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University governance – governing what?

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A. Why now?

- **General concerns about governance of for profit organisations**
- **Rapid increase in universities' income from sources other than government**
- **Earlier mergers of institutions leading to larger institutions with large budgets**
- **Publicity about losses in commercial ventures in some universities**
- **Shift away from collegiate forms of governance within universities**
- **Desire of governments to maintain control as institutions become less dependent upon them**





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B. Directions for change

Acceptance 'parliamentary' model is no longer possible but issues about:

- Distinctions between governance & management
- Appropriate balance of powers between governing body, executive management & academic community of university
- Relationship with governments, state & commonwealth, when a decreasing proportion of institution's income derives from government
- How to gain internal & external stakeholder commitment to institution's directions
- How to manage risk, particularly financial risk





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C. The Universities' position

- **AVCC and Chancellors' paper 2003**
 - **Business model**
 - **Stakeholder (parliamentary) model**
 - **Trusteeship model**

...explicitly recognises non-financial goals are among the core objectives of the university, but it endeavours to provide an effective governance & management structure to achieve a multiple bottom line in complex institutions of learning, research & community service.

- **Multiple bottom lines**





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D. Some bottom lines for universities

- Building the knowledge base of the whole society
- Profit in the for profit activities
- Prudent, appropriate & complete expenditure of funds provided by government for specific purposes
- Producing innovations which underpin economic development
- Ensuring freedom for academic staff to provide public comment & give advice on issues in their areas of expertise





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D. Some bottom lines for universities

Cont...

- Building critical mass in those discipline or professional areas in which the university seeks to excel
- Providing an environment where students have the opportunity, whatever their background, to achieve all that is possible for them





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E. Common principles to guide effective governance

BCA & universities agree on what is good governance in the following areas:

 **Articulation of objectives, roles & responsibilities**

 **Responsibilities of the governing body**

 **Disclosure & transparency**

 **Efficiency**





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F. Areas of disagreement

- Numbers on the governing body
- Involvement of internal stakeholders on the governing body





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G. Conclusion

Convergence in US, UK & Australia in directions of reform of university governance

- Shift from parliamentary to trusteeship model
- External members with specific expertise necessary
- Involvement of internals to act in institutional interest necessary
- Induction & development of all council members is vital

