

1991

THE PARLIAMENT OF THE
COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

HIGHER EDUCATION FUNDING AMENDMENT BILL (NO. 2) 1991

EXPLANATORY MEMORANDUM

(Circulated by authority of the Minister for
Higher Education and Employment Services,
the Hon Peter Baldwin MP)

Higher Education Funding Amendment Bill (No.2) 1991

OUTLINE

The purpose of this Bill is to amend the Higher Education Funding Act 1988 which provides grants of financial assistance to the States, the Northern Territory and higher education institutions.

The current Act provides funding for the 1991-1993 triennium. The Bill provides funding for higher education institutions for 1994 amounting to some \$3610 million in accordance with the rolling triennial funding arrangements. This amount takes into account the recent Government decisions to provide funding of \$44.197 million for additional intakes in 1994, funding for special research assistance in 1994 of \$274.723 million, funding for capital projects in 1994 of \$277.550 million and funding of \$74.956 million for a new program to maintain and enhance the quality of higher education.

The Bill provides additional funding to address enrolment pressures in higher education institutions. This includes funding for additional intakes amounting to \$9.68 million in 1992, \$16.94 million in 1993 and \$22.385 million in 1994 and additional funding for capital projects amounting to \$54.734 million in 1992.

The Bill provides for funding amounting to \$3.482 million in 1992, \$6.674 million in 1993 and \$9.071 million in 1994 by way of a pilot scheme under which the Government and employers will share the cost of funding a number of additional intakes. The Commonwealth's contribution will represent 60 percent of the cost of these new places.

The Bill provides for a new program of financial assistance for advanced engineering centres with funding amounting to \$4.885 million in 1992, \$3.56 million in 1993 and \$1.49 million in 1994, with the aim of providing high quality undergraduate and postgraduate higher education courses for engineering students, short specialised courses for industry, professional retraining for experienced engineers, short courses for Technical and Further Education teachers and applied research and design services for industry.

The Bill provides financial assistance amounting to \$3.416 million in 1992, \$11.593 million in 1993 and \$16.872 million in 1994 to fund additional Australian Research Council grants, and provides additional funding for support programs for Aboriginal students amounting to \$2.814 million in 1992, \$3.71 million in 1993 and \$4.189 million in 1994.

Increased funding is also being provided in 1991, 1992 and 1993 in accordance with the Government's cost supplementation arrangements. A large component of this is funding to fully supplement pay rises awarded to academics by the Industrial Relations Commission in its decision of 23 July 1991.

To enable the transfer to the Commonwealth of Victoria's share of the responsibility for funding the higher education program at the Victorian College of Agriculture and Horticulture (VCAH), the Bill provides for a financial adjustment to increase the maximum grants for higher education institutions so that the College's higher education program is funded entirely through the Higher Education Funding Act 1988 as from 1 January 1992. A complementary amendment to the States Grants (General Purposes) Bill 1991 is being introduced which will have the effect of reducing the financial assistance grants, in the case of the State of Victoria. Taken together, these amendments will have no net effect on total Commonwealth outlays. This change in funding arrangements for the College is made at the request, and with the agreement, of the Victorian State Government.

The Bill provides for an increase in the annual course contribution under the Higher Education Contribution Scheme (HECS). From 1 January 1992 the annual course contribution for a full-time student undertaking a standard program of study will increase to \$2250. This figure will form the base for calculating the annual contribution level in subsequent years.

The Bill also provides for a wider definition of the higher education capital program to encompass other than simply building projects. This is to enable the Government to support institutional projects which serve as an alternative to, or obviate the need for, building works.

FINANCIAL IMPACT

The Bill provides for \$3610.833 million in 1994 and, in relation to current legislated amounts, for an additional \$70.816 million in 1991, \$235.89 million in 1992 and \$189.457 million in 1993.

NOTES ON CLAUSES OF THE BILL

- Clause 1: Short title, etc
- Clause 2: Commencement
- Clause 3: Definitions: McAuley College is no longer a "prescribed non-government institution" following its incorporation as part of the Australian Catholic University. The definition of "year to which this Chapter applies" is changed to include the new year of the rolling funding triennium. To allow for a more flexible capital grants program which will encompass other than simply building projects, the definition of "capital expenditure" is changed and definitions are added covering "non-building capital projects" and "capital projects".
- Clause 4: Grants to maintain or enhance the quality of higher education: Funding of \$74.956 million is provided in 1994 under a new program of financial assistance to institutions for activities to maintain or enhance the quality of higher education provision.
- Clause 5: Grants for advanced engineering centres and Conditions of grants for advanced engineering centres: Funding of \$4.885 million in 1992, \$3.56 million in 1993 and \$1.49 million in 1994 is provided for a new program of advanced engineering centres.
- Clause 6: Grants for capital projects: "Capital project" is substituted for "building project" throughout this clause to provide for a wider definition of "capital expenditure".
- Clause 7: Guidelines for non-building capital projects: This clause enables the Minister to issue guidelines which set out the criteria against which proposals for non-building capital projects can be considered for funding.
- Clauses 8, 9&10: Conditions attaching to capital grants; Grants for capital projects and Conditions attaching to capital grants: "Capital project" is substituted for "building project" throughout these clauses to provide for a wider definition of "capital expenditure".
- Clause 11: Interpretation: With the incorporation of McAuley College and Signadou College of Education as part of the Australian Catholic University, which is a member of the unified national system of higher education institutions (UNS), courses at these institutions not funded in whole or in part by the Commonwealth are no longer excluded from the definition of "designated

courses of study". This is in line with arrangements for all other member institutions of the UNS.

Clause 12: Annual course contribution: This clause specifies that the annual course contribution for a standard student load for 1992 is to be \$2250, and that the mechanism for future indexation of the level of the annual contribution is based on this amount.

Clause 13: Disallowable instruments: This clause provides for guidelines issued under section 26A, that is for non-building capital projects, to be subject to disallowance.

Clause 14: Maximum amounts: This clause increases the total grants available for specified purposes. In relation to "Section 17", "Paragraph 17(c)", "Paragraph 17(d)" and "Paragraph 17(e)", which deal with maximum grants, the variations to existing legislated amounts are set out below:

	1991 \$m	1992 \$m	1993 \$m
Reimbursement of HECS revenue to the States	3.314	0.287	0.287
Additional intakes - costs shared with employers		3.482	6.674
Additional intakes		9.680	16.940
Transfer of funding for the VCAH		4.855	4.855
Increased support for Aboriginal participation			3.710
Supplementation	81.675	140.760	128.522
TOTAL	84.989	159.064	160.988

\$2882.159 million is provided for 1994, including \$44.197 million for additional intakes in that year.

In relation to "Paragraph 19(4)(d)", which deals with grants for Aboriginal participation projects, additional funding amounting to \$2.814 million is provided for support programs for Aboriginal students in 1992.

In relation to "Subsection 20(3)", "Paragraph 20(3)(c)", "Paragraph 20(3)(d)" and "Paragraph 20(3)(e)", which deal with grants for superannuation expenses, revisions to the funding requirements are as set out below:

	1991 \$m	1992 \$m	1993 \$m
Revisions to super-annuation funding	-20.266	-18.957	-18.957

These revisions are made as the result of the demand driven nature of funding under this program. \$52.885 million is provided for superannuation expenses in 1994.

In relation to "Subsection 21(3)", "Paragraph 21(3)(c)", "Paragraph 21(3)(d)" and "Paragraph 21(3)(e)", which deal with grants for projects of national priority, provision is made for supplementary funding in 1991, 1992 and 1993 and \$38.748 million is provided in 1994. Funds amounting to \$0.778 million in 1992 and \$0.82 million in both 1993 and 1994 are being transferred to annual appropriations to fund an enhanced program of evaluation and analysis relating to the higher education sector.

In relation to "Subsection 22(5)", "Paragraph 22(5)(d)" and "Paragraph 22(5)(e)", which deal with promotion of equality of opportunity, provision is made for supplementary funding in 1992 and 1993 and \$3.926 million is provided in 1994.

In relation to "Subsection 23(4)", "Paragraph 23(4)(c)", "Paragraph 23(4)(d)" and "Paragraph 23(4)(e)", which deal with special research assistance, provision is made for supplementary funding in 1991, 1992 and 1993. Additional funding for Australian Research Council grants is provided amounting to \$3.416 million in 1992, \$11.593 million in 1993 and \$16.872 million in 1994. In total, \$274.723 million is provided in 1994..

In relation to "Subsection 24(3)", "Paragraph 24(3)(c)", "Paragraph 24(3)(d)" and "Paragraph 24(3)(e)", which deal with grants in respect of teaching hospitals, provision is made for supplementary funding in 1991, 1992 and 1993 and \$4.396 million is provided in 1994.

In relation to "Subsection 26(5)", "Paragraph 26(5)(d)" and "Paragraph 26(5)(e)", which deal with capital grants, provision is made for supplementary funding in 1992 and 1993, additional funding of \$54.734 million is provided in 1992 to address enrolment pressures and \$277.55 million is provided in 1994.

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