

THE UNIVERSITY OF MELBOURNE

REPORT TO COUNCIL

12 DECEMBER 2005

DOOKIE COLLEGE INCORPORATED

**PROPOSAL TO SEPARATE DOOKIE CAMPUS FROM THE FACULTY
OF LAND AND FOOD RESOURCES JURISDICTION**

BACKGROUND

The present arrangements for the management of the Dookie Campus through the Faculty of Land and Food Resources are not satisfactory on academic, financial and sound management grounds.

LaTrobe University has expressed an interest in the transfer of the assets and the higher education programs to consolidate with its agricultural education aspirations. It is currently undertaking a due diligence exercise.

Arrangements are being made, with the support of the State Government, for the transfer of the Vocational Education and Training programs to Goulburn Ovens Institute of TAFE (GOTAFE). It is anticipated that the VET programs will continue to be delivered at Dookie. GOTAFE will negotiate an access arrangement on a fee-basis. GOTAFE may also seek to establish further TAFE programs on the Campus.

Several other enterprises related to agricultural education and training also use, or are seeking to use, the campus.

The University principally offers courses in Bachelor of Agriculture, Advanced Diploma in Agriculture, Bachelor of Rural Business and a Graduate Certificate and Diploma of Wine Technology and Viticulture. Student numbers are low and ENTER scores not comparable to those acceptable at the Parkville Campus.

In recent time, the University has secured some significant research grants that are premised on access to Dookie. The potential to expand Dookie as an Experimental Research Field Station is very significant.

The profitability of the farm, with its diversity of enterprises (beef, sheep, orchard, vineyard, cropping) is increasing as the returns on the considerable investments made in recent years start to be realised. With professional management further growth is possible.

An alternative to transferring the valuable Dookie assets to another institution is to provide increased opportunity for growth and entrepreneurial management, free from the constraints of “the Parkville funding model” and management policies.

OPTIONS

Dookie College Incorporated

It is timely for the University to consider another alternative to the status quo or the transfer to LaTrobe University. The Dookie Campus could be managed through a tax-exempt company limited by guarantee, wholly owned by the University of Melbourne.

All the assets owned by the University would be managed by Dookie College Incorporated on behalf of the University, and higher education program delivery would be outsourced to the company.

The objectives of the company would be to:

- Maintain and manage the physical assets including farms, residences and academic buildings and resources,
- Deliver on contract for the University of Melbourne designated higher education agricultural education programs, quality assured through the Faculty of Land and Food Resources,
- Provide access to educational resources for VET providers seeking to use the campus,
- Develop educational training opportunities for other organisations,
- Encourage access by research bodies (public and private) to the facilities, including farm assets, for agricultural research experimental purposes,
- Operate the various enterprises on a financially sustainable basis for the advancement of agriculture-related education and research.

Governance and Management Details

As a controlled entity the company would be subject to oversight by the University Subsidiaries and Finance Committees.

A Board of Management would be responsible for the development of the strategic management plan and the oversight of day-to-day operations.

A board of up to nine members would be appropriate:

- A independent chair,
- Three nominees of the University, including the Dean of Land and Food Resources, and
- Appropriate persons with management and agribusiness expertise.

A Chief Executive Officer would be appointed with responsibility for day to day management. It is expected that the CEO would have significant experience in agribusiness management.

Advantages

Management of the Dookie Campus by a company would enable:

- A professional agribusiness team to develop a flexible entrepreneurial approach to farm management operating within agricultural industry benchmarks,
- More flexible employment options for the diversity of on-farm and educational delivery tasks required,
- Enhanced opportunities for using the campus and facilities for undergraduate and international students fieldwork and residential teaching programs,

- Increased autonomy for asset management, including contract negotiations with agriculture-related educational institutions seeking to deliver training programs on campus,
- Greater prospects to secure financial viability for the various enterprises, current and potential, undertaken at Dookie,
- Compliance within a corporate governance framework with accountability ultimately to the University as the sole shareholder.

Possible disadvantages

- Dookie Campus would not be an integral part of the Faculty of Land and Food Resources,
- Quality assurance processes for delivery may not be as rigorously implemented without direct day to day University involvement,
- Financial and asset management control from central administration of the University would be through contracted compliance not direct control,
- The company may not be granted a tax-exempt status.

Business Plan

The University has engaged Professor Bill Schroder and Mr Ray Atkins to draft a Business Plan testing the feasibility of establishing a subsidiary company to manage Dookie. Professor Schroder will report to the Vice-Chancellor at the end of January 2006.

RECOMMENDATION

It is recommended that Council note the University's action to develop a Business Plan to assess the feasibility of managing Dookie Campus through a company structure, Dookie College Incorporated, a company limited by guarantee, wholly owned by the University of Melbourne as the sole member, as one possible option.

Professor Frank P. Larkins
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