

The Australian

Case for private places

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THE commonwealth may find itself 100,000 places short if it relies only on public universities to reach its target for more graduates by 2025.

A study by Access Economics, done for the private provider lobby, estimates 639,000 places will be needed by 2025 to meet the official target.

The government wants 40 per cent of 25 to 34-year-olds to have at least a bachelor's degree by then.

It has provided an extra 80,000 places for a new funding system driven by student demand. But Access says growth in the public university offering is likely to reach only 531,000 places by 2025, 108,000 short of what may be needed.

Andrew Smith, chief of the Australian Council for Private Education and Training, which commissioned the report, said the idea was "to open a conversation with the government" about giving private higher education access to federal teaching subsidies.

Even with these subsidies, private higher education would represent cheaper places for the government, as the private sector meets its own capital works and maintenance costs, the Access report says.

Mike Thomas, from Access, said the report weighed options open to the government for reaching the target: "It can fund the whole thing itself, which could be a quite expensive exercise, or it could give some incentives to the private sector to create more spaces".

If all extra places needed to meet the government's participation target were supplied by public universities and funded from the public purse, it would cost \$6 billion for every 100,000 students, or 0.5 per cent of gross domestic product, according to Access estimates.

The report says the number of extra places needed to meet the target is "extremely uncertain" and admits its own estimate is "simplistic".

A spokeswoman for Education Minister Julia Gillard said "early indications suggest these changes [to do with new, student-driven funding] will put us on track to achieve our target."

Although the government would consider extending the new funding model to private providers come the new tertiary regulator, "there are no plans of this nature in the foreseeable future," she said.

The consultants stress the capacity for rapid growth in private higher education and its ability to respond quickly to swings in demand.

Peter Ryan, a tertiary education consultant, said growth in the number of new providers in the so-called non-self accrediting category had slowed.

In 2005, he said, there were 13 new providers; 15 in 2006; seven in 2007; one in 2008; and five in 2009.

"The sector is growing but it's not about more players coming into the marketplace," Dr Ryan said.

Having absorbed smaller providers, groups such as Navitas, Kaplan and Think/Seek had the scale to cover compliance costs and to expand further, he said.

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