

The changing state-university relationship: State involvement in academic industrial relations since the Murray Report

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Although the release of the Green and White Papers in 1987-88 sparked a lively debate over the role of the state in higher education (see Bessant 1988, Junor and O'Brien 1989, Davis 1989, Moses 1990), the role of its legislative, executive and independent review bodies in shaping industrial relations within the universities has been largely ignored. This paper provides an overview of the process of changing state involvement in the regulation of academic employment.

Excluding the work of O'Brien (1989, 1990, 1992, 1993), Barlow (1989), Currie (1992), and Rodan (1988, 1989), the neglect of the state-university employment relationship can be attributed to several causes. Firstly, formal industrial relations practices are relatively new to the higher education sector, and have not attained the cultural acceptance accorded to localised custom and practice workplace regulation. Secondly, the Green and White Papers launched a fierce debate about the fundamental role and purpose of the Australian university. Against these questions of principle, industrial regulation seemed grubby, irrelevant, inappropriate and insignificant. Finally, research into higher education industrial relations has been constrained by an emphasis on the development of the institutions of industrial relations such as unions, or by the discussion about the arrival of industrial relations to the university, and by self-reflective, institutionally focussed responses by academics to the changing social and political climate faced by the academy. This introspective approach to higher education work can be seen in the dearth of research about the world of work of general staff², or the nature of university industrial relations.

This paper will seek to address this deficiency by looking at two inter-related questions³: how have the processes of academic industrial relations developed since the Murray Report of 1957, and secondly, how has

the state involved itself in industrial regulation in that period?⁴ Focussing on academic employment within pre-1988 universities, this article will trace the development of state-university relations as reflected by the processes and outcomes of the evolving industrial relations environment since 1957.

The conclusion reached by this paper is that the state has taken an increasingly assertive role in shaping internal staffing arrangements in universities, albeit in an indirect fashion, with the university no longer accorded a special status justifying isolation from the broader economic and political environment. This shift has occurred within an environment of increasing Commonwealth budget difficulties and the adoption of strategies to improve domestic innovation and competitiveness, and is shaped by the arrival of the university academic employees into the centralised and formal system of industrial relations.

This paper will demonstrate the changing relationship, starting with the post-war situation of fund-starved, significant autonomous institutions guided by collegial imperatives, funded on a needs basis. The 1957 Murray report introduced Commonwealth sponsorship of the system, assuming a role of offering universities funds to allocate according to collegial, internal processes, guided by scholarly-determined imperatives, with a minimum of Commonwealth scrutiny. Industrial regulation was a haphazard, institutionally devolved process, influenced at a distance by the Commonwealth but largely resolved at an institutional level. By the late 1980s the legislature and executive had adopted a more focussed approach: higher education was to be tied directly to national economic and budgetary strategies, and industrial regulation was to be within the broad framework established by the Government. This is especially clear in the activities of the executive during the negotiation

of the second tier academic award, the introduction of enterprise bargaining in the sector, and most recently, the Hoare Review and Cabinet deliberations over the future of salary supplementation.⁵

The Murray Report of 1957 - The Commonwealth assumes responsibility for higher education

In the period from the Second World War until the mid-1970s, academic industrial relations was largely left as the responsibility of the institutions, although certain *ad hoc* review processes acted to centrally co-ordinate salary and conditions across the sector. Underlying this approach was a tacit acceptance by parliament that a modern university system was important to Australia's social, defence and economic development. Within that framework, staffing policy was important only in so far as suitable staff were attracted and kept by the system.

By the late 1940s, the Australian university could be described as 'small, poor and for the most part treated with indifference by a society hardly renowned for its concern about things of the mind' (Martin 1990). Under-resourced, pre-war universities were dependent on the effluxions of generosity of the state governments, each institution negotiating with its respective state government for funding, sometimes on an annual basis (Davis, R. 1985; Davis, S. 1989; Evatt 1994, see Table 1).

Table 1. Source of Higher Education Funding, 1939-91, by Source (%)

Source	1939	1951	1961	1971	1981	1987	1991
Commonwealth Government	0	20	44	43	90	83	62
State Governments	45	43	36	35	1	1	5
Student Contributions*	32	17	9	10	0	2	21
Investments, endowments, donations	16	8	6	5	4	5	6
Other Income	7	10	5	5	5	8	5
Total Income	100	100	100	100	100	100	100

Notes: The data prior to 1987 refers only to university funding sources, while the post-1987 data refers to higher education funding.
* The 1991 percentage includes fees and related services, in addition to funds arising from HECS loans.
Source: Evatt 1994, Table 2.1

The Second World War emphasised the lack of Australian training and research capability, particularly in increasingly important areas such as radar, chemical and nuclear technologies. In response, the Curtin and Chifley Labor Governments used wartime powers to increase funding to the universities, resulting in a doubling of enrolments in the period from 1942 to 1949, further worsening the systemic poverty of institutions. Seeing the opportunity provided by increased Commonwealth interest, post-war Vice-Chancellors campaigned for increased federal funding, leading to the commissioning of the Mills Committee of 1949. While the recommendations of the Committee only led to a one-off funding increase, it became increasingly apparent to parliamentarians that the Commonwealth needed to adopt a greater role.

It was in this context that the Menzies Government commissioned the Murray Report. The Report recommended *inter alia* the establishment of a triennial funding process, administered by a central grants committee, and predominantly funded by the Commonwealth. Adopted almost in full by the Menzies Government with very strong patronage from the Prime Minister⁶, Australian universities began a period of rapid growth.

As overviewed in McCulloch (1992), Smith (1992) and Evatt (1994), pre-Murray academic industrial relations were largely characterised by institutional specific negotiations within the cultural framework of 'collegiality' and 'institutional autonomy'. The contemporary notion of industrial relations was largely irrelevant within the universities, reflected in the difficulty surrounding the establishment of the Federal Council of Universities' Staff Associations of Australia.

This disinterest can be seen in the discussion within the Report of the need for improvements in staff arrangements, discussed under the heading 'Recruitment, Staff Salaries and Service Conditions' and sandwiched between discussions of building maintenance and scholarships.

The twenty-four paragraphs of the Report dealing with staffing proceeded from the assumption that staffing represented one of the several factors necessary for the successful operation of the renovated university system. Accordingly, the Report called for appropriate improvements to ensure the maintenance and recruitment of suitable staff within the system, so as to ensure the success of the broader scheme. Industrial policy was a secondary concern. To the extent that staffing or industrial relations were discussed, the Report was concerned, in the first instance, with the recruitment of staff, and merely sought to make changes so as to guarantee the improvement of the academic labour stock:

[in] the recruitment of staff, the attraction which determines the decision of an intending applicant for a university post are the conditions of service under which he will operate should his application be successful. These conditions cover the salary, though frequently this is not a predominant factor; the reputation and efficiency of the university; the superannuation provisions; the arrangements;...the arrangements for study leave or similar provisions for refresher courses; and the availability of time for research work in relation to the teaching load (Murray 1957, 59).

In order to ensure that the best quality staff were kept in the university system, Murray believed that periodic review of salaries and conditions was necessary. In order to assist universities to cope with the increased costs of maintaining labour, the Commonwealth was advised to institute a supplementation scheme, with all receiving funding to provide a minimum wage to staff of profes-

social rank, with other categories receiving proportional rates of pay. With the adoption of these recommendations, the Commonwealth provided funding to institutions to pay an annual minimum to Professors of £3,500 in 1958, increasing to £4,000 in 1960.

At this stage, the Commonwealth's interest in industrial matters merely reflected the broader concern for a university system that met the needs of the growing economy. If the universities needed more money to pay better wages, or if a minimum wage rate was needed to ensure that good staff were not gazumped by industry, then the Commonwealth would provide funds. The significance of the Murray recommendations lies in the establishment firstly of the Commonwealth commitment to providing long-term funding, the establishment of long-term planning function through the Australian Universities Commission, the first steps towards a uniform and national salary scheme, as well as the commencement of a limited form of salary supplementation.

The Murray Report and the subsequent adoption of its recommendations set a pattern for industrial regulation in the universities, which lasted until 1993, with the introduction of enterprise bargaining. While each institution was responsible for setting salaries and establishing conditions, the Commonwealth had set a minimum rate for salaries and had undertaken to meet any increase in rates given by an independent review body. Initially, increases were to be handed down through the various *ad hoc* inquiries. After 1974, the Academic Salaries Tribunal took responsibility for wage recommendations, and by 1987, wage determination had passed into the domain of the National Wage Case principles. Within this scheme a *de facto* common rule emerged over time, as institutions tended to establish similar pay scales and conditions.⁷

The Eggleston inquiries

By 1962 both the AVCC and FCUSAA understood the necessity for regular academic salary review, reaching agreement on a regular review process to be conducted by a Deputy President of the Conciliation and Arbitration Commission. While this proposal was short-lived, it demonstrated the growing consensus towards systematic industrial regulation.

In 1964, the Commonwealth commissioned an independent inquiry into academic salaries, headed by Justice Eggleston. The Eggleston Report recommended that a minimum salary be fixed for Professors and Readers and Lecturers and that a maximum salary level be established for Senior Lecturers. It was also recommended that salary reviews be conducted in "times of need" rather than as part of the triennial funding process. While Eggleston did not suggest salary levels, the Report provided a rationale for increased standardisation of salaries through the use of a work value approach to

salary relativities between classifications. The recommendations of the Eggleston Report were adopted in full by the Parliament. Following negotiations with the AUC, AVCC and FAUSA (the re-named FCUSAA), the Commonwealth specified a new salary scale, announcing a 12% increase for Lecturers, and a 15% increase for all other categories of academic staff.

The 1969 wage round in the Australian Public Service led to a significant wage increase in work classifications traditionally used as comparators for academic remuneration, prompting the AVCC and FAUSA to approach the Commonwealth for a review of the salaries system. Eggleston was again commissioned to conduct an inquiry. Reporting in 1970, the *Inquiry* made two recommendations, which were subsequently adopted. Firstly, Lecturers' salaries were to increase by 17% and other classifications by 20%, to maintain relativity with salaries within the Australian Public Service and the CSIRO.

Eggleston's recommendation was motivated by the need for academic salaries to keep in step with the broader workforce. This rationale can be seen in the *Inquiry's* second and more important recommendation: that academic salaries be automatically increased by the National Wage Case decision. This was necessary due to the absence of a regular process of academic salary review (Eggleston 1970, 5-6).

The Academic Salaries Tribunal - Heading off the demands for regular review?

By the early 1970s, the constant cycle of Inquiries, Reviews and salary adjustments since the Murray Report, compounded by the growing staff discontent on campuses had led to broad agreement about the necessity of a centralised salary review system, assisted by the steady growth of Commonwealth financial control. In addition, several states had begun investigating the possibility of establishing permanent mechanisms for salary review. It was in this context that the Commonwealth commissioned the Campbell Report, which was not only to devise a work value-based salary scale, but also to establish a permanent review mechanism for salary review.

The establishment of the Academic Salaries Tribunal in 1974 provided the means of establishing a national academic salary scale, and a mechanism for adjustment and review. Limited to salary questions, the AST could merely make recommendations and could be overturned by Parliament. The AST initially followed the recommendations of the Campbell Report of the previous year, which argued for a linkage with the salaries paid to CSIRO employees and the staff within the Second and Third Divisions of the Commonwealth Public Service (Marginson 1989, 16).

In 1976, the principle of parity between college academics and university academics was abandoned by the

AST, following a work-value inquiry. In 1984, the AST recommended a 5% wage increase, which was quickly reversed, replaced with a phased-in introduction of the full increase, following intervention by the Prime Minister (McCulloch 1992, 26). The AST was incorporated into the Australian Conciliation and Arbitration Commission in 1984, and abolished in 1988 with the passage of the *Industrial Relations Act*.

Moving into the award system

The role of the AST was to establish an orderly process for the resolution of pay demands of academic staff within the confines of the existing protocol, by considering, from time to time, the necessity for salary increases and recommending increases if necessary. These would then be funded by the Commonwealth. Universities would decide the salary rates payable to staff at that institution, but the determinations of the AST would be very persuasive in fixing the local salary schedule.

As a consequence of this protocol, academic work regulation within the older universities remained largely outside the conciliation and arbitration system until the mid-1980s. It was also largely beyond the scope of the Commonwealth, even if the Commonwealth had sought to intervene.

This lateness of arrival to state or federal industrial relations systems can be attributed to three main reasons. Firstly, various staff associations remained ambivalent, if not hostile, to the implicit erosion of collegiality represented by the formalisation of industrial relations. Secondly, university managements and state governments were actively opposed to the implications of the establishment of awards and a formal jurisdiction for academic industrial relations (c.f. Palmer 1986, Scott 1985). Finally, until 1986, owing to various decisions made by the High Court, academic work was not deemed to be 'industrial' for the purposes of the Constitution and the operative Act. Accordingly, even if any of the parties to university industrial relations had sought a federal award for academics, the federal Commission did not have the jurisdiction to hear the matter.

Despite the longstanding campaign of the Federation of College Academics to obtain award enforceability of existing workplace policy and procedure agreements by establishing state registered awards, FAUSA remained aloof, preferring to rely on institutionally specific and enforceable agreements until the mid-1980s.⁸ This situation changed as a consequence of the High Court's ruling in the *Re Harper* decision of 1986.⁹ Overturning the longstanding ruling of the 1929 *Teachers Case*¹⁰ preventing teaching being recognised as an 'industrial' occupation, the work of academics could be deemed to come within the scope of the federal conciliation and arbitration system. A direct consequence of this ruling was the registration of the various industrial organisa-

tions representing academics and higher education employers. Immediately following registration as an industrial organisation, FAUSA broke with its longstanding position, serving logs of claims on higher education employers. Strongly supported by higher education employers and the Commonwealth but opposed by the Bjelke-Peterson Government in Queensland, the Full Bench of the then Conciliation and Arbitration Commission granted the *Australian Universities Academic and Related Staff (Salaries) Award* in 1987.

The move into the federal arena was seen to be logical and did not meet with opposition. University salaries had become largely standardised, with increases automatically met by Commonwealth supplementation. Where local negotiations did occur over conditions, local managements and staff associations were able to negotiate for positive sum outcomes; institutions were not pressured by funding constraints to trade off conditions to maintain salary relativities. One consequence of this shift into the federal arena, in addition to the effective abandonment of the fiercely institutional approach to industrial regulation, was the near automatic linkage of academic salaries into the National Wage Case process.

The Dawkins revolution/ higher education as part of the broader industrial relations framework

Hitherto, the Commonwealth recognised the importance of the university system and acknowledged the needs of the system as determined by universities themselves. Initially with Murray, the Commonwealth agreed to meet the increased costs of labour advised by the Report. Establishing a committee process for regular review of remuneration, the Commonwealth played a passive role in salary determination: if an inquiry or tribunal ruled for an increase, the Commonwealth would meet that demand. Implicit in this process was the assumption that staffing and industrial relations policy, including the aggregate budget cost due to labour, was a secondary concern to the need for a viable higher education system.

However, the post-Murray order of higher education was, in part, a creature of the post-war boom. A steadily growing economy and relatively protected export markets enabled a growth in living standards and government expenditure. Universities were beneficiaries of the apparent affluence of the Australian economy. By 1974, the global economic downturn saw increasing political and economic problems for the Commonwealth, as inflation and unemployment grew, and economic activity slowed. While Commonwealth outlays to universities contracted in real terms, the rules of university management largely remained the same (setting aside the amalgamations during the Fraser period). The election of the Hawke Labor Government in 1983 saw the com-

mencement of a broad project of economic restructuring, which emphasised *inter alia* micro-economic reform across the economy, fiscal policy aimed at budget surplus, the removal of protection against foreign imports, deregulation of the financial system, and in the late 1980s, reform of the industrial relations system from reliance on a central arbitrator towards decentralisation of industrial regulation.

In particular, to improve the competitiveness of the Australian economy, several reform strategies were adopted. Of these, a reform of public sector management and the adoption of the national training agenda are relevant to the university: firstly, that 'rational' rather than 'political' systems of resource allocation be instituted within the public sector (MacInnes 1993, Hawker 1994). Secondly, it was argued that the security of Australia as an industrialised economy required a higher aggregate level of skills, enabling a move into value-added manufacturing and away from high-risk, low-yield primary production (Knox and Pickersgill 1993, Butterworth 1995, Pickersgill 1995).

The Commonwealth Green paper *Higher Education: a policy discussion paper* carried the new logic of micro-economic reform, managerialism and human capital formation into the higher education sector. The university was to become simultaneously larger in terms of student numbers, more productive and responsive to industry and community expectations, as well as financially more diversified with less reliance on the Commonwealth.

One feature of the Green Paper reform program was the proposed restructuring of academic employment regulation. This argument picked up on the longstanding perception of the inflexibility, unresponsiveness and privileged position of academic workers within sections of Cabinet, the community and some sections of the academy. Moving beyond the descriptive discussions of higher education staffing matters as demonstrated in the Murray, Martin, Eggleston, AST and AUC Reports, the policy paper demonstrated a strategic understanding of the need for industrial relations reform, in the brave new university world:

Staffing issues are central to any examination of higher education policies for two reasons. First, the implementation of Government and institutional objectives relies heavily on the abilities of academics in both teaching and research and on the performance of institutional management. Second, the funding of staff represents the largest single item of expenditure by institutions, accounting for more than 80 per cent of total recurrent costs for higher education. Thus, issues relating to staffing—quality, productivity and adaptability are central to the future development of the higher education system. (Dawkins 1987, 55)

The Green Paper called for a "new approach to terms and conditions of employment for academic staff." This new approach was apparently necessary because of the unsustainable differences in salaries and conditions between the universities and the CAEs, the difficulties in recruiting and maintaining staff in disciplines within highly competitive labour markets and, most importantly, "existing arrangements for the employment and remuneration of academic staff do not provide the flexibility required by higher education institutions for efficient management and utilisation of their staffing resources" (1987, 55). Clearly, the epiphenomenal role of industrial relations in higher education policy making was no longer to continue, as the labour process of academic work assumed a far greater importance.

Contained within the *Report* was a clear statement on the areas of change desired by the Commonwealth, calling *inter alia* for the introduction of a national agreement covering staff assessment procedures, increased use of term and part-time employment, and early retirement, redundancy and dismissal procedures. While the majority of institutions had developed statutes governing tenure, drafted in the wake of the Orr case of 1954-6, and many institutions had carried out redundancy rounds, the Commonwealth sought to use the second tier award negotiations as an opportunity for establishing national rules for implementing workplace change.

The Commonwealth was considerably assisted in the process of leading the parties to higher education industrial relations towards Commonwealth objectives by the establishment of the federal academic salaries award. With the granting of the *Australian Universities Academic and Related Staff (Salaries) Award 1987*, academic wage determination came under the control of the federal tribunal, and thus, the National Wage Case process. This development marked a turning point in Commonwealth-higher education industrial relations, allowing the Commonwealth a comparatively simple mechanism through which to intervene in the regulation of academic employment.

The 1987 National Wage Case established a new series of wage fixing principles: in addition to an across the award workforce flat increase, the federal tribunal would grant a 4% salary increase to employees covered under awards whose employers and unions could reach agreement on workplace reforms meeting 'restructuring and efficiency' criteria.

At the time of the release of the Green Paper in December 1987, the parties were in early discussion over the terms of the 'second tier' agreement. Inducing the parties to agree on new terms of employment regulation was a straightforward task: the Minister with responsibility for higher education indicated that the 4% salary supplementation was contingent on the codification of an agreement reflecting the concerns detailed in the

Green Paper. The ministerial intervention saw a speedy resolution of the negotiations. This process occurred once again during the award restructuring exercise arising out of the National Wage Cases of 1988 and 1989.

The context for enterprise bargaining.

The 'second tier' award, registered as the *Australian Universities Academic Staff (Conditions of Employment) Award 1988*, marked the first direct foray of the Commonwealth into the industrial regulation of the sector. Driven by a need to restructure the sector, and using the federal framework for industrial regulation as the means of ensuring the desired changes in the work practices, the legislature and executive were still influenced by a notion of the special role of higher education in society. Entry into the formal arena of industrial relations provided the Commonwealth with a simple mechanism for industrial change.

The design of higher education enterprise bargaining marks a departure from the usual attitude. Prior to enterprise bargaining, the universities and the Commission had responsibility for setting wage levels, with the Commonwealth meeting increased costs through supplementation. Institutional level bargaining over salaries and conditions was conducted in a different environment: negotiations over salaries did not necessarily involve identifying the source of funding re-allocation. Granted a small amount of discounted cost of living increase in salary funding under the National Framework Agreement of 1993-4, the institution was obliged to find additional salary increases from restructuring its own practices.

The lunge into enterprise bargaining reveals the lapse of the consensus about the 'special' role of the universities. Under the older regime, universities were to be cossetted from the outside economy by a range of devices, including the supplementation of employment costs. The implicit assumption was that universities had a special role that existed beyond the immediate budget period, and the outcomes and outputs of universities could not be calculated by the usual techniques of measurement. Institutions were not encouraged to find their own sources of recurrent funding. Under the new approach, universities were an important part of the micro-economic reform and modernisation project of the Commonwealth, and needed to be subjected to the same economic pressures as the broader public service and the broader labour market. Within this conception of the university the institution had no special claim for resources beyond the current entitlement: universities were merely other public sector organisations competing for scarce resources. If the managers of institutions wanted to expand, or the staff of the institution wanted improved conditions, then it was incumbent on them to

find ways of doing it. The new notion of autonomy involved coping with apparently dwindling revenues.

This can be seen, firstly, in the handling of the demand for universities for greater funding. The White Paper placed the onus on institutions to accept greater responsibility for their own management, including how resources were to be obtained and deployed, during a period of Commonwealth-encouraged growth in student places and course offerings. In the period 1988 to 1994, it appears that Commonwealth funding per planned effective full-time student unit declined each year until 1994, where it showed a modest increase (Evatt 1994, Figure 2.2).

The 1991 National Wage Case, the 1993 Budget.

The enterprise bargaining regime formally commenced with the signing of the academic National Framework Agreement by the National Tertiary Education Industry Union (NTEU) and the NSW Teachers' Federation in February 1994, with the equivalent agreement covering general staff having been signed by the ACTU in late 1993. The process of negotiation of the National Framework Agreement demonstrates the new dynamic underlying Commonwealth policy.

By mid 1993, the federal government had clearly established a number of strategies designed to simultaneously improve business confidence and the ALP's electoral standing. Two aspects of this period are pertinent to the universities.

Firstly, the Commonwealth government had set a budget deficit reduction strategy aimed at reducing the structural Budget deficit to less than one per cent of gross domestic product by 1996. After a period of increasing real expenditure in absolute terms, the universities could no longer expect ongoing growth funding, or salary supplementation. In this context enterprise bargaining provided a straightforward mechanism for the Commonwealth to contain higher education outlays: the period after 1988 had resulted in increased entrepreneurial activities at the institutional level, and the assumption of greater authority by institutional managements. In theory, at least, the university sector could deal with enterprise bargaining by internalising decision-making previously made by tribunals and the Commonwealth Tertiary Education Commission. Developing markets for output, the identification of better ways of working and the belief in the technical efficiency of decentralised bargaining and managerialism presumably allayed any fears that the enterprise bargaining regime would undermine the outputs and outcomes of the modern university.

Secondly, the Commonwealth government was determined to encourage the spread of enterprise bargaining across the economy. Using its authority as employer, and as funding body, the government assisted the establish-

ment of framework agreements in the public sector. Prior to the March 1993 election, a framework agreement was established to provide a process for the coming round of bargaining in the Australian Public Service, which provided a 2.9% economic adjustment to be paid in two instalments, with a 2 % productivity fold-back, in exchange for agreeing to a process to negotiate future agreements. The terms of this agreement crystallised the majority of the terms and conditions of the various Departments: bargaining was to occur over non-substantive issues.

The Commonwealth initially sought agreement from the AHEIA and the ACTU-NTEU to establish an APS-style agreement for higher education. The refusal of the AHEIA to accept such a scheme, and the looming deadline of the August 1993 Budget forced the parties into agreeing to the format of the generic National Framework Agreement (NFA). Although the pay increases were identical to those under the APS agreement, the NFA did not maintain the previous conditions, leaving all matters of industrial regulation theoretically available for negotiation.

Once concluded, the generic academic and general staff NFAs were then registered as either an addendum to the HEGSS award, in the case of general staff, or registered as a separate certified agreement in the case of academic staff. At some institutions, academic staff associations reached agreement on slight variations to the generic agreement.

The terms of the NFAs provided for two wage increases based on an 'economic adjustment' equal to 2.9%, funded by the Commonwealth. This increase was to be paid in two instalments of 1.4% and 1.5% spaced twelve months apart, commencing from the date of signing of the agreement. In addition, the Commonwealth made an offer to institutions to provide a sum equal to 2% of the institutional wage bill, to be repaid with interest, presumably as short-term finance for institutions negotiating workplace reforms resulting in financial benefits taking several months to arrive.

The NFA was, in effect, an attempt to establish a reversed two-tier process, whereby the Commonwealth provided a small increase in funding for salary increases, leaving the parties to find the funds to make up for the majority of wage increases, reinstatement of wage levels with traditional comparators, and changes in work value. Continuing the managerialist logic of the White Paper, decisions for the operation of the modern university were to be made by the institution. In the case of the renegotiation of industrial regulation, the parties were to be left with the responsibility for the outcome. If the outcome was unsuccessful, presumably the failure could be attributed to the bargaining parties, rather than the system itself (Fox 1975).

The framework agreement left the parties to identify

...ongoing improvements in productivity and in efficiency, effectiveness, quality, flexibility and equity through the contribution to those improvements by... staff. (NFA (general) 1993)

Where once the post-Murray university received insulation and protection through the funding regime, the current regime has located the costs and benefits of wages to the institution. Within an institution, the various parties will need to identify acceptable trade-offs in order for the institutions to consider operating. A complete zero sum game: either the institution continues the current set of staffing arrangements, allowing nominal wages to remain, creating over time a differential between institutions and the outside labour market; or the institution meets the changes in real wages relativities by identifying new sources of funds from within the institution. Assuming that the average institution is experiencing a practical funding deficiency necessitating the increased use of casualised staff, for example, then, enterprise bargaining provides all parties with unpalatable choices. Either lose staff or pay them less in real terms, or meet growth in real wages through an ongoing process of cost-saving that may require the institutions to 'cut into the vital organs' of university operations.

In this perspective, enterprise bargaining represents an implicit commitment to a zero-sum bargaining regime, with the parties to the institutional agreement deciding on the share of losses and gains, removing the Commonwealth from responsibility beyond the already declared funding arrangements. This framework is far removed from the previous model, where wages and conditions were outside the policy debate, and had minimal implications for overall institutional operation due to the smooth operation of the supplementation scheme.

The future relationship?

Enterprise bargaining in higher education represents a highly managerial perspective of the Commonwealth, and marks the departure from any notion of the university as a sacred site in Australian society. The universities under the new regime are obliged to face the market, experience the same exposure to the chilling wind of economic restructuring, and find internal solutions to the challenges provided by such exposure. The emphasis on the employment arrangements of university staff seen in the terms of reference for the Hoare Review commissioned by the Commonwealth in late 1995 demonstrates the argument within this paper. The future relationship looks uncertain. Universities seem to have lost their post-Murray place in the sun, and are to join with the rest of the public and private sector in absorbing the transition costs of an economy moving towards increased competitiveness.

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Footnotes

1. University of New England. This paper arises out of research from the Evatt Foundation's *A Degree of difficulty? Enterprise bargaining in universities*. Thanks are due to Peter Summers for his comments on some of the arguments, to Chris Lloyd and AUR's anonymous referees. The usual disclaimers apply, with the addition, that the views in this paper are those of the author and are not in anyway indicative of the views of the Evatt Foundation or the Higher Education Division of the Department of Employment, Education and Training which commissioned the Evatt study.
2. This point is taken up in Chapter 3 of Evatt 1994, which although brief, contains the only substantial attempt at analysing the world of work of general staff.
3. This paper is an early section of a broader project of locating post-Murray changes in the state-university industrial relations relationship within a broader analysis of the Australian state's intervention into labour-capital relations. The broader work will include a thorough study of the nature and characteristics of industrial regulation of general staff employees within higher education.
4. Readers interested in the positions of the various academic unions and staff associations should refer to Gallagher (1982) and the work of John O'Brien.
5. This paper will not look at either issue.
6. The role of Menzies in the process of renovating Australian universities can be read in Davies, S. 1989. Chapter 1, and in Martin 1990.
7. Despite the support by key players in policy, administration and staff associations, this process occurred against a backdrop of ongoing arguments by university administrations and staff associations about the appropriateness of Commonwealth intervention into matters previously the domain of collegial decision-making. Unfortunately, these debates are beyond the limited scope of this paper.
8. It is beyond the scope of this paper to discuss the 1957 award granted to teachers of the NSW Institute of Technology, or the 1986 Monash Tutors case.
9. *R. v. Lee; Ex parte Harper* (1986) 160 CLR 430
10. (1929) 41 CLR 569

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