1. Purpose
To provide a summary of the Universities Australia Discussion Paper, *A National Internship Scheme*, and to highlight implications for RMIT.

2. Background
Universities Australia (UA) has released a discussion paper that proposes government, industry and universities work together to establish a National Internship Scheme. The timing of this paper coincides with the release of the Business Higher Education Collaboration Council (BIHECC) *Graduate Employability Skills Report* that makes a series of recommendations to the Minister of Education, Science and Training on strategies for improving employability skills in higher education graduates. A summary of the BIHECC paper and implications for RMIT is at [http://www.rmit.edu.au/planningresearch/rmitsubmissions](http://www.rmit.edu.au/planningresearch/rmitsubmissions).

3. Summary
UA proposes to improve graduate employability by increasing the number of opportunities for university students to undertake structured work-based learning through a National Internship Scheme. The aim is to formalise and extend the broad range of work-placement schemes currently operating across Australian universities under the umbrella of a national scheme supported by Commonwealth funding. Under this proposal a student undertaking an internship will receive financial reimbursement and gain credit towards their degree.

The primary driver for this scheme is the large number of students in part-time, low skill jobs who could be improving their employability skills in jobs directly related to their study. UA puts the case that students want to work in study-related jobs but industry is not providing enough opportunities for them to do so. It reports that 67% of full-time students are in work that is not related to their study. This is despite concern by business about the work-readiness of graduates and their reliance on temporary entry skilled migrants to meet skill shortages. Government must also take greater responsibility given the public benefit generated by enhanced employability skills.

The proposal is a partnership between government, industry and universities to develop a National Internship Scheme that will have one or more of the following features:

- Commonwealth to encourage industry and universities to further develop internships through BIHECC or a new National Internship Council
- All levels of government to increase the number of public sector internships
- Commonwealth to fund industry and universities to provide placement services, including specialised government internship officers to broker arrangements
- Commonwealth to support business through a wage subsidy or corporate tax relief, using the precedent of Commonwealth support for VET traineeships
- That the scheme be a springboard for developing a national approach to workforce planning.

UA argues that the public benefit of improved graduate work-readiness justifies an annual Commonwealth investment of $125m comprising:

- $12m p/a for 80 internship officers
- $5.7m p/a to reimburse university staff administering the scheme (eg $10,000 per sub-Dean p/a)
- $105m p/a for a 10% wage subsidy to employers.

Benefit to government includes reduced direct income support costs (eg Austudy) estimated at $213m based on 30% of current recipients.

Benefit to industry includes reduced skills shortages and enhanced productivity of a 15% margin on commencing graduate earnings estimated at $330m p/a per cohort for the first year.

4. Relevance to BIHECC report
The Minister is currently considering BIHECC’s recommendation to establish a $10m Employability Strategy Fund and additional funding of $2.4m to identify, assess and report on employability skills.

The National Internship Scheme complements and extends a number of the proposals put forward by BIHECC, namely:

- Funding universities to review their work in developing employment skills and to address gaps that would best suit their situation
- Improving access to work integrated learning (WIL) by undertaking a feasibility study into a national WIL database for employers and universities
- Encouraging businesses to provide structured cadetships by examining options for company tax relief.

Given that the Minister cannot respond to the BIHECC report until after the federal election, there is opportunity for UA proposal to be considered alongside the BIHECC recommendations. The Business Council of Australia has endorsed the UA proposal in principle.

5. Some implications for RMIT – for consideration
This ambitious scheme has the potential to advance RMIT’s work-integrated learning strategy by increasing the number of work-based learning opportunities for students. The lack of student placements is a significant problem for RMIT and the sector generally and UA rightly puts the responsibility back on to industry and government to work with universities to resolve this issue. This is notwithstanding the recent Commonwealth budget initiative to guarantee minimum placements for all trainee teachers.

One of the strengths of the scheme is that it will broaden the range of formal work placements beyond those required for registration or licensing. Giving students the opportunity to combine paid work with learning outcomes across a range of disciplines is an RMIT aspiration that has achieved some success with the IT Cadetship. Any additional resources to administer work placements and encourage employers to participate will help RMIT expand this aspect of WIL.

The major disadvantage of this scheme is that it focuses on work placements without consideration to other forms of WIL that contribute to graduate employability skills. Work placements are difficult to source, costly to administer and not practical for many disciplines. This proposal could exacerbate this problem if it has the effect of demand further outstripping supply as more universities seek to develop these capabilities. RMIT’s WIL policy recognises this and includes work placements as only one of a number of approaches to building graduate capability. At $125m per year, the UA proposal has the potential to divert any available funding into a national scheme at the expense of local programs more suited to the needs of individual institutions.

6. Further Information
The full discussion paper is available at:

7. Next Steps
UA is seeking feedback on the discussion paper by November 30 2007. Policy and Planning will support preparation of this response, and invited comments by 19th November (katrina.woodland@rmit.edu.au)