

University fees: what students pay in deregulated markets

Grattan Institute Background Paper

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Overview

For more than a year Australia has debated deregulating university fees for domestic undergraduates. The issue is controversial, but for many years fees have been deregulated for international students and domestic postgraduate coursework students. This report looks at how much these students pay for their courses, and analyses differences between these fees.

Australian universities responded enthusiastically to the deregulation of the international and domestic postgraduate coursework markets. Although the fees charged are often high, strong enrolment growth shows students are willing to pay them.

Last year, for example, 312,500 international students were enrolled in Australian universities, nearly twice as many as in 2001. They comprise nearly a quarter of all enrolments.

Student fees from deregulated places are important to university finances. They provided a fifth of public university funding, or nearly \$6 billion, in 2013. Public universities earned at least \$4.3 billion from international students in 2013, while most of the remaining amount came from fee-paying domestic postgraduates.

For both international and domestic students, fees vary by discipline and especially by university. International students usually pay significantly more, and never less, than domestic students in the same course. Their fees are set in a global, commercially-oriented market in which prestigious universities charge international students a substantial fee premium over less well known universities. In some disciplines, students at the most

expensive university pay more than twice as much than students at the cheapest university.

Despite the cost, many international students prefer expensive universities. In most disciplines high-fee universities enrol more international students than low-fee universities.

Australian students are less willing than international students to pay a large prestige premium. They and their prospective employers understand the strengths of local universities. They know that research-driven international university rankings are an imperfect guide to the quality of graduates.

Many Australian postgraduate students already have a foothold in the labour market. They have less need to impress employers with university prestige. Even so, in several disciplines domestic students, like international students, prefer the more expensive universities.

In some postgraduate courses, the market is affected by price-controlled government-supported places. This is especially true of education and nursing degrees. These places help keep fees down for domestic students without a government-supported place. Many universities offer full-fee places at less than what they receive for a government-supported student.

A future Grattan report will explore what profits universities make on fee-paying students and the policy implications of what happens to the money.

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1 Introduction

Since the late 1980s student charges have helped finance higher education. While what universities can charge domestic undergraduate students at public universities is capped, one in every three students enrolls in courses where fees are uncapped.

This report examines the dynamics of deregulated university markets. It focuses on the undergraduate international and the postgraduate student markets. Together they enrolled more than 400,000 students in 2014.

In deregulated markets, how high fees can go is limited only by the market. In some cases there is a legal minimum price, but it is well below the fees actually charged. Fee-charging behaviour in these markets provides insights into both university objectives and student preferences.

Chapter 2 looks at the undergraduate international student market at universities. It suggests that universities take a commercial view of the international student market, and set fees in-line with their international competitors. The annual median fee ranges from \$21,000 to \$28,000, depending on discipline.

In high-cost disciplines such as science and engineering, there is only a small difference between median international fees and what universities receive from domestic government-supported students. But in low-cost disciplines like commerce and arts, universities receive twice as much from international students.

Chapter 3 investigates the postgraduate student market. Nearly sixty per cent of domestic students pay fees, while the rest are Commonwealth-supported. For domestic students, universities do not always take a commercial approach. In some fields, such as nursing, it is not unusual for universities to receive less from a fee-paying student than a Commonwealth supported place.

When international and domestic fee-paying students are enrolled in the same course, domestic students never pay more than international students. The median difference between international and domestic fees ranges from 12 per cent for JD courses to 46 per cent for nursing courses. With local knowledge and more ability to demonstrate skills to employers, domestic students are less willing to pay for prestige than their international counterparts.

Chapter 4 reports on the revenue that deregulated markets provide Australian universities. In 2013, universities received nearly \$6 billion from fee-paying students – triple the revenue in 2000 in real terms. As a share of total university revenue, fee income has also grown. In 2013, one in every five dollars earned by public universities came from fee-paying students.

Future Grattan Institute work will examine how universities spend income from deregulated markets, and its implications for Australian higher education policy.

2 The undergraduate international student market

The international student market is largely deregulated. There is no maximum fee, and no limit on the number of students. More than half of international students are undergraduates. Postgraduates are discussed in the next chapter. This chapter discusses international student enrolment patterns and fees.

2.1 International undergraduates in Australian universities

International students have attended Australian universities since the early 20th century, but the commercial market in which universities set their own fees dates from the mid-1980s.¹ Universities are not restricted in how many international students they can take. The main regulatory constraint is that students must have a visa if they want to study in Australia, but the government does not limit the number of visas it issues. About a quarter of international students attend Australian university campuses located in other countries or take online courses.² This report's fees analysis focuses on students who are studying in Australia.

Deregulation of the international student market triggered a long boom. Undergraduate student numbers peaked at nearly 192,000 in 2011 (Figure 1). While enrolments appear to still be trending down in 2014, this is because the relatively small commencing cohorts from 2012 and 2013 are still influencing the total.

¹ See section 5.2 for more detail.

² Department of Education and Training (2015d), section 7

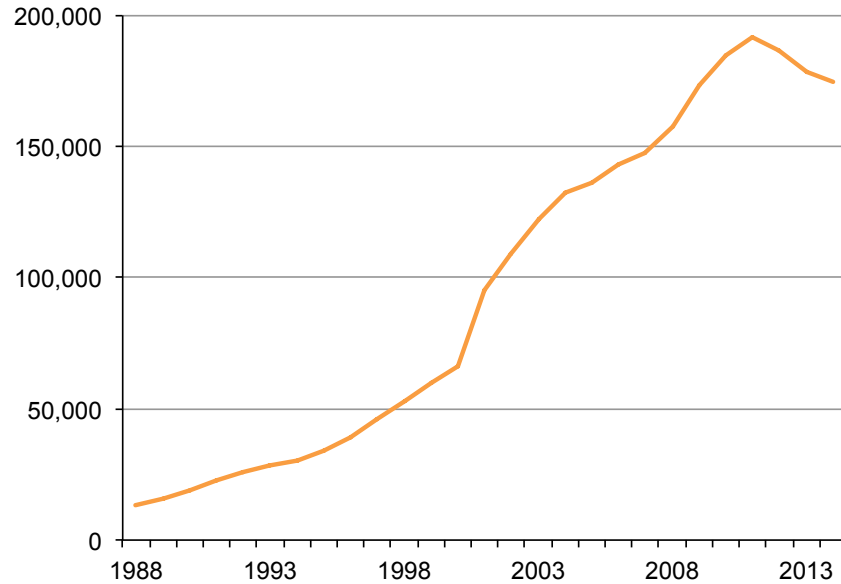
Commencing student statistics show that enrolment growth resumed in 2014.³

More than half of all undergraduate international students study commerce (Figure 2). Engineering is the next most popular course. By contrast, the most popular courses for domestic undergraduates are in the society and culture category, which includes arts and law degrees. Only 18 per cent of domestic bachelor-degree students take commerce-related courses.⁴

³ Although not classified by level of higher education, other enrolment and visa data suggests that this market is recovering: DIBP (2015); Department of Education and Training (2015b). The main trigger for change is an at least two year post-study work visa for higher education graduates. The declining Australian dollar may also have helped.

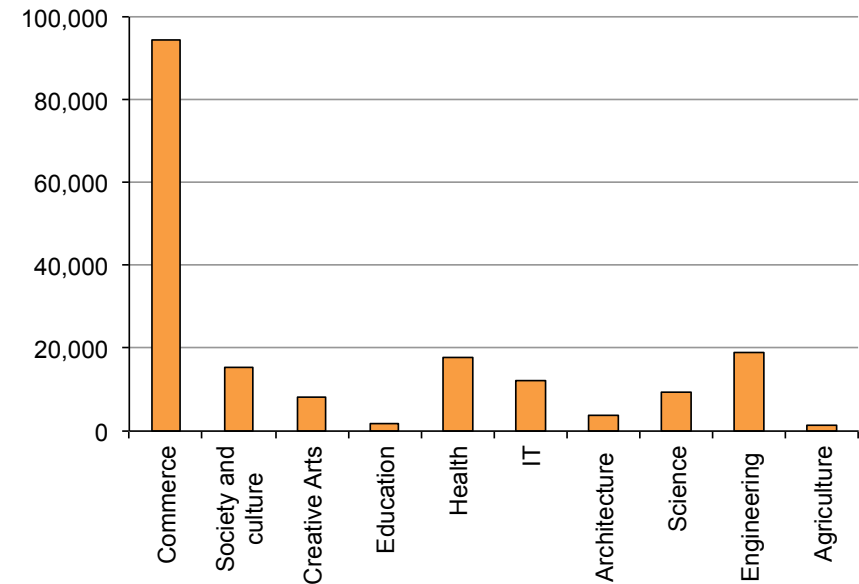
⁴ Department of Education and Training (2015e)

Figure 1: International undergraduate student numbers at universities grew rapidly after they became a commercial market
 Number of undergraduate international students



Notes: Figures from 2001 onwards are based on full year enrolments, prior years are based on enrolments as at 31st March. The practical effect of this is that pre-2001 numbers are under-stated, and the apparent increase in that year is not as large as it seems. Other sources indicate still substantial growth of around 20 per cent between 2000 and 2001. Includes onshore and offshore students. Includes Australian universities and Avondale College (to provide continuity with the earlier time series). Undergraduate includes bachelor, associate degree, diploma and associate diploma and other undergraduate award courses.
 Sources: DEEWR (2000); AEI (2001); Department of Education and Training (2015e)

Figure 2: Commerce is the most popular course for undergraduate international students
 Bachelor-degree international students 2013



Notes: Due to students doing combined degrees, there can be some double counting at a field of education level. Bachelor-degree students only. Many international students take diploma-level courses prior to commencing their bachelor degrees.
 Source: Department of Education and Training (2015e)

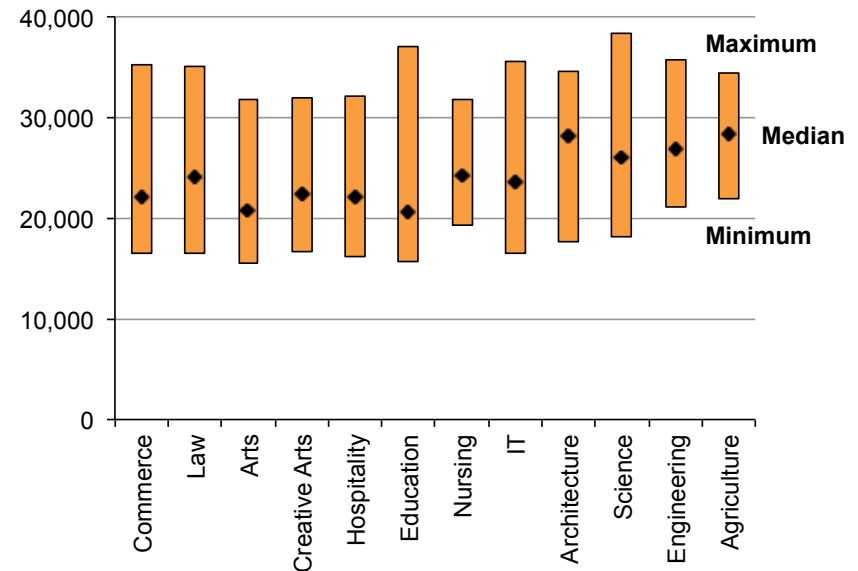
2.2 Fees paid by international undergraduate students

University fees are set by the market for international students. There is a legal floor price, but it is well below the fees actually charged.⁵ Fees vary across disciplines and universities, as Figure 3 shows. For most disciplines, the lowest international student fees for bachelor-degree courses are about \$16,000 a year. The annual median fee is between \$21,000 and \$28,000, depending on discipline. Maximum fees are between \$32,000 and \$38,000, again depending on discipline.

Fees are influenced by a global higher education market. Among English-speaking Western countries, Australia competes with the United States and the United Kingdom, which have a larger market share, and Canada and New Zealand, which have a smaller market share.⁶ Median fees in the United Kingdom are similar to those in Australia. In each country median fees for classroom-taught subjects are priced at about the equivalent of \$22,000 a year. For laboratory-based subjects, median fees in Australia and the United Kingdom are within \$2000 of each other.⁷

Figure 3: Median annual fees for undergraduate international students vary significantly across disciplines

Annual undergraduate course fees in 2014, \$2014



Notes: The data includes 39 public and private universities. Many universities offer multiple courses within a field of education. A representative bachelor-degree course fee is chosen for each field of study and university. For some disciplines like creative arts, course names across universities tend to be dissimilar. Courses that are most comparable are chosen, for example 'Bachelor of Arts' rather than 'Bachelor of Arts (International relations)'. However, sampling of fees for these more specialist courses found that in most cases their fees were identical or similar. When a university has multiple campuses, course fees at the main campus are used. Given the possible variation of fees and courses, these fees should only be used as indicative numbers.

Sources: University websites

⁵ Higher Education Provider Guidelines 2012, chapter 6. The floor price is intended to prevent Commonwealth funding being used for international students.

⁶ Ziguras and McBurnie (2015), p. 28

⁷ Based on web research on UK university fees.

Fee differences among universities are large, as the gap between minimum and maximum fees in each field of education shows (Figure 3). This section's analysis of fee differences divides Australian universities into four groups based on university organisations: the Group of Eight (Go8), the Australian Technology Network (ATN) plus Swinburne University (technology universities), the Innovative Research Universities group (IRU) and the Regional Universities Network (RUN). Our theory is that the different histories, missions and reputations of universities in these groups will affect the fees they charge.

The Group of Eight are Australia's largest research universities, often known as the sandstone universities. Most of Australia's oldest universities are in the Group of Eight. The technology universities are former institutes of technology, such as RMIT in Melbourne or UTS in Sydney. The Innovative Research Universities are largely universities formed in the 1960s and 1970s, such as Flinders University in Adelaide and Griffith University in Brisbane. The Regional Universities Network, as its name suggests, is made up of universities with headquarters outside the main metropolitan centres, such as the University of Southern Queensland and the University of New England (UNE).⁸ Except for UNE, RUN's members became universities in the 1990s.

Figure 4 shows median fees by university grouping across fields of study. The hierarchy is consistent across all disciplines. The Group of Eight universities have the highest median fees, followed

by technology universities, IRU and RUN. The Group of Eight premiums differ across disciplines, with the highest premium in commerce. The median Group of Eight commerce fee is about 35 per cent greater than the median technology universities commerce fee. The Group of Eight premium over technology universities is small in several other disciplines, including nursing, teaching and creative arts.

In most markets, expensive goods and services are less popular, but not for international undergraduate students. Figure 5 shows how onshore international students are distributed across four groups from the lowest fee courses to the highest fee courses. While proportions vary by discipline, international students cluster in the highest fee courses in most disciplines. In agriculture, science and engineering, the majority of students take the highest fee courses.⁹

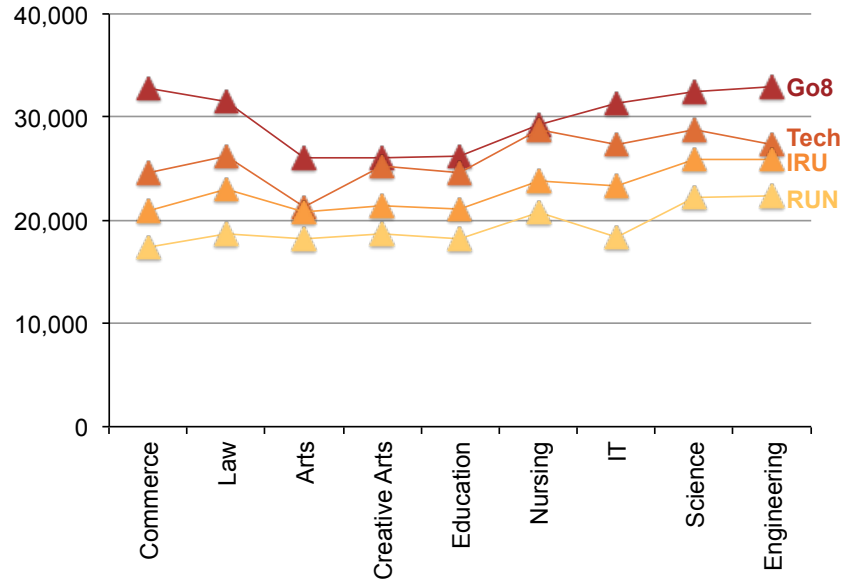
Compared to other disciplines, information technology enrolments are evenly distributed across groups of course fees. The spread in IT course fees is among the highest across disciplines, with fees ranging from \$16,500 to \$35,000 a year. The wide spread in fees and uniform enrolment pattern suggests that IT students are less willing to pay high fees than students in other disciplines.

⁸ The University of Newcastle withdrew from the IRU at the end of 2014. Since our analysis uses 2014 fees data, the University of Newcastle is included in the IRU. For membership lists see Norton and Cherastidham (2014), p. 94.

⁹ Most universities do not offer agriculture courses, limiting the scope for analysis of this field.

Figure 4: Group of Eight universities have the highest median fees across all disciplines

Median undergraduate international student fees by university grouping in 2014 (annual), \$2014

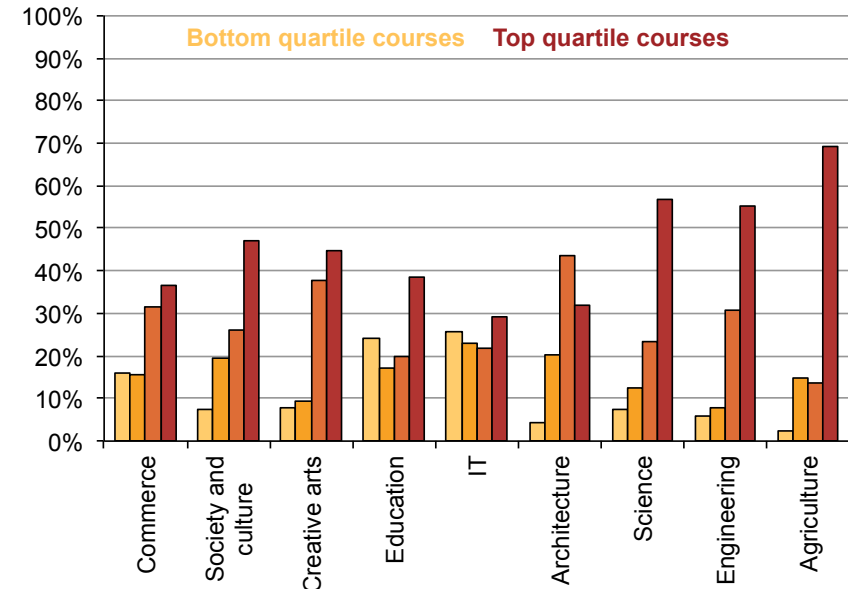


Notes: 'Tech' universities include ATN and Swinburne University of Technology. IRU includes the University of Newcastle. A representative course is chosen for each field of study and university. See also the notes for Figure 3.

Sources: University websites

Figure 5: International students prefer the highest fee courses in most disciplines

Proportion of onshore international students enrolled in each quartile of courses from lowest fee courses to highest fee courses (based on EFTSL), per cent



Notes: Fee quartiles defined by the number of courses. Due to data availability, the chart uses 2013 number of students and 2014 annual course fees. The data excludes offshore international students. See also Figure 3.

Sources: University websites and data supplied by the Department of Education and Training

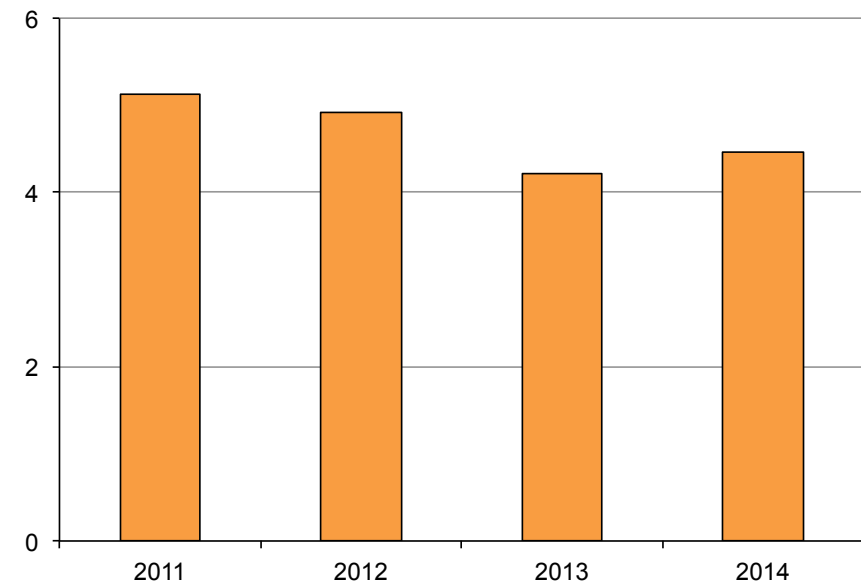
2.3 Growth in international student fees

In recent years international student fees in Australia have increased by 4 to 5 percentage points a year (Figure 6). For universities, this means that per student revenues are increasing more quickly than consumer price inflation. International student fees are also growing more quickly than funding rates for government-supported students.¹⁰

While the fees charged to international students are going up, their effect on these students is more complex. For some international students, the declining value of the Australian dollar has made Australian degrees cheaper.

Figure 6: Annual growth in international student fees has not varied significantly over the last four years

Weighted average growth in annual international student fees, per cent



Notes: Weighting is by course. See also Figure 3.
Sources: University websites

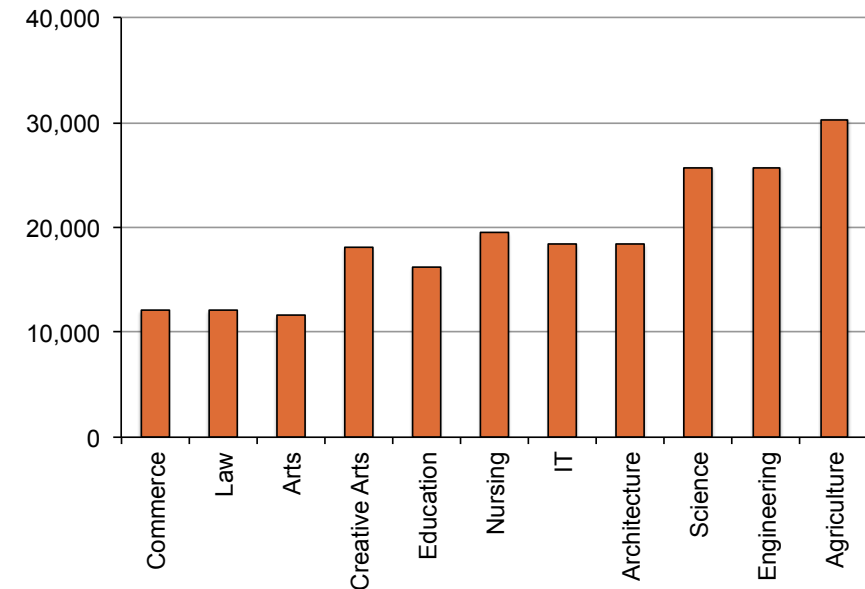
¹⁰ The indexation system is based on a formula that is weighted 25 per cent for movements in the consumer price index and 75 per cent for movements in the wage price index for professional, scientific and technical services. Low wage growth is keeping indexation of government grants and student contributions well below increases in fees for government supported students.

2.4 International undergraduate student fees compared to revenue from Commonwealth supported students

Most students in Australian universities are in Commonwealth supported places (CSP). Their public funding comes from the Commonwealth Grant Scheme, with the per-student rate called a Commonwealth contribution. Private funding comes from a student contribution, set by universities up to a maximum determined by the government. Students can borrow this under the HECS-HELP if they do not want to pay upfront. Commonwealth and student contributions vary by discipline, and together make up the total funding rate for a Commonwealth supported place (equivalent to one year's study for a full-time student).¹¹ The total funding rate for each discipline is shown in Figure 7.

Figure 7: Total funding rate for Commonwealth supported students varies across disciplines

2014 total funding rate per EFTSL, \$2014



Source: Kemp and Norton (2014)

Figure 8 shows the median percentage difference among international student fees and total CSP rates by discipline. On a weighted basis, reflecting the large number of commerce students, the difference between international student fees and CSP rates is about 50 per cent.¹² However, there is wide variation around this median. In commerce and law, the median

¹¹ For more detail including the division between Commonwealth and student contributions see Norton and Cherastidham (2014), p. 43-44, 55-57. In practice, all universities charge the maximum rate.

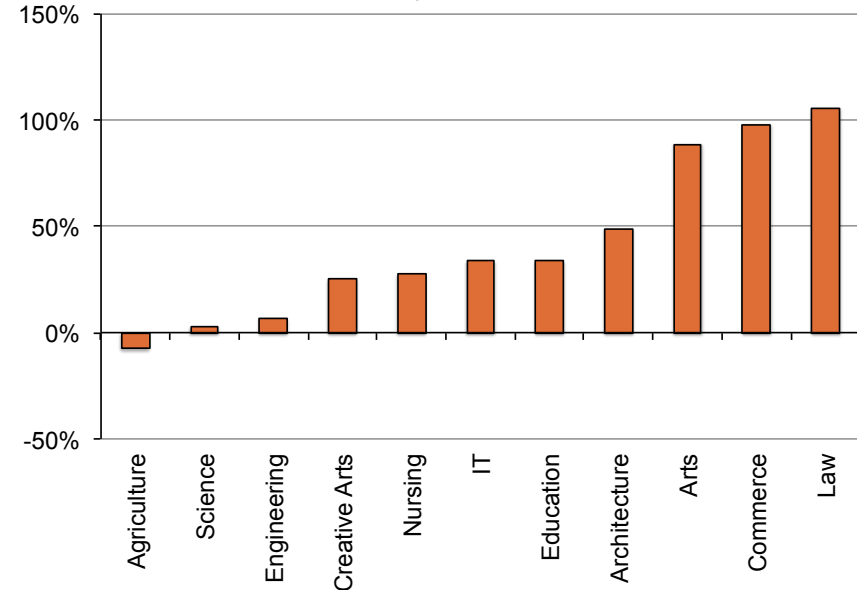
¹² Weighted by number of students (in EFTSL) who are enrolled in different disciplines.

international student fee is around double what a university receives for a CSP. For science and engineering, median international student fees and CSP rates are similar. It follows from this that in these disciplines some universities charge international students less than what they would receive for a CSP. In agriculture, median international student fees are below the CSP rate. The generalisation that universities make more money from international than domestic students is usually but not universally true.

The revenue differences emerge from the quite different ways in which these places are priced. Total funding rates for CSP students are based on historical costs. They have their origins in a 25-year old higher education expenditure study.¹³ Classroom and online delivery disciplines such as law, commerce and arts can achieve economies of scale by teaching many students at once using relatively low-cost physical infrastructure. As a result, they get low total funding rates in a cost-driven funding system, as seen on the left side of Figure 7. By contrast, courses with high laboratory and equipment costs, and/or requiring small group teaching or supervision, have greater costs and higher total funding rates. This can be seen in the agriculture, engineering and science funding rates in Figure 7.

Figure 8: International student fees are usually significantly higher than total CSP rates

Median percentage difference of international student fees over domestic total CSP rates in 2014, per cent



Notes: See Figure 3

Sources: University websites; Kemp and Norton (2014)

¹³ Baldwin (1990). There have been some changes since, but none that have fundamentally altered the system's basis in assumed cost relativities between disciplines.

International student fees, on the other hand, are linked to market conditions. In the United States and United Kingdom, our main competitors, fees tend not to vary so much by discipline. For example, the UK median fees for classroom and laboratory subjects cited above are only a few thousand dollars apart. Some universities charge international students flat fees regardless of discipline, a practice also followed for domestic students in England. The lack of international price competition around relatively low-cost subjects allows the large gap between CSP funding rates and median Australian fee levels for international students observed for law, commerce and arts in Figure 8.

For high-cost disciplines such as engineering, science and agriculture the international market price leaves less room for large gaps between fees and the CSP funding rates. For agriculture the median international fee is eight per cent less than the revenue from a Commonwealth supported place. Low demand from international students for agriculture courses may also be a factor (Figure 2).

For low-cost disciplines, however, the international market price allows large gaps between fees and the CSP funding rates. These disciplines include arts, commerce and law. For these disciplines, the median international fees are around twice what universities receive from Commonwealth supported students.

3 The postgraduate coursework market

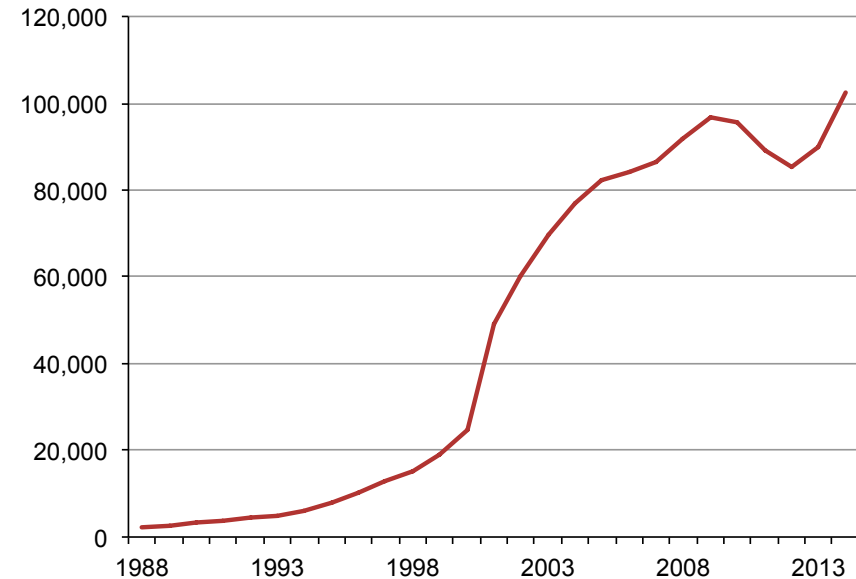
Postgraduate coursework students mostly take masters degrees, with smaller numbers taking graduate certificates or diplomas or doctorates by coursework.¹⁴ Deregulation of the Australian postgraduate coursework market began in the second half of the 1980s.¹⁵ Controls on student fees and numbers were progressively lifted, first for international and then for domestic students. This chapter investigates the fees charged by universities and student enrolment patterns.

3.1 Postgraduate coursework students in Australian universities

For international postgraduate coursework students, enrolments and maximum fees have been unregulated since the 1980s. Student numbers increased rapidly up to 2009 (Figure 9).¹⁶ After a short decline, student numbers rose again from 2013, with this growth continuing in 2014. As with undergraduates, international postgraduates favour a few fields, with business courses by far the most popular (Figure 10).

Figure 9: Postgraduate coursework international students grew rapidly after controls on fees and numbers were lifted

Number of international students



Notes: Figures from 2001 onwards are based on full year enrolments, prior years are based on enrolments as at 31st March. The practical effect of this is that pre-2001 numbers are under-stated, and the apparent increase in that year is not as large as it seems. Other sources indicate still substantial growth of around 20 per cent between 2000 and 2001. Includes onshore and offshore students. Includes Australian universities and Avondale College (to provide continuity with the earlier time series). Sources: DEEWR (2000); AEI (2001); Department of Education and Training (2015e)

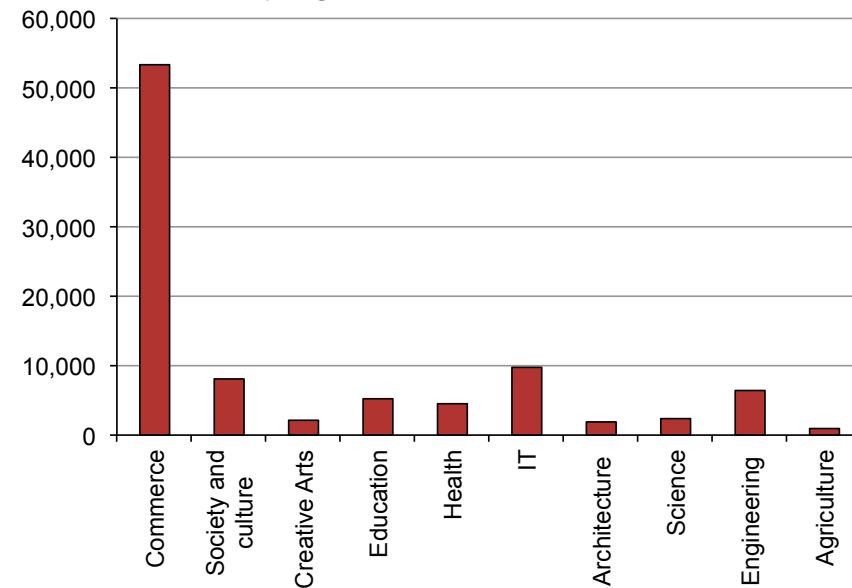
¹⁴ This report does not examine research degrees, which are less influenced by market forces.

¹⁵ See section 5.3 for more detail. Research places are still primarily allocated bureaucratically, through the Research Training Scheme.

¹⁶ International postgraduate coursework students have the same regulations as their undergraduate peers (chapter 2, section 5.2).

Figure 10: Commerce courses dominate international postgraduate coursework

International student postgraduate coursework enrolments, 2013



Notes: Due to students doing combined degrees, there can be some double counting at a field of education level. Includes offshore and onshore students.

Source: Department of Education and Training (2015e)

While international postgraduate coursework education is market-based, domestic enrolments are more mixed. Between 1988 and 1994, most previous restrictions on domestic student numbers and fees were lifted, contributing to major enrolment increases (Figure 11).¹⁷ This full-fee postgraduate coursework market has

¹⁷ See the more detailed history in section 5.3

always co-existed alongside centrally-allocated government-supported places. From 1997 government support was restricted to nursing and education, leading to a temporary fall in domestic postgraduate coursework enrolments. Government-supported postgraduate places grew again from 2005 (Figure 12). The discipline mix extended beyond nursing and education, although these remain the major fields receiving Commonwealth supported places.¹⁸ Universities can enrol government-supported and full-fee students in the same course.

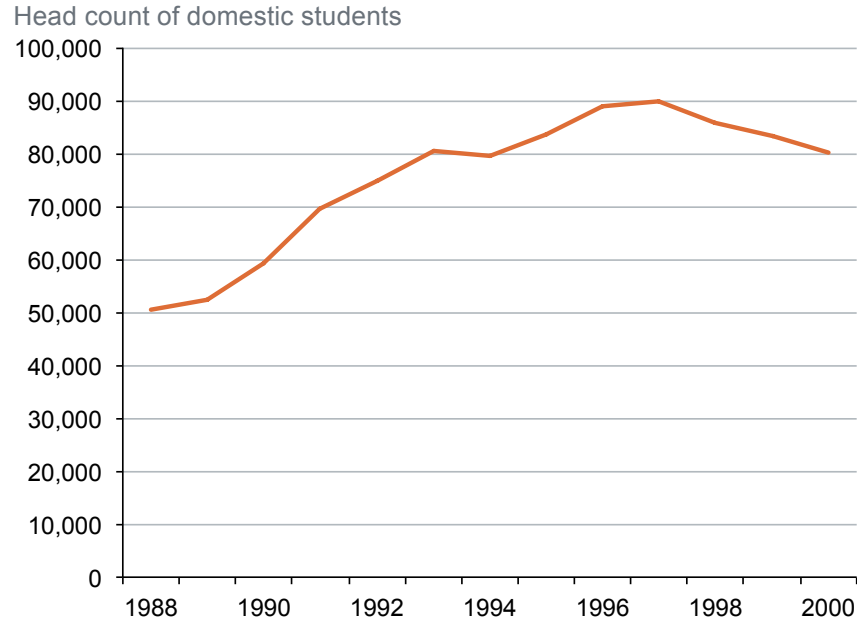
Initially, full-fee domestic postgraduate coursework places were offered only on an upfront fee basis. From 2002 they became eligible for income-contingent loans, and since 2005 through the FEE-HELP scheme. There are lifetime limits on how much students can borrow through FEE-HELP, but the money is lent on a zero real interest basis, and debtors are not required to repay unless their annual income is \$54,126 or more.¹⁹ Enrolment increases from 2002 suggest that these loans helped cash-constrained prospective postgraduates (Figure 12). About two-thirds of full-fee postgraduate coursework students take out FEE-HELP loans.²⁰

¹⁸ For government-supported postgraduate places, universities set a student contribution up to a legislated maximum amount. Both the Commonwealth contribution and the maximum student contribution are the same as for undergraduates.

¹⁹ In 2015-16. See also footnote 22. Department of Education (2015)

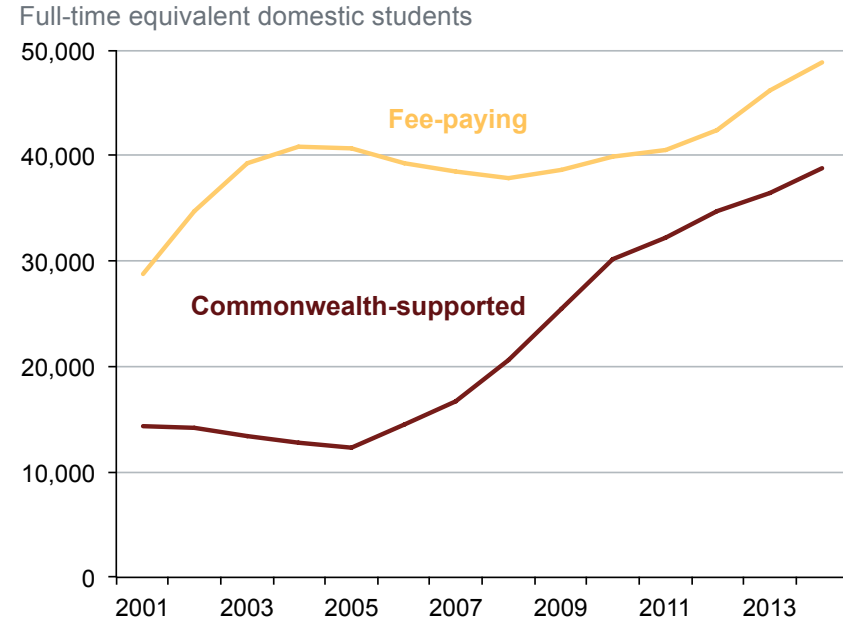
²⁰ Department of Education (2014b), table 5.1

Figure 11: Domestic postgraduate coursework student numbers also responded to the easing of price and quantity controls



Notes: 1994 first year of excluding graduate-entry bachelor courses from postgraduate count. There is no consistent time series on what proportion of students are fee-paying, but Anderson et al. (1998) puts the proportion at 19 per cent in 1993 and 36 per cent in 1997. Excludes research students.
Sources: Anderson et al. (1998); DEEWR (2000)

Figure 12: After a flat period, full-fee postgraduate coursework enrolments have started growing again

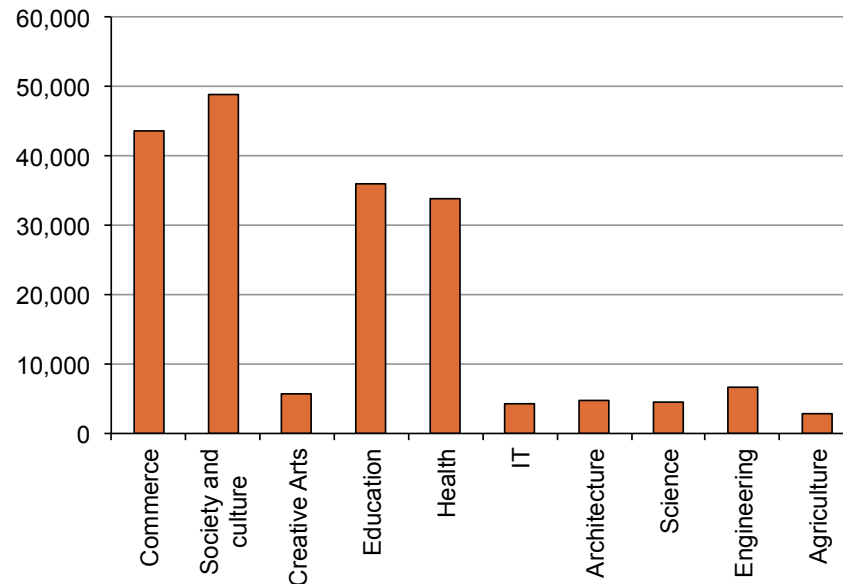


Notes: The shift to full-time equivalent places from Figure 11 is due to data availability. Includes Australian universities and Avondale College.
Source: Department of Education and Training (2015e)

Like international students, domestic postgraduate students favour certain disciplines. Nearly half are in commerce courses or in the society and culture classification (which includes law). More than a third take education or health courses (Figure 13).

Figure 13: Domestic postgraduate coursework enrolments are also dominated by a few fields of education

Domestic postgraduate coursework enrolments, 2013



Note: Due to students doing combined degrees, there can be some double counting at a field of education level.

Source: Department of Education and Training (2015e)

3.2 International and domestic postgraduate student fees

The postgraduate market is useful for analysing fee-setting strategies because international and domestic full-fee students take the same courses. Public universities cannot enrol domestic undergraduates in full-fee places except in very limited circumstances (section 5.4). As a result, in public universities we

do not have direct comparisons of international and domestic undergraduate student fees.

In theory, the market might support charging full-fee domestic students more than international students. Most domestic students borrow money through FEE-HELP, giving them easier access to finance than international students, including very favourable terms. For students who think they will not earn more than the threshold for repaying HELP loans, the course is effectively free, no matter what fees are charged. The main FEE-HELP restraint is its lifetime loan limits, of \$122,000 for high-cost health degrees and \$98,000 for other courses.²¹ In most cases university fees are below these limits.²²

Australians might also be charged more because they have more to spend. On average, Australians earn more than residents of the major international student source countries, such as China and India.²³ About two-thirds of Australian postgraduate coursework students study part-time, many of them because they have jobs

²¹ Department of Education (2015)

²² The borrowing limits become an issue if undergraduates borrow under the FEE-HELP scheme. Undergraduates who borrow under FEE-HELP generally went to private universities or non-university higher education providers. They were 4 per cent of the domestic bachelor-degree market in 2014. Since these are lifetime limits, if students take out FEE-HELP for both undergraduate and postgraduate degrees, they are likely to be restrained by the limits. As only a relatively small number of undergraduates borrow under FEE-HELP, these loan limits are unlikely to be a major restraint on the market's borrowing capacity.

²³ Hobsons (2013) reports large numbers of international students come from families with reported incomes below \$US25,000 a year.

that could help them pay for their education.²⁴ About 10 per cent of domestic part-time postgraduates are sponsored by employers, who may be less price sensitive than students.²⁵ Australian students avoid the travel and other costs of living in a foreign country, leaving them more to spend on tuition.

Yet while Australian students could afford higher fees than international students, there are other reasons why they might be charged less. Australian university objectives, in both their governing statutes and in university mission statements, require universities to serve community and industry interests.²⁶ Charging high fees may not be consistent with these objectives. International students, by contrast, are part of a commercial education industry. Their fees reflect global markets more than social or political considerations.

For international students studying in Australia, more general factors may influence their willingness to pay premium fees. International student surveys suggest they value opportunities to learn about the Australian culture and lifestyle.²⁷ For students who do not speak English as their native language, the chance to improve their language skills is also a factor in choosing Australia.²⁸

²⁴ Department of Education and Training (2015e) for part-time statistics. Three-quarters of working part-time postgraduates work more than 30 hours per week: Universities Australia (2013), p. 47.

²⁵ Universities Australia (2013), p. 38

²⁶ For a discussion of these see Norton (2015a)

²⁷ AEI (2013); City of Melbourne (2010) p. 18

²⁸ AEI (2013)

An Australian degree also provides the opportunity for international students to live and work in Australia after they graduate.²⁹ Many international students intend to stay in Australia.³⁰ According to the 2014 International Student Survey, 78 per cent of international students see being able to work in Australia after graduation as important.³¹ These considerations are irrelevant to domestic students.

The empirical evidence shows that the factors leading to international students paying more predominate. A fees survey conducted by Grattan found no cases of domestic students being charged more than international students for the same course.³² A small number of courses have the same fees for domestic full-fee and international students, but in the overwhelming majority of courses, international students pay significantly more than domestic students.³³ Figure 14 shows the median difference between international and domestic full-fee paying student fees across 10 disciplines. International students pay a 12 per cent premium on full-fee paying domestic students for Juris Doctor (JD) courses. The premium reaches 46 per cent for nursing

²⁹ The temporary graduate (subclass 485) visa allows international students who have graduated to live and work in Australia: Department of Immigration and Border Protection (2014)

³⁰ Jackling (2007) for accounting students; Rafi and Lewis (2013) for students who are citizens of India; City of Melbourne (2010) for international students studying in Melbourne; Blackmore, *et al.* (2014)

³¹ Department of Education and Training (2015c) p.12; this includes students from 78 public and private higher education providers.

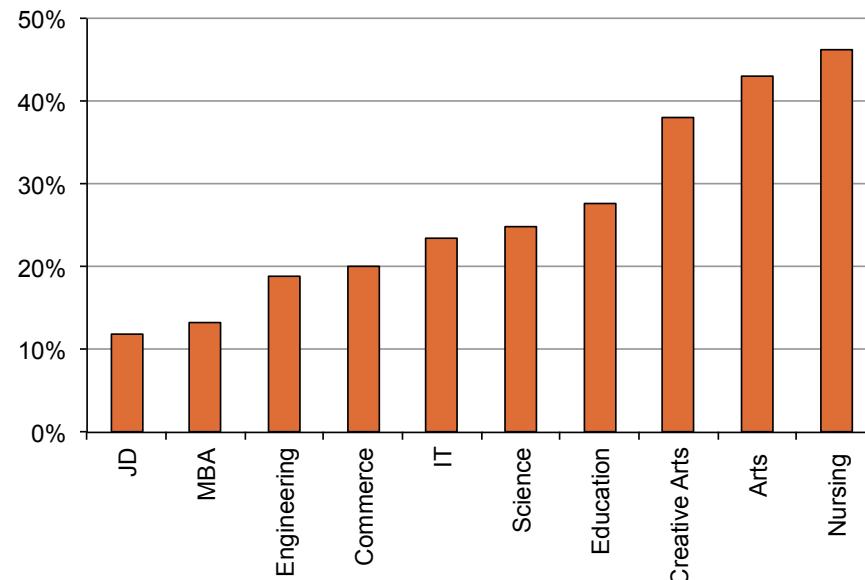
³² See the notes for Figure 14.

³³ Less than one per cent of courses cost the same for both domestic full-fee paying and international students. These are mostly MBA courses.

courses, although this is because of low domestic fees more than especially high international fees.

Figure 14: International students pay significantly more than domestic fee paying students

Median percentage difference of postgraduate international student fees over domestic full-fee student fees in 2014, per cent



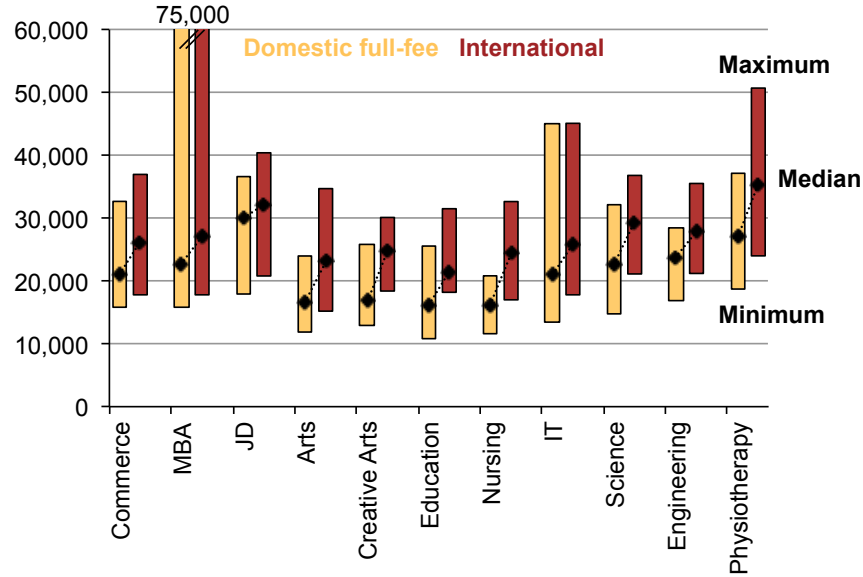
Notes: Information is based on 2014 fees. When available, the data includes 41 public and private universities. Data is collected for 11 disciplines, which are Juris Doctor, MBA, engineering, commerce, science, IT, education, arts, creative arts, and nursing. Since each university often offers multiple courses under one discipline, the most relevant representative course is chosen. When a university has multiple campuses, course fees at the main campus are used. Given the possible variation of fees and courses, these fees should only be used as indicative numbers. Master of commerce (human resource management) is used for Swinburne University of Technology. Sources: University websites

As in the undergraduate international market, fees for postgraduate courses differ by discipline and especially among universities (Figure 15). It is not unusual for the most expensive course to be double or more the price of the cheapest course with the same or a similar name. With about 40 universities, students have a range of options on how much they pay for their postgraduate degree.

Although students could save money by choosing cheaper courses, international postgraduate enrolments skew towards the more expensive universities, as they do for international undergraduate enrolments. In engineering, commerce and society and culture, at least 40 per cent of students are in the highest fee courses (Figure 16). This pattern is consistent for both domestic full-fee paying and international students.

Figure 15: Fees vary between universities for both domestic full-fee paying and international students

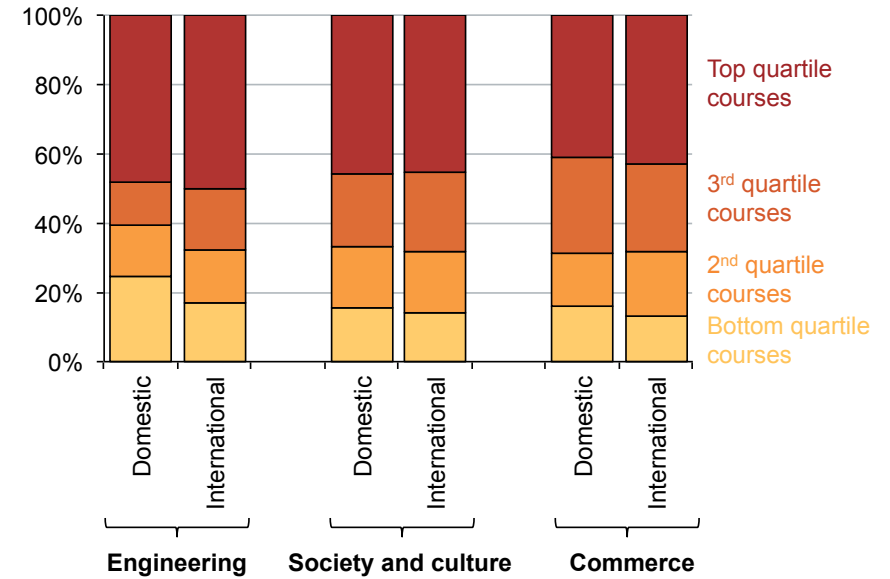
Annual course fees in 2014, \$2014



Notes: The \$75,000 MBA course is available through Melbourne Business School, the University of Melbourne. See also Figure 14.
Sources: See Figure 14

Figure 16: A significant proportion of students prefer the most expensive courses in engineering, society and culture, and commerce

Proportion of students enrolled in each quartile of courses from lowest fee courses to highest fee courses (based on EFTSL), per cent



Notes: Due to restrictions in data availability, the chart uses 2013 number of students and 2014 annual course fees. The data excludes offshore international students. See also Figure 14. Data excludes University College London.
Sources: University websites and data supplied by Department of Education and Training

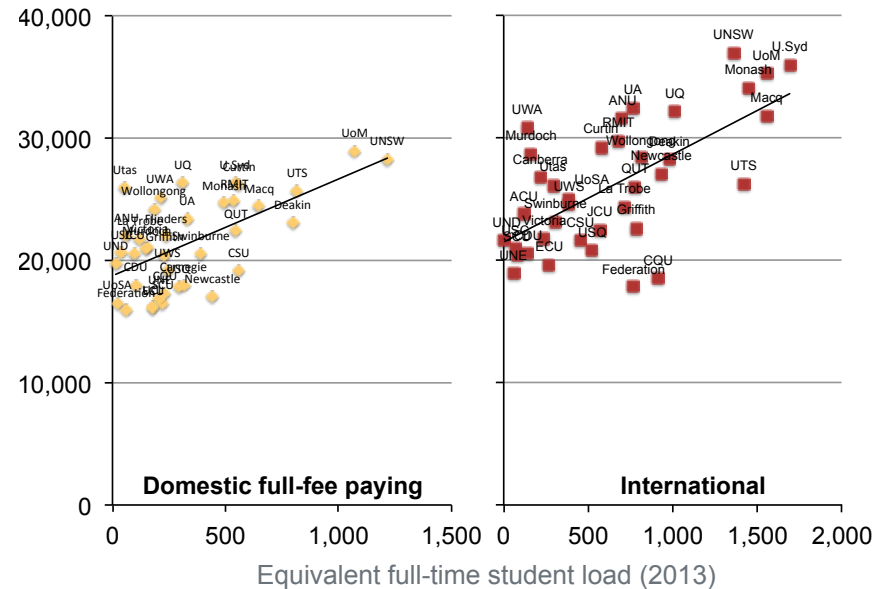
Figure 17 shows in detail the relationship between course fee and enrolment in master of commerce courses. It shows numerous low fee courses with low enrolments. A small number of high fee courses each attract many students. Students could save money by choosing lower-cost options, but generally they do not.

Figure 18 shows enrolment patterns for education and science students in postgraduate courses. In science full-fee paying domestic students are disproportionately in the highest fee courses, but the largest group of their international counterparts enrolls in the second-highest fee courses. In education domestic full-fee paying students are spread quite evenly across the price range, the result of an unusually large number of low-fee education courses (Section 3.4 discusses the potential causes of this in more detail). These factors do not apply for international students, who as in many other fields tend to prefer more expensive courses.

Creative arts and information technology students' fee preferences are less clear. Figure 19 shows that while many domestic creative arts students prefer courses with high fees, many students are also enrolled in the lowest fee courses. As with undergraduate international students, information technology students are dispersed across the range of fees offered. This enrolment pattern supports the hypothesis that IT international students have more diverse preferences in fees than students of other disciplines.

Figure 17: In commerce courses, students could save money by choosing low fee options, but generally they do not

Annual course fee for master of commerce courses in 2014, \$2014

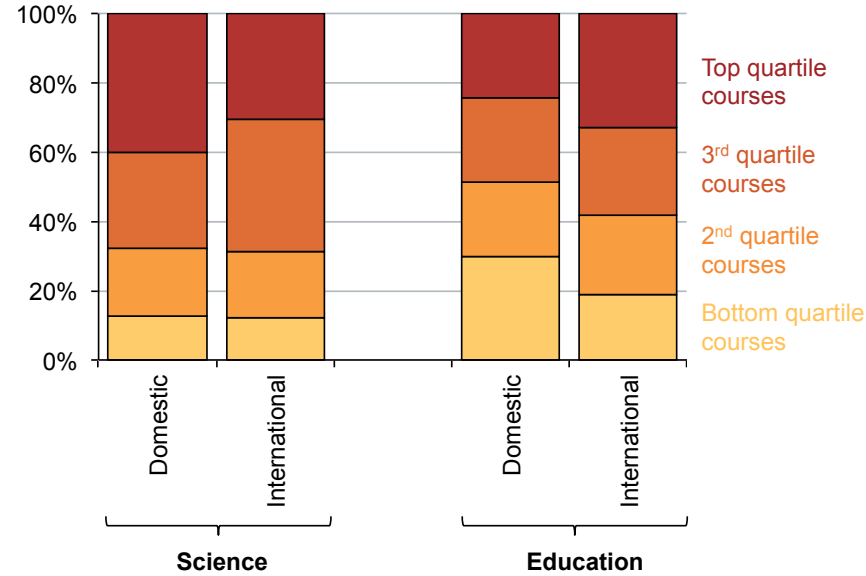


Notes: Due to restrictions in data availability, the chart uses 2013 number of students and 2014 annual course fees. The data excludes offshore international students and Bond University. See also Figure 14.

Sources: University websites and data supplied by the Department of Education and Training

Figure 18: Domestic full-fee paying and international students have different preferences in fees for science and education

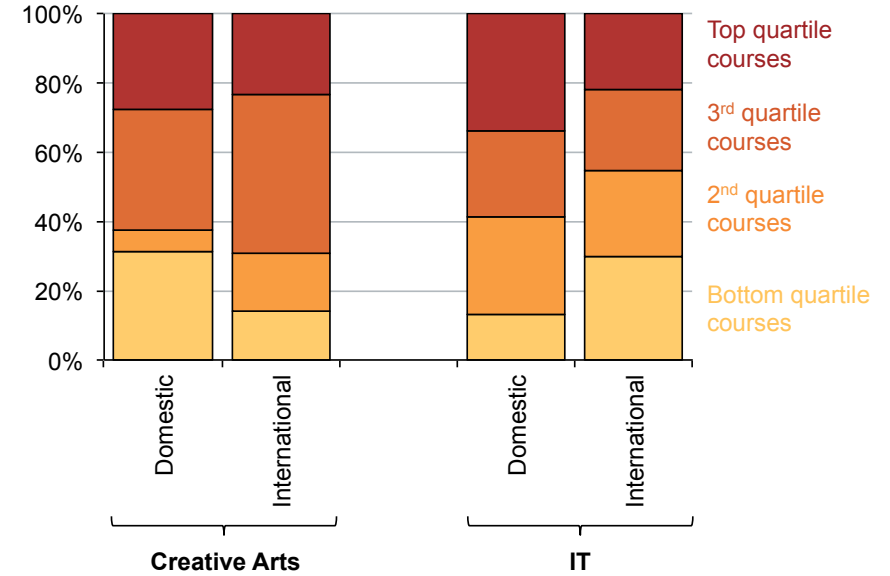
Proportion of students enrolled in each quartile of courses from lowest fee courses to highest fee courses (based on EFTSL), per cent



Notes: See Figure 16
Sources: See Figure 16

Figure 19: No clear patterns in student fee preferences in creative arts and information technology

Proportion of students enrolled in each quartile of courses from lowest fee courses to highest fee courses (based on EFTSL), per cent



Notes: See Figure 16
Sources: See Figure 16

3.3 The role of prestige

Which type of university students attend affects the fees they pay. University prestige explains some of these fee differences. More than 90 per cent of international students in Australia cite university reputation as a factor in their choice.³⁴ The most prominent prestige indicators are international university rankings. Group of Eight universities outperform other universities across the three main international rankings – the Shanghai Jiao Tong Academic Ranking of World Universities, the Times Higher Education and the QS World University.³⁵ All Group of Eight universities make the top 200 Shanghai Jiao Tong World Universities while no other Australian universities do.³⁶

As in our analysis of the international undergraduate market, this section categorises Australian universities into the Group of Eight (Go8), the Australian Technology Network (ATN) plus Swinburne University (technology universities), the Innovative Research Universities group (IRU) and the Regional Universities Network (RUN).³⁷

Group of Eight universities are the most expensive, with the highest median fees. Although the Group of Eight premium over technology or IRU universities varies by discipline, the hierarchy

of Group of Eight, technology and IRU is consistent (Figure 20). The Group of Eight's members have the highest median fees in both full-fee paying domestic and international student markets. The technology universities have the second highest median fees followed by IRU universities in most disciplines. The hierarchy of median fees matches the undergraduate international student market.

³⁴ 94 per cent of international students make their choice to study in Australia because of the reputation of the institution; Department of Education and Training (2015c).

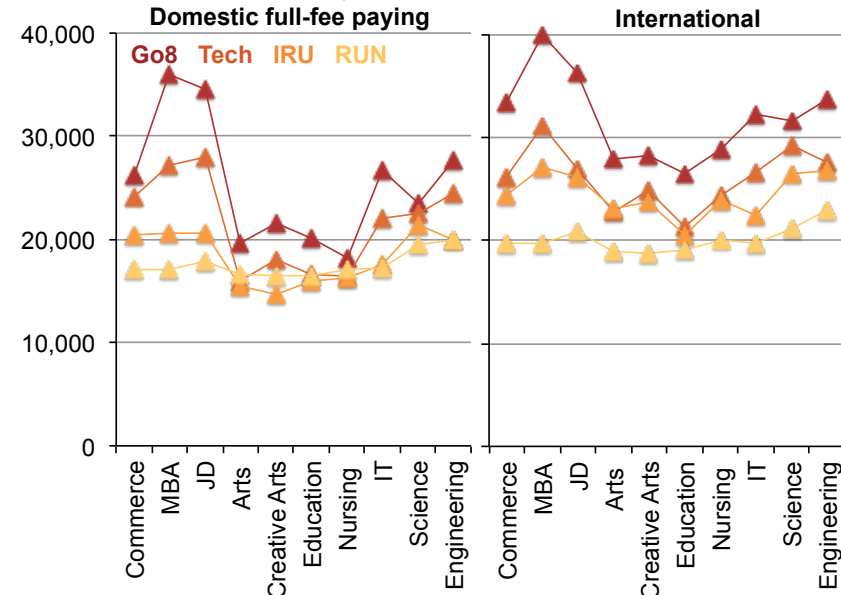
³⁵ Norton and Cherastidtham (2014), p. 84

³⁶ 2014 data; ARWU (2014)

³⁷ The University of Newcastle withdrew from the IRU at the end of 2014. Since our analysis uses 2014 fees data, the University of Newcastle is included in the IRU.

Figure 20: Group of Eight and technology universities charge the most in both full-fee paying domestic and international student markets

Median annual fees in 2014, \$2014



Notes: 'Tech' universities include ATN and Swinburne University of Technology. IRU includes the University of Newcastle. A representative course is chosen for each field of study and university. See also Figure 14.

Sources: University websites

The close link between fees and research performance can be seen clearly when we use Australian research data. This analysis brings in universities that are not aligned to the major university groupings.

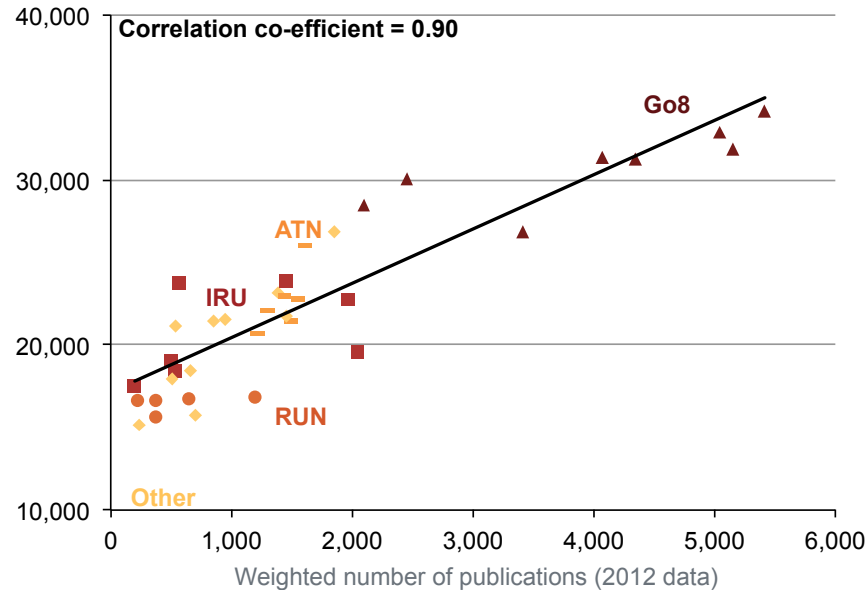
Figure 21 shows the fees universities charge international students and the annual number of research publications by each university. Figure 22 shows the relationship between international student fees for each university and the share of disciplines rated three and above in the Excellence in Research for Australia exercise carried out by the Australian Research Council. A rating of three indicates that a field of research is at world standard. Four and five indicate above and well above world standard.

The Group of Eight universities generally charge the highest fees, and as expected also publish the largest number of research publications and get the largest share of at or above world standard quality rankings. The ATN and IRU universities generally cluster together, although there is significant variation within the IRU. At an individual university level, the relationship between research performance and fees is very high. The overall correlations for each are around 0.9 (when 1 would mean a perfectly matched relationship).³⁸

³⁸ This work replicates earlier analysis in Beaton-Wells and Thompson (2011).

Figure 21: Universities with high fees produce the most research publications

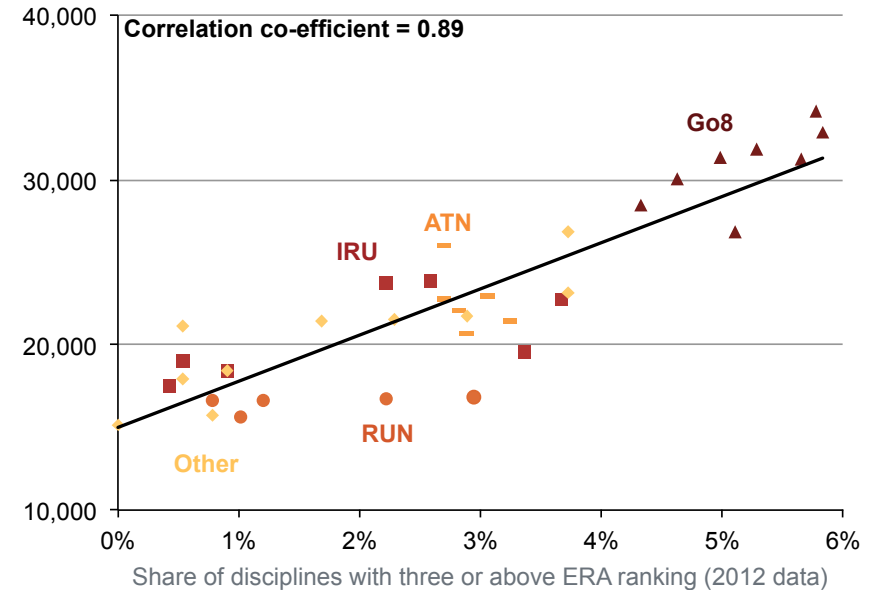
Weighted average undergraduate international student fee (2012 data)



Notes: Journal articles, conference papers and book chapters are all weighted at one, books at five. The calculation is based on 2012 fees data. When 2012 fees data is not available, 2013 and 2014 data are used to supplement with 4 and 8 per cent deflation. Sources: University websites; data supplied by the Department of Education and Training; Department of Education and Training (2014)

Figure 22: High fees are associated with high-quality research performance

Weighted average undergraduate international student fee (2012 data)

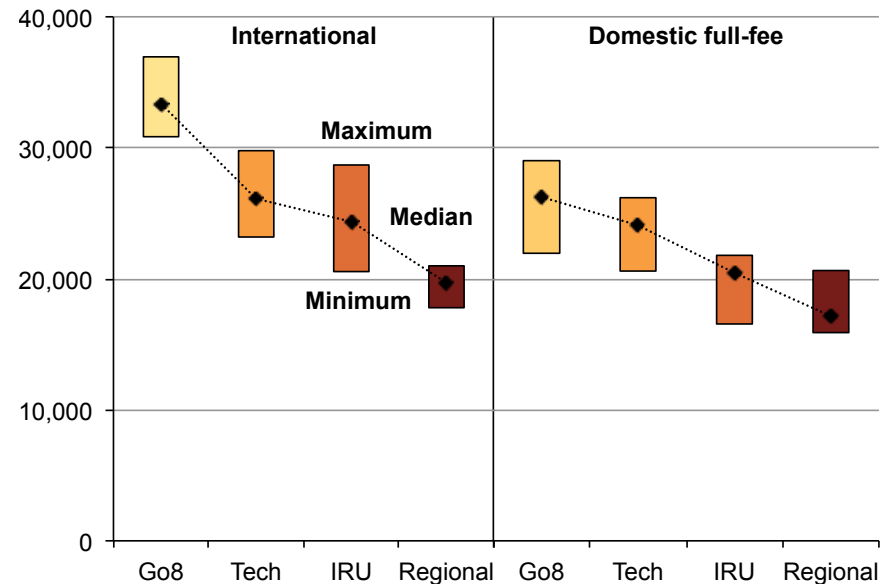


Notes: Share of disciplines rated 3, 4 or 5 in ERA. The calculation is based on 2012 fees data. When 2012 fees data is not available, 2013 and 2014 data are used to supplement with 4 and 8 per cent deflation. Sources: University websites; data supplied by the Department of Education and Training; ARC (2012)

While prestige has an important influence on fees, it plays different roles in the international and domestic markets. Figure 23 shows annual fees for domestic full-fee paying and international students in master of commerce courses. Although median fees rank in the same order in both domestic and international student markets, the prestige premium is different. International students pay a large premium to attend a Group of Eight university compared to a technology university. For domestic students, fees charged by different Group of Eight and technology universities overlap. Some technology universities charge more than some Group of Eight universities. This pattern of fees suggests that international students value university prestige more than domestic students.

Figure 23: Group of Eight universities have the highest median fees in both domestic full-fee and international student markets

Master of commerce annual course fees in 2014, \$2014



Notes: See Figure 20
Sources: See Figure 20

Other evidence supports the proposition that the local market views prestige factors differently. Figure 24 shows the Australian Tertiary Admission Rank (ATAR) range of bachelor of business and commerce students by university. There is the same pattern of Group of Eight universities having the highest median ATAR for each state and territory. But their ATAR ranges also overlap with

other institutions, especially with the technology universities.³⁹ Many domestic students with an ATAR high enough for a Group of Eight university choose a less prestigious university.⁴⁰

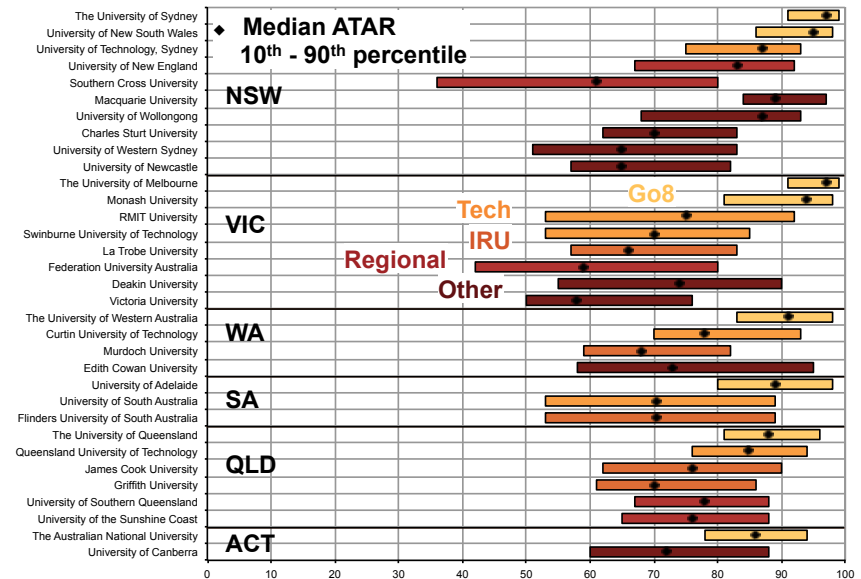
Their choice is supported by the long-term earnings of bachelor-degree holders. Grattan Institute's report, *Mapping Australian higher education 2014-15*, shows that after controlling for differences in social background and discipline, graduating from a Group of Eight or technology university each provides about 6 per cent higher lifetime income than graduating from another university.⁴¹ This suggests that Australian employers are not highly influenced by the prestige captured by international university rankings.

³⁹ This trend is consistent with other disciplines in our data, which are science, information technology, nursing and engineering. An exception to this is in education where the median ATARs of Go8 universities and technology universities are similar.

⁴⁰ Since universities use different indicators as entry requirements for postgraduate courses, comparison between universities is difficult. Entry requirements for postgraduate courses are often a combination of completion of an undergraduate degree (with a minimum grade threshold or relevant subjects) and performance on external tests. These tests include the Graduate Management Admissions Test (GMAT), the Graduate Record Examination (GRE) and English language proficiency for international students. Different universities rely on different performance criteria, which make them not directly comparable.

⁴¹ Other universities are universities that are not part of Go8, technology or IRU universities.

Figure 24: Many domestic students with the ATAR to attend a Group of Eight university choose a lower ranked university
Spread of ATAR for domestic bachelor degree students studying business by university in 2013



Notes: ATAR data is classified in terms of field of education. Business and Management is used except for the University of Adelaide where Other Management and Commerce is used and for the University of Western Australia where Management and Commerce is used. The data excludes CQU, University of Tasmania, Charles Darwin University, and ACU.

Source: Data supplied by Department of Education and Training

The more compressed fee range for domestic students is also supported by the different employment profiles of international and Australian postgraduate students. A majority of domestic postgraduate coursework students work full-time while studying, but due to visa restrictions international students generally only

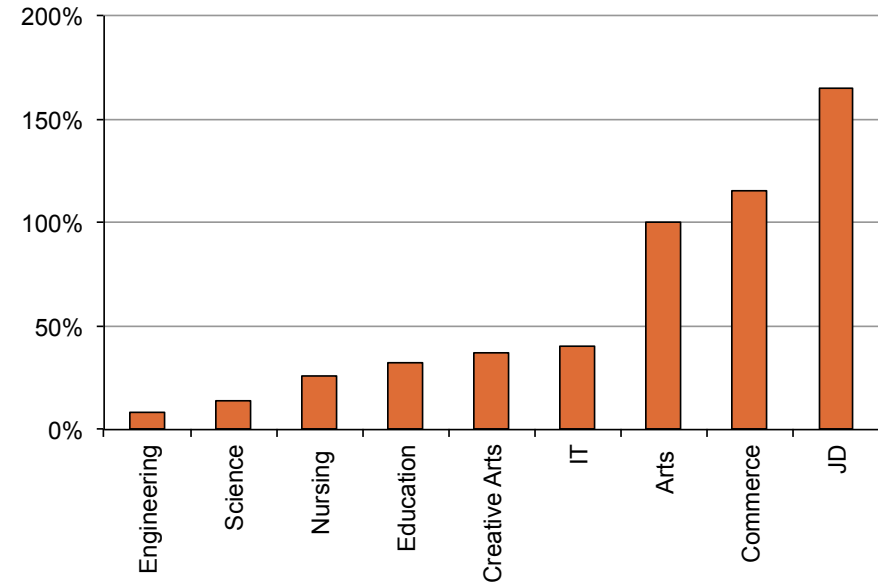
work part-time. International students are also much less likely to say their work is relevant to their course.⁴² Employed Australian students can directly demonstrate skills to existing employers, but relatively few international students are in jobs where their university studies are relevant. In looking for work after completing their degrees, international students may believe they benefit from the signalling effect of graduating from a prestigious university. With local knowledge and more ability to demonstrate their skills, domestic students are less willing to pay for prestige than their international student counterparts.

3.4 Postgraduate fees compared to revenue from Commonwealth supported places

As is the case for international undergraduates, international postgraduates are generally more lucrative than domestic students in Commonwealth supported places (CSP). Universities earn the same amount for a CSP whether it is undergraduate or postgraduate. Figure 25 shows that, as for international student fees (Figure 8), there are higher premiums for relatively low-cost disciplines. While some universities charge high fees for international engineering and science postgraduates (Figure 15), the median fees charged are only slightly above the CSP rate.

Figure 25: International postgraduate student fees are generally significantly higher than CSP rates

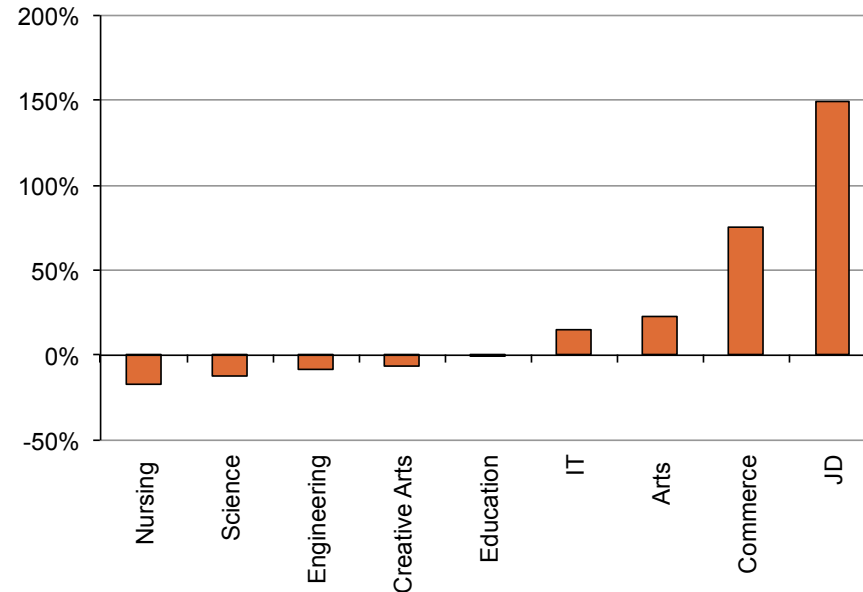
Median percentage difference of postgraduate international student fees over domestic total CSP rates in 2014, per cent



Notes: See Figure 3
Sources: University websites; Kemp and Norton (2014)

⁴² Universities Australia (2013), p. 45-47

Figure 26: In some disciplines, it is common for universities to charge domestic full-fee student fees that are below CSP rates
 Median percentage difference of postgraduate domestic full-fee student fees over total CSP rates in 2014, per cent



Notes: See Figure 3
 Sources: University websites; Kemp and Norton (2014)

For domestic postgraduate coursework students, there is a more complex relationship with CSP rates. In several fields the median percentage difference between what universities charge fee-paying students and their revenue from CSPs is small (Figure 26). As discussed in section 3.2, there is often an enrolment skew towards universities that charge more than the median fee. Figure 26 does not mean that the median student necessarily pays less than what his or her university would get for a CSP. Nevertheless, it is a counter-intuitive finding. It is not immediately consistent with claims that postgraduates are particularly expensive to teach, or that universities inevitably try to profit from deregulated markets.

One reason for this complex relationship with CSP rates is that there are many CSPs in the domestic postgraduate market (Figure 12, section 3.1). Around 40 per cent of postgraduate domestic coursework students pay government-regulated student contributions, with a much higher share in education and nursing. Often the same course has both full-fee and CSP students, because there are restricted numbers of CSP places. For various historical reasons, some universities have more CSPs than others. This makes it harder for universities without CSPs to charge high fees. Price sensitive students can shop around for a CSP.

Given these price pressures, it is not surprising that many universities price full-fee nursing and education courses at around or below their revenue for a CSP, if they had one. Sixteen universities have a postgraduate nursing course with annual fees below CSP rates. In education, eight universities have a postgraduate course below CSP rates, with another five offering courses priced within \$1000 of CSP rates.

These fees leave little scope for profit, suggesting that universities offer these places for other reasons. Offering full-fee places expands opportunities for prospective nursing and education students, beyond what would be possible with CSPs allocated by the government. Keeping fees as low as possible limits the inequities among students that sometimes emerge when CSP and full-fee places are mixed.⁴³ This is consistent with the equity missions that all public universities say they pursue. Until recently, Australia had widespread shortages of nurses. Offering more places helped universities provide the community with needed skills, an objective frequently found in university legislation.

Based on fees information alone, however, it is hard to definitively disentangle mission considerations from market forces. Nursing and education courses lead to professions with rigid wage structures compared to many other occupations, with few high-paying jobs. These wage structures make it difficult to get a good financial return on high-fee courses.⁴⁴ This market is likely to resist paying high fees, even if universities wanted to generate profits.

In science, engineering and creative arts, median fees are also below CSP rates. These disciplines have relatively high CSP

rates. They also attract fewer full-fee domestic postgraduate coursework students than many other disciplines. Low enrolments contribute to high average costs, although postgraduate courses are not necessarily loss making. If laboratories and lecture theatres already exist for undergraduates, the marginal infrastructure cost of small postgraduate cohorts is likely to be low. Irrespective of costs, low demand limits the scope for charging high fees. Market forces and high CSP rates contribute to median domestic postgraduate fees being lower than CSP rates.

⁴³ For a more detail discussion of these issues see Kemp and Norton (2014), chapter 9.

⁴⁴ Increases in wages tend to correspond to years of service. Unlike most other jobs, the majority of teachers are employed in public schools where there are caps on how much they can earn: ABS (2015c) table 50A. Like teachers a large proportion of nursing professionals are employed in the public sector: ABS (2012). Their pay scales are determined by state-level enterprise agreements and progression is usually associated with years of service. See enterprise agreements and Australian Nursing & Midwifery Federation (2009).

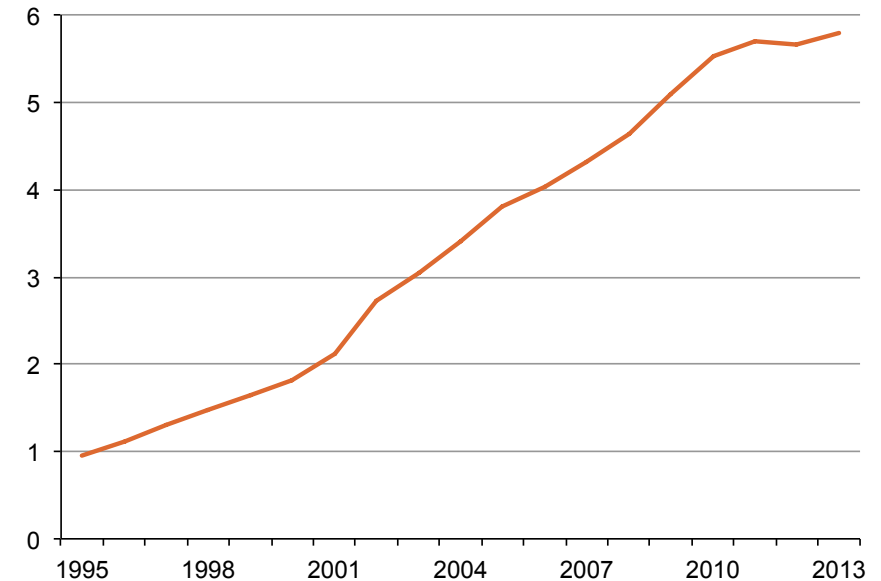
4 Revenue from fee-paying students

In taking fee-paying students, universities are not always motivated by money. In some courses, especially in the domestic postgraduate coursework market, they also put a priority on increasing skill levels and promoting access, and charge lower fees accordingly. Even if international students were not highly profitable, most Australian universities would enrol some, as they did before the establishment of the fee-paying market in the mid-1980s. They were in part motivated by wanting to build stronger relations with other countries while offering domestic students the chance to meet students from overseas.

Although motives in taking fee-paying students are mixed, financial considerations are the most important. They explain the rapid growth in student numbers and the high fees often charged. In 2013, public universities earned nearly \$6 billion directly from fee-paying students (Figure 27).⁴⁵ This sum includes \$4.3 billion from international students. In real terms, the total is nearly six times what it was in 1995.

Figure 27: Fee-paying students are an important source of revenue for universities

\$2014 billion



*Notes: Includes TAFE revenue for dual sector institutions. Includes HELP for domestic students. CPI is used to adjust for inflation. Excludes Bond University.
Sources: ABS (2015a); Department of Education and Training (various years)*

Fee income from international students will certainly have increased significantly since 2013. The 2014 annual university finance report has not been released at the time of writing, but sources including enrolments, visa approvals, and Australian Bureau of Statistics estimates of fee income all point to a

⁴⁵ True fee revenue is higher than these numbers suggest, as we cannot identify fees paid originally to third-party providers but passed on to universities via royalties, dividends and other payments.

substantial revenue boost from fees.⁴⁶ The ABS reports that the higher education sector as a whole, which includes non-university higher education providers, earned \$5.7 billion from international students in 2014.⁴⁷

Fee-paying domestic postgraduates are fewer in number and pay lower prices than international students, and so are less lucrative for universities. In 2013, universities earned more than \$900 million from these students.⁴⁸ Domestic fee-paying postgraduate enrolments are increasing (Figure 12), so this figure would also have increased since 2013.

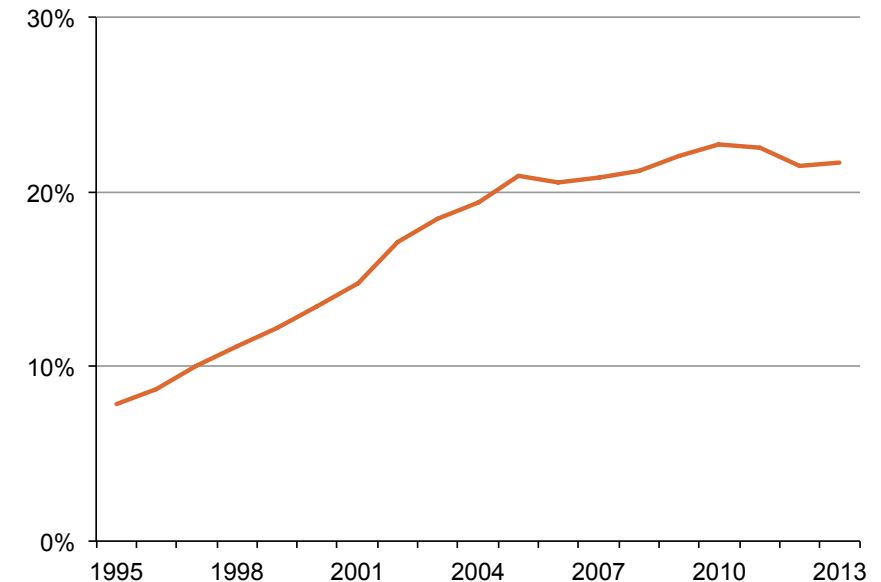
The rest of fee income comes from smaller sources, including domestic undergraduate students (section 5.4), people taking not-for-degree subjects, and various other courses that do not lead to a qualification.

Over time, fee income has increased as a share of all university revenue (Figure 28). Since 2009 fee income has been about 22 per cent of university income. It has stabilised partly because fee income growth moderated during the fall in international student enrolments during 2012 and 2013. The other main stabilising factor was a surge in income earned for government-supported students, pushing down the fee-paying share. The main cause of

that was the removal of most previous controls on domestic bachelor-degree student numbers. Between 2009 and 2013 Commonwealth supported place revenue increased by \$2.7 billion (in 2014 dollars).

Figure 28: Fee revenue makes up more than a fifth of all university income

Per cent of total revenue



*Notes: Includes TAFE revenue for dual sector institutions. Includes HELP for domestic students. CPI is used to adjust for inflation. Excludes Bond University.
Source: Department of Education and Training (various years)*

⁴⁶ See section 2.1 and 3.1

⁴⁷ ABS (2015b). See section 5.5 for information about enrolments in non-university higher education providers.

⁴⁸ A more precise number is not possible on publicly available information. While upfront payments to universities for postgraduate students are separately recorded in the annual finance reports, FEE-HELP revenue includes some money that would have been borrowed by the small number of domestic undergraduate fee-paying students in public universities (see section 5.4).

The financial significance of fee-paying students exceeds their share of total university revenue. They generate surpluses and therefore discretionary revenue. Universities want that revenue to pursue activities and purposes – especially research – that are not self-sustaining on the scale that many universities desire. The policy dilemmas created by not-for-profit universities running teaching on a for-profit basis will be the subject of future Grattan publications.

5 Appendix A: A brief policy history of fee charging in Australian universities

This appendix provides a brief overview of the history of policy on higher education fee charging in Australia since the 1970s. It contains some additional detail not in the main report, including more on other deregulated markets. It does not cover regulated fees such as HECS or student contributions.

5.1 Policy in the 1970s

In the early 1970s most universities charged student fees, but these made up only 10 per cent of university revenue.⁴⁹ In 1973 the State premiers agreed to let the Commonwealth take over higher education funding from 1974.⁵⁰ To receive Commonwealth funding, universities had to stop charging student fees, other than an amenities fee for non-academic services. A period of free higher education began.

5.2 International students

Between 1980 and 1990, the 1970s model of supporting international students from Australian public funding was replaced with a commercial model. From 1980, the Fraser Liberal Government required international students to pay fees, but they remained subsidised by government.⁵¹ From 1986, the Hawke Labor government allowed public universities to accept full-fee paying international students, in addition to those being charged

for a subsidised place. From 1990, the industry moved to a more commercial basis, with the subsidised places being phased out.⁵²

Enrolment restrictions for international students were no longer needed once it was a commercial industry. Despite early doubts, there was and remains strong demand for full-fee places. International student numbers grew every year from 1988 to 2011, as seen in Figure 29. As noted in sections 2.1 and 3.1, visa and other statistics show that enrolment growth has now resumed.⁵³

There is no upper limit on what international students can be charged, but there is a floor price.⁵⁴ This minimum fee, set on a discipline basis, is intended to avoid Commonwealth funding being used to subsidise international students.

⁴⁹ DEET (1993), p. 75

⁵⁰ For the legal basis of higher education funding see Norton and Cherastidtham (2014), chapter 7.

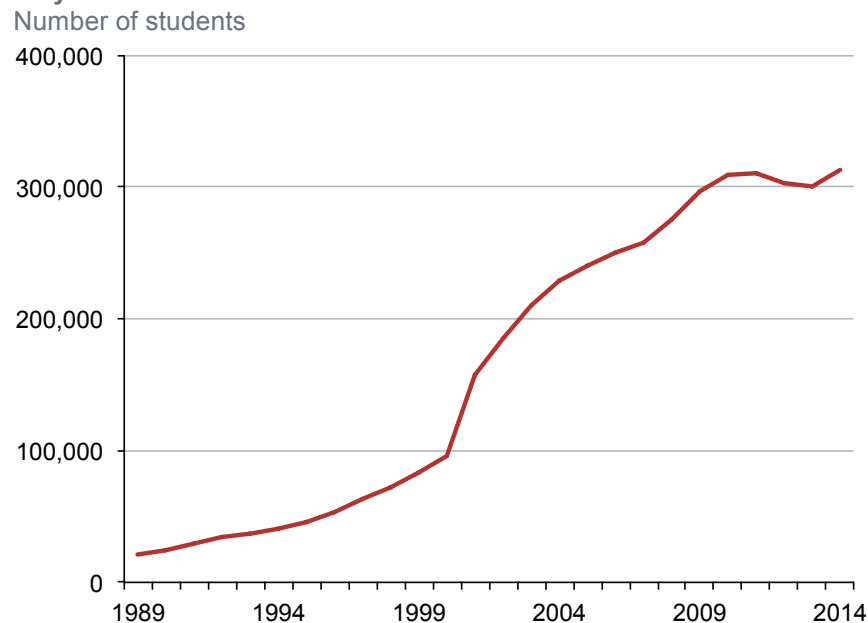
⁵¹ Meadows (2011); Megarritty (2007), p. 61

⁵² Meadows (2011), p. 66-68. There are still scholarships awarded as part of Australia's international aid program. In 2013-14, over 2,000 Australia Award Scholarships were awarded, at a cost of approximately \$250 million.

⁵³ DIBP (2015); Department of Education and Training (2015b)

⁵⁴ Higher Education Provider Guidelines 2012, chapter 6

Figure 29: Total international student numbers grew rapidly when they became a commercial market



Notes: See notes for Figure 1. Includes undergraduate, postgraduate, non-award and enabling courses.

Sources: DEEWR (2000); Department of Education and Training (2015e)

5.3 Domestic postgraduate coursework places in public universities

In 1988, some price and quantity controls on postgraduate coursework places were cautiously lifted. Initially, the relaxed rules applied only to courses for already employed people

upgrading their skills.⁵⁵ As with international students, easing quantity constraints led to increased student numbers, as reported in section 3.1.⁵⁶ Subsequent years saw many policy shifts, but by 1994 most restrictions on offering full-fee postgraduate coursework places had been removed, except for initial professional entry qualifications in education and nursing.⁵⁷ In the 1996 Budget the government reduced higher education spending, focusing cuts on postgraduate coursework places.⁵⁸ The majority of places were full-fee from 1999.

Up to 2001, full-fee postgraduate students paid their fees upfront. In 2002, an income-contingent loan was introduced for postgraduate full-fee students. Initially called PELS (the Postgraduate Education Loan Scheme), it was subsumed into the FEE-HELP loan scheme from 2005. Substantial enrolment increases in the first couple of years of PELS suggest that it helped cash-constrained prospective postgraduates. About two-thirds of full-fee postgraduate coursework students now take out FEE-HELP loans. In 2013, they borrowed \$690 million under FEE-HELP.⁵⁹

Although most postgraduate coursework places are full-fee, government-supported postgraduate places grew again from 2005 (as seen in Figure 12 in section 3.1). These places are centrally allocated by the government, making parts of the postgraduate

⁵⁵ DEET (1993), p. 93

⁵⁶ DEEWR (2000), table 15

⁵⁷ Anderson, *et al.* (1998), p. 111-112

⁵⁸ Vanstone (1996), p. 7

⁵⁹ Department of Education (2014b), table 5.1, Department of Education and Training (2015a), p. 125. This figure includes lending to students outside the public universities.

market more regulated than the bachelor-degree market. Except in medicine, the government no longer allocates bachelor-degree places in public universities. Because some universities are allocated more postgraduate places than others, this can distort local markets.⁶⁰

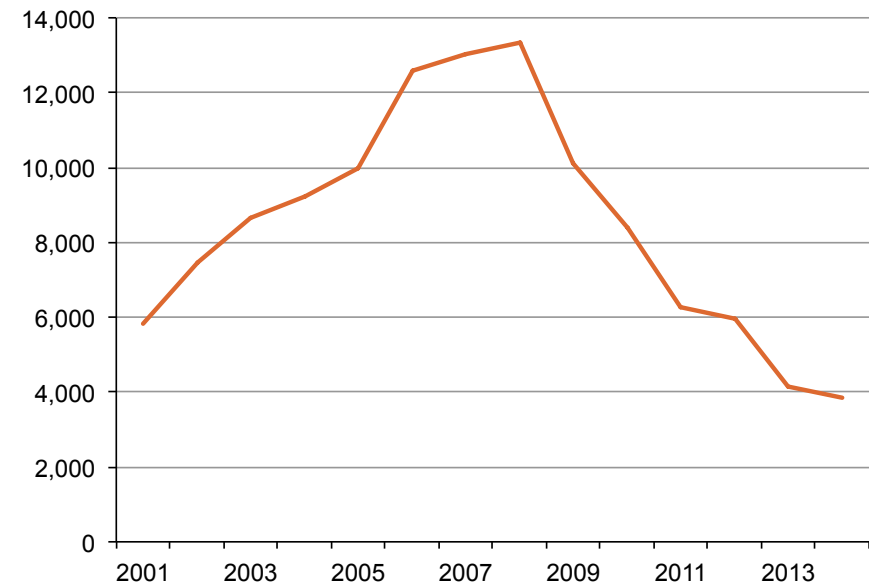
As with international students, there is no upper limit on what domestic postgraduate coursework students can be charged. Where the university is mixing full-fee and government-supported postgraduate students there is a floor price. Universities must charge their full-fee students at least what government-supported students pay.⁶¹

5.4 Domestic undergraduate places in public universities

Most domestic undergraduate students in public universities are in subsidised places. Between 1998 and 2008, public universities could admit full-fee undergraduates, after the university's allocation of government-supported places had been filled. As with international and postgraduate education, lifting supply constraints led to additional enrolments (Figure 30). FEE-HELP loans from 2005 boosted demand.

Figure 30: Domestic undergraduate full-fee enrolments in public universities grew until a policy change

Domestic undergraduate full-fee enrolments (EFTSLs)



Note: Includes Australian Defence Force Academy and Australian Maritime College.
Source: Department of Education and Training (2015e)

The Rudd government prohibited new full-fee enrolments from 2009. With restrictions on numbers of government-supported places ending in 2012, the main rationale for full-fee places was removed. There are exceptions to the general ban on full-fee undergraduates. These apply in courses designed for particular employers, for summer or winter school subjects, and for subjects

⁶⁰ For analysis of the issues this causes, see Kemp and Norton (2014), chapter 9.

⁶¹ Section 36-55 of the Higher Education Support Act 2003. The rule applies at the subject level.

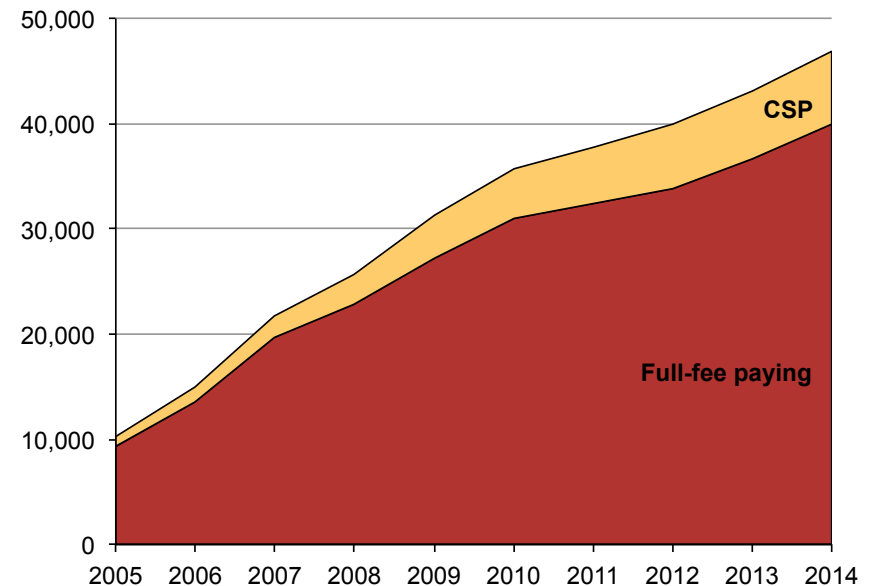
that are not part of the student's course.⁶² As with domestic postgraduate coursework places, full-fee students must be charged at least what government-supported students pay. There is no maximum fee.⁶³

5.5 Private universities and non-university higher education providers

Public funding of Australian higher education is shaped by its history. Generally, higher education providers that were publicly funded in the 1980s are eligible for all funding schemes now. Other higher education providers are eligible for the FEE-HELP income-contingent loan scheme, but not to other funding programs.⁶⁴ This means that most students in non-university higher education providers and private universities pay full fees (Figure 31). For the most part, the fees charged are not regulated.⁶⁵ In the majority of undergraduate courses, the fees are

less than what universities receive for Commonwealth-supported places.⁶⁶

Figure 31: Non-university higher education provider and private university enrolments have increased significantly
Non-university higher education provider and private university student enrolments, EFTSLs



Notes: Increasing student numbers partly reflects new providers gaining access to FEE-HELP. The difference between the total figure and 'full fee' is Commonwealth supported places. Most of these are at the University of Notre Dame.
Source: Department of Education and Training (2015e)

⁶² Department of Education (2014a), p 27, 46, 67. The enrolment statistics in Figure 30 cover only students enrolled in a course.

⁶³ Section 36-55 of the Higher Education Support Act 2003. The rule applies at the subject level.

⁶⁴ Norton and Cherastidtham (2014), chapter 5

⁶⁵ The only exception is that where they have government supported and full fee students in the same subject, the full fee students must be charged at least the highest student contribution amount: section 36-55 of the Higher Education Support Act 2003. There is also a maximum lifetime FEE-HELP loan of \$98,000 for courses except medicine, dentistry and veterinary science, for which the maximum is \$120,000: Department of Education (2015). This may act as a soft cap on fees, if the provider believes that it will lose students who cannot afford upfront fees.

⁶⁶ Norton (2015b)

In 2013, there were just under 59,000 full-time equivalent students enrolled in non-university higher education providers.⁶⁷

Department of Education enrolment statistics outside the public universities are only partial, as higher education providers do not report student numbers unless they received government assistance (usually FEE-HELP). With this caveat about provider coverage, Figure 31 indicates increasing demand for student places outside the public university system.

⁶⁷ TEQSA (2015)

6 Glossary

ABS	Australian Bureau of Statistics	HELP	Higher Education Loan Program
ARC	Australian Research Council	IRU	Innovative Research Universities
ATAR	Australian Tertiary Admission Rank	RUN	Regional Universities Network
ATN	Australian Technology Network	Student contribution	The amount paid by a student in a Commonwealth-supported place
Commonwealth contribution	The Federal Government's payment for a CSP	TEQSA	Tertiary Education Quality and Standards Agency
CPI	Consumer Price Index		
CSP	Commonwealth supported place		
CSP funding rate	Total CSP funding, including Commonwealth and student contributions		
EFTSL	Equivalent full-time student load		
ERA	Excellence in Research for Australia		
FEE-HELP	HELP for full-fee students		
Full-fee student	A student whose course is not subsidised by government		
Group of Eight/Go8	Coalition of Australia's 'sandstone' universities		
HECS	Higher Education Contribution Scheme		
HECS-HELP	HELP for Commonwealth-supported students		

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