

**MEDIA RELEASE**  
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**AIIA members reveal education system does not provide job-ready graduates**  
*Fourth national Digital State of the Nation survey finds rising economic concerns*

Australia's tech sector continues to experience a severe skills shortage, with particularly strong demand for expertise in artificial intelligence (AI) and cyber security, Australia's peak body for innovative technology, the Australian Information Industry Association ([AIIA](#)), has found.

Conducting its fourth annual [Digital State of the Nation](#) survey, the 2023 results found 41 per cent of companies surveyed are concerned about the state of the Australian economy, the highest on record for this survey and over 10 per cent more than in 2022. This is reflected by 26 per cent of companies reporting they are unsure if they will actively hire new staff this year, **doubling** the result from last year's survey.

Most concerning for the industry is the response from AIIA members that Australia's education system does not provide job-ready graduates. A dismal 3 per cent of respondents thought the education system produces job-ready graduates, a drop from 2022's result of 5 per cent. For the second year running, nearly half (49 per cent) of respondents reported **further training is needed for graduates to be effective employees**. These results highlight the concerns the AIIA has with Australia's current ICT training pathways.

The skills deficit was nominated as needing the greatest focus by government (Federal and state) by 64 per cent of respondents, though this was down from 73 per cent in 2022. Cyber security (59 per cent) and a focus on a digitised society and economy (57 per cent) followed. Respondents also indicated a desire to see AI policies that promote safe and fast adoption as a priority has grown by 11 per cent across two years to 42 per cent in 2023.

For employers looking to grow their business in 2023, their intentions to hire staff primarily from Australia increased by 5 per cent to 69 per cent. Skills shortages are the major driver for hiring overseas labour, with labour costs cited by just 17 per cent, down from 50 per cent in 2021. Cyber security skills (52 per cent) are most in demand, followed by AI - cited by 50 per cent of respondents, up from 28 per cent in 2021 - and big data/analytics (41 per cent).

For the first time, respondents were asked about their sustainability goals. The majority of tech companies (83 per cent) said reducing the carbon footprint of their business is important, however, 58 per cent stated that their company does not collect data or measure their own carbon emissions, highlighting the immense opportunity for the tech sector to realise its ambition. Procurement practices of governments was cited by 74 per cent of respondents as an area that should have its carbon impact measured.

**AIIA CEO, Mr Simon Bush** said: "These responses are clear and encapsulating of the IT industry's concerns. Our graduates are not job-ready, certainly not in the in-demand areas of cybersecurity and AI, which are among the hardest skills to source in the country, despite being essential for our national capabilities. We need governments to work with the industry to support digital traineeships and apprenticeships, increase support for mid-career transition, provide micro-credential passports and support women moving into tech. All of these measures are needed to improve the skill shortage situation.

"In the past 12 months there have been plenty of economic changes and increased headwinds, but it is pleasing to see there remains strong interest by ICT organisations in continuing to hire skilled staff.

The importance of improving our education pathways and boosting VET and Higher Education retention rates can't be downplayed.

“This needs to start with critical technology and ICT literacy being taught in preschools and beyond around the country, reverse-engineering industry needs in education settings, embedding work-integrated learning in education, diversifying our workforce and encouraging the community to rethink a career in tech. No one measure will fix our skills shortage, but a concerted push to upskill Australians will provide our nation with the capabilities to be a leading digital nation.

“Our members have indicated that governments are increasingly understanding the significance of tech and innovation. But further investments in key areas such as cyber security, SME support, digital skills and job-readiness of graduates is needed. Recent announcements such as the National Reconstruction Fund and the Industry Growth Program are pleasing signals that the government will support early-stage entrepreneurs, innovators and researchers. These are positive steps, but many more practical steps are needed to support our vital technology sector.

“With diverse respondents to our survey representing the small, medium and multinational members, the AIIA is proud to represent such an engaged membership base. With over 200 members actively engaged with our Policy Advisory Networks and a strong response from our members to the survey, it is clear what Australia's tech sector is seeking. The AIIA will continue to work with all governments to grow skills in Australia's tech sector and support the continued economic growth this delivers.”

The AIIA's respondents included multinational corporations, SMEs, sole operators and the public sector.

The AIIA is a not-for-profit organisation aimed at fuelling Australia's future social and economic prosperity through tech innovation and remains committed to working with all levels of Government to secure Australia's digital future.

**ENDS**

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**About AIIA**

The Australian Information Industry Association (AIIA) is Australia's peak representative body and advocacy group for those in the digital ecosystem. Since 1978 AIIA has pursued activities to stimulate and grow the digital ecosystem, to create a favourable business environment for members and to contribute to Australia's economic prosperity. We do this by delivering outstanding member value by providing a strong voice of influence; building a sense of community through events and education; enabling a network for collaboration and inspiration; developing compelling content and relevant and interesting information.