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"Compact Mania"

By

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The word “compact” has become almost as chic in university circles as the word “Prius” has become in Hollywood circles of environmentally-aware celebrities who travel by private jet. The definition of *Prius* might actually be *compact* but, in my own quest for truth, I turned my attentions to the Oxford Dictionary, which defines *compact* as follows:

- **noun** /kɒmpækt/ a small flat case containing face powder, a mirror, and a powder puff.

With this definition in mind, I was surprised to learn that each Australian university may soon be required to have a *compact*, and that having one of these will revolutionise education as we know it. While not wishing to demean the benefits of powder puffs to Australia’s higher education sector, it does seem that the nation’s universities deserve more than just face powder to cover over their current cracks and wrinkles – major surgery is required.

My pursuit of *compacts*, and their application to the nation’s universities, also led me to another useful definition:

“...having all the necessary components or features neatly fitted into a small space.”

Would that one could neatly fit all the necessary components and features of international higher education into a small organisation – the reality is that one can’t – regardless of how “innovative” or “regionally responsive” or “specialised” a university claims to be.

Real universities cost real dollars – a cheap, internationally-credible entity costs several billion dollars – a “Harvard” or “Yale” costs tens of billions of dollars – these

dollars go into physical resources, expertise and international brand value/cachet that attract the world's finest minds; generate endowments, investment and collaborations with leading companies. Put simply – this spells critical mass – writ large.

Universities are not high schools or green grocers – we cannot afford to have one on every street corner just because it is politically expedient or popular. So, when people talk of having one university for every half million people, and this is translated to practical dollars and cents, what we actually end up getting is a technical college for every half million people – with a shingle hung out the front that says “university” – writ small (*compact*).

Of course, there is no reason why a *compact* university can't aspire to becoming a Harvard – particularly if the outcome of the current Higher Education Review is to give each one an additional 13,000 academic/research staff and an endowment of \$30 billion – easy-peasy.

In a growing domestic market, *compact* universities might also live in the slender hope that they can naturally grow into Harvards – Australia is not such a market. The OECD projects demand for undergraduate education in Australia to decline by 3% by 2015 as a result of population ageing. 2008 DEEWR figures suggest peak demand has been reached. While there is potential for postgraduate education to increase by 10%, this assumes there are no other factors at play – there are other factors at play. Competition for international students is becoming fierce and rapidly developing nations, that were a source of students, are investing vast sums of money in mega-institutions to capture our share. Our dilute and fragmented infrastructure is decaying, and an examination of international student web-forums reveals that students are wising up to declining academic/resource standards. With all these

problems, little wonder then that leaders have turned to powder puffs – sorry, *compacts* – to be applied to Australia's *compact* university system.

In January this year, Jessica Shepherd (The Guardian) reported on a nation that had ignored the warning bells now ringing loud in Australia – a nation that had over-indulged in university capacity; rife with questionable institutions and academic practices – that nation, Japan, now has a university system in crisis, with commentators suggesting that up to 40% of its institutions may merge or close within a decade. Do you hear the bells ringing now? Our domestic declines in Australia are nowhere near as dire, because we are propped up by immigration, and we have the luxury, while it lasts, of an education export market. The Japanese lessons, however, are clear. The sustainable entities are international players that focus on quality and structural substance.

In our submission to the Higher Education Review, my colleagues and I put forward four parameters that define the underlying structural substance of Australian universities. These are:

1. Total number of academic/research staff
2. Total value of resources
3. Student:Staff ratio
4. Specialisation.

Using a combination of government data, together with performance figures derived from two excellent Melbourne Institute studies (Williams and Van Dyke (2006) and Williams (2007)), we illustrated that overall learning/research performance in Australian universities is:

- Linearly related to total academic/research staff numbers
- Linearly related to total resources
- Inversely related to student:staff ratios

- Inversely related to claimed university specialisation.

The first two results are unsurprising because they relate to critical mass and resourcing. In fact, they show that, at a cursory level, *compact* universities are doing ok *per se*– they are delivering what one would expect from *compact* organisations – they have *compact* staffing leading to proportionally *compact* performance. Student:staff ratios are another matter.

The relationship between overall learning/research performance and specialisation will also surprise some – particularly because it shows that (with the exception of ANU) claimed specialisation in *compact* universities is a euphemism for sub-critical mass – in some cases, “specialised universities” perform more poorly in their claimed areas of specialisation than the generalist ones. Specialisation doesn’t work unless accompanied by scale.

We also compared Australia’s entire university system (36,000 academic/research staff, 37 main-campuses and 980,000 students) with the University of California (39,000 academic/research staff, 10 campuses and 214,000 Students) to show the fragmented, unsustainable state of the Australian university system.

The University of California (UoC) has a student:staff ratio of around 5:1 – the Australian average is around 27:1. In universities, student:staff ratios reflect the depth and breadth of knowledge within – in other words structural substance. Even allowing for statistical discrepancies, there is a chasm between Australia’s performance and world’s best practice. In some Australian universities the student:staff ratio is more than 60:1.

Lack of depth and substance in the Australian system are compensated through sub-contracting out core-business (i.e., knowledge) to sessional staff – akin to Toyota

subcontracting out its manufacturing in order to retain administrative overheads in-house. On average, Australia has balanced university budgets by operating its institutions on a technical college model, with outsourced expertise deployed to *powder-puff* over the cracks.

The structural trends also show what an extravagance exercises such as RQF and ERA really are – the outcomes are already known now because they are a direct function of the structural parameters – examine the structural parameters of an institution and the learning/research performance is a given – without measuring the minutiae of publications and citations, or spending millions of tax-payer dollars squabbling over the meaning of “impact”. Performance comes from structure and substance – pure and simple.

In bringing this information together, we created a structural integrity ranking for Australia’s universities by categorising each institution’s performance on the four parameters (above) – unsurprisingly, more than half of Australia’s universities have real problems. One could quibble over exact numbers but the trend is clear.

Compounding the structural problems is the issue of duplication and waste – in Victoria, we have eight universities – seven of them with major campuses in the inner metropolitan area – two of them with duplicated governance and facilities a kilometre apart – the furthest distance between metropolitan universities is less than half an hour by car. We have eight chancelleries, eight student administration systems; eight library systems; eight marketing departments all spending tax-payers’ money to poach students from one public service department to another; eight tired science faculties; three medical faculties; seven sets of tired engineering faculties – all with duplicated facilities; administration and waste on staggering scale – all at tax-payers’ expense. This is analogous to tax-payers funding eight public service water authorities, all competing to provide the same water from the same reservoirs to the

same customers. Nationally, Australia has 16 universities which have less than 600 academic/research staff (i.e., the size of faculties) – a total of five billion dollars of assets tied up in organisations which could each be run by a dean and three deputy deans but, instead, are each run by a vice chancellor, several deputy vice chancellors, several pro vice chancellors; multiple deans (and three times as many deputy deans) – are any alarm bells ringing yet?

Significant portions of university operating costs are fixed costs arising from governance, administration, compliance, IT support and infrastructure – independent of student numbers. In *compact* universities, fixed costs are disproportionately higher – as they progressively increase and student numbers decline, core business (learning) is squeezed out by “pincer effect”. The biggest losers from the current system of universities are regionally disadvantaged Australians who pay twice for something they don’t get – once for unnecessary duplication in metropolitan areas, and once for unnecessary regional university governance and fixed costs. What they do require (i.e., international standard academic/research staffing and learning/research resources), and which can be delivered efficiently by regional faculties of large universities, isn’t being delivered. Worse still, because institutions are enshrined in Acts of Establishment, when regional demographics change, tax-payers are left to maintain perpetually self-rationalising entities (“...we’re a special case...”) rather than strategically re-allocating resources to new growth areas.

The inevitable solution is to have one publicly funded university network in each state. This minimises governance, duplication and waste and allows strategic management of funding and resources across each state at international levels to service regional and metropolitan requirements. This is not about elitism, or reducing student numbers, it is about providing each state in Australia with a world class university system and providing greater access to low socio-economic status

students – it is about converting over-governance, duplication and waste into opportunity, critical mass and performance. Regional areas are major beneficiaries through access to the international level nodes/faculties of a state-based system, which replace under-resourced *compact* institutions.

Unfortunately, whenever networked systems are raised, the *status quo* preservers wheel out arguments that are almost as tired as the nation's university infrastructure:

(i) “*State based systems reduce choice and competition*” – as Figures 1 and 2 show, in reality, the current system offers neither choice nor competition. Each university performs exactly as one would expect of a public service department, given its size and resources – there are no stand-out performers.

(ii) “*Australia is a geographically dispersed nation*” – perhaps someone could explain to geographically-dispersed tax-payers how having duplicate universities in Melbourne's CBD helps the disadvantaged people of Arnhem Land? Or why most Australian universities are co-located near one another in capital cities?

(iii) “*The US has small, bad universities why shouldn't Australia?*” – the US can afford to have small, bad universities because it already has most of the world's finest big ones – Australia simply cannot afford bad public universities.

(iv) “*Networked systems have been tried before and have failed in Australia*” - look no further than the UoC – the system can work and does - it is not perfect and has its own problems – but, whatever the challenges, the end results can be world class.

(v) “*World-class universities are elitist/exclusionist*” – world-class universities are universities with world-class resources and world-class staffing – regardless of admission criteria.

University networks in low-population (*compact*) nations like Australia are inevitable and essential – they will either emerge in the short-term through higher education reviews or in the longer-term through the sorts of crises and “pincer-effect” attrition plaguing Japan. We advocate pursuing the short-term option because it will save tax-payers billions of dollars before eventually arriving at the latter one. The winds of change are even now blowing – with the traditionally-cautious Go8 universities having launched a welcome push towards their own multi-sectoral systems approach, albeit more complicated and top heavy than what we propose.

Whichever networked approach is eventually adopted in Australia, let us hope that, in the meantime, we have sufficient face powder available in those *compacts* to powder puff over the existing cracks.

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