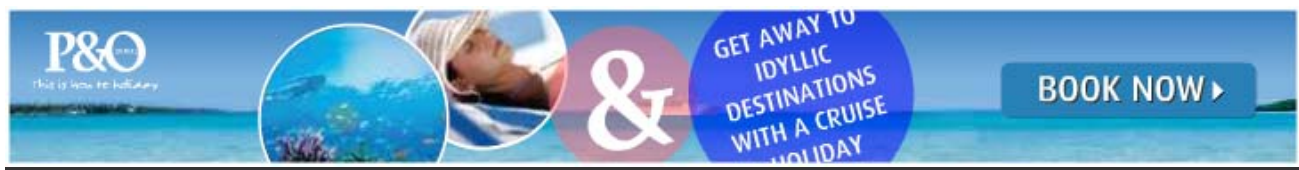


The Australian



Funding shortfall jeopardises participation target

- Andrew Trounson
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THE university sector faces an infrastructure funding gap of \$10 billion-\$15bn to meet the Rudd government's participation targets in the next 15 years, and there are now calls for an urgent re-examination of how the targets will be properly funded.

Unease about infrastructure funding overshadowed the Australian Technology Network's conference in Melbourne last week.

The unease deepened earlier this week when universities short-listed for the \$500 million third round of the Education Investment Fund were told a decision on the winners, which had been expected by the end of the month, would be made later in the year.

Some expect the announcement in May to sweeten an otherwise tight budget.

"I think the government and the sector are going to have to have a rethink about how the increased participation is going to be achieved," University of Technology, Sydney, vice-chancellor and ATN chairman Ross Milbourne told the HES after the conference.

Speaking from the floor, RMIT's chief operating officer Steve Somogyi warned that fulfilling the targets would strain the balance sheets of all universities. He estimated that universities would need to more than double their balance sheets. Many would need \$50bn to \$60bn in the next 15 years to renew and expand assets.

And even after accounting for increased debt levels and the Education Investment Fund, he warned of a looming funding gap of at least \$10bn, and perhaps as much as \$15bn.

"We have aspirational targets but I'm not sure that the means of generating the investment funds has been considered," Mr Somogyi told the HES.

The obvious options were increased government funds or pursuing public and private partnerships.

National Australia Bank's Jarrod Coysh told the conference that banks were keen to lend to a sector they see as a safe bet. He said NAB was prepared to lend up to \$250m or \$300m to a single institution, depending on its circumstances.

But Mr Somogyi said the sector's borrowing capacity was inadequate. "The industry is borrowing, and needs to be, but you can't over-gear balance sheets."

Queensland University of Technology vice-chancellor Peter Coaldrake said: "It is a huge issue because we need human capital, physical and technological infrastructure to deliver the agenda."

Universities Australia is pushing for the government to set up a new formula-based fund that would finance infrastructure more in line with rising student load. But deputy secretary of the Department of Innovation, Industry, Science and Research, Patricia Kelly, dampened hopes for more funding this year when she warned the conference that the federal budget would be tight.

Ms Kelly said universities had embraced the government's research agenda to focus their research to boost overall system performance. She said the interim compacts had revealed that universities were seeking to address weak areas of research either by building capacity, pooling resources across disciplines, seeking collaborations, or retreating altogether from some areas.

QUT's outspoken equity co-ordinator Mary Kelly called on the ATN to take a strong stand in pressuring the government and opposition to pass the stalled youth allowance legislation.

Around the conference it was clear the sector blamed the opposition as well as the government for the debacle in which the Coalition is blocking the legislation -- and the introduction of 150,000 new scholarships -- while the government has preemptively scrapped about 21,000 commonwealth scholarships that the new scheme was supposed to replace.

Bill Burmester, who last week retired as the deputy secretary of the Department of Education, Employment and Workplace Relations, reassured the sector the new Tertiary Education Quality and Standards Authority would take a "proportionate and risk-based" approach to regulation, and that self-regulation of universities would remain the norm.

He said a board and chief executive would be appointed once TEQSA was established in the second half of the year. It will become operational next year.

But Professor Coaldrake, chairman of the expert reference group advising on TEQSA, said he would prefer a chief executive to be appointed before it is "set in legislative stone".

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