



THE UNIVERSITY OF
SYDNEY

Professor Mark Scott AO
Vice-Chancellor and President

15 July 2022

Mr Brendan Bruce
Acting Deputy Secretary, Corporate Services
C/- Legislation & Policy Team
NSW Treasury, GPO Box 5469, NSW 2001
By email: legislation@treasury.nsw.gov.au

Dear Mr Bruce,

Annual reporting reform proposals relevant to NSW's public universities

Thank you for your letter of 8 June 2022 forwarded by the New South Wales Vice-Chancellors' Committee (NSWVCC) and seeking feedback on NSW Treasury's proposed new annual reporting framework for State Government agencies and statutory bodies (including universities) to be implemented from 2023 under the *Government Sector Finance Act 2018* (GSF Act).

I have consulted with colleagues within the University of Sydney responsible for our annual reporting and **attach** the University's resulting submission in response to Treasury's *Annual Reporting Reform 2022 Discussion Paper*.

The University of Sydney was established by an Act of the Parliament of NSW in 1850 to serve the interests of the people of NSW through the pursuit of excellence in research and teaching, informed by free inquiry. Consistent with that founding mission, the University strongly supports the policy intent behind these proposed reforms.

The annual reports of all NSW government agencies and statutory bodies (including public universities) need to meet the current and future needs of users by comparing favourably to best practice approaches in Australia and internationally. The material presented in the Discussion Paper demonstrates that NSW has ground to make up in the way its government agencies and statutory bodies (including public universities) report formally and publicly on their activities.

Shifting to a clear, principles-based reporting framework, with common content headings to be followed by all reporting entities, will provide a more structured and consistent look and more standardised content across all NSW agency and statutory body annual reports. Providing interested citizens and other users of these reports with a more accessible, strategic and comparable overview of each organisation's mission, priorities, operations and performance will serve to improve transparency and accountability.

While necessary and supported, the proposed reforms are ambitious and will impose significant change for universities and their staff responsible for preparing their annual reports. These are typically staff with specialist expertise who are diverted from other core responsibilities for 4-6 months each year to work on annual reports. We therefore welcome Treasury's commitment to a flexible and gradual approach to implementation, with ongoing review and consultation during the transition phase.

In terms of implementation, we note that the new reporting requirements are to apply to government agencies from 1 July 2023, covering their 2022-2023 financial year annual reports. As you know, NSW's public universities currently report by calendar year to enable alignment with the academic timetable and the terms of Commonwealth student-related funding arrangements. We are concerned that requiring universities to comply with the new framework for their 2022 calendar year annual reports would be premature, given the extent of the changes to content and its presentation that the new framework will create. We therefore seek Treasury's early confirmation that 2023 will be the first year for which universities' annual reports will need to follow the new framework.

Full implementation for universities' reporting from their 2023 annual reports onwards is strongly preferred because of the extent of the changes involved, particularly around the proposed framework's 'Performance' and 'Sustainability' sections.

Moreover, allowing NSW's public universities to report under the new framework for the first time in their 2023 annual report will provide them with sufficient time to collaborate regarding opportunities to improve the comparability and accessibility of key data and other information presented in their individual annual reports. Here we note that the NSW Legislative Council's Portfolio Committee No. 3 Report 41, [Future development of the NSW tertiary education sector](#), tabled January 2021, made a series of detailed recommendations aimed at improving the transparency of NSW universities' public reporting, many of which the Government indicated it supported 'in-principle' in its response.

We trust our feedback is helpful and look forward to working with the Government to ensure a smooth transition to the new annual reporting framework covering NSW's public universities.

Should your staff wish to discuss any aspect of our submission with us, in the first instance the best contact is Mr Tim Payne, Director, Higher Education Policy and Projects, in my office: tim.payne@sydney.edu.au, 02 9351 4750/0427 892 669.

Yours sincerely,

(signature removed)

Professor Mark Scott AO
Vice-Chancellor and President

Appendix The University of Sydney, Submission in response to NSW Treasury's *Annual Reporting Reform 2022 Discussion Paper*, July 2022

SUBMISSION IN RESPONSE TO NSW TREASURY'S ANNUAL REPORTING REFORM 2022 DISCUSSION PAPER, JULY 2022

The University's responses to Treasury's eleven consultation questions are provided below.

Proposed guiding principles

Five principles are proposed to be prescribed in the annual reporting framework to achieve excellence in annual reporting. They are 'Supports accountability', 'Comprehensive', 'Clear', 'Accessible' and 'Consistent'.

Consultation questions

1. Will the prescription of principles support excellence in annual reporting? If not, what other approaches would be effective?

Prescribing the overarching principles that will underpin the new reporting framework of the *Government Sector Finance Act 2018* (NSW) (GSF Act) is helpful, and the University of Sydney supports this approach. Shifting to a principles-based model is also consistent with best practice approaches, including those highlighted in the Discussion Paper.

2. Are there additional principles that should be considered to achieve excellence in annual reporting? If so, what are they?

It will be important for the Government to take a flexible approach to implementing these new principles and the new framework they will support. While universities will do their utmost to be clear, transparent, comprehensive and consistent in their reporting, they will need clear guidance on the Government's implementation expectations – especially during the transition to the new framework.

The reporting expectations for NSW's public universities – as a distinct and important category of NSW statutory bodies – may need to differ from those applied to other GSF Act reporting entities because of the nature of their educational and research activities and the complex and multi-jurisdictional regulatory, funding and reporting environment in which they operate. For example, NSW's universities are also all not-for-profit charitable organisations, which are regulated by the Australian Securities and Investments Commission (ASIC), the Australian Charities and Not-for-profits Commission (ACNC), the Tertiary Education Quality and Standards Agency (TEQSA) and in some cases (for dual sector providers), the Australian Skills Quality Authority (ASQA). As such, they are subjected to mandatory reporting obligations under dozens of NSW and Commonwealth laws, as well as to a range of foreign government and intergovernmental bodies that provide funding or other forms of support for their educational and research activities.

We therefore see value in the principles of 'Flexibility' and 'Removing Reporting Duplication' being added to the list to help achieve excellence under the new GSF Act reporting framework.

All GSF Act reporting entities will also need to be conscious of keeping the content of their annual reports as short and accessible as possible for all relevant audiences, with an emphasis on the use of concise and straightforward language. We would therefore recommend adding 'Succinct' or 'Concise' to the principles.

The primary purpose of statutory annual reports is to provide a fact-based summary of significant activities and progress against strategic objectives for the reporting year, and the University's view is that they should not be used as a vehicle for marketing or promotion. Our recommendation is that the principles and framework could helpfully stress that only essential and factual content should be

included in these reports. Here we note that South Australia's benchmark framework emphasises the need for agency annual reports to be fact-based, and includes 'factual' as a principle to help achieve this goal.

Proposed content headings and potential content elements of an annual report

Eight high-level content headings are proposed to structure the information in agency annual reports. They are 'Overview', 'Strategy', 'Risk', 'Governance', 'Operations', 'Performance', 'Sustainability' and 'Financial Performance'.

Consultation questions

3. Do you have any comments on the proposal to prescribe content headings to structure agency annual reporting?

The University supports the proposed mandatory content headings, noting that GSF Act reporting entities will have flexibility to determine the materiality of content within each section, in line with their own specific missions and operating circumstances.

4. Will the proposed framework meet the needs of users? If not, what changes should be made to better meet the needs of users?

The University's feedback on the Discussion Paper's draft guidance regarding the proposed potential content to be included under each section of the new annual report is as follows.

General feedback

- The proposed new GSF Act reporting framework should first apply to universities for annual reports covering the 2023 calendar year. Application for the 2022 calendar year would be too soon and not provide universities with sufficient time to prepare individually or collaborate to identify areas where consistency in approaches would be beneficial for report users and universities.
- More guidance on the approach that NSW's public universities (as an important and distinct category of GSF Act reporting entity) should take to the preparation of content under each proposed new section of the annual report would be helpful.
- Is the ordering of the sections proposed to be mandatory for all GSF Act reporting entities? For universities, given their particular educational and research activities, it may be preferable for them to continue presenting content about 'Governance' and 'Operations' (including key data) earlier in their reports.
- The current annual reporting template for universities includes a dedicated section on Work Health and Safety (WHS), whereas the new proposals would include this under the 'Sustainability' section. We recommend allowing NSW universities to continue including a standalone section dedicated to WHS matters, to emphasise the critical importance of their responsibilities to the community regarding student and staff safety and wellbeing.
- To maximise the utility, consistency and comparability of NSW universities' reporting under the new framework, it would be helpful for the Government (Treasury or other appropriate agencies, eg, Audit Office of NSW, NSW Department of Education) to consult with the university sector through the New South Wales Vice-Chancellors' Committee (NSWVCC) during the transition period in 2022 and 2023.

'Overview'

- More guidance on the specific content universities should include in future annual reports regarding their controlled entities would be helpful.

'Strategy'

- The most significant changes here for NSW universities are the emphasis given to resource allocation to implement strategic plans, as well as the proposed content summarising their systems and processes for measuring progress against specific target outcomes.

‘Risk’

- Generally, we see no issue with the proposed inclusions in the ‘Risk’ section. They would enable universities to continue to be transparent and realistic about the risks they face, their risk management frameworks and relevant insurance arrangements.
- Universities could individually or collaboratively set priority risk management content and structures in advance of each reporting cycle, covering specific risk categories such as work health and safety; financial; privacy; cyber security; national security; foreign interference; freedom of speech and academic freedom.

‘Governance’

- Much of the content proposed for this section is currently covered well in NSW universities’ annual reports.
- To maximise consistency in reporting, NSW universities could usefully agree annually at reporting time on the key legislative and policy developments that occurred during the reporting year. Each university would then provide summary details of its response/proposed response.

‘Operations’

- We see an opportunity in this section for NSW universities to improve quality and comparability of the data and other information they publish annually about their inputs, activities and outputs.
- Here we note that the NSW Legislative Council’s Portfolio Committee No. 3 Report 41, [Future development of the NSW tertiary education sector](#), tabled January 2021, made a series of detailed recommendations aimed at improving the transparency of NSW universities’ public reporting (see recs 1, 7 and 23) that the Government supported in-principle or noted in its response.
- The proposed new reporting framework provides an opportunity for NSW universities to address the concerns raised by the Portfolio Committee No. 3 by working collaboratively with each other and the NSW Government (Auditor General) to agree a core set of data that can be published in their reports (or linked to from them), which utilise common definitions and presentation protocols.

‘Performance’

- The proposed scope and content of this section will represent a significant change for NSW universities, particularly around the specificity proposed for the reporting of performance metrics for their strategic objectives and desired outcomes.
- Proposed ‘Method 2’ is more appropriate for NSW public universities given the independence and individual missions set by statute.

‘Sustainability’

- Again, this proposed new dedicated section of the GSF Act annual reporting framework would represent a significant change for NSW universities, but one that the University of Sydney welcomes in-principle.
- Like most, if not all NSW universities, the University of Sydney is committed to meeting the United Nations Sustainable Development Goals. This includes having a [substantial dedicated institution-wide sustainability strategy](#), which articulates specific targets and ensures regular reporting on progress.
- Similarly, NSW universities take seriously their compliance with State and Commonwealth human rights-related legislation, [including government laws to address modern slavery](#).
- We see significant opportunities for NSW universities to collaborate with each other and relevant NSW Government agencies to improve the sector’s reporting around the contribution universities make (individually and collectively) to the State’s economic, social and environmental sustainability goals.
- We also see a need for care to be taken to ensure that the new GSF Act annual reporting framework complements and responds to (rather than duplicates) the extensive external reporting that NSW universities already carry out about their sustainability activities, in accordance with relevant laws, policies and international ranking systems. For example, a key implementation challenge universities will need to navigate arises from the fact that Clean Energy Regulator and other external bodies require sustainability reporting by financial year,

not calendar year. This is already an extremely resource intensive and costly process for universities. Requiring them to also report quantitatively on their sustainability performance by calendar year in their annual reports would inevitably add a significant additional compliance burden.

- We trust that solutions to implementation issues like these can be resolved through consultation between the Government and universities during the transition period.

'Financial performance'

- There are no specific changes to this section that require a comment from the University of Sydney.
- In addition to the requirements of the GSF Act, the University will continue to meet the external reporting requirements under the *Australian Charities and Not-for-profits Commission Act 2012*, the Australian Accounting Standards and Interpretations as issued by the Australian Accounting Standards Board, and the Financial Statement Guidelines for Australian Higher Education Providers as issued by the Department of Education, Skills and Employment for the relevant reporting periods.

Current prescribed annual reporting requirements

Until the financial year ending 30 June 2022, detailed annual reporting requirements are prescribed in the Annual Reporting Acts, the associated Regulations, Treasurer's Directions and policies. The *Annual Reporting Compliance Checklist* includes all these requirements as a guidance document.

Consultation questions

- 5. Do you have any comments on the current annual reporting requirements? What are your comments on how to improve them?**
- 6. Are there any requirements that would be better presented in another format (e.g. on an agency website) instead of the annual report? What are those requirements and why do you think they would be better published elsewhere?**

We have stressed in our responses to earlier questions the need for future university statutory annual reports to be succinct, non-marketing/promotional documents, which contain only essential factual information, and serve to complement rather than duplicate other external reporting that occurs elsewhere in compliance with legislative requirements. Examples regarding Sustainability and Modern Slavery reporting were provided, but there are many others.

For example, one of the issues we have been trying to improve across the *Government Information (Public Access) Act 2009* (NSW) (GIPAA) and the *Privacy and Personal Information Protection Act 1998* (NSW) (PPIPA) space is the disparate reporting, update and notice obligations that NSW universities must meet under these two Acts. Members of the public coming to our website must currently navigate through various publications and pages to obtain a consolidated view of the University's GIPAA and PPIPA operations and outcomes. NSW universities are also required to compile annual reporting to Information and Privacy Commission NSW on their obligations and activities in these areas.

We therefore support taking advantage of these reforms to remove the current GIPAA and PPIPA statistics from universities' annual reports and co-locate these with consolidated information about these functions on university websites. Removing this reporting requirement from universities' annual reports would streamline their reporting obligations and provide an opportunity to consider how the State's universities can provide more timely and accessible information about their GIPAA and PPIPA obligations and incidents.

We expect there are many other areas of current regulation and statutory/policy reporting where there is potential for NSW universities to collaborate with each other and relevant NSW agencies to improve the quality of the data and other information they make publicly available.

Combined annual reports

Under section 7.10(5) of the GSF Act, two or more Reporting GSF Agencies can combine annual reporting information if the regulations or other legislation or the Treasurer's Directions permits. These regulations and Treasurer's Directions are yet to be developed.

Consultation questions

7. Are there agencies who you think should be combining annual reports? Why?

8. What potential benefits, in terms of accountability, would there be from combining annual reports? What potential losses, in terms of transparency, might there be?

In line with our comments on the proposed 'Performance' content heading under Question 3 above, all NSW's public universities should continue to report separately. They are independent and autonomous entities established by separate Acts of Parliament, which set their individual missions, objects, functions, governance, and accountability structures and processes.

Cost of the annual report

Agencies should prepare annual reports with the least possible cost. There are suggested ways to keep the production cost of the annual report to a minimum by aligning with the NSW *Premier's Memorandum M2013-09 (Production Costs of Annual Reports)*.

Consultation question

9. Are there any other ways to keep the production cost of the annual report to a minimum? What are they?

In recent years we have sought to keep production costs for our Annual Report to a minimum. This has involved relying on in-house writing staff time, maintaining a solely black and white design and striving to keep content across all sections as concise as possible, which ultimately minimises the overall page count and associated costs.

As we now publish and retain digital versions (back to 1999) of our annual report on our website and make the latest digital version available to the general public as soon as possible after its tabling in Parliament, we have cut the number of hard copies printed back to the bare minimum required for compliance and archiving purposes.

Proposed transitional arrangements

Robust transitional arrangements will facilitate adoption of the new requirements (unless already prescribed by legislation or policy), especially when the agencies prepare their first annual report for the financial 2022-23 under the GSF Act. A flexible approach is proposed for agencies to adopt new requirements while addressing their specific needs.

Consultation questions

10. What considerations should be made to ensure a smooth transition to the new reporting framework?

11. Is there anything else you would like to raise regarding agency annual reports and this reform?

The proposed new content structure for NSW universities' annual reports represents a significant change from the current requirements, which have been in place (with periodic refinements) for many years.

The University of Sydney understands and supports the policy rationales and objectives behind the GSF Act's proposed new reporting framework. However, we also believe it will be important for the State's public universities (as a distinct and important category of NSW statutory body) to be given clear and comprehensive guidance on the content they will be expected to include in their annual reports once the new framework is in place. They will also need certainty about the extent to which they have flexibility to depart from the new framework's structure and content expectations, and any processes they will need to follow if they determine a different approach is needed because of their individual circumstances.

Perhaps most critically, NSW's universities need clarity from the Government as soon as possible about the first reporting period for which the new framework will apply to them. Currently, the State's public universities report by calendar year, to enable alignment with the academic timetable and the terms of Commonwealth student-related funding arrangements. With the new framework to apply to GSF Act government agencies from 1 July 2023 and covering their 2022-2023 financial year annual reports, it is not clear from the Discussion Paper and legislation whether the new arrangements will apply first to universities' annual reports for the 2022 or 2023 calendar year.

We are concerned that requiring universities to comply with the new framework for their 2022 calendar year annual reports would be too soon, given the extent of the changes to content and its presentation that the new framework will create. Full implementation for universities' reporting from their 2023 annual reports onwards is strongly preferred because of the extent of the changes involved, particularly around the proposed framework's 'Performance' and 'Sustainability' sections.

Finally, we view these reforms as presenting an opportunity for NSW universities to work with each other and relevant Government agencies to identify the most important content for inclusion in future annual reports, and especially the content areas that would benefit from all universities taking more consistent approaches. There is a particular opportunity under the proposed 'Sustainability' content section for NSW universities to enhance the way they report to the NSW Parliament and publicly on the contributions they make individually and collectively to the State's economic, social and environmental sustainability goals.

Allowing NSW's public universities to report fully under the new framework for the first time in their 2023 annual reports would provide them with valuable additional time to collaborate regarding their reporting approaches. Universities could also potentially use the preparation of their 2022 annual reports as a test run, presenting some of their content in line with the new framework where feasible, before reporting fully under the new framework for the 2023 calendar year.

Ends/