

Chapter eight – Governance and Management

Over the past ten years the changes that have occurred in the university sector have dramatically affected the way universities are organised and managed and resulted in vigorous debate about their role. Some believe that university organisation changed more in the 1990s than in the previous 40 years in response to developments such as the massification of higher education, knowledge growth, constraints on public funding, increased emphasis on employment skills and the pressure for more accountability. Accelerating applications of information and communications technology has impacted on every aspect of university life including teaching, learning, research, student services and administration.

In the 1990s, universities were influenced by worldwide trends such as the internationalisation of higher education, rapid technological innovation and the pressure to customise products and services. Universities also became increasingly reliant on non-government sources income, especially through expanding involvement in the business of international education. The greater number of students paying fees or paying for their university education through the Higher Education Contribution Scheme meant that universities had to pay greater attention to their students as customers. These influences impacted on both the commercial and non-commercial operations of universities.

Additionally, since almost all of Australia's universities receive considerable funding from the public purse, they came under pressure to adopt the principles of financial and management reform that had been applied elsewhere to large public sector organisations. These principles emphasised accountability, quality assurance, planning, performance and with attention to outputs, efficiency and a role for the market where appropriate. A major impact on the way that universities operated was the introduction of enterprise bargaining and the end of automatic salary supplementation by the Commonwealth Government.

In 2001, with over a third of all university revenue on average dependent on earned income, the tasks of university governance and management have become more complex. The business of revenue raising, cost management and balancing commercial and academic considerations has been a challenge for university governance and management especially in an environment of increasing competition between institutions.

In response, many Australian universities have remodelled their governance and management structures. At the heart of the matter is the ability of universities to embrace change in order to keep pace with the changing external and internal environment. As the American, Burton Clark observed:

There is a common threat, I believe: that demands now mount upon universities more comprehensively and faster than they can handle – unless they take steps to alter their character.

(Clark 1998, p. 5)

This chapter reviews the background to these developments and the effect on management practices in universities. It considers the influence of government policies in shaping the environment in which universities operate. It then considers in detail the effects of these changes on the way universities govern themselves in terms of the structure and powers of university councils, the rise of executive power, the devolution of decision-making and the way universities undertake strategic planning and manage stakeholder interests. It also examines the way management practices adapted in response to changed circumstances, especially those arising from enterprise bargaining and workplace reform, different approaches to financial

and asset management, the greater importance of commercial operations and students as customers, and developments in information and communication technology.

8.1 Background

On the eve of the Second World War the six universities and two university colleges (in Australia) had a total enrolment of 14,236, of whom 8,240 were enrolled at the University of Sydney and University of Melbourne.
(DEET 1993, p. 4)

Universities were transformed in the decades following the Second World War. Starting from the late 1950s there was a significant expansion of the higher education sector in Australia which continued on into the next century. The number of students enrolled at university increased from just over 30,000 in 1950 to around 700,000 in 2000.

Not surprisingly, the transition from a small number of elite, largely autonomous universities that existed up until the mid-1940s, into a mass system of higher education that developed in the post-war period put pressure on traditional ways of governing and managing universities. Post-war universities were larger and more complex than those that had existed previously. They were expected to meet an expanded range of goals including national socio-economic objectives and to form explicit linkages with other education sectors. Their organisational, administrative and governance structures were more diverse and their clientele more heterogeneous (Meek and Wood 1997). At the same time, the Commonwealth's influence on the operation of universities had expanded in proportion to its increased financial contribution (Department of Employment, Education and Training 1993).

Neither were universities exempt from the types of reforms that swept the public service in the 1980s and 1990s. Attention turned to universities in the 1980s when the corporate sector and some institutional leaders pointed out perceived inefficiencies in resource utilisation and management in universities. Structural changes to the higher education system were initiated by Dawkins (1988) in the late 1980s and these, along with a greater emphasis on accountability and the need to demonstrate value for the use of public funds, placed further pressure on traditional management and governance systems within universities.

In addition, in the early 1990s, higher education planning and policy development across most industrialised countries was characterised by constraints in public expenditure as well as an increased emphasis on resource utilisation and management; and a strengthening of the policy and planning role of individual institutions (Teichler 1992). A drive to make public sector institutions more cost-efficient and internationally competitive was evident in many countries belonging to the OECD (Meek and Wood 1997). In Australia, fiscal constraints meant the Commonwealth was no longer able to be the underwriter for the total higher education budget. Universities, if they were to continue to expand, needed to find additional revenue to supplement that provided by the Commonwealth.

The Commonwealth facilitated this process through partial deregulation of the higher education market. From 1986, universities were able to charge overseas students full fees for university tuition¹²⁷. From 1993, universities were given greater flexibility in the way they could charge fees for postgraduate courses. From January 1998, universities were able to offer places to domestic undergraduate students for a fee payable directly to the institution as long as such enrolments were no more than 25 per cent in any course. As a result there was a sharp growth in the

¹²⁷ Some overseas students from developing nations were provided with subsidised places. This arrangement was abolished in 1990, However some scholarships continued to be available.

numbers of overseas and postgraduate fee-paying students although the number of undergraduate students paying fees was small. Some universities also established campuses offshore¹²⁸. While such arrangements made it easier for universities to generate income they also had implications for the management and governance of universities. The role of universities was changed to some extent as universities had to justify their existence in economic as well as social terms and it became more imperative that they were run as businesses as well as academic institutions. This was recognised in a report of a performance audit conducted into international student programs in four Victorian universities in 1994, which made the point that:

The rapid evolution of the education export industry involving international student programs has created a range of new challenges and opportunities for Australian universities. Although universities have traditionally had substantial educational and research links overseas, involvement in the provision of education services to full-fee paying international students presented a new and demanding commercial activity. Because the industry was highly competitive at both national and international levels, the universities needed to move swiftly to have in place sound strategic and operational processes if they were to successfully capitalise on the emerging opportunities and benefits.

(Victorian Auditor-General's Office 1994, part 4)

During the 1990s universities were urged to become more entrepreneurial. In a market-driven environment, knowledge generated by universities could be regarded as a commodity. The outcomes of university research were, therefore, valuable not only in terms of their contribution to scholarship, but also because of their potential to be commercialised¹²⁹. Emphasis was placed on the practical applications of high quality research and many universities established special facilities and partnerships to nurture innovations with the hope of developing commercially viable ventures. New skills were needed to manage such enterprises which were no longer peripheral to the business of the university but critical to its success. The pressure for universities to diversify their funding sources and the requirement that at the same time they be more accountable for the effective and efficient expenditure of the public money allocated to them necessitated substantial changes in attitude on the part of academic staff and institutional management as well as changes to governance structures. There were debates about the extent to which research at universities should be driven by its potential to be commercialised.

Debate about how best to govern and manage higher education is an ongoing one. The issue in the early 1960s concerned the democratisation of departmental management, limiting the power of the so-called 'God professor' and increasing the involvement of junior staff and students in decision-making. In response to the external environment in the 1970s and into the 1980s, policy makers and university leaders alike became increasingly concerned about effective and efficient management practices. These concerns culminated in a review of efficiency and effectiveness in higher education by the Commonwealth Tertiary Education Commission in 1986. The report of this review (CTEC 1986) focused attention on the management of universities. In particular, the review committee raised concerns about large and unwieldy governing bodies, the general lack of training in management skills for staff in management roles and the lack of evidence of forward planning.

Ramsden (1998) suggests that it is impossible to administer huge organisations (such as universities) in the unwieldy way required by traditional collegial approaches. He identifies four organisational models for universities (figure 8.1):

- the collegium, where discipline based departments are the main organisational units;

¹²⁸ Readers are referred to Chapter five on internationalisation for further details.

¹²⁹ Readers are referred to Chapter three on research and research training for further details.

- the bureaucracy representing ‘managerialism’ in higher education where a cohort of senior administrators wields considerable power;
- the enterprise oriented to the outside world and espousing continuous learning in a turbulent environment; and
- the corporation which tends to be crisis-driven and has a competitive ethos.

These four models are distinguished by the degree of control exerted over policy definition and policy implementation. Although every university has aspects of each model in the way they are governed and managed, the major trend in the United Kingdom and in Australia has been a shift from the collegium and bureaucracy towards the enterprise and corporation (Ramsden 1998).

Figure 8.1 Four models of university organisation

		Policy Definition	
		Loose	Tight
Loose	Control of Implementation	Collegium	Bureaucracy
		<i>Focus:</i> freedom to pursue university and personal goals unaffected by external control.	<i>Focus:</i> regulation, consistency and rules.
		<i>Management style:</i> permissive.	<i>Management style:</i> formal-rational.
		<i>Standards:</i> set by the international scholarly community	<i>Standards:</i> related to regulatory bodies and external references.
Tight	Control of Implementation	<i>Evaluation:</i> by peer review.	<i>Evaluation:</i> based on audit procedures.
		<i>Decision-making:</i> consensual, <i>Students:</i> apprentice academics.	<i>Decision-making:</i> rule based. <i>Students:</i> are statistics
		Enterprise	Corporation
		<i>Focus:</i> on competence. <i>Management style:</i> devolved leadership.	<i>Focus:</i> loyalty to organisation and senior management.
Tight	Control of Implementation	<i>Standards:</i> related to market strength.	<i>Management style:</i> commanding and charismatic.
		<i>Evaluation:</i> based on achievement and repeat business.	<i>Standards:</i> related to organisational plans and goals.
		<i>Decision-making:</i> flexible and emphasises accountable professional expertise.	<i>Evaluation:</i> based on performance indicators and benchmarking.
		<i>Students:</i> clients and partners in the search for understanding.	<i>Decision making:</i> political and tactical.
			<i>Students:</i> units of resource and customers.

Source: After Ramsden (1998, p. 350)

Impact of Commonwealth Policy

One of the driving forces towards change in university management in the 1990s was Commonwealth Government policy. Formerly a shared Commonwealth and State responsibility,

from January 1974 the funding of universities and colleges of advanced education became a federal responsibility. The wielding of this financial control has enabled various Commonwealth governments to substantially influence the shape and nature of the higher education system over the past four decades. In the 1990s the use of funding in this way was quite explicit. For example, early in that decade, universities were required to join the unified national system in order to be eligible to receive triennial funding.

Questions of efficiency and effectiveness remained on the higher education reform agenda, but with the publication of the 1987 Green Paper, *Higher Education: A Policy Discussion Paper*, (Dawkins 1987) and the 1988 White Paper, *Higher Education: A Policy Statement*, (Dawkins 1988) they became subsumed in a broader push to make higher education more relevant to national economic needs and priorities.

The White Paper initiated a dramatic transformation of Australian higher education from the binary system of universities and colleges of advanced education to the unified national system. It proposed a reduction in the size of institutional governing bodies – councils or senates. Some states took up the recommendation concerning the size of governing bodies while others did not. Nonetheless, government reforms did have a direct and powerful impact on institutional management, as was intended. The White Paper stated, for example, that:

Effective management at the institutional level will be the key to achieving many of the Government's objectives for the unified national system; growth in areas of national need; an effective partnership with other parties to the education and training process, including employers; improvements to equity and access of higher education; and efficiency of operation.

(Dawkins 1988)

The transformation to the unified national system had a profound effect on the higher education landscape and on the tasks of higher education managers. It resulted in a smaller number of large, complex multi-campus institutions created through the amalgamation of universities and colleges of advanced education. Some colleges of advanced education became new universities in their own right, sometimes incorporating other tertiary institutions. The Government had hoped that merging small colleges would result in more effective and efficient universities as well as offering increased access to higher education for a wider proportion of their disadvantaged communities (Dawkins 1988).

As a consequence of the changes, the tasks of higher education managers were now complicated by:

- the challenge of managing what were often quite large multi-campus operations spread over vast geographical distances; and
- the increased size of the universities with three-quarters having student populations of over 10,000 and some of the largest having over 35,000 students with total annual income approaching \$500 million.

A small number of existing institutions formed federated institutions or 'network universities'. Charles Sturt University and the University of Western Sydney were formed in this way, while the University of New England expanded. Although a federated network allowed its members autonomy while operating as a single organisational entity—such an arrangement also created management and governance issues. One pressing issue was how to best resolve the tension between the need to create a university-wide corporate identity and the desire for individual campus autonomy. At one university, the University of New England, this tension became so great that the amalgamation was dissolved in 1994. Charles Sturt University operated with a traditional centralised model almost from the start and the University of Western Sydney discarded the network model and reverted back to the traditional centralised model after a

number of years. Some viewed the failure of the network model in Australia as vindication of the traditional university model, while others considered it to result from the inability of senior management to manage the complex relationships within a federated network structure (Massingham 2001).

The Commonwealth Government's National Priority (Reserve) Fund was established in 1988 by appropriating 1 per cent of operating grants to universities in order to provide grants to universities for projects designed to achieve specific objectives in areas of national priority. It was used as an incentive to encourage universities to achieve (among other priorities) improvements in institutional management.

The 1993 *National Report on Australia's Higher Education Sector* (Department of Employment, Education and Training 1993) recommended the Government assist institutions to achieve:

- strong managerial modes of operation;
- adequate levels of consultation with and accountability to government, employers, employees, students and the community;
- streamlined decision-making processes; and
- maximum flexibility in institutional capacity to implement new policies, with minimal time lag between making and implementing decisions.

The changes to the structural relations between universities and the Commonwealth in the late 1980s marked a policy shift that had the intention of making universities more responsive to the market. While Australian universities had always competed to some extent with one another for students, resources and prestige, it was in the 1990s that the introduction of market forces helped regulate the relationship between institutions and government on the one hand, and between universities and the broader community on the other. While government still remained involved in the regulation of higher education through an increasing emphasis on quality control and other system-wide accountability measures; in order to ensure that higher education cost less while better serving national economic priorities, the concept or metaphor of the market became central to the policy agendas of governments and universities (Meek and Wood 1998).

In the late 1980s market principles and concepts such as privatisation, user-pays, client service and competition, were clearly articulated in Commonwealth Government policy. This continued during the 1990s. After 1996, with the newly elected Government indicating a number of cost-saving measures for higher education in its first budget it became imperative for universities to establish themselves as businesses in the marketplace. As previously mentioned the relaxation of rules related to charging student fees helped to reduce the dependency of universities on the Commonwealth and enabled them to respond more directly to market signals.

The Commonwealth also pressed universities to make genuine productivity gains for salary rises negotiated through enterprise-specific bargaining. In 1995, the Government refused to provide full automatic supplementation for staff salary raises achieved through enterprise bargaining, requiring the universities to find the component above a general price adjustment index through internal efficiencies and external earnings. The incoming Government in 1996 retained this policy. In 1999, a further incentive to improving efficiency within university systems was the provision of a once-off supplementation of 2 per cent in academic and general staff salaries on condition that they met a set of broad criteria for improving their management, administration and workplace relations.

University governance issues have also been of concern to the Commonwealth Government. Issues such as the size and composition of university governing bodies, as well as their roles and responsibilities, had been raised in several government reports during the previous decade. In 1995 the Commonwealth Government commissioned a higher education management review to examine and advise on the management and accountability requirements needed to ensure

that Australia had a high quality, efficient and effective higher education sector (Hoare 1995). The review committee made a number of recommendations designed to strengthen institutional management practices. Its report stimulated some State Government initiatives on management structures as well as reviews of individual university management structures. Furthermore, the increased competition in the higher education sector in the 1990s and the intensity of that competition, especially in the international market, raised issues about accountability and led to the strengthening of Commonwealth requirements in terms of quality assurance¹³⁰.

Within this policy context, universities had responsibility for quality assurance, research management planning, management improvement, strategic planning and budget diversity. At the same time, universities were required to explicitly attend to and report on these areas. They were also held more directly accountable for the effective and efficient use of the funding and other freedoms they enjoyed and were under considerable pressure to strengthen management and to become more entrepreneurial and corporate-like. Government policy alone did not accomplish this change. As Marginson and Considine (2000) have observed, the Commonwealth's demands on the universities were effective because they resonated at many points with larger developments taking place in the sector. Some universities were motivated to evaluate the effectiveness of their governing bodies as a result of changing views about governance over the decade and a more demanding environment for higher education (McNicol and Webster in Box 8.2). For example, the role of intellectual labour in the economy was expanding, bringing business and the ethic of enterprise into the universities in new ways. It was against this background of rapid and fundamental change that effective governance and management became more critical than ever before.

8.2 Governance

The term 'governance' is rather ambiguous but it is generally used when referring to the structure of relationships that bring about organisational coherence, authorise policies, plans and decisions, and account for their probity, responsiveness and cost-effectiveness. A number of government reports during the 1990s, placed the discussion of university governance within the context of a wider debate about the management of higher education. The 'management' of a university involves the achievement of intended outcomes through the allocation of responsibilities and resources, monitoring of their efficiency and effectiveness, and good 'administration' – that is the implementation of authorised procedures and the application of systems to achieve the agreed results. It also involves good 'leadership' – identifying opportunities, setting strategic directions, and investing in and drawing on people's capabilities to develop organisational purposes and values (Gallagher 2001). A particular concern addressed in the review of higher education management conducted by the Hoare Committee was the lack of clarity and transparency in the roles and responsibilities of governing bodies such as councils and senates (Hoare 1995). The Committee saw the governing body of a university as having three primary roles – external accountability, strategic planning oversight and performance monitoring. These views also reflected the ongoing concern of government for effective higher education institutional governance and management.

Effective governance was still a concern at the end of the decade. Reform was not always easy to achieve and it seems it was sometimes more effective to create committee structures that could undertake governance tasks better than plenary sessions of governing bodies rather than restructure governing bodies (McNicol and Webster in Box 8.2). A performance audit by the New South Wales Audit Office into the management of the Educational Testing Centre of the University of New South Wales in 2001 found that there was 'an urgent need for the University,

¹³⁰ Readers are referred to Chapter six on quality assurance for further details.

and for other universities, to review their corporate governance and accountability framework' (2001, p. 1). The report of the audit recommended that:

The University must work to ensure that a governance culture is defined for its staff and is embraced by them and that all its managers and employees understand its standards of accountability, values and information.

(New South Wales Audit Office 2001, p. 2)

The audit report gives a clear view of what is expected of good corporate governance when it recommends that the University should ensure that:

- *all activities have clear accountabilities;*
- *organisation structures and position descriptions are focused on clearly identified outcomes;*
- *measures of performance are relevant and comprehensive and reflect the key performance indicators of individuals and organisations;*
- *the organisation emphasises and reinforces the high value it places on the quality of its internal and external reporting;*
- *all decision-making is driven by information and must be clearly documented;*
- *procedures, policies and standards are appropriate to the circumstances and the culture;*
- *understanding of and compliance with procedures is regularly measured and any departures are promptly addressed; and*
- *risk is seen in its broadest context as being anything which may prevent the organisation from achieving its objectives.*

(NSW Audit Office 2001, p. 3)

Although, as the audit report suggests, there is still capacity for improvement, universities have responded to concerns about effective governance over the decade. There was a renewed focus on the effectiveness and role of university councils. Greater attention was also paid to strategic planning and the importance of taking into account the interests of various stakeholders. The University of Tasmania, for example, towards the end of the 1990s, determined that its governing body should reflect a range of perspectives, have the skills needed to govern a complex organisation, be able to make decisions efficiently and should act solely in the interest of the University (McNicol and Webster 2001 in Box 8.2).

University Councils

In general, Australian universities are established by an Act of the Parliament of the legal jurisdiction in which they operate, the greater majority regulated under State legislation. The establishing Acts provide for a governing body (council, senate or board of governors) to manage and control the university. The governing body is, under law, the ultimate locus of authority and responsibility for academic, financial and property matters within the university.

In reviewing university management, the Hoare Review Committee considered that several factors were working against the effectiveness of the operation of the governing bodies. These were:

- lack of clarity about the primary roles of the governing bodies;
- their size (too large) and composition (insufficient mix of skills and knowledge); and
- governing bodies did not take ultimate responsibility for strategic direction and the universities' external and internal accountability.

The Committee recommended that the States amend their enabling legislation to favour governing bodies of 10 – 15 members, more closely resembling corporate boards, with external independent members outnumbering internal members. State reviews on university management in South Australia and Victoria proposed similar models.

Table 8.1 Total number of members of University Councils in 1990, 1995 and 2000

University	1990 Total	1995 Total	2000 Total
Australian Catholic University	-	29	16
Australian National University	44	22	22
Central Queensland University		22	19
Charles Sturt University	20	20	19
Curtin University	18	20	21
Deakin University	23	25	21
Edith Cowan University	-	21	21
Flinders University	35	34	21
Griffith University	24	25	25
James Cook University	34	35	26
La Trobe University	33	35	21
Macquarie University	19	19	19
Monash University	43	39	21
Murdoch University	25	25	25
Northern Territory University	21	21	20
Queensland University of Technology	22	22	22
RMIT University	-	34	22
Swinburne University	-	30	22
University of Adelaide	35	35	21
University of Ballarat	-	23	22
University of Canberra	17	22	21
University of Melbourne	38	40	19
University of New England	21	19	19
University of NSW	21	21	21
University of Newcastle	19	18	19
University of Queensland	36	36	34
University of South Australia	-	24	21
University of Southern Queensland	-	21	22
University of Sydney	22	22	21
University of Tasmania	30	24	24
University of Technology, Sydney	19	21	21
University of Western Australia	25	26	22
University of Western Sydney	24	26	17
University of Wollongong	21	18	18

Source: The table was compiled by Edwards (2001) from several sources: 1990 figures were taken from Smith and Wood 1992; the 1995 figures were taken from Hoare 1995: Appendix 4, Meek and Wood 1997: Appendix B; the 2000 figures were taken from AVCC 2000.

Table 8.2 Australian University Council Membership 2001

	Lowest	Highest	Sector Average
Number of Members	13	35	21
Proportion Elected	15%	56%	34%
Proportion Ex-Officio	8%	32%	18%
Appointed	32%	62%	48%

Source: Australian Vice-Chancellors' Committee 2002

The recommendations concerning overall numbers resulted in legislative change to South Australian university councils. Numbers have dropped from 35 to 20 and there is a majority of external nominees. As to the nation-wide situation, Edwards (2000) compared figures from earlier studies with those resulting from a survey by the Australian Vice-Chancellors' Committee in 2000. The results can be used to indicate general trends and directions in size and composition (Table 8.1).

By the year 2000 the average size of the 26 governing bodies examined in 1990 had fallen from 27 to 22. Some had made significant changes – the Australian National University from 44 members in 1990 to 22 in 2000; Monash University from 43 members in 1990 to 21 in 2000; and the University of Melbourne from 38 members in 1990 to 19 in 2000. Edwards also reported that, in terms of composition, there had been an increase in the proportion of outside appointees, with fewer academic staff and parliamentary members.

An analysis of Australian university council membership (AVCC 2001) indicated that council membership had further decreased to an average of 21 members in 2001 (Table 8.2).

Council members may be elected, appointed or occupy a university position that entitles them to membership of council (ex-officio appointments). Across all universities on average 34 per cent of council members are elected, 18 per cent are ex-officio and 48 per cent are appointed. Of the council members who are appointed, 63 per cent are appointed by State or Territory Governors, parliaments or Ministers, and 34 per cent are appointed by the councils themselves.

Table 8.3 examines the background of council members across all Australian universities. It shows that 39 per cent of council members on average are drawn from the current university community (comprising executive, academic and general staff and the student body). The external representation on university councils is made up of members of business and the professions (31 per cent), community representatives (10 per cent, alumni (6 per cent), public servants (6 per cent), and politicians (4 per cent).

However, while there was some reduction in size and change in composition of university councils, they remained considerably larger than their private sector counterparts did with compositions that are more diverse. A critical issue is the clarification of roles and responsibilities. In 1998, the West Committee found that outdated governance arrangements were still hampering management (West 1998) and concern continued to be expressed, especially by government, that the roles of councils (except in a few universities) were still not clearly defined (Marginson & Considine 1997).

Table 8.3 Background of Australian University Council Members 2001

	Lowest	Highest	Sector Average
Business/Professions	0%	55%	31%
Academic Staff	10%	30%	18%
Community	0%	50%	10%
Students	5%	14%	10%
Alumni	0%	23%	6%
Executive Staff	3%	19%	6%
Public Servants	0%	27%	6%
General Staff	0%	10%	5%
Politicians	0%	11%	4%

Source: Australian Vice-Chancellors' Committee 2002

A related issue is the manner in which the members of governing bodies discharge their responsibilities. Traditionally, governing bodies have tended to act as mini-parliaments, vulnerable to their members advancing the interests of particular groups (McNicol and Webster in Box 8.2). The crucial question that has been raised in the past is whether council members should take on the role of custodians of the university, or whether they should act more like delegates representing sectional interests?

Chipman (in Box 8.3) identifies what he considers are the four main failings of the democratic or representational approach to governing universities:

- it was inherently conservative;
- it made strategic management difficult;
- it deepened the division between academic and non-academic staff; and
- it created a disjunction between formal responsibility and assumed accountability.

Although many believed that councils should be deliberately inclusive and representative bodies, the Hoare Committee was of the view that:

Its members should recognize their overriding responsibility to bring diverse viewpoints together for the advancement of the institutions rather than to represent sectional interests.
(Hoare, 1995, p. 50)

However, in terms of practice in Australian universities, although the debate over the composition of councils reflects the view that universities are most appropriately governed by a majority of independent and external interests, there has been little change in the representative aspect of many governing bodies. This could hamper the ability of governing bodies to successfully steer the business ventures that are becoming an increasingly important feature of university activity. In this respect, and in terms of size, governing bodies still have some distance to go before they resemble corporate boards.

The University of Tasmania, when modernising its governance structure in the late 1990s, considered several models ranging from a traditional large representative council to a seven member corporate board which proved unattainable largely due to a distrust of corporatisation and reluctance to greatly reduce elected positions. A compromise was developed reflecting a view that, while modern universities were not private sector corporations, neither were they traditional trustee/parliament-run organisations. A smaller, more professional council was put in place while at the same time provision was made for the voices of stakeholders to be heard. As a result of the reforms strict statements of duties were developed for council members based on the *Commonwealth Authorities and Companies Act* and it was made clear that members of the council at the University owed primary responsibility to the council, not to those who may have

elected them. Council members were required by legislation to be informed, to be diligent in the execution of their roles, and to make sound business judgements (McNicol and Webster in Box 8.2).

While the University of Tasmania has sought to clarify roles and responsibilities it is not always easy to ascertain to whom the chancellor of a university is accountable or the relationship between a university governing body and management. Likewise it is difficult to determine the extent to which governing bodies are involved with the day-to-day or urgent matters facing a university or the extent to which they are involved in the formulation of strategic directions, planning for capital expenditure and financial and quality-related audits.

Box 8.1 Benchmark for governance

Benchmark: 3.1

Area:

Governance

Element:

Governance and Leadership

Type:

Leading

Benchmark rationale:

High quality governance will only come about if governing councils/senates and vice-chancellors perform their roles with skill and efficiency. The distinction between governance and management needs to be established. The leadership and reporting responsibilities of the vice-chancellor need to be defined. Committee arrangements and delegated authorities should be regularly reviewed and amended. Accountability for the leadership and stewardship of the university by both governing body and the vice-chancellor is essential.

Sources of data:

Council/senate records: University Annual Report.

Good practice

Good practice requires a self regarding and accountable governing body, in particular a governing body that:

- establishes a clear vision and goals for the university;
- ensures that university planning and implementation is consonant with those goals;
- distinguishes between its governance role and the responsibilities of management;
- establishes the leadership, management, and accountability responsibilities of the vice-chancellor;
- unequivocally supports management staff as they implement council policies and decisions;
- regularly reviews and amends formal financial, personnel and other delegations of responsibility;
- inducts new members of the governing body into their duties carefully; and

- reviews and reports publicly on its own efficiency and effectiveness.

Good practice also requires:

- well-defined vice-chancellor's responsibilities; and
- a leadership system providing direction, commitment, consistency of purpose, integrity, coaching, performance assessment.

Levels (continued)

1	3	5
Council/senate receive and approve goals without serious involvement.	Council/senate participate in the development and approval of mission and goals. Council/senate maintains a general overview of planning and implementation processes, but does not have accountability systems.	Council/senate participate in the mission and development of and approves the mission and goals. Council/senate ensures that planning and implementation are congruent and accountable.
Council/senate receives plans and implementation proposals without debate.	Ad hoc reviews of particular committees and/or delegations.	Regularly reviews the committee system and delegations.
Committee system and delegations seldom or never reviewed.	Own effectiveness not reviewed.	Reviews the effectiveness of its own functioning.
Own effectiveness not reviewed.	Leadership and management responsibilities of the vice-chancellor assumed without particular definition or requirements.	Performance criteria, goals and methods of appraisal of the vice-chancellor defined in writing.
Leadership and management responsibilities of vice-chancellor assumed, without success criteria.		

(From McKinnon et al. 2000 p.19)

In determining a benchmark for governance (see Box 8.1) for Australian universities, McKinnon, Walker & Davis (2000) reported that, 'All interviewees were of the view that governing bodies should govern, but not manage, the University effectively'. Such roles as: developing and approving the university's mission and goals; ensuring that planning and implementation are congruent and accountable; regularly reviewing the committee system and delegations; reviewing the effectiveness of its own functioning; and determining performance criteria, goals and methods of appraisal of the vice-chancellor; were seen to be appropriate for optimal performance. Leadership by the vice-chancellor and senior executive staff was seen to be crucial in achieving good governance. McKinnon, Walker and Davis (2000) comment that:

High quality governance will only come about if governing Councils/Senates and Vice-Chancellors perform their roles with skill and efficiency.
(p. 19)

The changes to the structure and role of university governing bodies occurred against a backdrop of a general trend to concentrate executive power within the office of the vice-chancellor while at the same time devolving other functions, such as budgetary responsibility to the group level.

The rise of executive power

Changes in the functioning of governing councils were only one element of the reshaping of universities in the modern era. The growth of the executive layer, has been:

... a spectacular sign that the policy message has struck home. The rise of executive power coincides with the growing role of market exchange and economic competition. The precise form of management system, the number of leader-managers, the configuration of their different responsibilities, varies between universities. Yet, in every case it is "executive centred governance" rather than a council or a professoriate that defines the character of the institution to the new world of markets and corporate mandates.
(Marginson and Considine 2000, p. 62)

Meek and Wood, (1997) concluded that in Australian higher education institutions there was a fairly clear indication that executive management priorities and practices took precedent over collegial decision making. In summing up their findings of a survey of higher education institutions, they wrote:

Universities in Australia, as probably is the case elsewhere, are no longer entirely run by a community of scholars, if indeed they ever were. The current circumstances demand that managers of higher education institutions, particularly executive officers, deans of faculty, and heads of department, lead, direct and manage a great number of things.
(Meek and Wood 1997, p. 131)

The new system of executive governance is focused almost exclusively upon the office of the vice-chancellor. The rise of executive power has coincided with, and is mutually dependent on, the expansion of certain general management functions including finance, marketing, private investment and international programs. This development has led to the bypassing of the old university hierarchy and enabled a tighter clustering of management power at the executive level. This has been reflected in the growth in senior management portfolios. Table 8.4 illustrates the growth in the size of one key group, the deputy vice-chancellors and pro vice-chancellors, in a sample of universities.

Some of the deputy vice-chancellors and pro vice-chancellors came from the ranks of public corporations and departments, and a smaller number from the private sector. The majority, however, had risen from academic ranks. Academic credibility was still considered necessary

for executive positions although management responsibility was increasingly assigned to these executive positions. In the year 2000, seventeen universities had the title 'international' (in some form or another) designated to one of its senior executive positions, in contrast to 1993 when only one university (Monash) saw any need to do so. This is indicative of the growing importance of internationalisation and the global markets to universities.

Table 8.4 The Vice-Chancellor's Office: 1987 and 1998

Total number of deputy vice-chancellors and pro vice-chancellors (a)

University	1987	1998
University of Sydney	4	8
University of Queensland	0	4
University of Adelaide	2	2
University of Western Australia	2	2
University of Tasmania	0	3
Monash University	2	5
University of New South Wales	2	4
Deakin University	2	3
Griffith University	2	8
University of Newcastle	1	5
Flinders University	1	3
James Cook University	1	4
Queensland University of Technology	...	4
University of Technology, Sydney	...	4
Edith Cowan University	...	4
Central Queensland University	...	3
Southern Cross University	...	3

...indicates that institution was not a university in mid-1987.

(a) Total number of positions, not people: some positions were vacant in 1998.

Sources: Data gathered by Marginson and Considine for *The Enterprise University: Power Governance and Reinvention in Australia* 2000.

Consequent to the emerging role of the vice-chancellors as the pre-eminent influence within their institutions, most universities developed new, semi-formal decision-making groups to support vice-chancellors' visions and strategies (Marginson and Considine 2000) and to keep them abreast of any emerging issues within the institutions. Most had no formal status, were not defined by statute and had no direct reporting relationship to other university bodies such as councils or academic boards. However, that did not necessarily mean that these management structures were less open to scrutiny. At least one university places the minutes of its vice-chancellor's advisory committee on the Internet and the existence of the group has actually resulted in a more formal approach to decision-making (Edwards pers. comm., 4 February, 2002). The emergence of these groups, nevertheless, does reflect a change in the character of councils and executive management in universities over the decade.

Devolution of decision-making

According to Chipman (in Box 8.3), the expansion of the higher education system in the late 1980s in terms not only of their size but also their revenues:

... created a perfect climate for governing bodies to be persuaded that the academic units within the university needed to be managed, and not merely administered, or even simply chaired. With all that revenue coming under their control, there had to be accountability to

the governing body through its chief executive officer, the vice-chancellor. Moreover, size and diversity was making it increasingly impractical to centrally manage many of the functions of faculties and departments. It made sense to devolve many of these functions to the faculties, with the expectation they would devolve some of them further to constituent responsibility centres. Furthermore it was clearer than it had ever been before that higher education is a market, and organizational theory in general suggests that it is those at the periphery of an organization, not those at its centre, who are most sensitive to market needs, expectations, and opportunities.

In the 1990s, there was a general, but not universal, tendency for vice-chancellors to redefine deans¹³¹ as middle level executives rather than discipline leaders (Marginson & Considine 2000). One of the strategies used to achieve this was to create a central planning committee and bring deans onboard, along with their budgets. This strategy enabled the executive to have a direct influence over resources that were formerly held at faculty level and to use faculty-based incentives as a means to promote university-wide objectives. In some cases this strategy also encompassed the creation of so-called 'superdeans' who operated as executive managers over a larger grouping of faculties or schools. Overall, there was a trend for academic leaders to take on more and more of a managerial role.

There was a tendency for faculties, departments, schools and centres to be reorganised as discrete budgetary units with partial responsibility for their own funding, staffing and performance, often competing with other or similar units inside the university for part of their resources (Meek and Wood 1997). Budgetary autonomy within the framework of institutional plans, performance measures and targets, has, in many cases, been devolved to heads of departments, deans, and faculty leader-managers. Devolution of responsibilities was used as a management tool by the executives of universities with the devolved manager's objectives, means of action and the measures of performance increasingly controlled from above. Collegial forms of decision-making were seen as obstacles to rational management by many university leaders (Marginson and Considine 2000).

According to Chipman (Box 8.3) there is still 'a clear tension between the view of universities held by most vice-chancellors, which reflects a unitary model, and that of some deans, who see the university as little more than a federation of autonomous faculties'.

In structural terms, the forum where academic values and interests and the priorities of management often meet is in the context of the academic board. Academic boards consist of representatives from departments, faculties and the executive. Boards are provided with authority by most, if not all, university Acts to advise on the development of academic policy, such as recommending to council the approval of a new course. The academic board in turn receives its advice and recommendations from departments via faculty boards, often with numerous intervening committees along the way.

Reporting on the effectiveness of academic boards in 1997, Meek and Wood concluded that there appeared to be 'no substantial concern about conflict between academic boards and management over decision-making prerogatives' (1997, p. 82). Over the past decade there had been a change in focus in Australian universities away from academic pursuits towards more entrepreneurial activities and there were serious doubts expressed by at least half the respondents in Meek and Wood's survey about effectiveness of academic boards. In the late

¹³¹ A common structure for universities is to have functions assigned to two areas, faculties which concentrate on teaching and research, and divisions which exist to support students and staff and other functions of the university. Faculties usually headed by deans, are often made up of discipline schools or departments and may have research centres attached to them. Some universities have rationalised their faculties so that a faculty may consist of what were once several smaller faculties. Divisions may provide student services, corporate services, or manage international offices or information technology areas.

1990s many universities streamlined their academic boards replacing the former broad democratically elected forums of past years with smaller boards with more appointed members drawn from the senior ranks of academic staff. The University of Sydney, for example, accepted a recommendation of an external review in 1997 that it reduce the size of its academic board from 400 (Meek and Wood 1997, p. 82) to 60 members.

Strategic Planning

... the vast expenditure of money and effort on the physical creation of universities may be building on sand, in the sense that it is governed by no proper sense of what is essential, as distinct from what in lean times may have to be pruned. Without an agreed sense of what makes a university ... there can be no proper priorities, no confidence that fashion, a popular outcry, or economy will not sweep away essentials instead of frills.
(Moore 1962, cited in Martin 1965, Vol I, p. 48)

As Moore pointed out in 1962, strategic planning is particularly essential when budgets need to be trimmed if the most important goals of the university are to be achieved. The 1990s were a time of financial constraint for universities when strategic planning was particularly important. The Hoare Report (1995) focused attention on the need for universities to strategically manage their resources in the complex and rapidly changing environment.

The Committee for Quality Assurance in Higher Education, established in 1992, ensured that universities focussed attention on the need for more systematic and sophisticated approaches to planning and evaluation of outcomes. However, strategic planning in a university context, was inherently more difficult than in most other institutions, both public and private, partly due to the identification of academic staff with their discipline or profession rather than the university and the autonomy of staff in their academic work (Anderson, Johnson & Milligan 1999).

Governance is by peers, and collegial governance through academic boards and committees most frequently functions to preserve the status quo and to reproduce existing structures. This tradition poses a formidable challenge to the manager with plans and strategies to change the institution.
(Anderson, Johnson & Milligan 1999, p. 9)

The widespread use of strategic planning is a fairly recent development in Australian universities starting in the mid 1980s. By the mid 1990s, the Hoare Committee (1995) found that all institutions had defined strategic planning processes, but that these varied in quality across the sector. They also found that universities were more committed to developing plans than to monitoring their implementation and outcomes. By the end of the decade institutions were becoming more sophisticated in using the strategic planning process, however, a serious weakness in many plans was the absence of any perceptible link between strategies and financial provision (Anderson, Johnson and Milligan 1999).

In the late 1990s universities were actively engaged in various aspects of strategic planning and retreats, planning workshops or seminars. Background analyses of change in aspects of the university's operating environment were used to identify major changes and trends taking place and to inform the planning process. Some universities adopted a top-down approach, while others used a more bottom-up model with faculties asked to produce their plans which then provided the basis for the discussion of issues for the system-wide strategic plan (Anderson, Johnson & Milligan 1999). Some universities employed external consultants to help better institutionalise their strategic planning process. However, university strategic plans were still not commonly linked to budgets or performance measures, nor were councils provided with regular financial reports (Gallagher 2001).

Another aspect of strategic planning that became more important, given the increasingly complex and competitive environment in which universities operated, was to identify the important groups and organisations that had an interest in the performance of the university or an influence on its effective operation. An interesting example of a positive working relationship between a university and a State Government is provided in Box 8.2 and that describes the process of governance reform at the University of Tasmania.

Box 8.2 Modernising the University Governance Model at the University of Tasmania

**Don McNicol, Vice-chancellor and Principal, and
Belinda Webster, University Secretary University of Tasmania**

In 1996 at its annual conference, the Council of the University of Tasmania examined itself in the light of the Report of the Higher Education Management Review (the Hoare Report) and concluded that no changes were needed in its structure or the roles of its members. However, governance reform was back on the agenda soon after the present chancellor took office in October 1998. Changes in attitude to governance generally, and a more demanding environment for higher education motivated council to evaluate its effectiveness. How good was it really at ensuring accountability of the institution, making effective strategic decisions, matching standards of governance of other enterprises, and managing risk?

Governance reform has not been easy to achieve in Australian universities, and the chancellor received some rather discouraging advice from fellow chancellors that he would be wasting his time by attempting to restructure the governing body, and that a better tactic would be to create a committee structure which would carry out governance tasks more effectively than council in plenary session. The University of Adelaide had recently created an executive committee to carry out much of its council's business, and this appeared to offer an alternative to full-scale reform of the University of Tasmania's governing body.

However, the chancellor decided to opt for the direct approach, and council began to ask itself what type of governing body the university needed, and how members should construe their roles. It was agreed that the governing body should:

- reflect a diversity of academic, community and student perspectives;
- have the skills to govern a complex organisation;
- be efficient in its decision-making; and
- that its members should act solely in the interest of the University.

The existing council was a traditional mini-parliament body of 24, and included a visitor's appointee and two State parliamentarians as well as three elected alumni, five elected academic staff, two elected general staff and two elected students. There were six appointed members (two appointed by the State Education Minister, two by the council and two jointly by the Minister and the council) and the chancellor, the vice-chancellor and the chair of academic senate were ex officio members.

The role of the council as defined in the University Act, is a conventional one. As the governing authority of the University it acts in all matters concerning the University in the way it considers will best advance the interests of the University. The challenge was to give effect to that responsibility, and, particularly to overcome the vulnerability of many university governing bodies of their members advancing the interests of particular interest groups.

During 1999, a paper was prepared for council, and several options for reshaping the council were included. They ranged from a pretty traditional slightly less than 24-member model to an unattainable seven member corporate board. The legislation also was to include duties closely resembling those imposed by the Commonwealth Authorities and Companies Act (CACA) on

directors and officers of commonwealth authorities – a move which was not universally welcomed, but accepted once it was clarified that the only penalty for breaching those duties that the legislation would spell out would be dismissal from the council. The paper was widely circulated within the University community, and the chancellor invited comments.

After much discussion within the University community, a compromise was reached on a model that accommodated many of the concerns expressed during the discussions. The main point of opposition was an underlying distrust of what was seen as corporatisation – people were wary of reducing the number of elected positions, but it was generally agreed that there was no role on the University council for a Visitor's appointee or for State Parliamentarians. The shift that was finally achieved is typified by the method of retaining a voice for the alumni – instead of having elections for the council positions, those people elected as Chair and Deputy Chair of the Alumni organisation are now ex officio council members. A similar method of recognising the two elected student presidents as elected to council has been working well for some time.

The aim of the reforms was to provide a smaller, more professional council while maintaining avenues for the voices of stakeholders to be heard. The reform was important in building confidence in the University as a well-run organisation worthy of continued support from the community, and therefore from government. It was also seen as necessary to enable the university to respond appropriately to other potential sources of funding in the private sector, given the perception that it was a large unresponsive bureaucracy.

The new council has six (of 17 or 18) appointed members, of whom the council appoints three and the State Education Minister appoints three, and there has been close consultation with the State Government over those appointments. There is provision for an international member, appointed by the council, although at this stage none has been appointed. There was a concerted effort to get appointed members with a broad range of skills and experience in reaching agreement with the Minister on the initial appointments.

While the final composition of the council was a compromise, it has achieved the main aims of decreasing the size of the body. Also, importantly, the process of making the change has led to a higher level of awareness of the changing role of a university governing body in the current climate and of the skills and experience needed to be an effective council member.

The legislation also requires the council and the Minister to have regard to gender and regional balance in making appointments, and at least one of the three in each group must be a graduate of the University. Regional balance is vital in a multi-campus institution in Tasmania, where the regional divide (north, south, north-west) is a major factor. Gender balance has not in the past been an issue, as the council has been fairly evenly split, but given the gender imbalances in the sector generally the safeguard was included in the legislation.

A vital element in achieving the legislative amendments has been the University's relationship with the State Government. As the only university in the State, we have been able to build a strong relationship with our State Government, embodied in a Partnership Agreement signed in November last year. The agreement covers general principles of an equal partnership relationship, and includes 16 specific areas of co-operation between University and State. The agreement forms the backdrop for a healthy working relationship, against which legislative reform was possible.

Along with the legislative review, the University underwent an external review into its administration and policy-making processes. As part of the combined effects of the two initiatives, a review of the role and functions of the council, and of the council committee structure, has been undertaken.

The legislation contains some important symbolic changes. An audit committee is mandated by the new legislation, and a statement is included that a member of the council owes primary responsibility to the council not to any segment by which the member is elected. Also included are strict statements of duties of members, based on the CACA, as noted earlier. These are indicative of the modern approach to governing universities, which sees them not as private sector corporations, but not as traditional trustee- or parliament-run organisations either.

The new Act specifically requires a council member to act with care and diligence, to inform himself or herself about the subject matter appropriately, and to make business judgments in good faith for a proper purpose, with no material personal interest, rationally believing that the judgment is in the best interests of the University. The Act also requires council members to act in good faith in the best interests of the University, and for a proper purpose. If a member fails to carry out these responsibilities the Minister may dismiss the member from office on recommendation of two-thirds of the council.

The functions and powers of the University were amended to make it clear that the University has power to foster and promote the commercialisation of intellectual property. This is important in itself, and also as it relates to the powers of the University in relation to the land it occupies. The Treasurer still needs to approve any borrowing by the University, but this commercialisation power now enables the University to use its land for commercial purposes related to commercialisation of intellectual property.

Apart from that change, the powers and functions of the University were not altered. The legislation already provides adequate powers, and supervision by the State Government is minimal – the State Government is involved through the partnership agreement mentioned earlier, rather than in a supervisory capacity through parliamentary members of the council. The University does answer indirectly to the State Government through bodies such as the State Ombudsman and the Anti-Discrimination Commissioner, but for the most part the University is empowered to make its own legislation and otherwise govern its own affairs without reference to the State Government.

8.3 Management

As noted earlier, management in universities in the past decade was transformed to align more with private sector norms. There was a change in the culture of universities, with greater acceptance of the notion of the student as a valued customer or client. Services to students were re-evaluated and improved in many institutions. With the aid of technology, student information services were upgraded, one-stop student centres established, online information dissemination, timetabling and enrolment processing developed and other services, which placed the student as a key focus of the university's business. Information and communications technology has also had a significant impact, not only for administrative and research uses and in the management of information, but also in underpinning and supporting innovation in teaching and learning. Universities are now actively pursuing ways to mainstream technology across the university, linking it with external clients and making it convenient and accessible for all students.

An increasingly purposeful approach became evident with more rigorous assessment of the performance of academic and service organisation units against quantitative and qualitative benchmarks. However, James (2000) suggests that universities have not been able to convert the greater knowledge they now have of their performance into tangible improvements of outcomes. He identifies six inhibitors of organisational learning in universities:

- ambiguous feedback which is partly the result of difficulties in measuring what is considered important in higher education;
- delays in feedback loops so that adjustments are sometimes made by a university before solid evidence is available on the outcomes of previous actions;
- unclear causal links between actions and outcomes due to the large number of variables that influence the outcomes of higher education;
- the individualist cultures of universities which, while giving prominence to the role and significance of individual academic staff members, create segregated pockets of knowledge that limit the capacity to learn from the teaching of others;
- 'top-down' approaches to quality assurance that may inhibit the passing of information on performance upwards and lead to a climate of defensiveness; and
- deeply entrenched division in roles and status between academic and administrative staff.

The tightening fiscal position for many universities resulted in a greater concentration on enterprise management. Activity-based costing and full-cost, accrual-based reporting as well as the introduction of internal user charging for services, outsourcing, shared service arrangements, and a review of assets management practices were all evident to some degree in all Australian universities at the turn of the century. Deregulation with diversification of the funding base, especially through competition for fee-paying domestic and international students, altered the balance of funding from public and private sources. Industrial reforms, notably enterprise bargaining activities increased the stresses on the traditional collegial environment of universities.

History of enterprise bargaining in higher education institutions

University management was fundamentally changed by the introduction of enterprise bargaining in 1993, which also saw a new approach to the funding of universities for salary increases. At the beginning of the past decade operating grants to universities were supplemented by the Commonwealth Government to take account of changes in salary and non-salary costs. Notionally 72 per cent of operating grants were designated as salary costs, 22 per cent as non-salary costs and the remainder for equipment and capital costs. Prior to 1993 universities received salary supplementation for actual salary increases in the sector and the non-salary component was indexed according to price movements in a higher education specific bundle of goods¹³². However, in 1993, in accordance with the policies of the Commonwealth government at the time, universities were required to negotiate enterprise agreements. The first agreement delivered supplemented salary increases of 1.4 and 1.5 per cent. A second agreement delivered another two per cent salary increase but was not supplemented; increases had to be funded by productivity improvements.

The two per cent agreements entered into by universities were the first real attempt at enterprise bargaining in the higher education sector, and resulted in uniform agreements across the sector. This was an unsurprising result in a sector with little experience in direct negotiations with staff unions. This lack of experience allowed unions to dominate the bargaining agenda through a coordinated approach, based on principles of:

- common pay increases;
- common dates of operation;
- avoiding reductions to basic award entitlements; and
- developing core union claims.

In 1996, in accordance with a Budget measure announced in 1995 by the then Labor Government, a new index for operating grants was introduced. The new arrangements were based on the view that all wage increases should be productivity-based and that productivity

¹³² The index was maintained using data from the Australian Bureau of Statistics and Monash University.

improvement should result in savings to public expenditure. The new arrangements assumed that salaries represented 75 per cent of operating grant. From 1996 this salary component of the operating grant was indexed by the Safety Net Adjustment (SNA). The Safety Net Adjustment is determined periodically by the Australian Industrial Relations Commission to provide a 'safety net' for those workers not in a position to negotiate enterprise agreements with their employers. As such, the adjustment is intended for the least skilled segment of the labour market.

The higher education sector's employees are relatively skilled and thus their wage levels will be determined over the longer term by the wage levels of skilled workers in general. While no index reflecting wage movements of skilled workers exists, the Australian Bureau of Statistics has produced an index reflecting community-wide wage movements – the wage cost index (WCI). A comparison of this index with the Safety Net Adjustment gives an indication of the extent of productivity improvements that the sector would have had to find to fund increases in line with community wage movements (Table 8.5). Actual wage outcomes have tended to be higher than the wage cost index indicating that university employees, either because of their skill levels or the strength of their unions, have had greater market power than the community average. University certified agreements delivered salary increases of approximately 11-12 per cent in the period 1997-1999 and a further 12-13 per cent over three years from 2000/2001.

With wage agreements significantly exceeding the Safety Net Adjustment, universities had to achieve efficiencies. As well as affecting staff redundancies¹³³ agreements have addressed a range of management issues. The first round (1997-99) included a wider variety of conditions than had previous agreements, such as simplified redundancy provisions, performance management, flexible working arrangements, specific leave provisions, broadbanding, and Christmas closedown. However, arrangements remained similar across the sector.

Table 8.5 Comparison of University wage outcomes with Safety Net Adjustment and wage cost index

	Safety Net Adjustment (% increase)	Wage Cost Index (% increase)
1998	1.5	3.1
1999	1.4	3.0
2000	1.3	3.4

The next round of certified agreements, negotiated during 2000–2001, were more truly enterprise based, with a greater range of issues covered and approaches taken to industrial matters, with less reliance on sector-wide awards. Most agreements provided average salary increases of around 12–13 per cent over three years, with a range of 7–15 per cent. A wider range of matters was covered by agreements, including:

- probation procedures;
- simplification of redundancy, particularly paying out notice periods;
- fixed term contracts for senior staff;
- salary sacrifice and flexible remuneration arrangements;
- broader performance management arrangements and misconduct/ unsatisfactory performance provisions;
- commitment to staff development;
- hours of work for general staff;
- some flexible working arrangements and teaching outside traditional times;
- leave arrangements;

¹³³ Readers are referred to Chapter seven for more details.

- broadbanding and position classification; and
- workloads.

The developments in the 1997–1999 and 2000–2001 bargaining rounds (as outlined in greater detail in Appendix 8.1) indicate a trend towards greater diversity in enterprise agreements in the sector. If this trend continues, conditions and salaries could be expected over time to vary considerably across the sector, reflecting differences between institutions.

The change from centralised wage fixing to one of enterprise level agreements has been vast, and has resulted in pay and conditions varying from institution to institution. Universities have had to develop strategies for negotiating with staff and unions, without any automatic funding supplementation by the Commonwealth. This has been a learning process for all parties, with universities demonstrating varying levels of success.

Institutions have become increasingly sophisticated in their use of enterprise bargaining to support their strategic goals and management reforms, with recent agreements including strategic issues and relying less on sector wide awards. However, they have had to confront a concerted union agenda to achieve specific pay and other outcomes across the sector. Universities have also been caught by union pressure to include a wide range of industrial matters in enterprise bargaining, rather than being able to use management prerogative and other procedures for dealing with issues. As universities further improve their negotiating skills, workplace relations can be expected to reflect the diversity of the sector.

Workplace Reform Programme

As an impetus for universities to adopt more flexible and efficient management structures, the Commonwealth provided additional funds to supplement operating grants equivalent to an additional two per cent rise in staff salaries. This supplementation was made available through the Workplace Reform Programme on a voluntary basis to universities, but was conditional on their meeting a set of criteria for improving their management, administration and workplace relations.

An initial grant for 18 months was payable to a university once it applied on the basis of a certified agreement (or agreements) with staff that satisfied nine of the program's 14 criteria (Appendix 8.2). Confirmation of the grant for ongoing payment was then conditional on the university demonstrating progress in implementing workplace reform. The criteria reflected the Government's priorities for reform in the sector and covered a range of matters, including bargaining processes, performance management, cost savings, discretionary revenue generation, productivity increases and flexible working conditions and junior employment. They also covered management and administration improvement initiatives, including sharing of education and administrative services, more flexible operating times and better use of staff and physical resources, and the rationalisation of governance structures.

In 2001, the National Tertiary Education Industrial Union (NTEU) unsuccessfully challenged the legality of the Workplace Reform Programme, alleging that it amounted to intent to coerce, breaching s170NC of the *Workplace Relations Act*.

Financial Management

Considerable change has occurred in financial management in universities over the past decade. Universities generally adopted a more business-like and professional approach to financial and asset management as a result of the combined effect of the growing commercialisation of university activities; the greater flexibility afforded university management as a result of Commonwealth funding changes; and the growing pressures for financial efficiency and enhanced accountability (Hoare 1995).

In the 1989 Budget single-line operating grants were introduced by the Commonwealth that gave universities the flexibility to decide the best use of their resources, consistent with broad objectives. To enable the overall operating grant to reflect the different discipline profiles of universities, a relative funding model was developed in 1990 as a basis for adjusting funds to universities. It recognised variations in costs for different disciplines. Further consolidation of funding arrangements occurred in 1994 with the roll-in of most capital grants to the operating grant. This meant that responsibility for resource decisions was more fully placed in the hands of universities.

From the mid 1980s there was a sharp increase in the diversification of university income sources and the size of university budgets, largely as a result of university involvement in commercial activities. Income was derived from fees paid by overseas and some local students, consultancy activities, greater efforts to commercialise the intellectual property of university research, and campus services – some of which were outsourced, including parking, bookshops, security and catering services.

These are all matters to which most universities have turned or will turn in the short to medium term. They are listed here to illustrate just how substantial are the management challenges still facing Australia's university sector. We may have come a long way since the Dawkins Green Paper of 1987. But there is much that remains to be done.

In the second half of the decade, in particular, the tightening liquidity position for many universities led to a greater concentration on enterprise management (Gallagher 2000). There was an urgent need for university management to have accurate knowledge of the costs of the services they provided or the costs of different student types enrolled. Ernst and Young (1998b), in developing a costing methodology for use by universities, commented that:

The current state of cost management in most universities is not adequate to support the needs of their businesses and the changing landscape. Information has been developed in a vacuum within institutional silos using inconsistent practices and less than credible numbers.

(Ernst and Young 1998b, p. 3)

The need for universities to have accurate and precise knowledge of all their costs fundamentally changed the way universities were run. Instead of deans and administrators competing for their annual share of a predetermined government funding cake, managers had to be conscious of new fee-paying opportunities, competition, maintaining market share, planning on uncertain revenue estimates and many more financial issues.

With encouragement and support from the Commonwealth universities started to adopt a process of cost management that could provide them with information and feedback to achieve their strategic goals. The Commonwealth saw cost management, in its broadest sense, as all the activities and related infrastructures that a university employs to determine and measure the achievement of its goals and objectives (DETYA 2000). Some universities adopted mechanisms such as 'Activity Based Costing' to attribute costs. An activity based costing system identifies activities performed in a university and determines their cost and performance. The system identifies activities such as 'enrolling students', 'designing a new course', 'teaching engineering', 'tutoring students', and costs are attributed to these activities.

There was increasing interest in the 1990s in finding ways to cut costs by using outside agencies. Outsourcing was one approach that was explored by universities. Large-scale outsourcing did not, in fact, occur but there was an increase in the level of contracting-out of individual services with cleaning, security, and maintenance all being largely contracted-out.

In many universities obtaining and processing fees from overseas and local students are co-ordinated through a central administration which is responsible for marketing, enrolment, fees collection and fees distribution. There are also 'paid outside work' policies that set out rules for staff consulting. One approach is to collect all payments centrally and then distribute set percentages to academic and non-academic functions including central administration¹³⁴.

The operation of a university involves considerable investment in infrastructure and equipment so that effective financial management requires a strategic approach to identify priorities for capital expenditure and a careful consideration of how best to manage existing assets. Changes in the way the Commonwealth funded capital works in the 1990s gave universities greater responsibility to manage their assets.

Box 8.3 University Management – The Last Ten Years

Lauchlan Chipman, former Vice-Chancellor and President of Central Queensland University

For the past ten years the most vociferous internal complaint about university management in Australia has been that too many universities, for too much of the time, have been and continue to be in the grip of managerialism. Like that other, slightly older and more general term of abuse, economic rationalism, this is a term rarely used with pride, obscure in origin, and unclear in definition. Nobody boasts of being managerial, just as nobody boasts of being economically rational. But by the same token, nobody would really take pride in being economically irrational, any more than they would trumpet their triumphs in mis-managerialism.

It is also a cliché that universities are criticised by leaders of other organisations, particularly in the commercial sector, for being unwilling and/or unable to respond dynamically to environmental change, to make decisions, to understand and control their costs, to set priorities and align resources accordingly, and to set, maintain, and enforce robust performance and productivity standards for their human resources. While these sweeping generalisations are false in their gross generality, it would be churlish not to acknowledge that they do hit the mark in some quarters.

Despite the prevalence of these criticisms, there have been significant attempts by universities over the past ten years to manage their way through and around the problems and challenges to which they point. Herein lays the source of accusations of 'managerialism'. On the face of it, to the extent that the criticisms are well founded, it does look for all the world like serious managerial failure. This is true even when one allows that Australian universities are not only formally sustained but also operationally encumbered by governmental legislative frameworks. Their own 39 separate State and Territory Acts are more difficult to amend than are the constitutional provisions of most commercial organisations. Indeed most vice-chancellors are reluctant to seek desirable amendments to their sustaining legislation, due to a fear that 'opening up the Act' in a Parliamentary sitting could lead to all sorts of unforeseen consequences, given the unsympathetic attitudes of some individual Parliamentarians to universities.

In addition, Federal, State, and Territory legislation of more general application limits the commercial discretion of public sector agencies including legislatively constituted autonomous or quasi-autonomous bodies such as universities, for example in matters to do with powers of investment or lending and borrowing finance. University commercial ventures, even if separately corporately structured, may be classified as 'controlled entities' by State Auditors-General, and

¹³⁴ Based on personal communication with Cameron J. 2001, Australian Catholic University and Webster, M. 2001, Macquarie University.

this may in turn impose encumbrances or restrictions additional to those imposed by corporations law. Furthermore governmental approval processes required for some purposes, e.g. in Queensland in entering into borrowing or leasing arrangements, inhibit the timeliness of university responses to emerging opportunities. Many of these restrictions and limitations hark back to the days when universities were overwhelmingly dependent on taxpayer sourced funds, and operated in an educational sector which in other respects, while still significantly regulated, has never been less regulated than it is at present.

The Myth of the Golden Age

How are Australia's universities actually managed? To answer this question it is necessary to dispose of a prevalent academic myth – the myth of the self-governing community of scholars. The folk wisdom of the academic common room has it that there was a time when Australian universities operated in directions essentially set and overseen by their constituent academic communities. They were presided over by a benign vice-chancellor who earned the goodwill of the academic staff by regularly demanding more money from government, and protesting at intrusions on university autonomy and academic freedom by censors restricting access to books, bishops demanding atheist professors be dismissed, politicians complaining of communist academics corrupting the young, or professional bodies trying to muscle into greater control of curriculum. For the rest, the academics essentially decided what had to be done, and did it. Despite the perennial complaint of not enough money, courses were never closed down, except in the rare event of the death or departure of the one person interested in running them. The administration, as it came to be called in the 1960s following the US practice, knew its place, which was to do the bidding of academics. The idea that it actually ran the place was a conceit in which the administration was tolerantly permitted to indulge.

Of course it was never like this, although it came closer to it than ever before for a brief period beginning in the late 1960s and all but extinguished by the late 1980s. For the first eighty years of their existence, the governing bodies of Australian universities – called variously councils or senates – exercised considerable day-to-day authority over the management of their universities. It was not until the 1930s that the University of Melbourne, for example, had a full-time vice-chancellor, and it was not until Sir John Medley's tenure as vice-chancellor – a period that spanned the Second World War and extended into the early 1950s - that it became accepted that the chancellor did not possess any significant executive authority over the operations of that university. Ironically, there are signs today that we are entering a period of greater, not lesser, intervention by governing bodies and their chancellors in operational issues within universities, often at the behest of academic staff representatives.

The decline in the effective operational power of governing bodies did not create a management vacuum that was filled by academics at large. From the Second World War through the 1950s and 1960s there was a significant shift of power to a small subset of the academic staff, the professoriate. 'God professors' as they were known made and broke careers with essentially zero formal downward accountability to their academic staff. Not only were tacit anti-Semitism together with quite overt sexist and racist prejudice in the hiring and advancing of staff widespread (as they were in many other industries) but so too was denominational prejudice, including in some cases virulent anti-Catholicism. The most powerful of the university's internal committees, the professorial board, ancestor of today's academic board or academic senate, was typically, but not universally, chaired by the vice-chancellor, however its agenda was controlled and managed by the person who was unquestionably the greatest wielder of de facto power in the vast majority of Australian universities until comparatively recently, namely the registrar. Those contemporary academics nostalgic for a golden age would do well to contemplate whether this "community of scholars" would be more to their liking. In a second irony, there are now stirrings within the professoriate of some Australian universities, seeking to acquire and perhaps formalize an increased level of responsibility on general university matters, commensurate with their generally superior level of academic achievement and experience. It is a quest not without merit, provided there is commensurate accountability.

The Democratic Revolution

The year 1968 was the year of student revolutions in Europe. It also marked the beginning of a period of turbulence in Australian universities resulting in some of the most revolutionary organisational changes in their history. The counter-revolution was not to begin until the mid-1980s. While the specific changes differed from institution to institution the main thrust was towards the democratisation and “worker management” of the constituent academic units. ‘God professors’ gave way to elected departmental chairs. Faculty deans were elected in many cases, and not restricted to senior professors, Professorial boards became academic boards or senates, most with roughly half their members directly or indirectly elected, and an elected chair. Students were elected in unprecedented numbers to positions of formal responsibility in academic organisational units.

There is no doubt that, relative to what came before, this was an improvement. Secrecy gave way to transparency. Significant academic-administrative talent was released. Many able professors, liberated from tasks they found burdensome and disagreeable, went on to once again make significant contributions to their discipline. An anti-discriminatory spirit was willingly embraced, years before it became legally mandated. The changes brought problems also, as the democratisation of departments and faculties made them prey to politicisation and ideological capture, as part of ‘the long march through the institutions’.

The Revolution Fails

The changes of the 1970s introduced greater accountability than had been evident in the past. However, the directions of that accountability were almost entirely inwards and downwards, directions characteristic of democratic structures. Meanwhile universities were getting larger, as were their budgets. They were facing competition, especially in undergraduate fields such as business, computing, and the creative and performing arts, from the newly created colleges of advanced education. In the mid-1970s they experienced significant revenue cuts with the suspension of Commonwealth triennial funding, an outcome of Treasurer Hayden’s one and only budget, the last of the Whitlam era that had been ushered in with the promise of unprecedented bounty. Newer universities experienced a slackening of demand. Newspapers editorialised about how Australia had too many universities, and called for greater investment in the trade-training area.

One of the characteristics of democratically managed organisations, indeed any organisation with predominantly inwards and downwards accountability, is a predilection for the use of formulae in resource allocation. Formulae were a natural reaction against the perceived capriciousness of resource allocation in the days of the so-called ‘God professors’. Formulae do have their strengths, one of which is that there is one big argument, rather than a regular parade of little arguments, about how resources should be divided. But by the same token, what they also do is set in concrete a particular historical set of political victories and losses, which somewhat undermines the apparent scientific rigour of their mathematical precision. In essence, resource allocation by formulae represents the triumph of equity over strategy. Thus universities facing financial hardship in the late 1970s and early 1980s typically administered budget cuts through a uniform percentage measure, e.g. a five per cent reduction on all cost centres relative to their previous year’s allocation. It soon became clear that this was not smart.

By the early 1980s it was clear that there were four main failings intrinsic to the democratic approach. First, it was inherently conservative. While this may not have mattered in periods of seemingly endless publicly funded growth and a virtual monopoly in post-secondary academic education, it certainly did matter in contexts of steady state or diminishing public funding, virtually no private funding, and increased competition for students. The only way a university in such a situation can compete is by investing in new areas of growing student demand, but the only way it can finance this is by shedding some of its current activities. The democratic process has not lent itself to wise and timely decisions on closing down academic departments, for

example. In short, this conservatism tested the political skills of vice-chancellors in alliance-building in ways they had never been tested before, and certainly led to the postponement of many necessary academic restructurings, often justified by the forlorn hope that it will all change for the better 'when there is a change of government'.

Second, the democratic approach, especially spread, as it was, across many units within the university that were competing with each other, as well as with other institutions, for students and resources, made strategic management extraordinarily difficult, and not just in the deployment of resources. Vice-chancellors were becoming savvier about management, as opposed to mere administration, and some attempted to introduce then relatively recent management techniques such as management by objectives, and zero based budgeting.

Third, the democratic approach deepened the gulf between academic and non-academic staff within the university. In competition for scarce resources, the administration, presided over by the vice-chancellor and the registrar, was seen as the common enemy. It was the area of the university that was not accountable to the academic staff. Mutual cynicism between academic and non-academic staff was all too often the legacy – a legacy that persists in many universities to this day. It is reflected in the widespread and wasteful current practice whereby the more affluent faculties try to internalise as many of the university's administrative and technical support functions as possible, by hiring their own staff accountable to the dean.

Fourth, the inwards and downward accountability of the democratic approach did not sit well in a community that was increasingly demanding upward and outward accountability from both its private sector and public sector institutions. Vice-chancellors were in an invidious position, as they were accountable to their governing bodies, which in turn saw themselves as accountable to stakeholders or the community at large for the good governance of an effective and efficient university. But a large subset of those who formally reported, directly or indirectly, to the vice-chancellor – namely deans and departmental heads – considered their accountability to be first and foremost to their academic staff. There was thus a crucial disjunction between formal responsibility and assumed accountability. This is a recipe for such serious dysfunctionality that it is amazing the sector survived as well as it did into the 1980s. By 1988, just twenty years after the year of student revolutions, it was clear that democracy had run its race. It was the advent of John Dawkins as Minister for Education in the Hawke Labor Government that gave vice-chancellors the big trigger they needed to wind democracy back.

The Counter-Revolution

Two major changes occurred in the late 1980s that created opportunities for universities to restructure themselves out of the democratic trap. The key to this restructure is not acceptance of any new-fangled management theory, but the implementation of one of the oldest management principles known. It can be summarised as no responsibility without accountability, and no accountability without responsibility. Sad to say, there are still significant malalignments between responsibility and accountability to this day in all universities with which I am familiar, as well as excessive diffusion of both responsibility and accountability in some continuing uses of the academic committee structure.

The two major changes relate to size. Partly through selective government funded expansion, but more significantly through success in exercising their new right to attract full fee-paying students, international in the first instance, universities grew to sizes unprecedented in Australia. So, too, did their revenues. As an incentive to encourage entry to the international fee-paying market, most universities distributed fee income in a way that was more favourable to their faculties than their share of public funding. Many faculties enjoyed a new found affluence, as they received more dollars per student, for students they were essentially teaching at marginal cost.

This created a perfect climate for governing bodies to be persuaded that the academic units within the university needed to be managed, and not merely administered, or even simply chaired. With all that revenue coming under their control, there had to be accountability to the governing body through its chief executive officer, the vice-chancellor. Moreover, size and diversity was making it increasingly impractical to centrally manage many of the functions of faculties and departments. It made sense to devolve many of these functions to the faculties, with the expectation they would devolve some of them further to constituent responsibility centres. Furthermore it was clearer than it had ever been before that higher education is a market, and organisational theory in general suggests that it is those at the periphery of an organisation, not those at its centre, who are most sensitive to market needs, expectations, and opportunities.

The function of deans changed significantly, although the significance of this change of function, which became evident through the 1990s, was not fully appreciated at the time. They would henceforth be responsible for gathering the revenue necessary for the faculty to achieve its objectives. There were in reality two changes here. First, their task of gathering revenue would no longer be directed exclusively, or even primarily, to waging internal institutional war, armed with their preferred formulae. Faculties came to be seen as earning centres, not allocative destinations, within the university. Or to put it in the simple business jargon, faculties were changed from cost centres to profit centres, with the qualification that the 'profits' were to be reinvested in the business. Revenue from central would henceforth be just one line on the income side of each faculty's income and expenditure statement.

Implicit is a further change. After all, how can the dean be responsible for ensuring the faculty gathers sufficient revenue to achieve its objectives, unless the faculty actually had objectives, and made these known? The freedom to earn revenue made it imperative for each faculty to have a view of its purposes and priorities, if revenue was to be used to advance them. In a sense the trade off for becoming upwardly and outwardly accountable was greater freedom in the selection of objectives, and earning the revenue to achieve them. Inwards and downward accountability were not abandoned altogether, but rather seen as the directions of accountability for exercising one of the responsibilities of any head within any organisation, the responsibility of leadership. Perhaps it is surprising in retrospect given the complaints today about 'managerialism', but these changes, which saw elected deans and departmental heads replaced by appointees, often recruited through external advertisement, were received with remarkable equanimity at the time.

The second external and national change, and one that gave unprecedented momentum to the strengthening of university management structures for at least the decade which follows, was the set of reforms introduced by then Minister Dawkins in 1988 (Dawkins 1988) following a Green Paper on the same subject a year earlier. This saw the abolition of the so-called binary divide of universities on the one hand and colleges of advanced education on the other. Most colleges merged with pre-existing universities or with other colleges to become new universities. A small number of colleges (e.g. what are now Central Queensland University and the University of Southern Queensland) became universities in their own right without the necessity to merge. There had already been a small number of mergers in the early 1980s (e.g. the University of Wollongong with the Wollongong Institute of Education) but nothing on quite this scale, which touched nearly every higher education institution. While mergers were the most spectacular outcome of the Dawkins reforms, the need for universities to be managed institutions, with stress on performance measurement and outward accountability, was emphasised throughout. Research management received particular attention.

The mergers and transformations provided an immediate trigger for strengthening the management of universities, especially at the most senior level. The vice-chancellor, increasingly also styled 'the president' in US style, rather than 'the principal' in Scottish style, was supported by what became known during the 1990s as a 'senior executive team' made up

of at least one deputy vice-chancellor, effectively the operations manager or provost-general in the US sense, one or more pro-vice-chancellors with authority over specific portfolio areas such as research, international operations and recruitment, or academic development, and the head of the administration, often called a vice-president or vice-principal, and subsuming the major functions of the registrar. In all but the smallest institutions these positions are full-time, usually recruited through external advertisement, and remunerated through a performance-based contract, with no tenure or reversionary substantive position. The senior executive team increasingly includes the person in charge of the university's commercial operations and, in a minority of institutions, the person responsible for media, marketing, and community relations. Curiously, it is not standard practice for the chief finance officer or the chief information officer to be a member of this team, although that situation is likely to change, in line with common business practice.

In sum, the restructuring occasioned by mergers and changes of status provided vice-chancellors with an unprecedented opportunity to build a senior management structure that bore more resemblance to that of a business corporation than universities of the past. Old positions could be disestablished or spilled as a necessary part of the restructuring process. The climate of threat and opportunity created by the scramble to woo selected merger partners and flee from others gave vice-chancellors more persuasive leverage within their universities, and they used it to make it clear that the habitual academic cry for more time would carry no weight. It is however an exaggeration to say universities have in effect been corporatised, as is claimed by critics who use 'corporatisation', like 'managerialism', as a term of derision. The resemblance is far from perfect.

The entire 1990s can be seen as a playing out of the Dawkins reforms in universities. By and large they were embraced by the Coalition Government that held office for most of the second half of the decade. Indeed the Coalition took the Dawkins reforms in the area of research management further, and has implemented quality assurance and enhancement audits covering teaching and learning, research, and management and administration as an integral part of the higher education sector. All of these reforms required much stronger performance measurement by universities. Performance measurement can only drive performance improvement if it is made to do so, with the result that during the 1990s the setting of targets and the adoption and implementation of strategies to meet them became part and parcel of university life. Once nowhere, strategic planning is everywhere to be seen.

Fadism?

Robert Birnbaum has argued (Birnbaum 2000) that higher education is governed by management fads that go through a five-stage process from initial introduction to abandonment. Among those he lists, referring mainly to United States institutions, have been Planning, Programming and Budgeting System (PPBS), Zero Based Budgeting (ZBB), Management by Objectives (MBO), Strategic Planning, Total Quality Management/Continuous Quality Improvement (TQM/CQI), Business Process Reengineering (BPR) and Benchmarking. The list certainly looks familiar to anyone who has experienced the Australian higher education sector. However Birnbaum's principal thesis, abstracted as 'In a process of "virtual adoption," academic institutions may endorse management innovations for their symbolic benefits but isolate them from core activities to avoid disruption caused by implementation,' is not true of Australia, however true it may be of the United States. This may reflect the fact that Australian universities are today much more strongly managed than their United States' counterparts. Indeed all of the fads listed (except ZBB in its earlier form, for reasons already given) have been strongly promoted as mainstream by Australian universities, often going to expensive lengths through retreats and other strategies to ensure buy in as well as relevance. Where traction has failed, this has not been due to a policy of isolating them out of the mainstream, but to implementation failure, including failure to overcome the passive resistance of lethargy.

Unfinished Business

To venture into hostile territory, I would submit that one of the main challenges facing Australian universities is to strengthen, not to abandon or weaken the managerial turn so in evidence for the past decade. To conclude with some management challenges—devolution has not worked as well as it should have, largely because it took place in many institutions in a policy vacuum. Matters that had previously been managed centrally were handed to faculties, along with the implicit freedom to develop their own policies to deal with them. Often policies were not developed, or were developed but not effectively promulgated, or were promulgated but not enforced. The answer lies not in winding-back devolution, but in developing comprehensive university-wide policies where these are appropriate, and requiring devolved entities to develop and implement local policies on matters which require policy settings, but where these need not be uniform across the university.

As already noted, devolution coupled with increased revenue from fee paying students has often led to faculties developing mini-administrations accountable to the dean, resulting not only in wasteful duplication but commonly creating communication barriers with the rest of the university, for example due to variations from a standard operating information technology environment. There is a clear tension between the view of universities held by most vice-chancellors, which reflects a unitary model, and that of some deans, who see the university as little more than a federation of autonomous faculties.

There are compliance issues more generally, with many university vice-chancellors privately expressing their concern at the extent to which there is significant non-observance of university policies and procedures that are in force, on everything from class of airline travel, to purchasing, to codes of conduct. Some of these have come to light in recent university audits however many of them relate to areas that are not directly financial and would not necessarily attract the attention of the State Auditor-General. Strengthening of the university's internal audit function, making it clear that its functions are broadened to cover issues of compliance more generally is one way of beginning to address this.

Many universities are now investing millions of dollars, with amounts ranging between \$17 million and \$50 million, in Enterprise Resource Planning (ERP), the implementation of integrated IT-based management information and processing systems to handle some or all of finance, student administration, human resource management and asset management. However the savings promised with these innovations will be illusory unless universities use them as an opportunity to rigorously reengineer their own management and administrative processes. Everything must be questioned, from whether there should be pre-requisites and co-requisites to whether there should be show cause for persistent failure. It is extraordinary just how many processes operate in universities that either add no value to the university's quality or reputation, or add value at a cost way out of proportion to the value added.

Asset management is still at a primitive stage in most universities, with space still regarded as a politically contestable free good. Land value and space utilisation in public universities, apart from some recurrent overheads such as power and light, are not reflected in the costs incurred by responsibility centres or in the fees charged for domestic fee-paying students. (There is a notional capital component mandated in international student fees.) This contrasts with the position of private providers, and must inhibit the effective management of some of the universities' most valuable resources.

During the 1990s many universities adopted a unitary administrative structure with one head of administration, where previously there had typically been three major divisions, headed by the registrar, the chief finance officer, and the estates manager. While such a strategy had many arguments to commend it, one consequence in many institutions has been that finance has been seen as a service or support function, possibly at two removes from the vice-chancellor. It

is now clearer than ever that financial management, along with IT, is a fundamental strategic function. Both need to be intimately involved in strategic thinking at the highest level as well as operational planning.

Asset management¹³⁵

The Dawkins reforms of 1988 had a significant effect on universities and the former colleges of advanced education in a large number of areas including capital works and facilities management. These began to take hold early in the 1990s as the many smaller institutions combined into fewer larger universities, most often with an existing university as an amalgamation partner. The universities brought professional management, in large part, to those partners where asset management was previously usually managed through the bursar's office or as an adjunct to the registrar's office. This move, in itself, helped the sector make more effective use of its physical resources and ensured that capital assets were better maintained and developed into the future to meet changing needs.

Probably the most significant development, as referred to earlier in this section, was the decision to move away from a system of individual capital grants to universities based on annual submissions and to roll capital funding into the annual operating grant. Universities could now make decisions that linked academic planning, capital works, financial management and the ongoing operating costs of the facility. These decisions had previously been fragmented by the artificial separation between capital and recurrent expenditure.

To support the capital roll-in, the Commonwealth provided the flexibilities needed to make provision for future expenditure of funds for capital purposes. As universities began to understand their new-found freedoms, innovative systems were also found for developing projects with third party partners and for projects to be 'off balance sheet' without financial underwriting by the universities. For many, this was, and still is, a quantum shift in thinking regarding asset ownership. Moves towards leasing space rather than owning space and facilities have become more evident although they are not yet at the level of any significance relative to the total portfolio of fixed assets.

Developments in flexible learning through utilisation of information technology, the World Wide Web and convergent technologies have impacted on the way most universities deliver their courses and on the nature and size of facilities. Initially, the impact of flexible learning has been to increase the amount of space needed because the technology relies on multiple workstations for delivery rather than simply the front of a large lecture theatre. This increases the cost and complexity of facilities and also introduces additional recurrent costs for the development and continual upgrading of the course materials. Computerised systems such as Space Planning and Management (SPAM), timetabling packages for teaching spaces, and other advanced computing hardware and software have made it possible to use optimisation programs to allocate teaching spaces to match needs to the physical space and time available. However, the demands of flexible learning have tended to move ahead of the ability of the software packages to cater for the variations in class sizes and times arising from staff and students being able to pursue education anywhere, anytime.

Commercial operations

Another strategy, increasingly adopted by universities in the 1990s to increase their revenue, was the establishment of commercial operations to turn university innovation into profit. There was a marked growth of company structures relating to research, investment of capital,

¹³⁵ Information in this section is based on a paper provided by Sam Ragusa, Director, Office of Facilities Management, Griffith University, August 2001.

information technology services, delivery of educational services to the corporate sector, language education, international education, and domestic fee-paying market, notably via business schools. Of the forty higher education institutions, 34 institutions reported having commercial entities in the 1999 published financial statements. Of these, nineteen institutions had commercial entities contributing a net surplus (before abnormal items) totalling \$43.4 million to their consolidated accounts, while 12 institutions had commercial entities contributing an aggregate net deficit of \$8.5 million to their consolidated operating result. Table 8.6 provides information on the number of controlled entities operated by universities in 2000/01.

The three-way relationship between company, university executive, and university governing structure can vary with particular companies. Often company personnel overlap significantly with a university's senior executive. Vice-chancellors may become directors. Deputy vice-chancellors and pro vice-chancellors are found as managing directors. However, in most cases a senior executive does not take on the role of hands-on company manager, preferring to appoint specialist managers with outside backgrounds. In these wholly owned companies, annual financial reporting is required; beyond that, in the relationship between university and company a variety of arrangements have emerged. Many companies are largely outside the ambit of control of university councils despite annual reporting mechanisms requirements. An example of the relationship between the commercial arms and university is that of Macquarie University:

The commercial arms of the University contribute via various means including levies payable to the university for full-fee post-graduate enrolments assistance with the development/tracking of our Intellectual Property, and via managing consultancies (with agreed amounts being paid to the university).
(Webster 2001 pers. comm.)

Some concerns have been expressed in recent times about the legal liability of the university for these commercial activities. This has become a matter of increasing importance due to the expansion of these activities during the past five years. Universities are now frequently involved in major commercial operations involving substantial public funding which open universities, as public entities, to considerably greater risk (Aquilina 2001, p. 5). A Senate Report on higher education noted that there had been a marked change in the scale, nature and complexity of commercial operations with many of the newer commercial operations having serious implications for universities' legal and financial standing and that management of these commercial operations could make heavy demands on universities' governing boards and management. There were even concerns expressed that changes in governance and management structures resulting from the need to manage commercial entities had the potential to undermine the universities' capacities to discharge their public responsibilities (Senate 2001).

Table 8.6 Controlled Entities¹³⁶ operated by universities 2000/01

University	Controlled Entity (a)
Charles Sturt University	4
Macquarie University	3
Southern Cross University	1
University of New England	2
University of Newcastle	3
University of New South Wales	9
University of Sydney	3
University of Technology, Sydney	1
University of Western Sydney	5
University of Wollongong	4
Deakin University	5
La Trobe University	7
Monash University	13
RMIT University	10
Swinburne University of Technology	3
University of Ballarat	2
University of Melbourne	10
Victoria University	4
Bond University	1
Central Queensland University	5
Griffith University	1
James Cook University	4
Queensland University of Technology	2
University of Queensland	20 (b)
University of the Sunshine Coast	1
University of Southern Queensland	3
Curtin University	6
Edith Cowan University	1
Murdoch University	1
University of Notre Dame Australia	0
University of Western Australia	1
Flinders University	8
University of Adelaide	4
University of South Australia	2
Australia Maritime College	1
University of Tasmania	2
Batchelor Institute of Indigenous Tertiary Education	0
Northern Territory University	2
Australian National University	1
University of Canberra	1
Australian Catholic University	0

(a) This list is not necessarily comprehensive

(b) Some of these controlled entities are under the umbrella of other controlled entities.

Source: Compiled from information provided by universities to Department of Education, Science and Training.

¹³⁶ A Controlled Entity is an independent operation that meets the criteria set out in the *Australian Accounting Standard* (AASB) 1024. Independent Operations are organisations that are corporate entities, which in legal terms, are separate from the university. Independent Operations may include ones providing: computing services; research, development, testing or consultancy services; services to students or staff for which the institution is not legally responsible, eg. student unions, sport unions, bookshops, staff clubs, student residences, collegiate residences and child care.

Another issue has been the powers available to universities to engage in commercial activity. Phillips Fox (2001) argues that it is practice rather than specific regulations that determine what universities can actually engage in:

A university can do what a university can do. It is ascertaining the boundaries of these activities that is problematical for a university's commercialisation activities.

In the absence of express powers, assistance as to what can be done by implication is to be gauged from the collective experience of universities in Australia.

(Phillips Fox 2001, p. 3)

The reality is that many universities now operate in a way that is not substantially different from that of for-profit corporations. Just as the law imposes certain duties on directors as persons whose power must be exercised on the behalf of others in a position of dependence, so too may a university's governing body, whether a council, senate or board of governors, be expected to act in the role of a board of directors or charity trustees – demonstrating prudence, skill and care with an appropriate degree of competence.

It is inevitable that as universities move beyond being simply providers of higher education; as they –

- *build joint ventures;*
- *administer large amounts of private monies;*
- *develop fee-paying business relationships with individuals and private industry;*

that public accountability should become greater rather than less.

(Aquilina 2001)

As members of governing bodies of universities take on increased responsibility for the accountability, management and administration of universities, it is likely that there will be increased public scrutiny of members' probity. The shift from a sense of the academic and student belonging to a community of scholars to the sense of a student as a client with whom the university has a contractual relationship means that universities are more likely to be held to delivering what they have promised thus increasing the potential liability of a person on a governing board. Issues such as disclosure of interests, fiduciary responsibilities, liability and indemnity will need to be dealt with as in the corporate world (Rochford 2001).

The NSW State Government intends to introduce legislation that will require governing bodies of universities to maintain a register of commercial activities that can be requested by the Minister and referred for investigation by the Ombudsman or Auditor-General. In the words of the then NSW Minister for Education and Training:

What this means is that the era of governing bodies abrogating responsibility for commercial activities, either by ignorance or by design, will be over. The era of university management not being internally accountable to the governing body will be over.

(Aquilina 2001, p. 6)

Student Services

In the era of students as fee payers a focus on the quality of service has become increasingly important. Many universities have seen a need to change the culture of the organisation to one that recognises and responds to the notion of the student as a valued customer or client. Service orientation became a key principle of some university strategic plans. Values are evidenced in such statements as:

Staff will be responsive to both internal and external clients in a timely, proficient and friendly manner. All functions undertaken by staff will be viewed as providing a service whether it is directed towards students, colleagues or other clients.

(Poole et al. 2000, p. 8)

Some strategies for the improvement of student services put in place by universities (Gibson et al. 1999) are:

- improved enrolment processes. Information and communications technology has been used to allow universities to offer a range of services. In many universities students are now able to access enrolment guides, timetables, booklists and handbooks on the Internet. Continuing students are often able to submit their enrolment and personal and statistical details on-line. Recently one university posted examination results on the messaging system of students' mobile phones.
- creation of student information systems which enable students to allocate themselves to tutorials, gives them access to directory information, class lists and course information.
- establishment of one-stop student centres to manage student enquiries and payments, and provide information and access to student information systems.
- creation of a student ombudsman/complaints officer. Usually a senior member of the university's academic staff, this position has the task of managing conflict between students and staff and facilitating the resolution of student grievances.

Student service centres, in particular, are visible manifestations of the recognition that students are the primary customers of the university. The underlying concept in the creation of these centres is the provision in one location of a convenient 'one stop shop' for face-to-face student services. The services may include such core processes as enrolment procedures, changes to enrolments, timetabling, student cards and parking permits.

Information and Communications Technology Services

As was noted in the *Benchmarking Manual for Australian Universities* (McKinnon, Walker, & Davis 2000), information and communications technology is integral to the operation of a modern international university. Access to efficient, networked computing facilities, to university-wide information services, and to the Internet, are the reasonable infrastructure expectations of staff members and students in universities today.

For service units, such as those providing services to students, technology has brought fundamental changes. Services that were formerly separate processes were now capable of integration so that course administration and curriculum can be seamlessly delivered (Nunan et al. 2000). This has resulted in a convergence in roles and functions between registry, library, computer services, production and teaching support and student support services and led to structural changes. The expanded use of on-line learning for on-campus students also had far-reaching implications for the location, design and use of buildings.

As a tool of management, information technology is highly important in ensuring that the core business systems of a university – the financial, student, personnel, physical assets, research and other systems – are economical, efficient, and accurate. Best practice requires systems that can produce data at aggregate and unit levels which can indicate trends and facilitate cost analysis and benchmarking of performance (McKinnon, Walker and Davis 2000). In view of the strategic importance of information technology as a tool of management, some universities moved responsibility for it into the senior executive group, with the deputy vice-chancellor or pro vice-chancellor responsible for information technology reporting directly to the vice-chancellor. There were differences between universities in the extent to which information technology services were centralised or devolved. In some universities, there was a strong emphasis on a

centralised information technology structure; in others, there was considerable devolution of information technology services to the faculties and schools.

8.4 Conclusion

This chapter has examined some of the factors driving change in Australian university governance and management over the past decade. Looking back over the decade several major shifts in Australian higher education can be observed, notably:

- increasing reliance of universities on non-government sources of income, especially through expanding involvement in the business of international education;
- greater role for students as customers as a result of greatly increased numbers of fee-paying students and increased students' contribution to the Higher Education Contribution Scheme;
- introduction of enterprise bargaining and the end of salary supplementation;
- accelerating application of information and communications technology to teaching, learning, research, student services and administration; and
- more exacting public accountability requirements on universities, including for planning, performance reporting and quality assurance.

Revenue diversification will continue to underpin university autonomy and the lessons learnt by universities about managing income generation during the past decade will assist them in adopting more formalised and professional approaches to commercial management in the future. With its mix of public and private funding, the new emphasis on entrepreneurship, business modelling and a reformed system of governance, the 'enterprise university' which emerged in the 1990s, is likely to continue in future years.

However, in the transformation to the enterprise university many of the formal institutions of the university had been extensively restructured. Universities in Australia have undergone great internal changes with the impact felt most strongly on their governance and management systems. The representative role of council members has been challenged by the concept that council members should act in the interests of the university as a whole rather than particular interest groups and that governing bodies should, in some ways, act as corporate boards. To some degree, responsibility for the administration of universities has been transferred from councils to the university executive, especially the office of the vice-chancellor. The executive leadership has become larger and governing councils have tended to become smaller. Strategic planning has to some extent assumed a higher priority and greater importance has been placed on internationalisation strategies.

New information and communications technologies have transformed financial and recording systems and have modified teaching and learning. Line management systems have been restructured and performance measures introduced. Institutional mergers resulted in considerable dislocation at the beginning of the decade. More flexible staffing arrangements and operating procedures are being developed to meet market requirements. Commercialisation of outputs and the development of new markets have become key forces impacting heavily on the tasks of senior and middle managers in universities. New corporate structures have emerged for the raising and spending of resources. Most of these structures lie outside the direct control of the university's traditional legislative process and instead reflect the priorities of executive management and its new constituency at home and abroad.

None of these changes occurred uniformly across the entire higher education sector. Universities differed in their responses to the need for change and within universities change

was embraced with different levels of enthusiasm. Even after a decade of profound change there are still a number of issues to do with the transformation of management and governance practices that need to be resolved.

One issue that goes to the heart of university governance is the tension between the custodial role of members of university governing bodies which requires them to progress the best interests of their university, and the delegate role of members which sees them as representing particular sectional interests. Is there any place for a representative council in a modern enterprise university or is it time to make it explicit that university governing bodies must act in the interest of the entire university in a similar way to the board of a company?

Since the Hoare Committee (1995) drew attention to the widespread lack of clarity about the primary roles of governing bodies in universities there have been some attempts to clearly define the roles and responsibilities of members of governing bodies in universities. It is difficult for a council to function effectively when there is no agreed understanding on the difference between the "trustee" and "delegate" role. Yet it seems some decisions are still made by governing bodies to suit the interests of particular internal groups rather than the interests of the university as a whole. How then can universities achieve the reforms seen as necessary to operate in an increasingly complex and competitive environment?

Another issue relates to the extent to which universities are able to adopt approaches to management that achieve greater efficiency and effectiveness.

Notwithstanding the significant advances made over the past decade in the development of policies, procedures and systems, as well as the gradual professionalisation of central administrations, there is still scope for improvements in the management of some areas of university activities. There is considerable variability in the efficiency of financial, asset and human resource management across the higher education sector. Excessive levels of over-enrolment reflect the fact that admissions are less closely controlled in some universities than others. Likewise, student services are efficient and customer sensitive in some universities but not others, and most universities do not have customer management systems. Overall, universities are lagging behind other organisations in identifying and collaborating on ways to reduce inefficiencies. As mentioned previously, it is not common practice for university strategic plans to be linked with budgets and performance measures, or for councils to receive regular financial reports. Market analysis is undertaken well in several universities but not at all in others. Not all investments are adequately assessed for cost-benefits and risks nor adequately monitored for their performance. Given the importance of improving their net operating results through various business undertakings, it is important that universities are able to demonstrate to their current and potential partners that they have business competence and transparent management practices necessary to be successful.

Another issue relates to the fact that changes in the way universities operate have inevitably had an impact on university staff.

Reporting on academic work in Australian universities in the 1990s, McInnis notes that:

While the overall working hours for Australian academics have increased in the last twenty years, there has been little change in the proportion of time devoted to the core tasks of teaching and research. The additional hours can be attributed largely to an expansion of non-core work, including tasks such as those associated with institutional accountability processes and income-generating activities.

(McInnis 1998, p. 1)

Furthermore, while it is generally recognised and often stated in official documents that the greatest asset that universities possess is their academic staff, there is a perception that the

professional authority of staff is under challenge. Universities were traditionally regarded as professional bureaucracies where management was, to a degree, based on the professional authority of staff. The reform agenda has in the minds of many academic staff challenged their traditional authority and resulted in a debate over the management and control of knowledge (Meek and Wood 1997).

The apparent low morale of academic staff in Australian universities (Meek and Wood, 1997; Marginson & Considine 2000, McInnis 1998) may be, to some extent, an inevitable consequence of the dramatic changes which have occurred in the sector. Reconciling long-held academic values and their accompanying work practices with the demands of the external world together with the resource pressures, intensifying competition and accountability and quality assurance requirements will be a major challenge for management in future years.

With these comments in mind, another issue relates to the role of future enterprise bargaining in improving university management and increasing institutional responsiveness and diversification.

The tendency of the union to act as a national gatekeeper in respect of enterprise bargaining¹³⁷ makes it difficult for individual universities to be autonomous in terms of making enterprise bargaining agreements with their own staff and so develop agreements that suit their own institutional capacities. Since enterprise bargaining commenced in 1995 little progress has been made in some areas such as performance management (e.g. dealing with under-performing staff) and operating times (e.g. holding weekend classes). Universities risk losing market share to other providers if they are unable to match competitors who can offer convenient programs customised to suit individual needs at reasonable and comparable prices. Universities may only be able to do this if they become more flexible in their work practices.

Burton Clark (1998) has suggested that for an enterprise university to be successful it must avoid a schizophrenic split between the managerial and the academic, and comments that the place where the required blending of academic and management cultures must take place is within the academic heartland. A strengthening of this element in Australian universities and the development of a work culture which embraces change are challenges for senior university managers in the development of successful enterprise universities in the future decade.

The changes that have occurred in management and governance over the decade, and which will continue to occur, put enormous pressure on the traditional ideals of universities. However, while the forces behind the changes to universities have been operating for many years, the environment shaping higher education at the turn of the century is not likely to become any simpler.

¹³⁷ For example, by setting normative salary outcomes or vetoing agreements of local staff to more flexible organisational arrangements.

Appendix 8.1 Higher Education Enterprise Bargaining Issues 1995–2003

Matters considered in enterprise bargaining	1995–1996	1997–1999	1999–2003
General comment	Most agreements in round 1 were basic agreements covering a small number of issues, relying on industrial awards to provide the majority of terms and conditions. Most institutions negotiated separate agreements for academic and general staff.	Round 2 agreements varied in scope. Some were similar to the round 1 agreements, whereas others were more comprehensive in the terms and conditions covered. Most institutions negotiated separate agreements for academic and general staff.	Round 3 agreements tended to be more comprehensive than those in rounds 1 and 2 and covered a wider range of terms and conditions, with less reliance on sector-wide awards. Most institutions negotiated separate agreements for academic and general staff.
Length of agreement	12 months for majority of universities.	Most agreements were in the range of 18 months to 2 years.	Most agreements were in the range of 2 to 3 years.
Salary quantum increase	Standard 2% per annum for the sector.	Around 11–12% over 2 years, with a range of 6–15%. Some universities paid an initial flat rate dollar increase followed by percentage increases.	Most agreements paid around 12–13% over 3 years, with a range of 7–15%. A number of agreements included ‘sign-on’ bonuses.
Relationship with industrial awards	Agreements operated in conjunction with industrial awards.	Agreements operated in conjunction with industrial awards. Some agreements replaced particular provisions of awards.	Many agreements operated to the exclusion of industrial awards, while others continued to operate in conjunction with awards.
Other forms of agreement	Nil	A small number of agreements provided for certain categories of staff to be employed on fixed term contracts (mostly senior staff). Most agreements did not allow for Australian workplace agreements to be offered to staff covered by the certified agreements.	Many agreements provided for certain categories of staff to be employed on fixed term contracts (mostly senior staff). Most agreements did not allow for Australian workplace agreements to be offered to staff covered by the certified agreements.

Matters considered in enterprise bargaining	1995–1996	1997–1999	1999–2003
Casual employment	Not widely covered in agreements.	Institution-specific provisions covering casual academic staff more widely used.	Institution-specific provisions covering academic and general staff widely used.
Fixed-term employment	Not widely covered in certified agreements.	Included in some agreements.	These agreements were negotiated after the introduction of the Higher Education Contract of Employment Award 1998 was made. A number of agreements included institution-specific provisions for fixed term employment, such as broadening the award definition of fixed-term employees.
Probation procedures	Not widely included in certified agreements.	Included in a small number of agreements.	Included in many agreements, especially for academic staff.
Promotion procedures	Not widely included in certified agreements.	Included in a small number of agreements.	Included in a number of agreements, primarily for academic staff.
Redundancy provisions	Most agreements relied on award provisions for academic staff. Few agreements included redundancy provisions for general staff.	Some agreements replaced award provisions for academic staff redundancy with institution specific provisions; others continued to rely on awards. Some agreements included redundancy provisions for general staff. Some institutions with single agreements covering academic and general staff developed one set of redundancy procedures covering all staff.	Some agreements further simplified institution-specific arrangements for academic staff redundancy, in particular paying out notice periods or periods of further employment and modifying severance benefits. Many agreements included redundancy provisions for general staff. Some institutions with single agreements covering academic and general staff developed one set of procedures covering all staff.

Matters considered in enterprise bargaining	1995–1996	1997–1999	1999–2003
Salary sacrifice / flexible remuneration	Not widely included in certified agreements.	A number of agreements included provisions for salary sacrifice, largely for superannuation.	Many agreements included provisions for salary sacrifice covering a wider range of benefits including child-care and motor vehicle lease.
Superannuation	Nil	Not widely included in certified agreements.	Many agreements included a commitment to maintain current arrangements. Some referred to proposed legislation regarding choice of funds.
Performance management	Not widely included in certified agreements. Some universities introduced concept for discussion.	Many agreements included provision for performance management arrangements to be developed. Procedures for incremental progression were also included in some agreements.	Broader performance review procedures were included in many agreements. A number of institutions had implemented performance management through university policy. Incremental progression procedures were also included. In some cases this was linked to performance management and in others it was separate.
Staff development	A number of agreements contained a commitment to develop staff development and training systems or to review current procedures.	A larger number of agreements contained a commitment to develop staff development and training systems or to review current procedures. Some included staff development in the performance management systems.	Many agreements either contained a commitment to develop staff development and training systems or included staff development, either separately or in performance management systems.

Matters considered in enterprise bargaining	1995–1996	1997–1999	1999–2003
Non-traditional teaching: (e.g. three-session year, summer school, four-term year)	A small number of agreements contained a commitment to introduce, explore or trial such measures.	A larger number of agreements contained a commitment to introduce, explore or trial such measures. Others included specific provisions for these measures.	Included in some agreements.
Hours of work	Some agreements included provisions for hours of work for general staff.	Hours of work for general staff were more widely covered in agreements. Provisions varied across institutions in terms of bandwidth, work cycles and flexible hours. A small number of institutions included provisions for different groups of staff to work different spans of hours and for areas to trial extended spans of hours. Flexible working arrangements were introduced in a number of institutions.	Hours of work for general staff were widely covered in agreements. Provisions varied across institutions in terms of bandwidth, work cycles and flexible hours. Provisions for different groups of staff to work different spans of hours were more common as were extended spans of hours and flexible working arrangements
Flexible terms	A small number of agreements included provisions for flexible hours of work for general staff.	A broader range of flexible terms was included in some agreements, including hours of work for general staff, flexible teaching, job sharing etc, or a commitment to investigate these options.	Flexible working arrangements were more widespread and a number of new opportunities became available in some agreements. Examples include working from home, tele-working, family friendly provisions etc. Also included in some agreements were provisions for teaching outside traditional teaching times (see above).

Matters considered in enterprise bargaining	1995–1996	1997–1999	1999–2003
Leave provisions	General reliance on award and legislative provisions. Some agreements included provisions for basic leave types (long service, sick, parental, carer's). Purchased leave (48/52) not widely used.	Many agreements contained a wider range of leave provisions in addition to the basic types (e.g. annual, bereavement, defence force service, cultural, jury service). Some agreements provided for purchased leave (48/52) arrangements. Some agreements included provisions for closedown at Christmas.	Most agreements contained a wider range of leave provisions in addition to the basic types (e.g. annual, bereavement, defence force service, cultural, jury service). A number of other forms of leave had been introduced (blood donor, international sporting events, emergency services, contest elections etc). Purchased leave (48/52) was more widespread. Some agreements included provisions for closedown at Christmas.
Teaching assistants	Nil.	Nil.	A small number of agreements included provisions for postgraduate fellows.
Classifications	Not widely included in certified agreements.	More widely included in certified agreements, particularly for general staff. Most included the 10 level structure. Some agreements included provision to explore broadbanding of general staff classifications.	Often included in certified agreements, particularly for general staff and increasingly for academic staff. Some agreements included provision for broadbanding of general staff classifications.
Workloads	Not widely included in certified agreements.	Policy included in some agreements, mainly for academic staff.	Provisions were included in many agreements for academic staff workloads, which were generally determined at the work unit/Faculty level. Some agreements included provisions for general staff workloads.

Matters considered in enterprise bargaining	1995–1996	1997–1999	1999–2003
Misconduct & unsatisfactory performance provisions	Nil – award provisions for academic staff applied.	Included in a small number of agreements.	Included in many agreements, sometimes as part of performance management.
Union facilitation	Some agreements included union facilitation clauses, such as union preference, right of entry and provisions for payroll deduction of union fees distribution of information and facilities for union delegates.	Agreements continued to include union facilitation clauses, such as right of entry and provisions for payroll deduction of union fees and facilities for union delegates. Some agreements included provisions for union attendance at inductions.	Many agreements continued to include union facilitation clauses. A number of agreements included clauses guaranteeing freedom of association.
Revenue generation	Nil.	A small number of agreements included commitments to explore options for revenue generation. Pay increases linked to revenue targets appeared in a very small number of agreements.	Some agreements included commitments to explore options for revenue generation and a small number included initiatives designed to generate revenue. A small number included pay increases contingent on the institution achieving revenue or other targets.
Productivity increases	A small number of agreements provided for measures for productivity improvements to be developed.	Some agreements provided for measures for productivity improvements to be developed.	Some agreements provided for measures for productivity improvements to be developed.
Intellectual property	A small number of agreements included a commitment to negotiate a policy.	A small number of agreements included a commitment to negotiate a policy.	A small number of agreements included provisions covering intellectual

Appendix 8.2 Workplace Reform Programme Guidelines

(i) Enterprise agreements that include measures which promote institution-specific terms and conditions, cost savings and freedom of association.

Agreements would be expected to:

- a. give all employees, collectively and individually, equal opportunity to participate in future bargaining processes;
- b. promote an institution-specific focus through approaches including:
 - ceasing reliance on sector-wide industrial instruments (i.e. developing agreements which are comprehensive and closed); and
 - ensuring that any award provision (allowable or non-allowable) included in an agreement is tailored to the needs of the institution;
- e. provide for Australian Workplace Agreements (AWAs) to be made with staff;
- f. enable AWAs to operate in conjunction with certified agreements;
- g. utilise flexible/facilitative terms which allow employment conditions to be tailored to needs at the local level;
- h. include initiatives which promote cost savings, discretionary revenue generation and productivity gains, particularly gains in quality and administrative efficiency;
- i. include effective performance management arrangements;
- j. reinforce the achievement of the institution's strategic objectives;
- k. simplify procedures for redeployment and retrenchment; and
- l. guarantee freedom of association, and refrain from any indication of disposition towards, or against (or other encouragement or discouragement of) union membership.

AND

(ii) Initiatives which:

- a. provide, where payment for union fees is effected through payroll deduction, an opportunity for staff to elect whether or not to continue to make such payments through payroll deduction;
- b. reflect active pursuit, either directly or through representative bodies, of award simplification consistent with the objectives of the Workplace Relations Act; and
- c. where appropriate, encourage youth employment, including junior rates of pay.

AND

(iii) Commitment to initiatives to improve management and administration, which could include:

- a. sharing educational courseware, technology, library and administrative services, cutting costs and improving quality;
- b. rationalisation of governance structures and committees by reducing the number and size of committees and councils;
- c. better use of academic staff and physical resources, including the capacity for a trimester year, and to change workload and working hours over weeks and over the year. Academic work agreements could also cover a full year;
- d. appropriate training for staff, for example, by ensuring that heads of schools/departments have appropriate management training as well as academic expertise;
- e. streamlining of recruitment and selection processes, including reducing interview panels and promotion to a position rather than promotion on merit irrespective of the organisational need; and
- f. discretionary revenue generation through fee-paying courses and other activities.