

The 1999 Boilerhouse Address

*by Professor Don Aitkin
Vice-Chancellor, University of Canberra*

'Six variations on a sober theme'

Today I want to touch on six separate matters which have a common thread to them. What links them all is the rapid change in the circumstances of Australia's universities, and the corresponding need to change our culture — the pattern of beliefs, attitudes and behaviour which characterises organisations like ours. Working cultures do not change easily, and they do so most effectively when people understand the context of and the reasons for the needed change. I think that all of the addresses I have given to you have been about this process, in one way or another, and today's is no exception.

The six concerns are our financial situation (which I have spoken about each year since the Howard Government was elected), that Government's apparent decision to change radically the form and funding of student organisations, possible ways in which future salary increases might be organised, a better way of allocating work, our need to further implement the new academic program, and the possibility of developing some University-wide research endeavours.

Finance

Let me start with money, which has been our collective obsession since 1996. I summarise what I wrote in the first *Monitor* for the year: VCAC agreed at this time in 1998 that we would aim to produce a 2% surplus in each major cost centre. We have done it, and that means that we can deliver on the 4.2% salary increase later this month without having to further reduce our staff numbers drastically. Staff reductions were the only option, because, as you all know, it has not proved easy to increase our earnings from sources other than the core grant. The Commonwealth has already reduced its core funding to us by more than \$2 million, and another \$500,000 is going this year. We have replaced that from other sources, but have not been able to add much more. One reason is that Canberra is not an especially popular destination for international students, for reasons that have little to do with UC. Another is that we are in a fiercely competitive market. We do very well in it, but we lack a metropolitan base, and there is little prospect of a rapid increase in our earnings.

We will aim, once again, for a 2% surplus of income over expenditure in 1999, so that we enter 2000, the last year in which the Commonwealth intends to reduce our core grant, in a financially static position. You all know what that means: it will be no less difficult to replace staff who retire or resign, there will be less money than anyone would like for all the little things that smoothe our day-to-day existence, and there will be less opportunity to do new things or take advantage of circumstances during the year. I no longer have a Vice-Chancellor's Contingency Fund — that has gone to provide some of the money in the Priority Resources Fund that is supporting our move into

flexible delivery. The 'natural attrition policy' that has underpinned the reduction in our staff numbers over the last three years will continue, but I can no longer guarantee that it will continue indefinitely: we have come to the point where the University's staff numbers ought not to be reduced further. If financial circumstances make some reduction inevitable, then we may have to look at closing down sections rather than relying on the random effects of natural attrition. I mention all this because cost reduction seems to me to have gone about as far as it can without imperilling our capacity to deliver our programs properly: the imperative is to increase our income even further and faster than we are doing.

And that means we have a choice: we can be a successful business enterprise or an unsuccessful business enterprise. Few of us have an extensive background in commerce or industry, and the academic side of the University, as elsewhere in Australia, is not organised as though there were an important University profit-and-loss account. Yet we have demonstrated already that we know what to do and how to do it. Those with long memories will be able to remark on the change that has occurred in this respect in just the last ten years. I see no sign that these conditions of our existence will improve. Bit by bit, dollar by dollar, like it or not, we are becoming more a private than a public organisation. We are not protected any longer by an unspoken contract with a friendly Commonwealth Government which would bail us out if our ship started to sink. The Commonwealth Government is not disposed in a friendly way to any university. The ACT Government does not appropriate funds for us, and will not want to do so. That is not its responsibility. Our course, then, is mostly in our own hands. So far we are sailing well, even if I have no more sense than you have of our final destination, if there is one. But the need to earn more money to keep our ship moving and to pay the crew, is ever-present.

Voluntary Student Unionism

I have written in the current *Monitor* about the Commonwealth Government's strange decision (if it has indeed decided to go down this path) that in future student organisations will have to operate entirely on a user-pays basis, and that universities may not charge fees to student for any purpose other than one strictly connected to the educational program in which the student wishes to enrol. If the proposed bill were to become law the results for student life on every campus in Australia would be dire, and the incentive for students to spend any time on campus other than for instruction and working in libraries would be greatly reduced.

That is a bad outcome in every sense, everywhere. What is more serious for us, however, is that in our University the Students Association, CUPA and UCU collectively provide a great range of services that complement those which the University itself offers. Very roughly, the general service fees that students pay produce \$2.2 million. A lot of those services will have to be provided by someone, if legitimate student needs are to be met, and the only someone I can see is the University. Whatever the fraction of the \$2.2 million these services represent, there is no way that UC can provide them for the equivalent of the fee income, because so much work is done by students on a voluntary basis. I do not think it is the Government's explicit intention to make life even more difficult for us, if only because I doubt that the Minister

or those advising him on this issue know enough about what actually occurs on university campuses to be aware of the outcome of such a bill would be. I am even prepared to hazard a guess that this whole scare is intended to distract us from the GST legislation.

But it is indeed scary, and you need to know why. I will be following this issue very closely, and have brought together the committee which Council set up last year to look at the consequences for us should the bill become law.

Salary matters

You know that we are in the last few months of our current enterprise agreement, and you would probably agree with me that the past two years have been pleasantly free from industrial disagreement. I do not want to discuss the bargaining period that we are entering, other than to say that the University wrote to the unions in January expressing its interest in discussing the terms of a new agreement. You will remember that the present agreement foreshadowed the beginning of such discussions six months before the agreement expired, which will happen in July.

What I want to do is to express some views about the long-term future of salary-setting within the higher education sector. We used to have a Remuneration Tribunal which decided these things, and a Government that provided the money necessary to do what the Tribunal had ordained. All that has gone. Several years ago, the then Labor Government decided that the salary-setting process for public servants and for statutory authorities for which the Commonwealth was at least financially responsible should follow emerging practice in the business sector and move to a form of 'enterprise bargaining'. In the five years or so that have followed we can see that the outcomes have been different for Commonwealth Departments and for universities.

In the public service case the Government is often in a position to decide not to continue a particular service, which would allow a reduction in staff numbers and therefore (in principle, anyway) higher salaries for the remaining staff. In the last few years there has been a considerable increase in the number of services that have been ended, or outsourced, or reduced. It has been possible, therefore, for the Commonwealth to pay higher salaries to the smaller number of public servants it employs, and of course it is able to raise the necessary funds through taxation. You and I might think that we are all worse off because of the reduction in services, but that is a different matter.

Universities may be statutory authorities, but they are not parts of the public service. We are rarely able to reduce services at our pleasure: the services we provide are there because they are needed, and the same is true of our courses, our buildings and grounds, and our staff. It is always possible to do anything more efficiently, and we have done this over the past three years. But we cannot both do things more efficiently ('doing things right'), do the same things more effectively ('doing the right things') and reduce our spending at the same time. The outcome may technically be more efficient, but it will also be less effective. Finally, we do not have control over our sources of income, which established business have to a degree, and we

certainly can't raise more money from the public purse, as the Commonwealth can.

There has been something like an 11% increase in UC salaries over the last three years, but in that time the gap between our salaries and those paid within the APS has grown. Over the same period our staff numbers have declined by about 9%; the reduction in jobs in the APS has been much more dramatic. I'm sure that a number of Commonwealth Ministers, from both sides of the party divide, can be found to say that enterprise bargaining has worked in the APS. I do not think it is a viable long-term prospect for the universities unless other conditions are introduced which are much more important than enterprise bargaining itself. For example, the Commonwealth would need to remove itself from funding altogether, and make entry to university dependent on paying fees. That would make enterprise bargaining simpler, because we would be much more in control of our income, though in a pure market system. But the consequences for the present and future of our country would I think be quite terrible.

It seems to me that unless the Commonwealth decides to resume some kind of financial support for increases in salary paid in the higher education sector — and I see no sign of either party's wanting to do that — then we ought to move fairly quickly to a form of salary system based on our capacity to pay, which would be based on our performance in the recent past. I don't think that this will be especially easy, but the alternative (fixing on future increases without any real knowledge about whether they can be paid out of earnings) seems worse.

I have in mind our setting a target of an increase in earnings of a given amount without a corresponding increase in costs — let's say a 5% increase in income, but only a 1% increase in costs. If that target were reached then there would be a surplus — a 'productivity gain'. How should it be distributed? Plainly some ought to be spent on the staff as individuals: after all, if everyone had worked harder to achieve the outcome, then each would be entitled to a share of the surplus. At the same time, we would need to look hard at where the surplus had come from. If some of it came from windfalls then that would not be a good basis for a permanent salary increase; it would be rather more appropriate to the kind of 'Christmas bonus' that is common in the private sector. Would all the surplus go to salary increases or bonuses, or should some go to improvements in our collective quality of life? Some people might prefer those to an increase in the pay packet, especially as the wider society seems to be going the other way.

You can see that a lot of questions would be raised, but I think they are all answerable if we put our minds to it. I want to emphasise that these are first thoughts, and they could be greatly improved by comments and additions from others. I will be happy to receive them. I have no present plan to implement such a change, and indeed it would not be up to me alone. But I think that our situation needs careful attention and some lateral thinking, because the system we have does not work. You will see that in the model I have sketched out salary increases are planned for but not put into effect until the money has been earned. After the experience of the last three years I now have the greatest trepidation in assuming that salary increases will somehow be found without a corresponding need to reduce our staff

numbers. I would myself be much happier to recognise that the University had earned the salary increases, and that no-one had to be dispensed with in order to pay for them.

Allocating work

In past addresses I have pointed to the need for us to change the way that we allocate work, for several reasons: partly for equity, partly for efficiency, and partly for effectiveness. On the academic side we work on the basis of a maximum of 12 hours face-to-face teaching and nothing else. That measure takes no account of teaching via electronic delivery, assumes that all of us still conduct our teaching in one or both semesters, is silent on research performance, consultancy, collegial work and anything else which we do, and gets in the way of people wanting to do new things.

An obvious response to my plea for change, and I got a bit of it, was to come up with an alternative. At Harvard University last year I came across the system used at the Kennedy School of Government, and thought it was worth exploring. By the time I had the details I had also learned of a similar system being used at the University of Newcastle, a system that had been developed in consultation with the local branch of the NTEU. We were fortunate in being able to get some knowledgeable Newcastle people to come to UC to tell us about what they did, and the senior people in the Divisions are digesting what they learned at the seminar. When VCAC has co-ordinated the responses we will then talk to the NTEU, for this is the sort of matter which falls sensibly within the terms of our enterprise agreement. By the time we talk to the union, we will have a clear sense of what might be possible here. But I can at least tell you now what would be involved.

Both the Kennedy and the Newcastle systems rely on an agreement about what activities are valued within the Division or School, and agreement about what the values actually are. How valued is it to teach two classes of 30 students each? How valued is it to teach a single class of 300 students? What value would the members of a School place on the securing of a major research grant, or the publication of a book or a journal article (remembering that these activities bring money back into the Division)? What is the relative value of consultancies, committee work, and so on? In practice, the Harvard and Newcastle people found out that it is not too hard to get agreement within a work-group about the relative value of these activities, and not much harder to get agreement about what a fair thing is, or how you would manage such a system over time. Here, as in Newcastle, it will be possible, I am sure, to advance these ideas incrementally.

The point is that these measures of value are transparent — everyone in the group knows what is being valued, what the value is, what they themselves are contributing, and what others are doing. The outcomes in both Newcastle and the Kennedy School seems to have been much less angst and envy about workloads on the part of staff, and greater efficiency for the group as a whole — which leads to much better outcomes for everyone, because there is a more sensible spending of available money.

We are not far away from having a proposal to put to you all and to the NTEU. I should say that although the system will be trialled first in academic areas, I would like to see its eventually being universal within the University.

The New Academic Program

We are now in the second year of the New Academic Program, and I am very pleased that we did that work in 1995 and 1996, before the financial squeeze was placed on us. One reason that we could use natural attrition as a defence against the large cuts that were made to our effective expenditure was that we had reformed our undergraduate program.

We need to continue that work at the postgraduate level: you will remember that we stopped the extension of the NAP to the postgraduate area because of Senator Vanstone's rule that we had to take the cuts in student numbers at the postgraduate level, and that provided a powerful stimulus to make some rough and speedy changes to our postgraduate endeavour. But it is time to return to the postgraduate arena, and Professor Kennedy has that as one of his priorities for this year. We may need to do things in the postgraduate arena in a new way.

The other element of the NAP that needs attention is its use as a planning and strategic tool. You know that the enrolment figures for 1999 are excellent in terms both of demand and of UAI scores: I talked about these good outcomes in *Monitor*. But VCAC has noticed that we do seem to be taking a surprisingly large number of students through the UAC's Access rules. I have no objection to this in principle, but I noticed that these enrolments did not, as they should have done, cover all our undergraduate courses in roughly the same proportion. Rather, they seem to be clustered in a few programs.

I raise this because next year, when we have three years' worth of enrolment data for all the courses in the New Academic Program, the Academic Programs Committee and VCAC will be looking hard at those courses which are not attracting good students in decent number. As was said four years ago, the only way to do new things is to stop doing old ones, and one of the basic reasons for the integration that is part of the NAP is to provide us with comparative data about the extent to which courses attract good students. If after three years a given course is plainly unable to survive at its current level of resources other than by taking in more than a few students who fall below the University's cut-offs, then it would seem equitable to reduce the resources for that program and transfer them to programs which are turning away good students, as many of our programs do.

I recognise that we have to be careful to recognise fads and fashions in enrolments, for there is a continuing demand for everything we do. Nonetheless, if we do not grow rapidly in the next few years, then resources will have to be used more strategically (and I can hear people saying that we will have to do that even if we do grow rapidly).

University-wide research endeavours

I do not have to spend much time telling you how important research is, that in universities it is the side-kick of education, or that — to put it somewhat crassly — for income earning it is the best game in town. Over a long academic career I found that I liked them equally but found it difficult to do them together, because both consume large amounts of intellectual and nervous energy. I'm sure the many of you would say the same. But for a university research is very often the excitement and effervescence that illuminates our collective life and gives us that precious sense that we are involved in something much bigger than us: the human search for an understanding of ourselves and our place in the universe.

One of the big changes that is occurring in our world is that of 'globalisation', and one of its consequences is the need for universities to think about their research activities at higher levels than was once the case. For example, the CRC research program was established ten years ago in part to give Australian researchers a good reason to stop competing with one another, pool their intellectual and other resources, and compete with the Americans, the British or whoever, and to do so by tackling issues and problems that would have been outside their individual reach before. The CRC program has been a notable success. The improvements in communication which have been ushered in by AARNet over the past ten years have allowed us to develop networks in research — UC has been a pioneer in this — which connect researchers in a given field no matter where they live or what university their work in. That was out of the question when I was young.

I feel that there is an opportunity for us to adapt these changes to our situation. We are small in relative terms, but we have an astonishing range of talents and connections. Would it not serve us well to pool those talents and connections and undertake research which serves other major interests in society as well as ourselves? We already do something like this in the areas of environmental science and governance, broadly defined.

I have two examples to suggest to you which are even wider in their scope. The first comes from the work of Robert Theobald, a British futurist who now lives and works in the USA. Theobald is concerned, as indeed I have myself been, by the increasing dependence of our technologically advanced societies on the unfailing reliability of the sophisticated systems which make up our infrastructure. Theobald is particularly interested at this time in the Y2K problem (the 'millennium bug'), but you could point to other potential disasters, like our increasing use of 'just in time' delivery systems. Theobald believes that we need to renew our societies to make them resilient — that is, to develop co-operative forms and practices in our communities that would allow us to cope with and overcome problems that will arise instantly if these technological systems were to fail.

Canberra is as good a community as you could ever find in which to develop the notions of 'resilience', given the high level of education, high interest in the environment and high levels of connectedness that are characteristic of our city. As its University we have talents and skills across virtually all the community's activities. If we were to explore these ideas and take the lead in developing them in Australia we would have an action research program that would engage us all (in principle) and inform a lot of what we teach as well. I believe that it would also be beneficial to our society. I will put out on CWIS a

guide to Theobald's work and the email (theobald@iea.com) and Internet (<http://www.transform.org/transform/tlc/rtpage.html>) addresses which will lead interested people to it; I also have a few copies of a small book of his which are available for borrowing.

The second example comes from the work of Howard Gardner, the Harvard educationist, best known perhaps for his theory of multiple intelligences. Gardner has been working for some years on a program that is at the heart of what we do at the University of Canberra: called the Creativity and Leadership Project, it is an effort to examine how professionals in various domains carry out 'good work' — 'work that is at once exemplary in quality, reflects the core values of the profession, and contributes to the well-being of the broader community' (I am quoting from the project's web-site). The ultimate goal of the project is to promote professional best practice that is ethically and socially responsible. There are companion studies underway in Denmark and Latvia.

I believe that we, in partnership with the Australian Council of Professions, should initiate a companion study ourselves. Again, such a project could in principle involve every professional program in the University. It would establish the University as a leader in thought about the professions in Australia and about what constitutes best professional practice. Again, I will put out a short notice on CWIS that will help interested people find out about the project. If there is sufficient interest in either or both of these undertakings I will call meetings of interested people and start the UC endeavour.

I have called this address 'six variations on a sober theme'. The theme is obvious enough. It is change. The big changes that are happening to us in Australia — globalisation, environmental pressure, declining interest in raw materials, a reluctance to spend more on the public side of our life, a loss of confidence, a spiritual malaise — affect the daily work of this University, but are quite outside our control. I think that we in the universities are indispensable to humanity's survival and prosperity, let alone to Australia's. But that is not universally recognised, or recognised in tangible and immediate ways. There will be no return to the excited and expansive days of the 1960s, and no quick return, I think, to a period of what we might call 'proper' public funding.

So what do we do? The six variations of this address point to areas of our life and work where we have made changes and might make more. They are compensating changes, which enable us to develop in the University of Canberra what Theobald calls a 'resilient society'. That *is* within our control, and if we do it well, and I believe that we have been doing it well, the University will emerge from this most stressful period with a new and strong sense of itself as a 'can do' place, which is successful in both business and human terms. To do that we have to drop some of the baggage of the past and take up the challenge of the present and future. That is never easy, but again — look back over the past little while and you will see that we have done it. We can go on doing it.

This is such a good place to work. We can and do talk about our situation, exchange views openly and frankly, and learn from one another. I have been most impressed by the synergy that has been produced by the formation of the Divisions: some things which were good ideas but somehow hard to make realities have already been done, and I know that there will be others. We have the great advantage of being able to live work and meet on one campus, and we lack the historical baggage which weighs down so many other institutions. Above all, we care for our place, and are proud of it, for good reason. I thank you for your support so far, and I look forward to more of it in the next few years.