

1994

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA  
HOUSE OF REPRESENTATIVES

IMMIGRATION (EDUCATION) CHARGE AMENDMENT BILL 1994

EXPLANATORY MEMORANDUM

(Circulated by authority of the  
Minister for Immigration and Ethnic Affairs,  
Senator the Hon. Nick Bolkus)

## IMMIGRATION (EDUCATION) CHARGE AMENDMENT BILL 1994

### OUTLINE

1 The Immigration (Education) Charge Amendment Bill 1994 ("the Bill") seeks to amend the *Immigration (Education) Charge Act 1992* ("the Principal Act") to enable automatic indexation of the English Education Charge payable under the Principal Act.

2 This Bill is one part of a package of amendments proposed to implement the Government's decision to provide for the increases in portfolio fees, charges and levies in line with the impact of price movements on Commonwealth government running costs outlays without the need to periodically amend primary legislation. The other proposed indexation amendments are contained in separate Bills as follows:

- . Migration Legislation Amendment Bill (No.5) 1994 (amendments to the *Immigration (Education) Act 1971*);
- . Migration Agents Registration (Application) Levy Amendment Bill 1994;
- . Migration Agents Registration (Renewal) Levy Amendment Bill 1994.

### FINANCIAL IMPACT STATEMENT

3 The amendments in the Bill would ensure that the relative share of the costs of providing English language tuition borne by the taxpayer, and the relative share of these costs borne by the consumers of this service, remain constant in real terms. A small increase in revenue is expected.

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### NOTES ON INDIVIDUAL CLAUSES

#### Clause 1                      Short Title etc.

1        Subclause 1(1) provides that the Act may be cited as the *Immigration (Education) Charge Amendment Act 1994*.

2        Subclause 1(2) provides that, in this Act, "Principal Act" means the *Immigration (Education) Charge Act 1992*.

#### Clause 2                      Commencement

3        As indexation is to commence in the 1995-96 financial year, this clause provides that the Act commences on 1 July 1995.

#### Clause 3                      Amount of English Education Charge

4        Subclause 3(1) amends section 6 of the Principal Act to enable the English Education Charge to be indexed at the commencement of each financial year.

5        Section 6 of the *Immigration (Education) Charge Act 1992* currently sets \$4,080 as the maximum amount of English Education Charge which can be prescribed in relation to the class of applicants of which the applicant is a member. Subclause 3(1)(a) changes this ceiling by omitting "4,080" and substituting "the applicable charge limit".

6        Proposed new subsection 6(2), inserted by subclause 3(1)(b), sets out the formula for calculating the "applicable charge limit". The "applicable charge limit" is the amount calculated by applying the mathematical indexation formula provided in subclause 3(1)(b). The formula is based on the 1994-95 financial year ceiling of \$4,280 (discussed at paragraph 9 below) and commences in the 1995-96 financial year. The formula automatically indexes the "applicable charge limit" on the first day of each financial year, for visa applications made during that financial year.

7        The formula uses the first set of Commonwealth Government Final Consumption Expenditure ("CGFCE") Implicit Price Deflators issued by the Department of Finance after 1 January in the previous financial year (that is, the financial year before the financial year of indexation). For example, for 1995-96 indexation, the first set of numbers issued after 1 January 1995 is used.

8        From this set of numbers, two numbers (the "new CGFCE number" and the "base CGFCE number") are extracted. The "new CGFCE number" is the number for the period ending on 31 December in the previous financial year. For example, for 1995-96

indexation, the "new CGFCE number" is the number for the period ending on 31 December 1994. The "base CGFCE number" is the number for the period ending on 31 December 1993, because indexation is based on the ceiling for the 1993-94 financial year.

9 The formula is the "new CGFCE number" divided by the "base CGFCE number" and multiplied by the base fee of \$4,280. The base fee of \$4,280 is the 1993-94 ceiling of \$4,080 indexed for 1994-95 using the proposed formula. The result of the calculation is the "applicable charge limit".

10 If an amount calculated using the formula in proposed subsection 6(2) is not a multiple of \$5, proposed subsection 6(3), inserted by subclause 3(1)(b), requires that the amount be rounded up or down to the nearest multiple of \$5. (If the amount is equally close to two \$5 multiples, that is if the amount is also a multiple of \$2.50, it is rounded up.) For example, \$105.85 would be rounded down to \$105 whereas both \$117.50 and \$119.25 would be rounded up to \$120.

11 As indexation is to commence in the 1995-96 financial year, subclause 3(2) provides that the amendments made by subclause 3(1) apply to applications made on or after 1 July 1995.

