



THE UNIVERSITY
of ADELAIDE



University of
South Australia

HEADS OF AGREEMENT



Government of
South Australia

HEADS OF AGREEMENT:

**Funding package to support the creation
of a new university and to provide ongoing
financial assistance**

BETWEEN

The State of South Australia

AND

The University of Adelaide

AND

University of South Australia

PARTIES:

The State of South Australia (Government)

AND

The University of Adelaide, a body corporate under
the *University of Adelaide Act 1971* (UoA)

AND

University of South Australia, a body corporate under the
University of South Australia Act 1990 (UniSA)

BACKGROUND:

Each Council being satisfied that the creation of a new university in accordance with the shared ambition outlined in the Statement of Cooperation and underpinned by the funding package outlined in this document would be in the best interests of their university, the Council of UniSA and the Council of UoA have each resolved to sign a Heads of Agreement that supports the Government to take certain legal and legislative steps for the creation of a new university, to be named Adelaide University, by combining UniSA and UoA, should the Government decide to take steps towards doing so.

The Government intends to provide a funding package to assist each of UoA, UniSA (collectively, **the Universities**), and Adelaide University (when formed) to achieve key objectives in relation to the creation of Adelaide University and the execution of its strategic plan.

IT IS AGREED:

1. SCOPE, PURPOSE AND INTENT

- 1.1 This document reflects the letters of intent sent by the Premier of South Australia to each of the Universities on 14 June 2023 and is a record of each parties' intentions in respect of progressing the funding proposal described in those letters and this document.
- 1.2 The Government and the Universities intend to enter into legally binding arrangements should the Government proceed with the creation of Adelaide University.
- 1.3 This document is not legally binding and does not create legal relations between the parties. No legal relationship exists between the parties unless and until Formal Agreements are executed by the parties.

2. FUNDING PROPOSAL

The Government intends that the funding package will contain the following elements:

2.1 Purchase of land and occupation rights from the University of South Australia

- 2.1.1 This element of the funding package involves the purchase of the entire Magill Campus from UniSA, with a lease of the land back to UniSA (lease to be transferred to its successor institution Adelaide University once legislated) for a peppercorn rent. It also involves a removal of the State's caveat over the land and an agreement that UniSA will not be required to fulfil any of its outstanding obligations under the Agreement with the Government dated 14 September 2020.

The peppercorn lease (\$1 if demanded) will include a short term lease on the land east of St Bernard's Road and a lease term of up to 10 years on the UniSA campus west of St Bernard's Road which can be terminated by UniSA or its successor institution Adelaide University with 3 months' notice.

It is intended that the value of this component of the land purchase agreement will be \$64.5 million, payable on or before 30 September 2023.

- 2.1.2 The second component involves the purchase of the UniSA's occupation rights on Crown land that is surplus to the University's requirements at Mawson Lakes. The purchase of occupation rights will include the future zoned Strategic Employment Zone land (26.45ha).

The value of the purchase of occupation rights for the future zoned Strategic Employment Zone land is \$50 million (subject to the independent valuation), payable on or before 31 December 2023.

The further purchase of any additional occupation rights on Mawson Lakes campus land, including Urban Neighbourhood and additional strategic innovation land is subject to agreement with UniSA and dependent on due diligence and relevant valuations. This will be explored further with UniSA.

A peppercorn lease (\$1 if demanded) of up to 15 years would be provided to UniSA (to be transferred to Adelaide University once legislated) for any Mawson Lakes campus areas included in the sale and purchase agreement but required by the university, which can be terminated by UniSA or its successor institution Adelaide University with 3 months' notice.

- 2.1.3 UniSA or its successor institution Adelaide University would be responsible for all outgoings and maintenance (including but not limited to major and minor maintenance, rates and taxes and general facilities management costs) required for its use of all leased areas of the Magill Campus and Mawson Lakes Campus. Upon termination of the leases, UniSA or its successor institution shall have no obligation to make good any alterations to the buildings, demolish any improvements or remediate any land contamination.

Subject to the agreement of the Council of UniSA, it is intended that the land sale and purchase agreement would be entered into, and the land transferred to Government ownership, with associated payment of funds to UniSA, in 2023.

2.2 ESTABLISHMENT OF TWO PERPETUAL FOR PURPOSE FUNDS

- 2.2.1 The Government will establish two funds totalling \$300 million, to be owned by the Government and managed by Funds SA. The funds and the intended perpetuity of the agreement would be provided for in the legislation establishing Adelaide University.
- 2.2.2 Income from the \$200 million research fund would support research initiatives by Adelaide University and be allocated in accordance with guidelines developed by the Universities and the Government. The guidelines will require the Universities and Government to agree the key areas for use of the funding. The agreed areas for allocating funding will align with the objectives (or proposed objectives) of the Adelaide University and its strategic plan approved by the Council from time to time and the Government's research and economic agenda.
- 2.2.3 Income from the \$100 million fund will provide bursary type support for low SES students of Adelaide University.
- 2.2.4 Both funds will be established in July 2024 and upon the passing of the establishing legislation. The income from both funds will be accrued to Adelaide University's benefit from the funds' establishment and distributed in accordance with an agreed regular minimum distribution to Adelaide University in accordance with the agreed guidelines once the university is operational.

2.3 GRANT TO ATTRACT INTERNATIONAL STUDENTS

- 2.3.1 The Government will make a grant of \$10 million per annum over three years commencing in 2024-25. The grant will be applied to attract international students to Adelaide University.
- 2.3.2 The grant will be set out in a standard government grant agreement. The university parties entering into the grant agreement will be confirmed in finalising the agreement. It is intended that the grant agreement would be finalised in 2023.

2.4 PROVISION OF A FINANCE FACILITY OF LAST RESORT

2.4.1 The Government will provide a loan facility to Adelaide University should it be unable to secure an appropriate amount of finance on reasonable terms from a private financing organisation to meet its needs once created. The financing would be provided at a commercial rate for a term agreed between the Government and Adelaide University (up to ten years) through the South Australian Government Financing Authority on reasonable loan terms and conditions.

2.4.2 Adelaide University would be required to provide the Government with evidence of its efforts to seek commercial finance and would be required to provide full financials as required by the South Australian Government Financing Authority to support the loan request.

2.4.3 The loan would be documented at the time it is required by Adelaide University.

3. DISPUTE RESOLUTION

The parties shall attempt to resolve any disputes or issues of conflict which arise between the parties through negotiation between them.

4. COSTS

4.1. The parties shall each bear their own costs of and incidental to the negotiation, preparation and execution of this document, including any costs incurred in relation to the activities of each party which are contemplated by this document.

4.2 Any actions taken by any party under or in reliance on this document will be at its own risk and expense.

5. LEGISLATION

The Government will introduce into State Parliament a Bill to establish a new university to be named Adelaide University by combining the University of Adelaide and UniSA. The Government will discuss with the universities their preferred legislative pathway, and consult with them throughout the legislation drafting process.

6. MODIFICATION

Any modification of this document must be in writing and signed by all parties.



EXECUTED AS A HEADS OF AGREEMENT

SIGNED for and on behalf of
The State of South Australia

Peter Malinauskas MP
PREMIER

SIGNED for and on behalf of
The University of Adelaide

Hon. Catherine Branson AC KC
CHANCELLOR

SIGNED for and on behalf of the
University of South Australia

Ms Pauline Carr
CHANCELLOR

