

**GROUP
OF EIGHT
AUSTRALIA**

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Education and Employment Senate Committee
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Policy Note

Tuition Fees at Australian Universities

May 2014



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Key Messages

- The prospect of fee deregulation in the Australian higher education sector has led to concerns among some commentators that such a move will lead to uniformly high fees.
- However, deregulated fee environments have already been in place in Australia for some time, through provision to international and domestic postgraduate fee-paying cohorts.
- HELP loans are available to Australian postgraduate students.
- Far from showing uniformly high fees, an analysis of the charges for courses offered to these student cohorts in 2012 shows a diverse range of pricing strategies in operation across the sector, even in high prestige premium disciplines like law.

The proposed move to a deregulated fee environment in Australian higher education has generated much discussion among commentators. Despite attracting pre-budget support amongst groups such as the Group of Eight (Go8), Innovative Research Universities (IRU) and Regional University Network (RUN) ¹, concern has also been growing at the prospect of escalating price structures leading to \$100,000 to \$200,000 degrees.²

Australia has already had a deregulated tuition fee system operating for some time, in the form of international and fee-paying domestic postgraduate coursework offerings.³ If deregulation is likely to lead to uniform fee inflation and sky-rocketing of student costs, this should be reflected in the current postgraduate domestic and international markets.

This paper uses an analysis of fees charged in this market to examine what might happen in a deregulated environment.

Methodology

The following analysis was conducted using a dataset of fees extracted from the HEIMS student data collection, using element 496 (indicative tuition fee for a domestic fee-paying place) and element 500 (overseas student fee for students subject to minimum indicative fee). While it is recognised that the indicative nature of these data means that they may vary from actual fees charged, and do not take into account discounts such as scholarships, they should still be sufficient to provide a general indication of pricing trends in a deregulated market.⁴

Tuition Fee Structure Findings

Figure 1 displays a scatterplot of indicative fees charged at Masters Coursework level for domestic fee paying and international students at Australian universities in 2012. The horizontal axis shows the price of a degree for domestic students and the vertical axis shows the price for an international student, both in Australian dollars. Separate charts are provided by Broad Field of Education (BFOE) in Appendix 1.

1 IRU 2013, p.17; Lee, 2014; Go8, 2013, p.4

2 McDougall, 2014

3 Although domestic students are subsidised at the undergraduate level, Commonwealth Supported Places (CSPs) are rationed at the postgraduate level, with the remainder of places offered on a deregulated, fee paying basis.

4 The analysis was limited to courses offered at Table A universities, at masters coursework level, with an Australian unit location code. Double degrees were excluded to assist the Field of Education analysis.

If deregulation is likely to result in uniformly high prices then we would expect to see this reflected in the current pricing structures operating for domestic and international students. However, this is not what the data shows. Instead, a broad distribution of pricing strategies is evident across all BFOEs, with domestic students charged less than international students in most cases. This is even so in high demand fields with typically high private returns, such as Management & Commerce or Engineering and Related Technologies. Two outlier courses, one MBA and one Executive MBA, show a price tag of around \$60,000 for a domestic student. The corresponding international student fee for the same Executive MBA course was \$120,000. However this represents less than 1% of the total course offerings in that year. Figure 2, in which these data points have been removed, shows the vast majority of courses operating within a much more modest range of \$10,000 to \$30,000 for domestic students.

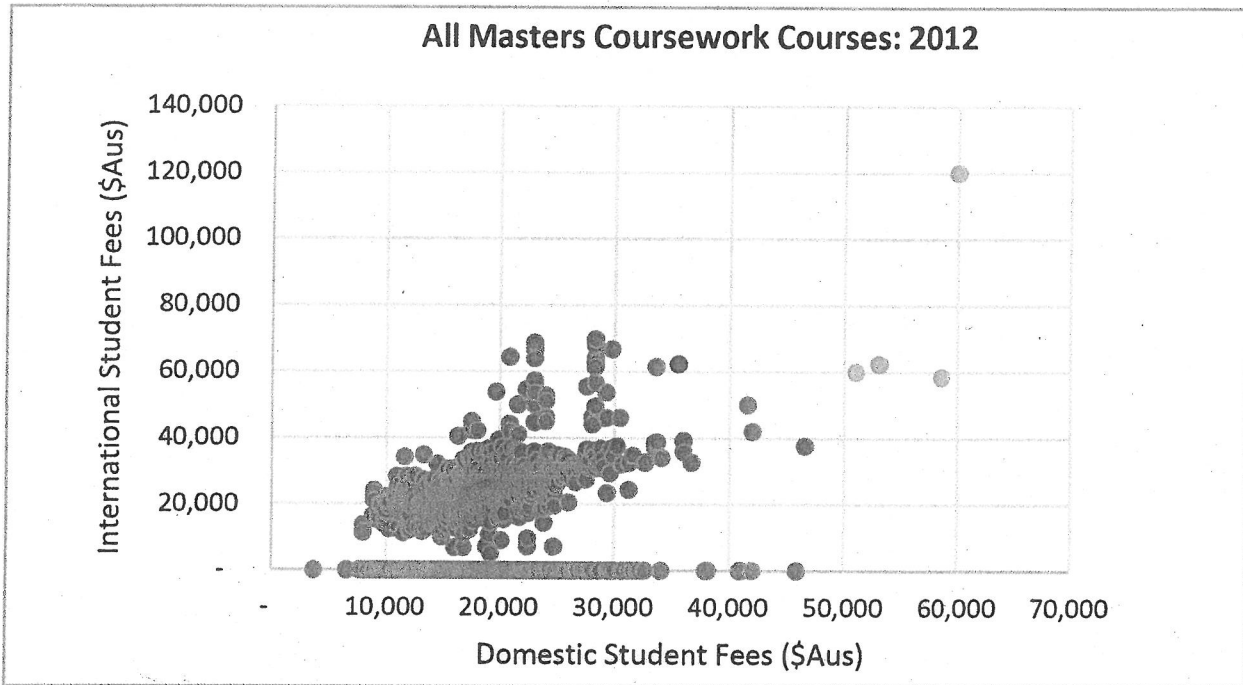


Figure 1: Indicative Fee for Fee Paying Masters Coursework, Domestic and International, 2012. Outliers are indicated in orange. Dots that lie along one axis indicate courses that are offered to one group of students only (eg., domestic students but not international students). The red dot indicates how the graph is to be read, ie., the course indicated by the red dot was charged at around \$35,000 to a domestic student, but \$62,000 to an international student. Dots that lie along the x axis were offered to domestic students only. Source: Department of Education, custom dataset.

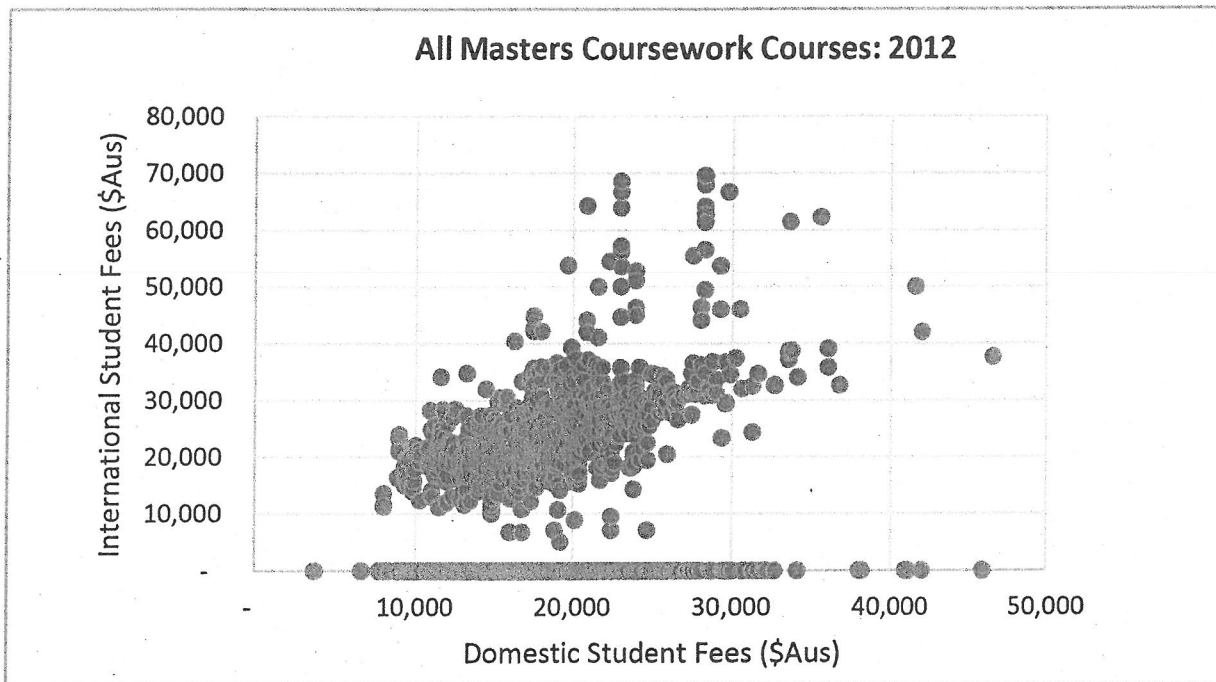


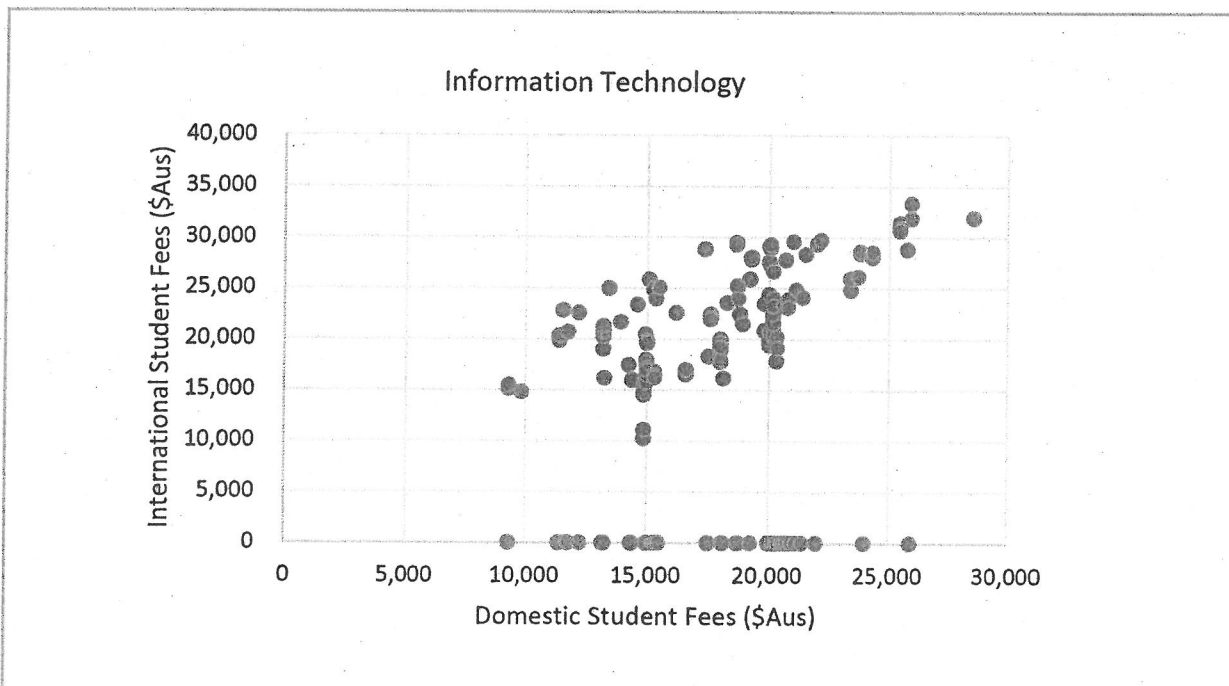
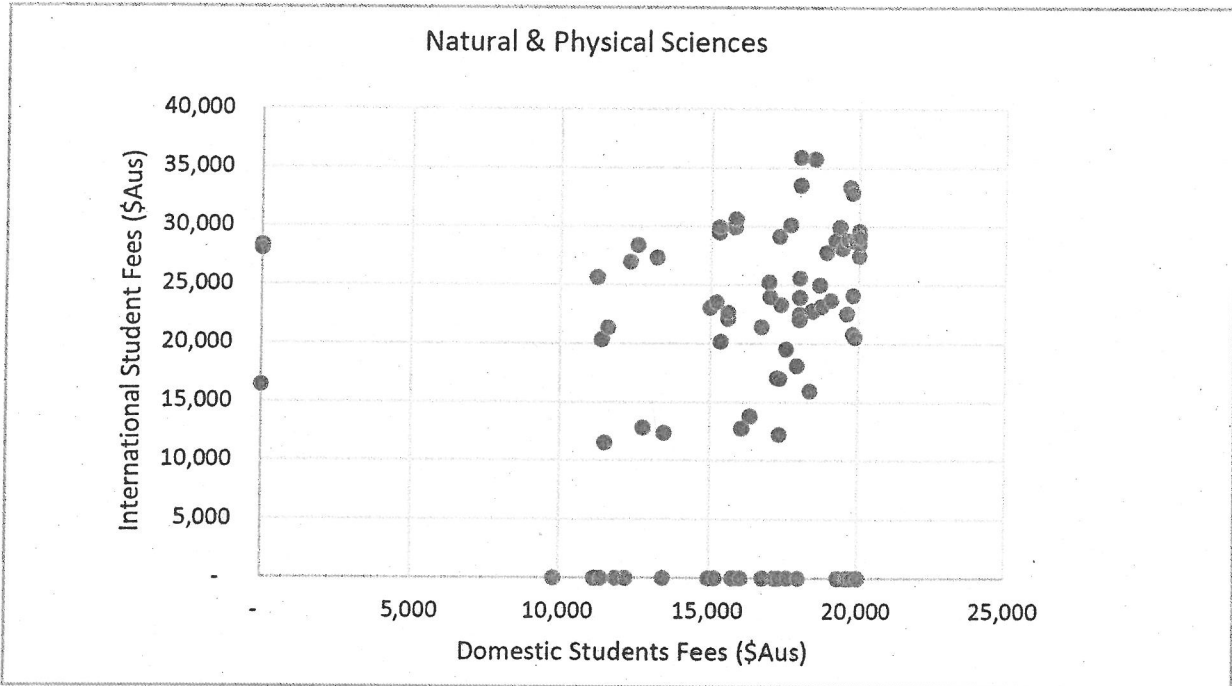
Figure 2: Indicative Fee for Fee Paying Masters Coursework, Domestic and International, 2012, outliers removed. Source: Department of Education, custom dataset.

Conclusion

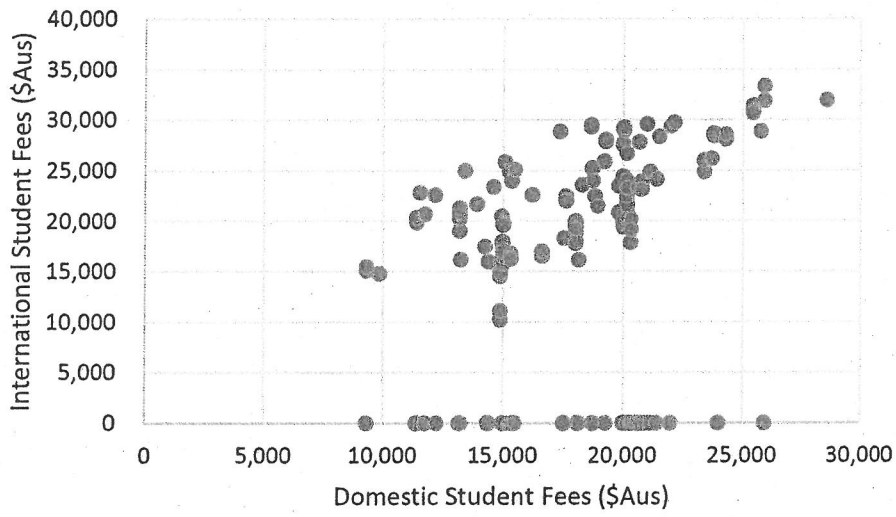
The Group of Eight would not support a system of funding that would exclude disadvantaged people from accessing higher education. However, an analysis of indicative fees charged to fee paying cohorts in 2012 provides little evidence to suggest that deregulation would lead to universal price hikes across the sector. Rather, it shows a range of pricing strategies in operation, even in the high prestige / high return fields of engineering and law.

Appendix 1: Tuition Fees by Broad Field of Education

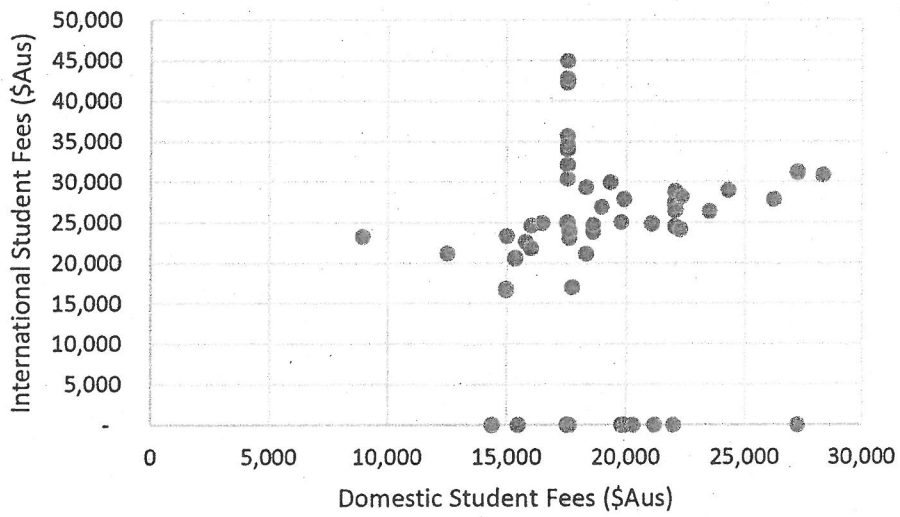
The following graphs show the Indicative Fee for Fee Paying Masters Coursework, Domestic and International, 2012, by Broad Field of Education. The source was a custom dataset, provided by the Department of Education.



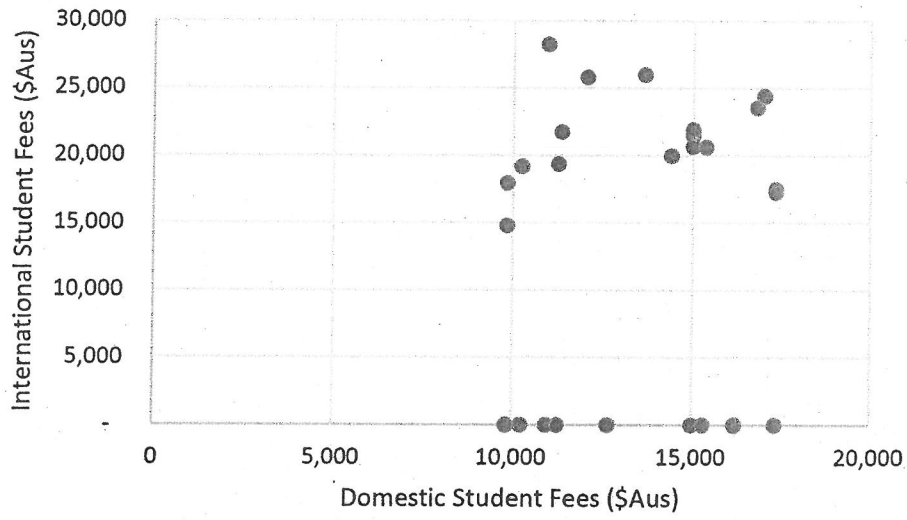
Engineering & Related Technologies



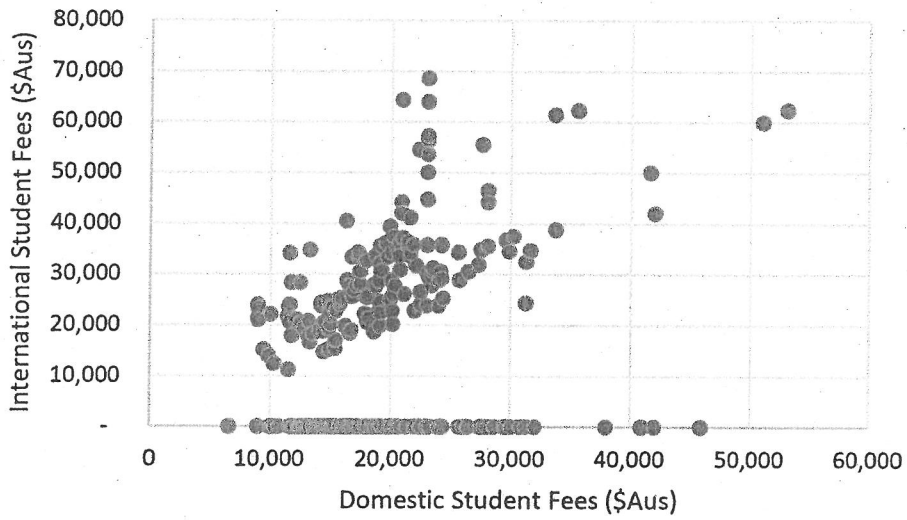
Architecture & Building

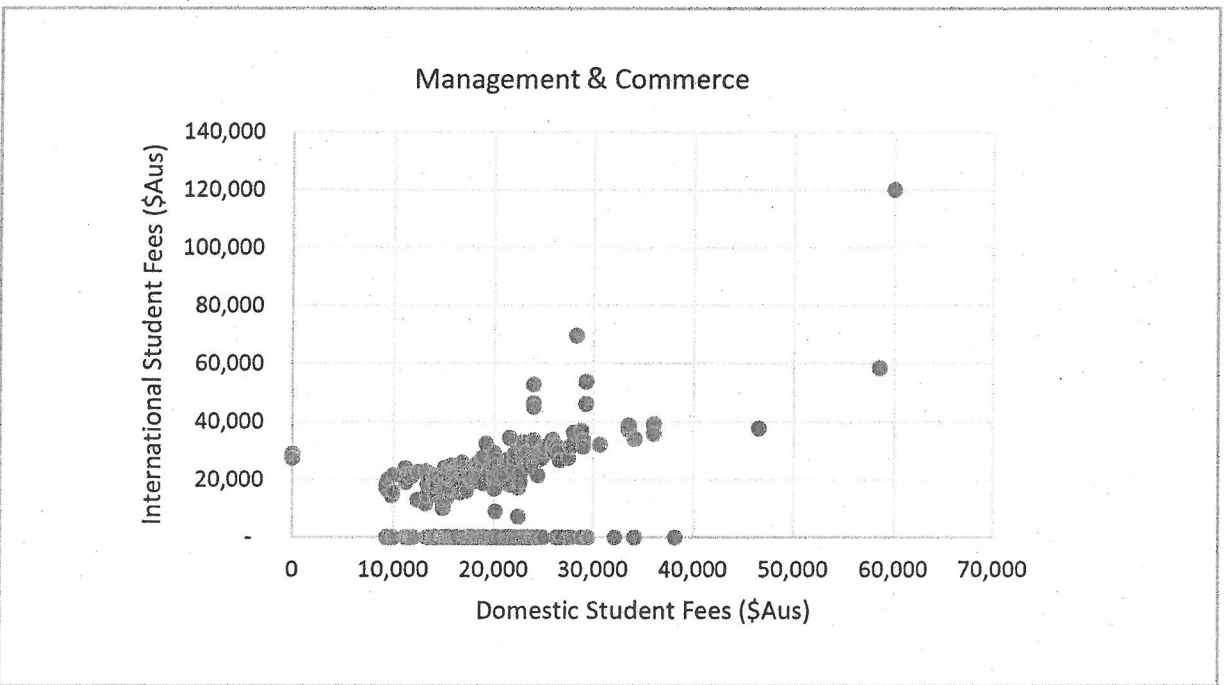
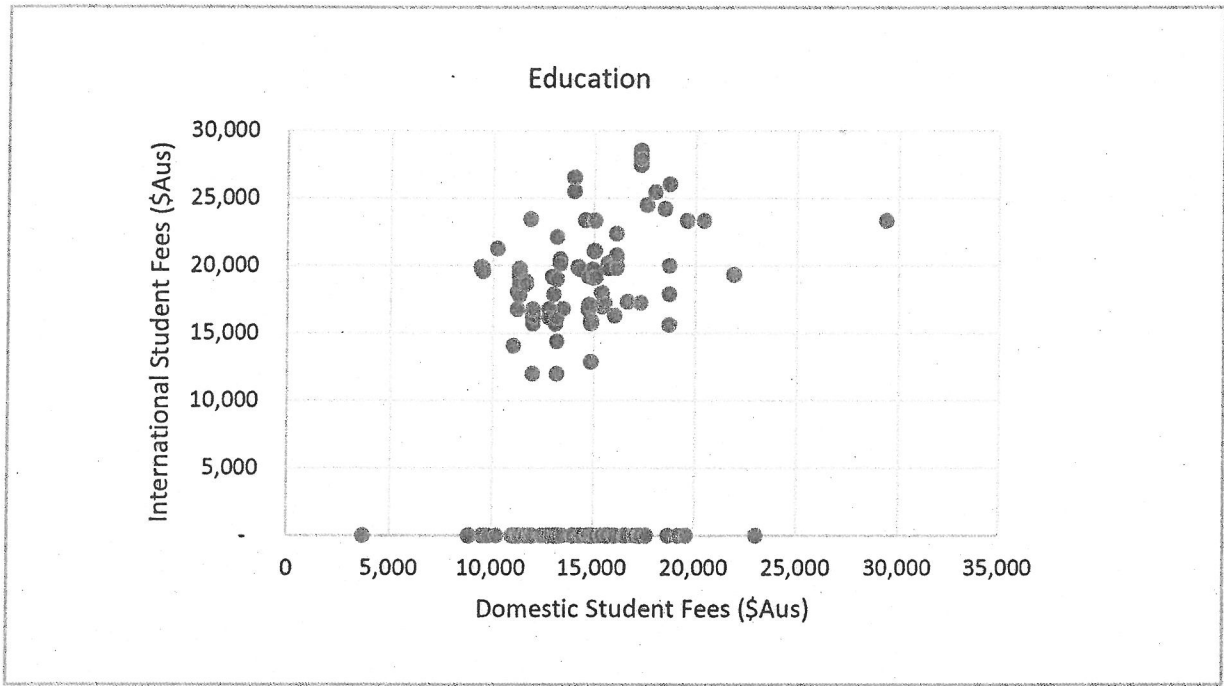


Agriculture, Environmental & Related

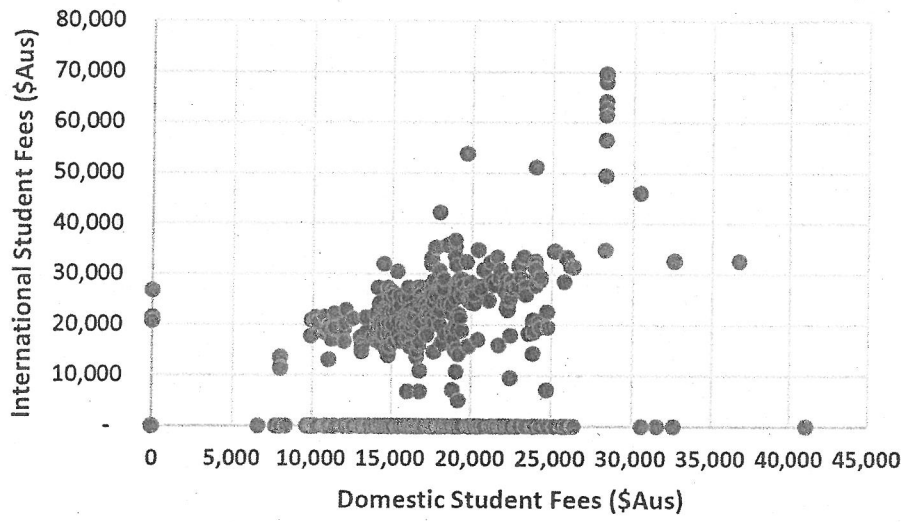


Health

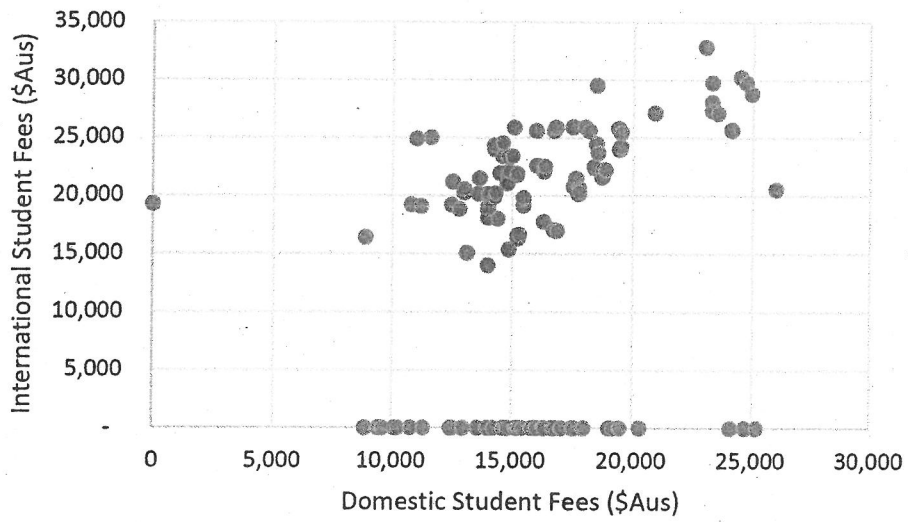




Society & Culture



Creative Arts



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