

New Year's resolution



Vice-Chancellor Professor Gavin Brown

This is the season when our grand old buildings offer spiritual warmth more than physical comfort and when our Annual Report on the previous year's activities is tabled in parliament.

There is an outstanding list of achievements by our students, staff and institution itself but the bare financial facts also speak eloquently. Income increased to \$1.2 billion and we returned an operating surplus of \$190 million. The response, however, can be as cold as MacLaurin Hall on a June night before we bring in the heaters. Even the Federal Minister, who must know better, could not resist the temptation of saying that this shows we are prodigiously well off and generously funded by Government. My simple reply is that, in 1998, our Commonwealth Operating Grant accounted for 37.4% of our income and that, in 2006, it had dropped to 15.8%. Over the same period student fee income has increased from 21.2% to 29.4%.

There are some accounting technicalities which make "operating surplus" confusing in everyday language. For example, when we are awarded research grants

The pursuit of excellence is neither selfish nor elitist and the University must face the future without fears, writes **Vice-Chancellor Professor Gavin Brown AO**

whose forward expenditure is fully committed these must appear as "surplus". Moreover rearrangement of our investments can produce an apparent one-off "profit" which is not realised in the conventional sense of family accounts. However the main feature of our operating surplus is that we must set aside funds for necessary capital development.

By a combination of self-help and help from our friends we will achieve the Campus 2010 Project without external borrowing. This means that the new IT Building, the Law School and the Student Centre, together with the landscaped redevelopment of Eastern Avenue, will be achieved by living within our means. Of necessity that appears as operating surplus in our accounts, although our need for further capital infrastructure investment remains a serious challenge.

That background is why I was quick to praise the Government's introduction of the Higher Education Endowment Fund (HEEF) which will allow universities to bid for support for capital expenditure. As a capital preserved fund, however, with an initial corpus of \$5 billion it is only a small first step in the right direction.

It is interesting that the Vice-Chancellor of the University of Melbourne felt it necessary recently to defend an operating surplus half the size of ours – not because it was too small but because it was too big!

The leading universities in Australia are concerned that they are impoverished relative to their aspirations, although these aspirations are fundamental to our national future. A recent editorial in the *Sydney Morning Herald* suggested

that funding policy for higher education should be designed to allow the emergence of world class universities. It generated a flurry of letters from redistributive Robin Hoods arguing for uniformity.

Some commentators, ignoring the University's contributions to society, argue that we have received the unfair advantage of more than 150 years of taxpayer contributions and that funds should be transferred to newer institutions. HEEF has been criticised for potentially advantaging the stronger universities. Perhaps lean years have made the sector too obsessed with garnering resources.

Let me quote our recently retired Chancellor, The Hon Justice Kim Santow, writing in the 2006 Annual Report: "While encouraging benefaction is crucial, we win enduring support by the quality of our teaching and research as well as by demonstrating to the community that we are outstandingly well managed." We must be fearless in comparing with the very best of international competitors and that is neither selfish nor elitist.

We are very fortunate to be able to welcome Her Excellency Professor Marie Bashir as incoming Chancellor. She has great love for the University and a deep knowledge of its essence. With her guidance we will continue to aim for excellence in our academic pursuits as a first priority.

It is indeed by the calibre of our research and teaching that we will be judged. These core activities will fire our ambition while we keep on developing the enabling capacity which allows real achievement. ■