



AUSTRALIAN CAPITAL TERRITORY

**SUBMISSION TO THE
COMMONWEALTH GRANTS COMMISSION'S
POSITION PAPER 2008/17:
POST-SECONDARY EDUCATION**

January 2009



VIEWS ON THE COMMISSION'S ASSESSMENT POSITION

INTRODUCTION

The 2010 Review has been run as an iterative process between the Commonwealth Grants Commission (the Commission) and the States and Territories (the States) over the course of the past four years. As part of this process the ACT has provided a number of submissions in response to the Staff and Commission Discussion Papers, incorporating subsequent multilateral and bilateral discussions with Commission staff and other States. These submissions outlined the ACT's position as to the validity of the conceptual case behind a number of assessments and the proposed assessment methodologies.

It is noted that in some instances the position adopted by the Commissioners, as detailed in the latest Commission Position Papers, is at odds with that of the ACT. In the interests of brevity, the ACT has not sought to reiterate the entirety of its previously stated position unless new data or new thinking has been applied. In this light, a lack of objection does not imply support where such support has not been previously stated.

As such, this submission encompasses the ACT's views solely on major issues.

SERVICE DELIVERY SCALE

In its Position Paper, the Commission concludes that a service delivery scale factor is required for the Post-secondary education category. The Commission provides evidence of differing education staff ratios in Position Paper, *2008/14 Location Wage Costs*, and suggests that these ratios, or a gradient derived from them, may provide the basis for determining a service delivery scale disability.

The ACT accepts that the ratio of education staff per government school students may differ across regions because of scale impacts. However, we urge the Commission to exercise caution when applying these findings to the post-secondary education category because the delivery of, and demand for, post-secondary education differs greatly from schools education thereby reducing the cost impacts associated with scale. In addition, the ACT is confident these impacts are already implicitly captured in the assessment through the location cost factor and to include a further adjustment would constitute double counting.

Optional participation

The ACT is concerned that the application of one gradient to adjust for service delivery scale across both education categories is likely to overstate the cost impact of scale on post-secondary education service provision.

As schools education is compulsory within a determined age range, states are compelled to provide schools in readily accessible locations at regular intervals throughout their jurisdictions. In contrast, participation in post-secondary education is optional and therefore, state provision of VET services is much more responsive to demand. Accordingly, states locate vocational education institutions in areas where there are sufficient enrolments to limit the negative impacts of scale. Evidence of this can be seen in NSW, for example, where the NSW Department of Education and Training separates the state into 'education regions' or 'institutes'.

NSW Education Regions or Institutes



Source: http://www.detinternational.nsw.edu.au/tafe/l_maps.html

In the western education region (region 8), which covers much of the sparsely populated area of NSW, there are 24 NSW TAFE campuses.

Location of Western Region TAFE Campuses



Source: http://www.detinternational.nsw.edu.au/tafe/m_wi.html

In the same region, there are 196 public schools¹. The disparity in the number of schools and vocational education institutions demonstrates the demand-driven nature of vocational education.

Flexible curriculum

Post-secondary education institutions have the capability to adjust both the number and type of courses they offer to reduce the incidence of small class sizes or under-enrolments.

In terms of educational content being delivered, state schools have limited scope to adjust their curriculum to ensure capacity enrolments. For example, schools deliver content in key areas

¹ <http://www.schools.nsw.edu.au/schoolfind/locator/?section=showRegion®ion=539>

such as mathematics, science and English regardless of class size. However, post-secondary institutions have considerable flexibility in adjusting their curriculum to meet the needs of enrolling participants.

In NSW, for example; there are 433 courses offered in campuses residing in the Sydney region, while there are only 259 offered in the Western region ². The greater number of enrolments in the Sydney region affords its campuses the ability to sustain a broader offering of courses.

Aside from the number, the type of course can also be adjusted in response to demand. For example, the Western region offers 51 different courses in the fields of Horticulture, Agriculture and Natural Resources. The equivalent figure for Sydney is 7 ². If vocational education curriculum was broadly similar across all regions of a state, similar to schools education, it would be reasonable to expect the service delivery scale impacts to be similar, but this is not the case.

Double-counting

The ACT is concerned that if the Commission assesses both a location cost adjustment factor and a service delivery scale factor without cross-tabulating the data, a double count will occur.

The Commission proposes including a remoteness cost factor for this category, pending the receipt of state data. The ACT accepts that if states provide evidence of greater costs associated with delivering these services in remote regions, an adjustment is justified. With this in mind, however, the ACT is uncertain whether a further adjustment needs to be made to recognise service delivery scale.

The current category proposal by the Commission is to include a:

- location factor under fixed costs - which recognises the higher non-labour costs associated with delivering services in remote locations;
- remoteness cost factor under Socio-demographic composition factor - which presumably captures the additional labour costs of delivering services in remote areas; and
- service delivery scale factor – which is derived from the different staffing ratios in different geographical regions.

Given that non-labour remoteness costs are captured by the location factor, the remoteness and scale factors must be capturing the labour costs associated with remote service delivery. Furthermore, given the outcome of the intra-state labour research undertaken by the Commission, the factors must be capturing the difference in the number of education staff required to provide a standard level of service in different geographical regions within a state. The ACT considers both of these factors to be capturing the same cost impact.

For the service delivery scale adjustment to fulfil its intended purpose, the gradient would need to be measured by plotting teacher numbers against a population density measure, not a measure of location, such as SARIA. In addition, the adjustment data would need to be cross-tabulated with data used to calculate the remoteness adjustment to ensure the two factors were not capturing the same cost impacts.

² <https://www.tafensw.edu.au/about/publications/2009getaheadstart.pdf>

SOCIO-DEMOGRAPHIC COMPOSITION

The ACT urges the Commission to exercise caution when developing cost weights for this assessment category using the data provided by the states through the recent data request covering equity funding. The ACT notes that the data may have some shortcomings, namely:

- The Commission asked for details regarding the data collection period and date, however, the request did not specify a collection period. This means that data provided by the states may not be comparable.
- The request did not indicate that the reported funding must be cross-classified in order to avoid double counting. Although the Commission may be in a position to compare these data with state financial reports, the ACT is concerned that the reported data will lead to double counting of, for example, Indigenous and remote equity funding.