QUEENSLAND UNIVERSITY OF TECHNOLOGY

Response to Review of the National Governance Protocols Issue Paper

June 2007

QUT Council at its 13 June 2007 meeting considered the Review of the National Governance Protocols Issues Paper issued by the Joint Committee on Higher Education, and endorsed a response to the paper at its 18 July 2007 meeting. QUT Council places a very high value on effective governance and the Council has generally been supportive of the intent of the Protocols.

In 2004 QUT Council cautioned against a highly prescriptive regime for implementation of the Protocols and was of the view that the spirit of the Protocols should be met through institutional documentation and practice, consistent with best practice. It was acknowledged that good governance can be greatly assisted by having an appropriate framework in place, and QUT has responded to the Protocols by ensuring that a comprehensive governance framework is in place. However, as governance practices evolve, it was agreed that an appropriate framework, would be one that is open to change and improvement by the institution, rather than a single model imposed on all institutions through legislative imperative.

This view is still held by QUT Council and informs its response to the issues paper as set out below under the headings listed in the issues paper.

Contribution of the National Governance Protocols to good governance

As stated above the University was generally supportive of the introduction of the Protocols. They reinforced a number of governance initiatives that the University had already put in place, and in some instances provided welcome momentum for other initiatives. In relation to the consultation questions raised under this section the following points are made.

• The Protocols appear to have had a positive influence on the development and implementation of governance policies and practices across the sector. However, whether these policies have contributed to good governance across the sector is a more difficult question, as good governance is heavily dependant on the culture of the organisation and the behaviour of individuals within that organisation, and therefore varies from institution to institution. The Protocols are silent on governance culture, but this is not surprising, given culture is not something that can be prescribed. A reference to the importance of a positive governance culture and the role of Chancellor and Vice-Chancellor in leading this may be an issue that could be included in any revised version of the Protocols.

• QUT Council did not believe that the Protocols had been significant in shaping governance structures and relationships. They did however, confirm many of the policies and practices in place, or lead to the formalisation and/or documentation of existing practices. For example; Procedures for Nomination of Prospective Council Members had existed in practice, but were formalised and approved by Council in 2005.

• It was acknowledged that the Protocols did address issues relating to the size and mix of governing bodies and duties of members which had been issues of concern raised in the paper Meeting the Challenges: the Governance and Management of Universities. However, Council did not believe there was any strong correlation between these issues and the overall sustainability or performance of higher education providers.

The role and composition of the governing body

The Protocols already provide clear direction on the role and responsibilities of governing bodies, and QUT would not be in favour of increased prescription in the Protocols. QUT Council has approved its own Governance Framework and has significant documentation relating to this issue, including the following: Corporate Governance Guidelines, Council Charter, Code of Conduct, Statement on the Role of Chancellor, Schedule of Council Authorities and Delegations, and Register of Disclosed Interests. These documents are regularly reviewed, particularly in light of changes to best practice guidelines such as the Australian Standard 8000-2003 Corporate Governance or ASX Principles of Good Corporate Governance and Best Practice Recommendations and the view is held that it is important for the University to have the flexibility to adopt governance policies and practices that are appropriate for this University, rather than be required to conform to a single model that may not be able to accommodate the diversity within the higher education sector.

In relation to the size of the governing body, QUT has consistently indicated that it is more important to focus on
the skills and expertise of the members, rather than on the number of members of the governing body. However, it is acknowledged that 22 members can be unwieldy, and the body may function more effectively if it were smaller. In relation to the composition and skill mix of the governing body, QUT Council values input from staff and students and would be reluctant to lose this input, but acknowledges that the percentage of representation from these groups could be reduced (currently one third) in any new model. The requirement to have financial and commercial expertise on the governing body is fully supported, but any further specification of the skill mix is considered redundant and could be seen as compromising the autonomy of the governing body to seek members its considers appropriate.

QUT Council is supportive of the current position on the maximum term of appointment as outlined in Protocol 6.

It is the view of QUT Council that the Protocols do not need amendment to specify the relationship between the governing body and key management roles, nor what responsibilities are devolved by Council. On these issues QUT is guided by its Act, and the detail is documented in the Council Charter, Governance Framework, Statement on the Role of Chancellor and the Schedule of Authorities and Delegations.

**Leadership**

Protocols 2 and 3 are considered entirely adequate in providing the framework necessary for the governing body to exercise leadership. How effective the governing body is in providing leadership is one of the main challenges confronted by each Chancellor, and a challenge that is unlikely to benefit from any increased prescription in the Protocols.

**Accountability**

QUT Council is satisfied that the Protocols provide sufficient guidance for accountability, both in relation to individual members and the requirement for the governing body to review the performance of the institution. The view is held that if the Protocols become more prescriptive they not only restrict the flexibility of each institution to develop practices and policies that are most appropriate to its circumstances, but also increase the risk of being inconsistent with existing legislation and best practice as it evolves. Specific comments on issues highlighted in this section of the paper follow.

- Members’ duties and obligations are clearly specified in the QUT Act (amended as a consequence of the Protocols in 2005) and their responsibilities are further detailed in the Corporate Governance Guidelines and the Code of Conduct.
- The obligation to oversee and manage risk is fundamental to the role of any governing body, but how this obligation is implemented should be the decision of the governing body.
- Consistent with best practice the QUT Audit and Risk Management Committee is a committee of the governing body.
- Council has approved a procedure Council Procedure No.1 Committees to regulate its sub-committees, and Council reiterates the view that such procedural detail should not be included in the Protocols.

**Continuous improvement**

Protocol 4 is considered adequate in providing encouragement for continuous improvement by specifying requirements for the governing body to regularly assess its performance, and to make induction and professional development available to members.

**Improving the form and clarity of the Protocols**

The Protocols are now generally well understood after three years of operation and with the exception of Protocol 10 require little revision.

The way in which Protocol 10 is currently worded does allow for interpretation, as it contains a strategic requirement to ‘oversee’ and then specifies detailed requirements which are qualified by “reasonable steps”. QUT would support the rewriting of Protocol 10 to ensure that the broad intent is captured, but the detailed requirements are omitted, particularly as the current wording could lead to issues relating to a governing body acting as shadow directors. This suggested revision is consistent with QUT Council’s view that the Protocols should not contain detail on procedures or practice, but should provide broad principles to be implemented as appropriate by the governing body.

**Other Issues**

Other issues that could be considered as part of the review of the Protocols include: the increasing likelihood that remuneration for members of governing bodies will become the norm, and how this may impact on the governance of universities; and the need to recognise that good governance will only flourish in a culture that is supportive of appropriate behaviour and the importance of the Chancellor in fostering such a culture.