



Ms Lynn Lovelock
Clerk of Legislative Council &
Clerk of the Parliaments
Parliament House
Macquarie Street
SYDNEY NSW 2000

DGS09/1838

- 1 DEC 2009

Dear Ms Lovelock

I refer to the Report of the Legislative Council's Inquiry into the Governance of NSW Universities tabled on 1 June 2009.

I am pleased to provide feedback on the Government's response to the Report and on related developments regarding governance issues in NSW universities.

The Government has written to all university Chancellors acknowledging the Legislative Council Report and noting the general view of the NSW Vice Chancellors Committee put to the Legislative Council Inquiry - that a "one size fits all" approach to governance does not fit with the broader Commonwealth policy objective of greater diversification of the higher education sector.

In this context the Government has indicated it is open to considering proposals that university governing bodies believe would lead to improved capacity for effective governance. The Government would be willing to consider amendments to university acts accordingly, where these are supported by the governing body and the broader university community.

At the same time, the Government is keen to ensure that overall consistency in governance and legislative requirements is retained across all NSW universities. For this reason, a set of draft governance principles has been developed and forwarded to all university governing bodies as a backdrop to any changes that might be considered. A copy of the guidelines is attached for the information of the Committee.

The Government is currently awaiting full feedback from all university governing bodies. We would expect responses from universities to include some of the key matters mentioned in the recommendations of the Legislative Council's Report, including flexibility in relation to the number and the method of appointment to the

governing body of alumni representatives (Recommendations 2 and 3), a mechanism for the governing body to remove the Chancellor or Deputy Chancellor if required (Recommendation 8), and provision for universities to remunerate certain categories of governing body members (Recommendation 5). These matters may be addressed through a combination of amendments to the university Acts and/or By-law amendments as appropriate.

I anticipate a further period of consultation over February and March 2010 with each university governing body on proposed legislative changes. This consultation would also provide an opportunity for discussion with universities on processes for ensuring the quality of their governance arrangements, including matters such as those highlighted in other recommendations in the report of the Legislative Council Inquiry: induction and professional development programs, performance evaluation, and risk management practices.

The aim at this stage would be to introduce amended legislation into Parliament as soon as practicable, although the timing would depend on the scope and extent of the changes that the Government agrees to progress after considering university proposals.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'V. Firth', with a stylized flourish at the end.

Verity Firth MP
Minister for Education and Training

DRAFT UNIVERSITY GOVERNANCE PRINCIPLES

Preamble

Universities are large organisations with a transformative role in individual lives and in society. They are important contributors to the economy and large employers (especially in relative terms in regional areas). They receive significant public monies and, as such, require governance with high levels of public accountability and maximum transparency. At the same time, they have to be entrepreneurial organisations to acquire the funding to fulfil their missions and, as such, require governance structures that allow them to be nimble and effective in a rapidly-developing market.

Principles to guide legislative arrangements

- University governing bodies have ultimate responsibility for governance of the university and all aspects of the university's operation.
- Governance arrangements recognise both the public role of universities and the entrepreneurial dimension, with appropriate accountability measures for each.
- Governance requirements allow for sufficient flexibility in size and composition to suit individual university circumstances.
- Governing bodies have a majority of external members, but also representation from staff, students and the university community, in addition to Ministerial and governing body appointees.
- All university governing body members serve the interests of the university as a whole, rather than any constituency, sectional interest or individual agenda.
- A university governing body has an appropriate balance of skills, experience and corporate memory reflected across its membership at any point in time.
- Key features of university governance including functions and primary responsibilities of members are specified in legislation with a consistent approach across all NSW university Acts.
- University Rules, rather than Legislation or By-laws, contain the bulk and detail of university regulatory measures, policies and procedures, but a range of significant matters central to the public accountability of universities are restricted to Legislation and By-laws.