



THE AUSTRALIAN NATIONAL UNIVERSITY

# REVIEW OF THE FACULTIES, 1999

October, 1999

## EXECUTIVE SUMMARY

There are essentially four elements in this report. First, it identifies the level of accumulated and recurrent deficit in each of the Faculties individually and then presents the results of an analysis as to why that deficit occurred. Secondly, it looks at possible new structures for The Faculties and compares the benefits of retaining the current structure consisting of six Faculties, with two new models, one consisting of twelve individual Schools and the other consisting of three new Institutes composed of Schools. The third element is concerned with re-positioning the University's recruiting, marketing and administrative processes to help in improving our attractiveness and thus growth in the future. The report also looks to strategies for reducing the deficits in The Faculties.

Against that outline, recommendations are presented for Council's consideration. They are restated in the following, in the context of a number of themes related to the four elements above, but not necessarily in the order in which they appear in the Report.

In seeking to understand how the current debts have arisen, it is recommended that the University's processes for financial accountability and control be substantially modified. Along with a number of mechanical changes relating to provision of financial advice to Deans, and controls on accounts and expenditures, the principal recommendations of the report are to give Deans full financial responsibility and accountability. The current procedures of the University do not do that. Indeed, The Faculties Statutes, in a sense, mitigate against Deans being given that degree of authority.

There are two components to giving Deans proper financial responsibility; first, suitable duty statements and accountabilities must be developed for the Deans and, secondly, Deans need to be appointed to the University using a selection process analogous to that adopted for Heads of Research Schools in the Institute of Advanced Studies.

*Recommendation 1. Comprehensive position descriptors and statements of accountabilities for Deans and other heads of budget units need to be developed and implemented. A sample version for Deans is shown in Appendix F.*

*Recommendation 2. Deans should be selected using a process equivalent to that adopted for the appointment of Heads of Research Schools in the Institute of Advanced Studies. See policy paper 920B/1998.*  
*<http://www.anu.edu.au/cabs/bias/policies/920b-98.html>.*

*Recommendation 3. Protocols need to be developed for the proper use of Expenditure Variations. Over-expenditure against R and*

*F ledger accounts should be prohibited except by prior approval from the Deputy Vice-Chancellor, who would give an agency to Pro Vice-Chancellor (Administration) for that purpose.*

If Deans are to be given full financial authority, then they need to be properly resourced. The report recommends that the existing Faculties' Resources Office (FRO) be disestablished and the funds be used to provide resources staff in each of The Faculties, responsible directly to the Deans and for whom the Deans have responsibility.

*Recommendation 4. The Faculties' Resources Office should be dis-established. FRO staff responsible for infrastructural services should be transferred to the Division of Facilities and Services; FRO IT support staff should be transferred to ITS; FRO staff who provide financial, HR, SPF and related advice to the Deans should be transferred to the Deans offices, once a new structure for The Faculties has been determined.*

Four deficit reduction options are then presented. The first requires an adjustment in expenditure patterns to occur over the shortest possible timeframe. It is not seriously proposed as a viable option, even though it minimises the likely impact on staffing. Its disadvantage is that it has the most negative impact on students currently in the program or about to enter.

Accordingly, the second option looks to phase in cuts to expenditure over a three to four year timeframe in order to allow most time for readjustment of processes and to minimise any negative impact on students. It has, however, in the case of several Faculties, fairly severe implications for staffing. Therefore, a third option is advanced as the preferred strategy: in view of the less than ideal processes for financial control adopted by the University in the past, it is recommended that Council assist The Faculties in managing out of the current deficit situation. Specifically, it is proposed that \$5m of the current accumulated deficit be set aside, possibly as an interest free loan which might be forgiven progressively if certain performance milestones are achieved. Such an initiative will minimise the impact on staffing while maintaining a commitment to our students. The fourth option is to look at The Faculties managing out of the deficit over a seven year timeframe. That is not considered particularly seriously, as the period is impracticably long.

*Recommendation 6. The principle of strategy 3 in Table 3 for reducing the Faculties' deficits should be adopted, notwithstanding what structure for The Faculties is chosen for the future.*

The report has several sections that refer to the market identity of The Faculties and the need to consider our competitive position among G08 universities. Getting our image right will be as much a part of the move to a viable future as controlling our financial decision making, as will be our ability to grow our postgraduate load.

*Recommendation 5. Plans should be developed, as part of a longer term strategy, to expand postgraduate teaching and supervision in The Faculties.*

*Recommendation 8. The promotional budget for SRIE should be increased to \$600k per annum for the next three years, after which consideration be given to returning the funding basis to its current form. A new marketing plan should be developed by SRIE.*

The terms of reference of this Review did not allow an analysis of the role of the Institute of Advanced Studies and the Institute of the Arts. Nonetheless, the report contains commentary on the desirability of closer collaboration of all elements of the University and, more particularly, advocates an examination of our undergraduate degree program to see what role the Institute of Advanced Studies might play in creating distinctive undergraduate programs to make ANU more competitive, particularly for overseas students, against our regional, coastal GO8 competitors.

*Recommendation 7. The future educational programs of the ANU should be characterised by:*

- *An undergraduate program, in part based on the Boyer model, where students in most courses have the opportunity to experience, in addition to The Faculties, the rich environment of the Institute of Advanced Studies during their studies. This revision of the undergraduate program will be used to set the ANU apart from its competitors and thus will allow it to project itself both as unique and national.*
- *The commitment to an intensive quality assurance program involving: a comprehensively applied subject and lecturer assessment and feedback process; a regular course review program; and a regular survey of student and staff opinion on the efficacy of administrative and executive function and support.*

- *A program of collaboration with other universities that will broaden student choice and that will allow a concentration of effort and resources at ANU to maintain high quality in identified core areas.*
- *Inclusion of our areas of recognised special expertise, for example: Asian Studies, Actuarial Studies, Archaeology and Anthropology, International and Public Law, Forestry and effective combined degree programs.*

An analysis of the requirements for resource staff for each of The Faculties indicates that there will be insufficient funds from FRO dis-establishment to provide that level of support to the six existing Deans. Nevertheless, the report seriously encourages consideration of maintaining the existing Faculty structure as one option, but recognising that there will be a financial impost that will need to be managed in order to provide proper resourcing advice to each Dean.

Two further models are also suggested, both of which will allow effective resource advice to be provided within current funding, and both of which should secure further savings by changing the number of budget nodes within The Faculties. The first is a flat structure of nominally twelve individual Schools, under the control of a Director of The Faculties, while the second, also composed of Schools, is aggregated into three Institutes. The former model has the attraction that it is affordable but, by implication, is a return to a pre-Karmel model for The Faculties.

*Recommendation 10. The Faculties should be restructured into 3 Institutes and 12 Schools as illustrated nominally in Figure 7 and Table 4.*

Some guidance is given on the significance attached to our various undergraduate degree programs by intending and current students, as a means for focussing on where reductions could be made to our academic programs in pursuit of the deficit reduction strategies. Analysis suggests that our vocational programs have most attraction to our students, particularly when combined with programs in Asian Studies. In addition, comment is made on the very large number of small classes operated in the University. While the ability to offer a large number of small classes is important from the point of view of quality teaching, the Faculties which operate the largest number of smaller classes are those most in debt. Accordingly, that issue needs to be addressed.

*Recommendation 11. The University should adopt the policy that no more than 20% of the fully funded classes operated by an academic unit should have fewer than 10 students each. Such a*

*percentage allows sufficient latitude for honours programs and most special cases. It does not preclude percentages greater than 20% but indicates that no funding will be available for classes offered above the limit.*

The report also covers a number of procedural matters concerning the adoption of new and modified subjects and courses.

*Recommendation 9. The Director of SRIE should be made a full participating member of the Board of The Faculties, or equivalent.*

*Recommendation 12. (a) Responsibility for student administration concerned with enrolments, course changes and related matters, currently carried out in the Faculty Offices, should be centralised in SASS, and funds transferred from The Faculties to SASS to make that possible.*

*(b) The Director, SASS should be made a full participating member of the Board of The Faculties, or equivalent.*

*Recommendation 13. Academic proposals relating to changes to course and subjects must be made in the knowledge of impacts on the University's support services. To this end, (pro forma) resource implication statements from the Director, Student Administration and Support Services, the Librarian, the Director, Information Technology Services and the Director of Student Recruitment and International Education must accompany each such proposal to the Board of The Faculties, along with a statement from the Dean that any necessary resources to support those proposals are available.*

## PREFACE

The Review reported here has been the result of a process involving interviews, workshops, submissions, and responses to a discussion draft. It has been informed by that process and the separate investigations of the Deputy Vice-Chancellor.

The submissions received, as well as the very large number of responses generated by the draft Report, provided a wide-ranging, valuable and frank set of ideas, many of which have been taken up here. However, others were at such a level of detail that they could not be incorporated at this stage. It will be important to ensure that they are available and considered during the implementation phase that will follow.

Not surprisingly, some submissions were mutually contradictory and some ideas, therefore, could not be pursued. Nonetheless, useful guidance was still provided.

It is appropriate to consider the post-Review implementation phase further. Because of the fairly profound recommendations emanating from this Report, there will need to be a carefully managed process of implementation of those elements accepted by Council. That implementation, both at the University level, and at the level of institutes, faculties, schools or departments will need to be managed according to Clause 16 of the current ANU Enterprise Certified Agreement.

Many respondents to the draft have asked why the Report does not go into more detail on the excellent research performance of The Faculties. By not exploring Faculties' research in depth, it should not be seen that the Review has in any way ignored the outstanding quality and breadth of the research programs in the non-IAS elements of the University. It is just that, in managing the accumulated and recurrent deficits in The Faculties, it is not clear that changes in the way we do research, or improvements in research income, are likely to make major changes to the current situation in the short term. Likewise, while improvements in research student load, particularly if the Government's current proposals for research and research training come to fruition, will undoubtedly assist, the time-scales involved are probably not consistent with the time over which the deficits need to be managed. Nevertheless it is important to take steps in that direction and an appropriate recommendation for action has been included.

Some difficult decisions had to be made in preparing this final Report, particularly concerning structure, and especially given the strength of opposition to the proposal in the draft report that The Faculties be re-cast as 3 new Institutes. While the opinions and concerns of staff and students, particularly in the Faculties of Asian Studies and Law, and their external supporters, are recognised and respected, the 3 Institute model is preferred herein, since it seems to offer best prospects for reducing current running costs and for managing effectively in the future. However, Council is given 3 options to consider: that involving 3 new Institutes, a model in which The Faculties are replaced by a flat structure of a number of autonomous schools, and the current arrangement of 6 Faculties.

If Council adopts the 3 Institute proposal it is sincerely hoped that the image and attraction of the programs in Law and Asian Studies would not be adversely affected in the ways suggested by the opponents of this model. It will be in the hands of the new Deans and Heads of Schools to ensure that the model is seen for what it is – primarily a grouping for administrative efficiency – and is not in any way intended to signal a retreat of ANU from Asian Studies or of reducing its Law School to second rate status.

Finally, a note on financial estimates is important. Wherever possible worst case estimates are used. There are two reasons for that. First, there are undoubtedly a number of unknowns in such a major restructuring, along with matters that are not easily quantified so early in the process. Secondly, it is important that Council be left in no doubt about the magnitudes of the financial adjustments likely to be needed in bring the debts in The Faculties under control. It would not be in the interests of the University to understate likely expenditures and recurrent deficits, although appropriate cautions on estimated figures are raised when appropriate.

## Acronyms and Abbreviations

ANDC	Australian National Dictionary Centre
BIAS	Board of the Institute of Advanced Studies
BMG	Business Managers Group
BTF	Board of The Faculties
CAMEL	Classical and Modern European Languages
CBTF	Chair, Board of The Faculties
CRES	Centre for Resource and Environmental Studies
DETYA	Department of Education, Training and Youth Affairs
EFTSU	Effective Full Time Student Units
FEIT	Faculty of Engineering and Information Technology
FRAM	Faculty Resource Allocation Model
FRO	Faculty Resources Office
FTE	Full Time Equivalent
GO8	Group of Eight Universities
GTF	Graduate Tuition Fee
IAS	Institute of Advanced Studies
ISF	International Student Fee
ITA	Institute of the Arts
JCSMR	The John Curtin School of Medical Research
PPCU	Policy, Planning and Coordination Unit
RIBG	Research Infrastructure Block Grant
RQ	Research Quantum
RSAA	Research School of Astronomy and Astrophysics
RSBS	Research School of Biological Sciences
RSC	Research School of Chemistry
RSES	Research School of Earth Sciences
RSISE	Research School of Information Sciences and Engineering
RSPAS	Research School of Pacific and Asian Studies
RSPHysSE	Research School of Physical Sciences and Engineering
RSSS	Research School of Social Sciences
RTB	Rolling Triennial Budget
SASS	Student Administration Support Services
SMS	School of Mathematical Sciences
SPF	Special Project Funds
SRIE	Student Recruitment and International Education Office
UAC	University Admissions Centre
VTAC	Victorian Tertiary Admissions Centre

## Acknowledgments

A very large number of people have contributed to this Review in a variety of ways and it is fitting that their contributions be recognised. They are:

Ms Linda Cooke, Executive Officer to the Deputy Vice-Chancellor, who participated in all phases of the Review and took responsibility for most of the logistics.

Dr Brok Glenn, Faculties' Resources Coordinator, who provided much of the financial analysis and background thinking that assisted in decision making.

Members of the Policy and Planning Coordination Unit, who assembled and provided an enormous wealth of planning and historical data for the Review<sup>1</sup>, often at very short notice.

Members of the Steering Committee, who acted as a very professional sounding board throughout all phases of the Review and contributed so much to the workshops and to assisting with refining the outcomes.

Mr Graham Hutchens, senior project officer who, as someone not involved in the Review *per se*, read all the submissions and prepared, with Linda Cooke, the summary document at Appendix C.

All those who provided submissions and responses to the draft Report that assisted in the development of new ideas and in understanding past events and practices.

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<sup>1</sup><http://www.wanu.edu.au/admin/planning/reviews/review99.html>

## INTRODUCTION

### Background and Terms of Reference

This Review was commissioned by the Council of The Australian National University at its meeting in April 1999, in response to its concern at the worsening budget situation of the Faculty of Arts, and an emerging and unexpected budget deficit in the Faculty of Science. It was also alert to incipient budget deficits in other Faculties as well.

The Deputy Vice-Chancellor, Professor John Richards was given carriage of the Review, assisted by a Steering Committee with membership as shown in Appendix A. The role of the Steering Committee was to consider and evaluate recommendations arising during the Review and to assist the Deputy Vice-Chancellor in the preparation of this Report to Council.

The Review was widely consultative and carried out consistently with the principles of change management.

The Terms of Reference of the Review were:

1. Ascertain precisely levels of current and accumulated deficits in The Faculties.

Examine the recent patterns of revenue, expenditure and enrolments in The Faculties, and especially the Faculties of Arts and Science, to ascertain, in so far as possible, the background to the current deficit situation.

2. Given the outcomes from TOR1, is the current organisational structure of The Faculties optimal for future operation and, if not, what alternative structuring might be more suitable, and what courses, units and administrative processes are appropriate for The Faculties in order to:
  - (a) meet future needs in teaching and learning, and research,
  - (b) give a balanced annual budget, and
  - (c) allow a strategic reduction of the accumulated deficit?
3. What planning guidelines, milestones and performance indicators are required to support the outcomes from TOR 2?
4. What strategic and marketing initiatives are required to understand and take advantage of opportunities for growth in student load?

## Review Process

It was convenient to separate the review process into two streams, one dealing with the structural reasons underlying the emergence of deficits in the various Faculties, and the other looking to the future operation, structure, opportunities and planned performance of The Faculties.

The former investigation was carried out by the Deputy Vice-Chancellor through interviews, examining meeting records and reports from previous reviews, and developing an understanding of past financial decision making and budget processes.

The forward looking elements of the Review were developed through a process of consultation. First, a two day meeting was held on 2,3 June involving the Deans and one other member from each Faculty, together with members of the Steering Committee, the Faculties' Resources Coordinator and the University's Director of Policy and Planning Coordination. The purpose of that meeting was, first, to allow the Deputy Vice-Chancellor and others to provide background information and, secondly, to develop a Call for Submissions.

The Call for Submissions was issued on 8 June with a closing date of 12 July. Appendix B contains a copy of the Call for Submissions document<sup>2</sup>.

Eighty three submissions were received, summarised as shown in Table 1. It is significant that none was received from Alumni and very few from people external to the University.

*Table 1. Statistics of submissions received.*

<b>Received from</b>	<b>Number</b>
Faculties	7
Departments	24
Organisations	7
Individuals	45
<b>Total</b>	<b>83</b>

A summary of the submissions received by 16 July was prepared by Mr Graham Hutchens and Ms Linda Cooke, and is contained in Appendix C.

<sup>2</sup> Also available at <http://www.anu.edu.au/admin/dvc/anuonly/facsreview/callforsubs.html>

The submissions were used to help in the design of a 3 day workshop held over 18-20 August. Participants in the Workshop included those present on 2,3 June plus a level A or B academic staff member and a general staff member from each Faculty (see Appendix D). Gender representation was a consideration in choosing the participants.

Apart from information gathering, the principal purposes of the Workshop were to establish the market identity of The Faculties and to consider future options in relation to structure and governance. Outcomes from the Workshop, in part, informed the options presented in a draft<sup>3</sup> of this Report and, with responses to that draft, the preparation of this final document.

The draft Report drew more than 200 responses, summarised as shown in Table 2. It also invoked a number of resolutions of Faculty Boards and other bodies.

*Table 2. Statistics of responses to the draft report*

<b>Received from</b>	<b>Number</b>
Staff and Students of the Faculty of	
Arts	21
Asian Studies	19
Economics & Commerce	14
Law	78
Science (including Psychology)	29
FEIT	5
Members of Schools of the IAS	26
University Centres	1
Administration	7
Others	27
<b>Total</b>	<b>227</b>

<sup>3</sup> The draft report was posted on the Review's Web site on 11 September at <http://www.anu.edu.au/admin/dvc/anuonly/facsreview/sumdraftrep.pdf>

## COMPLIANCE WITH TERMS OF REFERENCE

The following shows how the recommendations of this Report, its Appendices or the Implementation Plan, relate to the Terms of Reference provided by Council.

Recommendation	Terms of Reference			
	1	2	3	4
1. Deans' Duty Statements	Ž			
2. Selection of Deans	Ž			
3. Improved financial controls	Ž			
4. Dis-establishment of FRO	Ž			
5. Postgraduate teaching				Ž
6. Deficit reduction strategy		Ž		
7. Future educational programs				Ž
8. Increasing SRIE budget				Ž
9. DSRIE as member of BTF		Ž		Ž
10. Recommended structure for The Faculties		Ž		
11. Small class size policy		Ž		
12. SASS responsibilities and DSASS as member of BTF		Ž		
13. Resource implications of new and changed course and subject proposals				Ž
Appendix E	Ž			
Implementation Plan			Ž	

## CURRENT PERFORMANCE OF THE FACULTIES

It is important to understand the financial and other circumstances that led Council to commission this Report, both to see the reason for the Review and to provide a benchmark against which performance is to be improved.

Figure 1 shows the accumulated deficit over all Faculties (including the Faculties component of the School of Mathematical Sciences and the Faculties' Resources Office) from 1992, projected to 2002<sup>4</sup>. Given that the total budget for The Faculties is approximately \$50m per annum, the magnitude of the problem, both on current year levels, and on projections, is immediately apparent. The 1999 operating position represents a debt equivalent to a little less than 20% of total revenues. Appendix E shows the data of Figure 1 differentiated by Faculty.

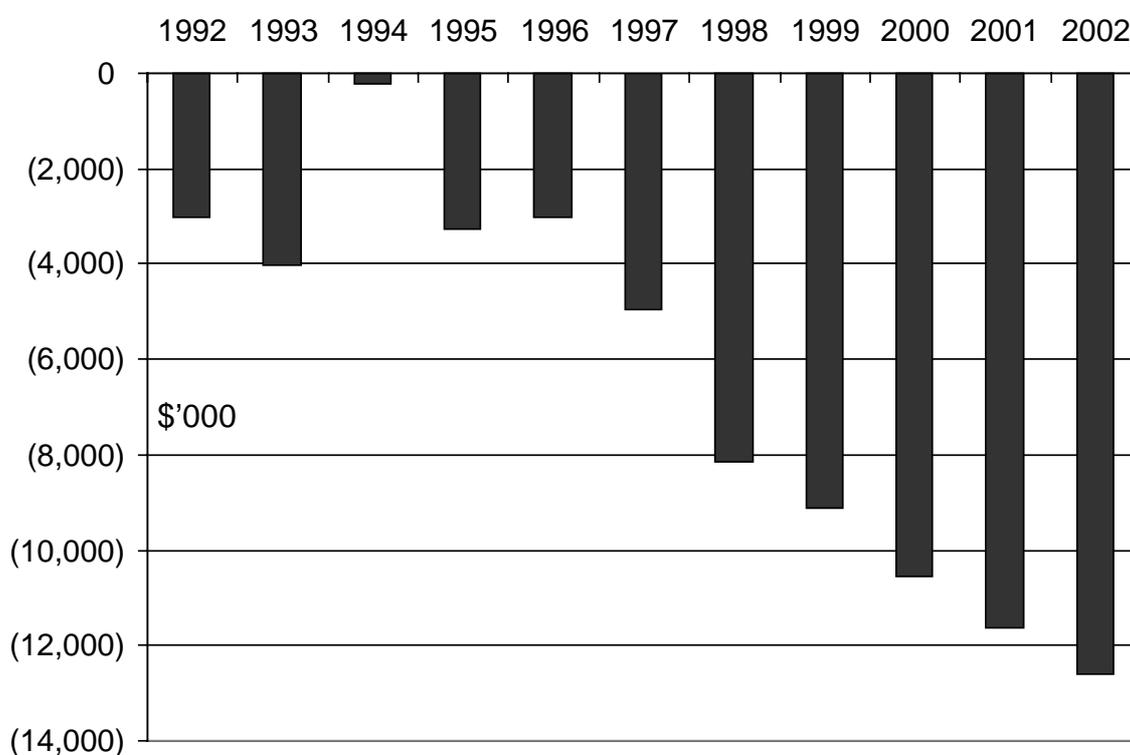


Figure 1. The Faculties accumulated debt; actual to 1998, projected thereafter from RTB data.

In submissions received, two points were made many times over. The Faculties has already made substantial reductions in staffing over the past four years notwithstanding the need to maintain continuity in the teaching program for students already enrolled. Moreover, there have been a number of transfers to The Faculties of services previously provided from central administration, but with a less than adequate transfer of funds.

In addition, at the end of 1998 the Centre for Aboriginal Economic Policy Research (CAEPR) and the Graduate Program in Public Policy (GPPP) were

<sup>4</sup> Taken from the period 13 Gold Book for figures to the end of 1998.

transferred out of The Faculties to become University Centres, or a component thereof. The corresponding transfer of funds was \$750k in total, but no component of the then accumulated deficit was transferred.

The traditional methods for overcoming the situation in Figure 1 are either to reduce expenditure or improve revenue. The latter has not proven successful, at least in relation to student fee income, as Figure 2 illustrates. The lower curve represents the government funded HECS load from 1990 through to 2001, while the upper curve represents total load, in which fee earning load has been added to HECS load. Of particular note is the pseudo-parallelism of the curves, indicating that fee earning load has not replaced the drop in HECS load resulting from both over-enrolment (1992-1995) and the DETYA planned load reduction over 1997-1999.

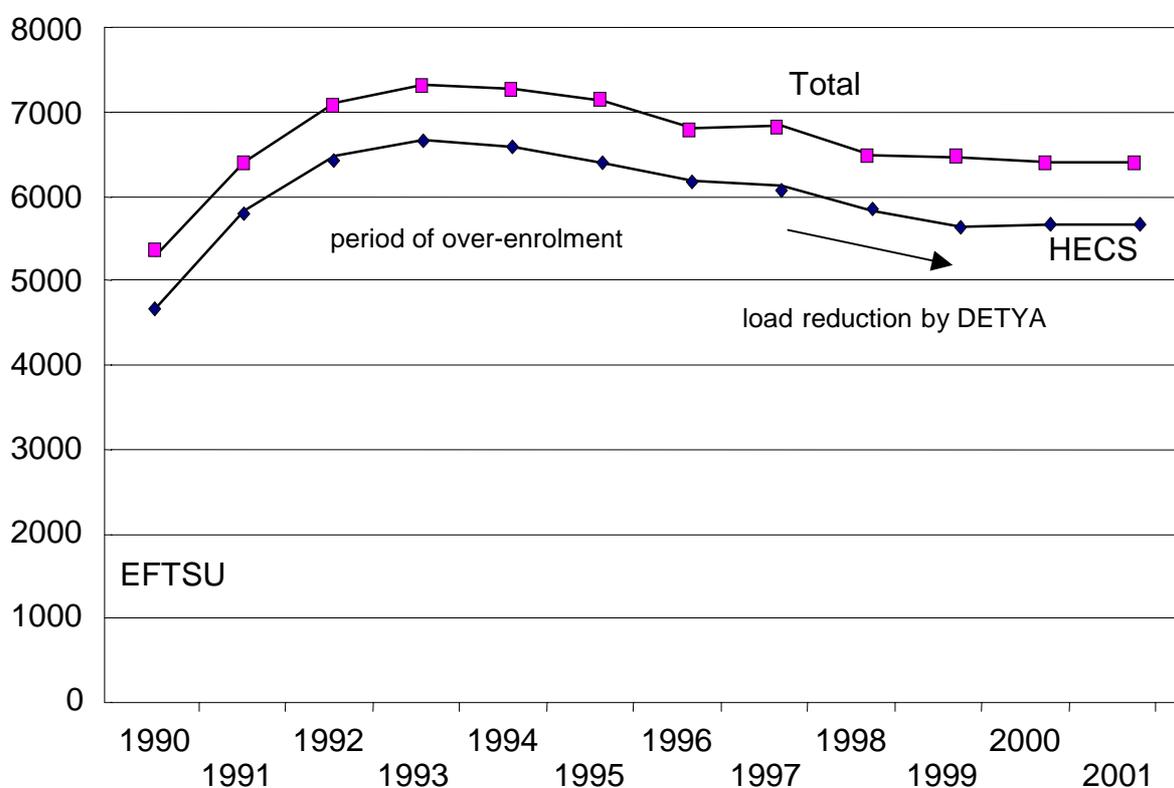


Figure 2. Enrolment trends in The Faculties. The lower curve is HECS load whereas the upper curve is total load, being HECS plus fee paying load.

Thus while HECS student load has fallen, the deficit has risen without any other compensatory action. In the same period there has been only a minor change in other forms of DETYA income, such as Research Quantum and Research Infrastructure Block Grant. One is then led to question the effectiveness of the University's forward planning processes and the effectiveness of The Faculties to accommodate fluctuations in DETYA operating grant income.

## Understanding Financial Decision Making in The Faculties

To understand how the current deficit situation occurred it is necessary to examine the complexities of the interwoven processes of decision making, accountabilities and financial data flow. Consider decision making and financial data flow first, as depicted in Figure 3a.

To understand the figure consider the Dean, as the budget manager, taking an academic decision. A decision would be made on the basis of information on funds available and with particular planning intentions in mind (such as the desirability of a particular program, the need for additional staff, etc). Having taken that decision the intended effect ensues, and an adjustment is required in the accounts affected by that decision.

The generic cycle represented in Figure 3a is complicated by the presence of the former Business Managers Group (BMG) - now the Faculties' Resources Office (FRO) - that is interposed in the data flow to and from the Dean's office; moreover, the BMG (FRO) is responsible for *all* Faculties as indicated in Figure 3b.

It is instructive to consider where errors can arise in the process. Clearly the ability of the Dean, particularly in relation to financial management, is one consideration. Another is the financial advice available (provided by the University's Finance and Business Services Division). Planning information is also an issue, as is the process by which the accounts are adjusted. On top of all of that the BMG (FRO) has a major impact because of the position it occupies in the decision cycle. An error introduced by the BMG (FRO) can have a profound effect on the ultimate quality of the process.

During this Review it became apparent that problems of greater or less severity may have occurred in almost all of the elements identified.

First, the efficacy of the financial reports to the Deans has not been good, and has not extended much beyond use of the (four weekly) Gold Book. Although a useful financial tool, the Gold Book is expressed in accrual terms and needs to be interpreted carefully if it is to be used as a management tool. Moreover, the so-called Period 13 Gold Book, that summarises the operating result for a given year, often is not available until well into the subsequent year, sometimes as late as May. As a result, early in this Review, a working party was established to develop a new reporting instrument for the Deans that is more of the nature of a management report. The new instrument, which provides a cash statement and narrative on performance, also makes provision for certification by the Dean, on a monthly basis, that the information provided is understood and accepted.

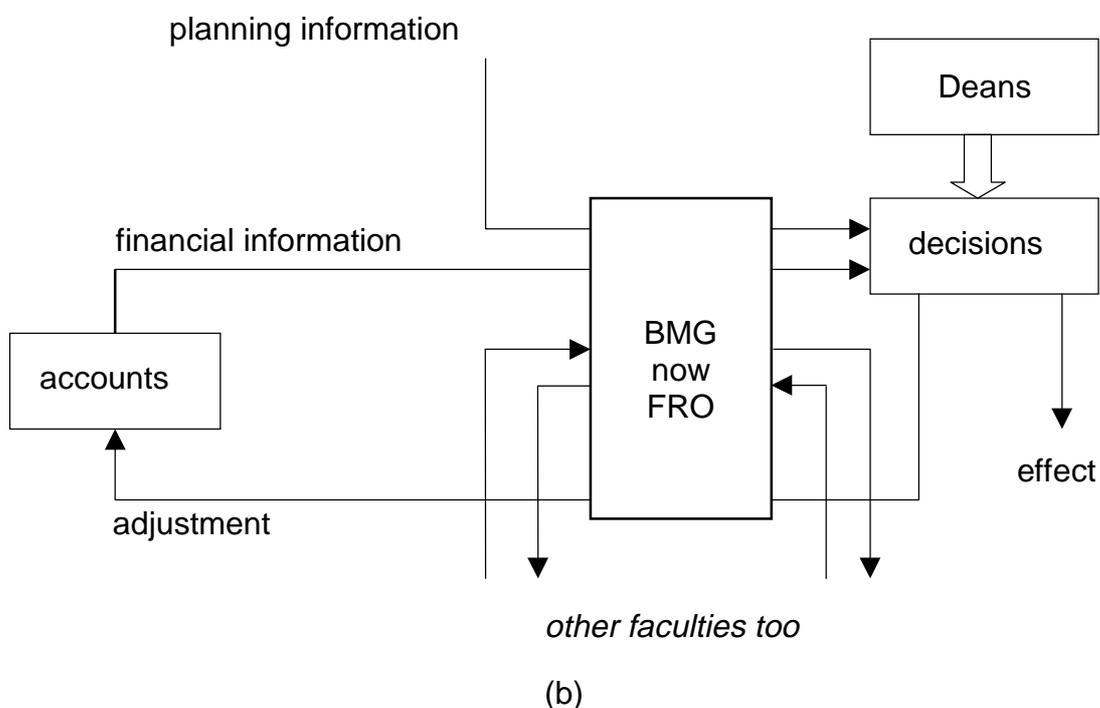
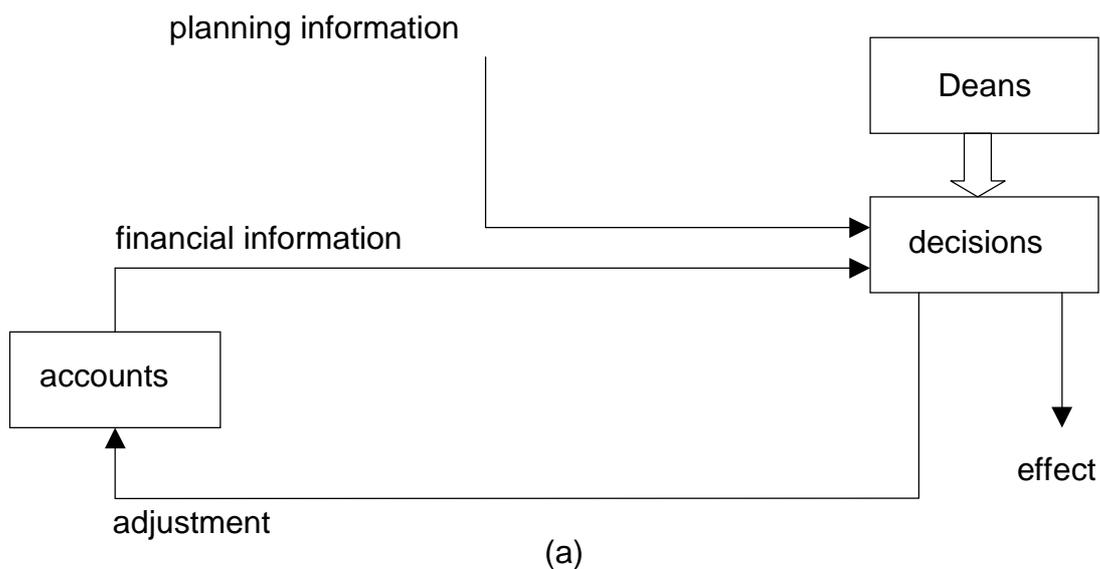


Figure 3. (a) Financial data flow in relation to decisions taken by Deans of Faculties. (b) Position of the Business Managers Group (and now The Faculties' Resources Office) in the decision making process.

Two further financial initiatives have been taken. The Rolling Triennial Budgeting (RTB) process is being simplified into a single, rather than two stage, procedure. It is intended that the detailed budget for a given year will be approved by Council in December of the preceding year<sup>5</sup>. In addition, a new model for fee income is

<sup>5</sup> Ideally, the budget should be approved much earlier. It is suggested that steps be initiated to see if the budgets for a given year can be signed off by Council in the preceding September, in order that the Deans have sufficient lead time for planning.

close to being finalised, such that Deans will also have available firm planning figures for fee income at the end of the preceding year. With these changes the Deans will be able to commence operation in a given year with a stable knowledge of their budget.

To understand more of the difficulties that arose in the past with financial decision making it is necessary to derive insight into the actual processes by which financial decisions could be taken, along with the associated accountability mechanisms. It is also important to look at the practice of financial controls. In this respect we need to return to the role of the previous Business Managers Group and the associated lines of responsibility and reporting. The latter are illustrated in Figure 4, as best as can be determined.

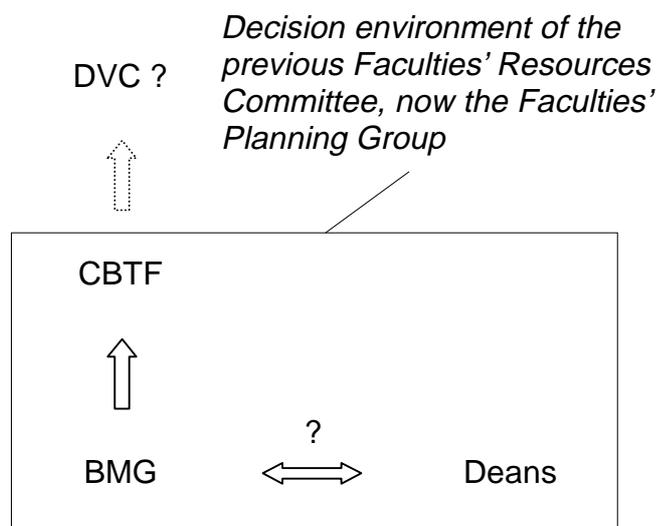


Figure 4. Apparent lines of reporting and financial responsibility in the previous arrangements involving the Business Managers Group.

As depicted in the Figure, rather than being solely responsible to the Deans, whose affairs the BMG was helping manage, the BMG was in fact also, if not inherently primarily, responsible to the Chair of the Board of The Faculties (CBTF), who in turn was responsible to the Deputy Vice-Chancellor<sup>6</sup>. One is then led to question where real financial authority rested, and thus where many financial decisions were taken. It transpires that most of that action probably took place at the BMG/CBTF interface, but conditioned by discussion among the Deans at the previous Faculties' Resources Committee (now the Faculties' Planning Group), which was chaired by the CBTF<sup>7</sup>.

<sup>6</sup> The former Roles and Responsibilities of the Deputy Vice-Chancellor are contained in Paper 1117/1994 adopted by Council in July 1994, in which it is made clear that the Deputy Vice-Chancellor had ultimate responsibility, inter alia, for the resources of The Faculties as allocated through the Business Managers Group. Practice, however, may not always have accorded with that policy.

<sup>7</sup> The current arrangement with the Faculties' Resources Office is not that much better; the FRO is responsible through the Pro Vice-Chancellor (Administration) whereas the Deans are responsible to the Deputy Vice-Chancellor.

One further matter should be mentioned. It seems to have been the practice of some Deans to over-budget in the sense that they “allocated” to Departments more funds than were actually available, in the expectation that strategic initiatives or fee income growth would make up the shortfall. There are two consequences of that practice: first, Heads of Departments would reasonably regard themselves as good budget managers when in fact a large debt would often accrue at the Faculty level and, secondly, it is now impossible to attribute operating debts to the level of Department within a Faculty. That is significant in determining deficit reduction strategies.

Therefore, what level of financial control did the Deans have? Given that there are no prescribed and published University-established comprehensive position descriptors and accountabilities for the Deans<sup>8</sup>, the answer to that question depended probably on the willingness of the Dean to be interventionist, and the powers given to Deans by their Faculties<sup>9</sup>. Some Deans appear to have insisted on a tight level of financial involvement, and thus control, whereas others may have been content to allow the more dominant BMG/CBTF process to operate. That this choice was available is of concern in itself – the University should have had in place properly constructed duty statements for the Deans, and that is now essential for appropriate future financial control.

*Recommendation 1. Comprehensive position descriptors and statements of accountabilities for Deans and other heads of budget units need to be developed and implemented. A sample version for Deans is shown in Appendix F.*

The process of Dean selection is also of concern. While not in any way intending to criticise the capabilities, intentions and actions of any particular Dean, past or present, one must question whether Deans elected by their Faculties against criteria that often had nothing to do with good financial management are in the best position to ensure that their Faculty budgets are realistic, that proper controls are exercised on expenditures and that budgets are always operated responsibly. Even if suitable duty statements for Deans are developed according to Recommendation 1, it is not clear that the current election process will always find someone internally with the right mix of skills in academic leadership and

<sup>8</sup> *The Faculties Statute cedes to the individual Faculties themselves the right to determine the manner by which Deans are selected and, curiously, the duties to be ascribed to the position of Dean. See Faculties (The Faculties) Statute Sections 10 and 12(f) (ii) and (iv). <http://www.anu.edu.au/cabs/statutes/s13.html>.*

<sup>9</sup> *It seems that the current responsibilities of the Deans were last summarised in Section 2.1.1 of the University Administrative Guide Vol 1, Part C, Section c.3.10.1 of April 1991 which, apart from specifying the method of election of the Dean, reads “The Dean is the chief executive officer of the Faculty and is expected to give academic leadership to the Faculty both in current matters and in future development. The Dean acts as the chairperson and spokesperson of the Faculty.” In contrast, Section 2.1.2 of the same document defines the responsibilities of the Head of Department, inter alia, to be “to control the expenditure of such funds as are allocated to the department”.*

management. Instead, it will be important to put in place a process to ensure that the best available person is competitively selected to be Dean.

*Recommendation 2. Deans should be selected using a process equivalent to that adopted for the appointment of Heads of Research Schools in the Institute of Advanced Studies. See policy paper 920B/1998.*  
<http://www.anu.edu.au/cabs/bias/policies/920b-98.html>.

Given Council's responsibility under the *Commonwealth Authorities and Companies Act 1997* it seems essential that the provisions of Recommendations 1 and 2, or similar, be adopted. Not to do so would seem to leave both Council and the Deans themselves seriously exposed under the provisions of the Act.

There is a further consideration that is apposite in relation to the process by which Deans are chosen. That relates to parity with the Research Schools and Centres. So long as Faculties maintain an internal election process while Schools and Centres (in the vast majority of cases) use an internationally-advertised appointment process for their academic and administrative leaders, a perception may persist that the Faculties are somehow not equivalent in all respects to other major organisational groupings of the University.

A comment is also important in relation to lines of financial accountability as described in Figure 4, when viewed against the fact The Faculties debt was evident several years ago, as seen in Figure 1. Given that the Finance and Business Services Division oversees all University accounts, and that Finance Committee has a budget oversight responsibility in this respect on behalf of Council, it is surprising that the emerging Faculties debt was not the cause of significant *action* about four years ago<sup>10</sup>.

It is important now to examine two further aspects concerned with financial controls that possibly have contributed to the past situation and which certainly must be attended to in order to assist in future financial management.

There has been a widespread practice in the University of using a mechanism known as Estimate Variations (EVs). Properly used they are an effective tool for reallocating funds between expenditure headings within a budget, particularly early in a financial year when expenditure targets are being set. EVs allow, for example, the re-allocation of funds available across heads of expenditure. However, there is a suggestion that they can also be used, often during and

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<sup>10</sup> Concerns were raised, however, as early as June 1995 culminating, for the Faculty of Arts, in the offering by the Vice-Chancellor at the September 1997 meeting of Council of a compact with the Faculty to assist substantially with debt reduction if sustainable arrangements could be developed to obviate any recurrent debt for 1998. That compact seems not to have been implemented.

towards the end of a financial year, to move expenditures in a manner that emerging deficits are not easily recognised<sup>11</sup>.

The second concern is that the University's current accounting software has had no provision to block expenditure against R and F ledger accounts if funds are not available. In other words, if a budget manager is not careful in watching expenditure patterns, including commitments, it has been relatively easy to commit funds beyond those available. It seems certain that this situation has contributed to the over-expenditure observed for some Faculties.

Both the ability to use EVs and the lack of a block on R and F ledger (at minimum) overspending require attention for good future financial control. It is, of course, recognised that some latitude must be allowed in these respects, particularly when there are good reasons to commit to expenditure against funds which are not yet received but are known to be coming (as in the case of ARC grants, for example). In general, however, much tighter financial control is needed<sup>12</sup>.

*Recommendation 3: Protocols need to be developed for the proper use of Expenditure Variations. Over-expenditure against R and F ledger accounts should be prohibited except by prior approval from the Deputy Vice-Chancellor, who would give an agency to Pro Vice-Chancellor (Administration) for that purpose.*

In seeking to devolve full financial accountability to the Deans according to Recommendation 1, one must now question the on-going advisability of maintaining the Faculties' Resources Office (which grew from the previous Business Managers Group) as a separate entity and operating through the office of the Pro Vice Chancellor (Administration), rather than having separate financial officers responsible directly to each of the individual Deans. Deans can only be expected to assume full financial accountability if their financial advisers are responsible to them alone.

The Business Managers Group has been the subject of several reviews over the past decade, most recently in 1998<sup>13</sup>. In almost all reviews concerns were raised about the financial skills of some of the (previous) BMG staff in relation to the jobs to be performed. In the 1998 Terrell Review the ultimate dis-establishment of the FRO was foreshadowed. Given the findings of this Review it is

<sup>11</sup> The same conclusion in relation to use of EVs was derived by KPMG in reports prepared for the University in 1998 (internal Audit Reports 5/98 and 10/98).

<sup>12</sup> It is understood that the Financial Package being implemented under the Enterprise Solutions Project will allow bars to be placed on over-expenditures.

<sup>13</sup> Views on the Business Managers Group will be found in:  
 Report of the University Administration Review (Caro) 1991;  
 Report of a private consultant engaged by the then Head of the BMG committee, 1994;  
 Nicholls Review commissioned by CBTF, 1994;  
 Report of the Committee to advise on the provision of support to Deans of Faculties (Terrell), 1998.

recommended that dis-establishment take place as soon as possible and that the Deans under any new structure for The Faculties appoint their own resource officers, as has been the case for some time with business managers in the Research Schools. Resource officers attached to individual Faculties will learn the cultures of those Faculties, and will be answerable directly to the Deans.

In dis-establishing the FRO, the section responsible for the provision of infrastructural services to the Faculties should be transferred to the University's Division of Facilities and Services; Service Level Agreements need to be continued to ensure the level and quality of service required to support the Deans and their staff. FRO IT support staff should be transferred to ITS and Service Level Agreements developed with Deans to ensure suitable provision of IT support. FRO staff responsible for financial and related advice should be transferred to the Faculties where Deans will have assumed line management responsibilities under Recommendation 1; there should, however, be a period of evaluation by the (new) Deans of the suitability of existing staff in the new context.

The position of Faculties' Resources Coordinator should be dis-established, leading to a saving of about \$115k per annum. Even with that saving, however, there will not be sufficient funding available from the "dis-establishment" of the FRO to provide proper support to 6 Deans offices. We will return to this matter when a new structure for The Faculties is proposed. Moreover, there is an understanding that the \$115k saved will be used to appoint an Education Technology Coordinator in support of the University's flexible education policies.

*Recommendation 4. The Faculties' Resources Office should be dis-established. FRO staff responsible for infrastructural services should be transferred to the Division of Facilities and Services; FRO IT support staff should be transferred to ITS; FRO staff who provide financial, HR, SPF and related advice to the Deans should be transferred to the Deans offices, once a new structure for The Faculties has been determined.*

### **Responsibility for Past Financial Decision Making**

Finally, the question, of course, that must be asked is where ultimately does responsibility for the debt in The Faculties lie?

It seems, taking all of the above into account, and particularly concerns with

- the efficacy and timeliness of financial data
- the skills levels of key staff
- uncertain chains of responsibility

- lack of specificity in respect of the responsibilities of Deans
- the fact that some Deans assumed a more active role in financial management while others did not
- the effectiveness of forward planning
- financial control and the University's monitoring processes

that responsibility for the current deficits should not be attributed solely to the actions of the Deans. Instead, the argument can be put that it should probably be shared by both the University (or its processes) and The Faculties themselves. That conclusion is important to the strategies to be adopted for managing out of the current situation.

## A BRIEF LOOK TO THE FUTURE

If it were just a matter of reducing the accumulated deficit in The Faculties to date it is possible that a strategy might be developed to reduce that debt with time while operating little differently from at present. However, as is evident from Figure 1, the projections beyond 1999 imply continuing (and increasing) recurrent deficits. Some near term recurrent debt is associated with paying out the costs of previous redundancies under the URRS scheme; over the past 3 years approximately \$4.1m of URRS costs have been funded directly by Faculties and have therefore contributed to the anticipated accumulated debt of \$9.116m. Nevertheless, several Faculties still have a recurrent debt for each of the next four years as evident in Appendix E. That trend, along with the accumulated debt coming forward from 1998 must be treated.

At the same time the tertiary environment is changing. The recently released Federal Government green paper on research and research training will, if accepted, lead to a substantial emphasis on external earnings, research student load and research student completions in funding formulas<sup>14</sup>. It is understood that the Government is to release also a paper on teaching policy, and is developing a new funding mechanism for universities (which may in fact be a refinement of the Relative Funding Model).

Taking a critical look at the ANU in contrast to some of its competitors is also relevant. While fee paying student load has grown significantly in other G08 universities over the past five years, the same has not been true for ANU, apart perhaps for an upturn (common throughout the sector) in 1999<sup>15</sup>. While we have established a Division of Student Recruitment and International Education, it is not clear whether the University has sufficiently developed targets and strategies to make itself competitive in the student marketplace and thereby assist in growth. Many of the submissions received in this Review have drawn attention to poor marketing and the need to rethink radically how we plan and implement growth strategies for both local and overseas students. We return to this matter later, but here it is important to underscore that this concern is not directed to the Division of Student Recruitment and International Education, but to the need for greater direction and support from the University and The Faculties to that Division.

The other, related contrast with G08 universities concerns dependence on the DETYA operating grant. The ANU derives about two thirds of its income from the DETYA grant whereas many of its competitors have reduced that dependence to below 50%, and some to as low as 40%. Clearly they have more flexibility in

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<sup>14</sup> *New Knowledge, New Opportunities. A Discussion Paper on Higher Education Research and Research Training. The Hon David Kemp, MP, Minister for Education, Training and Youth Affairs, Commonwealth of Australia, June, 1999.*

<sup>15</sup> *From first semester 1998 to first semester 1999 numbers of international students studying on Australian campuses rose by 9.5%. The increase at ANU was 0.1%.*

setting development targets, and have clearly been more successful than ANU in identifying and entering strategically important marketplaces<sup>16</sup>.

With properly developed and funded marketing and recruitment strategies, it should be possible to improve ANU's student fee income substantially. However, there is a centrally important consideration that needs to be addressed first, and that is the particular image that ANU wishes to project to the prospective student, not just from the ACT and the region, but particularly to potential students from other parts of Australia, including from the major metropolitan areas, and from overseas.

In this respect ANU is in direct competition from universities who have a metropolitan and often coastal lifestyle that is attractive to overseas students. If we maintain a degree program little different from what is available at our metropolitan G08 competitors then it is difficult to see how we will grow our overseas student markets, except in those areas where we have a particular competitive advantage. For the ANU to prosper, however, we do not need competitive advantage in *particular* areas, we need a competitive advantage *in general*.

What does that mean? It means a possible re-configuration of our undergraduate (and possibly postgraduate) experience so that, in almost all programs, we offer our students an opportunity not available to them at other universities.

What, *in general terms*, is it that makes ANU unique in the Australian context? Although we certainly have areas of special strength right across the University, it is the presence of the Institute of Advanced Studies (IAS) that sets the ANU apart from other Australian universities. It is therefore important to understand the benefit that the presence of the Institute can have on the undergraduate experience. From this perspective it will be useful to turn later to the considerations of the Report from the Boyer Commission<sup>17</sup> on undergraduate education in a research intensive university.

In the remaining sections of this Report we focus on how The Faculties might, as needed, be re-invented in order to provide an attractive market to encourage future growth, retain strengths, and permit effective marketing, while, in the shorter term, allowing the current deficit to be brought under control and ultimately removed. It is important to recognise, nevertheless, that even though growth opportunities need to be identified and pursued immediately, actual growth will in all likelihood take several years to realise both because of the natural delays in reaping returns from new strategies and because of the start from a negative budget base in some areas.

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<sup>16</sup> *The presence of the IAS as such a large component of the ANU, with its significant dependence on the block grant, will mean that ANU may always exhibit a much greater dependence on the DETYA operating grant than universities that are more traditionally funded.*

<sup>17</sup> *The Boyer Commission on Educating Undergraduates. Reinventing Undergraduate Education: A Blueprint for America's Research Universities. <http://www.sunysb.edu/pres/boyer.nsf>*

## **THE ROLE OF THE INSTITUTE OF ADVANCED STUDIES: TOWARDS A UNIFIED UNIVERSITY**

By far the most dominant theme expressed in the submissions to this Review was to do with bringing The Faculties into a much closer working relationship with the Institute of Advanced Studies and the other academic components of the University. In the minds of many, the time is now right to contemplate a union of the IAS and The Faculties to create a single, unified University, able to capitalise on the enormous strengths that such a union would bring. Those sentiments were expressed by Institute submissions as much as in those from others.

In general, opinions ranged from closer collaboration to complete integration. Although the latter would seem, on the surface, to have much to recommend it, the Terms of Reference of this Review did not raise the matter explicitly, and it is therefore not appropriate to explore that prospect further in detail in this Report.

However, it is not inappropriate to examine possible closer working relationships, for mutual benefit, and to make recommendations on how closer operation would be of advantage to the component parts and to the University as a whole.

The Institute itself is to face a challenging future consequent on the “green paper” reforms. Moreover, it is to be part of the focus of a wide ranging Review of the University to be carried out by the Vice-Chancellor with a view to improving the operational effectiveness of the University as a whole. The Vice-Chancellor’s Review has been stimulated by the situation facing the University in relation to improving staff salaries in the face of significant competition from other G08 universities.

While the current Review will not recommend a unification of the University as such, it seems that such an action ultimately should be in the best possible interests of the University, and the communities in which it operates. Accordingly, new structures contemplated shortly for The Faculties are conditioned, in part, by thoughts of moves towards closer collaboration in the short to medium term (present to next 5 years) so that, if further studies demonstrate the inevitability of union of the IAS and The Faculties, such a move is not inhibited by the structures proposed here.

## A DEFICIT REDUCTION STRATEGY

Any restructuring or re-positioning of The Faculties in the marketplace must occur against an agreed strategy for recovering the debt. In developing such a strategy several points are noteworthy:

- The deficit incurred by The Faculties is currently being carried by other elements of the University's budget.
- The current accumulated deficit has resulted from past Faculty management in an environment in which processes for financial accountability and responsibility have not been well articulated by the University.
- The accumulated deficit cannot be recovered immediately, but neither can recovery extend too far into the future if sustainable development is to be achieved.
- The recurrent operating deficit should be reduced as quickly as possible to allow the beneficial effects of growth strategies to be realised.
- Deficit reduction needs to be apportioned over The Faculties according to their individual debt levels (if any).

A consideration that must be borne in mind is that any subsequent restructuring of The Faculties must make this strategy workable. In particular, debt free Faculties should not be asked to bear a substantial deficit reduction burden resulting from the performances of other Faculties.

Shortly, several options are proposed for reducing and controlling the deficits in The Faculties. They have their basis in the generic strategy for controlling expenditures illustrated in Figure 5, in which three points are important. First, at the end of the strategy period (shown as 5 years in that illustration) it is important that expenditure not exceed revenue available. Given that a recurrent deficit is currently projected for some Faculties at that time, the end-period expenditure will have to be reduced by an amount equal to the anticipated deficit. Secondly, since several Faculties have an accumulated deficit to be removed, it will be necessary to reduce expenditure by even larger percentages during the strategy period to make that possible. However, that larger reduction cannot be made too quickly in the earlier years of the strategy period, otherwise the teaching program and postgraduate supervision will be severely impacted. It is against that profile that four debt reduction options are suggested.

A further benefit of phasing in the necessary reductions to planned expenditures, particularly for those Faculties with large deficit levels, is that time is allowed for other adjustments to occur in revenue and expenditure that may well offset ultimately the larger expenditure reductions in later years.

The significant upward swing from the penultimate to the last years in the strategy of Figure 5 may represent too great an adjustment in spending pattern in a single year. As a result, some Deans may prefer to adopt a more gradual

adjustment over several years following the maximum reduction in the planned levels of RTB expenditure.

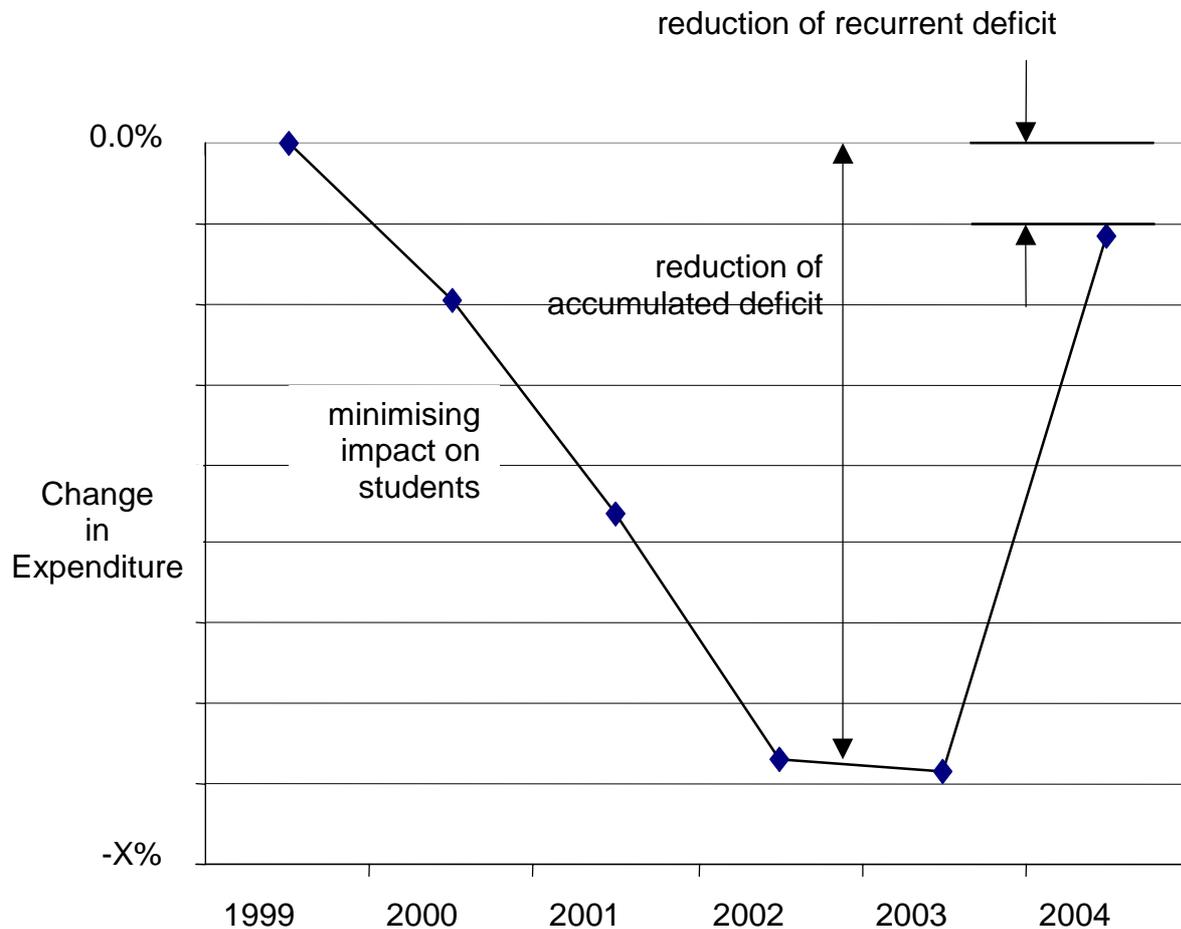


Figure 5. Generic deficit reduction strategy showing the required drop in expenditure, over the yearly base shown here as 0%, to effect full recovery of recurrent and accumulated deficits over 5 years.

#### Four Options

The following reduction strategies are presented for consideration:

Strategy 1. Impose a uniform reduction in planned expenditure over all years of the strategy period, except the last. While that violates the condition that impact on the teaching program is minimised, it nevertheless gives the smallest impact on staffing and other expenditures. It is not a strategy seriously proposed here but it is included as a benchmark against which the other three can be evaluated.

Strategy 2. Adopt the profile of Figure 5 over a five year period.

Strategy 3. Adopt the profile of Figure 5 over a five year period, but assist the Faculties by providing an aggregate reduction in the accumulated

deficit of \$5m, in recognition of the less than adequate financial controls allowed by previous University processes. The \$5m will be disbursed over the individual Faculties in proportion to their accumulated debts at the end of 1998.

Strategy 4. Adopt the profile of Figure 5 over a seven year period.

The four strategies above are developed in Appendix G for each individual Faculty and for two new structural models recommended later; the \$5m Council assistance referred to in Strategy 3 is shown as a 1999 entry for convenience. In practice that assistance could be held until the end of the strategy period and applied if the other deficit reduction goals had been achieved, or might be apportioned on an annual basis contingent on achieving agreed milestones.

Table 3 summarises the Faculty-specific results for comparison. The Faculties of Economic & Commerce and Engineering & Information Technology are not included since they are not carrying deficits. It is important to note, as summarised on the cover sheets in Appendix G, that assumptions have been made about the deployment of FRO resource staff to the Faculties. Funds were added to the revenue line on the basis of an equal split of existing funding for Law and Economics & Commerce, a two third/one third split for Science and Engineering & Information Technology respectively, and a two third/one third split for Arts and Asian Studies respectively.

The corresponding staff complement was calculated by estimating the minimum number of staff needed to meet the range of financial and administrative tasks that fall to individual Faculties. That adds to the debt for some Faculties (to a total of \$323k for The Faculties as a whole). As an offset, it is appreciated that some individual Faculties may well seek cooperative arrangements; that would affect the assumptions made here.

There are also assumptions in relation to revenues and expenditures for years beyond 2002. While figures to 2002 are consistent with current RTB submissions, those for 2003ff have been held at 2002 levels. That should be a very conservative (worst case) assumption, especially since salary levels may change as a result of retirements occurring in 2003ff. To make the seven year strategies more realistic, therefore, it is assumed expenditures will not exceed revenues for 2005, 2006.

Finally, the comment made earlier about adaptation of behaviours modifying expenditure and revenue patterns is important since, almost certainly, the profiles of Appendix G (as reductions on *currently* planned RTB expenditures) will be improved through alteration of present spending intentions and attention to other forms of revenue.

Table 3. Deficit Reduction Plan for some Faculties as 6 Separate Faculties.

	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	1999	2000	2001	2002	2003	2004	2005	2006
<b>Faculty of Arts</b>								
Expected Revenue	11,295	10,798	10,548	10,518	10,518	10,518	10,518	10,518
Planned Expenditure	11,866	11,058	11,077	10,859	10,859	10,859	10,518	10,518
Accumulated Deficit	-4,533	-4,793	-5,322	-5,663	-6,004	-6,345	-6,345	-6,345
Expenditure reduction strategy 1	0%	-13.6%	-13.6%	-13.8%	-13.8%	-3.1%		
<i>Resulting accumulated deficit</i>	-4,533	-3,292	-2,320	-1,160	0	0		
Expenditure reduction strategy 2	0%	-4.5%	-10.9%	-19.3%	-20.3%	-3.1%		
<i>Resulting accumulated deficit</i>	-4,533	-4,293	-3,619	-1,859	0	0		
Expenditure reduction strategy 3	0%	-2.7%	-7.2%	-12.0%	-12.3%	-3.1%		
<i>Resulting accumulated deficit</i>	-2,268	-2,228	-1,957	-998	0	0		
Expenditure reduction strategy 4	0%	-1.8%	-4.5%	-8.3%	-12.0%	-15.7%	-16.6%	-0.0%
<i>Resulting accumulated deficit</i>	-4,533	-4,593	-4,622	-4,063	-3,104	-1,745	0	0
<b>Faculty of Science</b>								
Expected Revenue	16,917	16,439	16,389	16,253	16,253	16,253	16,253	16,253
Planned Expenditure	17,261	17,035	16,978	16,948	16,948	16,948	16,253	16,253
Accumulated Deficit	-3,439	-4,035	-4,624	-5,319	-6,014	-6,709	-6,709	-6,709
Expenditure reduction strategy 1	0%	-8.8%	-8.9%	-8.9%	-8.9%	-4.1%		
<i>Resulting accumulated deficit</i>	-3,439	-2,531	-1,616	-808	0	0		
Expenditure reduction strategy 2	0%	-2.3%	-5.9%	-13.6%	-13.7%	-4.1%		
<i>Resulting accumulated deficit</i>	-3,439	-3,635	-3,224	-1,619	0	0		
Expenditure reduction strategy 3	0%	-1.8%	-4.7%	-8.6%	-9.4%	-4.1%		
<i>Resulting accumulated deficit</i>	-1,572	-1,868	-1,657	-902	0	0		
Expenditure reduction strategy 4	0%	-1.2%	-3.2%	-5.9%	-8.9%	-10.0%	-10.8%	-0.0%
<i>Resulting accumulated deficit</i>	-3,439	-3,835	-3,874	-3,569	-2,754	-1,754	0	0
<b>Faculty of Asian Studies</b>								
Expected Revenue	3,606	3,510	3,393	3,383	3,383	3,383	3,383	3,383
Planned Expenditure	3,716	3,536	3,506	3,452	3,452	3,452	3,383	3,383
Accumulated Deficit	-382	-408	-521	-590	-659	-728	-728	-728
Expenditure reduction strategy 1	0%	-4.7%	-4.7%	-4.8%	-4.8%	-2.0%		
<i>Resulting accumulated deficit</i>	-382	-243	-191	-95	0	0		
Expenditure reduction strategy 2	0%	-1.1%	-3.7%	-7.0%	-7.2%	-2.0%		
<i>Resulting accumulated deficit</i>	-382	-368	-351	-180	0	0		
Expenditure reduction strategy 3	0%	-0.8%	-3.1%	-5.2%	-5.5%	-2.0%		
<i>Resulting accumulated deficit</i>	-233	-229	-232	-121	0	0		
Expenditure reduction strategy 4	0%	-0.8%	-1.9%	-2.9%	-4.4%	-5.2%	-5.9%	-0.0%
<i>Resulting accumulated deficit</i>	-382	-378	-426	-395	-312	-200	0	0

**Faculty of Law**

Expected Revenue	4,473	4,616	4,784	4,804	4,804	4,804	4,804	4,804
Planned Expenditure	4,712	4,654	4,822	4,783	4,783	4,783	4,783	4,783
Accumulated Deficit	-435	-473	-511	-490	-469	-448	-427	-406
Expenditure reduction strategy 1	0%	-2.4%	-2.3%	-2.3%	-2.3%	0%		
<i>Resulting accumulated deficit</i>	-435	-361	-287	-154	-21	0		
Expenditure reduction strategy 2	0%	-0.6%	-1.5%	-3.4%	-3.9%	0%		
<i>Resulting accumulated deficit</i>	-435	-443	-411	-227	-21	0		
Expenditure reduction strategy 3	0%	-0.4%	-1.0%	-2.8%	-2.9%	0%		
<i>Resulting accumulated deficit</i>	-331	-349	-337	-183	-21	0		
Expenditure reduction strategy 4	0%	-0.4%	-1.0%	-1.4%	-1.7%	-2.0%	-2.0%	0%
<i>Resulting accumulated deficit</i>	-435	-433	-441	-355	-254	-138	-21	0

**School of Mathematical Sciences\***

Expected revenue	1,279	1,314	1,341	1,290	1,290	1,290	1,290	1,290
Planned expenditure	1,528	1,621	1,610	1,565	1,565	1,565	1,290	1,290
Accumulated Deficit	-613	-920	-1,189	-1,464	-1,739	-2,014	-2,014	-2,014
Expenditure reduction strategy 1	0%	-26.8%	-27.0%	-27.8%	-27.7%	-17.6%		
<i>Resulting accumulated deficit</i>	-613	-485	-319	-159	0	0		
Expenditure reduction strategy 2	0%	-10.8%	-23.6%	-37.3%	-38.3%	-17.6%		
<i>Resulting accumulated deficit</i>	-613	-745	-634	-308	0	0		
Expenditure reduction strategy 3	0%	-10.8%	-23.6%	-36.6%	-37.3%	-17.6%		
<i>Resulting accumulated deficit</i>	-585	-717	-606	-308	0	0		
Expenditure reduction strategy 4	0%	-9.3%	-17.4%	-24.3%	-25.2%	-27.1%	-29.8%	-0.0%
<i>Resulting accumulated deficit</i>	-613	-770	-759	-654	-534	-385	0	0

\* This covers the components of SMS funded directly from the FRAM and from the Faculty of Science.

Unfortunately, the spending reductions required under these strategies are quite severe. Some amelioration may be afforded through fees growth, leading to earlier debt removal. To see what is likely, simple growth at the rate of 5% per annum has been explored in each of the strategies in Appendix G. The resulting net annual results indicate that The Faculties could be well in surplus before the end of a five year planning period provided an aggressive and successful marketing campaign can be developed and implemented.

The other possibility is to improve research income; given the generally tied nature of research funds it is unlikely that increases in funds from external sources will assist in deficit reduction of the scale needed within the requisite time frame. Nevertheless, given the highly successful research and postgraduate supervision enterprise in The Faculties, effort should be made to expand postgraduate teaching and supervision. That will position The Faculties for improved income streams from research supervision should the "green paper" reforms be implemented, and will enhance GTF and ISF income.

*Recommendation 5. Plans should be developed, as part of a longer term strategy, to expand postgraduate teaching and supervision in The Faculties.*

At this stage it is necessary to adopt one of the four strategies. Clearly strategy 1 will have the smallest likely impact on staffing, but the largest impact on the ability of students currently in the academic program, or to join in 2000, to complete their degrees. Strategy 2, particularly for Arts and Science, is likely to be severe on staffing expenditures, while the seven year plan of strategy 4 is probably too long to be acceptable, given the shorter timeframe over which the current accumulated deficit arose.

As a result, strategy 3 is preferred since it provides assistance from the University in bringing the deficit under control (assisted through a new process for Dean selection and new accountabilities on the Deans) while moderating the influence on staffing expenditures and minimising the effect on students.

*Recommendation 6. The principle of strategy 3 in Table 3 for reducing the Faculties' deficits should be adopted, notwithstanding what structure for The Faculties is chosen for the future.*

To translate Recommendation 6 into plans for individual academic organisational units, it is important first to look at the new structures being contemplated for The Faculties. That in turn depends in part on the market image adopted for The Faculties, since that image, along with marketing and recruitment initiatives, will make possible growth in fee income. Furthermore, the final structure adopted will determine the level of support available to the new Deans as a result of re-allocation of FRO functions and funding.

The long phase in period shown in Figure 5 may not be necessary for Faculties with small deficits. In those cases it may provide for more effective long term planning if the deficits were removed earlier.

## A NEW MARKET IDENTITY FOR THE FACULTIES

The creation of an image for The Faculties that will enhance its ability to achieve growth in fee income, given the comments earlier concerning the geographic position of Canberra, will depend critically on two factors:

- The willingness of the Institute of Advanced Studies to be an effective partner in creating a rather distinctive style of undergraduate education for Australia which capitalises on the strength of both the IAS and The Faculties.
- The implementation of a well-resourced and aggressive marketing and recruitment program.

It will, of course, also depend on the willingness of The Faculties to re-position both itself and its teaching programs to seize new opportunities and to reduce transaction costs associated with the degree programs. The latter are significant in relation to the interaction of The Faculties' academic decision making and the support provided by the Division of Student Administration and Support Services. It is also crucially important to remove any artificial constraints to student choice set by rules, either of The Faculties or of specific Faculties, that have no sensible pedagogical grounding but rather have been driven by funding considerations.

During the Workshop held over 18-20 August the following were identified as the matters to be considered in establishing a new market identity for The Faculties:

- What is the role of a "national" university and what does that mean in our context?
- What is our preferred size, in terms of structure and student load?
- Our continued focus on "excellence" is misplaced; the focus rather should be on "quality". Being known for offering quality programs will ensure excellence. Therefore effective quality assurance processes will be essential to our future.
- Is our target market to be local or international, and should that decision be different for different categories of student? To what extent should a Boyer model be adopted, particularly if we wish to be attractive in a North American market?
- We must retain and market our special or unique strengths, such as Asian Studies, Actuarial Studies, Archaeology and Anthropology, Public and International Law, Forestry and our effective combined degree programs.
- What collaborations with other universities are desirable within the context of defining our market identity?
- It is important to look at the package of support structures that we can provide to students involving, for example, the halls of residence, the Careers and

Employment Service, the Dean of Students, the English for Academic Purposes program etc.

Certainly, not all of these can be given due consideration in this Review because several require detailed analysis in their own right. However, in general terms, a market identity can be proposed.

Before doing so it is worthwhile now identifying the drivers of the Boyer model for undergraduate education in a research intensive university since they suggest a new paradigm for undergraduate study at ANU. Subsequent to this Review, and if the following recommendation is accepted, the essence of the Boyer concept would need elaboration and development for our use. The flavour of the Boyer concept is captured in perhaps three quotations<sup>18</sup>:

“Why, then, should baccalaureate students give their loyalty and their money to research universities? Because the potential remains for acquiring a virtually matchless education. The research universities possess unparalleled wealth in intellectual power and resources; their challenge is to make their baccalaureate students sharers of the wealth. To realise their potential means a complete transformation in the nature of the education offered.”

“Unfortunately, research universities are often archipelagoes of intellectual pursuit rather than connected and integrated communities. Fragmentation has increased drastically during the last fifty years. At many universities, research faculty and undergraduate students do not expect to interact with each other, and both groups distinguish between teachers and researchers as though the two experiences were not inextricably linked. Even those students who encounter an introduction to research technique in one narrow field too often remain ignorant of how diverse fields overlap and intermingle.

The institutional goal of research universities should be a balanced system in which each scholar - faculty member or student - learns in a campus environment that nurtures exploration and creativity on the part of every member.”

“Undergraduates who enter research universities should understand the unique quality of the institutions and the concomitant opportunities to enter a world of discovery in which they are active participants, not passive receivers.”

Against that background it is clear the ANU has much to be gained, for itself and its students, by styling at least a part of its undergraduate program along these lines. Such programs may offer students the opportunity, for example, to participate in seminar programs in the IAS, and even to become involved in research.

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<sup>18</sup> *The Boyer Commission on Educating Undergraduates. loc cit.*

*Recommendation 7. The future educational programs of the ANU should be characterised by:*

- *An undergraduate program, in part based on the Boyer model, where students in most courses have the opportunity to experience, in addition to The Faculties, the rich environment of the Institute of Advanced Studies during their studies. This revision of the undergraduate program will be used to set the ANU apart from its competitors and thus will allow it to project itself both as unique and national.*
- *The commitment to an intensive quality assurance program involving: a comprehensively applied subject and lecturer assessment and feedback process; a regular course review program; and a regular survey of student and staff opinion on the efficacy of administrative and executive function and support.*
- *A program of collaboration with other universities that will broaden student choice and that will allow a concentration of effort and resources at ANU to maintain high quality in identified core areas.*
- *Inclusion of our areas of recognised special expertise, for example: Asian Studies, Actuarial Studies, Archaeology and Anthropology, International and Public Law, Forestry and effective combined degree programs.*

## **Recruitment and Marketing**

Recruitment and marketing were seen in a very large number of the submissions received to be particular weaknesses of the ANU. Establishment of the Division of Student Recruitment and International Education (SRIE) at the beginning of 1998 was a positive move to improve that extremely important activity, but the manner in which SRIE is funded is calculated to inhibit effective build up of activity. SRIE receives a small block grant and then a per capita payment for each international EFTSU entering the ANU. Such a funding mechanism might be appropriate in steady state, but when the ANU has been critically dependent on growing its international student market, funding of SRIE should receive a much higher priority and be at a level to allow innovative marketing solutions to be established.

It is also disturbing to recognise that SRIE was established carrying a deficit and is expected to reduce that deficit through its current operation.

ANU seems to expect its principal marketing arm to grow its international student base with a level of promotional funding that is at least a factor below that of its principal competitors. One major competitor spends 5 times that of the ANU on marketing and student recruitment. Our currently poor performance in

international student recruitment reflects that fact. It is also relevant to note that some of our competitors have raised marketing responsibility to the level of Pro-Vice-Chancellor.

The impending importance of proper international marketing to the Institute of Advanced Studies following the expected “green paper” reforms should also be recognised. Thus, improved SRIE funding should not fall as a burden just on the teaching components of the University.

*Recommendation 8. The promotional budget for SRIE should be increased to \$600k per annum for the next three years, after which consideration be given to returning the funding basis to its current form. A new marketing plan should be developed by SRIE.*

Finally, The Faculties seem to make decisions on new programs and subjects in the absence of guidance from SRIE. The recent inclusion of the Director of SRIE as a visitor to the Board of The Faculties is helpful in this regard, but there still needs to be a tighter linkage between academic decision making and marketing information. That can only be achieved if a process is established to allow SRIE, and the Careers and Employment Centre, to feed information into the Board of The Faculties, and to require all proposals for changes to programs to be referred to SRIE for advice (see Recommendation 13).

*Recommendation 9. The Director of SRIE should be made a full participating member of the Board of The Faculties, or equivalent.*

With time, BIAS may wish to consider similar provisions.

## REINVENTING THE FACULTIES: CONSTRAINING THE COSTS

What Faculty arrangements will support the deficit reduction strategy outlined above, while allowing the achievement of a new market identity? To assist in answering this question it is of value to look at the principal cost drivers in The Faculties. They are:

- Size, in general.
- The number of Deans and associated offices.
- The number of Heads of Departments and associated offices.
- Duplication of subjects and courses in competing Faculties.
- The number of classes being operated.

In addition, the complexities of degree rules, poor interaction with student administration, and recruitment and marketing operations, all contribute to higher than necessary operating costs. Each of these deserves consideration. We will return to interaction with administrative processes later; here consider just matters of structure.

It was strongly suggested in some submissions received that students do not necessarily identify with the organisational structure of a university, but rather with the degree program in which they are enrolled<sup>19</sup>. Thus, in seeking a new structure, one should be guided in the first instance by administrative considerations, provided no impediments are created for students' progression through their programs. Indeed, Faculty ownership of degree programs has been criticised in several of the submissions received, particularly when the funding models used place significant emphasis of the EFTSUs taught. There is much therefore to recommend that the degree program be disengaged from the University's organisational structure to develop benefits to our students (such as a freer choice of electives over discipline areas).

To focus on a preferred future model for The Faculties we now examine three candidates: maintaining the current 6 Faculty structure; creating a new arrangement in which The Faculties is replaced by a single layer of Schools with one academic/administrative leader overall; replacing The Faculties with a 3 Institute structure, in which each Institute is composed of the Schools developed for the second option.

Each of the three options is now discussed in detail and their attributes are compared.

Before doing so it is important to recall the central element of this Review, as summarised in Recommendations 1, 2 and 4. Specifically, the Deans must be given full financial authority (and thus accountability) and must be properly

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<sup>19</sup> That view is opposed by students and staff of the Faculties of Asian Studies and Law.

supported to make that possible. That cannot happen unless the Deans have their own resources staff, responsible to them alone, and for whom the Deans also take responsibility. A centrally provided Faculties' Resources Office (as at present) - whose staff are not responsible to the Deans as budget managers, but rather, through a Faculties' Resources Coordinator, are responsible to the administration of the University - makes that impossible.

The funds available for providing the necessary resources staff for the Deans can only come from dis-establishing the existing Faculties' Resources Office or by adding to the recurrent debt.

The Statutes of the University give certain advisory roles to the Boards in relation to structure<sup>20</sup>. Council may wish to be mindful of that provision if any change to structure is indicated in its decisions.

### **Maintaining the Current Six Faculties**

In the draft of this Report, circulated for discussion within the University community, the 3 Institute structure (see following) alone was proposed. Among the responses received there was significant pressure for maintaining the current structure of 6 Faculties, and solving the financial problems within that context.

Much of that argument focussed on why Faculties other than those with deficits should be caught up in the Review; on the loss of autonomy for some Faculties within the suggested groupings; and the loss of prestige, status and market identity by being "subsumed" within an organisation in which there is a higher management level (the Deans of the 3 new Institutes).

In the case of Asian Studies a loss of national role was also perceived and, for Law, the grouping with Economics and Commerce was seen to send the wrong signal about the nature of Law at ANU; it was seen as indicating a move towards commercial law and away from strengths in international, public and environmental law.

Retaining the existing structure is perhaps the simplest of the three options to pursue since it minimises change. It meets the objections of the Faculties of Asian Studies and Law, who argued strongly in their responses to the draft Report that they would be badly disadvantaged in terms of student and staff attraction and community acceptance if they were caught up in the arrangement of the 3 Institute model to follow<sup>21</sup>. Moreover, deficit reduction can be implemented within the current structure.

The major drawback with retaining the 6 Faculty structure is that there will be insufficient funds available from dis-establishing the FRO to provide the resource staff needed by each Dean. Assessment of that requirement, based on

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<sup>20</sup> Specifically, "7.(1) The Board may make recommendations to Council with respect [inter alia] to (b) the establishment, abolition, combination and subdivision of faculties, and of departments and other bodies, within The Faculties;"

<sup>21</sup> Their concerns were vigorously backed up by letters from the community and a very large number of (sometimes very similar) emails from students and prospective students.

estimates of the required staffing levels, shows a need for \$323k over and above the sum that becomes available from FRO dis-establishment and consequent staff re-deployment. Even if those funds could be identified, there would need to be an adjustment to the mechanism used to apportion funds over the Faculties since the smaller Faculties would not ordinarily attract the funds at the level required to employ separate resources staff.

If this model is to be retained then attention must still be given to restrictive degree rules that limit students' choice.

### **A Single Layer Model**

At the Workshop held over 18-20 August it was suggested that perhaps the most appropriate new structure for The Faculties should be one that consists of a single layer of a larger number of discipline-focussed organisational units, such as Schools. The rationale behind the suggestion was twofold: that academic leadership should happen at the School level, and that the two Faculties currently with the largest deficits are those composed of a large number of sometimes very small organisational units (departments). An added attraction of this approach is that new organisational units could be chosen in such a manner that cooperation with the Institute of Advanced Studies is facilitated.

What would be regarded as an appropriate set of Schools with which to replace The Faculties? In approaching this several principles should be adopted: desirably their sizes should not be too different; areas of special strength should be identified; and existing Faculties' deficits should be readily transferred to associated Schools in the new structure. With these in mind the following are suggested as the components of a candidate flat structure:

- Asian Studies
- Archaeology and Anthropology
- Language and Linguistics
- Humanities
- Social Sciences
- Engineering and Information Technology
- Physical Sciences
- Life Sciences (may need sub-division)
- Environmental Sciences
- Law
- Economics
- Commerce

Table 4 shows the possible composition of the Schools, adjusted according to the responses received to the draft Report. Clearly, if the principle of this option is ultimately accepted, both the Schools and their constituents would need further consideration and, in all likelihood, modification.

It would not be practicable to have all School heads reporting directly to the Deputy Vice-Chancellor, particularly since a considerable number of resources staff will need to be supervised and a major budget will need to be managed. Therefore it will be necessary to appoint a single chief executive for The Faculties – possibly a full time Director of The Faculties. Almost certainly with such a large structure at least one Deputy Director would also be needed. Funding that level of infrastructure, though, should not be a problem since in all probability fewer resource staff would be needed. One concern with this arrangement is that it may be viewed as little different from a pre-Karmel<sup>22</sup> model in which the then Chair of the Board of The Faculties had resource responsibility.

In order not to create an additional level of financial management, departments should not be retained as budget nodes. Since some of the proposed new schools are very large, there may be a case for allowing some departmental sub-structure or, in the case of Life Sciences, creating two schools. However, the sizes in Table 4 are based on current staffing complements. When the deficit reduction strategies embodied in Table 3 and Appendix G are implemented some schools may be smaller.

Some special cases may also be important. The Department of Psychology has indicated that on-going professional accreditation of its programs is dependent on financial autonomy.

The department concept may also be needed in special cases where discipline-specific knowledge is quite particular; a case in point is Chemistry in which OHS issues demand specialised knowledge of chemicals and actions to be taken in the event of chemical spills and the like.

Within the current Faculty of Arts there are three centres: the Centre for Women's Studies, the Australian National Dictionary Centre and the Centre for Arab and Islamic Studies (The Middle East and Central Asia). The first two should be taken within the new School of Humanities, while the Centre for Arab and Islamic Studies (The Middle East and Central Asia) should remain a separate Centre within the single Institute so that it bridge effectively with the new School of Asian Studies.

The Centre for the Public Awareness of Science is currently in the existing Faculty of Science; under the new structure it should be a Centre within the Institute at large.

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<sup>22</sup> <http://www.anu.edu.au/admin/vc/documents/karmel/htmlver/index.html>

*Table 4. Suggested composition of the Schools in the Single Layer Model, and the Institutes and Schools in the 3 Institute Model\*.*

<b><i>Institute of Humanities and Social Science</i></b>			<b>1999</b>	
<b>School</b>	<b>Current Departments</b>	<b>FTE</b>	<b>EFTSU</b>	
			<b>cw</b>	<b>HDR</b>
Asian Studies	Existing 6 centres	36.3A 11.7G	414.3	38.4
Archaeology and Anthropology	Archaeology and Anthropology	21.4A 5.3G	227.8	49.0
Language and Linguistics	ANDC CAMEL Linguistics	1.0A 1.4G 12.9A 2.6G 10.1A 3.6G 24.0A 7.6G	162.6 85.2 247.8	16.4 22.0 38.4
Humanities	Art History & Visual Studies English and Theatre Studies History Philosophy Women's Studies	5.5A 2.0G 12.1A 1.8G 12.5A 4.2G 7.5A 1.9G 3.4A 1.1G 41.0A 11.0G	96.3 197.3 187.3 137.0 40.7 658.6	7.8 23.3 15.5 10.9 12.0 69.5
Social Sciences	Sociology Political Science	10.8A 2.4G 11.7A 1.6G 22.5A 4.0G	180.7 220.8 401.5	15.5 15.3 30.8

<b><i>Institute of Science and Engineering</i></b>			<b>1999</b>	
<b>School</b>	<b>Current Departments</b>	<b>FTE</b>	<b>EFTSU</b>	
			<b>cw</b>	<b>HDR</b>
Engineering and Information Technology	Engineering Computer Science	17.9A 22.6G 17.2A 5.2G 35.1A 27.8G	207.7 319.4 527.1	33.0 8.5 41.5
Physical Sciences	Chemistry Physics and Theoretical Phys Geology Mathematics	11.4A 9.0G 15.6A 13.4G 9.2A 14.7G 13.5A 1.1G 49.7A 38.2G	98.4 85.0 69.1 157.1 409.6	10.0 12.5 13.5 5.7 41.7
Life Sciences	Biochemistry & Mol Biology Botany and Zoology Psychology	31.6A 21.0G 22.5A 20.9G 24.5A 11.4G 78.6A 39.1G	135.3 160.9 234.4 530.6	26.0 24.3 20.3 70.6
Environmental Sciences	Forestry Geography	15.5A 13.9G 11.2A 7.7G 26.7A 21.6G	140.1 118.6 258.7	22.5 11.5 34.0

<i>Institute of Business and Law</i>		1999		
School	Current Departments	FTE	EFTSU	
			cw	HDR
Law	Law	32.8A 17.6G	940.4	12.8
Economics	Economics	18.4A 2.8G	329.7	14.7
	Statistics & Econometrics	12.3A 2.9G	280.0	6.0
	Economic History	5.5A 0.6G	78.9	1.5
		36.2A 6.3G	688.6	22.2
Commerce	Commerce	22.5A 4.0G	511.1	6.1

\*The staffing FTEs shown include casuals (part time) and research only staff but not Faculty office staff. All figures are taken at 31 March 1999, with the exception that casual (part time) staff are based on previous years figures as a proxy since 1999 actual figures are not yet available. This table is included in to give an indication of size for the new schools.

Note cw=coursework student load (ug + pg), HDR=higher degree by research student load

### A Three Institute Structure

A variation on the flat structure is now proposed, with an expanded middle management layer. To assist in developing this concept consider the following.

Figure 6 shows a plot of the sizes of ANU's current Faculties compared with the averages of the G08 universities, measured in EFTSU. The source of data from which the diagram was derived had already aggregated student load for the Faculties of Arts and Asian Studies. As observed, with the exception of Law, all ANU Faculties are considerably smaller than the G08 average. In the case of Law it seems all G08 Faculties are small. An implication of this diagram is that larger Faculties at ANU can be viable and indeed, because of the advantages of scale in resource management, should be more effective.

The current Faculties, excluding SMS, involve 6 Deans offices and 24 Heads of Departments offices, not counting the Heads of Centres in the Faculty of Asian Studies. We now propose a structure that substantially reduces the number of administrative offices and thus budget nodes (as with the above flat structure), but not layers, and leads to larger units. It still conforms to the flatter structure suggestion from the Workshop, but has the interposed layer of management. Given the provisions of Recommendations 1 and 2 it also makes possible the allocation of funds from the dis-establishment of the Faculties' Resources Office (Recommendation 4) to the three new Deans in support of establishing their own resource offices.

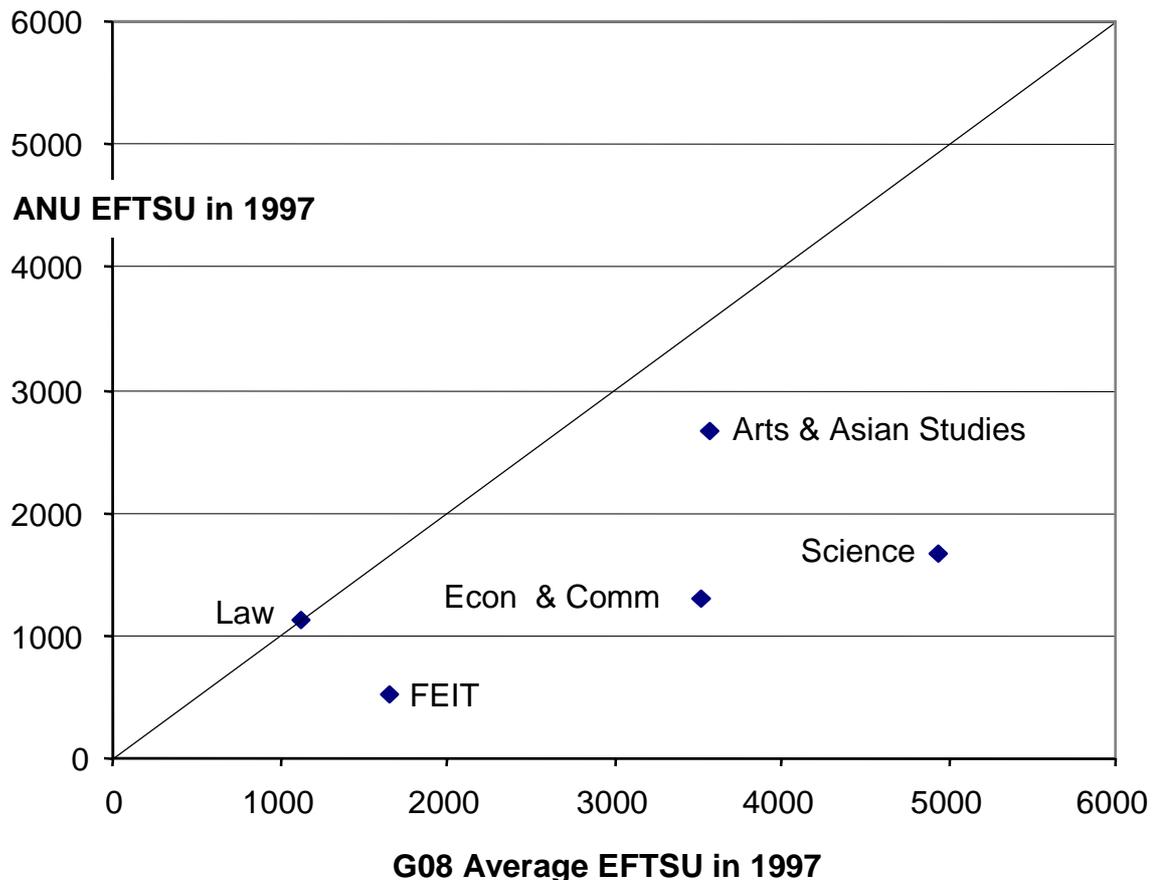


Figure 6. ANU Faculty sizes measured in student load (EFTSU) in comparison with G08 averages.

The recommended layered structure is shown in simple form in Figure 7. It is built around the previous 12 Schools aggregated into 3 Institutes. The actual names themselves are not overly significant but, with the rest of the University structured around Institutes and Schools (in both IAS and ITA), our nomenclature would thus be rationalised. Centres also exist right across the University.

Some associations in the new Institutes seem appropriate because of similarity of interests, particularly in teaching (Asian Studies and Arts, FEIT and Science), while others (Law and Economics & Commerce) apparently do not sit well together. Nevertheless, their grouping into Institutes will facilitate a level of financial support to the new Deans not possible with a larger set of entities.

No changes are proposed to the structure of SMS at this time. The Department of Mathematics' component will reside within the School of Physical Sciences<sup>23</sup>

<sup>23</sup> SMS have argued that they would be mis-placed in Physical Sciences, and that Engineering and Information Technology is a more appropriate home. That is accepted in principle, but to create that association while SMS has a significant deficit (in part the result of funding decisions in the Faculty of Science), while FEIT is debt free, would complicate debt tracking and reduction.

and, as with now, SMS will maintain its role as a bridge to the Institute of Advanced Studies.

It is important not to regard the groupings of Schools under the new Institutes as any sense of amalgamation. If amalgamations were seen to be desirable then the new Schools that mirror the old Faculties may have been dissected and joined in different combinations (as in the languages components of the current Faculties of Arts and Asian Studies). Rather, in the structure proposed in Figure 6 several important aspects are achieved:

- Academic leadership occurs principally at the Heads of Schools level, even though Heads of Schools also have financial responsibility.
- Resource responsibility rests principally at the Institute level; Deans will also provide strategic direction and long term planning.
- Areas of special strength are identified and preserved.
- Cognate Schools are grouped into the same Institute, thus facilitating enhanced levels of cooperation, especially in teaching. It is recognised that this benefit does not apply to all groupings. In particular, the Institute of Business and Law incorporates entities that are apparently so manifestly different (according to responses to the draft Report) that little cooperation in teaching seems possible.
- Current deficits are readily tracked into the new structure.
- Departments as budget nodes disappear but could be retained for operational convenience.
- Individual Schools are not markedly different in size (on current staffing levels).
- The number of resource managers is reduced substantially.

Against these benefits, a number of disadvantages have been raised by respondents to the draft Report. These include:

- An apparent loss of market identity and reputation for the current Faculty of Asian Studies.
- Similarly, an apparent loss of prestige, drawing power and identity for the current Faculty of Law, and an inappropriate alignment with Commerce and Economics when the main strengths of ANU's Law Faculty reside in international, environmental and public law.

- Concern that the new Deans will be unable effectively to represent all elements in the new Institutes, and may favour some components over others.

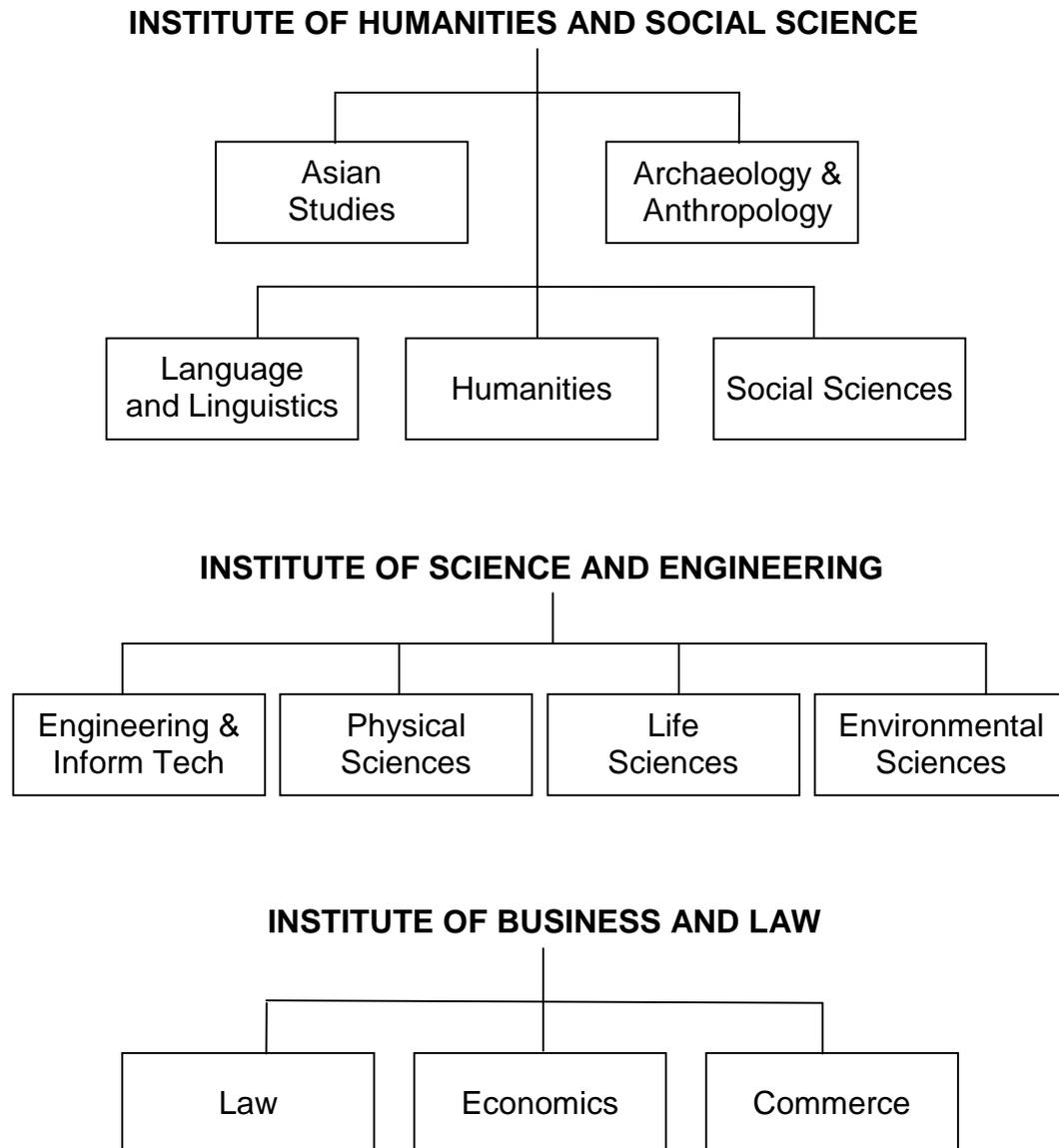


Figure 7. Proposed 3 institute model for The Faculties.

The Centre for Women's Studies and the Australian National Dictionary Centre should be taken into the new School of Humanities, while the Centre for Arab and Islamic Studies (The Middle East and Central Asia) should remain a separate Centre within the Institute of the Humanities to bridge with the new School of Asian Studies.

The Centre for the Public Awareness of Science in this model should be a Centre within the Institute of Science and Engineering.

In the structure proposed in Figure 6 the University would be composed of 5 institutes<sup>24</sup>:

- The Institute of Advanced Studies
- The Institute of the Arts
- The Institute of Business and Law
- The Institute of Humanities and Social Science
- The Institute of Science and Engineering

each of which is composed of Schools as the fundamental unit. The title and concept of “The Faculties” would disappear in this model. A new name for the Board of The Faculties will need to be found although for the remainder of this Report the Board of The Faculties is still used for convenience.

There is no reason to abandon the title Dean for the academic and administrative leaders of the new Institutes. We would have therefore 3 Deans and 12+ Heads of Schools in the new structure.

A variation of the three Institute proposal has been advocated by the Law Students’ Society, consisting of 4 Institutes (Faculties) in which Law and Economics & Commerce are separate entities. The Faculty of Engineering and Information Technology, however, has made it clear that it would only support the 3 Institute model if it is as indicated in Figure 6. If any of the constituent Faculties was to be allowed to operate separately then FEIT would also wish to do so. Thus the 4 Institute structure has not been evaluated.

Notwithstanding whether Law ultimately stands alone or is placed administratively with other academic entities, there does seem to be a well-argued case that the leader of the Law School or Law Faculty should be known as a “Dean”, to preserve understanding and status, particularly in the North American arena.

Table 5 compares the single layer, 3 Institute and 6 Faculty models in terms of bringing the budget into balance and other matters. Taking all factors into account, and particularly the need to resource Dean’s offices properly, the preferred model is that based on 3 new Institutes, followed by retention of the existing 6 Faculties (plus SMS).

*Recommendation 10. The Faculties should be restructured into 3 Institutes and 12 Schools as illustrated nominally in Figure 7 and Table 4.*

<sup>24</sup> There was some concern expressed by members of the Institute of Advanced Studies that the retitling of The Faculties as a set of Institutes is not warranted and may detract from the image of the IAS itself.

Table 5. Comparison of the 3 structural models

	<b>Existing 6 Faculties</b>	<b>Single Layer Model</b>	<b>3 Institute Model</b>
Savings	<p>Some savings will be realised if departmental structures are rationalised. Otherwise Faculty administrative costs will be very much as at present.</p> <p>There will be a saving of about \$115k per annum from dis-establishment of the Faculties' Resources Coordinator position.</p>	<p>It is anticipated that no more than 17 of the current 25 departments, as schools, will be required to support this model giving recurrent savings of about \$400k.</p> <p>There will be a saving of about \$115k per annum from dis-establishment of the Faculties' Resources Coordinator position.</p> <p>Some (future) savings will result from dis-establishing 6 Deans positions.</p>	<p>It is anticipated that no more than 17 of the current 25 departments, as schools, will be required to support this model giving recurrent savings of about \$400k.</p> <p>There will be a saving of about \$115k per annum from dis-establishment of the Faculties' Resources Coordinator position.</p> <p>Some future savings will result from dis-establishing 6 Deans positions.</p>
Direct costs	<p>There will be insufficient funds from the dis-establishment of the FRO to provide adequate resource support to 6 appointed Deans. The shortfall is estimated at \$323k.</p>	<p>Costs will be incurred to support the Director of the Faculties, and possibly a Deputy Director.</p> <p>Full resource support to the new Director can be accommodated with the funds made available from the dis-establishment of the FRO.</p>	<p>Cost will be incurred to appoint 3 Deans. Present Deans may wish to be considered, thereby minimising this component.</p> <p>Full resource support to the new Deans can be accommodated with the funds made available from the dis-establishment of the FRO.</p>
Transaction costs	None	Costs associated with setting up new letterhead, signage and web pages.	Costs associated with setting up new letterhead, signage and web pages.
Restructuring costs	Will be incurred when the deficit reduction strategies take effect. There will be none associated with changes to the Dean's positions.	Will be incurred when the deficit reduction strategies take effect. There will be some cost associated with changes to current Deans' positions.	Will be incurred when the deficit reduction strategies take effect. There will be some cost associated with changes to current Deans' positions.

Impact on academic autonomy	Autonomy of existing Faculties not affected.	Autonomy will be at the School level, under the Institute umbrella. Nevertheless, the Faculties of Law, Asian Studies and Economics & Commerce remain concerned that their autonomy will be constrained.	Autonomy will be at the School level, under the Institute umbrella. Nevertheless, the Faculties of Law, Asian Studies and Economics & Commerce remain concerned that their autonomy will be constrained.
Impact on market identity	Market identity not affected, but opportunity would be lost to project a new market image.	Asian Studies is concerned that the change will be seen as a retreat from ANU's acknowledged excellence, and that this will have a negative impact on external perception and student recruitment. Law is concerned that this option will be perceived as a downgrade in commitment to Law teaching and scholarship and will adversely affect enrolments.	Asian Studies is concerned that the change will be seen as a retreat from ANU's acknowledged excellence, and that this will have a negative impact on external perception and student recruitment. Law is concerned that this option will be perceived as a downgrade in commitment to Law teaching and scholarship and will adversely affect enrolments.  Law is also concerned that apparent alignment with Economics and Commerce is inappropriate, given its specialties in public, international and environmental law, and its proximity to government.
Impact on student choice	Will require degree rule changes to remove inter-Faculty barriers to student choice.	Will facilitate student choice of units from different Schools.	Will facilitate student choice of units from different Schools.
Impact on representation at senior level	Level of representation for the Faculties is unaffected.	Faculties will be reduced to a single representative on the joint management meeting of Heads of Research Schools and Centres and Deans of Faculties.	Faculties will be reduced to three representatives on the joint management meeting of Heads of Research Schools and Centres and Deans of Faculties.

## Net Costs/Savings from Restructuring

Table 6 summarise the likely costs and savings associated with each of the 3 structural models on the assumption that Recommendation 2 is accepted, and presuming there could be some rationalisation of departments even within the current 6 Faculty model.

*Table 6. Comparison of the Financial Implications of Restructuring Based on 2000 RTB Estimates*

<b>Model<sup>1</sup></b>	<b>Six Faculties</b>	<b>One Institute</b>	<b>Three Institutes</b>
<b>Costs</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Costs of Appointed Deans	900 <sup>2</sup>	400 <sup>3</sup>	450 <sup>4</sup>
Change Over Costs	120	120	120
Costs of FRO Support	1,186	863	863
	<hr/> 2,206	<hr/> 1,383	<hr/> 1,433
<b>Savings</b>			
Dis-establishment of FRO & FRC <sup>7</sup>	978	978	978
Changes to Departments	100 <sup>5</sup>	400 <sup>6</sup>	400
	<hr/> 1,078	<hr/> 1,378	<hr/> 1,378
<b>Gain or Loss on Restructure</b>	<b>-1,128</b>	<b>-5</b>	<b>-55</b>
<b>Recurrent Deficit for 2000</b>	<b>-10,563</b>	<b>-10,563</b>	<b>-10,563</b>
<b>Net Effect</b>	<hr/> <b>-11,691</b>	<hr/> <b>-10,568</b>	<hr/> <b>-10,618</b>

Notes 1 All Models Assume No Council Assistance

2 Six Dean's Package estimated at \$150k pa

3 Director's and Deputy Directors Package's estimated at \$200k pa

4 Three Dean's Packages estimated at \$150 pa

5 Reductions to Departmental Staffing

6 Reductions to Departmental Staffing

7 \$115k is committed to education technology

Table 6 is a worst case analysis, assuming new appointments for all Dean positions and minimal reductions in departments (schools). Any net savings from restructuring involving fewer new appointments as Deans and fewer departments (schools) will be available to assist with reducing the recurrent deficits in The Faculties. As a result, savings needed to be found from changes to the academic program will be reduced accordingly.

## Deficit Reduction at the Faculty or Institute Level

It is now possible to take the strategy of Figure 5 and develop it for each of the three structural models.

Appendix G shows the strategies that need to be adopted for each structural model and, for completion, for each of the four deficit reduction strategies. There are a number of underlying assumptions. First, it is assumed that the level of income to The Faculties beyond 2001 will remain at the same level; the difficulty with that assumption is that the income includes Research Infrastructure Block Grant funding. With the reforms anticipated under the Government's research paper<sup>25</sup> that flow of funding is uncertain. Equally uncertain, of course, is the degree to which income might improve under the proposed Institutional Grants Scheme.

Secondly, it is assumed that the share of income to each individual Faculty will not change from that indicated for 2001. Such an assumption does not allow for strategic growth in areas of increasing demand.

Finally, redundancy costs that might be necessary to meet the expenditure reduction targets have not been factored in; to do so would have required assumptions to be made on decisions to be taken by the (new) Deans or Director of the (single layer) Institute or Faculty. Those Deans (Director) will need to produce financial plans, set against the guidance of Appendix G that may, for example, depend on additional revenue generation. However, there will be a surplus from the FRO budget of the level of about \$325k per annum generated from 2002 onwards. That would be available at just about the right time to assist in covering any restructuring costs.

In effecting any necessary restructuring the new Deans (Director) will need to observe the requirements of the Gender Equity Management Plan, Strategy 3.4<sup>26</sup>.

## Determining School Composition

Notwithstanding which structural model is adopted, there will need to be some contraction in programs over the 5 year period of deficit reduction. That may entail a reduction in size or even the dis-establishment of some existing departments.

To ascertain what should be done in this regard it is useful to concentrate largely on the undergraduate teaching program for guidance. Specifically, those courses that are in some respects special to the ANU should receive strong support, as should those where student interest has strengthened. Set against those considerations, is the need critically to examine those classes (subjects) that attract small enrolments.

<sup>25</sup> *New Knowledge, New Opportunities, loc cit.*

<sup>26</sup> <http://www.anu.edu.au/hr/eo/gender.html>

In a final analysis it will be important to examine also areas of strength in postgraduate supervision and combine such a consideration with the results of the style of investigation now to be undertaken.

Table 7 shows change in UAC first preferences for the University's undergraduate degree programs over the period 1997-1999, in cases where at least 10 students expressed a preference in 1999. The table is rank ordered such that courses where preferences have improved are shown towards the top, whereas those where preferences have fallen are ranked at the bottom.

*Table 7. Changes in UAC first preferences for ANU degree programs over the period 1997 to 1999, excluding ITA\**

<b>All Courses</b>	<b>1997 (at 20.11.96) (1st Pref)</b>	<b>1998(at 21.11.97) (1st Pref)</b>	<b>1999(at 26.11.98) (1st Pref)</b>	<b>Variance 97- 99(%)</b>
137004 LLB	54	36	69	27.8
131025 BA/BAsianStudies (Spec)	30	40	38	26.7
136053 BInfTech(Software Eng)	59	61	70	18.6
137003 LLB(Graduate)	92	101	109	18.5
136003 BInfTech(Information Systems)	50	38	57	14.0
135065 BE/BInfTech	37	43	40	8.1
134025 BAsianStudies (Spec)/BEc	18	12	19	5.6
136034 BComm/BInfTech	55	50	56	1.8
137035 BComm/LLB	71	74	68	-4.2
136044 BEc/BInfTech	14	9	13	-7.1
134014 BA/BEc	24	29	22	-8.3
135004 BE	59	43	54	-8.5
137026 BAsianStudies (Spec)/LLB	33	21	30	-9.1
135085 BE/BSc	36	37	32	-11.1
137045 BEc/LLB	34	31	30	-11.8
134003 BEc	24	26	21	-12.5
137015 BA/LLB	226	194	197	-12.8
133044 BComm/BEc	47	37	40	-14.9
137085 BSc/LLB	51	43	43	-15.7
<b>Total</b>	<b>2,829</b>	<b>2,512</b>	<b>2358</b>	<b>-16.6</b>
133084 BSc/BComm	18	22	15	-16.7
133014 BA/BComm	41	23	33	-19.5
131084 BA/BSc	134	140	106	-20.9
131024 BA/BAsianStudies	41	38	31	-24.4
138003 BSc	283	252	211	-25.4
132003 BAsianStudies	51	48	37	-27.5
131003 BA	486	425	352	-27.6
137025 BAsianStudies/LLB	18	15	13	-27.8
132004 BAsianStudies (Spec)	36	27	25	-30.6
133003 BComm	94	83	64	-31.9
139123 AdvDMusic (Jazz)	29	17	18	-37.9
134084 BSc/BEc	24	14	14	-41.7
138083 BSc (Res&Env Man)	92	81	51	-44.6
138084 BSc (Forestry)	66	32	18	-72.7

\*The figures reflect UAC (excl VTAC) first preferences after the closing date in each year; FFP are included.

In interpreting Table 7 it is important to recognise that overall there has been a drop of 16.6% in UAC first preferences for ANU over the period, consistent with the G08 trend. It must also be recognised that Actuarial Studies is not reflected fairly in the table owing to the changed degree arrangements from 1997 to 1999.

It is significant to note that 13 of the top 20 programs are combined degrees.

Table 8 shows the number of occurrences of each of our degree programs that appear above the average of -16.6% in Table 8 and the number of occurrences below the average<sup>27</sup>.

*Table 8. Degrees with above and below average trends in UAC preferences*

<b>Degrees with above average UAC trends</b>	<b>No of occurrences</b>	<b>Degrees with below average UAC trends</b>	<b>No of occurrences</b>
BEC	7	BSc	4
LLB	6	BA	4
BInfTech	5	BComm	3
BComm	4	BAsianStudies	3
BA	3	BEC	1
BAsianStudies (Spec)	3	LLB	1
BE	3	BAsianStudies (Spec)	1
BSc	2	BSc (Forestry)	1
LLB (Grad)	1	BSc (Res&EnvMan))	1
BMus	1		
BActS	1		

Table 9 indicates changes in enrolments over 1997-1999. Again, the table is rank ordered by change, with those degree streams showing the biggest increase

<sup>27</sup> Combined degree programs are considered in terms of their constituents.

in enrolments ranked at the top, while Table 10 counts the number of occurrences above and below the average of -4.7%.

*Table 9. Changes in student load 1997 to 1999, excluding ITA programs*

<b>All Courses</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>Variance 97-99 (%)</b>
BActS/BComm*	0	5	37	572.1
BA/BA(Visual)*	0	3	11	297.5
BActS/BEc*	0	13	32	148.3
BEc/BInfTech	12	15	24	91.2
BA/BAsianStudies (Spec)	35	52	63	80.1
BComm/BInfTech	74	104	123	65.2
BE/BInfTech	75	99	114	53.4
BA (AsianStudies)/LLB	38	47	48	24.6
BInfTech	67	50	83	23.9
LLB (Graduate)	119	126	144	21.0
BA/BAsianStudies	72	86	86	19.3
BComm/LLB	134	146	160	19.2
BA (AsianStudies) (Spec)/BSc	28	33	33	15.0
BAsianStudies (Spec)/BEc	30	27	34	13.8
BAsianStudies (Spec)/LLB	52	57	57	10.6
LLB	49	49	52	6.6
BA/LLB	486	484	515	5.8
BSc/BSc (Forestry)	14	13	15	5.3
BComm/BE	28	28	29	3.4
BSc/BComm	67	63	70	3.0
BInfTech (Software Eng)	112	122	109	-2.8
BEc	83	72	80	-2.9
BEc/LLB	107	92	104	-3.0
BSc	656	648	635	-3.1
<b>TOTAL</b>	<b>6406</b>	<b>6142</b>	<b>6113</b>	<b>-4.6</b>
BSc/LLB	143	134	129	-9.8
BE/BSc	105	108	94	-10.3
BComm	275	258	244	-11.2
BA	1161	1034	1016	-12.4
BA (AsianStudies)/BComm	48	50	42	-13.0
BA/BSc	394	393	339	-14.0
BA (AsianStudies)/BSc	31	33	27	-14.8
BActS	83	83	71	-14.8
BE/BEc	23	23	19	-15.8
BA/BComm	81	61	65	-20.4
BComm/BEc	277	269	218	-21.1
BE	100	76	78	-21.3
BA (Asian Studies)	149	104	111	-25.2
BAsianStudies (Spec)/BComm	34	24	26	-25.6
BSc/BEc	72	56	52	-28.1
BA (AsianStudies) (Spec)	87	61	62	-28.9
BSc (Forestry)	111	103	78	-29.5
BA/BEc	110	91	74	-33.3
BSc (Res & Env Man)	184	152	108	-41.6
BA (AsianStudies)/BEc	57	45	30	-48.5
BSc (Forestry)/BEc	19	14	10	-49.6

\* Not offered every year of range

Table 10. Degrees with above and below average changes in student load.

Degrees with above average enrolments	No of occurrences	Degrees with below average enrolments	No of occurrences
LLB	6	BEc	6
BComm	5	BComm	5
BInfTech	5	BSc	4
BEc	5	BAsianStudies	4
BA	4	BA	4
BAsianStudies (Spec)	4	BE	2
BSc	4	BAsianStudies (Spec)	2
BActS	2	BSc (Forestry)	2
BE	2	BActS	1
BAsianStudies	2	BSc (Res)	1
LLB (Grad)	1	LLB	1
BSc (Forestry)	1		

Using the counts in Tables 8 and 10 very crude indications of degree program popularity can be derived in the following manner: allocate a score of +1 to each occurrence in the above average trend and a score of -1 for each below average occurrence, and tally the score for each degree, in each table. Carrying out that process gives rank orderings of:

<i>UAC Based Rank</i>		<i>Load Based Rank</i>	
BEC	6	LLB	5
LLB	5	BInfTech	5
BInfTech	5	BAsianStudies(Spec)	2
BE	3	BActS	1
BAsianStudies (Spec)	2	LLB (Grad)	1
LLB (Grad)	1		
BComm	1	BComm	0
BActS	1	BA	0
		BE	0
BSc (EnvMan)	-1	BSc	0
BSc (Forestry)	-1		
BA	-1		
BSc	-2	BEC	-1
		BSc(Forestry)	-1
		BSc (Res)	-1
		BAsianSt	-2

As is to be expected it is the vocational programs that are most popular, based on this very rough assessment. Looking at Tables 7 and 9, those programs are most often linked with each other or with Asian Studies. The generalist BA and BSc programs do not rank high on either basis which is fortuitous, given the need to reduce expenditure in the corresponding Faculties.

It is now of value to examine class sizes. Table 11 shows class size statistics (ie number of classes and percentage of all classes with enrolments within the ranges shown) for the undergraduate program, by Faculty, in Semester 1 1998. This is a summary of the complete set of Figures contained in Appendix H, which itself is a single time snapshot. Note that the Faculties of Arts, Asian Studies and Science have the highest percentages in the table (shown in bold) for classes of fewer than 10 students each (actually averaging at 4,6 and 4 students respectively as seen in Appendix H). Even though this is just for one particular semester, nevertheless one must wonder at the economy of operating so many small classes, particularly when Arts and Science have the major debt problems.

It is recognised that there may be special needs for small classes in honours streams and some language teaching, and in supervisory intensive subjects such as laboratories and projects. Apart from those, it is difficult to see how the individual Faculties can sustain such large numbers of small classes. It is further recognised that there may be arguable special cases for smaller classes in ITA and when developing new programs and the like; but when 32% of all classes operated in The Faculties have an average of 4 students there is clearly a major problem with effective resource utilisation.

Although not analysed here, attention should be drawn also to the class sizes indicated in Appendix H for coursework postgraduate subjects.

Table 11. Summary of class size statistics by Faculty (see Appendix I for details)

Faculty	Classes ≤10		Classes 11-20		Classes 21-50		Classes 51-100		Classes >100	
	no	%	no	%	no	%	no	%	no	%
Arts	65	<b>37</b>	20	11	54	31	30	17	7	4
Asian Studies	27	<b>46</b>	10	17	13	22	8	14	1	2
Econ & Comm	14	25	4	7	17	<b>30</b>	7	12	15	26
Science	42	<b>33</b>	18	14	33	26	19	15	15	12
Law	3	9	1	3	5	15	10	30	14	<b>42</b>
Eng & IT	5	13	4	10	8	21	15	<b>38</b>	7	18
The Faculties	156	<b>32</b>	57	12	130	26	89	18	59	12

*Recommendation 11. The University should adopt the policy that no more than 20% of the fully funded classes operated by an academic unit should have fewer than 10 students each. Such a percentage allows sufficient latitude for honours programs and most special cases. It does not preclude percentages greater than 20% but indicates that no funding will be available for classes offered above the limit.*

When class size statistics are viewed against the popularity of the various degree program analysed in Tables 7 and 9, and given that the Faculties of Arts and Science have major budget deficits, those Faculties, or the Schools deriving from them in the new structures proposed must give serious consideration to removing programs that attract small enrolments, and are (coincidentally) least popular, and adjust their structure and staffing appropriately. The deficit reduction strategies embodied in Appendix G are designed to phase in expenditure cuts, where required, in such a manner that commitments to students already enrolled can be honoured, even if the same number of year 3 electives cannot be provided.

In the longer term Deans will need to introduce, as a planning tool, an acceptable proportion of their budget that should be allocated to salaries, so that sufficient funds are available to support necessary non-salaries expenditures. Proportions of about 75-80% for Science and Engineering Institutes/Schools/Departments would seem appropriate, whereas around 85% would seem appropriate in other areas.

### **Funding Arrangements**

It was expected that the Faculties Resource Allocation Model (FRAM) would be completed during the course of this Review. Apart from availability of staff time, finalisation of the FRAM may in any case be premature before the outcomes of current Federal Government moves on new funding strategies are known.

However, a few guiding principles can be enunciated.

Unless there are radical departures from the current Government funding mechanisms a FRAM-like arrangement, based on a student load component and a research component, should be retained. It may be of value, and even necessary if the 6 Faculty structure is retained, to have a discretionary component as well to ensure small Faculties can be properly supported.

Some thought needs to be given, though, as to how Research Quantum (RQ) and Research Infrastructure Block Grant (RIBG) funds are dispersed. Again, because of uncertainty in how these will be treated in the outcomes of the current research green paper<sup>28</sup> it would be imprudent to recommend any changes in practice at this stage, apart from raising a concern about the varieties of way in which RQ and RIBG funds are distributed currently within Faculties. It is of particular concern that Faculties have become very dependent on those funds to sustain their normal operation and are not strategically using them to support their most successful research enterprises. While it is recognised that some degree of cross-subsidisation will always be needed to assist developing programs, a balance is needed to ensure that highly successful research is not compromised as a result.

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<sup>28</sup> *New Knowledge, New Opportunities, loc cit.*

When the FRAM is finalised, refined guidelines for RQ and RIBG allocation, to the extent that they are still available, may need to be developed.

## THE TEACHING PROGRAM AND THE INTERFACE TO ADMINISTRATION

Consequent on the changes required as a result of the above considerations, particularly to those academic units belonging to the current Faculties of Arts and Science, there will need to be changes to the degree programs. It is anticipated, however, with a careful analysis of the range of electives offered, and the phased-in deficit reduction strategy of Appendix G, that there should be no impediment to current students completing their programs. Moreover, it is important that students entering in 2000, against information already published, be able to move through to completion in the programs in which they enrol in normal timeframes. In both cases, though, the range of electives will need to be reduced in the next two years. In 2000 plans will need to be developed for the reduction in the range of *complete* programs offered such that advertising for 2001 is carried out in the knowledge of what will be possible for students entering at that time. Such a realignment of the teaching program will be one of the first responsibilities of the new Deans.

Changes are also required in the way that courses are administered in order to relieve the burden on students, particularly in combined degree programs, and to lower our own internal transaction costs. Administration of programs should not be left in the hands of the Faculties or Institutes in the way that Faculties currently have that responsibility. Rather, student administration should be handled through the Division of Student Administration and Support Services (SASS), so that students will have a "one stop shop" in relation to enrolment, course changes and the like<sup>29</sup>. There will need to be a transfer of resources to SASS to make that possible.

The academic decision making process that occurs through the Board of The Faculties takes place, generally, without regard for the concomitant impact on administrative staff, both in the individual Faculties themselves and in SASS. That issue was argued strongly in the submissions received from some Faculty Office Staff and from SASS. The recent inclusion of the Director, SASS as a visitor to the Board of The Faculties has helped somewhat in raising an understanding of the administrative impact of new courses and new course structures, but there remains a situation in which administrative load is of secondary consideration to perceived pedagogical value. While that is an undeniably important principle, it is nevertheless an unaffordable luxury not to consider administrative implications.

In a similar manner, it is planning in ignorance not to take into account the impact on the Library and the University's Information Technology Services of new and revised course and subject proposals. Therefore a mechanism of course and subject approval as described in Recommendation 12 should be developed and implemented. Together with the adoption of Recommendation 8, such a process

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<sup>29</sup> *Several concerns have been raised to this proposal in the responses to the draft Report from those areas of the University running special programs (such as the Legal Workshop) in which well-developed and effective student administrative processes are in place. In developing proposals concerning the future role of SASS those programs need to be taken into account as special cases since they may well be better left to function as they are.*

will link academic decision making with marketing, recruitment and the essential support services.

*Recommendation 12. (a) Responsibility for student administration concerned with enrolments, course changes and related matters, currently carried out in the Faculty Offices, should be centralised in SASS, and funds transferred from The Faculties to SASS to make that possible.*

*(b) The Director, SASS should be made a full participating member of the Board of The Faculties, or equivalent.*

*Recommendation 13. Academic proposals relating to changes to course and subjects must be made in the knowledge of impacts on the University's support services. To this end, (pro forma) resource implication statements from the Director, Student Administration and Support Services, the Librarian, the Director, Information Technology Services and the Director of Student Recruitment and International Education must accompany each such proposal to the Board of The Faculties, along with a statement from the Dean that any necessary resources to support those proposals are available.*

## **ONE UNIVERSITY, ONE MISSION**

Finally, it is relevant to return to the relationship with the Institute of Advanced Studies. As noted earlier, it is important that any new structuring of The Faculties facilitate closer collaboration with the IAS. The Single Layer Model and 3 Institute Model both achieve that by allowing a mapping, with the Schools of the Institute, into a future, say, five College structure, as demonstrated in Figure 8. That diagram, for illustration only, supposes that the existing centres remain as separate entities.

It is suggested that consideration be given to moving towards such a federated structure within the next five years. Should such closer collaboration prove fruitful then it may form the basis later for a unified structure for the University.

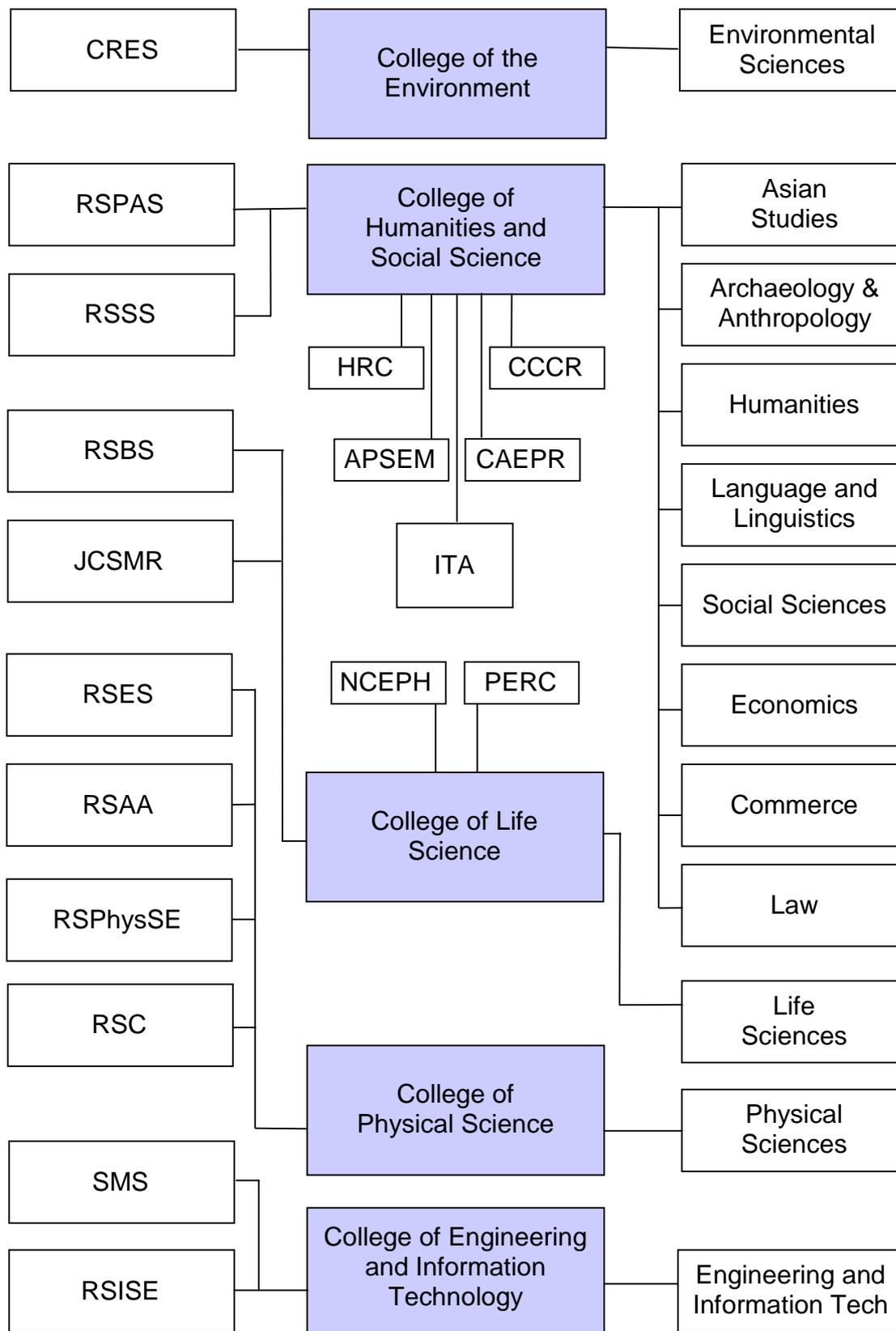


Figure 8. Possible collaboration between the Schools of the Institute of Advanced Studies and the new Schools proposed for The Faculties, through five Colleges.