



**Professor Pip Pattison AO**

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The Manager  
Individuals Tax Unit  
Individuals and Indirect Tax Division  
The Treasury  
Langton Crescent  
PARKES ACT 2600

By email: [selfedconsultation@treasury.gov.au](mailto:selfedconsultation@treasury.gov.au)

Dear Treasury,

**Education and training expense deductions for individuals, Discussion Paper, released December 2020**

The University of Sydney welcomes the Government's Budget 2020-21 commitment to consult with interested stakeholders about allowing individual taxpayers deductions for education and training expenses that are not associated with their current employment.

We understand that the Group of Eight (Go8) has made a submission providing responses to the various policy design questions raised in the discussion paper. We endorse the Go8's comments and provide this complementary submission in support of the Go8's feedback.

We appreciate that the task of designing this potential change to Australia's tax policy is not straightforward and that allowing deductions for self-education expenses not related directly to an individual's current work would represent a significant departure from the current tax law. Nevertheless, we believe there is value in considering this proposal because of the large benefits that could flow for individuals, employers, the economy and governments if the change serves to incentivise more people to pursue education and retraining throughout their working lives.

As the discussion paper notes, the nature of work is changing rapidly due to the combined forces of globalisation and technological advancement. Meanwhile, the COVID-19 pandemic and resulting recession has brought into stark focus the need for workers to update their knowledge and skills continually if they are to maximise their career prospects in disrupted and rapidly changing labour markets and workplaces.

Unfortunately, while Australia has a relatively strong education system and a highly educated and skilled population, our levels of adult participation in formal and informal education are low by international standards. According to the Organisation for Economic Co-operation and Development's latest report, Australia sits near the bottom of the member countries for adult participation in formal and informal learning. This is supported by the Australian Bureau of Statistics *2017 Survey of Work-Related Training and Adult Learning*, which found that just four in ten Australians aged 15-74 years participated in formal and non-formal learning, with levels of participation decreasing significantly from the two previous surveys conducted in 2013 and 2005.<sup>1</sup>

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<sup>1</sup> OECD, [Education at a Glance 2019](#), p.132 Figure A7.1,

<https://www.abs.gov.au/statistics/people/education/work-related-training-and-adult-learning-australia/2016-1>



More research is needed to understand the reasons for Australia's apparently poor levels of adult education and to see if there has been any improvement since the ABS's last survey of 2017. Nevertheless, we believe there is value in exploring all policy options that could help increase life-long learning across the population. While allowing tax deductions for education and training expenses not associated with current work activities will not address the problem if introduced in isolation, this reform would provide an attractive incentive for people already in the workforce to upskill and retrain.

Perhaps most critically, making such a change would send a strong and timely message to the community about the importance and value of individuals pursuing further education and training throughout their lives.

We need to build and foster a culture of life-long learning in Australia if our economy is to remain competitive and our people are to have prosperous and fulfilling lives. Making this change to the tax system will help to achieve these goals.

We look forward to being part of this important discussion as it continues.

Yours sincerely,

*(signature removed)*

**Professor Pip Pattison AO**  
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