

Ms Steph Ryan MP  
Deputy Leader of the Nationals  
Shadow Minister for Training, Skills and Apprenticeships  
25 Bridge Street  
Benalla VIC 3672

By Email: [steph.ryan@parliament.vic.gov.au](mailto:steph.ryan@parliament.vic.gov.au)

Dear Ms Ryan,

**Re: Education Legislation Amendment (Victoria Institute of Teaching, TAFE and Other Matters) Bill 2018**

The University of Melbourne welcomes the opportunity to offer comment on the Amendment Bill. Regulatory reform is a necessary priority to ensure Victoria's higher education sector can function efficiently, remain responsive to student needs and compete globally.

Victoria's higher education sector is a significant contributor to the State economy, employing nearly 40,000 Victorians each year and generating nearly \$5.74bn in export revenue for the State (2014-15). In addition, the sector underpins Victoria's future economic prosperity through educating and training nearly 356,000 domestic students each year. In 2016, total revenue in Victorian universities exceeded \$8.8billion making them one of the largest contributors to the Victorian economy. The University of Melbourne (UoM) is Australia's top ranked higher education institution, employs over 8,000 staff and provides education to nearly 50,000 students each year. With an annual turnover exceeding \$2.2bn the University is equivalent to a top 40 ASX listed company with a global outlook and a reputation for world class teaching and research.

Victorian universities are regularly ranked amongst the top-performing universities in the world. Many play a pivotal role in regional economies by supporting regional development, providing employment, supporting access for students in regional and remote areas, and providing a valuable intellectual and physical platform for social engagement.

The Amendment Bill

The following comments on the proposed amendments to University Acts are limited to those relating to the duration and end dates of University Council appointments. In addition, we offer some brief comments on other 'red tape' issues, relating to the legislative requirements around property transactions and financial approvals. There is scope for further legislative reform to alleviate the regulatory burden across each of these areas. The University seeks to work with all members of the Victorian Parliament on these issues and would welcome the opportunity to discuss them in more detail.

Appointment of members to University Councils

The proposed changes represent a clear improvement on the current arrangements. The provisions within University Acts that specify the end date of member terms, and impose additional constraints upon Councils when fulfilling casual vacancies, are overly prescriptive. These provisions do not contribute to best practice in university governance and prevent the timely appointment of Council members. We are pleased that the Parliament is seeking to address these problems through the proposed amendments.

One query the University would raise in response to the amendments is the effect of the term “not exceeding 3 years” in the amended Schedule 1 sections 1(1)(a) and 1 (1)(b) of the *University of Melbourne Act 2009*, which specifies the maximum term length of appointed members. While we welcome the aim to establish more flexible arrangements for member appointments – moving away from the system where all terms end on 31 December of a given year – we query whether the proposed new wording of the clause leaves open the possibility of members being appointed to terms that are far shorter than three years. Presumably, allowing for very short terms for appointed members is not what is generally intended in the new wording. We are, however, concerned that this may be an unintended consequence of it. The wording of the Act should allow for shorter terms only in exceptional circumstances.

While the changes represent a step in the right direction, the University of Melbourne argues that more significant amendments are warranted. University governance would be best supported by allowing Councils to appoint their own members, an arrangement that has been in place in South Australia for two decades. The key aims of the arrangements for appointing Council members should be to ensure the process reflects best practice governance principles and to ensure University Councils preside over the appropriate mix of skills and knowledge. These aims can be achieved without Council members being directly appointed by Government, whilst acknowledging Government’s stake in ensuring good governance. The Victorian Government could maintain oversight of University Councils through:

- the use of an agreed skills matrix to ensure that University Councils are made up of members that collectively satisfy the skills and knowledge needed; and
- the introduction of minimum representation pertaining to gender and ethnic diversity.

Reforms along these lines would ensure that Councils continue to be accountable to the public in the appointments they make, but would alleviate the regulatory burden that the current system imposes both on universities and on the Government itself.

### University Property Transactions

Universities in Victoria have been advocating for some years for the need to reform government regulation of property and financial transactions to enable Universities to better manage their resources, and to remove onerous and slow approval processes that add nothing to probity or the public good, but potentially jeopardise best use of university resources. The Higher Education Infrastructure Working Group appointed by the Federal Government noted that “universities face significant red tape issues”<sup>1</sup> and that state and federal governments should work to remove unnecessary financial and property approvals to allow universities to manage their asset portfolios more efficiently. Progress has been made in some states, such as NSW. The University would be pleased to brief you further on the details of this progress.

Victoria’s University Acts set out the conditions for universities purchasing, selling or leasing land. Ministerial approval is required for:

- the sale and purchase of all Crown land and for the lease of all Crown land exceeding 21 years in duration;
- the sale and purchase of all freehold land exceeding \$5m in value and the lease of all freehold land exceeding 21 years in duration.

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<sup>1</sup> Higher Education Infrastructure Working Group Final Report (pg vii; full recommendation pg xi)  
<https://docs.education.gov.au/documents/higher-education-infrastructure-working-group-final-report>

These requirements cause considerable impediments to the efficient management of university assets, largely associated with the time it takes to secure Ministerial approval. This significantly inhibits the performance of Victoria's universities, as the process interferes with decision-making around the

management of assets. Removing the requirement for Ministerial approval – at least when it comes to freehold land, including land purchased for investment purposes – would allow universities to respond to opportunities as they arise. Importantly, removing this requirement would leave other oversight mechanisms in place, including the tabling of University annual reports in Parliament, routine audits conducted by the Victorian Auditor-General's Office, and the requirement to seek land valuations from the Valuer-General Victoria.

### University Financial Matters

Similar to property transactions, Victoria's University Acts require Ministerial approval when seeking to borrow money or to enter into other financial arrangements in support of its operations. In this case, the time and effort associated with securing approval is amplified by the requirement for an agreement between both the Minister for Education and the Treasurer. The delays caused by these requirements jeopardise opportunities that are time sensitive, and undermine the financial performance of Victoria's universities. Legislative reform should seek to address this.

There is also room for improvement related to the financial reporting process for the education sector because other existing accounting and reporting frameworks, including through the Victorian Auditor-General, provide full and consistent reporting requirements across the sector. Two initiatives for improvement are:

- Removing the requirement for Universities to comply with the Financial Reporting Directions and Standing Directions; and
- Approval for subsidiary entities to prepare reduced disclosure financial statements.

The objective should be to allow universities to manage their own financial affairs with appropriate oversight from the University governing body - University Council.

For further information, or to discuss this submission, Dr Julie Wells, Vice-Principal Policy & Projects can be contacted at [julie.wells@unimelb.edu.au](mailto:julie.wells@unimelb.edu.au) or on (03) 8344 2639.

Yours,



**Glyn Davis**  
**Vice-Chancellor**

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cc Dr Julie Wells, Vice-Principal Policy & Projects