

IRU briefing

25 March 2019

Demand Driven Funding: A decade of achievement

Introduction

Ten years ago in May 2009, the then Government's [2009 Federal Budget](#) announced the uncapping of the number of funded places for undergraduate study. The uncapping of places became known as the "demand driven" system of higher education funding.

The demand driven system ended in late 2017 when the Commonwealth Grant Scheme was frozen at 2017 levels, effectively capping the number of students that can now enrol.

The Innovative Research Universities (IRU), a network of seven comprehensive Australian universities, has reflected on the 10 years since the introduction of demand driven funding to publish a paper outlining its key achievements.

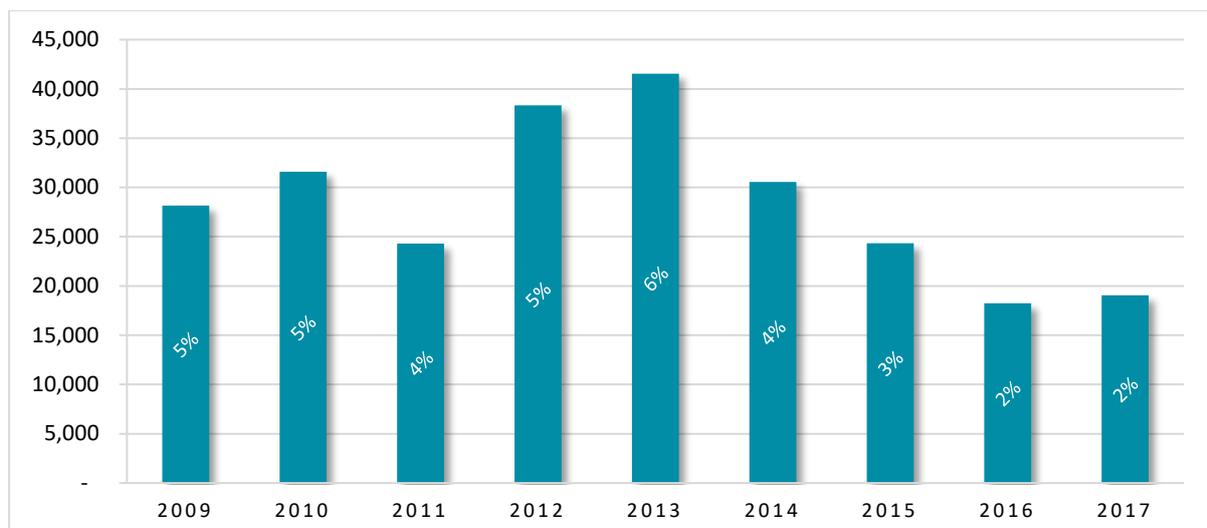
A summary of the IRU's analysis can be found in the following pages, highlighting five facts about the demand driven system.

The full paper, Impact of the Demand Driven System, can be read on the IRU's website at iru.edu.au/policy-positions.

1. More Australian students went to university

The number of Australian students going to university increased by 227,908 (35%) under the demand driven system between 2009 and 2017.

Annual growth in Australian undergraduate students, 2009 to 2017



Source: uCube, Department of Education

iru.edu.au

Domestic undergraduate enrolments increased steadily at 4-6 percent annually from the announcement of demand driven funding, peaking in 2013 as the system absorbed previously unmet demand.

The risks to Government outlays from rapid growth in the number of students then ceased. The second period from 2014 onwards saw expansion continue but at a declining rate, dropping to 2 percent in 2017, the last year with full-year data.

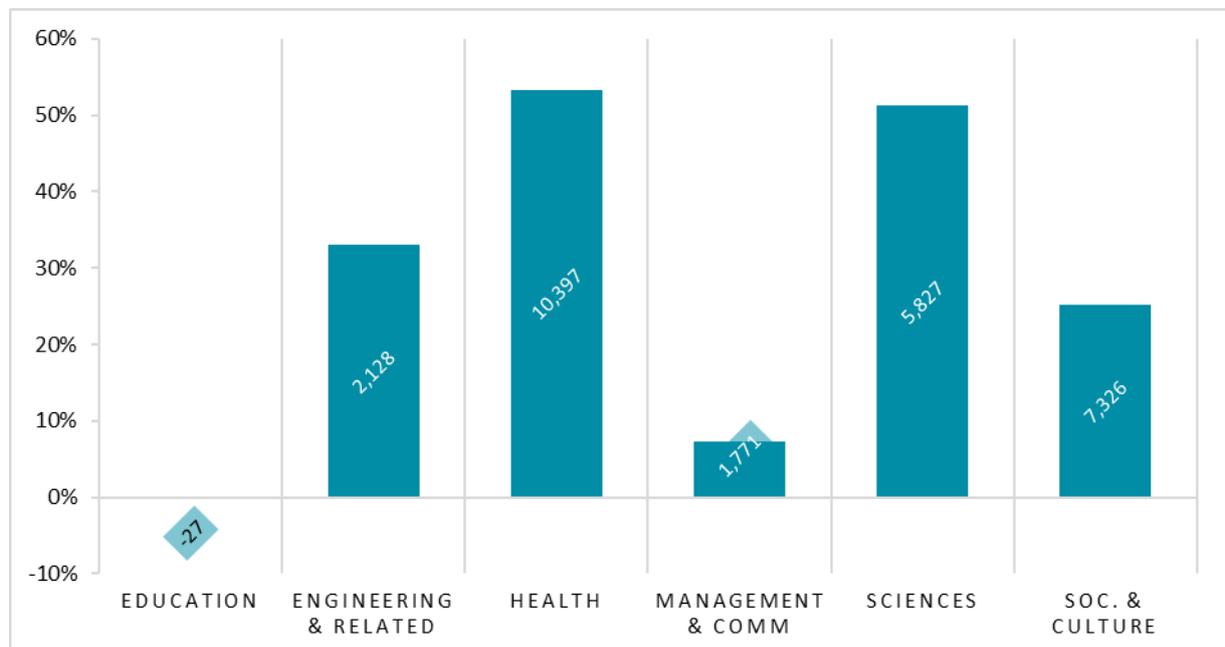
The cap on Commonwealth Grant Scheme funding since 2018 means universities will steadily reduce the number of students enrolled to avoid allowing the investment per student to drop below the level needed for quality student learning. Universities will not be able to meet the 2020s bulge in young people completing school.

2. The biggest increase was for science and health courses, not law and arts

The additional students flow through into additional graduates. The number of graduates grew 27% between 2009 and 2017 from 122,548 to 155,784.

Despite public perceptions to the contrary, the additional graduates are much more likely to have degrees in health sciences and science and technology than business, law and arts degrees.

Growth in Australian undergraduate student completions 2009 – 2017 by discipline



Source: uCube, Department of Education

- Health completions increased by 53%, or from 19,483 in 2009 to 29,880 in 2017. Health had the greatest proportional and aggregate increase in completions over this period.
- Science completions increased by 51%, from 11,355 in 2009 to 17,182 in 2017.
- Engineering completions increased by 33%, or from 6,428 in 2009 to 8,556 in 2017.
- Information Technology completions increased by 39%, or from 3,159 in 2009 to 4,405 in 2017.

By contrast there was

- 7% growth in management and commerce from 2009 to 2017 from 24,197 to 25,968, and
- 25% growth in Society and culture from 2009 to 2017 from 29,012 to 36,338.

The CGS funding freeze prevents the trend towards health and science from continuing and instead incentivises growth outside science and health fields, given the Commonwealth contribution amounts are smaller in fields such as commerce and humanities.

As the IRU states in the full analysis paper:

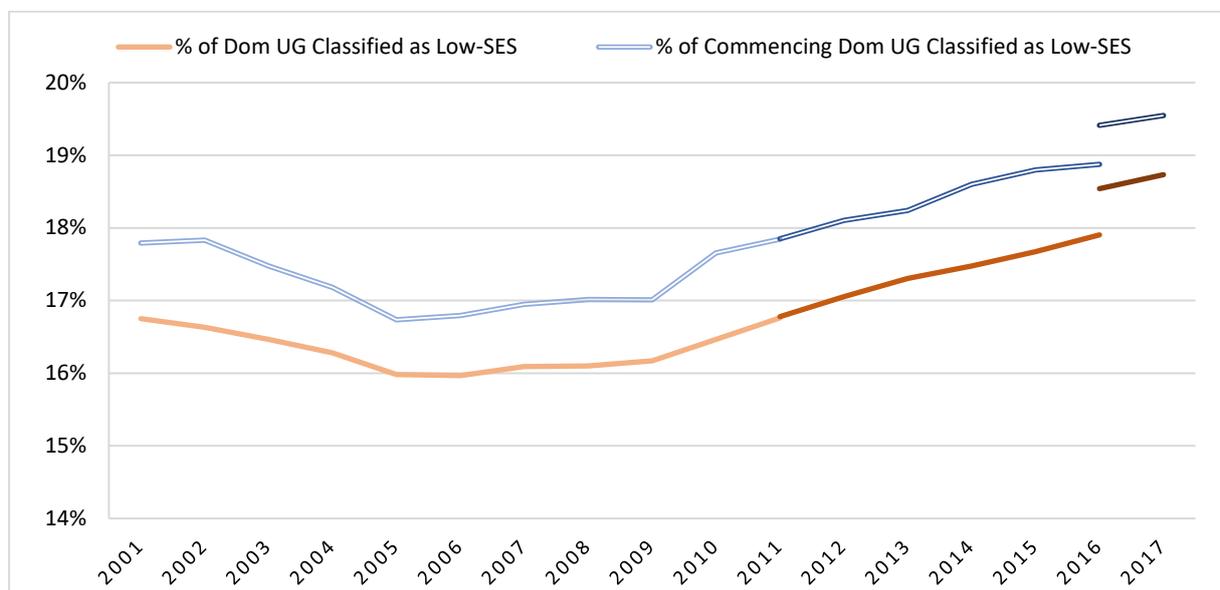
“This growth trend is evidence that the demand driven system was generally working effectively. It did not imbalance the system or create perverse outcomes. Growth in STEM was achieved through an alignment between university supply and demand from students as a discipline of choice.

“It undermines the constant assumption that demand driven funding (and its potential reintroduction) incentivises expansion only in low cost or high charge courses, such as law and business. This remains a constant refrain despite the lack of evidence.”

3. Students from Low socioeconomic backgrounds more likely to enroll

The proportion of students from low socioeconomic (low SES) backgrounds grew consistently under demand driven funding, such that since 2012 low SES enrolments have been higher than any point earlier in the century, reaching nearly 19 percent of all undergraduates in 2017.

Percentage of all domestic undergraduate students from low SES backgrounds, 2001 to 2017



Source: Department of Education Statistics. There were changes in the classification of postcodes by SES in 2017 leading to a slight inflation of previous figures for recent data.

An additional 54,983 low SES undergraduate students enrolled between 2009 and 2017, marking 19 percent of all enrolments. This is almost at the point of socioeconomic parity.

IRU members have been crucial to the growth in low SES student numbers. Consistent with our commitment to inclusive education, IRU members focus on encouraging students from all backgrounds with well-designed programs to attract and support them.

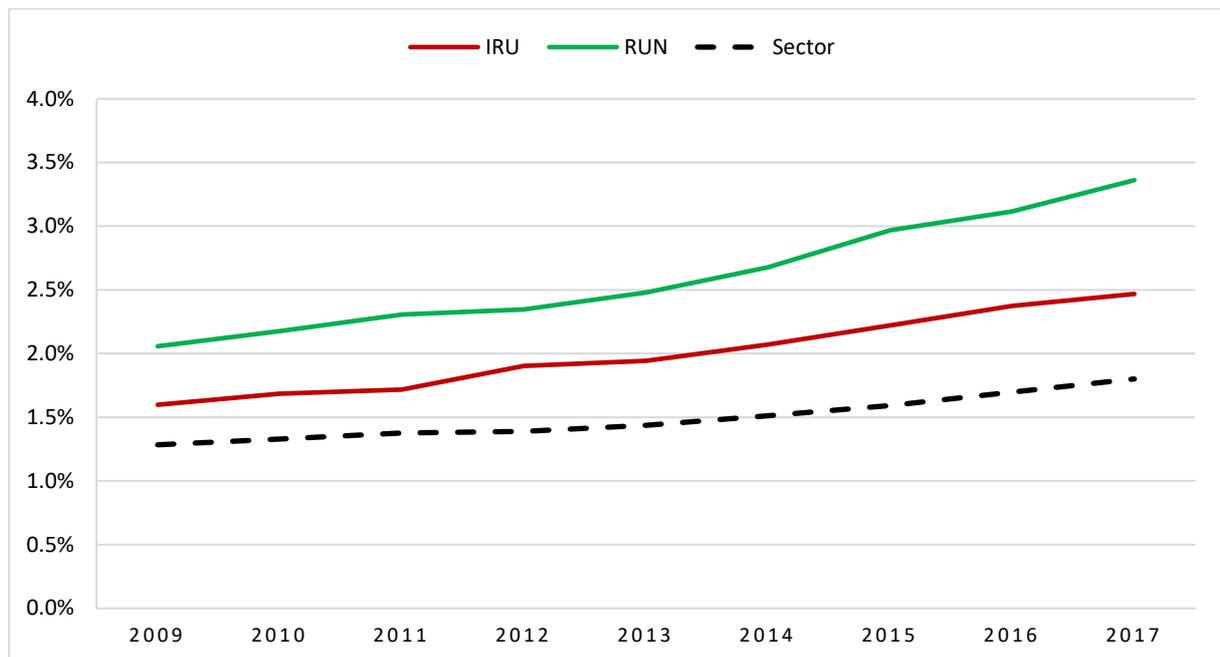
Between 2009 and 2017 IRU members enrolled an additional 30,829 Australian undergraduate students. This has raised the proportion of low SES students in IRU member universities from 19 percent to 25 percent.

Members of the Regional University Network and other universities located outside the inner cities have also had strong growth in the number and proportion of low SES students.

4. The number of Aboriginal and Torres Strait Islander students almost doubled

Aboriginal and Torres Strait Islander undergraduate enrolments grew at a far greater rate than other groups under a demand driven funding system, almost doubling between 2009 and 2017 (compared to a 35 percent increase across all students). 6,878 new Aboriginal and Torres Strait Islander students began university during this time, pushing up participation from 1.3% of all students to 1.8%. This is still well short of the benchmark of the proportion of Aboriginal and Torres Strait Islander people in the Australian working age population of 2.6%.

Proportion of Aboriginal and Torres Strait Islander students, 2009-2017



Source: Selected Higher Education Statistics

Aboriginal and Torres Strait Islander students accounted for 3.2 percent of the overall growth in student numbers across the sector, including 5.3 percent of the overall growth at IRU institutions.

This is a significant proportion, particularly when considered in relation to the performance of other groupings of higher education providers in this area. It is one of the most significant outcomes of demand driven funding.

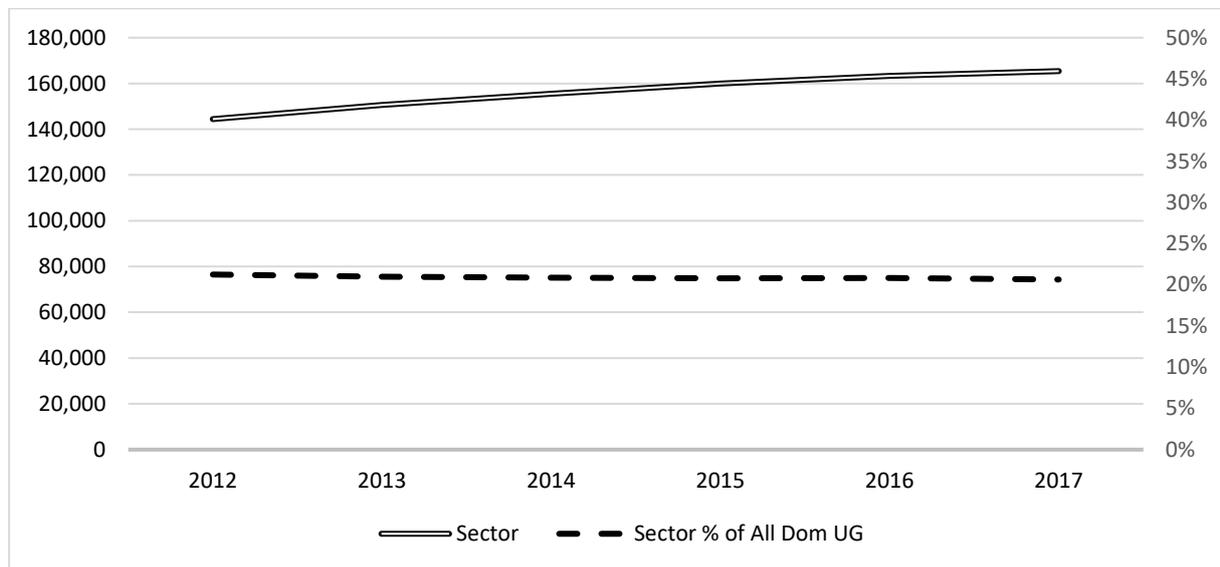
5. The number of regional and remote students increased but slowly

The outer metropolitan location of IRU members positions them as important tertiary education providers to students coming from regional and remote areas in Australia.

The demand driven funding system saw an increase in students from regional and remote areas from 144,419 in 2012 to 165,387 in 2017. However, whereas the demand driven system saw steady increases in the proportion of students from low SES and Aboriginal and Torres Strait Islander backgrounds, the proportion of students from regional and remote areas has drifted backwards from 21.3 percent to 20.6 percent.

Further initiatives are needed to ensure participation matches those of people from the major cities.

Number and proportion of Regional & Remote students, 2012 to 2017



Source: Selected Higher Education Statistics

Find out more

For more detail, read the full IRU paper at iru.edu.au/policy-positions.

IRU contacts

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About the IRU

The IRU is a network of seven comprehensive universities committed to inclusive excellence in teaching and research in Australia. Its members are Charles Darwin University, Flinders University, Griffith University, James Cook University, La Trobe University, Murdoch University and Western Sydney University.