



Australian Vice-Chancellors' Committee
the council of Australia's university presidents
(ACN 008 502 930 - ABN 53 008 502 930)

Our Ref: 1-01-35

25 September 2006

Mr J Carter
Secretary
Senate Employment, Workplace Relations and Education Legislation Committee
Suite SG.52
PARLIAMENT HOUSE
CANBERRA ACT 2600
Email: eet.sen@aph.gov.au

Dear John

The Australian Vice-Chancellors' Committee (AVCC) is the peak body representing the interests of thirty-eight Australian universities and seeks to advance higher education through voluntary, cooperative and coordinated action.

The AVCC welcomes the opportunity to provide a submission to the Senate Committee in relation to the Inquiry into the provisions of the *Higher Education Legislation Amendment (2006 Budget and Other Measures) Bill 2006*.

I would be pleased to provide further information should that prove useful.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'John Mullarvey', with a long horizontal line extending to the right.

John Mullarvey
Chief Executive Officer



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Inquiry into the provisions of the Higher Education Legislation Amendment (2006 Budget and Other Measures) Bill 2006

The Senate has referred to its Employment, Workplace Relations & Education Legislation Committee the *Higher Education Legislation Amendment (2006 Budget and Other Measures) Bill 2006* for inquiry and reporting by 3 October 2006. The AVCC has read the amendments to the Bill and puts forward the following comments.

Schedule 1 - Amounts relating to grants – Items 1 and 2 of the Bill applies to the Government's indexation policy to the grants payable under the Commonwealth Grants Scheme. The AVCC defines indexation as the mechanism used to ensure that any Government's investment will fund the same education, research and community engagement that it did the previous year taking into consideration the rising cost of salaries, of materials and other related expenses.

Since 1996, the Government has indexed funding by a mixture of the Consumer Price Index (CPI) and the Safety Net Adjustment (SNA) for wages. The wage adjustment is much less than the real increase in salaries in universities. A great many efficiencies have occurred in universities to meet the rising costs of provision given the lack of adequate indexation, but any further cuts have the potential to harm the interests of students, employers and businesses reliant upon university research and advice.

When seeking to pass the *Higher Education Support Act 2003* (HESA) the Government agreed to review the current indexation mechanism but made no commitment to change it. All other political parties and independent Senators agreed that the lack of adequate indexation is the major weakness of existing university funding arrangements, and will undermine the gains from the Government's package if not fixed. The Australian Labor Party (ALP) has given support for the indexation of universities in the recently released *Australia's Universities: Building our Future in the World- A White Paper on Higher Education, Research and Innovation* and has previously indicated the approach would be to replace the salary index with the Wage Cost Index (Education)³. The AVCC position is that the existing index is not realistic. This Bill does not adequately address the real cost of the provision of services. A better mechanism would be a combination of WCI (Education) and CPI retaining the present 75:25 weighting between the two.

Item 3 relates to National Priority area Nursing amending section 33-10 of HESA to increase the Commonwealth contribution amount for Nursing to \$10,189. There does not appear to be any clear or consistent basis for how the Commonwealth contribution is calculated and it is considered insufficient for the cost of course provision, if clinical practical costs are to be taken into consideration. The Committee may wish to discuss the issue of National Priority areas in the context of scope of disciplines, and the cost of practical components and course viability given the level of Commonwealth contribution.

Schedule 2 - FEE-HELP limit

The Bill amends the FEE-HELP amounts that students can borrow to increase access up to \$80,000 in loans for most courses. In medicine, veterinary science and dentistry the new limit will be \$100,000. As a result of the increase the FEE-HELP limit will not be indexed for 2007. The changes to FEE-HELP will apply for persons enrolled from 1 January 2007 onwards. The AVCC notes this initiative was previously announced and the Committee may wish to give consideration as to whether the amounts are sufficient and question the relevance of omitting any indexation.



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Schedule 3 - Setting student contribution amounts and tuition fees

This part of the Amendment Bill will amend HESA to allow universities to set differential student contribution amounts for the same course. Universities may have regard to different issues in setting differential student contribution amounts, such as having different amounts for different campuses at which the same course may be delivered. The Higher Education Provider Guidelines will set out matters which a university will not be able to take into account. The AVCC supports this amendment.

The Bill also makes a number of consequential changes to reporting and publication of fees and a number of definitions.

In Part 2 of this schedule, it is ensured that any decisions on student contribution levels made before the enactment of these amendments apply in force for those students who enrolled under them. This means that a determination of a student contribution amount will be 'saved' and apply to those student cohorts who enrolled under the conditions of that determination. This initiative was previously announced.

Schedule 4 - Rounding in calculation of HELP debts

The AVCC notes that this Schedule amends HESA to bring it in line more with taxation legislation, in that HELP debts will now only be taken at the whole dollar level, and amounts less than \$1 will be taken to be \$0. This will be applied to debts incurred since 1 January 2005, the commencement of HESA.

Schedule 5

The AVCC notes that Schedule 5 repeals sections relating to HECS accounts from the *Higher Education Funding Act 1988*.

Schedule 6 - Winter Schools

The AVCC supports changes in schedule 6 which will ensure that 'winter schools' will be treated the same way as summer schools under the Act. A winter school under the proposed amendments has to take place between 1 June and 31 August of any one year. This initiative was previously announced.

Schedule 7 - Electronic Communications

The AVCC notes and supports the intention of Schedule 7 to reduce the size and complexity of Part 5-3 of HESA clarifying the use of electronic communications, including signatures, between students and universities and vice versa.