THE UNIVERSITY OF
MELBOURNE

Submission to the Expert Council on University Governance

Executive Summary

The University of Melbourne welcomes the opportunity to contribute to the work of the Expert Council on University Governance.

Good governance is crucial for the effective and ethical operation of universities. A well-governed institution is better equipped to fulfil its mission, uphold academic integrity, and respond to the evolving needs of students, staff, and the broader community. It ensures transparency, accountability and responsible stewardship of resources, while balancing the interests of stakeholders, including students, academics, administrators and external partners. It also enables institutions to navigate complex challenges, contributing to their long-term sustainability and reputation. Australian universities are well governed, reflected in the esteem in which they are held globally and strong international rankings. They attract top-tier students and academics from around the world who are eager to experience the country's world-class teaching and research.

Over the past few decades, Australian universities have undergone significant transformation, expanding in size and complexity to meet changing societal demands. Consequently, university governance has evolved, with governing bodies attuned to the importance of skills assessments to ensure composition reflects higher education expertise, financial and commercial acumen and greater diversity in membership. This diversification has enhanced decision-making and ensured universities are equipped to manage complex budgets, resolve large infrastructure challenges and pursue alternative sources of funding. It has also resulted in a capability to appreciate and respond to the needs of diverse student, staff and community stakeholders, while maintaining their focus on institutional missions and legislative objectives.

The recent attention on university governance has highlighted calls for increased transparency and accountability from universities to maintain public trust. The University notes that the University Chancellors Council (UCC) updated its *Code of Principles and Practice for Australian Universities* in December 2024 to reflect the recommendations of the Universities Accord and Education Ministers' 10 priorities. We support both the 10 priorities and the UCC's important role in sector governance.

This submission engages with several key issues raised by the Expert Council and notes that good governance frameworks should provide opportunities for a range of engagement with staff and students beyond governing body and committee representation. Multiple channels of consultation and communication with the university community are needed to explore and address issues in an appropriate setting.

Additionally, this submission discusses the need to ensure that TEQSA is fully utilising its existing extensive regulatory authority in relation to university governance.

The University's recommendations are necessarily influenced by the particular State-based Acts of Parliament under which universities each comply, along with TEQSA regulation and the national codes and recommendations of UCC and UA among others.

In summary, the University recommends that the Expert Council:

- Work with State and Territory and Commonwealth Governments to align expectations regarding governing body skills and experience, noting support for public sector and higher education sector experience.

- Work with the UCC to ensure elected staff and student representatives have appropriate opportunities to participate in and sit on key governance committees across the University.

- Consult with Universities Australia (UA) to ensure universities have other mechanisms for including staff and student voices in university governance, beyond representation on governing bodies and committees.

- To facilitate transparency and accountability, encourage governing bodies to publish outcomes or summaries of their meetings, while respecting confidentiality requirements.

- Work with State and Territory Governments to adopt consultancy reporting requirements in Annual Reports, modelled on the existing requirements in Victoria and Queensland.

- Consider recommending universities ensure executive salaries are determined with reference to reputable sector and external benchmarks, including the Commonwealth Remuneration Tribunal.

- Support universities to establish clear employment compliance governance frameworks to ensure universities are acting as exemplary employers.

- Work with State and Territory Governments to adopt consistent reporting on casual staff, while ensuring requirements do not duplicate existing State-level reporting requirements.

- Recommend universities publish public reports on staff and student disclosures and complaints of sexual misconduct, racism and racial discrimination, and other forms of discrimination and harassment and that these are reported to governing bodies with trends and improvement opportunities identified.

- Consider TEQSA's utilisation of its existing regulatory authority and ensure any expansion of its powers is in line with its regulatory principles of regulatory necessity, risk and proportionality.

The University of Melbourne welcomes the opportunity to work with the Expert Council and encourages a collaborative approach between universities, the Expert Council, Commonwealth, State and Territory Governments, the UCC and UA to ensure governance frameworks are transparent, responsive, and meet the expectations of our communities.

For further information or to discuss the submission, Dr Nancy Huggett, University Secretary, can be contacted at █████████████████████

Introduction

Over the past three decades, Australian universities have undergone substantial transformation. Higher education has become more accessible to a broader range of students, with increased enrolment numbers and diverse pathways for entry. In 1994, there were just over 580,000 students enrolled at 36 public universities.[1] Now, there are over 1.4 million students enrolled at 39 public universities and 5 private universities.[2] In 1994, the University of Melbourne had a student load of around 25,000; now it is more than double at over 53,000 EFTSL or more than 77,000 by headcount.[3] This means the Parkville campus of the University, when in session, is in effect the fifth largest city in Victoria.[4]

Meanwhile, the amount of public funding provided per student has declined during the same period. Most recently, the Job-Ready Graduates program reduced government subsidies by almost 15 per cent and overall financing of domestic students by over 5 per cent,[5] cutting $6 billion from the sector. Declining government support has prompted universities to diversify funding sources. Universities now rely on a mix of government support, student fees, research grants, commercial partnerships and philanthropy. Expansion and diversification have been accompanied by an evolution in the legislative and regulatory landscape. While universities are established by Acts of State Parliament and have long been subject to various regulatory measures, the scope and intricacy of compliance requirements, quality assurance measures, and reporting obligations have grown significantly. This regulatory environment, coupled with the need to compete in a global education market, has made universities much more complicated entities to administer. As a result, the governance of Australian universities has necessarily evolved, requiring expertise in areas far beyond traditional academic leadership.

In recent years, with a more complicated operating and compliance environment, Australian universities have faced governance challenges, which have emphasised the importance of robust frameworks to ensure universities deliver on their social contract and are held publicly accountable. University governance frameworks should support their diverse objectives, including their significant social responsibilities, while respecting universities as self-accrediting, autonomous institutions. Their governance frameworks should ensure not only financial prudence and academic excellence but also ethical practices, transparency and community engagement.

Governing bodies

Composition and appointments

The composition, skills, and appointment process of university governing bodies have received considerable attention. These requirements are set out in each university's establishing Act, resulting in variation across States and Territories. For instance, Victorian universities must have an equal or greater number of government-appointed members compared to those appointed by the governing body itself (in addition to elected and 'official' members). Conversely, South Australian governing bodies appoint their own members without government involvement. Some degree of variation across jurisdictions and institutions is appropriate to reflect differing priorities and missions.

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[1] https://www.deakin.edu.au/__data/assets/pdf_file/0006/402594/swp2003_07.pdf

[2] https://universitiesaustralia.edu.au/stats-publications/

[3] https://www.voced.edu.au/content/ngv%3A79662

[4] https://www.jstor.org/stable/j.ctv31svrqv.9?seq=5

[5] https://melbourne-cshe.unimelb.edu.au/research/publications/fellow-voices/the-rhetoric-and-reality-of-job-ready-graduates

The University broadly supports the 10 priority areas identified by Education Ministers. Some of these priorities, such as having one or more elected student members and one or more elected staff members on each governing body, are already enshrined in universities' establishing Acts. The UCC has also, helpfully, incorporated these priorities into its updated document, *A Code of Governance Principles and Practice for Australia's Public Universities*.

Regarding expertise on university governing bodies, Victorian universities are legislatively required to have at least two council members with relevant qualifications or experience in financial management and at least one member with senior-level commercial expertise. When appointing council members, the Victorian Minister must select members who possess: the knowledge, skills and experience required for the effective working of the council; an appreciation of the values of a university relating to teaching, research, independence and academic freedom; and the capacity to recognise the needs of the external community served by the University.

Universities have skills matrices in place to ensure that the collective membership of their governing bodies has the requisite, skills and experience and includes diversity considerations. The University supports the emphasis in the 10 priorities on diversity and skills. However, it is crucial that Acts are not overly prescriptive and allow governing bodies to reflect institutions' unique missions.

With regards to induction and training, we note that the UCC Code and universities themselves have comprehensive induction programs for governing body members. We also note the partnership between UCC and Australian Institute of Company Directors (AICD) in developing a tailored training program in university sector governance. First introduced in 2018, this bespoke course is accessible to all governing body members, providing them with specialised knowledge and skills relevant to their roles in university governance.

Staff and student engagement in governing body committees

To increase staff and student voices in the operations of governing bodies, consideration could be given to ensure elected staff and student representatives have appropriate opportunities to participate in and sit on key governance committees at universities.

Genuine engagement with staff and students should extend beyond governing body and committee representation, however. For instance, the University of Melbourne has instigated the Melbourne Student Forum as a way of contributing their ideas and reflections on the student experience and future student-focussed initiatives to the University. Leaders of the University's three student associations also attend University Executive meetings every quarter to foster meaningful dialogue between senior staff and student leaders. Consultation on strategies and policies also occurs on a regular basis with students. Such initiatives provide for broader involvement of students in a variety of governance processes and opportunities for the student voice to contribute to policy settings and decision-making.

Recommendations:

- *Work with State and Territory and Commonwealth Governments to align expectations regarding governing body skills and experience, noting support for public sector and higher education sector experience.*
- *Work with the UCC to ensure elected staff and student representatives have appropriate opportunities to participate in and sit on key governance committees.*
- *Consult with Universities Australia to encourage the establishment of other mechanisms for including staff and student voices in university governance, beyond representation on governing bodies and committees.*

Transparency and accountability

As decision-making bodies in public institutions, it is important that university governing bodies operate with transparency and accountability. Governing bodies should strive for transparency in their processes and decision-making, providing confidence to stakeholders that their actions align with the best interests of the institution.

Many universities publish high-level summaries of governing body meetings, subject to appropriate confidentiality requirements, and the sector-wide adoption of such practices would help bolster public trust and accountability. This approach could also address concerns raised by elected staff and student representatives on governing bodies, who are constrained by fiduciary duty requirements in their ability to report back to their constituents. By striking a balance between transparency and necessary confidentiality, universities can foster greater engagement with their stakeholders and demonstrate their commitment to good governance.

> **Recommendation:** *To facilitate transparency and accountability, encourage governing bodies to publish outcomes or summaries of their meetings, while respecting confidentiality requirements.*

Managing conflicts of interest

A number of stakeholders, including TEQSA, have highlighted the management of conflicts of interest as an essential aspect of governance in the university sector. It is inevitable that conflicts of interest will arise, including in university governing bodies. It is important that these are effectively monitored, declared and managed.

At the University of Melbourne, all employees, officers, Council members, graduate researchers and honorary, visiting and adjunct appointees are subject to the Managing Conflicts of Interest Policy and must disclose conflicts of interest as they arise. Additionally, all members of Council and the University Executive must make annual disclosures about their private financial, business, personal and other interests or relationships that influence, have the potential to influence, or could be perceived to influence, decisions they make, advice they give or their conduct in fulfilling their duties and responsibilities.

The University notes that the revised UCC Code states that governing bodies should maintain a Public Conflict of Interest Register updated annually, setting out members' disclosures.

Financial reporting

As noted in the University's submission to the Senate Education and Employment Legislation Committee's inquiry into university governance, Victorian universities are required to publish comprehensive annual reports detailing their financial performance. These reports are subsequently tabled in parliament by the responsible Minister, ensuring a high level of public accountability.

The financial accounts are prepared on an accrual basis and in accordance with Australian Accounting Standards, the *Higher Education Support Act 2003*, *Financial Management Act 1994* (Vic), the applicable Standing Directions authorised by the Assistant Treasurer of the Parliament of Victoria, *Australian Charities and Not-for-Profits Commission Act 2012* (Cth) and *Australian Charities and Not-for-Profits Commission Regulations 2022* (Cth).

Furthermore, the Victorian Auditor-General's Office (VAGO) plays a crucial role in scrutinising these annual reports. VAGO provides an independent opinion, which is published as part of each report, and provides extensive public reporting on all universities within the State. The existing framework ensures significant

scrutiny over universities and their financial management, ensuring that stakeholders and the public have access to accurate and detailed information about the financial management and performance of these institutions.

Use of consultants

Both Victoria and Queensland require universities to report on the use of consultants. The University of Melbourne's expenditure on consultancies is outlined in our [annual report](#), with further details of individual consultancies provided on our [website](#). These are legitimate activities that ensure the good functioning of the University.

Other States and Territories could adopt similar reporting requirements.

> **Recommendation:** *Work with State and Territory Governments to adopt consultancy reporting requirements in Annual Reports, modelled on the existing requirements in Victoria and Queensland.*

Executive remuneration

The tenth priority area outlined by Education Ministers is to "demonstrate and maintain a rigorous and transparent process for developing remuneration policies and settings for senior university staff, with consideration given to comparable scale and complexity public sector entities and ensure remuneration policies and packages are publicly reported."

Universities maintain competitive remuneration for academic and professional staff to attract highly expert, professional leadership across their institutions. The University of Melbourne considers salary benchmarking within the higher education sector and with other comparable markets and institutions of a similar size and scale of operations.

Universities seek to attract and retain the best candidates in a highly competitive global sector and across many fields of expertise. For example, universities recruit Chief Financial Officers from a national and global pool of talent – not just a higher education recruitment field. Universities also provide competitive salary packages for the many academic leadership roles. This includes Heads of Schools, Deputy Deans of Faculty, Deans of Faculty, Pro Vice-Chancellors, and Deputy Vice-Chancellors. These roles provide valued career pathways for academics and leadership across an institution.

The University of Melbourne adheres to executive remuneration reporting requirements in its annual reports. This includes providing a breakdown of executive officers across various remuneration bands, encompassing all roles within the University Executive.

University executive salaries should be aligned with industry standards and best practices, utilising reputable sector and external benchmarks, including the Commonwealth Remuneration Tribunal, to ensure fair and competitive compensation while maintaining transparency and accountability in the sector.

> **Recommendation:** *Consider recommending universities ensure executive salaries are determined with reference to reputable sector and external benchmarks, including the Commonwealth Remuneration Tribunal.*

Universities as good employers

Underpayments

The University of Melbourne places the highest importance on paying all employees properly and in accordance with its legal obligations.

Universities must comply with a range of State and Commonwealth laws and related regulation including the University's Enterprise Agreement, *Fair Work Act 2009, Long Service Leave Act 2018 (Vic),* and superannuation legislation. There are also multiple regulators including the Fair Work Ombudsman (FWO) and the Wage Inspectorate Victoria.

In 2024, the University entered into an enforceable undertaking (EU) with the FWO following historic underpayment of some staff. Under the EU, the University acknowledged that deficiencies in its compliance, oversight and governance processes contributed to those contraventions, including the underpayments of those staff.

The University has undertaken an extensive program of work to strengthen systems and processes to address these issues. Under the EU, the University Council has strengthened the employment compliance responsibilities of Council's [Human Resources, Remuneration and Employment Compliance Committee](). This Committee includes in its terms of reference, governance oversight of compliance with the *Fair Work Act 2009*, the Enterprise Agreement and the EU. The University has also established the Employment Compliance Oversight Sub-Committee of the University Executive, as well as a new centralised Employment Compliance Directorate, with a remit to support a culture of compliance and continuous improvement at the University.

The University is finalising the design, development and implementation of a comprehensive enterprise resource planning (ERP) system that will include HR, finance, payroll, a rostering and time-and-attendance system, and undertaking a legal compliance review of all the entitlements under the enterprise agreement 2024 in the payroll and time and attendance elements of the new system following its implementation.

Risk management

The University acknowledges that a robust approach to risk management is fundamental to good governance. While the management of risk, including compliance, typically involves the efforts of many, the implementation of an overarching approach as well as the reporting of material risk and compliance activities, is coordinated by a dedicated risk management and compliance practice.

To promote a uniform approach, the University has in place an established risk management framework. The framework is consistent with ISO 31000: Risk Management (the international standard that provides principles and guidelines for risk management) as well as the Victorian Government's Risk Management Framework (of which the University provides an attestation as part of its Annual Report). The University's approach to compliance risk forms a part of this framework.

Risk management and compliance reports are provided regularly to the Risk Management and Compliance Committee, a subcommittee of University Executive, as well as to Council via its Audit and Risk Committee.

The effective operation of these existing reporting and governing structures continue to provide strong oversight and scrutiny for risk and compliance matters, ensuring that the University is devoting the appropriate attention and resources to managing its risks effectively.

> **Recommendation:** *Support universities to establish clear employment compliance governance frameworks to ensure universities are acting as exemplary employers.*

Casual staff

As noted in the University's submission to the recent Senate inquiry into university governance, we recognise that workforce structures which rely heavily on casual employments are neither desirable nor sustainable. The University has worked hard to reduce its reliance on casual employment, surpassing the objective set in our 2024 Enterprise Agreement, with 79.6% of our employees in our core workforce (defined as continuing employment or fixed-term employment with a duration of 18 continuous months or more) by the end of 2024. The University also recognises that some staff wish to remain casual employees and that a mix of employment types remains important to achieving the University's mission.

All public universities in Victoria have reported additional casual workforce data since 2021 at the direction of the Victorian Minister. These are included in annual reports, with casual and fixed term staff broken down by headcount and FTE. To reduce administrative burden, it is important that any additional national reporting requirements do not lead to duplication of existing State requirements.

> *Recommendation: Work with State and Territory Governments to adopt consistent reporting on casual staff, while ensuring requirements do not duplicate existing State-level reporting requirements.*

Student and staff safety

The safety of students and staff is paramount. It is essential that students and staff feel safe and welcome on our campuses so that they can fully participate in university life. University governing bodies play a key role in ensuring a safe environment through the policies and processes that they approve.

In 2025, the University of Melbourne will commence a comprehensive review of student conduct and complaints processes. The University also welcomes the establishment of the National Student Ombudsman. This new entity will contribute to the higher education sector by reviewing student complaints and encouraging institutions to adopt best practice policies and processes. This will support a culture of continuous improvement across the sector.

The University acknowledges the importance of reporting. Since 2021, the University has published a [Sexual Misconduct Annual Report](#), which clearly communicates how we are tackling the issue of sexual misconduct and progress we are making. The report also includes outcomes of investigations and consequences.

Similarly, the University's [Anti-Racism Action Plan](#) includes actions to ensure transparency and accountability, support truth-telling and justice, improve collection of demographic and experience data, including incidents and complaints of racism, and a commitment to publish these in an annual report.

The University is on track to publish its first Anti-racism Annual Report in April 2025 which will include deidentified complaints data and will provide an update on key actions under the Anti-racism Action Plan. Following this inaugural publication, the University will continue to improve our approach to both data collection and reporting in order to build trust, accountability and awareness of our progress.

Public reporting on these matters by all universities would address the public interest and provide useful data to government and regulators. Again, reporting should not duplicate existing measures.

> *Recommendation: Recommend universities publish public reports on staff and student disclosures and complaints of sexual misconduct, racism and racial discrimination, and other forms of discrimination and harassment and that these are reported to governing bodies with trends and improvement opportunities identified.*

Regulation

Universities in Australia already operate under a comprehensive framework of governance regulations, including their respective establishing Acts, TEQSA's Threshold Standards (in particular, Domain 6), and various other legislative compliance requirements. The University of Melbourne, as a comprehensive, research-intensive university, must comply with more the 400 pieces of legislation across our operations.

In relation to university governance, universities engage in self-regulation through compliance with the UCC Code and internal governance regulations, policies and procedures. In response to the Accord's recommendations and the Education Ministers' priorities, the UCC Code has been strengthened and expanded. Historically, the collaborative model of setting governance standards through cooperation between the UCC, UA, and Education Ministers has proven effective for the sector. This approach has not only fostered good governance practices but has also signalled a more cooperative and consultative stance towards ensuring high standards of university governance across the country. Ensuring such a harmonised and collaborative approach continues is of paramount importance.

TEQSA regulates the sector through a set of legislative Acts and Standards, supported by Guidance Notes and Statements of Regulatory Expectations to steward strong corporate governance. TEQSA's current regulatory approach emphasises fostering a culture of self-assurance among providers, with intervention occurring only when necessary to achieve regulatory objectives. TEQSA's principles of regulatory necessity, risk and proportionality are set out in its establishing legislation. This self-assurance model is a foundational feature of the higher education system and should be preserved. However, we note that TEQSA has recently highlighted limitations in its current range of administrative sanctions. The regulator has argued that existing measures, such as cancelling a provider's registration, are disproportionately severe in most cases. This limitation has led TEQSA to conclude that it is "limited in its ability to address governance failures before they lead to major issues."[6]

TEQSA's existing regulatory framework and authority appear to provide a robust foundation for overseeing and ensuring good governance practices within universities. Should the Government opt to expand TEQSA's powers and available sanctions, it is imperative that such changes are implemented judiciously and in accordance with TEQSA's regulatory principles. The Government should take care to avoid overlap with existing regulators, such as the Fair Work Ombudsman, and guard against potential overreach that could unduly burden universities. Consultation with the sector and State and Territories is crucial to ensure an approach aligned with the extensive oversight of the Commonwealth and State and Territory governments.

> *Recommendation: Consider TEQSA's utilisation of its existing regulatory authority and ensure any expansion of its powers is in line with its regulatory principles of regulatory necessity, risk and proportionality.*

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[6] https://www.aph.gov.au/DocumentStore.ashx?id=f7b8c496-7e23-4eb3-9e59-cc59d56b6a98&subId=776779

The University of Melbourne

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