

EDUCATION, SCIENCE AND TRAINING

SENATE LEGISLATION COMMITTEE - QUESTIONS ON NOTICE 2005-2006 BUDGET ESTIMATES HEARING

Outcome: 2
Output Group: 2.4 – Funding for Higher Education

DEST Question No. E415_06

Senator Carr provided in writing.

Question:

- a) Can you confirm that Curtin University has instructed all divisions to cut expenditure by 5%, and that it has a \$21 million revenue shortfall?
- b) What discussions have you had with Curtin about its financial problems? What has been the outcome? Has Curtin University approached DEST for financial assistance or advice in relation to its current revenue shortfall? How have you responded?
- c) What are the factors leading to the shortfall?
- d) To what extent have the factors Curtin says affected it – a large number of student deferrals and students taking jobs before graduation – also affected other universities, in terms of revenue? Please provide details for each affected university of its enrolment shortfall (on estimates) for 2004 and the resulting revenue loss.
- e) How is Curtin University financing its Sydney campus, due to open in July 2005? Please provide details. To what extent is this venture contributing to the financial problems facing the University?
- f) What is your response to Curtin's claim that refraining from raising HECS fees in 2005 has not accorded it any market advantage over the other WA universities? Can you confirm that the policy aim of the Government deregulating HECS fee levels was to encourage the operation of market forces and competition?
- g) What other measures, now that virtually all universities have raised their HECS fees by the maximum amount, are under consideration to encourage competition and operation of market forces in publicly-subsidised higher education?

Answer:

Curtin University

- a) The Curtin University has advised that it has experienced lower than budgeted numbers this year across all student categories, but in particular Commonwealth supported students. This is in part due to a higher number of deferrals than usual. The university advises that it has been driven in large part by Western Australia students taking up employment opportunities given the current strong economy. Since Curtin's budget is driven to a considerable extent by student numbers, the University believes that it must take account of its changed circumstances and protect its future. In the first instance this means that the University seeks to make savings where possible. For this reason all areas within the University have been requested to investigate how cost savings might be achieved, with targeted savings of five per cent of 2005 budgeted expenditure. The University sees this as a prudent and responsible

step at this time. Consequently the University is projecting a surplus of \$8.96 million in 2005.

- b) Curtin University reported an operating surplus of \$11.9 million in 2004 and revenue growth of 6.2% (\$24.5 million) to \$418.0 million. The Department has not had any recent discussions with the University about its finances and the University has not approached the Department with any requests for financial assistance.
- c) See a) above.
- d) Based on semester 1, 2 and 4 data – there will be an adjustment when semester 3 and 5 data is processed – the following universities under-enrolled in 2004: UWS (-44), Central Queensland (-255) and Charles Darwin (-6). None of these universities had their operating grant reduced as a result. However, they did not qualify for any marginal funding in 2004. Curtin had a small over-enrolment and marginal funding of only \$13,000. The 2003 marginal funding for the four institutions had been \$2.1 million, \$0.9 million, \$0.4 million and \$1.6 million respectively. The Department is not able to quantify the impact on enrolments and funding of student deferrals and jobs before graduation.
- e) The University has advised that the Curtin Sydney operation is financed entirely by Curtin's partner IBT Education Limited.

The University advises that it is not facing financial problems and is on target to deliver a surplus at the year end. The University remains prudent in terms of its financial management and continues to adopt a conservative approach in light of the risks associated with higher education enrolments in a time of significant change for the sector as a whole.

The University advises that the Curtin Sydney operation does not negatively impact on the University's financial position in any way.

- f) DEST does not have any comment on the claim attributed to Curtin University. The Government's policy aim of requiring higher education providers to determine their own student contribution levels from 2005 was articulated in the *Our Universities: Backing Australia's Future policy statement* (p.22):

“From 2005, institutions in receipt of Commonwealth supported places will determine their own student contribution level for each course they offer within ranges set by the Commonwealth. This will allow institutions greater flexibility and promote a more diverse higher education system. As student contribution levels will vary between courses and institutions, students will have a greater range of options to pursue a higher education in Australia. There will be no minimum levels for student contributions. Institutions will be able to set student contribution levels as low as they wish.”

- g) The Australian Government is committed to ongoing reform of higher education to ensure that Australia has a vigorous, diverse and flexible higher education sector that is globally and domestically competitive. Matters under consideration in this regard include the National Protocols for Higher Education Approval Processes and Commonwealth/State responsibilities for higher education (both due for MCEETYA consideration), the establishment of a Learning and Teaching Performance Fund and the introduction of a Research Quality Framework.