The 1988 White Paper on higher education

The White Paper outlines, and in some measure offers an explanation of the major changes which the Commonwealth Government has decided to make in higher education. The main changes are to be:

- an increased exploitation of the dependence of higher education on Commonwealth funds to give the Minister power to impose conditions — on the size of institutions, their education programs, important areas of internal management, staffing arrangements, credit transfers and equity programs — for membership of the 'unified national system';
- transfer of responsibility for 'program delivery and management' from CTEC to the Department of Employment, Education and Training (DEET), and the creation of a National Board of Employment, Education and Training (NBEET) with only a small staff provided by DEET to assist it with its advisory responsibilities;
- the abolition of 'the binary system', though in fact the abolition of a ternary system in favour of a binary system of higher education and technical and further education;
- a reduction in general recurrent grants for 'teaching and research' in universities to increase funds for research which the Minister will allocate on the advice of the new Australian Research Council;
- from 1989, 1% of annual base operating grants to go to a Reserve Fund to be distributed on the basis of institutions' 'responses to specific Commonwealth initiatives or the identified areas of national priority';
- the creation of Commonwealth and State Joint Planning Committees for consultations on higher education policy and developments in the States 'consistent with the Commonwealth's national priorities' (p.73);
- pressure on the States to use their legislative powers to refashion the size and composition of the governing bodies of their universities and colleges in the image of Boards of large private sector organisations 'while at the same time recognising the need for wider community involvement in public institutions' (p.103); and
- pressure on the governing bodies of the higher education institutions to delegate clear responsibility and authority to their chief executive officers 'to implement agreements reached with the Commonwealth and to hold them responsible for that implementation' while ensuring 'adequate levels of consultation with and responsibility to Government, employers, students and the community' (p.103).

In view of the great increase in the role of DEET, the quality of this White Paper has a special significance.

The apparent reasons for change

Is the new policy a response to demonstrated inefficiency and ineffectiveness in higher education?

Is the new policy a consequence of change in the economic environment which requires a new type of higher education?

Was the abolition of CTEC soon after the amalgamation of the Departments of Education and Employment due to evidence of its inefficiency, or to the wish of the Government to avoid the possible embarrassment of rejecting published financial and other recommendations of an expert statutory authority? Or was it due to the (perhaps related) view expressed in the Government's policy discussion paper (Statutory Authorities and Government Business Enterprises (June 1986)) that more sparing use should be made of statutory authorities, that for many purposes government departments have the decided advantage of making the relevant Minister directly responsible for the effectiveness and efficiency of administration and of saving costs through the use of long established administrative machinery and procedure (p.4)?

The White Paper gives more emphasis to alleged basic defects in the higher education system than to changes in the economic and political environments, and does not discuss at all one of the most significant changes, namely, the transfer of important functions from CTEC to DEET.

by Bruce Williams
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The alleged defects of the status quo ante DEET are implied in the list of measures proposed to make better use of resources — the abolition of the distinction between the university and advanced education sectors; a drive for amalgamations, affiliations and associations to raise the EFTSUs count of institutions in the national system to beyond 5000 to preferably 8000, and the creation of more large institutions which provide a continuum of courses from two-year vocational courses to higher degrees; a stronger emphasis on equity strategies; improved institutional management; and more incentives for better performance by staff and their institutions, including a reduction in the capacity of universities to finance research from direct government grants in favour of more competitive research schemes designed to maximise the research potential of the higher education system and achieve a closer alignment with broader national objectives (p.83).

Change in the economic environment is given a very minor role. The need for a shift in the traditional profile of our economic activity and for a better performance 'in rapidly changing international markets in which success depends on, amongst other things, the conceptual, creative, technical skills of the labour force, the ability to innovate and be entrepreneurial' (p.6), is used to justify directing an increasing share of the total higher education resources "to those fields of study of greater relevance to the national goals of industrial development and economic restructuring" (p.8), though there is nothing new in that. Change and potential change in the political environment — pressures for greater accountability, recent legislative reforms in areas of equal employment opportunity and freedom of information, and the need for institutions to assist in establishing an effective and efficient unified national system by introducing more stream-lined procedures to implement agreements reached with the Commonwealth (pp.102-3) — are also given a role in explaining the decision to require institutions to make an initial commitment satisfactorily to the Minister, or to DEET, as a condition of acceptance into the unified national system (p.28).

Only those who make such a commit-
ment are to benefit from 'liberalised resourcing arrangements', a share in the growth of the system and in general infrastructure research funds. According to the White Paper 'the Government will ensure that institutions are free to manage their own resources without unnecessary intervention' (p.10), but seemingly at the cost of much more expansive concepts of 'necessary intervention' and 'necessary restrictions'. Has freedom become the recognition of the Government's view of necessity?

The multi-sector system is held responsible for significant distortions in the allocation of funds by as much as 35% between (otherwise) like institutions (p.82) — though the allocation of funds was determined by the Minister on the advice of CTEC — and for a major part of the perpetuation of substantial inequalities in community access to higher education (p.43). No evidence is produced in support of these allegations. It is asserted that greater community access requires *inter alia* a continuum of courses from two year vocational courses to higher degrees. There are several institutions in the advanced education sector which have provided such a continuum, and the White Paper assertion might have seemed plausible had it provided evidence of their special achievements.

The advanced level sector was introduced to improve access to higher education by providing for a greater range of vocational courses at various levels and lengths, and to cater for a greater range of students' interests, aspirations and abilities than, it was thought, universities could reasonably be expected to provide. There is no hint of this in the White Paper. The comments on the multi-sector system are purely condemnatory, despite the fact that a few years ago the State of California, which has an outstanding record of encouraging access to higher education, reviewed its multi-sector system and decided to make only marginal changes, that the UK Government recently reviewed the finance and administration of its higher education and decided to maintain a multi-sector system, and that the expert committee appointed to review the efficiency and effectiveness of higher education in Australia reported in 1986 that the system had served higher education and the nation well, and subject to three modifications should be sustained. The modifications were: Government matching grants for grants given by industry to CAEs for applied research, provision for doctoral programs in appropriate CAEs in subject areas not available in universities in the region, and the greater use of the third sector (TAFE) facilities to extend opportunities for or improve the provision of higher education in some country regions.

**“Was the abolition of CTEC . . . (due to) the wish of the Government to avoid the possible embarrassment of rejecting published financial and other recommendations of an expert statutory authority?”**

Although the authors of the White Paper drew heavily on *The Review of Efficiency and Effectiveness in Higher Education* for their critiques and policy proposals, they made no mention of its support for the multi-sector system. Presumably the authors of the White Paper were prepared to make a very one-sided appraisal of the system to fit in with a prior Ministerial decision — to abolish the distinction between university and advanced education institutions and so to eliminate the major role of State Boards in the policy and administration of the advanced education sector.

**Is bigger better?**

It is made clear early in the White Paper that under the new system there will be fewer and larger institutions than at present (p.27). Was that decision based on evidence that fewer and larger institutions would increase the efficiency and effectiveness of the system, and if so what is the evidence?

The relations between size and cost per student were discussed in *The Review of Efficiency and Effectiveness in Higher Education*. A graph of the relationship between recurrent cost per student and size in an institution without a high-cost field of study showed cost per student bottoming out at around 3000 EFTSU, and in an institution with a high-cost field such as engineering, at 5000 EFTSU. For a full range of high-cost fields of study they might have given 10,000 EFTSU as the minimum cost-effective size. What the authors of the Review omitted to notice, or to point out, was that the cost per EFTSU was determined by grant per EFTSU, and that their calculation of the relationship between 'cost per EFTSU' and size was simply a reflection of CTEC's financial grants formulae. That confusion was carried into the Green and White Papers. A formula which allows for reasonable levels of expenditure must have some constants in it and there will therefore be some economies of scale, but the minimum cost-effective size is very dependent on the formula as well as the range and levels of studies provided.

The Green Paper (p.30) and the White Paper (p.42) list the advantages of larger institutions:

- for students — a wider range of subjects, greater scope for transfer between disciplines with maximum academic credit, or better library, computer and student services;
- for staff — the stimulus of contacts with a wider range of scholars from other disciplines, more flexibility in the apportionment of teaching and research loads, and broader promotional opportunities; and
- for institutions — economies of scale, greater flexibility in responding to changes in community demands and greater scope to develop research infrastructure.

The authors of the Green Paper were so convinced of the advantages of larger institutions that they asserted that for the breadth of their profiles even the largest Australian universities are of less than optimal size (p.34), seemingly unaware that some of the greatest universities in Europe and North America are smaller than the universities in Sydney, NSW, Queensland and Melbourne. Furthermore, they did not consider conditions where smaller universities and colleges are very effective and efficient, and so do not give even a passing recognition to many such institutions either here or overseas.

The claimed advantages for students only apply in full measure in one-campus institutions. The 'broader promotional opportunities' for staff are doubtful, and greater flexibility in apportioning teaching and research loads depends on the size of the departments, not institutions, and on the extent of specialisation within them. The administrative cost percentage is not always smaller in large institutions — in the Australian universities, Adelaide and Tasmania have the lowest percentages, followed by Flinders and Sydney — and some of the institutions have suffered financial penalties from growth because actual economies of scale were less than assumed in the grants formula. Larger institutions are certainly less likely to be threatened by fluctuations in students' choices, so long as not all their subjects lose popularity, if only because the impact of the fluctuations can be obscured by movements in relative departmental and faculty student/staff ratios; but greater flexibility in responding to changing community demands depends in established fields on the existence of excess capacity, and in new fields and in established subjects working at full capacity, on access to additional funds for staff and equipment.

The authors of *The Review of Efficiency and Effectiveness in Higher Education* Australian Universities' Review, No. 2, 1988 Page 3
concluded after a study of rationalisation in the advanced education sector that there is little scope for further rationalisation of existing institutions (p.64). These views on size and amalgamations the authors of the White Paper relied too much on the experience of specialised teachers' colleges when the demand for new teachers fell away, and on the advantages of putting together small colleges specialising in different fields of education and of introducing some related fields of study.

In the White Paper, the Government affirmed its view that 2000 EFTSU will be the minimum size for participation in the national system. But the White Paper also announced that institutions in the 2000-5000 EFTSU range would be advised to pursue some form of consolidation — whether by amalgamation, or by absorption in a larger institution (involving the full integration of its academic programs and administrative functions), or by affiliation or association. The objective is to establish institutions which are large enough — around 8000 EFTSU — to provide teaching across a wide range of academic programs from two-year diplomas to higher degrees and a comprehensive research infrastructure (pp.43-45).

There is a great difference between the amalgamation of institutions on adjacent sites and those far apart. The White Paper does not explain how the students of a small country institution would gain access to a wider range of study options through absorption in, or affiliation or association with, a large city institution. They could only gain access to a wider range of study options through the inclusion of distance education courses in their diploma and degree studies, and that does not require 'some form of consolidation'.

How a significant part of the advantages claimed for institutions would follow from the consolidation of institutions so far apart as, for example, the Capricornia and Darling Downs Institute of Advanced Education (2677 and 4531 EFTSUs respectively) or the University of New South Wales and the Riverina-Murray Institute of Higher Education (15,388 and 3691 EFTSUs) is not explained. The claim that although the creation of multi-campus institutions with widely dispersed sites will not immediately provide economics of scale, the 'substantial educational benefits' available to such institutions will ultimately make them more effective than a group of smaller independent institutions (p.46) is made without any substantiating evidence. Presumably if there were such evidence, it would have been presented.

The justification given for multi-level institutions which provide a continuum of courses from two-year vocational courses to higher degrees is simply that they would reduce structural rigidities which have been an important factor in the perpetuation of inequities in community access to higher education (p.43). There is no evidence to substantiate that claim, but even if there were evidence that multi-level CAEs have done more to reduce inequities than other CAEs, the White Paper should have been able to show how the past tendency to academic drift in many such institutions both here and overseas resulting in fewer educational opportunities at the associate diploma end of the spectrum, could be prevented in the future, and also to discuss the dangers of designing TAFE courses to fit the interests of those students who might be persuaded to proceed to courses in the higher education sector. It is important to improve credit transfer arrangements, even though studies such as WAPSEC's Opportunities for Transfer from TAFE to Degree Courses do not indicate that this would lead to a considerable increase in the graduate population. There is more to be hoped for from increases in completion rates in secondary schools.

The White Paper does not consider the relevance of the history of university colleges at Townsville, Armidale, Newcastle and Wollongong, which became very discontented with their roles within the Universities of Queensland, Sydney and New South Wales respectively, and acquired independence when their EFTSUs were well below 5000. They all thought there was substance in Laski's claim that centralisation results in apoplexy at the centre and anaemia at the extremities. Staff in the smaller institutions obliged to merge or establish a formal working relationship with a larger institution and who know something of the history of these colleges, will not be comforted by the knowledge that the larger institution will negotiate an appropriate educational profile and associated funding arrangements on their behalf (p.29).

Nor does the White Paper consider the significance of the different nature of courses given in the universities and CAEs (which are distinctly and advantageously different even in engineering, despite the homogenising influence of the Institution of Engineers, Australia), or whether consolidations involving a university and a CAE would reduce the more directly and immediately vocational emphases in current advanced education courses, or whether there would be an unfortunate blurring of appropriate criteria for the appointment of 'teaching' staff and 'teaching and research' staff in a very unclear situation where there is to be an 'equalisation of the base funding of institutions'. This lack of clarity is increased by the further statements that the equalisation of base funding 'will not be a vehicle for redistributing research infrastructure funding among institutions' (p.82) through a proportion of general infrastructure research funding of universities will be shifted to competitive research schemes (p.83) and infrastructure support for selected institutions formerly in the advanced education sector, and that Commonwealth funds for research will be focused more effectively on those institutions and staff with a demonstrated capacity and record of research performance (p.92).

The case made in the Green and White Papers for a smaller number of larger institutions, whether achieved through amalgamations, affiliations or associations, whether in adjoining or far-apart sites, is so weak that the most charitable explanation is that it was merely an attempt to rationalise a political decision. Given a political decision to aim for a 'unified national system', there is a case to be made for having a smaller number of institutions on the grounds of the ease, even reliability, of public administration. The most convenient number would depend on the nature of the central plan, which, however, is not disclosed in the White Paper.

"Has freedom become the recognition of the Government's view of necessity?"

DEET is to have a critically important role in the unified national system, and it is therefore a matter of concern that the authors of the White Paper were not able, or not willing, to discuss the issues of public administration involved in:

• creating a satisfactory system from the negotiation of components of educational programs with each institution;
• monitoring the subsequent performance of each institution to determine its future levels of funding (p.10); and
• operating the proposed auctions for the use of the Reserve Fund and that part of the Research Fund set aside for new Special Research Centres, Key Centres of Teaching and Research, and research infrastructure support for institutions formerly in the advanced education sector.

Creating a satisfactory system will not be easy. Manpower planning has not been successful in the past, even in areas where governments have been the main employers. The greater the number of categories in the profiles, and the greater the emphasis on getting the quantities in each category to match the calculations of manpower needs, the smaller the manage-
such objection to the proposals from the White Paper as if they were approved program basis, capital grants for universities were originally to finance education have always been financed according to the expectations of outcomes rather than by reference to current technologies would not meet the needs of a dynamic economy.

The White Paper states (p.31) that institutions will be expected to give priority to the disciplines relevant to national, social, economic and industrial development needs, and lists engineering, computer science, information technology, mathematics, statistics, business administration, economics, accountancy, management and Asian studies (p.17). There is no discussion on the consequences of a drive to get more students into certain areas of study, such as economics and management, that would provide a case for major alterations of educational profiles within a triennium (p.30). The extent of detail in the profiles which the Minister and his Department insist on will therefore be of critical importance for the operation of the national system.

Educational Profiles and Accountability

The use of educational profiles — which define the broad missions and responsibilities of institutions and establish their specified goals and areas of activity (p.29) — in the allocation of resources is not new. Colleges of Advanced Education have always been financed on that basis, and though Commonwealth funds for universities were originally made on an institutional rather than on an approved program basis, capital grants were always earmarked and the extent of interaction between the universities and first the AUC and then the CTEC in decisions on areas of activity, and the number of students in them, increased progressively. Why then is there such an emphasis on educational profiles in the White Paper as if they were new, and why such objection to the proposals from the universities? What is different?

The first difference is a major extension in what is included in an educational profile to include not only the educational objectives and outcomes but also 'important areas of internal management'. A second difference is the explicit statement that "the educational profile is an agreement between the Commonwealth and an institutional member of the unified system" (p.29). A third difference is the intention to develop performance indicators to enable tests of performance against profiles for which funds were provided 'as a key factor in determining their future levels of income from government sources' (p.10). A fourth difference is that the educational profile is to be used to meet what is said to be 'the need for improved public accountability' (p.32).

The sections on the management of universities and colleges are some of the most amateurish parts of the Green and White Papers, and it is remarkable that the Minister should think it appropriate to give staff in DEET power to tell some splendid universities and institutes what their decision and management systems should become.

Despite its very limited legislative powers in the field of education, Commonwealth and state governments have used the so-called "institutions of higher education following the amalgamation of the Departments of Education and Employment and the appointment of a new Minister, has demonstrated just how much the abolition of tuition fees (and to a smaller extent the abolition of shared Commonwealth/State funding) prepared the way for a much greater and more direct Commonwealth control of higher education.

For the finance of higher education institution there is certainly a good case for giving more attention to the outputs of the system such as graduations, but before a performance indicator such as graduation rates is used as a key factor in grants there should first be the invention of measures of quality control which do not impede innovation, and the invention of a satisfactory method for calculating reasonable graduation rates for the wide ranges of entry standards to different institutions and different fields of study. If as it seems distinctly possible the policies outlined in the White Paper widen the range of entry standards to particular levels of study, the need for quality controls and valid methods of calculating 'value added' will increase. What is announced in the White Paper as policy should have been made conditional on these inventions.

In the Review of Efficiency and Effectiveness in Higher Education there is a long list of processes whereby higher education institutions are able to exercise their accountability and are held accountable across the higher education system (p.265), a conclusion that perhaps few other areas of Government funded activity are subject to such regular and detailed examination, and a comment that by any measure these legislative requirements, reports, studies and investigations represent a substantial input of resources. Emphasis on the need for accountability reflects suspicion of the activities of those being held accountable. The greater the lack of trust, the tighter are the conditions attached to financial grants and the more detailed the requirements for reports and audits. The claim that educational profiles are to be used to meet the need for 'improved public accountability' is therefore to be welcomed if it implies an increase in trust, relative to suspicion, a reduction in the resources required to provide evidence of good stewardship, a reduction in the wide range of current interventions in operational matters better handled within institutions (Green Paper, p.3), and an enhancement of the autonomy and capacity of institutions to direct their resources flexibly and effectively to meet their designated goals (White Paper, p.101).

But does the 'improved accountability' of the White Paper imply such things? The term accountability is used in two different ways. It may mean the liability to be called on to explain, or it may mean that some person or institution is subordinate to another person or institution and that the superior persons or institutions are entitled to exercise control over the activity of their inferiors. When the White Paper states that institutions are accountable to their students, employers and to the community they serve (p.102), presumably the term is used in the first sense. But when the claim that the Government's aim is to enhance the autonomy of institutions is followed immediately by the statement that as autonomy increases so the need for accountability grows (p.102) and the section on institutional management which proposes governing bodies of 10-15 declares a legitimate interest in developing the capacity of institutions to meet their own objectives and broader national goals, and offers funds for reviews described as a "predetermined system of management (p.103), it seems that 'improved accountability' to Government has the second meaning.

That part of the higher education system most in need of review is the cost imposed by governments on higher education institutions to make them 'accountable' for the expenditure of government
"... their (higher education institutions) methods of production and the nature and range of their products differ substantially from those of insurance companies, steel companies and so on."  

grants for education and for achieving a range of government objectives related in some measure to education. If governments paid directly for the measures imposed in the name of accountability they would both learn the cost and have an incentive to use more cost-effective procedures. It is high time for an independent inquiry to establish the costs and to consider better procedures.

There is a marked difference between the responses to the White Paper from the principals and directors of CAEs and the vice-chancellors of universities to the claim that the negotiability of educational profiles will be used to increase the freedom of the institutions of higher education. Whereas most of the heads of CAEs have welcomed the White Paper decisions, particularly the decision to abolish the university and advanced education sectors of higher education, and so to end the substantial controls of CAE institutions exercised by State Boards, the heads of universities have not. The Vice-Chancellor of The University of Melbourne, for example, greeted the White Paper with the claim that it 'heralds the imposition on Australian universities of a period of unprecedented interference and central regulatory control unknown elsewhere in the world' (The Australian, 10.88).

The explanation of the differences in the response is that the CAEs — or those of them that survive — will be relieved of some measure to education. If governments paid directly for the measures imposed in the name of accountability they would both learn the cost and have an incentive to use more cost-effective procedures. It is high time for an independent inquiry to establish the costs and to consider better procedures.

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will be able to compete for funds set aside for this purpose.

That is not the only section of the White Paper that conveys the impression that major policy decisions are exogenous and that only problems of administering them would be open for discussion or call for systematic study and advice from NBEET.

Management

The most effective structures and processes of business management vary with the nature of production and the rates of change in technology. Many institutions of higher education are indeed large and have budgets equivalent to those of some large business organisations, but their methods of production and the nature and range of their products differ substantially from those of insurance companies, computer companies, steel companies and so on. It is therefore odd that the section on management should maintain that large private sector organisations provide an appropriate guide to the size and composition of the governing bodies of institutions of higher education.

It is also odd, that having called on State legislatures to take the boards of large private sector organisations as a model, the authors of the White Paper then propose a composition of governing bodies radically different from those of large private companies.

The implication that governing bodies of only 10-15 members “with wide community involvement” are more likely to delegate clear responsibility and authority to their chief executive officers than larger bodies, is demonstrably false. Nor does the implication that there is a clear-cut distinction between ‘policy’ and the ‘administration of policies’ fit the facts. Had the White Paper contained some generalisations based on a comparison of the size and nature of governing bodies, and of the management structures and processes in the most effective and least effective institutions in various size groups, it would have performed a useful function and provided a better basis for policy. If, as I hope they will not, the Minister and his advisers persist in treating the Boards of large private sector companies as a model, the supervisory and executive boards in German companies would provide a better model.

The Demise of CTEC

The abolition of CTEC, its replacement by a purely advisory board with a small staff, and the transfer to DEET of full responsibility for program delivery and management and for policy advice across the portfolio, was not a complete surprise. The last Minister for Education had reduced the role of the Commonwealth Schools Commission and given the Department much more responsibility for program delivery and management and advice on policy. The Hawke Government came to office in March 1983 with a commitment to reform the Commonwealth’s public service and statutory authorities, and for reasons quoted above, the policy discussion paper of June 1986, Statutory Authorities and Government Business Enterprises, signalled an intention to make more sparing use of statutory authorities.

The case given for looking beyond the departmental system for the delivery of some publicly-provided services is that for efficiency and effectiveness business enterprises ‘must be free of the day-to-day control of Ministers and, indeed, of Government departments’ (p.2). And because government business enterprises are highly visible and easily attract attention, and critiques of their performance have tended to dwell on perceived shortcomings, there have been pressures for additional and often onerous controls. ‘In the Government’s view, this negative approach has significant weaknesses in terms of its impact on the business enterprises. It encourages safe rather than enterprising management and is likely to diminish management performance’ (p.20).

One of the most intriguing features of the changes announced in the White Paper is that the Commonwealth is treating statutory State institutions of higher education as if they were statutory Commonwealth business enterprises. The critiques of the performance of higher education institutions have tended to dwell on perceived shortcomings, and there have been pressures for additional and often onerous controls. There is considerable emphasis in the White Paper on funding mechanisms that will give maximum autonomy and flexibility to institutions in the management of their resources, though whether the qualification of ‘necessary interventions’ will leave sufficient autonomy and flexibility has been questioned in this paper. (How far universities and colleges should be treated as business enterprises is another issue which calls for further analysis and discussion.)

The analysis in the policy discussion paper on the relations between Minister and statutory business enterprises does not leave room for a statutory body such as CTEC to stand between the Minister and the business enterprises. However, nothing at all like the ‘higher education industry’ with over 60 ‘business enterprises’ was considered in that paper, and that number of enterprises with substantially different ‘product ranges’ provided one good reason for the existence of CTEC. Another reason was the perceived need to increase the chance that the educational implication of political decisions on, for example, new universities and colleges, and new expensive schools such as medicine and veterinary schools, would be fully considered.

A further reason was the need for a degree of stability — Ministers come and go and some have an understanding of higher education and some have not — which a well-staffed expert body such as CTEC could provide. It is not possible, and in a democratic State not desirable, to treat higher education as purely a matter for experts. The existence of CTEC (and of the Commissions for Universities and Advanced Education before it) did not prevent the supremacy of political expediency over educational efficiency and effectiveness in the location of some new institutions or faculties, but it probably reduced the numbers of such cases.

Why then abolish CTEC? The possibility that CTEC would suffer a great reduction in power and influence was a possibility from the time Senator Ryan reduced the membership of the Schools Commission. One important reason for that was the Senator’s discovery that the Commission was given the credit for policies and grants which the schools approved, and the Minister the blame for policies and levels of grants which they did not approve. Another factor which must have put CTEC at risk was the irritation of the Treasury and the Department of Finance when statutory bodies argued publicly for additional finance at times when Treasury and Finance were trying to reduce the growth of public expenditure. Recently, for example, the Minister for Finance publicly criticised the General Manager of the ABC for publicly arguing for more funds, and, so, according to the Minister, trying to pre-empt budget decisions. Departments may argue very strongly for additional finance but it is in private (or supposed to be) and those affected will not know what percentage of the funds argued for were not approved.

Is the abolition of CTEC likely to profit higher education? No, I do not think that it will. CTEC, and the two Commissions before it, were able to recruit and maintain an able and knowledgeable secretariat. It will be a very pleasant surprise if DEET is able to do the same, though in any case the staff in DEET are responsible to the Minister who will therefore be able to exercise a greater direct influence on the administration of higher education than was possible while CTEC existed. It will be very interesting to watch for examples of decisions based on short-term political considerations and for ex-
"An able ‘hands on’ Minister who understands the problems and possibilities of higher education and research and can ‘look into the seeds of time and say which grain will grow and which will not’, could achieve much for higher education, but it would not be wise to count on the appearance of such Ministers."

amples of financial inducements to enter into amalgamations from which no educational advantages are likely to accrue, though under the new unified national system they will be more difficult to identify. It will also be interesting and instructive to study, for example, how far the equalisation of base funding of institutions does become the vehicle for higher education, but it would not be wise to count on the appearance of such Ministers.

Warts and All?
The Government and the Minister are presumably committed to their new unified national system, but perhaps not committed ‘warts and all’. Here are some suggestions for removing warts on the proposed new system:

- recognise that coming on top of an annual reduction of 1% in real operating grants per EFTESU since 1981, a transfer of $65m to the ARC from the teaching and research grants of universities, and a further 1% to the Reserve Fund for Commonwealth projects, is almost certain to reduce the efficiency and effectiveness of universities, even in the unlikely event of getting back the equivalent of the transferred funds to finance ARC and DEET projects;

- recognise also that there is no reason to believe that an increase in research in former CAEs at the expense of research in the universities would be in the national interest, that it would make more sense to promote a stronger research capacity in former CAEs by providing additional funds, including matching grants for industrial R & D contracts, and that research contracts promoted or selected by organisation with responsibilities for production and marketing are more likely to expedite process and product innovations in the short term than ARC grants;

- revise the operating concept of accountability by concentrating more on outcomes and less on the various ways that higher education institutions use to produce them, commission an independent cost/benefit analysis of various government measures imposed on higher education in the name of accountability and find ways of achieving a more effective and efficient balance between suspicion and trust;

- accept that the analysis of the relations between size and efficiency and effectiveness is seriously defective, abandon the arbitrary numbers criteria, and recognise that there are good locational and other reasons for small institutions, and that forced and artificial amalgamations are more likely to reduce than to increase efficiency and effectiveness;

- give greater emphasis to distance education programs as a way of extending study options in small institutions and abandon the idea that amalgamating far apart institutions can provide students with the advantages claimed for large single-campus institutions;

- commission an independent appraisal of the operation of large multi-level institutions both at home and abroad before treating such institutions as the optimal type of institution;

- do not give much weight to performance indicators such as graduation rates until ways of measuring ‘value added’ are invented and quality control measures which do not impede desirable innovations are in place;

- strengthen the capacity of NBEET to give advice by providing it with an opportunity to assemble and maintain an expert staff.

References:
1. The members of the Committee were Mr Hugh Hudson (Chairman of CTEC and a former Minister of Education in South Australia), Dr Graham Allen (Chairman of VPSEC and a former Principal of a CAE), Mr Jack Barker (Principal of Ballarat CAE), Professor Peter Karmel (Vice-Chancellor of ANU and a former Chairman of CTEC), and Dr Brian Scott, an experienced management consultant.
2. In a letter to the Chairman of the AVCC dated 2.9.88, the Minister gave ‘reassurance that the intention of the White Paper was not to require external accreditation of courses’.
3. This article appears also in The Journal of Tertiary Educational Administration.

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