Responses to Supplementary Questions

Inquiry into the New South Wales University Sector

Hearing: 17 December 2025

Witness: Dr Adam Lucas

1 February 2026

Our central contention is that the ongoing crisis in the NSW university sector is not primarily a funding problem. It is a governance failure characterised by opacity, concentration of power, commercial prioritisation, and the erosion of democratic accountability. As we have emphasised in the Executive Summary of our NSW Inquiry submission (Lucas and Guthrie, 2025), governance is not a technical matter but a political one: it determines whether universities serve the public good or private benefit. The supplementary questions posed by the committee go to the heart of that distinction. The reforms we propose are designed to restore universities as democratic, publicly accountable institutions rather than quasi-corporate enterprises.

Without structural reform – particularly performance auditing, transparency of controlled entities, and restoration of collegial governance – universities will continue to drift from public good to private benefit, regardless of how much additional funding they receive.

I prepared the following responses to questions on notice, Adam Lucas, in consultation with Professor James Guthrie. The responses cite our own parliamentary submissions, those of our colleagues, and previous relevant publications. These have been referenced where appropriate.

Recommendations for action appear as blue text below.

Question 1: What information is available now about controlled entities – how would we find out?

As detailed in our NSW Parliamentary submission (Lucas and Guthrie 2025), information about university-controlled entities is formally required under current legislation (Sn 16A in most NSW university acts, 15A for UNSW, 19A for Charles Sturt, 22A for Western Sydney) but is substantively inadequate for public accountability.

NSW universities now operate through extensive networks of controlled entities, including wholly owned subsidiaries, joint ventures, trusts, offshore companies, and special-purpose vehicles. These entities are central to universities' commercial activities in relation to property development, international education, student accommodation, consulting, and investment management. However, despite substantial capital and resources tied up in these entities, they remain largely opaque to Parliament and the public.

While NSW universities' enabling Acts require registers of commercial activities and reporting to Ministers and the Auditor-General, these mechanisms have degenerated into compliance artefacts rather than accountability instruments.

All NSW university enabling Acts currently contain Commercial Activities and Controlled Entities provisions (e.g. Divisions 21A–21E or equivalents). These require universities to maintain a *Register of Commercial Activities* and to report to the Minister and Auditor-General. As we demonstrate in our responses to **TR1(a)(v), TR1(g) and TR1(d)(iv)**, however, these registers are internal by default and are rarely published or tabled in Parliament. They are also inconsistent across institutions.

Annual reports typically list controlled entities by name, along with ownership percentages and some limited consolidated financial data, but omit:

- entity-level financial performance
- details of intra-group loans, guarantees, and contingent liabilities
- governance arrangements and conflicts of interest
- risk exposure and public-benefit justification
- explanations of how activities align with statutory objects.

The *RMIT 2004 Annual Report* illustrates how far transparency has eroded, providing a historical contrast that is critical but often overlooked. That report included:

- detailed narrative explanations of financial strategy
- explicit discussion of council decisions
- Auditor-General reports are integrated into governance reporting
- and a clear articulation of statutory objectives and public purpose.

By way of contrast, contemporary reports prioritise glossy performance indicators and consolidated figures, while structural risk and governance accountability have disappeared.

As we conclude in our Summary of Key Findings **(Findings 7 and 8 on p. 7)**, the proliferation of controlled entities has undermined public scrutiny and enabled commercial and offshore ventures to operate beyond effective parliamentary oversight.

How further information can be obtained (under current law)

As matters stand, information can only be reconstructed through:

- Forensic reading of annual report notes (related-party and segment disclosures).

- ASIC and ABR searches to identify directors and corporate linkages.
- GIPA requests for council papers approving entities, business cases, risk registers and probity advice.
- Parliamentary powers (questions on notice, summonses, Budget Estimates).

Current processes clearly mitigate against transparency. They are structurally inefficient and democratically indefensible, as we have argued in our submission **(Findings 7–9 on p. 7)**. Legislated reforms regarding disclosure are therefore required.

Question 1 (a): You call for performance audits by the Auditor General – would these cover issues such as controlled entities reporting and international campuses?

Recommendations for reform

As per our responses to **(TR1(g), TR1(d)(iv))** we recommend the creation of:

1. Routine Auditor-General performance audits of NSW universities, which should cover controlled entities, including all subsidiaries, offshore ventures (international campuses and overseas marketing ventures), and public-private partnerships (PPPs).
2. Mandatory entity-level schedules in annual reports covering all subsidiaries, offshore ventures, and PPPs (legal name, jurisdiction, directors, auditor, revenues, assets/liabilities, cash flows, loans/guarantees, related-party transactions).
3. A single public Conflict of Interest and Related-Party Register spanning parent universities and all subsidiaries, offshore ventures, and PPPs.

Question 2: Do you have any insight/comments on how international campuses are approved, particularly in times when universities are 'crying poor'?

Our submission documents that international campuses and offshore ventures are typically approved through internal council processes, frequently via controlled entities, with no requirement for ministerial approval, parliamentary notification, or public benefit assessment **(TR1(g))**, despite their elevated financial, regulatory and reputational risk.

High-risk offshore (and onshore) ventures are frequently framed as revenue diversification strategies, even as university executives simultaneously cite a domestic financial crisis to justify job cuts and course closures.

Howard (2021) shows that this behaviour reflects a deeper structural problem: universities now operate as cash-flow businesses, driven by short-term revenue imperatives rather than long-term educational strategy. Offshore campuses become speculative responses to financial pressure, not mission-driven educational decisions.

University of Wollongong Case Study

Evidence already before the committee, including our own and Lisa Simmons' submissions to the NSW Parliamentary Inquiry, provides several concrete illustrations of how high-risk international ventures can be approved through opaque, highly compressed governance processes, despite their significance for public accountability, academic freedom, and institutional reputation.

As documented by Simmons, the University of Wollongong Council approved the establishment of a Saudi-based foreign university through a corporate structure involving UOW Global Enterprises, the university's commercial subsidiary. The venture involved the creation and operation of a majority-owned Saudi entity to deliver higher education within the Kingdom of Saudi Arabia.

Crucially, this was not a minor partnership or articulation arrangement. It involved:

- the creation of a foreign operating entity.
- UOW branding and academic authority being deployed offshore.
- exposure to foreign legal, political and regulatory systems.
- long-term reputational, financial and academic-freedom risks.

In governance terms, this places the venture firmly in the category of strategic, high-risk international expansion, rather than routine academic collaboration.

Simmons' submission shows that Council approval was recorded via a brief minute, which:

- endorsed the establishment of the Saudi entity via UOW Global Enterprises; and
- delegated authority to the Vice-Chancellor to execute all necessary agreements.

The publicly available council record does not demonstrate that the council:

- undertook or was presented with a comprehensive risk assessment.
- scrutinised issues of academic freedom, staff safety, student welfare, or gender equality in the Saudi context.
- considered exit scenarios, failure contingencies, or reputational risk.
- assessed alignment with UOW's statutory objects as an NSW public university.

Instead, the approval appears to have relied heavily on executive assurance, with the council acting more like a corporate board endorsing a commercial expansion than a public trustee interrogating a mission-critical decision.

This case is problematic for several interrelated reasons.

1. Disproportionate delegation of authority

Delegating execution authority to the Vice-Chancellor for a venture of this scale and sensitivity concentrates power in a single executive office. While this is lawful under the current University Act (Sn 17), in a public university context, this undermines the principle that the council bears collective responsibility for safeguarding the institution's public mission, particularly where controlled entities and offshore operations are involved.

2. Absence of transparent risk assessment

Simmons' reconstruction highlights that there is no public evidence of:

- a structured human-rights or academic-freedom assessment.
- consultation with academic bodies or staff representatives.
- independent legal or ethical review tailored to the Saudi context.

Given Saudi Arabia's well-documented restrictions on freedom of expression, gender equality and labour rights, this absence is not a minor procedural issue: it goes to the core values universities are statutorily obliged to uphold.

3. Use of controlled entities to dilute accountability

The use of UOW Global Enterprises as the vehicle for the venture exemplifies a broader pattern that we have identified in our work: controlled entities are routinely used to distance councils and universities from direct responsibility, while still allowing the institution to benefit financially and reputationally.

The current NSW public reporting requirements regarding controlled entities enable universities to evade parliamentary oversight, Auditor-General scrutiny and public understanding of who is accountable when problems arise.

4. Incompatibility with public-interest governance

Unlike a private corporation, NSW public universities are not free to pursue any lawful commercial opportunity (Sn 16A(1)). Its enabling Act requires it to act in the public interest, consistent with objects relating to education, scholarship, and societal benefit (Sn 6).

Simmons' case study illustrates how corporatised governance norms, including brief approvals, executive delegation and commercial confidentiality, are increasingly applied to decisions that should instead attract heightened public scrutiny.

5. Precedent risk

Perhaps most importantly, the UOW case establishes a precedent. If a Saudi-based university can be approved via a short council minute and executive delegation, then:

- Other high-risk jurisdictions or ventures can be treated similarly.

- meaningful parliamentary or ministerial oversight is bypassed.
- councils become rubber-stamp bodies rather than active public stewards.

The UOW-Saudi Arabia case is not anomalous. It reflects a sector-wide pattern in which councils:

- approve offshore ventures with limited disclosure and inadequate risk assessment, including consideration of exit or failure scenarios.
- rely on executive authority and assurance rather than independent scrutiny.
- externalise risk to staff, students, and institutional reputation.

The UOW-Saudi Arabia case demonstrates how executive-centric governance, informed by the principles of financialisation, favours the creation of controlled entities and offshore expansion without adequate oversight or accountability mechanisms, even when the relevant decisions carry profound ethical, financial, and reputational implications.

In this sense, the UOW-Saudi Arabia case provides exactly the kind of evidence-based example the NSW Inquiry is seeking it shows not a hypothetical risk, but how existing governance arrangements *operate* and why reform is required if universities are to remain public institutions rather than quasi-corporate exporters of education.

Question 2 (a): What needs to change?

Recommendations for reform

Drawing on our response to **TR1(a)(vi), p. 30** and **TR1(g)**, **pp. 50-51**, Guthrie (2021), and the PUA Model Act, we recommend the following changes to all NSW university enabling acts:

1. Councils must demonstrate alignment with statutory objects, including safeguarding the public interest in universities, not merely receiving reports and financial projections.
2. Introduce mandatory ministerial approval thresholds above agreed materiality limits for all offshore campuses and controlled entities.
3. Mandate the production of International Campus Compliance Packs that must receive council approval and be reviewed annually.
4. Biennial public reporting to Parliament on offshore operations, including failures and exits.
5. Explicit inclusion of international campuses within the Auditor-General's performance audit scope.
6. Parliament should receive regular reports on offshore activities.

Question 3: You raise concerns about the use of consultants and external contractors. Why is this surge in consultant expenditure so concerning?

The explosion of consultant use is one of the clearest indicators of governance failure in Australia's public universities. As documented in our response to **TR1(e)** and in **Finding 12**, NSW universities have collectively spent hundreds of millions of dollars on consultants over the past decade. Nevertheless, there is no statutory requirement to disclose all consultant expenditure, scope, deliverables or conflicts of interest (COIs).

The NTEU (2024) documents that universities spent up to $734 million on consultants in 2023 alone, as disclosed in annual reports, while simultaneously cutting staff and claiming financial constraint. This finding aligns with our conclusion that consulting expenditure functions as a shadow management system, insulated from scrutiny **(TR1(e))**.

Three main concerns have repeatedly been raised about the use of consultants and private contractors by our colleagues and peak bodies:

a) Opacity and accountability failure

b) Erosion of internal capability

c) Conflict of interest risks.

As the NTEU, PUA, APU, AAUP and many others have argued and corroborated with evidence, these problems are systemic. They are not mere aberrations or attributable to the behaviour of "a few bad apples". Some of the more visible signs of these systemic problems are:

- revolving doors between executive roles and consulting firms.
- councils dominated by members with corporate ties.
- opaque remuneration and procurement decisions.

Each of these concerns extends beyond management and raises important matters of public law, governance, and accountability.

Consultants are increasingly used to:

- design restructures that remove academic jobs and "unviable" subjects, courses and whole disciplines.
- advice on governance and "transformation" while being hired and paid by the same executives and senior managers whose power is being expanded.
- legitimate decisions already made by executives and senior managers.

The AAUP NSW submission adds a crucial dimension: academic staff report extreme mistrust of executives and senior management, with fewer than 6% believing they are responsive or accountable. Consulting dependence both reflects and reinforces this democratic breakdown.

There are several compelling reasons for the three concerns highlighted above, which are elaborated on below.

a) Opacity and accountability failure

The increased use of consultants and external contractors is of serious concern because it operates within a systemic transparency vacuum that would be unacceptable in other parts of the NSW public sector.

Consultant expenditure in universities is routinely aggregated into broad expense categories (such as "other expenses" or "professional services") with no requirement to disclose:

- the purpose of engagements.
- the procurement method.
- the duration of contracts.
- the deliverables produced; or
- whether recommendations were implemented or abandoned.

In most NSW government agencies, consultancy expenditure above modest thresholds is subject to mandatory disclosure, audit scrutiny and parliamentary questioning. Universities, by contrast, have been granted broad autonomy without corresponding transparency obligations, despite managing billions of dollars in public assets and revenues.

This opacity has several consequences. First, it prevents Parliament and the public from assessing whether consultant use represents value for money or simply substitutes for internal capability. Second, it obscures the extent to which consultants are shaping core strategic and governance decisions, rather than providing genuinely external or technical advice. Third, it enables a pattern in which consultants are engaged repeatedly for overlapping "reviews, "transformations", and "change programs" without any public accounting of outcomes.

This lack of transparency is not incidental. It is structurally enabled by corporatised governance, in which universities claim commercial confidentiality to avoid disclosure, even when the expenditure concerns public funds and public institutions. The result is a de facto shadow decision-making layer that sits outside normal Parliamentary democratic scrutiny.

b) erosion of internal capability and statutory governance responsibility

A second, more fundamental concern is that the extensive outsourcing of core functions to consultants is hollowing out universities' internal capacity to govern themselves, directly undermining councils' statutory responsibilities.

Evidence provided to the Inquiry shows that consultants are not confined to discrete technical tasks. Instead, they are routinely engaged to:

- design and implement major organisational restructures.
- develop institutional strategy and operating models.
- benchmark executive remuneration and senior staffing profiles.
- redesign academic workload models and performance frameworks.
- advice on governance structures and council effectiveness itself.

These are not peripheral activities. They sit at the very heart of what university councils are legally required to do: to oversee the Vice-Chancellor, exercise independent judgement, and act in the best interests of the institution as a public body (for example, Sn 16(1B)–type provisions across NSW Acts).

When councils outsource these functions, several governance failures follow. First, councils become dependent on external advisers for their own understanding of the institution, weakening their ability to interrogate executive proposals. Second, consultants often frame problems and solutions in managerial or commercial terms that align with executive preferences (particularly cost reduction, centralisation and "transformation") rather than with academic or public-interest considerations. Third, institutional knowledge is lost, as repeated restructures and consultant-led reviews displace experienced staff who understand local conditions, statutory obligations and academic culture.

Our submission emphasises that these dynamic reverses the intended governance hierarchy. Instead of consultants advising councils, councils increasingly rely on consultants to legitimise decisions already favoured by senior management, reducing the council's role to endorsement rather than genuine oversight.

<u>c) Conflict of interest risks and erosion of public trust</u>

The third concern is that the increased reliance on consultants significantly amplifies conflicts of interest, both real and perceived, while existing governance arrangements are poorly equipped to manage them.

As set out in our responses to **TR1(d)(ii)** in our NSW submission, university councils and controlled entities frequently include members who:

- hold current or recent directorships in consulting firms.

- have ongoing professional relationships with firms tendering for work.
- operate within overlapping corporate, advisory and governance networks.

At the same time, conflict-of-interest registers are not publicly available, and council minutes rarely record recusals or the management of perceived conflicts in sufficient detail to allow external scrutiny.

This creates multiple governance risks. Consultants may be engaged to review or redesign areas in which council members or senior executives have prior involvement, professional affiliations or reputational stakes. Firms may advise on restructures or governance reforms that subsequently generate further consulting work ("land and expand" dynamics), blurring the line between independent advice and commercial self-interest.

The UOW and KordaMentha case illustrates why these matters. Even where no illegality is established, the appearance of overlapping roles between senior executives and consulting firms damages institutional credibility and public confidence. In public universities, governance legitimacy depends not only on compliance with minimum legal standards, but on maintaining trust that decisions are made in the public interest, free from undue influence.

As the NTEU and AAUP submissions emphasise, academic and professional staff already report profound distrust in senior management and governance processes. In this context, opaque consulting arrangements and unmanaged conflicts further erode confidence, reinforce perceptions of insider decision-making, and undermine the moral authority of councils to impose austerity, restructuring, or "transformation" on staff and students.

To conclude, the growth of consultant use is not merely a cost or efficiency issue. It is a structural governance problem that:

- weakens democratic accountability.
- concentrates power in executive hands.
- displaces academic and public-interest judgment.
- normalises decision-making practices that are inconsistent with universities' roles as public institutions.

As Professor Guthrie and I argue, without enforceable transparency provisions, stronger conflict management, and limits on the outsourcing of core governance functions, universities will continue to operate with corporate-style discretion but without corporate-style accountability. This toxic combination is fundamentally incompatible with universities' statutory public mission.

Question 3 (a): As I am sure you're aware there have been several concerns raised about consultant use at the University of Wollongong such as conflicts of interest with Council Members or VCs, do you have any comments on this?

Evidence before the Committee documents:

- The appointment of an Interim Vice-Chancellor (IVC) at UOW who remained a partner in the consulting firm, KordaMentha, throughout the IVC's term of appointment.
- How KordaMentha was subsequently engaged by UOW to oversee a major restructuring of the university, while the IVC continued to undertake some work for the consultancy partnership and received remuneration and a profit share.
- How a small, select group of executives and appointed council members provided the personnel for council committees overseeing remuneration, procurement and restructuring that routinely excluded elected staff and student members.

A whistleblower's report sent to the NTEU UOW Branch in August 2024 is available (Whistleblower UOW, 2024), which draws attention to these, and other issues raised during the Inquiry hearings. Many of the allegations it contains are confirmed, clarified or qualified by Lisa Simmons in her submission and hearing testimony. The associated claims and allegations, while not constituting proof of illegality, at least indicate a lack of governance integrity that warrants further public scrutiny. It is understood that the NSW Independent Commission Against Corruption is investigating matters raised by Ms Simmons, the NTEU and other parties, some of which were aired during Inquiry hearings.

More details about Professor Guthrie's and my concerns regarding UOW's use of consultants in our *Senate Inquiry Submission into the Governance of Australian tertiary education providers, Part 1* (Guthrie and Adams, 2025) **[ATTACHMENT A]**. This part of our submission is titled "The University of Wollongong: Situation - December 2024 Snapshot". Also attached is a 20-year analysis of UOW's finances, employment and enrolment statistics that I undertook on behalf of UOW staff and students in 2021 and which I tabled with the University council and discussed in detail with the then Chief Operating Officer, Damien Israel, and Deputy Vice-Chancellor, Professor Joe Chicharo, in November of that year **[ATTACHMENT B]**.

Question 3 (b): What would you like to see changed about consultant use, or at the very least the reporting of this expenditure?

Our submission made four main findings and sets of recommendations about universities and consultant use. These relate, respectively, to the opacity of consultant expenditure, the outsourcing of core governance functions, conflict-of-interest risks, and the need for external oversight.

Concerning the ***opacity of consultant expenditure***, NSW universities do not provide adequate public disclosure of consultant and contractor expenditures, including the purpose, scope, and outcomes of engagements, despite operating as publicly funded bodies.

Recommendations for reform

3.1 Recommendation

That NSW universities be required to publish an annual **Consultant Engagement Register** of all consultant engagements above a modest threshold (e.g. $25,000). The term consultant be defined in regulation That register should include the firm's name, the value and duration of contracts, the procurement method, the purpose and deliverables, and the extent to which the consultant's advice was implemented and evaluated.

Regarding the ***outsourcing of core governance functions***, consultants are increasingly engaged to perform core governance and strategic functions that should properly be exercised by university councils and senior management. Outsourcing undermines the ability of councils to exercise their statutory responsibilities.

3.2 Recommendation 3.2

That each university is required to undertake post-implementation evaluations of all consultancy work undertaken during the calendar year, tabled at the last annual council meeting and summarised publicly.

That legislation or ministerial guidelines prohibit the outsourcing of governance reviews, council effectiveness assessments and executive remuneration benchmarking to firms that also provide management, restructuring or transformation services to the same institution.

About ***conflict-of-interest risks*,** current COI management arrangements in NSW universities are inadequate, particularly in relation to consultant engagement and controlled entities.

3.3 Recommendation

That NSW universities be required to maintain a **public conflict-of-interest and related-party register** with enforceable rules covering councils, senior executives, and controlled entities. They should also be required to record and publish recusals in council and committee minutes, and to apply mandatory cooling-off periods for senior executives and council members who work for or are in consulting firms.

About the ***need for external oversight***, existing audit and accountability mechanisms do not adequately scrutinise consultant expenditure or outcomes.

3.4 Recommendation

That the NSW Auditor-General be empowered to conduct regular **performance audits of consultant use**, including value for money, governance impact, and alignment with universities' statutory objects.

Question 4: One of the concerns you raise in your submission is that university land use and capital developments are often approved without meaningful stakeholder consultation and without consideration for public benefits. Can you talk us through this a bit more? You use an example for the University of Wollongong can you tell us more about that?

Howard (2021) demonstrates that asset accumulation has become central to the corporatised universities' business model, with institutions behaving more like property trusts with teaching functions. This explains why staff and courses are treated as "flexible costs" while land and buildings are protected and expanded upon even during austerity.

Our submission identifies university land use as a major site of public-mission drift **(Finding 19; TR1(a)(iii))**. Councils increasingly approve large-scale commercial precincts and PPPs under their statutory power to "control and manage property" with limited demonstration of educational or civic benefit. Under the current legislation, when making and approving commercial development decisions, universities are not required to demonstrate their alignment with the university's statutory objects or to make transparent assessments of any relevant educational opportunity costs, community impact or long-term financial risks that might arise.

As our own and several other submissions to the Inquiry argue, current Acts give councils broad commercial powers without corresponding accountability obligations. This asymmetry allows commercial decisions to eclipse academic priorities, and for consultation to occur after decisions have already been effectively locked in.

In our federal Senate submission (attached), we document how UOW's proposed Health and Wellbeing Precinct includes aged care, independent living and commercial facilities. It will be constructed and operated with private partners and has involved substantial borrowings. However, there has been minimal documented consultation or even communication about the project with UOW staff or the broader community both prior and after the project's approval.

The Health & Wellbeing Precinct is a major PPP constructed on university land. The precinct's design reads like a commercial mixed-use development. The precinct is described in media reports as a large mixed-use plan incorporating retirement living (up to 240 apartments), a 144-bed aged care facility, childcare, a primary community health centre, plus retail/community hubs. Even if some of these components can be defended as socially beneficial (aged care, childcare, community health), the governance problem is the apparent absence (at least in publicly visible materials) of a rigorous, contestable explanation of:

- Why these functions must be delivered via a university-led PPP on university land, rather than via normal public planning/health/service channels.
- What public value UOW captures versus what a private partner capture (especially where the partner operates the revenue-generating assets); and
- What opportunity costs the university community bears (land use, borrowing capacity, capital prioritisation, and diversion of leadership attention).

Our submission to the Senate Inquiry emphasises that this appears to be a "property development business" rather than a core university activity and raises the issue of significant borrowings that already need to be serviced.

All this raises the public justification and exemplifies "mission drift" away from UOW's statutory purposes. When councils treat these projects primarily as commercial ventures (property development, off shoring or setting up in CBD big city locations), consultation often becomes PR and communications management, that is "sell the vision". Rather than deliberative governance for instance, testing whether the project genuinely advances the university's public functions, who bears risks, and what trade-offs are imposed on teaching, research and local needs. University executives and governing bodies are making major, high-value commercial decisions as if they were property/infrastructure transactions, rather than public-institution decisions requiring demonstrable public-purpose justification and robust stakeholder deliberation.

The hearing transcript records that the UOW Health and Wellbeing project has had "several incarnations", with partners and numbers changing, and that (as at the hearing) it "hasn't started yet". This kind of moving-target development context typically weakens stakeholder consultation: it becomes difficult for staff, students, or local community to assess impacts when the project scope, financing and partners keep shifting and this was material we are taking about a quarter of billion dollars on gifted university land, yet the institutional commitment and reputational exposure deepen.

Even if consultation had been undertaken in a more transparent fashion, the outcome would still have been questionable because the project sits alongside significant workforce reductions and teaching cuts. One of the strongest "public benefit" critiques is not just the scope of the project itself, but what it signals about institutional priorities. In the surrounding UOW context of more than 600 EFT job cuts over the last five years, rolling restructures, and repeated concerns raised by staff and students over senior management secrecy, as well as sexual harassment and bullying, it is reasonable to question whether "public benefit" claims are being used to legitimise commercial expansion while core academic capacity is being diminished and constrained.

Similarly, regarding the PPP to construct student accommodation on the western end of the main campus, there were repeated consultation failures and weak public-benefit safeguards. The "public benefit" case for student housing was not matched by transparent risk governance. A student accommodation deal was structured with guaranteed occupancy thresholds and a university co-payment obligation if occupancy fell short. Consequently, when COVID reduced those numbers, the forecast cost of university co-payments became "significant", leading to a negotiated termination payment and the university taking the accommodation back to run it itself.

Consequently, UOW was required to revise its 2020 annual report financials to declare a previously undisclosed $169m expense connected with withdrawing from the accommodation PPP. This money was borrowed to exit the contract and pay out the project partner: an example of governance failure that can be directly linked to the lack of prior consultation and collegial decision-making involved in the decision to approve the PPP project. Meaningful stakeholder engagement depends on *truthful and timely disclosure* of material financial exposures. When a nine-figure liability is only made visible after intervention and restatement, staff/students/community cannot realistically test claims about "necessity", "value for money", or "tradeoffs".

This is exactly the kind of arrangement that demands strong scrutiny because it shifts commercial demand risk onto the public institution. A project can be defended as "student welfare and public good", but if the contract embeds downside risk for the university (and upside protection for the private party), the public-benefit rationale becomes questionable unless the risk-transfer is explicitly justified and transparently approved.

Our NSW submission points to governance concerns about who oversaw and assured these transactions, particularly the role of major professional firms. It describes KPMG's internal audit role and the overlap of council membership and committee roles with KPMG senior partner leadership, in the same period of the accommodation accounting controversy. Even if no wrongdoing is ultimately found, this is problematic because it undermines confidence that risk, probity and "public benefit" were assessed independently and that stakeholders had any genuine avenue to interrogate the decisions.

Meaningful consultation requires visibility of options, risks, and trade-offs, not just *post hoc* messaging. In both case studies, the record suggests commercial-style projects were advanced with limited public-purpose justification and weak transparency about financial downside risk (guaranteed occupancy/co-payments; nine-figure exit costs; major borrowing implications). The composition and governance framing of both projects involves property development on public university land, requiring a much higher standard of public-benefit demonstration than is evident in public-facing documents. These issues are amplified by a broader institutional context where staff report secrecy and limited disclosure during restructuring, further eroding trust that stakeholders' interests are being substantively weighed.

Question 4 (a): What needs to change to prevent this from happening?

An important initiative that could be taken by NSW Parliament to prevent this from happening is for it to demand from each of NSW's public universities that they provide formal stakeholder consultation records, the business cases and public benefit assessments and contractual risk allocation details for any of the large infrastructure development projects in which they are currently engaged, whether onshore or offshore. This would send a clear message to all of them to improve their internal consultation, decision-making and project approval and management processes.

4.1 Recommendations

The wording of NSW's university enabling Acts must reflect the fact that universities are public trustees of public assets. As such, the following recommendations will go some way to ensuring that is the case:

1. Mandatory Public Benefit Tests for major land and capital projects.
2. Mandatory publication of business cases and PPP summaries (with narrow redactions).
3. Restoration of parliamentary oversight and ministerial approval for long-term land alienation above materiality thresholds.
4. Auditor-General audits of major precinct developments.

Question 5: One of the key elements you've spoken about in your submission in the shift to a more corporatised model of governance, why doesn't this style of governance work for the university sector? What would you like to see instead?

Corporatised governance has failed universities because it redefines universities as commercial enterprises rather than public sector institutions. There is abundant evidence that corporatised governance is structurally incompatible with universities' statutory public missions of education, research and public engagement, as we and others have outlined in multiple submissions to this and other recent government inquiries.

Our submission to the current NSW Inquiry documents how councils have shifted from collegial, academically informed bodies to small, executive-dominated boards, often populated by external corporate appointees with expertise in commercial finance, property and consulting but limited understanding of academic work or the many and varied roles served by universities in contemporary societies **(TR1(a)–(d))**.

Like the AAUP, PUA and many of our colleagues, what Professor Guthrie and I would like to see instead is a return to collegial decision-making in Australia's public universities. Because it has taken legislative changes to produce the current corporate model, it will likewise require legislative changes by state, territory and federal governments to create new collegial models for our universities. There are multiple sound reasons for pursuing this course as a matter of urgency and making it a priority for tertiary education reform in Australia.

<u>1. Collegial governance improves decision quality in public institutions</u>
Decisions about courses, professional training and research quality require subject-matter expertise. Collegial decision-making ensures that those who understand the disciplines inform major decisions, reducing costly mistakes such as failed restructures, accreditation risks, and course closures that later must be reversed. Poor decisions lead directly to workforce disruption, student complaints, regional skill shortages, and political blowback that lands on state governments.

<u>2. Collegial governance strengthens public accountability</u>

Public universities are created by NSW legislation and funded by taxpayers. Collegial governance embeds internal democratic accountability, ensuring decisions are tested against evidence and public purpose before they reach crisis point. It also reduces the need for ad-hoc ministerial interventions after the damage has already occurred.

<u>3. Collegial decision-making protects educational quality and professional standards</u>
Mass sackings and course closures undermine professional accreditation, workforce pipelines, and student outcomes. Collegial governance ensures reforms consider long-term training needs in teaching, nursing, engineering, the sciences, and all the other professions NSW relies on. When universities fail to train graduates properly, the cost is shifted onto hospitals, schools, courts and employers. Poorly trained graduates can also cost lives. The damage to the reputation of a university deemed to have engaged in shoddy educational practices is severe.

<u>4. Collegial governance reduces governance capture and conflicts of interest</u>
Universities increasingly rely on external consultants and executives drawn from the same firms. Collegial decision-making acts as a safeguard against groupthink, revolving-door conflicts, and opaque "commercial-in-confidence" decisions. It also aligns universities with NSW public-sector governance standards and reduces reputational and financial risk.

<u>5. Enshrining collegial governance restores trust and institutional stability</u>

Decisions reached through transparent, collegial processes are more likely to be accepted, implemented, and sustained. This reduces industrial disputes, staff turnover, and student dissatisfaction. Stable universities mean fewer crises, fewer headlines, and better value for public investment.

Question 5 (a): You raise concerns about the diminution of academic participation, why are you concerned about this?

Changes to NSW university acts by successive governments have systematically reduced elected staff and student representation on university governing bodies over many years, which has also empowered executives to reduce the role of academic senates to being advisory only. At the faculty and school levels, the selection and appointment of deans and heads of school is now routinely undertaken by senior management and the executive, rather than being collegially determined through internal faculty and school processes, as has traditionally been the case. These collegial arrangements ensured that managerial pathways to career development and familiarity with the bureaucratic workings of the university were available to all academic staff once they attained a certain level of seniority and respect from peers. These arrangements also safeguard student welfare by ensuring that curriculum changes are academically justified. Evidence during the Inquiry hearing was provided by my colleague, Associate Professor Susan Engel, of the stress and anxiety experienced by many UOW students over the last twelve months as their courses of study and/or crucial subjects they needed to complete their degrees were "disestablished".

Rather than remaining focused on universities' core missions of teaching, research and public engagement, both executives and senior managers – whether academics inducted into the fold, career public servants or former corporate employees – are now required to prioritise risk management, surplus targets and reputational metrics over teaching quality, academic freedom and civic responsibility. People with skills and values that cohere with those priorities, and academic administrators who are prepared to go along with them, are employed in greater numbers, and the mission drift toward property and financial accumulation continues.

The top-down decision-making model favoured by commercial corporations is now the norm in Australia's universities. All the most important decisions are undertaken by a small group of executives, senior managers and appointed external council members, rarely with any meaningful input from elected staff and students on council, let alone the wider academic and professional staff or student bodies. There are currently no effective mechanisms for staff or students to hold executives or senior managers responsible for responding to legitimate questions regarding the routine administration of the university, let alone accounting for contentious decisions they may have made.

As a former elected member of the UOW Council, I was shocked at the amount of complex paperwork relating to a wide range of activities that council members were expected to digest with only one week's notice prior to council meetings, often with little or no explanation of the wider context or significance of that paperwork. As I had routinely provided reading notes and meeting material and run executive level meetings while working as a policy officer for the NSW Government, these practices seemed to me to be transparency avoidant and deliberately aimed at limiting council members' ability to scrutinise the details of important decisions made by the executive. Council members frequently gave the impression they had not read or familiarised themselves with the relevant material and were simply rubber-stamping decisions pre-ordained by the executive. Debate over the more controversial issues was discouraged, and we were repeatedly told by former Vice-Chancellor Paul Wellings that the responsibilities of council did not extend to "operational issues". I was formally disciplined for publicly revealing that I was the only member of council to vote against the alumnus role on council being made an appointed rather than an elected position. Lisa Simmons' submission raises several similar and related concerns about important decision-making and administrative processes at UOW.

Based on this experience, and my observations of irregularities in how council members are appointed and elected, serious consideration needs to be given to how council meetings are run, how council appointments are made and elections conducted, and how important information regarding council business is conveyed to members and subsequently acted upon. Academics, students and professional staff should be involved in these considerations and given adequate input into the relevant deliberations.

The erosion and, in some cases, complete absence of collegial governance structures has resulted in labour degradation in the form of casualisation, constant restructuring, and wage suppression. Due to widespread perceptions among staff of executive and senior management opacity, unaccountability, and misconduct, there is profound distrust of the executive and senior management among staff and students at many Australian public universities, and especially those in NSW. In the case of the broader community, however, it is the reputation of the whole university that is tarnished, as the media and most members of the public fail to differentiate between those who run and those who work in our educational institutions.

Howard (2021) situates this within a broader system failure: governance structures designed for a unified national system are now misaligned with institutional diversity, financial reality, and public expectations. They therefore require root and branch reform. Howard provides some important guidelines and ideas for how this should be conducted.

Why improving academic expertise on councils is necessary but not sufficient, and why elected representation, internal governance reform, and transparency measures must be implemented together.

<u>1. Expertise without democratic mandate does not constrain executive power</u>

Appointing more academics to councils improves knowledge but does not change the power structure. Councils remain self-perpetuating bodies that delegate authority to executives. Without elected members, expertise can be marginalised, overridden, or isolated within a corporatised governance culture.

2. Elected staff and students provide structural accountability, not advice

Elected representatives are accountable to constituencies inside the institution. This creates ongoing scrutiny, not one-off expert input. Elected representatives are therefore more likely to provide meaningful input into decisions affecting teaching quality, workloads, student welfare and disciplinary survival because their knowledge is based on and been tested against lived institutional realities.

3. Democratic representation prevents governance capture and groupthink

Councils dominated by appointed members are vulnerable to homogeneous thinking, consultant influence, and revolving-door appointments. Mandated elected representation introduces diversity of perspectives and reduces the risk of coordinated executive–consultant narratives going unchallenged. The fewer the number of elected representatives, the easier it is for the executive to marginalise dissenting and critical voices.

4. Internal committee structures are where academic decisions occur

The most damaging decisions concerning so-called "operational issues", whether restructures, course closures, or workload models, tend to be made below council level, in executive-controlled committees. Reforming councils without reforming academic boards, senates, faculty committees and delegation frameworks leaves the real decision-making machinery untouched. Faculty, school and discipline-level leadership should be elected from within and major decisions made through democratic engagement with academic staff.

5. Public reporting standards are essential to make governance enforceable

Rights without transparency are meaningless. Without mandatory public reporting on finances, staffing, enrolments, restructures, consultant use and controlled entities, neither elected council members nor Parliament can assess whether decisions align with statutory purposes or public interest obligations.

6. Elected representation restores legitimacy and institutional trust

Decisions imposed without democratic participation generate resistance, litigation, industrial disputes and staff exits. Institutions governed with elected representation achieve greater compliance, stability and implementation success, reducing downstream costs for government.

7. Students are primary stakeholders, not customers

Students bear the consequences of course closures, staff losses and degraded learning conditions. Elected student representation ensures that educational impacts are considered before decisions are finalised, rather than managed later as complaints or regulatory breaches.

8. Governance reforms must operate as an integrated system

Council composition, committee structures, transparency rules, financial reporting and academic freedom protections are interdependent. Implementing one without the others simply shifts dysfunction elsewhere. Our suggested reforms are designed as a coherent governance architecture, not isolated fixes.

9. Legislative guarantees are needed because internal rules fail under pressure

University statutes, policies and codes are routinely suspended or bypassed during "financial crises". Only legislated requirements, such as minimum elected representation and reporting obligations, remain effective when institutions face stress.

10. This aligns universities with NSW public-sector governance standards

NSW government agencies already operate with elected, representative, transparent governance structures. Extending comparable standards to universities recognises them for what they are: public institutions exercising delegated state authority, not private corporations.

5.1 Recommendation

Drawing on the PUA Model Act, our own prior research and submissions and reports by the AAUP, PUA and NTEU, we propose the NSW Government follow a public-institution governance model that adopts the following principles:

1. Democratic governance with substantial elected academic and student representation, including a statutory minimum 40% elected representation on councils, with up to 50% elected representation encouraged.
2. collegial models of decision-making regarding teaching, research and public engagement.
3. academic freedom and public mission guarantee in university acts.
4. statutory requirements for formal demonstration of how executive decisions align with statutory objects, together with mandatory public reporting of the cases for decisions.
5. statutory requirements for regular independent performance audits and governance reviews by the NSW Parliament and/or Auditor-General, with public-purpose KPIs embedded in executive and senior management performance metrics; and
6. treat governance failure as a matter of public accountability, not internal management.

Our proposed changes will work because they rebalance authority, not just qualifications. That is why they are essential if NSW wants to stop recurring crises rather than merely managing their aftermath.

Question 6: Can you please provide a copy of the submission you made to the federal senate submission.

See the following attachments:

ATTACHMENT A

Guthrie, J. and Lucas, A. (2025) *Quality of governance at Australian higher education providers Submission 188: Part 1 – The University of Wollongong: Situation – December 2024 Snapshot*, Submission to the Senate Education and Employment Legislation Committee Inquiry into the quality of governance at Australian higher education providers, 3 March 2025. Available at: https://www.aph.gov.au/DocumentStore.ashx?id=4b5b565d-3ac7-4bf6-9f44-017995510684&subId=777106

ATTACHMENT B

Guthrie, J. and Lucas, A. (2025) *Quality of governance at Australian higher education providers: Submission 188 – Part 2 (with appendix)*, Submission to the Senate Education and Employment Legislation Committee Inquiry into the quality of governance at Australian higher education providers, Australian Parliament House, Canberra, 3 March 2025. Available at: https://www.aph.gov.au/DocumentStore.ashx?id=a0f12114-eb2c-4d27-8851-0c682df34d88&subId=777103

ATTACHMENT C

Lucas, A. (2025) *Quality of governance at Australian higher education providers: Submission 182*, Submission to the Senate Education and Employment Legislation Committee Inquiry into the quality of governance at Australian higher education providers, Australian Parliament House, Canberra, 3 March 2025. Available at: https://www.aph.gov.au/DocumentStore.ashx?id=a0f12114-eb2c-4d27-8851-0c682df34d88&subId=777103

ATTACHMENT D

Staff whistleblower evidence about governance failings at UOW — including alleged corrupt conduct disclosed to the NSW Independent Commission Against Corruption (ICAC) and concerns about centralised decision-making and a culture of fear — was reported by media in late 2025 in relation to a parliamentary inquiry: https://www.abc.net.au/news/2025-12-19/whistleblower-alleges-university-of-wollongong-corrupt-inquiry/106156988?

ATTACHMENT E

Guthrie, J. (2021) *Needed: a performance-audit of NSW universities*, *Campus Morning Mail*, 17 August 2021. Available at: https://campusmorningmail.com.au/news/needed-a-performance-audit-of-nsw-universities/

ATTACHMENT F

Lucas, A. (2020) *Financial and statistical analysis of the University of Wollongong 2000–2019*, unpublished report, University of Wollongong, NSW, Australia.

ATTACHMENT G

National Tertiary Education Union (2024) *Ending Bad Governance – For Good*, National Tertiary Education Union, Australia. Available at: https://apo.org.au/node/329175

ATTACHMENT H

Howard, J.H. (2021) *Rethinking Australian higher education: towards a diversified system for the 21st century*, Howard Partners, Rose Bay, NSW. Available at: http://nla.gov.au/nla.obj-2994948148