



Australian Government

**Department of Industry, Innovation
Science, Research and Tertiary Education**

The Committee Secretary
House of Representatives Standing Committee on Education and Employment
Parliament House
CANBERRA ACT 2600

Dear Ms Edson

Thank you for your letter to Dr Don Russell, Secretary of the Department of Industry, Innovation, Science, Research and Tertiary Education, dated 18 February 2013, inviting the Department to provide a submission to the inquiry into the Higher Education Support Amendment (Asian Century) Bill 2013.

I am pleased to provide the attached submission to assist with the Inquiry.

The submission provides the policy rationale for the proposed amendments to OS-HELP. The purpose of the Bill is to give effect to one of the measures outlined in the Government's response to the Australia in the Asian Century White Paper. The changes proposed in the Bill will provide additional incentives through the OS-HELP scheme for university students to undertake part of their course of study in Asia from 1 January 2014, as well as expand eligibility for OS-HELP.

Yours sincerely

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Division Head
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1. Background

The *Higher Education Support Act 2003* (the Act) provides for funding of higher education providers and the legislative authority for the Government's income contingent loans programs including HECS-HELP, FEE-HELP, OS-HELP, SA-HELP and VET FEE HELP. OS-HELP is a loan program to assist eligible students to pay expenses associated with undertaking overseas study as part of their higher education.

The Bill is to amend the Act to give effect to one of the measures outlined in the Government's response to the Australia in the Asian Century White Paper. The changes will provide additional incentives through the OS-HELP scheme for university students to undertake part of their course of study in Asia from 1 January 2014, as well as expand eligibility for OS-HELP.

2. Summary of the amendments

The Higher Education Support Amendment (Asian Century) Bill 2013 would amend the *Higher Education Support Act 2003* to:

- increase the maximum OS-HELP loan amount for students studying in Asia;
- introduce a supplementary loan of up to \$1000 for students who undertake intensive study in an Asian language in preparation for undertaking overseas study in Asia;
- remove the requirement that a student must be enrolled with an overseas higher education institution or at an overseas campus of an Australian higher education provider to be eligible for OS-HELP;
- extend eligibility to postgraduate Commonwealth supported students; and
- reduce the Equivalent Full Time Student Load (EFTSL) that a student must have remaining on completion of the overseas study, from 0.5 EFTSL to 0.125 EFTSL.

3. Rationale for the amendments

Additional incentives for study in Asia

The Australia in the Asian Century White Paper identified a need for a larger number of Australian university students to be studying overseas and for a greater proportion of them to be undertaking part of their degree in Asia. According to the latest data from a recent survey¹, there were approximately 20,000 Australian university students studying overseas with almost 7,000 choosing a destination in Asia.

Currently only one in eight OS-HELP loans is for study in Asia. By 2017, it is anticipated that the amendments included in this Bill will result in over 3,000 OS-HELP loans being provided to students undertaking part of their study in Asia.

The Bill increases the maximum OS-HELP loan amount for students studying in Asia to \$7,500. This is \$1250 more than for other destinations. This extra funding is intended to act as an incentive and signal the Government's support for engagement with the region.

¹ Olsen, A. (5 October 2012) 2011 Study of Outgoing International Mobility of Australian University Students 2011. Australian Universities International Directors' Forum.

Language can be a barrier to overseas travel, particularly for students considering study in Asia. To help overcome this, the Bill introduces a supplementary loan of up to \$1000 for students who undertake intensive study in an Asian language in preparation for undertaking overseas study in Asia. A student must be selected for an OS-HELP loan for study in Asia to be eligible for the supplementary loan. This language training will be able to be undertaken either in Australia or overseas.

Expansion of eligibility for OS-HELP Assistance

The Bill removes the requirement that students be enrolled at an overseas campus of an Australian higher education provider or with an overseas higher education institution. This means that students will be able to access OS-HELP for a wider range of study-related activities, including clinical placements and internships. These kinds of work placements and international experiences are increasingly being sought by both students and prospective employers. Eligibility for OS-HELP will still require that the clinical placements and internships count towards the requirements of the student's course.

The Bill removes the requirement that a student must be enrolled in an undergraduate course of study to be eligible for OS-HELP assistance, to expand eligibility to postgraduate Commonwealth supported students.

While the Government has extended OS-HELP eligibility to postgraduate Commonwealth supported students, it has not expanded eligibility to fee-paying students. This is consistent with recommendation D.1 in the recent report, *Australia – educating globally: Advice from the International Education Advisory Council*, which stated that the Government “monitor changes to OS-HELP and consider extending it to private students.”

The Bill reduces the amount of study a student must have remaining upon completion of their overseas study from 0.5 Equivalent Full Time Student Load (EFTSL) to 0.125 EFTSL, which is generally the equivalent of one unit of study. The requirement to have some study to complete upon the students' return to Australia is intended to ensure that people who intend to return to Australia and will repay their loan.

These changes will improve access to OS-HELP for students reaching the end of their degree, students engaged in less traditional study patterns such as many postgraduate students and part-time students, and students undertaking short work placements outside of standard semesters.

4. Consultation with the sector

The Bill was circulated to the UA AsiaBound Working Group prior to introduction. The Working Group includes representatives from Universities Australia as well as The University of Adelaide, the Australian National University, Victoria University, La Trobe University, the University of Technology Sydney, The University of Melbourne, University of Western Sydney, RMIT University, Charles Sturt University, Griffith University and The University of Western Australia. Responses from the Working Group were positive with limited feedback about implementation.

5. Related initiatives

The amendments included in this Bill give effect to measures outlined in the Government's response to the Australia in the Asian Century White Paper. In addition to the changes to OS-HELP included in this Bill, the Government announced the \$37 million AsiaBound Grants Program (AsiaBound).

AsiaBound will provide funding in the form of \$2000 or \$5000 grants for up to 3500 Australian students each year to participate in a study experience in Asia from 1 July 2013. All experiences must provide credit towards the course of study or be an otherwise mandatory component.

In addition to the study grants, AsiaBound offers grants of \$1000 for preparatory Asian language study that can be undertaken prior to or concurrently with an approved mobility project.

Under AsiaBound, students are able to undertake short-term mobility for a variety of experiences including practicums, clinical placements, research trips or volunteer projects for up to 6 months. Students are able to undertake semester based experiences for one or two semesters.

6. Cost and impact

The amendments result in an estimated expense of \$10.59 million over four years (2013-14 to 2016-17).

2013-14	2014-15	2015-16	2016-17
\$1.55 m	\$3.15 m	\$3.08 m	\$2.82 m

It is estimated that the number of OS-HELP loans in 2014 will be approximately 10,000, with over one in five provided to students studying in Asia. It is estimated that this will increase to over 13,000 by 2017.

7. Implementation

The amendments will commence on 1 January 2014. A student must be selected for OS-HELP assistance by their home provider on or after 1 January 2014 to receive the increased maximum loan amount for study in Asia, a supplementary amount for language study, or qualify under the expanded eligibility requirements.

Revised OS-HELP Guidelines and communication materials for the higher education sector and students are currently being prepared and will be released once the legislation has passed the Parliament.