

Senate Standing Committee on Education and Employment - Education

QUESTIONS ON NOTICE  
Budget Estimates 2014-2015

Outcome 3 - Higher Education, Research & International

Department of Education Question No. ED0035\_15

Senator Carr provided in writing.

Question

Higher education indexation arrangements

The Government has decided to change higher education indexation arrangements – from the Higher Education Indexation Factor to CPI.

- (a) Why is this change to be made? Is it simply a cost-cutting measure, or are there sound policy reasons for it? What are those reasons?
- (b) What, for each year of the Forward Estimates, will be saved through this change?
- (c) What will the effect be on appropriations, in dollars?
- (d) What will be the broader impacts of this change?

Answer

In the 2014–15 Budget the Australian Government announced a change to the indexation that is applied to funding administered under the *Higher Education Support Act 2003* and the *Australian Research Council Act 2001*. From 2016 the current composite index known as the Higher Education Grants Index (HEGI) will be replaced by the Consumer Price Index (CPI).

This measure forms part of a Government-wide decision to streamline and simplify indexation for programmes.

The department estimates that this change will provide savings in appropriated funds of \$201.5 million over three years from 2015–16 as shown in the table below.

	2015–16 \$m	2016–17 \$m	2017–18 \$m	Total \$m
Higher Education	-25.3	-67.9	-103.5	-196.7
ARC	1.1	-1.3	-4.6	-4.8
<b>Total</b>	<b>-24.2</b>	<b>-69.2</b>	<b>-108.1</b>	<b>-201.5</b>

Overall, Commonwealth funding for universities will continue to increase each year.