



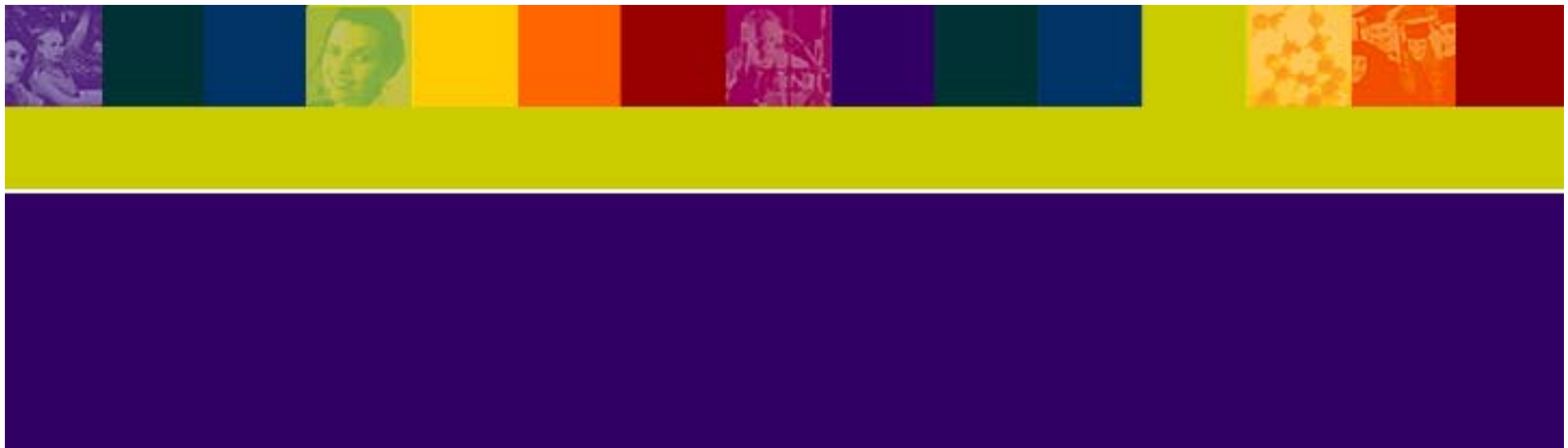
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# **DEST Keynote Address**

## **6th National University Finance & Procurement Conference**

### **Brisbane, 18 July 2006**



# The Reform Agenda

## *Workplace Productivity Policies and Reforms in the Higher Education Sector*

David Akers, DEST Higher Education Group



# *Introduction*

## **The Reform Agenda**

- Australian Government's workplace reform agenda for higher education
  - National policy context
  - Workplace themes in the higher education reforms



# *Introduction*

## **The Reform Agenda**

- Main policy mechanisms for higher education workplace reform
  - Higher Education Workplace Relations Requirements (HEWRRs)
  - Workplace Productivity Programme (WPP)



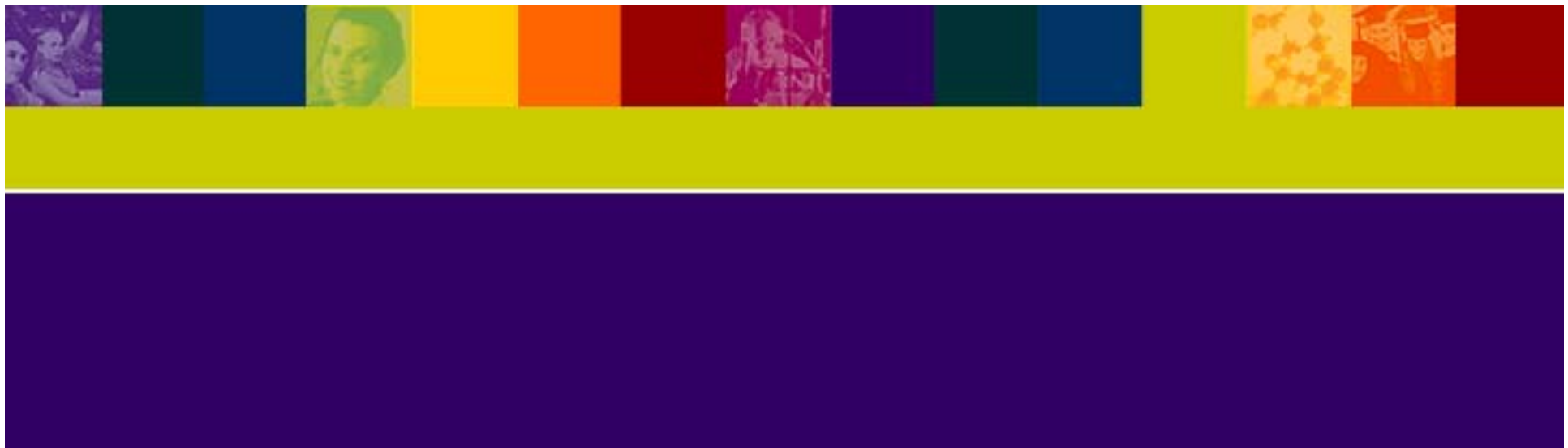


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# 1. The National Policy Context



# National Policy Context

## *Sustainable Growth*

- Strong economy - Australia's unemployment rate at 30 year low; interest rates at historically low levels
- Strategies for sustainable growth -
  - more choice and flexibility in workplace arrangements
  - better ways to reward effort, increase wages, and balance work and family life
  - universities effectively educating the future workforce, generating creative talent, undertaking world-class research, being internationally competitive



# National Policy Context

## *Industrial Relations Reform*

- Work Choices reforms – amendments to *Workplace Relations Act 1996* in March 2006
- Enshrine minimum conditions in federal legislation – Australian Fair Pay and Conditions Standard
- Move towards one, simpler IR system covering up to 85% of Australian employees, including university staff



# National Policy Context

## *Industrial Relations Reform*

- Work Choices reforms – aim to simplify the agreement-making process; deliver improved agreement-making options at enterprise level
- Greater scope for Australian Workplace Agreements (AWAs) – statutory foundation for direct relationships between employers and employees



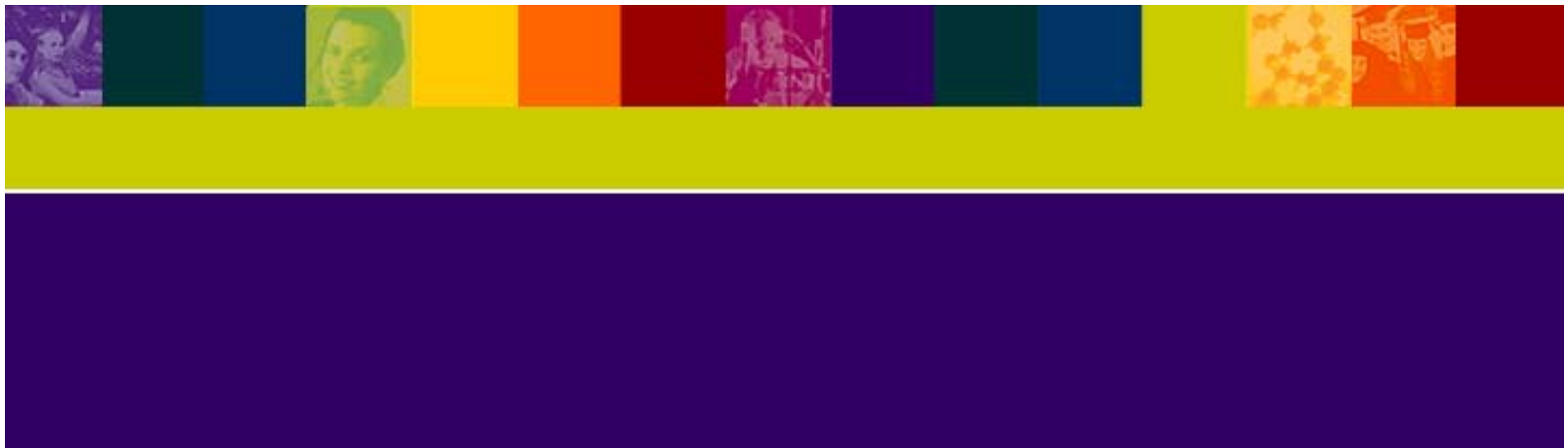


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## **2. Higher Education Reforms**



# *Our Universities: Backing Australia's Future*

2003 policy paper for higher education reform

- “Globalisation, massification of higher education, a revolution in communications and the need for lifelong learning, leave Australian universities nowhere to hide from the winds of change”
- “The Commonwealth believes that, while some progress has been made in advancing workplace reform in the higher education sector, there remains considerable scope for further improvement”



# Higher Education Reforms

## *Workplace Objectives*

- Develop a more sustainable, internationally competitive model of workplace practice
- Build more flexible workplaces leading to more productive teaching and research arrangements



# Higher Education Reforms

## *Workplace Objectives*

- Encourage direct relationships with employees and improved productivity and performance
- Enable universities to attract, retain and reward the very best people



# Higher Education Reforms

## *Workplace Reform*

- Two principal policy instruments developed to achieve workplace reform in the higher education sector
  - Higher Education Workplace Relations Requirements (HEWRRs)
  - Workplace Productivity Programme (WPP)

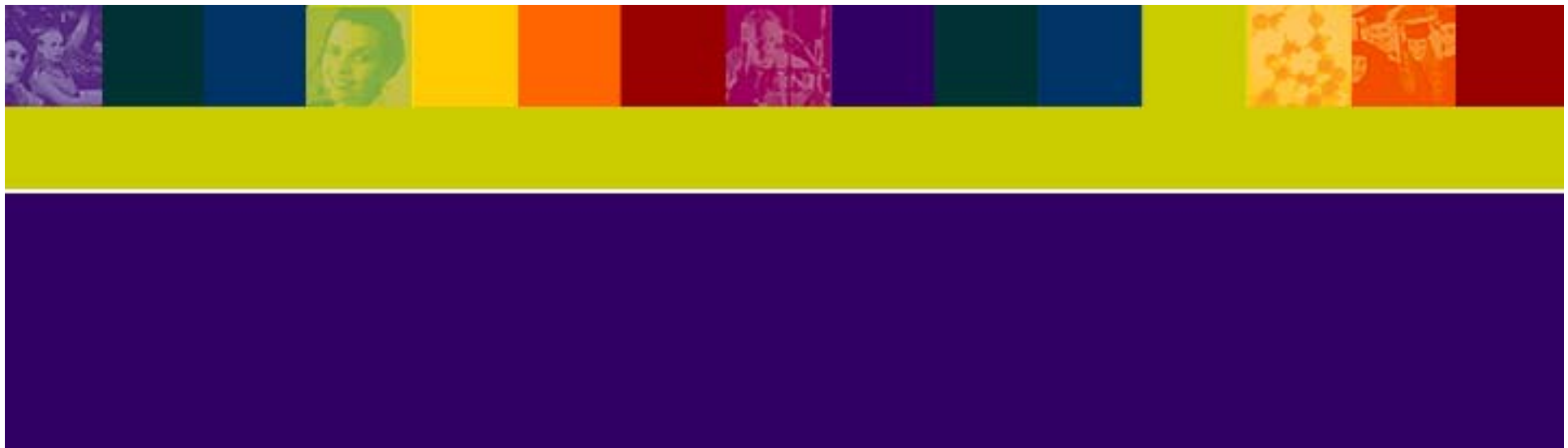




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## **3. The Higher Education Workplace Relations Requirements (HEWRRs)**



# HEWRRs

## *Legislative Framework*

- Section 33-15, *Higher Education Support Act 2003*
- Universities that comply with the HEWRRs and the National Governance Protocols receive additional Commonwealth Grant Scheme (CGS) funding – 5% in 2006 and 7.5% in 2007 and later years
- HEWRRs detailed in the CGS Guidelines with 5 main subject areas



# HEWRRs

## *5 Subject Areas*

1. Choice in agreement making
2. Direct relationships with employees
3. Workplace flexibility
4. Productivity and performance
5. Freedom of association



# HEWRRs

## *Core Elements*

- Universities must provide choice and flexibility in agreement making by offering AWAs to all employees
- Workplace agreements, policies and practices must provide for direct consultation between employees and the university



# HEWRRs

## *Core elements*

- Workplace instruments must not inhibit university capacity to respond to changing circumstances (support individual missions/ encourage diversity)
- Must support organisational productivity and performance and include a performance management scheme which rewards high performing individual staff



# HEWRRs

## *Compliance*

- Decision of the Minister for Education, Science and Training
- Higher education institutions submit copies of workplace agreements (collective and individual) and HR policies to DEST each year as at 31 August
- DEST may seek further information from universities to enable the Minister to make her determination on compliance with the HEWRRs



# HEWRRs

## *Early Outcomes*

- The HEWRRs have driven significant workplace reform in universities
- 41 higher education institutions met the requirements as at 30 November 2005
- The sector received an additional \$151 million in 2006
- Over \$230 million is available in 2007 for providers that are HEWRRs compliant as at 31 August 2006



# HEWRRs

## *Future Prospects*

- Greater scope for simple, flexible and principles-based workplace agreements
- Significant potential for greater exercise of choice in agreement-making
- New Higher Education AWAs registered with OEA (Office of the Employment Advocate)
  - 12 months to March 2005 (ie pre-HEWRRs) – 153
  - 12 months to March 2006 (ie post-HEWRRs) - 805

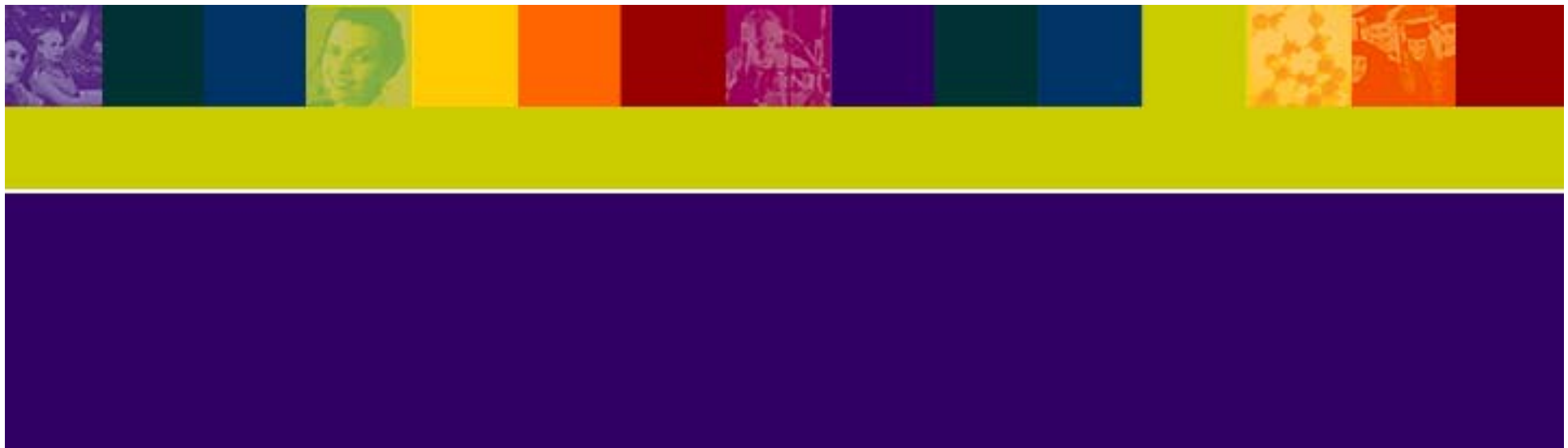




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## **4. The Workplace Productivity Programme (WPP)**



# WPP

## Programme Objectives

- Provide project funding to universities to assist them in pursuing broader workplace reform that strengthens their capability to manage and implement workplace change
- Improve the efficiency, productivity and performance of universities through, for example,
  - strengthened management, leadership and governance
  - review or reform of human resource practices
  - flexible working relationships and direct relationships with employees
  - mergers, amalgamations and course rationalisation



# WPP

## *Eligibility and Funding*

- Only Table A higher education providers as specified in section 16-15 of the *Higher Education Support Act 2003* are eligible for WPP grants
- \$83 million in WPP funding available between 2006 and 2008
- A competitive funding model – assessment criteria
  - demonstrated need; the relevance of project to WPP objective of efficiency reform in universities
  - feasibility of project plan and timescale; value for money
  - the capabilities of university staff and external consultants engaged in projects; potential for collaboration
  - needs of regional and smaller providers



# WPP

## *First Round Priorities*

- The review and reform of the efficiency of universities, including of financial arrangements and operational management
- Could include (but was not limited to)
  - Improving the performance of budgeting, procurement, and accounting systems
  - Asset and financial restructuring to enhance organisational productivity
  - Professional development in financial management
  - Independent assessment of the consequences of implementing Voluntary Student Unionism (VSU)



# WPP

## *Applications*

- First round of WPP applications closed in April 2006 – 84 applications submitted – breakdown as follows
  - Financial management: 36 (43%)
  - Organisational restructuring/rationalisation: 21 (25%)
  - Management systems/service delivery: 19 (23%)
  - Staff performance programmes: 6 (7%)
  - VSU impact reviews: 2 (2%)
- The Minister for Education, Science and Training will announce outcomes from the first round in August 2006
- A smaller second round of WPP funding will be advised early in 2007



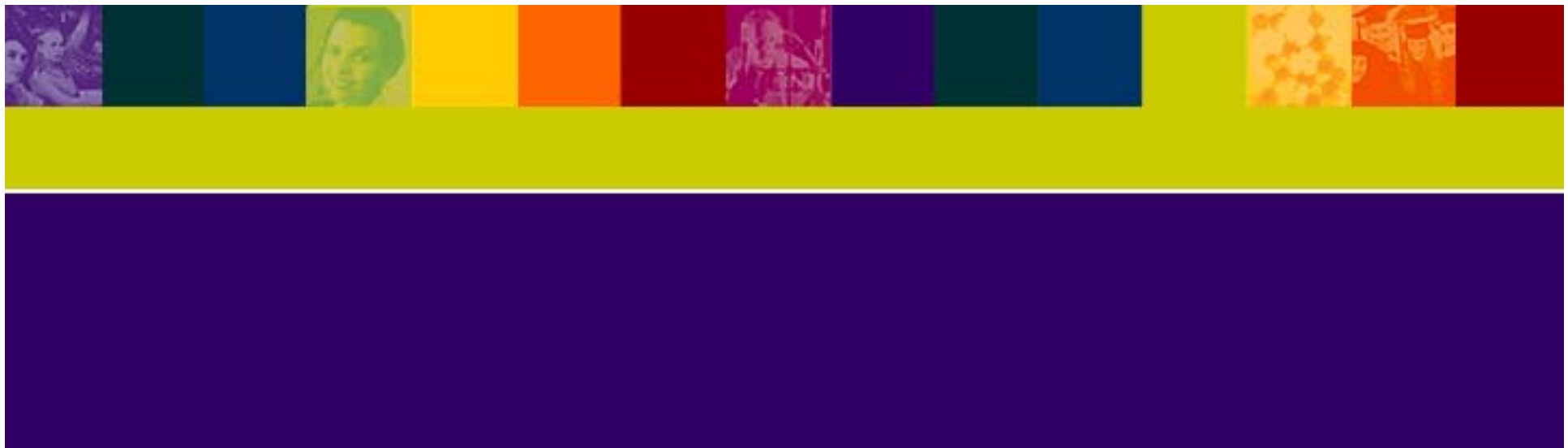


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## **5. Conclusion**



# *Conclusion*

## **The Reform Agenda**

- Workplace reform in higher education – the change context
  - National and international economic context; sustainable growth strategies
  - Industrial relations reform context; Work Choices and new workplace system
  - Higher education reform context; build competitive capacity and improve performance
  - Main policy instruments – HEWRRs and WPP



# *Conclusion*

## **The Reform Agenda**

- Workplace relations reform in higher education designed to support
  - A system focussed on greater freedom, flexibility and individual choice
  - The national diversity and sustainability of the sector
  - The international competitiveness of universities
  - The capacity of universities to respond to changing circumstances



# *Conclusion*

## **The Reform Agenda**

- “An engaged university is one which is relevant to its economy and its students, and which ensures that its services are demanded by its broader social and economic community. If a university is going to engage effectively with its surrounding businesses and communities, then it needs to adapt its structures, processes and operations to the needs of its particular stakeholders”

Hon Julie Bishop MP, Minister for Education, Science and Training, 16 June 2006

