

## ATN submission to the National Commission of Audit

### *Phase 1- Scope of government*

#### **Removing duplication of reporting, improving harmonisation between state and federal requirements:**

Universities are state legislated entities operating via Commonwealth funding and as such they are required to report to both state and Federal government and this, combined with the high level of reporting requirement more generally, creates a cost to the government and to taxpayers.

Harmonisation between state and federal reporting requirements, such as those around university financial statements and annual reports, is an outcome desired by ATN universities. A suggested approach to harmonisation could reflect the approach taken to environmental legislation in which bilateral agreement between the states and the Federal Government enable assessment at one level of government rather than both levels.

Recommendations in the PhillipsKPA Review of Reporting Requirements for Universities commissioned by the LH Martin Institute earlier this year found that Australian universities expend around \$26 million annually, or around 66,000 staff days, on meeting 18 identified sets of reporting requirements to the Department of Education (formerly DIICCSRTE/DIISRTE). For RMIT University (an ATN member university) this cost was reported to be \$4 million in 2011.

Universities Australia estimates that the total cost of university reporting and regulatory compliance to be \$280 million per year. A submission by Universities Australia to the Commission of Audit makes a number of suggestions to reduce the duplication of reporting and streamlining processes, such as through the formation of a National University Data Centre.

Costs of reporting by universities are largely born by taxpayers where Commonwealth funding is a key source of revenue for publically funded universities. There is also an indirect cost to the Australian community and industry from having Commonwealth resources directed toward reporting instead of teaching and research activities.

The ATN recommends that the Commission of Audit hasten reforms that reduce the costs to taxpayers from university reporting that is duplicated across multiple levels of government and through myriad mechanisms.

### *Phase 1- Efficiency and effectiveness of government expenditure*

#### **1. Abolish University Mission-based Compacts in favour of bilateral, strategic discussions between universities and the Federal Government:**

Compacts are a remnant of the former government's Higher Education policy and their continuation under the Coalition should be scrutinised against the 'low value- high burden' they create for universities and the government.

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Removal of compacts would be welcomed by the ATN universities and would represent a 'quick win' for the Coalition in removing a substantial amount of red tape from the University Sector. Information in compacts is largely reported via other existing reporting mechanisms so the Department of Education would not be deprived of data from their removal.

Lengthy, resource intensive compact documents should be replaced with bilateral strategic discussions between the government and universities around shared objectives that acknowledges accountability over funding;

- The terminology 'compact' and the lengthy template document with information requests that are not linked to government objectives should be abolished in favour of a concise, fit for purpose agreement (single page) that acknowledges university accountability over Commonwealth funding and the context of the government's objectives in higher education;
- Strategic discussions over prescriptive 'compact' documents would enable a more diverse range of strategies and ensure that all universities are not chasing the same targets/objectives.

The current compact process has recently concluded and the next phase would not start until 2014 so there is a window for action prior to the start of the next compact process/cycle.

The ATN recommends that the Commission of Audit seek the replacement of compacts with strategic bilateral discussions between universities and the Federal Government ahead of the next compact cycle.

## **2. Public investment in universities:**

The need for efficiencies across all government expenditure is well understood by the ATN. However, the case of maintaining current levels of investment in universities is a compelling one.

As an indication of the effectiveness of government investment in universities, the ATN supports modelling by the Australian Workforce Productivity Agency (AWPA) in its *Future Focus 2013 National Workforce Development Strategy*. The Strategy states that an extra \$1 invested in tertiary education would on average grow the economy by \$26 by 2025 from "increases in employment, participation and output." The AWPA has called for a \$2.1 billion increase in investment in tertiary education above treasury projections to GDP by \$54 billion per annum and tax revenue by \$16 billion by 2025.

This modelling by the AWPA, which is an independent statutory body, should be considered by the Commission of Audit as evidence of the opportunity cost to the Australian economy and tax revenue base should there be further cuts to universities.

The ATN recommends that Commission of Audit seek to maintain current levels of public investment in Universities.