



Speech by Go8 CEO to Graduate Employability and Industry Partnerships Forum

1 August, 2016

Thank you for inviting me to join you.

The title of my presentation today is billed as examining the **impact of the Turnbull government's innovation agenda on higher education and employability – with a sub theme of how can the Higher Education sector play in this new space....**

This of course is not new space for universities and its always worth knowing your history in order to have an understanding of where we are headed.

So a little history....The first university in Europe was the [University of Bologna](#) (1088) which began as a law school teaching Roman Law – which was in demand across Europe for those defending the right of nations against empire and church – closely followed by the [University of Paris](#) in or around 1150 and the University of Oxford in 1167.

All over Europe rulers and city governments began to create universities to satisfy a thirst for knowledge, and the belief that society would benefit from the scholarly expertise generated from these institutions.

Things started to change between 1500 and 1800 – when - according to the very reliable Wikipedia - universities of Europe would see a tremendous amount of growth, productivity and innovative research.

Australia's first university was, of course the University of Sydney established in 1850, followed closely by the University of Melbourne in 1853 and Adelaide in 1874 – and so on.

What is important here in this short history lesson - is the distinctive nature of Australia's universities - to their forebears in Europe and the UK.

Whilst the model for the University of Sydney - - driven by William Charles Wentworth - was largely based on Oxford and Cambridge with their focus on literature, philosophy and mathematics – as noted by Professor Glyn Davis in a speech in 2013 the model also took into account the need to provide professionals for the colonies.

And – like universities - Innovation has been with us for centuries. The wheel, language, the legal system, the engine, the light bulb, the telegraph and so it goes on.

Fast forward to 2016 and Australia's universities remain the engine room of both our national innovation and our workforce – so this is definitely not a new space for us.

As Australia's leading universities the Go8 now - as we did over a century ago – deliver quality graduates.

The latest figures show we currently deliver Australia some 90,000 of those quality graduates each year.



The question we must ask ourselves now however – is – in this fast-moving, ever-changing 21st Century, what does that piece of paper, the years of study, mean to their graduate future?

Three generations ago the answer was far more clear-cut.

Choose career, study for career, enter career, climb up the career slippery pole, exit career with grey hair, receive watch as a thank you for contribution. One life, one job.

Linear. Expected. Delivered.

But today data suggests a graduate of today will most likely have 17 jobs across five careers in their lifetime.

It also shows that graduate employment is currently slumping - as this conference introductory material correctly emphasised.

Plus we are faced with areas of significant graduate oversupply that must be addressed.

This matters to us.

It matters to the university sector, and most importantly - it matters to the sector's graduates and their families.

Personally we all know the barista or bartender, with an honors in law.

The young guy serving in Officeworks who is a mining engineer; the young woman in the bakery with two degrees in the marketing space.

None of us are happy with those outcomes.

And this is where it becomes complex.

There is no easy solution but there are a number of questions that require posing if we are to *find* a solution.

They may not be comfortable questions; and they may come with uncomfortable answers; but we cannot continue as is.

This morning I am going to tackle three questions which will – hopefully - leave you with the Go8's perspective.

The first question is: and I stress, obviously quarantining careers such as medicine from the conversation this morning;

- are Universities there to be responsible only for the teaching of narrow specific skills, and to be held responsible for each and every graduate job outcome?

Or, are we far more than that, and therefore what are the parameters of our responsibility to the nation and to our students?

Second question: has Australia's very successful demand driven system had the unintended consequence of altering how the community views the value of Australia's graduates?

The Go8 would say it has - and to the direct detriment of elements of the graduate cohort.

Third question: has the demand driven system narrowed the community's focus to an erroneous view that any student who doesn't carry on from school to University is a failure?

The Go8 would say it has, and that this is a real issue that requires correcting as quickly as possible.

I would like to now drill down into those three key questions and to draw the thread that connects them to possible solutions.

Taking the first question: In a perfect world, Australia's graduates would each find their first dream career choice easily.

Many don't and the public has every right to ask if, as a sector, we are actually turning out too many graduates? Contentious point. Contentious question.

As context - Universities are - and have been for centuries, leaders and challengers in the public policy space and national debate.

We drive change.

We at the Go8 are at the very core of the nation's research capacity and capability. It has always been thus.

We welcome and value those who come to study for the personal enrichment of study and to research;

.... as much as we welcome and nurture the quality students of today who go on to become the quality graduates and national and International leaders of tomorrow.

Importantly - given all of the above - shouldn't the sector's role be to recognise and adjust to the changing dynamics of the time in which we operate?

In the midst of the frenetic economic pace of this newish Century, shouldn't our graduates be employable more generally, more so than specifically?

Wouldn't we be letting our graduates down if we did not educate them in ways that assisted them either outside of the discipline they studied, or to make a rewarding life for themselves as self-employed?

The Go8 would contend that universities should always be far more than a degree factory, labelled as such within the narrow context of teaching specific skills.



That is surely not our role.

That is not who we are.

To show a sad example of where the degree factory model heads - I will quote from an eloquent presentation by University of Melbourne Vice Chancellor Glyn Davis in "The Australian".

He wrote – *“degree programs have expanded greatly – there are 110,000 more people under 24 now in higher education programs than in 2008.....This would be fine if most university graduates could look forward to meaningful employment.*

“Yet there are areas of significant oversupply. There are more than 400 courses offered in aspects of teacher training across the nation, attracting some 80,000 students.

“In any given year however, only 7000 full time teaching positions are available.”

We also know that in NSW alone there are 47,000 people seeking permanent employment as teachers. That is almost equivalent to the total number of teachers employed by the NSW Education Department.

That is all confronting, and surely something that must be addressed by Government and by the sector.

As mentioned earlier, we do know that our graduates will most likely have a number of careers. Either by choice or by necessity.

Indeed, the 2014 Graduate Destinations Survey released in 2015 shows the proportion of new bachelor degree graduates in full time work is lower now than it was during and immediately after the 1990s recession and the worst they have been since the early 1980s.

And we have now had over 20 years of uninterrupted economic growth in Australia.

So something is missing for our graduates.

It makes sense therefore that universities are doing the community - and especially our students - a great disservice if we narrow our teaching focus **only** to delivering graduates with narrow skills and abilities who are capable of entering a single career –

.....because, as well as the teaching graduate glut Professor Davis set out, there will be graduates who are stymied when the economy suddenly dictates that their chosen career path will not materialise.

An excellent recent example of such a situation has been the sudden and unexpected halt to the mining boom.

In almost less than the timeframe of just one undergraduate degree completion of four years, that career world turned on its axis.

This left large numbers of mining engineering graduates unemployed - in 2007 - 100% of mining engineering graduates available for full-time employment were working full-time – by 2013 this figure had dropped to 83%.

The picture is even worse for geology graduates for whom in just a two-year period – 2012-2014 - the percentage of geology bachelor degree graduates employed full time fell from 84% to just 57%.

Does this mean the time those students spent attaining their degree was wasted?

Of course not.

Mining Engineers and geologists have a range of useful skills that are valued by a lot of different industries.

But it does mean they will need to think beyond a narrow, linear, ‘degree equals job’ pathway to find their place in society

So - surely these examples are proof to any who disagree - that as well as providing the specific teachings required for any chosen career path - Universities must play a vital role in making a graduate more **generally** employable, and knowledgeable, equipped for today’s quixotic world?

This can only be accomplished by introducing them to a range of mature skills that are absolutely portable, such as Research. Teamwork. Analytical thinking. Problem solving. Communication. Project management.

That is the intrinsic value of what can be delivered within a university education.

Those additional elements of student growth should not be lost in the current debate about graduate employability.

Nor can it be ignored that Universities are also there to ensure learning is valued for the benefit of society more generally, and so worth funding and supporting.

This is why universities continue to support philosophy, music, the arts - so essential to the robust fabric of society.

And it is a fallacy to assume that such generalist degrees do not lead to good employment outcomes.

A US study has shown that, by their mid-50s, Liberal Arts majors with an advanced or undergraduate degree are on average making more money those who studied in professional and pre-professional fields, and are employed at similar rates. ¹

¹ <http://www.theaustralian.com.au/higher-education/arts-graduates-winners-in-the-longer-term/story-e6frgcjx-1226808846304>



It has been very positive for me as Go8 CE during this past year, to meet a number of Go8 successful alumni, here and overseas.

Our alumni are a constant reminder of what we do well.

The Go8 has in fact educated every Australian Prime Minister educated at an Australian University, and every Australian High Court Judge, plus 71 per cent of all parliamentarians educated in Australia.

We have educated 81 per cent of the Secretaries and Deputy Secretaries of Australia's Federal Public Service, and 79 per cent of Australian-educated Chief Executives of the nation's top companies.

We consider that something to be very proud of.

Interestingly - in 2016 very few of the younger graduates I have met are working within the discipline they chose to study, and many are drivers of their own successful start-ups.

.....a change from those earlier generations who trod the linear pathway.

Pleasingly for the Go8, what so many of those younger graduates have in common is their positive view that it was all that they soaked up at University which enabled them to succeed - from working in teams to analytical thinking.

The portable skills.

University also gave them the confidence to venture into self-employment, and/or diverse employment.

From a Go8 perspective we are proud of our alumni and all those young adventurous graduates.

We are *not* dismayed by those who have not followed their specific discipline.

Rather - we see their time at University as a job well done from our perspective.

The cost to the nation of their degree has not been wasted, nor has the cost to themselves.

We have provided them with a strong foundation to contribute to the economy – as they are doing - and will increasingly need to be able to do, if they are to be successful in a career that will increasingly be marked by technological breakthroughs and disruption.

The key is to find the balance that the country needs between the number of graduates who obtain employment in their specific discipline of training and those who employ their hard earned skills in the economy out of their discipline.

Both are essential and, as I say - the key is finding the balance.

And surely that should be a sector-wide perspective?



That is most certainly the prism through which the Go8 views its role.

Yet there is always the background noise: the sector spends much of its time defending the accusation that we don't turn out work ready graduates and that this is contributing to graduate unemployment.

The factory has sent out incomplete widgets it seems!

So, as an exercise, can we even try to define employability?

What is it?

What makes someone employable and someone not?

Is it all of the above I have set out. Is it more? Attributes? Skills? Qualities?

It is such a nebulous concept.

It appears to be all things to all people.

What is that old saying – one man's meat is another man's poison?

Give me 20 employers and I am sure I will get 20 different answers to what work-ready means in their specific business.

Just perhaps - taking a lateral tangent about all this employability concern - it also needs to be more openly discussed that business could be asking far more of today's graduates than they did even one generation ago.

In fact this is something I plan to explore further with business groups such as the BCA, AIG and ACCI.

So I ask in this forum –

if part of the problem *may be* that the business community can no longer afford to provide a graduate with the time it takes to become familiar with a role.....

.....or the old-fashioned on-the-job mentoring that was so excellent when I left university and headed into journalism as a first career stop.

I can assure you it was some months before there was any real ROI from raw graduates! But at that time this was both accepted and expected.

I do understand time is money, but I believe we need to explore further whether or not expectations of immediate capability are perhaps now too high in this financially constrained economy?

Of course the positive role of internships in preparing for all this cannot ever be overstated. Managed well, internships are that critical bridge connecting student, university and an employer.



Managed well, the student **and** the employer benefit, and the Go8 is a fervent supporter of internships and Work Integrated Learning.

But we all know we could do better.

Internships do have a range of regulatory road humps to navigate, not always the same in each State, which can add to the confusion.

That must be solved. It's long past time that it was.

But regardless of the hurdles, we must persevere because exposing our students to the workforce is one component of the additional portable skills knowledge.

They get to see its pressures and vagaries first-hand.

It's all invaluable experience.

It should not be forgotten either, that some of today's graduates are also tomorrow's researchers and academics.

Which leads me to repeat - that Universities have a far broader role in society, and for our students, than being a degree factory for jobs.

I know there will be people here today who disagree with that statement, and I do understand the contrary viewpoint, but I hope that my enlarging on questions two and three will explain.

So let me now address my second question – has Australia's very successful demand driven system had the unintended consequence of altering community views about the value of Australia's graduates?

The Go8 would say it has, and to the direct detriment of elements of the graduate cohort.

Almost 40 per cent of Australians aged 25 – 34 now have an undergraduate degree. That was a Government goal for 2025. We are almost there already.

In isolation that is gratifying and exciting and the Go8 has made that point a number of times.

It was an incredible goal. It has been backed in by the world's most generous income-contingent student loan scheme (HELP).

Now it is time to take stock.

Apart from the enormous financial cost to the nation, which we know is unsustainable - given student debt from HELP will total almost \$200 billion in 2024-25 -....



..... we do sadly know that having almost 40 per cent reach Bachelor level has not led to career Utopia for many graduates.

It's not just issues such as the teaching graduate glut.

Another biting issue is that having an undergraduate degree, the ubiquitous BA seems to have been demoted.

A Bachelor degree has replaced matric as the base level for many areas of the economy to the extent that we know more and more graduates feel they have to keep studying, to seek out a Masters – and with it more student debt - to give them a career edge - or even parity in some cases.

In the period 2009-2014, Bachelor level enrolments grew by about 26 percent - over the same period Master level enrolments grew **by 41 percent**.

That is not what was expected to occur.

Meanwhile - employers are advertising tertiary education as a preference for non-professional jobs that, until this quantum of degrees in the community, would have required a TAFE certificate, and/or not even matric.

Over past months my staff have pointed various examples out to me, including advertising for a recruitment team coordinator, an admin coordinator and a PA in a property development firm who had to have completed a bachelor with a major in property. Each of these noted that a degree qualification was a must.

Suggesting a degree for a position that may not need one is an uncomfortable trend that risks diminishing a University education and sends concerning signals to job seekers.

That is not being elitist, it is simply fact.

I will come back to the fact when I address question three that it also has unintentional consequences for capable people who have chosen not to go to university but go directly into the workforce, who are perfectly able to shine in these roles.

But returning to the issue from the university perspective; it seems perhaps the community feels that if 40% can attain or already have a Bachelor's degree, then it's not something so special after all?

But it is special. It's hard work. It should be rewarded, not devalued.

In June the Go8 released its "Priority Directions" document for an incoming Government.

In it we have said one priority for action is the demand driven system.

It is the Go8's view that the demand driven system should be recalibrated to moderate growth at degree level participation, and we should move to build a new model with a fresh purpose.



That said, the sector could be more aligned to what our nation needs for its long-term future if we took time to consider the **third question posed in today's presentation**.

Namely, has the demand driven system narrowed the community's focus to an erroneous view that any student who doesn't carry on from school to University is a failure?

The Go8 would say it has, and that this is a real issue that requires correcting as quickly as possible.

I doubt it was ever intended that the demand driven system would set up society to consider the lack of a degree as a failure.

But that is what has been occurring. There is anecdotal evidence of family aspirations leading to students being channelled away from TAFE and a trade into a degree program.

Indeed, while under the demand driven system undergraduate degree participation has grown substantially, important sub-degree programs in vocational education and higher education have languished. In 2014 there were 111,000 more persons aged 15-24 years in higher education than if 2008 participation levels had been maintained, while 33,500 fewer people of the same age group participated in VET.

Is this societal pressure at work?

Why are we all so reticent about stating the obvious – that University isn't for everyone. It was never intended for everyone.

Equally there should never have come a point where entering a "trade" was seen as a lesser pathway.

This nation is built, literally, on its trades and its TAFE diplomas. Enormous economic value. Irreplaceable in the past, present and the future.

We should be encouraging vocational study; not allowing it to be seen as a consolation prize.

As we state in Priority Directions, Australia needs, as a matter of urgency, to broaden its commitment to educational opportunity – spanning diploma to post graduate qualifications.

It must moderate growth at degree level participation.

It must open up a wider range of opportunities including at the sub-degree level in both vocational and higher education.

Interestingly I was advised recently that when the demand driven system was under construction in then Education Minister Julia Gillard's office it was always intended to be for "all post-secondary education".

By the time it went through the policy process it had narrowed to an undergraduate student cohort only. That was a mistake.



It is time to ensure that is corrected, and the policy arrangements nuanced.

Higher education has many symbiotic layers. In the right construct our nation can best benefit economically from this education system.

We must find our way to that equilibrium.

At present the unintended consequences of the demand driven system have skewed both entry and end results.

They have affected the sector's brand health. They let have down many graduates.

They have let down those who feel forced to consider University or be labelled a failure.

They have let down the economy by reducing the value of vocational study, and allowing sub-bachelor contributions to wither.

Employability remains a conundrum. Graduate expectations and employer expectations appear - in many cases - to be out of alignment.

There are areas of significant oversupply of graduates..... graduates with broken dreams and a large student debt.

In this fast changing world where universities are at the mercy of policy stalemate, it is surely time to face facts and act on them.