

ATN Universities Submission – Commonwealth Budget 2026-27

28 January 2026

Key messages:

1. ATN Universities recommends that the existing Commonwealth Prac Payment be expanded into priority STEM and industry-embedded disciplines, specifically engineering and allied health.
2. ATN Universities recommends that the Commonwealth strengthen the research workforce through mobility, translation and industry-embedded pathways.
3. ATN Universities recommends that the Department of Foreign Affairs and Trade and Austrade better align support for university-led transnational education in the Indo-Pacific region to leverage Australia's global advantage.

Australia's economic outlook depends increasingly on *capability*: the skills of its workforce, the ability of businesses to adopt new technologies and innovate, and the strength of its global partnerships. Recent reports from Treasury, Jobs and Skills Australia and the Productivity Commission highlighted that workforce constraints, low business investment in R&D, and limited export diversification are slowing productivity growth. In 2026-27's constrained fiscal environment, addressing these challenges requires better alignment of existing policy levers and capabilities.

Australia's economic challenge is not a shortage of ideas or talent, but under-utilisation of its national capability base. Microeconomic factors like industry-specific skills shortages, barriers to industry-university workforce mobility, and concentrated export markets act as constraints on productivity growth. The 2026-27 Budget provides an opportunity to leverage and align existing programs, funding envelopes and agency capabilities to unlock growth.

Significant reforms are already underway through the Australian Tertiary Education Commission (ATEC) and the Strategic Examination of Research and Development (SERD). For these reforms to deliver effectively, they will require sustained Commonwealth investment. The ATEC's role in stewarding the tertiary education system, including supporting growth and greater harmonisation, and the SERD's forthcoming review report are central reform levers. The measures outlined below are intended to complement and reinforce the existing reform agenda.

1. ATN Universities recommends that the existing Commonwealth Prac Payment be expanded into priority STEM and industry-embedded disciplines, specifically engineering and allied health

Australia's future workforce needs cannot be met without stronger integration between higher education and industry, particularly in engineering, information technology, allied health and other disciplines critical to productivity, sovereign capability and public service delivery. In particular, many occupations in engineering are in shortage according to Jobs and Skills Australia's *Occupation Shortage List*. The Commonwealth Prac Payment (CPP) program has demonstrated clear value in priority areas such as teaching, nursing and social work by reducing financial barriers to participation, improving completion rates, and strengthening employer engagement. ATN Universities supports expanding the scope of the existing CPP to include engineering and allied health disciplines, where placement requirements are extensive, unpaid placements are increasingly untenable for students, and workforce shortages are acute.

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Engineering and allied health students often face long placement hours alongside paid work and study, creating significant financial pressure that disproportionately affects students from equity backgrounds. This undermines access, completion and diversity in precisely the fields Australia needs to grow. Paid placements address this constraint directly by recognising placements as productive work that delivers value to employers and the broader economy, not merely a training cost borne by students. We support calls from Engineers Australia, the Health Services Union and Allied Health Professionals Australia to expand the CPP.

From a fiscal perspective, supporting students on mandatory placements represents a targeted, high-return investment. Financial hardship is reported by two in five students who are at risk of leaving their course. Mandatory unpaid placements add to this financial burden. By addressing this key driver of attrition, CPP payments directly support workforce supply in priority occupations, improve retention, and accelerate graduate job-readiness without requiring structural changes to the funding system. They also align with the Government's skills, productivity and participation objectives and build on reforms already underway through the Universities Accord. As part of further expansions to the CPP, the Commonwealth could also explore co-contribution models with industry.

2. ATN Universities recommends that the Commonwealth strengthen the research workforce through mobility, translation and industry-embedded pathways

Australia's research workforce faces significant strains with underinvestment in growing the pipeline, insecure career pathways and increasing competition for global talent. Strengthening the research workforce requires a coordinated and coherent workforce strategy to ensure Australia can generate, translate and retain research capability in areas of national priority. The forthcoming SERD report will likely create new spending commitments in implementing its recommendations. Part of this investment will need to be in strengthening the pipeline of future researchers and innovators.

Doctoral and early-career pathways must be diversified and better connected to industry and government. In our contribution to SERD, we advocated for a nationally coordinated approach to research workforce development. National priorities should embed mobility programs such as secondments, industry PhDs and portable fellowships, helping researchers gain experience across sectors and supporting two-way knowledge transfer. A great example of this is Singapore's Research, Innovation and Enterprise (RIE) framework. Universities should also be supported to broaden PhD pathways and embed translational and entrepreneurial skills, such as in the ATN Frontiers program, which delivers microcredentials in key skills to ATN member universities' higher degree by research (HDR) students.

Talent mobility and research collaboration can be strengthened by building structured alumni programs for international HDRs, and leveraging transnational education and partnerships for joint PhDs, applied projects and engagement that extend Australia's innovation reach.

As a significant but financially modest step in this direction, expanding structured industry PhD programs should be nationally coordinated and aligned with priority sectors. Industry PhD programs would directly enable new collaborations between industry and research personnel, and should be co-funded with industry to better support mutual buy-in and the sustainability of these programs.

3. ATN Universities recommends that the Department of Foreign Affairs and Trade and Austrade better align support for university-led transnational education in the Indo-Pacific region to leverage Australia's global advantage

Australia's international education exports remain concentrated in a small number of markets despite rising demand across the Indo-Pacific for high-quality digital and hybrid learning. Transnational education presents opportunities for diversification, deeper capability partnerships that support workforce development and innovation, as well as fosters economic diplomacy.

Providers require targeted support to navigate overseas regulatory environments and develop the partnerships that TNE needs. We propose better alignment of existing Department of Foreign Affairs and Trade and Austrade capabilities with university-led TNE activity in priority Indo-Pacific markets.

ATN member universities already operate substantial offshore education and partnership activity in the Indo-Pacific and are well placed to work with government to ensure TNE delivery supports Australia's broader economic, workforce and regional engagement objectives.

These three targeted measures demonstrate how universities—especially the applied, industry-engaged universities within ATN Universities—can contribute directly to national prosperity. They focus on better alignment and use of existing policy levers, co-investment where appropriate, and practical delivery mechanisms to lift national capability in 2026–27, while minimising fiscal and administrative impact.

ATN Universities would welcome further engagement with the Government on the design and delivery of these measures.

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About ATN Universities

ATN Universities is a national network of Australia's most industry-engaged universities: Curtin University, Deakin University, RMIT University, the University of Newcastle and the University of Technology Sydney. Swinburne University of Technology joined the network in 2026 as an observer. Together, we educate more than 320,000 students and operate Australia's largest transnational education network, with 13 overseas campuses in 10 countries. Our mission aligns directly with Australia's economic priorities: a modern workforce, stronger business and technological innovation, and diversified export markets.