

# APPENDIX B

## Sector context

### The sector at a glance

Victoria's public university sector is made up of 8 universities and the 40 entities they control. Together, they deliver higher education and conduct research from a range of campuses across the state.

Victoria's 2 largest universities—Monash University and The University of Melbourne—are members of the Group of 8, a body of Australia's leading research-focused universities.

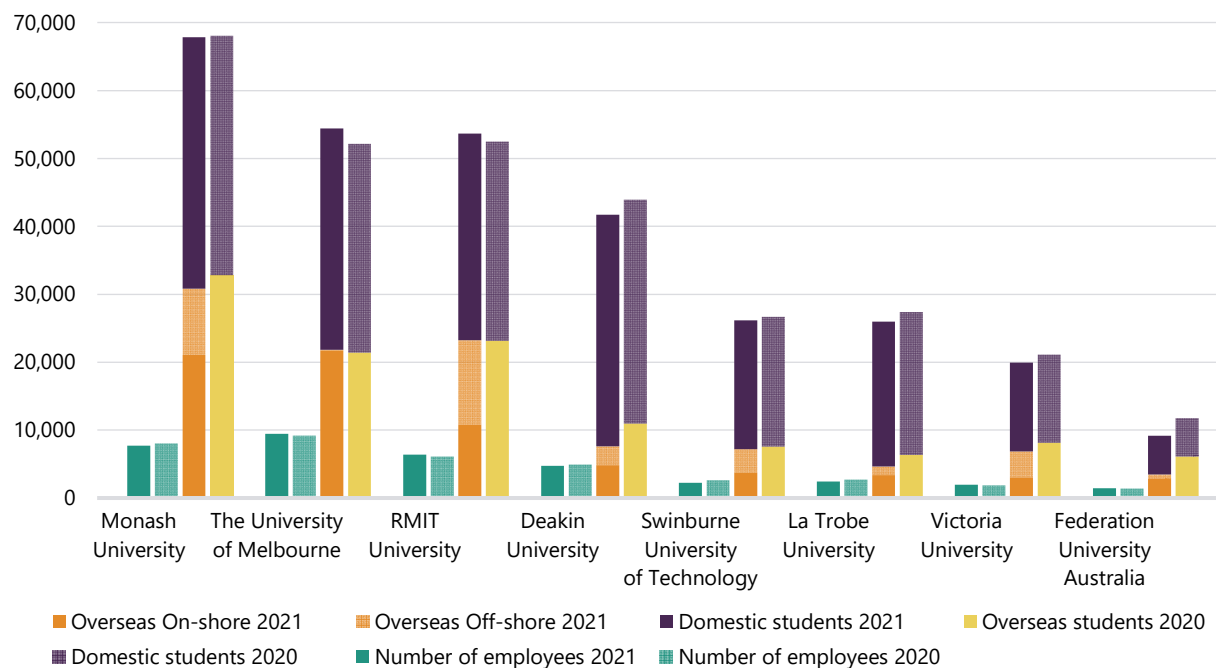
Private universities (such as the Australian Catholic University, the University of Divinity, the Australian National University and Torrens University), and other universities that are controlled by the Commonwealth and other states are excluded from this report.

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### Universities by size (student numbers)

Student numbers are measured by equivalent full-time loads (EFTSL). One EFTSL represents an individual student studying full-time for a full year.

FIGURE B1: Universities by full-time equivalent student and staff numbers (year ending 31 December 2021)



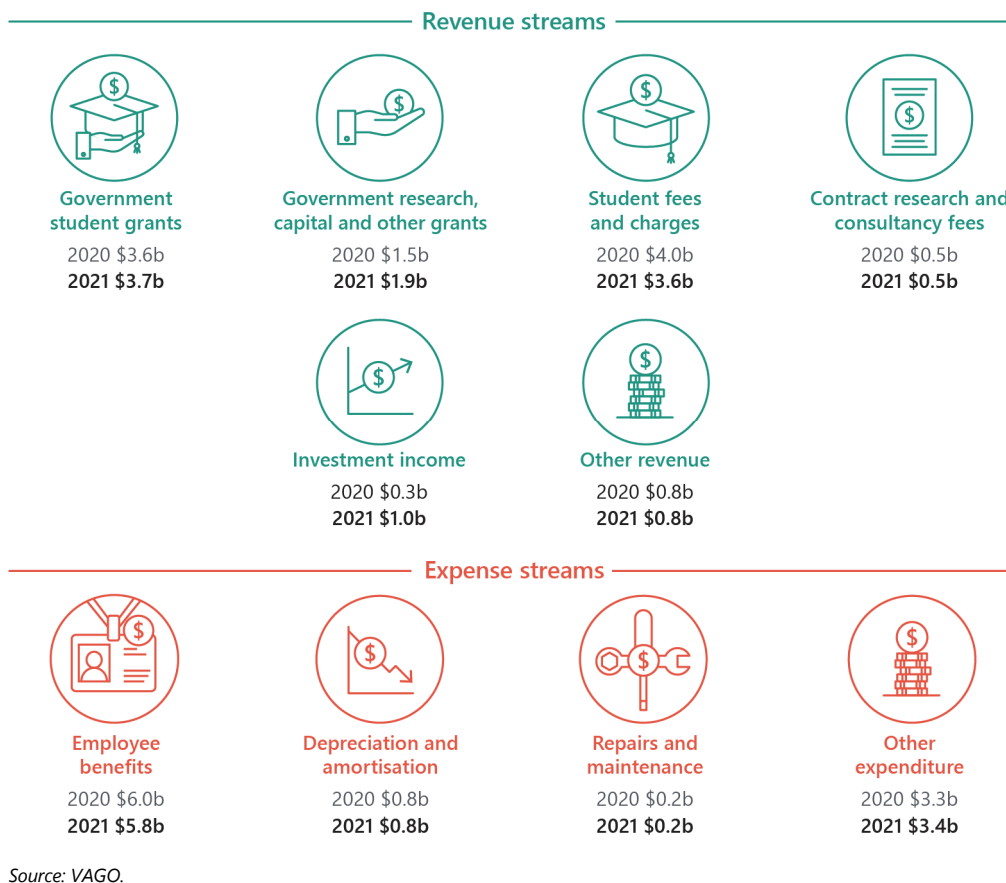
Note: Overseas students for 2020 includes both onshore and offshore student loads. Where relevant, EFTSL excludes vocational education student loads. Number of employees includes Full time, part time and casual academic and non academic staff.

Source: VAGO.

## The university sector's financial model

### Revenue and expense streams

FIGURE B2: **Key revenue and expense streams showing 2020 and 2021**



Source: VAGO.

### Sector revenue streams

The university sector's revenue comes from:

- Australian Government student funding (based on student numbers)
- student fees and charges
- other grants (government and private), including research and capital
- fees for contract research and consultancy
- investment income from its significant cash and financial investments
- other revenue.

Most of the sector's assets are the property, plant and equipment it needs to deliver its services.

## Sector expenditure streams

The sector's expenses come from:

- employee salaries, wages and benefits
  - depreciation and amortisation
  - repairs and maintenance
  - other expenditure.
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## Legislative and financial reporting framework

### Applicable Victorian Acts

In Victoria, public universities are established by their own respective enabling legislations. The *Financial Management Act 1994* (FMA) therefore defines them as public bodies, and they must comply with its requirements for preparing financial reports.

However, since the State of Victoria does not control the universities, the state's annual financial report does not include their financial results.

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### Commonwealth Acts

Universities are registered with the Tertiary Education Quality and Standards Agency and therefore regulated by the *Tertiary Education Quality and Standards Agency Act 2011* (TEQSA Act).

Universities receive most of their grant funding from the Australian Government and fall within the scope of any legislation associated with this funding, including the *Higher Education Support Act 2003* (HESA Act).

The TEQSA and HESA Acts, and many of their funding agreements that underpin the money universities receive for research and other purposes, also impose financial reporting requirements on universities in addition to the requirements of the state-legislated FMA.

The *Financial Statement Guidelines for Australian Higher Education Providers*, which all universities follow, outline the requirements these 2 Acts prescribe.

The Commonwealth instructs universities to include some of these reporting requirements in their financial reports. This means universities' financial reports contain disclosures that are not usually found in general-purpose financial reports.

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### Universities with charity status

Many universities and their controlled entities are also registered charities with the Australian Charities and Not-for-profits Commission. This means they have further reporting obligations under the *Australian Charities and Not-for-profits Commission Act 2012*.

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## Controlled entities

Entities universities control do not automatically fall within the scope of the FMA, but their parent entity's enabling legislation may require them to produce financial reports in a form the Assistant Treasurer administering Part 7 of the FMA approves.

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