



Higher Education Legislation Amendment (2005 Measures No. 2) Bill 2005

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Higher Education Legislation Amendment (2005 Measures No. 2) Bill 2005

Date Introduced: 10 March 2005

House: House of Representatives

Portfolio: Education, Science and Training

Commencement: ss.1-3, Royal Assent. Schedules 1-3 in accordance with the table in s.2 of the Bill.

Purpose

The Bill makes a number of technical revisions to the *Higher Education Support Act 2003* (hereafter the Act) and related legislation.

Background

The New Higher Education Funding System

The passage of the Act resulted in major changes to the Commonwealth Government's funding system for higher education.¹ The most notable of these were as follows:

A new Commonwealth Grant Scheme

From 2005 Commonwealth operating grants for universities will be based on a new funding formula based on student numbers and discipline mix. Funds per student place will be increased by 2.5 per cent in 2005, 5.0 per cent in 2006 and 7.5 per cent in 2007. These increases are conditional on institutions complying with the Commonwealth's model for institutional governance ('National Governance Protocols') and workplace relations policies. Around 25000 marginally funded places will be converted to fully funded places in the three years to 2006–07.

Changes to HECS

From 2005, institutions in receipt of Commonwealth supported places can determine their own student contribution level for each course they offer within ranges set by the Commonwealth. Previously there were three HECS bands, each with a fixed rate of student contribution. From 2005 these fixed rates will be replaced by ranges. The top of these ranges will be 25 per cent higher than the projected level of HECS for each band for 2005 under the former arrangements. The bottom of each range will be \$0. Institutions are able to set the student contribution at any point within these ranges. In addition, a fourth

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band has been established called National Priorities, which initially consists of education and nursing courses. The range for this band will be from \$0 to the current level of HECS for Band 1 courses. The minimum repayment threshold for HECS has been raised to \$35 000 by removing the two bottom repayment bands. This means that those with a HECS debt will start paying 4 per cent of their income when they reach \$35 000, whereas in 2004 they paid 3 per cent when their income reached \$25 348.

Assistance for students

Domestic students paying full fees for undergraduate courses now have access to an income contingent loan scheme (FEE-HELP). Loans are also available for students who wish to study overseas (OS-HELP). There is also a scholarship scheme to assist low socio-economic status and indigenous students with higher education costs (the Commonwealth Education Costs Scholarship), and one to assist students from rural and isolated areas who have to move in order to study (the Commonwealth Accommodation Scholarship).

Role of Guidelines

Much of the detail of policy implementation under the new funding scheme is the subject of a series of Guidelines made by the Minister, but subject to parliamentary disallowance (see s.238-10 of the Act). Accordingly, the Bill contains many provisions extending or refining the role of these Guidelines in relation to particular matters.

Impact of Bill

The Bill will not change the main policy thrust of the Government's reforms in any way. According to the Explanatory Memorandum, the provisions will have no financial impact.

Main Provisions

Schedule 1 Part 1 contains amendments that will allow higher education providers to change student contribution amounts and tuition fees more than once per year. Such variations can only be made in circumstances specified in the Guidelines or with the written approval of the Minister.

Endnotes

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- 1 A detailed description of these changes can be obtained from the DEST website at: <http://www.backingaustraliasfuture.gov.au/>

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