

The Hon Rob Valentine MLC  
Legislative Council of Tasmania  
Parliament of Tasmania  
Hobart TAS 7000

By email: [jenny.mannering@parliament.tas.gov.au](mailto:jenny.mannering@parliament.tas.gov.au)

Dear Rob

Thank you for the opportunity to provide additional information to the Committee to inform your consideration of the terms of reference of the inquiry into the provisions of the *University of Tasmania Act 1992*.

Please find attached the responses to Questions 8, 9 and 10 specifically, as requested in your recent correspondence provided to the University on 8 May 2023. We will continue to compile the information requested for the remaining questions, noting your request for it to be provided by 12 June 2023.

We remain committed to supporting the inquiry. Please contact Erin Munro via [erin.munro@utas.edu.au](mailto:erin.munro@utas.edu.au) if you have any questions about this content.

Yours sincerely



**Professor Rufus Black**  
Vice-Chancellor

11 May 2023

Office of the Vice-Chancellor

8. In response to a previous question on notice it was indicated that since 2013, the University has requested and had approval for 3 borrowing limit changes from the Treasurer (one temporary overdraft and two permanent borrowing limits), in addition, in 2016 the University sought Treasurer approval for a drawdown from an already existing borrowing facility. Please provide more detail on each of the authorisations granted, including the facility approved and any conditions attached.

*The University of Tasmania Act 1992 empowers and supports University Council to make decisions that it considers will best advance the interests of the University, enabling it to fulfil its commitment to be a university for and from Tasmania and critically, into the future.*

Section 7 of the Act provides powers to the University to borrow money but requires the State Government Treasurer to approve the borrowings of the University, which provides oversight for the State Government. The Act provides safeguards to oversee University borrowings.

In July 2016, the Secretary of the Department of Treasury and Finance, in correspondence to the University stated:

*The Treasurer has noted the University of Tasmania's intention to draw down a further \$33 million from its February 2013 approved request to borrow up to \$130 million. Currently, \$93.6 million in borrowings has been drawn down.*

The correspondence also advised:

*It is essential that you advise Treasury, as soon as possible, if you anticipate that the required borrowings will change from the approved Total Borrowings Amount above.*

In June 2019, the then Treasurer in correspondence to the University stated that he approved:

*A \$25m temporary increase of the University's overnight borrowing facility limit with the Tasmanian Public Finance Corporation (Tascorp), resulting in an increased working capital facility of \$75m until 12 December 2019.*

This increase was approved:

*On the basis that the Tascorp Board continues to be satisfied that the University is able to service this level of debt and is prepared to increase the University's overnight borrowing facility limit.*

In November 2019, the then Treasurer, in correspondence to the University stated that he approved:

*The University's medium term borrowing facility limit with the Tasmanian Public Finance Corporation (Tascorp) to \$200 million.*

This increase was approved:

*On the basis that the Tascorp Board continues to be satisfied that the University is able to service this level of debt and is prepared to increase the University's overnight borrowing facility limit.*

In March 2021, the then Treasurer, in correspondence to the University stated:

*On the basis of the supporting information provided to Treasury by the University, I approve the request to increase the University's borrowing facility limit, as required under section 7(2) of the University of Tasmania Act 1992. This approval is subject to the following conditions:*

- *the University obtains and maintains a stand-alone, investment grade credit rating from an approved rating agency;*
- *the increase of \$200 million to the existing borrowing facility limit is approved solely for the purposes of the construction of the Southern Infrastructure Project; and*
- *the \$200 million borrowing facility limit will reduce over time consistent with the maturity profile detailed in the University's request.*

As advised at our hearing on 4 May 2023, we have met all three of these conditions.

## 9. Under Section 7(2) of the Act, was authorisation from the Treasurer required in relation to the arrangement with Spark Living?

*The University of Tasmania Act 1992 empowers and supports University Council to make decisions that it considers will best advance the interests of the University, enabling it to fulfil its commitment to be a university for and from Tasmania and critically, into the future.*

Section 7 of the Act provides powers to the University to borrow money but requires the State Government Treasurer to approve the borrowings of the University, which provides oversight for the State Government. The Act provides safeguards to oversee University borrowings.

Section 7(2) of the Act does not apply to the relationship with Spark Living. The transactions relating to student accommodation are not borrowings or debt liability, as there is no occupancy guarantee on the part of the University.

Per the accounting standard, the relationship between Spark Living and the University exists under a Service Concession Arrangement (SCA), which are contractual or other arrangements between the public sector (the grantor) and the private sector (the operator), whereby the public sector either arranges for projects to be privately financed, or provides existing infrastructure. Similarly, the private sector can either supply the infrastructure and operate it, or operate existing infrastructure provided to it, in the delivery of what are ordinarily considered to be public services. Examples of SCAs include public hospitals, prisons and roads.

Service concession arrangements have typically been considered to be either:

- availability structures - where the operator builds, operates and finances a project in exchange for a payment stream from the grantor, or
- user pay structures, where the operator builds, operates and finances a project in exchange for a right to charge users

The University's student accommodation arrangement is a user-pays model, where there is no minimum payment or underwritten occupancy level.

Additionally, in 2019, subsequent to the transaction, the Tasmania Audit Office undertook a performance audit into the management of student accommodation, including the financial management of the accommodation portfolio. [University of Tasmania's management of student accommodation - Tasmanian Audit Office performance audit found:](#)

*“The PBSA Agreement model is an effective way to manage student accommodation, freeing capital from University student accommodation assets and allowing for greater investment in the University's core priorities of research, teaching and the student experience. The PBSA Agreement also provides potential for greater investment in student accommodation. There is a strong approach to the financial management of student accommodation supported by effective monitoring and reporting.”*

**10. In the 4 May hearing, VC Black stated “We went through an extensive process with TasCorp to see if they were the appropriate entity for making those borrowings. The green bond was a much better facility for the university to be able to pursue its objectives” – Was the arrangement with Spark Living also assessed against the option to borrow from TasCorp, and if so, how did it compare?**

*The University of Tasmania Act 1992 empowers and supports University Council to make decisions that it considers will best advance the interests of the University, enabling it to fulfil its commitment to be a university for and from Tasmania and critically, into the future.*

Section 7 of the Act provides powers to the University to borrow money but requires the State Government Treasurer to approve the borrowings of the University, which provides oversight for the State Government. The Act provides safeguards to oversee University borrowings.

As stated in our response to Question 9 above, the transactions relating to student accommodation are not borrowings or debt liability, as there is no occupancy guarantee on the part of the University. The University therefore did not consider an option to borrow from TasCorp in relation to provision of student accommodation.