

Department of Treasury and Finance

Ministerial Briefing
Deputy Premier
Treasurer



Subject: University of Tasmania - Legislative Council Select Committee

Date prepared: June 2023

Key points

Select Council Hearings

- A Legislative Council Select Committee has been appointed to inquire into the provisions of the *University of Tasmania Act 1992*, with reference to UTas' roles, functions and powers and the appropriateness of the Act.
- You have been requested to appear at a hearing of the Select Committee on 6 July 2023.

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

The University of Tasmania Act 1992

- The powers, functions and obligations of UTas are established by *University of Tasmania Act 1992*.
- Under subsection 7(1)(f) of the Act, UTas has the power to borrow money. However, section 7(2) of the Act specifies that, notwithstanding subsection (1)(f), UTas is not to exercise its power to borrow money unless it has first obtained the written approval of the Treasurer.

- The Act does not define the term “borrow money” and the Treasurer has no further legislative role under the Act.

UTas’ borrowing program

- Over the period from June 2019 to March 2021, the then Treasurer provided a series of approvals to UTas which saw its approved borrowing limit incrementally increase from \$175 million to \$400 million. [REDACTED]
- In August 2020, the Treasurer also guaranteed the obligations of UTas with Tascorp up to the maximum limit of \$200 million, as a result of the impacts of the COVID-19 pandemic.
- The final approval to increase UTas’ borrowing limit from \$200 million to \$400 million was provided in March 2021 and included the following conditions:
 - UTas 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 UTas’ request.
- The approval also confirmed that the guarantee to Tascorp for UTas borrowings remained limited to \$200 million.
- Subsequent to the approval, in March 2022, UTas raised \$350 million in the private equity market through the issuance of its green bonds.
- UTas used these proceeds to repay its overnight loan facility with Tascorp of \$70 million (principal). It had previously repaid its term facilities with Tascorp totalling \$125 million (principal) in December 2021.

[REDACTED] It was always intended that the approval of the borrowing limit would apply to any debt incurred by UTas, whether through Tascorp or otherwise. The reference to “borrowing facility limit” was used in context of the existing borrowing limit - ie the amount, rather than the specific facility or lender.

- In fact, as early as October 2019, Tascorp raised with the Treasurer that UTas was considering different funding models for the Southern Infrastructure Projects. Similarly, Treasury's advice to the Treasurer in February 2021, prior to approval of the increase in the borrowing limit to \$400 million, noted that UTas had the ability to access funding via private sector financial institutions or, pending a ratings outcome, direct issuance.

[REDACTED]

Spark living PSBA liability

[REDACTED]

- UTas' 2021 Annual Report notes that, in 2017 and 2019, UTas executed market transactions in respect of PBSA assets, whereby it granted a 30 year licence to receive net rentals from these assets in exchange for payment of an upfront amount.

[REDACTED]

[REDACTED]

[REDACTED]

Independent credit rating of UTas

[REDACTED]

[REDACTED]

[REDACTED]

- Neither the Treasurer nor Treasury had any involvement in Moody's credit rating of UTas.
- Rather, Moody's adopts a standard view for Australian States and large institutions that the Commonwealth will provide extraordinary support in the event that the State or institution is unable to meet its debt obligations.

[REDACTED]

ATTACHMENT A - SUMMARY OF KEY TIMELINES

Pre-2014



June 2019

- The Treasurer approved a temporary increase in UTAs' overnight borrowings from \$50 million to \$75 million for six months, following a request from UTAs, correspondence from Tascorp and advice from Treasury.

July 2019

- Tascorp and Treasury commence discussions to establish a process to consider future borrowing increase requests by UTAs, including documents that would be required from UTAs.

September - October 2019

- UTAs advised the Treasurer that it is working with Tascorp on a medium term funding solution.
- The Treasurer wrote to UTAs, following advice from Treasury, outlining the framework for assessing future requests for borrowing increases, including the information that UTAs would be required to provide.

Late October - November 2019

- The Treasurer approved an increase in UTAs' total borrowings up to \$200 million, following a request from UTAs, correspondence from Tascorp and advice from Treasury. This comprised up to \$125 million for term borrowings and up to \$75 million in an overnight working capital facility (replacing the former temporary limit).

December 2019

- UTAs wrote to the Treasurer flagging a possible requirement to increase its total borrowings to \$300 million and outlining that it had commenced the process to obtain an independent credit rating from Moody's.

January - February 2020

- The Treasurer wrote to UTAs noting its potential requirement to increase borrowings and outlining that a range of information would be required to support any formal request.

April - June 2020

- The Treasurer wrote to Tascorp to guarantee that the Government will ensure that participating authorities are able to meet any obligations to Tascorp, as and when they fall due. This included UTAs' borrowings, up to a maximum of \$200 million.

August - September 2020

- The Secretary of Treasury wrote to UTas noting that the Treasurer has guaranteed the obligations of UTas with Tascorp up to a maximum borrowing limit of \$200 million. This was issued as a result of the impacts of the COVID-19 pandemic.
- [REDACTED]

October 2020 - March 2021

- The Treasurer approved an increase in UTas' total borrowings up to \$400 million, following a request from UTas, correspondence from Tascorp and advice from Treasury.
 - This period included a robust assessment of the proposal by Treasury, including seeking a range of information from UTas. This advice flagged that UTas may seek to source its funds from the private sector rather than Tascorp.
- [REDACTED]
- [REDACTED]
- [REDACTED]

July 2021

- The Treasurer responded to a letter from Tascorp, confirming that the Government will continue to guarantee the obligations of UTas up to a maximum limit of \$200 million.

October 2021

- Treasury provided advice to the Treasurer in relation to UTas borrowing plans, including that UTas may potentially source funds from the private sector.

December 2021

- Moody's issued first-time rating for UTas of Aa2.

January 2022

- Tascorp wrote to the Treasurer advising that UTas had decided to source its funds from the private sector, which then occurred in March 2022 when UTas issued its green bonds.
- [REDACTED]
- [REDACTED]
- [REDACTED]

UNIVERSITY OF TASMANIA BORROWINGS

DETAILED TIMELINE

June 2019

- 17 June 2019 [REDACTED] - Tascorp wrote to the Treasurer noting the Board has approved an urgent request by UTas to temporarily increase its overnight borrowing facility limit by \$25 million to \$75 million, for six months. [REDACTED]

- 21 June 2019 [REDACTED] - UTas VC wrote to the Treasurer requesting approval to temporarily increase its overnight borrowing facility by \$25 million to \$75 million, for a period of six months. The funding was to meet interim requirements pending a medium-term funding solution to support UTas' strategic plans.
- 24 June 2019 [REDACTED] - Treasury provides advice to the Treasurer on the request, [REDACTED]
- 25 June 2019 [REDACTED] - the Treasurer wrote to UTas and Tascorp approving the temporary increase in borrowings, on the provision that Tascorp continues to be satisfied that UTas is able to service the debt and is prepared to increase the overnight borrowing facility.

July 2019

- 25 July 2019 [REDACTED] - Tascorp emailed Treasury attaching Moody's credit rating methodology for the higher education sector, S&P's methodology for private colleges and universities and Moody's credit opinions for several Australian universities. [REDACTED]

August 2019

- [REDACTED]

September 2019

- 12 September 2019 [REDACTED] - UTas VC wrote to the Treasurer, advising that it is working with Tascorp on a medium term funding solution and would seek the Treasurer's written approval at the appropriate time. The funding solution totalling \$200 million included:
 - an increase to the existing term debt of \$100m by \$25m, to partially fund \$60m of University-operated student accommodation acquisitions during 2018 and 2019; and
 - a total working capital facility of \$75m, representing an extension of the temporary increase of \$25m approved in June 2019 to mitigate cashflow pressure during the construction of the Northern Transformation and timing of grant funding.

October 2019

- [REDACTED]
- [REDACTED]
- [REDACTED]
- 23 October 2019 [REDACTED] - the Treasurer signed a letter to UTas noting that:
 - UTas must provide a range of information to support the request for an increase in its borrowing limits;
 - it would be appropriate to establish a more robust framework to consider future borrowing requests, including the need for an independent credit rating assessment from an approved credit rating agency to be submitted annually; and
 - Treasury will consult with key personnel in UTas to finalise the borrowing request framework.
- 28 October 2019 [REDACTED] - UTas emailed Treasury providing a range of information to support the borrowing request, including:
 - business case in support of increased borrowing;
 - operating budget and year-to-date outcomes;
 - council approved 5 year strategic plans;
 - long term financial forecasts;

- sensitivity analysis covering key risks; and
- full details of existing borrowings and other debt like obligations.
- 30 October 2019 [REDACTED] - UTas VC wrote to the Treasurer:
 - formally seeking approval to increase UTas' borrowing limit;
 - advising that UTas had provided the requested information to Treasury;
 - agreeing that it was appropriate to establish a framework for considering UTas' "unique circumstances" for future borrowing requests; and
 - proposing to meet with the Treasurer and the Secretary of Treasury to develop a joint understanding of how UTas can support the State's economic and fiscal goals.
- 31 October 2019 [REDACTED] - Tascorp wrote to the Treasurer noting that it had approved the request from UTas to increase its borrowing limits up to \$125 million for term borrowings and \$75 million in an overnight working capital facility, conditional on:
 - the Treasurer's approval; and
 - UTas agreeing to amendments to the Master Loan Facility Agreement.

Tascorp also noted that:

- it understood that UTas was considering different funding models for the Southern Infrastructure Projects; and
- Tascorp reserves the right not to refinance UTas' term borrowing post 2023.

November 2019

- [REDACTED]
- [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - 13 November 2019 [REDACTED] - the Treasurer and Secretary of Treasury met with UTas representatives to discuss the future framework for assessing UTas' requests for increased borrowing limits.

- 19 November 2019 [REDACTED] - the Treasurer wrote to UTas and Tascorp approving the requested increases in borrowing limits (up to \$200 million total borrowings), so long as Tascorp is prepared to increase the facility and continues to be satisfied that UTas is able to service the debt.

December 2019

- 18 December 2019 [REDACTED] - UTas wrote to the Treasurer:
 - noting that it was seeking approval to increase its long term debt facility to \$300 million; and
 - outlining that it had commenced the process to obtain an independent credit rating from Moody's, noting that this may not be completed by the end of the 2020 calendar year and that UTas would work with Tascorp to meet its requirements.

[REDACTED]

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED]

February 2020

- 6 February 2020 [REDACTED] - the Treasurer wrote to UTas noting the request for additional borrowings and requesting a range of information in support of the borrowing request.
- [REDACTED]

March 2020

- 25 March 2020 [REDACTED] - the Treasurer wrote to Tascorp to guarantee that the Government will ensure that participating authorities are able to meet any obligations to Tascorp, as and when they fall due. [REDACTED]

- 21 October 2020 [REDACTED] - Treasury provided a Minute to the Treasurer noting UTas' request to increase its borrowings to \$400 million [REDACTED]
- 28 October 2020 [REDACTED] - the Treasurer wrote to UTas noting the request for additional borrowings and requesting a range of information in support of the borrowing request.

November 2020

- 5 November 2020 [REDACTED] - the UTas VC wrote to the Treasurer advising that it would provide the information requested by the Treasurer to support the borrowing request.

December 2020

- 16 - 18 December 2020 [REDACTED] - UTas emailed Treasury over this period providing a range of information to support UTas' request to increase its approved borrowing limit.
- 23 December 2020 [REDACTED] - Tascorp wrote to the Treasurer noting that UTas had requested an increase in its borrowing limit by \$200 million, to \$400 million. Tascorp attached a copy of its Board decision in relation to UTas' request as well as supporting analysis. Tascorp noted that staff within Tascorp would work with Treasury to ensure a comprehensive review of the proposal was undertaken.

January 2021

- 5 January 2021 [REDACTED] - UTas emailed Treasury providing further information to support its request to increase the approved borrowing limit.
- 21 January 2021 [REDACTED] - UTas provided Treasury with further information (CBD Master Plan) to support its request to increase the approved borrowing limit.

February 2021

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

• [REDACTED]

• [REDACTED]

March 2021

- 3 March 2021 [REDACTED] - the Treasurer wrote to UTas and Tascorp approving the request to increase the borrowing limit by \$200 million to \$400 million and attaching the following conditions to the approval:
 - UTas 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 UTas' request.

The Treasurer also specified that the guarantee provided to UTas to support COVID-19 related funding will not be increased to cover any additional borrowings by UTas (ie - the guarantee would remain capped at \$200 million).

- 4 March 2021 [REDACTED] - Treasury emailed UTas to extend an invite to meet and discuss any questions UTas may have in relation to the Treasurer's conditional approval of the increase to its borrowing limits.

- 18 March 2021 [REDACTED] - UTas VC wrote to the Treasurer noting that UTas had initiated the process to obtain a credit rating from Moody's Investor Service, with the objective to complete the assessment in the third quarter of calendar 2021. [REDACTED]

The letter also noted that VC Black would be meeting with the Premier on 31 March 2021 in Launceston and would brief the Premier on the Southern Infrastructure Project. [REDACTED]

[REDACTED]

December 2021

- 10 December 2021 [REDACTED] - Moody's issued a first-time rating to UTas of Aa2. [REDACTED]

January 2022

- 24 January 2022 [REDACTED] - Tascorp wrote to the Treasurer advising that:
 - UTas wished to establish a medium-term note issuance program and a corporate debt facility with a commercial bank in preference to borrowing through TASCORP;
 - to do this, UTas required Tascorp consent under the Master Loan Facility Agreement;
 - Tascorp had consented to UTas' request and had issued a formal consent for the third party borrowing. Tascorp's consent was given on the condition that any drawdowns from the issuance program or corporate debt facility are used to fully repay and cancel UTas' borrowings and all facilities with Tascorp, which was acknowledged and accepted by UTas; and
 - Tascorp would advise in writing once all facilities have been repaid to confirm that the guarantee is no longer required.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

From: Treasury OTS
Sent: Friday, 14 July 2023 12:52 PM
To: Ferguson, Minister
Cc: Treasury OTS
Subject: RE: MIN23/19475 : TREASURER - Hon Rob Valentine MLC - Inquiry into the Provisions of the University of Tasmania Act 1992 - questions on notice from the hearing
Attachments: Response to QoNs - Legislative Council Select Committee - UTAS Act 1992.DOCX; Attachments to Response to QoNs - Legislative Council Select Committee - UTAS Act 1992.PDF

Good afternoon [REDACTED]

Please see response and attachments as requested.

Thanks



Office of the Secretary

Department of Treasury and Finance

p (03) 6145 0700

e ots@treasury.tas.gov.au

w www.treasury.tas.gov.au

21 Murray Street, Hobart TAS 7000 | GPO Box 147, Hobart TAS 7001

From: Ferguson, Minister <Minister.Ferguson@dpac.tas.gov.au>
Sent: Monday, 10 July 2023 11:02 AM
To: Treasury OTS <ots@treasury.tas.gov.au>
Subject: MIN23/19475 : TREASURER - Hon Rob Valentine MLC - Inquiry into the Provisions of the University of Tasmania Act 1992 - questions on notice from the hearing

Good morning
 Please provide a draft response.
 Due: 17/07/2023

Thanks

[REDACTED]
 Office of the Hon Michael Ferguson MP
 Phone: (03) 6165 7723
 E-mail: minister.ferguson@dpac.tas.gov.au

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From: Ferguson, Minister <Minister.Ferguson@dpac.tas.gov.au>
Sent: Thursday, 27 July 2023 3:50 PM
To: Treasury OTS
Subject: MIN23/19339 : TREASURER - Robert Hogan - UTAS relocation to Hobart CBD would lead to financial disaster for UTAS and Tasmania. The move needs to stop now
Attachments: FW: UTAS relocation to Hobart CBD would lead to financial disaster for UTAS and Tasmania. The move needs to stop now.

Good afternoon

Please provide a short draft response.

Due: 3/08/2023

Thank you

Administration Officer
Office of the Hon Michael Ferguson MP
Phone: (03) 6165 7701
E-mail: minister.ferguson@dpac.tas.gov.au

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From: Ferguson, Michael <Michael.Ferguson@dpac.tas.gov.au>
Sent: Thursday, 6 July 2023 8:47 AM
To: Ferguson, Minister
Subject: FW: UTAS relocation to Hobart CBD would lead to financial disaster for UTAS and Tasmania. The move needs to stop now.

Executive Officer
Office of the Hon Michael Ferguson MP
Deputy Premier of Tasmania
Treasurer
Minister for Infrastructure and Transport
Minister for Planning
Liberal Member for Bass

53 St John Street, Launceston Tas 7250
P: 03 67771036
Email: [REDACTED]

From: Robert Hogan <harveyr35@aol.com>
Sent: Wednesday, 5 July 2023 6:10 PM
To: michael.ferguson@parliament.tas.gov.au; jeremy.rockliff@parliament.tas.gov.au
Cc: lara.alexander@parliament.tas.gov.au; elise.archer@parliament.tas.gov.au; guy.barnett@parliament.tas.gov.au; shane.broad@parliament.tas.gov.au; jen.butler@parliament.tas.gov.au; anita.dow@parliament.tas.gov.au; felix.ellis@parliament.tas.gov.au; janie.finlay@parliament.tas.gov.au; ella.haddad@parliament.tas.gov.au; roger.jaensch@parliament.tas.gov.au; kristie.johnston@parliament.tas.gov.au; david.obyrne@parliament.tas.gov.au; michelle.obyrne@parliament.tas.gov.au; cassy.oconnor@parliament.tas.gov.au; madeleine.ogilvie@parliament.tas.gov.au; Mark Shelton (Parliament) <mark.shelton@parliament.tas.gov.au>; nic.street@parliament.tas.gov.au; john.tucker@parliament.tas.gov.au; rebecca.white@parliament.tas.gov.au; dean.winter@parliament.tas.gov.au; simon.wood@parliament.tas.gov.au; rosalie.woodruff@parliament.tas.gov.au; dean.young@parliament.tas.gov.au; rosemary.armitage@parliament.tas.gov.au; nick.duigan@parliament.tas.gov.au; luke.edmunds@parliament.tas.gov.au; craig.farrell@parliament.tas.gov.au; ruth.forrest@parliament.tas.gov.au; Michael.gaffney@parliament.tas.gov.au; dean.harriss@parliament.tas.gov.au; leonie.hiscutt@parliament.tas.gov.au; jane.howlett@parliament.tas.gov.au; sarah.lovell@parliament.tas.gov.au; jo.palmer@parliament.tas.gov.au; tania.rattray@parliament.tas.gov.au; rob.valentine@parliament.tas.gov.au; meg.webb@parliament.tas.gov.au; josh.willie@parliament.tas.gov.au; David Killick <david.killick@news.com.au>; Adam Holmes <holmes.adam@abc.net.au>; Josh Duggan <josh.duggan@sca.com.au>; Matthew Denholm <matthew.denholm@news.com.au>; Rachel Edwards <edwards.rachel@abc.net.au>; Mike Foster <michael.foster@murdochclarke.com.au>; [REDACTED]; andrew.wilkie.mp@aph.gov.au; Greg Barns <[REDACTED]>; [REDACTED];
Subject: UTAS relocation to Hobart CBD would lead to financial disaster for UTAS and Tasmania. The move needs to stop now.

You don't often get email from harveyr35@aol.com. [Learn why this is important](#)

Dear Premier
Dear Treasurer

I am providing here a link to a blog post I published last night, which demonstrates that if UTAS continues with its CBD relocation (and redevelopment of Sandy Bay as a new suburb), this would lead to financial disaster for UTAS and Tasmania:

<https://theutaspapers.com/utas-proposed-cbd-relocation-would-lead-to-financial-disaster/>

Rather than making a 'profit' of \$200 million from its proposed relocation, UTAS stands to make a "loss" of between \$700 million and \$1 billion, and perhaps more, with greatly increased risk if the Macquarie Point development occurs at the same time.

Moreover, as a substantial gap has emerged between UTAS' building program expenditure and the revenue it anticipates making from redevelopment of the Sandy Bay campus site, and its cash/investments are already rapidly draining away, it is likely that the State would need to bail out UTAS in two or three years, if the foolhardy relocation continues.

It is also likely that in the event of UTAS being bailed out, the lack of a valid borrowing approval for the Green Bond would become a major issue.

- See the acute analysis of UTAS' annual report for 2022 by public policy analyst John Lawrence: <http://tasfintalk.blogspot.com/>

To stop good money being thrown after bad, the proposed relocation needs to be stopped now. It is in the power of the Parliament to do this, if UTAS proves reluctant.

UTAS has made an art form of keeping key documents out of the public domain. I believe you should exert your influence to ensure UTAS makes the full Southern Future Business Case (the highly flawed document on which UTAS based its historically important decision to relocate on 5 April 2019), and research updating this document by Deloitte Access Economics in 2022, available in the public domain as soon as possible. That said, I do not believe those documents would substantially change the analysis in my blog; rather - from what I understand of the documents - they are likely to increase the level of my concern.

With the warning contained in my blog post, I hope it is clear that UTAS' relocation must be stopped and that unquestioning reliance on information from UTAS is not an appropriate strategy for Government, or indeed Opposition, particularly on an issue of seminal importance to Tasmania.

I appreciate that you may seek further advice from UTAS. If so, I believe that advice should also be placed in the public domain, where it will be open to critical scrutiny.

I would be happy to provide you with further information and would also be happy to meet with one or both of you, with members of the Save UTAS Committee.

I look forward to the appearance of the Treasurer tomorrow before the Legislative Council Select Committee Inquiry into the Provisions of the *University of Tasmania Act 1992*.

Yours sincerely

Robert Hogan

Canberra

(BA Hons, UTAS, 1981)

Deputy Premier
Treasurer
Minister for Infrastructure and Transport
Minister for Planning



Level 10, Executive Building, 15 Murray Street, Hobart
Public Buildings, 53 St John Street, Launceston
GPO Box 123, Hobart TAS 7001
Phone: (03) 6165 7701; Email: Michael.Ferguson@dpac.tas.gov.au

24 AUG 2023

Mr Robert Hogan
harveyr35@aol.com

Dear Mr Hogan

Thank you for your email dated 5 July 2023 in relation to the University of Tasmania, in which you provide a link to your blog post about the University's proposed relocation to the Hobart CBD.

As you would be aware, the governance arrangements for the University are provided by the *University of Tasmania Act 1992*. As Treasurer, I have a limited role under the Act, whereby the University is not to exercise its power to borrow unless it has obtained my written approval.

The University does not form part of the State sector and its debt does not currently impact the State's balance sheet.

I encourage you to contact the University with your concerns regarding its financial position.

Thank you for your interest in this matter.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Michael Ferguson".

Hon Michael Ferguson MP
Deputy Premier
Treasurer

cc: Hon Jeremy Rockliff MP, Premier

From: Treasury OTS
Sent: Thursday, 3 August 2023 12:34 PM
To: Ferguson, Minister
Subject: RE: MIN23/19339 : TREASURER - Robert Hogan - UTAS relocation to Hobart CBD would lead to financial disaster for UTAS and Tasmania. The move needs to stop now
Attachments: 20230803 Letter from Treasurer to Mr Robert Hogan regarding University of Tasmania.DOCX

Good afternoon [REDACTED]

Please see draft response as requested.

Thanks



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From: Ferguson, Minister <Minister.Ferguson@dpac.tas.gov.au>
Sent: Thursday, 27 July 2023 3:50 PM
To: Treasury OTS <ots@treasury.tas.gov.au>
Subject: MIN23/19339 : TREASURER - Robert Hogan - UTAS relocation to Hobart CBD would lead to financial disaster for UTAS and Tasmania. The move needs to stop now

Good afternoon

Please provide a short draft response.

Due: 3/08/2023

Thank you

[REDACTED]
 Administration Officer
 Office of the Hon Michael Ferguson MP
 Phone: (03) 6165 7701
 E-mail: minister.ferguson@dpac.tas.gov.au

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**Deputy Premier
Treasurer
Minister for Infrastructure and Transport
Minister for Planning**



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Mr Robert Hogan
harveyr35@aol.com

Dear Mr Hogan

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As you would be aware, the governance arrangements for the University are provided by the *University of Tasmania Act 1992*. As Treasurer, I have a limited role under the Act, whereby the University is not to exercise its power to borrow unless it has obtained my written approval.

The University does not form part of the State sector and its debt does not currently impact the State's balance sheet.

I encourage you to contact the University with your concerns regarding its financial position.

Thank you for your interest in this matter.

Yours sincerely

Hon Michael Ferguson MP
**Deputy Premier
Treasurer**

Deputy Premier
Treasurer
Minister for Infrastructure and Transport
Minister for Planning



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4 SEP 2023

Dear [REDACTED]

Thank you for your letter dated 11 July 2023 in relation to the University of Tasmania.

You have asked whether the University's loan is guaranteed by the State of Tasmania and whether any land owned by the University could foreseeably transfer to the lender of funds to the University.

I can confirm that the funds raised by the University through its green bond program are not guaranteed by the State. I am not aware of security being provided by the University under its green bond capital raising program and I would suggest raising this question with the University.

Thank you for your interest in this matter.

Yours sincerely

A handwritten signature in black ink, appearing to read "Michael Ferguson".

Hon Michael Ferguson MP
Deputy Premier
Treasurer

UNDER REVIEW

Department of Treasury and Finance

Parliamentary briefing
Treasurer



Subject: T64. Legislative Council Inquiry into the University of Tasmania

Date prepared: 14 July 2023

Current until: 31 December 2023

[REDACTED]

[REDACTED]

Key issues (including data)

- A Legislative Council Select Committee has been appointed to inquire into the provisions of the *University of Tasmania Act 1992*, with reference to the University's roles, functions and powers and the appropriateness of the Act.
- The Treasurer appeared before the Committee on 6 July 2023, where the Committee raised a number of matters in relation to the Treasurer's role in the governance of the University and its borrowing program.

Background

The University of Tasmania Act 1992

- The powers, functions and obligations of the University are established by *University of Tasmania Act 1992*.
- Under subsection 7(1)(f) of the Act, the University has the power to borrow money. However, section 7(2) of the Act specifies that, notwithstanding subsection (1)(f), the University is not to exercise its power to borrow money unless it has first obtained the written approval of the Treasurer.
- The Act does not define the term “borrow money” and the Treasurer has no further legislative role under the Act.

The University’s borrowing program

- Over the period from June 2019 to March 2021, the then Treasurer provided a series of approvals to the University which saw its approved borrowing limit incrementally increase from \$175 million to \$400 million. [REDACTED]
- In 2020, the Treasurer also guaranteed the obligations of the University with Tascorp up to the maximum limit of \$200 million, as a result of the impacts of the COVID-19 pandemic.
- The final approval to increase the University’s borrowing limit from \$200 million to \$400 million was provided in March 2021 and included 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.
- The approval also confirmed that the guarantee to Tascorp for the University’s borrowings remained limited to \$200 million.
- Subsequent to the approval, in March 2022, the University raised \$350 million in the private equity market through the issuance of its green bonds and repaid its debt balance with Tascorp.
- It was always intended that the approval of the borrowing limit would apply to any debt incurred by the University, whether through Tascorp or otherwise.

Spark living PSBA liability

- The University has entered into an agreement to monetise its Purpose Built Student Accommodation (PBSA). The Select Committee has queried whether this arrangement is akin to a borrowing and, therefore, subject to the Treasurer’s approval.
- The University’s Annual Report notes that, in 2017 and 2019, the University executed market transactions in respect of PBSA assets, whereby it granted a 30 year licence to receive net rentals from these assets in exchange for payment of an upfront amount.

- [REDACTED]
- [REDACTED]

Independent credit rating of the University

- Moody's has independently assigned the University a credit rating of Aa2.
- Moody's assessment reflects, among other things, "a high likelihood of extraordinary support from the Commonwealth."
- This is a standard view adopted by Moody's for Australian States and large institutions that the Commonwealth will provide extraordinary support in the event that the State or institution is unable to meet its debt obligations.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The University's Green Bonds

- In March 2022, the University raised \$350 million in the private equity market through the issuance of its green bonds. This included:
 - a 10-year green medium term note, maturing in March 2032, raising \$280 million; and
 - a 20-year green medium term note, maturing in March 2042, raising \$70 million.
- Green bonds enable capital raising and investment for new and existing projects with environmental benefits

