

QUESTION ON NOTICE

Department of Education and Training

Senator Faruqi, Mehreen provided in writing from the Education and Employment Legislation Committee – Higher Education Support Amendment (Cost Recovery) Bill 2018, and the Higher Education Support (Charges) Bill 2018 on 2 November 2018

Question

1. Has any consultation taken place with Universities, students and staff over the Higher Education Support (Charges) Bill 2018 and Higher Education Support Amendment (Cost Recovery) Bill 2018?
 - a. If yes, who did the Department meet and when?
 - b. Which universities has the Department met with to discuss these bills?

Answer

The Department of Education and Training released the draft Cost Recovery Implementation Statement (CRIS) (<https://docs.education.gov.au/node/51566>) on Wednesday 31 October 2018 to the higher education sector for consultation on the Higher Education Loan Program (HELP) charging measures. The CRIS allows higher education stakeholders to provide feedback and comment on the HELP charging measures that are set out in the Bills. Feedback and comments from the higher education sector are due back to the department on Friday 23 November 2018.

Question

2. Does the Department have any more detail on this new proposed tax on universities, more detail than what is present in the bills?
 - a. Please provide all the detail the Department has, such as the amount of the tax and how it will be calculated.

Answer

The draft Cost Recovery Implementation Statement (<https://docs.education.gov.au/node/51566>) that was released for consultation contains information on how the department intends to allocate the annual charge and application fee.

The annual charge for all higher education providers is based on each providers' enrolled HECS-HELP and/or FEE-HELP student numbers and the regulatory/compliance risks presented by the provider. The annual charge on a provider is expected to range between \$558 and \$97,000.

The application fee is for registered higher education providers (as defined by the *Tertiary Education Quality and Standards Agency Act 2011*) to be approved under the *Higher Education Support Act 2003* to offer FEE-HELP assistance to eligible students. In 2019, the application fee for all new FEE-HELP providers is expected to be \$12,926 per application.

Question

3. Has the Department been consulted on these two bills?
 - a. If yes, what advice has the Department provided to the Government? Please provide details of when the advice was provided and what the advice was.

Answer

The department prepared the bills for introduction, in line with normal practice for amendment to legislation administered by the Minister for Education and Training under the Administrative Arrangements Orders.

Question

4. Has the Department raised any concerns with the Government on the details of both or either of these bills?

Answer

The department has no concerns regarding the details of either of the Bills.

Question

5. Does the Department have any concerns about the introduction of these bills before the details were worked out or consulted on? If so, what are these concerns?

Answer

No.

Question

6. How much revenue does the Department expect to raise from this new tax on an annual basis?

Answer

The department expects to raise around \$11 million from the annual charge and an additional \$0.3 million from the application fee over the forward years (2018–19 to 2021–22).

Question

7. Why is there no limit on the amount of tax that can be charged?

Answer

The department considers subclause 7(2) of the Higher Education Support (Charges) Bill 2018 providing that “before the regulations are made, the Minister must be satisfied that the effect of the regulations will recover no more than the Commonwealth’s likely costs for the administration of HELP”, to be sufficient in providing an appropriate limit.

The charges calculation methodology and appropriate charge amounts must also comply with and meet the requirements of the Australian Government Cost Recovery Guidelines.

Question

8. Will the bill only recover the cost of administering HELP loans or the total cost of administering the Higher Education Support act? Please provide details.

Answer

The Higher Education Loan Program (HELP) cost recovery measures, outlined in the bills, will partially recover the estimated regulatory and compliance costs of administering the HECS-HELP and FEE-HELP programs only.

Question

9. The explanatory memorandum mentions that the “number of enrolments per year” will affect the amount a university is taxed. Does this mean the more students you have the more you pay?
- a. Public universities enrol around 90% of tertiary education students. Won't this function as a tax on large public universities?

Answer

See answer to question 2.

Question

10. Was advice sought from or offered by the department on the calculation of the tax?
- a. What has the department been instructed to consider?

Answer

See answer to question 3.

