The University of Melbourne supports the response submitted on behalf of the sector by Universities Australia and the Universities Chancellors Council, but wishes to submit the following additional comments, which have been endorsed by the Council of the University.

We particularly wish to endorse the observations made in the introductory paragraphs of the sector’s response, to the effect that rigorous application of a “one size fits all” governance model is undesirable, given the Commonwealth Government’s wish to promote diversity, and that extensive detailed prescriptions should be avoided.

The University of Melbourne Council is of the view that too much detailed prescription by outside authority can have an effect contrary to that intended, of eroding the accountability of the governing bodies properly responsible. For that reason, we would recommend that any additional compliance areas (and if possible, some of those already included in the existing protocols) be specified in a manner similar to the Australian Stock Exchange (ASX) governance guidelines – that is, any governing body not conforming to a guideline is required to publish its reasons in that university’s Annual Report. As is the case with ASX governance guidelines, there would be no financial penalty for non-conformance provided reasons are given for non-conformance. A corollary of this approach would be that university certification statements would need to be public documents, a feature which would of itself enhance accountability.

In the detailed comments below, we have developed this theme with specific examples of instances where universities might be required to publish reasons why they have decided to act on a governance matter in a particular manner.

We believe that good governance practice is not so much a matter of rigid compliance, but of institutional culture. A culture of good governance is an invaluable and delicate asset for a university. It would be a pity to see a governing body’s productive culture put at risk by the imposition of a standard model on its composition and methodologies.

Some comments on particular review topics follow below

3.2 Review Questions Concerning Role, Composition and Support

Our Council does not believe that there is any particular size of a governing body that will, by reason of that, ensure good governance for all universities across the country. Rather, the size of a council should vary to accommodate the needs of a particular institution in terms of the necessary blend of attributes of council members, such as skills, experience and motivation. Limits on size and tenure are minor matters by comparison.

We would support continuation of the existing guidelines, with an additional requirement that bodies extending the term of any member beyond the currently recommended limit be obliged to publish their reasons for so doing. In our view, any constraint upon university governing bodies’ freedom to construct the best balance of skills and experience they can is misguided.
To be held fully responsible for its decisions and the skill base that underlies them, a governing body must be in a position to determine its own composition. So while we can see merit in the present Victorian provision that the relevant State Minister may appoint one member on Council, we do not see why the Victorian Governor-in-Council has the right to appoint a third of the Council’s membership when universities in a neighbouring state are free to make all their own appointments as they judge appropriate.

We see no value in excluding any particular group of stakeholders from membership, given that all members are expected to act strictly in the interests of the university and to manage any conflicts of interest appropriately.

Were governing bodies allowed these freedoms, it would be reasonable to expect universities to show accountability in their appointment processes, and to include public advertisement as part of their search processes, when filling vacancies on their governing bodies. Similarly, it would be reasonable to expect universities to continue to include details of their membership skill base in their published certification statements.

With regard to the questions regarding the role of Secretary, there is little that should be prescribed, given the great diversity in arrangements across the sector. The most the Protocols should require is that the role is performed by an officer of appropriate seniority, who has a reporting relationship to the Chancellor for that particular aspect of their university duties.

We do not favour expanding the Protocols to address the area of the relationship between the governing body and management - largely because the nature and size of Australian universities vary so greatly. Any Protocol requirement which extends beyond a broad generalisation or platitude is unlikely to be appropriate for every university.

3.4 Review Questions Concerning Accountability

The University of Melbourne Council believes that the current Protocols adequately cover the fiduciary responsibilities of members.

We would support a requirement that a university’s Audit Committee should report to its governing body and be chaired by an external member of the governing body, but do not see a need for the Protocols to go beyond that in the area of committee structures. The existing provisions regarding risk management are having a good effect and need no expansion.

3.5 Review Questions Regarding Continuous Improvement

There may be merit in requiring governing bodies to report on the extent to which they have made adequate provision for the maintenance and preservation of the public assets with which they have been entrusted.

Any additional requirements of any kind should be accompanied by government supported provision of related development opportunities for members, whether through the Universities Governance Development Program or otherwise.