

Committee Report

1.1 The Senate referred the provisions of the Higher Education Legislation Amendment (2006 Budget and Other Measures) Bill 2006 (the bill) to this committee on 7 September 2006 for inquiry and report by 3 October 2006. The main thrust of amendments are directed at the *Higher Education Support Act 2003* (HESA), although minor changes are also made to the *Higher Education Funding Act 1988* and the *Australian Research Council Act 2001*. The committee called for submissions and received only three. This may indicate either broad support for the bill across the higher education sector, or at least a broad acceptance of its provisions. The committee did not therefore conduct a public hearing.

1.2 Many of the amendments have their genesis in undertakings made by the Government as part of the Council of Australian Governments (COAG) efforts to improve mental health outcomes and to address issues in relation to the health workforce. Universities and other higher education institutions also urged increased flexibility in the way fees and contributions are determined between students for various courses of study. The bill reflects the easing of regulatory provisions which were more characteristic of earlier legislation.

1.3 This is an appropriations bill, which also includes some important changes to the way funding is to be administered. The amendments have three primary effects. First, they appropriate increased funding to universities and deliver an extra \$6.23 billion, making the total appropriation in excess of \$25 billion over the quadrennium to 2010. This will fund extra Commonwealth-supported places in medicine, clinical psychology, and general and mental health nursing. The amendments will also appropriate funding to the clinical training of nurses, through an increase in the Commonwealth contribution for nursing units of study to \$10 189 in 2007 to assist with the costs of clinical training. This reflects the Government's recognition of shortages in the health workforce, particularly in rural and remote areas. The committee notes, however, that the claim by the Australian Vice-Chancellors' Committee (AVCC) that the increase in the Commonwealth contribution was insufficient to cover course fees and clinical practical costs.¹

1.4 Amendments to HESA also provide for increases in various other areas, including the Commercialisation Training Scheme and the Capital Development Pool. Provision is also made for funding of the Australian Scientific and Technological Societies and the Council for the Humanities, Arts and Social Sciences. These changes reflect indexation for the years 2007 to 2009, as well as the addition of funding year 2010. The AVCC submitted that the method by which indexation is calculated does not reflect the actual escalation in university staff salaries. The AVCC makes the point

1 Australian Vice-Chancellors' Committee, *Submission 3*, p.1

that while universities have been able to make efficiency gains to this point, future cuts made necessary by unrealistic indexation of grants will harm the interests of students, employees and businesses reliant on university research and advice. The vice-chancellors recommend that indexation be calculated by primary reference to an education wage cost index.²

1.5 The Australian Physiotherapy Association (APA) was critical of what it considers to have been insufficient appropriation of funding for physiotherapy education, support for students on clinical placement, and for indigenous students in physiotherapy. The APA argued for physiotherapy to be brought into the same funding cluster as medicine, rectifying what the Association saw as the disparity of education and student support funding between physiotherapy and nursing, particularly in relation to funding for clinical placements.³

1.6 Their second primary effect will be to extend full fee-paying students' ability to get financial assistance for their studies through the FEE-HELP scheme, which commenced in 2005 and gave full fee-paying domestic students for an undergraduate course access to an income contingent loan (similar to HECS-HELP. FEE-HELP is also available to students studying at one of 44 private higher education institutes. The current FEE-HELP limit is \$50 950. This will be increased to \$80 000 from 2007, but will extend to \$100 000 for students enrolled in medicine, dentistry or veterinary science. The AVCC has questioned whether even these significantly higher limits are sufficient.⁴

1.7 The Government considers that these new limits will improve students' ability to make choices about their course of study, will promote participation in higher education, and will bring about a more diverse higher education sector. The bill will also extend to winter schools the fee-paying arrangements available to summer schools, improving opportunities for off-season study.

1.8 The third notable change to be implemented by the amendments is the relaxation of a number of restrictions imposed on the way universities set fees for units and courses. Universities have identified as a problem the current requirement that tuition fees and student contributions for a unit be set the year before they are offered and applied uniformly to students regardless of their course of study, and the mode of course delivery. The current provisions do not reflect likely differences in costs of delivering units of study. For instance, the cost of delivering a course at different campuses cannot now be used as a basis for varying course fees.

1.9 The amendments will remove these restrictions. However, where institutions do provide units at differing prices, fairness guidelines will apply. Universities will not be permitted to use, as a basis for deciding on the price of a unit, the manner in

2 *ibid.*

3 Australian Physiotherapy Association, *Submission 2*, pp.1,6

4 Australian Vice-Chancellors' Committee, *Submission 3*, p.1

which a student will pay for it.⁵ Universities will also be required to publish easily accessible information on what price any particular student will pay for each unit of study.

1.10 The relaxation in restrictions will also allow universities more flexibility in setting course fees between different groups of students, for instance, those who commence study in a particular year assuming that a particular unit will be available at a pre-determined price. While universities may maintain prices for different students and groups of students, they will no longer be required to set fixed course prices for a particular cohort, as is currently the case. The amendments will also enable universities to charge different fees (but not different contributions) for students undertaking the same unit but enrolled in different courses of study. The committee notes the support of the AVCC for this measure.⁶

1.11 Difficulties with the current fee setting regime were set out by the Government in a discussion paper, which received a favourable response from universities when distributed for comment in early 2006.⁷

Reference of this bill

1.12 As noted in para 1.1, the inquiry into this legislation attracted limited interest from stakeholders in higher education. On the basis of past experience with submissions, however, this indicates at least an acceptance of what is proposed. No appropriation is ever sufficient. However, the committee notes that while criticism is made that the bill does not appropriate sufficient funds in some areas there is acknowledgement that the funding increase is nonetheless substantial, and indicates that the Government has listened to advice from sector stakeholders.

1.13 The committee believes that the general lack of interest in this inquiry, as distinct from the obvious sectoral interest in the provisions and implementation of the bill, have some implications for the reference of such appropriations bills. The committee faces a difficulty in knowing how to comment on the likely consequences and outcomes of an appropriation of this magnitude. More fundamentally, it also questions the purpose of referring a bill for report in which the committee will be able to give little guidance to the Senate on how the legislation should be treated. Reports such as this cannot provide additional information or insight into the legislation in such a way as to add value to the debate that is to follow in the Senate.

1.14 The committee cannot make any recommendations about the levels of appropriation. This is the responsibility of the Minister, and a matter of government policy. A dissenting report, or reservations of particular members, will be included between the covers of this report, but they are no more than pointers to the second

5 Department of Education, Science and Training, *Submission 1*, p.4

6 Australian Vice-Chancellors' Committee, *Submission 3*, p.2

7 Department of Education, Science and Training, *Submission 1*, p.3

reading debate, reflecting party policy positions. The committee has limited time for inquiries, as do organisations and individuals making submissions. While the committee does not make any formal recommendation in regard to this matter, it suggests that decisions to refer bills should rest on more substantial grounds than in this case, and that they should be accompanied by specific terms of reference which indicate that the Selection of Bills Committee has been properly informed of the policy or administrative aspects of the legislation which warrant its referral.

Recommendation

The committee majority commends this bill to the Senate and urges its passage without amendment.

**Senator Judith Troeth
Chairman**