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## ***EDUCATION, TOURISM, INNOVATION AND SMALL BUSINESS COMMITTEE***

### **Members present:**

Mr SJ Stewart MP (Chair)  
Miss VM Barton MP  
Mr MA Boothman MP  
Mr BM Saunders MP  
Mr EJ Sorensen MP  
Mr RA Williams MP

### **Staff present:**

Ms S Cawcutt (Committee Secretary)  
Ms M Coorey (Assistant Committee Secretary)

## **PUBLIC HEARING—INQUIRY INTO THE UNIVERSITY LEGISLATION AMENDMENT BILL 2017**

### **TRANSCRIPT OF PROCEEDINGS**

**TUESDAY, 11 JULY 2017**

**Brisbane**

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### **Committee met at 2.01 pm**

**CHAIR:** Good afternoon. I declare open this public hearing for the committee's inquiry into the University Legislation Amendment Bill 2017. On 23 May 2017 the Minister for Education, the Hon. Kate Jones MP, introduced the bill to parliament. The parliament has referred the bill to the committee for examination with a reporting date of 2 August 2017.

My name is Scott Stewart, the member for Townsville and chair of this committee. With me here today are: Miss Verity Barton, member for Broadwater and deputy chair; Mr Mark Boothman, member for Albert; Mr Ted Sorensen, member for Hervey Bay; Mr Bruce Saunders, member for Maryborough; and Mr Rick Williams, member for Pumicestone.

Our purpose today is to hear evidence from stakeholders who made submissions as part of the committee's inquiry. Witnesses are not required to give evidence under oath, but I remind witnesses that intentionally misleading the committee is a serious offence. These proceedings are similar to parliament and are subject to the Legislative Assembly's standing rules and orders. Under the standing orders, the public may be admitted to or excluded from the hearing at the discretion of the committee. The proceedings are being recorded by Hansard and broadcast live on the parliament's website. Media may be present and will be subject to the chair's direction at all times. The media rules endorsed by this committee are available from committee staff if required.

Those present today should note that it is possible you may be filmed or photographed during the proceedings. I ask everyone present to turn off their mobile phones or at least switch them to silent mode. The program for today has been published on the committee's web page and there are hard copies available from committee staff.

### **DWYER, Ms Tonianne, Deputy Chancellor, University of Queensland**

### **HØJ, Professor Peter, Vice-Chancellor, University of Queensland**

**CHAIR:** Good afternoon to you both and thank you for your submission. Professor, I invite you to make an opening statement of up to five minutes after which the committee members will ask questions.

**Prof. Høj:** Thank you so much, Chair, Deputy Chair and committee. We are very pleased to have the opportunity to be in front of you. First, I should say that our chancellor, Peter Varghese AO, sends his apologies. He is on business in India and could not attend, but we are very fortunate to have our Deputy Chancellor, and therefore today Acting Chancellor, Ms Tonianne Dwyer, with us.

I will be fairly brief and first of all say that UQ is very supportive of the amendments to the University of Queensland Act, including the inclusion of clauses that allow the vice-chancellor to sub-delegate powers to an appropriately qualified member of staff. The university world has changed much over the past 30 years. Universities have become bigger. They operate in an increasingly complex global environment. Increasingly all their revenue is subject to competitive forces. There is no longer a guaranteed cheque under the door. The days when a university received 80 per cent plus of its annual budget through a government appropriation, or at least directly from government, are gone. A large university such as the University of Queensland would typically get 40 per cent of its funding through defined pathways from the federal government. At the same time, we are very acutely aware of the role we play to underpin the social fabric, the prosperity and the cohesion of Queensland, and we are very proud that we have been given this opportunity to do so.

Let me just try to tell you a little bit about our university. Our annual budget is about \$1.8 billion. We have in the order of 7,500 full-time-equivalent staff and in excess of 50,000 students. The student component is made up of domestic students and international students. The domestic students in the new demand driven system, which we do support, can choose whichever university they wish to go to, if the university selection criteria allows them to attend that university. It is a competitive market. In that market, we currently derive \$500 million of income from domestic Australian students at UQ. Some \$300 million of that \$500 million comes from the government, and the other \$200 million comes from the HECS-HELP loans that students have access to.

We also have an obligation to be an innovation powerhouse on behalf of our state of Queensland. That requires a degree of funding that no longer can be covered by tuition income. For that reason we have, like many other Australian universities, decided to supplement our student body with international students to the extent that our anticipated income from international students this year will be about \$480 million. By next year, the international student income—in direct fees—will exceed that of domestic students. We argue that if you have a \$500 million income in direct fees for students, they will contribute the same in additional spending in the Queensland economy. UQ's activities alone would add in the order of \$1 billion to the Queensland economy, simply through international students. Additionally, we have more than \$600 million in competitive research income and are the most commercially successful university in Australia.

These are very exciting times for us, but they are also times when events outside our control can upset the business model. For example, most Australian universities are very exposed to the Chinese student market, and we know that geopolitical events outside our control could potentially influence that. We need to have fantastic risk management skills and financial skills to run such a big business. For that reason, it is very important for us to be able to have the best possible governing body to oversee how we strategise and how we execute strategy.

We also believe that the view on how governing boards are constituted is very important to UQ. We were fortunate enough to have the opportunity to influence the early consultations on that, and it would be UQ's view that, whilst we recognise that different categories of skill sets are to be brought to the board, the best principle for appointment of senate members, or council members, is that you define the skill set you need. Therefore, you publicise that and people can put forward expressions of interest to join the governing board against the selection criteria that are relevant for the skill set you have to hire. Those who nominate will then be evaluated through a committee process, and the best possible candidates, taking into account many differing constraints, such as gender balance, will be the people who should populate the board. We do not believe that you get an optimal composition of a governing board through an election process. These are our views from UQ. There are more, but I have already spent more than the five minutes the chair so generously gave me.

**CHAIR:** Thank you, Professor.

**Miss BARTON:** Professor Høj, you spoke about the need particularly to have people with risk management skills and particularly strong backgrounds in financial management on your governing body. Are there any other skills that you think are particularly important, particularly as you say it is a changing world not only politically but also for universities and other institutions?

**Prof. Høj:** One very carefully has to look at having people who have considerable experience in the sector. It would be unthinkable to not have people who had been very successful in the university sector who know how to evolve a university, both in a tuition sense and in a research sense. Clearly, you would have people with academic expertise on it. We also believe that the board could be well informed by people who are users of our service. We are not suggesting that we should not have student members on our governing board, but we are saying that if you want the students who best can add value to the board you do not necessarily get those through an election but through a selection, and that goes for professional staff members as well.

**Ms Dwyer:** It is worth adding that when you are considering the skills base of a senate it is important to recognise that these are big, complex businesses and that the issues that affect them today are not necessarily the same issues that will affect them tomorrow. You need the flexibility to consider what are the issues in front of you today and to choose the right senate for today, knowing that you can choose a different skill mix in the future. At times, a university may feel the need for people who have a lot of experience around innovation, around the transition of education through the digital economy, around strategy, around funding, around international students and those sort of things. The issues of today may not necessarily be the issues of tomorrow. It is important that we are not prescriptive about the skills and that we allow the senate as a group collectively to assess what they feel are the challenges of the organisation and to choose a group of senators who best meet the needs of that time and that organisation at that time.

**CHAIR:** Are you in a position to give the committee an overview of the diversity amongst your current senate—the different skill sets that members bring?

**Prof. Høj:** We can certainly do that. Let us start with the chancellor. The chancellor was obviously one of the most prominent foreign diplomats that we have had in the country, being in his last position secretary of the Department of Foreign Affairs and Trade but prior to that High Commissioner to India and Malaysia, among other things. We have a person who has run a very large organisation—an organisation that has undergone very large structural change with the merger

of Foreign Affairs and Trade—but who also understands international affairs. At a time when we need to diversify our student intake so it is not overly reliant on China and India has growing educational needs, you can see why it is very useful for us to have that expertise. We have governance, federal government and international expertise in our chancellors.

Then we have people who are experts in infrastructure procurement, like our deputy vice-chancellor being on the board of Dexis but having been overseas in similar related business including in student accommodation. We need that. Our estate is worth \$3 billion so it needs careful management. We have people who have been managing partners of KPMG. We have a doctor. We have a Supreme Court judge. We do try to cover all the bases that we believe need to be present when you govern an organisation as complex as the University of Queensland, and of course we have academic staff members and two students. I think I have probably covered most of it. We have people who have run large businesses overseas like Charlie Sartain, who was the CEO of Xstrata's global copper business.

**CHAIR:** Do you have any members of the board who identify as Aboriginal or Torres Strait Islander?

**Prof. Høj:** We do not have that.

**Mr BOOTHMAN:** What is the process when it comes to attracting these individuals? What steps do you take? For instance, if you need someone with a certain prerequisite, how do you go out and find them?

**Prof. Høj:** First of all, there is a discussion about whose terms are coming up, who would like to retire from the senate and what we are therefore losing. You say, 'This is an opportunity to see whether we still need to retain that skill set or whether there is another one needed more.' We then define what we really should be looking for. Then there are several processes. One is that we currently have eight of our 22 members selected through the Governor in Council process. We would have a nominations committee of the senate which would try to come up with lots of names and put those forward to government. It is then a matter for government as to who they want us to take into our senate.

In the last round we also asked KPMG because they are skilled in assessing who is available for board positions to come up with a lot of names. In the last round we particularly focused on getting female names. Our senate is not bad in respect of female composition but it could be better. That is how we do it. Then we put it to different channels. We can also appoint three ourselves. Again, it would be work that would be done through the nominations committee and then it would be put to the full senate to say, 'This is what we are suggesting we are doing. Are you okay with that?'

**Ms Dwyer:** I can assure you that there is a very broad net cast and it is absolutely skill based. As Peter says, in arriving at the short list of names that we put up for the Governor in Council we were looking at skills, we were looking at diversity and we were looking at the person's capacity to add value in particular areas where we were feeling that that would be useful. It is a challenge for us. We put forward those names with no certainty that that will be what comes back to us, so that is a challenge for us as we try to meet the government's objectives of a skill based board and one that is 50 per cent female.

**Prof. Høj:** Another challenge for us but one which perhaps this process will alleviate is that we also wish to have the input of graduates. However, under our current act we cannot ask people to nominate graduates with a certain skill set. We are dependent on whom graduates want to vote for the senate, and that does not always necessarily match with what is really optimum for the board. It is always important to see this through the lens not of the vice-chancellor or the chancellor but of the 50,000 students who elect to spend some of their best years at UQ, in the process in many cases working up a student debt of \$30,000. If people wonder why it is so important to get the right governing board, it is because they deserve UQ to be run in the most professional and responsible way possible.

**Mr WILLIAMS:** What is the current gender ratio on the board?

**Ms Dwyer:** It feels like about 40 per cent.

**Prof. Høj:** Can we take that on notice? We will get it counted. We should know that. It is very close to 50-50.

**Ms Dwyer:** I think it is about 40 per cent.

**Prof. Høj:** I would say it is 40 per cent female. We will take that on notice if that is not a correct answer and report back to you.

**CHAIR:** That is fine.

**Ms Dwyer:** The senate has been taking very active steps to improve its gender balance for some time. The three members who are currently senate appointed members are all women. This is a journey that the senate and university feel very passionately about and have been on for some time. The amendments to the act will not change our desire to get to a representative senate.

**Miss BARTON:** To follow on from Mark's question and the Governor in Council appointed positions, presently eight of the 22 positions are appointed by the Governor in Council. Professor, you spoke of your having a committee or a group that put forward nominations for government. Of the most recent appointments, were the decisions made by government in line with the nominations that you had put forward?

**Ms Dwyer:** We currently have nominations in front of Governor in Council for the next senate which is with effect from the beginning of next year and the proof of that will be in the pudding. I was not around at the previous senate and I do not think Peter was—

**Prof. Høj:** I was. I think at the previous senate, by and large, we ended up with the people whom we had nominated. However, it can be a very clunky process for reasons which you can only speculate about. I believe the last time around we started the process in May and we were within 24 hours of being inchoate as a senate because they had not come through by early November. This needs to be checked against facts, but I believe another university in the state—and I know which one it is—ended up being inchoate because for some reason there was a delay in the government's deliberations.

**Mr SORENSEN:** What do you consider to be the optimal size of the governing body of a modern university?

**Prof. Høj:** We think that 22 is too large. Ordinarily if you look at boards of more commercial operations you would probably say that you would not like to go much bigger than 10. I think for a university there is a sweet spot of between 12 and 16. There is a lot of committee work at universities and it does require a good cohort of senators to cover all of that. Certainly not bigger than 16, but it is hard to see that you could run all the committee work that has to be run with anything less than 12. That is not the senate's view; that is my view, but I have been vice-chancellor for 10 years so I do have some experience in these matters.

**Ms Dwyer:** I sit on the boards of a number of listed companies. The typical large listed company would have a governing body of somewhere between six and eight directors. There is a lot of research that backs up that being an optimal size, even for a very large organisation. If you look at some of the largest of our Australian companies, some of them would have a board of 10 but they would be quite unusual. I think we recognise, particularly in the context of a university and the amount of committee work there is in a university, that there is value in having a slightly larger senate. However, a group of 22 people find it hard to have a difficult conversation elegantly, and it is better to have a smaller number if you need to be having very strategic, thoughtful, value-adding conversations.

**Prof. Høj:** Chair, I now have the answer to the question. We did gild the lily. Until very recently seven of 22 people were female, so 30 per cent. We do have a vacancy with the retirement of our former deputy vice-chancellor Jane Wilson, but, as our acting chancellor and deputy chancellor has said, the three people that we as the senate can select are all female.

What you are seeing here is a process where the majority of our senators are elected. Where we could select, we went for women only, not because they were women but because everything else being equal we try to rectify an imbalance. It was the election process and the GIC process which has resulted in the imbalance more than our personal choices. I have to admit that it is possible—I cannot remember—that the eight people we put in front of the government were not balanced enough in gender as well.

**CHAIR:** Of the three women you said that you recently appointed, is that reflective of the current trends of where development needs to occur? For example, there is a major push around women in engineering or sciences. Are those appointments reflected in the senate at all or not at this stage?

**Ms Dwyer:** I am one of those appointed members. As Peter said, the reason I was delighted to join the university is the value I can bring around the understanding of the international market, because I worked in the UK for many years in the student housing market but also in infrastructure and real estate, which is a big part of the university. The other appointed members are Michelle Tredenick. Michelle has a background in IT and technology. I cannot recall exactly which bank she was on, but she is now on the board of the Bank of Queensland—

**Prof. Høj:** She was chief information officer, I believe, for NAB and she has a science degree from the UQ. The third is a senior lawyer in one of the big law firms.

**Ms Dwyer:** It is fair to say that one of our elected graduate members is a science graduate and was one of the first ladies to run an oil refinery in Queensland. She is very active in supporting women in STEM through the university's engineering department.

**CHAIR:** Thank you both for coming today.

**Prof. Høj:** Thank you for hearing us out.

PROOF

**TWEDDELL, Mr Bill, Chancellor, James Cook University**

**KERN, Mr Michael, University Secretary, James Cook University**

**CHAIR:** Good afternoon to you both. Thank you for your submission. Mr Tweddell, we will ask you to make a brief opening statement after which the committee will ask a series of questions.

**Mr Tweddell:** Thank you very much for this opportunity to address the committee in support of the University Legislation Amendment Bill 2017. James Cook University believes strongly that the proposed reforms will deliver a more contemporary governing body which will give JCU the ability to adapt better to the many changes taking place in the higher education sector. A highly dynamic and competitive global higher education environment we believe requires governance arrangements that will help our university to realise the opportunities and to meet the challenges of the future.

JCU supports the objectives of the bill and the government's reforms for JCU, including the flexible governing body membership model. JCU is 50 years old in 2020. It is Queensland's second oldest university and has had a fixed governing body membership model since its inception in 1970, a time at which I am both proud and paradoxically embarrassed to say that I was at that time both studying and working full-time at James Cook University as it became in 1970. JCU also has the equal largest total governing body size of all Queensland universities, and in fact in all of Australia, despite our being a mid-sized university.

After taking full consultation with its own members, consulting with other key stakeholder groups, including staff, students, convocation, local members of parliament and unions, and reviewing arrangements across the higher education sector, both within Australia and in other Commonwealth countries, the JCU council, which includes all of our convocation elected staff and elected student members, was unanimous in the view that a flexible governing body membership model would best serve our university's interests and the interests of the communities which JCU serves. In arriving at that position, the JCU council took into account numerous considerations and justifications including increased flexibility, improved effectiveness and nimbleness, with the aim of having more contemporary and fit-for-purpose governance arrangements that would help attract and retain council members with the requisite range of skills and experience. Furthermore, for JCU to continue to be distinctive and take a leadership role at state, national and international levels in pursuit of a very clear strategic intent, it should have a skilled and diverse governing body membership and the capability to adapt to changes in community expectations, markets, industry demands and government policies.

Our stakeholder consultations reinforce the view that JCU's current power to be able to appoint only four out of a total of 22 members—and only one if you exclude the ex officio members—was a valid concern and that change was needed to achieve flexibility and an appropriate mix of qualifications, experience, corporate knowledge and expertise while achieving a balance of diversity, gender, ethnicity, regional location—geographical location is important for us—nationality and age among our members.

Our review of state and national arrangements demonstrated—and I will be brief about this because it may be known to you—that flexible models exist currently in Tasmania, where they have a range of 11 to 14; New South Wales, 11 to 22; Victoria, 11 to 21; New Zealand, 8 to 12; and England, where 12 to 24 members is recommended nationally but is not prescribed and is left to each of the autonomous institutions to determine the appropriate size. We have the highest proportion of elected members out of all the Queensland university governing bodies with 10 elected members, meaning that we are an outlier in terms of the high proportion of elected members as a percentage of the total membership, 45.5 per cent. The proposed flexible model provides for a membership of between 11 and 21, allowing the James Cook University council to have governance arrangements with flexibility while maintaining the important role performed by the elected members of the JCU council and ensuring appropriate staff and student membership.

I stress to the committee that all stakeholders including elected staff, academic, professional and technical members and elected student members of our council unanimously supported the continued existence of elected members on the JCU council. Some may claim that in supporting this bill JCU is displacing the roles of elected representatives and their constituencies. That is emphatically not the case. To be quite clear, good governance requires that all members once elected must act in the best interests of the university as a whole, not just the wishes of those who elected them. These are not political elections and, unlike in local, state and federal politics, there are no constituencies. The voluntary code of best practice for the governance of Australian universities in

fact requires that members are appointed or elected ad personam. They do not represent those who elected them and nor are they there to express those others' views; they are elected or appointed on an individual basis.

The JCU council has declared its majority support for a medium-sized council of between 15 and 18 members—two-thirds of members wanted that; one-third want something smaller; nobody wanted anything bigger than 18—which maintains a majority of external members. If a future council were to determine they wished to further reduce that number, under the proposed new model there would be requirements built in for three things: 25 per cent minimum of the total membership of the council to be elected members; 60 per cent minimum of a total elected membership of the council to be elected staff members; and a minimum of one elected member in respect of each of the academic staff, professional/technical and students. The new model also proposes that the members appointed by the GIC, the Governor in Council, which are currently eight, be reduced to a range of between three and six and that the additional member category appointed by the council, currently in our case just one, be increased to a range of between three and six, to enable JCU to have greater control over appointments to address any qualifications or skills shortfalls. Our council has unanimously endorsed the removal of the elected convocation members, currently two, but, in recognition of the important role which our graduates do play, there is a proposed requirement that two members drawn from the additional—the JCU council appointed—members be JCU graduates. The result is that under the changed model the right balance is achieved and all key stakeholder groups are assured of a fair and equitable voice.

The JCU council has also endorsed the amendments to all Queensland universities acts including the JCU Act in respect of four areas (1) the removal of the power to establish a statute; (2) the removal of certain limitations on the delegation of powers and functions by university governing bodies; (3) the removal of the current restriction on delegation of responsibility for approval of bequeathed funds expenditure above \$100,000; and (4) improving the integrity of the membership of university governing bodies by requiring the notification of criminal convictions and disqualification from managing corporations.

In conclusion, our university was established 50 years ago for the purposes of education and research of specific relevance to the tropics and to meet the needs of the northern Queensland community. James Cook University believes that the proposed JCU flexible model reflects the needs of a contemporary university charged with delivering an important public good in a competitive global environment. The university wholeheartedly supports the proposals in the bill for the reasons set out in my earlier remarks and in our written submission to the committee. We acknowledge, welcome and thank the Minister for Education, the Department of Education and Training and the Queensland government for the process they have adopted to develop these important governance reforms with a view to having more contemporary and fit-for-purpose governance arrangements for Queensland universities. I close by reiterating my thanks to you and to the committee for the invitation to attend this hearing to address the committee and to answer any questions that you might have.

**CHAIR:** Thank you, Mr Tweddell. Your submission implies that there are challenges in attracting and retaining council members with the skills and expertise required on the governing body. Could you describe the skills and experience needed now and in the future and identify the areas where this has been an issue for you?

**Mr Tweddell:** There are a number. The profile we have at the moment is quite light on one of the questions that we overheard before in that we do not have anybody with a science background, for example. Five out of 22 of our members are women and my capacity to do anything about that is extremely limited. We do not have anybody with an Indigenous background. I have mentioned that we do not have a science background anywhere. We have retired politicians—a former federal member and local politician, a former mayor of both Townsville and Thuringowa. I am sure to get it wrong if I try to get all 22, but we have of course university members. We have some diversity there, but it is I think a particular challenge to attract the heaviest of hitters with sufficient business background in a regional environment. That is, I assume, not unique to James Cook University.

We are really arguing for greater flexibility. I have mentioned to you that two-thirds of our members thought that 15 to 18 was a good idea. We do not want to get bogged down on that. One-third of our members thought something smaller than that. Nobody went for 18 to 22, but I often make the point that if we as a council decided to go for 22 of the best of people that is probably better than 12 or 13 of people with whom we do not have enough diversity. The diversity has some particular challenges for us. We have two Australian campuses—two main campuses. We have presences, as



many of you would know, as far out as Mount Isa. We have a campus—the only internationally recognised campus—in Singapore as well. Our hands are pretty much tied on what we can do with this.

Just to illustrate—I am certainly not one who is hostile to elected members—the most recent vacancy on our council was for a member of the academic staff. That was filled in a situation where, really, we do not have enough women and a situation where geographical diversity is an important consideration. It was filled by a man—a very good one as it happens, but that is not what we are arguing about here. He is an academic male from Townsville. It just illustrates the point that with an election process, unless there is some sort of guided democracy of a kind that we probably would not want, it is very hard to get that thing right. We have only one position which is in the gift, as it were, of the council. That was already filled before I came, and that was by a male from Townsville. The member for Townsville is hardly going to agree with me that people from Townsville are not a good idea, but I think we have a struggle to get diversity of region as well as ethnicity and gender. That is quite a problem in the arrangements we have at the moment.

**Miss BARTON:** I am not sure whether you have had a chance to look at the other submissions the committee has received on this bill. You may be aware that the committee has received a submission from someone who purports to be a staff member of JCU. It is not that I necessarily doubt that but, not coming from Townsville I can only take their word for it. I am sure that at least their representation of their employment is entirely accurate—without commenting on the content of the submission. They have raised some concerns in their submission about the university council and how it operates, in particular the subsequent delegation and sub-delegation powers. Have you had a chance to look at that submission?

**Mr Tweddell:** Yes, I have, in fact.

**Miss BARTON:** I just wanted to give you an opportunity to comment, given that it particularly goes to your university.

**Mr Tweddell:** Yes, it is a fairly live issue with our council. It is an arcane field. Michael, do you feel well qualified to go into detail on that? To address your point, yes, we are aware of it. I do not think it is a completely thorough and accurate account of the position we are in but, having said that, I now have an obligation to try to explain to you what is the real position.

**Mr Kern:** The university has been undergoing quite a significant review and overhaul of its delegations framework, particularly around the key chapters, or delegations registers, in terms of human resources, student and academic delegations and corporate delegations. That process is ongoing. It is nearly finished. We are almost at the final point where a complete framework is in place with delegations registers established. I think the staff member in question has ongoing issues with the way delegations are dealt with by the university, but this has been through a very thorough and rigorous process. The council has looked at it quite extensively and is happy with the framework that is in place and the way delegations are dealt with. Indeed, to assist and facilitate that process I understand that the university is currently in the process of developing a database that will make access to delegations and knowing which officers have which delegations much easier than it currently is. That process will probably come together in the next six months.

I do not believe that the council as a whole has had any concerns about the way delegations are managed. They are very clear. Individual delegations have been taken out of policies and a new framework with the way delegations are managed in terms of bans has been established and appears to be working well. Clearly, there is an ongoing role in terms of education and training to make sure that these appropriately qualified officers in the organisation know exactly what it means to have a delegation and how to exercise that delegation and meet the accountability and reporting requirements that are attached to that.

**Mr Tweddell:** I can add to that, if I may. I came on board in March last year. It is something that we have been overlooking—if that is the right word—throughout that period with a view to making sure that it meets the right standards of governance and so forth. We are very committed to it to the extent that, if some of the misunderstandings or misapprehensions are due to communications failures, I am trying to keep an open mind about that. It may just be that, with so many working parts in motion, there is a little bit of confusion. Where that is the case, we have a responsibility to try to clear that up at the governance or at the management level. There is a strong commitment to getting it right.

**Mr WILLIAMS:** Can you give me an idea of your student gender ratio?

**Mr Tweddell:** We are—and I stand to be corrected—about 60-40 female. Please do not hold me to that as a round figure, but the last time I looked I think our student enrolments were 60-40.

**Mr WILLIAMS:** That is 60 per cent female, 40 per cent male. I notice that you have no Indigenous representation.

**Mr Tweddell:** Sorry to interrupt you, but we did try in the last nomination process, which was before my time—

**Mr Kern:** That would have been nominated in late 2013 for the 2014—

**Mr Tweddell:** That did not pass muster with the process at the time. It was beyond us. Our nomination did not get through.

**Mr WILLIAMS:** Your female representation is about 18.5 per cent, or less than two in 10. You are trying to address that. You have one?

**Mr Tweddell:** That is right, when that one becomes available. That just illustrates how little of this is in the power of us as a council to address any of those issues—gender balance, region and ethnic background. Yes, we would like to address it if we had the power to do it. If this model goes through, our power to do so would be marginally enhanced.

**CHAIR:** You have consulted with the university about a proposed governing body and in your submission—as you have stated today as well—you say that the council members unanimously support the model. What were the outcomes of the consultation with staff, student unions and the broader university community?

**Mr Tweddell:** Particularly as new chancellor, I did not quite know what to expect of that. We did our best to facilitate as much input as possible, both electronically and face to face. Wherever we could we tried to meet face to face with people. I am probably an old-fashioned enough boy to think that that is a better way of doing things. Overall, once we had a chance to walk through all of it, I think there was pretty good support. As you are uniquely placed to know, we also consulted with local members of parliament.

The process was quite encouraging, to be frank. It was good. I would have liked a bigger turnout, but I also realise that I am not a star attraction either. It is an issue, frankly, the question of levels of interest in the elected situation that we are in. I think the last election for a member of the council was for a staff member. Fewer than five per cent of those eligible to vote turned out, yet we are told that there has been significant turmoil and so on. The last time we had student elections, fewer than three per cent of those eligible to vote turned out. I am sure that it is an issue that my colleagues from the unions have as well. For example, I do not know the NTEU membership percentage of those eligible either. By the way, I am not sitting here saying 'tut-tut'. I see us as a council having a role in that, too. I think we also need to sell the value of this process. I am not sitting here piously saying that it is all somebody else's problem. I think we need to communicate to people the value of what the council does. I think some of the by-product benefit of what we did in the consultation process was just that: they got to see what the council looked like and what they did. That is a very long answer to a short question, I am sorry.

**Mr Kern:** I might add some specific examples of the changes that we made to the proposed model following the consultation. One was in reaction to convocation members, that their particular membership category was being removed. We found a number of people quite passionate about the convocation representation. The council took that on board and decided that it wished to continue to recognise the important role that graduates, particularly out of that group of convocation, play in relation to the governance of the university. We proposed an amendment to lock in that two of those positions to be appointed as council appointed members, or additional members, must be graduates of James Cook University. That was an important amendment to that position.

The second one was that—and I know this particularly in talking to Michael McNally—the NTEU was concerned about wanting 33 per cent in terms of elected representation remaining on the council. We did not necessarily agree with that high level. Indeed, currently we have something like 48 per cent or some extraordinary number. We felt that 25 per cent was an appropriate number and, in consultation with the minister's office, there was a sense that 25 per cent might be a good number to settle on. The university council was keen to see that percentage locked in as a minimum percentage, which gives you that appropriate mix and balance and ensures that each stakeholder group has that fair and equitable voice on the council.

The third one was in terms of some of the feedback that we had from one of the unions and indeed one of the consultation forums that we had. It was: if the councils were wanting to meet state government gender equity targets, could they consider holding the elections earlier and then hold off

on the council appointments until a bit later so that we can try to ensure we get the balance and the required gender equity. The way things had worked previously, the elections were pretty much run up to the end. The GIC appointments were coming in quite late and we would often make our appointment earlier, not leaving us an opportunity to fill that final shortfall.

The proposed model provides the wonderful flexibility that the university is after to ensure it gets the optimum chance of providing good governance across the university through quite a great balance across the stakeholder groups and giving the university that flexibility of between three and six people that it can appoint to meet all of those desired objectives in terms of skills, geographical representation and gender equity and end up with a diverse membership which suits the needs and helps us meet our objectives.

**Mr SAUNDERS:** Is there any reason you think there was a small turnout? Did the university do anything to promote it? Is there any way that you can improve on that? It seems a very small percentage.

**Mr Tweddell:** It is, and it is pretty much on trend. I do not have it at my elbow. Michael may. If you look at it historically, in recent times the turnout has been of that order. I do not know why it is thought to be not something interesting. As I said before, as long as I am chancellor I want to try to make sure that people have a bit more of an idea of what the council does and what its relevance to them might be.

Frankly, if you talk about elected representatives and it is that low, you are perverting two words from the English language—elected by whom and representative of whom? That is a smart alec thing to say, but it is simply to say that there are limitations on how far you can stretch that definition when you have that. We have tried our best. With the most recent one that has happened since I have been here—the one vacancy for staff—we did our best to get the word out there. It is disappointingly low. I am sure that our union colleagues would have similar tales of woe to get the numbers out and get people interested. I do not know what the story is, really.

**Mr Kern:** I want to provide a bit more detail. I know that it was a question raised at the first hearing in terms of whether these elections are hotly contested. At JCU they certainly do not appear to be. The election that the chancellor refers to—the academic staff election—held in April this year had two candidates. There were 74 votes cast out of a potential 1,689 votes. That is around about 4.38 per cent. If I were to go back to March 2016, which was a student election, we had five candidates and 507 voters out of a potential 18,890 votes. That is a turnout of 2.69 per cent. A general staff election was held in September-October 2015 with five candidates and there were 305 votes out of a potential 2,700-odd—around 10 or 11 per cent. They are not hotly contested and not engaging.

To answer your question about how you can try to promote and engage that more, that is very difficult. It is often a timing issue. We cannot tell people when to resign as a member. If they resign in November and they have to hold that election fairly promptly, sometimes the timing is not good, particularly around students' study time. We usually have some sort of a guide as to what is expected in the positions. We run our elections electronically and we have follow-up emails to encourage people to nominate or vote.

**Mr SAUNDERS:** You are saying that it is hard in North Queensland to fill the positions with the right people. Can you look farther afield under your charter? Are you able to go south to get people to sit on your board?

**Mr Tweddell:** Yes, we are. The chancellor—my position—is required to be resident in North Queensland but, for example, one of our council members is resident here in Brisbane. We have people from Mission Beach and so forth. We try to go for that. Going forward, Singapore is a rich vein that we need to try to tap into, because we have our campus over there as well. To the extent that we can cast our net wide and direct these processes, yes.

**CHAIR:** There being no further questions, I thank you, gentlemen, for coming in this afternoon and sharing with us and extending on your submission. If you have any questions, please feel free to make contact with us.

**McNALLY, Mr Michael, Division Secretary (Queensland), National Tertiary Education Union (Queensland Division)**

**CHAIR:** Good afternoon, Mr McNally. Thank you for joining us and for your submission. I invite you to make an opening statement, after which the committee will ask you a series of questions.

**Mr McNally:** Thank you, Chair, Deputy Chair and members of the committee for your time. Universities are not ordinary institutions. They are not even ordinary public entities. They play a unique role in the development of society by furthering, creating and disseminating new knowledge. They are extremely complex organisations. They do not make widgets, produce electricity or provide public transport services.

For hundreds of years, universities have been based on a devolved form of governance that prioritised the educational requirements of the institution. Academic staff in particular were provided with significant authority to determine the classes they would teach, the direction of their research and the forums through which they would disseminate their research. This form of governance is still practiced in some advanced countries such as in Norway, where the vice-chancellor or rector is democratically elected by staff and students of the university.

Universities are not businesses. In recent years, I have noticed an increased tendency for university managers to refer to their institution as 'the business'. I note that the acting chancellor of UQ did so here today. This prioritises business decisions and frames of reference over the educational priorities of the institution. The framing of the university as a business also allows those who make business decisions—that is, senior management and the senior executive of the university—to assume authority over those who make decisions around curricula, pedagogy and research. This is having an impact on the freedom experienced by university staff, particularly academic staff, in undertaking their roles. They are increasingly told what to do, what to teach and what to research.

Moves to make universities more like businesses have potential ramifications for the expenditure of public funds. Partnerships with industry and imperatives to source funding external to the university create perverse incentives among managers. The only body that provides oversight of senior university managers is the governing body. The members of the governing body with the greatest expertise of university funding arrangements and processes are university staff. When the vice-chancellor tells the governing body, 'This is the way that we do things in higher education,' the only members of the governing body with the expertise to challenge that, other than those selected by the VC, are staff representatives.

Corporate models of governance are not relevant in universities as the senior executive and the governing body are not accountable to anyone. There are no shareholders to report to. One example of this lack of oversight is the excessive remuneration that senior executives award themselves. The vice-chancellor of JCU had a salary package of between \$930,000 and \$945,000 in 2016 and the senior executive at JCU earned more than \$4.2 million, with approximately 10 members. We also had a millionaire vice-chancellor here today in Peter Høj, who earns more than \$1 million a year.

I have seen no evidence to support the assertion that smaller governing bodies will improve flexibility. Our submissions have evidence to that fact. With the current oversight arrangements, universities have changed dramatically in the past 10 years in terms of online delivery, changes to course size and delivery modes. I think it is important to note that there is a tendency for self-selecting bodies to replicate themselves. I note that the committee has expressed concerns about the diversity of the current governing bodies at universities. In terms of flexibility, at JCU, for example, under the current oversight arrangement the university has created a new VET school, a new school of tropical medicine and a new dental school, all in the past 12 years. Those courses are fully subscribed and provide stability to the university, all achieved under the current governance arrangements.

The assertions made by proponents of change with regard to regional universities that they have struggled to find the relevant expertise to sit on governing bodies is, frankly, insulting to those communities. I note that the chair comes from Townsville. I think the assertions by JCU that they struggle to find people with the appropriate knowledge should be taken as an insult.

Reducing the size of governing bodies will reduce the scope of local people with business, community and government expertise to participate in the governance of the biggest institutions in their area. Outside people bring different expertise, perhaps, to the governing body, but I do not understand how reducing the number of external people brought to the governing body will improve that external expertise and none has been provided. Ironically, the proposals cut staff representation and it is staff that have the expertise.

In summary, the proposals reflect an ideological corporate model that does not fit with universities' missions or structures and there has been no evidence provided to show that they do. Elected staff representatives are those best placed to challenge the insertions of senior management and hold their decisions to scrutiny. Someone who is appointed by the vice-chancellor is unlikely to question the vice-chancellor. There is no need for the changes proposed to the size and composition of governing bodies and our members oppose those changes.

**CHAIR:** Thank you, Mr McNally. Are there any questions from the committee?

**Mr SAUNDERS:** Thank you for that enlightening point on remuneration. That has given me a bit of a shock. I do agree with you: one thing that concerns me is that earlier today we were talking about an educational institution being run like the board of BHP, Coles and so on. As a layman, I am finding it hard to get my head around the idea that it seems to be a bit of a boys club. It seems to be a bit of a locked-up organisation to get through. I would like to see more participation from staff and also from students in board decisions and on the board of the university. Am I heading down the right track there?

**Mr McNally:** Certainly. I think some assertions were made today by both the chancellor from JCU and the vice-chancellor at UQ that somehow elections inhibit diversity in that they do not have control over the people who are nominated. I can tell you that, as a union, we take diversity very seriously. The recent nominations ironically to both UQ and to JCU have been women who have been elected to those councils. While they do not represent the NTEU, we support particular candidates and, in both cases, most recently we have supported female candidates.

I think there is no reason the legislation could not include quotas in terms of elected representatives. If you wanted to have diversity, certainly we would support some representation, however it was determined, for Aboriginal and Torres Strait Islander community members to have some oversight. This is probably a bit of a digression, but universities have a shocking record in terms of the employment of Aboriginal and Torres Strait Islander staff. The lack of oversight at the governance level may have some correcting influence on that. It would be nice to see a lot more Aboriginal and Torres Strait Islander peoples employed at universities.

I do not want to keep harking back to JCU, but they did give evidence here and they are the first cab off the rank, so to speak, in terms of these reforms. They are in an area with an extremely high population of very capable Aboriginal and Torres Strait Islander people and yet the last report that I got I think earlier this week said that about 2.6 per cent of their staff are Aboriginal and Torres Strait Islanders, excluding casuals.

**Mr SAUNDERS:** Earlier I asked about participation and engaging people in elections. Have you any ideas how we can engage and get people motivated?

**Mr McNally:** It is unfortunate that the two speakers before me do not have a right of reply, as it is not very fair for me to cast aspersions. However, if you were to look at the staff engagement surveys that universities regularly do of their staff, you would find that staff do not engage with correspondence from senior management. They get too much correspondence from senior management. I think they glossed over the level to which they actually promote the role of elected representatives on senates and the efforts that they take to promote those elections.

**Mr SORENSEN:** You say that it is going to reduce the accountability and transparency of the public universities. Can you give us some evidence of that?

**Mr McNally:** Evidence is very difficult, because we have the current state and there are problems with the current state. I think it is interesting to ask for evidence from the people who want to promote the status quo when there has not really been any evidence provided by those people who are proponents of change. If they are saying that they are going to move to a corporate governance model, no offence to anybody in the corporate world, but corporate governance is not fantastic for its reputation of transparency and good dealings. Therefore I am not sure why we would particularly wish to move to a model of that kind. I do not see how less oversight of people who are actively engaged in working in an organisation could possibly lead to an increase in oversight and public accountability.

**Mr SORENSEN:** If you look at UQ, with a budget of about \$1.8 billion it has to be run properly.

**Mr McNally:** Yes.

**Mr SORENSEN:** You have to have the expertise there to actually encourage overseas students and so on. At the end of the day it has to be run like a business, because you are looking at a budget of \$1.8 billion. If you put the wrong people in there, you could soon stuff it up.

**Mr McNally:** I do not think that at any point the business decisions of the university have been overwhelmed or drowned out by the elected representatives. At UQ we have three representatives, two academic staff and one, so out of a board of 22 that is not a casting vote in any way, shape or form. We are not suggesting that they should have some sort of casting vote, but at least they are there to ask questions and to hold management decisions up to scrutiny, if not for themselves then for the people from the business community who might just be looking at the numbers and saying, 'We don't really know about the academic impact of these decisions, but the numbers speak for themselves'. Sometimes, the numbers do not speak for themselves. It is more a question about asking questions and being able to raise issues, rather than determine the strategic direction of the university.

**Miss BARTON:** Michael, one of the things that you have raised in your submission is that there is no evidence that smaller university councils will necessarily be any more effective than a larger one might be. In your view, what would be an optimal size for a university governing body?

**Mr McNally:** Again, we are talking from a perspective where we do not believe there is any requirement or urgent need for change. Certainly, larger rather than smaller. I would think there is a point at which elected representatives need to have a certain number to have a critical mass to be able to speak up, so if you only have three members—one academic, one professional and one student—they are going to find it hard to have a voice that will be heard on a council or a senate. If you had a group of five, together they might feel powerful enough to stand up and question authority and ask questions of the decision-makers. I cannot see how anything smaller than 15 to 20 would be reasonable, but, again, we are arguing from a position where we do not see that there is any need for urgent change. There has not been any case made for change.

**Miss BARTON:** Out of curiosity, in terms of the structure of the NTEU, I would imagine that each of the institutions have someone who is on a decision-making body, whether or not they be elected by union members. I am making assumptions, because I must admit I do not know much about the NTEU other than that it exists. In terms of how that works, is it that you represent each of the individual institutions?

**Mr McNally:** Are you talking about me personally?

**Miss BARTON:** The organisation that you represent.

**Mr McNally:** I am the Queensland division secretary. We are a national union. Each state has a division secretary. We have branch presidents at each of the seven public universities. It used to be the fact in some universities, for example at UQ, that the branch president of the NTEU was a position on the senate, but that has now been replaced by the elected model because that was deemed to be undemocratic. We have no direct voice in terms of the governing body per se, although we are very effective in terms of supporting candidates who do get elected to governing bodies.

**Miss BARTON:** In terms of the NTEU's decision-making process and in terms of how you got to your position that the status quo is appropriate as opposed to the proposed changes, is there a governing body in your own organisation?

**Mr McNally:** Yes. We have the NTEU National Council, which has an extensive policy on governing bodies and best practice governance for universities. I would be happy to send through our policy on university governance if that is of interest to the committee. That is determined by the National Council, which is representatives from each and every branch of each and every university across Australia meeting and determining the union's policies. We meet as a division council. I have been discussing these governance matters with my counterparts in the division council for some time.

**Miss BARTON:** How many members are there of the division council in Queensland?

**Mr McNally:** Sixteen, I think.

**Miss BARTON:** There have been a lot of discussion today about the diversity of governing bodies in terms of gender, as well as whether or not people identify as Aboriginal or Torres Strait Islander. However, with the exception of some of the discussion prompted by questions asked of the University of Queensland representatives, there has not been much discussion about the importance of a skill set. As someone who represents people who work in universities, is it not more important to have people with the right skill set, as opposed to people who represent a particular cultural group or gender?

**Mr McNally:** That is a difficult question. Do I support diversity in the face of qualifications and expertise? I do not think I should get caught on that one. That said, of the people whom we have supported in terms of nomination to elected roles, for example, our previous branch president was on the Senate at UQ through his elected role and he has probably 25 or 30 years experience in the

higher education sector. The woman who was recently been elected to JCU council works in an area that is directly related to governance in terms of dealing with student complaints et cetera and is intimately aware of university governance protocols and structures. We are not putting up people who do not have a clue, if that is what you are asking. We would not support nominees who did not have the experience required to sit on a senate. That would be nonsensical for us. We want a strong voice on senates and councils in order to hold management to account.

**Miss BARTON:** It is more in response to your statement that there should perhaps be consideration of a quota.

**Mr McNally:** Absolutely. If we are electing blokes all the time then there is something wrong with what we are doing and there needs to be a quota.

**CHAIR:** As you know, the bill will enable a university council to delegate power to the vice-chancellor to permit the vice-chancellor to then subdelegate to an appropriately qualified staff member. In your submission you suggest that, if subdelegation is allowed, there should be legislative requirements to report back to the university council. Could you expand on what you consider would be necessary and how that might work?

**Mr McNally:** I think Michael Kern, the university secretary of JCU, was alluding to a register of delegations and subdelegations. A requirement to have that register would go some way towards redressing the issues we face with subdelegations. Our fundamental view is that subdelegations should be allowed but should remain within the control of the governing body because of its pre-eminence in terms of decision-making and that any review to that subdelegation should come back to the governing body rather than the person who was originally delegated the power in the first instance. In terms of transparency, an up-to-date, regularly maintained subdelegation register would alleviate that in some regards.

**Mr SAUNDERS:** The more I am starting to delve into this, the more interested I am getting into boards, senates cetera. What interested me were your comments earlier about remuneration. I know that there has been activity with staff pay et cetera. Who sets the pay for chancellors and vice-chancellors? Is there anything from across the faculty about this? Is it just decided around that table?

**Mr McNally:** The universities will tell you that they benchmark against each other, which is a great way of gradually ratcheting up your salaries if you want to do that. I am not talking about the members of the boards per se. The chancellor receives remuneration, but most members of boards do not receive remuneration. I am talking about the remuneration of the vice-chancellor, the senior deputy vice-chancellors and the proliferation of the various deputy vice-chancellors, provosts et cetera. They have their remuneration set I believe by a committee of council or a committee of the Senate, but because they benchmark against each other as opposed to some sort of external benchmark they seem to keep ratcheting up.

**Mr SAUNDERS:** We might have to bring that in for politicians! No, it is very interesting. I was curious because I have friends who work in the sector and they are advocating for higher pay for what they do, but a million dollars in my book seems to be very well paid.

**Mr McNally:** Indeed.

**CHAIR:** There being no further questions, thank you very much for coming in today. I appreciate your contributions and your submission.

**MARTIN, Dr John, Research and Policy Officer, Queensland Council of Unions**

**CHAIR:** Good afternoon, Dr Martin. I invite you to make a brief opening statement, after which committee members will then ask a series of questions.

**Dr Martin:** As you can see, our submission is quite brief. That is because it goes to one point only, and that is the question of representation on governing bodies. We support the position that has been adopted by the NTEU with respect to this matter. It is our view that for universities which are publicly owned there should be no weakening of external observation of their governing bodies. We do not believe that would serve the public interest to reduce that level of representation.

Having heard some of the comments made previously, given where we are, I would probably ask the committee to consider the current Queensland government in terms of the capacity to work in terms of affirmative action and getting members elected. It is a nonsense to say that it cannot be done. It is a nonsense to say that you need to appoint people to be able to reach targets. It can be done through an elected model. As I said, the parliamentary Labor Party in Queensland is probably the best example in Australia, if not the world, of how that can be done.

Those are probably the opening statements. In supporting what Mr McNally said earlier, we see the purpose of universities is the creation and dispensation of knowledge. They are not there to make profit. It may well be that there is an income stream which results from student fees and we can debate the merit of that, I guess, but I guess that was an argument some of us lost a good 30 years ago. There is an income stream there but the fact that revenue is coming in does not make you profit motivated. As I said, something which is publicly owned should be subject to maximum scrutiny and not a reduction of it.

**CHAIR:** Do you have a view on the optimal size and composition of a university governing body?

**Dr Martin:** I think there would be others better versed, but as Mr McNally said we are advocates of the status quo in this regard.

**Mr WILLIAMS:** John, you heard the reference made to quotas. You were hear during that evidence. What is your opinion with respect to there being not appropriately qualified people in terms of ethnicity and gender to fill these positions?

**Dr Martin:** Again, that makes the assumption that they are mutually exclusive which I would not necessarily accept to be the case. If you are saying that someone of an Indigenous background is incapable of holding these sorts of qualifications or expertise, if you are saying a woman is incapable of holding this level of expertise or qualifications, that is simply a premise upon which I would not agree.

**Mr WILLIAMS:** Thank you.

**Mr SAUNDERS:** I am starting to get more concerned as the hearing goes on with what I am hearing. I am hearing about JCU with its quota of female students. It has very little female representation. I strongly think that a quota is needed. If I talk about politics across-the-board, in my electorate 51 per cent of the voters are female. We must have some sort of quota to make sure that women are represented on the board of the faculty.

**Dr Martin:** Yes. Be careful what you wish for in preselection.

**Mr SAUNDERS:** That is all right. It is a numbers game. What is the relationship between the management and the staff of universities? Have many problems been generated from—

**Dr Martin:** It would probably be unfair for me to be making comment given that I have not been directly involved in those sorts of negotiations for the best part of two decades now. I could give a personal opinion of a long time ago, but I do not think that that would be appropriate for evidence before this committee.

**Mr SAUNDERS:** The only reason I ask is that the remuneration of some of the senior people is very high and we read all the time that other people are being nailed down to the floor regarding wage increases and expenditure. That is all I wanted to bring up.

**Dr Martin:** I do know from personal experience that remuneration is not easy but workload is certainly another issue. Not only academic but all staff within universities are finding their workload increasing as we see a more business like model. Some may say that is a good thing, but when it starts to undermine educational outcomes that is when it becomes a difficulty. I have had experience with a number of universities, and some operate better than others. I guess that would be the conclusion that I would draw.



**CHAIR:** There being no further questions, thank you very much for your time today, John. That concludes the public hearing. I thank all the witnesses who have appeared today, and I also thank Hansard. A proof transcript of these proceedings will be available on the committee's parliamentary web page in due course. Witnesses will be invited to make any necessary corrections to the transcript. I declare this public hearing of the committee's inquiry into the University Legislation Amendment Bill 2017 closed.

**Committee adjourned at 3.27 pm**

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