

EDITH COWAN UNIVERSITY
2011 ANNUAL REPORT

SECTION 3 – **SIGNIFICANT ISSUES & TRENDS**





Economic Conditions

Significant natural disasters in Australia, New Zealand and Japan, as well as continuing economic uncertainty in Europe and the potential for a “double-dip recession” in the US, impacted many economies in 2010 and 2011. The Australian economy is better placed than most other countries to withstand the current difficult global economic conditions. Continued investment in the resources sector and a strong Australian Dollar led to modest economic growth of 1.8% in the 12 months to June 2011, and moderate economic growth is forecast for 2012 and 2013.

The Australian labour market remained largely unchanged in 2011, with a reduction in full-time employment being offset by an increase in part-time employment. The unemployment rate for July 2011 was 5.1%, slightly lower than for July 2010 (5.3%). Domestic student demand for higher education remained strong despite the prevailing employment opportunities.

The relative strength of the Australian Dollar, recessions in a number of developed economies, together with a reduction of student fees in the UK, and changes to visa requirements have all contributed to reduced demand for international education at universities in Australia.

Australian Government Legislation and Policy

The previous Rudd/Gillard Labor Government embarked on an ambitious education reform agenda, which included significant additional funding to the higher education sector to improve participation and attainment rates. While the policy environment under the current Gillard Labor Government has been less certain, the Australian Government has shown continued commitment for improved quality and growth in higher education.

Australian Government legislation and policy reforms of relevance in 2011 are described below.

The Higher Education Support Amendment (Demand Driven Funding System and Other Measures) Bill (Cwlth)

This legislation was passed by the Australian Government on 14 September 2011. The legislation progressed changes to the Commonwealth Grant Scheme (CGS) funding arrangements, to remove the ‘cap’ on over-enrolments and the ‘safety net’ guaranteeing funding for under-enrolments. An allocation of \$1.2 billion over the next four years will support 500,000 student places in 2012, an increase of 20,000 from 2011. The “uncapping” effectively provides funding for all Bachelor degree places in approved courses. Sub-Bachelor award courses, enabling courses and postgraduate coursework courses will remain capped. ECU is expected to benefit from these changes as over-enrolments have been experienced in recent years.



The Tertiary Education Quality and Standards Agency (TEQSA) Act 2011 (Cwlth) and Tertiary Education Quality and Standards Agency (Consequential Amendments and Transitional Provision) Act 2011 (Cwlth)

The *Tertiary Education Quality and Standards Agency Act 2011* (Cwlth) established TEQSA as an agency replacing the Australian Universities Quality Agency (AUQA). The *Tertiary Education Quality and Standards Agency (Consequential Amendments and Transitional Provision) Act 2011* (Cwlth) provides for the transition to new higher education regulatory and quality arrangements. During 2011, the Department of Education, Employment and Workplace Relations developed, through public consultation, “Threshold Standards” which TEQSA will use to assess higher education institutions. From January 2012, TEQSA will register and evaluate the performance of higher education providers against this new Higher Education Standards Framework.

The Higher Education Legislative Amendment (Student Services and Amenities) Act 2010 (Cwlth)

Passed on 11 October 2011, these amendments to the *Higher Education Support Act 2003* (Cwlth) will allow higher education providers to charge a student services and amenities fee of up to \$263 per student per annum, from January 2012. The ability to charge the Student Services and Amenities Fee will assist the University in providing a wider range of support services to students, while funds previously used to support the Guild will again be available to support core activities.

2011/12 Commonwealth Budget

Additional funding was announced in the 2011/12 Commonwealth Budget, including improved funding for regional higher education through the Regional Loading Scheme and a new “Regional Priorities” round of the Education Investment Fund.

Commonwealth Grant Scheme (CGS) indexation will rise from 2.3% in 2011 to 3.8% in 2012. Universities will receive a further \$550 million over the next four years, increasing the total additional funding to \$3.15 billion from 2011-2015.

The Higher Education Participation and Partnerships Program will provide \$177.6 million to assist universities in initiatives to attract and support students from low socio-economic status backgrounds in higher education.

A review of subsidies for student contributions resulted in the discount to upfront student contributions being reduced from 20% to 10%, and the voluntary repayment bonuses being reduced from 10% to 5%.

A record \$9.3 billion “science and research budget” was announced in 2011, with the Australian Government affirming its commitment to increase funding for the indirect costs of university research from 20 to 50 cents in the dollar.

As part of the Mid-year Economic and Fiscal Outlook the Australian Government abandoned performance funding of \$240 million over four years, intended to reward universities for achieving performance targets on student outcomes and student satisfaction. The reduced student contribution amounts for Maths and Science courses were also removed, representing an average annual cost to students of \$300 million nationally.

Student Income Support (Youth Allowance and ABSTUDY) amendments

The parental income test threshold was raised and the age of independence will be lowered incrementally from 24 in 2010, to 23 in 2011 and 22 from 2012 onwards. A tightening of the workforce participation criterion for financial independence was planned for January 2010, but was delayed by six months following concerns that those currently working in their gap year were disadvantaged. The intended increase in personal income threshold from 2010 was delayed until July 2011, to maintain the cost-neutrality of the changes.

Competition and Consumer law – Trade Practices Amendment (Australian Consumer Law) Act (No. 1) 2010 (Cwlth)

From 1 January 2011 a single, national consumer law: the Australian Consumer Law (ACL), applied federally to corporations under the *Trade Practices Act 1974* (Cwlth), which is to be amended and renamed the *Competition and Consumer Act 2010* (Cwlth). Equivalent legislation was enacted in state jurisdictions to apply the ACL to individuals. In Western Australia, the *Fair Trading Act 1987* (WA) was amended and renamed the *Fair Trading Act 2010* (WA). Under the ACL, the University will continue to observe its general trade practices and consumer protection obligations to act fairly, reasonably and not unconscionably when dealing with students, customers and suppliers.

Education Services for Overseas Students Legislation Amendment Act 2011 (Cwlth)

Enacted on 8 April 2011, the Act amended the *Education Services for Overseas Students Act 2000* (Cwlth) by strengthening registration requirements for providers delivering education services to overseas students and increasing the range of non-compliant behaviour that would attract financial sanctions. *The Ombudsman Act 1976* (Cwlth) was also amended to expand the role of the Commonwealth Ombudsman to include dealing with complaints relating to private education providers. The legislation is intended to target “rogue operators” within the sector.

Student Visa Legislation (The Knight Report)

In December 2010, the Australian Government appointed the Hon Michael Knight AO to conduct an independent review of the student visa program. Mr Knight made 41 recommendations to enhance the quality, integrity and competitiveness of Australia’s international education sector and improve the integrity of the student visa program. In September 2011 the Australian Government issued a statement that it supports in principle all of the Knight recommendations, subject to some modifications with the majority of recommendations expected to be implemented in 2012/2013.

Education Services for Overseas Students (Registration Charges) Amendment Act 2011 (Cwlth) and Education Services for Overseas Students Amendment (Registration Charges Consequentials) Act 2011 (Cwlth)

The acts passed on 26 September 2011 represent the second stage in the Australian Government’s implementation of the recommendations from the Baird Review, designed to strengthen the risk management of education services to overseas students. The acts amend the compulsory annual registration charge payable by all CRICOS registered providers (with high-risk providers paying a higher charge) and replace the initial registration charge with an annual entry to market charge. New providers are considered to be of higher risk and will pay more.

Education Services for Overseas Students Legislation Amendment (Tuition Protection Service and Other Measures) Bill 2011 (Cwlth), Education Services for Overseas Students (TPS Levies) Bill 2011 (Cwlth) and Education Services for Overseas Students (Registration Charges) Amendment (Tuition Protection Service) Bill 2011 (Cwlth)

This package of bills would establish a tuition protection service. The three bills provide for amendments to the *Education Services for Overseas Students Act 2000* (Cwlth) and place obligations on registered providers where they fail to start or finish providing a course; to provide for national registration of providers; to limit the amount of initial prepaid tuition fees that may be collected by a provider; to provide that students are only eligible for the unused portion of prepaid tuition fees; and to specify what details providers must keep on student records. The bills also provide for the imposition of a tuition protection services levy on registered providers. The Senate Education, Employment and Workplace Relations Legislation Committee issued a report on 27 February 2012 recommending that the bills be passed by the Senate subject to certain amendments.



STATE GOVERNMENT LEGISLATION AND POLICY

The State Government's role in funding and regulating primary and secondary school education and Vocational Education and Training impacts on higher education provision, particularly in terms of levels of school attainment, school-leaver transition to higher education and articulation to higher education from Vocational Education and Training courses.

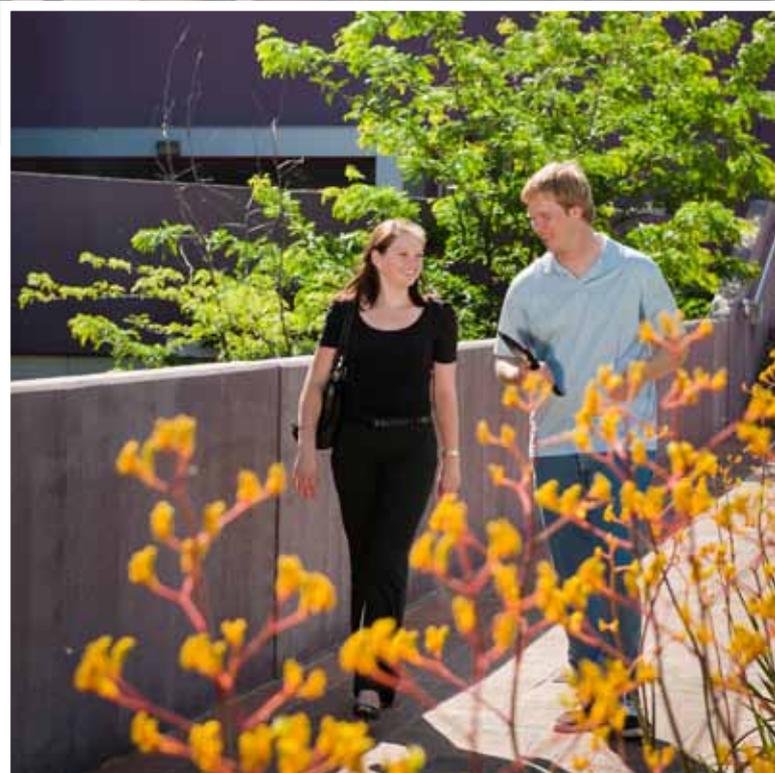
As an employer, the State Government's role in providing health and education services has a direct impact on demand in Nursing and Teaching courses and employment outcomes for graduates from these programs.

State Government legislation and policy reforms of relevance in 2011 are described below.

2011/12 Western Australian State Budget

The State Government's 2011/12 Budget, handed down on 19 May 2011 focused heavily on investment in infrastructure, and maintained the level of investment in education and training. Investment in training places to address critical skills shortages increased to \$33.4 million, equating to 12,000 additional training places.

Increased electricity, gas and water tariffs, approved by the State Government in the 2011/12 budget will have a direct impact on operating costs of the University, as they will for all businesses.



National Review into Model Occupational Health and Safety (OHS) legislation

Harmonisation of the health and safety legislation across Australia will result in new work health and safety legislation in each state jurisdiction. The Western Australian legislation was expected to be implemented from 1 January 2012. However the new laws are now expected to be enacted on 1 June 2013. ECU has reviewed the impacts of the proposed laws and is well prepared to meet the likely requirements of the new legislation.