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Senator Gavin Marshall
Chair
Senate Economics Committee
Parliament House
Canberra ACT 2600
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Dear Senator Marshall

Inquiry into the Nation Building Funds Bill 2008

Thank you for the opportunity to make a submission to the Senate Economics Committee Inquiry into the Nation Building Funds Bill 2008.

Although the timing of this Inquiry does not allow a detailed submission on the measures before the Committee, Universities Australia would like to reiterate its strong support for the Education Investment Fund (EIF) which forms part of the Nation Building Funds package. This comes at a time when higher education infrastructure in Australia is in desperate need of new investment. Refurbishment needs alone run to billions of dollars across the sector, while the projected need for new facilities to maintain the competitiveness of Australia's universities is greater still. The Government's initiative to assist with this through the EIF has been accordingly very well received by Australian universities.

In the current climate of uncertain investment returns, it is important that the capital of the EIF be available for allocation to educational institutions to support demonstrated infrastructure requirements, and so this aspect of the EIF is particularly strongly supported. While noting that the detailed allocation mechanism for EIF funding is yet to be determined, Universities Australia welcomes the requirements for transparent evaluation criteria and for Ministers to have regard to the views of the EIF Advisory Board in relation to adherence with those criteria. Universities Australia also strongly supports the 'fast-tracking' provision allowing the Finance Minister to declare the allocation from the EIF for the current financial year separate from the Budget process. A goal of July 2009 decision-making for EIF round one is supported.

Universities Australia remains concerned over the lack of clarity on the proposed sharing of the EIF with research institutes, the Vocational Education and Training (VET) sector and possibly other 'designated

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education infrastructure-related matters'. At only 8.5 billion dollars the EIF requires clear prioritisation in favour of projects of national significance and/or projects building national and international networks. In particular, EIF funding should not become a substitute for what is appropriate investment by States and Territories in core VET infrastructure. An explicit mechanism to ensure absence of reduced effort by states and territories as a condition of any EIF funding to TAFE is needed, and could be embedded in the legislation by way of amendment.

Looking forward, the EIF endowment will still need to be increased significantly over time to meet any but the most pressing projects. Capital rundown in the EIF is initially welcome to support the economy and address urgent backlog, which in turn will assist economic recovery. But, thereafter, supplementation and enhancement of EIF is needed to address ongoing requirements. A doubling of the endowment over the next five year budget cycle would be an appropriate funding benchmark.

There is a technical drafting issue apparent in the draft legislation where it refers throughout to funding the 'creation or development' of education and/or research infrastructure. A number of universities have significant facilities that may be one hundred or more years old, and which require a strategic investment in their restoration or refurbishment as a key infrastructure priority. It would be helpful to understand whether 'development' as currently specified in the legislation would encompass such activity.

The EIF is a crucially important measure that will help support adequacy, sustainability and predictability for educational infrastructure provision and will allow universities to plan for the future with confidence and contribute even more to Australian national development.

Universities Australia would be happy to discuss any of these issues with the Committee further.

Yours sincerely,

Professor Richard Larkins AO
Chair