Productivity Commission productivity inquiries

Interim Reports – response

Universities Australia (UA) welcomes the opportunity to contribute to the Productivity Commission's (PC) important work to underpin the Government's productivity growth agenda.

UA provided feedback to the Productivity Commission's 5 Productivity Inquiries (https://universitiesaustralia.edu.au/wp-content/uploads/2025/06/Productivity-inquiries-response-Universities-Australia.pdf), highlighting the key role of universities in driving productivity by:

- building the skills and capacity of our future workforce
- generating and disseminating research and ideas, and
- building ties, understanding and goodwill with people from other nations.

UA also contributed to the Economic Reform Roundtable (https://universitiesaustralia.edu.au/wp-content/uploads/2025/07/UA-submission-to-the-Economic-Reform-Roundtable.pdf), calling for reforms to existing policy settings that are hampering universities' ability to meet Australia's skills needs. Our submission encouraged the government to:

- replace the Job-ready Graduates Package to correct perverse incentives
- extend the Higher Education Loan Program to microcredentials to support lifelong learning
- boost national R&D collaboration to help SMEs innovate, and
- reduce red tape to unlock time and resources for teaching and discovery.

This submission captures the university sector's feedback on the PC's interim reports, which we note recognise the critical role our sector plays in driving productivity. We would welcome further opportunities to engage with the PC to discuss the sector's contribution to Australia's economic growth and development.

Recommendations:

- Actively draw on the experiences of universities participating in the live credit management initiative to inform the scoping of nationalising credit data infrastructure.
- Prioritise reform of the Australian Qualifications Framework to facilitate harmonisation in post-secondary education and support lifelong learning.
- Leverage learnings from international examples of success such as the European Credit Transfer and Accumulation System (ECTS) as an example of good practice credit recognition.
- Consider financial incentives for SMEs to engage in degree apprenticeships and other formal lifelong learning models to boost work-related training rates and workforce adaptability.
- Future regulatory reforms should consider introducing a clear TDM (text and data mining) exception that recognises the distinct and non-commercial nature of educational AI and TDM uses within universities.
- Expand practical, hands-on training opportunities for students in nursing and other health professions in shortage.
- Expand on existing and current reviews of R&D incentives to ensure that potential productivity dividends are not missed.

1. Building a skilled and adaptable workforce

UA welcomes the PC's acknowledgement of the relationship between skills development and improved productivity.

The interim report notes that 90 per cent of new jobs will require post-secondary qualifications to meet Australia's future economic and skills needs.

Around half of these jobs will require skills taught in universities.

As labour market demands shift, the future workforce needs a strong and stable university sector to deliver the professions we can't live without.

We strongly support the PC's objective of building a more skilled and adaptable workforce. We have provided recommendations that will strengthen the interim report, helping to ensure that the final recommendations are feasible and can deliver real productivity gains.

Move toward a national system of credit transfer and recognition of prior learning (RPL)

UA supports the development of a national system for recognising prior learning and transferring credit, which would give Australians more options, greater mobility and reduce red tape. Core components of a national system would need to include transparency, consistency, quality data, and language that is accessible for students and assessors/providers.

An Australian and New Zealand credit management initiative is already progressing to deliver a sector-wide credit management system (CrMS) under the auspices of My eQuals, led by the sector (Universities and TAFE/VET) and managed through Higher Ed Services (HES). Engagement with this project would provide invaluable insights to inform the next steps for the development of a national credit database.

Recommendation: Actively draw on the experiences of universities participating in the live credit management initiative to inform the scoping of nationalising credit data infrastructure.

Recommendation: Prioritise reform of the Australian Qualifications Framework to facilitate harmonisation in post-secondary education and support lifelong learning.

Recommendation: Leverage learnings from international examples of success such as the European Credit Transfer and Accumulation System (ECTS) (https://education.ec.europa.eu/education-levels/higher-education/inclusive-and-connected-higher-education/european-credit-transfer-and-accumulation-system) as an example of good practice credit recognition.

Improving Recognition of Prior Learning (RPL) and adopting AI-supported tools for credit transfer will help to better enable life-long learning, upskilling and retraining opportunities across the tertiary education sector.

While a national system could support streamlined pathways and decision-making, we caution that there is significant complexity in implementation. As stated within the interim report, *granting of credit or RPL is not a one-size-fits-all exercise*. There tends to be more individuality with RPL than credit.

Overly simplified RPL recognition risks students being unfairly rejected or undermining academic integrity. This is particularly relevant for RPL requests which involve unique sets of circumstances and backgrounds which are challenging to codify.

Indigenous students – especially non-school leavers and first-in-family entrants – are disadvantaged by pathways that do not recognise diverse Indigenous knowledge systems, cultural competencies and informal learning. Indigenous co-design and governance of a national system of credit transfer and RPL will help to ensure that university pathways are inclusive and equitable. The success of an RPL model will require flexibility with high-quality, robust frameworks and governance processes to facilitate improved experiences for all cohorts of prospective students.

A hybrid model of RPL that combines commonly defined and assessed experiences (through a national database) with mechanisms for incorporating diverse forms of experience should be considered as part of the system design process.

Lifting work-related training rates
UA supports targeted incentives to lift work-related training rates in small-to-medium enterprises (SMEs), with pilot programs specifically designed to look at both short/medium and longer-term impacts of policies.

Recommendation: Consider financial incentives for SMEs to engage in degree apprenticeships and other formal lifelong learning models to boost work-related training rates and workforce adaptability.

2. Harnessing data and digital technology

Universities are at the forefront of applying generative AI and text and data mining (TDM) to advance research, teaching and innovation. These uses deliver significant public benefits including improved learning tools, large-scale analysis of scholarly literature and research outputs and the ability to unlock new knowledge from existing datasets. For these benefits to be realised the copyright framework should provide clarity and enable legitimate educational and research uses without creating unnecessary duplication of costs. There is concern that the statutory licence could be interpreted in ways that extend to AI-related uses raising the risk of double payment where universities already hold commercial licences. Given that universities already pay substantial remuneration under the statutory licence alongside commercial licences with publishers and vendors, it is important that any future reforms recognise the distinct and non-commercial nature of educational AI and TDM uses.

Recommendation: Future regulatory reforms should consider introducing a clear TDM exception that recognises the distinct and non-commercial nature of educational AI and TDM uses within universities.

In this context, UA welcomes the PC's consideration of a TDM exception. Such an exception would provide much-needed clarity, avoid unnecessary duplication of costs and better position Australian universities to contribute to national productivity goals. At the same time, we are mindful of the concerns raised by rightsholders and agree that any exception must be appropriately balanced in protecting their legitimate commercial interests while also supporting innovation and productivity through research and education.

3. Delivering quality care more efficiently

Australia's universities train the care professionals of the future despite reduced government funding for health disciplines through the JRG package. In our feedback to the PC's 5 Productivity Inquiries, UA called for expanded practical, hands-on training opportunities for students in nursing and other health professions in shortage.

Recommendation: Expand practical, hands-on training opportunities for students in nursing and other health professions in shortage.

While we support the proposed reforms to care, they rely on a workforce that is in national shortage with a declining pipeline. Extending the Commonwealth Prac Payment to more disciplines over time would provide targeted support for the care economy to grow. The PC should prioritise care workforce development in its final reports, acknowledging the substantial demographic pressures that necessitate expansion.

4. Creating a more dynamic and resilient economy

UA supports the efforts of the PC to boost business investment through corporate tax reform. The interim report could be strengthened by engaging in greater depth with R&D Tax Incentive reform.

In our response to the Economic Reform Roundtable (https://universitiesaustralia.edu.au/wp-content/uploads/2025/07/UA-submission-to-the-Economic-Reform-Roundtable.pdf) and From fragmented to future-ready: partnering for innovation (https://universitiesaustralia.edu.au/policy-submissions/research-innovations/research-funding-2/) report, we outlined strategic reforms to the R&D Tax Incentives. This included:

- Updating SME thresholds for the R&D Tax Incentive, reducing barriers to SME innovation.
- Introducing a targeted collaboration premium of 10 per cent for businesses working with universities, especially in areas of national priority.
- Maintaining budget neutrality through recalibration of existing incentives.

The PC briefly considers research and development tax incentives, concluding they would not deliver wide ranging dynamism. The evidence provided on current capital expenditure and the existing R&D Tax Incentive program do not provide compelling justification for exclusion from this inquiry.

Recommendation: Expand on existing and current reviews of R&D incentives to ensure that potential productivity dividends are not missed.

The 2016 Review of the R&D Tax Incentive recommended a collaboration premium of 20 per cent for the collaborative element of R&D expenditures with publicly funded research organisations. The Strategic Examination of Research & Development (SERD) has proposed R&D Tax Incentive Reform to provide incentives and benefits for firms that undertake collaborate R&D activities in focus areas. The PC should expand on existing and current reviews of R&D incentives to ensure that potential productivity dividends are not missed.