

Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Industry, Innovation, Science, Research and Tertiary Education Portfolio
Additional Estimates Hearing 2012-13
13 February 2013

AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, INNOVATION, SCIENCE, RESEARCH AND TERTIARY EDUCATION

TOPIC: Funding and demand driven courses

REFERENCE: Written Question – Senator Rhiannon

QUESTION No.: AI-104

1. Has the link between lack of funding highlighted in the Base Funding Review Report, and the need for Universities to run popularly demanded courses been explored?
2. If the University didn't need to source as much funding from student demand, couldn't they begin to offer more courses that better suit the needs of the Australian economy?
3. The serious gap between government funding levels and universities' actual has been widely recognised, including by the Bradley Review's recommendation for 10% more funding per student and by the Base Funding Review's call for funding: What is the basis for the Government's refusal to increase funding to the sector in its response to the Base Funding Review and what was taken into account?
4. Was any modelling done to inform the refusal to increase funding, despite the identified need?
 - a. If yes, please provide a copy of that modelling.
 - b. If no, why not?
5. Given that a quality higher education sector has been identified as an economic necessity, and indeed has become central to this government's agenda for economic and industrial renewal, what is the economic basis for ignoring the funding advice given in the Base Funding Review Report, and the Bradley and Cutler reviews?

ANSWER

1. The Higher Education Base Funding Review provided a positive assessment of the strength and success of the Australian higher education funding system. The Panel acknowledged the current financial climate and suggested that an increase in base funding should be a longer term priority. The Panel's view was that 'the sector was well managed and had adapted to changing circumstances to become more efficient and productive.'
2. Universities are responsible for determining the appropriate mix of course offerings at their institutions. The demand driven funding system has given universities greater flexibility to respond to industry and employer as well as student demand.

3. The Government invested more than \$46.5 billion in core university funding from 2009 to 2012. From 2013 to 2016, the Government will invest a further \$61 billion. Given the substantial increases in funding provided to the sector and the need to ensure that its fiscal strategy is delivered, the Government has determined that no increases in base funding are necessary.
4. The Government commissioned an independent report by Ernst & Young in 2012 to assess per place funding levels in higher education. Ernst & Young found that funding for an average student place in 2013 was 10 per cent higher than it would have been without the Government's reforms. This report has been publicly released on the Department's website at:

<http://www.innovation.gov.au/HigherEducation/ResourcesAndPublications/TransformingAustraliaHigherEducationSystem/Documents/IndependentAnalysisofHEFunding.pdf>

5. See answers 1, 3 and 4 above.