

Submission to the
Senate Education
and Employment
Legislation
Committee

March 2025



THE UNIVERSITY OF
MELBOURNE

Inquiry into quality of governance at Australian higher education providers

The University of Melbourne is pleased to provide this submission to help inform the deliberations of the Senate Education and Employment Legislation Committee inquiry into the quality of governance at Australian higher education providers.

The University of Melbourne recognises its obligations to its students, its staff and the wider community to provide an environment that is safe, a culture that promotes equity, and an administration that adopts the highest standards of probity and accountability in all its operations.

The University works hard to attract world leading academics and experienced professional staff to deliver transformational education and research and good governance. The University Council provides prudent guidance on the University's affairs. The University is subject to a broad range of legislative and regulatory obligations. These are outlined in the following submission.

Regulatory framework

TEQSA has the requisite authority and remit to regulate the sector and engage on issues related to corporate governance at Australian higher education providers, including those covered in the Committee's Terms of Reference.

TEQSA is the national regulator of higher education in Australia, an independent agency that was established under the [Tertiary Education Quality and Standards Agency Act 2011](#) (TEQSA Act). The TEQSA Act gives TEQSA broad powers to perform its regulatory role. These include Monitoring Powers (s115) and Investigation Powers (s116), the power to issue Civil Penalty Provisions (s117), Infringement Notices (s118) and Enforceable Undertakings (s119) and injunctions (s127). TEQSA's functions and powers are set out at s134.

In addition to the TEQSA Act, the regulator is primarily responsible for regulation by ensuring providers comply with the Higher Education Standards Framework, including the [Higher Education Standards Framework \(Threshold Standards\) 2021](#) (Threshold Standards); and the *Education Services for Overseas Students Act 2000* (ESOS Act) and associated instruments (ESOS Framework). TEQSA also issues Statements of Regulatory Expectation, Guidance Notes and Practice Notes and convenes roundtables on selected issues as tools to deliver supervision of providers.

Financial reporting is governed 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) and the TEQSA Act.

The 2024 UoM Enterprise Agreement, approved by the Fair Work Commission, covers employment arrangements including salary payments for staff of the University. The Agreement is made under the *Fair Work Act 2009* (Cth). The object of this Act is to provide a balanced framework for cooperative and productive workplace relations that promotes national economic prosperity and social inclusion for all Australians. There are other laws that govern employment at the University including the *Long Service Leave Act*, the *Child Employment Act 2003*, *Worker Screening Act 2020*, anti-discrimination legislation (Cth and Vic), and Occupational Health and Safety legislation (Cth and Vic). The *Financial Management Act 1994* (Vic) and Treasury Guidance provide that statutory bodies must submit annual reports that show evidence of compliance with a range of legislation including compliance with reporting requirements in relation to the remuneration of senior staff.

Governance

The [University of Melbourne Act 2009](#) (Vic) establishes the University, its governing body (University Council) and its core functions. The Act empowers the University to enact subordinate legislation (statutes and regulations) and act by way of resolution of its governing body or by the decision of its authorised officers.

The 13-member Council is the University's governing body, with the authority to make statutes and regulations, and the Academic Board is the chief academic body. The University has nine faculties, led and managed by a Vice-Chancellor and the senior leadership team.

The Act, statutes and regulations are complemented by policies and processes that either provide more detailed requirements for practice than specified in the relevant legislation or cover new areas of operation not covered in the formal legislation.

For many areas of operation (e.g. occupational health and safety, human resources, equal opportunity) there are also other government legislation which will guide the development of relevant University policies and processes. The University publishes information about its governance framework, which can be found [here](#).

Council

The Act, administered by the Victorian Government, establishes the University Council. The primary responsibilities of the Council include to appoint the Chancellor, any Deputy Chancellor and the Vice-Chancellor; to establish policies relating to the governance of the University; to oversee and review the management of the University and its performance; to oversee the management and control of the property and business affairs of the University; and to oversee the management and control of the University's finances. Council refers to a skills matrix in considering the appointment of members to the Council.

As noted above, the Act empowers the University to enact subordinate legislation (statutes and regulations) and act by way of resolution of its governing body. The UoM statute, Council Regulations and the [Standing Resolutions of Council](#) further specify Council powers and govern the Council's administration.

Membership

The Act specifies the membership of the Council, which includes:

The official members of the Council are—

- (a) the Chancellor; and*
- (b) the Vice-Chancellor; and*
- (c) the president of the Academic Board.*

The government appointed members are—

- (a) at least 3 persons appointed by the Governor in Council; and*
- (b) one person appointed by the Minister.*

The Council appointed members are the persons appointed by the Council.

The number of government appointed members must be equal to or greater than the number of Council appointed members.

At least 2 must be persons with financial expertise with relevant qualifications or experience in financial management; and one must be a person with commercial expertise at a senior level.

In making appointments to the Council, the Act requires the Minister to select members who have—

- (a) the knowledge, skills and experience required for the effective working of the Council;*
- (b) an appreciation of the values of a university relating to teaching, research, independence and academic freedom;*
- (c) the capacity to recognise the needs of the external community served by the University.*

Appointment of Chancellor

Under the University of Melbourne Act, the University Council is responsible for the appointment of the University's Chancellor.

All appointments to Council, including the appointment of Chancellor, are managed according to governance protocols, including reference to a skills matrix maintained by Council's Governance and Nominations Committee (GNC). The GNC recommends Council appointees and candidates for recommendation to the Victorian Government for appointment. The University adheres to the Victorian Government's Board appointment, remuneration and diversity guidelines.

The University ran a thorough recruitment process for the previous two Chancellors which included independent professional recruitment input and advice.

Further information relevant to the governance of Council and Council members can be found in the University's policies and instruments:

- [University's Donation Framework](#)
- [Gift Policy](#)
- [Managing Conflicts of Interest](#)

The Council also complies with the University Chancellors Council Code of Best Practice Governance.

The University Council Committees are:

- **Academic Board** – established by Council under the *University of Melbourne Act 2009* and by the University of Melbourne Statute. Academic Board is responsible to Council for quality assurance in academic activities including maintenance of high standards in teaching, learning and research. Academic Board is led by an elected President and Vice-President. The President and Vice-President are members of the University Appointments and Promotions Committee.
- **Finance Committee** – responsibilities include setting budget, monitors expenditure, reviews Financial Statement.
- **Investment Management Committee** – reports to the Finance Committee - responsibilities include monitoring investment performance and expenditure.
- **Audit and Risk Committee** – responsibilities include risk management and review of financial statements.
- **Governance and Nominations Committee** – advises Council and makes recommendations on appointments to Council; on the appropriate form of University statutes, regulations, policy and governance arrangements; and on appointments or awards of special distinction.
- **Human Resources, Remuneration and Employment Compliance Committee** – responsibilities include a focus on employment matters including remuneration, policy, bargaining and other regulatory compliance issues. It also monitors compliance with the Fair Work Act and other legislative compliance matters in relation to people and culture.
- **Gift Committee** – assists Council in overseeing and administering philanthropic gifts and sponsorship income from donors and partners to any part of the University.
- **Critical Incident Response Committee** – authorised to act on behalf of Council in response to a critical incident at the University of Melbourne, where a decision of, or consultation with, the governing body is time critical and cannot be delayed until the next full meeting of Council.

The University Council has recently strengthened the employment compliance responsibilities of Council's Human Resources, Remuneration and Employment Compliance Committee and the University has also established the Employment Compliance Oversight Sub-Committee of the University Executive. These committees have an explicit focus on workplace relations compliance. In addition, a new centralised Employment Compliance Directorate has been established, with a remit to support a culture of compliance and continuous improvement at the University of Melbourne.

Universities must also comply with Standards established by the Australian Charities and Not-for-profits Commission, the national regulator of charities. Of note are: *Standard 2* – Accountability to Members; and *Standard 5* – Duties of Responsible people including duty to disclose conflicts of interest and duty to ensure that the financial affairs of the charity are managed responsibly.

Financial reporting

The University is required to publish an annual report that sets out its financial performance. The 2023 Annual Report can be found [here](#). The financial accounts are prepared on an accrual basis and are prepared 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).

Universities are established under State Acts of parliament and report annually to State parliament. The University Annual Report is tabled in parliament by the responsible Minister. The [Victorian Auditor General](#) scrutinises the University's annual report, provides an opinion that is published as part of the Annual Report, and provides extensive public reporting on all the State's universities.

In 2023, as the University navigated out of the impacts of COVID, the University posted an operating deficit result of -\$71m, with a break-even budget forecast for 2025. The Annual Report for 2024 is expected to be tabled in parliament in May 2025.

Workplace laws and regulations - staff payment compliance

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

Following issues being raised with the University in 2020 concerning the payment of entitlements, the University of Melbourne has undertaken an extensive program of work to identify and remediate current and past staff relating to staff entitlements under the 2013 and 2018 enterprise agreements and to strengthen the University's systems and processes to prevent this happening again.

The University has been making payments since 2021 in respect of practices that did not accord with our enterprise agreement during a period from 2017 to 2020. In 2021, the Vice-Chancellor emailed all staff to apologise and encourage any casual staff member who believed they might have been underpaid to contact the University.

In addition, the University commissioned a comprehensive review of how current and past employees had been paid for work performed under the 2013, 2018 and 2024 Enterprise Agreements. This review covered all faculties and Chancellery.

In February 2023 the Fair Work Ombudsman (FWO) brought a prosecution for contraventions of the *Fair Work Act (Cth) 2009* relating to the underpayment of casual staff for marking work in the Faculty of Arts. During the course of 2024, the FWO agreed to end the prosecution, including for the allegations that we knowingly underpaid staff and made and kept 'false and misleading' records, and negotiate an enforceable undertaking (EU). On 6 December 2024, the University [entered into the EU](#) with the FWO.

The EU includes details on the University's remediation program and substantial corrective improvements undertaken since 2021. It also provides for a number of forward-facing commitments, including the University continuing its work on employment compliance and improvements to systems and processes. The University is now administering the final phases of its wage remediation program. Final payments are expected to be made in the first half of this year.

Fair Work Ombudsman Anna Booth said:

"The University of Melbourne deserves credit for acknowledging its governance failures and non-compliance issues, and for committing significant time and resources to put in place corrective measures to ensure both full remediation of its staff and a transformation for the future.

"This Enforceable Undertaking is the most comprehensive entered into by any university, and provides an example for the sector (and large employers generally) on what it means to turn practices around with a long-term commitment to embedding a worker voice mechanism to respond to feedback and to meeting all workers' legal entitlements." (FWO [media release](#) 9 December 2024)

The University expressed its sincere regret and reiterated its apologies to affected staff members. The University has published [this information](#) on the matter and the University's media release is available [here](#).

Workplace relations compliance crosses a range of functions in addition to HR, including finance and IT. The University has also made significant investments in corrective measures and improvements, particularly to workplace relations-related governance and compliance systems and processes, in order to prevent similar issues from arising in the future. An overview of the various reviews, investigations, remedial steps and corrective actions and improvements undertaken by the University are included in the EU.

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 of the entitlements under the enterprise agreement 2024 in the payroll and time and attendance elements of the new system following its implementation.

Casual workforce

The University is also working hard to reduce our reliance on casual employment, to re-think our workforce model and to improve our employment and management practices.

Regarding casual employment, the University recognises that workforce structures which rely heavily on casual employment are neither desirable nor sustainable. Between 2018 and 2024, the University increased the size of its continuing workforce while reducing dependency on casual and short-duration fixed-term employment. This has resulted in achieving the objective set in our 2024 Enterprise Agreement, with 79.6% of our employees in our core workforce as at the end of 2024. The University engages with the NTEU on these matters as set out in the enterprise agreement.

Executive remuneration

To ensure we continue to attract and retain the best candidates for employment at the University, in a highly competitive global sector and across many fields of expertise, we provide competitive salary packages to our employees. The University considers salary benchmarking within the higher education sector and with other comparable markets and institutions of a similar size and scale of operations.

The University regularly reports information on executive remuneration as required in its annual reports. The definition of "executive officer" extends beyond the direct reports to the Vice-Chancellor (within Chancellery) to encompass all roles on the University Executive, which includes roles across the institution such as the Deans of the University's nine faculties.

The University of Melbourne provides competitive salary packages for the many academic leadership roles. This includes our Heads of Schools, Deputy Deans of Faculty, Deans of Faculty, Pro Vice-Chancellors, and Deputy Vice-Chancellors. These roles provide valued career pathways for our academics and leadership across the institution, as well as in support of the Provost and Vice-Chancellor.

The University's enterprise agreement also delivers sector-leading benefits for employees, including provisions around reducing casual employment, increasing secure employment opportunities and reviewing workloads, new leave entitlements to support employees, embed diversity and inclusion and advance Indigenous employment and conditions. The University offers generous employment benefits and conditions including contributing 17% per year to the UniSuper fund, which is above the Australian standard Super Guarantee. The University also offers generous leave entitlements, including annual leave, sick leave, parental leave, carers leave, and compassionate leave.

Subject to their obligations under other University policies, including the Appropriate Workplace Behaviour Policy ([MPF1328](#)), Managing Conflicts of Interest Policy ([MPF1366](#)), and complying with this procedure, professional and academic staff may undertake external work, subject to approval. In relation to the Vice-Chancellor, the Council considers any application for external work.

Consultancies

Under the *Financial Management Act 1994* and associated Financial Reporting Directions, the University is required to provide details of expenditure on consultancies.

In 2023, there were 98 consultancies where total fees payable to the consultants were in excess of \$10,000. Total expenditure incurred during the year in relation to these consultancies was \$28.179 million (excluding GST). Consultancies include legal, IT, HR and financial advisory services.

There were 26 consultancies where total fees payable to the consultants were under \$10,000. Total expenditure incurred during the year in relation to these consultancies was \$142,026 (excluding GST).

Details of individual consultancies can be viewed at <https://about.unimelb.edu.au/news-resources/reports-and-publications>

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