

Group of Eight (Go8) responses to Questions on Notice at Senate Economics Legislation Committee Inquiry into Medicare Levy Amendment (National Disability Insurance Scheme Funding) Bill 2017 and 10 related bills [provisions]

What sort of co-investment results from that? For every dollar of EIF funding, what do you attract from other sources? (Senator Ketter)

- This is not a financial figure usually reported to the Group of Eight Directorate, even if reportable by our members to Government. The precise co-investment is not one we can readily provide to the Committee, as it would require access to – and further time to assess – sector wide information against each of the projects EIF has allocated funds to.
- We would suggest that the Department of Education and Training may have and be able to provide this level of detail.
- As a comparable level of co-investment, the National Collaborative Research Infrastructure Strategy (NCRIS) was found by KPMG to leverage \$1.06 value of co-investment against every \$1 invested by the Australian Government. As detailed in the Go8 submission, EIF has supported 22 or 80 per cent of existing NCRIS projects.

Are there urgent needs right now? (Senator Ketter)

- Yes, there are two critical needs identified in the 2016 National Research Infrastructure Roadmap. These are national high performance computational capability and the Australian Animal Health Laboratory (AAHL).
- The last significant capital injection into national high-performance computing was through the EIF under the Super Science Initiative - \$80 million to establish what is now known as the Pawsey Centre in Perth and \$50 million to upgrade the National Computational Infrastructure facility in Canberra. As noted by the Roadmap, such capability is needed to support advanced analysis and simulations in research fields, including but not limited to medical science, environmental modelling, physics and astronomy.
- The AAHL, managed by CSIRO, is critical to research in exotic livestock disease and high risk zoonotic diseases. AAHL is equipped to handle infected livestock at the highest physical containment level is a unique national capability that needs to be upgraded to ensure compliance with regulatory requirements. AAHL, to the knowledge of Go8, has not received EIF funding, but has attracted over \$17 million in NCRIS funding, \$8 million of which was for establishment.
- The Roadmap outlines numerous other infrastructure needs that are not as immediately pressing but require addressing in the short to medium term.

The data I have suggests that between 2011 and 2013 the EIF revenue constituted only about 14 per cent of university infrastructure expenditure and between 2012 and 2014 it constituted about 10 per cent. Do you have any updated data on that so that we know exactly how much the EIF actually contributes to university infrastructure expenditure? (Chair)

- The Go8 does not have access to these statistics, nor the basis for them, for these specific periods¹. The Committee may need to seek confirmation from the Department of Finance or the Department of Education and Training.
- However, we note that if the 14 per cent figure is accurate, it means that EIF constituted nearly 80 per cent of Commonwealth and state government funding allocations for university infrastructure over that period – reinforcing the importance of EIF to universities. Over that period of 2011-2013, we do know that Australian Government and state government capital grants funded approximately \$2.0 billion, or 19 per cent, of universities' \$10.6 billion investment on new Property, Plant and Equipment (PPE) infrastructure².
- The Committee should also appreciate that the larger proportion of EIF allocations were made in the preceding period from 2008 to 2010 – totalling approximately \$3.5 billion or 82 per cent of total EIF expenditure over time³ – so the reasons for EIF's proportion of university expenditure on infrastructure cannot be wholly tied to university needs or capacity to fund infrastructure from elsewhere, rather to decisions of government at the time. The subsequent rounds of EIF over 2011-2014 were indeed driven by government priorities (clean energy and regional).
- Indeed, the Higher Education Infrastructure Working Group (HEIWG) report notes the 2011-2013 period as one of reasonable access to Government capital grants from successive rounds of the EIF. Yet two pertinent points also emerge from HEIWG's scrutiny of this period:
 - that universities rely vitally on their capacity to generate sound operating surpluses to make the infrastructure investments necessary to support high quality teaching, learning and research; and
 - that many significant university infrastructure projects were undertaken with support from co-investment that probably could not have occurred in the absence of government seed funding.
- It is worth making this point again – EIF as a seed fund was and has the potential to be a significant lever, to bring additional funds in as co-contributions, to generate major partnerships that endure, and to coalesce expertise and in-kind contributions. This is clear from the major EIF investments such as the \$385 million Charles Perkins Centre using \$95 million EIF funds, and starkly evident from NCRIS facilities that originated from or were critically upgraded by an EIF grant. NCRIS facilities have brought together resources from within the sector in unparalleled ways, and equally importantly have created key partnerships with non-university entities. For example, the Terrestrial Ecosystem Research Network led by University of Queensland has 48 partners, including 16 additional universities, 25 government entities, and four international partners.

¹ EIF budget amounts courtesy of Australian Government budget statements are provided by financial year, and extrapolating exact financial year disbursements from the statements cannot be confidently done. Actual amounts disbursed in any given year are also subject to grant agreement variations to which the Go8 Directorate is not privy.

² Higher Education Infrastructure Working Group Final Report 2015

³ ANAO 2013, Administration of Grants from the Education Investment Fund

This is but one example of what has been possible with EIF funding, demonstrating yet again how dire the situation is for NCRIS without the availability let alone certainty of capital funding that EIF brings.

- It is also worth noting that the HEIWG report cited a high degree of caution by universities regarding debt, prompted by uncertainty over the policy environment – which remains valid today – and the constraints imposed by state and territory governments on university borrowing powers. Any assumption that universities can borrow to fund their infrastructure must consider that universities are limited in how easily they can access loans.