



Submission to the
Review of
Australian Higher Education
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The higher education sector holds a uniquely important place in the Australian economic and social landscape and Australian industry expects that it aspires to excellence. Now, more than ever before, our economy is outwardly focused – Australian companies will not thrive and prosper if they are not engaged with businesses beyond our shores – and the graduates of our universities must be fully equipped to work in this environment.

One way to ensure this is to actively promote our tertiary education sector as an international educational hub which offers world class academic and research programs and which attracts students from across the globe and also the very best of international education and research institutes. Many of our universities already enjoy strong international reputations and so we have a strong base on which to build Australia as an educational hub of excellence – an aspiration which would be enhanced by strategic government support.

In order to appropriately respond to the complex demands placed on our higher education institutions it is imperative that sufficient autonomy and flexibility be extended to ensure that a diversity of models are developed. This diversity will encompass a myriad of new arrangements and partnerships and should also see an expansion of existing successful models. This will include joint campuses, or dual sector institutions, which will be particularly appropriate in regional locations. Encouraging this dynamic will free up our higher education institutions to analyse their strengths, determine their strategic direction in consultation with their key stakeholders and put their implementation plans into action. We strongly encourage such diversity on the understanding that it will be underpinned by rigorous quality arrangements and financial viability safeguards.

The issue of pathways between the education sectors is an increasingly important one for business. Companies recognize that their existing staff members are often the prime source of future skills. Working with people who have already spent time in the workforce and who are looking to increase or broaden their skills poses particular challenges for education and training providers. One of the most enduring is the difficulty people face in being able to move easily and efficiently between the educational sectors and this must be addressed without diminishing the inherent strengths of each sector.

The skills shortages facing the Australian economy are now well known and the Australian Industry Group submission provides the outcome of our recent research on the impact of skills shortages on innovation, and through this on productivity. While skills shortages are being felt across many occupational categories they are acute in engineering and this is of particular concern as engineering underpins so many of our industries and is a skill which will play a

huge role in tackling the challenges of climate of change. It is vital that we work together to formulate new approaches to addressing this national problem.

Heather Ridout
Chief Executive

Background

The Australian Industry Group (Ai Group) is Australia's leading industry organisation representing 10,000 employers in manufacturing, construction, automotive, telecommunications, IT & call centres, transport, labour hire and other industries. Ai Group's members operate businesses of all sizes throughout Australia and represent a broad and expanding range of sectors. We provide comprehensive advice and assistance to help members run their businesses more effectively and to become more competitive on a domestic and international level.

Ai Group member companies operate businesses across New South Wales, Victoria and Queensland and we maintain strong partnerships with the Engineering Employers Association South Australia (EEASA) and the Chamber of Commerce and Industry in Western Australia (CCIWA).

This Ai Group submission to the Review of Australian Higher Education draws on relevant research undertaken by Ai Group and the feedback received from member companies on their interactions and relationships with the higher education sector – its institutions, its students and its graduates.

Introduction

Employers need skilled people if their organisations are to be productive, innovative and profitable, surviving and prospering in an increasingly competitive world.

A country's skill base is a critical national asset, contributing to economic achievement, standards of living and, through its impact on individual well being and social cohesion. The 'right' mix of skills for Australia is one that enables us to compete in the world economy – to produce goods and services that Australians and people overseas will want to buy from Australian companies, because we produce the best, the cheapest, or something that others do not. It is international competitiveness that underpins continuing economic and employment growth in Australia, and rising standards of living.

In other words, as part of an increasingly open world, Australia's future economic fortunes depend in part on our having access to, and making use of, the skills that will help us to be *world class*.

The drive to remain competitive means that the mix of skills we need will be influenced by broad trends such as technological change, shifts in world demand

for goods and services and developments in our competitor countries. Firms feel the effects of these trends first, through the market place. They are well placed to provide a view of how well the country's skill needs are being met and of whether they will have access in coming years to the world class skills needed to make Australian industries world class.

Key Points

It is increasingly recognised that an engaged, diverse and high performing higher education sector is vitally important to realising our nation's ambitions and to preserving and enhancing Australia's standard of living. This review has rightly recognised that higher education needs to be considered in the context of the broader tertiary education and training sector, including vocational education and training.

Recent AiGroup research, *How Fast Can Australia Grow? Mark III*, provides evidence of the need to invest in skills and education and the need to accelerate reforms targeting higher productivity and workforce participation.

Australia's total spending on education at 4.8 per cent of GDP is below the OECD average (5.4 per cent) and well below the Scandinavian countries, France, New Zealand, the United Kingdom and the United States of America. A long-term strategy to improve the level of Australia's investment in education and training is needed. Australia's expenditure levels need to be raised to at least match the OECD average.

Australian businesses are finding it increasingly difficult to attract and retain the skilled workers needed to survive and prosper in today's economic climate. Skill shortages are also restricting the innovative ability of Australian firms and this places the future competitiveness of many companies at risk.

Science, engineering and technology skills are needed to contribute to current production and R&D in companies, and other specialist skills, such as business and financial management, ICT and customer service skills are vital. In addition to technical skills, the skill sets required for innovation and industry competitiveness incorporate both:

- skills enabling all individuals to be creative and problem-solve; and
- skills for managers to: develop innovative strategies across a company; create the fundamentals for an innovative culture; and motivate and manage others as part of organisational innovation. The first set of skills encompasses generic or 'soft' skills – those that underpin the effective performance of all workplace activities.

Australia has had a poor tradition in collaboration, in recent years the business sector, the universities and public research agencies have all invested in facilitating better linkages. There is now emerging a wide variety and growing number of successful linkages. However, these relationships can be very difficult. While businesses often have positive experiences arising from such

collaboration, many also find universities and research organisations difficult to deal with and see these difficulties as barriers to more extensive collaboration.

There is an expanding need for existing workers to achieve higher levels of VET qualifications and articulation into higher education qualifications. Accordingly there is an urgent need for the higher education and VET sectors to work collaboratively to complement each other and to improve pathways between the sectors.

The higher education sector is required to serve a broad range of stakeholders. The goals of the various stakeholders need to be clearly identified and measured to ensure the activities of the sector align with these aspirations.

The changing role of universities necessitates a revisit of the current management and governance structures within higher education and the introduction of sufficient autonomy and flexibility to foster the development of a diversity of models in response to the diversity of needs.

Support is provided for changes to rewards and teaching qualification requirements that provide a higher degree of regard for teaching in Australian universities.

Australia's unique geographic and population dispersion warrant the exploration of funding arrangements to support collaboration between the vocational education and training and higher education sectors to produce qualifications and shared resources.

Educational participation and productivity

Australian Industry Group (Ai Group) research estimates that Australia's annual rate of growth over the next ten years will struggle to reach 3 percent. Our report, *How Fast Can Australia Grow? Mark III*, is a systematic examination of the growth potential of the economy over the decade ahead. It is based on an analysis of developing trends in labour productivity and labour supply – the component parts of potential GDP.

The report estimates potential annual GDP growth at around 2.9 percent. If further inroads can be made into unemployment without stretching inflationary pressures, GDP growth could average 3 percent per year over the next decade. The report confirms the importance of seeking to address capacity constraints and it also establishes the considerable dimensions of this task. The findings of the report reinforce calls Ai Group has been making for the need to embark on a new reform agenda focused on improving productivity and participation.

The key findings in *How Fast Can Australia Grow? Mark III* include:

- Over the next decade to 2017, Australia is on track to post average annual labour productivity growth in the broad order of 1.67 percent. That is somewhat higher than recent poor performances but well below the levels recorded in the 1990s. The productivity estimate incorporates a continuation of strong capital investment.
- Expansion of the workforce is decelerating as participation stabilises and hours of work retreat. Compared to labour hours growing by 1.77 percent over the past five years, the 10-year annual outlook is for growth around 1.25 percent.
- When combined, these labour productivity and labour supply growth estimates put GDP growth at around 2.9 percent. This is a further deterioration from the level of the 1990s.
- In contrast to some predictions that Australia has already reached the point where unemployment cannot fall further without triggering inflationary pressures, our analysis is more circumspect and we find that there is further scope to test our ability to reduce unemployment and underemployment before we see wage pressures fueling inflation. These further inroads could lift average GDP growth to 3 percent.

How Fast Can Australia Grow? Mark III provides evidence of the need to invest in infrastructure, skills and education and the need to accelerate reforms targeting higher productivity and workforce participation. On the productivity front a myriad of measures can contribute to a stronger performance, including lifting our innovation performance and investing in improving the skills of our current and future workforce.

Australia's total spending on education at 4.8 per cent of GDP is below the OECD average (5.4 per cent) and well below the Scandinavian countries, France, New Zealand, the United Kingdom and the United States of America. A long-term strategy to improve the level of Australia's investment in education and training is needed. Australia's expenditure levels need to be raised to at least match the OECD average. Continuity and sustainability of funding is necessary to underpin the quality and quantity of education and training now and into the future. Australia will benefit from dynamic investment partnerships between government, industry, universities, and the vocational education and training sector that deliver efficiencies and real synergies of effort. Future investment strategies need to be grounded in better knowledge of the current state of the tertiary education infrastructure and the existing profile and future prospects of its workforce.

Industry's needs: Skills for Innovation

Australian businesses are finding it increasingly difficult to attract and retain the skilled workers needed to survive and prosper in today's economic climate. Skill shortages are also restricting the innovative ability of Australian firms and this places the future competitiveness of many companies at risk. In 2008 Ai Group undertook a major survey designed to explore the links between skills and innovation. Many of the findings of the *Skilling for Innovation CEO Survey* have implications for this review.

More than two-thirds (68.1%) of respondents confirmed that skill shortages had impacted on their business over the past year confirming that skill shortages continue to be felt by a majority of firms in the Australian economy. The construction and services sectors reported the highest proportion of respondents citing impacts from skill shortages of 83.3% and 78.0% respectively. Of the manufacturing sectors, machinery & transport equipment (73.0%) and metal products (69.2%) recorded the highest incidence of impacts from skill shortages.

Across firms of all sizes and sectors, a large proportion of companies cited difficulties securing the skills of technicians and trades workers. Other occupations where a high proportion of firms are experiencing skill shortages include labourers and process workers (36.3%); engineers (22.2%); and apprentices & trainees (18.9%). In contrast, a relatively low proportion of firms cited shortages in IT professionals (7.2%); clerical and administrative staff (13.5%); and other professionals (15.3%). (The high incidence of shortages in the trade and technical occupations partly reflects the strong representation of manufacturing firms in the survey.)

Across both firm size and sectors, the retraining of existing staff is considered the most effective method for meeting current skill needs. In fact, 61.2% of all respondents identified the retraining of existing staff as an effective method for overcoming skills shortages.

There are a number of barriers that prevent firms from increasing the skills of their workforce to required levels. Given the importance of skills to innovation, these also stand as barriers to innovation. More than one in every two CEOs (51.5%) was of the view that cost was the major barrier faced in upskilling. Companies appear reasonably satisfied with the training available for upskilling staff. Only 12.1% of firms cited the poor quality of training as a barrier to upskilling and only 19.3% identifying the inflexibility of training.

Of the firms citing impacts from skill shortages, 60.2% found they were restricting innovation. There appears to be a clear link between skill shortages and a lack of innovative ability in Australian firms. This suggests that policies which help lift the nation's skills base will have direct and positive effects on business innovation in Australia.

Generic skills are increasingly recognised as central to enabling innovative capabilities in all workers. This still recognises that science, engineering and technology skills are needed to contribute to current production and R&D in companies, and other specialist skills, such as business and financial management, ICT and customer service skills are vital. In addition to technical skills, the skill sets required for innovation and industry competitiveness incorporate both:

- skills enabling all individuals to be creative and problem-solve; and
- skills for managers to: develop innovative strategies across a company; create the fundamentals for an innovative culture; and motivate and manage others as part of organisational innovation.

CEOs were asked to rank the soft skills: problem-solving; team work; communications; and adapting to change, in terms of their importance for innovation. A fairly even spread across the generic skills indicates that respondents recognise the need for all of these skills in individuals.

Problem-solving is rated as most important (31.7%), followed by communication (25.8%), adapting to change (23.5%) and teamwork (18.9%). Whilst problem-solving skills are regarded as the most important for innovation, communication skills are considered to be the soft skills most lacking in organisations (53.5% of firms). Nearly half of the firms surveyed (47.2%) indicated they lacked skill in adapting to change. Just over 30% of respondents cited shortages in teamwork and problem-solving skills (33.3% and 31.5% respectively).

In structuring their offerings, higher education institutions need to be mindful of the needs of industry for graduates with a good balance of technical and 'soft' skills.

Industry needs: management capabilities

Management capability is critical in driving new business models and organisational cultures needed to prosper in innovative, knowledge based economies.

The report of the Karpin Taskforce, *Enterprising Nation: Renewing Australia's Managers to Meet the Challenges of the Asia Pacific Century*, released in 1995, highlighted the relationship between management capabilities at all levels of the organisation and company performance. It emphasised the importance of education, training and ongoing professional development to ensure managers had the knowledge and skills they needed to perform effectively in the workplace. The report emphasised the non-technical aspects of management including creativity and innovation.

These qualities are accepted today as more relevant key capabilities for managers, and the role of leadership and management in driving innovative business environments is clear. However it can be argued that organisations and educators are grappling with the way managers foster innovation, and lead, enable and mobilise commitment to change at the organisational level. In order to drive innovative environments managers today need to be team-builders, mentors, networkers and nurturers of knowledge and information.

*The Manager of the 21st Century*¹, a report by the Boston Consulting Group for Innovation and Business Skills Australia in 2006, identified that managers will have to deal with new challenges posed by complex and changing networks of individuals within and outside the boundaries that previously defined the enterprise.

Ai Group's Federal Government funded research, *Skilling the Existing Workforce*² has shown that a greater focus is being placed on the tacit knowledge developed in an organisation - that which is generally acquired through experience, practice and observation. One key area that requires greater understanding both theoretically and practically is the way managers share the combination of knowledge and discretionary effort held by others. Understanding that tacit knowledge has value only when those wielding it do so in conditions at least

¹ Boston Consulting Group for Innovation and Business Skills Australia (IBSA), *The Manager of the 21st Century*, 2006.

² Australian Industry Group, *Skilling the Existing Workforce*, November 2007

partly of their own making, will be a challenge for managers wishing to maximise its contribution.

An OECD report, *The Significance of Knowledge Management in the Business Sector*³ identified key knowledge management practices. They included creating a knowledge sharing culture, an incentives policy to retain employees, alliances for acquiring knowledge and a written knowledge management policy. The study found that a clear association could be observed between these practices and innovation and productivity. This has implications for management, for it suggests that many managers (but not all) have to forgo 'control' and share power in a sustained and selfless way.

The Advanced Institute of Management Research in its report *Leadership for Innovation*⁴ found that management impacts innovation through its influence on the organisational enablers of innovation: management systems, structures, processes, culture, competencies and networks. The report observes that the challenge for managers is to develop appropriate leadership for different stages of the innovative process.

Today's challenging business environment finds managers:

- wrestling with the seemingly opposite strategies of developing business processes yet loosening structure to create independent thinking;
- dealing with complex and changing networks of individuals within and outside the boundaries that previously defined the enterprise;
- developing an understanding and knowledge of how the creative process works and needing to recognise that different forms of leadership are appropriate for different stages of the innovation process;
- utilising the innovation enabling skills needed by all workers, such as problem solving, communication, teamwork and adapting to change.

Creativity can be encouraged and harnessed: businesses that understand this are reflecting it within their business management strategies in order to better compete in the global economy. Effective strategies of managers in these organisations:

- often start from a transforming re-think and repositioning of management and managers;
- place a priority on innovative thinking;
- develop customer problem-solving environments;
- expect continuous improvement as the technological, business development or product development norm;
- expect applied team work and problem solving;

³ OECD, *The Significance of Knowledge Management in the Business Sector* July 2004

⁴ Advanced Institute of Management Research, *Leadership for Innovation*, March 2005

- ensure contributions from and recognition of all staff in business units; and
- operate multi-disciplinary teams.

Management Education

The changing landscape for managers has resulted in graduate management and business program reviews seeking more innovative approaches to curriculum. More integrative models requiring students to apply their knowledge in real world projects are becoming common.

Australian Business Schools are also reviewing their management programs, strengthening the focus on innovation to combine commercialisation, organisational design and general management subjects. Many have gained the views of companies on capabilities sought in their managers, as well as the development programs they have provided (in-house) or accessed externally.

Management education and educators also face challenges in terms of their own understanding of the innovative enterprise of the future. For example, disciplinary boundaries still remain and are often the basis of resource allocation and control. Research is still primarily discipline based and orthodox in its substance.

Professional development being undertaken for existing managers in companies appears to encompass a range of soft and hard skills. A number of companies provided examples of the training they had provided for their managers in the Business Council of Australia's report *The Concept of Innovation*⁵. Training included:

- Creative problem solving methodology;
- Diagnostic thinking;
- Systems innovation;
- Innovation systems modelling;
- Brainstorming;
- Negotiating;
- Visualisation skills;
- Communications skills; and
- Collaborative skills.

In our submission to the innovation review Ai Group called for a broad-based review of management and leadership capabilities and development to be undertaken as a joint initiative between relevant Government bodies. This

⁵ Business Council of Australia, *New Concepts in Innovation: the Keys to a Growing Australia*, March 2006

review would have strong implications for higher education.

The proposed review should:

- Identify the breadth of capabilities now required by managers in organisations, including those associated with innovation and innovative management practices.
- Identify those management models and capabilities that best release the tacit knowledge and discretionary effort embodied in innovative workplaces.
- Undertake an audit to determine the extent to which these models and capabilities are built into management programs and qualifications in the higher education and VET sectors.
- Ensure that links are developed to existing initiatives, such as reviews undertaken by Higher Education bodies and IBSA's Innovation Capability Framework Project, as well as industry-education link initiatives.
- Identify strategies for ongoing professional development for existing managers in Australian enterprises.

Collaboration: Building links with industry

As detailed in AiGroup's submission to the review of the national innovation system, a key feature of innovation in many developed nations is collaboration. Increasingly, businesses are turning to customers, suppliers, other business and research institutions to explore opportunities for R&D and innovation more broadly. For many companies, particularly multinational corporations, this involves greater global collaboration, especially in large emerging markets such as China and India.

While Australia has had a poor tradition in collaboration, in recent years the business sector, the universities and public research agencies have all invested in facilitating better linkages.

Universities devote more resources to managing linkages and have invested in business development and commercialisation offices of varying kinds. There is now emerging a wide variety and growing number of successful linkages. However, these relationships can be very difficult. While businesses often have positive experiences arising from such collaboration, many also find universities

and research organisations difficult to deal with and see these difficulties as barriers to more extensive collaboration:

- Universities and public research agencies need greater capabilities relevant to dealing with businesses. These include capabilities in marketing and business development, project management and relationship management.
- Businesses often point to degrees of inflexibility in dealing with universities and public research agencies. These concerns range across a number of areas from the stringent requirements for Co-operative Research Centres, institution-wide policies in relation to ownership of intellectual property and one-size-fits-all approaches to contracting.

Research-intensive private sector organisations contrast what they perceive to be a narrow and in some cases over-engineered approach, with the rich variety of tailored collaborative relationships they have with other businesses and with research organisations around the world.

In order to better gauge the path to improved collaboration between industry and research institutions, in late 2006 Ai Group undertook interviews with publicly funded research agencies, including 22 universities; structured in-depth interviews with 13 businesses; interviews with a range of industry associations; higher education bodies; and intermediary organisations; meetings with representatives of Government departments and agencies; and a special survey of 841 Ai Group member companies.

The interviews highlighted that other than in isolated areas, linking successfully with business is not a leading objective of universities or research agencies. Indeed, alongside a range of more receptive attitudes there is a perception in some quarters that linking with business can be a diversion of effort, a waste of time and can lead to a corruption of purpose. In other quarters business linkages are more keenly sought after but for little reason beyond the funds that business can provide to supplement those available through other channels.

The barriers to more extensive collaboration between the private sector, universities and research institutions are a mixture of cultural differences, internal rules and practices, and rules and conditions imposed by either State or Commonwealth Governments. Accordingly, the solutions are to be found both within individual institutions and Governments reducing the extent to which they excessively constrain the ability of individual researchers and institutions to design and adjust collaborative arrangements to the particular circumstances at hand.

The study identified that businesses can take some proactive measures to ensure they achieve the best out of linkages between the sectors. The key elements to a successful process can be broadly categorised into:

1. A clear understanding about what a business wants from the linkage with the research organisation;
2. Finding the right research agency and the right people within the agency to meet company needs;
3. Negotiating upfront important elements that will influence the relationship over time; and
4. Managing the relationship to achieve the best outcomes.

Equally, there were important lessons for research institutions seeking to engage in collaborative efforts with business. These include:

5. Maintaining confidentiality in regard to R&D activity for the business;
6. Improving information on available R&D services and information on how to access these services;
7. Improving planning to identify the scope of linkages between the sectors, and monitoring progress including tracking the number of inquiries, and the progress of these inquiries;
8. The ability to negotiate more flexible arrangements, requiring changes to governance arrangements within the institution or organisation;
9. Strengthening capabilities within research institutions to better manage communication, negotiation and project development; and
10. Universities and public research agencies addressing the issue of receptiveness to the business sector if they are seeking more quality linkages between the sectors.

Skilling the Existing Workforce

The increasing demands of the economy together with demographic change require an increased skilling of the Australian workforce. This will mean that there is an expanding need for existing workers to achieve higher levels of VET qualifications and articulation into higher education qualifications. Accordingly there is an urgent need for the higher education and VET sectors to work collaboratively to complement each other and to improve pathways between the sectors.

Improved processes of skill recognition and credit transfer are at the heart of this. For too long these processes have been inconsistently applied and difficult for stakeholders to understand. Articulation between VET and higher education sectors has been dominated by individual bilateral arrangements rather than objective, transparent and nationally consistent arrangements. It is time to

improve recognition and credit transfer arrangements and remove barriers to pathways between sectors.

Related to this is the need to review the organizing principles of the Australian Qualifications Framework to facilitate increased recognition and pathways between the sectors. It is noted that the new Australian Qualifications Framework Council has commenced work on developing and implementing common terminology for credit transfer and articulation. It is hoped that this emerges as a new first positive step to the introduction of better processes between the sectors.

Community Expectations and Financing of the Higher Education Sector

Financing of higher education is one of the most controversial elements of the review. The higher education sector, despite significant increases from the private sector remains essentially a public system.

There is a need for transparency in the use of public funds and the desire to link the use of resources with the goals and aspirations of the community.

The review provides the opportunity to more clearly identify the goals of the community and various stakeholders, including students and employers, and to measure whether the current activities of the sector align with these aspirations. It should also enable institutions to work out their role in the sector to ensure diversity and excellence is fostered.

There is a concern that the appropriate funding balance is struck to ensure that the sector continues to deliver quality teaching and learning outcomes and is able to meet community obligations in an effective way. Ai Group supports changes to rewards and teaching qualification requirements that provide a higher degree of regard for teaching in Australian universities.

Competition will not be limited to that between the private and public sectors. Public institutions are competing amongst themselves for both domestic and overseas students, as well as research dollars. This competition is healthy where it assists in improving the quality of courses and flexibility of course offerings.

Principles for Funding

Ai Group supports a number of principles for funding within the higher education sector.

- In recognition of the role the higher education sector can play in fostering a smart and ambitious Australia, support is provided for greater funding of the sector.
- The core-funding model should not be distorted by community obligations. Regional or equity considerations should be separately identified and funding tagged to these activities. This may not necessarily come from the education budget but may also come from regional development budgets. The States and Territories should also play a role in this area.
- Simplicity of administrative compliance should underpin the development of any new funding model.
- Funding should support more flexible learning options with particular account being taken of the need to participate in education over the course of a person's life.
- Funding should be additional rather than alternative in nature. For example, additional state government funding should not be at the expense of Commonwealth funding within the sector.
- More expensive courses should receive additional weighting for funding purposes. The funding model should provide recognition of the higher costs of delivery in different disciplines to ensure that they continue to be delivered. This will be integral to our competitive performance as a nation.
- A "student entitlement" approach is worthy of further exploration with safeguards to ensure outcomes meet labour market requirements. Such an entitlement would take into account the various issues relating to access to higher education, including, for example, a living away from home allowance where relevant.
- Scholarships across a broad range of disciplines should be provided for equity and access.

Industry contributes financially to the sector in a number of ways, including:

- to institutions for customised learning;
- to institutions for industry research;
- to institutions for business product or process research and development;
- sponsorship of research students;
- paid work experience programs for students;
- to sponsor undergraduates for their HECS and other university fees; and,
- to sponsor postgraduates for their fees.

The proportion of total revenue received by institutions from industry is still relatively small. However, there does appear to be potential to improve this through further commercial relationships or partnerships. The possibilities and options should be explored through a rich dialogue between industry and the various higher education institutions.

Management and Governance

The changing role of universities necessitates a revisit of the current management and governance structures within higher education.

It is recognised that the sector experiences limitations imposed by the legislative processes that determine its governance arrangements and reporting requirements of both the state and Commonwealth Governments. The review process should ensure that these factors are addressed as an obstacle to achieving excellence.

The self-governing nature of universities places a significant responsibility on them to change their structures and to ensure that management and governance aligns with the goals and aspirations of the community. Just as directors of companies are responsible to all of their shareholders, governance structures should ensure that the interests of all stakeholders are taken into account. This may include industry representation on governing bodies.

If universities are to successfully engage with industry on a commercial basis, then greater focus needs to be given to the management of these relationships. This will include ensuring that the governing bodies of universities are of a size and structure that can respond quickly and decisively to rapidly changing commercial realities and ensuring that the skills are available within the staffing structure to deal with industry in an efficient manner.

Considerable further attention should also be given to resolving the apparent conflict between individual, university and industry in relation to intellectual property rights.