

SUBMISSION TO SENATE EDUCATION AND EMPLOYMENT LEGISLATION COMMITTEE

MIGRATION AMENDMENT (SKILLING AUSTRALIANS FUND) BILL 2017 AND THE MIGRATION (SKILLING AUSTRALIANS FUND) CHARGES BILL 2017

18/12/2017

Universities Australia is the peak body representing Australia's 39 comprehensive universities in the national interest. We welcome the opportunity to provide input to the Senate inquiry into the Migration Amendment (Skilling Australians Fund) Bill 2017 and the Migration (Skilling Australians Fund) Charges Bill 2017. This submission complements those made by individual universities and university groups, which reflect their own particular circumstances and perspectives.

The Skilling Australians Fund legislation was announced in the May 2017 Federal Budget. It will amend the Migration Act so as to oblige employers who nominate a worker under the temporary and permanent migration programmes to pay a 'nomination training contribution charge' of \$1,800 per year for a TSS visa and \$5,000 for nominations under the 186 visa pathway. The funds go to the Skilling Australians Fund, a training fund to be administered by the Department of Education and Training to support skills development improving employment outcomes. Under this policy, universities will be required to contribute to the fund, yet will not be eligible to draw from it. This will cost the sector more than \$9.5 million despite its central role in training and skilling Australia's future workforce. This would be in addition to existing funding invested by all universities to train their employees.

As the peak body representing Australia's university sector, Universities Australia urges the government to reconsider including universities in this legislation.

UNIVERSITIES AUSTRALIA URGES THE GOVERNMENT TO CONSIDER THE UNIQUE POSITION OF UNIVERSITIES

Following the announcement of the Skilled Australians Fund in May 2017, Universities Australia commended the government for recognising the importance of preparing Australians for active participation in our society and economy, particularly in regional areas. We also expressed concern that the legislation would have negative implications for the university sector.

Universities Australia questions the policy logic of universities paying a levy that takes further significant funding out of university budgets. These charges penalise universities for maintaining their international competitiveness, something that is essential for cultivating the \$29 billion international student export industry. Universities Australia understands that spending from the Skilling Australians Fund is prioritised towards apprenticeships and traineeships, meaning the majority of our universities will be excluded from accessing the fund. This represents a fundamental contradiction within the policy which will place an added financial burden on the sector.

AUSTRALIAN UNIVERSITIES ARE PRODUCING SKILLED GRADUATES FOR PRIORITY INDUSTRIES

The priority industries earmarked by the Skilling Australians Fund include core areas of teaching and research development in our universities. These industries – including agriculture, digital technologies and health and aging – are key fields where our universities have invested heavily in training Australia’s future workforce. These priority areas for the Skilling Australians Fund are the same fields where our universities work alongside industry to develop cutting-edge innovation and research to facilitate Australia’s prosperous future.

Australia’s universities recognise that jobs and growth are underpinned by a supply of Australian workers whose skills meet industry needs. Universities provide a range of work integrated learning programs such as internships and work placements to give students a job-market head start. Our students are taught by world-leading researchers in areas such as biotechnology, agriculture, information technology and healthcare, generating the ideas that will fuel innovation in industry, creating new jobs and new industries.

Australia’s universities are essential to the success of Australia’s startup and entrepreneurial economy. In 2017 a record 85 per cent of startup founders had a university qualification¹ and now there are more than 100 programs at Australian universities that support great Australian ideas to grow into Australian businesses. These startups contribute more than \$160 billion to the Australian economy which is expected to grow. The essential work universities do in the developing skills, knowledge and experience of their graduates directly contributes to new jobs, growth and employment in Australia.

AUSTRALIAN UNIVERSITIES ARE PART OF A GLOBAL MARKETPLACE FOR TALENT

Australia’s universities operate in a global labour market, perhaps more than any other industry in Australia. The most successful nations are underpinned by strong, vibrant university systems that are characterised by a highly mobile workforce. It is through engaging with this global talent market that Australia has positioned itself as a world leader in education, research and innovation.

It is the duty of Australia’s universities to internationalise its workforce. This ensures we are at the forefront of knowledge brought about through vibrant international collaboration. The additional costs associated with the Skilling Australians Fund levy will mean that budget constraints may affect universities’ strategic recruitment decisions. This is a significant risk to the future performance of Australia’s universities in international rankings where attracting world-leading, highly-cited international academics is key. The ‘nomination training contribution charge’ is a powerful disincentive to recruit internationally. This could lead to fewer high-quality international applicants which would damage the reputation and global standing of the sector.

Business and industry groups acknowledge the value of a thriving university sector that has a global outlook on recruitment. The Government has likewise recognised this through the recent adjustments to the skilled occupations lists. These revisions demonstrate government’s acknowledgement that employing international staff is essential to the ongoing success of a world-class university sector. Australia’s leading position in global teaching and research needs to be maintained, and Universities Australia calls for a consistent policy approach, not a levy.

¹ The Startup Muster 2017 Report <https://www.startupmuster.com/>

UNIVERSITIES AUSTRALIA WELCOMES THE OPPORTUNITY TO DISCUSS OPTIONS

Universities Australia recognises the necessity of a skilled workforce to the development of a globally engaged industry and economy. However, taking money out of universities to provide to other sectors, the Skilling Australia Fund represents a problematic public policy disconnect.

Universities Australia would welcome the opportunity to discuss options that would respect the intent of the fund without penalising our members. These options include exempting universities from paying the fund, a differential levy (the Tuition Protection Service levy could provide a model for this option), or designing the program so that all of Australia's universities have the opportunity to bid for project funding.

We look forward to hearing from you.