THE AUSTRALIAN NATIONAL UNIVERSITY

COUNCIL MINUTES

The 419th meeting of the Council was held at 9.15am on Friday, 28 March 2014 in the R C Mills Room, Chancery Building, ANU campus, Canberra.

ANU Council:

Present:
The Chancellor, Professor Gareth Evans AC QC (in the Chair)
The Vice-Chancellor, Professor Ian Young AO
Pro-Chancellor Ms Ilana Atlas
Professor Stephen Bottomley
Dr Vince FitzGerald
Ms Robin Hughes AO
Dr Doug McTaggart
Mr David Miles AM
Mr Matthew King
Ms Martine Letts
Mr Arjuna Mohottala
Mr Graeme Samuel AC
Professor John Close
Professor Tim Senden
Mr Cameron Wilson

Apologies:
No apologies were received.

In attendance:

ANU Executive and Senior Management:
Deputy Vice-Chancellor (Research) – Professor Margaret Harding
Deputy Vice-Chancellor (Academic) – Professor Marnie Hughes-Warrington
Pro-Vice Chancellor (Research and Research Training) – Professor Jenny Corbett
Pro-Vice Chancellor (International and Outreach) – Dr Erik Lithander
Pro-Vice Chancellor (Innovation and Advancement) – Professor Mick Cardew-Hall
Pro-Vice Chancellor (Student Experience) – Professor Richard Baker
Executive Director, Administration and Planning – Mr Chris Grange
Chief Financial Officer, Mr David Sturgiss
Chair, Academic Board, Professor Nick Glasgow

Chancery staff:
Executive Officer to the Vice-Chancellor - Dr Liz Eedle
Director, Corporate Governance and Risk Office - Kate Molloy
Governance Officer, Corporate Governance and Risk Office – Leslie McDonald
Manager, Governance and Policy, Corporate Governance and Risk Office – Andrew Heath

PART 1: PROCEDURAL ITEMS

1. ANNOUNCEMENTS

The Chancellor welcomed to the 419th meeting of Council Professor Stephen Bottomley, Dean, ANU College of Law, newly-elected to Council following the recent election by Deans and Heads of Research Schools. Professor Bottomley replaces Professor Andrew McIntyre for the remainder of his term to 29 September 2014.
The Chancellor further advised that Mr Geoff Knuckey, Chair of Council’s Audit and Risk Management Committee, would join Council at 9:40am.

Mr Andrew Heath, Manager, Policy Governance, Corporate Governance and Risk Office was also welcomed to the Council meeting.

2. LEAVE OF ABSENCE

Professor Tim Senden was granted leave of absence from 11:30am onwards in order to attend the Driving Forces Conference – The Role of Artists and Designers in Interdisciplinary Research.

Graeme Samuel, who joined the meeting via videoconference from ANU House, Melbourne, advised that, due to other meeting commitments, he would be required to leave the meeting by 10:20am.

No other leave of absence was granted for the meeting.

3. DISCLOSURE OF MATERIAL PERSONAL INTEREST

No member disclosed a material personal interest in any matter on the agenda.

4. ARRANGEMENT OF AGENDA

The Chancellor advised Council members that, due to this morning’s protest by the Students for a Fossil Free ANU group, and following a request for an audience, a representative of the group, Mr Tom Swann, would meet with Council at the conclusion of the main business items and prior to the strategic presentation on International Student Diversity by the Pro-Vice Chancellor (International and Outreach).

Agenda items 7 to 9 and item 12 would be considered in sequence and would be presented by Mr Geoff Knuckey.

Items 1 to 8 were starred for discussion on the circulated Agenda. It was agreed to also star Items 9, 12 and 15.

Unstarred items were approved on the motion of the Vice-Chancellor.

5. COUNCIL MINUTES

Council resolved to confirm the minutes of the meeting held on 21 February 2014 (22/2014).

PART 2: KEY BUSINESS ITEMS

6. VICE-CHANCELLOR’S REPORT

Council noted the report of the Vice-Chancellor.

The following were among the issues raised by the Vice-Chancellor in speaking to the report:

The College of Law
The Vice-Chancellor advised Council that legal proceedings against the University had ended satisfactorily **** with a Deed executed between TCOL and the university recognizing existing naming practice.
New Fellows admitted to the Academy of Science
Twenty one new Fellows have been admitted to the Academy of Science, Australia’s pre-eminent academy that recognizes scientific endeavour. Of these, 7 are from ANU and 2 of the 7 are women, an important contribution to the achievement of diversity within the Academy’s fellowship ranks.

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Review of ‘ANU by 2020’ – Working Group
At the February retreat, Council resolved that a mid-term review be initiated of the goals and implementation strategy for ‘ANU by 2020’ and that a working group be convened to bring forward detailed recommendations. It was proposed that the working group be composed as follows:

Chancellor
Vice-Chancellor
Ms Robin Hughes
Dr Doug McTaggart
Professor Tim Senden
Mr Cam Wilson

May Federal Budget
A series of meetings with the Minister for Education signalled that the forthcoming May Budget may bring forward structural changes in respect of Higher Education. The details of what changes may occur are, however, not clear. The review of ‘ANU By 2020’ is therefore timely to enable the university to consider a range of options in relation to revenue growth, market diversification and pricing.

Other issues canvassed included consideration of funding of the National Collaborative Research Infrastructure Scheme and the Future Fellows Scheme.

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7. ANU FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

Mr. Geoff Knuckey, Chair of the Audit and Risk Management Committee (ARMC), joined Council and outlined, in his memorandum dated 28 March 2014, the processes which had been followed by the Finance and Business Services Division, the Australian National Audit Office (ANAO) and the Audit and Risk Management Committee during the preparation and submission of the university’s Consolidated Financial Statements for the year ended 31 December 2013, the Annual Financial Statements for subsidiary entities of the university, the lead up to audit clearance and sign off by the Australian National Audit Office.

Council was informed that on 18 March 2014, the ARMC recommended that the 2013 Annual Financial Statements for the university be adopted, subject to the receipt of clearance from the ANAO. The ANAO provided its clearance in respect of the university’s Financial Statements in its close out letter, dated 24 March 2014, and in respect of ANU subsidiary entities in a close out letter dated 17 March 2014.

Council noted that the Australian National Audit Office reported that, as part of its review, all matters have been dealt with and that an unqualified audit would result.

Council noted that the consolidated operating result on a full accrual basis for the year ended 31 December 2013 was $19.398 million compared with a surplus of $62.420 million for 2012 and also noted the result was some $22.557 million above the November 2013 projected result.
At the conclusion of the presentation of the university’s Annual Financial Statements and subsidiary statements, the Chancellor thanked Mr. Knuckey for his considerable technical and professional leadership and oversight of a highly complex set of accounts. In response, Mr. Knuckey expressed the gratitude of the Audit and Risk Management Committee for the efforts of the university’s Chief Financial Officer, Mr. David Sturgiss, and the Financial and Business Services team, in delivering quality work which has enabled the Committee to have assurance about the veracity of the underlying results.

Resolved:
That Council:

1. Note a report on the Audit and Risk Management Committee’s consideration of the Australian National University Consolidated Financial Statements for the year ended 31 December 2013;
2. Note a Management Representation letter from the Vice-Chancellor and Chief Finance Officer on the 2013 Financial Statements to the Australian National Audit Office;
3. Subject to receipt of clearance from the Australian National Audit Office:
   (a) authorise the Chancellor to sign the Council’s Representation letter to the Australian National Audit Office;
   (b) adopt the Australian National University Consolidated Financial Statements for the year ended 31 December 2013; and
   (c) authorise the Chancellor, Vice-Chancellor and Chief Financial Officer to sign the Statement by the Council that attaches to the Consolidated Financial Statements.

8. UNIVERSITY SUBSIDIARY ENTITIES ANNUAL FINANCIAL STATEMENTS 2013

Council noted the 2013 Draft Annual Financial Statements for the following:

- ANU Enterprise Pty Limited (503A/2014)
- ANU Section 68 Pty Limited (506A/2014)
- ANU (UK) Foundation (507/2014)
- BRU Holdings Pty Limited (504A/2014)
- SA2 Holdings Pty Limited (505A/2014)

9. AUSTRALIAN NATIONAL AUDIT OFFICE INTERIM AUDIT REPORT ON THE 2013 ANNUAL FINANCIAL STATEMENTS

Council noted the 2013 Annual Financial Statement Audit Interim Management Letter issued by the Australian National Audit Office (31/2014).

10. CAPITAL PLANNING AND EXPENDITURE PLAN

A new process is recommended to best meet the needs of the university's future capital planning and expenditure requirements for major building infrastructure. The proposal will result in a pooling of existing recurrent funds into a single contestable pool to fund major capital projects on a five year cycle.

The proposal establishes a rolling program structure and gives certainty in relation to capital planning across the campus.

It is recognised that implementation of this program will give the university the strategic capacity to build major infrastructure to support academic and research areas in future years. Deans will become champions for proposals which will be reviewed on an annual basis.

Proposals from College Deans have been invited by the end of April for review and prioritisation by the university's executive.
Resolved:
That Council approve a new capital planning and expenditure plan for the University.

11. ANU ANNUAL REPORT 2013

The Chancellor noted that the Annual Report for 2013, whilst showcasing the significant activities and undertakings across the student experience, academic and research spectrums, was very insubstantial in its treatment of governance issues at ANU.

It was agreed that for the 2014 Annual Report, a more substantial section detailing the university’s governance framework, the role of Council and its Committees, Council membership, together with a profile of members, needs to be included.

It was further agreed that members receive copies of the printed Annual Report for 2013 as soon as it is available.

Resolved:
That the 2013 Australian National University Annual Report to Parliament be approved.

12. AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER

Section 8.7 of the ARMC Charter refers to the Committee’s responsibilities with regard to the review of the Charter:

8.7.1 At least once a year the ARMC will review this charter. This review will include consultation with the Council.
8.7.2 Any substantive changes to the charter will be recommended by the ARMC and formally approved by the Council.

Amendments proposed, as part of the annual review, are minor with the objective of aligning the Committee’s Charter with the University’s writing style guide and reflecting organisational changes following the integration of the Risk Management & Audit Office and Governance Office into the Corporate Governance and Risk Office.

Resolved:
That Council approve the 2014 Audit and Risk Management Committee (ARMC) Charter as endorsed by the Committee.

13. MEMBERSHIP OF COUNCIL COMMITTEES

Council was advised of the terms of the current membership of the Audit and Risk Management Committee and Finance Committee and the need to consider membership of each Committee as terms conclude and new Council appointments are effected from 1 July 2014.

In accordance with Section 18 (1) (a) and (b) of the Australian National University Act 1991, Council has established the Audit and Risk Management Committee and Finance Committee as Committees of Council. Council will determine the membership and term of appointment to these Committees.

Audit and Risk Management Committee:
In respect of each category of membership, the terms of office of the following Audit and Risk Management Committee members will expire in the coming months:

Chair, currently held by Mr. Geoff Knuckey
Member of Council, currently held by Ms. Ilana Atlas
Up to 4 independent members noting that the Committee is currently carrying two vacancies.
Council members noted the intention to present recommendations on membership for consideration at its next meeting on 30 May 2014. To facilitate the process, members were invited to consider and provide suggestions in readiness for that meeting.

Council further noted in relation to the following that:

1. Mr. Geoff Knuckey will be put forward for reappointment as Committee Chair, for two years to 30 June 2016;
2. A new Council member will be appointed, for a two year period commencing 1 July 2014 to 30 June 2016;
3. Mr. Mark Ridley will be put forward for reappointment, for two years to 30 June 2016; and
4. Three new independent members will be put forward for appointment, each for a two year term, to 30 June 2016.

Finance Committee:
In respect of each category of membership, the terms of office of the following Finance Committee members will expire in the coming months:

Two Council members currently held by Dr. Doug McTaggart and Mr. David Miles

Up to 5 independent members, 3 of which are due to expire and a further one of which is a current vacancy. It should be noted that Ms. Siobhan McKenna’s term will not expire until 30 June 2015.

Council members noted the intention to present recommendations on membership for consideration at its next meeting on 30 May 2014. To facilitate the process, members were also invited to consider and provide suggestions in readiness for that meeting.

Council further noted in relation to the following that:

1. Dr. Doug McTaggart will be put forward for reappointment for a term of two years to 30 June 2016;
2. Mr. David Miles will be put forward for reappointment for a term of two years to 30 June 2016;
3. Mr. Keith Lyon will be put forward for reappointment for a term of two years to 30 June 2016; and
4. Three new independent members will be put forward for appointment, each for a two year term, to 30 June 2016.

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Resolved:
That Council:
1. Consider and provide suggestions in relation to Committee membership for Council’s Audit and Risk Management Committee and Finance Committee in readiness for Council’s next meeting on 30 May 2016;
2. Note the intention to recommend reappointment of Committee members as advised in this paper; and
3. Note that further advice will be provided at the May meeting of Council in respect of changes to the current composition of Finance Committee to ensure that the Committee takes advantage of incoming expertise that will be brought to Council’s membership in July 2014.

PART 3: STRATEGIC ISSUES

14. INTERNATIONAL STUDENT DIVERSITY

The Pro Vice-Chancellor (International and Outreach), Dr Erik Lithander, gave a presentation on international student diversity.
In the course of the ensuing discussion, the following issues were highlighted:

1. Approximately 26.5% of ANU’s total student enrolments in 2013 were international, and commencing international enrolments in the same year were 30.4% of the total.

2. ANU is placed towards the top of the Group of Eight in terms of the proportion of international enrolments in the student body.

3. The distribution of these international students is uneven across the University, and there are significant concentrations of single nationalities in particular Colleges and programs.

Given the additional projected growth in international student numbers outlined in the Budget Solutions process, some of which was realised in Semester 1 2014, it was considered timely for Council to have a discussion not only about the total future size of ANU’s international student cohort, but also about its composition.

ANU by 2020 does not set specific targets in this area.

The following key questions were posed for consideration by Council:

1. Assuming a diversified cohort that meets the relevant entry criteria, is there such a thing as “too many international students” in a research-intensive university?

2. Is the answer to the above question different by level, i.e. undergraduate, postgraduate coursework and higher degree by research?

3. What thresholds is the University comfortable with in terms of the proportion of international students from a single country, at University, College and program level?

4. What approach, if any, should ANU take to further diversify its international student cohort in the years to come?

In the course of discussion, Council expressed support for the following actions to support a strong international presence amongst student cohorts and a sustainable growth strategy for the university:

1. Development of a diversification strategy that includes Indonesia, India and Brazil amongst its key priority markets, with further exploration of the potential that may be derived in newer markets such as Mexico and Turkey. To this end, ANU must advance partnering efforts. The Vice-Chancellor reaffirmed the importance of India as a potentially strong market, advising a planned visit later in the year.

2. Go8 benchmarking to identify areas for improvement and engagement through ongoing Go8 discussions.

3. Further discussion with Colleges in relation to individual programs, student experience feedback at both undergraduate and post graduate level and assessment of risks.

4. Review of mechanisms, both formal and informal, to facilitate a sense of community, wellbeing and participation amongst international students in a way that contributes to a positive “Australian experience” and enhanced employability. This includes better integration of support services for students.

5. Analysis of those programs presently under-subscribed in respect of international cohort representation and consideration of strategies to redress.

6. Promotion of globalisation within the university’s pedagogical framework.

Council noted that further discussion of this subject would be scheduled, as a strategic topic, at the forthcoming meeting of Academic Board.

The Chancellor thanked Dr Erik Lithander for a most pertinent strategic presentation.
PART 4: OTHER MATTERS FOR DECISION

15. ANU EMERITUS FACULTY ANNUAL REPORT
Council noted the Annual Report for 2013 of the ANU Emeritus Faculty (34/2014).

16. CAMBRIDGE AUSTRALIA SCHOLARSHIPS SELECTION COMMITTEE
Council approved the Cambridge Australia Scholarships Selection Committee memberships (49/2014).

PART 5: OTHER MATTERS FOR NOTING

C17. AUDIT AND RISK MANAGEMENT COMMITTEE – SUMMARY OF MAJOR ITEMS CONSIDERED
Council noted the summary of the major items considered by the Audit and Risk Management Committee at its meeting held on 18 March 2014.

18. ACADEMIC BOARD
Council noted the report from the meeting of the Academic Board held on 7 February 2014 (944/2014).

19. POWER OF ATTORNEY
Council noted the list of transactions over which the Investment Manager exercised the Power of Attorney between 21 January 2014 and 24 February 2014.

20. STUDENT ENROLMENTS PROGRESS REPORT
Council noted the progress report on 2014 student enrolments (39/2014).

21. EMERITUS PROFESSORS AND EMERITUS FELLOWS
Council noted the names of those entered on the Roll of Emeritus Professors and Emeritus Fellows since March 2013 (40/2014).

22. REVIEW OF STATUTES, RULES AND ORDERS 2014
Council noted the program of review now underway to update Statutes, Rules and Orders, as appropriate, to enhance consistency, clarity and ensure currency (41/2014).

23. LEGISLATION
Council noted the following legislation made by the Vice-Chancellor:

Academic Board (Election of Members) Order 2014
Higher Doctorates Rules 2014

24. UNIVERSITY SEAL REPORT
Council noted that there have been no documents to which the University Seal has been affixed since the meeting of Council held on 21 February 2014.
25. SIGNIFICANT VISITS AND EVENTS, GRANTS AND CONSULTANCIES

Council noted the report of significant visits and events, grants and consultancies (42/2014).

26. INTERNAL AUDIT OF THE STUDENT LIFECYCLE EXPERIENCE

Council noted the summary of the internal audit of the student lifecycle experience.

27. REVISED STRATEGIC INTERNAL AUDIT PLAN 2014

Council noted the university’s revised strategic internal audit plan for 2014.

PART 6: OTHER BUSINESS

28. QUESTION TIME

There were no matters raised in Question Time.

29. OTHER BUSINESS

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29.2 Socially Responsible Investment Policy and Asset Owners Disclosure Project

The protest by the Students for a Fossil Free ANU group, held prior to the Council meeting, was in response to a call to universities Australia-wide to participate in an international survey issued by the Asset Owners Disclosure Project (AODP), regarding ethical investment practices and transparency in investment decision-making conduct.

AODP is a non-profit group with the stated aims of ranking organisations so they can understand their market position in respect of climate change risk and help them move towards more low-carbon investments. Its board members include ANU professor and former federal Liberal Party leader, John Hewson, and former head of risk at Goldman Sachs, Bob Litterman.

The Vice-Chancellor reminded Council that, in November 2013, the university adopted a socially responsible investment policy to guide behaviours in respect of investment decisions and to enable assessment of any social harm or benefit that may arise through the university’s investment activities.

In response to questions raised by the Chancellor about the current process guiding investment decisions, the role of the Investment Advisory Committee in policy oversight and reporting arrangements, the Executive Director (Administration and Planning), through the Vice-Chancellor, highlighted that the Investment Advisory Committee is currently reviewing a range of survey methodologies to assess and rank investment performance and to review environmental considerations as part of that assessment process. Amongst available agency ranking schemes are Bloombergs and Macquarie Bank. It is expected that the Investment Advisory Committee will review findings from the ranking review, together with a draft report which will be presented to a meeting of Council in July.

It was noted that, in relation to the survey issued by the Asset Owners Disclosure Project (AODP), the university will need to give careful consideration to how it may respond, noting survey completion deadline is 31 May 2014. The Vice-Chancellor noted that a Go8 response is unlikely. The matter will be considered on an institution by institution basis.
On the specific issue of the adequacy of the university’s current policy in respect of the exercise of its fiduciary responsibility, it was resolved that the policy should be reviewed ****.

Mr Tom Swann, an ANU student, from the Fossil Free ANU campaign, was given the opportunity to address Council to raise relevant issues about ethical investment, and, in particular, to invite the Australian National University to participate in the inaugural Global Universities index survey for 2014, as developed by the Asset Owners Disclosure Project (AODP).

Council was advised that AODP is seeking responses from over 300 universities internationally about “how they are thinking about ‘carbon risk’ in how they invest their endowments”. Mr. Swann noted that the university has in place a Socially Responsible Investment Policy and highlighted that the Students for a Fossil Free ANU have gathered signatures from more than 1,000 staff, students, alumni and other community members petitioning the university to pursue divestment of fossil fuels from their investments and to consider ways in which transparency in investment decisions can be enhanced.

In response to the issues raised by Mr Swann, the Executive Director (Administration and Planning), Mr Chris Grange, reaffirmed that the university’s Investment Advisory Committee is considering its investment strategy. In addition, Mr. Grange re-stated that the Committee is currently exploring the use of third party ranking agencies to assess the university’s share portfolio.

Mr Swann thanked Council for the opportunity to present student concerns on this issue.

Council concluded at 12:10pm.

**30. NEXT MEETING**

It was noted that the next meeting of Council will be held on 30 May 2014.

Professor the Hon Gareth Evans AC QC
Chancellor
The Australian National University

(**** indicates a removed item which is confidential to Council Members)