

Supplementary questions

- (1) You've looked at ANU and UON and noted they didn't really have a financial crisis despite their claims. We've seen similar claims made by academics at UTS, are you able to provide any views you have on UTS financial situation??**

In 2025, The Australia Institute published an article by Dr Joshua Black raising concerns about considerable spending by UTS on travel and consultants, this can be found here: <https://australiainstitute.org.au/post/while-university-leaders-zip-around-the-world-consultants-are-creating-twin-crises-on-australian-campuses/>

However, we have not published research on the overall financial situation of UTS. We would instead direct you to the work of academics such as Dr Robert Czernkowski.

- (2) I note your extensive work across spending categories at universities. I'm particularly concerned about consultant spend. Do you have any reflections based on your work?**

In the discussion paper *Elective spending at Australian universities* by Dr Joshua Black, we found that in 2023, 27 Australian public universities spent roughly \$410 million on consultants. One problem with this category of spending is that there is often considerable opacity regarding what spending in this category actually covers. Since this paper was published, there have been some steps towards greater transparency in consultant spending.

- (3) Nous consulting which has had contracts across the university sector and provides benchmarking tools on contract was engaged to draft findings for the university accord review. Do you have any concerns about this?**

Yes, the considerable reliance on consultants and the dominance of specific private firms such as Nous in university consultancies is highly concerning.

- (4) What types of information should councils be required to publicly disclose that they currently do not (e.g. consultant reports, financial modelling, executive remuneration justifications)? Is this not already happening? What needs to change?**

In general, we argue for greater public disclosure of a range of information, particularly that related to decision-making, both the decisions themselves and the information on which decisions were justified.

The Australia Institute submission to the Senate Education and Employment Legislation Committee's Inquiry into the quality of governance at Australian higher education institutions made the following specific recommendations

- Recommendation 7: Require university councils/governing bodies to publish the minutes of their meetings in full, with any exceptions or redactions publicly explained.
- Recommendation 8: Require the meetings of university councils/governing bodies to be held in public, like parliament or universities in other countries.
- Recommendation 9: Require all universities to provide, along with their financial reports, a separate and itemised consultancies disclosure report, as is currently the case in Victoria. This could be tabled in state/territory parliaments.
- Recommendation 10: Require all universities to register all council members' real and/or perceived conflicts of interest to whichever is the appropriate body (TEQSA or ATEC) in real time. Ensure this information is publicly accessible in the form of a regularly updated register.

(a) One of the specific recommendations you make is for the Council meetings to be held in public like Parliament – what are the benefits of this? What would you say to those who raise concerns about the risks e.g. commercial risks, confidential information

The key benefit of this proposal is to reinforce accountability. By making these meetings public, decision-makers would have to justify their decisions in a way that is explicable to students, staff and the general public.

Concerns of commercial risks and confidentiality are sometimes valid. In circumstances where these concerns are legitimate and significant, then sections of the meeting could be held in camera. This is not unlike what occurs in parliaments on certain occasions. However, importantly, the default would shift to transparency rather than secrecy, and secrecy would have to be properly justified.

(5) You recommend that the majority of university council/governing body members are democratically elected by university staff and students. This represents a distinct shift from the way University Councils are currently structured. Why have you recommended this change? What concerns do you have about the current make-up of University Councils?

This question can be addressed through an excerpt of an article by Jack Thrower published on the topic in the Canberra Times (<https://australiainstitute.org.au/post/bells-departure-is-overdue-but-this-crisis-is-not-all-her-fault-heres-why/>).

While vice-chancellors have CEO-like million-dollar pay packets, the university councils they answer to do not face nearly the same scrutiny as a public company's board of directors.

A board of directors is elected by the company's owners (shareholders). As these shareholders have a vested interest in the company's commercial success, they are likely to vote out any directors who do not act in these interests.

Directors are also subject to strict legal duties to act in the best interests of the company; breaching these duties can result in significant fines or imprisonment.

What about university councils? To start with, most do not represent those with the greatest stake in their success.

Only about one in four positions on university councils are elected by staff and students.

Instead, most council positions are either directly selected by people already on the council or appointed by governments on the recommendation of council members.

This means councils are essentially self-perpetuating. Members are often drawn from the corporate sector and do not have genuine experience or understanding of the university sector's peculiarities.

The simple truth is that most university council members do not have a material interest in the success or failure of the institution, and there are no mechanisms to hold them accountable.

They do not bear the costs if the university fails to provide a good education, quality research, or to treat their students and staff with care and respect. In the words of Dr Robert Czernkowski, an academic elected to the council of the University of Technology Sydney: "The core issue lies with external members of governing bodies. ... With no 'skin in the game,' their oversight tends to be perfunctory, and their sense of accountability minimal."

Instead, the main benefit that appointed members gain from their position is in being associated with a prestigious institution, which gives them the chance to network with other high-powered individuals.

In this context, it is not surprising that universities too often overlook their core functions of teaching and research, and instead prioritise fancy new buildings, flashy advertising, and lavish networking events for alumni and staff.

Regulators have failed to hold universities or university councils accountable. Even where a university's governing legislation imposes board member-like duties on its council, penalties and enforcement do not come close to matching the corporate sector.

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The path to reform is clear. Australia's public universities must be accountable to those with the most at stake from their success: the students whose future depends

on the quality of their education; the staff who teach and conduct research; and the general public that funds them and benefits from living in a country with a world-class tertiary education system.

University councils need to be fundamentally restructured. The number of appointed members appointed needs to be reduced, and a majority of members on university councils should be elected by staff and students. The public interest in universities should be safeguarded through government-appointed council members, strong regulations, and powerful regulators.

(a) How do you see this change coming about, can it be left to Universities to increase the representation themselves or do we need to amend the University establishing Acts?

Change from the universities themselves would be welcome and is technically possible. However, it may be challenging to convince existing university councils to dilute their own power and institute a reform of this type. Additionally, amending the establishing Acts would more permanently entrench majority representation of students and staff.

(6) How has the shift toward corporate management models eroded the traditional public-good mission of universities, in your view?

This is a very broad question. In short, the focus of universities has shifted from the public goods of education and research and towards enhancing the 'prestige' of the institution (for instance, through large building projects) and the conditions and remuneration of senior management and maximising revenue from private sources such as student fees and commercial engagements. This stems from several causes, including the composition of university boards and the introduction of 'managerialism'. These themes are explored in the Australia Institute's research, including Reforming university governance in Australia by Professor John Quiggin (<https://australiainstitute.org.au/report/reforming-university-governance-in-australia/>).

(7) Your first recommendation in your Federal Inquiry submission is to 'Amend the establishing acts of universities to clarify that their central purpose is public research and education, not commercial or corporate performance.' Why is this important, why aren't the current objectives etc in the Acts enough?

This is important principally as a signal to reverse the quasi-privatisation of universities and refocus away from revenue maximisation and towards public research and education.

While the current objectives found in universities' establishing Acts largely appear inoffensive, they are sufficiently broad to have allowed for the degradation of the sector and ongoing scandals.

Changing these objectives would be an important signal to university governing bodies and would hopefully direct their behaviour towards their key public purposes. However, these amendments are not as high a priority as other reforms, most importantly changing the composition of university governing bodies to ensure that a majority are elected by staff and students.

(a) What would this look like in practice for the NSW University establishing Acts? Are there any models in Australia or overseas you'd refer to?

This would likely depend on the university in question; broadly, changes could include an increased emphasis on serving the public and community, above and beyond abstract statements about education.

At this time, we do not have specific recommendations for best practice models in Australia or overseas.

(b) How would writing the public-good mission explicitly into legislation reshape decision-making at Council/Senate levels?

As above, this change may principally help through signalling priorities to university governing bodies. More impactful on decision-making would be changes to the composition of these bodies and increasing transparency of their decision-making processes.

(8) The Federal Inquiry submission suggests governance now prioritises “the privileges and status of senior management.” How has this happened? What changes do you recommend to rein in executive power or remuneration?

We refer to our Submission to The Senate Education and Employment Legislation Committee's Inquiry on Tertiary Education Legislation Amendment (There For Education, Not Profit) Bill 2025, found here: <https://australiainstitute.org.au/report/overpaid-and-unaccountable-reining-in-vice-chancellor-pay/>

(9) One the key recommendations out of the Australia Institutes April 2025 Discussion paper 'Elective spending at Australian Universities' is for Improved disclosure requirements for consultancy spending. What would you like to see change about current disclosure requirements in NSW?

We recommend that states follow the Victorian model and require universities to provide a separate and itemised disclosure of their spending on consultants.

(10) The discussion paper makes similar recommendation regarding disclosures for overseas travel expenses. What would you like to see disclosed about overseas travel expenses? Why is this important?

At this time, we do not have a specific recommendation for the precise information that should be disclosed; however, we broadly recommend that details on the total quantity of spending and its distribution between staff be disclosed. This is important both to discourage wasteful spending (particularly by senior management) and to improve public trust in the sector.

(11) One of the conclusions of the discussion paper is that little of the marketing spend by universities leads to a higher commencement rate. How did you come to this conclusion? What value is there then for high advertising spend by universities?

This conclusion is arrived at through comparing changes in new commencements against changes in advertising spending and finding a minimal relationship between the two.

Essentially, our concern is that advertising is not an effective use of money for the university but is instead partly related to boosting the nebulous prestige of the institution, and the related prestige of its governing council and senior management.

This spending is particularly inefficient when analysed across the system as a whole. The theoretical public purpose objective of advertising is to boost enrolment across the entire system for both domestic students (boosting Australia's education levels) and international students (boosting revenue for the system, under its current design). However, as universities currently 'compete' for students, much of this spending, even when technically effective, simply reallocates students from one Australian university to another rather than boosting overall commencement. This is an inefficient use of university resources.

(12) Do you have any examples either nationally or internationally of good university governance that you would refer the committee to?

We refer you to Reforming university governance in Australia by Professor John Quiggin, published by the Australia Institute (<https://australiainstitute.org.au/report/reforming-university-governance-in-australia/>). In this report, Professor Quiggin discusses the University of California system and its relevance to Australia.