The Review of Higher Education

2008

Association for the Public University

Submitted on behalf of APU by David Holmes

Secretary: **Association for the Public University**

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Background of the APU

The Association for the Public University (APU) was formed in 1999 as a response to the corporatisation and privatisation occurring within Australian universities. Since then, entrepreneurialism has become firmly entrenched. The APU believes that market values are inconsistent with the *idea* of the university as an independent, intellectual, critical and moral entity acting in the interests of society. Every week sees new government initiatives that further erode these core values.

Exemplary is the fact that students are now customers who are responsible for the cost of their education according to the user-pays principle, a factor that has been instrumental in the distortion and 'dumbing down' of the substance of education. The government has also authorised the establishment of private 'for profit' institutions which may be branches of overseas universities. These private entities are entitled to a share of the ever-decreasing public funds in the name of competition, the leitmotif of entrepreneurialism.

The APU has been active in denouncing the erosion of 'the public' in the public university through the media, colloquia and other fora. We invite others to join with us in taking a stand against the evisceration of one of our most precious public goods - the university - the linchpin of democratic governance and freedom.

The APU is incorporated in Victoria (Australia).

Aims of the APU

•To advocate a world-class public university system for Australia

•To this end, to promote a collegial administrative culture in Australia’s universities

•To monitor governance in Australia’s universities

•To defend and extend academic freedom and intellectual responsibility in Australia’s universities

•To organise meetings, seminars and conferences to further these Aims

•To publish web pages, newsletters, papers, pamphlets, magazines, journals and books to further these Aims

•To nurture significant academic programmes that have been removed from existing university courses

•To lobby university authorities, politicians, the general public, and the media to further these Aims

Responses to Questions raised in the report

We have responded to specific questions posed by the Discussion Paper on which we feel we have particular knowledge or insight rather than try to respond to every question. The contributors work as research and teaching academics in both arts and science in Victorian and ACT Universities at levels C through to E.

Question 2 in conjunction with Question 12

2. Are there impediments to the higher education sector being able to innovate in the development of courses and program? What are these impediments and how could they be removed?
12. Part 2 only: Is there evidence that declining student staff ratios have impacted on the quality of student experience?

APU considers that there is an inescapable connection between Question 2 and the second part of Question 12, which asks whether there is evidence that declining student staff ratios have impacted on the quality of the student experience. The question should also have been asked whether there is evidence that they impact on the quality of academic staff experience. Staff remain crucial to the learning outcomes and the research training of students, but APU would argue that there has been a remarkable diminution in the 'job satisfaction' of an academic career in an Australian university and that while this remains the case it will (a) be extremely difficult for the higher education sector to be innovative in the development of courses and programs and (b) likely that students will not receive the highest possible quality of learning experience.

The incontrovertible decline in student-staff ratios (acknowledged in the Discussion Paper) is only one factor in the declining attractiveness of an academic career. It is not just that some of the most successful senior Australian research academics are finding that overseas fields are greener. Many of our brightest undergraduates and postgraduates are turning their backs on the idea of an academic career – and with reasons that are not necessarily to do with the fact that academic salaries have not kept pace with many of those available in business or professional practice. This may have seemed not to matter a decade ago, when so much attention was given to reducing academic staff as a supposed source of 'efficiency' gains that it could only cause embarrassment if all the PhDs that the universities were being urged to produce in increasing numbers as evidence of 'productivity' were to be anxious to take up academic careers. In 2008, however, it does matter, given growing awareness of the radical age imbalance within the cohort of academic staff and a concern to redress this by bringing in new and younger academics.

The career path into academia is not an attractive one since it consists for the majority of weathering the uncertainty of casual appointments or short-term contracts (determined often by purely budgetary stringencies rather than assessment of qualifications or performance) or postdoctoral fellowships. If the earlier path of three years probation followed by a 'continuing' appointment sometimes encouraged complacency, the pendulum has surely swung too far.

Casualisation is sometimes justified as offering opportunities to introduce new programs on an exploratory basis or to bring in someone with specialised skills to meet a demand not otherwise provided for. While there will always be a role for some casual appointments to deal with staffing emergencies, and there may be some people for whom a casual appointment offers a preferred employment mode, too many casual appointments are made on the grounds of budgetary exigency, and are experienced by the staff concerned as exploitative and a dead end. In general, casual staff are an unlikely source of development of new courses and programs. They are also a source of student dissatisfaction over staff availability for interviews. Casual staff, whose pay is determined by preparation, class time and marking, and who may be employed at more than one university in a given city, cannot reasonably be expected to have more than very limited office hours but in many cases these fail to meet the needs of students whose patterns of work and study increasingly mean that they do not attend university on a daily basis.

The most common complaint of academic staff who have managed to get past these initial barriers is that time is too short for what is expected of them. Apart from what many consider to be increased bureaucratic demands, the shrinking in staff numbers that is demonstrated in the decline in student-staff ratios has meant increased class sizes, with commensurate increases in the time needed for marking assessments and student interviews. Postgraduate supervisions have often increased. This can be particularly onerous with foreign postgraduate students whose grasp of English may be adequate for everyday life but not for the academic discourse of the discipline in which they are working.

Above all, previous expectations that individuals would be able to work out a balance between their teaching and research responsibilities have been largely replaced by a the demand for research becoming a constant. The pressure to apply for grants, which is in part a result of funding structures that make any form of supplement to an inadequate basic rate, is strong, even when the academic concerned knows that the success rate of this time-consuming activity is less than 20%. Indeed academics increasingly feel that their value is measured primarily in their capacity to attract grant money, or failing that to achieve the highest possible points score for publications. The encouragement that this can give to concentrate on short-term research of limited scope could well eventually damage the overall quality of Australia's research product.

Staff who are feeling harassed by these circumstances are not likely to be able to give students in general the experience of learning that they deserve. It is more than just student staff ratios and these are anyway a crude measure of what will produce a good learning experience. A large class size may be perfectly appropriate for some situations (provided the infrastructure is adequate to the class-size), but most students will benefit from a degree of individual attention that simply does not and cannot happen unless the staffing ratio is able to accommodate some smaller classes for tutorials or seminars with more intensive and individualised teaching. As an example, in the Faculty of Arts during the early years of Monash University, when it was known that many first year students arrived with lower entry scores, and from less privileged backgrounds, it was policy that all first year students received weekly tutorial in groups of no more than ten, and that senior staff were engaged in first year teaching. The rapid development of Monash into a major university depended considerably on such policies. If today's universities are to seriously address the problem of making higher education a success for students from lower SES backgrounds then they will need to be staffed at a level that will enable them to give the special attention to these students that they will need at least in their initial stage.

Rising student staff ratios affect the experience of staff and students in another way, in that they actually dominate intellectual decisions about course offerings, because of expectation that class sizes will approximate to the ruling ratio. Courses with small enrolments come to be considered disposable luxuries. While it's understood that this has led to the loss of some traditional subjects such as Classics, it is perhaps less well recognised that this can inhibit the development of any new course that cannot be relied on to create immediate large-scale student enrolment. But such courses are in fact likely to be following popular demand not carving out new boundaries of knowledge.

Recommendations:

That Commonwealth funding be increased. Education is a national investment, and it should be prioritised over things such as individual tax cuts. In particular, increase funding per student place to improve staff student ratios and reduce pressure on the teaching component of an academic career.

That universities be encouraged to give proposals for the development of new courses and programs equal recognition with research projects for the purposes of academic promotion and leave programs such as Outside Studies Programs.

That crude use of staff student ratios not be allowed to lead to the neglect (through loss or failure of development) of disciplinary areas which may attract small numbers of enrolments but are important to understanding our cultural history and identity or to developing new knowledge which may prove important to our future.

Question 11

What evidence is available from institutions about the impact on individuals or groups of either failure to gain income support or the inadequacy of income support?

Over the past decade, there has been a substantial body of evidence from the NBEET study 'Access to Postgraduate Studies: Opportunities and Obstacles' (1998) onwards that a number of students are affected by failure to gain income support or to gain it at an adequate level.

The detailed specific studies made by the universities of La Trobe (2000) and Queensland (2004) very much matched the material the AVCC produced in its submission to the 2004 Senate Student Income Support Inquiry: 'Fundamental Change: the way forward for Student Income Support'.

The AVCC, now Universities Australia, continues to provide the most reliable evidence that both undergraduate and postgraduate students face considerable financial difficulties, and that the need to address these by undertaking paid employment has adverse effects on their full participation in course work and on their completion rates. APU would also argue that there is a substantial risk that their academic performance will be downgraded by the amount of time spent in paid employment, and that there is a consequent likelihood that their career prospects will be less good than those of their peer group who are able to be full-time students in the proper sense of that term.

Since those most likely to be experiencing financial difficulty are students from low SES backgrounds and indigenous students, this impairment of their chances of future career success can be seen as a continuation of their original disadvantage. For this reason APU opposes the idea floated by the Victorian Vice-Chancellors of adding an income-contingent loan to HECS in order to cover expenses such as accommodation, transport, and general educational needs such as books.

The survey of 2006 student finances undertaken by the AVCC indeed identified Low SES students and Indigenous students as key groups suffering the most sever financial difficulty, but it also note that female students were less well-positioned than male ones, and that course-work postgraduates were the worst-off of postgraduates. CAPA however, pointed out in 2007 that even Commonwealth Postgraduate Awards had fallen below the poverty line. Also in 2007, rural students were identified as an additional group at risk of poverty in ‘Regional Young People and Youth Allowance: Access to Tertiary Education’, Naomi Godden with the Centre for Rural Social Research and Monash University Department of Social Work, 2007

If articles in the press over the past few years are an indication, there does seem to be considerable public concern about student poverty, even if it sometimes runs to peripheral and sensational stories about students marrying only in order to obtain a higher welfare benefit (The *Age* 25 July 2008).

APU believes strongly that there no student capable of undertaking higher education should be denied the opportunity to participate, and that their participation is a matter of public good as well as private benefit. It submits that the levels of income support for students should be raised as a matter of urgency, and that the terms under which support is provided should be reviewed to ensure that most support is given where it is most needed. Measures that need consideration are a review of the concept of ‘independence’ and of the amount that can be earned before income support is reduced. However, the latter should not be the sole means of remedying the present situation as it could mean that even more time was spent in paid work instead of study time, thereby increasing the adverse effects identified above.

Improving income support alone, however, is not likely to improve the participation of low SES and Indigenous students (Questions 8 and 9). They need much better academic preparation, both for scholastic purposes and to influence social expectations of their participation and success in higher education.
This rests on schooling; many would argue that it needs to begin with pre-schooling. In that sense, plans to ensure that all children get experience of early childhood education is the first step in preparing all children to participate in higher education.

For the time being however, much more support needs to be given to schools identified as having high numbers of low SES or Indigenous students, and teacher-training needs to produce teachers aware of the cultural strengths as well as the needs of these students and of the best way to develop their capacities.

Recommendations to improve the financial capacity of all students, but especially those from Indigenous and lower SES groups, to participate successfully in higher education.

That the rate of Abstudy for students eligible to receive it in their later years of schooling be raised.

That the tuition costs cost borne by students undertaking tertiary education be reined in by restoring levels of Commonwealth government funding for higher education to OECD benchmark levels.

That the Commonwealth government consult institutions and student organizations in order to identify those higher education services lost or diminished through Voluntary Student Unionism that have had most impact on student finances and find a way to re-fund them.

That the Commonwealth government institute a separate Student Income Support payment for students in tertiary education (including TAFE) as recommended in the AVCC in their Submission to the 2004 Senate Student Income Support Inquiry. The scheme should

- ***Review the parental income means test on students under 25;***
- ***Drop the age of 'independence' to 18;***
- ***Adjust payments in line with average weekly earnings;***
- ***Adjust payments to recognise the special needs of rural and remote students;***

That, failing introduction of a single scheme as in the Recommendation above, the amounts payable under Abstudy, Austudy and Youth Allowance be increased, and also that the amount of income that can be earned without penalty be increased.

That the Commonwealth government legislate to exempt all tertiary scholarships and bursaries, whether government or community funded, from inclusion as assessable income for the purposes of income tax or for receipt of any other income support benefits.

That the number of Commonwealth Australian Postgraduate Awards be increased and that they be maintained at a level of payment above the poverty line appropriate to the fact that postgraduate study is skilled work.

That student poverty be addressed by the measures recommended above, rather than by proposals to offer income-contingent loans against non-tuition expenses, such as books, accommodation, transport.

12. ***How can the quality of the student experience within Australia's higher education institutions be monitored nationally? Is there evidence that declining student staff ratios have impacted on the quality of the student experience?***

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19. ***By what mechanisms should research activities in Australian universities be supported?***

20. ***On what principles and for what purposes should the research activity be concentrated in particular universities or types of universities.***

Academic research in Australia

Australian academic research is held in disproportionately high regard worldwide given the small population of academics and the very low funding level compared to other OECD countries. This alone should illustrate that academics in Australia do know exactly what they are doing and how best to do it and should largely be left to get on with it. The funding format, through block/infrastructure grants to institutions and competitive grants to groups and individuals is the norm worldwide and generally speaking, when the funding is sufficient and equitably distributed, a good method. However, this format would not be equitable in a university system that is divided into research-only and teaching-only universities.

This latter model, which the discussion paper wishes to explore, ignores the importance of the teaching-research nexus (see Q21), and is driven by a focus on the 'world class' status of individual universities instead of a focus on improving the university 'system' in Australia.

The ‘research centre’ culture of recent years, provides an opportunity for research excellence to be maintained across the University system as a whole, as individual universities become known for their excellence in particular areas, where centres are usually housed in schools and faculties with a strong teaching program that supports a rich teaching-research culture.

Such centres are of most benefit to research programs that require large budgets (involving high equipment costs and infrastructure required for such research.) However, there are many other equally critical areas of research in both arts and science however that simply do not benefit from such an approach at all and is far more effectively funded through project grants to individuals and small self-generated groups.

If academics are supported in their teaching work and given appropriate time to do their research freely then they will be most effective and productive. No academic responds positively to external pressure to produce. Their best work will be motivated by their own desire and curiosity and not by an external demand whether from an individual or a government; they just need time and space to achieve. Collaborations will develop naturally given the opportunity and it is these interactions that yield the best work. This has been the case for centuries and it is only recently that there has been some external view that academics need to be 'managed', the implication of which is that somehow science has failed in its pursuit until recently. This is clearly not the case. Thus the best, most effective, approach to foster and support research in Australia is to listen to the academics, support them and give them the time to do their work. Academic research is not a pursuit to be managed, but supported.

Recommendations: *1)* ***That*** *adequate funding be provided for academic research by increasing recurrent funding for research overheads, and re-purposing from the Higher Education Endowment Fund..*

2) ***That*** *the higher education sector move away from a focus on the 'world class' status of individual universities, defined exclusively by research, to a focus on improving the university 'system' in Australia.*

21. ***Do you believe there is a place in Australia's higher education system for teaching-only universities***

The "teaching-research nexus"

The report discusses the von Humboldt notion that research is a necessary for university teachers. By the term "research", von Humboldt included activities such as surveying a field of knowledge, assessing the merits of competing theories, and reworking a body of knowledge for a new audience, activities that would now be classed a "scholarship". "Research" has come to mean a narrower set of activities, centred on the application of scientific approaches to the discovery of new knowledge. The notion that this research is more beneficial to university teachers than scholarship shows an ignorance of history and of the reality of Australian higher education.

Before the Dawkins reforms, circa 1988, the Australian Colleges of Advanced Education and Institutes of Technology (CAE/IoT) concentrated on the teaching function. This was manifest in smaller class sizes, more contact hours and staff with a broad knowledge of the discipline gained by wide-ranging scholarship. Students at these places were in general less well prepared than those at universities and benefited from such an environment. In contrast, university staff had a large proportion of specialist researchers for whom teaching was not a core concern. This neglect was often seen as a strength, since the students who survived this system learned the valuable skill of independent learning. In general, the dual system offered a greater variety of education experiences for students of higher education.

There was of course some movement between these sectors. For example, some students who failed a university course would transfer to an Institute of Technology for "academic rehabilitation", gain confidence under that emphasis on teaching and then return to a successful university degree.

With the amalgamation of these higher education sectors, the senior academics are research oriented, so unsurprisingly, the university ethos has come to dominate. Where departments were amalgamated, we have seen the removal of small class teaching, and the elimination of novel courses in favour of traditional university ones. Staff from the CAE/IoT sector constituted most of those laid off with the subsequent rationalization.

Even the traditional Australian universities however, maintained a proportion of staff who concentrated on teaching. But there is a growing emphasis on research “output” and on ranking universities based on research metrics. Promotion is now almost entirely dependent on the appearance of research in the narrow sense. Consequently, the bulk of academics forced out in the cycles of downsizing are those who have spent careers centred on the teaching function.

In the US higher education system, there have long been institutions, typically community colleges, that make good teaching their first priority. Student often choose such an institution in preference to a prestigious research university, especially for the first two years of their degree. Importantly, these institutions are not seen as second best, rather as offering a different experience. Such offerings are now lacking in Australia. In order to provide a choice for Australian students, we need to re-create such institutions. This should be done however, in such a way that they are not seen as a second prize for students who miss out on a place at a research university. That will require the creation, initially at least, of some high profile, well-funded examples.

Recommendations: *1)* ***That*** *funding be provided for faculties or schools that commit to a primary focus on teaching and scholarship. The performance of such groups will be monitored by a committee made up of graduates, current students and secondary school teachers.*

22. ***Are there any unintended consequences of the current approach to internationalisation of higher education in Australia?***
23. ***What is an appropriate role for government in assisting the Australian higher education system to internationalise? On what principles should this role rest and what purposes should it serve?***

Internationalisation of the Higher Education system.

Internationalisation is defined as ‘making something international’, the implication of which in the current document is that until recently Australian higher education was solely locally focussed. Not only is this incorrect, since research and teaching performed in Australian Universities always has been as globally informed as anywhere else in the world, but in the current context applies solely to the student cohort rather than the academic staff. What is actually meant is the attraction of students from locations other than Australia, principally for the increased income that they can provide to the host institution. There has never been any evidence that the gaining of a degree in Australia has been a barrier to employment in any other country, indeed it is Australia that refuses to recognise degrees from many foreign sources. The recent changes in the degree structure at some institutions in Australia is not to designed to assist local students in using their degree abroad, but to attract foreign (European and US) students to do their degree in Australia, for the purpose of the income that they bring to the institution.

The effect of the rapid increase in overseas students in the context on the institution, most particularly when those students do not have a strong command of English, is to compromise the level at which the material can be taught. There have been repeated examples of international students feeling isolated and out of their depth which only come to light in the media when these pressures culminate in some news-worthy event such as the shooting at Monash a few years ago. Every lecturer and course coordinator knows exactly the problems faced by many of their international students with which they have to deal on a daily basis.

Recent comment by a prominent researcher of the higher education process, Simon Marginson (reported in the Age 23/07/08), has expressed concern about the divisions between local and international students within the University. While letters the next day denied the existence of this potential issue, it is well worth serious thought since that what we actually do is to encourage and persuade students from overseas to come and do their degree in Australia, severely overestimate their command of the language, and then offer them little additional support during their degree. One would hope that this is an unintended consequence of the global marketing. The situation is starting to be recognised by the administration of the universities as more and more overseas students express disappointment with their experience here. Much more however, must be done.

Recommendation 1: *Students have to be more honestly assessed for both their written and spoken language skills, and the their progress more carefully monitored as their proceed through their degree. Resources need to be provided explicitly for this process to the host departments.*
Recommendation 2: *It would be appropriate if the premium paid by international students were dropped such they were no longer seen as such a source of income for the university, for this is the root of the current problem. If they do continue to pay such a premium, then that additional income must be used to support them and not the University in general.*

25. ***How would you define knowledge transfer and community engagement in an Australian context?***
26. ***Do you believe that knowledge transfer and community engagement are legitimate and appropriate roles for contemporary higher education institutions? If so, how do you see this additional role for the higher education sector blending with its traditional roles and are there limits to these additional roles?***
27. ***If you think that knowledge transfer and community engagement are appropriate roles for higher education institutions, how do you believe these functions should be funded?***

The emergence of the new knowledge economy, with support from the OECD, has induced the Australian Government to adopt an active role in the facilitation and production of research. Knowledge transfer refers to the dissemination of the outcomes of research and its application to solving the problems of the wider society.

While the Discussion Paper seeks to interpret knowledge transfer broadly, and the APU approves of this interpretation, the general focus of research policies and knowledge transfer tends to be on techno- and bio-science. These fields of endeavour are deemed to be the most lucrative sources of academic capitalism. The focus on what has use value in the market means that it is the economic and the applied rather than the cultural value of the knowledge that is regarded as all important.

Within the discourse of the new knowledge economy, areas of knowledge deemed to have little use value in the market are likely to be trivialised and even denigrated. The commodification of knowledge and the applied focus is highly destabilising for traditional university disciplines, including the humanities and social sciences, as well as for the more theoretical and less applied branches of the sciences, such as physics and pure mathematics. The withdrawal from the critical and the theoretical has caused the shedding of staff and the closing down of departments, including even entire faculties (eg Humanities at QUT). In areas such as law, socio-legal and critical scholars have been retrenched in favour of commercial lawyers who, it is believed, will better serve the market.

Unfortunately, the rapidity with which the Australian public higher education sector has had to shift from a system dependent on government funding to one based on enterprise in which it has been expected to generate approximately 60% of funding from other sources has been catastrophic in scholarly and academic terms. It has forced universities, especially the new ones, to interpret knowledge transfer almost solely in economic terms; anything else has been viewed as a luxury.

In terms of research, knowledge transfer means that consultancies and linkage projects are preferred over basic, pure or 'blue sky' research. The predilection towards particular outcomes by principals in applied research has blunted the independent and critical edge. However, the favouring of this type of research by government, as shown by rewarding applied research in the same way as basic research, has made it difficult to resist.

Universities hope to be the financial beneficiaries of knowledge transfer themselves through capitalising on IP, such as taking out patents. However, there is little evidence of the riches that universities hoped to secure, even when one looks to jurisdictions with a longer history of commercialisation, such as the United States (the Bayh-Dole Act was passed in 1980).

In Australia, one university has expended millions of dollars in litigation over a 20-year period trying to assert its rights over cancer therapies developed by a former professor of surgery (UWA v Gray (No 20) [2008] FCA 498. In the 20th law suit decided recently, Justice French of the Federal Court held that the duty of an academic researcher did not include a duty to invent. This result suggests that litigation could go on for years longer.

Litigation of this kind highlights the fact that universities are ill-equipped to undertake a major role in respect of the commercialisation of research. It not only pits universities against their own staff and vice versa, but it sets one university against another. Competition policy has already exercised a destructive effect on collaboration within the sector.

Such cases are salutary for universities, suggesting that chasing the dollar by construing knowledge transfer primarily in economic terms may be neither cost effective nor wise. Universities would be better off focusing on the public good associated with their traditional role, such as fostering relations with the local community and institutions of civil society, such as government, the courts and NGOs, and protecting the intellectual commons associated with basic research.

Focusing on the economic value of the IP associated with university research invariably leads to the privatisation of knowledge. Evidence suggests that commercialisation tends to allow privatisation-creep or an over-inclusive approach towards IP that may also include basic research.

The APU is committed to a vigorous notion of the intellectual commons in which the knowledge produced belongs in the public domain, not kept secret behind closed doors. Its public conceptualisation enables greater creativity and inventiveness to be built upon it. Knowledge transfer in a privatised and commercial sense thwarts creativity. It is in direct conflict with the traditional role of the university as the guardian of the public good.

Recommendations: *1) **That** the social, cultural and community value of knowledge produced in universities be stressed, not just its economic value;*

*2) **That** universities be encouraged to ensure that all basic research remains in the public domain. This could be effected as a condition of ARC and other government research grants policies;*

*3) **That** an Intellectual Property Centre be established, preferably under the auspices of the Federal/State Higher Education Commission (as suggested under Q 35 below). This body could facilitate technology transfer on behalf of all universities.*

Such a centre could operate along the lines of the Copyright Agency Limited (CAL), acting on behalf of all universities, and distributing dividends annually. It could also have a dispute resolution centre to minimise the costs of litigation. Mediation would be the primary mode of dispute resolution. It could be funded in the first instance by a government grant, supplemented by a tax levied on a sliding scale according to private wealth generation.

29. ***To what extent are the current funding models adequate to secure the future of Australia's higher education sector? If there are better models, what are they?***

The main problem for the funding model is the dramatic decrease in government funding for Universities, The Group of Eight Backgrounder No 1 for 2007 cites a decline in the Commonwealth share of university funding from 83% in 1986 to 57% in 1996 and 41% in 2006. There has been a rise in revenue from student sources from 2% in 1986 to 255 in 1996 and 38% in 2006. It is imperative that the 1986 levels of funding be restored with a further increase to cover increases in costs

35. ***Is there more that could be done to improve university governance? How should this be done?***

Universities have their origins in the middle ages as beneficent not-for-profit corporations. Neither their Acts of incorporation nor their modes of governance take cognisance of their contemporary entrepreneurial and profit-making roles. The grafting of norms associated with for-profit corporations onto the mediaeval idea of corporation established for the public good has not worked.

The old idea of the not-for-profit corporation is based on the collegiate principle, whereas the for-profit corporation is based on entrepreneurialism in the market and accountability to shareholders. As the principle of collegiality is now moribund and there are no shareholders in so-called public universities (public now being regarded as ‘historic’, Discussion Paper p 10), there is a lacuna in respect of accountability. Evidence regarding the number of disasters, including the loss of millions of dollars in public money from failed business ventures, travel rorts by vice-chancellors, etc, are now on the public record. In Melbourne alone, well known instances include La Trobe, Melbourne, Monash, RMIT and VU.

The idea of a federal/State overseeing body established on non-partisan lines is highly desirable. States contribute modest sums to their universities and universities are, in almost every instance, established under State Acts, but the States play a minor role in their governance. The heavy reliance on a federal government with a particular political agenda proved to be disastrous under the Howard Government. Excessive micromanagement, direct political interference and arbitrary cuts in funding should not be allowed to become the modus operandi for the sector.

The abolition of a mediating body, such as the Commonwealth Tertiary Education Commission (CTEC) during these turbulent years, is to be regretted. The establishment of a joint federal/State body could obviate, or at least mitigate, the possibility of such catastrophes in the future.

Recommendation: ***That*** *a joint Federal/State commission of higher education be established to exercise a supervisory role over universities, to give advice to governments and to resolve internal disputes.*

University Councils

While entrepreneurialism has induced a shift in the composition of councils from academics and the representatives of civil society to representatives of the business community in the belief that the latter might better manage entrepreneurial activities, this is not borne out by the evidence to date. The favouring of business people and the removal of almost all academic members has meant that councils may be populated by people who have little idea what a university is and what it is for. Far from denigrating academic members for their ‘representational and vested interests’, their expertise should be valued.

Business people do not necessarily understand the ramifications of selling courses off-shore, particularly when they are sub-standard. In one instance in which an APU member was involved, the chair of a finance committee said, ‘Whatever the Vice-Chancellor says is good enough for me’. In this university, council members were even expected to ratify sight-unseen the annual accounts for audit by the State Auditor-General – an act of dubious legality. Although the councillors with business experience did not seem to find this extraordinary and approved it, questioning by staff members led to reprisals. Limits need to placed on the powers of vice-chancellors (and sometimes chancellors) who are tempted to take advantage of the gaps in the enabling Acts and the absence of legal limitations.

This is where the inclusion of new guidelines in the enabling Acts are highly desirable. Indeed, the inclusion of express principles or guidelines to assist administrators of legislation is now commonplace in new legislation. A reliance on conventions alone no longer suffices.

Another downside of a disproportionate number of business members on council is the potential for what the American literature refers to as 'trustee interlocks', whereby the trustees (council members in Australian parlance) communicate information about the university, including patenting opportunities, to other companies, where they sit on boards and vice versa. This issue has attracted little critical attention in Australia but can only serve to eviscerate further the idea of the university and underscore its contemporary commodifying role (which is already detracting from its overseas reputation).

Recommendations: **1*) That*** *State enabling Acts spell out the ambit of power of chancellors and vice-chancellors and place limits on the exercise of discretion;*

2) That *governance protocols specify the inclusion of council members with 'substantial experience in higher education';*

3) That *the federal/State commission on higher education (or similar body) be entrusted to deal with disputes between chancellors and vice-chancellors, between members of council, between academic board and council and between other constituent elements of universities.*