NTU follows NUS with debt financing plans

By LESLIE YEE

BESIDES competing in areas like research, teaching and attracting students, local universities are poised to compete in raising debt finance to fund development projects.

After the National University of Singapore (NUS) launched a $1 billion bond programme two weeks back, Nanyang Technological University (NTU) is looking to raise about $800 million next year to finance development projects.

NTU said yesterday: “We have our own plans and are on track with our own time line to launch a variety of schemes.”

Besides looking at issuing bonds, NTU is considering other debt instruments such as term loans and revolving facilities.

It said that it would assess all options to “select what will bring the best benefits to the university and stakeholders”.

NTU, like NUS, is cash-rich. At end-March 2004, NTU had $2.41 billion of net assets, with fixed deposits and cash of $441 million and no external borrowings. NUS had $3.48 billion of net assets at end-March 2004, with $983 million in fixed deposits and cash, and a loan of $2.4 million.

From the middle of next year, NTU and NUS will be corporatised. Singapore’s two public universities will be granted more autonomy to run their affairs, must raise more of their own funding and operate as not-for-profit companies, like Singapore Management University (SMU).

A Ministry of Finance rule introduced last year says 40 per cent of funding for university development projects will come from government grants, while the universities must borrow the other 60 per cent.

SMU though is unlikely to follow NTU and NUS in tapping the debt capital markets anytime soon. It says that it does not have much in terms of development projects in the pipeline. However, for future projects that require substantial financing, it will consider tapping the capital markets.