# SENATE STANDING COMMITTEE ON EDUCATION. EMPLOYMENT AND WORKPLACE RELATIONS

### QUESTIONS ON NOTICE BUDGET ESTIMATES 2009-10

Outcome 3

**DEEWR Question No. EW0116\_10** 

Senator Hanson-Young provided in writing.

#### Question

Responses to Bradley Review – Demand-driven Funding

The Bradley Review recommendation to introduce a demand driven entitlement system for undergraduate students has been adopted by the Government.

I note that in the Bradley report the indicative cost of such as system was \$1.130b over 3 years (2010-11 to 2012-12) and the budget measure for demand driven funding is only \$490.6m over 4 years (09-10 to 2012-13).

## Can you explain:

- (a) What the budget measure provides for precisely?
- (b) The difference between the budget measure and the Bradley recommendation and indicative costs?
- (c) How many more Commonwealth supported places will this initiative create?
- (d) Has the Government undertaken any research on what effects this new model will have on the breadth of courses available at universities?
- (e) Is there a chance that universities would increase places in money generating courses rather than providing breadth?

#### **Answer**

- (a) From 2012, the Government will fund a Commonwealth supported place for all undergraduate domestic students accepted into an eligible, accredited higher education course at a public university (and Batchelor Institute of Indigenous Tertiary Education). Universities will be funded only for the places they deliver.
  - Transitional arrangements will operate in 2010 and 2011 for Table A providers and the University of Notre Dame Australia. During this period the cap on funding for over enrolments will be increased from 5 per cent to 10 per cent and the funding floor for under enrolments (currently specified in the *Higher Education Support Act 2003*) will remain.
- (b) The Bradley Report recommendation was for the introduction of the full demand driven system from 2010. The approach adopted by the Government allows for a sensible, managed transition to the new system. It will ensure that institutions do not grow too quickly at the expense of quality. It will enable a period of adjustment and planning to occur.

The under enrolment floor allows institutions to keep funding for the first 1 per cent of under enrolment and puts a limit of 4 per cent on the funding reduction for under enrolment. By retaining this floor during the transition period, the Government is providing funding certainty to institutions, allowing them time to adjust to the new student centred funding arrangements.

The estimated cost of the demand driven system was based on meeting the Review Panel's attainment target of 40 per cent of 25 to 34 year olds having a bachelor level qualification or above by 2020. The Government has adopted an attainment ambition of 40 per cent of 25 to 34 year olds having a bachelor level qualification or above by 2025.

The indicative costing in the Bradley Review did not take account of growth that could be funded within the previous forward estimates for the CGS. The Budget measure takes this into account and reflects the new funding that is estimated to be required.

- (c) It is estimated that the initiative will fund an additional 80,000 Commonwealth supported places over 2010 to 2013.
- (d) No. With limited exceptions, including medical places and places allocated as part of new places rounds with a particular focus, the Government does not seek to control the types of courses that universities are required to deliver under current funding arrangements. However, the allocation of places by broad discipline cluster and the restriction on the overall number of places creates rigidities. The new system is intended to encourage universities to respond to student demand and encourage greater diversity to attract students.
- (e) The Government has stated that it will continue to have a role in ensuring Australia's skills needs are being met by the higher education system. There will be clear and strong public interest oversight of the demand driven funding system that will be in place from 2012. Skills Australia's role will be expanded to advise the Government on the effectiveness of the higher education system in meeting Australia's skill needs.

Special measures will be considered as necessary to ensure that disciplines of national interest or areas of study of notable or enduring educational merit will be maintained in the demand driven system. These measures could include support for collaboration between institutions, increased funding or incentives for students.