

Questions on Notice – The University of Newcastle

Senator Bridget McKenzie

- 1. Can you please break down your annual reports to a granular level so I can understand your teaching costs per student, including associated teaching expenses and marketing?**

Teaching costs at UON were \$456 million in 2016, representing an average cost of \$19,405 per Equivalent Full Time Student Load (EFTSL). These costs included a total of \$3.7 million on marketing and advertising (including international marketing).

UON notes that, in its submission to this Inquiry, Universities Australia presented the findings of its 2016 review, which found that the cost of teaching consumes on average 91 per cent of universities' base funding.

- 2. Please provide a detailed summary of the remuneration structure for the Vice-Chancellor of your institutions.**

The base salary in 2016 for Professor Caroline McMillen, Vice-Chancellor and President, University of Newcastle, was \$717,277, which is less than 0.1 per cent of UON's total revenue for 2016. Other components included employer superannuation (\$104,029), vehicle allowance (\$20,009), and leave loading (\$1,524).

Senator the Hon Jacinta Collins

- 1. What is your assessment of the impact of the cuts in this bill to your university over the next four years?**

The proposed efficiency dividend – including the lower base funding amount from 2020 - will remove \$100 million from UON's capacity to invest in students, staff and facilities between 2019 and 2029. In combination with the measures relating to enabling programs, which UON estimates will have a further impact of around \$79 million, and the long-term uncertainty created by the proposal to withhold 7.5 per cent of university funding, these cuts will have substantial flow-on effects to the students, staff and communities in the cities and regions that UON serves.

- 2. Can UoN elaborate on your evidence about the impact of fees will have to your enabling cohort?**

As outlined in our submission and in the evidence provided to the Inquiry, UON is very concerned that the proposed introduction of a fee for enabling programs of \$3,271 from 2018 will substantially impact students in our regions, which is characterised by socio-economic disadvantage as well as lower levels of higher education participation.

Given the significantly higher representation in UON's enabling programs of students from low socio-economic status (SES) backgrounds, as well as other equity groups such as Indigenous, mature-age and first in family, the proposed changes – which result in modest savings for government – may

have major unintended consequences on the continued participation in higher education of these underrepresented groups.

While the income-contingent nature of the repayments may mitigate some of the impact of this change – and the University of Newcastle notes the evidence given to the Committee by Professor Bruce Chapman in this regard – there is limited formal research on debt aversion among enabling cohorts, in part because these courses have historically been free of charge for students. However, a national survey of more than 2,500 enabling and VET students at 11 universities undertaken in 2016 by the National Centre for Equity in Higher Education identified that almost two-thirds of the enabling students surveyed stated that the free or low cost nature of the pathway was a factor that influenced their decision-making ‘quite a bit’ or ‘very much’.

We also note that in research published in 2017, Professor Clare Callender of Birkbeck and the University of London’s Institute of Education found that ‘lower-class’ students were far more likely than students from other social classes to be deterred from applying to university because of fear of debt.

The UK experience following the introduction of a \$9,000 fee cap bears this out, particularly for part-time and mature-age students. The report of the Independent Funding Panel in 2015 found a sharp decline in part-time and mature student entrants to higher education following the introduction of higher fees and changes to financing. The Sutton Trust also highlighted a ‘significant and sustained fall in part time students and mature students’ as a result of the fee reforms, threatening both social mobility and economic performance.

While numbers of mature student entrants recovered to some extent, part-time students remain substantially lower. The Higher Education Statistics Agency reports that part-time student numbers in England have fallen 56% since 2010, declining from 243,355 in 2010-11 to just 107,325 in 2015-16.

It appears to UON that there is not yet a clear evidence base upon which to implement a policy which could deter those students for whom entry to universities has the potential to transform their future and that of their families.

3. Can UoN elaborate on your evidence about the tendering proposal for enabling courses?

UON’s concerns in relation to the proposal for enabling places to be distributed by competitive tender are twofold. Firstly, without principles for the tendering process it is possible that the distribution may not appropriately reflect the needs of students in regions such as those UON serves, which have lower levels of higher education participation and are experiencing economic transition.

We are also concerned that the tendering process may allocate places away from institutions with a strong equity mission and track record of success in supporting underprepared students, to private providers who may not have either this mission or prior performance.

It is important that changes to the distribution of enabling places do not inadvertently impact the capacity of students in regions to participate and succeed in higher education, and UON urges that universities with experience such as UON play a key role in defining policy structures for enabling and sub-bachelor programs moving forward.

4. Does the University of Newcastle consider sub-bachelor places an adequate substitute to enabling load?

As highlighted in our submission, UON strongly supports the extension of the demand-driven system to sub-bachelor programs such as diplomas and associate degrees. However, we are clear that these programs form only one pathway to university study that will not be appropriate for all students. Any measures to expand access at sub-bachelor should ensure that specialised support remains available for those students whose preparation for university may not meet the threshold for entry into a diploma.

UON estimates that, given previous levels of educational attainment and the time elapsed between previous studies, the proportion of current UON enabling students who would meet the AQF 5 threshold for diploma level study could be as low as 40 per cent. This is because admission onto a diploma level 5 qualification assumes a set of skills these students did not gain in school (due to interrupted or foreshortened secondary education) or have not used for many years. In addition, the compressed study period for a diploma may not enable them to develop the skills and confidence required for success in higher education.

Bridging this preparation and skills gap to ensure students succeed at university requires specialised support through enabling programs, into which universities such as UON have invested substantial time and resources over decades. In this context, we recommend that it is recognised that enabling programs meet the needs of different student cohorts.

5. What is your assessment on the regulatory impact of this bill?

The regulatory impact of the proposed reforms will be shaped by the way the Department of Education and Training and key agencies, including TEQSA, design and implement such regulation, and UON notes the importance of consultation with the accompanying Guidelines to the Bill. Until more detail on the approach to be taken is available it is difficult to assess the impact with certainty; however, we do anticipate that some of the measures proposed may see reporting or registration activities introduced that would have resourcing implications for universities.

Reforms likely to have most significant impact include additional reporting relating to “performance contingent” funding. UON recognises that TEQSA applies appropriate rigorous regulatory control and that university performance in all areas is already measured and reported on. It is difficult to determine what additional advantage can be gained for an Australian higher education system which is consistently recognised as one of the top systems in the world through an imposition of further regulatory and performance measures.