

1998

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA
HOUSE OF REPRESENTATIVES

HIGHER EDUCATION FUNDING AMENDMENT BILL 1998

EXPLANATORY MEMORANDUM

(Circulated by authority of the Minister for Education, Training and Youth Affairs, the Hon
Dr David Kemp MP)

HIGHER EDUCATION FUNDING AMENDMENT BILL 1998

OUTLINE

The *Higher Education Funding Act 1988* (HEFA) makes provision for grants of financial assistance to higher education institutions and other bodies for higher education purposes, establishes the Higher Education Contribution Scheme (HECS) and the Open Learning Deferred Payment Scheme (OLDPS) and makes provision for the repayment of monies lent by the Commonwealth to students under those schemes. It also provides for the funding of certain institutions of higher education and associated bodies, and for related purposes.

The Bill amends HEFA to:

- vary the maximum aggregate amount which may be granted to higher education institutions for operating purposes for the funding year 1998 and set the maximum total amount of financial assistance for these purposes for the funding years 1999 and 2000;
- vary the maximum total financial assistance payable to higher education institutions for superannuation expenditure for the funding year 1998 and set the maximum total amount of financial assistance for the funding years 1999 and 2000;
- set the maximum aggregate amount of financial assistance which may be granted to open learning organisations for the funding years 1999 and 2000;
- vary the limit on total funds available for higher education institutions for certain grants under the Act in respect of the funding years 1998 and 1999 and set the limit on total funds for the funding year 2000;
- vary the maximum aggregate amount of financial assistance which may be granted to higher education institutions in respect of their teaching hospitals for the 1998 funding year and set the maximum aggregate amount of financial assistance for the funding years 1999 and 2000;
- vary the maximum aggregate amount which may be granted to higher education institutions for approved special capital projects for the 1998 funding year and set the maximum aggregate amount for the funding years 1999 and 2000;
- make provision for funding for expenditure on the international marketing and promotion of Australian education and training services by Australian Education International, formerly known as the Australian International Education Foundation and set the maximum funding level for the years 1998, 1999 and 2000,
 - this funding is to be offset by commensurate reductions in the maximum grants available to higher education institutions for operating purposes as specified in section 17 of the Act;

- have the effect of providing for the Minister to table in each House of the Parliament, determination of amounts for Australian Education International.

The Bill also amends HEFA to make provision for the Minister to approve grants to the University of Notre Dame Australia for limited operating purposes pursuant to section 16 of HEFA, while ensuring that the institution's full fee paying students may still enrol and will not be liable for HECS.

Funding levels for operating purposes include provision for the additional funding for James Cook University of North Queensland announced in the 1998 election campaign. The Bill also provides additional funding to increase collaboration between universities and industry under the Strategic Partnerships-Industry Research and Training Scheme (SPIRT).

FINANCIAL IMPACT

The Bill provides a total net increase of \$9,693,000 to Part 2A HEFA funding limits for 1998, representing supplementation for price movements, additional superannuation expenses incurred by institutions and an increase of \$5,943,000 in the 1998 funding limit for section 23C grants offset by an equivalent under expenditure by institutions in 1997.

The Bill also inserts new Part 2A funding limits for the years 1999 and 2000. The funding limit for 1999 is increased by \$3,885,393,000 to \$3,893,640,000. The funding limit for 2000 is \$3,706,333,000.

To provide funding for Australian Education International to market Australian education and training services internationally, the Bill reduces the funding limit for operating grants to higher education institutions in 1998 by \$1,016,000 and reduces the funding limits which would otherwise have been inserted for 1999 and 2000 by \$2,468,000 and \$3,883,000 respectively.

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NOTES ON CLAUSES

Clause 1 - Short Title

Clause 1 provides for this Act to be cited as the *Higher Education Funding Amendment Act 1998*.

Clause 2 - Commencement

Clause 2 provides for this Act to commence on the day on which it receives the Royal Assent.

Clause 3 - Schedule(s)

Clause 3 provides that each Act that is specified in a Schedule is amended or repealed as set out in the applicable Schedule.

SCHEDULE 1

AMENDMENT OF *HIGHER EDUCATION FUNDING ACT 1988*

Item 1

Inserts the University of Notre Dame Australia in the table of institutions in Table B of subsection 4(1).

Item 2

Amends the heading to Chapter 2 by removing the word "States".

Item 3

Amends section 17 by inserting the maximum aggregate funding levels for operating grants which may be paid to higher education institutions under sections 15 and 16 in respect of the years 1999 and 2000 and varying the maximum aggregate funding level for 1998 to reflect funding for expenditure on international marketing and promotion under the new section 27D, inserted by item 10.

Item 4

Inserts a new paragraph 18(2)(aa) to allow the University of Notre Dame Australia to continue charging student fees by exempting the institution from the requirements of paragraph 18(1)(d), which prohibits institutions charging such fees and which would otherwise apply as a condition of the institution receiving section 16 grants.

Item 5

Section 20 provides for grants to higher education institutions for superannuation expenses for staff whose salaries are funded from grants provided under the Act. Item 5 amends subsection 20(3) to increase the maximum aggregate grant amount for 1998 to reflect price movements and additional superannuation expenses incurred by institutions and to set the maximum aggregate grant amounts for 1999 and 2000.

Item 6

Subsection 22A(5) of the Act provides for the total amounts which may be approved as expenditure by way of grants to open learning organisations. Item 6 amends subsection 22A(5) by inserting the maximum aggregate funding levels for 1999 and 2000.

Item 7

Subsection 23C(2) of the Act provides for a limit on total funds available for certain grants for specified years. Item 7 amends subsection 23C(2) to vary the maximum aggregate funding level for 1998 to reflect supplementation for price movements and the transfer of unspent funds from 1997 to 1998, to increase the maximum aggregate funding level for 1999 to reflect additional funding provided for the Strategic Partnerships with Industry-Research and Training Scheme and supplementation for price movements and to insert the maximum aggregate funding level for 2000.

Item 8

Section 24 of the Act provides grants in respect of teaching hospitals. Item 8 amends subsection 24(3) to vary the maximum aggregate funding level for 1998 to reflect supplementation for price movements and to insert the maximum aggregate funding levels for 1999 and 2000.

Item 9

Section 27A of the Act provides for grants for special capital projects. Item 9 amends subsection 27A(6) to vary the maximum aggregate amount which may be granted to institutions for 1998 to reflect supplementation for price movements and sets the maximum aggregate funding levels for the years 1999 and 2000.

Item 10

Inserts a new section 27D to allow the Minister to determine an amount to be available for expenditure by the Commonwealth on the international marketing and promotion of Australian education and training services in respect of the years 1998, 1999 and 2000, up to the maximum aggregate amounts for those years specified in subsection 27D(2). This section is intended to contribute towards the funding of the activities of Australian Education International.

Item 11

Inserts a new subsection 35(4A) to ensure that fee paying students enrolled at the University of Notre Dame Australia will not be liable for the Higher Education Contribution Scheme (HECS) by bringing such students within the definition of "exempt student".

Item 12

Amends section 119 to have the effect of providing for the Minister to table in each House of the Parliament, determinations of amounts under section 27D (inserted by item 10).