

Additional information: Senate Inquiry into the *Higher Education Support Legislation Amendment Bill 2017*

As requested at the hearings on Monday 24 July 2017, the IRU provides additional information about the impact of the expansion in university undergraduate funded students since 2012 on university revenue and expenditure.

The data provided is drawn from a mix of Department of Education and Training national data sets and data provided by the individual universities where they were able to be more precise in the time frame for responding.

The Tables attached cover:

1. the overall university financial positions, 2010 to 2015, showing the downward pressure on university surpluses and a shift in expenditure towards renewal of university facilities and resources;
2. the marketing and advertising expenditure for 2015, which is around 1% of university revenues;
3. funding from the Commonwealth Government through the Commonwealth Grant Scheme 2012 to 2015 showing the rise in funding due to increased enrolments along with an estimate of expenditure on teaching;
4. student numbers overall and for undergraduate Commonwealth Supported Places, 2012 to 2015;
5. Academic staff numbers, 2012 to 2015 and ratios of students to staff numbers.

University financial positions, 2010 to 2015

Table One summarises financial revenue and expenditure information for the IRU members from the annual *Higher Education Financial Report* to show the main revenue sources and the main expenditure items. Between 2010 and 2015:

- revenue has risen 21%, with revenue from students rising much more than revenue from the Australian Government, 42% against 16%; and
- expenditure has risen 33%, with that on depreciation and amortization nearly doubled, increasing by 95%.

Across 2010 to 2015 the surplus of revenue over expenditure has fallen from 13% to 5% as universities have reworked expenditures to focus on ensuring their future sustainability. It reflects the lack of Commonwealth programs to support university capital needs.

University expenditure on advertising and marketing

Table Two shows the expenditure on Advertising, Marketing and Promotional Expenses for each IRU member in 2015. The expenditure was between 0.7% and 1.7% of the university revenue.

Commonwealth Grant Scheme revenue and recurrent expenditure on teaching

Table Three shows the increase in Commonwealth funding through the CGS for undergraduate places. The figures from 2014 are affected by the planned efficiency dividends in those years, where payment was withheld in the year the funds were earned and then finally made the following year. The figures steadily increase as universities made use of the funding arrangements to meet demand from applicants, expanding strongly in sciences, technology and health courses.

Recurrent expenditure on undergraduate Commonwealth Supported students is not data that universities normally collect or estimate, with students of various revenue bases taught together and with most staff and most facilities contributing to the major university activities of education and research.

It was to address this question that the Commonwealth Commissioned the Deloitte Report *Cost of delivery of higher education*. That report provides some basis for a rough estimate of teaching expenditure. Hence, in the absence of better data, we have estimated the teaching expenditure for undergraduate Commonwealth Supported places using that report's estimate of the weighted average cost per EFTSL for undergraduate places.

Staff and student numbers

Tables Four and Five provides data on students 2012 to 2015 and academic staff with teaching roles 2012 to 2016.

- The student data is for full time equivalence in two ways: for total student load covering students of all backgrounds and all levels and for Commonwealth supported undergraduate students only.
- The staff table is for academic staff with teaching roles including those employed on a casual basis.

The student to staff ratios are calculated for all students since staff teach across all courses and most courses involve a mix of Commonwealth supported and other students.

28 July 2017

Table 1: Revenue and Expenditures for IRU (\$'000)

IRU Group Revenue	2015	2014	2013	2012	2011	2010	Percentage change 2006 to 2015
Australian Government Grants	\$1,270,068	\$1,285,569	\$1,186,201	\$1,207,852	\$1,127,150	\$1,091,529	16%
Student Contributions	\$1,269,292	\$1,202,164	\$1,119,734	\$992,940	\$910,850	\$896,717	42%
Contracts, Royalties, Trademarks and Licenses	\$168,624	\$178,615	\$190,608	\$183,495	\$184,065	\$161,070	5%
Other Income	\$406,727	\$427,198	\$452,270	\$458,570	\$444,832	\$415,640	-2%
Total Revenues from Continuing Operations	\$3,114,711	\$3,093,546	\$2,948,813	\$2,842,857	\$2,666,897	\$2,564,956	21%
Percentage of revenue per Category							
Australian Government Grants	41%	42%	40%	42%	42%	43%	
Student Contributions	41%	39%	38%	35%	34%	35%	
Contracts, Royalties, Trademarks and Licenses	5%	6%	6%	6%	7%	6%	
Other Income	13%	14%	15%	16%	17%	16%	
Total Revenues from Continuing Operations	100%	100%	100%	100%	100%	100%	

Source: Higher Education Financial Report 2010 to 2015 - Department of Education

IRU Group Expenditure	2015	2014	2013	2012	2011	2010	Percentage change 2006 to 2015
Academic Employee Benefits	\$888,182	\$909,105	\$864,128	\$827,204	\$773,640	\$706,019	26%
Non-Academic Employee Benefits	\$838,105	\$836,471	\$780,137	\$729,978	\$677,490	\$653,747	28%
Depreciation and Amortisation	\$231,997	\$179,870	\$158,889	\$143,467	\$131,259	\$118,685	95%
Maintenance, Impairment of Assets & Finance Costs	\$98,081	\$84,959	\$88,888	\$76,258	\$70,796	\$81,263	21%
Other Expenses	\$915,919	\$900,171	\$838,021	\$780,939	\$710,257	\$673,567	36%
Total Expenses from Continuing Operations	\$2,972,284	\$2,910,576	\$2,730,063	\$2,557,846	\$2,363,442	\$2,233,281	33%
Percentage of expenditure per Category							
Academic Employee Benefits	30%	31%	32%	32%	33%	32%	
Non-Academic Employee Benefits	28%	29%	29%	29%	29%	29%	
Depreciation and Amortisation	8%	6%	6%	6%	6%	5%	
Maintenance, Impairment of Assets & Finance Costs	3%	3%	3%	3%	3%	4%	
Other Expenses	31%	31%	31%	31%	30%	30%	
Total Expenses from Continuing Operations	100%	100%	100%	100%	100%	100%	

Balance	\$142,427	\$182,970	\$218,750	\$285,011	\$303,455	\$331,675
Balance as percentage of revenue	5%	6%	7%	10%	11%	13%

Source: Higher Education Financial Report 2010 to 2015 - Department of Education

Table 2: Expenditure on Advertising, Marketing and Promotional expenses

University Marketing Expenditures - 2015 (\$'000)						
	La Trobe University	Charles Darwin University	Griffith University	James Cook University	Murdoch University	Flinders University
Advertising, Marketing and Promotional Expenses	\$ 8,542	\$ 4,440	\$ 10,884	\$ 3,583	\$ 3,823	\$ 3,940
Total Revenue	\$ 715,348	\$ 268,852	\$ 881,151	\$ 481,626	\$ 311,694	\$ 456,040
AMP Expenses as a proportion of total Revenue	1.2%	1.7%	1.2%	0.7%	1.2%	0.9%

Source: Higher Education Financial Report 2015 - Department of Education

Table 3: CGS Funding for undergraduate students 2012 to 2015 (\$'000)

	Revenue/Expenditure Category	2012	2013	2014	2015	2016
La Trobe University	Undergraduate CGS	\$ 160,379	\$ 171,996	\$ 179,650	\$ 189,322	\$ 210,559
	Estimated Teaching Expenditure on CSP undergraduate students				\$ 312,132	
Griffith University	Undergraduate CGS	\$ 182,540	\$ 202,059	\$ 213,099	\$ 221,888	\$ 229,813
	Estimated Teaching Expenditure on CSP undergraduate students				\$ 380,416	
James Cook University	Undergraduate CGS	\$ 103,881	\$ 113,450	\$ 14,812	\$ 115,807	
	Estimated Teaching Expenditure on CSP undergraduate students				\$ 153,262	
Murdoch University	Undergraduate CGS	\$ 75,149	\$ 78,509	\$ 80,151	\$ 78,541	\$ 83,309
	Estimated Teaching Expenditure on CSP undergraduate students				\$ 118,247	
Flinders University	Undergraduate CGS	\$ 103,200	\$ 105,000	\$ 113,300	\$ 119,300	
	Estimated Teaching Expenditure on CSP undergraduate students				\$ 171,796	
Charles Darwin University	Undergraduate CGS	\$ 29,316	\$ 32,147	\$ 35,025	\$ 38,177	\$ 39,839
	Estimated Teaching Expenditure on CSP undergraduate students				\$ 59,287	

Source: universities

(2) CGS Funding only for all students

Estimated weighted average university recurrent expenditure on teaching per undergraduate EFTSL, UA analysis of Deloitte *Cost of Delivery Report*
\$16,301

Table 4: IRU Students

4.1 Student Numbers - EFTSL Commonwealth supported undergraduate students

Higher Education Institution	2012	2013	2014	2015
La Trobe University	17,272	18,041	18,661	19,148
Griffith University	20,494	21,811	22,589	23,337
James Cook University	8,936	9,301	9,350	9,402
Murdoch University	7,800	7,851	7,699	7,254
Flinders University	9,589	9,902	10,430	10,539
Charles Darwin University	3,186	3,326	3,493	3,637

Source: Higher Education Students Section 4, All Student Load 2012 to 2015 - Department of Education

Table 4.2 Student Numbers - EFTSL All students

Higher Education Institution	2012	2013	2014	2015
La Trobe University	26,191	26,541	27,411	27,972
Griffith University	31,184	31,919	33,072	33,853
James Cook University	15,263	16,288	16,517	15,781
Murdoch University	15,787	16,614	16,409	15,526
Flinders University	14,636	15,559	16,416	16,707
Charles Darwin University	5,228	5,632	6,182	6,583

Source: Higher Education Students Section 4, All Student Load 2012 to 2015 - Department of Education

Table 5: IRU Staff

Table 5.1 Staff Numbers - FTFFT Academic Staff(Full Time + Casual)

Higher Education Institution	2012	2013	2014	2015
La Trobe University	1,181	1,187	1,213	1,193
Griffith University	1,491	1,488	1,496	1,508
James Cook University	638	647	666	674
Murdoch University	630	642	627	671
Flinders University	819	865	892	930
Charles Darwin University	214	198	274	295

Source: Department of Education and Training - Higher Education Statistics Data Cube (uCube)

Table 5.2 Student (All)/Staff Ratio

Higher Education Institution	2012	2013	2014	2015
La Trobe University	22.2	22.4	22.6	23.4
Griffith University	20.9	21.5	22.1	22.4
James Cook University	23.9	25.2	24.8	23.4
Murdoch University	25.1	25.9	26.2	23.1
Flinders University	17.9	18.0	18.4	18.0
Charles Darwin University	24.4	28.4	22.6	22.3