



Australian Government

Tertiary Education Quality and Standards Agency

# TEQSA's submission to the Expert Council on university governance

May 2025

**TEQSA**

The Tertiary Education Quality and Standards Agency (TEQSA) welcomes the opportunity to provide a submission to the Council to support its work in drafting new governance principles and recommendations for Education Ministers.

A number of recent issues have highlighted the need for governance and institutional oversight and assurance mechanisms in Australian universities to be strengthened. Recent examples of systemic wage underpayment and gender-based violence indicate existing governance arrangements have not readily identified or responded to key institutional obligations in timely and effective ways. Community concerns about responses to racism on campuses and to protests and encampments indicate expectations for greater accountability and transparency from universities.

TEQSA acknowledges that the Education Ministers and the Australian Universities Accord have identified priority areas and key risks to existing governance practices in Australian universities. We also acknowledge the University Chancellors Council's (UCC) development of 'A Code of Governance Principles and Practice for Australia's Public Universities' (UCC Code) for voluntary adoption by universities.

The recommended governance principles to strengthen governance arrangements in Australian universities offered in this submission are informed by our regulatory, risk and compliance work across the sector. Our recommendations aim to complement and strengthen the priority areas identified by the Education Ministers and the guidance provided in the UCC Code, and do so from the perspective of strengthening the distinctive governance requirements of universities that allow them to be servants of the public good.

Our submission has 4 parts:

### **Part 1 – TEQSA's expectations concerning governance and the social licence of Australian universities**

This section outlines TEQSA's expectations of Australian universities in the context of the [Higher Education Standards Framework \(Threshold Standards\) 2021](#) (Threshold Standards).

### **Part 2 – Areas where governance at Australian universities needs to improve**

This section provides an overview of the primary governance concerns TEQSA has identified in Australian universities.

### **Part 3 – Principles for strengthening governance in Australian universities**

This section outlines 8 recommended governance principles to inform the Council's commitment to strengthen university governance.

### **Part 4 – Summary of recommended governance principles**

This section summarises the recommended governance principles outlined in Part 3 in condensed form for ease of reference.

# 1. TEQSA's expectations concerning governance and the social licence of Australian universities

Australian universities have 'certain historic purposes and functions'.<sup>1</sup> The central purpose and function of universities is the pursuit of knowledge through research, and its transference through teaching and scholarship. As enshrined in the various Acts of Parliament that establish Australian universities, this central purpose and function is also embedded in the broader aim to serve the public good by enriching the Australian and international community.

Consistent with their role to serve the public good, Australian universities enjoy the financial support of the Australian public, notably through various forms of Commonwealth funding under the [Higher Education Support Act 2003](#) (HESA). Australian universities operate in a regulatory context consistent with their social function. Notably, Part B of the Threshold Standards provide that Australian universities will demonstrate practices that exceed minimum standards. Further, Australian universities are expected to:

- self-accredit each course of study (Standard B1.3.3)
- develop and share good practices in teaching and learning (Standard B1.3.10)
- engage with employers and industrial and professional associations (Standard B1.3.12)
- demonstrate strong civic leadership, engagement with its local and regional community, and a commitment to social responsibility (Standard B1.1.13).

Civic leadership, as expressed in the Threshold Standards, includes 'leading the facilitation and adoption of positive contributions to, and change within, society ... and contributing to social transformation and development'.<sup>2</sup> In the regulatory environment of higher education, operating in the provider category of 'Australian University' provides a licence with substantial social and community obligations.

Such obligations establish public expectations of very high standards of governance and accountability. This is reflected in TEQSA's expectation that Australian universities not only meet the explicit provisions concerning governance in Domain 6 (Governance and Accountability) of the Threshold Standards but also demonstrate effective and mature self-assurance processes exemplifying best practices across all aspects of the Threshold Standards. Accordingly, evaluation of governance effectiveness must not be limited to narrow consideration of Domain 6. Governing bodies must demonstrate competent governance oversight of, for example, wellbeing and safety, admissions, student grievances and complaints, academic and research integrity, freedom of speech and academic freedom, and the university's strong civic leadership. As detailed in section 2, TEQSA is not assured that all Australian universities are meeting these expectations.

Australian universities will better retain and strengthen their social licence if they demonstrate more effective governance processes. The governance principles TEQSA recommends in section 3 aim to support university governing bodies to be more representative and responsive, more transparent and accountable, and better aligned with their statutory and regulatory obligations, and to do so in a way that reflects the distinctive social purposes and functions of universities.

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1. University Chancellors Council. 2024. [A Code of Governance Principles and Practice for Australia's Public Universities](#), section 2.3.  
2. P. Coaldrake. 2019. [What's in a Name? Review of the Higher Education Provider Category Standards – Final Report](#), p. 54.

## 2. Areas where governance in Australian universities needs to improve

TEQSA is concerned that Australian universities have not consistently adopted nor evolved their governance models to effectively maintain academic quality, preserve and strengthen institutional stability, promote a commitment to civic leadership and social responsibility, safeguard students, actively demonstrate public accountability, and instil public confidence in the sector.

In this section, we summarise TEQSA's key concerns around provider governance under 3 headings:

- the effectiveness and responsiveness of governing bodies
- the transparency and accountability of governing bodies
- the ability of governing bodies to ensure compliance with their statutory and regulatory obligations.

### 2.1 The effectiveness and responsiveness of governing bodies

Not all governing bodies exercise sufficiently sound judgment when faced with complex social, cultural, integrity or community issues. This can be a result of:

- poor decision-making processes
- insufficient identification, oversight and management of key risks
- a lack of willingness or capacity to assess the performance of key senior executives and respond to under-performance
- insufficient monitoring and review of delegations and other organisational structures that devolve decision-making without robust oversight structures for monitoring the efficacy of those decisions
- inadequate or narrowly defined skills matrices leading to governing body composition that is ineffective and not fit-for-purpose, e.g. does not include members with appropriate expertise across the broad range of university functions that fulfil their social and community obligations
- limited understanding or acknowledgement of civic leadership responsibilities that require high levels of transparency and accountability on key issues.

Such governance failures have contributed to increased risks to student and staff wellbeing, as evidenced, for example, in ineffective responses to gender-based violence and events related to campus protests and encampments.

### 2.2 The transparency and accountability of governing bodies

Not all governing bodies are properly concerned with accountability and transparency. These governance failures can be a result of:

- insufficient representation on governing bodies

- limited engagement and consultation with the university's community on key issues
- limited understanding of, and engagement with, the university's social purposes and functions
- insufficient independent oversight
- limited public reporting on financial matters, including contracts with outside consultants
- limited public reporting on how the university is addressing emerging risks to their operations.

As a result, universities have been exposed to serious reputational risks regarding community expectations around the use of public funds and the historical status of universities as public institutions whose function is to serve the public good.

## 2.3 The ability of governing bodies to ensure compliance with their statutory and regulatory obligations

Not all governing bodies have a strong governance culture of ensuring compliance across their statutory and regulatory obligations. Weak compliance cultures have been evident in:

- sector-wide workforce and employment problems, as reported by the Fair Work Ombudsman (FWO), including:
  - > ineffective management and governance oversight of a significantly casualised workforce
  - > poor corporate governance and management oversight practices that fail to prioritise and mitigate risks to workplace relations
  - > a lack of appropriate investment in payroll and fit-for-purpose human resource management systems
  - > inappropriate delegation and misallocation of duties and responsibilities for managing staff employment conditions
  - > failures to properly implement enterprise bargaining agreements.
- poor compliance with the Threshold Standards, including:
  - > poor review and reporting systems
  - > inadequate student support arrangements
  - > weak oversight of research and academic integrity processes
  - > weak self-assurance processes.
- acts of establishment that are no longer fit-for-purpose and limit the effectiveness of governing bodies, including:
  - > limited or inadequate definition of roles and responsibilities, particularly regarding the social and public accountability of universities
  - > inadequate processes to deal with performance issues of, or within, governing bodies
  - > inadequate processes for the appointment of governing body members that reflect community expectations of transparency and accountability.

Weak governance culture in many Australian universities has resulted in ongoing issues of wage underpayment and significant risks to the delivery of quality higher education, including risks to academic and research integrity.

# 3. Principles for strengthening governance in Australian universities

TEQSA welcomes the Council's focus on the following priority governance areas identified as risks in the Australian Universities Accord:

- making sure governing bodies have the right expertise, including in the business of running universities
- making sure universities are safe for students and staff
- ensuring that universities are good employers providing a supportive workplace.

To address these risks, TEQSA offers 8 principles for strengthening university governance. We group the principles under 3 headings:

- building more representative and responsive governing bodies
- improving the transparency and accountability of governing bodies
- ensuring compliance across statutory and regulatory obligations.

## 3.1 Building more representative and responsive governing bodies

It is essential that governing bodies comprise an appropriate balance of expertise to assure that providers meet their core educational mission. A governing body must establish and operate effectively within a framework that enables it to respond to, and mitigate risks to, the provider in a manner sensitive to the purposes outlined in its enabling act, and which ensures it preserves and protects its social function.

To ensure more representative governing bodies in Australian universities, TEQSA supports the Education Ministers' priority areas 1, 3, 4, 5, 6 and 7.

**TEQSA recommends consideration also be given to the following principles of governance:**

**Principle 1: Governing bodies should be sufficiently representative of the university community to meet the provider's corporate, academic and social responsibilities, and its public accountability requirements**

- Consistent with the intent of the priority areas mentioned above, consideration should be given to the representation of various cohorts from the university community on governing bodies or their subcommittees. For example:
  - > priority areas 6 and 7 could be refined to provide for:
    - » undergraduate and graduate students
    - » academic and professional staff.
  - > provisions 5.2.2 and 17.2.1 of the UCC Code on nominations and remunerations committees could be refined to provide for a minimum number of representatives drawn from the university community, rather than only providing for a minimum number of non-student and non-staff members.

- Consideration should be given to the conduct of governing bodies and their discharge of responsibilities. For instance, each member of the governing body, including student members, should be empowered to genuinely participate in decision-making processes. Further, members of the governing body should be sufficiently apprised of their duties to understand their role and act in the best interests of the university as a whole.

**Principle 2: The processes and operations of governing bodies should demonstrate understanding of and sensitivity to the university's social purposes and functions, and be responsive to the university community**

- TEQSA recommends that the process for appointing members, removing members, and addressing inappropriate behaviour by governing body members reflects engagement with the university's community (as per section 16.1 of the UCC Code) and is properly sensitive to the distinct social purposes of the university.
- TEQSA recommends that the processes for recruitment and selection of members of governing bodies should be transparent, while meeting privacy and confidentiality requirements. Participation of independent members on selection committees for governing bodies will strengthen confidence in the selection process.
- TEQSA recommends that governance principles provide that governing bodies can clearly distinguish between and facilitate 2 aims:
  - > to be representative of the university community
  - > to enable proper engagement with the university community and stakeholders.
    - » For example, the requirements under the Threshold Standards to 'foster ... informed decision making by students [and provide] opportunities to participate in the deliberative and decision making processes of the higher education provider' should not be thought to be discharged merely by student membership on governing bodies but rather through proper processes of consultation and engagement across the student body. Similar consideration should be given to the role of staff membership of governing bodies and proper processes for consultation and engagement with staff.
- Consistent with both the Threshold Standards (Standard 6.1.3b) and UCC Code (section 15), TEQSA recommends that the governance principles include expectations around the distinct, interrelated and complementary responsibilities of the corporate governing body, the academic board, and management. It is especially important that there is appropriate interaction between a governing body and the academic board so that the university can:
  - > deliver quality education, research training and research
  - > develop and maintain an institutional environment in which freedom of speech and academic freedom are upheld and protected, while also fostering a safe environment for the university community.
- The interaction of the corporate and academic boards should be explicitly set out in institutional documents such as the university's constitution, terms of reference or delegation documents. While the precise form of interaction may vary, TEQSA recommends that governing bodies have appropriate membership and reporting structures in place to ensure meaningful oversight and engagement on matters of academic and research performance, and risk.

## 3.2 Improving the transparency and accountability of the governing body

To improve the transparency and accountability of universities, TEQSA welcomes the Education Ministers' inclusion of priority areas 1, 5, 6, 7, 8 and 10 concerning processes for consulting and engaging with the university community on governance, especially in responding to serious and pressing concerns.

**TEQSA recommends consideration also be given to the following principles of governance:**

### **Principle 3: Governing bodies should disclose overall levels of remuneration for senior staff and governing body members, any other forms of employment entered into by senior staff or governing body members, and the conditions for performance-linked incentives, bonuses and benefits for senior staff**

- The UCC Code's provisions in section 17 for annual reports of total remuneration of senior executives could be strengthened to include not only salaries, bonuses and non-cash benefits but also the basis for any bonuses and non-cash benefits.
- While universities are established under acts of state and territory parliaments (with the exception of the Australian National University, which is established under Commonwealth legislation) consideration could be given to the Australian Public Service Commission's [Performance Bonus Guidance](#) for Commonwealth entities and companies and the provisions of the [Public Governance, Performance and Accountability Rule 2014](#) that include requiring:
  - > the publication of information about an entity's decision-making process around awarding bonuses
  - > any performance bonuses to be carefully aligned with public benefit.

### **Principle 4: Governing bodies should operate in accordance with stipulated standardised public reporting requirements**

- TEQSA recommends that the principles of governance include standardised public reporting requirements for providers to facilitate public trust and demonstrate a commitment to offering a quality higher education experience to students, consistent with the principles of the Threshold Standards.
  - > The UCC Code (section 20) includes broad considerations for annual reporting on financial and environmental sustainability, the university's mission and strategic plan and key performance indicators, as well as risk management. Consideration should be given to expanding these considerations to include provisions for publicly reporting on key elements related to the Threshold Standards, including, for example:
    1. minutes from council meetings, where confidentiality considerations allow
    2. matters relating to student wellbeing and safety, and grievances and complaints, and the university's response to those matters and their improvement plans
    3. matters of academic and research integrity, and the university's response to those matters and their improvement plans
    4. self-assurance statements about how the provider is addressing emerging risks to their compliance with the Threshold Standards
    5. the allocation of, and justification for, resources/expenditure to support the university's



core mission, e.g., proportion of budget allocated to teaching services, asset acquisition, facilities and infrastructure, and so forth.

### 3.3 Ensuring compliance with statutory and regulatory obligations

The Threshold Standards include substantive corporate governance principles and clear expectations for providers. However, ineffective governance oversight, as described above, can contribute to non-compliance with the Threshold Standards. This is evidenced by systemic issues of wage underpayment in the sector, as well as issues related to inadequate student grievance and complaint mechanisms, challenges in identifying misconduct and upholding academic freedom and freedom of speech, and ongoing risks to student and staff wellbeing and safety.

To address issues related to compliance across statutory and regulatory obligations, TEQSA supports the Education Ministers' priority area 9, requiring governing bodies to have or undertake sufficient training regarding responsibilities and expectations and to separately clarify the way the role of governing body members is described.

**TEQSA recommends consideration also be given to the following principles of governance:**

#### **Principle 5: Principles of governance should include explicit reference to the Threshold Standards**

- Section 7.3 of the UCC Code includes that a governing body should foster a culture of proactive compliance with particular obligations, including obligations imposed by the HESA.
- The Threshold Standards include substantive provisions around corporate governance, corporate monitoring and accountability, and academic governance, and the way in which these relate to the quality provision of higher education in Australia. Therefore, in addition to the HESA, the Threshold Standards should be explicitly referenced in the principles of governance.
- Consideration should also be given to genuine engagement with relevant statutory and regulatory obligations. For example, consistent with Standard 6.1.3d, universities should demonstrate robust processes for selecting suitable independent reviewers, setting terms of reference for reviews and nuanced engagement with the recommendations from those reviews.

#### **Principle 6: Principles of governance should include clear reference to academic quality, consistent with the Threshold Standards**

- The principles of governance should maintain a focus on the mission and purpose of Australian higher education, namely the provision of quality education and research. The intersection of corporate governance and quality education could be referenced in a manner consistent with the Threshold Standards, which include, for example:
  - > mechanisms for competent academic governance and leadership of higher education provision and other academic activities have been implemented, and these are operating according to an institutional academic governance policy framework and are effective in maintaining the quality of higher education offered (Standard 6.2.1f).

**Principle 7: Principles of governance should set expectations for universities to develop mature processes of self-assurance regarding their social functions and purposes**

- Australian universities should be able to assure themselves that they are compliant with the Threshold Standards, including the social and community engagement functions provided for in Part B. Australian universities should be able to assure themselves that, in accordance with their provider category, their operations exceed minimum standards and exemplify best practice.
  - > Australian universities should be required to have more than merely a risk management framework (as per the UCC Code's 14.1). Australian universities should have mature processes of self-assurance. At minimum, risk frameworks should be designed in accord with globally accepted standards such as the International Organization for Standardization's principles and guidelines for risk management [ISO 13000-2018](#).
- Consideration should be given to articulating principles of performance, conduct and management of the executive by drawing upon integrity principles from the Australian Public Service, or other public service agencies.

**Principle 8: University acts of establishment should be periodically reviewed by parties who possess relevant knowledge and expertise in higher education**

- The acts of establishment under which universities are established should be subject to periodic review and, if required, amended by parties who possess relevant knowledge and expertise in higher education.
  - > TEQSA has responsibility to monitor that providers are complying with the legislation under which they are established (Standard 6.2.1a). It is therefore essential that this legislation remains fit-for-purpose and reflects the principles of good governance, and that the legislation is consistent with other related statutory and regulatory obligations, including the Threshold Standards.
- Consideration should also be given to establishing referral pathways to enable entities such as TEQSA to make recommendations to the Education Ministers about reviewing acts of establishment when issues are identified.

## 4. Summary of recommended governance principles

4.1 Governing bodies should be sufficiently representative of the university community to meet the provider's corporate, academic and social responsibilities, and its public accountability requirements.

4.2 The processes and operations of governing bodies should demonstrate understanding of, and sensitivity to, the university's social purposes and functions, and be responsive to the university community.

4.3 Governing bodies should disclose overall levels of remuneration for senior staff and governing body members, any other forms of employment entered into by senior staff or governing body members, and the conditions for performance-linked incentives, bonuses, and benefits for senior staff.

4.4 Governing bodies should operate in accordance with stipulated standardised public reporting requirements.

4.5 Principles of governance should include explicit reference to the Threshold Standards.

4.6 Principles of governance should include clear reference to academic quality, consistent with the Threshold Standards.

4.7 Principles of governance should set expectations for universities to develop mature processes of self-assurance regarding their social functions and purposes.

4.8 University acts of establishment should be periodically reviewed by parties who possess relevant knowledge and expertise in higher education.

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