



Higher Education Legislation Amendment (2005 Budget Measures) Bill 2005

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Higher Education Legislation Amendment (2005 Budget Measures) Bill 2005

Date Introduced: 23 June 2005

House: House of Representatives

Portfolio: Education, Science and Training

Commencement: Royal Assent

Purpose

The purpose of this Bill is to fund several higher education measures contained in the 2005-06 Budget and to adjust grants to reflect indexation increases.

Background

The Commonwealth Government funds higher education through the provisions of the *Higher Education Funding Act 1989* (the HEFA) and the *Higher Education Support Act 2003* (the HESA). The latter Act superseded the former and implemented the Government's higher education reforms announced in the policy statement *Our Universities: Backing Australia's Future* that was part of the 2003-04 Budget.¹

The 2005-06 Budget contained two higher education measures that were originally announced as election commitments in September 2004. These were as follows:

- an additional \$14 million over four years to provide one hundred extra undergraduate places at the James Cook University for veterinary science (50 places) and tropical agriculture (50 places);²
- an additional \$25 million over three years for infrastructure projects at the University of Western Sydney. These included teaching facilities at the Parramatta and Hawkesbury campuses, a new library at the Penrith campus and a medical training facility at the Campbelltown campus.³

This Bill amends the HESA to provide funding for these commitments.

Commonwealth funds for higher education are indexed annually to reflect cost movements in the sector. The indexation process has become a matter of controversy with the Australian Vice-Chancellors' Committee arguing that the current methodology does not adequately compensate universities for increasing costs. In its November 2004 statement, *Achieving the vision for Australia's universities*, the AVCC urged the Government to amend the existing arrangements to index all university grants and maximum student

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contribution rates and to use the Wage Cost Index (Education) as the basis for measuring changes in the cost of salaries and retain the Consumer Price Index as the basis for measuring changes in non-salary costs.⁴

Section 198-25 of the HESA requires that the Minister undertake a review of indexation arrangements. This review was conducted by DEST in conjunction with the Department of Finance and was released in April 2005. It concluded that alternative indexation arrangements could cost an additional \$911-988 million (over four years) and that:

Given the generally strong financial health of the sector, its enhanced scope to generate and retain revenues, and recent Budget supplementation which will provide additional funding of \$2.6 billion over the five years to 2008, the review considers that immediate consideration of further resourcing to the sector would be premature.⁵

The Government has determined that there will be no change to indexation arrangements at this time.⁶

Main Provisions

Schedule 1 inserts new funding levels into the HESA that reflect the cost of the budget measures and indexation arrangements. The Schedule also inserts an additional forward year (2009) into the quadrennial funding projections.

Item 1 of Schedule 1 amends paragraph 30-5(1)(b) of the *HESA 2003* and provides for the following new maxima:

Year	Old Maximum	New Maximum	% increase
2006	\$3,203,943,000	\$3,266,479,000	1.95%
2007	\$3,349,013,000	\$3,415,627,000	1.99%
2008	\$3,414,711,000	\$3,483,528,000	2.02%
2009		\$3,512,238,000	

Item 2 of Schedule 1 amends subsection 41-45 of the *HESA 2003* and provides for the following new maxima for other grants:

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Year	Old Maximum	New Maximum	% increase
2006	\$1,668,851,000	\$1,708,574,000	2.38%
2007	\$1,632,330,000	\$1,671,190,000	2.38%
2008	\$1,645,505,000	\$1,685,437,000	2.43%
2009		\$1,667,904,000	

Item 3 of Schedule 1 amends section 46-40 of the *HESA 2003* and provides for the following new maximum for grants for Commonwealth scholarships.

Year	Old maximum	New Maximum	% increase
2006	\$176,382,000		
2007	\$201,628,000	\$179,733,000	-10.86%
2008	\$209,787,000	\$213,772,000	1.90%
2009		\$214,902,000	

Item 1 of Schedule 2 amends paragraphs 110A(2)(b) and (c) of the *HEFA 1988* and provides for the following new maxima:

Year	Old maximum	New Maximum	% increase
2006	\$9,609,000	\$9,791,000	1.89%
2007	\$7,548,000	\$7,691,000	1.89%

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Endnotes

- 1 Details of the policy statement and implementation can be obtained from the DEST site at: <http://www.backingaustraliasfuture.gov.au/>
- 2 *Budget Measures 2005-06* (2005-06 Budget Papers No.2), p. 127
- 3 *ibid.*, p. 131.
- 4 See: <http://www.avcc.edu.au/documents/publications/Achieving-the-Vision.pdf>
- 5 See: <http://www.dest.gov.au/NR/rdonlyres/2904BE8E-E2DC-42D5-BA6B-F8E016DF17CE/4676/ReviewofIndexation.pdf>
- 6 See: <http://www.dest.gov.au/Ministers/Media/Nelson/2005/04/n1090190405.asp>

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