

The Future of Higher Education

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Thank you very much for the invitation to participate here today. For those of you who might be interested in a copy of this speech I will make it available to the organisers afterwards but I'm not doing a PowerPoint presentation today.

The Australian Chamber of Commerce and Industry is a peak council of employer organisations and that covers all of the state and territory chambers of commerce and industry and major industry association's right across Australia.

Through our membership we cover up to about 350,000 employers across Australia and probably we're better known for our, in the media for our position on IR and the economy, taxation, those sorts of things but the Australian Chamber of Commerce and Industry is very deeply committed to education and training as it makes good business sense when competing in global markets.

It's the business and industry sectors that actually create jobs, income and wealth for the Australian community and skills are integral in that creation process. Improved standards of living and further economic growth can only be achieved through an increase in productivity and increasing the skills base of the workforce is one of the number of ways that productivity can be improved. Achieving a productive profitable commercial environment is essential reason for business and industry interest in education and training.

For individuals personal satisfaction in working life is improved with the right level of skills to carry out daily business requirements. This means of course that providing for the needs of business and industry is not the only reason for education and training. There's intrinsic and extrinsic value for individuals, citizenship and society in general to be gained from improved levels of education and training. And a lot of this is not actually accounted in the figures when we do the economic analysis of education and training. The spill over affects into improved health and lower crime rates and those sorts of things generally aren't counted in statistics.

However the contribution education and training make to Australia's skill base and economic prosperity must be emphasised from a business and industry perspective. Skills are a fundamental part of investment and without an adequate skilled base investment is curtailed or made more expensive. Achieving the right level of investment in skills I would suggest is a joint responsibility between governments, individuals and the business sector.

High standards of education and training are one of the ways a middle-sized nation like Australia can multiply its effectiveness and enable it to punch above its weight in the world economy and world political forums. One of Australia's most significant comparative advantages is our human capital and the skills of our population.

Recommendations for reform to improve the contribution education and training makes towards improving our pool of human capital were recently published in the ACCI blueprint 'Skills for a Nation, A Blueprint for Improving Education and Training 2007 – 2017.' 'What business and industries seek are outcomes.' The blueprint acknowledges that Australia already possesses one of the best education and training systems in the world. This is the result of the hard work of many people over many years. However at the margin there are things which could be done better.

One of these areas is for increased collaboration between the business and the higher education sectors. ACCI participates in the Business Industry Higher Education Collaboration Council, the acronym for that is BIHECC which was formed in 2004 to advise the government on ways to increase collaboration between the higher education sector and other public and private business industry community and educational organisations. Coincidentally there's a meeting of BIHECC this coming Tuesday and included on the agenda are items such as graduate employability skills, philanthropy in the higher education sector, the business case for knowledge transfer and third stream funding, maths science and engineering and university governments. As well the interface between VET and the higher education sectors remains a critical issue for business and industry.

At this stage the scene is still being set and after three years good progress has been made by BIHECC to advance policy issues where collaborative efforts will lead to improved outcomes for each sector. So we're seeing benefits for the business and industry sector but also for the higher education sector as well.

However the scope for extending the policy work to a more practical everyday relationship within business and industry must also be considered. A lot of the examples we've heard this morning are really very commendable and I don't want to take away from those in any way whatsoever but generally when we talk about collaboration between the two sectors its generally to do with big business. Through the Australian Chamber of Commerce and Industry of those 350,000 employers approximately 80% of our membership base is small mediums and throughout the whole Australian economy it's about 95% of business ownership. So there's a huge untapped potential there.

A recent survey undertaken by ACCI and published in our blueprint asked our business members the question about the extent of interaction with universities to provide them with advice, guidance or some type of partnership arrangement.

In terms of higher education many businesses did not have any interaction with universities to provide them with any of in these three advice guidance or partnership approaches. The data showed that only about a quarter of all businesses had either a formal or informal interaction with universities. That is where the business was not a supplier to the university. This is a poor result considering the private sector accounts for the vast majority of economic activity and employment.

For example the private sector accounts for approximately 80% of the labour force and about 75% of GDP. As well connections to state and territory economic development plans especially at the regional level are critical to maintaining and improving economic activity and employment outcomes that match local needs and I think when Glen Davis this morning mentioned about the possibility of specialist universities this is certainly an approach that ACCI would favour.

Business has some responsibility in this as well as the higher education sector. Ideas to improve the relationship between these two sectors are needed from both sides. Especially if the benefits of cooperation can be captured and strategically used to continue and improve our good economic prosperity. The relationship must be based on an understanding of client and provider. The question from our point of view is about servicing the client whether it is directly for the individual undertaking study for either personal development and benefit or indirectly the business sector which utilises the skills and knowledge acquired for the production of goods and services.

Higher education does not exist in the vacuum where quality and standards matter to only those who provide it. Since publishing the blueprint I have been contacted by many individuals working in universities who've highlighted innovate approaches to working with the business sector and my comments and I have entered them I think there should be more of them and it's not just about ways of working with the business sector but it's also about ways of providing students with a service which is to give them a lot more of a hands-on approach as a component of their course.

However there is a lot more that can be done to increase the level of engagement between the business and higher education sectors. The capacity to innovate is also important for business and industry and it is in this area that strategic thinking can value add to Australia's productive capacity.

Innovation policy is not the same as research policy. Research policy is aimed at advancing scientific knowledge whereas innovation policy is aimed at helping businesses innovate successfully and assist them to get new products and processes onto the market. That is or to put it simply research is a process which converts money into knowledge and innovation is a process which converts knowledge into money. Innovation is therefore what provides the return on investment in knowledge generation.

The overall objective of public innovation policy must be to strengthen Australia's long-term competitiveness by creating a climate conducive to research. This applies to both traditional and emerging sectors. Apart from increasing the level of engagement between the business and higher education sectors and strategic approaches to increase the level of innovation ACCI has outlined some other areas for reform in our blueprint for the higher education sector based on business principles.

Some of these recommendations are around resourcing for higher education which has also been mentioned this morning. The key policy drivers for resourcing the higher education sector are to accelerate increased flexibility and competition to add to the increase in quality levels achieved under more recent reforms.

In terms of resourcing ACCI believes the best way to achieve change is to progressively introduce a student centred funding model. ACCI also believes there is room for Australia to further expand our export market and the potential there.

The full detail of all these recommendations can be found in the blueprint which is available on the ACCI website www.acciasn.au.

To sum up ACCI recommendations to further improve higher education include are; fees should continue to be deregulated and HECS bans widened, core funding should be replaced by student vouchers in a three year transition from 50% in year one to 75% in year two and 100% in the third year. There should be a continued focus on cooperation between the sectors on credit transfers and recognition of prior learning and articulation streams. Indigenous and disadvantaged students should continue to attract an appropriate level of additional funding and research funding should continue to be performance based and funding should be targeted to national research priorities of the Australian government.

I'd love to conclude by just making a brief comment on a couple of statements that were made this morning. Firstly, Professor Glen Davis said he considered that a time of diversity is upon us and Professor Aaron Sharma said we need to be doing more work with industry to solve local problems. I couldn't agree more with both of those statements. Thank you very much.

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