

Overpaid and unaccountable: reining in Vice-Chancellor pay

Submission to
The Senate Education and
Employment Legislation Committee's
Inquiry on Tertiary Education
Legislation Amendment (There For
Education, Not Profit) Bill 2025

The pay of Australia's Vice-Chancellors is among the highest in the world. Although they are paid like corporate CEOs, they are not subject to the same levels of scrutiny and accountability. Capping Vice-Chancellor remuneration is a necessary step to bring good governance to universities and refocus the sector on education and research.

Jack Thrower
March 2025

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Summary

This submission to the Senate Education and Employment Legislation Committee's Inquiry into the *Tertiary Education Legislation Amendment (There For Education, Not Profit) Bill 2025* supports the passage of the Bill.

Vice-Chancellors are paid like corporate CEOs but are not held to the same level of accountability. The institutions they oversee are publicly funded, but Vice-Chancellors are not subjected to the same level of public scrutiny as senior public servants. The universities they oversee are plagued by ongoing scandals and governance failures.

Since the Dawkins reforms of the 1980s, Vice-Chancellor remuneration has skyrocketed. From 1985 to 2023, accounting for inflation, remuneration in Group of Eight (Go8) universities more than quadrupled – from about \$300,000 to \$1.3 million. While Vice-Chancellor salaries are often justified on the basis of the size of the 'business' they run, neither universities nor their senior executives are subject to the same regulatory oversight as privately owned organisations.

Australia's Vice-Chancellors are paid more than most university executives in most parts of the world. Their remuneration surpasses those found at universities in other English-speaking countries, and vastly exceeds standards in Europe. This high pay is not reflected in high performance: Vice-Chancellors at foreign universities with similar global rankings are paid a fraction of what Australian Vice-Chancellors receive. There is also no correlation between student educational satisfaction and Vice-Chancellor remuneration.

University staff do not benefit from this system. Vice-Chancellor remuneration is now at least seven times higher than what university lecturers receive. Many lecturers and tutors – who teach the classes and conduct the research that is the core business of these public tertiary institutions – are subjected to casualisation, wage underpayments and poor labour practices.

Government-proposed reforms are inadequate. Linking Vice-Chancellor remuneration with senior executive pay in the public service is a step in the right direction, but this fails to recognise that pay among senior management in the public service is also too high.

Urgent action is needed to fix the governance crisis in the university sector. This Bill is a necessary step in this process.

Introduction

The Australia Institute welcomes the opportunity to make this submission to the Senate Education and Employment Legislation Committee's Inquiry into the *Tertiary Education Legislation Amendment (There For Education, Not Profit) Bill 2025*.

Australian Vice-Chancellor remuneration has skyrocketed in recent decades.¹ Australia's Vice-Chancellors are now among the best paid in the world. This remuneration is sometimes defended by comparing it to what corporate CEOs are paid, but this is misleading because Vice-Chancellors are not subject to nearly the same level of scrutiny or accountability as corporate CEOs.² Vice-Chancellors do not face the oversight of a corporate board, whose members face strict legal obligations and liabilities, not to mention the threat of takeover if they are poorly run. They are also not subjected to anything like the level of regulation and scrutiny that the Australian Security and Investment Commission (ASIC) and the Australian Consumer and Competition Commission (ACCC) can apply to privately owned organisations, nor pressure from consumers protected by Australian consumer law. Despite managing large amounts of public money, Vice-Chancellors rarely face budget estimates, parliamentary inquiries, or other forms of public sector accountability.³

Unaccountable and unrepresentative governing bodies have facilitated excessive remuneration for Vice-Chancellors. Currently, the performance and remuneration committees of university councils are tasked with setting pay for senior executives, including the Vice-Chancellor. The membership of these committees is often small and dominated by a Chancellor or a handful of senior executives with backgrounds in the corporate sector, rather than education. Vice-Chancellors are often members of this committee and, according to some reports, have been known to "attend" and even exercise "formal rights of audience and debate" at the meetings where their pay is discussed, though not for the decision itself.⁴

¹ This paper uses terms such as *remuneration* and *pay* interchangeably while acknowledging that *remuneration* is a broad concept encompassing salary and non-salary benefits.

² Hare (2016) *Michael Spence and Greg Craven top vice-chancellor pay rises*, <https://www.theaustralian.com.au/higher-education/michael-spence-and-greg-craven-top-vicechancellor-pay-rises/news-story/5c76b0cecbdf31261a28dda764ad60d8>

³ Thrower and Black (2025) *ANU's latest scandal shows us why transparency is so important, and where to start*, <https://australiainstitute.org.au/post/anus-latest-scandal-shows-us-why-transparency-is-so-important-and-where-to-start/>

⁴ Rowlands and Boden (2020) *How Australian vice-chancellors' pay came to average \$1 million and why it's a problem*, <https://theconversation.com/how-australian-vice-chancellors-pay-came-to-average-1-million-and-why-its-a-problem-150829>; Boden and Rowlands (2022) 'Paying the piper: the governance of vice-chancellors' remuneration in Australian and UK universities', *Higher Education Research & Development*, <https://doi.org/10.1080/07294360.2020.1841741>

Vice-Chancellors have overseen a growing crisis in management and governance at Australia's universities. The Albanese Government announced reforms to the sector, but stronger action is needed. In its submission to the Senate Education and Employment Legislation Committee's inquiry into the 'Quality of governance at Australian higher education providers', The Australia Institute has provided an extended list of recommendations to fix this crisis, which includes capping Vice-Chancellor remuneration.⁵

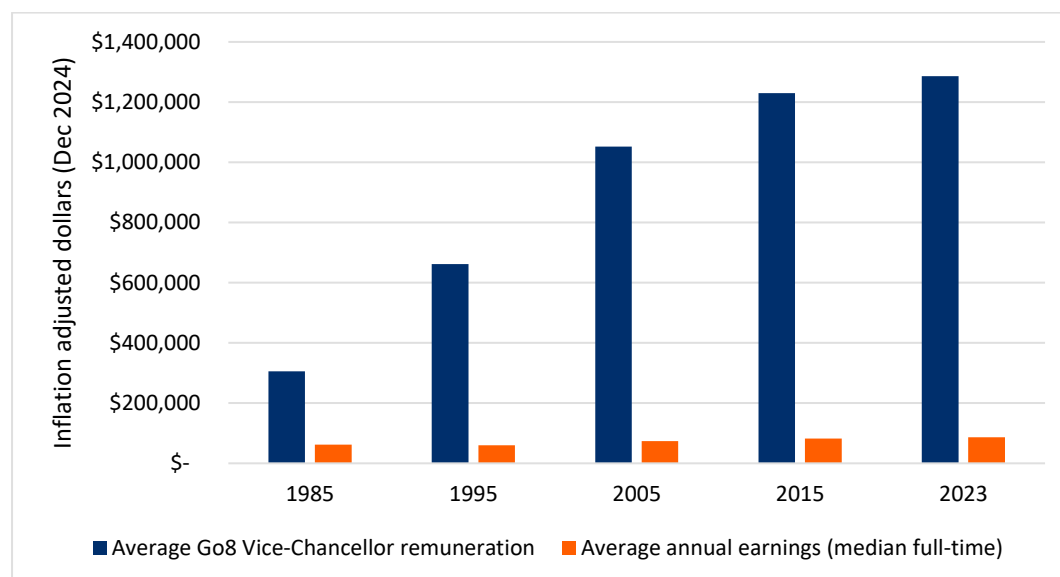
This Bill would cap the remuneration of Australian Vice-Chancellors at \$430,000 unless the Minister prescribes a higher amount. This would be an important step towards fixing governance in Australia's universities by making these public institutions publicly accountable for their remuneration decisions. The Australia Institute supports the passage of this legislation.

⁵ Adhikari et al (2025) *Submission: A higher purpose*, <https://australiainstitute.org.au/report/submission-a-higher-purpose/>

Million-dollar Vice-Chancellor pay

In 1985, Vice-Chancellors were already paid generously, at over \$300,000 per year in today's terms.⁶ At this time, remuneration for Vice-Chancellors was partially regulated through the Academic Salaries Tribunal. In the late 1980s, the Hawke government implemented the 'Dawkins Revolution', a range of reforms to the higher education system including deregulating Vice-Chancellor pay. By 1995, remuneration for Vice-Chancellors in the Group of Eight (Go8) universities had more than doubled, to about \$660,000. By 2023, generosity had become absurdity, and remuneration for Go8 Vice-Chancellors reached nearly \$1.3 million per year, more than quadruple what it was in 1985.⁷ The average across all public universities is now around \$1 million.⁸ This skyrocketing remuneration has outpaced that of the broader workforce. From 1985 to 2023, Go8 Vice-Chancellor remuneration grew eight times quicker than average full-time earnings.

Figure 1: Go8 Vice-Chancellor remuneration vs average earnings, 1985 to 2023: (2004 dollars)



Source: author's calculation using data from the Australian Bureau of Statistics, annual reports, and other government documents. 1985 remuneration is the salary rate as determined by the Academic Salaries Tribunal.

⁶ All figures in this section are adjusted for inflation to December 2024 dollars.

⁷ Thrower (2025) *The high pay for Vice-Chancellors does not deliver better outcomes for students*, <https://australiainstitute.org.au/post/the-high-pay-for-vice-chancellors-does-not-deliver-better-outcomes-for-students/>

⁸ National Tertiary Education Union (2024) *Ending Bad Governance For Good*, <https://betterunis.nteu.au/>

Australian Vice-Chancellors are among the world's best paid university executives

Australia's Vice-Chancellors are paid more than their university executives in comparable countries, including in Europe, the USA, New Zealand, and the United Kingdom.⁹ Over a dozen Australian Vice-Chancellors are regularly paid more than the Vice-Chancellor of the University of Cambridge, including many outside of the Group of Eight, such as the Queensland University of Technology and Swinburne University.¹⁰

These high rates of pay are sometimes defended as necessary to attract managers talented enough to maintain or improve the international rankings of Australian universities.¹¹ However, it is clear from Nordic countries (Norway, Sweden, Denmark, Finland, and Iceland) that universities can maintain high rankings without excessive Vice-Chancellor remuneration.

Australia and the combined Nordic countries have a similar population, and a similar number of universities that rank in the top 100 (and top 200) of the prestigious 'Times Higher Education World University Rankings'.¹²

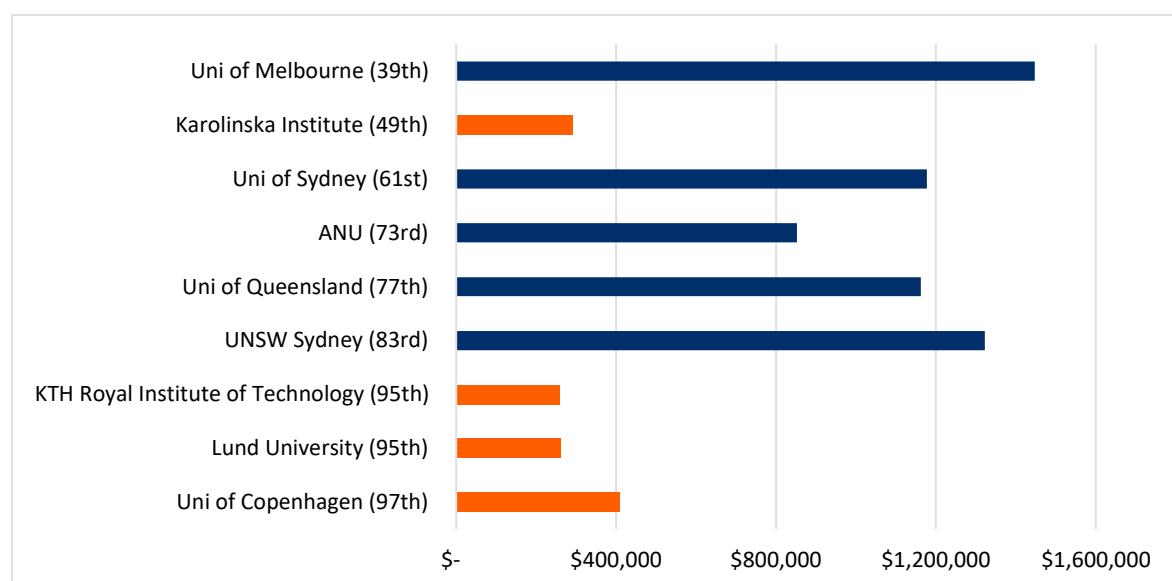
⁹ Hare (2024) *Are Australian university bosses worth the big bucks?*, <https://www.afr.com/work-and-careers/education/are-australian-university-bosses-worth-the-big-bucks-20240122-p5ez5x>; Usher (2024) *Presidential Salaries, Redux*, <https://higheredstrategy.com/presidential-salaries-redux/>

¹⁰ Cambridge University Reporter (2025) *Annual Remuneration Report, 2023-24*, <https://www.admin.cam.ac.uk/reporter/2024-25/weekly/6773/section4.shtml>; Seccombe (2024) *University vice-chancellors and their salaries*, <https://www.thesaturdaypaper.com.au/news/education/2024/09/14/university-vice-chancellors-and-their-salaries>. Figures are for 2023 and converted to Australian dollars using 2023 Purchasing Power Parities for household final consumption expenditure.

¹¹ Though university ranking systems are prioritised by universities, these systems have many flaws. See, e.g., Fonn (2024) *University rankings are unscientific and bad for education: experts point out the flaws*, <https://theconversation.com/university-rankings-are-unscientific-and-bad-for-education-experts-point-out-the-flaws-223033>

¹² Times Higher Education (2025) *World University Rankings 2025*, <https://www.timeshighereducation.com/world-university-rankings/latest/world-ranking>

Figure 2: Vice-Chancellor remuneration in top 100 ranked universities, Australia and Nordic countries



Source: author's calculations using data from annual reports, Universitetsläraren, University of Copenhagen, OECD, and Time Higher Education.¹³

Figure 2 shows a stark difference between the remuneration of Australian Vice-Chancellors and their Nordic equivalents, known as Rectors. Even the lowest-paid Australian Vice-Chancellor in 2023, Dr Brian Schmidt of the Australian National University (who negotiated his pay down) was paid significantly more than the highest-paid equivalent at a Nordic university (Rector Henrik C. Wegener of the University of Copenhagen).¹⁴ Notably, the pay for this Rector, about \$410,000, is slightly lower than the pay cap that would be implemented by this legislation (\$430,000).

¹³ Ranks are in parenthesis and from the 2025 World University Ranking. Remuneration and salary figures are for 2023 as this is the latest available data. Figures converted to Australian dollars using 2023 Purchasing Power Parities for household final consumption expenditure. The University of Copenhagen figure includes basic salary, pension, fixed allowances, temporary allowances and one-off bonuses. It is unclear whether figures for Swedish universities include non-salary remuneration, however given the scale of pay differential this does not affect conclusions.

¹⁴ Hare (2021) *The vice-chancellor who negotiated his salary down to \$484,000*, <https://www.afr.com/work-and-careers/leaders/the-vice-chancellor-who-negotiated-his-salary-down-to-484-000-20210514-p57rz4>

Staff are falling behind

In contrast to Vice-Chancellors, in recent decades university staff have regularly suffered under poor labour conditions and have even been subject to outright abuses.¹⁵

One analysis shows that, in 1985, an average Vice-Chancellor at an elite research-intensive university was paid 3.1 times more than an early-career lecturer – by 2018 this ratio had increased to 16.1.¹⁶

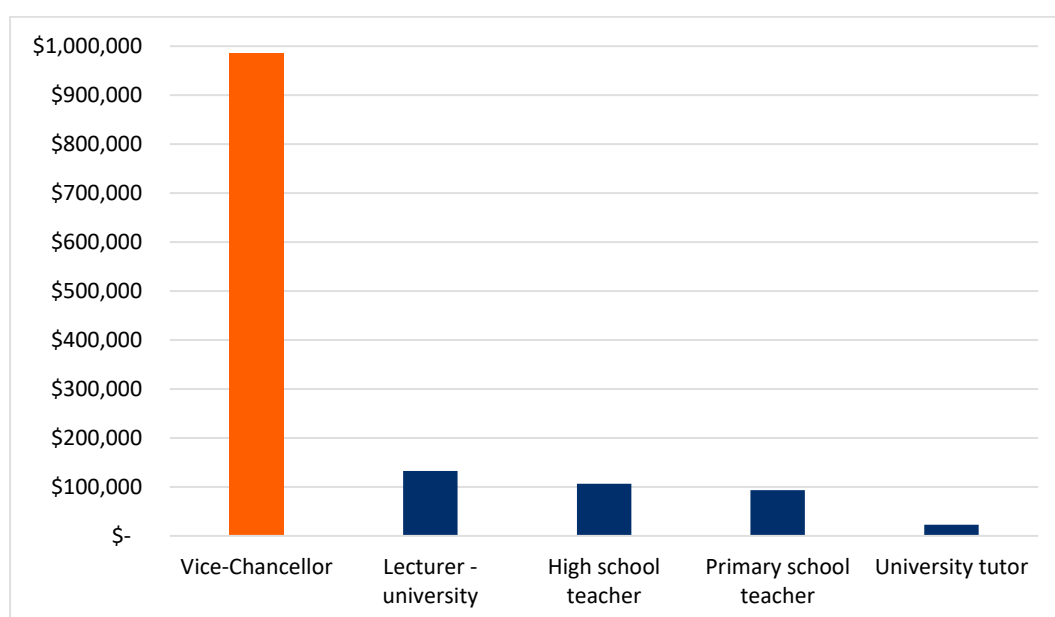
In 2022, Vice-Chancellor remuneration was at least seven times more than that of university lecturers, more than nine times than that of high school teachers and over 10 times more than that of primary school teachers (Figure 3). Meanwhile, the average remuneration for university tutors is under \$23,000 per year, or less than 3% of average Vice-Chancellor remuneration. While most of these tutors technically do not work full-time, these roles have become highly insecure and often involve significant hours of unpaid work to ensure their students receive quality tuition and constructive feedback on assignments.¹⁷

¹⁵ Precel (2023) *Fair Work Ombudsman lambasts university sector for underpayment 'trends'*, <https://www.smh.com.au/business/workplace/fair-work-ombudsman-lambasts-university-sector-for-underpayment-trends-20230604-p5ddr3.html>

¹⁶ Rowlands and Boden (2020) *How Australian vice-chancellors' pay came to average \$1 million and why it's a problem*

¹⁷ Brett (202) 'The bin fire of the humanities', *The Monthly*, <https://www.themonthly.com.au/issue/2021/march/1614517200/judith-brett/bin-fire-humanities>

Figure 3: Average remuneration for Vice-Chancellors and other education positions



Source: author's calculations using data from the Australian Tax Office, National Tertiary Education Union and The Saturday Paper's analysis of university annual reports. Vice-Chancellor figure is the median of remuneration midpoints for 2022. Other figures use median salary/wage income for 2021-22, teacher salaries adjusted upward by 17% to take into account any superannuation, long-service leave and other benefits. University salaries were adjusted by 22% due to higher employer superannuation contributions prevalent in the sector.

Poor labour conditions are not just an issue for tutors; they are rife across the sector. In June 2024, the National Tertiary Education Union estimated the total amount of money so far in identified wage theft across the higher education sector since 2014 to be over \$382 million, with more expected to be identified.¹⁸ Apologists for their high pay say that Vice-Chancellors are responsible for huge organisations with complex management needs. But this has not helped them stop the labour exploitation that has become widespread as their pay has grown.

For example, the Vice-Chancellor of the University of Melbourne is one of the highest paid university executives in the world. From 2014 to 2023, remuneration for this position totalled about \$13.6 million. In December 2024, the university signed an Enforceable Undertaking with the Fair Work Ombudsman, admitting to contravening the Fair Work Act between early 2014 and early 2024.¹⁹ The university committed to paying more than 25,000 staff a total of over \$72 million. This included about \$13.4 million just in interest on underpayments and owed superannuation.

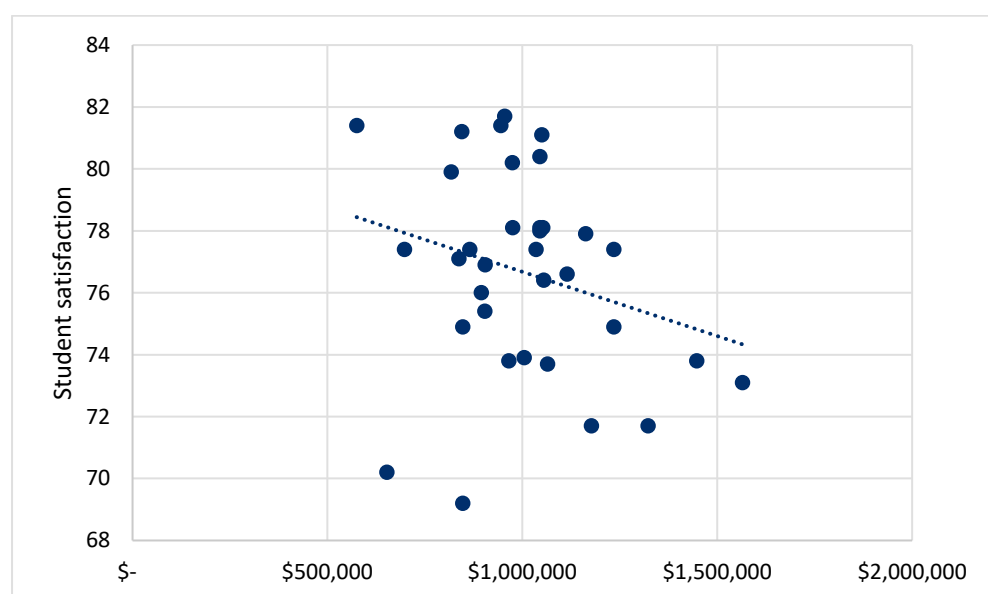
¹⁸ National Tertiary Education Union (2024) *Public Universities Wage Theft Report*, <https://betterunis.nteu.au/>

¹⁹ Fair Work Ombudsman (2024) *University of Melbourne signs Enforceable Undertaking*, <https://www.fairwork.gov.au/newsroom/media-releases/2024-media-releases/december-2024/20241209-uni-of-melbourne-eu-media-release>

Students are not benefiting

Exorbitant remuneration for Vice-Chancellors is not improving the learning experience of students. There is no strong relationship between Vice-Chancellor pay and student satisfaction (Figure 4). The four universities with the highest student ratings of the quality of their educational experience also pay their Vice-Chancellors less than the average across the sector. In contrast, the three universities paying their Vice-Chancellors the most have very low levels of student satisfaction. There is also no relationship when comparing changes in remuneration and satisfaction.

Figure 4: Vice-Chancellor remuneration and student satisfaction, 2023



Source: Annual reports and QILT Student Experience Survey. All figures are for 2023, student satisfaction is measured as 'Quality of entire educational experience' and remuneration is the midpoint at each institution.

At some of Australia's largest and most prestigious universities, the size of the university is used as justification for high Vice-Chancellor pay.²⁰ Yet, when it comes to student satisfaction, the size of the institution is used as an excuse for poor results.²¹ The lack of connection between remuneration and student satisfaction shows that Vice-Chancellors are not managing their institutions sufficiently well to either benefit their students or justify their remuneration.

²⁰ Hare (2024) *Are Australian university bosses worth the big bucks*

²¹ Heffernan (2023) *Australia's happiest students are not at sandstone universities*, <https://www.smh.com.au/education/australia-s-happiest-students-are-not-at-sandstone-universities-20230704-p5dlj6.html>

Government reforms are inadequate

The Albanese Government has introduced some positive changes to the higher education system, such as changes to the indexation of the Higher Education Loan Program (HELP) debts and policies that reduce the burden on existing HELP debt holders. In response to the Universities Accord, the government has established a National Student Ombudsman and a new Australian Tertiary Education Commission, and it has proposed a new system for setting student fees.²²

At the same time, the government has disappointed many in the sector by so far failing to reverse the distortive Job-ready Graduates program.²³ Meanwhile, the Government has also created enormous uncertainty about international student enrolments (and revenue) for the 2025 academic year. The University of Tasmania reported last year that the impact of that uncertainty on their financial position was ‘very substantial’ (the university’s discretionary spending notwithstanding).²⁴ The Government has also announced the creation of a “national expert governance council”, which will likely set rules for Vice-Chancellor remuneration. Reporting suggests this body will only issue guidance rather than binding rules,²⁵ which would be inadequate. University councils have proven unable to keep Vice-Chancellors accountable or sensibly remunerated. Additionally, this guidance is likely to link Vice-Chancellor remuneration with remuneration for comparable roles of similar scale

²² Cassidy (2024) *Labor to wipe \$3bn from Hecs and Help debts through indexation changes*, <https://www.theguardian.com/australia-news/article/2024/may/05/labor-to-wipe-3bn-from-hecs-and-help-debts-through-indexation-changes>; Department of Education (2024) *20% reduction of student loan debt*, <https://www.education.gov.au/higher-education-loan-program/20-reduction-student-loan-debt>; Clare (2024) *Responding to the Australian Universities Accord*, <https://ministers.education.gov.au/clare/responding-australian-universities-accord>; Karp (2024) *University fees to be set by new commission as Labor urged to reverse Scott Morrison’s price hikes*, <https://www.theguardian.com/australia-news/2024/nov/05/university-fees-to-be-set-by-new-commission-as-labor-urged-to-reverse-scott-morrison-price-hikes>

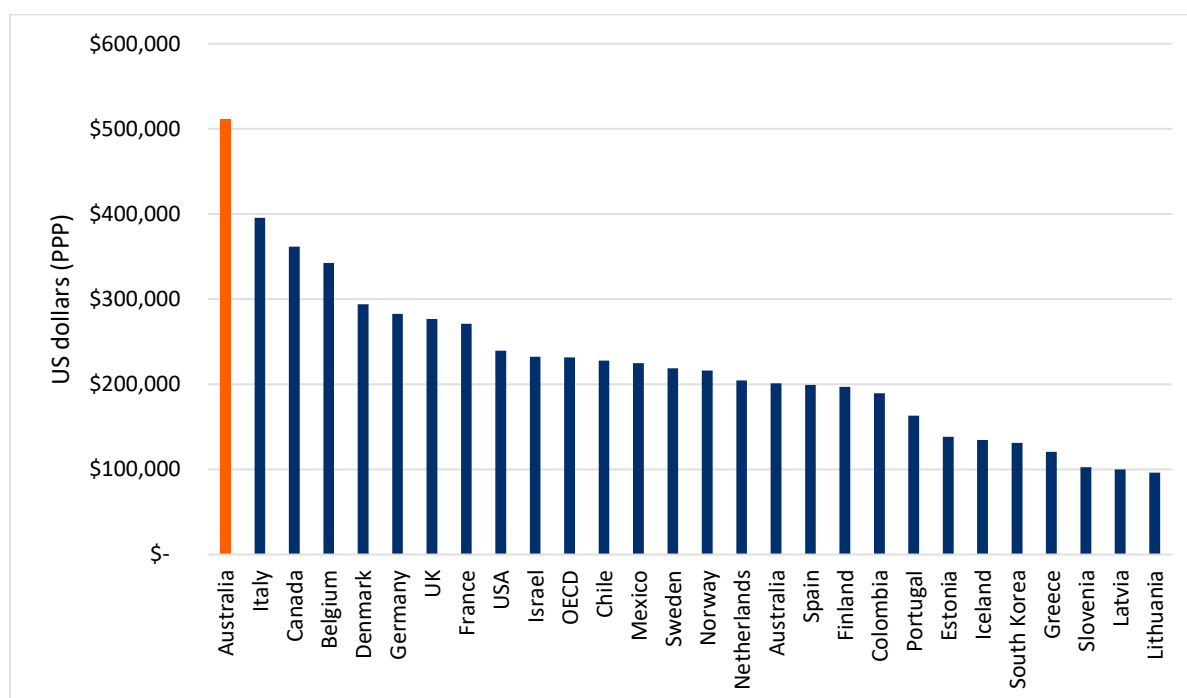
²³ Cassidy (2024) *‘Band-aid’: debt relief fails to address inequitable pricing of degrees, university students say*, <https://www.theguardian.com/australia-news/2024/nov/17/band-aid-debt-relief-fails-to-address-inequitable-pricing-of-degrees-university-students-say>

²⁴ Black (2024) *Inquiry into the University of Tasmania (UTAS) financial position, 22 August 2024*, <https://www.parliament.tas.gov.au/committees/joint-committees/standing-committees/public-accounts-committee/inquiries/utas-financial-position>

²⁵ Hare (2024) *New watchdog won’t have power to rein in million-dollar uni salaries*, <https://www.afr.com/politics/federal/new-watchdog-won-t-have-power-to-rein-in-million-dollar-uni-salaries-20241126-p5ktin>

and complexity as those in the public service. This fails to recognise that the remuneration of senior public service executives has also skyrocketed in recent decades.²⁶

Figure 5: Average annual compensation of central government senior managers, 2015



Source: 2016 OECD Survey on Compensation of Employees in Central/Federal Government (latest available data). Includes remuneration for wages and salaries and employers' social contributions, corrected for working time and adjusted for differences in holidays. Figures are in 2015 US dollars converted using Purchasing Power Parities.

In 2023-24 Australian public service heads of department received an average of over \$900,000 in remuneration per year.²⁷ The OECD's latest survey of compensation for senior government managers revealed that Australia's top public servants were the highest paid across the entire OECD (Figure 5), the same was not true for lower-level public service staff such as secretarial positions.²⁸

The cap proposed in this Bill would be a more effective way of reining in Vice-Chancellor remuneration than these Government reforms. By amending the establishing Act of the Australian National University and changing registration requirements under the *Tertiary Education Quality and Standards Agency Act*, this Bill would ensure that Vice-Chancellor pay is regulated through legislation. The amount of the implemented cap would be \$430,000.

²⁶ Ross (2024) *Australia plans to benchmark vice-chancellor salaries*,

<https://www.timeshighereducation.com/news/australia-plans-benchmark-vice-chancellor-salaries>

²⁷ Holmes (2024) *The APS Secretaries' Salaries List 2024*, <https://www.themandarin.com.au/281031-the-aps-secretaries-salaries-list-2024/>

²⁸ OECD (2017) *Government at a Glance 2017*, https://www.oecd.org/en/publications/government-at-a-glance-2017_gov_glance-2017-en.html

The Bill would allow the Minister to prescribe an amount higher than the cap. The prescribed amount would be disallowable by the Australian Parliament.

The size of the Bill's remuneration cap is reasonable. \$430,000 is well above the pay that Vice-Chancellors received before pay was deregulated in the 1980s (about \$300,000 in inflation-adjusted terms). It is also still above the pay of Vice-Chancellors at many world-leading institutions in Europe, including the Nordic countries.²⁹ It is about 1.6 times higher than total remuneration for the highest paid academic staff at the Australian National University (about \$258,000 per annum).³⁰ The ability for the Minister to prescribe a higher amount would provide flexibility in circumstances where the university is able to justify exceeding the cap, while ensuring these decisions are transparent and accountable to the Australian public.

Notably, the pay cap is currently not indexed to increase over time, meaning it will gradually fall in real terms (accounting for inflation). In the short term, this will have the benefit of bringing most or all Vice-Chancellor remuneration packages under public scrutiny. Over the long term, indexation mechanisms — such as linking rises in the cap with changes in overall wages or pay in the university sector — could be considered.

²⁹ Mitchell (2023) *Are UK university vice-chancellors really worth their pay?*, <https://www.universityworldnews.com/post.php?story=20230915105241592>

³⁰ The salary has been adjusted upwards by 18.85% to account for superannuation, annual leave loading and long service leave levy according to salary on-cost estimates. Australian National University (n.d.) *Schedule 1. Academic staff salary schedule*, <https://services.anu.edu.au/human-resources/enterprise-agreement/schedule-1-academic-staff-salary-schedule>; Australian National University (2025) *2025 Salary on-costs*, <https://services.anu.edu.au/human-resources/salaries-benefits/salary-on-costs>

Conclusion

The decades-long push to make Australia's universities more "business-like" has left its governance with the worst of both worlds: not properly accountable to the Australian people, nor subject to the pressure of 'market forces'. Each year, billions of public dollars are spent on universities, but they do not receive nearly as much scrutiny as that faced by government agencies or for-profit corporations. While shareholders keep companies on their toes, university councils are unable to properly rein in Vice-Chancellor remuneration or manage their performance.

This has created a system that is bad for students, who face mounting debts and substandard educational experiences; bad for staff, who are subjected to job insecurity, casualisation, hours of unpaid work and even outright contraventions of employment law; and bad for the broader community, whose taxes fund this dysfunctional system that fails to deliver educational and research outcomes.

The Australia Institute has provided an extended list of recommendations elsewhere to fix this crisis, including capping Vice-Chancellor remuneration.³¹ This Bill would be an important step towards fixing governance in Australia's universities and refocusing the sector on its central purposes of public research and education. The Australia Institute supports passing this legislation.

³¹ Adhikari et al (2025) *Submission: A higher purpose*