

Investing in tertiary education infrastructure for the 2020s

IRU Submission to the Senate Finance and Public Administration Legislation Committee on *Emergency Response Fund Bill 2019* and *Emergency Response Fund (Consequential Amendments) Bill 2019*

1. About the IRU

Innovative Research Universities (IRU) is the peak policy and development body for a coalition of seven comprehensive universities, located across the nation, committed to innovation and inclusive excellence in teaching, learning and research. IRU members are based in outer metropolitan and regional areas making them key partners and anchors in the growth corridors of urban spread and regional renewal.

Our membership is Charles Darwin University, Flinders University, Griffith University, James Cook University, La Trobe University, Murdoch University and Western Sydney University.

2. Impact of the Bills

Passage of the Emergency Response Fund Bill and associated legislation would see the Government close a substantial vehicle to invest in tertiary education infrastructure, the Education Investment Fund (EIF).

This is to be achieved through sections 10 and 11 of the *Emergency Response Fund Bill 2019* which move the EIF balance and assets to the Emergency Response Fund and Schedule 2 of the *Emergency Response Fund (Consequential Amendments) Bill 2019* that would then close the EIF.

Government investment in education and research infrastructure is needed to ensure that across the 2020s all Australians can achieve the post school education required for effective workforce participation and our businesses and Governments can draw on high quality research that improves their outcomes.

The IRU opposed the two previous attempts to close the Education Investment Fund. Our conclusion now is that the Fund itself has become an issue distracting from the real question of the infrastructure investment needed and the best means for Government to support and encourage it.

The issue is the comprehensiveness of the Government's suite of programs to ensure an effective tertiary education system for the coming decade. One important element of such a system is the array of infrastructure to underpin education and research outcomes, remaining relevant to rapid development of technology.



The Government has made clear since 2013 that it will not use the Education Investment Fund but has provided infrastructure funding in two ways.

- Funding from 2017-18 to 2028-29 under the *Research Infrastructure Investment Plan* supports major research infrastructure, greater than any one university or institution could support or use solely for its own purposes. The Government pointedly choose not to use the EIF for this.
- Funding, special project by special project, through institutional grants, without a clear process or national testing of value. The Explanatory Memorandum lists some of these as if a sign of a coherent Government response to infrastructure investment not an *ad hoc* response to local pressures.

A comprehensive infrastructure policy would address the investment needs of universities and other providers across tertiary education. It would have programs available for the Government to use. If these were in place then IRU could support abolition of the EIF as a program whose time has passed.

3. Emergency response draws on research and education infrastructure

Reducing education infrastructure is not the headline intent of the Bills. Their aim is to create a funding vehicle to respond to emergencies that will hit Australian communities over the coming decade.

Such resources are necessary as shown by the substantial research activity of IRU members into disaster preparation and management and community resilience and recovery when disasters strike.

This research assists Australian communities both to reduce the impact of natural disasters on human habitats and to respond once they occur to minimise the consequences. It is research that draws on research infrastructure and which is promoted through many professional degree programs which use education infrastructure.

4. The need to invest in university infrastructure

There is no ongoing source of capital funding that supports universities to renew the facilities required to provide the education and research of the future. This includes making university buildings digitally capable. University property plant and equipment was valued at \$48 billion in 2017 [Table 3, *Higher Education Financial Report 2017*], showing the annual investment required for maintenance and renewal prior to any expansion of capacity.

When it was being used the Education Investment Fund provided large funding amounts targeted at significant new developments which eased the challenge for universities to support campus renewal through overhaul of degrading buildings and instillation of modern technologies. Its funds for universities were spread across primarily research facilities (\$1.3 billion), teaching facilities (\$860 million) and research and teaching facilities (\$400 million).

The Government has several reports considering the future investment needs of universities and other tertiary educators which it has yet to respond to including:

1. [Higher Education Infrastructure Working Group Final Report 2015](#) and
2. PhillipsKPA report *Review of University Finances* for the Infrastructure Working Group.

These explore barriers to the effective financing of infrastructure through borrowings and private investment. The question is not just about Government grants.



The impact of the lack of Commonwealth investment in university facilities over recent years is clear.

Across 2010 to 2017 the surplus of revenue over expenditure has fallen from 13% to 5% as universities have reworked expenditures to focus on ensuring their future sustainability. While between 2010 and 2017 revenue rose 32%, with revenue from students rising much more than revenue from the Australian Government, expenditure has risen 45%, with that on depreciation and amortization nearly doubled, increasing by 97%. (Source: *Higher Education Financial Report, 2010 to 2017*, Department of Education and Training)

The figures reflect the lack of Commonwealth programs to support university capital needs and the determination of universities to make the best use of their resources to ensure good infrastructure.

5. Effective universities across the whole of Australia

Australia needs multiple sites of research excellence. IRU members are critical to the building of regional education and research systems across Australia. To enhance and grow regional research its systems must be robust and world-class. Enabling valuable research to be conducted throughout the nation, not just in city-centric enclaves, must be a priority commitment, not just an aspirational one.

IRU members teach 18% of all students in regional and remote campuses across Australia, a significant student cohort that requires dedicated research facilities and opportunities. Through our research, we contribute to the building of regional research systems across Australia. The impact on regional communities is significant where their universities have the research infrastructure to win grants and tap into research funds such as the Medical Research Future Fund (MRFF).

A challenge of Government is to develop regional capacity and ensure a truly national research system with benefits shared with industries and communities. In short, a commitment to ensuring community and education services are of a comparable standard across our nation.

The infrastructure challenge is particularly acute, with options to raise funds scarcer than for metropolitan universities. The National Regional, Rural and Remote Tertiary Education Strategy (Napthine Review) supported more Government action to stimulate research infrastructure in regional rural and remote areas.

The loss of the remaining EIF funds will hinder universities capacity to deliver across regional, rural and remote Australia.

6. Conclusion

The key to Australia positioning itself as an innovation driven knowledge economy, hinges on our capacity to deliver world-class education, research and innovation. Without new and expanding infrastructure our university sector will lose touch internationally diminishing our return from global knowledge development.

The Government has made clear it will not use the EIF. It needs a clear infrastructure policy that addresses where it will directly invest in institutions and to work with universities and States to ensure effective access to private investment options. Without this the Senate should not support the abolition of the EIF through the *Emergency Response Fund Bill 2019* and *Emergency Response Fund (Consequential Amendments) Bill 2019*.

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