

LH Martin Institute

for Higher Education Leadership and Management

**REPORT OF THE
EXTERNAL REVIEW**

February – March 2011

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Executive Summary

The LH Martin Institute has made a very good start and has established for itself a reputation for high quality products and services. It is widely recognised for its deep understanding of the tertiary education sector and policy context. As a measure of its success, demand now outstrips supply for the bespoke programs and consultancy and it needs to address expanding the pool of associates and staffing capability to meet these demands as a matter of some urgency. The public policy fora are very highly regarded and it plans to deliver these trans-nationally over the coming period.

The Institute is however, perceived as expensive and not obviously financially sustainable on the current model. It also has work to do to fully establish itself as a national resource. Having delivered against the original business plan and funding agreement it now needs to develop a new strategy as a matter of some urgency. It should as part of this process develop a consensus with its customers and stakeholders around what does and would constitute the public benefit/interest elements of the Institute's work. This should form the basis for any future public funding arrangements.

Navigating this report

Section 1: Report synopsis

The report synopsis of the main report provides the reader who has a strategic interest with an overview of the key findings and recommendations. It is designed for those short of time and you will need to read no further.

Sections 2-3: Introduction and Methodology

Sets out the origins of, and the approach to undertaking the review.

Section 4: Findings and Recommendations

This section contains the detailed findings and provides additional supporting evidence from the interview process for the recommendations. It is designed for the LH Martin's use in particular and others who have a more detailed interest in the work of the Institute

Section 5: List of Recommendations

Brings the recommendations together in one place

Established as a national institute based within the Graduate School of Education at the University of Melbourne, the LH Martin Institute has an Advisory Board, which is broadly representative of the tertiary education sectors in Australia. Professor V Lynn Meek is the Institute's Foundation Director. (See also Section 5: Organisation and Operations).

The Institute was named after Professor Sir Leslie Martin (1900 – 1983), who was the full-time chairman of the Australian Universities Commission from August 1959 until he retired in 1966. During his time, there was a rapid expansion of Australian higher education, which included the establishment of five new universities. In 1961, he became Chairman of the Committee on the Future Development of Tertiary Education in Australia. The Committee's advice led to the establishment of a formal binary system of 'research and teaching' universities, and 'teaching-only' colleges of advanced education.

Report Synopsis

“LH Martin Institute needs to be acknowledged and praised for what they have achieved”

- 1 This quote reflects the general sentiments expressed about the LH Martin Institute to the reviewers during the external review.
- 2 The Institute began life in 2007 with a \$10m budget and a specific business plan against which to deliver. It was set up for the following purpose:

“The LH Martin Institute for Higher Education Leadership and Management will meet the urgent need in Australia and the region for high quality leadership and management education in higher education and VET institutions. The goal of the institute will be to improve the quality of post-secondary education management and governance.”¹
- 3 On advice from its Advisory Board to defer work on governance development in the sector, it has otherwise delivered on its original objectives and in many cases exceeded the original quantitative targets.
- 4 It is widely praised for the quality of its development events, presenters and deep policy understanding of Higher Education, both in Australia and beyond. The review also provided a number of suggestions for future development and improvement as the Institute enters the next stage in its growth and development.
- 5 This synopsis of the report is structured around the terms of reference for the review, see Appendix A. The higher level outcomes of the terms of reference are repeated below. The General Terms of Reference headings of ‘Appropriateness, Effectiveness, Efficiency and Governance’ at Appendix A are also reported on within this section.

1.1

Terms of Reference for the Review

- 6 The terms of reference for the external review of the LH Martin Institute for Higher Education Leadership and Management set out five high level specific questions to be addressed with respect to the “Conditions of Grant under the Workplace Productivity Program”.
- 7 In meeting the objectives of the project, the report seeks to address how far the LH Martin Institute has:
 - Responded to the need in Australia and the region for high quality leadership and management education in higher education and Vocational Education and Training (VET) institutions;
 - Improved the quality of post-secondary education management and governance;
 - Trained the next generation of leaders of Australia’s higher education and VET institutions in the strategic management of their institutions;
 - Provided a forum in which public policy makers, public and private sector institutions, and national and international experts can explore and assess the changing national and international environment of higher education and VET; and
 - Provided coursework programs at postgraduate level, continuing professional education and refresher programs, including short courses and seminars, for established senior executives and leaders of governing bodies, conferences and seminars on major policy and management issues, and consultancy services to higher education and VET institutions.
- 8 Each of these points is explored in more detail below.

¹ LH Martin Institute for Higher Education Leadership and Management: Proposal and 5 year business plan. March 2007

Responded to the need in Australia and the region for high quality leadership and management education in higher education and Vocational Education and Training (VET) institutions

- 9 It is clear from the self review document (Para. 3.1) and the interviews undertaken that the Institute have delivered on their original remit, with the exception of governance development. Both the Advisory Board and the funding department gave early advice to the executive to postpone governance development work in the early stages of the Institute's establishment in order to focus on the other elements of the business; namely: award-bearing courses, including the setting up of a scholarship program; the executive development programs; an international conference; research; and consultancy. In these areas, the majority view from participants, line managers and purchasers is that LH Martin Institute has delivered an extremely high quality set of products. This is also evidenced from LH Martin Institute's own evaluations of programs.
- 10 Collaborative partnerships with TAFE Directors Australia, TAFE Development Centre Victoria and the recent appointment of a well known and established researcher in VET has moved the LH Martin Institute forward significantly on the VET development agenda. However, there is still much work to be done, including the need for the Institute to be explicit about which part of the VET/TAFE market they plan to operate in and also how to reach out to the other states.
- 11 In terms of meeting the needs of the region, the Institute has made little penetration into the New Zealand market. Discussions during the review recognised the additional development time needed to fully deliver on this market's needs and recommended that a strategy for the provision of leadership, governance and management (LGM) development for the New Zealand tertiary education sector would be better developed in the second half of a 10 year development cycle. In the meantime, the courses, programs and events are available to New Zealand and have been used as can be seen in Appendix G.
- 12 The LH Martin Institute have been effective in researching tertiary education leadership and management. Their outputs have formed an important foundation for their programs and engagement with institutions. There is some concern now that there is a risk of strategic drift by the Institute into becoming a research body rather than a provider of much needed development. This concern will be addressed by the LH Martin's new strategy.
- 13 The original proposal and business plan is now largely delivered. The summary conclusion of this review is that the Institute now needs to develop, in consultation with their customers and stakeholders, a new strategy and business plan. All subsequent recommendations in this report relate to themes, issues and needs to be addressed as part of this new strategy and future plans for the institute.

Recommendation A: The LH Martin Institute should develop as a matter of some urgency a new strategy which addresses the recommendations in this report and clearly articulates the Institute's role in and strategy for VET and New Zealand markets and concerns about 'strategic drift'.

Improved the quality of post-secondary education management and governance

- 14 The LH Martin Institute has been in operation for three years, and as shown by other studies² it is too early to evidence impact on the quality of post-secondary education management and governance. Whilst LH Martin Institute has had considerable uptake (see Appendices F and H), greater critical mass alongside a specific evaluation strategy assessing job performance, institutional impact and sector level evaluation is needed and recommended for the next stage of the Institute's development. Nevertheless, section 4.2 highlights reported changes to individual practice cited by past participants and also organisational practice elicited from commissioners of bespoke/in-house provision. This section illustrates the type of outcome that LH Martin Institute is capable of contributing to.

² Final Report: Interim Evaluation of the Leadership Foundation for HE, 15 June 2006, Oakleigh Consulting Ltd. HEFCE website insert

Recommendation B: The LH Martin Institute should develop and implement an evaluation strategy which can demonstrate impact at the institutional and organisational level.

- 15 The governance development agenda now needs to be addressed. The review discussions confirmed that there is a need for development in this area and LH Martin Institute should be well placed to support and meet such needs. This is explored further in section 4.2.

Recommendation C: The LH Martin Institute should develop, pilot and implement a strategy for governance development which addresses the challenges of geography and time availability of participants through, for example, the production of Good Practice guidance and web-based learning as well as meetings and events. The Institute should also consider partnership arrangements with University's Chancellors Council, the Australian Institute of Company Directors and the Committee of University Secretaries.

Trained the next generation of leaders of Australia's higher education and VET institutions in the strategic management of their institutions

- 16 It is evident from the interviews that the offerings from the LH Martin Institute are seen as highly credible by the majority and offer the tertiary education sector specific development experiences and award programs. These are used by institutions as part of their talent management and succession planning strategies and by individuals for personal career development. It is natural that institutions will also seek to provide development for their next generation of leaders and managers from a range of other providers from, for example, INSEAD and Harvard to independent consultants and large consultancy firms. These approaches are clearly not mutually exclusive and are usually complementary.
- 17 In their start up phase the Institute has seen promising growth in the participation in their programs. Participation rates and take-up analysis can be found in paragraph 4.9 of the self review and are noted more fully in section 4 paragraph 122 of this review. Raising participation rates will be key to the long term sustainability of the Institute.
- 18 However, whilst there are areas into which the Institute might seek to expand, competition is increasing as the private providers see the opportunities for business presented by the changing strategic and funding context of Australian tertiary education. Whilst there are many providers seeking to capture the tertiary education market, the unique offering that LH Martin Institute has is its deep understanding of the tertiary education context, the value of which should not be underestimated as their unique selling point.

Recommendation D: The next strategy needs to clearly articulate the LH Martin Institute's role with regard to growing their market share.

Provided a forum in which public policy makers, public and private sector institutions, and national and international experts can explore and assess the changing national and international environment of higher education and VET

- 19 The public policy fora and seminar series have been consistently quoted as a great success to the reviewers. The only criticism is that they are Melbourne-centric. State governments elsewhere expressed a strong interest in such events being held around the country to facilitate the dialogue and debate about public policy in tertiary education, in particular with relation to these governments exercising their own governance role with the sector. The quality of the speakers and the discussion was consistently praised for its high quality and it is clear that these seminars are providing a 'public benefit' which should continue and be developed for a wider geographical audience. These policy fora have been and will continue to be offered via podcasts and the Institute plans to extend their reach to include Brisbane, Perth, Sydney and Adelaide during 2011/12, whilst continuing the Melbourne fora to meet that demand.

Recommendation E: The LH Martin Institute should continue to provide public benefit/interest events such as the policy fora; these offerings should be renewed and refreshed with advice from the tertiary sector and reach out to states and the region, positioning the Institute as a national resource.

Provided coursework programs at postgraduate level, continuing professional education and refresher programs, including short courses and seminars, for established senior executives and leaders of governing bodies, conferences and seminars on major policy and management issues, and consultancy services to higher education and VET institutions

- 20 The LH Martin Institute has provided two postgraduate programs (Master of Tertiary Education Management [MTEM] and the Graduate Certificate in Quality Assurance [GCQA]) plus an extensive suite of executive programs. The self review document provides a full account of programs delivered with evaluations of each, coverage and numbers. The forward program for 2011 has responded to feedback and sought to build on collaborations and partnerships delivering, for example the 'Thought Leadership' series with the TAFE Development Centre, Victoria. Other successful collaborations have included those with TAFE Directors Australia, University of Queensland Business School for the 'Women in Research Leadership' program and the international programs with the International Education Association of Australia.
- 21 Future opportunities for partnering with the University's Chancellors Committee, the Australian Institute of Company Directors and the Committee of University Secretaries on governance development are explored in section 4.
- 22 The Institute's consultancy and bespoke services have been highly successful with demand now outstripping supply. It is a matter of some urgency that the Institute build staffing capacity to deliver in this area, particularly as they are about to lose a key member of staff with this expertise.

Recommendation F: The LH Martin Institute should build on their effective use of partnerships in their future work and enhance their capacity for delivery.

1.2 Appropriateness of LH Martin Institute

- 23 The original business case clearly articulates the need that the LH Martin Institute was set up to address. It is widely acknowledged that the tertiary education sector in Australia and globally is now so complex and so very different from what it was 20 years ago. Failure to address the leadership, governance and management development needs of a sector which contributes to the development of the economy and society would not be in the best interests of students or businesses. Also effective leadership, governance and management ensures and assures value for money from the public purse for the taxpayer and other financial stakeholders.
- 24 Whilst other providers can and do provide such development to the tertiary education sector in Australia and elsewhere, discussions during the consultation exploring the counterfactual dimensions of LH Martin Institute's presence confirmed that there was no other service provider with such a high level of specialist knowledge and understanding of tertiary education.

Recommendation G: The Institute should optimise their acknowledged tertiary sector knowledge and expertise in the development and embedding of their brand in Australia, the region and internationally.

1.3 Effectiveness and Efficiency

Effectiveness

- 25 The effectiveness of LH Martin Institute is discussed in this report and there is considerable evidence that in the short time since its inception it has been very effective in setting up the organisation and delivering against its original business plan thus far. It is clear from respondents that there is now much new work to be done as it enters its next phase and positions itself for long term sustainability and to meet the new and emerging challenges facing institutions in Australia and New Zealand.
- 26 Whilst LH Martin Institute has established itself as a quality provider of leadership and management development for tertiary education sector, it clearly needs to establish itself as a 'national resource'. It has worked hard to take its offer out into the various states but the perception remains that it is very Melbourne-centric. This is particularly true of the Public Policy fora. Geography does matter and the phrase 'the tyranny of distance' was the most quoted challenge facing the Institute. The impact of its location within the Graduate School of Education at the University of Melbourne is explored in section 4.4.

Recommendation H: The Institute, as part of their new strategy development, should address how they establish themselves as a national resource both in the perceptions and the reality of their customer and stakeholder base.

- 27 As part of establishing themselves as a national resource, a properly resourced and strategic engagement function is needed within the Institute. This would build on the Key Institutional Contacts work, build and create closer relationships and also be able to advise on appropriate interventions and support that the Institute can provide. The direct contact between the Institute Director and Heads of Institutions will be an important part of such an engagement strategy. It is through this channel that the Institute would also be best placed to explore the viability of, and build support for, developing a 'top management program' which would serve to develop the future leaders of tertiary and higher education. The ANZSOG and 'Top Management Programme for HE' at the LFHE (UK) were often cited as models worth further exploration for development. This approach, whilst challenging in a smaller HE economy, is seen as an important strategic engagement.

Recommendation I: The Institute Director should put in a place a rolling program of meetings, electronically or face to face, with Heads of the tertiary institutions in the region.

Recommendation J: The Institute should consider the creation of an Engagement Manager with responsibility for developing and delivering an engagement strategy for the Institute and working closely to support the development of a new communications approach.

- 28 The review explored why the Australian Government would want to continue to invest in LH Martin Institute. Apart from losing the original investment, the strongest arguments were made around:
- i. LH Martin Institute's public benefit/public interest role. It was acknowledged that without this contribution the Institute would become 'just another market provider'. This is explored further in section 4, paragraphs 130ff.
 - ii. an emerging efficiency agenda for the tertiary sector, explored in section 4, paragraph 61
- 29 That the LH Martin Institute is seen as a truly specialist provider with an academically thought through offer and provision carried a lot of weight with interviewees as they face the complexity of the tertiary education sector and the challenges of maintaining a world class reputation. The Institute is taken seriously by the majority, in terms of creating and stimulating a 'safe environment' for policy debate and formulation for all parties in pursuit of the development and delivery of policy objectives for tertiary education.
- 30 Given that such interventions may not meet with universal understanding or accord and therefore are not necessarily 'saleable', the LH Martin Institute can provide the fora 'for a different kind of conversation or debate' as reported by various state governments and national bodies, as well as serving to up-skill and develop the tertiary education sector workforce.

Recommendation K: The Institute should work with stakeholders to agree and clearly articulate the public benefit/interest element of their provision as a basis for future funding discussions.

Governance of LH Martin Institute

- 31 The original board structure and operations are now seen as having fulfilled their initial purposes. Comments about the governance of the LH Martin Institute called for greater and more transparent accountability. Not only is this important in its own right but it is equally important for the Institute to be seen as an exemplar in an area where one of their key purposes is to develop capacity and capability for the tertiary education sector. This, accompanied by a signal of greater independence within the University of Melbourne, would also assist them in meeting the challenge of being recognised as a national resource.
- 32 Recommendations include a review of the board's structure and operations, and the creation of a new smaller more 'corporate' board to attend to the effectively independent governance of the Institute supported by a broader and more representative advisory group to provide advice on strategy. In order to support greater governance independence, and also the sense amongst users of being a national resource, the possibility of the LH Martin Institute having their own statute within the governance arrangements of University of Melbourne would prove beneficial.

Recommendation L: The Institute should conduct a review of their governance arrangements to ensure transparent accountability and to reflect good practice in the field. As part of this review, the Institute, with the University of Melbourne, should consider establishing the Institute with their own statute.

Efficiency

- 33 This review did not seek to undertake a full efficiency review of the LH Martin Institute, although it did capture views on the Institute's financial support, value for money and long term sustainability. These are explored in more detail in section 4.4.
- 34 Generally the view expressed was that the cost of LH Martin Institute provision was high, although for a significant minority this was not an issue. Concerns were expressed about the level of take-up of the post graduate provision when the 50% scholarship scheme ceased, though others thought the current price to be within the realms of 'normal' for a post graduate program. Clearly, the Institute need to engage in some robust price sensitivity analysis as part of their future strategy development.

Recommendation M: The Institute should conduct a price sensitivity analysis beyond the price comparison exercise noted in the self review document.

- 35 Significant comments were made about the high quality and volume, and therefore assumed cost, of the LH Martin Institute marketing literature. As most of this reportedly rarely reaches potential participants as it is filtered and often blocked within institutions, there is clearly a need to rethink and modernise their communications and marketing strategy, exploiting new technology and social networking.

Recommendation N: The Institute should review and update their communication strategy.

36 Other comments which supported the need to fundamentally review their communications included:

- Comments received about the apparent high costs or subsidy of events such as the European Study Tour or high level international speakers. Clearly support funding from, for example, ERASMUS and the British Council, is not known about nor understood and LH Martin would do well to communicate this more fully.
- The quality of residential provision was highly praised, and in some respondents eyes presented an opportunity for economies. However, wherever possible, the LH Martin Institute uses university/VET facilities. These are typically run on a commercial basis by institutions and thus the Institute aim to reinvest back into the sector.

Long term sustainability

37 The LH Martin Institute report that they have generated 46% of their revenue for 2010, the last year of their Commonwealth funding. Projections in the budget anticipate that the Institute generate 80% of their funding from 2011 onwards. This assumption was seriously challenged during the interviews. Given the current and expected financial climate facing the tertiary sector, these predictions are subject to risk. If they are achieved, it places the Institute well on their journey to self sustainability. However the high level budgets reported in their self review document attracted comments which raised real concerns about the business model and financial reporting measures currently in place. In terms of long term sustainability it is interesting to note that the Leadership Foundation for Higher Education (LFHE) is generating 80% of their income after seven years in operation, which also includes a subscription model.

38 A number of issues attracted attention during the discussions, particularly the need to reduce costs and increase participation. Many comments suggested a need for business process of operations review.

Recommendation O: The Institute should revisit their financial reporting framework, in particular how they attribute revenue and expenses over the financial years.

39 Associated with long term sustainability is a review of the LH Martin Institute's business and pedagogical model and the need to build capacity and capability within the staffing resource to meet future needs. Pedagogical models for the Institute are explored in section 4, paragraphs 72 and staffing issues in section 4, paragraphs 133ff. The Chair of the Advisory Board and the Director indicated that they were both near the ends of their terms of office and also due to retire. This offers an opportunity to the Institute to review and refresh its staffing needs to meet the quite substantial demands of taking itself forward in a relatively small tertiary education sector economy to do business in a challenging fiscal climate. These issues are explored in more detail in section 4.4 of the report.

Recommendation P: The Institute should clearly articulate within their new strategy their pedagogical model for leadership, governance and management development, including a clear expression of the mission and values which will underpin it.

Recommendation Q: The LH Martin Institute should review the job and person specifications for the next Chair of the Advisory Board and Executive Director in the light of the Institute's new strategic requirements.

In Conclusion

- 40 In conclusion, the demands of the sector have grown and changed in emphasis from the original business case – both in response to changing tertiary education sector policy and funding landscape but also to complement the growing in-house provision.
- 41 Whilst the Institute have responded well to the needs identified in the original business case and adapted to customer demand, it is now clearly time to develop their own strategic plan for the future. It is the Institute's intention that this report will inform their thinking in the development of the new strategy, taking account of the findings of this review and addressing the particular concerns identified. These in summary include strategic drift, price sensitivity, the increasing demand for bespoke/in house provision/consultancy, a more broadly developed engagement and partnership strategy as a means to establishing itself as a fully recognised national resource, providing a self sustaining suite of programs and activities alongside a set of 'public benefit' interventions and events as advised by the sector and any future public funding arrangements.
- 42 The new strategy will also need to be explicit about their delivery model, financial sustainability, focus and markets. Addressing the issues raised above will require the LH Martin Institute to urgently reassess their staffing capacity and capability needs in terms of new appointments and refreshment and extension of the associate pool.
- 43 The list of recommendations can be found in full at Section 5.

- 44 The conditions of grant under the Workplace Productivity Program (June 2007), which provided the initial establishment grant for the Institute, stipulated annual reports on progress against the original business plan with a final report for the period 1 January 2010 – 31 December 2010. For the final report the LH Martin Institute have produced a self assessment report on progress with the required financial statement. To test, validate and where necessary challenge their findings, they commissioned this independent review.

Reviewers

- 45 This review was undertaken by Alison Johns, Head of Leadership, Governance and Management at the Higher Education Funding Council for England, in a personal capacity. This report reflects her views based on 20 years experience of Leadership, Governance and Management policy and development in higher education both in the UK and internationally. It does not represent the views of HEFCE.
- 46 The review was supported by Jim Davidson, recently retired Deputy Secretary for Tertiary, Youth and International, Commonwealth Government. Biographies for both can be found at Appendix I.

- 47 The methodology for this review comprised two core elements: desk analysis of the LH Martin Institute's self assessment documentation, and a two week intense consultation process consisting of 60 semi-structured interviews and two focus groups. Over 70 individuals were seen in total, who represent a broad spectrum of stakeholders, including senior staff of institutions, sector groups, government and Institute staff. Appendix B lists those contributing to the review. Assessment of the self assessment documentation identified a number of areas for this review to explore during the interview phase and these are detailed in Appendix C.
- 48 The remit from the LH Martin Institute emphasised that this review should be as much forward-looking as evaluative of past performance. The reviewers therefore took the opportunity to clarify expectations of the Institute's past, current and future role, which can best exemplified as a negotiation between three existing set of drivers or expectations, illustrated in the three P's model of role clarification below:*

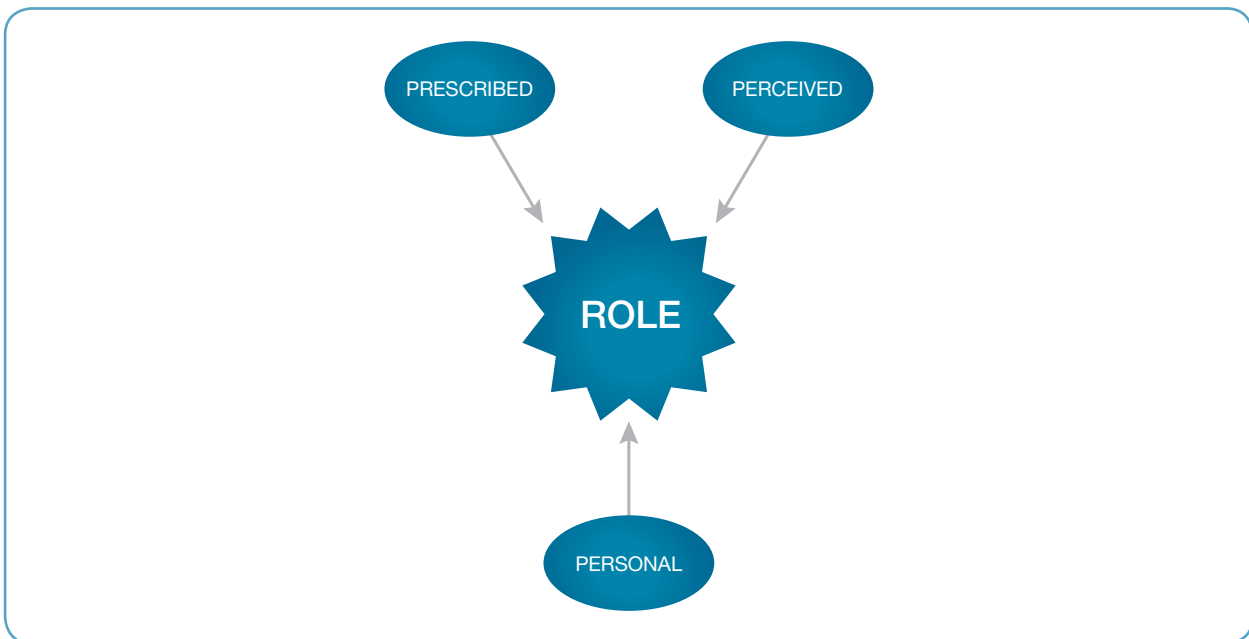


Figure 1: Role Clarification for LH Martin Institute

- 49 Within this model, three varying sets of expectations and thus influencers of role are articulated:
- **Prescribed** – those expectations of the LH Martin Institute as set down in the original business case and funding agreement; any other legal and contractual requirements set down by the University of Melbourne as host;
 - **Perceived** – those expectations and perceptions of the LH Martin Institute role as expressed by users and other stakeholders;
 - **Personal** – those expectations of the LH Martin Institute role as expressed by staff/ Institute providers based on their knowledge, values, attitudes, experience, skills and beliefs about leadership, governance and management development for the tertiary education sector.
- 50 In order for the review to provide strategic advice, a systems analysis approach using the 'Organisational Wheel' below informed the direction of inquiry and also provides the structure for reporting the findings and recommendations. As an analysis tool, this model seeks to capture information in a methodical and structured way about a dynamic system. Each part of the system is interconnected; a change in any one part or the external environment creates change, or pressure for change, in another. It proves to be a helpful tool for organisational analysis, capturing at any one time a snapshot of the state of affairs, issues, strengths and weaknesses.

51 The 'Wheel' sits within its own environmental or strategic context. These external drivers or influencers e.g. political, economic, social and technological are also analysed to inform the requirements, expectations and demands on the system and how they in turn require the system to change.

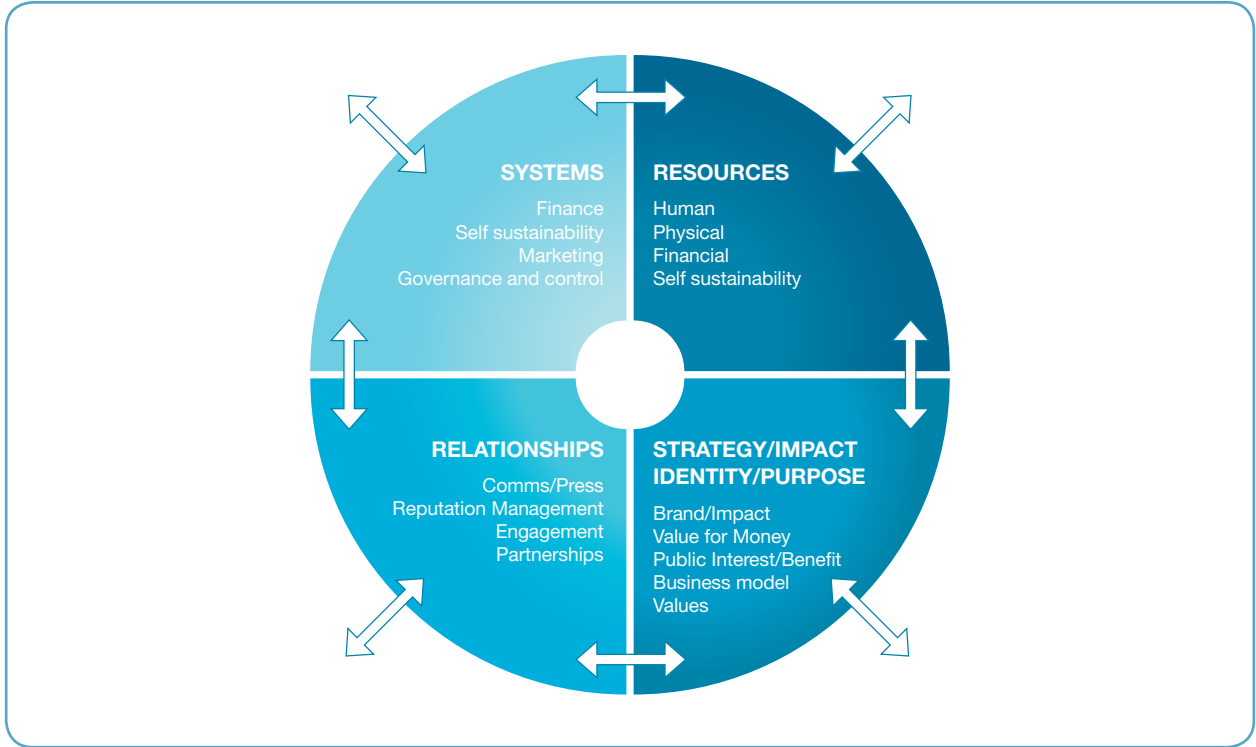


Figure 2

52 This section of the report looks at the findings and issues raised during the interview process and, where appropriate, the evidence from the self assessment document. Issues are raised at the beginning of each section. The reports final recommendations appear within the report synopsis and in full in Section 5 of the report.

53 The findings and recommendations are reported in the following five areas:

4.1 The Strategic Context for Australian Tertiary Education

4.2 Strategy and Impact

4.3 Relationships and Engagement

4.4 Resources and Value for Money

4.5 Systems

4.1 The Strategic Context for Australian Tertiary Education

54 'Trends in Global Higher Education, the 2009 OECD report, sets out the key contextual issues for tertiary education. At the highest level, globalisation (the integration of the world economy) and internationalisation, i.e. policy responses to globalisation by governments and institutions provides a challenging policy and strategic context, whilst at the same time countries are seeing increasing demand for and participation in higher level education, inequalities in access, increasing student mobility, challenges in financing tertiary education – i.e. 'Who pays?' – and the increasing role of the private sector during institutional change.

55 Other major influences on higher education globally include international rankings, research competition and concentration, changing student needs and expectations, and the opportunities and challenges of information and communications technologies. Cost pressures, for example from pay and pensions, post financial crisis constraints on public funding, governance reforms and greater institutional autonomy balanced by increasing expectations of tertiary education sector's role in society and the economy only serve to emphasise the startling difference between tertiary education now and only 20 years ago.

56 These contextual realities present the leadership, governance and management challenges of a generation for those in tertiary education around the world. Never has the need for high quality leadership, governance and management development been greater. A brief synopsis of the policy context for Australian tertiary education which reflects Australia's response to trends in global in higher education can be found in Appendix D.

4.2 Strategy and Impact

57 The LH Martin Institute is in need of a new strategy and considers this review to be part of that process. The findings will be used to inform the next stages of strategy development and direction of travel. This section of the report explores at the beginning what the future strategy needs to address in broad policy terms. This is followed by an analysis of the key strategic issues raised during the review process. Each sub-section explores issues raised and makes recommendations to address them.

Future Strategy

58 LH Martin Institute's future strategy needs to align very clearly with the government agenda for the tertiary sector and the Australian Public Service (APS) reform agenda, addressing the particular challenges faced by the sector. The Australian government is focused on implementing its response to the Bradley Review and their current funding review and wants to see the tertiary education sector making the most effective use of its revenue and asset base. There is concern that upheavals stimulated by demand driven funding, fluctuations in international revenue and cross subsidy of activity within institutions could impact on domestic operations. As one commentator put it:

"The international 'cash cow' time is limited – at the same time, demand-driven funding hits"

59 Other pressures and strategic demands arise. In a global world of intense research concentration in countries like China and elsewhere, the question of a shift from competition to collaboration arises. More generally, in relation to the overall reform agenda the largely permanent workforce is identified as a particular challenge in delivering change in a highly competitive market place.

60 The government will need confidence in the or capacity of the tertiary education sector to deliver competitively in a global context and until the sector has this confidence, the government will not want to let go.

61 There is not yet an explicit efficiencies agenda in Australia compared with other countries, e.g. Universities UK has established a special task group to address the efficiency agenda for UK higher education. Universities elsewhere are becoming more efficient to fund future growth. Concerns were expressed during the interviews that, without a drive towards greater efficiencies, that Australian institutions risk finding themselves becoming less competitive. The efficiency agenda per se has certain political connotations at this time, but the general view is that the financial climate will become more austere. This presents the LH Martin Institute with the opportunity to create an efficiency agenda and link it to effective leadership. Any future strategy should show how LH Martin Institute's forward plans contribute to the government's policy of increasing management effectiveness and delivery. In the words of one interviewee:

"The Institute should focus on delivery and become known as the one organisation that 'makes you better able to deliver'"

62 The new joint LH Martin Institute / Australian Learning and Teaching Council funded project with the National Centre for Academic Transformation has been designed to position the Institute in this space.

63 Another commented:

"The challenge for institutions and the LH Martin Institute is to develop a sophisticated understanding of the change needed, how to respond to it and how to implement the changes required. Carefully defining the problem, highlighting where the problem is likely to manifest itself and working to help set the sector up so that it can cope with the change required will be a key role for the Institute: particularly so if it wishes to secure future government support. The Institute needs a convincing offer; something that people will take up and clearly articulates their expertise and distinctiveness as it applies to tertiary education institutions"

64 As government departments engage in the APS reform which seeks to modernise public service and develop a new cadre of capability and capacity in policy development, implementation and leadership, eyes will be on the tertiary education sector, looking for evidence that it too is engaged with this agenda. Evidence of organisational analysis, continuous improvement strategies and activities, development of key metrics and benchmarking performance will be sought. In delivery terms, tertiary education institutions, and indirectly the LH Martin Institute, will be judged on the tertiary education sector's impact, for example, in entrepreneurship and innovation, the quality of research, league table performance, development of IP and helping the Australian economy to diversify. Strategic Issues for LH Martin Institute.

Strategic Issues for LH Martin Institute

Strategic drift

- 65 Whilst respondents were unanimous in their praise for the quality of the programs and speakers, and value was placed on the Institute's research, real concern was expressed from the full range of stakeholders interviewed about the perceived risk of 'strategic drift' by the LH Martin Institute into becoming 'just another research institute' which is not what the sector wants or needs.
- 66 Respondents commented that the Institute's research had been an important underpinning to the development of their products and programs and acknowledged a prior dearth of research in the area of tertiary education leadership and management. Indeed, research both to improve the sector generally and to provide an evidence base for programs was a core part of the Institute's initial proposal to the Commonwealth.
- 67 From the Institute's perspective, it is the research-based material that facilitates engagement with institutions and sector groups, and this was confirmed by interviewees. However, fears were expressed by external interviewees about the risk of slipping into the trap of trying to 'do it all for themselves'. It was also recognised that as staff are also submitted into ERA this creates a challenging set of tensions.
- 68 As research grows in tertiary education leadership and management, there is a strong view that the Institute should rethink their research strategy and with a view to becoming 'intelligent commissioners of research' rather than doing it all themselves, building closer links with research institutes both within the University of Melbourne and beyond. As one commentator said, "the Institute should build research networks and spread the glory and ownership – not simply 'employ their own'"
- 69 Comments were also received which expressed a real sense that LH Martin Institute need to move beyond research which comments on the sector to a greater emphasis on solutions and actions to bring about change:
- "We need LH Martin Institute to work for the sector, not just on the sector"*
- 70 *This approach is now beginning to manifest itself in the Institute's practice and needs to be explicitly present in their next strategy document. Examples of current work in this area are illustrated below:*
- The current part Australian Learning and Teaching Council funded Course Redesign project, working with the USA National Centre for Academic Transformation which will run pilot programs in at least two institutions.
 - The DEEWR funded symposium on research needed in the international education area, which brought together researchers, policy makers and institutional representatives to plan a sector wide approach and included three commissioned background papers from researchers outside of the Institute.
 - The LH Martin Institute currently partners in research with a range of other institutions including: the National Centre for Vocational Education Research, Universities (RMIT, Sydney and others), the Australian Council for Educational Research, the Group of 8, IEAA and the LFHE in the UK.
- 71 *Developing a research base which provides solutions and translating this into practical organisational interventions will need to form a core element of the LH Martin Institute's future strategy. The following section regarding the Institute's pedagogical model addresses the issue of staffing capabilities required for the next stage of their development. This will need to focus more on consultancy, program design and delivery, with high credibility stemming from experience as managers and leaders in their own right, thus firmly establishing LH Martin Institute's credentials in a 'change agent role'.*

A pedagogical model for leadership, governance and management development

- 72 A significant number of interviewees commented that LH Martin Institute did not appear to have an explicit model of leadership, governance and management development. During the interviews, the educational and organisational models of development were explored. It was generally agreed that the Institute were predominantly operating out of the educational model, but that what is sought now is a move towards an organisational development approach. Here the Institute would work more within tertiary education institutions, delivering both bespoke programs and events or specifically designed consultancy interventions to assist the institutions achieve their own strategic change initiatives.
- 73 The differences between the educational and organisational approaches to leadership, governance and management development are described below and illustrated in Figure 3. In each model, three key players are identified: the organisation, the learner, and – for ease of language – the trainer. The model serves to illustrate the differences between the strengths and the purposes of the relationships between these three players.
- 74 In the educational model, the greatest emphasis and the greatest strength of relationship is between the trainer and the learner, with the energy and resource directed towards improving the learner as an individual i.e. education for its intrinsic value, the idea being that the more knowledgeable and better skilled the learner is, the better they will be able to serve their organisation.
- 75 One weakness of this model is illustrated in the organisational triangle below, which illustrates how, when individuals or managers are taken out of the organisation and developed, it is very difficult for them to effect change when they return to the organisation. Neither the people below them nor above them have been changed; colleagues have little or no knowledge and understanding of the learner's experience, and even less 'buy-in' to change themselves.
- 76 Throughout the interviews, people often quoted that participants on LH Martin Institute programs were full of enthusiasm during the program, but on returning to their institution they found it very difficult to either maintain the enthusiasm or bring about change because of this phenomenon. Referring to the educational model again, it is interesting to note that the weakest relationship is between that of the trainer and the organisation.
- 77 In contrast, in the organisational model, this relationship is one of the strongest. Here the trainer seeks to understand the organisation's needs of the learner and also has a primary role in supporting the relationship between the learner and the organisation to assist in clarifying the on-the-job performance objectives required. Interestingly, in this model the weakest relationship is between the trainer and the learner and purely serves to facilitate the agreed learning objectives as identified in that primary relationship between the learner and the organisation. This does not however negate the need for high quality learning design and delivery. Some might argue that this is inherently instrumental, but that is what organisations are generally 'prepared to buy'.

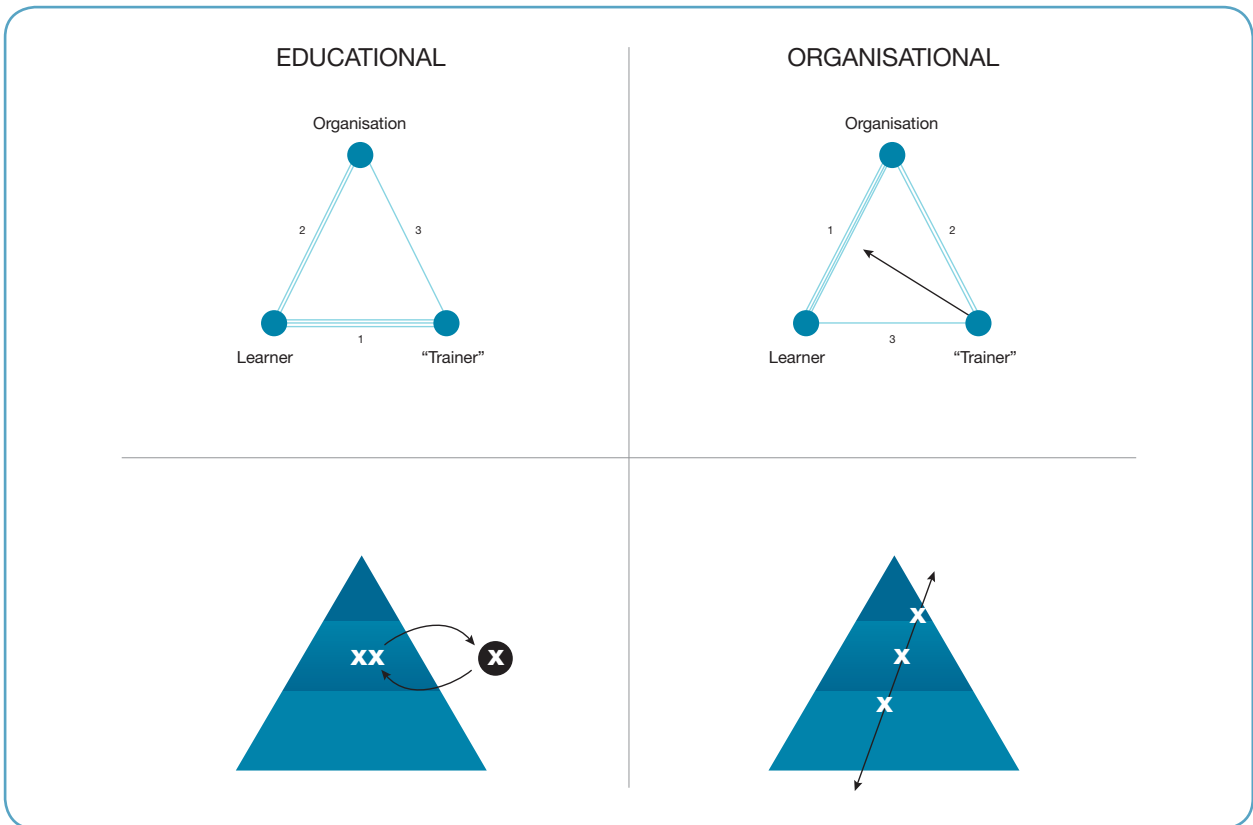


Figure 3

- 78 The interviews confirmed that institutions were increasingly more interested in the organisational approach to learning and development. They saw this as the swiftest route to the transformational organisational change and development needed to equip themselves for the changing and increasingly challenging world of tertiary education.
- 79 Whilst no respondent denied the benefits of developing an individual’s knowledge, skills and attitudes, it is very apparent that institutions are looking for a balance of provision between individual manager development on the one hand, and developing organisational management capacity on the other. The LH Martin Institute’s offering is seen as operating within the educational model and both demand and need is for a shift towards and greater emphasis on the organisational approach. The Institute needs to produce a more balanced offering and set of outcomes as in figure 4 below.

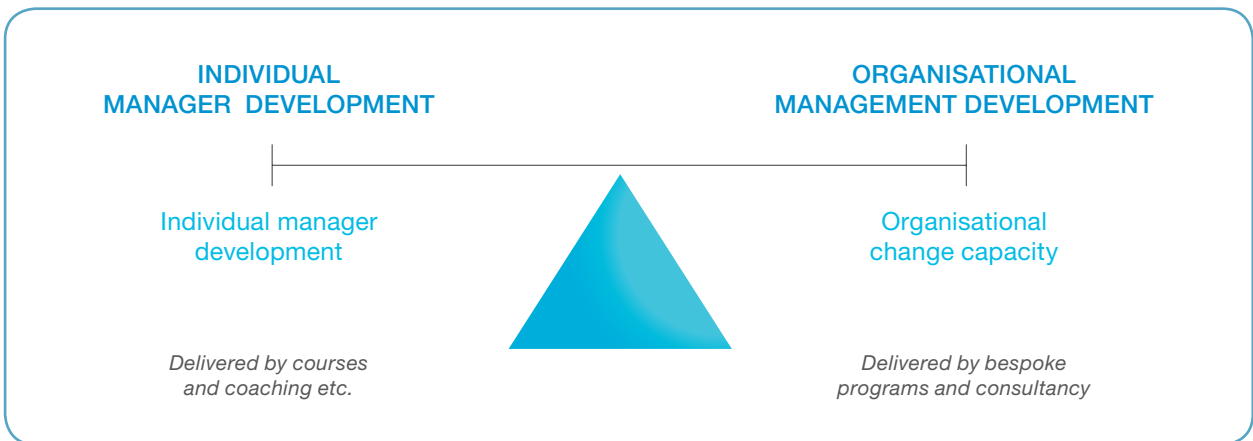


Figure 4

Impact and Evaluation

- 80 One of the difficulties of this review in responding to the question of how far the Institute have "improved the quality of post-secondary education, management and governance" is that the current evaluation model is in its early stages of development.
- 81 The self assessment document provides a comprehensive analysis of participant feedback. Also, a follow up survey was conducted and reported on in December 2010. These provide very positive results in terms of individual learning and satisfaction.
- 82 This review took the opportunity to explore the Institute's impact at the outcome level with both participants and commissioners (typically DVC or Principal level) of bespoke in-house events. The following small sample of case studies illustrates the type of workplace performance change or outcome that the LH Martin Institute, through their interventions, contributes to. The evaluation approach used by the reviewer explored inputs, processes, outputs and outcomes and the relationship between them.

CASE STUDY 1: MASTER OF TERTIARY EDUCATION MANAGEMENT

Inputs and processes

"The first unit readings around change management and academic culture were particularly useful and helpful." "Previous change leadership programs I had attended had been far too corporate. The content was excellent at setting the strategic and policy context for higher education. The lecturers were excellent in this area."

Outputs

"Once again, the use of real work projects led to proposals and papers for the workplace."

Outcomes

"At the end of this program I have a much better understanding of how the university sees things. I now see things in a different light. I understand the context and instead of being resistant to changes I am in a position to negotiate better outcomes for both sides. For example, when the university wanted to set up an independent centre which directly affected my area, I took a more measured approach; I was more realistic in terms of my area's needs and did not push for the impossible. Another participant who undertook the program when she joined the tertiary education sector from a different sector explained how the MTEM enabled her to understand institutional dynamics from an external perspective and to better understand the tertiary education policy context. In her view, it would have taken her much longer to settle into tertiary education and much longer to reach an optimal performance level. Induction traditionally in universities is considered to be poor, particularly in the areas of strategic management at the university. "This program helped me to communicate with managers and academics on an equal footing. I have recently been elected to Council and this program has helped me to understand operations at this level and has enabled me to contribute in a much more significant and relevant way."

CASE STUDY 2: GRADUATE CERTIFICATE IN QUALITY ASSURANCE

Inputs

“I liked the online learning. The material was excellent and accessible.”

Processes

“The ongoing online discussions were particularly valuable. The webinars, where you can look at and see people, some were Australians but most were overseas from Dubai, Africa, Turkey etc, meant that I read more broadly and internationally about practice.”

Outputs

“I used real case material and work assignments for my projects which led to real work proposals and papers.”

Outcomes

“As a result of doing this program I have a much better understanding of TEQSA and what it might mean for it to be a more regulatory body. I have a much better understanding of institutional dynamics external to the institution. I learned a lot about performance indicators but not as much as I’d hoped for.”

CASE STUDY 3: IN-HOUSE / BESPOKE / CONSULTANCY

1) Strategic time out for VET institution

Inputs/Processes

Its purpose was to facilitate the annual time out for 80 of the leadership and management group to have a structured and strategic discussion of the topical issues. The design of the program by LH Martin Institute was supplemented by an evidence base from a survey they ran to identify current practitioner practice in the VET sector as a means of benchmarking. The purpose of this was for those in VET who were not from an academic background to understand the pressures in order to have an informed conversation, share concerns and stresses and to find a way to move forward together.

Outputs/Outcomes

Out of this meeting, the commissioning institution didn't free enough time to discuss implementation priorities, so for example in teaching and learning they developed a graduate certificate in teaching and learning but hadn't translated that into action. As a consequence of the time out this is now happening. They have also taken their strategic plan and modified it to include teaching and learning direction and to put in place different strategies to encourage and facilitate dialog and various communities of practice have been set up. A proposal for a polytechnic model also emerged and the senior management team are restructuring the senior executive meetings with a key purpose of focussing on teaching and learning aspects. This is now chaired by the deputy vice-chancellor (academic). The questioner was quite clear that the LH Martin Institute intervention was key to achieving these outcomes.

2) A program for 70 staff in an university to achieve the following goals:

- Break down silos
- To develop those with no formal power but potential as future leaders
- To develop interdisciplinarity
- To sustain an innovative culture

Staff came from a mix of academic and professional and support backgrounds from the senior staff group and beyond but did not include the top team during the event.

The institution concerned sought an 'off the shelf package but nothing existed. LH Martin Institute was chosen because "their expertise jumped out as a provider that understood the university's context."

Inputs and processes

A two day residential bespoke program was designed which included MBTI psychometrics and a series of activities to explore and address leadership styles, team working, building inter-disciplinary collaborations, breaking down barriers and developing innovative ideas. The LH Martin Institute provided expertise, key readings, excellent facilitated conversations about tertiary education funding and the policy context.

Outputs/outcomes

The commissioner noticed significant change in behaviour back in the workplace. Relationships had changed and fun was injected into difficult problem solving situations rather than tension and conflict. Ideas from the event were operationalised and the will and commitment to deliver and see them through was generated.

- 83 What these case studies show are direct benefits to the institutions involved through time saving, reduction of conflict, turning ideas into action and creative problem solving. In addition, whilst it is not possible to draw a direct causal link, it is also interesting to note that 47% of participants in LH Martin Institute programs gained promotion within 6-12 months of attendance.

Taking evaluation to the next stage

Evaluation of outcomes is extremely difficult to achieve. However, the Institute do need to build on their existing evaluation work, which although detailed, thorough and has produced positive results, needs now to embrace a more systematic approach to evaluating and assessing the impact of their work in the institutions concerned and at sector level. The Kirkpatrick Evaluation Model or grid shown below provides one framework for developing a more systematic evaluation strategy.

	OBJECTIVE ACHIEVED (1)	COST (2)	COST EFFECTIVE (3)	COST BENEFIT ANALYSIS (4)
Organisational outcomes	4	8	12	16
Job performance	3	7	11	15
Learning objectives	2	6	10	14
Reaction Objectives (Individual satisfaction)	1	5	9	13

Figure 5: Kirkpatrick Evaluation Model

84 This model or framework seeks to identify impact at four levels:

Level 1: Reaction objectives

This level seeks to determine the extent to which participants were satisfied with their experience of the training or learning event across a range of indicators.

Level 2: Learning objectives

This level seeks to identify and assess whether the learning objectives of the program have been achieved. This may typically take the form of in-course questions, questionnaires, end tests, examinations, and so forth.

Level 3: Job performance

This level seeks to assess and understand the impact of the training or learning event on an individual's job performance on returning to the workplace. It will seek to identify concrete examples of changed behaviors and their impact and/or benefit to the organisation.

Level 4: Organisational outcomes

This level of analysis seeks to assess or attempt to assess the impact of behavior change or changed performance on overall organisational outcomes.

85 At the simplest level an evaluation strategy would involve processes and activities to capture evidence which identifies whether the objectives of the learning event were achieved at all four levels (column 1). Moving across the grid, the evaluation would then seek to identify the costs of achieving those objectives (column 2), the extent to which this was the most cost effective way of achieving those objectives i.e. could those objectives be achieved through some other more cost effective intervention or activity or by some other provider (column 3), and finally a cost benefit analysis: do the costs outweigh the benefits achieved through the intervention or program (column 4).

- 86 Assessment by the reviewers suggests the Institute’s evaluation approach would currently meet the requirements of the boxes shaded within Fig. 5 (i.e. boxes 1, 2, 5 and 6). Current evaluation processes are very detailed, very thorough, and provide helpful information and feedback in shaping the programs for the future and responding to participants' needs. There is some indication of job performance changes and impact by the individuals themselves (see Fig 2 in the Institute's self review), but as far as the reviewers can see this is not triangulated in any way through the individuals' managers or institutions. There has been some anecdotal evidence but this is not recorded in any systematic way, partly due to the fact that there is little evidence that institutions themselves engage in such activity to assess impact from the training in job performance terms. No evidence has been found of assessment of impact at organisational level.
- 87 This review recommends that the Institute should develop an evaluation strategy for the programs and activities they provide which seeks to understand impact at both the job performance and organisational outcomes level. This would extend the Institute’s current evaluation practice to provide information and evidence which can answer the questions in the shaded boxes 1-11 in figure 6 below. This evidence would also have potential to inform the price sensitivity analysis recommended later in this report.

	OBJECTIVE ACHIEVED (1)	COST (2)	COST EFFECTIVE (3)	COST BENEFIT ANALYSIS (4)
Organisational outcomes	4	8	12	16
Job performance	3	7	11	15
Learning objectives	2	6	10	14
Reaction Objectives (Individual satisfaction)	1	5	9	13

Figure 6: Kirkpatrick Evaluation Model

- 88 It will also be important for the Institute to garner information regarding impact at the organisational level (boxes 4, 8, 12 in figure 6). It is recognised that this is achieved as much through a qualitative analysis of people’s perceptions as absolute quantitative metrics, which are very difficult to identify and relate to any causal link.
- 89 Interviewees commented that information about impact would actually lend more strength to the Institute's marketing and PR information about what the Institute has to offer.
- 90 LH Martin Institute need to decide the extent of their evaluation strategy but as a minimum they would do well to strive to have an evaluation strategy which can provide information in boxes 1-11. They should plan as part of their strategy to seek to understand the impact of their work at the organisational level: what is the cost to them of doing that, and whether there are more cost effective approaches for institutions to achieve a similar end, extending their evaluation strategy to boxes 1-12 as highlighted in figure 6. This could take the form of a tri-annual, single substantial piece of work which would serve to provide assurance to the users of the Institute and to public funders.
- 91 As a minimum it is recommended that the Institute produce a number of impact case studies each year for publication to communicate the impact and the benefits of the work that they do and for the investments that they receive.

VET

92 Interviewees expressed some confusion over the LH Martin Institute's role in relation to VET institutions. For example, questions were raised about: Which part of the market are they working with or aiming for? HE only? HE and top end of VET? HE and open to all TAFE staff? All VET providers? Whilst this issue needs to be clarified and communicated by the Institute themselves, there was a general view that their focus should be on those TAFE institutions which deliver HE.

93 Collaborative partnerships with TAFE Directors Australia, TAFE Development Centre Victoria and the recent appointment of a well known and established researcher in VET has moved the Institute forward significantly on the VET development agenda. However, it is the opinion of this review, and shared by the Institute, that there is still much work to be done particularly with regard to how to reach out to the other states, as evidenced by the following quotes:

"I don't know about LH Martin Institute; engagement in NSW is not representative of Melbourne"

"LH Martin Institute have made a very good effort to engage but not received the same level of engagement back"

"I am not sure that the VET sector really feels that LH Martin Institute is for them as they are very focussed on higher education"

"For us, LH Martin Institute are just another provider of training. Their focus seems to be more on higher education. We haven't used any course from them; in fact this is the first personal contact we have had. We are using Deloitte, who pitched to the whole of Queensland. Really, LH Martin Institute needs to make contact with vice-chancellors and principals direct"

94 The needs of leadership and management in the VET sector were expressed as follows: commercial acumen, strategic alertness, budget management, human resource management, performance management, resource planning and utilisation. A general, a shift to a management focus is required for the VET workforce. This presents a significant opportunity for the Institute as the following comment serves to illustrate:

"As we can't buy in ready-made VET managers, we have to develop them; therefore there is a market ready and waiting for LH Martin Institute."

95 The key message that the reviewers took away was the need for the Institute to engage at senior levels i.e. Principals, within the VET sector in order to realise this potential.

Governance development needs in the sector

96 Governance development was regularly highlighted during this review as both a need and an opportunity for the Institute. Currently, the key provider for governance development appears to be the Australian Institute of Company Directors (AICD). Whilst their programs are of recognised high quality, it was repeatedly reported that they lacked relevance to the higher education setting. The lay business members of university boards were generally well-equipped in the areas provided for by the AICD. Their development needs are more typically around developing a deeper understanding and awareness of academic activities and the institution's core business, greater understanding and familiarity with the tertiary education landscape and Australian national bodies and their acronyms, a deeper understanding of the interaction of public service with government, and recognition of the different legislative and policy requirements within different states.

97 Explorations about how much room for manoeuvre a governing body has in relation to regulatory frameworks and exploration of some of the more tricky issues governing bodies face in relation to the peculiarities of university life would be considered to be useful areas to build into any governance development program. It was generally felt that in delivering programs around these nuanced differences the LH Martin Institute could make a significant difference.

- 98 Whilst a ‘need’ was clearly articulated, the reviewers recognise that this does not necessarily create a demand. It was therefore suggested that, in order to establish a program for governance development, the Institute should conduct some pilot events which could also be used to co-create future events. They also need to use a range of mediums, maximise reach and consider working in partnership with the AICD. A key challenge in any governance development program is producing something which is accessible to already busy members who are usually unpaid and giving of their time voluntarily. Again the national geography was cited as a major barrier to national programs. It was noted that the future policy landscape would bring increasing pressures on governance to ensure strategic distinctiveness for the institution, greater accountability and transparency, the drive for high quality and value for money, and at the same time meeting regional needs and other targets set by the government.
- 99 Although the University Chancellors' Council (UCC) hold biannual discussions around governance within the sector, varying levels of support were reported for these activities. A partnership with UCC should be explored as an opportunity for the LH Martin Institute to take their governance development work forward.
- 100 The Council of University Secretaries also confirmed that there would be a market for appropriate governance training but it would need to be tailored. Whilst the AICD programs are of generally good quality, these programs tend to tell governing bodies what they already know. Also the ‘one size fits all’ approach does not go down well. Individual institutions provide varying levels of governance training and the case study workshop, dealing with the real issues that governing bodies in tertiary education face, has generally worked well.

4.3

Relationships and Engagement

- 101 The LH Martin Institute were consistently complimented throughout this review for their good working relationships with people and their professionalism in personal contact; “so lovely to work with”, “so responsive” were quotes commonly made. It became evident during this review that they need to build on this strength and develop a more strategic engagement with the sector and potential partners.
- 102 Another strength often quoted to the reviewers has been the partnership work they have been fostering with e.g. TAFE Development Centre, TAFE Directors Australia, University of Queensland Business School for the Women in Research Leadership program, AQUA in developing the Graduate Certificate in Quality Assurance and the IEAA for international programs. It became very apparent that many other organisations would be keen to engage further with LH Martin Institute. Some, e.g. ATEM, already have a relationship upon which they would like to build; and others, notably Universities Australia, from whom the Institute inherited a number of programs, expressed an openness and willingness to re-engage. As mentioned earlier in this report, building on existing research partnerships and developing others would also assist the Institute to deliver on this agenda whilst at the same time aligning their resource to the demand for more organisational development.
- 103 Whilst the LH Martin Institute have established a system of Key Institutional Contacts (KICs), commentators agreed that the Institute now need to engage at the top of the institutions they are aiming to serve. To secure their future, they need much greater buy-in and support at this level. Numerous suggestions were made for how to achieve this, e.g. greater use of the full pool of talent at VC level on high level Institute programs and events, ensuring that the Director/ CEO routinely visited VCs in order to understand their challenges and needs and giving consideration to developing a high level leadership program along the lines of ANZSOG or the UK Top Management Program in order to connect better at the top, thus understanding the needs of this cadre of leaders and managers, and to create an alumni of future supporters and contributors.
- 104 The HR director community is another group which does not yet feel particularly connected to LH Martin Institute; clearly more work needs to be done here.

- 105 By far the most urgent need is for the Institute to address their communication strategy, which was seen by most to be outdated and old-fashioned. Reference to the LH Martin Institute brochures has already been made. Whilst undoubtedly of high quality, they do not appear to be reaching their intended audiences, as already reported above.
- 106 As part of this review, a 'mystery shopper' was appointed (a senior academic in the UK HE sector) to find out about the LH Martin Institute. They reported two findings. First, they Googled leadership development in Australia and the LH Martin Institute did not appear; second, on visiting the LH Martin Institute web page they noted that it did not make evident to them that LH Martin Institute were a leadership development provider. In the mystery shopper's words:
- "There was nothing about leadership; it was all about tertiary education. There was no mission statement or sense that they were the leading provider of leadership and management development for Australian higher education"*
- 107 In reality, as part of a moving series of pictures and information the website states the following:
- "The national leadership and management institute for the tertiary education sector - specialising in postgraduate award programs, executive education, research and consultancy."*
- 108 However, this was not immediately apparent to the uninitiated.
- 109 Whilst engagement is and will be part of every staff member's role, the Institute should seriously consider the appointment of a 'Partnership and Engagement manager' as part of their staffing review to support the delivery of the new strategy. This person would not only have a key role in developing partnership and engagement strategy, but would also have the skills and capability to support the consultancy side of the business by analysing institutions needs and proposing appropriate support packages and interventions that the Institute could provide.
- 110 The notion of the Institute having part time associates or tertiary education staff in fractional posts working in each state to promote the Institute through the arrangement of local events and relationship management attracted sufficient interest for the Institute to consider this option. Perceived difficulties in finding the 'right person', and a history of similar arrangements in other circumstances failing, led some to dismiss this idea, but on the whole, the potential of this approach would benefit from further testing.
- 111 The sense that the Institute are not yet seen as a national resource only serves to emphasise the importance of addressing relationships and engagement in a strategic fashion.

4.4 Resources and Finance

This section explores the issues raised in relation to future funding, long term sustainability, value for money, staffing and LH Martin Institute's physical location.

Future funding and long term sustainability

- 112 The government's view on how well the LH Martin Institute have delivered their remit, an obvious pre-requisite for the consideration of any future funding, will be judged on the reactions of the consumers. There is strong view that the original investment by government is seen as a start-up grant and that after five years the Institute would become self funding. It is recognised that the Institute have the dual challenge of a relatively small market and an uncompromising geography to contend with. It was also acknowledged that they deliver benefits which are 'public good' in nature. These can be defined as where the market per se will lead to an under-provision of services either because demand is low but public policy need is high, or the wider supply side are not in the position to provide the goods and services required.

- 113 The financial position as presented in the self assessment documentation is puzzling for many, notwithstanding the comments and analysis in para. 29. Should the LH Martin Institute wish to make a case for continuation funding then the self assessment document looks very different from a proposal for more money. It indicates sufficient surplus to 2014/15, thus providing more time for self sufficiency. The current figures show a year by year projected outcome for the Institute becoming less proficient with business model ostensibly moving in the wrong direction. However, what is not evident in the high level accounts shown in the self assessment document is the recognition of the need to diversify the staffing base to meet the needs of the review and support greater income generation and the drive towards self sufficiency. The financial analysis needs reworking to take account of this.
- 114 It should also be noted, based on experience elsewhere, that achieving self sustainability takes time. For example the Leadership Foundation for Higher Education (LFHE) in the UK, took seven years to reach a position of being 80% self funding, which includes income from a subscription model. Future funding discussions for the LFHE recognise the potential need for ‘public benefit funding’ as described above, probably on a commissioned basis from the funders. The rationale for this is the recognition that a push to full financial sustainability would most likely achieve the outcome of the LFHE becoming just another private provider, driven by the need for profit. This risks losing activities which support and drive the tertiary education policy agendas of the day.
- 115 In terms of future public funding, real concern was expressed about the perception that the Institute wanted to diversify from what they do and become more research- and advocacy-oriented. This dimension is much broader than a leadership research agenda and is not what the government was originally buying. This review recognises a case for public benefit/interest funding that could include a research element but LH Martin’s new strategy document should allay such fears.
- 116 The fiscal environment is not favourable and the Institute will have to soundly demonstrate that they add value which will not be created in any other way; that they have a more cost-effective product. There is a pragmatic case for ‘kick-starting something that people are willing to buy’ and a serious review of pricing and volumes is required along with a strategy for unlocking the latent demand. The Institute needs to find money for growth and renewal, particularly when the subsidy provided by the Masters scholarships ceases.
- 117 The Institute are seen as a useful vehicle for bringing people together and creating networks, and in three to four years time, it is the view of this report that they should have built a network of alumni of senior staff of at least DVC level. The Institute’s self review document sets out their alumni policy at section 7.3.
- 118 A subscription model was briefly explored during the interview phase, but the resounding response was ‘not yet’. Whilst the LH Martin Institute has the benefit of public funding, they are seen by many as being well cushioned. Therefore the Institute will need to fully convince the broader tertiary education community of their direct value before a subscription model becomes a viable option.

Self sustainability and value for money

- 119 The relationship between self sustainability and value for money were inextricably linked for many respondents. Whilst there is a general perception that the LH Martin Institute are expensive (“paralysingly so” in the words of one interviewee, who had in fact been a keen user of programs for their staff), it is important to note that for a significant minority price was not an issue.
- 120 The Institute have from the start adopted a deliberate strategy to deliver high quality programs at market prices, given the original stated need for the Institute to be self sustaining over time. They recognise that in many cases the sector has not been used to paying for development programs on this basis, therefore a significant challenge facing the Institute has been, and will be, to build acceptance that high quality programs do cost.

- 121 When considering value for money, purchasers are also acutely aware of distance. For many, attending an event at the LH Martin Institute can add a further \$2k plus up to two lost days in travel. Whilst the Institute have made significant attempts to use locations around the country for the executive programs, their outreach remains a challenge to their long term viability. Concerns were also expressed about the cessation of the MTEM scholarship funding and the impact that would have on future enrolments, and the need to reduce costs and increase participation. However, it was also interesting to that some participants, whilst benefitting from the scholarship available for the MTEM, self-funded the balance of fees, as they saw the program as a key step towards achieving their career aspirations.
- 122 In their start-up phase, the Institute have seen promising growth in participation in their programs. The executive education programs began in 2008 and the award programs in 2009, therefore it is not possible to extract a global percentage figure for growth in enrolments. Examination of the separate program streams shows strong growth across most areas, admittedly from of a low base, but with the largest increase in the last 12 months:
- award enrolments grew from 16 in 2009 to 51 in 2010 (225%)
 - executive education from 99 in 2008 to 341 in 2010 (244%)
 - conferences and public seminars 50 in 2008 to 300 in 2010 (500%)
 - bespoke programs 88 in 2009 to 127 in 2010 (46%)
- 123 Numbers show a drop in attendance at the policy seminars from 2008/9; however this is probably due to a reduction in the number of events from five to three for that period.

Pricing and costing

- 124 It is not unusual for publicly supported bodies when moving towards a self-funding model to be considered expensive. Again, the LFHE in the UK has had similar experiences. The evaluation conducted in 2009, however, found their prices to be in the bottom quartile when compared to other providers. A particular challenge facing the LH Martin Institute is the fact that, in the past, the sector has generally been used to running and subsidising such events as a shared benefit. Also the Institute has had a role to play in developing a market for leadership, governance and management development in the sector.
- 125 It became clear from the interviews that competition for the tertiary education leadership, governance and management market is developing apace. We were advised of a number of private providers from large consulting firms to sole traders covering the need. The size of spend by institutions is growing and significant, e.g. one university was investing \$185,000 in leadership, governance and management developments for its institution.
- 126 The single most frequent comment about the Institute was that they were costly and expensive and there was a general impression that having a significant amount of public funding had protected them from the realities of commercial life. In many respects this comment is ironic as the Institute have been effective in their costings approach but cost and price tolerance are proving to be quite different. Part of the Institute's challenge has been to create a broader market for tertiary education leadership and management development in a context of such activities being subsidised in the past by institutions in the form of people's time, facilities and accommodation.
- 127 In the world of full economic costing, the Institute are faced with real costs against which to generate their revenue. It is within this context that it is recommended that that the Institute conduct a price sensitivity analysis in order to tackle the view that they are expensive from an informed position. A price comparison exercise has been conducted by the Institute, but a more sensitive analysis including information about market share, where market competitors rank in terms of market share, what customers are 'prepared to pay' for a premium product and the value they place on that product etc. could also be used as a vehicle to condition understanding and expectations. The sensitivity analysis should seek to deliver an effective pricing strategy and could provide an ideal dissertation project for a student from a business school.

- 128 The LH Martin Institute have demonstrated their ability to draw in and earn income – current figures show them to be generating 46% own income, although some income streams are under threat from the changing financial climate in the public sector where budgetary positions have been put on hold. The \$10m Commonwealth funding was provided over 4 year period but intended to be expended over 5 to 6 years of operation. For 2011 the budget shows no Commonwealth income but the Institute generating \$2.9m and drawing down up to \$710k of retained surpluses, i.e. generating around 75% of income. Looking at the 3 year projection shows the Institute generating \$9.4m while utilising up to \$2.5m of their current \$5.8m surplus i.e. potentially generating again 75% of their income. These are ambitious plans. The more important issue for the Institute is their financial reporting framework and how they attribute revenue and expenses over the financial years.
- 129 In such a fiscally uncertain climate it will also be important for the LH Martin Institute to review their pricing and costing model with their host the University of Melbourne, particularly with regard to overheads and subsidies.

Public Interest/Benefit

- 130 The reviewers took the opportunity to explore with interviewees what in their view would constitute the public benefit/interest element of LH Martin Institute's work. Three key areas emerged:
- The public policy fora
 - Governance development
 - Commissioning of appropriate research
- 131 Producing the next generation of leaders and managers to take the sector forward with a degree of confidence and certainty was also considered to be of public benefit by many, although there is an obvious market with respect to this work.
- 132 It is critical that the Institute develop a consensus around what their public benefit/interest work would be in the future and it is essential that they play government policy makers into the discussions and decisions.

Human Resources

Staffing and structure

- 133 As mentioned earlier in this report, the quality of the staff and speakers on the LH Martin Institute's programs has been consistently praised. A critical issue for the Institute to address is the impending loss of the very highly rated Senior Programs Developer who has led in the area of bespoke and consultancy programs where demand currently outstrips the Institute's capacity to deliver. Based on responses to the reviewers, this will continue in future. It is a matter of some urgency that the Institute develop and build their staffing capacity to meet this demand before they lose their market to the many private providers eager to penetrate the tertiary education sector. There are untapped opportunities to refresh their associate pool and also to bring in sector expertise, e.g. VCs, which would also help to build engagement, support and working relationships.
- 134 The thematic structure diagram below does not attempt to represent a full analysis of the appropriate structure for the Institute but it does set out what are considered to be the priority areas of work to deliver demands and needs reported in this review. The change for Director to CEO is deliberate and signals the change now needed in the role.
- 135 A further opportunity is presented as both the Chair of the Advisory Board and the Director indicated that they are near the ends of their terms of office. Having led the LH Martin Institute successfully through the first stage of development, they now wish to stand aside and retire when their terms expire.

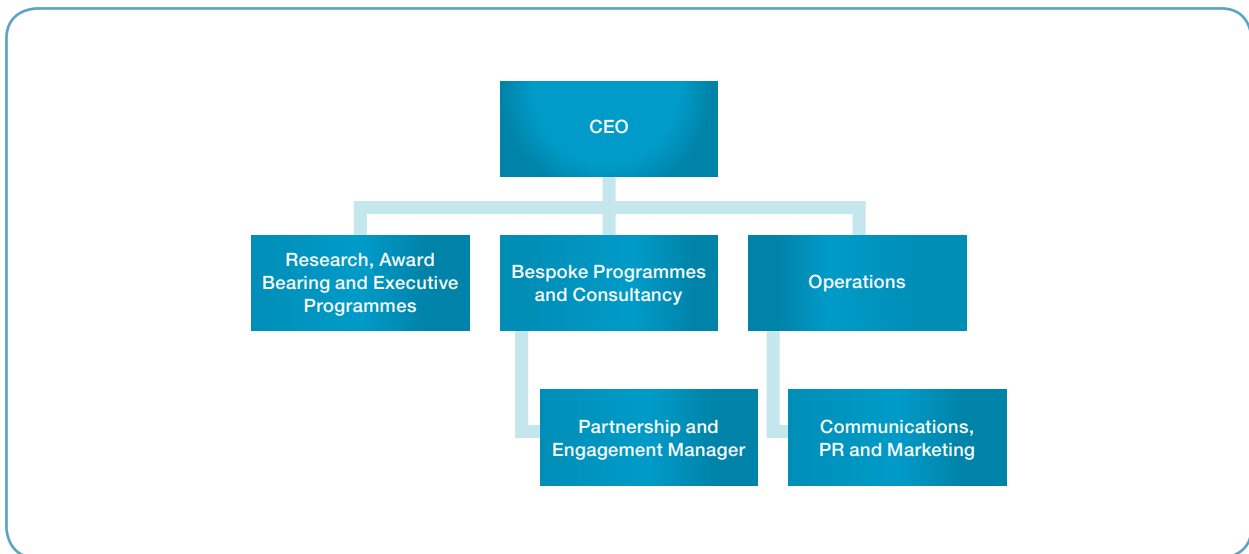


Figure 7: Thematic Structure

Physical location

136 The location of the the Institute within the University of Melbourne no longer seems to be an issue per se, although some concerns or questions were raised about its location within the Graduate School of Education. Further exploration of these findings, however, revealed that the core issue is the challenge of transcending ‘place’ and location to become a truly national body. As one commentator put it:

“It is better to have the LH Martin Institute in Melbourne than not at all.”

137 The concerns regarding the Institute being situated in within the Graduate School of Education related to three main issues. The pressures on staff to submit to ERA was seen by a significant number of external stakeholders as detracting from the Institute's main mission and purpose, and thus leading to the strategic drift mentioned earlier. Whilst graduating from the University of Melbourne has high brand value, for some, graduating in leadership and management with an education degree felt a ‘disconnect’ from their primary focus, i.e., learning about leadership and management but within the tertiary education context.

138 By far the most concerns centred on the governance arrangements, particularly in the areas of accountability and transparency. There is no doubt that for many of the respondents the LH Martin Institute are seen as financially well supported. For most, the current arrangements established by the original business plan did not offer sufficient accountability for public funding. There was no question of whether the University of Melbourne’s own governance arrangements were not fit for purpose, more an agreement that the LH Martin Institute should be (i) more independent and (ii) have a more corporate system of governance. This is explored further in the Systems and Processes section.

139 Being located within the University of Melbourne and co-residents with the Centre for the Study of Higher Education presents a very positive opportunity for the Institute to create synergies and partnerships. There was a widespread view that the Institute need to be better connected to other parts of the University e.g. the Graduate Business School, ANZSOG and others.

140 It is the view of the reviewers that now is not the time for the LH Martin Institute to contemplate a break away from the University of Melbourne, as the benefits and opportunities for greater links and partnership working as mentioned above outweigh the barriers. Pragmatically, such a constitutional change would deflect LH Martin Institute away from the very important work to be done.

4.5 Systems and Processes

Governance and the Advisory Board

- 141 The lack of an understood (or known of) accountability mechanism for the Institute surfaced as in issue in a number of the interviews.
- 142 The constitutional arrangements established the LH Martin Institute in the Graduate School of Education and provided an Advisory Board (AB). Its terms of reference can be found at Appendix E.
- 143 The consensus view is that the AB had served its original remit and needed review. A two tier system found favour with interviewees. This would consist of a smaller more corporate type board which held the Institute accountable in terms of its management, systems of control, risks and advice and guidance on its running and achievements towards self-sustainability; supported by a larger, more representative advisory group, which would meet annually. Their role would be to provide strategic advice from a wide range of stakeholders' perspectives. Some concern was expressed by potential members that they would feel too distant from the Institute's business but they were reassured by a role which would involve them in purely sharing their perspectives and needs of the sector. Whilst there are numerous benefits to the Institute being located within the Graduate School of Education, it was seen as a barrier to the perceived independence and issue of the LH Martin Institute being a national resource. As suggested earlier in the report, this could be alleviated by the Institute having its own statute within the existing University of Melbourne governance arrangements.

Marketing, Public Relations and Communications

- 144 The issues and challenges for the LH Martin Institute's communication strategy are well rehearsed in the section on engagement and partnerships. Developing a new and multimedia communications strategy will be a critical component of the Institute's new strategy.

List of Recommendations

- **Recommendation A:** The LH Martin Institute should develop as a matter of some urgency a new strategy which addresses the recommendations in this report and clearly articulates the Institute's role in and strategy for VET and New Zealand markets and concerns about 'strategic drift'.
- **Recommendation B:** The LH Martin Institute should develop and implement an evaluation strategy which can demonstrate impact at the institutional and organisational level.
- **Recommendation C:** The LH Martin Institute should develop, pilot and implement a strategy for governance development which addresses the challenges of geography and time availability of participants through, for example, the production of Good Practice guidance and web-based learning as well as meetings and events. The Institute should also consider partnership arrangements with University's Chancellors Council, the Australian Institute of Company Directors and the Committee of University Secretaries
- **Recommendation D:** The next strategy needs to clearly articulate the LH Martin Institute's role with regard to growing their market share.
- **Recommendation E:** The LH Martin Institute should continue to provide public benefit/interest events such as the policy fora; these offerings should be renewed and refreshed with advice from the tertiary sector and reach out to states and the region, positioning the Institute as a national resource.
- **Recommendation F:** The LH Martin Institute should build on their effective use of partnerships in their future work and enhance their capacity for delivery.
- **Recommendation G:** The Institute should optimise their acknowledged tertiary sector knowledge and expertise in the development and embedding of their brand in Australia, the region and internationally.
- **Recommendation H:** The Institute, as part of their new strategy development, should address how they establish themselves as a national resource both in the perceptions and the reality of their customer and stakeholder base.
- **Recommendation I:** The Institute Director should put in a place a rolling program of meetings, electronically or face to face, with Heads of the tertiary institutions in the region.
- **Recommendation J:** The Institute should consider the creation of an Engagement Manager with responsibility for developing and delivering an engagement strategy for the Institute and working closely to support the development of a new communications approach.
- **Recommendation K:** The Institute should work with stakeholders to agree and clearly articulate the public benefit/interest element of their provision as a basis for future funding discussions.
- **Recommendation L:** The Institute should conduct a review of their governance arrangements to ensure transparent accountability and to reflect good practice in the field. As part of this review, the Institute, with the University of Melbourne, should consider establishing the Institute with their own statute.
- **Recommendation M:** The Institute should conduct a price sensitivity analysis beyond the price comparison exercise noted in the self review document.
- **Recommendation N:** The Institute should review and update their communication strategy.
- **Recommendation O:** The Institute should revisit their financial reporting framework, in particular how they attribute revenue and expenses over the financial years.
- **Recommendation P:** The Institute should clearly articulate within their new strategy their pedagogical model for leadership, governance and management development, including a clear expression of the mission and values which will underpin it.
- **Recommendation Q:** The LH Martin Institute should review the job and person specifications for the next Chair of the Advisory Board and Executive Director in the light of the Institute's new strategic requirements.

Appendix A:

Terms of Reference for External Evaluation of the LH Martin Institute for Higher Education Leadership and Management

Specific questions to be addressed with respect to the “Conditions of Grant under the Workplace Productivity Program”

In meeting the objectives of the project, how has the Martin Institute:

- responded to the need in Australia and the region for high quality leadership and management education in higher education and Vocational Education and Training (VET) institutions;
- improved the quality of post-secondary education management and governance;
- trained the next generation of leaders of Australia's higher education and VET institutions in the strategic management of their institutions;
- provided a forum in which public policy makers, public and private sector institutions, and national and international experts can explore and assess the changing national and international environment of higher education and VET; and
- provided coursework programs at postgraduate level, continuing professional education and refresher programs, including short courses and seminars, for established senior executives and leaders of governing bodies, conferences and seminars on major policy and management issues, and consultancy services to higher education and VET institutions.

General Terms of Reference for all Government-funded initiatives

All Government-funded initiatives need to be evaluated regularly to determine whether they are appropriate, effective, efficient, and reflect good governance. Collectively referred to as the Terms of Reference (TORs), these measures constitute the basis for any evaluation.

Appropriateness

1. What is the community need that this organisation is designed to address?
2. What would be the likely consequences of not addressing this need?
3. To what extent is this need addressed through other initiatives or other organisations?
4. What does the organisation add which extends the already-existing response to this need?
5. How is this organisation unique?

Effectiveness

6. The effectiveness of the organisation in funding initiatives that address the identified need; which involves (but not restricted to) identifying the following:-
 - the outcomes to which this organisation contributes;
 - baseline measures of these outcomes; and
 - the situation before this organisation was established.

7. The adequacy of existing performance indicators and the potential for improvement and/or the development of new indicators.
 - In what ways will the activities/projects funded by this organisation contribute towards the outcomes?
 - What are the size and significance of these contributions?
 - Are there unique and identifiable outcomes which only this organisation contributes to?\
8. Other outcomes of the organisation, including any unanticipated positive or negative outcomes.

Efficiency

9. The extent to which organisation inputs have been minimised, or outputs maximised; in achieving the organisation's intended outcomes.
10. The outcomes achieved in return for Australian Government investments.
 - What are the trends over time in the ratio of administrative to organisational costs, including the administrative costs charged by service providers and/or contractors?
 - How effectively are overspends and underspends managed?
 - Is the Australian Government receiving value for money from its investment?
11. What is the likely extent of community support for the organisation by way of funds or in-kind contributions?
12. What is the benefit of Australian Government funding for this organisation as opposed to funding from relevant sector stakeholders?
13. What measures are in place to ensure financial self-sufficiency of the organisation?
14. What other methods are in place to secure additional revenue that will support self-sufficiency in the future? How can these methods be expanded or further promoted?

Good Governance

15. Who are the target stakeholders of the organisation and how have the programs/initiatives of the organisation been equitably promoted to these stakeholders?
16. What is the current model of governance of the organisation? Are there ways to improve the governance structure to ensure stakeholder needs are better met?
17. How does the current governance structure contribute to organisational outcomes? Are there ways that this could be improved?

Appendix B:

List of interviewees

TITLE	FIRST NAME	SURNAME	ORGANISATION	ROLE
Mr	Paul	Abela	Association for Tertiary Education Management (ATEM)	Executive Director
Mr	Chris	Andrews	Bond University	Director, Human Resources
Dr	Claire	Atkison	Department of Education, Employment & Workplace Relations	Director, Higher Quality Assurance Unit
Ms	Anne	Baly	Department of Innovation, Industry, Science & Research	Head of Division
Ms	Liz	Bare'	University of Melbourne	Senior Fellow
Ms	Rebecca	Benedicta	Department of Prime Minister & Cabinet	
Mr	Rod	Camm	Skills Queensland	Associate Director General, Skills, Tertiary & Non-State Education
Professor	Ross	Chambers	Charles Sturt University	Deputy Vice-Chancellor (Academic)
Ms	Diana	Chegwidden	Australian Catholic University	Director, Human Resources
Ms	Pam	Christie	Department of Education & Training, New South Wales	Deputy Director General, TAFE & Community Education
Professor	Glyn	Davis	University of Melbourne	Vice-Chancellor
Professor	Jane	den Hollander	Deakin University	Vice-Chancellor
Mr	Aaron	Devine	Gold Coast Institute of TAFE	Chief Executive officer
Dr	Steven	Dover	Australian National University	Associate Director, Career & Workforce Development
Emeritus Professor	Kwong Lee	Dow	University of Melbourne	Council Member Bond University & former Vice-Chancellor
Ms	Fleur	Edwards	Australian Catholic University	Director, Office of the Vice-Chancellor
Mr	Bob	Farrelly	University of Western Australia	Director, Human Resources
Professor	Margaret	Gardner	RMIT University	Vice-Chancellor
Professor	Paul	Greenfield	University of Queensland	Vice-Chancellor
Ms	Carole	Gunn	University of Waikato	Director, Human Resources Management
Professor	Sandra	Harding	James Cook University	Vice-Chancellor
Mr	Ian	Hawke	Tertiary Education Quality & Standards Agency (TEQSA)	Interim CEO
Professor	John	Hay	–	Chair, LH Martin Institute Advisory Board
Mr	David	Hazlehurst	Department of Education, Employment & Workplace Relations	Group Manager, Higher Education
Professor	Richard	James	University of Melbourne	Pro Vice-Chancellor (Participation & Engagement) and Director, Centre for the Study of Higher Education
Professor	Paul	Johnson	La Trobe University	Vice-Chancellor
Professor	Anne	Jones	Victoria University	Deputy Vice-Chancellor & Director TAFE
Mr	Ian	Kimber	Department of Education & Training, Queensland	A/Assistant Director General
Professor	Bill	Louden	University of Western Australia	Senior Deputy Vice Chancellor

List of Interviewees

TITLE	FIRST NAME	SURNAME	ORGANISATION	ROLE
Mr	John	Maddock	Box Hill Institute of TAFE	CEO
Mr	George	McLean	The Department of Innovation, Industry & Regional Development (DIIRD)	Executive Director, Student Pathways
Mr	Neil	Morris	University of New South Wales	Executive Director – University Services
Mr	Bruce	Muirhead	EIDOS Institute	CEO
Mr	Dennis	Murray	International Education Association of Australia (IEAA)	Executive Director
Dr	Carol	Nicholl	Australian Learning & Teaching Council (ALTC)	CEO
Ms	Jan	O'Connor	Australian National University	Head, Council & Boards Secretariat, Council of University Secretaries
Dr	Caroline	Perkins	Department of Innovation, Industry, Science & Research	General Manager
Professor	Belinda	Probert	La Trobe University	Deputy Vice-Chancellor
Professor	Janice	Reid	University of Western Sydney	Vice-Chancellor
Professor	Field	Rickards	University of Melbourne	Dean, Melbourne Graduate School of Education
Mr	Martin	Riordan	TAFE Directors Australia	CEO
Professor	Judyth	Sachs	Macquarie University	Deputy Vice-Chancellor & Provost
Mrs	Anne	Scahill	University of Sydney	Head of Organisational Development
Professor	Bill	Scales	Swinburne University of Technology	Chancellor
Mr	Tim	Sprague	Macquarie University	Director, Human Resources
Ms	Denise	Stevens	TAFE Development Centre	CEO
Mr	Colin	Streeter	University of Sydney	Director, Human Resources
Mr	John	Swinton	Griffith University	Associate Director (Organisation Development) Office of Human Resource Management
Professor	Jan	Thomas	Notre Dame University	Deputy Vice-Chancellor
Ms	Catherine	Vandermark	Department of Education, Employment & Workplace Relations	Branch Manager
Mr	Juris	Varpins	Curtin University	Director, Organisational Development Unit
Professor	Pat	Walsh	Victoria University of Wellington	Vice Chancellor
Mr	Colin	Walters	Department of Education, Employment & Workplace Relations	Group Manager, International
Dr	Stephen	Weller	James Cook University	Deputy Vice-Chancellor – University Services
Dr	Glenn	Withers	Universities Australia	CEO
Dr	David	Woodhouse	Australian Universities Quality Agency	Executive Director

Student Focus Group – Melbourne

TITLE	FIRST NAME	SURNAME	ORGANISATION	ROLE
Ms	Janet	Beard	University of Melbourne	Director, Integrated Administration
Mr	Scott	Crichton	RMIT University	Associate Director, Transnational Education
Ms	Robyn	Goodwill	University of Melbourne	Business Manager, Australian Centre for Post Traumatic Mental Health
Ms	Marian	Schoen	University of Melbourne	General Manager, Melbourne School of Engineering
Ms	Jan	Stevenson	Victoria University	Program Manager, School of Business & Hospitality

Student Focus Group – Sydney

TITLE	FIRST NAME	SURNAME	ORGANISATION	ROLE
Ms	Fleur	Edwards	Australian Catholic University	Director, Office of the Vice-Chancellor
Mr	Tony	Heywood	Campion College	Registrar & Deputy President (Administration)
Professor	Tracy	Rushmer	Macquarie University	Department of Earth & Planetary Sciences
Professor	Anne	Simpson	University of Technology Sydney	Professor of Biochemistry

LH Martin Institute Staff

TITLE	FIRST NAME	SURNAME	ORGANISATION	ROLE
Professor	Sharon	Bell	LH Martin Institute	Senior Programs Developer
Professor	Lynn	Meek	LH Martin Institute	Director
Mr	Russell	Smith	LH Martin Institute	Executive Manager
A/Professor	Leesa	Wheelahan	LH Martin Institute	Associate Professor

Appendix C:

List of topics explored during stakeholder interviews

The desk analysis of the LH Martin Institute self review document identified the following themes for further investigation during the interview phase. Interviewees received a briefing document outlining areas for exploration during the interviews to assist their preparation for the meetings:

- Their views of LH Martin Institute in terms of
 - impact/outcomes
 - strategy and products
 - processes and systems
- the political context and future policy drivers for the Australian tertiary education system
- the public good/benefit elements of LH Martin Institutes work
- business models for the LH Martin Institute
- value for money
- self-sustainability
- why people use LH Martin Institute

Appendix D:

Tertiary Education Reform in Australia: Impact on Leadership and Management

In 2008 the new Minister for Education established a Review of Australian Higher Education conducted by a four person panel, chaired by Prof. Denise Bradley.

“The Review of Australian Higher education will examine and report to the Hon Julia Gillard MP, Deputy Prime Minister and Minister for Education, Employment, Workplace Relations and Social Inclusion, on the future direction of the higher education sector, its fitness for purpose in meeting the needs of the Australian community and economy and the options for ongoing reform.”

The Review of Higher Education provided the opportunity for a systemic analysis and reform of the sector. It also provided a policy framework from which the Government crafted a tertiary education policy.

One theme given to the review was establishing the place of higher education in the broader education sector, especially in building the integrated relationship with vocational education and training VET.

“Diverse high performing institutions with a global focus” was the second of the seven themes given to the Committee. As an outcome statement it might be cast as: A high quality system comparable to the best in the OECD in terms of success in learning outcomes”

In the 2009/10 Budget the Commonwealth Government decided to “invest \$5.7 billion in higher education and innovation over the next four years to secure the jobs of the future”. The reforms included:

- “A move to a student centred system underpinned by a national regulatory and quality agency (TEQSA), which will enable an extra 50,000 new students to commence a degree by 2013
- Substantial resources to promote equity and performance tied to quality
- A landmark increase to university indexation
- A phased move to addressing the gap in funding for the indirect costs of research
- A major reform to student income support, to better support our most needy students and increase postgraduate stipends
- Major investment in higher education, research and VET infrastructure, through the Education Investment Fund totalling \$3.0 billion dollars and
- Additional recurrent funding of \$2.2 billion over the forward estimates for higher education, teaching, learning and research”.

Since that announcement there have been major policy implementations which are driving changes for the higher education sector. In particular:

- the legislation to establish TEQSA as the national regulator for the sector has been introduced to parliament and should be proclaimed by July 1
- the first tranche of the biennial ERA (Excellence in Research for Australia) results ranking universities across 8 clusters based on research output in 2008
- a progressive uncapping of university places for undergraduates towards a student demand system from 2012 has been implemented at such a rapid rate that funding has been brought forward to meet demand and equity targets.
- Added to this has been the substantial change to the number of international students seeking to study in Australia following tightening of visa requirements for students. With the impact of the Global Financial Crisis, Australian higher education runs a risk that many of the funding initiatives from the Government’s response to the Review were deferred to the outer years.

With the impact of the Global Financial Crisis, Australian higher education runs a risk that many of the funding initiatives from the Government's response to the Review were deferred to the outer years.

- The bulk of the demand-driven funding
- All of the performance funding
- Revised indexation (due to start in 2011/12) and
- More than half of the TEQSA funding
- and slightly less than half of the Structural Adjustment Funding.

With that caveat, the demands on the leadership and management of the higher education sector have expanded to include a competitive market based framework driven by transparency, student demand and a likely higher research concentration in some universities.

Productivity, Participation and Competition

The Australian Government has set separate but not mutually exclusive targets for higher education and VET. The Bradley Review's targets were specifically Higher Education targets and no link was drawn to the Council of Australian Governments' VET targets.

The targets are:

- Double the number of higher qualification completions (diploma and advanced diploma) between 2009 and 2020
- Halve the proportion of Australians aged 20-64 without qualifications at Certificate 111 and above between 2009 and 2020.
- 40% of 25-34 year olds attain a qualification at bachelor level or above by 2020
- 20% of higher education enrolments at undergraduate level are people from low socio-economic status backgrounds.

By adopting separate targets no real guidance has been given to the sectors on a clear outcome for Australian participation in tertiary education. For both sectors the simple message has been growth in participation and for VET specifically in those areas of the AQF where both sectors are able to offer qualifications and pathways to those qualifications.

There is now in Australia an active process of both rivalry and collaboration occurring amongst all the institutions in the tertiary sector. This includes VET institutions increasingly seeking to offer higher education qualifications, pathways and guarantees from VET to higher education. There has been little or no active discussion about governance of the sector. Changes to the qualifications framework which create a clear hierarchy of qualifications have been proposed and will be implemented.

One consequence is a positive competitive market among institutions developing, but an active consideration of the governance of the system by the owners of the principal institutions-State Governments is missing. Two States in particular, Queensland and Victoria, hold out the prospect of early governance reforms to ensure strong vibrant publicly owned tertiary institutions which can offer coherent pathways and opportunities across the State. This may be facilitated by decisions in relation to the Structural Adjustment Fund (SAF).

To increase demand from rural and outer metropolitan students will require governments to think through governance, pathways and a 'single consistent set of subdegree qualifications for VET Graduates that would allow students to upgrade their skills locally before moving on to higher education (Davis)''

Enhanced quality and standards

A key message from the HE Review was that in a competitive market framework it is important that all participating organisations are able to demonstrate that they meet the quality requirements expected. Entry to the market, or at least continuing participation should have requirements to be tested by an independent market regulator. Hence the proposal for TEQSA, and the subsequent abolition and absorption of AUQA.

Previously, any private HE provider or publicly owned entity (other than a university) seeking to provide higher education had to meet the Nationally Agreed protocols for HE in different ways, in different State jurisdictions. The Bradley Review argued the case for a single National Regulator for all he providers and this recommendation was adopted by the Australian Government with its decision to establish and fund TEQSA.

The efficient operation of an Australian tertiary sector demands that all providers, whether HE or VET, domestic or internationally focussed can operate under one singular coherent national regulator with a consistent accreditation process.

March 2011

Appendix E:

LH Martin Institute Advisory Board

Terms of Reference

The Board will assist the Institute to fulfil its mission by:

- providing strategic advice regarding the Institute's directions, activities and priorities, including making recommendations on the broad five-year business plan for the Institute as it develops;
- identifying the needs of the higher education and VET systems for leadership and management education, including the introduction of new courses;
- promoting the Institute's courses within those systems;
- utilising the skills and expertise of its membership to develop subjects and courses; and
- advising on fundraising strategies.

The Director will provide regular reports on:

- educational activities;
- course enrolments;
- budget performance;
- research and consultancy projects; and
- performance against plans.

Composition and Membership at January 2011

An independent Chair	Professor John Hay, AC
An international experts: on higher education management development	Professor Frans van Vught , President of the European Centre for Strategic Management of Universities
An international expert in VET management development	Mr Robin Shreeve , CEO, Skills Australia and formerly Principal and Chief Executive, City of Westminster College
The Vice-Chancellor (or nominee) of The University of Melbourne	Professor Glyn Davis, AC
The Vice-Chancellor (or nominee) of Victoria University	Professor Elizabeth Harman
The Vice-Chancellor (or nominee) of the University of New England, also representing regional universities	Professor Alan Pettigrew
The Secretary (or nominee) of the Commonwealth Department of Education, Science and Technology	Ms Kathryn Campbell , CSC, Deputy Secretary, Tertiary, Skills and International, DEEWR
A representative from a State TAFE authority	Ms Pam Christie , Deputy Director-General (TAFE and Community Education), NSW Department of Education and Training Ms Marie Persson
A representative of the Australian Council for Private Education and Training (ACPET)	Ms Julie Moss
A Vice-Chancellor (or nominee) representing the Go8 universities	Professor Adam Shoemaker , Deputy Vice-Chancellor and Vice-President (Education), Monash University
A Vice-Chancellor (or nominee) representing the Innovative Research Universities Australia (IRUA)	Professor Paul Johnson , Vice-Chancellor, Latrobe University
A Vice-Chancellor (or nominee) representing the Australian Technology Network (ATN)	Professor Margaret Gardner, AO , Vice-Chancellor, RMIT University
The Dean (or nominee) of The University of Melbourne Graduate School of Education	Professor Field Rickards
The Dean (or nominee) of the Australian and New Zealand School of Government (ANZSOG)	Professor Owen Hughes
A representative of Universities Australia	Professor Peter Coaldrake , Deputy Chair of Universities Australia and Vice-Chancellor, Queensland University of Technology
A representative of the Association for Tertiary Education Management (ATEM)	Mr Stephen Weller , President ATEM
A representative of the New Zealand Vice-Chancellors' Committee (NZVCC)	Professor Pat Walsh , Vice-Chancellor, Victoria University of Wellington
The Director of the Centre for the Study of Higher Education, University of Melbourne	Professor Richard James
Institute Director	Professor Lynn Meek , Foundation Director

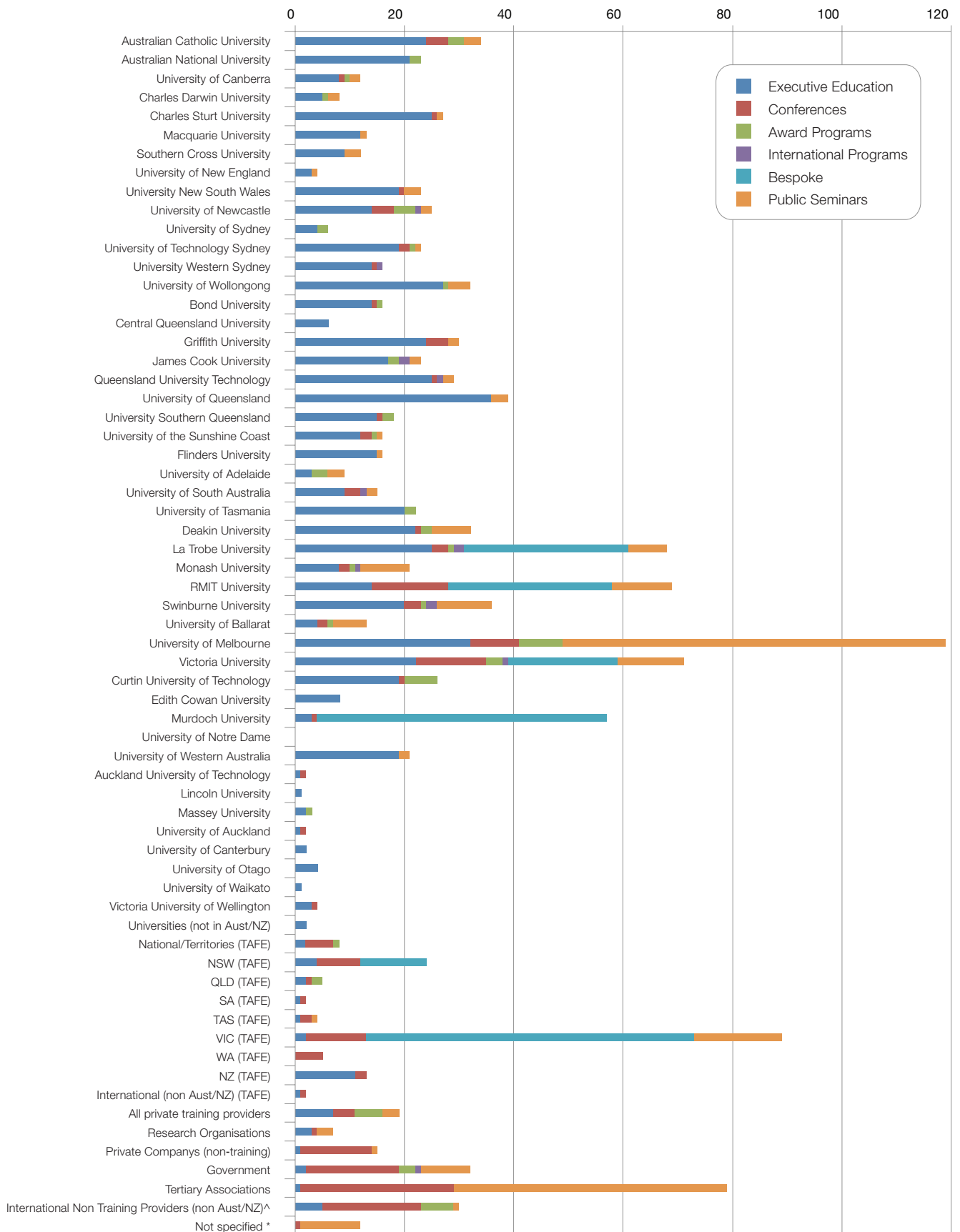
Appendix F:

Summary of Bespoke Programs

Appendix F: Summary of Bespoke Programs contained Commercial-in-Confidence information and has been removed from the publically available document.

Appendix G:

Program Attendance by Organisation 2008-2010



^ Non-Training Providers including government, research organisation, private companies (non-training), government, tertiary associations, international (non-Australian and New Zealand). * No data available. **Please note:** The Tertiary Education Policy Seminars has not been included.

Appendix H:

Biographies of Alison Johns and Jim Davidson

Alison Johns

Alison Johns is Head of Policy for Leadership, Governance and Management (leadership, governance and management) at the Higher Education Funding Council for England (HEFCE). She holds the cross cutting strategic theme – ‘Sustaining a High Quality Sector’ which aims to “sustain a high quality HE sector which adapts to the developing needs of stakeholders, and which continues to be recognised as world class”.

Working in partnership with the sector, and colleagues, this theme aims to:

- support society’s intellectual, economic, social and environmental development;
- promote the further development of leadership, governance and management;
- sustain stakeholder confidence in HE through a risk-based accountability framework;
- promote and support continued investment in the HE infrastructure; and
- support the continuing development of people, and of an organisational culture in HEIs, that is representative of society as a whole and delivers high quality provision now and in the future.

Alison has worked in Higher Education for the last 20 years. She has held a number of senior positions with particular responsibility for HR strategy, strategy development, structural reviews, senior leadership development and organisational culture change.

Within HEFCE Alison has a wide range of specific policy responsibilities to support the enhancement of leadership, governance and management capacity and capability in the sector. These include leadership, governance and management development – working closely with the CUC (Committee of University Chairs) and the Leadership Foundation for HE for which she has funding responsibility, the HE workforce, HEFCE’s strategy to support estates development in the sector including Estates Management Statistics and space utilisation, sustainable development including carbon reduction, equality and diversity and the Equality Challenge Unit, benchmarking with particular interest in the value for money and efficiency and effectiveness agendas and supporting the development of procurement capacity. Internally she jointly chairs HEFCE’s Policy Heads Group, is a member of the SMT and works closely with colleagues on the development of HEFCEs assurance and regulatory frameworks.

She is the national President of the Association of University Administrators (AUA – www.aua.ac.uk), and in the past has been its national chair and chair of its Professional Development and International Committees; she is the UK representative on the Association of Commonwealth Universities HRM Network and a founder member; she established the ‘Action Learning’ strand of the UK Top Management Program for HE (TMP HE), now run by the Leadership Foundation for HE (www.LFHE.ac.uk) and has previously been a core tutor on the EUA/OECD/IMHE New Rectors’ Program for Europe.

Alison holds a MA in Management Learning from the University of Lancaster. She speaks regularly on the subject of Leadership, Governance and Management of Higher Education nationally and internationally. Prior to HE Alison worked in the private sector as a management consultant and before that was a career civil servant.

Jim Davidson

Jim Davidson is Senior Fellow at the LH Martin Institute, University of Melbourne. Jim has more than 35 years experience in the public sector with the Australian Government and the Victorian and South Australian State Governments.

He was Deputy Secretary Tertiary, Youth and International in the Department of Education, Employment and Workplace Relations for four years from April 2005-April 2009.

In this role he was responsible for overseeing the youth engagement, vocational education and training, higher education, tertiary skills and international functions within the department.

Jim has held Board positions on a number of companies, including the National Centre for Vocational Education and Research (NCVER), education.au, Australian Training Products (ATP) and TVET Australia (including as Managing Director 2009-10) and statutory authorities including the Accident Compensation Commission, and the South Australian Health Commission.

Until 2009, Jim was the Chair of the Flexible Learning Advisory Group (FLAG) which managed the national training system's e-learning strategy, the Australian Flexible Learning Framework (Framework).

Jim currently works internationally and in Australia as a Senior Advisor in tertiary education, training, employment and health and human services.

He holds a Bachelor of Arts (Hons.), Masters Degree in Social Administration and Graduate Diploma in Applied Science (Social Statistics).

