



UA Update

7 June 2018

Overview of the presentation

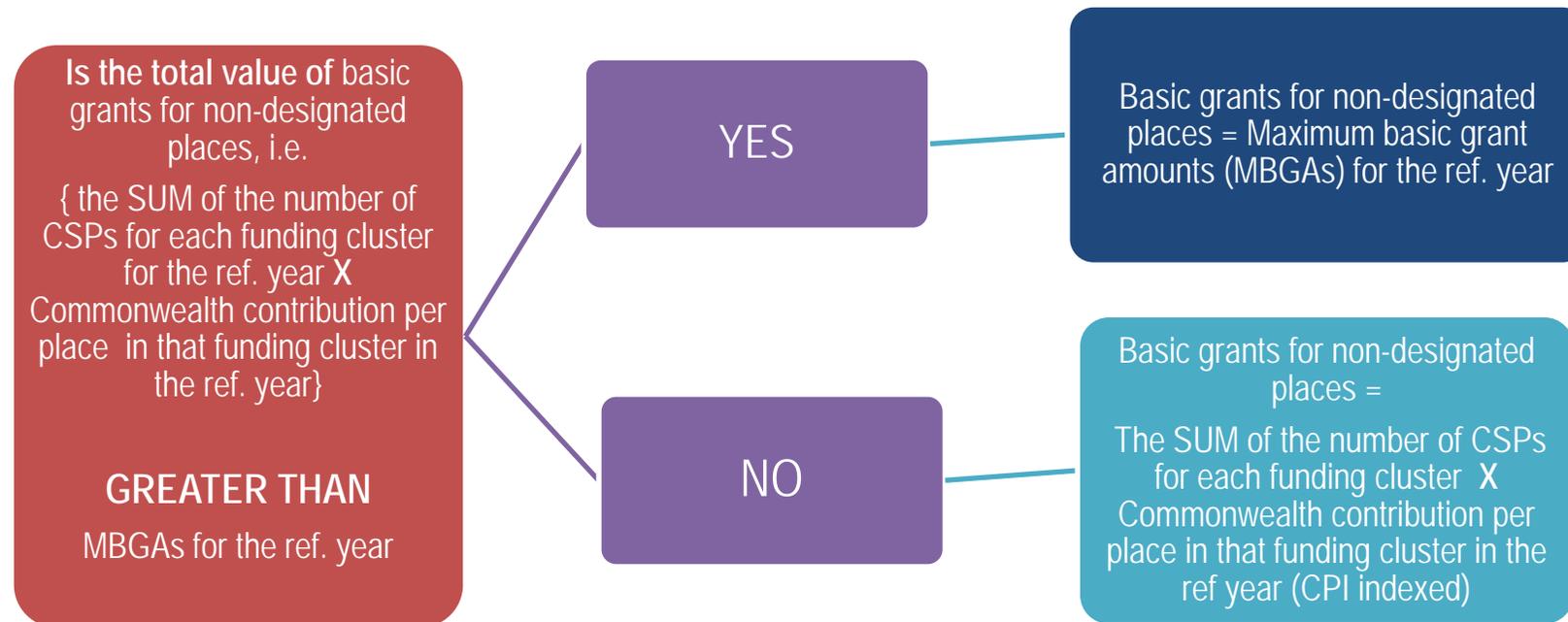
- Impact of the 2017–18 MYEFO freeze
- 2018–19 Budget measures
- Transparent costing of teaching and scholarship requirement

2017–18 MYEFO: CGS freeze

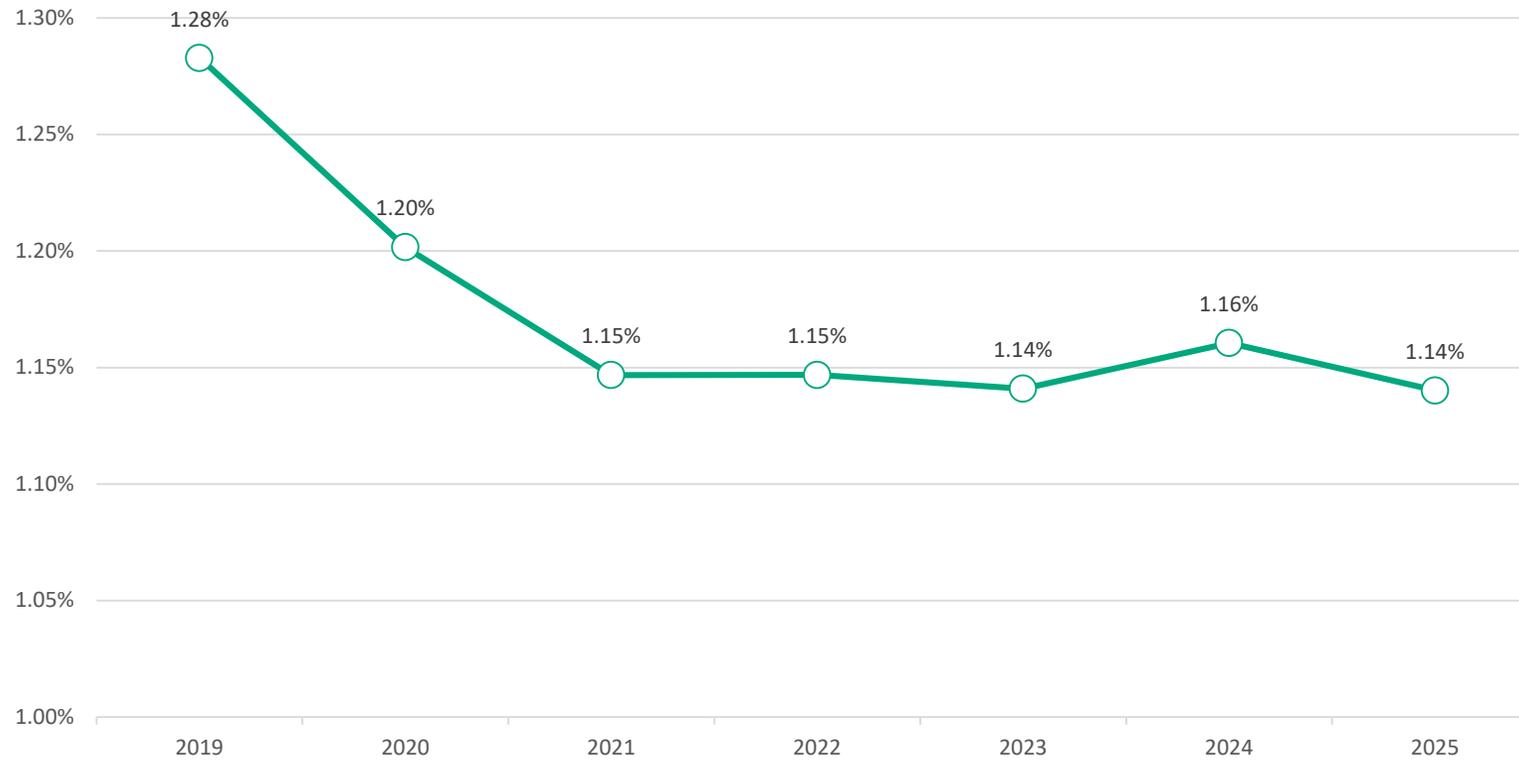
- A freeze on total CGS funding from 1 January 2018, set at 2017 *nominal* levels, for bachelor degree courses in 2018 and 2019.
 - s30-27 of HESA: Funding agreement may specify maximum basic grant amounts (MBGAs)
- From 2020, the growth in total CGS funding—for bachelor degree courses—will be determined by universities meeting their performance targets. This growth would be capped at the projected growth rate in the 18-64 year old population.

How do max. basic grant amounts work?

- 2018 MBGAs = 2017 nominal total CGS for non-designated places
- 2019 MBGAs = 2017 nominal total CGS for non-designated places
- Max.2020 MBGAs = 2017 nominal total CGS for non-designated places
 $\times (1 + \% \text{ proj. growth in population aged 18-64})$

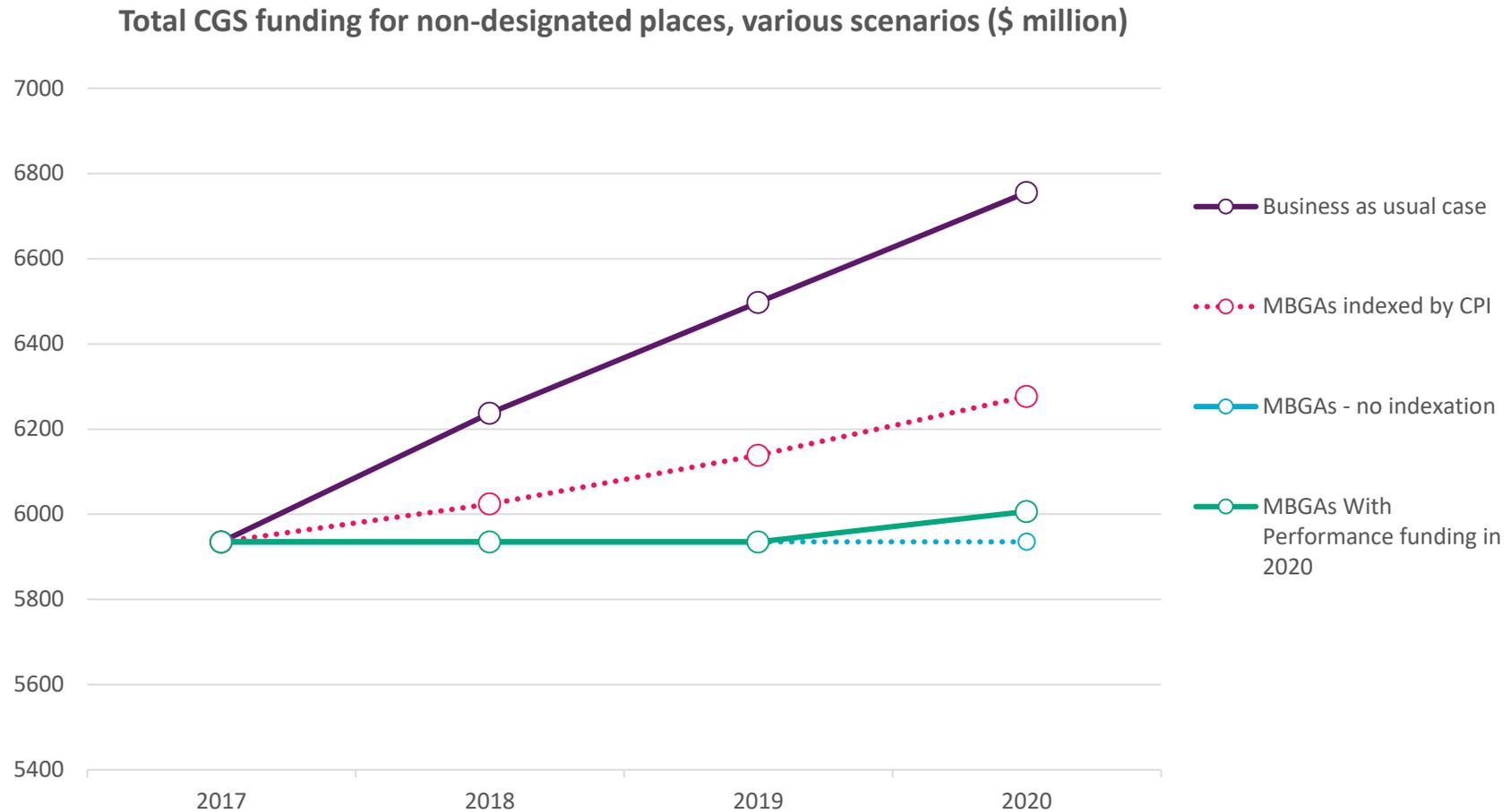


ABS 18-64 year old population projections



Source: ABS 3222.0 - Population Projections, Australia, 2012 (base) to 2101

Estimated impact of CGS freeze



2018-19 Budget measures

- Additional CSPs from 2019:
 - Additional 500 CSPs annually for **sub-bachelor or enabling** course at universities in regional areas.
 - 185 additional commencing **bachelor degree** CSPs annually at university through a Regional Study Hub, growing to approx. 500 additional places by 2022.
- New regulatory charges:
 - **TEQSA**: new levy on higher education providers from 1 January 2019 – phased in over three years
 - Annual charge on all HELP-approved providers
 - **ESOS**: Review of annual registration charge

Murray-Darling Medical School Network

- Redistribution of existing commencing medical CSPs
 - A pool of medical CSPs will be drawn from existing places.
 - The pool will withhold 2% of existing places – up to 60 places – every 3 years for redistribution between providers, from 2021.
 - 30 of the 60 pooled places will be allocated to the CSU/WSU in Orange.
 - The remaining 30 pooled places will open to all unis through a competitive process and may go outside of Murray-Darling area; but the focus is to prioritise rural and regional needs in the first round.
- Universities will be allowed to replace their loss medical CSPs with full fee-paying international students in the first round.
- The Government also proposes to investigate the feasibility of implementing enrolment controls on full-fee paying medical enrolments.

Transparent costing – The story so far

May 2017	Minister announced DET will work with a UA Reference Group to establish an annual costing data collection from 2018.
Oct 2017	UA initiated the first teleconference of the UA Transparent Costing Reference Group with DET.
Nov 2017	First in-person meeting of the UA Reference Group with DET
Dec 2017	UA wrote to DET about the suggested changes to the 2016 template and provided a set of high level principles underpinning the costing framework
Mar 2018	DET responded to UA letter.
mid-Apr 2018	Deloitte Access Economics engaged by DET as the consultant for the project.

Transparent costing requirement

- The new 2018–2020 CGS funding agreement stated that:
*7. The University must provide data relating to revised transparency arrangements as requested, including in relation to admissions processes and the **cost of teaching and scholarship**.*

- Data collection timeline for 2018:

Date	Activity
Mar 2018 to end July 2018	Refinement of survey methodology
Early Aug 2018	Providers advised of survey requirements
13 Aug to 21 Sep 2018	Data collection period
9 Nov 2018	Draft report
7 Dec 2018	Acceptance of final report

- In 2019 and 2020, data will be due by 30 June.

UA governance and process

- UA Transparent Costing Reference Group
- Technical Working Group to work with Deloitte to work on the technical details of the data collection and to provide advise to the Reference Group
- Deloitte is currently drafting the costing guidelines
- UA will hold a one-day **Forum on Monday 2 July 2018 in Canberra** to assist universities in understanding the data collection process and data requirements

Participating universities

- 2018: **25**
participating unis

- ✓ All 18 unis in the
2016 collection
- ✓ CDU
- ✓ Fed Uni
- ✓ Flinders
- ✓ UWA
- ✓ Canberra
- ✓ UniSA
- ✓ Tasmania

- 2019: **32**
participating unis

- ✓ CQU
- ✓ ECU
- ✓ Murdoch
- ✓ RMIT
- ✓ Swinburne
- ✓ ANU
- ✓ Adelaide

- 2020: All **37** unis

- ✓ Macquarie
- ✓ La Trobe
- ✓ UNSW
- ✓ UTS
- ✓ WSU

Costing data by 20 FOEs for sub-bachelor, bachelor and postgraduate

FOE 01: Natural and Physical Science <ul style="list-style-type: none"> Mathematical science (0101) Medical Science (0109901) Other 	FOE 02: Information Technology	FOE 05: Agricultural, Environmental and related studies <ul style="list-style-type: none"> Environmental science (0509) Other
	FOE 03: Engineering and related technology	
	FOE 04: Architecture and Building	
FOE 06: Health <ul style="list-style-type: none"> Medical studies (0601) Nursing (0603) Dental Studies (0607) Veterinary studies (0611) Other 	FOE 07: Education	FOE 09: Society and Culture <ul style="list-style-type: none"> Foreign languages and translating (091503 to 091519) Psychology (090701) Other
	FOE 08: Management and commerce	

Key issues for 2018 and beyond

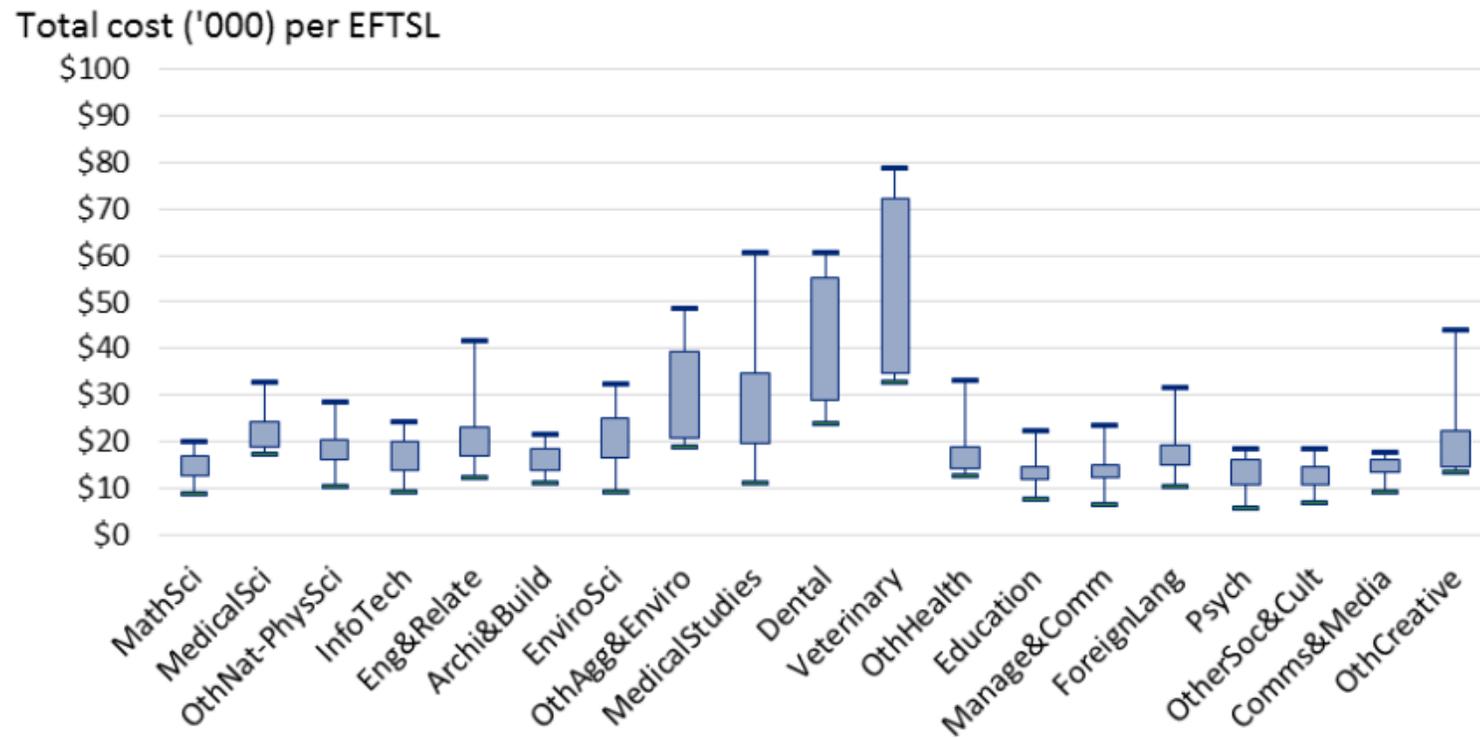
1. Comparability of costing data across years
2. Publication of institutional costing data
3. Data exclusions: research, research training, offshore and commercial activities
4. The costing data provided would need to reconcile to the statutory financial report
5. The data template does not align with how universities operate
 - Universities often do not report costs at an FOE level

Key issues for 2018 and beyond (contd.)

6. Data quality and consistency between institutions, e.g.
 - Split of staff time between teaching, scholarship and research
 - Variations in assumptions around the allocation of key cost drivers
7. Outlier costs and small cell size
8. Treatment of activities that don't fit neatly within teaching, research and commercial activities
9. Treatment of cost for courses delivered through onshore partnership with third-party providers
10. Recognition of capital renewal cost as depreciation alone is not enough to cover infrastructure renewal

Results from 2016 costing review

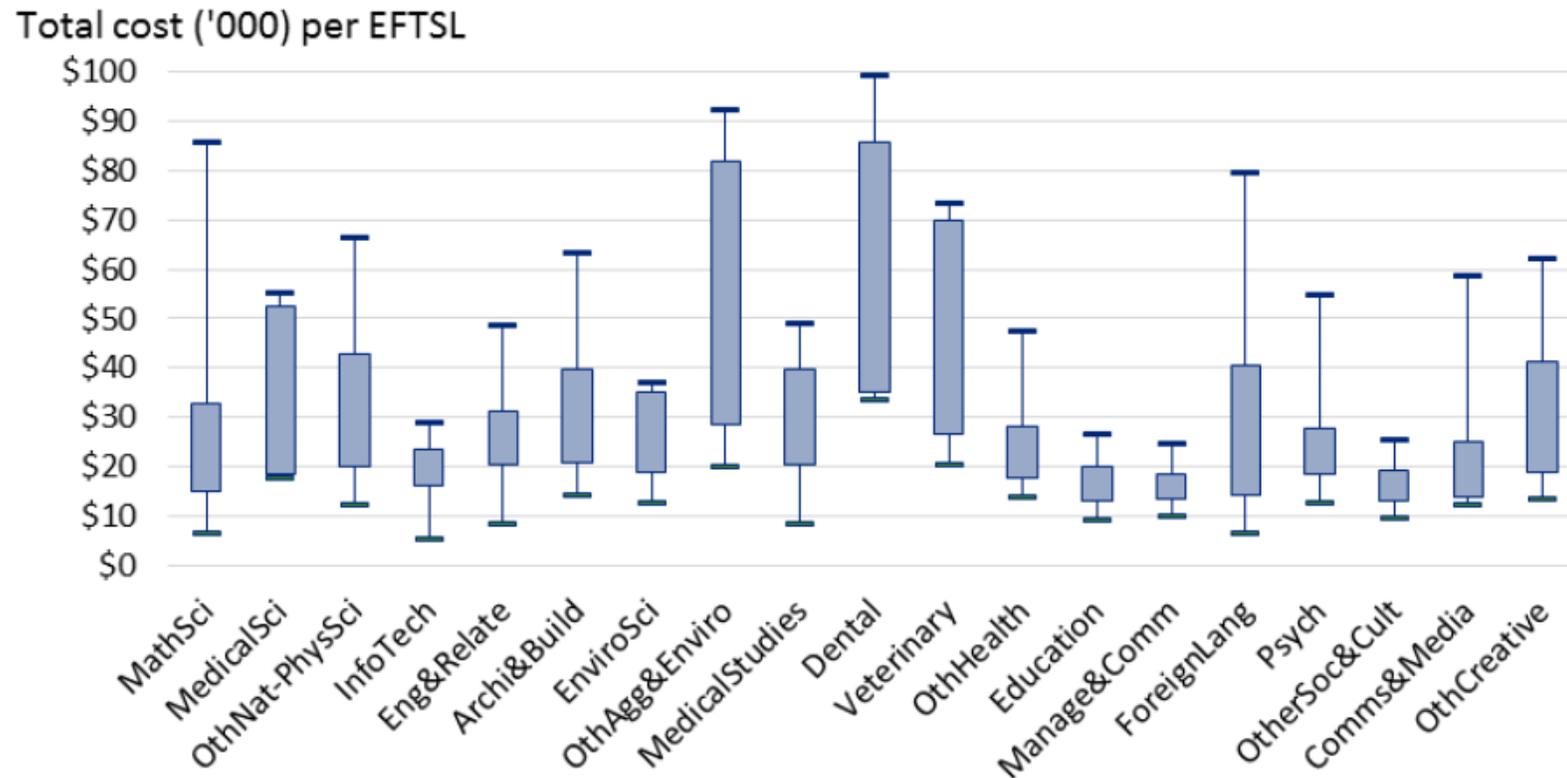
Chart i: Total cost per EFTSL (bachelor, outliers removed³)



Source: Deloitte Access Economics analysis.

Results from 2016 costing review (contd.)

Chart ii: Total cost per EFTSL (postgraduate level, outliers removed)



Source: Deloitte Access Economics analysis.

Estimated median cost to base funding

