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THE LEGISLATIVE COUNCIL SELECT COMMITTEE MET IN COMMITTEE ROOM 2, PARLIAMENT HOUSE, HOBART ON THURSDAY 6 JULY 2023

INQUIRY INTO THE PROVISIONS OF THE UNIVERSITY OF TASMANIA PROVISIONS ACT 1992

CHAIR (Mr Valentine) - I will introduce the members of the inquiry, for the record: Mike Gaffney, Sarah Lovell, Meg Webb, myself - Rob Valentine, Jenny Mannering, who is secretary to the committee inquiry, and Henry on Hansard.

Mrs FIONA CALVERT, DEPUTY SECRETARY, ECONOMIC AND FINANCIAL POLICY DIVISION, DEPARTMENT OF TREASURY AND FINANCE, WAS CALLED, MADE THE STATUTORY DECLARATION, AND WAS EXAMINED.

Mr SAM WILSON, STRATEGIC POLICY ANALYST, SHAREHOLDER POLICY AND MARKETS BRANCH, WAS CALLED, MADE THE STATUTORY DECLARATION, AND WAS EXAMINED.

CHAIR - Thank you. I want to commence today by acknowledging the Tasmanian Aboriginal people and pay respect to them and to their elders past and present, and acknowledge that we are meeting on their land today and acknowledge that they are the continuing custodians of the land.

This is sworn evidence that we are taking. You would understand why there is a need for that. It is being recorded. Members of the public may be watching today and we welcome any members of the public who are watching.

This is the Inquiry into the Provisions of the University of Tasmania Provisions Act 1992. It is important to note that all evidence taken at this hearing is protected by parliamentary privilege. I remind you that any comments you make outside the hearing may not be afforded such privilege. There is a copy of Information for Witnesses in front of you. Should we get to a point where we need to take in-camera evidence, you can put that request to the committee and the committee will consider and deliberate on that, and we will go from there accordingly. There is an opportunity to have an opening.

Treasurer, I do not know whether you wish to make an opening statement or take questions. It is totally up to you.

Mr FERGUSON - Thank you, Chair. Good afternoon and thank you for the opportunity to be here today to support your consideration of the terms of reference into your inquiry into the provisions of the University of Tasmania act.

As you know, I am supported at the committee today, in Hobart, by staff of the Department of Treasury and Finance, notably Mrs Fiona Calvert, who serves as Deputy Secretary, Economic and Financial Policy Division, and Mr Sam Wilson, who serves as Strategic Policy Analyst, both of whom have done considerable good work in preparing for your questions today.

As Treasurer, I have a role in relation to the act and the university. I think it would be fair to say that it is a very limited role. As the committee would no doubt be aware, section 7

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of the act relates to the powers of the university and it includes the power to borrow money. Subsection (2) specifies that the university must obtain my written approval as Treasurer before borrowing money. I am advised I have no other legislative role under the act.

Over the period to March 2021, the former Treasurer provided a series of approvals in relation to borrowings by the university, supported by robust analysis by the Department of Treasury and Finance. The university currently has an approved borrowing limit of \$400 million. While it hasn't done so in the past, I am advised that none of its current borrowings are through the Tasmanian Public Finance Corporation, or TASCORP, as we call it.

The decision whether to borrow it from TASCORP or from private markets is a matter for the university. It is important to note that while created by state legislation, the university is not owned by the government, it is not a state entity within the Total State Sector and therefore does not sit on government balance sheets.

So, Chair, I hope that is a helpful opening. I am happy to take your questions with the support of my Treasury and Finance officials, but given my limited role, I am advised that there is naturally a fair constraint on the matters on which I could usefully comment. Nonetheless, I welcome your questions and we will do our best to support your consideration.

CHAIR - Thank you very much for that statement, Treasurer. We are looking into the provisions of the act and so we might go to areas that are of interest in relation to the financial dealings of the university.

To commence the questioning, what do you see as the Treasurer's role in relation to UTAS? Is it simply a matter of attending to any section 7(2) requests? Obviously, the requests that come to you in your role as Treasurer could have significant implications, either for the university or for the state. Do you see, in that role, that you have a responsibility to drill down into what they are coming to you for? How do you view that in terms of verifying the ability of the university to be able to satisfy their loans and so on?

Mr FERGUSON - I certainly do see it as a significant responsibility, confined, as I have described, to that very limited role. But within what is a very defined and particular purpose that the parliament of the day determined was the role of the state Treasurer, I see it as a check and balance role, as much as anything, so that there is an external and trusted authority for the university to be required to seek that ability to borrow and then for that borrowing to be contained within a defined limit.

So, yes, I agree with the premise of the question. It would be then that it is not simply a rubber stamp or an automated response, but one where the treasurer of the day, past, present, and future, would seek advice from Treasury about what is a prudent level of borrowings to constrain the university to, noting that the university is very autonomous. It has a very high level of self-government under its own council. To the extent that the state plays a role, other than through the legislation's section 7(2), gives the Treasurer a defined role. It is a significant responsibility to not be too mean in terms of keeping the limit too low and, therefore, constrain what the university's growth opportunities or transformation opportunities might be, but also not too high so as to prevent the university from going too far into borrowings that it might struggle to be able to service. I welcome Mrs Calvert's additional comment.

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Mrs CALVERT - I think you have covered it, Treasurer. When we provided advice to the former treasurer in relation to this, it was based on the requirements of the legislation, so it was done based on a very narrow financial focus. That does not mean we didn't provide significant analysis, but it was in relation to the university's capacity to repay their debt.

CHAIR - In performing that role, do you see any strictures that the act puts in place or the way it provides that function for you as Treasurer, do you see that it is sufficient? Or do you think that it needs strengthening to be able to protect the interests of the state?

Mr FERGUSON - An open opinion that I'll express here is that I do find it perfectly adequate at the moment. The language in the act currently requires that check and balance on the university by the Treasurer. As history has demonstrated by the decisions of the former Treasurer to allow increases to the borrowing limit, I'm advised and I have perused the advice that Treasury provided to him in those circumstances, it is a heavy responsibility that a minister or in this case a Treasurer takes advice before taking the necessary action. I'm satisfied with that because the act constrains the university, it doesn't constrain the Treasurer. The Treasurer's role, external to the university, is to act appropriately and almost to protect the university on both sides of the borrowing limit, by the way, so as not to be too mean to constrain its ability to grow, innovate and transform itself, but also not to provide too much headroom for borrowings that might be too much for an organisation. I would welcome any extra comments from our officials, who are free to speak as they would care to.

Mrs CALVERT - No, I think you have covered it, Treasurer.

CHAIR - I hear what you say about protecting the university, but I'm interested in hearing about how, in exercising that function, it could be protecting the state if something untoward happened to the university. I'm not suggesting it is, but it's an organisation with a lot of financial commitments. If it were to fail, the state might be left to pick up the pieces.

Mr FERGUSON - Perhaps the last part first. Sam and Fiona may be able to do a better job at expressing this, but any financial challenge that was faced by the university doesn't represent a risk to the state government and the Crown vested in Tasmania. While the university organisation is established by state legislation, it is outside the Total State Sector from that point of view.

While I don't think anybody is seriously contemplating that the university is at risk of failure, nor any other university in the country that I'm aware of, in that extraordinary hypothetical there would be a role for the Australian Government to support a university that was struggling, given its predominant role in the funding of universities. I'll ask my officials to make other comments. The role of the Treasurer in establishing borrowing limits in this legislation is analogous to a similar role that's occupied by the Treasurer with other government businesses, although the university is not a government business.

Mrs CALVERT - That's correct, Treasurer. As I said earlier, just because it's a reasonably narrow requirement of the legislation, we did provide comprehensive advice to the former treasurer regarding the capacity for the university to repay its borrowings. Given that over a relatively short period of time there was a doubling of that limit, that's why we provided advice that additional conditions be placed on the increase to the \$400 million. The most critical of those was the independent credit rating from an independent agency, which gave more comfort that the university was able to deliver on its commitments.

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CHAIR - Just before I hand to Meg Webb, this concept that it's not a state entity is an interesting one for me. Its foundational act is a state act. If it's not a state entity then who is the university reporting to? Where is that level of control given it's an entity that's so significant in the life of Tasmanians and the state in providing services? It is providing international services for those who are coming in to study, but primarily it is there to serve the state. Given it's a state act, who is holding the university to account?

Mr FERGUSON - I will respond and invite Mrs Calvert to add, if you are able to, Fiona. The university is established as an institution under state legislation. That's not remarkable or unusual. There are a number of other organisations that are established in state and federal legislation. It shouldn't be taken to mean that they are part of the Crown or part of the state sector or the federal government sector. One quick example is some of the residential colleges in Hobart. Even part of the Anglican Diocese in some cases has rules set out in state legislation, even though it's not part of the state.

I agree, Chair, with your comment about the importance of the university. A healthy, flourishing university is something we all want to see. For it to be well governed is precisely why successive parliaments have increasingly given more responsibility to the University Council for its own good governance and the significant responsibility that sits with those individual people as part of that corporate entity, the University Council. I do not see any risk of failure. I don't have any advice that would suggest there are particular risks we should be trying to avoid better than the current governance arrangements. The university has a high level of autonomy and independence, similar to other universities around Australia.

Ms WEBB - I'm going to pick up on a few of the areas already covered for some more detail. It's useful for us to be able to unpick this and understand it better. I appreciate the time from the staff and from you, Treasurer. In relation to the Treasurer's role in the act in protecting the interests of the university and potentially also protecting the interest of the state, I'd like to hear more about the degree you think both of those responsibilities are inherent in the Treasurer's role in this legislation. How might that be expressed, particularly in the interests of the state?

Mr FERGUSON - Could you help me understand the question better?

Ms WEBB - Do you see that the Treasurer's role as outlined in the act, section 7(2), inherently holds a responsibility to protect the interests of the university and also to protect the interests of the state? That is the starting point of the question.

Mr FERGUSON - I think more of the former and less of the latter. I think the legislators back in 1992, potentially sooner in earlier versions of the act that establishes the university, made a decision that in granting the design of the governance and the level of autonomy the University Council would have, there would still need to be an external third party - the Treasurer of Tasmania - to have a particular role or a right or a responsibility to ensure that before the university engages in borrowings, the third-party reference through the Treasurer who, Liberal, Labor or Independent at whatever point in time, would be taking advice from Treasury about what is a prudent level of borrowings. To the extent that it is about protecting the state, I would see that as part of the story, perhaps, but the less important of those two. It's really about ensuring that the university is in a strong financial position and is able to borrow. It is important for organisations to be able to borrow in order to develop capital infrastructure

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that will be enjoyed by future generations and be able to service those borrowings in a way that's fair for the current generation so that the current generation doesn't have to bear all of the costs of an asset that will be enjoyed by future people, students, members of the university.

Ms WEBB - Clearly, though, in the sense of the university's degree of importance to the state, the maintenance of its financial viability is important to the state. Therefore, assisting with that and being in oversight of that is actually a function of protecting interests of the state. Is that the sort of progression of responsibility that you see there?

Obviously, there's lots of businesses we'd love to be viable because they contribute to our state, they employ people, they contribute economically, they do all sorts of things. But we don't insert the Treasurer as an oversight of their borrowing. We certainly have governance arrangements in place for the university where they make all other decisions under their own auspices via the University Council. But this one is retained as a responsibility for the Treasurer. Usually that would be because the Treasurer, acting as a member of the government, is acting in the interests of the state to some extent. I'm just teasing that out a bit more.

Mr FERGUSON - I don't disagree with what you're saying and I thoroughly agree with your comment that the Treasurer, in making his or her decision on these matters, is making decisions that are in the interests of the state. I certainly endorse that view. But it's really about a third-party oversight of the level of borrowings.

The legislation is, for example, entirely neutral on the source of borrowed funds. It doesn't obligate the university to only be able to borrow from TASCORP. It has autonomy in respect of those matters. It's really only protecting the state financially if it was borrowing, say, from TASCORP. There's a reflection there about the role of the state because TASCORP, as a lender, is owned by the state government. It's really not about dictating to the university how it should allocate its funds but it certainly is a level of oversight, particularly in respect of their ability to repay that debt and to service those borrowings into the future.

There's certainly a nexus with the state because of that legislation. I don't wish it to change, but it is plausible that section 7(2) is not absolutely necessary. But it is there as a protective mechanism to avoid a potential scenario where a university might wish to borrow too much, more than it can repay.

Ms WEBB - Don't you think, though, that the university and the skill mix within its council would have the wherewithal to make those decisions?

Mr FERGUSON - Yes, I do.

Ms WEBB - I'm asking that in the sense that if there's a proposition that section 7(2) might not be necessary and the state is removed, whose interests are put at risk in that scenario?

Mr FERGUSON - First of all, it's a grand hypothetical on my part and maybe it's an unnecessary conversation because there's no proposal before us or that I would wish to pursue to remove section 7(2), but to make the point that it is a really belt-and-braces approach there, that it is a third party outside of the university, a trusted individual, the Treasurer, on behalf of the Crown in Tasmania, to make a decision on good advice that's in the interest of the state, noting as well that for the university - and yes, I agree again with you about the University Council with the right skill mix to adjudge these matters - to ensure that, on the basis in part

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that the university can choose from where it obtains its finance. Lenders have their own rules around checking a borrower's capacity to repay and service their debt.

I personally don't feel very challenged by this. I'm happy with the inquiry and the questions. I personally do not feel challenged about the role of the Treasurer but do see it as a sensible approach, given the tight connection between the people of our state, our government and our parliament with our university.

Ms WEBB - Can I ask a little bit more about the assessment process that is undergone with Treasury, if there is an interaction from the university about borrowing? It has been mentioned already that there is an assessment made about the university's capacity to repay a loan limit that might be granted under section 7(2). Is there something documented that could be provided to us that describes the considerations that come into play to make that assessment?

Mrs CALVERT - There's not a specific document against which it was assessed. We look at a lot of business cases for a whole range of different things, especially from government businesses, and we required a range of information from the university. I'm not sure if we actually received a business case but the information that would make up a business case, there was a quite comprehensive analysis of their financial situation and it was very much focused on their financial situation.

Ms WEBB - So, there's not a set framework that is used each time to make the assessment for the borrowing request?

Mrs CALVERT - Not a written-down framework because everything we assess differs in some way, whether you are looking at an infrastructure project or, in this case, more a borrowing limit. It varies. I think it would be too restrictive to just have a checklist that you tick off because you would miss things.

Ms WEBB - Thank you. Within that process, the primary focus, from what you are describing, is on capacity to repay from the university. But is there any element of it that is about the interests for the state and financial implications for the state?

Mrs CALVERT - Depending on who the university borrows from means there are different financial implications for the state. For example, as the Treasurer said earlier, in the past they have borrowed from the Tasmanian Public Finance Corporation (TASCORP). If that is the case, they will be picked up in the state's credit rating because, obviously, there are borrowings there. That is treated as, I think the word is 'unsupported debt' because, obviously, we do not own them so there's no revenue stream on the other side. Where they are borrowing from the market and there is no guarantee in place, there is no financial impact for the state.

Ms WEBB - Can I pick up then, and again it goes back to some earlier questions from the member for Hobart, around any financial implications for the state in terms of any sense of being guarantor for debt for UTAS?

When we had a hearing here on 4 May, Professor Rufus Black was speaking with us about these sorts of matters. He indicated, and the wording he used was in relation UTAS effectively being an institution of the state and rating agencies implicitly assuming that the state may then bail out UTAS if it were to get into trouble. His exact words at that hearing were:

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Because it is an institution of the state and, in the end, this will come to the kind of view of rating agencies, there has always been an implicit assumption that should the university ultimately be in financial trouble, that would come to be a liability of the state's credit under the state act.

Can you clarify, Treasurer, if you see that in the same way as Professor Black? Or would you like to correct that as a statement if you think that provides the wrong impression?

Mr FERGUSON - I invite Mrs Calvert to answer the question with me, but the university is not part of the Crown, it is not part of the state balance sheet. The state is not responsible for its liabilities, should they occur - well, as they occur. I feel uncomfortable, in one sense, answering the question, because I don't like to create hypothetical scenarios that suggest what would happen if the university were in trouble, when I know that it isn't in trouble. I do not want to trash-talk it.

In the hypothetical you have described, while not wanting to disagree with the vice-chancellor, in the event that a university in Australia was in so much trouble as would require some kind of rescue package, governments would address that in those circumstances. But I would see a far higher role for the Australian Government, given that it is the funder of higher education in Australia, and the state - in those circumstances, in that hypothetical - would no doubt take an interest in it as well.

In that hypothetical scenario, no-one would want to see the University of Tasmania failing in any way. I hope that is a helpful attempt to answer the question. I do not wish to disagree with the vice-chancellor, except to say we would express it differently.

Ms WEBB - Thank you, that is good. Again, I am not wanting to present a hypothetical for any purposes other than to try to unpick the foundational status here. One of the questions I have points to trying to better understand that legal status, I suppose, in terms of who would be legally responsible should the university get into trouble.

For example - and please excuse this scenario, but it helps to unpick what is really at the heart of this - if the university were in a position of having to wrap itself up because it was financially in a pickle, who would own its assets? What is the legal status, from our state government perspective? I am not asking this to be tricky in any way. I am just trying to understand the relationship between the state and the university when it comes to these foundational matters. Do you have an understanding of that legal relationship, given that it is established under a state act?

Mr FERGUSON - Chair, I will invite Mrs Calvert to respond to that question. I also had a break in transmission there, but I think we are working fine now.

Mrs CALVERT - As you are aware, the university is a statutory corporation under the legislation. As the Treasurer said, there is no liability to the state from the university. Obviously, the council is the governing body. I think this has been raised previously in the rating that Moody's did for the university. They implied a level of support from the Commonwealth government for the university. They would provide extraordinary support from the Commonwealth in the event of the situation that you have described.

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The caution with this is that Moody's generally adopts that standard view when they are rating both state and public institutions. You only have to look at Tasmania's rating from Moody's and you will see a similar clause in there.

Ms WEBB - They would expect the federal government to bail the state out, in the same way they would expect the federal government to bail out UTAS if it was required?

Mrs CALVERT - That is correct.

Mr FERGUSON - Chair, if it would be okay, it might be an interesting point for the committee to query with the vice-chancellor whether, in his use of 'the state', he means the state of Tasmania, or 'the state' in terms of the country. It might be an interesting question to follow up.

Ms WEBB - Yes, we can follow that up. Certainly, in the quote I provided, where he referred to a liability of the state's credit under the state act, I think he was referring to Tasmania as the state in both of those instances.

I am also interested for a bit more detail to better understand and make a distinction between state-owned companies and GBEs and entities of that sort, and the relationship they have to the state government, and the relationship UTAS has to the state government. We have already touched on that space a little. In terms of borrowing, I am interested to understand a bit more about the distinction - the similarities and the differences - when it comes to the state and those types of entities - GBEs and state-owned companies - versus the state and UTAS.

For example, UTAS is able to borrow outside of TASCORP. Are those other entities able to borrow outside of TASCORP, too, or are they restricted in different ways? Can you outline some of the similarities or differences.

Mr FERGUSON - Please, Fiona.

Mrs CALVERT - Thank you, Treasurer. Government business enterprises - like Hydro, the Public Trustee, Port Arthur - are established under the Government Business Enterprises Act. Then you have what we call state-owned companies, such as TasNetworks and Tasracing, which are established under corporations law. They also have their own portfolio legislation and articles of association, constitutions and those sorts of things. They are all -

Ms WEBB - I am mostly interested in the borrowing comparisons here, thank you.

Mrs CALVERT - It varies, depending. All GBEs and state-owned companies are required to borrow from the Tasmanian Public Finance Corporation. This is obviously different to the university, which can borrow from TASCORP or the broader market, but we actually restrict them; I think it is done by *Gazette* notice. We actually restrict all the GBEs and SOCs from borrowing from TASCORP.

CHAIR - So, how do you view some organisations like TasTAFE?

Mrs CALVERT - TasTAFE is effectively a statutory authority, so it is not a GBE or a SOC. It is required to borrow from TASCORP, I think.

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CHAIR - This brings me to the situation with Spark Living. You are aware that UTAS has an arrangement with Spark Living for university accommodation - student accommodation in particular. I am interested in how the state keeps an eye on the level of commitment being made by the university in relation to the provision of accommodation, and how an entity like Spark Living operates. Do you have a comment on the role the state government plays in that regard, and the Treasurer in particular?

Mr FERGUSON - I have very little to offer on this subject. I have looked into the question and I understand this is squarely a matter for the university. It is not something the government has a role with. I understand the university financial statements present that arrangement under the heading 'Other Liability', and therefore not as a debt, not as a borrowing. I also understand that the Auditor-General of Tasmania has signed off on the UTAS financial statements as part of his role in auditing the university, and that this has been verified as appropriate.

The Government does not really take a position on the operational decision the university has made regarding this financial relationship.

CHAIR - So, even though there are significant funds involved in building these buildings - and indeed, having them rented out for students - at the end of the day, the asset is with the university, I believe, and it is not considered a loan that needs Treasury approval?

Mr FERGUSON - That is my understanding, but I will defer to Fiona.

Mrs CALVERT - That is our expectation - that in accordance with the financial statements from the university, it is not treated as debt.

CHAIR - It is interesting. When Professor Black was with us, he acknowledged that it does create a liability for the university, because student income is what actually then goes back to those, and so clearly it is a liability. If it is a liability, you would wonder why the state Treasurer would not have a part to play in making sure that liability was something that was covered in terms of risk.

Mr FERGUSON - I will invite Mrs Calvert to comment on whether the ratings agencies would look at total liabilities in considering credit ratings, but it is very squarely my advice that it doesn't classify as borrowings. Just as, for example, the university took on a property that it didn't own and leased it on a long-term lease, it would also be a recognised accounting liability rather than borrowing.

Fiona, can you add to that and just touch on whether the ratings agency would consider total liabilities in considering a credit rating?

Mrs CALVERT - I think it is a question that you need to ask the university. We do not have any level of visibility of that. I am certainly not aware of how the rating agencies treated them when they did their rating.

Mr FERGUSON - It really is outside our wheelhouse.

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Ms WEBB - I find it an interesting question because the intention with section 7(2) in the act, as you have already described, Treasurer, is to provide a role for state government and the Treasurer is the mechanism to approve borrowings.

As we know, there are some very straightforward borrowing arrangements, but there are also borrowing-like arrangements that can be entered into. Can you help us understand exactly what section 7(2) covers in terms of borrowing-like arrangements? What are the parameters of what it does cover or doesn't cover? Other than the Spark Living arrangements, we also have the issuing of green bonds. I am interested to what extent there is a relationship between section 7(2) and treasurer approval with instruments like that? Can you talk us through what the parameters are in terms of borrowings or borrowing-like mechanisms?

Mrs CALVERT - As I said, from what we are aware of, in the university, the Spark Living arrangement does not fall within the definition of borrowing; the green bonds certainly do and they are covered by the current \$400 million.

Ms WEBB - So, the most recent extension of the limit, from March 2021, was in order for UTAS to be able to engage in the green bond issuance?

Mrs CALVERT - It was an increase from a \$200 million limit to the \$400 million limit. It was agnostic as to what form of borrowing that they used. When we were originally assessing that, I think the expectation was that the university would continue to borrow through the Tasmanian Public Finance Corporation but they subsequently decided to go down the green bond route.

Ms WEBB - So, when Treasury and the Treasurer is presented with the proposition from UTAS about extending a borrowing limit, granted that the university can choose where it borrows ultimately, but there is not an expectation at the time of request for approval that the university is upfront and plain about where it intends to undertake that borrowing, that is not required?

Mrs CALVERT - No, it is not required. In some cases, it would be a bit difficult because, theoretically, they are meant to get the approval to borrow first before they then borrow. Obviously, as they look at their needs and have the approval, their expectations may change in terms of who they will borrow from. Without going into the detail of our advice to the former treasurer, in all our discussions it was very clear that it covered borrowing from the market or TASCORP.

Ms WEBB - So it isn't that you might, Treasurer, on advice from Treasury, attach a different condition or a different level of condition on the borrowing approval, dependent on whether it is with TASCORP or an external market-based mechanism?

CHAIR - Or an international market.

Ms WEBB - In which case you would need to know that information when you are making the assessment and putting conditions in place where the borrowing is intended to occur. But that is not required?

Mrs CALVERT - No.

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Ms WEBB - Would it change the conditions that might be considered in terms of advice from Treasury to you, Treasurer, in terms of where UTAS intends to borrow or use mechanisms like green bonds? Would that potentially have generated different conditions or a different requirement if there are different mechanisms ultimately used?

Mr FERGUSON - I wouldn't have thought so. Fiona has indicated no to your earlier question. Of course, it is a reasonable proposition that the university having obtained its borrowing capacity and its limit being settled, it would be a good thing for the university to obtain competitive finance. It should be able to go to the market and obtain the amount and the source of funds that is competitive and at a good rate for them, so it would be a good thing for them to be able to go into a competitive market as they have chosen to do on this occasion.

CHAIR - Even if that is in the international market, which might present different levels of risk? I am interested to pursue that in terms of what Treasury might expect of an organisation like UTAS that has a borrowing limit associated with it - whether you scrutinise it first before they make that decision. It seems like that is not the case, that you do not scrutinise the source of their funding and measure the risk associated with the proposed borrowing.

Mr FERGUSON - I'm not sure I can add to our previous two answers. Again, I'm not sure what that risk is. If you could describe what you feel that the risk might be, we might be in a position to respond further, Chair.

CHAIR - There could be all sorts of risks associated with borrowing internationally as opposed to nationally or, indeed, within the state for that matter. I am interested to know whether there is any examination of those borrowing arrangements other than simply saying 'You can borrow up to a certain level'. That is all it is, a simple question. I am keen to hear how you view that.

Mr FERGUSON - I will invite Treasury to respond, but, again, I take the broad view on this: the university is charged through its legislation to be responsible, to be autonomous. In respect of its borrowing limit, it does require the Treasurer to play a role. The Treasurer, uniformly takes advice and has Treasury perform a robust assessment. But mostly, when we're looking at risk, 'risk' is usually a word that is used in respect of the borrower, not so much the lender. The reason that the legislation and no doubt the parliament of the day that allowed the university to obtain its borrowings from its choice of lender is to give it the widest possible opportunity to attract competitive finance arrangements.

Sometimes, they may choose to use TASCORP and they are welcome to apply and to be able to ultimately do that. Regardless of that and regardless of the lender, they nonetheless have already had to go through the robust process of sharing with Treasury their business case for borrowings but ultimately be able to go to the market and get competitive finance. Fiona, can you add to that?

Mrs CALVERT - I think everything you have said is correct, Treasurer. It is the University Council's role to ensure that they are borrowing responsibly within the limit that is provided by the Treasurer. I'm not sure that the conditions that the former treasurer faced on the limit would have been any different if we had known at the time that they were going to go down a different track.

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CHAIR - I understand that the risk is generally on the entity borrowing, but by the same token - and no-one is suggesting the university is about to fold, but we have to look at these things at the extremes, in the event -

Ms WEBB - I am just trying to understand the legal basis.

CHAIR - We're just trying to understand the legal basis of it. If that were to happen, you have a lender that might have very significant strictures around the repayment of moneys lent and the like, so I am just interested to explore how much attention the Treasurer, and therefore Treasury, would pay to such arrangements like the green bonds scenario before us.

Mr FERGUSON - I can understand, Chair, and do my best to respond. I think you may be detecting we are probably not able to add much more to that question, but we definitely want to assist your committee.

To be a member of the University Council in itself is a significant responsibility. You have responsibility not for the domain we are exploring today of borrowings, but for the key personnel they appoint on their academic and/or executive teams and, ultimately, for the choice of the way the courses are selected and then delivered, to attracting international students and domestic students, to lobby and to successfully obtain funding through federal means for the ongoing life and good health of the university and the cultural life of the university. It is a big responsibility and very analogous to a company director.

The Government does not oversee those or even second-guess them. There is a lot of trust in those people and they do a good job. The responsibility is one recognised by the University Council. Hopefully, that is a helpful set of responses to that set of questions.

CHAIR - It is what it is. Thank you for sharing your thoughts and we will assess that information.

Ms WEBB - A quick clarification: you mentioned at the moment none of the borrowings sit with TASCORP; previously they had done - exclusively, previously, or had there been instances of external borrowings approved through Treasury to the Treasurer previous to now?

Mrs CALVERT - At the time we started looking at this most recently, their borrowings were with TASCORP. I cannot speak to further in the past in terms of whether they have always borrowed from TASCORP.

Ms WEBB - Wouldn't there be a record of that within Treasury? That is not part of your record keeping done in Treasury?

Mrs CALVERT - The limit before 2014 was at \$150 million. I am not sure and it is probably more a question for TASCORP.

Ms WEBB - With the last approval provided in March 2021, at that point in time there were current borrowings from TASCORP, but then that was exited from and the borrowings are now entirely external from that point.

Mrs CALVERT - Yes, that is my understanding.

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Ms WEBB - Clearly, from the way you have described the process when UTAS comes to the Treasurer and to Treasury to seek approval for borrowing, a case is put forward and an assessment is made. Other than those instances which can occur at different points over a number of years from Treasury or the Treasurer, is there any regular monitoring of or assessment of the financial position of UTAS? As the state Treasury that has some role in the act that will crop up every now and then, is there also some form of keeping an eye on a monitoring financial position, for example, as the annual report comes out each year or some other ongoing mechanism?

Mr FERGUSON - Chair, I will invite Mrs Calvert to respond, but no doubt the Auditor-General would be an important step to reflect on.

Ms WEBB - We understand the role for the Auditor-General in relation to UTAS's financials. Is there any element of ongoing monitoring or keeping an eye or assessment of financials from Treasury or the Treasurer?

Mrs CALVERT - Not on an ad hoc basis. Only when specific issues come up.

Ms WEBB - Okay, not on a regular ongoing basis. We know UTAS has undergone significant projects in the north of the state, the north-west of the state, proposals in the south of the state. At those times, particularly if there is an intersection into City Deals or other sorts of planning arrangements, does Treasury at that point in time undertake assessments of those sorts of proposals that are put forward that are looking to be progressed by UTAS?

Mrs CALVERT - No, and both of the City Deals were negotiated by the Department of State Growth. I am not sure what level of visibility they had of different issues.

Ms WEBB - Treasury has not been involved in assessing business cases or proposals put forward for any of those sorts of major projects undertaken by the university or proposed by the university to date?

Mr FERGUSON - No, it has not. I know you are not leading us there, Ms Webb, but nor would I wish us to. I would not want us to be in that area because if we were in that area then you really are having the government playing a much more of a hands-on operational role in a university when it is vested with the University Council and the autonomy that any self-respecting university will want and need.

Ms WEBB - It is an interesting question, isn't it? Considering how significantly place-shaping the university can be, there is also obviously impact on the general community and on different regions and cities and different things. There is an interesting proposition there about the role for government and role for local government even in that area, too. While we accept certain autonomy from the university in its decision making, it is not completely absent of an expectation, I would have thought, from at least interest from state government if there are significant decisions and place-shaping decisions to be made, wouldn't you think, Treasurer?

Mr FERGUSON - I do agree with that latter point, on the basis there is always a connection between any important institution and its role in a city, town or suburb and that is why we have a planning system. That is why, for example, major projects have to go through their various public process which does ultimately involve interfaces with other state organisations or politicians and local government processes.

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For example, the planning authorities or a planning scheme amendment would require the independent oversight of the Tasmanian Planning Commission. Then, of course, there is the neighbourly thing to do when you are looking at doing a major change, as the university has proven itself wishing to do is to consult with the community and listen to feedback.

A role for executive government to have a hands-on position at the University Council table is certainly not where we would want to be but, yes, I generally agree with some of what you have said about the engagement with other organs of government and with the community generally being a wise move.

Ms WEBB - I certainly was not suggesting a role for state government at the University Council table. I was asking about the interest the state government might take in being informed of making an assessment or holding a view on significant proposals or projects put forward.

Mr FERGUSON - That is fair comment. I will supplement it in that case and say, for example, when a state plays a role as a contributing funder to significant projects then there is exactly that kind of consideration to see if there is a good role for the state to contribute or to lobby for federal funds, for example, to support major capital or operational changes to the university. Of course, then at that point there would be consideration given to the merits of the proposal, but otherwise we do trust the university to manage its affairs and to look to the future and to ensure it is fit for purpose in the years to come.

Ms WEBB - I will preface this by making it very clear so you do not have to go there in your answer Treasurer, I am not asking any questions about any deliberations of Cabinet in this, or any details of Cabinet in this question. Are there situations in which the state Cabinet may consider, or has considered, and provided approval to propositions or proposals brought forward by UTAS?

Mr FERGUSON - I will not speak about Cabinet as you have invited me to and again, quite properly, avoid that. But government considers good ideas and considers whether it would support this or that initiative if there is a role for government. But most often the university manages its own affairs and certainly should manage its own future plans for the way it provides physical infrastructure, academic and social support for students and the marketing for international students. But government does at times. I would say as a nine-year member of this Government, it is pretty occasional that we would take a position on a proposal from the university. I'm trying to answer your question as helpfully as I can. Most often the university is running its own institution as it's trusted to do. Others can provide input or suggestive comments or express their pleasure or displeasure at those ideas. The council would then, like any other corporate entity, take its approval or take its applications through the local government pathway for development.

Ms WEBB - Are there specific instances in which Cabinet has approved or endorsed a proposal from UTAS? You would understand that of most clear relevance right now is the proposed Hobart CBD move. Is that something that has been considered formally by Cabinet? I am not asking you to reflect on the deliberations, just whether it has or not.

Mr FERGUSON - Except for the recent deviation where a list of Cabinet documents by description was provided in respect to the Macquarie Point stadium, we never discuss Cabinet

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ever, including what it deliberates on and the timing of it. It's just a protocol that's observed. Generally we don't discuss Cabinet, but we are always happy to discuss positions or decisions that the Government has taken.

Ms WEBB - That's what I am asking you about, Treasurer. Is there a Cabinet-endorsed position that the Government has on that CBD move?

Mr FERGUSON - I'll answer it this way. There's a Government position that we encourage the university to transform itself, to engage with the community, to win arguments, and put forward proposals and be prepared to receive feedback and amend their plans accordingly but, ultimately, to find its own way forward like we would expect any other university in this country to do. We want the university to modernise, to be attractive to domestic Tasmanian, domestic Australian and international students, and not to be stuck in a time-warp of not ever being able to change because there are people who constantly say no to any change that's exciting.

That's not to express a bias that we're all endorsing the university's southern campus transformation, but we encourage the university in its next steps because it is a good university. It should be encouraged, it should be supported. The current University Council should have our - as politicians - collective support to do the hard yards, to work with the community, to win over people who are against their proposals and potentially modify them, and ultimately to take a development application to Hobart City Council and be prepared to work through the community consultation that would then take place.

We don't take a yes or no side on it because we don't see that as our role, only to express, as I am, a willingness to get behind the council with the transformation that it has already commenced and has already made some great progress with in the arts and sciences. Something like 40 per cent or nearly 50 per cent of the university's southern activities are already in the CBD. That's been successful but we know it's not always easy. That's why the position, as we have expressed publicly, is to encourage the university and other members of the community to work together.

CHAIR - I want to go back, because the time has almost gone, unless, Treasurer, you have more time available. How often is the university's funding reviewed by the Government? The funding we provide is about 6 per cent, roughly equivalent to payroll tax the university pays the state. I do not know how that level was arrived at. I do not know what has gone on in the past. Could you provide some insight into why the state government provides the amount of funding to the university that it does, and how often that is reviewed?

Mr FERGUSON - My Treasury officials might be able to help you with the answer. If not, we might need to take that on notice. In the 15 months I have been Treasurer, I personally have not had a reason to review it that I can recall. My colleague, Mr Jaensch, may have something to add given that he administers the legislation more generally. Fiona or Sam, do you have anything extra to add?

Mrs CALVERT - No, Treasurer, I think we would need to take that on notice; I do not have any visibility of that.

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Mr FERGUSON - I'm happy to take it on notice and provide to the committee maybe even some further detail that may help you to understand fully how we do provide a level of support to the university.

CHAIR - Thank you, Treasurer. When you provide funding approval to UTAS, how is that reported to parliament?

Mr FERGUSON - I will undertake to provide that information when I provide the answer on notice.

CHAIR - So a second question on notice?

Mr FERGUSON - Yes, or supplement to it.

Mr GAFFNEY - Could you provide copies of each of the section 7(2) approvals granted since 1 July 2017? Can we see the dates, the amounts, what the conditions were and what specific types of borrowings were approved so we have a better understanding of how that operates?

CHAIR - We will write to you with these questions.

Mr GAFFNEY - Since 1 July 2017, thank you.

Mr FERGUSON - Chair, I'll undertake in good faith to take that question on notice. I know Mr Gaffney didn't ask me for any Treasury advice, no issue there, I wouldn't be providing that, but I may be able to provide the correspondence to the university and that would contain the information you are seeking. I'll need to take some advice on that. Unless there is a particular reason that we previously committed that that's not possible, I am not seeing any shaking of heads, it sounds good.

Mr GAFFNEY - Thank you.

CHAIR - Treasurer, I am not sure if your time is up or not. It is on our agenda.

Mr FERGUSON - There's a bit on. Thank you for your time. I appreciate your interest in the university. I know you're there for all the right reasons and so am I. That's why I wore my university tie today. I hope those answers are useful. We'll provide timely responses to those two questions on notice.

CHAIR - It is important to us because the terms of reference are on the provisions of the act. Our interest is quite wide as the terms of reference point out. It's important that we have as much factual information as we can when we are dealing with these types of inquiries. I thank you for taking the time. I thank you for the answers provided. It will give us something to consider.

I thank the staff for coming today and remind you that all the evidence taken at the hearing is protected by parliamentary privilege, but any comments you make to the media or others outside of this room, even if you were to repeat what you said here, will not be protected. Do you understand that? Thank you. I'm sure the minister does.

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The committee adjourned at 3.09 p.m.