AUSTRALIAN RESEARCH COUNCIL GRANTS

The Minister for Education, Science and Training, the Hon Julie Bishop MP, announced $365 million in Australian Research Council grants, awarded through five schemes:

- Discovery Projects;
- Linkage Projects;
- Discovery Indigenous Researchers Development;
- Linkage Infrastructure, Equipment and Facilities; and
- Linkage International Project.

Nationally, applications for all schemes were up from 4,498 in 2005 to 4,834 in 2006, with funding decreasing from $370 million to $365 million meaning that success rates went down across the board. Projects funded were also down from 1,214 in 2005 to 1,154 in 2006.

In this round, average funding for Discovery Projects increased by 12 per cent on the previous funding round to $334,267 per project, while average Linkage Projects funding increased by 9 per cent on the previous funding round to $285,745 per project.

The Group of Eight universities this year received 72.1% of total ARC funding - a gain on the 68.5% of overall funding received in 2005. The ATN universities have lost 3.65% (approximately $14 million) of the funding dropping from 10.1% to only 6.45% of the overall funding. By comparison the IRUA universities slipped from 10.2% to 9.5% of the overall funding.

Murdoch received grants under the Discovery Projects, Linkage Projects, and Linkage Infrastructure, Equipment and Facilities schemes. From a total of 52 applications we were awarded 7 grants, totalling $2.126 million. Details of the successful grants are attached (Attachment A).

UNIVERSITIES AUSTRALIA

The Australian Vice Chancellors Committee decided to accept most of the recommendations of an external report on their organisation. The main changes centre on strengthening the organisation’s advocacy role as the national peak body for higher education. The changes, to be fully implemented by July 2007, include:

- To align with the changed focus, the AVCC will change its name to “Universities Australia”;
- That all universities recognised in Australia shall be eligible for membership;
- Universities to be represented by their CEOs;
- That there is in-principle support for external representation on the Board;
- Acceptance that a "shared view will not be achieved on all issues"; and
- Provision of the secretariat and support for the organisation of University Chancellors.

The structure of Universities Australia would be:
A full-time President who will be the chief executive and will be the main external advocate and spokesperson for Universities Australia; 
A Chair of the Plenary and Board who is a current Vice-Chancellor; and 
A full-time Chief Operating Officer and a Secretariat to support the CEO and President.

**DEST DIRECTIONS**

The Minister for Education, Science and Training, Julie Bishop MP, has recently indicated some of the directions she sees for the sector. The first was highlighted in the inaugural Banksia Association Lecture at Murdoch on 3rd October 2006 in which she discussed the need she has perceived for Australia’s universities to develop new private and corporate income streams through philanthropy. A copy of her speech is attached (Attachment B).

The Minister also flagged her intention to pursue further governance reform. Her speech to the National Conference on University Governance on 10th October 2006 (Attachment C) made clear her view that university governing bodies should take a more corporate structure and function. It is pleasing to note, however, that she also sees a role for university academics on corporate boards.

Press coverage of these speeches is included in the Matters for Information section at the end of the Agenda.

**AWARDS AND ACHIEVEMENTS**

- The Kwinana Industries Education Partnership (KIEP) was recognised as the Global Best Practice for Regional Development Partnership by the International Partnership Network at a ceremony in Italy on 4th October 2006. KIEP comprises the Kwinana Industries Council’s 42 member companies, 12 government and private schools, local councils, Murdoch University, Challenger TAFE, the South Coast Regional Chambers of Commerce and employment and service agencies. It is housed at Murdoch’s Rockingham campus. The partnership aims to build strong community and industry links and partnerships at the secondary education level that provide links to further education and training. The strength of the partnership has been its ability to implement programs were innovative, responsive and relevant to students and industry.

- The Bachelor of Science (Chiropractic)/Bachelor of Chiropractic Degree Program has been granted accreditation for two years by the Council on Chiropractic Education Australasia Inc. (CCEA). While there were a number of provisions applied, this is seen to be a good result for a new program. Murdoch also gains status as a Member Institution of CCEA. The Chiropractic staff are to be congratulated on their achievement.

- Professor Andris Stelovics, Deputy Vice Chancellor (Research) has been appointed to the RQF working group on modelling as the IRUA representative. The purpose of the working group is to provide guidance on some of the issues to be considered when developing the methodology by which RQF outcomes are translated into block grants. This will be a critical factor in developing the RQF model.

- The first cohort of Nursing students have all been offered jobs for 2007, with some offered more than one position. This augurs well for Nursing at the Peel Campus.
NOTABLE EVENTS

- The Hon Dr Brendan Nelson MP, Minister for Defence, presented an open lecture on behalf of the Asia Research Centre and the Security, Terrorism and Counterterrorism Program’s 2006 Seminar Series on 28th September 2006. Dr Nelson spoke on issues relating to Australian responses to regional instability. The lecture was well attended by Murdoch staff and students and received national press coverage.

- The 2006 Sir Walter Murdoch Lecture was presented by Nobel Prize Laureate Professor Peter Doherty AC, FAA, FRS on 20th September 2006. He spoke on the topic: “Science and the Public Intellectual”. Established in 1974 to mark the centenary of the birth of the University’s namesake, Sir Walter Murdoch, the Lecture presents an opportunity for Murdoch to host speakers of international standing. This year’s Lecture was attended by Senators, members of the Murdoch community and external stakeholders.

- Murdoch held a Multicultural Week Festival from 3rd October to 7th October 2006. The week commenced with an Anti-racism Public Lecture featuring The Hon David Malcolm AC and Nyoongar Leader, Ms Irene Stainton. Other events included a Multicultural Festival Day on Bush Court and a Guild sponsored International Soccer Tournament.

INTERNATIONAL AGREEMENTS

- A student exchange agreement has recently been signed by Professor Gary Martin and Professor Wulf Fischer, Founding Rector of Fachhochschule Bonn-Rhein-Sieg, Germany. The agreement commenced on 11 September 2006 for 3 years, with automatic renewal for another 3 years. The exchange provides up to two semester-long places or one year-long place annually.

- The University has entered a Memorandum of Understanding with Banasthali Vidyapith, India. The agreement was signed by Professor Gary Martin and Professor Aditya Shastri, Director of Banasthali. Signatories were Professor Gary Martin The agreement came into force on 17th July 2006 and is for a five year term. Areas of cooperation will include collaborative teaching, research, seminars, exchange of students, staff and scholars, sponsoring seminars and workshops. Specific agreements will be developed mutually for any specific projects.

- A new offshore course agreement has recently been signed with Auckland Wise Institute (AWI) in New Zealand for the delivery of Murdoch’s Bachelor of Commerce with majors in Management, Marketing Management and Human Resources Management. The date of course commencement is to be confirmed.

- A delegation from Shenyang Institute of Engineering, China visited Murdoch from 20 to 22 September 2006. Members of the party were Mr Zhang Tieyan, President, Mr Han Wei, Vice-President, International Affairs and Ms Lou Yuying, Acting-Director, International Affairs. Meetings were held with members of Senior Executive and colleagues from Science & Engineering and the Division of Arts, as well as Kingston College and Challenger TAFE. A Memorandum of Understanding was signed for a five year term, commencing from 22nd September 2006. Areas of cooperation will include activities such as collaborative teaching, research, seminars, exchange of students, staff and scholars, sponsoring seminars and workshops. Specific agreements will be developed mutually for any specific projects.
Discovery Project Grants

The role of extracurricular activity participation in promoting healthy development of Australian youth
Professor B Barber; Professor J Eccles
2007 : $55,056
2008 : $65,000
2009 : $65,000

Project Summary
Organized extracurricular activities such as sport and art have the potential for promoting healthy development and reducing the risks faced by teenagers. However, current research evidence, often based on middle-class youth in the US, is inadequate for making policy recommendations for improvement to the after-school lives of Australian youth. This study will offer insight into the importance of making a diverse selection of organized activities available to Australian teenagers, and will improve our understanding of which aspects of participation are most likely to enhance their social and educational opportunities.

Matter-antimatter interactions - Australian Professorial Fellowship
Professor I Bray
2007 : $77,030
2008 : $77,030
2009 : $77,030
2010 : $77,030
2011 : $77,030

Project Summary
Much of the light that we see is either due to or is influenced by collisions between particles on the atomic scale. The understanding of astronomical observations, the Sun, or our atmosphere is underpinned by the knowledge of atomic collisions. They are also critical in the development of fusion, lasers and lighting sources generally. Interactions with antimatter have additional applications in the medical and material sciences. For example, positron collisions with matter are used in Positron Emission Tomography (PET) scans and in surface analysis.

Ancient DNA as a tool to study Australia’s palaeome: exploring climatic change, past biodiversity, extinctions and long-term survival of DNA.
Dr M Bunce
2007 : $63,000
2008 : $69,000
2009 : $60,000

Project Summary
Restoration of Australian ecosystems can only occur if we know what plants, animals and insects used to live in the area before ‘pest’ species were introduced. This project will use ancient DNA obtained from ‘poo’ and cave sediments, that is thousands of years old, to discover what species used to live where and when. The ancient DNA profiles of past ecosystems will allow us to make better decisions when trying to establish sustainable and ‘natural’ mainland and island sanctuaries. Ancient DNA is well preserved in some dry environments; this project will assess DNA preservation from sites all across Australia and use the DNA sequences to discover information about extinct animals and how past climate changes affected the native biota.
Molecular dissection of resistance to subterranean clover mottle virus using Medicago truncatula
Professor MG Jones; Dr R Jones
2007 : $100,000
2008 : $100,000
2009 : $100,000

Project Summary
Plant virus diseases cause economic losses in most crop plants. Grain and pasture legumes are an important component of Australian agricultural cropping systems, and provide human food and animal feed: they also contribute to higher yields of crops like cereals when grown in rotation, by providing nitrogen and a disease break. In this project, the ‘model’ legume, Medicago truncatula (‘Barrel Medic’) will be used to identify a new virus resistance gene. The knowledge gained will be used to improve resistance to viruses in crop legumes, so reducing losses and aiding sustainability of production. This will support rural communities and the national economy.

Linkage Infrastructure, Equipment and Facilities Proposals

High throughput orthogonal mass spectrometer for biotechnology research in WA
Prof MG Jones; Prof R Appels; Prof DJ Hampson; Dr RP Tiwari; Dr DM Groth; Dr GW O’Hara; Dr C Li; A/Prof GE Hardy; Dr W Ma; A/Prof RD Trengove; Dr GI Dwyer; Prof GE Wilcox; Dr M Francki; Dr RJ Lipscombe

2007 : $ 189,000
Partner Organisations & Collaborating Organisations: Murdoch University, The Department of Agriculture and Food WA, Saturn Biotech Pty, and Curtin University of Technology

Project Summary
The new ‘orthogonal’ mass spectrometer will be housed at the WA State Agricultural Biotechnology Centre at Murdoch University (SABC). The SABC is a multi-user university centre that provides equal access for researchers from all universities, state government and industry to major facilities. The equipment will provide a competitive advantage to researchers undertaking fundamental and applied projects that underpin new developments in plant and animal agriculture. Outcomes include: development of new molecular markers to speed crop improvement and quality, animal genetic improvement and health, and support for new biotechnology companies. This will benefit the community through more productive, competitive and sustainable agriculture.
Linkage Project Grants

Balancing Water Quality and Ecosystem Health with Water Yield -- Ecosystem Response to Thinning in Wungong Catchment
A/Prof RW Bell; Prof RJ Hobbs; Em/Prof AJ McComb
2007 : $ 130,000
2008 : $ 140,000
2009 : $ 110,000
2010 : $ 60,000

APA(I) Award(s): 1
Collaborating/Partner Organisation(s): Murdoch University, Water Corporation

Project Summary
Reduced rainfall in past decades and future climate uncertainty have added a sense of urgency in Australia to search for new water resources to sustain a growing economy and population. A forest thinning trial is planned in the Wungong Catchment, Western Australia, to substantially increase water yield. Thinning is attractive as a low-cost option, and is potentially suitable for other catchments. However the potential environmental and ecological impacts, which are major community concerns, must be investigated. This project will assess the levels of impact, associated ecosystem responses and the capacity of catchment ecosystems to sustain such management intervention.

The nature, diversity and potential impact of infectious agents in Western Australian threatened mammals.
Prof RC Thompson; Dr AJ Lymbery; Dr A Smith; Dr P Clark; Dr PB Spencer; Mr KD Morris; Dr AF Wayne
2007 : $ 153,118
2008 : $ 145,118
2009 : $ 137,118

APA(I) Award(s): 1
APDI: Dr A Smith
Collaborating/Partner Organisation(s): Murdoch University, Department of Conservation and Land Management

Project Summary
This project will generate new information on parasitic diseases, which will contribute to the management of terrestrial ecosystems by government agencies such as the Western Australian Department of Conservation and Land Management, and private concerns, such as the Australian Wildlife Conservancy. The project will also assist in the formation of appropriate responses to exotic disease incursions, by increasing understanding of the spread of parasitic infections between native, feral and domesticated animal species.
Inaugural Murdoch University Banksia Association Lecture
3 October 2006

I am delighted to be at Murdoch University for the inaugural lecture of the Banksia Association.

Australian society values the contribution of our higher education sector and has high expectations for our Universities.

There is an expectation that Australian Universities will provide a high quality education for their students and equip them with the skills that employers will be seeking for the jobs of the 21st Century.

Our universities are expected to carry out research that is both high quality and relevant and Universities must create new knowledge to underpin our nation’s innovation and competitiveness.

We expect our Universities to be accessible no matter the socio economic background of the students. And we expect our Universities to be accountable for their performance and to the taxpayers who sustain them and to be transparent in their operations.

Our universities must be internationally competitive.

Currently, there is a high reliance on the Australian Government for funding, both directly and through our management of student loans schemes – accounting for almost 60% of total funding.

And of the total public funding for Universities 98% comes from the Commonwealth.

I am not be suggesting that there be any reduction in our commitment to the sector, but I believe there are additional streams of funding which - historically - have been overlooked.

And that is what I want to talk about today.

But first let me put my views in context.

Today, Australia’s universities have access to higher levels of revenue than ever before. In 2004, total revenue available to higher education institutions from all sources was $13 billion – an increase of more than $5 billion or a 65% increase on 1996 funding levels.

As a result of Backing Australia’s Future and related initiatives, the Australian Government will direct more than $7.8 billion to the sector this calendar year – up from $5.3 billion in 1996.

Overall these reforms will result in the sector being $11 billion better off over the next decade.

Recent figures show that our Universities are financially viable, collectively holding over $7 billion in cash reserves and investments.

Australia’s funding of universities is often compared unfavourably to countries such as Finland and Sweden, where virtually all funding comes from the public sector and students pay minimal or no contribution - although this is changing. However, proponents of this type of model fail to mention government taxation rates in Finland and Sweden.
Government income tax rates in Finland increase to 38% for all income above $50,000. Add local
government income taxes of 15% to 20% of income. Plus a 2% religious tax, a property tax of 4%
and a GST of 22%, and you see the size of the public purse available to the Fins government!

Sweden’s personal income taxes are the highest in the world. The combination of state and local
income taxes mean Swedes pay 42% up to $68,000 and 56% on income above that. They also pay
a GST of 25%.

Thus, when comparisons are made, the Commonwealth spend is a fair contribution to the needs
of the higher education sector in this country.

But are we overlooking obvious sources of additional funding?

If the Commonwealth contribution represents 98% of all public funding to the higher education
sector in this country, then there is a striking anomaly.

Universities are creatures of our States, set up under State legislation, they are accredited,
registered, audited, governed by the States. The States even nominate their representative for
Councils and Senates. So where is their financial contribution? Just 2%? And that figure is
debatable.

Let me give you an example, in 2005 the State and Territory Governments provided around
$230 million in State grants to universities across Australia.

What is not as widely known or appreciated is that while States contributed $230 million, they
took out more than $377 million in payroll tax. State and Territory Government in fact profited
from their universities in 2005 to the tune of $147 million.

In other comparable federations, State Governments acknowledge the benefits to their
communities of their Universities and contribute accordingly. So there’s an obvious untapped
source.

Another is the alumni. I have heard it said that because Australian students now pay tuition
fees we cannot expect them to make any other contribution to their alma mater at any other time
throughout their lives!

Australia has one of the fairest higher education systems in the world, recognised as such
internationally, where virtually every eligible person who wants to undertake university studies
is able to do so in a Government-subsidised place.

In 2005, over 90% of eligible year 12 students were offered a place at a University, in their home
state.

We have a record number of students at our universities, almost 1 million students, an increase
of nearly 40% since 1996. And about 96% of all Australian undergraduates are in a Government
subsidised place.

HECS was introduced by the ALP in 1989 to ensure that students made a fair contribution to the
cost to the taxpayer of their studies, given the potential lifetime earnings for a graduate.

Today for every $1 a student contributes to their education the Australian Government
contributes $3. Students pay 25% of the cost of their fees, the taxpayer picks up 75%.

Since 1989, almost 2 million people have been able to access higher education opportunities
through Australian Government funded loans (HECS and HELP). There are no upfront fees and
they are income contingent.
Today students only begin to repay the debt when their income exceeds $38,149 per annum.

To date, around 780,000 (41%) of people have repaid their debt. The average outstanding debt is around $10,500.

So let’s focus on the potential of greater private and corporate philanthropy in our Universities.

The higher education sector needs to consider seriously ways that it can increasingly engage both the corporate sector and its own alumni to optimise the resources, commitment and experience these valuable partnerships can provide.

It is well known that universities in the United States enjoy substantial philanthropic support, with a significant amount generated through their alumni networks. However, it is a mistake to assume that it is a cultural quirk or somehow tied to their tax system.

University philanthropy has not happened by accident in the US. Their universities and colleges have developed a highly professional approach to engaging their alumni for the purposes of fund raising. Many institutions have large departments devoted to liaising with alumni and working to actively promote philanthropy.

And the results are astounding, with donations to US universities reaching a record A$32.6 billion in 2005.

Harvard University was most successful in raising A$722 million. Overall, donations from alumni accounted for 28% of US university philanthropy, non-alumni individuals donated 21%, corporations 18% and charitable foundations 25%. Philanthropy accounts for about 20% of total funding to some individual US universities and almost 15% across the sector.

This contrasts with Australia, where the sector currently receives less than 2% of its income from philanthropic sources. We do not compare well with leading nations in the field of philanthropic support or in terms of alumni engagement.

However, this is not a societal issue as Australians are among the most generous people on earth when it comes to donating to worthy causes.

The taxation system is not an impediment - with the ability to fully claim such donations.

In one sense, it is cultural, in that while there is a culture of giving in Australia, there is not a culture of asking by the university sector.

I can cite my own experience and it is typical of others. In 1996 I attended HBS for the Advanced Senior Management Programme. At graduation, I was provided with a lifetime e-mail address to keep in touch with classmates and lecturers; I receive a class newsletter published regularly with other class news; I am invited to annual reunions of my class, as well as all the HBS lecture series held in Boston or in Asia, or elsewhere; there are opportunities to meet with Harvard professors visiting Australia; I am a member of the Harvard Club of Australia and attend dinners in Sydney and in Perth and mix with other Harvard alumni.

And from this constant contact, Harvard promotes itself, its courses and ensures a continuing supply of fee paying students from Australia. I read this morning that John Worsfold is to attend a Harvard or Stamford course – encouraged by their alumni here in Australia.

And many feel an obligation to give back what Harvard has given to them. This pattern is replicated in countries around the world.
Compare my Australian experience. In the 1970s I attended Adelaide Law School in Adelaide. After graduating I heard nothing more. No communication over the last 28 years, until earlier this year when it was published in the press that I was an Adelaide Law Graduate and the V-C sent me a warm note saying what a lovely surprise it was to learn that one of their graduates was the Federal Education Minister!

This was the norm, not the exception.

I think of my classmates, who, like me, became partners in major law firms, or went on to be CEOs in major businesses. Have they been contacted?

To my observation, by and large, there has been little effort given by Australian Universities to developing and maintaining links with alumni over an extended period.

The graduate data bases maintained by US institutions contain a wealth of information. The Australian higher education sector cannot afford to ignore the valuable networks of their alumni, and the potential to tap philanthropic sources of funding.

Our higher education sector, assisted and encouraged by the Australian Government, needs to develop a much more significant culture of philanthropy in Australia.

The challenge is to create a higher education sector that is engaged with the community, and more importantly with its network of graduates.

There are almost 3 million Australians aged 25-64 with a university degree, many of these people are working in the corporate sector, many are leaders in their field or running small and medium enterprises.

Graduates dominate the ranks of the professions.

Gross lifetime earnings of a graduate are currently estimated to be around $700,000 more for males and almost $500,000 more for females, compared with non-graduates.

The role of philanthropy is to support the development of excellence and not to provide basic maintenance or core funding. Philanthropy has the advantage of coming without too much red-tape attached – unlike public funding, which is necessarily accompanied by stringent accountability measures.

Ideally, a greater focus on philanthropy would enable universities to undertake activities that they would otherwise have to decline, to take risks that they would otherwise have to avoid.

Just as philanthropy has enabled the pursuit of excellence within the private school sector and research sector, notably the medical research sector, so too can it enable the pursuit of excellence in the uni sector.

Philanthropy can endow chairs with competitive remuneration needed to attract high quality academics. It can be used to offer merit-based scholarships to ensure that the best students, both domestic and international, are engaged and supported.

Philanthropy is also an enabler of diversity. It allows universities to experiment with innovative means of teaching, new courses and the application of emerging technologies.

There is great potential for philanthropy as a means for universities to promote equity, to drive better outcomes for Indigenous students and those coming from families and communities that do not have a tradition of going to university.
An outstanding example of this kind of philanthropy is the Bill and Melinda Gates Foundation. The two simple values that lie at the core of the Foundation’s work are:

- all lives—no matter where they are being led—have equal value; and
- to whom much has been given, much is expected.

Murdoch University is to be congratulated for securing a research grant of $12.6 million from the Gates Foundation, in recognition of the leading edge work being undertaken by the Centre for Clinical Immunology and Biomedical Statistics in the field of HIV medicine.

Recently British Prime Minister Tony Blair said it was unsustainable for taxpayers to bear the full cost of higher education in light of the huge and growing demand for university graduates. He also used the US example to urge UK universities to build similar programs and to engage support from industry and business foundations.

Apart from benefiting the bottom line, philanthropy has provided many of the leading United States universities with the flexibility to take risks and has enabled an independence from government. Something which Australian universities can only envy.

Critical elements of a philanthropic culture are already in place in Australia. In 2004, for example, more than 13 million Australians, or around 87%, of adult population made a donation of some sort - average was $424 per person.

The giving of money, goods and services to non-profit organisations by business and individuals is estimated to total around $11 billion annually.

Of this, health non-profit organisations, including medical research organisations, received about one in six of the total value of donations by individuals, one in ten of all hours volunteered and almost one in five of the total value of business giving.

By contrast, the education non-profit organisations receive about one in twenty dollars of all donations from individuals and business – which is directed to schools and parents’ groups.

A number of reviews into Australian higher education institutions have already suggested that universities should look to increasing their philanthropic effort to provide an additional revenue stream.

In response to these reviews, some Australian universities have developed strong communication strategies and alumni networks to enhance their fund raising activities, but this is uneven across the sector and the maturity of institutional approaches varies widely.

Murdoch University stands out as having had considerable success in securing both corporate and individual philanthropy. In addition to the funding from the Gates Foundation the university has:

1. established the Murdoch University Veterinary Trust, which has raised $1.6m to support the work of the Vet School;
2. campaigned to raise $2.5m for the Law Library and new Law Building;
3. established the Murdoch University Foundation to encourage and facilitate fundraising as well as other initiatives.

I note that much of the success in these areas is due to the hard work of the Vice Chancellor including his decision to invest in the establishment of an Office of Development with resources to support University staff in fundraising activities.

So, where to from here?
I have asked my Business, Industry and Higher Education Collaboration Council - headed by David Murray - to advise me on strategies to develop a culture of philanthropy towards and from within Australian universities, including strategies for business and government to encourage alumni philanthropy.

The Council will conduct research and analysis that will assist in the building of a culture of philanthropy. Specifically, the consultancy will:

- identify how universities currently engage with potential donors, including alumni;
- review and identify best practice nationally and internationally;
- develop a set of national best practice guidelines; and
- identify practical, cost effective options that will assist universities to become more strategic in their fundraising.

The Council will consult with key stakeholders including universities, business, state governments, university development professional offices and peak philanthropic bodies to review and identify best practice nationally and internationally. I have allocated $200,000 to support the council’s work.

Another avenue I am exploring is to increase philanthropy through the existing taxation mechanisms and I recently met with Mr David Gonski, Chair of the Tax and Philanthropy Working Group of the Prime Minister’s Community Business Partnership. He has provided me with some ideas, which I am working on.

Together, we can create a higher education sector which has the hallmarks of excellence and responsiveness, one that satisfies the needs of present and future Australians, and one that meets the many and varied challenges of a rapidly changing world.

And finally, I commend the work of the Murdoch Banksia Association, which serves as an inspiration to institutions throughout the higher education sector and beyond.

The work of the Murdoch Banksia Association is all about sustaining connections between people and institutions. It is about conserving rather than neglecting human resources.

At Harvard Business School I learned the truth of an old saying: “look after your people and the bottom line will look after itself”.

This applies not only in business, but also in universities.
National Conference on University Governance
10 October 2006

Thank you Professor Schreuder.

I am pleased to open this conference and to share my thoughts on where we – the Australian Government and our universities – have made progress in achieving more effective university governance. I will also talk about how we can advance our efforts in the future.

Let me start with the University Governance Professional Development Program, which is a key contributor to our efforts. Established with funding of $200,000 from the Australian Government, the program organised this annual conference, and also supports a number of initiatives helping universities to develop “best practice” in their governance arrangements. The program’s ongoing operations are funded through subscriptions and training fees.

I am pleased to learn that 26 universities are now members of the program, up from 18 a few months ago and I hope other universities will join in the near future so there can be greater sharing of practices and ideas.

In 2002 when the Australian Government undertook its major review of the sector, Higher Education at the Crossroads, there was no or little evidence of a culture of good governance.

During the Crossroads consultations, consistent concerns were raised about the effectiveness of universities’ governing bodies, and whether the centuries-old collegial model of governance was adequate, let alone good practice.

One concern was whether governing body members had the skills needed to oversee modern Australian universities, some of which now had annual budgets of around a billion dollars. Collectively our universities have cash reserves and investments of over $7 billion. Higher education finance is a sophisticated enterprise.

A second concern was that intractable differences often arose between Council members who represented different constituencies within the university, leading to a third issue of the unwieldy size of some governing bodies – up to 35 members in one case, and in the high 20's in several others.

Fourth, there were doubts about the ability of governing bodies to effectively monitor universities’ commercial operations.

The Australian Government moved to address the concerns identified in the Crossroads report and introduced the National Governance Protocols.

All universities have either complied with the Protocols, or should have completed promised action to comply within the allowable transition period, which has just ended. But what impact have the Protocols had on university governance, and what more needs to be done?

It concerns me that there is a feeling that the protocols are now behind us, and there appears to be a culture of complacency creeping into the governance of universities. A large proportion of the community of university governance practitioners across Australia appear to believe they have done their job.

I am concerned there is a belief that meeting the bare minimum requirements of the National Governance Protocols is enough. It's not enough! The protocols were established to help kick start universities in the right direction. They were established to provide an incentive for universities to significantly improve their governance - not for universities to only meet
minimum expectations. It was not an invitation to accept the lowest common denominator. Good governance makes good business sense.

It concerns me also that this complacency is reflected in the poor uptake of opportunities for professional development. So far this year, only six universities have undertaken the professional development workshops through the University Governance Professional Development Programme. It concerns me that another course has had to be cancelled due to lack of interest, and the website established to facilitate the national exchange of ideas, papers and policy templates has remained largely unused.

There are some encouraging signs though. A handful of universities have gone well beyond the minimum requirements of the Protocols, and demonstrated a commitment to achieving “best practice”.

These may not be the universities that many would expect – such as some of our most prestigious – but they are universities that have enthusiastically embraced an active culture of commitment to improved university governance.

These universities are appointing people with first-class financial skills to their councils. These are not just people with generalist management experience, but people with direct responsibility for handling large budgets within their own organisations – chief financial officers and the like – and who would quickly tell from a university’s budgetary papers whether dangers are looming. They are the kind of “financial experts” the National Governance Protocols were hoping would come onto councils.

The universities that have embraced a culture of good governance contrast markedly with other universities which have taken a minimalist approach to good governance.

For example, the Protocols seek to promote renewal of council membership, to achieve a balance between experienced members and new members who may bring fresh ideas. The protocols limit service to 12 years, unless the governing body agrees to grant a specific exemption. Some universities have granted extensions to many governing body members at once. This is not the way to achieve balance.

Similarly, there is a Protocol requiring universities to have grievance procedures, and to publish them. This Protocol aims to make such procedures transparent. Many universities do have robust procedures which can easily be located on web sites, for example. Other universities comply with the Protocol because the procedures exist and are available, albeit hard to find – but they do not appear to be fully committed to transparency.

Against this background, let me share some thoughts about what constitutes best practice and what could be done.

A fundamental criterion in my view is that all governing body members should be fully committed to their duties. They must have enough time to attend the meetings, read documentation, attend appropriate induction and training sessions, and represent the university when required. Nor should people be appointed to councils solely as a reward for generous donations or just because of extensive networks. Membership of the governing body should involve dedicated hard work.

The Corporations Act has what is known as the “business judgement rule” which requires directors of a company to inform themselves about matters upon which they are to make judgements. It would be appropriate for governing body members to have a similar duty.
Members of the governing body need appropriate skills and background knowledge. There is scope to be more explicit in the Governance Protocols about the qualifications and experience requirements for the members who must have financial expertise.

If universities need to pay governing body members to attract people with the necessary skills and commitment, then this is something all universities should consider.

Elected members must make decisions in the best interests of the university as a whole, rather than representing the interests of a particular constituency. This is not a simple issue, because elected members can bring important perspectives to the governing body's deliberations, and the views of their electors and the overall best interests of the university are not necessarily incompatible. But elected members must put the university's overall interests first.

It is worth considering whether it would be preferable to have a smaller governing body with advisory bodies comprising those representing specific interest groups.

It is intolerable to have an instance where one university has to withhold confidential documents from its council members because it expected them to be leaked to the media. (I say this as a member of Cabinet!) Universities’ enabling legislation should impose on governing body members the duty to maintain confidentiality and prohibit improper use of information.

Council meetings must be a challenging time for senior executive staff – for them to know that they must be thoroughly prepared for the meeting and have the facts ready. In particular, the Chief Financial Officer should expect a tough grilling about the university budget! Of course, the governing body should not conduct fishing expeditions or interrogations, but if there are real problems it should be aware of them. No-one should ever see the governing body as a rubber stamp.

While on the subject of university finances, governing bodies might need to take a more proactive role in looking at the management of assets.

My department's Institution Assessment Framework data has suggested that some universities may not be making enough provision for maintenance, and that in time they may face significant costs to bring their facilities up to a satisfactory standard. The National Governance Protocols could be strengthened to require the governing body to approve a strategic asset management plan.

Delegations of governing body responsibilities should be granted with care. Governing bodies are still accountable for delegated matters and should require some form of report on the exercise of the delegation. Governing bodies should not be able to delegate responsibility for decisions that have the potential to affect the financial viability of the university.

Governing bodies need information. They must have statistical data and performance indicators so that they know how their university is faring. I think that the Annual Report approved by the governing body should report on performance indicators set by the governing body. The governing body should be required to consider performance and comparative performance data produced by my department. Enormous effort goes into supplying data by institutions and I would like to see it better utilised.

Governing bodies may need upgraded Secretariats, to provide this information and advice on responsibilities and legal issues. I suggest it should be mandatory that there be a council secretary or similar officer separate to the Vice-Chancellor or Chief Executive Officer.

I would like to see service beyond about 8 years become rare. Whatever the skills and benefits long-serving members have delivered, there comes a time to move on and make room for fresh ideas. Membership shouldn’t just roll over year after year because of entrenched expectation.
12 years should be the maximum term. Terms beyond 8 years should be on the basis of an explicit assessment of the member’s capacity to discharge his or her duties effectively. Maintaining a dynamic vitality, a creative tension is important in any governing body.

There is a need for further improvements in the oversight of controlled entities. It is not good when an Auditor-General comments that a university’s finance department “identified two new controlled entities during the 2005 financial reporting process that it had not previously been aware of.” Governing bodies need to be rigorous in providing this oversight, as the National Governance Protocols require.

With regard to the size of governing bodies, I don’t think the limit of 22 in the National Governance Protocols has gone far enough. Good practice models suggest that 10 to 15 members is the ideal size for such a body – large enough to benefit from a diversity of viewpoints, while small enough to facilitate effective decision making.

My inclination is to have a limit of 14 that must continue to have a majority of external independent members who are neither enrolled as a student nor employed by the higher education provider. Specialists can be invited for particular information or additional perspectives on issues.

In recent months I have spoken of the need for greater diversity in the university sector in Australia. Some commentators have suggested that I am overlooking a great deal of diversity that already exists. I do recognise that there is a level of diversity, but there is a need for more.

By focussing on the things they do really well, and putting more of their resources into their strengths, universities will provide higher quality outcomes and improve their standing in an increasingly competitive international environment. Being just average in most things will not be good enough in the medium and longer term.

Governing bodies should lead their universities in setting their directions in this regard. It would be a valuable enhancement of the National Governance Protocols to require the governing body to take the distinctive role of the institution into account in approving the mission and strategic direction, annual budget and business plan. What is distinctive about my university’s course offerings, mode of delivery, mission, what do we do best? What will make my university competitive?

I am watching developments in relation to university governance with great interest, and I may need to change the Protocols to deliver the reforms they were designed to bring about. But I do not see the Protocols as the only driver.

University Chancellors are taking a much more proactive role than in previous years – they are engaging more systematically with their universities, and with other Chancellors. Their statements and activities in relation to their universities are being much more frequently reported in the media, and they are leaders rather than figureheads. Chancellors have a vital, if not lead role to play in enhancing the philanthropic and alumni efforts of our universities.

What the Australian Government is seeking to bring about is a change of culture within university governing bodies. While there has been much movement in the right direction, cultural change cannot be expected to occur overnight because it involves shifting attitudes, and attitudes can be notoriously hard to shift.

There’s no shortage of advice in this portfolio, and I am often reminded of the reporting demands placed on universities by the Government.
There will always be accountability requirements – with more than $7.8 billion of taxpayers’ money paid by the Australian Government to the higher education sector each year, that is only fair. But if the Government can be confident that universities are responding to the diverse educational and research needs of the nation, there is less need to prescribe requirements to universities. A high standard of governance is a key component of this quality assurance.

Federal, state and territory education ministers have agreed to a review of the impact of the National Governance Protocols and the scope for their enhancement. The review is to report to ministers in 2007.

I will be raising with state and territory ministers a number of the issues I have mentioned today, to be considered for inclusion in a revised set of Protocols. At the same time I will of course welcome the ideas of people on governing bodies or within the universities. Certain changes will be needed, but I would also like to consider constructive suggestions from those who are committed to the improvement of university governance.

The Australian Government’s role in the governance of universities
I would have hoped that as billion dollar enterprises that are now educating a record number of students – almost one million students - universities would have had governance best practice as an important organisational goal.

The Crossroads review showed otherwise - that university governance practices were dangerously unwieldy and inappropriate, and so the National Governance Protocols became a necessity.

The Australian Government has provided an opportunity for universities to improve their governance – an incentive to seek best practice. For some universities, this has proven an invaluable contribution to their strategic management. For others, there is still a long way to go.

I trust that in the course of this conference, you will consider a range of opportunities for enhancing governance arrangements within your universities, and learn from each other’s experiences and initiatives.

Thank you