through working full time in industry, would also increase innovation in industry while simultaneously improving student employability.

The benefits of offering more work-integrated learning to students would be felt across the economy. In times of critical skills shortages, work-integrated learning gives businesses access to an untapped labour market of full-time undergraduate and postgraduate students. Providing industry with another pipeline of workers will lift productivity, industry development and economic growth.

Job mobility in Australia is on the rise¹ and, therefore, the higher education system needs to cater for reskilling and upskilling in the labour market. Lifelong learning enables the sector to evolve with industry and the multiple career changes of workers. Facilitated through microcredentials and degree apprenticeships, these 'earn while you learn' models increase enrolments in higher education courses and enable institutions to diversify their course offerings.

Further, Australian universities need to shift their focus from academic output to the commercialisation of research. With a focus on commercialisation, universities can become central to the creation of new products and services, translating to more jobs and industries.

To encourage further study in Australian tertiary education institutions, greater integration between the higher education and VET systems is needed. This should be accompanied by continual careers advice and development throughout the entire student journey.

To attract international students back to our country, Australia must improve international student employability and offer ongoing post-study work rights. International education creates global citizens and provides industry with another pipeline of workers.

¹ ABS (2022). Job mobility. Accessible at: <https://www.abs.gov.au/statistics/labour/jobs/job-mobility/latest-release#change-in-industry>

Finally, all students need transparency of course costs upon enrolment. This would encourage people more to pursue higher education.

The recommendations in this submission ensure our higher education system meets Australia's knowledge and skills needs, through adequate industry engagement and investment, better connection with the vocational education and training (VET) system, refocused innovation and commercialisation, and improved quality and sustainability.

Recommendations

1. Enable the higher education system to include accredited internships as an option in all courses to provide students with more practical industry-specific training and increase student employability.
2. Adapt PhD courses to ensure that more research projects are demand-led, meaning businesses put forward research problems that PhD researchers solve through working full time in industry, to increase innovation and solve industry problems.
3. Incentivise businesses to develop paid internship programs for students to address labour shortages.
4. Establish a standard internship framework (e.g., template of internship agreement) to facilitate the development of internship partnerships between education institutions and industry.
5. Incorporate 'industry relevance tests' into higher education courses to ensure course content is useful and up-to-date. These can be carried out through consultation with businesses who take on interns.
6. Establish an online internship marketplace that connects researchers with industry to solve industry problems.
7. Create learning precincts, whereby industry partners with higher education institutions to participate in research, to improve industry innovation.
8. Establish regional development precincts to provide place-based economic and social outcomes for the regions and develop a skilled agricultural workforce to further regional growth.
9. Bring more industry professionals into the higher education system, through learning precincts, to increase the transfer of industry knowledge and skills to students and researchers.
10. Facilitate industry engagement in the development of microcredentials, including providing funding and a faster means to accreditation, to rapidly reskill and upskill the workforce to meet industry needs.
11. Embed industry in the recognition of prior learning, particularly practical skills and knowledge, to ensure industry standards are met and expand the pipeline of potential workers to fill job vacancies.
12. Embed degree apprenticeships into the Australian higher education system to allow workers to earn while they learn, upskill, and address acute skills shortages.
13. Shift the focus of the higher education system from academic output to the commercialisation of research to drive industry innovation and development.
14. Establish formal commercialisation training for researchers, industry and other personnel that work in the commercialisation field to help bring new products and services to market.
15. Incentivise industry to engage with higher education institutions to commercialise research.
16. Establish sectoral-based R&D brokers to connect researchers with the appropriate industry partners to transform innovations into viable products and services for market.
17. Develop a comprehensive R&D ecosystem (i.e., like in Silicon Valley and Boston), with wrap-around services, whereby universities, government and the private sector all collaborate to attract more overseas skilled talent.
18. Establish a Small Business Innovation Research (SBIR) program to encourage small business to engage in R&D.
19. Increase alignment between the higher education and VET systems, in terms of funding, regulation and qualifications, so that students can easily transition between the two systems.
20. Embed career development into all higher education and VET courses to assist students with their transition into the workforce.
21. Invest in training qualified careers professionals to provide primary, secondary and tertiary students with in-depth career development to help them navigate the tertiary education system and find jobs.

22. Provide ongoing post-study work rights to international students who want to work in Australia after completing their higher education degrees.
23. Leverage international students' foreign language skills (where applicable) to align them with export industries and provide them with more meaningful work experience.
24. Change the narrative around international education from revenue to increased understanding of geopolitical issues to improve political stability and create global citizens.
25. Reward universities for commercialising research through targeted incentives.
26. Establish more research collaborations and partnerships with international higher education institutions to make Australian higher education institutions more attractive to international students.
27. Create agreements between tertiary institutions in cities around Australia and overseas so that international students can travel while they study.
28. Cap increases to course prices once students have enrolled to give all students certainty that they will be able to afford tuition fees.

Increasing collaboration with industry

Industry collaboration should be at the heart of the higher education system. After all, higher education exists to prepare the next generation of workers for the workforce. Internships, placements, industry-based research, and learning precincts should be formally integrated into the Australian higher education system. This would ensure industry is permanently and actively shaping the knowledge, training, and skills of our future workforce.

The Australian Government should enable the higher education system to incorporate accredited internships and placements in industry at all levels. These work-integrated learning experiences should be optional in undergraduate courses and mandatory in postgraduate courses, particularly those conducted via research. This would provide students and researchers with the opportunity to put their knowledge and skills acquired in the classroom into practice in industry.

Reciprocity is key to ensuring the success of work-integrated learning. Done right, all parties win. Internships must be paid and offer meaningful work experience to students. By taking on interns, businesses can provide tailored training to produce job-ready graduates, providing industry with a pipeline of workers that address labour market shortages.

At doctoral level, the Government should seek to change the current PhD system from university-based research to industry-based research. In such a system, industry puts forward paid research projects they require assistance with, and PhD researchers apply to work in industry on the research projects to solve industry problems. The French doctoral system provides a real-world example the Government could adopt. It sees doctoral researchers carrying out research full time in industry with a thesis supervisor.² This would permanently embed industry collaboration in postgraduate research programs, mutually benefitting students requiring industry experience and businesses needing solutions to problems.

In an industry-based PhD model, the Australian Government Research Training Program Stipend Scholarship would be replaced with industry contribution paying researchers wages. In return, businesses would receive tax breaks for taking on PhD researchers. The current stipend rates do not encourage students to embark on further study because they do not provide sufficient financial support, particularly during times of rising inflation and costs of living. Alternatively, PhD scholarships could be co-funded by industry and the Government like in the La Trobe Industry PhD program.³

To stimulate greater industry investment in research and on-the-job training of students, the Government should incentivise businesses to develop paid internships, particularly postgraduate research students. Incentives, such

² Campus France (2017). *What Is Involved In A Doctorate In France*. Accessible at: <https://www.campusfrance.org/en/what-involved-Doctorate-France>

³ La Trobe University (2022). *La Trobe PhD - with an industry focus*. Accessible at: <https://www.latrobe.edu.au/research/graduate-research/choose/industry-community/industry-phd>

as tax breaks, would encourage businesses to invest in training young professionals or mid-career workers transitioning into new industries.

Incorporating ‘industry relevance tests’ that are built into courses and carried out by industry would also encourage industry engagement in higher education. This would ensure course content is up-to-date with current industry standards. Industry is the beneficiary of an educated workforce, so they should be able to co-design course content to make it more fit-for-purpose.

To further motivate industry to develop internship programs, the Government should create an internship toolkit for industry to ensure the successful delivery of on-the-job training. Such a toolkit would include a standardised internship agreement, job description template, internship framework, intern orientation package, compensation package template, and wrap around support services for industry. Additionally, an online internship marketplace, whereby businesses advertise research projects and students apply to work on them, would easily connect the right researchers with industry to solve business problems.

Further, the development of place-based learning precincts, whereby industry partners with higher education institutions to participate in research and innovation, would also propel industry involvement in higher education. This would also strengthen relationships between business and academics.

Precincts are the factories of the future. They act as melting pots of ideas, collaboration spaces where researchers and startups all work together in shared facilities and laboratories. Industry professionals should be brought into learning precincts to share their practical skills and knowledge. In return, they can utilise the shared research facilities to come up with innovative solutions to industry problems. This would assist the transfer of industry knowledge and skills to students, as well as boost innovation.

Internships, placements, industry-based research, and learning precincts all increase industry collaboration with the higher education system. A constant dialogue between universities and business would ensure graduates have the relevant skills and training to enter the workforce. It would also guarantee businesses have a pipeline of job-ready workers. Implementing these changes are essential to meeting Australia’s knowledge and skills needs, now and in the future.

1. Enable the higher education system to include accredited internships as an option in all courses to provide students with more practical industry-specific training and increase student employability.
2. Adapt PhD courses to ensure that more research projects are demand-led, meaning businesses put forward research problems that PhD researchers solve through working full time in industry, to increase innovation and solve industry problems.
3. Incentivise businesses to develop paid internship programs for students to address labour shortages.
4. Establish a standard internship framework (e.g., template of internship agreement) to facilitate the development of internship partnerships between education institutions and industry.
5. Incorporate ‘industry relevance tests’ into higher education courses to ensure course content is useful and up-to-date. These can be carried out through consultation with businesses who take on interns.
6. Establish an online internship marketplace that connects researchers with industry to solve industry problems.
7. Create learning precincts, whereby industry partners with higher education institutions to participate in research, to improve industry innovation.
8. Establish regional development precincts to provide place-based economic and social outcomes for the regions and develop a skilled agricultural workforce to further regional growth.
9. Bring more industry professionals into the higher education system, through learning precincts, to increase the transfer of industry knowledge and skills to students and researchers.

Facilitating lifelong learning

Lifelong learning is becoming increasingly important to industry and workers. The skills required in industry are constantly evolving and workers are changing jobs more frequently than ever before. On average, Australians are remaining in jobs for 3.3 years, and are estimated to have 17 different employers and five career changes throughout their lives.⁴ Workers require short courses to rapidly reskill and upskill into new jobs and industries.

The higher education sector has the opportunity to evolve to meet these changing industry and labour market needs. To grow a culture of lifelong learning in Australia, the Government should seek to engage industry in the development of microcredentials, increase recognition of prior learning (RPL), and introduce degree apprenticeships.

The current higher education system is not flexible enough to enable universities to adequately respond to industry demands. For many decades, the higher education sector has operated under a 'supply-led' approach, meaning that students enrol in general courses that they are interested in. However, these courses frequently do not align with industry needs. The higher education sector needs to be encouraged to transition to a 'demand-led' approach, whereby industry co-designs courses with education institutions to meet specific industry requirements.

Industry must lead this conversation and inform higher education providers of the vacant jobs and specific skillsets required to fill those jobs to address critical skills shortages, both now and into the future. Thus, industry should co-design curriculum and provide feedback to higher education institutions to avoid skills gaps. An industry-led system would ensure that microcredentials are meaningful and it-for-purpose.

To produce bespoke training courses, the Government needs to facilitate industry engagement in the development of microcredentials, including providing funding and a faster means to accreditation, to rapidly reskill and upskill the workforce. This would give the higher education system more flexibility to collaborate with industry in the design and implementation of short, targeted courses.

Important to lifelong learning is RPL. Industry should play a core role, along with education providers, in recognising prior learning. The higher education system must bring in industry experts to measure prior practical skills and knowledge. This would ensure that prior education, particularly qualifications received overseas, meets current industry standards. Increasing RPL would also provide industry with an expanded pipeline of workers to fill job vacancies.

Further to this, degree apprenticeships, like those in the UK⁵, are another lifelong learning success story and proven way to engage industry in higher education. They offer an 'earn while you learn' model, which would attract school leavers seeking to avoid high tuition fees and student debt, and also mature-aged adults who cannot afford to stop work in order to retrain or upskill. For example, degree apprenticeships support progression from trades and technical roles into management. The Government should adopt an Australian model of degree apprenticeships to address evolving labour market demands and acute skills shortages in industry.

Australia needs a whole-of-economy approach to create skills pipelines. Microcredentials co-designed by industry, increased RPL and degree apprenticeships would all facilitate lifelong learning and make the higher education system more flexible to adapt to industry needs.

10. Facilitate industry engagement in the development of microcredentials, including providing funding and a faster means to accreditation, to rapidly reskill and upskill the workforce to meet industry needs.
11. Embed industry in the recognition of prior learning, particularly practical skills and knowledge, to ensure industry standards are met and expand the pipeline of potential workers to fill job vacancies.

⁴ Mccrindle (2020). *Job mobility in Australia*. Accessible at: <https://mccrindle.com.au/article/job-mobility-in-australia/>

⁵ UK Government (2022). *Higher and degree apprenticeships*. Accessible at: <https://www.gov.uk/government/publications/higher-and-degree-apprenticeships>

12. Embed degree apprenticeships into the Australian higher education system to allow workers to earn while they learn, upskill, and address acute skills shortages.

Investing in the commercialisation of research

The Australian higher education system excels at research and innovation; however, it falls short when it comes to commercialisation. Universities need to shift the focus from academic output (e.g., the publication of articles and books) to the commercialisation of research and return on investment. In doing so, universities will become key to the creation of new products, services, industries, and jobs, driving industry development and enhancing economic growth. While universities have started down this path, there is still significant opportunity to be embraced.

There are several ways the Government can invest in commercialisation, starting with dedicated commercialisation training. Part of Australia's shortfalls in this area are due to the lack of commercialisation training for researchers and staff in tech transfer offices. Equipped with the right knowledge and tools to effectively take new technologies and services to market, researchers will be more inclined to engage with industry through the commercialisation process. Similarly, there should be tax incentives for businesses that collaborate with higher education institutions to commercialise research.

To further foster commercialisation, Australia needs research and development (R&D) brokers to help connect researchers with the appropriate business partners to take innovations to market. The Victorian Chamber is developing an R&D broker model, whereby the Chamber acts as the conduit between industry, education providers, government, and private investment to facilitate commercialisation. The Australian Government has the opportunity to back this important initiative.

The sector would also benefit from developing a comprehensive R&D ecosystem (i.e., like in Silicon Valley and Boston) with wrap-around services, whereby universities, government and the private sector all collaborate to commercialise innovations. A well-supported R&D ecosystem that is set up for success would also attract more overseas skilled talent, helping to solve critical skills shortage in Australia.

Small businesses in particular require further assistance to commercialise. With small, medium, and family enterprises (SMFEs) making up a large portion of the Australian economy, the Government should look to adopt the Small Business Innovation Research (SBIR) program⁶ run by the United States. This program encourages small businesses to engage in federally funded R&D with the potential for commercialisation. This would stimulate technological innovation and foster participation in entrepreneurship by women and socially or economically disadvantaged persons.

Investing in the commercialisation of research would deliver new knowledge, innovation and capabilities to market, improving productivity, creating more jobs and propelling growth along the way.

13. Shift the focus of the higher education system from academic output to the commercialisation of research.
14. Establish formal commercialisation training for researchers, industry and other personnel that work in the commercialisation field to help bring new products and services to market.
15. Incentivise industry to engage with higher education institutions to commercialise research.
16. Establish sectoral-based R&D brokers to connect researchers with the appropriate industry partners to transform innovations into viable products and services for market.
17. Develop a comprehensive R&D ecosystem (i.e., like in Silicon Valley and Boston), with wrap-around services, whereby universities, government and the private sector all collaborate to attract more overseas skilled talent.

⁶ SBIR (n.d.). *The SBIR and STTR Programs*. Accessible at: <https://www.sbir.gov/about>

18. Establish a Small Business Innovation Research (SBIR) program to encourage small business to engage in R&D.

Harmonising the Higher Education and VET systems

Universities and TAFEs need greater integration to deliver Australia's skills needs. Currently, the different regulations and funding at both federal and state levels make it difficult for Australians to engage with the two systems. Australia must make it easier for students to transition between universities and TAFEs.

There needs to be more alignment, in terms of funding, regulation and qualifications, to make it easier for students to navigate and switch between the two systems. The Government should seek to make the tertiary education sector more flexible and agile by encouraging course design across different qualifications and skillsets. This should be supported by continual careers advice and development.

Career development must be integrated into all higher education courses. This includes specific training on how to write a CV, promote yourself on LinkedIn, network, and respond to interview questions. Qualified careers professionals would also assess students' strengths, weaknesses, and areas of interests to help guide them down the right career path. Providing this extra assistance would see more students into jobs faster upon completion of their studies.

Both higher education and VET systems need to work together with industry to craft skills offerings that meet the needs of industry as well as learners.

19. Increase alignment between the higher education and VET systems, in terms of funding, regulation and qualifications, so that students can easily transition between the two systems.
20. Embed career development into all higher education and VET courses to assist students with their transition into the workforce.
21. Invest in training qualified careers professionals to provide primary, secondary and tertiary students with in-depth career development to help them navigate the tertiary education system and find jobs.

Attracting international students back to our shores

Australia needs to rethink our appeal to international students. To attract this important cohort of students back to our higher education institutions, the Government must improve international student employability, promote geopolitical gains, and increase partnerships between local and international institutions.

International students are the skilled migrants of the future, yet they lack meaningful work experiences when studying in Australia. The Government must provide international students with ongoing post-study work rights to make them more attractive to local employers and enhance their chances of securing employment. This would provide businesses with another direct pipeline of workers to address labour shortages.

As well as incorporating paid internship programs into the higher education system, leveraging international students' foreign language skills to align them with export industries would also help to create meaningful employment opportunities for students. It would also assist local businesses to reach new overseas markets. Paid internships provide international students with financial stability and certainty that they can afford the higher cost of living in Australia.

Further to this, Australia must change the narrative around international education from a focus on revenue, to enhanced understanding of geopolitics. By studying in Australian higher education institutions, international students can gain a geopolitical perspective on important issues that are critical to maintaining political stability

globally. This would bring about social benefits for all, boosting confidence in international relations and public security.

The pandemic exposed higher education's fragility and reliance on international students. To make our higher education system more sustainable, Australia must diversify its university funding model. The Government should seek to shift the funding model away from international education to the commercialisation of research. Universities should be rewarded for each research project that is successfully commercialised.

The Government should also seek to engage in more research collaborations and partnerships with international education institutions to make our higher education institutions more attractive to international students. Creating agreements between tertiary institutions in cities around Australia and overseas would allow international students to travel while they study. This would make our higher education system more appealing to prospective international students.

If implemented, these proposed changes would augment the quality and sustainability of higher education in Australia.

22. Provide ongoing post-study work rights to international students who want to work in Australia after completing their higher education degrees.
23. Leverage international students' foreign language skills (where applicable) to align them with export industries and provide them with more meaningful work experience.
24. Change the narrative around international education from revenue to increased understanding of geopolitical issues to improve political stability and create global citizens.
25. Reward universities for commercialising research through targeted incentives.
26. Establish more research collaborations and partnerships with international higher education institutions to make Australian higher education institutions more attractive to international students.
27. Create agreements between tertiary institutions in cities around Australia and overseas so that international students can travel while they study.

Capping increases to course prices upon enrolment

One of the biggest barriers to higher education is cost. Students need transparency of the price of courses upon enrolment. Once enrolled, students should not be subjected to dramatic price increases.

The Government should cap increases to course prices once students have enrolled so that students know up front how much courses cost and roughly how much student debt they will incur. This will give all students certainty that they will be able to afford tuition fees and make the HECS/HELP system fairer and more transparent.

Capping increases to course prices will also help entice more students to undertake further study in the higher education system.

28. Cap increases to course prices once students have enrolled to give all students certainty that they will be able to afford tuition fees.

Concluding remarks

The Victorian Chamber congratulates the Australian Government on undertaking this important review of our higher education system, which plays a vital role in shaping our future workforce, jobs and industries. We urge the Government to adopt our 28 recommendations put forward in this submission. If adopted, Australia will be well positioned to create a more agile and fit-for-purpose higher education system, which addresses both industry and labour market trends.