Management Report
Division of Administration (DOA)

GOAL

“To achieve Murdoch Universities strategic objectives by providing effective leadership and managing our human, financial and physical resources in a planned and accountable fashion”

This paper provides an overview of the activities of DOA and

a) Achievements through 2005
b) Key environmental and other issues impacting activity , and
c) Some of the strategies and initiatives being pursued

This paper is for noting by Senate.

Introduction

The 2004 presentation to Senate set out the “corner stones” upon which DOA was going to build so as to continue to develop and improve the administration and facilities management performance of the University. These corner stones were

- Right people, right skills, right job
- Acceptance, integration and trust (from users)
- Financial and system improvement project
- Managing and prioritising capital spend
- IT strategic review and consultation

Offices Within the Division

- Human Resources
- Finance
- Information Technology
- Commercial Services
- Corporate Communications and Public Relations

Corporate Communications and Public Relations was added to DOA recently. This move is in conjunction with a restructuring of the group which will see the skill set of the group expanded to support the development of new revenue opportunities for the University and to increase focus on the management of events and publicity on campus. The restructure should also see opportunities emerge to better integrate activities between administration support groups and improve the efficiencies (and remove duplication) of a variety of activities.
Key Environmental Factors

The University is in the midst of a rapidly changing environment which is testing the capacity of the administration systems and resources. This has reinforced the need to continue the development of improvements in people, systems and processes to support decision making and management within the University.

The University has completed a 10 year forecast of the potential financial performance of the University assuming the University continues to operate in an “as is” capacity and the current external environmental factors continue over that period. This forecast shows the University operations incurring significant deficits by 2010 unless major revenue steams are identified (with an appropriate margin) and efficiencies and cost savings are implemented. A large part of the drive for efficiencies will fall with the administration divisions of the University.

Finance

The University accounts received an unqualified audit opinion again in 2004. The audit process included the implementation of International Accounting Standards (IFRS) to the accounts for the first time. The first full set of financial statements presented under IFRS will be the 2005 accounts.

The finance teams have been working across the University with the Financial Process Improvement Group, a group comprising representatives from all divisions of the University, to develop priorities for system and process improvements. Major improvements over the year have included

- New budget and forecasting tools to streamline input, reduce duplication and improve analysis capabilities
- A consistent policy across the University for the recognition of leave accruals, severance pay, debt provisioning and debt write off.
- New policies and processes for accounting for research grants
- New policies and controls over the issue and use of credit cards
- Improved timing and usefulness of monthly management reporting

In addition the finance teams have developed and implemented a Travel Database and Reporting system to be able to track and locate persons travelling (in case of emergency) and to ensure travel insurance obligations are met.

An internal self insurance system has also been established whereby certain claims falling below the excess on the University wide insurance program are payable from internal sources.

A University wide asset stock take is in process and will be completed prior to the 2005 audit.
Historically the University has not had a strong focus on tax issues given its exempt tax status. Considerable attention is being given to reviewing international tax arrangements and in improving the understanding of the University community in matters such as GST and FBT. This process is still in its infancy and the program will continue over 2006.

The University has the potential to achieve major cost savings and efficiencies through the overhaul and restructure of base financial systems. Currently systems are not integrated and processing involves significant double handling. In addition the University has potential to achieve efficiencies and cost savings through the introduction of an integrated procurement system that facilitates the use of University wide (or across all Universities in Perth) procurement contracts. A key to success in this regard is ensuring buyer compliance with such contracts. While such contracts already exist in some cases, buyer compliance across the University is poor due to many reasons, one of which is cumbersome systems.

The University is making application for funding to undertake this project from the Federal Government’s Workplace Productivity Program. Should this funding source not be forthcoming then funding support will be sought from the University’s strategic funds for 2006.

Human Resources

The HR teams have been very active in dealing with issues emanating from the Federal Government “Higher Education Workplace Relations Requirements” (HEWRR’s). Federal CGS funding comprising 5% in 2006 (approx $2.6m) and 7.5% in 2007 (approx $3.9m) is dependant on the University complying with these requirements.

Key issues required under HEWRR’s include the requirement for all staff appointed after 29 April 2005 to be offered a choice of employment arrangement including AWA’s and for the University to have a HEWRR’s compliant EBA in place by August 2006. Some Universities (eg Curtin) have been required to have compliant EBA’s by November 2005. Murdoch is in the second round of Universities as Murdoch still has a current EBA in place.

Effectively the changes required under HEWRR’s are designed to improve productivity in the workplace. The federal Government has set out five criteria for compliance with HEWRR’s;

- Choice in Employment Agreement (ie AWA or EBA),
- Direct Relationships with Employees,
- Workplace Flexibilities,
- Productivity and Performance criteria, and

The design of AWA’s for new staff has been completed and offers are currently being made. Murdoch’s current EBA expires in June 2006 and the University will be considering issues of EBA compliance with HEWRR’s over the next few months.
During the year Murdoch terminated the Edusafe Occupational Health Joint Venture with Curtin and brought the management of occupational health issues in house. A new Occupational Health manager has been appointed and progress is being made on resolving a backlog of occupational health issues within the University. This includes rectification of physical issues, refining policies, improving reporting systems and education programs for staff and students. Improvements include establishment of a hazardous substances risk management database and online accident reporting.

Worksafe have had two site inspections during the year with a significant number of improvement notices issued. These varied from housekeeping matters to upgrades to facilities.

Also as part of the termination of the Edusafe arrangement the management of workers compensation and injury management was brought in house. This has been a major success with workers compensation claims down on prior years and most significantly the average lost time per injury has decreased from 26 days to 6 days.

The HR team has been actively involved in the design and role out of the University’s Professional Development Review Program which involves elements of setting performance goals and highlighting development needs. In conjunction with this is the new leadership development framework which provides a number of training and development options for staff to engage in.

Commercial Services

The Commercial Services team underwent a significant restructure at the end of 2004 and early 2005. This has seen the number of staff within the team reduced and specialty skills outsourced where appropriate.

As part of the restructure many historical processes were challenged and redesigned. Of significance was the change to the way small and mid size construction projects have been managed. Historically these have all gone to open tender and been managed by an architect. The tender process has proven to be expensive to operate and value received from architects as project managers has been limited. Small and medium projects are now done in conjunction with a nominated design consultant and registered builder (as project supervisor) and then the University puts to quote small packages of work to make up the project. This approach has been very successful in achieving value for money, in getting quality consultation in the design process and in fast tracking projects.

Commercial Services have successfully managed
- Peel Campus construction
- Bookshop relocation and Ref upgrade
- Chiropractic Clinic construction
- Animal House upgrade
- Wesfarmers Building construction (completed in Oct)

During the year. All of the projects were achieved within budget parameters and timelines.
Projects currently in progress or under design are
- Tavern relocation
- Feeder College construction
- DAWA headquarters and bio security buildings
- St Ives Stages 7 and apartments
- St Ives High Care Facility and potential village expansion
- Peel Campus Stage 2
- CCIBS Research Labs (Dr Mallal – Gates Foundation Project)
- Bush Court Rejuvenation

The Commercial Services team is also responsible for the management of the Asbestos Replacement program. The replacement of roof and other material in the Vet and Education buildings during the summer period was very successful. This upcoming summer period will see the buildings on the western side of Bush Court have their roof material replaced at a cost in the vicinity of $2m.

The Murdoch Train Station, Fiona Stanley Hospital relocation of DAWA and rezoning of the eastern end of the campus present an exciting opportunity for the university to improve campus life and atmosphere, facilities and investment opportunities. Commercial Services are actively involved with all stakeholders in developing design and use parameters for the entire precinct to create a linked village like environment from the train station through to the campus.

While the precinct presents considerable opportunities for the University it will need to be coupled with investments in infrastructure and services to the area to support various developments. The level of investment will be scoped as precinct development plans become further refined.

Commercial Services have led a space audit process during the year to identify opportunities to better utilise University space. This process is ongoing and space identified in this process has been important in assisting the University to meet its teaching and research commitments. The process is working in conjunction with various timetabling initiatives which are designed to get better utilisation from facilities. This has seen timetabling for the standard day increase from 8.30am to 5.30pm to 8.30am to 7.30pm.

It has been well documented over recent times that the University has not invested sufficiently in the upkeep of its facilities. A major review by external consultants is underway to identify and document the condition of facilities and risks of major failures. This report will be used to establish priorities for the planning and funding of major maintenance upgrades in the future.

**Information Technology (IT)**

Information Technology has been identified as a key risk area for the University and has been subject to many audit recommendations from both the Auditor General and internal audit.
An internal review of IT services and expectations was commenced mid year as the first stage in developing appropriate strategies and determining funding requirements to address many of the issues in IT. A committee with representation across the University was charged with undertaking this review. Good progress has been made in the consultation process however the finalisation of the review has been delayed pending the outcome of merger feasibility discussions. A merger has the capacity to significantly alter strategies that would ultimately be implemented.

IT has developed its service over the last year with improvements including

- Upgrade of ilecture into 3 venues at Rockingham and 8 more at South Street
- Establishment of a video conferencing facility
- Installation of copyright compliance tools and monitoring processes
- Major upgrades to student services, finance and HR core systems
- Upgrade of Uninterrupted Power Supply capacity from 20 minutes to 2 hours
- Upgrade of SPAM management tools and processes
- Implementation of a redundant and robust central file storage capacity available to all staff

The Director of IT chaired a process to achieve grants for $2.2m to install optical fibre along the Perth to Mandurah railway link to interconnect all Murdoch campuses.

The risks in the IT portfolio continue to be a major focus of management into the next year.

**Corporate Communications and Public Relations**

The group has had several key achievements for the year. These include

- Development and role out of the “30” year campaign
- Development of a permanent historical walk to recognise the University’s namesake
- Appointment of a full time art curator
- Realignment and upgrade of the University’s official publications On Campus, Synergy, In Touch and the Annual Report

In recognition of the wide role undertaken by this group and the complexities involved, the skill set within the group will be expanded and reorganised to further build on the service capabilities and provide a greater focus on areas of revenue development for the University.