

## **Letter by an APU member published in The Age 18/5/2007**

### **Funny funding**

SIMON Marginson asks many relevant questions about the Higher Education Endowment Fund (Opinion, 14/5). Universities are so desperate for funding that they are grateful for any help.

But as Marginson's article shows, if the real aim was to help Australia's universities, which have seen a 7 per cent drop in funding in real terms over the past decade while other OECD countries have increased university funding by 43 per cent, this is a very funny way of doing it.

Marginson points to some of the underlying motives for the HEEF. But there is another one. How much will fund managers make each year for managing it? Mr Costello's Future Fund has much the same structure.

Kenneth Davidson has estimated that in this case fees to fund managers would amount to \$600 million a year. How big will the kick-back to the financial sector be for the HEEF?

This figure must be made public so that we can have a reasonable election-year discussion of the merits of the initiative.

Australian financial markets are dominated by takeovers and mergers that do nothing to lift productivity or secure investment in Australia's future. Too much excess capital is flowing through world markets looking for short-term gains.

Under the guise of helping Australia's universities, the Government is, in fact, helping mates in the banking and investment sector to yet another free lunch while doing nothing very substantive for higher education.

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