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Australian Government

Department of Education and Training

Dr Luke Hendrickson
Director
Research Funding and Data

Professor Denise Cuthbert
Convenor
Australian Council of Graduate Research
convenor@acgr.edu.au

Cc: Ms Fiona Zammit

Dear Professor Cuthbert

Thank you for your letter of 18 October 2016 regarding the new guidelines for the Research Training Program (RTP).

Implementation of new arrangements

The department has consulted widely on the implementation arrangements, including through a public consultation process and a Reference Group including the Universities Australia's Deputy Vice Chancellor Research (DVCR) Executive Group. In order to strengthen the legislative basis for the program and avoid the need to clawback funding from the APA and IPRS programs it was decided that the RTP guidelines be set under Part 2-4 Commonwealth Scholarships.

While I appreciate your concerns about timelines, the department must proceed with a commencement date of 1 January 2017 in line with government policy.

My team and I are keen to work closely with you and the sector more broadly to enable an efficient and manageable transition to the new arrangements. With this in mind please find some responses to your letter, which follows on from my discussion with your Executive Officer Fiona Zammit on 20 October 2016.

Fees Offsets

Under the new arrangements, Higher Education Providers (HEPs) have the flexibility to set their fee offsets and stipend rates at their own discretion. For example, domestic and international fee offsets could be set and managed at different levels.

Many higher degree by research (HDR) students supported by the Research Training Scheme and International Postgraduate Research Scholarships are currently unaware of the level of Commonwealth support provided for their study.

The *Commonwealth Scholarships Guidelines (Research) 2017* require that HEPs now clearly identify to the HDR candidate the amount of Commonwealth funding being used to substitute for the tuition fee that would otherwise be payable by a student.

HEPs will not be required to register fees or publish a fee schedule. They will only need to estimate the value of support provided to each HDR student and make that amount known

to the individual HDR student or candidate. It would be appropriate, for example, to provide a candidate with an estimated average level of support.

This arrangement will ensure an increased and consistent level of transparency in the value of Commonwealth support.

RTP Scholarship Policy

The new arrangements require that a HEP publish an RTP Scholarship Policy outlining the range of policies and processes applicable to RTP Scholarships. The aim of this new requirement is to create a one-stop-shop for HDR candidates and students to access information on RTP support that enables consistency and comparability across the sector.

As discussed with Ms Zammit, while the requirements technically commence on 1 January 2017 the department is prepared to allow HEPs to have arrangements in place by 30 June 2017. The department has some flexibility to deal with exceptional circumstances beyond this date. In the interim, HEPs will be able to retain their current RTS, IPRS and Australian Postgraduate Award (APA) policies as equivalent RTP policies. I trust that this will enable sufficient time for HEPs to internally consult, update their systems and processes, and update their marketing and recruitment strategies.

In the development of RTP Scholarship Policies we expect that there may be some amount of overlap with other policies. In these situations it will be sufficient to provide links to these policies rather than duplicating the material in the single RTP Scholarship Policy.

Duration of support

In response to the *Review of Australia's Research Training System* the Guidelines provide flexibility for HEPs to align periods of support for Fees Offsets and Stipends. This alignment is at the discretion of each HEP and unaligned periods of support can still be offered, including for continuing APA students. The wording of the guidelines allows for this flexibility but also has to accommodate students under existing schemes.

Changes to reporting requirements

The changes required to HEP student administrative systems will be minimal for 2017. These consist of basic changes to replace RTS, IPRS and APA system codes with RTP codes, and compulsory reporting of Commonwealth Higher Education Student Support Numbers (CHESSN) for domestic RTP students.

The department will also implement changes to the Higher Education Research Data Collection (HERDC) for the reporting of 2017 data in 2018. These changes were suggested in the department's consultation paper and will result in the removal of HDR fees from Category 3 and a revision of the Category 2, 3 and 4 sub-categories to better identify engagement income, in keeping with the ARC Engagement and Impact initiative.

More substantial enhancements to student data collections will occur for the reporting of 2018 data. For the first time we will collect HDR student data for Field of Research (FoR) data, industry experience and detailed information on completion timeframes. The department will require four-digit level FoR reporting at minimum. We will discuss whether six digit reporting is required as part of further detailed consultations with the sector to be initiated by the end of the year.

Tax implications for part-time RTP students

Our advice from the Australian Tax Office is that part-time student stipends will continue to be taxable and that fee offsets for part-time students will continue to be tax free.

This advice is based on The ATO class ruling (CR 2003/84) which considered the offering by Bond University of PhD Research Scholarships comprising a stipend for living costs and a tuition fee waiver. The ruling was clear that fee waivers were not considered income.

Given the strong parallels with the ruling and RTP arrangements in the *Commonwealth Scholarships Guidelines (Research) 2017*, our understanding is that RTP Fees Offset will not constitute income and will therefore not be subject to income tax.

We therefore expect that the arrangements in place for RTP Fees Offset, Stipend and Allowances will have no additional impact on part-time students compared to the existing RTS, IPRS and APA schemes.

Presentation to ACGR

Thank you for your invitation to attend the ACGR's meeting on 3 November 2016. I can confirm that I and a colleague will be able to attend for a briefing and question and answer session. Following this meeting we will also host a webinar information session on 10 November 2016 so that the sector more broadly can have an opportunity to resolve any issues with the new guidelines.

I hope that these responses address your major concerns.

Yours sincerely



Dr Luke Hendrickson

25 October 2016