

INQUIRY INTO ENHANCING VICTORIAN UNIVERSITY GOVERNANCE

Organisation: Federation University

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Committee Secretary
Legislative Assembly Economy and Infrastructure Committee
Parliament of Victoria

Via email: universitygovernance@parliament.vic.gov.au

Dear Committee Secretary,

Inquiry into Enhancing University Governance

Please find enclosed Federation University Australia's submission to the Legislative Assembly Economy and Infrastructure Committee's Inquiry into Enhancing University Governance.

Federation welcomes the Inquiry and the opportunity to contribute a regional and dual-sector perspective on how governance settings can strengthen public trust and improve outcomes for students and communities. The submission draws on Federation's experience as Victoria's only regionally headquartered dual-sector university and focuses on the application of the Expert Council on University Governance principles in regional and outer-metropolitan contexts, particularly where universities are the sole provider.

The submission offers four observations for the Committee's consideration, including the importance of recognising institutional context, ensuring governing body representation reflects the students and communities served, supporting effective participation by elected staff and student members, and assessing governance effectiveness through outcomes for learners and regions.

Federation would welcome the opportunity to appear before the Committee or to provide any further information that may assist its deliberations.

Yours sincerely,



Professor Duncan Bentley
Vice-Chancellor and President
Federation University Australia

University Governance in the Regional Context

Federation University Australia

Submission to the Legislative Assembly Economy and Infrastructure Committee

Executive Summary

Federation University Australia (Federation) welcomes the Legislative Assembly Economy and Infrastructure Committee's Inquiry into Enhancing University Governance and the opportunity to identify settings that strengthen public trust in the governance of Victorian universities. University governance matters because it shapes how universities deliver public value, meet community expectations, manage risk and remain accountable for outcomes.

For regional and outer suburban Victoria, governance settings have particularly direct consequences. In many communities, a university is not only an education provider but also a major local employer, a partner to industry and community services, and a steward of significant public assets. Where a university is the sole provider, decisions about course offerings, student support, workforce change and investment can shape access to opportunity, regional workforce supply and local economic resilience.

The Commonwealth Government's Universities Accord Final Report recognised the distinct challenges faced by regional universities. These include managing multiple campuses in dispersed locations, servicing smaller communities often as the sole provider, higher relative costs of delivery, and the need for stewardship and funding arrangements that better reflect the full cost of regional delivery. Proposed reforms, including the establishment of the Australian Tertiary Education Commission (ATEC), reinforce the importance of governance settings that support quality and sustainability while remaining sensitive to regional realities.

Federation's experience underscores these issues. Federation is Victoria's only dual-sector, regionally headquartered university. It delivers both higher education and TAFE qualifications through campuses in Ballarat, Berwick, Churchill and Horsham, serving communities where post-secondary attainment is below the state average. Federation's student cohort reflects the communities it serves, with 59 per cent mature age students, 53 per cent studying part time, and 36.5 per cent first-generation students (the highest proportion of first generation students in Australia). Federation also supports significant VET-to-higher education pathways, with 28.3 per cent of students transitioning from TAFE to higher education in 2025 (also consistently the highest in Australia).

Federation's Council has recently approved the University's Strategy 2040 (**Attachment 1**), developed through 1,900 points of engagement with students, staff, employers, industry and community members and designed through an 'outside-in' approach that aligns the University's priorities with regional needs. The strategy builds on the

University's transition to a co-operative education model in which courses are co-designed and co-delivered with employer partners, and students gain structured, work-based learning experience. At the same time, Federation is managing significant volatility in the sector, including rapid shifts in international education policy settings and associated impacts on revenue, while continuing to protect student support and regional access.

This submission is informed by two core considerations. The first is the work of the Expert Council on University Governance and its principles for strengthening governance across public universities. Federation supports these principles and is preparing to implement the recommendations in full. The second is the imperative for governance arrangements - both formal structures and organisational culture - to support Federation's transformation while maintaining safety, performance, accountability and transparency.

Against this background, Federation offers four observations for the Committee's consideration:

1. Governance reform should explicitly recognise the distinct responsibilities and operational complexity of regional and dual-sector universities, particularly where they are the sole provider.
2. Governing body composition should reflect the students and communities actually served while maintaining sufficient higher education expertise.
3. Elected student and staff Council members require practical support and clear protocols to participate effectively and safely.
4. Governance effectiveness should be assessed not only through structural compliance but also through outcomes for students and communities, including access, retention, graduate employment and regional workforce contribution.

The remainder of this submission explains how the Expert Council's governance principles apply in a regional and dual-sector setting, provides examples of Federation's governance decisions in practice, and elaborates on these four observations for reform.

1. University Governance in the Regional Context

Federation views governance in the tertiary sector as essential to ensuring each university serves the public interest, strengthens trust in its work, and delivers sustainable outcomes for the communities it exists to serve. In a public university context, governance should be judged by whether students can access quality education and training, whether learners are supported to succeed, whether graduates achieve strong employment outcomes, and whether the institution contributes to the civic and economic life of its regions.

The Expert Council on University Governance has articulated a set of principles intended to strengthen governance across Australia's public universities, including clear accountability, diversity of skills and perspectives, protection of academic standards

and freedom, transparency of purpose and performance, lawful and ethical conduct, inclusive and responsive engagement with stakeholders, effective risk management, and responsible workforce and remuneration settings. Federation supports these principles and is preparing to implement the Expert Council's recommendations in full.

While these principles are appropriately applicable across the sector, they must be applied with close attention to institutional context. In regional and dual-sector settings, accountability, representation, sustainability and responsiveness operate differently in practice because the consequences of decisions are concentrated in smaller communities, delivery costs are higher across dispersed campuses, and universities often serve learners who require additional supports to complete.

Federation is Victoria's only regionally headquartered dual-sector university. It delivers both higher education and TAFE programs across Ballarat, Berwick, Churchill and Horsham, serving approximately 13,000 higher education students and 6,000 TAFE students across communities where post-secondary attainment is significantly below the state average. This context shapes what "good governance" requires in practice, as outlined below.

Federation views governance arrangements in the tertiary sector as critical to ensuring each university serves the public interest, strengthens trust in their work and enables the delivery of sustainable outcomes to the communities they serve. This is measured by the students educated, the graduates employed, the experiences of students and staff, and the contribution to the civic and economic life of the communities universities exist to serve.

1.1 Accountability is more direct and more consequential

In regional settings, accountability to the community carries particular weight. Council decisions are experienced more directly than at large metropolitan institutions because alternatives are limited and local impacts are concentrated. When a regional university reduces services, closes a program or restructures its workforce, the consequences are felt immediately in a community's education access, workforce pipeline and local employment.

The Universities Accord Final Report recognised this dynamic, noting that regional universities operate in smaller communities with a thinner pool of prospective learners, higher relative costs and larger cohorts of underrepresented students who may require additional support. In parts of western and eastern Victoria, where higher education participation is well below the state average, a university functions as civic infrastructure as well as an education provider. Federation is the main provider of higher education in Ballarat, the sole provider in Gippsland and the Wimmera, and serves the high-growth Casey–Cardinia corridor through its Berwick campus with accessible tertiary pathways.

In this context, accountability should be understood as responsibility for whether students can access education and training locally, whether they are supported to

complete, and whether graduates are employed and contributing to regional prosperity. Governance arrangements should therefore strengthen transparency and performance oversight in ways that reflect these community outcomes.

1.2 Stewardship demands proportionate risk management

Universities hold significant public privileges and responsibilities, including the authority to award qualifications, undertake research, employ staff and steward public assets. Governance arrangements exist to discharge these obligations through effective oversight of performance, risk and sustainability.

For regional institutions, the margin for error is narrower. A smaller revenue base combined with higher per-student delivery costs across dispersed campuses means financial and operational risks can have more immediate and enduring consequences than in larger institutions with more diversified income and stronger economies of scale. Funding models can also amplify this risk because revenue is sensitive to shifts in enrolments, policy settings and market conditions, including international education policy volatility.

Federation is governed by the *Federation University Australia Act 2010* and operates within Victorian public sector audit and financial management frameworks, with duties and accountabilities analogous to those applying to company directors under general law. These obligations provide strong accountability settings. The governance challenge is not the existence of oversight and assurance requirements, but their proportionate application so that risk management expectations are calibrated to institutional scale, revenue base and operating context, while maintaining rigorous standards of integrity and transparency.

1.3 Representation must reflect the students and communities actually served

Representation models designed around younger, full-time metropolitan student cohorts can miss the voices that matter in regional and dual-sector institutions. At Federation, 59 per cent of students are mature age and 53 per cent study part time. The student cohort spans both TAFE and higher education. Governing bodies should therefore reflect the lived experience of the students served and the communities supported by the institution's work.

At the same time, governing bodies must have sufficient higher education expertise to govern effectively. Members who understand academic governance, quality assurance, research settings and regulatory obligations are essential. Regional settings can make this balance harder to achieve due to smaller candidate pools, which increases the importance of deliberate and transparent approaches to selection, induction and capability building.

Federation's Council aims to balance higher education expertise with regional representation and experience in areas such as government, finance, risk, law and industry. The University has also strengthened staff representation on Council and is

exploring ways to increase direct student involvement in governance, recognising that genuine representation supports both decision quality and public confidence.

1.4 Responsiveness requires active engagement with staff, students and stakeholders

Regional universities operate in a complex and fast-changing environment. This includes evolving regulatory frameworks, workforce shortages across regional industries, communities with limited alternative providers, and funding models that can reward demand generation rather than pathway creation. Navigating this complexity requires governance that actively engages with staff, students and stakeholders because these groups experience the consequences of decisions most directly.

Staff understand the challenges of delivering quality education across dispersed campuses and supporting cohorts with diverse needs. Students experience how decisions affect access, timetabling, placement availability, support services and wellbeing. Governance arrangements should therefore enable strong two-way engagement, supported by transparent reporting and mechanisms that turn feedback into action.

These contextual factors explain why governance principles must be applied in ways that strengthen regional outcomes rather than relying solely on structural compliance. The following section provides examples of how governance choices have shaped Federation's delivery of tertiary education services in rural, regional and outer-metropolitan Victoria.

2. Governance Decisions in Practice: Federation's Experience

Federation's governance arrangements have been tested over the past decade by significant challenges affecting access and sustainability in regional and outer-metropolitan Victoria. The examples below illustrate the importance of context-sensitive governance settings and the value of assessing governance through outcomes as well as structures.

2.1 Maintaining tertiary education access when other providers withdraw

When Monash University exited Gippsland in 2014 and Berwick in 2016, Federation's Council determined that maintaining higher education access in these communities served the public interest. That decision carried long-term structural cost implications. Federation took on campuses and facilities that had been designed and costed for a Group of Eight institution and has operated them with regional university resources.

Gippsland has no alternative local higher education provider. Berwick supports the high-growth Casey–Cardinia corridor, where local councils are actively working to retain talent, jobs and industry that depend on accessible tertiary education and training. The decision expanded Federation's multi-campus model across four campuses, increasing

per-student delivery costs and creating an ongoing obligation to maintain services and pathways for communities with limited alternatives. This experience reinforces the case for governance and funding settings that recognise the real cost of regional delivery and the stewardship obligations that fall on sole-provider institutions.

2.2 Navigating financial sustainability while protecting students, staff and regional presence

Like many Australian universities, and particularly regional universities, Federation has faced material sustainability pressures in recent years. Council has set a clear direction to restore operating surplus for reinvestment from 2026. At the same time, Council established non-negotiable conditions: cost reduction could not come at the expense of student support or regional campus presence, and impacts on staff were to be limited wherever possible.

Council oversight has included regular risk assessments, close monitoring of student experience and welfare initiatives, and strengthened change governance. In 2024, during a major change program, Council established a Budget Implementation Advisory Group to maintain close oversight of implementation and risk mitigation. The change program was informed by more than 600 pieces of feedback from staff and unions. Through vacancy management, reduction of senior roles, non-renewal of some fixed-term contracts, voluntary redundancies and other cost-saving measures, the University restricted involuntary redundancies to fewer than 50 roles. Each affected staff member was supported through dedicated case management, redeployment exploration and career transition services. Students enrolled in impacted courses were contacted directly to confirm that their studies would not be adversely affected.

Council also recognised that significant institutional change carries consequences for staff. The 2022 staff survey indicated concerns regarding engagement, communication and the impact of change on wellbeing. Council determined that existing mechanisms for measuring and responding to staff experience were insufficient and directed the establishment of improved measurement and response systems. Psychosocial risk has been incorporated into risk management, and the complaints process has been independently audited. Federation has also implemented a continuous listening strategy, including quarterly staff surveys, with results reported to Council and its Inclusion Committee to ensure Board-level visibility of staff engagement and wellbeing trends.

While these systems are relatively new, early indications are positive and staff engagement scores are improving. Council recognises that sustained attention is required to embed a culture of safety, inclusion and performance, particularly during ongoing transformation.

2.3 Improving outcomes through targeted investment and the co-operative education model

During a period of financial constraint and major organisational change, Council has sought to protect the student experience and regional presence while improving

performance. Federation has grown domestic commencing higher education enrolments by around 25 per cent since the pandemic, and TAFE enrolments by around 34 per cent, despite wider sector decline or stagnation in parts of the system. Attrition improved from 27 per cent in 2022 to 21 per cent in 2024, alongside broader improvements in student satisfaction, progression and success.

These outcomes reflect governance choices to invest in equity supports for students most at risk of non-completion and to convert undergraduate courses to the co-operative education model, including paid industry placements delivered through a large employer partner network. Council has also approved a partnership to establish a GP-focused Federation University Australia Medical School serving rural and regional communities, designed to address workforce shortages through locally delivered medical education aligned to community need.

These experiences illustrate why governance effectiveness should be judged not only by compliance with formal structures, but by whether governance choices deliver strong outcomes for students and communities, particularly where universities are the primary or sole provider.

3. Observations for the Committee

The observations below draw on Federation's experience and are offered to assist the Committee in calibrating governance settings to strengthen public trust while supporting effective delivery in regional and dual-sector contexts.

Observation 1: Recognise the distinct strengths, responsibilities and operational complexity of regional and dual-sector universities

Governance reform should explicitly account for institutional context so that requirements designed for large metropolitan universities do not impose disproportionate burden on regional institutions or overlook challenges that matter most in regional settings. The differences are structural. A sole-provider university cannot manage risk in the same way as an institution with diversified revenue and multiple nearby alternatives. A dual-sector institution operates across two regulatory frameworks, two funding models and two sets of quality expectations, while also building pathways between VET and higher education.

Applying governance principles with explicit attention to these contexts, particularly for sole-provider and dual-sector institutions, would strengthen governance outcomes across the whole Victorian sector. It would also help ensure that governance reforms enhance trust by improving decision quality and transparency, rather than adding administrative complexity without improving outcomes.

Observation 2: Ensure representation reflects the students actually served, supported by higher education expertise

Governing body composition should reflect the students and communities served, while ensuring sufficient higher education expertise to govern effectively. This balance improves the quality of governance decisions and strengthens public confidence in those decisions.

Representation models that assume young, full-time cohorts can miss the experience of mature age learners, part-time students, carers, and students studying through pathways across TAFE and university programs. At the same time, governance must include members who understand the obligations and complexity of academic governance, quality assurance, research settings and regulatory requirements. Governance arrangements should therefore allow and encourage composition settings that match institutional context, including student profile, community needs and breadth of educational activity, while maintaining strong expectations for higher education expertise on every governing body.

Observation 3: Strengthen practical support and protocols for elected student and staff Council members

Elected student and staff Council members carry the same legal duties as appointed members, but operate under different conditions and often without the governance background and professional supports available to government or Council appointed directors. Student representatives typically serve short terms and may have limited time to build institutional knowledge. Staff representatives may experience tensions between governance obligations and their employment relationship. These challenges are often more visible in smaller institutions and can act as a deterrent to participation, particularly for students with caring responsibilities or part-time study loads.

Governance settings should support elected members through consistent induction and development, access to independent advice, and clear protocols for managing inherent tensions, including conflicts of interest. Consideration should also be given to whether participation mechanisms can be designed so student representatives can contribute meaningfully and accountably without being exposed to unreasonable liability or risk compared to trained and experienced directors. Without careful design, governance requirements can produce a perverse outcome where only a narrow subset of students feel able to participate.

Federation supports elected representatives through structured induction, ongoing development and established conflict of interest processes, as well as Council committee structures that strengthen staff and student voice. A sector-wide framework would help ensure support for elected members is standard practice, not discretionary.

Observation 4: Measure governance effectiveness by outcomes for students and communities

Governance assessment should place greater weight on outcomes alongside structural compliance. Compliance with legislative obligations alone does not show whether a university's governance arrangements are delivering what matters most: student access

and success, staff and student wellbeing, graduate outcomes, community benefit and contribution to regional workforce needs.

An outcomes-based approach would provide communities with a clearer picture of whether their university is serving the public interest. For regional universities, the test is concrete. It is whether students can access education and skills locally, whether learners are supported to complete, whether graduates are employed where they are needed, and whether the university contributes to the civic and economic life of its regions. This approach also strengthens public trust by making governance performance visible through results, not just structures.

Conclusion

Federation University Australia supports governance reform that strengthens public trust, improves accountability and transparency, and delivers better outcomes for students and communities. This submission has described what good governance requires in a regional and dual-sector context, illustrated how Federation has applied these principles through significant governance decisions, and offered four observations to assist the Committee's work.

Federation welcomes the opportunity to appear before the Committee and provide any further information required.