

# University Funding

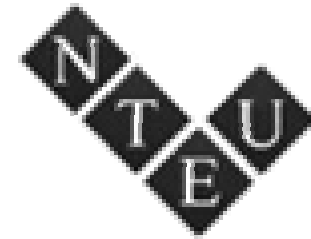
## Public vs Private Some Lessons from Down Under

**Paul Kniest**  
**Policy and Research Officer**

**National Tertiary Education Union (NTEU), Australia**

**Email: [pkniest@nteu.org.au](mailto:pkniest@nteu.org.au)**

**Website: [www.nteu.org.au](http://www.nteu.org.au)**



## Overview

- 1. Understanding the Landscape**
  - **changes to government policy**
- 2. Student to make contribution**
  - **Higher Education Contribution Scheme (HECS)**
- 3. Public – Private Funding Mix**

# Landscape

*Lessons from Down Under*



Paul Kniest – NTEU Policy and Research Officer

**BRANCH RESOURCES**

**Multi-State**

- ACU AUSTRALIAN CATHOLIC UNIVERSITY
- RACGP ROYAL AUSTRALIAN COLLEGE of GENERAL PRACTITIONERS
- CMS CAMPUS MANAGEMENT SERVICES

**RESEARCH INSTITUTES**

FOR OTHER UNIVERSITY COMPANIES, SELECT THE RELEVANT INSTITUTION

**NORTHERN TERRITORY DIVISION**

- BIITE BATCHELOR INSTITUTE of INDIGENOUS TERTIARY EDUCATION
- CDU CHARLES DARWIN UNIVERSITY

**WESTERN AUSTRALIAN DIVISION**

- Curtin CURTIN UNIVERSITY
- ECU EDITH COWAN UNIVERSITY
- Murdoch MURDOCH UNIVERSITY
- ND UNIVERSITY of NOTRE DAME
- UWA UNIV. of WESTERN AUSTRALIA

**SOUTH AUSTRALIAN DIVISION**

- Adelaide UNIVERSITY OF ADELAIDE
- Flinders FLINDERS UNIVERSITY
- UniSA UNIV. of SOUTH AUSTRALIA

**QUEENSLAND DIVISION**

- Bond BOND UNIVERSITY
- CQU CENTRAL QUEENSLAND UNIVERSITY
- Griffith GRIFFITH UNIVERSITY
- JCU JAMES COOK UNIVERSITY
- QUT QUEENSLAND UNIV. of TECHNOLOGY
- UQ UNIVERSITY of QUEENSLAND
- USQ UNIV. of SOUTHERN QUEENSLAND
- USC UNIV. of THE SUNSHINE COAST

**NEW SOUTH WALES DIVISION**

- CSU CHARLES STURT UNIVERSITY
- MQ MACQUARIE UNIVERSITY
- UNE UNIV. OF NEW ENGLAND
- UNSW UNIV. of NEW SOUTH WALES
- Newcastle UNIV. of NEWCASTLE
- SCU SOUTHERN CROSS UNIVERSITY
- Sydney UNIVERSITY of SYDNEY
- UTS UNIV. of TECHNOLOGY, SYDNEY
- UWS UNIV. of WESTERN SYDNEY
- UoW UNIV. of WOLLONGONG

**VICTORIAN DIVISION**

- Ballarat UNIVERSITY of BALLARAT
- CAE COUNCIL of ADULT EDUCATION
- Deakin DEAKIN UNIVERSITY
- Latrobe LATROBE UNIVERSITY
- Bendigo LATROBE UNIV. BENDIGO
- Melbourne UNIV. of MELBOURNE
- Monash MONASH UNIVERSITY
- RMIT RMIT UNIVERSITY
- Swinburne SWINBURNE UNIVERSITY
- TAFE ADULT EDUCATION CENTRES
- VCA VICTORIAN COLLEGE of the ARTS
- VUT VICTORIA UNIV. of TECHNOLOGY

**ACT DIVISION**

- ADFA AUSTRALIAN DEFENCE FORCE ACADEMY
- ANU AUSTRALIAN NATIONAL UNIVERSITY
- UCan UNIVERSITY of CANBERRA

**TASMANIAN DIVISION**

- AMC AUSTRALIAN MARITIME COLLEGE
- UTas UNIVERSITY of TASMANIA



## SNAPSHOT 2004

**38 universities**

**67,000 Full-time and Fractional staff, of which:**

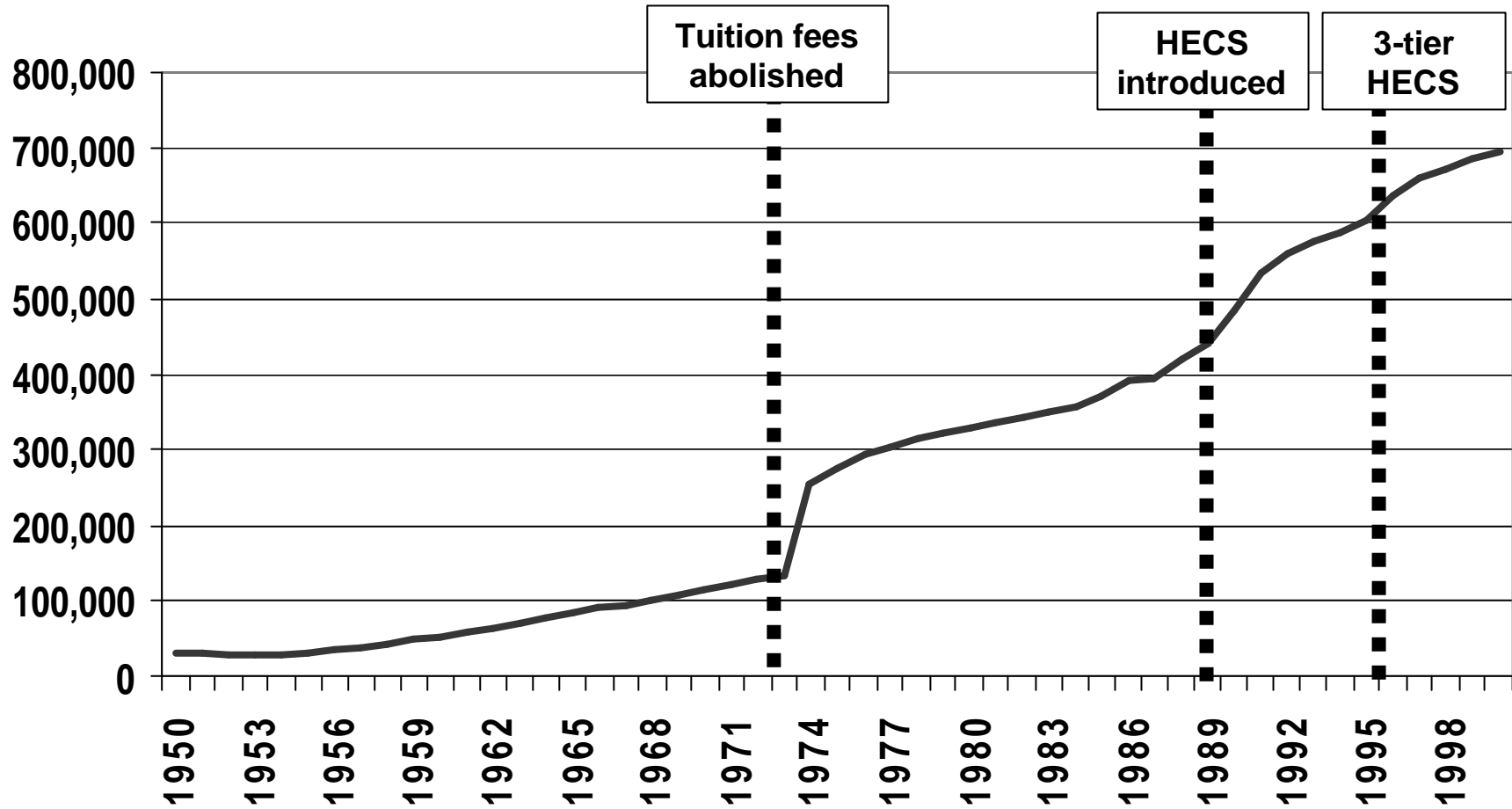
- 24,000 are Teaching and Research staff (38% female), and
- 43,000 are Other staff (60% female)

**844,500 students, of which approximately:**

- 55% were female
- 25% were enrolled in postgraduate programs
- 22% were international students

# Student Enrolments

## Student Enrolments Australian Higher Education



# Major Changes to Higher Ed Policy

● pre - 1973



- University Funding State Government Responsibility
- Tuition Fees
- Commonwealth Government Scholarships

● 1972 - 1975



Whitlam (Labor)

- Commonwealth takes responsibility for Uni Funding
- Tuition Fees ABOLISHED
- Student Income Support Introduced
- Student pay nominal “administrative” charge.

● 1989



Hawke – Keating (Labor)

- Higher Education Contribution Scheme (HECS) introduced by Labor Government

## Major Changes to Higher Ed Policy (cont)

● 1997



Howard (Conservative)

- Introduce 3-tier HECS fee structure

● 2005



Howard (Conservative)

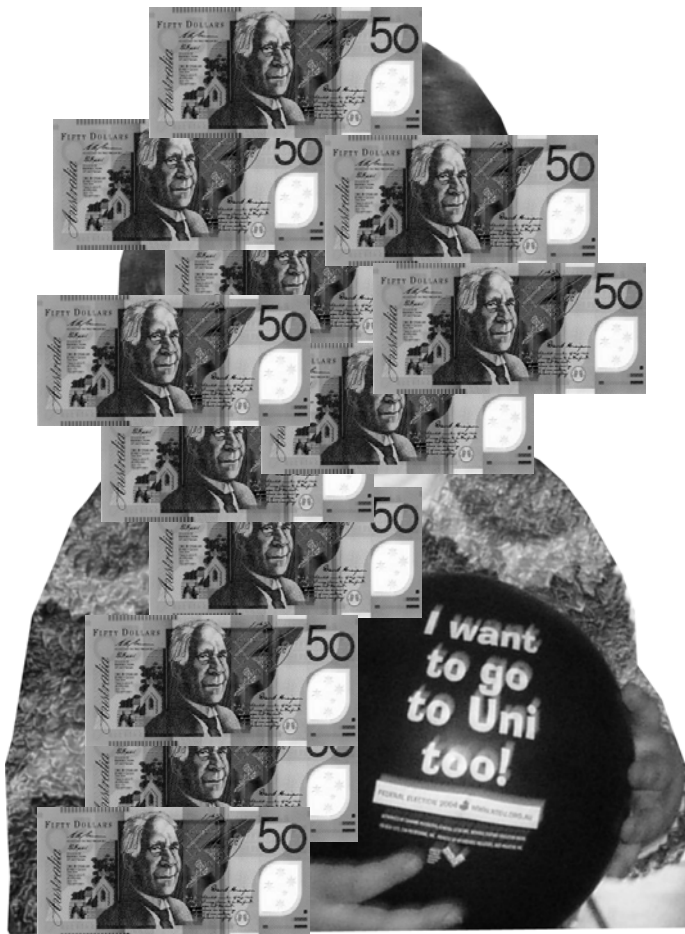
Education Minister: Dr Brendan Nelson

- Major Overhaul of HE funding
- Commonwealth Grants Scheme (CGS) introduced



# Student Contributions

## Higher Education Contribution Scheme



**DON'T LET THE HOWARD GOVERNMENT  
PRICE YOU OUT OF A DEGREE**

More Uni  
Places  
For Sale

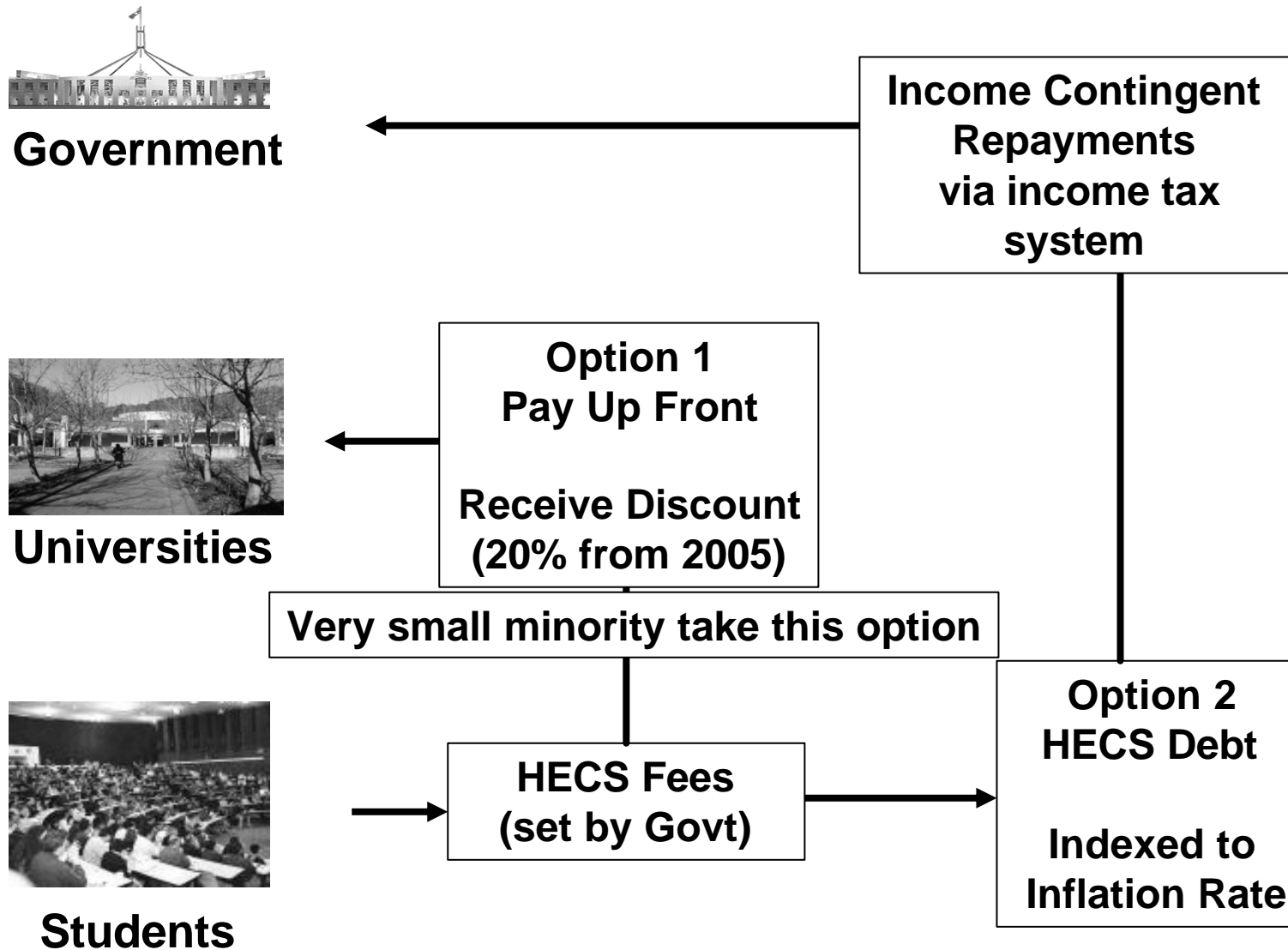
HECS  
Fees  
Up 25%



University places on  
**MERIT** ✓ not money

Find out more at [www.nteu.org.au/campaigns/election2004](http://www.nteu.org.au/campaigns/election2004)

# How HECS originally worked



## How HECS originally worked



**Government**

**Operating Grants**



**Universities**



**Students**

When originally conceived HECS was not directly linked to university funding.

HECS was intended as mechanism whereby:

- student's would make a contribution toward the cost of their university education, and
- an income contingent loan scheme for students to repay their HECS debts

# HECS-HELP from 2005



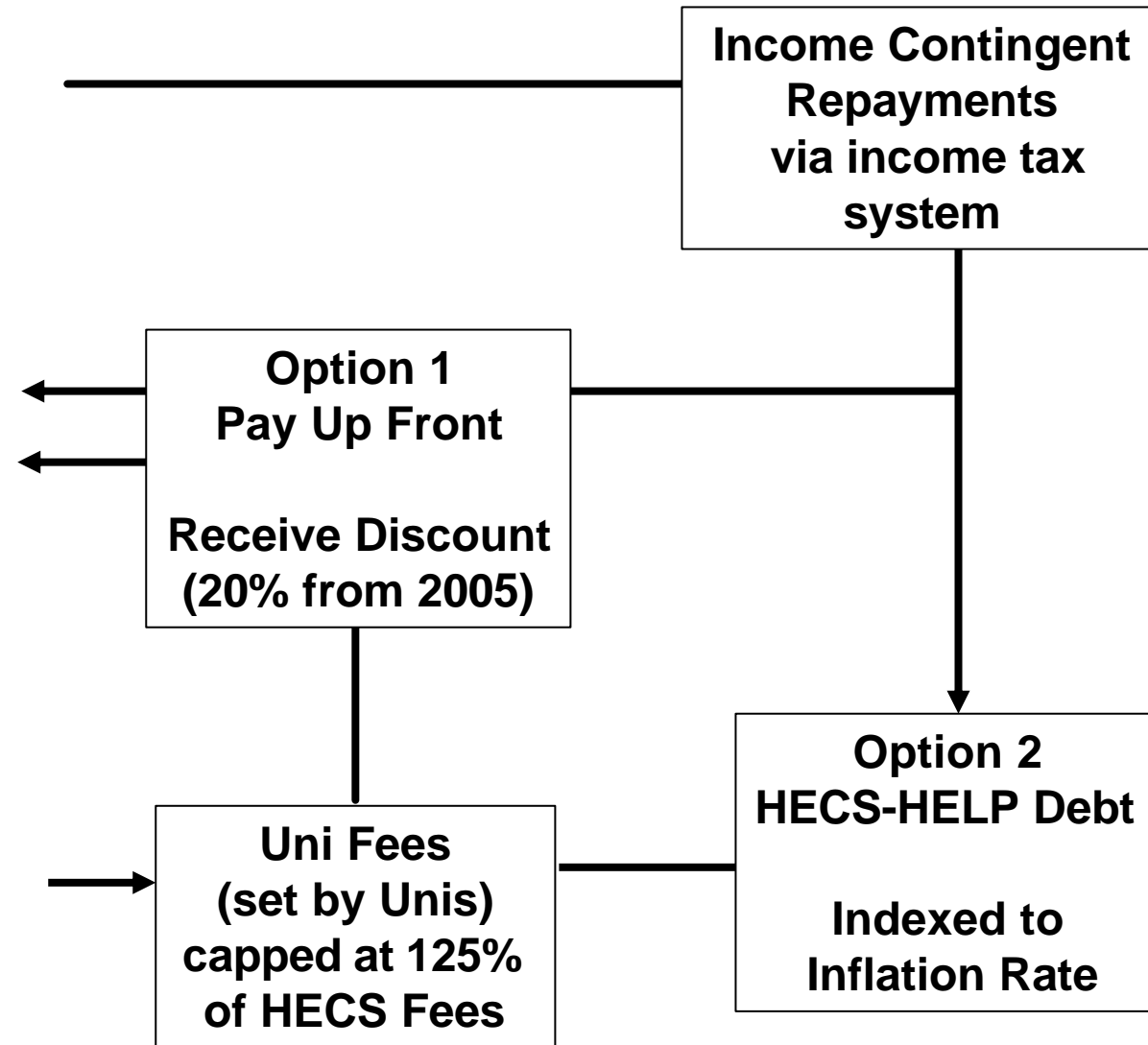
Government



Universities



Students



# HECS-HELP from 2005



**Government**

**Government Contribution**



**Universities**

**Fees**



**Students**

**Commonwealth Grants Scheme – from 2005**

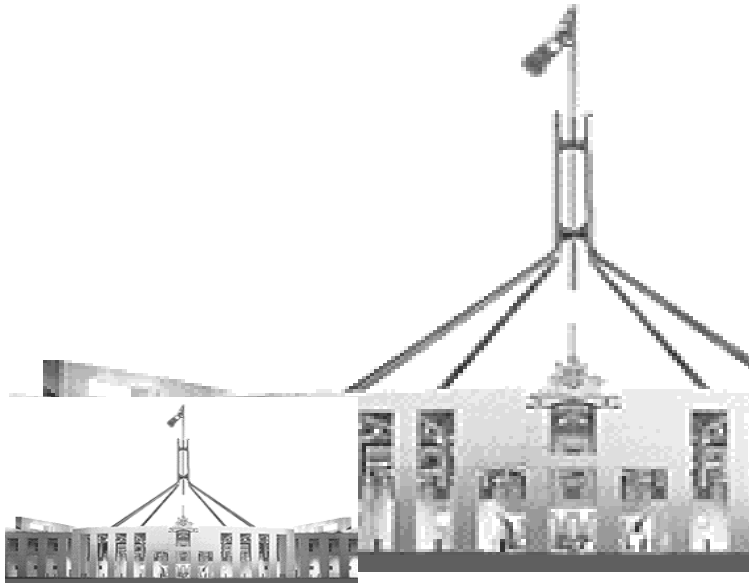
**University set fees for different disciplines.  
Fees can range from \$0 to HECS+25%.**

**Commonwealth contribution is a set amount per student per discipline group.**

**Commonwealth contribution = estimated cost of educating a student in discipline MINUS HECS amount.**

**No direct link between fees and Commonwealth contribution.**

# Public / Private Funding

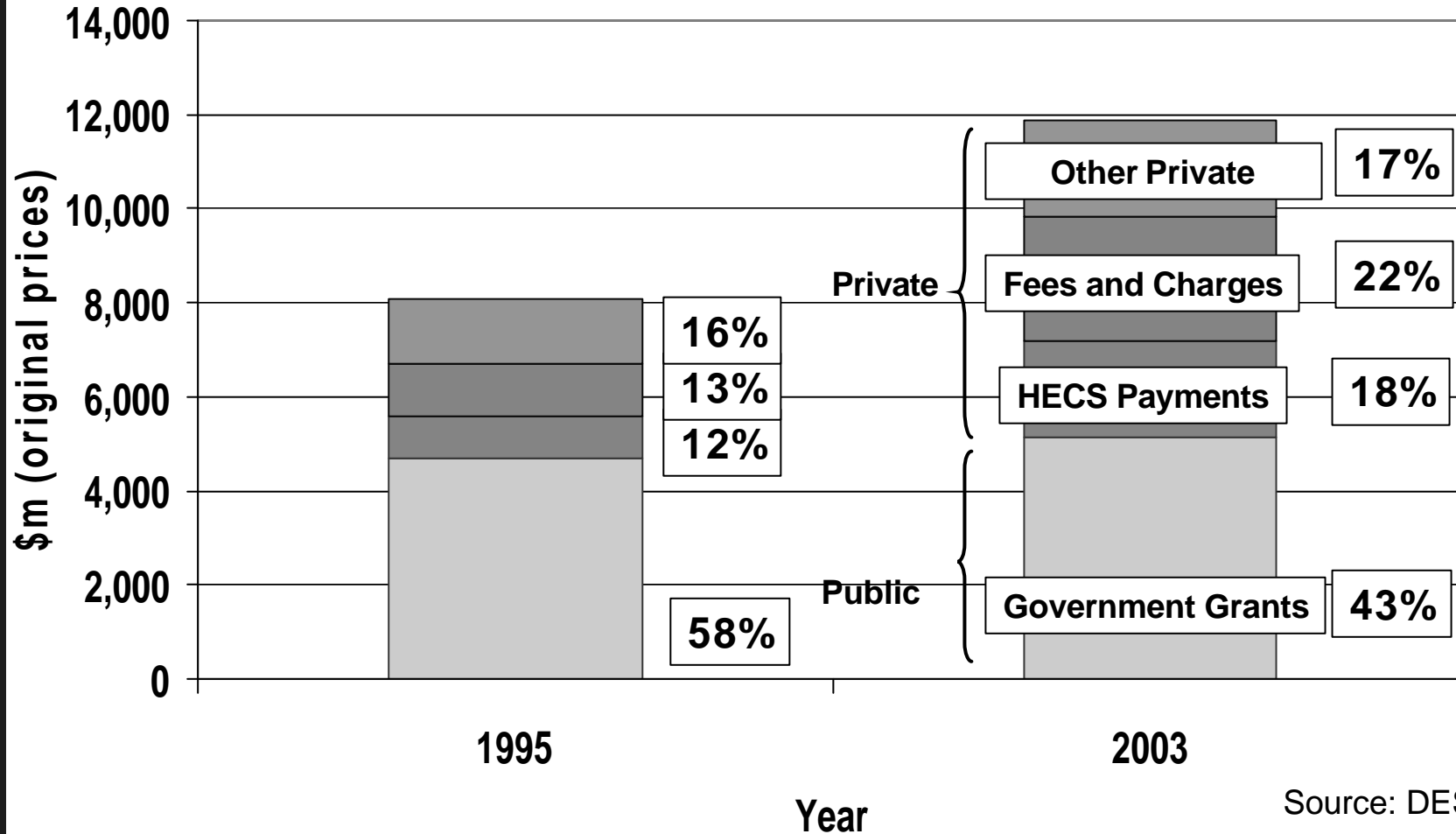


# **Public / Private Funding**

1. **Total university funding**
2. **Student Contributions to cost of Government supported university places**

# Total University Funding shares

## Australian University Revenue 1995 and 2003



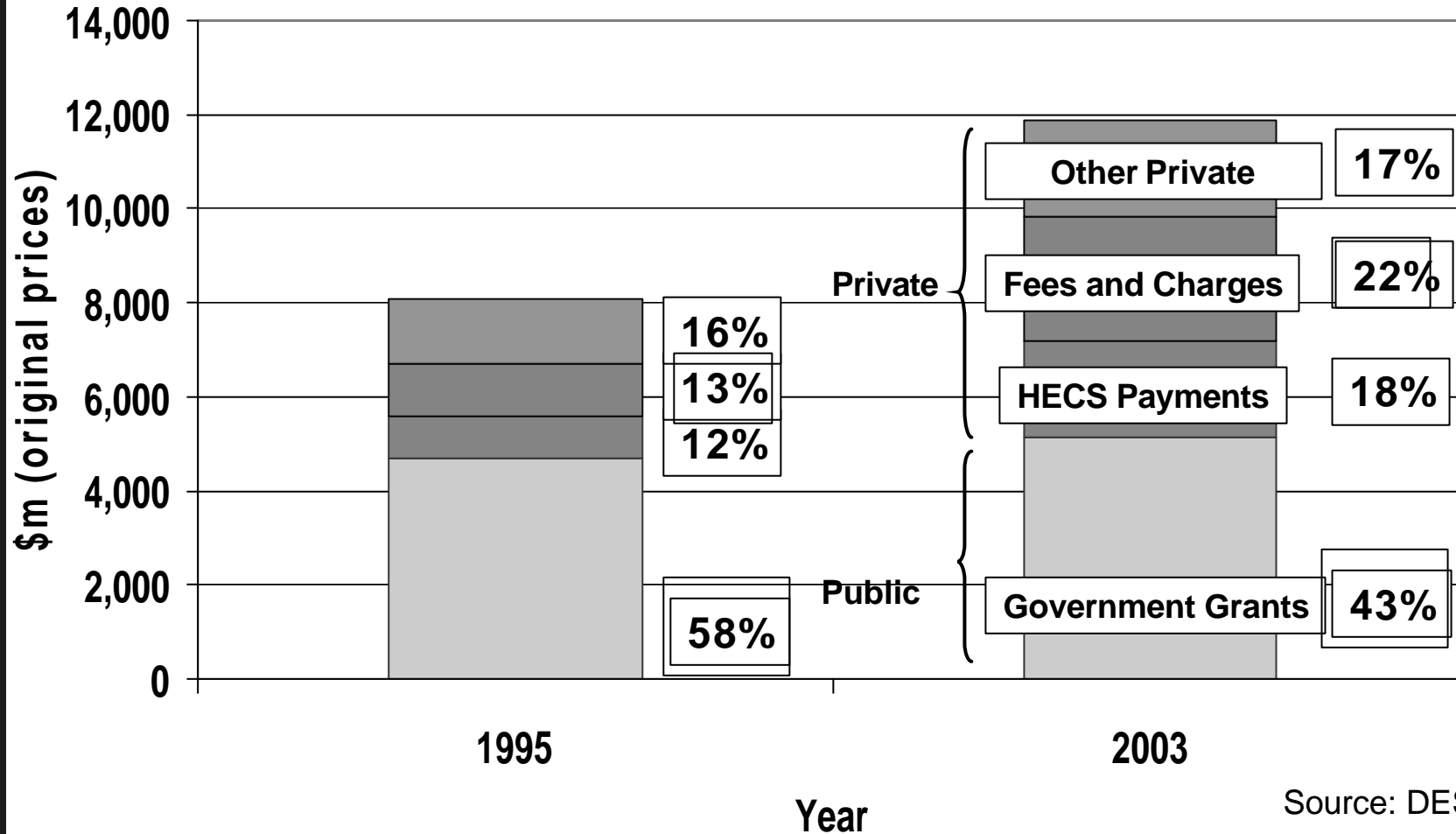
Source: DEST





# Total University Funding shares

## Australian University Revenue 1995 and 2003



Source: DEST

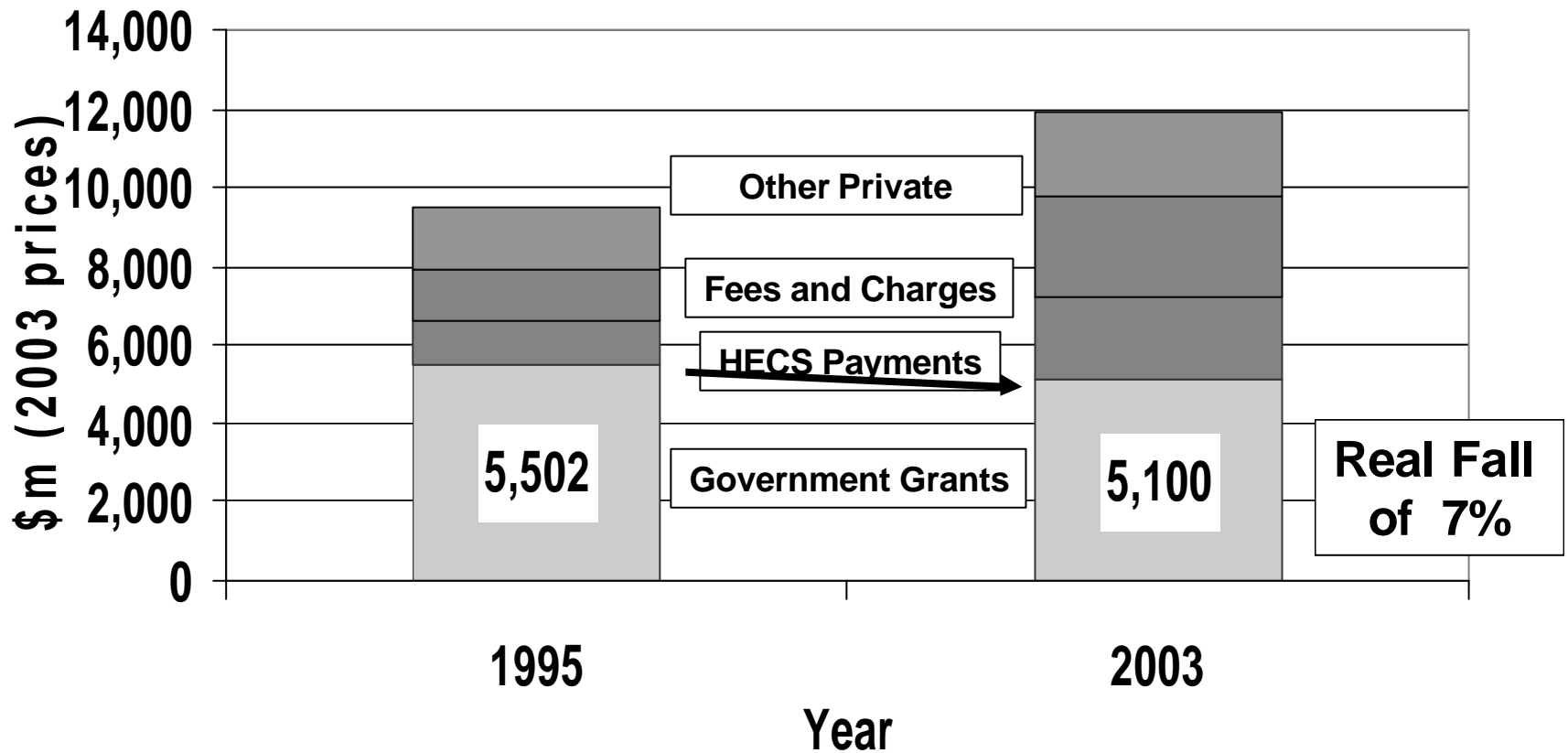


# Total University Funding

real values

## Australian University Revenue

1995 and 2003



Source: DEST

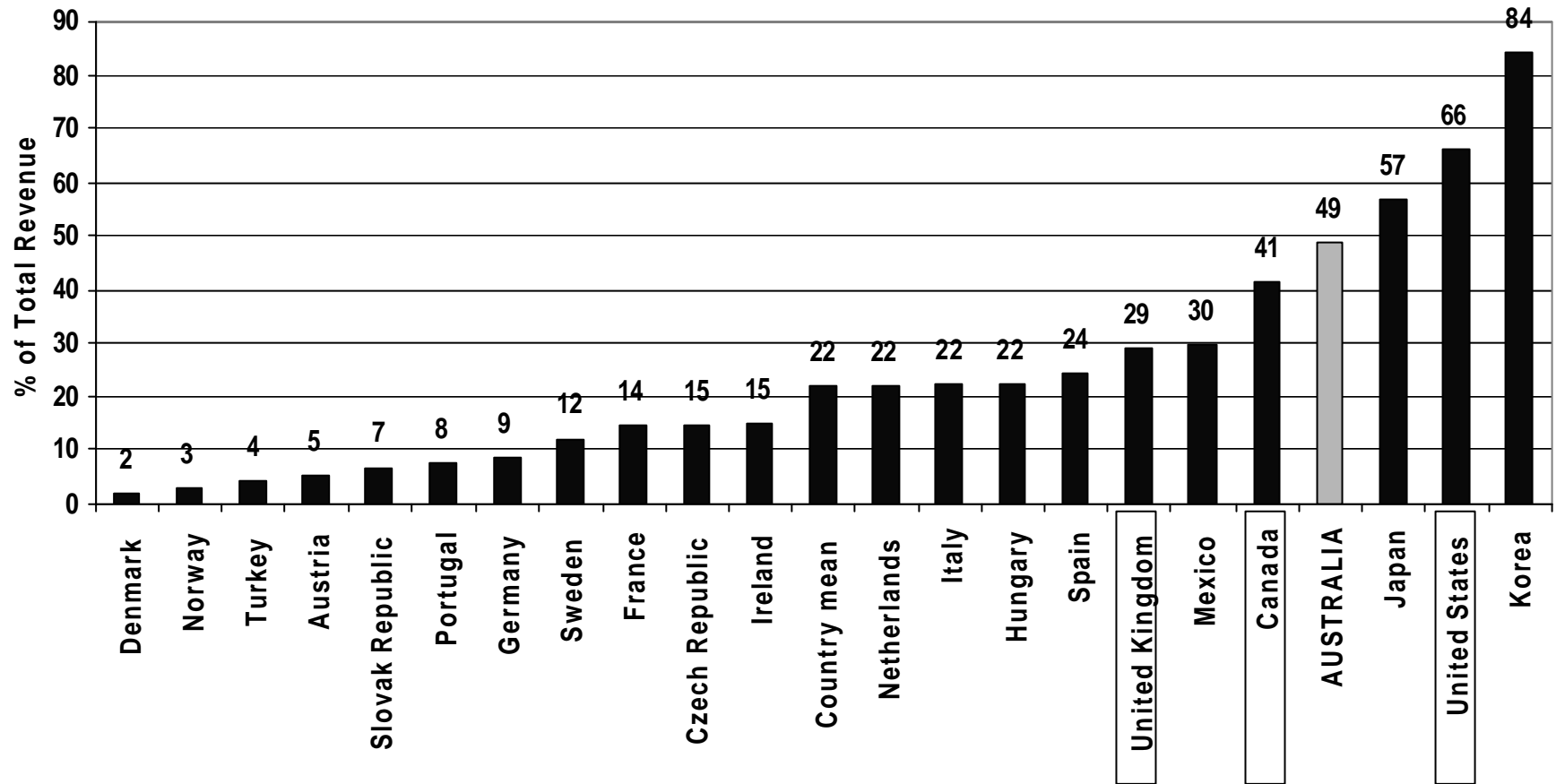


## Some International Comparisons



# 2001

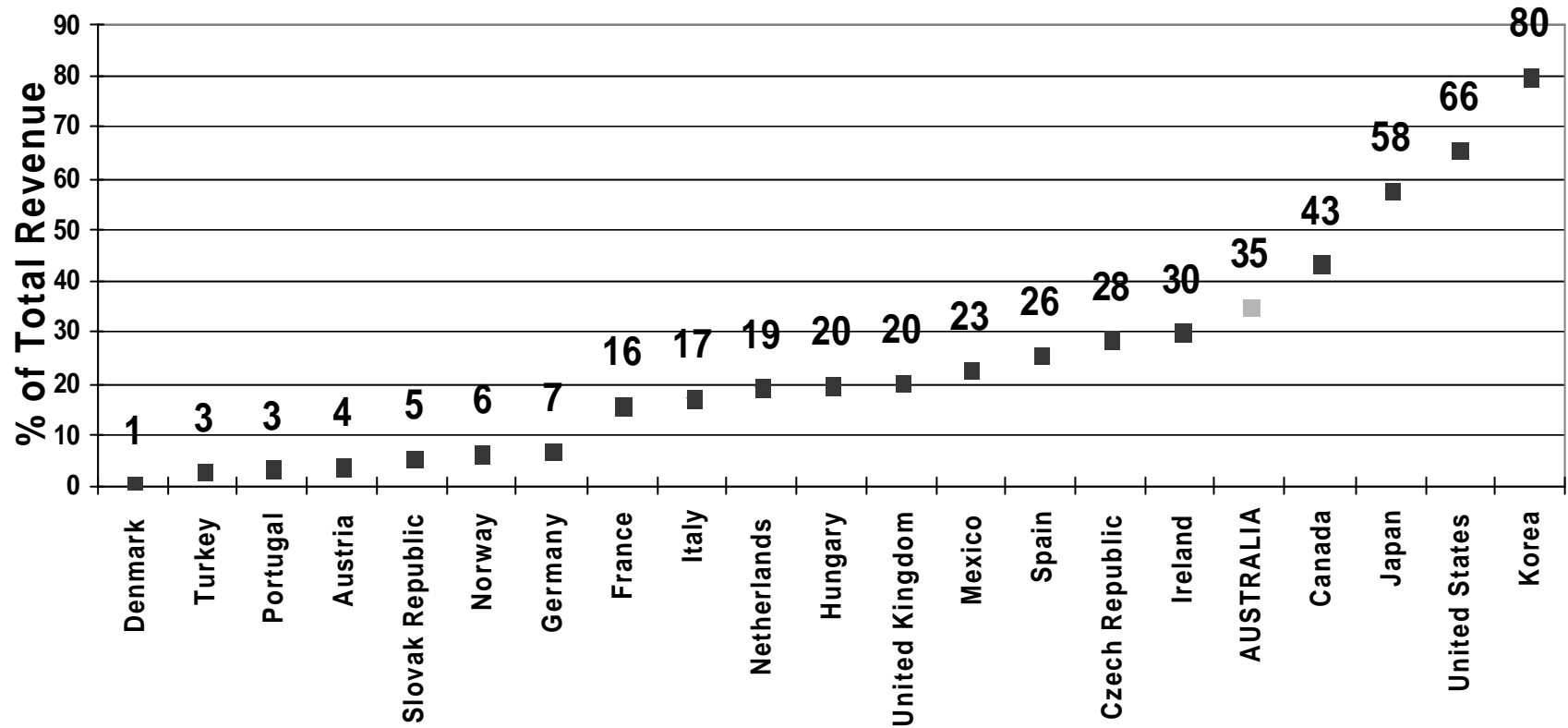
Revenue from Private Sources as a Proportion of Total for Tertiary Education 2001  
 (Source: OECD Education at a Glance 2004)





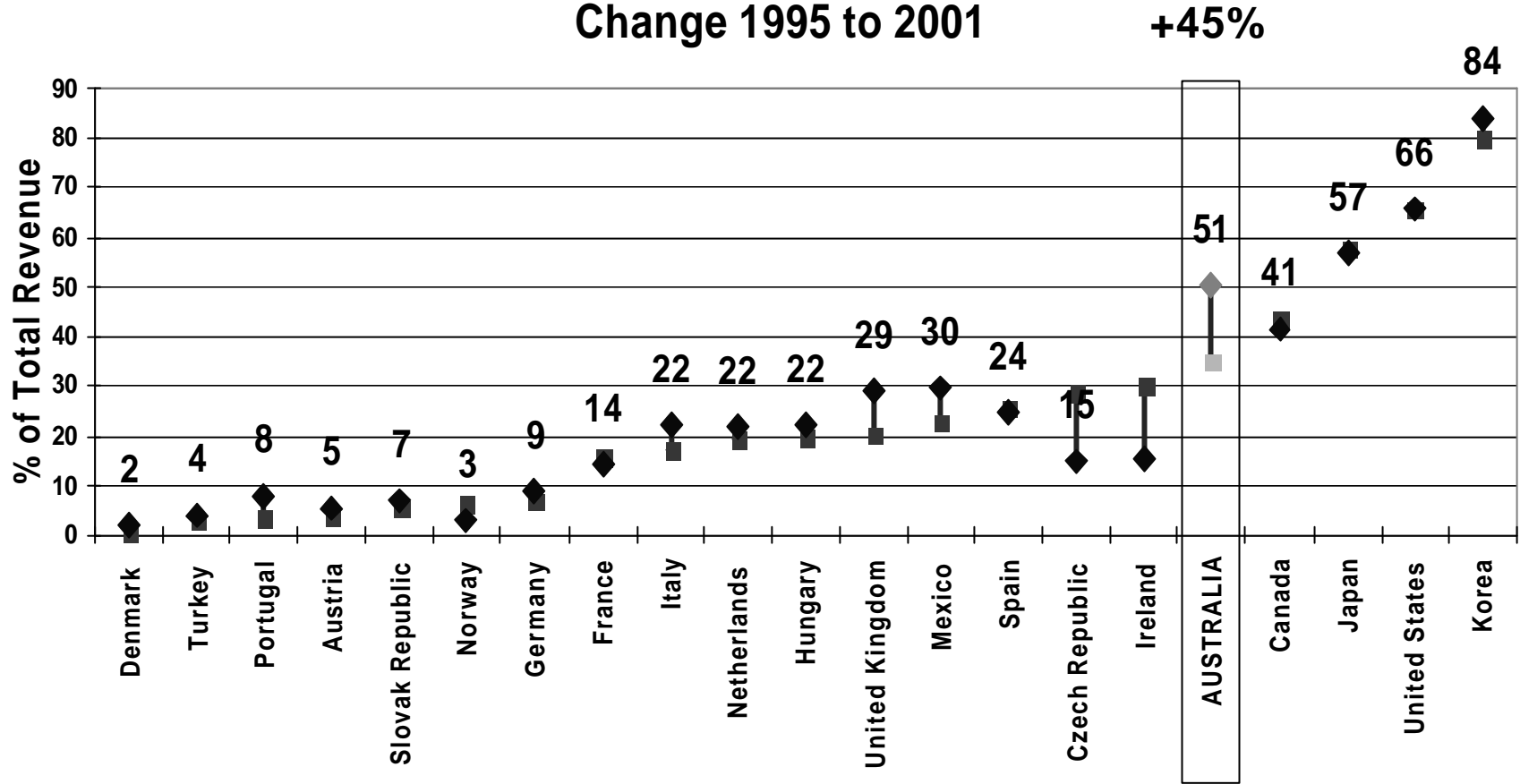
# How has this changed?

## Private Revenue as % of Total 1995



# How has this changed?

Private Revenue as % of Total  
Change 1995 to 2001

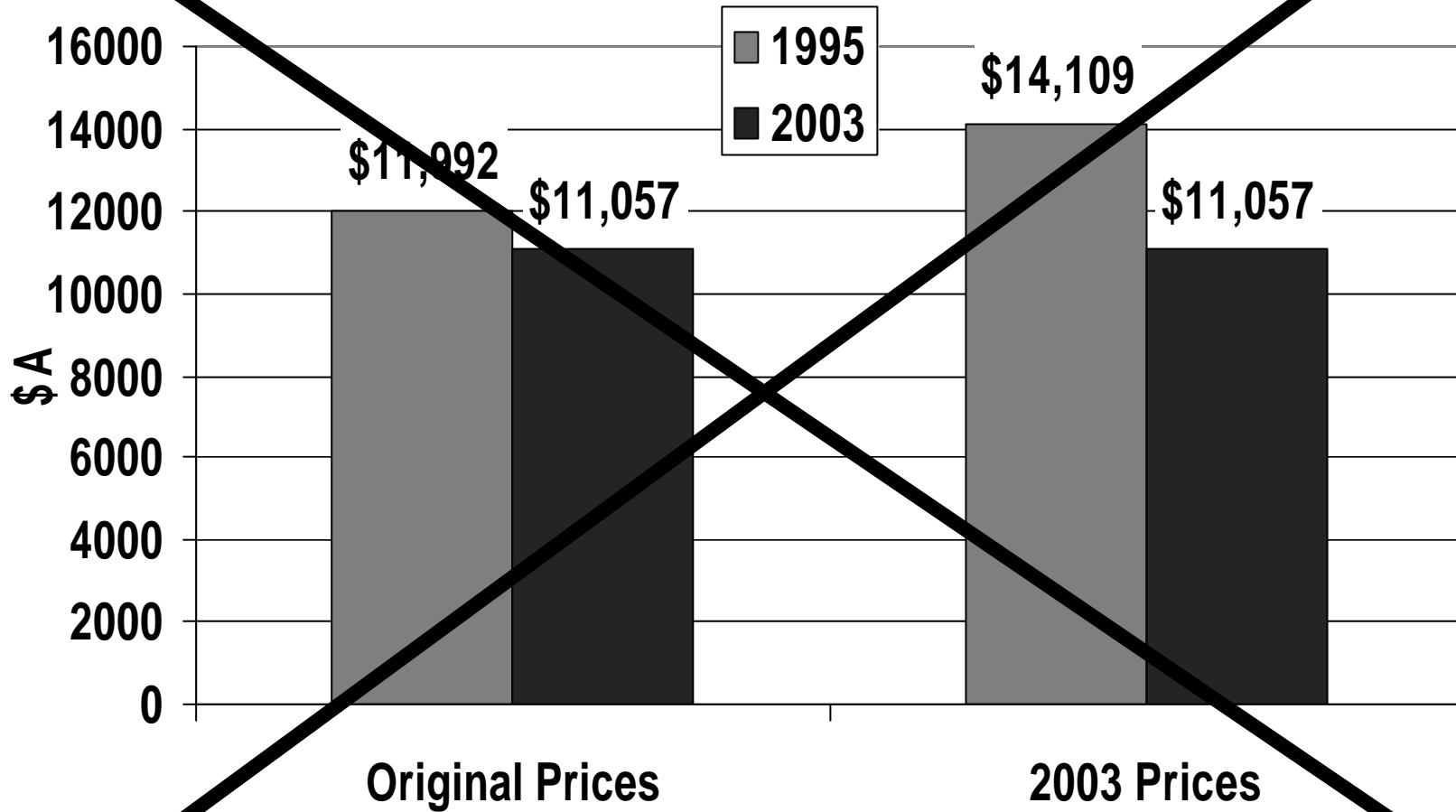


# Student Contributions



**Source: NTEU (July 2004) *Students Pay (Even) More. Universities Get (Even) Less. An Analysis of the Funding of Government Subsidised Student Places at Australian Universities 1996 to 2003.***

### Funding per Effective FT Student (EFTSU)

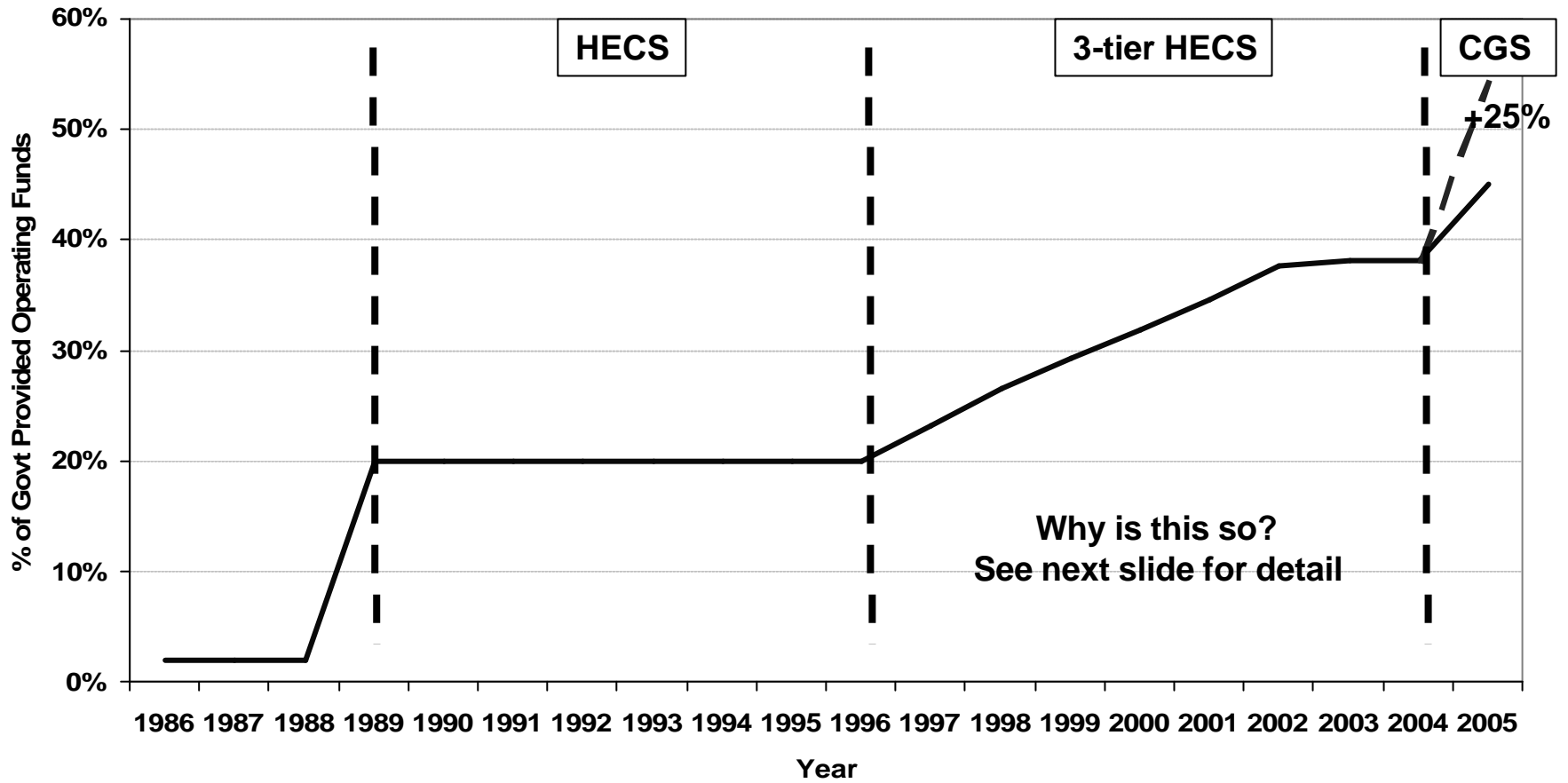


Please ignore this graph

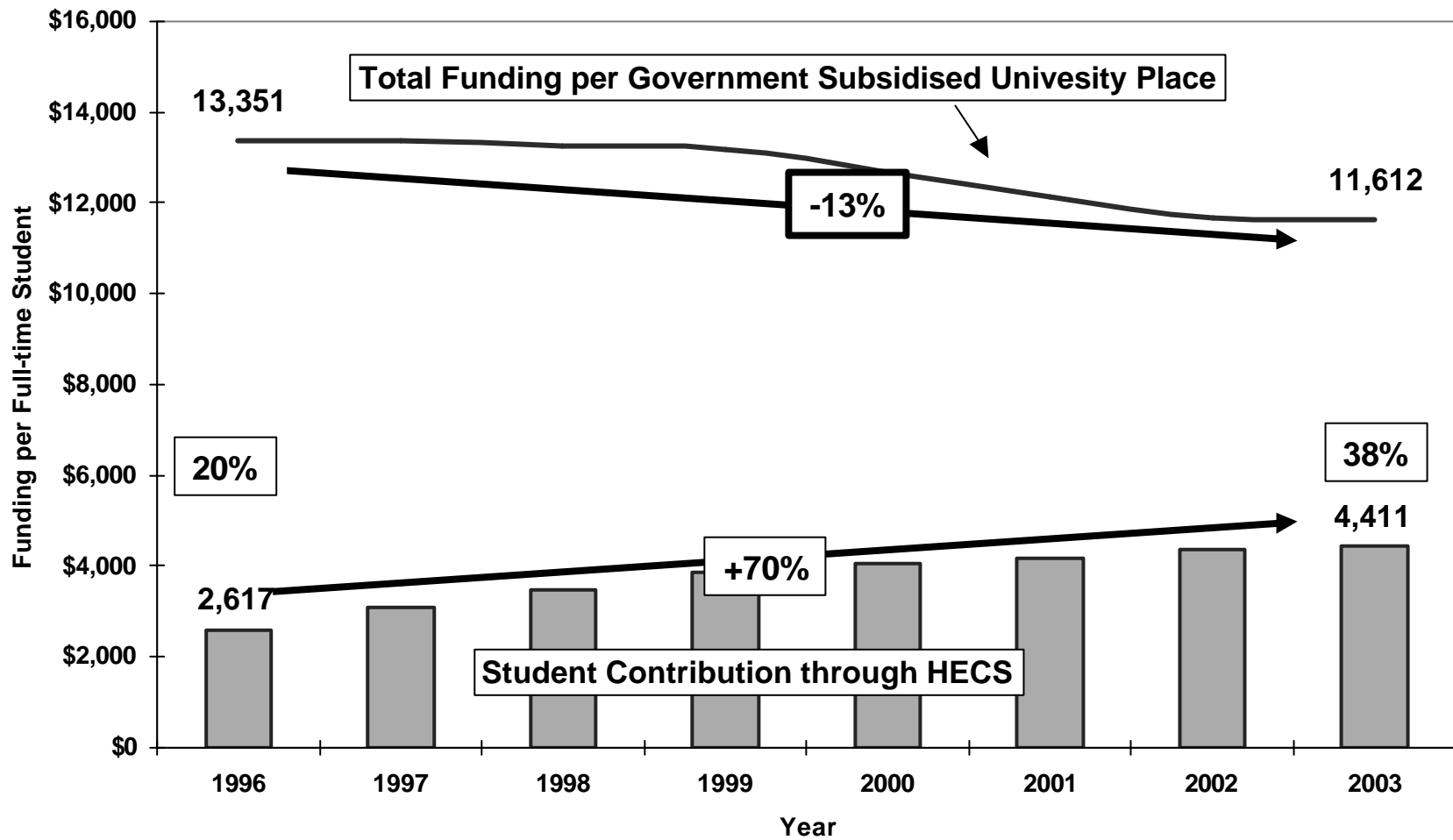




Student Contributions to the Cost of Government Supported Places



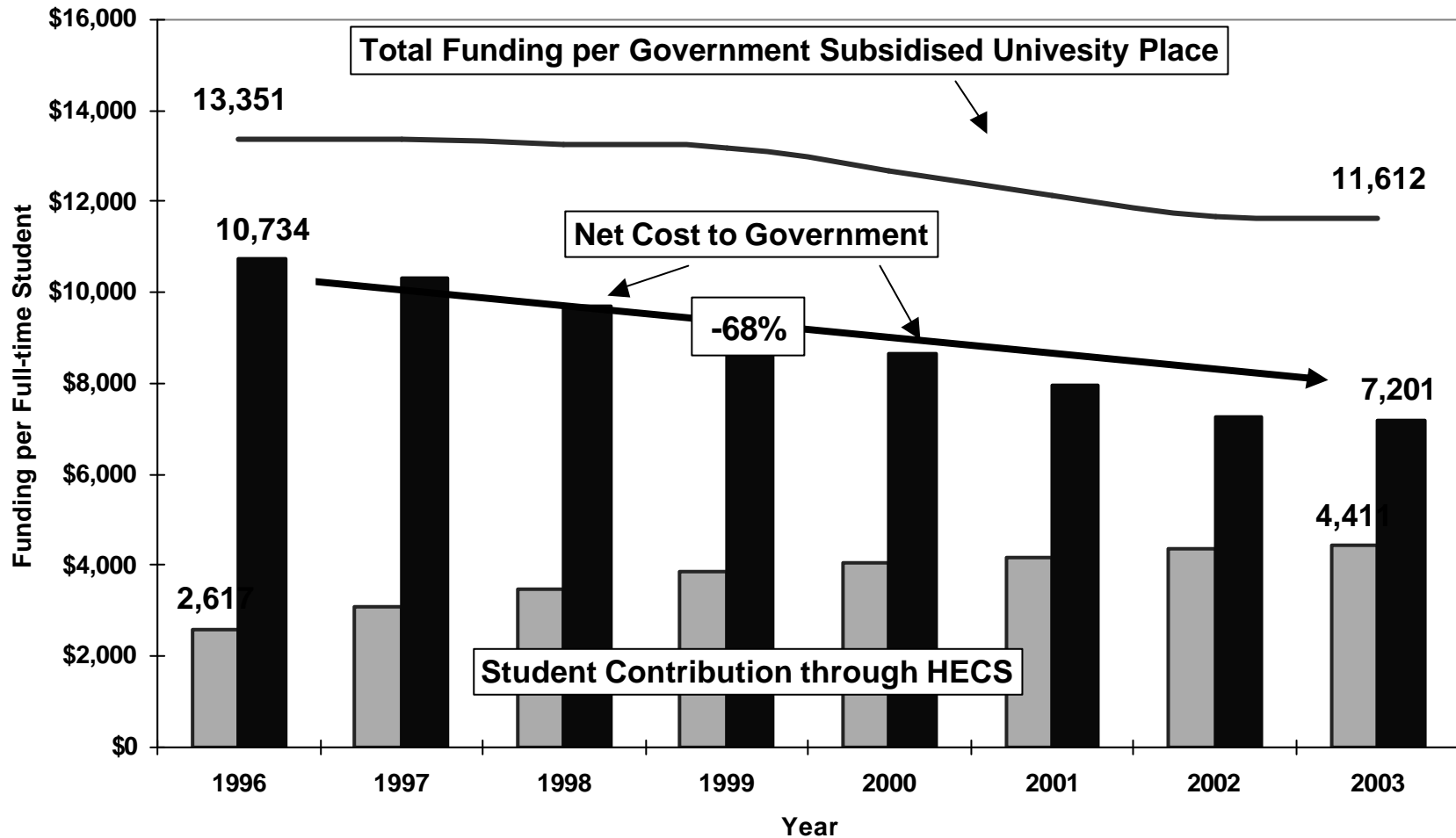
Funding per Government Subsidised University Place  
1996 to 2003 (2003 dollar values)



Source: NTEU (2004) Pay (even) more



Funding per Government Subsidised University Place  
1996 to 2003 (2003 dollar values)



Source: NTEU (2004) Pay (even) more



## 2005 – BAF Introduced



### OUR UNIVERSITIES BACKING AUSTRALIA'S FUTURE (BAF) away from



<http://www.backingaustraliasfuture.gov.au/>

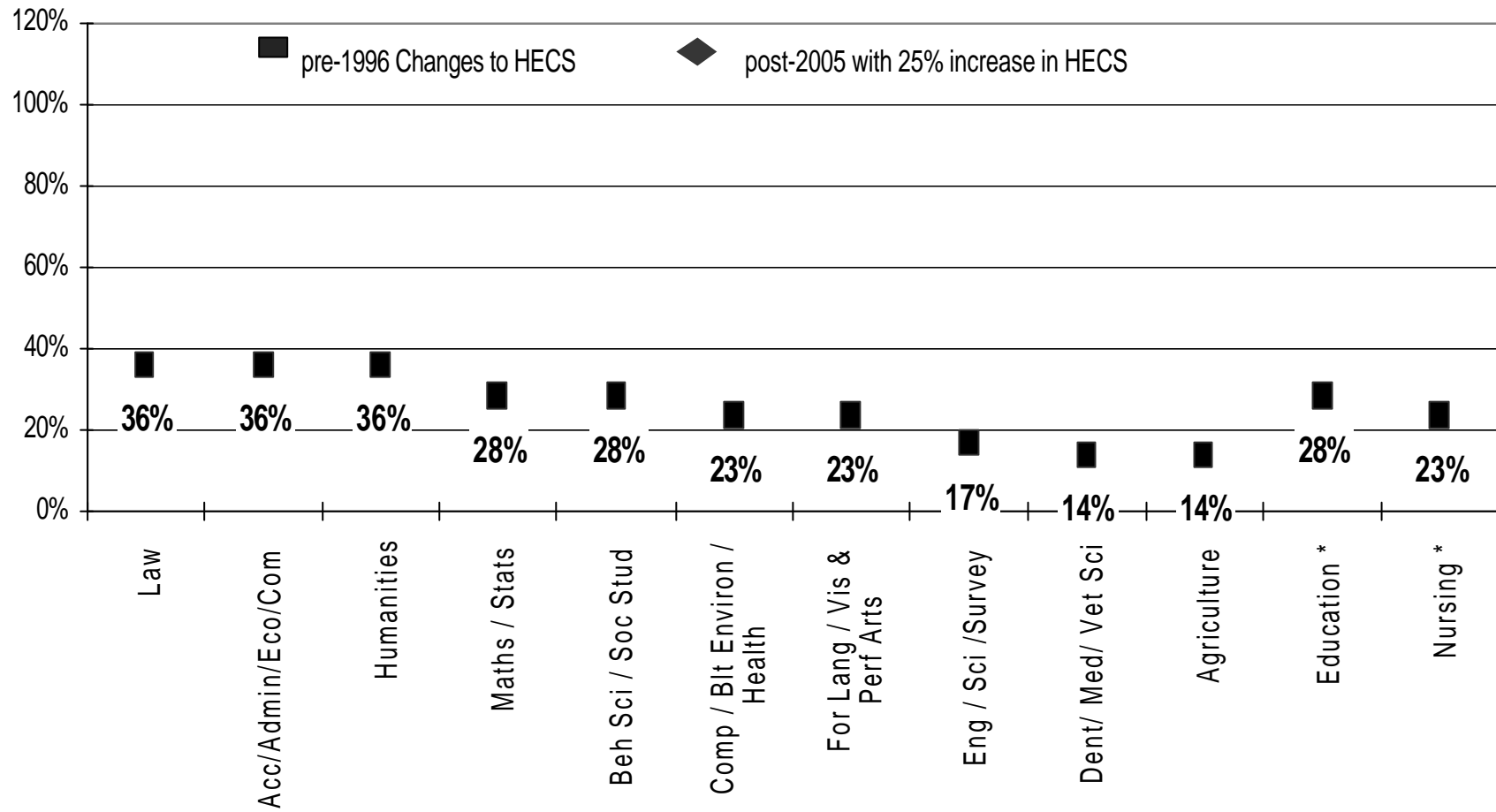
## Backing Australia's Future in a nutshell

| Backing Australia's Future increases in University Funding \$'000 |            |            |            |             |             |
|---|------------|------------|------------|-------------|-------------|
|   | 2005       | 2006       | 2007       | 2008        | 2005-08     |
| <b>Backing Australia's Future - Government</b>                    |            |            |            |             |             |
| Government Funding  | 373        | 585        | 723        | 812         | 2493        |
| Income from increased Fees (HECS)                                 | 111        | 176        | 246        | 295         | 828         |
| <b>Total Increased University Funding</b>                         | <b>484</b> | <b>761</b> | <b>969</b> | <b>1107</b> | <b>3321</b> |
| <i>Fees as % of increase</i>                                      | <b>23%</b> | <b>23%</b> | <b>25%</b> | <b>27%</b>  | <b>25%</b>  |

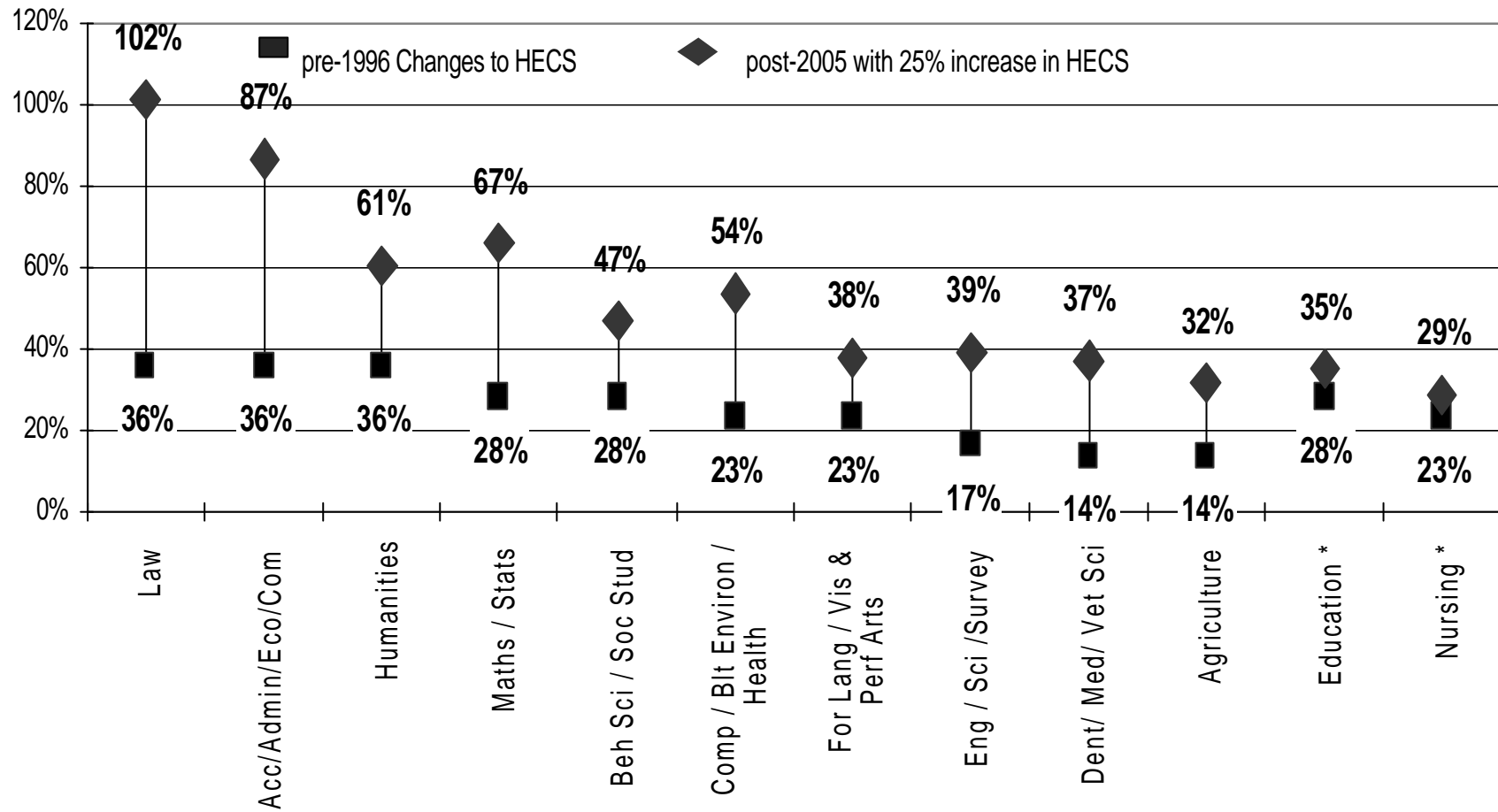
## 2005: The Commonwealth Grants Scheme(CGS) and HECS-HELP

| Discipline Group                                | 1996       | CGS - post 2005 |                |
|---|------------|-----------------|----------------|
|   | pre-Howard | HECS            | HECS + 25%     |
| Law   | 36%        | 81%             | 102%           |
| Accounting, Administration, Economics, Commerce | 36%        | 69%             | 87%            |
| Humanities                                      | 36%        | 49%             | 61%            |
| Mathematics, Statistics                         | 28%        | 53%             | 67%            |
| Behavioural Science, Social Studies             | 28%        | 37%             | 47%            |
| Computing, Built Environment, Health            | 23%        | 43%             | 54%            |
| Foreign Languages, Visual and Performing Arts   | 23%        | 30%             | 38%            |
| Engineering, Science, Surveying                 | 17%        | 31%             | 39%            |
| Dentistry, Medicine, Veterinary Science         | 14%        | 30%             | 37%            |
| Agriculture                                     | 14%        | 26%             | 32%            |
| Education *                                     | 28%        | 35%             | 35%            |
| Nursing *                                       | 23%        | 29%             | 29%            |
| <b>WEIGHTED AVERAGE</b>                         | <b>38%</b> | <b>44%</b>      | <b>&gt;50%</b> |

Change in Student Contributions by Discipline Group  
1996 and 2005



Change in Student Contributions by Discipline Group  
1996 and 2005

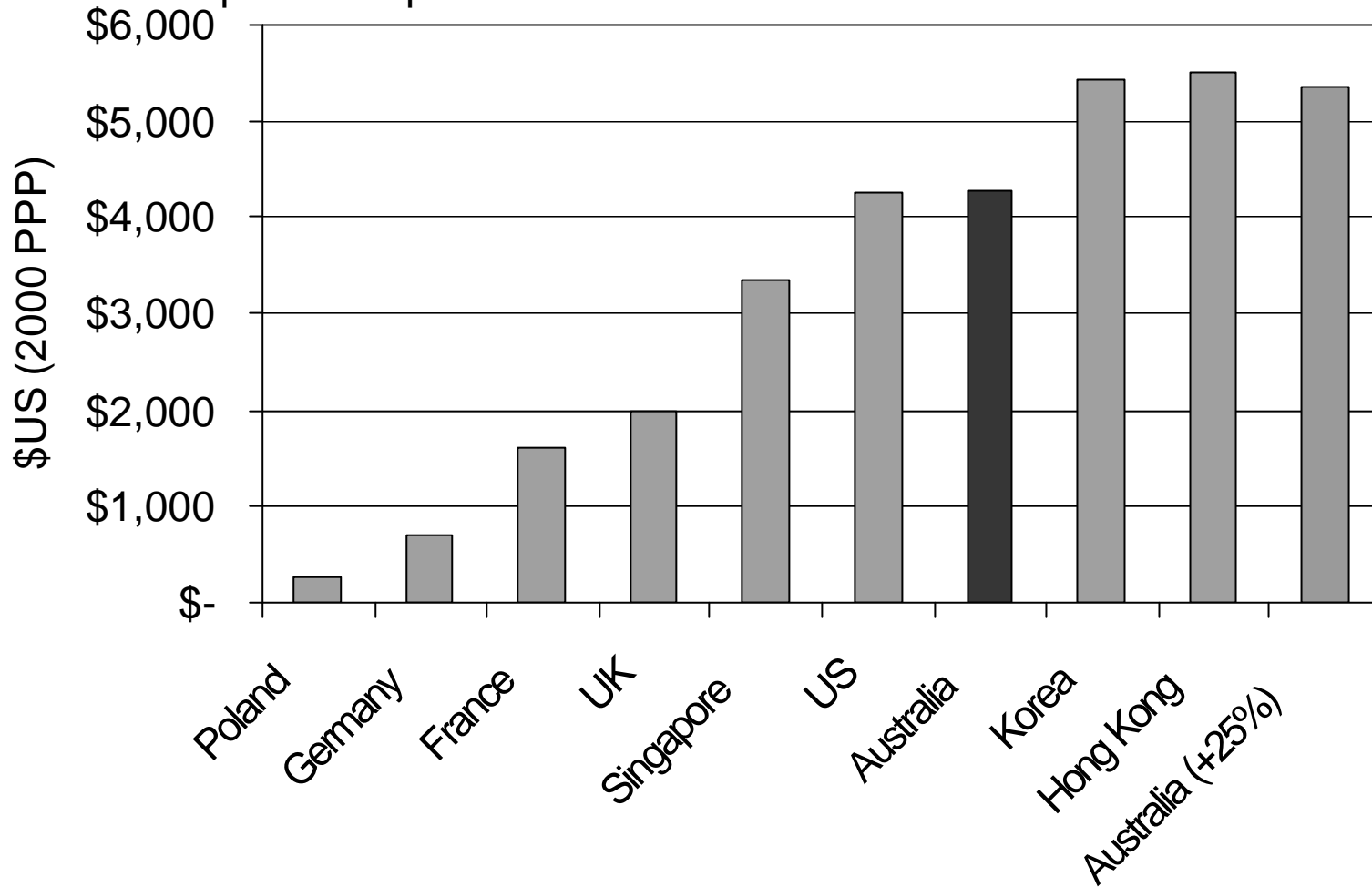




## Some International Comparisons



Comparative level of tuition, other fees and other educational expenses in public universities for a medium cost course \*



Source: International Comparative Higher Education Finance and Accessibility Project ([www.gese.buffalo.edu/org/IntHigherEdFinance](http://www.gese.buffalo.edu/org/IntHigherEdFinance)). Medium cost course Australia is HECS Band 2.



## **Some lessons from the Australian Experience**

**The introduction of a government subsidised income contingent loans scheme (HECS) in 1989 and subsequent changes has resulted in:**

- a significant increase in public universities' reliance on private sector funding**
- a more than doubling of the contribution students make to the cost of a government supported university education**
- Australian public universities now being amongst the most reliant on private sector funding in the world**
- Australian students paying amongst the highest tuition fees in public sector universities in the world.**