

Vice-Chancellor and President

Professor Peter Høj
MSc PhD DUniv FTSE

20 February 2015

Secretary
Senate Education and Employment Legislation Committee
E: eec.sen@aph.gov.au

Dear Ms Agostino,

Thank you for the opportunity to make a submission to the Education and Employment Legislation Committee regarding the provisions of the Higher Education and Research Reform Bill 2014.

The University of Queensland's fundamental position remains unchanged from our submission of 22 September 2014, which is attached for your reference. We would, however, like to add additional comment on amendments to the original bill:

1. **Schedule 1 Part 4 Amendments of Guidelines [PP54]** provides that domestic students are not charged more than international students for a comparable unit of study. We are supportive of the intent of this amendment but are concerned with the proposed administrative approach. **Attachment A** to this letter details our concerns.
2. **Schedule 3 Indexation of HELP debts [PP61]** provides for a five-year moratorium on indexation of HELP debts for primary carers of children under 5 and who are earning less than the minimum threshold. UQ welcomes the government's decision to remove disincentives and obstacles to further education for women. Such a move acknowledges the gender gap in reported earnings and shows a fair and reasonable approach to difficult reform.
3. **Schedule 8 Indexation of Amounts [PP81]** provides for the retention of the All Groups Consumer Price Index (CPI) indexation against student HELP debts. UQ welcomes the government's decision to support students' long term financial situation. This measure will allow all Australians who have a capacity to benefit from higher education to do so and represents an equitable sharing of the costs of higher education between student and taxpayer.
4. **Schedule 9A Higher Education Participation Programmes [PP87]** provides for the introduction of three scholarship programmes targeted at increasing access and participation by students from disadvantaged backgrounds. The proposed restructure of HEPP to create a Scholarship Fund that complements the Commonwealth Scholarship Scheme (CSS) to support regional providers is supported

VICE-CHANCELLOR, THE UNIVERSITY OF QUEENSLAND.

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I trust that these comments will be useful to the Committee and look forward to working with the Government to build a truly world-class higher education system.

Yours sincerely

Professor Peter Høj
Vice-Chancellor and President

Attachments: Attachment A – referred to in point 1
Previous submission dated 22 September 2014

D15/3717-1

Attachment A: Concerns with the administrative complexity of proposed Clause 9.5.1 in the Commonwealth Grant Scheme Guidelines

The University of Queensland notes that the HERR Bill includes a proposal to introduce a new chapter to the Commonwealth Grant Scheme (CGS) Guidelines titled 'Conditions relating to tuition fees for overseas and other non-Commonwealth supported students'. Within this chapter it is proposed to include the following Clause 9.5.1 :

The tuition fee for a person who is not a Commonwealth supported student for a unit of study must not, except in exceptional circumstances, be less than the sum of:

a) the highest tuition fee that the provider would charge a Commonwealth supported student for the same or a comparable unit; and

b) the Commonwealth contribution amount under section 33-10 of 28 the Act for the same or a comparable unit

The University of Queensland is supportive of the intent of this clause. We believe it is appropriate that there are guidelines to ensure that Universities do not use fee deregulation to generate revenue from domestic students that is over and above what is generated for an international student for an equivalent service/product. However, the application of the ruling at the unit of study level will be administratively complex and creates unnecessary restrictions in the way fees are charged.

From 2016 onwards, the University of Queensland will charge international students a fee based on their course enrolment rather than their unit enrolment. This will enable us to provide students with clear information upfront as to the cost of their degree without the student needing to know in advance which units/majors they will undertake within their degree. A course fee approach is also based on the principle that employment opportunities and outcomes are tied to the award that a graduate receives rather than the individual units that they complete. In a deregulated environment we believe that having the flexibility to price degrees in a way that reflects graduate outcomes is important and that this can best be achieved by setting fees at the course level rather than at the unit level.

Clause 9.5.1 will not allow for this level of flexibility and may also force us to move back to unit based fees for international students.

Course and unit offerings are structured in such a way that students regularly enrol in units with students from a range of different courses. It's not uncommon for Arts degree students to enrol in units with Engineering students or Law students. This occurs as a result of efficiencies that are built into the way we deliver our teaching but also occurs because we encourage students to build breadth into their studies through a broad range of electives or through options for majors.

Under the proposed legislation, the highest funding tier will provide university's with a government contribution of \$18,067 per full time student (tier 5). The second highest tier will provide \$12,045 (tier 4). UQ's lowest international fee in 2016 is \$26,500 for those who enrol in the Bachelor of Arts. Under clause 9.5.1, if any of the Bachelor of Arts international students enrol in a tier 5 unit (e.g. an Agricultural Science unit – it's rare but it does occur) or a tier 4 unit (e.g. psychology which is very common among Arts degree students) the maximum that we will be able to charge domestic students for those units will be \$8433 or \$14,455 respectively.

As a reference point, The University of Western Australia (UWA) have already announced course fees that are higher than this (a flat fee of \$16,000 for every undergraduate course) and the proposed domestic fee announced by Queensland University of Technology for their Arts/Law course is very close to this maximum amount (\$14,272). If UWA go ahead with their proposed fee it is likely they will be in breach whenever a low fee international student enrolls in a unit within funding tier 4 or 5.

Additionally, the 'break-even' fee for Agricultural Science to compensate for the proposed funding cut is \$12,840 so this clause would result in UQ losing domestic CSP income in this discipline if we could only charge domestic students \$8433.

We would therefore strongly recommend that a more flexible approach be taken to assessing whether or not the income received for a domestic student (made up of government and student contributions) exceeds that received for an international student.

Vice-Chancellor and President

Professor Peter Høj
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22 September 2014

Secretary, Senate Education and Employment Legislation Committee
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Thank you for the opportunity to make a submission to the Education and Employment Legislation Committee regarding the provisions of the Higher Education and Research Reform Amendment Bill 2014. The University of Queensland is in support of the Group of Eight (Go8) submission. However, we make the following additional comments.

The University of Queensland is constrained in its ability to run a world class university on the funding available through tuition fee income set at the current levels. This is especially so because research funding in Australia has been severely impacted in real terms, including from the reduction in the deferral of growth in block funding. As a result, research intensive universities are required to cross-subsidise research activity from tuition fee income.

Most research intensive Australian universities have now arguably reached capacity in terms of size. Currently, we support domestic students and our research effort through the fees paid by international students (eg \$30K + for international students vs \$12K for domestic students in Business, Economics etc). In the absence of deregulation, it is likely we would have to prioritise access of international students over that of domestic students in order to stay world-class. This is partly because available physical capacity now is used fully and additional growth without capital for infrastructure is not possible. It is not unthinkable that research intensive universities will consider moving from international students being additional to domestic students to a situation where they would be higher yield alternatives to domestic students. Without fee deregulation we could therefore see a situation where we deprive Australians the right to access services they are prepared to pay for.

Yours sincerely

Professor Peter Høj
Vice-Chancellor and President

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