The second Boilerhouse Address
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'From a culture of compliance to a culture of achievement'

This address is almost a continuation of the one I gave here in March. I don't expect you to remember that one in any detail, and I need to summarise very briefly what I said then that is relevant to what I want to say today. The essence of the address was that the higher education system in Australia is undergoing a 'shaking out' process, and that each university needs to become clearer about what it is going to concentrate on — what its niche is, to use current jargon. I argued that UC had to do the same, and indeed that we had been moving towards it for some time. I proposed three great goals for the University for 2005: UC would withstand scrutiny as the best provider of undergraduate and postgraduate education which allowed entry to or progress within the professions, and we would be distinctive in providing high-quality, focussed research tackling the problems that people experienced now, or feared they would experience in the future. I used the year 2005 as a moment at which we would assert that claim confidently. Of course, I meant that our distinctiveness would continue past 2005. I went on to say that such goals required us to change our culture, and I set out equivalent goals in the domain of our principles and practices which we would also need to reach if the three great goals were themselves to be achieved.

I received more comment about that Boilerhouse address than from any other that I have given in the time I have been here. All of it was positive, some of it enormously so. The University Council accepted those goals as its own, and they have become the basis of our strategic thinking. Since I spoke in March I have been gathering information about the same shaking-out process as it is occurring all round the world. The outcomes are somewhat different in other countries, but the same engines of change affect us all: the shrinking of the world, the impact of new forms of technology, and a diminished public-sector budget that accompanies a diminished sense of self-confidence on the part of local, state and national governments almost everywhere in the so-called Western world.

One current perspective on this process of change is to see the outcome as the creation of three kinds of university: 'brand-names', 'convenience universities' and 'niche universities'. The names describe them quite well, I think. Harvard and Oxford are plainly brand-names. 'Convenience' universities are the ones which are closest to home, or run by a corporation for its staff (like Motorola University), or available through the Net for people for whom there is no university is close by or for whom the local university is in fact inconvenient if you have to go in person. 'Niche universities' serve a particular region (like Tasmania), or specialise in something that its rivals don't offer (like New England in rural science), or have a strong appeal to a particular set of potential students (like the Australian Catholic University). I've used Australian examples here, but I could have cast my net much wider.

What seems generally agreed upon is that the standard common or garden university, offering a bit of this and a bit of that, essentially to all comers — which is what the Australian model has been rather like from about the mid 1960s to the mid 1990s — that standard model is going to find it hard to survive against the others, especially against the convenience model. One proposed reason is that the convenience university will just be too convenient; another is that most students have entirely instrumental reasons for being at university, and convenience will offer them what they want, most cheaply and most easily. A third is that Convenience U. will be able to employ information technology most effectively. Put the reasons together, and you have a powerful engine of change. So the argument goes, anyway.

I am not wholly persuaded by this argument. In my working lifetime I have seen, first television and then the computer being heralded as innovations of great power that would change the university as we knew it. By and large, the university has accommodated them, just as it did, very much earlier, the most fundamental change of all, the book, which allowed students to learn without the intermediary of a teacher. But it would be most dangerous to ignore the possibilities of change in this direction. The world is awash with change, and no-one can see clearly what will be the result.

If we use the division between brand name, convenience and niche universities, then it is pretty clear what our University's preferred strategy should be. I doubt that any Australian university really enjoys, even within Australia, or its own State, a brand name of the power of Harvard, although Melbourne is plainly aspiring to do so. Australia does have a number of successful convenience universities, at least embryonically, in Deakin, USQ, CSU and UCQ, and they are learning how to operate successfully in other countries. We are going to have to play the niche card, even if we have little bits and pieces of the University which are brand names in their own right, and also have a growing capacity to serve the convenience of some of our students.

Our niche is highest-quality undergraduate and postgraduate education that provides entry to or advancement in the professions, coupled with a focus on highest-quality research which solves problems identified here and now. That pushes us towards an intense interest in 'quality', a much over-used word, and to a continual search to do things better, and to make that interest and that search a key element in our culture. Today I want to go further into the field of 'culture', a convenient term to use for the set of assumptions, values, principles and practices which make the University of Canberra distinctive, even if some of them are shared with people who work in other universities, or indeed in other walks of life. Our culture is built around our history, our situation, our function and our people, and new members of staff need to learn a lot of it quickly. Much of it is not written down, and you learn it by working here.

The best way to start, I think, is to talk about the implications of one aspect the Enterprise Agreement that has been reached between the University and the unions which have status here. That is the salary increase of 12 per cent. You may recall that in March I said that I would ensure that UC salaries were comparable with those of the ANU and ADFA, our major counterparts in the area of salaries and conditions. The agreed-upon 12 per cent increase

certainly produces that result, and I would not have had it otherwise. Our University has to have salaries that are the same or better than those of its main competitors, and it does. But I would like you to reflect on the implications of such an increase.

Our annual salary bill is around $60 million. A 12 per cent increase in our salaries means that in three years' time the salary bill will stand at $67.2 million, all other things being equal. The extra $7.2 million has to be earned, because unless we earn it we have no other source of extra money. Earning it means that we have to do a lot more in the revenue-producing fields than we have done up till now. Some of you will undoubtedly want to say that if we are going to do any more we will need more staff, because the rest of us are working as hard as we can. And I am sure that that is right. But the $7.2 million we are going to receive can also be expressed as staff appointments forgone. A level B academic position or a UC 7/8 administrative position will cost the University about $60,000 a year. So the $7.2 million would allow us to appoint 120 extra staff at around that level.

Some of you might say: 'Well, why not have half the salary increase, and appoint another 60 staff?' While it is a sensible suggestion it was never a practical option, and no-one ever proposed it to me. To get an agreement we needed a salary increase of 12 per cent, and nothing less. I am not blaming the unions for this. As I said, I felt that I had no option but to match the increases that had already been agreed upon at the ANU and ADFA, once they had occurred. I could have done that for slightly less than 12 per cent, but the difference was not worth fighting for. We should never allow our campus to be the scene of unnecessary industrial conflict, for such conflict is harmful to our reputation as a place of learning. I pay great tribute to the officials of the local branch of the NTEU, who were as keen to avoid needless conflict as I was. Our agreement in principle on the terms of the agreement is an indication that we have all learned how to understand where the other is coming from.

Back to the money. In a year or two we will pass $100 million in annual expenditure. The Commonwealth's core grant, which is most unlikely to increase, represents today about $41 million of our total expenditure, and the rest we earn, mainly through student fees (including HECS, which is simply fees) and research grants of all kinds. So you can see that the extra $7.2 million is a considerable proportion of what we now earn. To earn it, and more — and we need more in order to appoint new staff — we need quickly to develop a different culture, a different set of assumptions, values, principles and practices. I will call our present culture a 'culture of compliance', a term I owe to a member of our staff. We need to replace it by a 'culture of achievement', which is a similar borrowing.

What do I mean by the phrase a 'culture of compliance'? It starts with assumptions. Let me illustrate it this way. We are set up by an Act of Parliament to teach, carry out scholarship and research and help the community. We receive public money to do this. The Act requires us to report what we do, and numerous other pieces of legislation also require us to behave in particular ways. We comply because we are good citizens, and compliance is in any case our first priority, because Acts of Parliament are very powerful, and we have one of our own. These assumptions lead to the

thought that provided we comply we have done what we should have done, and no-one can point a finger at us: we will be left alone. In short, the culture of compliance says that we have a kind of contract with our society, and compliance is required of us in the execution of that contract.

All sorts of things follow from this set of assumptions and values. The first is something I have spoken about before. We hate to make a mistake, and we do our best to avoid risks. For a long time our whole academic structure was based on the notion that if we made no mistakes at the beginning we would be unlikely to make any later on, so the business of getting courses approved took forever. In my view these processes came to have a kind of ritual air about them, and we have changed a lot of them.

I encountered the same kind of attitude when I joined the Australian Research Grants Committee twenty years ago. An enormous amount of care went into making sure that Dr X was more entitled to the grant he got than Dr Y, who just missed out. That having been done, we let Dr X get on with it. No-one really looked hard afterwards at what Dr X actually did with the grant money. We assumed that the peer review process would do that as a kind of invisible hand. Sometimes it did, mostly it didn't. The consequence was that once you won a grant there was a strong likelihood that you would win another one. When I became the Chairman of the Australian Research Council, the body that replaced the ARGC, I made sure that there was a regular review of the decisions that were made in awarding grants. What did happen as a result? Could the money have been spent more wisely? It was, after all, someone else's money.

But I digress. Another consequence of the compliance culture is a focus on processes, not outcomes. As with the ARGC, if we got the process right, did it by the book, that was enough. A third, understandable given our origin as a statutory authority of the Commonwealth of Australia, was a relative indifference to where the money came from. Our job was to carve it up in a sensible way. When I came here carving up was the principal activity of the Vice-Chancellor's Advisory Committee, and it sometimes led to less than admirable meetings. Who was to get the 'growth money'? Why them, and why not me? And so on.

I could go on at some length about the compliance culture, but I think you get the picture. It is a culture appropriate to another time, and that time has passed. Since some of you may very well feel that I am criticising what people are paid to do, at least in terms of their duty statements, I ought to make it clear beyond question that the culture of the University has moved a fair way in the last few years, even though we have to move even further. Incidentally, in talking like this I don't mean at all that we shouldn't comply with Acts of Parliament, notably our own, or that we should not be concerned with processes. Of course we should, and I have to make sure that we do. But we must not let the processes drive us, as though they are unquestionable, or handed down to us as unalterable stone tablets.

The reasons are obvious. If there was such a contract, it is no longer being honoured by our Government or, more generally, by our society. We have to earn most of the money we spend, and the proportion we earn is going steadily up. We need to shift to a culture of outcomes or achievement. Once

again, this is already happening, but I think it needs to happen more quickly, and in a better-understood way. And since culture is, as I expressed it, the collection of the ways we do things as well as think about them, some of the ways we do things are going to change, and are already changing. The causes of these changes are various. A few are due to our Government, a few to ourselves, a few reflect the times we live in. Here are several that I see having a powerful effect fairly soon.

1. The Way we Fund the University

Ten years ago, 90 per cent of our expenditure came from the Commonwealth Government, as an operating grant. It was carved up according to well-known principles, and the Vice-Chancellor had to reserve a little for new developments and contingencies. Today the operating grant is only half as important as it was, and any part of the University which depends solely on the operating grant has been going downhill. We are moving to a funding climate in which each School or program within the University has to at least cover its costs, or to be knowingly supported by the rest until it does so. We are developing the techniques that allow us all to know how much any activity does cost. Next year a new funding formula will apply, in which a much greater proportion of the revenue earned outside the operating grant will be available to the Divisions and Schools that earned it. That will have a number of effects. First, it will reward effort and thereby encourage others. Second, it will reduce the amount of money available for redistribution within the University, and third, it will make cross-subsidisation more apparent. Some of you may ask why it is necessary to introduce such a new formula. The answer is that if there is no reward, then it is unlikely that the hard work of undertaking new ventures will continue to be undertaken. And those who undertaken them successfully know that you have to pay great attention to quality and to real satisfaction. That will change our culture.

2. Audits of Quality

Sometime in the next few years the quality inspectors will come to the higher education system, and once they are here they will be hard to get rid of. The Commonwealth has established a quality audit system, and I have no special quarrel with that. Our system needs one, if only to make sense of how we do things to people overseas (where, from time to time, Australian higher education looks pretty dreadful, with many different universities proclaiming that they are 'No.1 in Australia!'). Whatever we say we are for, we are going to have to live up to our claims, in the face of public scrutiny. That too will help to change our culture.

3. The Review of Academic Programs

For months now we have been analysing our own data, and the first results are out. There is source for considerable satisfaction in some parts of the University, and source for some head-scratching elsewhere. Once again, the data force us to look at cross-subsidisation issues. Why should we turn away excellent students in one part of the University but admit students of much lower apparent quality in another part? Yes, we have always done this, but why should we keep on doing so? Or, if you like, how much of it should we do, and why? The answers to those questions will deeply affect our culture.

4. Consultancies

I have written and issued a paper on this issue, to bring the matter out in the open. I have had a few responses, most of them reasonably lengthy and thoughtful. I don't want to spend much time on it here, but point out that the consultancy question is part of our culture, and it represents a form of cross-subsidisation, too. Why should some be able to earn a lot of extra money while others cannot? Who looks after their students while they are doing so? What is a fair thing? These were not questions that anyone asked twenty years ago. Now they are frequently asked.

5. The Management of Academic Work

Twenty years ago the allocation of academic work was a reasonably simple matter for most people on the academic side. We had our specialities, and we contributed to the general courses in a more or less equitable manner. But the texture of academic work has changed quite radically.   How do you compare teaching flat-out for two or three weeks in Ho Chi Minh City, or Hong Kong, or Kuala Lumpur, or the next place we go to, with so-called 'normal' teaching in one of our two semesters on campus here? Should we hire in people from outside the University to do this work (and risk quality problems), or make it a normal part of teaching at the University? If the latter, should it be rewarded in a special way? Can staff members decline to go? And if they do, what is to be done about the burden on others? And so on. That's only a smidgin of the broad questions about academic work and its management.

6. The Management of Research

Let's stay with workload for a moment. Our best researchers are considerable income-earners for the University, at least while the 'research quantum' and its distribution remain as they presently are. Should such researchers be given more time to do research, and thus improve the University's revenue? If the answer is yes, does that mean that those who don't do research should do more teaching? If the answer is no, how then is the University to deal with what looks like an apparent inequity? Should we actually tax those who do research well, so that we can bring up the performance of those who don't do it well? If the answer is yes, what effect will that have on the performance of those who do research well?

 Or take another area of the research domain: the old division between pure and applied research. Let's ignore for a moment the tiredness of those descriptors. How much of our effort should be put into the applied area? One answer might be: 'As much as we can earn from it'. But should we actually devote our own resources to applied research, preparing people to win industrial and similar grants for research which somebody else wants done and will pay for? If we do, we raise more revenue, but perhaps at the expense of the initiative and intellectual power of some of our researchers, who might thereby be distracted from the really interesting into the merely humdrum. Some good researchers are more interested in discovering the truth than in being useful, and see that as a higher aim in life; that is why they are academics, they might say. I know I am using loaded words here, but I

have seen these choices in past times. There are many questions here, but no easy answers. And both questions and answers lie at the very heart of the culture of the late 20th century university.

7. Returning to the Public Sector

In the past decade the areas of greatest success in enabling the University to find more revenue have been in the fields of business management, information technology and the acquisition of the English language, all very broadly defined. Study in these areas enables individuals to improve their life chances. But much of the teaching and research of our University is configured to assist societies and their life chances, rather than individuals. Unfortunately, there is decreasing money for social and public concerns, so that, although there are some conspicuous exceptions, those parts of the University which serve the public sector have found it more difficult to find new revenue. Over the next two or three years we will be developing our external strategy to enable such areas to prosper, through forging links between the University and foreign governments and aid agencies. That too will lead to a change in our culture, first because we have become used to the idea that areas like environmental science, education, nursing, public sector management and the like should be supported from public funds, and second because we tend to see them as having a largely Australian reference. But as all of you know who travel to Asia, environmental issues, just to take that example, are paramount, and they are of concern not merely to the countries concerned but to international agencies like the World Bank, the United Nations and so on. We have real expertise there, just as we have in the other areas I mentioned, and if Australian funds are drying up we need to find ways of harnessing that expertise to real problems in other countries, and to be paid for doing so. The alternative is that these areas which diminish in scale and income relative to other parts of the University.

9. Our own ambitions

I return to the goals for 2005. Just to be sure that we are on the right track will require us to acquire a culture of achievement. Schools need to know who are the other first-rank providers of undergraduate and postgraduate education. What is it that they do which we don't do? What do we do that they don't do? If the entry levels of incoming undergraduate students are on the whole too low, why is that? If the numbers of good students are too low, why is that? What can be done about it? The Schools with high numbers and high scores have, in many cases, been going out into the secondary community and elsewhere extolling what we do and why it is good to study here. It may be that there is no longer such a need for one of our programs that there was once was. We have encountered that phenomenon before, and we know what to do.

You may think that I am thinking only of academic offerings and delivery in all this, but that is not the case. In today's competitive higher education environment the way we treat our students, the way we deal with each other, the way we deal with our suppliers and the rest of the outside world, the way we care for our local environment, our buildings, our landscape — all this is part of 'quality'. Those of you who have been here as long as I have, or longer, will be able to attest to the changes that have already occurred in

these respects. In all sorts of ways the performance of the University of Canberra has improved over the past decade. We pay our bills promptly, our environment is pretty and draws admiring comments from visitors, the students care for the place, which is a very good sign, we have a high reputation in the community, and so on. If Avis, the car–hire people, had not already done so, I would want to have as one of our slogans 'We try harder'. We have to.

I have said in the past that I do not see the time coming when we will not have to deal with change. But I would like to finish with two comments about change. The first is that, from my perspective anyway, there is nothing special about change. I have been part of higher education since 1954, and looking backwards change has been pretty-well continuous, and every few years there was another major jolt. It is simply not the case that there was once a pleasant steady state in which we all just got on with our jobs. The fundamental difference is that the changes up to the early 1990s involved growth and financial expansion, while those since then have involved uncertainty, financial insecurity and some contraction. Growth is a much more generally pleasant experience than contraction.

The second comment is that what I have been talking about today, if we carry through effectively, will equip the University of Canberra to weather just about any imaginable storm. We have great advantages: location in the national capital, excellent and focussed programs that are what our community needs, a great campus, high-quality students, a regional, national and international outreach, and high reputation. But none of that, save location, can be relied upon. We are a relatively young and relatively poor university that has continually to reinvest in itself. We have laurels, but we dare not rest on them. We need a culture of achievement, in which we set out to achieve certain things, and celebrate those who achieve them. If we can develop that culture, we will thrive on change.