

# Employment White Paper

## Introduction

Innovative Research Universities (IRU) welcomes the opportunity to make a submission to the Employment White Paper process — the critical next step to address skills and labour shortages in Australia’s workforce, and to describe a potential future state for Australia’s working people.

IRU further welcomes the Australian Parliament’s decision to explicitly include universities in the consultative groups that Jobs and Skills Australia must engage with as part of its remit to build a better-trained and more productive workforce. Being included was an issue IRU, and other institutions, included in submissions to the *Jobs and Skills Australia (Provisions)* and *Jobs and Skills Australia (National Skills Commissioner Repeal) Bills 2022 [Provisions]*. [\[Link\]](#)

We also note the Government’s related work on industrial relations reform in the form of the *Fair Work Legislation Amendment (Secure Jobs, Better Pay) Bill 2022* that passed through both Houses on 2 December 2022.

## About IRU

The IRU was established in July 2003 as a coalition of comprehensive research universities committed to inclusive education and innovative research and to delivering impact for our communities.

Our membership is Flinders University, Griffith University, James Cook University, La Trobe University, Murdoch University, University of Canberra, and Western Sydney University.

The history of our member universities goes back to the 1960s and early 1970s when, under both Liberal and Labor governments, there was an expansion of new forms of higher education and research to meet the needs of the nation. As capital cities and regional centres grew, new universities and Colleges of Advanced Education were established to open up access to students.

The young public universities in the IRU trace their history to this moment in Australia’s social and economic development.

As outlined in the [IRU Strategy 2022–27](#), IRU continues to contribute to a better future for Australia through collaboration, partnerships and constructive engagement in public policy.

## Key points to note from this submission

- A strategic and joined up approach to workplace transformation is key to the success of the Government’s reform agenda.
- IRU universities already contribute positive solutions to many of the issues raised in the terms of reference for the Employment White Paper.
- To incentivise choice and improve equity in higher education pathways to labour-force participation, the Job-Ready Graduates program needs to be reformed.
- IRU encourages the adoption and expansion of place-based social inclusion initiatives to help address inclusion and equity.

- Further strategic support for schemes such as innovation precincts, will help guarantee the pipeline of innovations that fuel future job growth.
- Universities are the engine rooms of the curiosity that will deliver a balanced research system supporting the full spectrum of research and development with a focus on impact.

## The policy context

A strategic and joined up approach to workplace transformation is key to the success of the Government's reform agenda and IRU supports cross-portfolio consultation and a conscious commitment to a whole-of-government approach as part of the Employment White Paper process.

The newly launched Universities Accord is a significant opportunity for reform for Australia's universities and the role they play in capability building. This and reviews across other government portfolios — including in science and industry, defence, health, social services, the National Disability Insurance Scheme, and childcare — need to be strategically connected.

We applaud the commitment to cross-portfolio consultation in the White Paper's terms of reference.

The terms of reference for the Employment White Paper can be summarised as follows:

- increased productivity
- wage growth and the future of work
- workplace relations
- equity
- labour force participation
- the role of collaborative partnerships.

This submission does not seek to address all these issues but will emphasise how universities, such as those within IRU, are already collaborative partners who understand and respond to Australia's workforce capacity and skills shortage issues. It will show that initial responses to skills and labour force shortages in the short-term must be balanced with longer-term strategic planning to address the impending gap in early and mid-career workers and that our universities are equipped and ready to assist.

IRU will use the Universities Accord process to make specific policy recommendations for higher education and research. Through this submission we will make some observations on improving or supporting best practice and will provide examples from our members to demonstrate ways in which universities already contribute to the issues addressed in the Employment White Paper. We will provide some case studies from within our universities of the initiatives the Government could support or continue to support to prepare Australian workers with the skills and training they need to succeed in the jobs of the future.

## Understanding future needs

In 2016, the National Skills Commission found that 90 per cent of future jobs will need a tertiary qualification<sup>1</sup> and 50 per cent of those qualifications will need to be at university level. This finding alone places the university sector at the heart of employment policy reform.

<sup>1</sup> <https://www.nationalskillscommission.gov.au/insights/projecting-employment-2026>

IRU argues that beyond educating the workforce of the future, universities play a key role in identifying the capability needs for a future Australian workforce and in influencing student study choices towards in-demand jobs.

Recent Productivity Commission analysis, as well as our [own analysis of the Job-Ready Graduates \(JRG\) program](#), indicates that price is unlikely to be the determining factor in student course choices. While current policy has attempted to use that lever to address labour force capacity and capability shortages, universities are better placed to connect student interest and aptitude with future anticipated skills shortages.

In [our submission to the Productivity Commission](#), IRU states that ‘differential subsidies based on immediate skills needs have little effect.’ We further claim that ‘students make good choices, and that improvements to the current system are possible without necessarily increasing public funding.’ However, our modelling of reform options shows that inequity within the system will increase — some students will end up paying more — unless the problems inherent in the current system are corrected.

Curriculum development within the sector coupled with student support and bespoke advice around subject choice is a more effective tool for directing students to workplace capability shortages over the mid- to longer term.

Programs such as (IRU member) James Cook University's [Pathways and Preparation](#) creates supported pathways from the secondary and vocational sectors, as well as for international and mature-aged students into the university.

Through such schemes, the university sector can shape student engagement with areas of workplace need and skills deficits. IRU believes these mechanisms will be more effective than price-based mechanisms currently in place in delivering graduates to meet these deficits.

### A long-term view

Short-term measures (addressing immediate skills shortages) are critical, and the Government is endeavouring to address this through targeted interventions in the skills sector. It is likely that these efforts, combined with strategic, skilled migration, will address some of the *short-term* workforce capacity issues.

IRU would caution, however, that this short-term approach needs to be balanced against a longer-term strategy to maintain and develop capabilities over time, to discover new opportunities, and to prepare for future enterprises that will benefit all Australians.

This should be linked to the future supply of student places, which contributes to this longer-term strategy. On-going government support will enable students to engage in studies in line with their skills and aptitudes and contributes to the supply of graduates and researchers who will ultimately engage with future national priorities for research and science such as those identified under the National Reconstruction Fund.

### The global perspective

In addressing the challenges facing the Australian workforce and shaping the potential government responses to them, it is important to understand that these issues occur within a wider global context. As a nation, we are subject to geopolitical, technological, and demographic changes that are

often beyond our control. Australia must be able to respond to the geo-economic landscape that affects our ability to deal with these global forces through the right workplace capability and skills capacity preparedness.

We operate in a competitive and sometimes hostile global environment where the impact of the policy decisions of powerful nations — both allies and otherwise — is unavoidable. To understand this landscape and to adapt and thrive on the international stage, Australia needs experts with intellectual, diplomatic, and critical thinking skills.

The 2016 Productivity Commission reported that our future economic needs will require a mix of skills, not just in STEM subjects, to equip us for success in the uncertain international environment. Foreign language skills, social sciences, and economic expertise all need to be at the forefront of Australia's effort to equip our workforce for the future. Through these skills we will be able to secure the international agreements and trade conditions required to build resilient supply chains in a dynamic geopolitical environment. Universities are the only realistic and consistent providers of these complex skillsets.

The future state of Australia's workforce will see rapid advances in technology and technological capability, but this inherently brings with it the need to understand the human and ethical dimensions of these advances. We need to ensure that the future workforce has the social science acumen to balance technological advances with social wellbeing for all Australians. Australia's universities will supply these experts.

Continuing government support must be available to universities to ensure there is an adequate pipeline of highly skilled professionals that operate successfully in this arena. As previously stated, there needs to be a reform of schemes such as the Job Ready Graduates (JRG) program to ensure students participating in humanities are not penalised because of the emphasis on science, technology, engineering, and maths (STEM) to deliver a post-COVID, tech-led recovery.

### Inclusion and equity

Access and equity are ongoing issues for the Australian labour force. A concerted effort across the whole economy is required to ensure the opportunities for specific groups are not compromised when immediate and longer-term capability issues within the workforce are being addressed.

IRU members teach 223,447 students across all course levels (15 per cent of the university sector), with 136,049 domestic undergraduate students (17 per cent of the university sector) and 48,923 international students across all course levels (11 per cent of the university sector). We teach a disproportionately high number of undergraduate students from low SES, regional, Indigenous and first-in-family, including:

- 22 per cent of Australia's low SES students
- 20 per cent of Australia's Indigenous students
- 16 per cent of Australia's regional and remote students
- 50 per cent of our students are first-in-family

IRU universities teach 10,900 students with disabilities, which is 17 per cent of the sector.

IRU believes that support for social inclusion programs, such as (IRU member) Griffith University's [Inclusive Futures: Reimagining Disability](#), is an essential component of future employment policy reform.

Griffith University's program is a 'university-led collaboration between people with disability and key research, education, industry, health, and social organisations. The program aims to solve the most pressing real-world challenges in the areas of disability and rehabilitation.'

Griffith partners with individuals who have lived experience of disability to redefine how we approach disability in society. Their vision is to create 'an inclusive future for all Australians where frontier technologies and innovations are embedded into healthcare and social systems, where built and natural environments are accessible and where communities are equitable and inclusive. Ensuring opportunities can be harnessed by everyone.'

Equity groups face additional challenges to employment participation despite evidence that greater social inclusion has net productivity dividends.<sup>2</sup> Programs of this type have an important role in improving labour market outcomes.

The gender wage gap still sits stubbornly at 14.1 per cent<sup>3</sup>, and Indigenous Australians consistently earn lower average wages and are disproportionately represented in statistics for low income families<sup>4</sup>.

Regionality is a further driver of inequality with evidence pointing to significantly unequal economic outcomes for regional and metropolitan Australia with around 80 per cent of economic activity happening in or near major metropolitan locations, primarily on the eastern seaboard and in Perth.<sup>5</sup>

IRU supports the use of place-based social inclusion initiatives, such as the above example from Griffith University, to support equity group participation and income equality for all equity groups and would encourage the adoption of these models in future employment policy measures.

### Structural issues in the care and education sectors

The care and education sectors have experienced impacts from a range of factors including the ageing population and the COVID-19 pandemic.

While significant and welcome investment has been targeted to wages in these sectors, more work needs to be done to maintain them at a standard expected in a wealthy developed economy.

There are structural issues surrounding the funding and availability of clinical placements in the care sector that continue to be a barrier to growth across the nation.

The [University of Canberra Hospital \(UCH\): Specialist Centre for Rehabilitation, Recovery and Research](#) provides a useful model that combines teaching and research opportunities that are engaged with and embedded in local health care industries.

<sup>2</sup> <https://www2.deloitte.com/au/en/pages/economics/articles/economic-benefits-improving-social-inclusion.html>

<sup>3</sup> <https://www.wgea.gov.au/newsroom/new-national-gender-pay-gap>

<sup>4</sup> <https://www.aihw.gov.au/reports/australias-welfare/indigenous-income-and-finance>

<sup>5</sup> <https://www.actu.org.au/media/1385202/d135-fow-regional-inequality-supplementary-submission.pdf>

The Clinical Education and Research Centre (CERC), which is central to the premise of UCH, links regional government health facilities with the teaching and research heft of the adjacent university, (IRU member) the University of Canberra.

In education, (IRU member) La Trobe University provides a similar scheme known as the [Nexus Program](#). With the support of funding delivered by Education Minister the Hon. Jason Clare MP, Nexus provides a first-of-its-kind employment-based pathway into Secondary teaching. It ‘prepares, mentors and graduates selected teaching candidates for economically and culturally diverse, and hard-to-staff schools in Melbourne, regional and rural Victoria.’

IRU believes that UCH and Nexus models offer solutions to the long-term career and clinical/teaching placement issues experienced in the nursing, aged care, and education sectors, and could offer a solution to the structural issues within these labour market groups.

### Universities in their communities

Research conducted by Australian National University Professor Andrew Norton, shows that the largest cohort in history of Australian-born students will reach higher education age in the mid-2020s.

Over 40 per cent of this cohort will seek higher education qualifications. His research suggests that there will be 70,000 more young adult students by 2030. Outer-metropolitan areas — Melbourne and Sydney’s outer suburbs, the Gold Coast, Ipswich and outer metropolitan Perth — will experience the largest population increases associated with this cohort.

IRU universities are largely located in these high growth regions. Our institutions are in outer-suburban, high growth and regional centres and we are significant contributors to the economic success in these communities.

IRU universities employ over 6,600 academic, 1,500 research only academic and over 9,000 professional staff. We provide direct employment for over 16,500 Full Time and Fractional Full Time Equivalent (FTE) workers.<sup>6</sup>

Within our local communities, IRU member universities are major consumers of services and resources. We support local industries, businesses, service providers, cafes and restaurants — both through supplying customers from our workforces and workers from our student cohorts.

The National Graduates Outcomes Survey of over 330,000 Australian university graduates showed that (IRU member) James Cook University (JCU) produces the highest proportion — nearly 40 per cent — of graduates who work in regional, rural and remote communities nationally. In Queensland, the figure is as high as 77 per cent. Nearly 85 per cent of JCU students who are *from* regional and remote locations *stay and work* in regional and remote locations<sup>8</sup>.

This is a feature of all of our member universities.

<sup>6</sup> <https://www.education.gov.au/higher-education-statistics/staff-data/selected-higher-education-statistics-2021-staff-data>

<sup>7</sup> Graduate Outcomes Survey, 2016-2020. Raw dataset supplied to JCU by Universities Australia, accessed 27 April 2021. Survey produced and reported by Social Research Centre

Mission-based compacts recognise each university ‘as an autonomous institution with a distinctive mission, operating within a state or territory, national and international higher education environment.’<sup>8</sup> By expanding place-based missions in the University Compacts model, universities and other higher education providers will be further empowered to expand their support in their local communities.

Beyond graduate and direct employment, and purchasing power, expanding mission-based compacts could further encourage industry research and development effort, partnerships to solve local government capacity building, and a variety of other business and public value relationships in our regions. The result would be greater regional workplace participation, improved skills, higher employment, greater productivity, and increased wages in our local areas.

### Innovation districts

A 2021 report from (IRU member) Flinders University’s Australian Industrial Transformation Institute — [Manufacturing Transformation: high-value manufacturing for the 21<sup>st</sup> Century](#) — states that ‘over the past 25 years ..., Australian manufacturing has been in decline almost continuously’ and ‘absolute falls in manufacturing output ... have marked the past decade.’

Australia’s loss of manufacturing capability over the preceding decade was a consequence of significant responses to a particular set of economic circumstances, however, IRU suggests that opportunities now exist to revitalise manufacturing capability. The opportunities are, particularly, in the health and aged care sectors, the renewable energy sector, and in digital and emerging technologies.

According to Universities Australia, universities perform 87 per cent of all discovery and basic research in this country<sup>9</sup>. To capitalise on these opportunities, Australia needs to develop a long-term strategic approach that empowers a discovery mindset within our research institutions.

We are the engine rooms of the curiosity that will revitalise Australia’s manufacturing industry.

[The Tonsley Precinct](#) — an initiative of the South Australian Government, industry and (IRU member) Flinders University and supported by Federal Government funding — is an innovation district that combines physical, economic, and networking assets to create an active and sustainable innovation ecosystem. Tonsley combines education, mature and emerging businesses, advanced manufacturing, and government support to generate an environment conducive to generating innovation.

IRU believes that the Tonsley Precinct model provides an example of how multi-sector agencies can combine to create conditions for greater productivity and innovative solutions that deliver wage growth and greater employment opportunities.

Universities are not the only player. Incentives must be available to industry for them to undertake research partnerships with universities that support an innovation pipeline. While the research and development tax incentives are a starting point, co-investment and the Tonsley model of collaboration with SA TAFE, local, state, territory, and the Federal government will help guarantee the pipeline of innovations that fuel future job growth.

<sup>8</sup> <https://www.education.gov.au/higher-education-funding/mission-based-compacts>

<sup>9</sup> [Research & Innovation – Universities Australia](#)

Strategic government support for the innovative district model will help to deliver higher workforce participation, greater productivity, and wage growth for Australian workers.

## Conclusion

Universities play a key role in pathways to increased productivity and workforce participation. We open up access to higher education that equips graduates with the knowledge and skills they need to develop businesses, start industries, launch spinoffs and develop partnerships across the public and private sectors. Partnerships that deliver real impact and real value.

On the global stage, universities attract talent from overseas through highly successful and high-quality international education and Australia's universities provide the research pipelines that underpin desirable economic outcomes over the longer term.

We are key to identifying labour-force needs and educating Australia's workers to meet those needs.

Universities drive the research and innovation that creates the new jobs of the future. We make a significant contribution and provide positive solutions to many of the issues raised in the terms of reference for the Employment White Paper.

The Innovative Research Universities group looks forward to the employment policy reforms that will arise from the Employment White Paper process and we stand ready to continue our constructive engagement with Treasury and other stakeholders in this important piece of public policy reform.

IRU welcomes the opportunity for further consultation in this process and can be contacted through our Government Relations and Policy Adviser, Mr John Preston at [john.preston@iru.edu.au](mailto:john.preston@iru.edu.au).