

VICTORIA UNIVERSITY RESPONSE:

Questions on Notice - Higher Education Support Legislation Amendment (A More Sustainable, Responsive and Transparent Higher Education System) Bill 2017

Senator Bridget McKenzie

1. Can you please break down your annual reports to a granular level so I can understand your teaching costs per student, including associated teaching expenses and marketing?

The following data is extracted from our annual financial accounts from the 2016 Annual Report and we have done further analysis to address the question asked by the Senator.

	2016		2015		2016 Total	2015 Total
	HE	VE	HE	VE		
Student Load (EFTSL)	19,463	7,608	19,667	8,140	27,071	27,807
Student Numbers	27,201	15,007	27,497	15,854	42,208	43,351
Income From Continuing Operations	\$000	\$000	\$000	\$000	\$000	\$000
Australian Govt Financial Assistance - Commonwealth Grants Scheme	127,759	-	119,294	-	127,759	119,294
Australian Govt Financial Assistance - Other Grants (exc. HELP Schemes)	26,013	27	28,661	-	26,040	28,661
State Government - TAFE Recurrent funding and Contestable income	-	30,722	-	29,834	30,722	29,834
State Government - Other Grants	1,113	5,140	225	503	6,253	728
Student Fees (HELP schemes, HELP upfront student payments and Fees&Charges)	175,842	28,940	175,459	32,668	204,782	208,127
Other revenue and income:						
Health Unit Fees	238	92	216	-	330	216
Royalties, trademarks and licences	30	-	38	-	30	38
Investment income	2,715	479	2,504	442	3,194	2,946
Consultancy and contracts	12,523	-	11,920	-	12,523	11,920
Other revenue and income	15,450	1,847	14,900	2,458	17,297	17,358
Total income from continuing Operations	361,683	67,247	353,217	65,905	428,930	419,122
Expenses from Continuing Operations						
Academic Salaries - Discretionary	102,085	31,571	97,568	32,188	133,656	129,756
Academic Salaries - Research	12,573	-	11,997	-	12,573	11,997
Academic Salaries - Other	7,559	916	8,036	1,162	8,475	9,198
Marketing Costs	6,375	1,538	5,737	1,374	7,913	7,111
Other expenses:						
Travel, staff development	6,267	903	6,269	1,148	7,170	7,417
Class materials and consumables	2,575	1,591	2,644	1,438	4,166	4,082
Fees and subscriptions	11,319	3,555	9,716	2,654	14,874	12,370
Non-capitalised equipment	2,235	383	2,130	317	2,618	2,448
Operating lease rental expenses	10,488	1,833	10,327	1,768	12,321	12,095
Printing and stationery	5,348	881	5,005	1,068	6,229	6,074
Postage and freight	676	106	845	137	782	982
Scholarships, grants and prizes	7,826	1,406	8,586	926	9,232	9,512
Student placement and practicum expenses	3,586	303	3,979	246	3,889	4,225
Telecommunications	8,291	1,468	8,083	1,448	9,759	9,531
Energy costs	5,148	935	5,238	946	6,083	6,184
Other miscellaneous	1,617	451	4,387	486	2,068	4,873
Non-academic Salaries	103,181	21,195	111,946	20,840	124,376	132,786
Depreciation and amortisation	24,507	9,063	20,847	10,024	33,570	30,871
Repairs, maintenance, cleaning and security	11,738	2,042	11,722	2,061	13,780	13,783
Borrowing costs	396	70	378	67	466	445
Impairment/reversal of impairment	45	414	382	611	459	993
Other expenses	22,694	2,925	13,455	2,701	25,619	16,156
Income tax expense	175	93	210	136	268	346
Total expenses from continuing operations	356,704	83,642	348,724	82,524	440,346	431,248
Ratio's						
Teaching Costs per Student EFTSL (Only Academic Salaries - Discretionary)	\$ 5.25	\$ 4.15	\$ 4.96	\$ 3.95	\$ 4.94	\$ 4.67
Teaching Costs per Student Numbers (Only Academic Salaries - Discretionary)	\$ 3.75	\$ 2.10	\$ 3.55	\$ 2.03	\$ 3.17	\$ 2.99
Teaching, associated and marketing costs per Student EFTSL	\$ 8.93	\$ 6.17	\$ 8.67	\$ 5.67	\$ 8.15	\$ 7.79
Teaching, associated and marketing costs per Student numbers	\$ 6.39	\$ 3.13	\$ 6.20	\$ 2.91	\$ 5.23	\$ 5.00

Source 2016 Annual Report

2. Please provide a detailed summary of the remuneration structure for the Vice-Chancellor of your institutions.

The details of the Vice Chancellor's remuneration is provided under section ii) Remuneration of Accountable Officer (page 97) of the 2016 Annual Report. The relevant extract is provided below.

(ii) Remuneration of Accountable Officer

Remuneration received by the accountable officer in connection with the management of the Group and the University during the reporting period was:

Base Remuneration in the range of \$660,000 – \$669,999 (\$640,000 – \$649,999 in 2015).

Total Remuneration in the range of \$790,000 – \$799,999 (\$690,000 – \$699,999 in 2015).

The accountable officer's long term performance bonus of \$80,000 for years 2011–2015, which was received in 2016, and which accounts for the significant increase in total remuneration in 2016, was donated to the Victoria University Centenary Campaign. This contribution is part of the \$500,000 donation that the Accountable Officer's and his wife pledged in 2016 to the University. The funds are being used to support a range of scholarships for VU students.

Senator the Hon Jacinta Collins

1. What is VU's assessment of the impact of cuts in the bill, to the university, over the next four years?

Victoria University (VU) has submitted a response to the Committee on the impacts that it sees as a result of the proposed Legislative changes. We direct the members of the Committee to that document for a fuller explanation (Submission No. 23, http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Education_and_Employment/HigherEducation2017/Submissions). However, in summary we see the major dangers as:

- reductions to the base CGS funding of Universities will (after two years) amount to a reduction of funding of some \$6.5m p.a. at VU, a sum that will not be able to be absorbed in business-as-usual savings. It can be accommodated only through a reduction of services to students and additional staff redundancies (on top of the many hundreds already undertaken in the past five years), and make the task of returning to surplus more difficult for VU after four years of deficit in the last five;
- for the Government to implement this reduction in conjunction with increases in student contributions means that students will be paying more to receive less, with negative impacts likely to be greatest on the retention and success of non-traditional student cohorts who most call on ancillary services (eg, first-in-family, NESB, low-SES, rural and regional);
- the imposition of a foreshadowed Performance Funding regime on the basis of criteria not yet elaborated could potentially withhold a further \$10m or so, which (if implemented in full) would further lessen the chances of VU returning to surplus;
- it should also be noted that institutions are not treated equitably through sector-wide reductions in Government funding as proposed in the draft Legislation, since some institutions – typically those which cater to a greater proportion of the non-traditional student cohort – rely to a far greater extent on Commonwealth funding than other, generally longer-established institutions which do less of the 'heavy lifting' in this area.

2. *Can VU provide further detail about the different approaches the university takes in relation to Diploma at VET and sub-bachelor at higher education level?*

There are two different approaches which are taken in relation to running diploma in VET-level courses and sub-bachelor courses at the higher education level. With diploma in VET-level courses, all products are aligned with the national training package. They are competency based, they must have a vocational outcome, and they are designed to prepare students for the next level of education. The Victoria Polytechnic, VU's TAFE division, applies a flipped classroom model to deliver VET diploma courses.

The sub-bachelor courses at higher education level are predominately used as a pathway, with no vocational outcome embedded in the courses. They are, however, knowledge based rather than skills based, which is the key difference between the VET delivery and higher education delivery.

FOR FURTHER INFORMATION:

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