

Senate Standing Committee on Education and Employment - Education

QUESTIONS ON NOTICE

Supplementary Budget Estimates 2014-2015

Outcome 3 - Higher Education, Reform & Support

Department of Education Question No. ED0719_15

Senator Carr asked on 14 November 2014 , Hansard page 55

Question

Regional providers – disparity in costs and revenue

Senator KIM CARR: I see. I am interested in what happens at regional providers because the RIS draws our attention to the fact that regional providers face a disparity in costs and revenue. What is the extent of that disparity? This is page 18 of the RIS. Mr Griew: The funding system acknowledges that there are costs that regional universities face. That is why we have a regional loading which is worth nearly \$275 million over four years, and that stays under this system. The other point the RIS makes is that, under the government's proposal and the legislation, regional universities, like others, have the opportunity to adjust their operations to maximise what they can do, as does anyone else—including accessing sub-bachelor places, partnering with other non-university providers who are able to operate in their regions because they are now able to access their funding system. To be fair, the RIS actually makes the point that there are advantages in this for regional universities. Senator KIM CARR: So there are great advantages. What is the disparity, though? You referred to the disparities in costs and revenue. Can you precisely describe what they are? Ms Borthwick: We might have to take that on notice, Senator.

Answer

Research commissioned for the 2011 *Review of Regional Loading* (the Review) found that “regional universities and campuses face the following economic disincentives:

- *thin markets* due to lower population density and lower year 12 completion rates
- *diseconomies of scale* as a result of small campuses servicing thin markets
- *opportunity costs* as more time spent travelling and supporting low socio-economic status (low SES) students which cannot be used productively for teaching, research or administration
- *higher costs* for infrastructure construction, support for low-SES students, information technology provision and travel that generally increase with remoteness
- *reduced revenue* due to difficulties attracting international students, domestic fee paying students, donations and commercial revenue. Where regional universities do attract international students these students are often taught offshore, or in metropolitan based campuses, so they do not generally contribute to economies of scale at regional campuses”¹.

¹ Review of Regional Loading, 2011, page vii,
http://docs.education.gov.au/system/files/doc/other/regional_loading_final_report.pdf