

ATN submission to the Senate Finance and Public Administration Legislation Committee on the Emergency Response Fund Bill 2019 and Emergency Response Fund (Consequential Amendments) Bill 2019

ATN

The Australian Technology Network of Universities (ATN) is a group of Australia's most progressive, industry-engaged universities: University of Technology Sydney, RMIT University, University of South Australia and Curtin University.

The ATN's four member universities are all ranked within the world's top 50 universities under 50 years old in the 2020 QS rankings, and within the top 100 young universities in the 2019 Times Higher Education rankings.

Collectively, our member universities:

- Account for 15 per cent of Australia's higher education students, and 17 per cent of international students
- Produce internationally-recognised research, with 93 per cent of our assessed research ranked at world class or above by the Excellence in Research for Australia (ERA) 2018
- Received two-thirds of total research funding from industry since 2010
- Are the most industry-engaged universities in the country.

Position

The measures in the Emergency Response Fund Bill and related Bill will transfer around \$3.95 billion from the Education Investment Fund (EIF) to create a new Commonwealth Fund for use in responding to natural disasters.

ATN believes that while an Emergency Response Fund is a sound public policy idea, it should not come at the expense of the highly successful EIF and could be funded through other mechanisms, particularly as the Government's fiscal position has improved and the Budget is set to return to surplus in 2019-2020.

ATN supports Minister Tehan's call for a new architecture for higher education which includes:

1. Boosting productivity and increasing Australia's prosperity;
2. Encouraging more industry and university collaboration, particularly for Australia's 2.1 million small to medium enterprises (SMEs);
3. Ensuring Australia has a pipeline of highly-skilled, job-ready graduates, particularly as 50 per cent of jobs in the future will require a degree or higher; and
4. Addressing the education attainment divide by boosting participation from regional, remote, underrepresented, disadvantaged and Indigenous Australians

These worthy objectives will require growing and sustainable funding for Australia's higher education system, including access to co-financing for infrastructure. With rapidly changing skills needs it is vital that tertiary education infrastructure keeps pace with future demands. As it has with successive governments, ATN continues to argue for the Government to retain EIF or develop an alternative infrastructure policy for Australia's tertiary education sector.

Boosting productivity and growing Australia's national prosperity

Australia is in the fortunate position of having strong universities that contribute immensely to the national interest. ATN universities stand ready to work with the Government to address their priorities of boosting productivity, graduating more job-ready graduates and supporting more collaboration with industry, particularly SMEs.

At his speech at the National Press Club on 28 August 2019, Minister Tehan said investment in higher education would boost productivity and add nearly \$3 billion to the economy:

In the coming years, universities will be front and centre of job creation, job growth, and productivity improvements in this nation... If we get this right, the productivity improvements the sector can deliver will be worth \$2.7 billion to GDP per annum, according to preliminary analysis from consultants Ernst and Young. ¹

The Government has prioritised creating 1.25 million jobs over the next five years, including 250,000 for young Australians. Only a high-performing and innovative higher education sector will be able to contribute to this job creation by creating a pipeline of job-ready, employable graduates.

Universities will play a key role in supporting industry and growing the economy. ATN is the sector leader in working with industry, especially SMEs, driving innovation, developing products and transforming approaches to business challenges.

The case for funding tertiary education infrastructure

Both Coalition and Labor governments have previously supported a separate funding source for tertiary education infrastructure funding, particularly since the creation of the Higher Education Endowment Fund (HEEF) in the 2007-2008 budget, the predecessor to EIF.

As John Howard said about HEEF:

We have got world-class universities, but this will enable them to become even better. It will enable them to compete more effectively. They'll be able to play to a greater extent to their strengths, and it really is a wonderful new dawn for tertiary education in this country. ²

Australia's university property and equipment has a value of nearly \$50 billion³ and requires substantial investment from university funds for maintenance and renewal. Since the effective closure of the EIF in 2015, much of this maintenance and renewal cost has been absorbed by other sources, including funding from the Commonwealth Grant Scheme (CGS) and other sources including international students. The 2017 freeze on undergraduate student funding and constraints on the CGS has led to many universities cancelling or deferring investment in new infrastructure.

These funding constraints also put industry and university collaboration at risk. Without access to co-financing for infrastructure, universities will be unable to maintain world-class research and teaching facilities, which undermines the quality of outcomes and the incentive for industry to engage.

¹ National Press Club Speech 28 August 2019: <https://ministers.education.gov.au/tehan/national-press-club>

² ABC transcript: <http://www.abc.net.au/worldtoday/content/2007/s1918397.htm>

³ Higher Education Financial Report: <https://docs.education.gov.au/node/52466>

There would also be economic consequences if Australian universities were no longer seen as a destination of choice for hundreds of thousands of international students and for international research partnerships.

Previous success of co-financing for ATN universities

EIF has already supported research among our members making a direct economic contribution. Some examples include:

Project	University	Year	EIF Investment	Total Project
Fostering a flourishing Australian art and architecture scene at a new Design Hub	RMIT University	2008	\$28.6m	\$80m
Shaping the future of mining and manufacturing at the Materials and Minerals Science Learning and Research Hub	University of South Australia	2008	\$40m	\$50m
Pushing technological boundaries at a new Engineering Pavilion	Curtin University	2009	\$20.5m	\$32.5m
Protecting and sustaining the oceans as a resource at the Sydney Institute of Marine Science	UTS and other collaborators	2009	\$19.5m	\$20.7m

Conclusion

ATN believes the creation of a Commonwealth fund to assist in responding to emergency disasters is a sound policy idea. However, the closure of EIF to achieve this should be reconsidered.

If Australia's tertiary education system is to directly contribute to building Australia's national prosperity, the Government should continue to have a fund available for the co-financing of critical infrastructure.

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