

1996

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

THE SENATE

**HIGHER EDUCATION LEGISLATION AMENDMENT BILL 1996**

**SUPPLEMENTARY EXPLANATORY MEMORANDUM**

(Amendments and requests for amendment to be moved on behalf of the Government)

(Circulated by authority of the Minister for Employment, Education, Training and Youth  
Affairs, Senator the Hon Amanda Vanstone)

## HIGHER EDUCATION LEGISLATION AMENDMENT BILL 1996

### OUTLINE

#### *The Higher Education Funding Act 1988*

The *Higher Education Funding Act 1988* (the Act) 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.

The Higher Education Legislation Amendment Bill 1996 (the Principal Bill) amends the Act to, inter alia:

- allow institutions to charge fees to domestic students for undergraduate courses of study in accordance with guidelines; and
- allow the Open Learning Agency of Australia (the Agency) to set its own level of fees for delivering units of study. Eligible clients of the Agency will continue to be able to defer their charge under the OLDPS up to the amount of the current basic charge or the charge levied by the Agency, whichever is the lower.

### PURPOSE OF AMENDMENTS

The requested amendment to subsection 104(2) of the Principal Bill sets the 1997 statutory amount component of the basic charge under the OLDPS at \$332. The Principal Bill contains an amendment to the OLDPS to set the 1997 statutory amount component of the basic charge at \$326. This figure should, in fact, be set at \$332, calculated in accordance with the Commonwealth's agreement with the Agency. At the time of initial drafting only preliminary data were available. The new rate of \$332 has been calculated on the basis of final data only recently available.

Items 1 and 2 of the Principal Bill enable students to be charged fees for undergraduate or postgraduate courses, in accordance with guidelines issued by the Minister. An amendment to section 13 will limit the availability of fee-paying places and guarantee a minimum proportion of HECS-liable places in all courses. The amendment provides that the guidelines issued by the Minister for the purposes of undergraduate fees must ensure that, on an equivalent full-time student unit basis, the number of domestic students who may be charged fees for a particular undergraduate course does not exceed 25 per cent of the total number of domestic students in that course. The amendment specifies a domestic student as one who is not an overseas student.

A further amendment to section 13 will provide that the guidelines issued by the Minister must specify that institutions do not charge undergraduate fees to domestic students unless the target number of places for HECS-liable undergraduates has been filled. Financial penalties are to apply where an institution offers undergraduate fee-paying places without having filled its target for HECS-liable undergraduate places. This further amendment provides that the

guidelines must specify the financial penalty that will apply to institutions if they breach the above requirement.

Other amendments are of a technical nature. Item 25A updates a cross reference to reflect a proposed amendment in the Principal Bill. An application provision is also inserted to clarify that changes to HECS repayment thresholds will apply to the 1997-98 year of income and all later income years.

#### **FINANCIAL IMPACT**

There is a nil financial impact from these amendments.

## **Explanation of Requests for Amendment**

### **Request 1**

Request 1 proposes to amend Item 20 of Schedule 1 of the Principal Bill. The item currently sets the statutory amount component of the basic charge at \$326 for 1997. The proposed amendment to the Principal Bill sets the statutory amount at the new rate of \$332 for 1997.

## **Explanation of Amendments**

### **Amendments 1 and 2**

These amendments insert a new Item 2A to the Principal Bill to specify that guidelines issued by the Minister under subsection (1) for the purposes of undergraduate fees, must ensure that, on an equivalent full-time student unit basis, the number of domestic students who may be charged fees for a particular undergraduate course does not exceed 25 per cent of the total number of domestic students in that course. The guidelines must specify that institutions do not charge undergraduate fees to domestic students unless the target number of places for HECS-liable undergraduates has been filled and specify the financial penalty that will be incurred if the institution breaches this requirement. The amendment specifies a domestic student as one who is not an overseas student.

### **Amendment 3**

The first part of the amendment is of a technical nature and updates a cross reference in subsection 106Q(5) to reflect the proposed amendment to subsection 106Q(4) by Item 25. It specifies that the reference period referred to in subsection 106Q(5) applies to subsection 106(4A) of the Principal Bill.

The second part of the amendment is also of a technical nature and clarifies that changes to HECS repayment thresholds made by Item 25 of the Principal Bill and Item 25A of the Supplementary Bill will apply to the 1997-98 year of income and all later income year.

