

UNIVERSITY GOVERNANCE CONCERNS IN RELATION TO VICTORIAN VICE- CHANCELLORS AND CHANCELLORS

Briefing Note by the National Tertiary Education Union, Victorian Division

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The need for reform of Victorian university governance

The acute problems of governance in the university sector has been recognised by the [Australian Universities Accord Interim Report](#) and through the establishment of the [Expert Governance Council](#) under the Accord process. These failures are vividly illustrated by the fact that the tertiary education sector is a priority area for the Fair Work Ombudsman (FWO) – FWO’s priority areas [‘focus on industries that are at significant risk or demonstrate a history of systemic non-compliance’](#). The [Fair Work Ombudsman](#) has identified as one of the major causes of wage theft in the university sector as:

Corporate governance arrangements that do not prioritise or consider workplace relations risks or compliance, often with little or no line of sight over how work is undertaken at the business level. For instance, inadequate reporting to and oversight by governing boards including audit and risk committees, resulting in a single point of failure.

There have also been governance failures with the salaries of Vice-Chancellors. A New South Wales Parliamentary [report](#) has said that ‘[t]he current system that sees University Vice Chancellors paid 25 or thirty times more than many of the people undertaking the core work of universities must be reviewed and *the failure to do this by the governing bodies of universities is evidence of a failure of leadership*’ (emphasis added).

This note addresses two areas which give rise to governance concerns:

- Large donations made by University of Melbourne Chancellors; and
- Potential conflicts of interest arising from consultancies and directorships of Victorian Vice-Chancellors.

The note does not suggest any impropriety on the part of the individuals concerned. Equally, the integrity of university governance requires effective safeguards against *actual*

and *perceived* impropriety. Absence such safeguards, public confidence in university governance – which is already at low levels – will be further damaged.

This is especially the case when it comes to the highest levels of decision-making at universities. This note addresses the two most senior positions at Victorian universities, those of Chancellors and Vice-Chancellors: Chancellors chair the University Councils, the peak governing bodies of Victorian universities; whilst Vice-Chancellors are the chief executive officers of the universities.

The NTEU recommends that:

- **Victorian universities disclose:**
 - **donations received exceeding \$500 000 on an annual basis; and**
 - **protocols on managing conflicts of interest in relation to donations.**
- **Donors who made a donation to a Victorian university in excess of \$1 million in the past 10 years be precluded from being appointed as the Chancellor of that university.**
- **University annual reports disclose:**
 - **all paid consultancies of Victorian Vice-Chancellors together with the amounts paid;**
 - **all directorships of Victorian Vice-Chancellors together with the amounts paid;**
 - **all contracts between that university and entities of which the Vice-Chancellor is a director together with information as to the value of the contracts and arrangements put in place to avoid conflicts of interest.**
- **Victorian Chancellors be required to certify in university annual reports that the commitments associated with the directorships, consultancies and other forms of non-university work of their university's Vice-Chancellors have not compromised the ability of the Vice-Chancellors to perform their duties.**
- **The Victorian Auditor-General's Office audit Victorian university governance arrangements relating to contracts between universities and companies of which Vice-Chancellors are directors.**

These recommendations should be adopted by the national [University Governance Principles and Recommendations](#) that are to be presented to the Education Ministers' Meeting for endorsement by the end of 2024. This will ensure that minimum transparency standards are raised uniformly nationally and across the States and Territories.

This briefing paper is part of a series of papers by the NTEU's Victorian Division on reforming university governance. Other papers in this series are:

- [*Analysis of 2023 Annual Reports of Victorian Universities in terms of Insecure Work*](#) (May 2024);
- [*Analysis of 2023 Annual Reports of Victorian Universities in terms of Vice-Chancellors' pay*](#) (May 2024);
- [*The governance failures at Victorian universities*](#) (June 2024); and
- [*Recommendations to improve Victorian university governance*](#) (August 2024).

Large donations made by University of Melbourne Chancellors

Allan Myers AC QC was [Chancellor of the University of Melbourne](#) from January 2017 to December 2022. In 2013, Myers donated [\\$10 million](#) to the University of Melbourne's ['Believe' fundraising campaign](#).

Jane Hansen AO was [appointed 1 January 2023](#) as Chancellor of the University of Melbourne. Prior to her appointment, she and her husband, Paul Little, donated

- [\\$10m to history and the humanities at the University of Melbourne](#) in 2015; and
- [\\$30m to the University of Melbourne](#) via the Hansen Little Foundation in 2018.

It is not suggested that there has been any impropriety on the part of Myers or Hansen. The largeness of their donations together with their proximity in time to their appointment as Chancellors of the University of Melbourne, however, create a *perception of undue influence*. This integrity risk is heightened by the absence of transparency in relation to major donors to the University of Melbourne: neither the University's annual reports nor its [main webpage](#) for donors provide such information.

This risk has particular salience in the context of public perceptions that 'big money rules' at universities. These perceptions are fuelled by the [corporatisation of university governing bodies](#) with more than a quarter of their membership (27%) drawn from the ranks of corporate executives and consultants and the governance failures in relation to Vice-Chancellors' salaries (see above). These salaries appear to have been [instrumental](#) to the federal government's decision during the COVID pandemic to exclude universities from the JobKeeper scheme, a decision responsible for the ['avoidable catastrophe'](#) of thousands of job losses.

To address this integrity risk, the NTEU recommends that:

- **Victorian universities disclose:**
 - **donations received exceeding \$500 000 on an annual basis; and**
 - **protocols on managing conflicts of interest in relation to donations.**
- **Donors who made a donation to a Victorian university in excess of \$1 million in the past 10 years be precluded from being appointed as the Chancellor of that university.**

Potential conflicts of interest arising from consultancies and directorships of Victorian Vice-Chancellors

This note addresses the integrity risks of:

- The consultancies with the Victorian Chamber of Commerce and Industry and the Therapeutic Goods Authority of Swinburne Vice-Chancellor, Professor Pascale Quester;
- The directorship of AARNet of RMIT University Vice-Chancellor, Professor Alec Cameron, and the contract between AARNet and RMIT University;
- The time commitments of multiple directorships of the University of Melbourne Vice-Chancellor, Professor Duncan Maskell; and
- The directorships of CSL Limited (CSL) and Walter Eliza Hall Institute for Medical Research (WEHI) of the University of Melbourne Vice-Chancellor, Professor Duncan Maskell and the contract between the University of Melbourne, CSL and WEHI.

The consultancy with the Victorian Chamber of Commerce and Industry of Swinburne Vice-Chancellor, Professor Pascale Quester

The website of the Victorian Chamber of Commerce and Industry (VCCI) lists [Professor Quester](#) as [a consultant](#) to the organisation. According to the Victorian Chamber's [website](#):

The Victorian Chamber of Commerce and Industry (Victorian Chamber) is the largest and most influential not-for-profit business organisation in Victoria, informing and supporting our members, clients and reach of 85,000 businesses and individuals across our great state.

. . .

The Victorian Chamber proudly champions business' interests with a strong focus on ensuring transformational growth, international trade opportunities, and sustainability for all members.

Professor Quester has:

- Made [a video promoting the VCCI's 2022 State Election Platform](#);
- Spoken in the VCCI's [Chamber Change program](#) and is one of its [champions](#) (see Professor Quester's [LinkedIn post](#) and [Facebook post](#) by the VCCI).

The VCCI website does not disclose how much Professor Quester has been paid for these activities and being a consultant to the VCCI. Nor does the [2023 Annual Report](#) of Swinburne University.

If there have been payments to Professor Quester by the VCCI, they may raise issues in relation to a conflict of interest. The [Swinburne Conflict of Interest Framework](#) states that:

some roles such as senior executives . . . carry a higher risk of conflicts of interest.

The framework identifies 'external consultancies' as a specific area where the risk of conflicts of interest needs to be managed and further states that:

While not exhaustive, situations where a conflict of interest may arise are set in the People Culture and Integrity Policy as well as the Conflict of Interest Guideline. In particular, these include:

. . .

- Gifts and hospitality
- Lobbying, inducements and personal relationships

Of note is that Professor Quester in her video promoting the VCCI's 2022 State Election Platform has engaged in [lobbying](#). This video on behalf of the VCCI is an instance of indirect lobbying (lobbying that attempts to influence public policy by affecting public opinion). Should Professor Quester have engaged in direct lobbying on behalf of the VCCI such as meetings with Ministers, parliamentarians and public servants, the conflict issues would become more significant – especially if she has been paid for such lobbying.

The consultancy with the Therapeutic Goods Authority of Swinburne Vice-Chancellor, Professor Pascale Quester

In 2023, it was [reported](#) that the Therapeutic Goods Authority paid \$22 000 to private marketing firm, Hexagon, a company where Professor Quester is listed as the sole director and share-holder. The report quoted the Authority as stating that Professor Quester was engaged 'as an expert witness in the field of consumer behaviour' in an Administrative Appeals Tribunal proceeding. Neither the [2022 Annual Report](#) of Swinburne University nor its [2023 Annual Report](#) refer to Hexagon or the payment by the Therapeutic Goods Authority.

The NTEU recommends that all paid consultancies of Victorian Vice-Chancellors be disclosed in the university annual reports together with the amounts paid.

The directorship of AARNet of RMIT University Vice-Chancellor, Professor Alec Cameron, and the contract between AARNet and RMIT University

According to Professor Cameron's [biography](#), '(i)n 2022, Alec was appointed Director of AARNet, Australia's national research and education network' (see also AARNET's [website](#)). The AARNet's [website](#) states that it is a non-profit company owned by 38 universities and CSIRO and that:

For more than 30 years AARNet has provided reliable telecommunications services, along with an expanding range of cyber security, data and collaboration services. Our network and services are designed to meet the specialised needs of Australia's research and education sector.

According to [AARNet's 2023 Annual Report](#), the company had \$223.903 million in assets.

AARNET's [2022 Annual Report](#) and [2023 Annual Report](#) do not disclose the specific amounts Professor Cameron has been paid for being a Director of AARNET. The reports do state that:

- In 2022, the remuneration to key management personnel including Directors was \$4,641,493 (page 27 of the Notes to Financial Statements); and
- In 2023, such remuneration was \$4,736,583 (page 29 of the Notes to Financial Statements).

This lack of transparency is concerning given the potential conflicts that can arise. RMIT University's [Conflict of Interest Policy](#) includes in its examples of situations giving rise to a conflict of interest the following:

(1) Commercial or employment relationships, such as:

...

b. Membership on boards, committees or advisory groups of other organisations

(2) Connection with other educational institutions or other training organisations, such as:

...

b. A commitment, paid or unpaid, outside RMIT that involves a significant time commitment or frequent absences

The NTEU recommends that all directorships of Victorian Vice-Chancellors be disclosed in the university annual reports together with the amounts paid.

In 2022, RMIT University announced its 'dedicated cloud supercomputing facility' built with three companies including [AARNet](#). According to RMIT University's 2022 Annual Report

The University became a founding member of the Cremorne Digital Hub, which brings together industry, universities and investors to create jobs, advance Victoria's technology and innovation capability and support digital skills development. Thanks to a VHESIF grant, we launched Australia's first university cloud supercomputing facility, giving researchers the ability to test ideas and solutions up to 80 times faster than on-site servers. The Amazon Web Services (AWS) Cloud Supercomputing facility – or RACE – powered by AWS and AARNet, was officially opened to external research partners in October (page 45).

In terms of [related party disclosures](#), RMIT University's 2022 Annual Report does not disclose the value of the contract between RMIT University and AARNet nor does it identify this contract as a related party transaction (page F-58). RMIT University's [2023 Annual Report](#) also does not identify the contract between the University and AARNET as a related party transaction (page F-58)

In information on 'Transactions with key management personnel', AARNET's [2022 Annual Report](#), however, states that:

Other directors represent, act for, or hold offices at certain AARNet shareholders and customers. AARNet provides services to these shareholders on arm's length terms (page 27 of the Notes to Financial Statements).

AARNET's 2023 Annual Report similarly states in relation to 'Transactions with related parties':

Other Directors represent, act for, or hold offices at certain AARNet shareholders and customers. AARNet provides services to these shareholders on arm's length terms (page 29 of its Notes to Financial Statements).

The lack of transparency in this context – including the specific role of Professor Cameron – is concerning given the potential conflicts especially given the lack of transparency regarding the remuneration received (if any) by Professor Cameron for his directorship of AARNet. The RMIT University's [Conflict of Interest Policy](#) includes in its examples of situations giving rise to a conflict of interest:

- c. Commercial or employment relationships, such as:
...
- c. Membership on boards, committees or advisory groups of other organisations
- d. Connection with other educational institutions or other training organisations, such as:

- a. Interests with an organisation that RMIT is engaged, or may become engaged with, that could be perceived to influence the staff member to not act in the best interests of RMIT

...

- (5) Positions of influence that could lead to personal, professional, academic or financial gain, such as:

...

- b. Having an interest in an organisation with which RMIT does business and being perceived as influencing relevant business decisions

The NTEU recommends that university annual reports disclose all contracts between that university and entities of which the Vice-Chancellor is a director together with information as to the value of the contracts and arrangements put in place to avoid conflicts of interest.

The time commitments of multiple directorships of the University of Melbourne Vice-Chancellor, Professor Duncan Maskell

The table below lists the directorships held by the University of Melbourne Vice-Chancellor, Professor Duncan Maskell together with information on the income received in 2023 based on the relevant annual reports of these companies.

Company	Income (2023)
CSL Limited	US\$187, 334
Grattan Institute	Not disclosed
Group of Eight Ltd	Unpaid directorship
Melbourne Business School	Unpaid directorship
Melbourne Theatre Company	Not disclosed
Walter and Eliza Hall Institute of Medical Research	Not disclosed

The time commitments of these multiple directorships raise the concern whether they are compatible with the full-time demands of the position of Vice-Chancellor of the University of Melbourne. Of particular note is Professor Maskell's directorship of CSL. CSL is Australia's [third largest company](#) and is amongst the [top twenty](#) largest biotechnology companies globally (in terms of capitalisation). According to its [2022/2023 Annual Report](#), CSL Limited made \$2.61 billion in underlying profit (page 2).

The NTEU recommends that Victorian Chancellors be required to certify in university annual reports that the commitments associated with the directorships, consultancies and other forms of non-university work of their university's Vice-Chancellors have not compromised the ability of the Vice-Chancellors to perform their duties.

The directorships of CSL and WEHI of the University of Melbourne Vice-Chancellor, Professor Duncan Maskell and the contract between the University of Melbourne, CSL and WEHI

Professor Maskell's directorships of CSL and WEHI raise conflicts of interest concerns as 'external work' under the University of Melbourne's [Managing Conflicts of Interest Policy](#). This policy states that:

4.1. A conflict of interest is a conflict between:

- a) a person's private interests and the interests of the University; or
- b) a person's private interests and their duties and responsibilities to the University; or
- c) a person's professional obligations, activities or interests (such as an obligation to an outside organisation, body or employer) and their duties or responsibilities to the University or the interests of the University.

4.2. Conflicts of interest can be actual, potential or perceived:

- a) an actual conflict of interest occurs where there is in fact a conflict of interest;
- b) a potential conflict of interest occurs where there is the possibility of a conflict of interest, or circumstances exist that could create a conflict of interest; and
- c) a perceived conflict of interest occurs where it could reasonably be perceived or give the appearance to another person that a conflict of interests exists, whether or not an actual or potential conflict of interest exists.

4.3. A conflict of interest can exist even where the private interests or competing professional obligations, activities or interests of the person and the interests of the University appear to align. When a person is considering whether a conflict of interest could exist, it is irrelevant whether both the University and that person would appear to benefit.

The policy specifically identifies 'external work' as giving to potential conflicts:

4.5. Private interests include:

- a) engaging in external work;
- b) having a financial interest;

4.15. Where the risks resulting from a potential conflict of interest are significant, particular attention is required, including the following examples.

...

External Work – Undertaking external work not only has the potential to amount to a conflict of interest under this policy (under section 4.5(a)), but persons covered by this policy may also have a separate obligation to make a disclosure in advance of undertaking any work that is external to the University, under the Outside Work Procedure ([MPF1129](#)).

...

7. Definitions

External Work means any employment or other form of paid or unpaid work that is not undertaken for the University or its controlled entities, or as part of the normal duties of the employee's role, and includes: proprietorship, *directorship*, trusteeship, independent contracting, consultancy in a private capacity, a governance or advisory role, and honorary, visiting or adjunct appointments to other Universities or institutions (emphasis added).

There are two significant concerns with the potential conflicts associated with these directorships of Professor Maskell. The first is the issue of transparency that also arose in relation to RMIT University Vice-Chancellor, Professor Cameron's directorship of AARNet, and should be addressed by the earlier recommendation that directorships of Vice-Chancellors together with the amounts paid should be disclosed in university annual reports.

The second arises from the multi-million dollar commercial arrangements between the University of Melbourne and the other two companies of which Professor Maskell is a Director, CSL and WEHI. In November 2021, the University of Melbourne, CSL and WEHI announced a multi-million dollar project to create a '[biotech incubator](#)'. Together these three entities are funding this project to the amount of [\\$45 million over ten years](#). This project, the [Jumar Bioincubator](#), has also received a start-up investment of [\\$25 million](#) from [Breakthrough Victoria](#), the company managing the Victorian Government's \$2 billion Breakthrough Victoria Fund.

Neither the CSL's [2021/2022 Annual Report](#) (page 131) or the CSL's [2022/2023 Annual Report](#) identifies any contract with the University of Melbourne as a related party transaction (page 151). WEHI's [2023 Annual Report](#) refers to the biotech incubator jointly established by the University of Melbourne, CSL and WEHI (page 21). It does not, however, list related party transactions (including any contracts with the University of Melbourne). The University of Melbourne's [2021 Annual Report](#) refers to the biotech

incubator (page 60) but does not identify any contract between the University, CSL and WEHI as a related party transaction (pages 167-169).

Under section 26(6)(a) of the [University of Melbourne Act 2009 \(Vic\)](#), the Vice-Chancellor is 'the chief executive officer of the University generally responsible for the conduct of the University's affairs in all matters'. As a Director of CSL, Professor Maskell is required under [section 181 of the Corporations Act 2001 \(Cth\)](#) to act 'in good faith in the best interests' of this company; he is also under a similar [fiduciary duty](#) in relation to WEHI.

Serious questions arise as to how Professor Maskell can simultaneously discharge these duties in relation to the multi-million commercial arrangements between the University of Melbourne, CSL and WEHI especially given their scale and significance. These questions are more acute given the substantial public funding being provided to this project (through Breakthrough Victoria).

These questions together with those arising from the directorship of AARNet of RMIT University Vice-Chancellor, Professor Alec Cameron, and the contract between AARNet and RMIT University raise concerns as to the integrity of Victorian university governance arrangements relating to contracts between universities and companies of which Vice-Chancellors are directors.

The NTEU recommends that the Victorian Auditor-General's Office audit Victorian university governance arrangements relating to contracts between universities and companies of which Vice-Chancellors are directors.