

25 October 2021

MS. DANIELLE STALTARI

Director

Competition Exemptions

Australian Competition and Consumer Commission

Dear Director Startari:

Thank you for your letter inviting Carnegie Mellon University in Australia (CMU-A) to comment on the application of the University of Adelaide and Ors application for authorisation AA1000585-1 “to enable universities and other education providers that have campuses in South Australia to jointly establish and effect travel and quarantine accommodation arrangements to facilitate the return of international students to study on-campus at premises in South Australia.”

CMU-A only received this morning a term sheet from Study Adelaide outlining a Detailed Cost Summary of the proposed travel and quarantine arrangements envisioned by three public universities [REDACTED]. Our quick review of this term sheet indicates that this program, as presently designed, is going to be prohibitive for and detrimental to small higher education providers, while risking of falling short in attracting the number of international students necessary to sustain the modelled figures.

The term sheet specifies that the total cost per student will be [REDACTED]. Each student would pay [REDACTED] for flights/booking, and [REDACTED] for quarantine costs, which is a [REDACTED] higher than current SA/NSW medi-hotel costs. Higher education providers would pay the balance of [REDACTED] per student.

The modelling of this application fits the case of the big providers and does not address the structural limitations of small providers, especially those more heavily oriented to international students. The total quarantine cost in the term sheet per student is currently more than [REDACTED] times what it costs for returning Australians and residents, and will be prohibitively expensive for small providers and international students. For small providers, the approach from a sector perspective should be the opposite, building a case that includes their capacity to pay as well as the student’s willingness to pay.

There is a need for more transparency in this process because the high level of costs that are being proposed are likely to be harmful to the sector as a whole, and more specifically to smaller providers that will result in their effective exclusion from the scheme. The three public universities should be sharing more information about their costs modelling and, given the direct procurement basis of this

arrangement with suppliers, smaller education providers should have the opportunity to review the contract between the three public universities and the suppliers.

In addition, the application of the three public universities does not reference any contribution from the state government. Is the SA government expected to contribute to this program directly or indirectly? In a [REDACTED] looking at the higher-education sector, every international student coming to SA generates [REDACTED] in added value, and for every [REDACTED] students coming a new job is created locally. Involving the SA government in this proposed program could help reduce its costs as currently proposed.

Under the existing estimates, I fear that small providers will not be able to participate in the program and this will be harmful not just to those institutions but also for the broader sector. There will be anti-competitive effects, between SA and other domestic and international jurisdictions, as well as within the SA education sector itself. It will also constitute a trade barrier for the sector, especially for the smaller players.

In conclusion, I would like to request the Commission for an extension of the interim authorisation process pending the following actions by the applicants:

- Involving small higher education providers in the design of the proposed international student quarantine program.
- Including the small higher education providers in discussion with the SA government on how it may be able to contribute to the program in view of the public goods involved.
- Providing the small education providers with an opportunity to review the contracts with the suppliers.
- Revising the approach to be more differentiated so that it will also work for small providers and thereby prevent the application of a regressive arrangement that treats all sector participants as equals.

Sincerely yours,

A large grey rectangular box redacting the signature of Prof Emil P. Bolongaita.

Prof Emil P. Bolongaita

Head and Distinguished Service Professor of Public Policy and Management

cc: Alex Reed