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REF: DVCA/Correspondence/

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Dear Committee Secretary

**Higher Education Support Amendment
(Job-Ready Graduates and Supporting Regional and Remote Students) Bill 2020**

Thank you for the opportunity for The Australian National University (ANU) to provide additional information to the Education and Employment Legislation Committee.

Please find below our response to the additional questions on notice received 19 September 2020.

Question 1:

Please provide modelling of the impact of the JRG package for your institution from 2021 to 2025:

- Taking into account only the elements in the legislation under consideration
- Taking into account the full JRG package

The table below splits the University's expected revenue from the Job Ready Package into two groups:

- Items the University believes are in the exposure draft *Higher Education Support Amendment (Job-Ready Graduates and Supporting Regional and Remote Students) Bill 2020*, including revenue from student contributions; Commonwealth Grant Scheme (CGS); medical funding; medical student loading; Indigenous demand-driven growth.
- Items the University believes are enabled through the *Higher Education Support Act 2003* with amounts allocated through Guidelines or by the Minister, including revenue from NPILF; National Institutes Grant; IRLSAF; high metro campus growth in CGS; HEPPP; transition funding.

ANU Expected Revenue	2021	2022	2023	2024
Legislated In Package (funding floor, excludes Medicine)				
Student Contribution Revenue	\$ 66,891,823	\$ 71,989,128	\$ 76,054,437	\$ 79,298,854
Commonwealth Grant Scheme Revenue	\$ 68,682,641	\$ 64,348,091	\$ 60,720,391	\$ 57,730,669
Medical Funding	\$ 9,720,000	\$ 9,943,560	\$ 10,172,160	\$ 10,385,640
Indigenous Demand Driven Growth	\$ 206,693	\$ 182,444	\$ 165,243	\$ 153,491
<i>Subtotal in Legislation</i>	\$ 145,501,157	\$ 146,463,223	\$ 147,112,231	\$ 147,568,654
 In Package Enabled by Legislation (guidelines/ministerial discretion)				
NPILF	\$ 3,250,000	\$ 3,324,750	\$ 3,401,219	\$ 3,472,645
National Institutes Grant	\$ 211,000,000	\$ 214,000,000	\$ 217,000,000	\$ 219,200,421
High Metro Campus Growth in CGS	\$ 1,630,023	\$ 4,437,445	\$ 7,875,430	\$ 11,642,712
HEPPP	\$ 129,623	\$ 259,478	\$ 392,024	
Transition Funding	\$ 14,447,441	\$ 9,212,722	\$ 3,706,115	
<i>Subtotal in Package but amounts not leg</i>	\$ 230,457,087	\$ 231,234,395	\$ 232,374,789	\$ 234,315,777
Total Package Funding	\$ 375,958,244	\$ 377,697,618	\$ 379,487,020	\$ 381,884,431

Question 2:

According to the Department's calculator, what will be the funding cut for Universities in 2024 compared to 2019 due to the cluster funding changes?

The Australian National University cannot comment on overall sector modelling.

The University received modelling only for ANU from the Department of Education, Skills and Employment on the 15 September 2020. The Department has scheduled a meeting for 25 September 2020 to explain how this modeller works for the sector. Given this meeting is after the date on which these answers are due, the University has made best efforts to correctly interpret the Department's modeller.

In reaching our answer to this question, the University has sought to compare our 2019 funding agreement to the 2024 estimate from the Department. To provide an equivalence between 2019 and 2024, we have indexed our 2019 funding agreement amounts into 2024 equivalent dollars (using the Department's published rates).

We estimate the variance in total maximum basic grant amount (MBGA) funding between 2019 (\$80,106,744) and 2024 (\$70,836,681) will be \$9,270,063 if all elements of the package are included.

Following our analysis, the University will be seeking further guidance from the Department on the following assumptions in its model:

- The Department's modelling utilises an assumption of a retention rate of 75%. The University's actual retention rate is around 84% due to our high proportion of double degree enrolments.
- The Department has identified only one ANU degree for inclusion as a Professional Pathway Psychology (56.6 Equivalent full-time student load (EFTSL)). The University currently has seven undergraduate courses of study (312 EFTSL) accredited with the Australian Psychology Council that form part of a psychology sequence pathway to provisional registration.
- The indexation rates adopted by the Department appear to be pre-COVID and do not match the Reserve Bank of Australia's current forecasts.
- The basis for the Department's calculation of the ANU Old CGS equivalent provided in its model.

Question 3:

According to your own modelling, what will be the funding cut for universities in 2024 compared to 2019 due to the cluster funding changes?

Prior to receiving the modeller from the Department, the University had developed its own internal revenue projections to support the University's Financial Health Strategy 2021 – 2023. However, to assist with comparability for the committee, the University has attempted to use the Departments modeller and assumptions where practical in this response, but as a result the estimates in this paper are not comparable to other information currently available on the University's ANU Recovery website.

The University has updated the following assumptions in the Departments modeller:

- 2019 designated and non-designated EFTSL with 2024 indexed rates.
- Adjustment of retention rate to 84% for both non-designated and the additional places calculation.
- Inclusion of psychology load under all accredited courses as professional pathway.

Following the update of the aforementioned assumptions the model produces the following summary result for The Australian National University. Utilising a total base MBGA plus supplementary amount of \$80,106,744 in 2019, the below table calculates a reduction in revenue in 2024 of \$22,222,584 for total base MBGA, and \$7,107,227 if the whole package (base MBGA plus supplementary) is considered.

	FA 2019 (2019 rates)	FA 2019 (indexed to 2024 as per calculator draft)	2024 ANU Estimate
Non-Designated Base MBGA	\$ 72,811,051	\$ 77,806,884	\$ 56,167,097
Designated Base MBGA (excl Medicine)	\$ 2,115,195	\$ 2,299,860	\$ 1,717,063
TOTAL Base MBGA	\$ 74,926,246	\$ 80,106,744	\$ 57,884,160
Supplementary amount (additional places, NPILF, HEPP, transition fund)			\$ 15,115,357
TOTAL Base MBGA plus supplementary	\$ 74,926,246	\$ 80,106,744	\$ 72,999,517
Variance 2019 to 2024 Base MBGA			-\$ 22,222,584
Variance 2019 to 2024 Base MBGA plus supplementary			-\$ 7,107,227
Medical Load Funding	\$ 8,492,400	\$ 9,233,820	\$ 10,385,640

Question 4:

Please provide modelling on the impact on the fees paid by women students and indigenous students, based on your most recent enrolment data.

The following table provides an estimate of the differences per EFTSL between the old and new rates of the student contribution by gender and Indigenous status based on the University's current 2020 enrolments as at 14 September 2020, using \$ (2021) as provided by the Department.

Average Student Contribution Paid per EFTSL

	Current	New	Variance
Female	\$8,766.61	\$10,829.72	\$2,063
Male	\$9,263.69	\$10,525.30	\$1,262
Indigenous	\$8,800.80	\$10,427.20	\$1,626
Non-Indigenous	\$8,997.17	\$10,691.84	\$1,695

Based on the University's current EFTSL distribution on average all students will pay more student contribution. Under the new rates, female students will pay on average \$304.42 more than male students, while Indigenous students will pay on average \$264.64 less in student contributions than the average paid by non-Indigenous students.

Question 5:

Please provide estimates of the number of additional places that will be 'created' according to the government's calculator, each year over ten years.

- **And the rates that will be paid for those places.**

The Department has provided an estimate for additional funding for The Australian National University in their calculator. There is no estimate provided by the Department in our model for actual number of places (EFTSL).

The University has appended to the Department's Table 5, how many additional EFTSL this represents based on the CGS rate under the proposed new cluster rates with indexation.

Table 5: Additional Places and CPI Values (\$)

	2021	2022	2023	2024
Additional Places +CPI Impact	\$ 928,467	\$ 2,455,644	\$ 4,172,663	\$ 5,900,949
Total Non-Designated MBGA+CPI	\$ 65,513,606	\$ 61,021,276	\$ 57,821,923	\$ 55,511,556
Net CPI Impact	\$ 340,077	\$ 939,731	\$ 1,505,979	\$ 1,918,885
Additional Places Excluding CPI	\$ 588,391	\$ 1,515,913	\$ 2,666,684	\$ 3,982,064
Additional Places Impact on Base Funding	\$ 1,478,175	\$ 3,808,327	\$ 6,699,334	\$ 10,003,876
Total CPI and Additional Places Base Funding	\$ 1,818,251	\$ 4,748,058	\$ 8,205,313	\$ 11,922,761
Average \$ per EFTSL (CGS)	\$ 8,601	\$ 8,753	\$ 8,907	\$ 9,063
Average \$ per EFTSL (SCA)	\$ 9,808	\$ 9,980	\$ 10,156	\$ 10,334
Estimated total Additional Places Base EFTSL	211.4	542.5	921.3	1,315.5

If student cluster distribution remains consistent, the University estimates that \$11,922,761 (total CPI and Additional Places Base Funding 2024), equates to 1,315.5 EFTSL.

The Department's calculator only goes up to 2024, so it is not possible for the University to estimate beyond this.

Question 6:

Do you expect to be able to fill those places?

Yes, we do expect to be able to fill places provided by the Additional Places funding.

Question 7:

Do you expect there will be unmet demand?

- **If so, please provide details of the shortfalls for each year, and the basis for those projections.**

Yes, there will be significant unmet demand if the University does not exceed the estimated total MBGA base funding from the Departments model.

Based on the fact the University already enrolled above our current MBGA and allowing for our continuing student pipeline expected demand shortfalls could be up to 1000 EFTSL per annum.

As a consequence, in order to support the needs of students, the University expects it may need to enrol students above the allowance made available in the Department's modelling.

Question 8:

Will Students in Cluster 1 immediately start paying at the cap for student's contributions?

- If not, what will the student contribution be?
- Please give details for each field of education code if it varies.
- Please provide these figures for 2021, 2022, 2023, 2024, 2025, 2026 from your current modelling.

The following answers are indicative based on the assumption that the Job Ready Graduates Package reform Bill and Higher Education ACT 2013 amendments are passed in current form.

The University is not proposing to vary the student's contributions from the maximum amount that is currently in the proposed legislation.

The University has modelled this for 2021, and the tables below show the impact of the current (old), grandfathered and proposed 2021 rates.

Cluster 1 Modelling 2021

Cluster Old	Field	EFTSL	SCA Old	CGS Old	total Old
O.1.3	Management And Commerce	555.7	\$6,309,416	\$1,242,991	\$7,552,407
	Law & Economics	1,113.9	\$12,647,851	\$2,491,699	\$15,139,550
O.2.1	Humanities	552.1	\$3,756,676	\$3,437,546	\$7,194,221
	Other Society And Culture	1,786.2	\$12,153,541	\$19,675,376	\$31,828,917
O.3.1	Professional Pathway Psychology	232.2	\$1,579,711	\$2,557,395	\$4,137,105
	Communication And Media Studies	23.8	\$162,234	\$323,013	\$485,246
Grand Total		4,263.9	\$36,609,429	\$29,728,020	\$66,337,448

Transition (with Grandfathering 2021)	Field	EFTSL	SCA Transition	CGS Transition	total Transition
1.4	Management And Commerce	174.7	\$2,533,763	\$192,216	\$2,725,979
	Law & Economics	299.3	\$4,340,511	\$329,280	\$4,669,791
	Humanities	195.9	\$2,840,341	\$215,474	\$3,055,816
	Other Society And Culture	620.7	\$8,999,841	\$682,747	\$9,682,588
	Communication And Media Studies	8.4	\$121,458	\$9,214	\$130,672
2.2	Professional Pathway Psychology	83.3	\$662,578	\$1,104,296	\$1,766,874
G.O.1.3	Management And Commerce	380.9	\$4,325,218	\$852,093	\$5,177,311
	Law & Economics	814.5	\$9,248,782	\$1,822,063	\$11,070,845
G.O.2.1	Humanities	356.2	\$2,423,870	\$2,217,962	\$4,641,832
G.O.3.1	Other Society And Culture	1,165.6	\$7,930,444	\$12,838,600	\$20,769,044
	Professional Pathway Psychology	148.8	\$1,012,644	\$1,639,370	\$2,652,014
G.O.5.1	Communication And Media Studies	15.5	\$105,240	\$209,537	\$314,778
Grand Total		4,263.9	\$44,544,690	\$22,112,853	\$66,657,543

Cluster New	Field	EFTSL	SCA New	CGS New	total New
1.4	Management And Commerce	555.7	\$8,056,938	\$611,216	\$8,668,154
1.4	Law & Economics	1,113.9	\$16,150,933	\$1,225,243	\$17,376,176
1.4	Humanities	552.1	\$8,005,849	\$607,340	\$8,613,189
1.4	Other Society And Culture	1,786.2	\$25,900,404	\$1,964,858	\$27,865,263
1.4	Communication And Media Studies	23.8	\$345,736	\$26,228	\$371,964
2.2	Professional Pathway Psychology	232.2	\$1,845,782	\$3,076,303	\$4,922,085
Grand Total		4,263.9	\$60,305,642	\$7,511,189	\$67,816,831

Question 9:

In your existing modelling to date how much of student contribution will be directed back into that cluster?

- **If it is not the same for each area in the cluster, please provide figures for field of education code.**
- **Please provide these figures for 2021, 2022, 2023, 2024, 2025, 2026 from your current modelling.**

The University has not completed detailed expenditure estimates by cluster for the years referenced above. However, in the University's last submission to the Department of Education, Skills and Employment under the "Transparency in Higher Education Expenditure Process" the University submitted 2018 teaching costs for these fields of education of approximately \$174m, an average of just under \$15,000 per EFTSL.

Given these were 2018 expenditure rates, the University estimates that it will be spending, on average, more than the maximum student contribution per EFTSL across those fields of education in 2021.

The University will continue to dedicate significant resources to teaching and scholarship in the humanities, this is consistent with the importance the University places on humanities education, as reflected in the significant contribution made by our humanities experts to Australia's pandemic response, as outlined in our original submission.

Question 10:

Will the Government contributions to cluster 1 be spent in this cluster or other clusters in 2021?

- **If the funding for cluster 1 is not spent in cluster one, to which cluster/s will it be directed?**
- **Please provide these figures for 2021, 2022, 2023, 2024, 2025, 2026 from your current modelling.**

Please see our answer to question 9.

Yours sincerely

Professor Grady Venville
Deputy Vice-Chancellor (Academic)