Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Industry, Innovation, Science, Research and Tertiary Education Portfolio
Budget Estimates Hearing 2012-13
28 and 29 May 2012

AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, INNOVATION, SCIENCE, RESEARCH AND TERTIARY EDUCATION

TOPIC: Education Investment Fund

REFERENCE: Question on Notice (Hansard, Monday 28 May 2012, page 79)

QUESTION No.: BI-33

Senator RHIANNON: On the education infrastructure fund, I understand that the original commitment for this fund was $11 billion. Is that likely? Is there any intention or possibility of us reaching that amount? My recollection was that the government originally committed to topping up the fund from any future budget surpluses.
Mr Hart: When the EIF was created in January 2009, the balance of the higher education endowment fund was transferred, and that was $6.484 billion. There have been no further deposits to the EIF since then.
Senator RHIANNON: Minister, I might go to you then. Is that correct, that it was originally going to be $11 billion?
Senator Chris Evans: I am not familiar with that figure. I am not saying you are wrong, but I would have to take that on notice. It does not ring a bell with me. The officers can help you with how we have expended the EIF funding we have been allocated, but the management of the fund is with finance, is it?
Mr Griew: That is correct, the department of finance, and the global financial crisis has somewhat inhibited the ability of the government to top it up.
Senator RHIANNON: I appreciate that. Minister, could you take on notice what the original amount was and whether it is correct that the government originally committed to top up the fund from any future budget surpluses?
Senator Chris Evans: I will take that on notice rather than have a slash outside the off stump.

ANSWER

In announcing the establishment of the Education Investment Fund (the EIF), the Australian Government stated that it would allocate $11 billion to EIF. The 2008-09 Budget papers of May 2008, indicated this would be comprised of:

- $6 billion of assets to be transferred from the Higher Education Endowment Fund (HEEF); and
- $5 billion from the 2007-08 and 2008-09 Budget surpluses.

With respect to the proposed deposit of $5 billion, the Government indicated that any top up of the fund would be made available subject to macro-economic circumstances.

Subsequently, on 26 September 2008, with the global financial crisis impacting on the budget position, the Government revised its commitment to the EIF to $8.7 billion, comprising $2.5

billion from the 2007-08 surplus and the remaining amount from the balance of the Higher Education Endowment Fund (HEEF).

The EIF came into effect on 1 January 2009 when it was credited with the balance of the former HEEF (including interest earned) of $6.484 billion.

Parliament subsequently passed the *Nation-building Funds Amendment Act 2009* on 15 June 2009 which reversed the decision to allocate the $2.5 billion in surplus funding to the EIF. The Government announced that the $2.5 billion was instead to be directed to the Clean Energy Initiative which was announced in the 2009-10 Budget and is designed to encourage further research and innovation in clean energy generation and low emissions technologies.