OUR UNIVERSITIES
BACKING AUSTRALIA’S FUTURE

The Hon. Dr Brendan Nelson
Minister for Education, Science and Training
May 2003
Foreword

Our vision of education should be to see that every Australian is able to find and achieve his or her own potential. It should also be informed by the recognition that sweeping social and economic changes are being worked into Australian society, transforming entire communities.

Education should not simply prepare young Australians for the future – it should equip them to create the kind of future they want.

Resilience, both economic and human, is driven by education, and by universities in particular. The aspirations we hold for Australia, the standard of living enjoyed by its citizens and its values, will be largely driven by research, teaching and scholarship undertaken by Australian universities.

Though Australian higher education enjoys a domestic and international reputation for excellence, we must take steps now to ensure its future is built on solid foundations.

The case for reform of Australian universities can no longer be responsibly avoided. It rests on two incontrovertible facts. The first is that universities need longer-term access to more resources – both public and private. The second is that money is only half the problem. Increased funding without changes to administration, regulation and perverse incentives for institutional and individual behaviour will only compound the significant challenges facing the sector. Equally, the Government recognises that a substantial increased public investment is required to secure the future.

Globalisation, massification of higher education, a revolution in communications and the need for lifelong learning, leave Australian universities nowhere to hide from the winds of change.

Reform is rarely easy. John Kenneth Galbraith once observed that, given the choice of change or proving it unnecessary, most people start ‘working on the proof’.

To their great credit, the numerous stakeholders in the higher education sector, from academics, unions, students, and vice-chancellors through to industry and regional communities, engaged in the ‘Crossroads’ review constructively.

Our Universities: Backing Australia’s Future presents the Government’s blueprint for reform. It proposes increased Commonwealth investment of approximately $1.5 billion over four years linked to progressively introduced reforms in areas as diverse as teaching, workplace productivity, governance, student financing, research, cross sectoral collaboration and quality. Over the next ten years, the Commonwealth will provide an estimated $6.9 billion in additional funding to the higher education sector and approximately $3.7 billion in financial assistance to students through new student loans.

This is an integrated package. It will be presented as such to the Australian Parliament. It will enable universities and students to make choices supported by new financing arrangements underpinned by public financing — increased funding, subsidised loans and scholarships.

Under these proposals, Commonwealth supported students will contribute on average approximately 27 per cent of educational costs in 2005 and will have access to an income contingent loan. No student, including those who take up a full fee paying position, will be required to pay fees ‘up front’.
Higher education is not now, nor should it become an unfettered free market. Similarly, there will not be a return to fully funded, government regulation of the sector. This package represents a balance of sound policy with the pragmatism required to deliver what Australia needs and the future demands. It also meets the reform priorities of Sustainability, Quality, Equity and Diversity.

We must appreciate that these changes are driven by a world of higher education in which increasingly the only benchmarks that count are international ones. If we fail to recognise this imperative then Australian universities are on a long-term collision course with mediocrity. This can only be avoided by embracing change now.

Australia can no longer expect its universities to compete with the world’s best, discharge responsibilities to regional communities and offer quality educational experiences and excellence in research within the ‘one size fits all’ funding and regulatory straitjacket.

Winston Churchill famously observed in 1943 during a prescient address to Harvard University that ‘The empires of the future will be empires of the mind’. Australia’s place in the 21st century will rely entirely on the capacity of our universities to facilitate critical thinking, undertake world-class research and pass the soul of the nation from one generation to the next.

This package of reforms will be the new foundation for our higher education sector.

The Honourable Dr Brendan Nelson MP
Minister for Education, Science and Training
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<th>Description</th>
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<tr>
<td>AGBAU</td>
<td>Association of Governing Bodies of Australian Universities</td>
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<tr>
<td>AIMS</td>
<td>Australian Institute of Marine Science</td>
</tr>
<tr>
<td>AIRC</td>
<td>Australian Industrial Relations Commission</td>
</tr>
<tr>
<td>ANSTO</td>
<td>Australian Nuclear Science and Technology Organisation</td>
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<td>APA</td>
<td>Australian Postgraduate Awards</td>
</tr>
<tr>
<td>ARC</td>
<td>Australian Research Council</td>
</tr>
<tr>
<td>AUQA</td>
<td>Australian Universities Quality Agency</td>
</tr>
<tr>
<td>AUTC</td>
<td>Australian Universities Teaching Committee</td>
</tr>
<tr>
<td>BOTPLS</td>
<td>Bridging for Overseas-Trained Professionals Loan Scheme</td>
</tr>
<tr>
<td>CAS</td>
<td>Commonwealth Accommodation Scholarships</td>
</tr>
<tr>
<td>CASR</td>
<td>Collaboration and Structural Reform Fund</td>
</tr>
<tr>
<td>CECS</td>
<td>Commonwealth Education Costs Scholarships</td>
</tr>
<tr>
<td>CEQ</td>
<td>Course Experience Questionnaire</td>
</tr>
<tr>
<td>CGS</td>
<td>Commonwealth Grant Scheme</td>
</tr>
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<td>CHESSN</td>
<td>Commonwealth Higher Education Student Support Number</td>
</tr>
<tr>
<td>CSIRO</td>
<td>Commonwealth Scientific and Industrial Research Organisation</td>
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<td>DEST</td>
<td>Department of Education, Science and Training</td>
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<td>DSTO</td>
<td>Defence Science and Technology Organisation</td>
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<td>FEE-HELP</td>
<td>Fee Paying-Higher Education Loan Programme</td>
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<td>GSA</td>
<td>Graduate Skills Assessment</td>
</tr>
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<td>HECS</td>
<td>Higher Education Contribution Scheme</td>
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<td>Higher Education Contribution Scheme-Higher Education Loan Programme</td>
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<td>HEEP</td>
<td>Higher Education Equity Programme</td>
</tr>
<tr>
<td>HEIMS</td>
<td>Higher Education Information Management System</td>
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<tr>
<td>HEIP</td>
<td>Higher Education Innovation Programme</td>
</tr>
<tr>
<td>HELP</td>
<td>Higher Education Loan Programme</td>
</tr>
<tr>
<td>ICT</td>
<td>Information and Communications Technology</td>
</tr>
<tr>
<td>IHEAC</td>
<td>Indigenous Higher Education Advisory Council</td>
</tr>
<tr>
<td>ISF</td>
<td>Indigenous Support Fund</td>
</tr>
<tr>
<td>JCU</td>
<td>James Cook University</td>
</tr>
<tr>
<td>MCEETYA</td>
<td>Ministerial Council on Education, Employment, Training and Youth Affairs</td>
</tr>
<tr>
<td>OLA</td>
<td>Open Learning Australia</td>
</tr>
<tr>
<td>OLDPS</td>
<td>Open Learning Deferred Payment Scheme</td>
</tr>
<tr>
<td>OS-HELP</td>
<td>Overseas Study-Higher Education Loan Programme</td>
</tr>
<tr>
<td>PELS</td>
<td>Postgraduate Education Loan Scheme</td>
</tr>
<tr>
<td>PFRAs</td>
<td>Publicly Funded Research Agencies</td>
</tr>
<tr>
<td>SES</td>
<td>Socio-economic status</td>
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</tbody>
</table>
1 Higher Education – a national priority

A confident, strong, quality higher education sector is vital to Australia’s economic, cultural and social development.

The higher education sector makes a substantial contribution to regional economic growth and development. It provides jobs for Australians, educates our future workforce, creates future leaders, drives much of our economic and regional success, facilitates important cultural and trade links with other countries and enriches our social and environmental landscape.

In 2001, the higher education sector employed approximately 80,000 people and generated total revenue of $10.2 billion, contributing 1.5 per cent to Gross Domestic Product. Many institutions, particularly those in regional areas, play a significant role in the economic and social life of their communities which goes far beyond their traditional educational activities.

Our institutions produce graduates whose skills are eagerly sought in the international market place. Through higher education, Australians can also fulfil their personal, social and economic potential. Recent data show that average gross lifetime earnings for university graduates are over $600,000 more for men and $400,000 more for women by comparison with non-graduate counterparts. The median starting salary for graduates is $35,000 – approximately 85 per cent of average weekly earnings.

Australia’s higher education sector enjoys an excellent reputation both at home and in the international arena. The significant number of overseas students who seek to study at our universities here and at offshore campuses is evidence of the high regard in which Australian higher education is held.

However, higher education faces new horizons and challenges. Standing still in a policy vacuum is neither a responsible nor a viable option. If we are to ensure a sustainable university system able to drive the future economic and social success of this country, and support future generations of Australians, increased resourcing and regulatory reform are essential.

1.1 The need for reform

The case for reform is clear. The extensive Review process provided evidence that there are significant external and internal pressures impacting upon higher education institutions that will only become greater over the coming years. Consultations confirmed the Government’s view that major reform to the policy framework for higher education is required.

The Review of higher education was launched in March 2002 and concluded its extensive public consultation process in October 2002. More than 730 submissions were received. A total of 49 consultation forums were held, involving around 800
participants. A Reference Group, consisting of a number of eminent Australians representing business, industry, students, the Indigenous community and the higher education and vocational education and training sectors, provided support and advice through the months of consultations and deliberations.

The central finding of the Review was that the present framework for funding and policy has become unwieldy, complex and inequitable.

The consultation process drew out a number of significant problems, including the following:

- course provision costs have increased considerably;
- the sector requires access to increased resources in the longer term, including from additional income streams;
- significant duplication in some university activities and course offerings and far too many units have very small entitlements;
- students from disadvantaged backgrounds remain under-represented in higher education;
- a large proportion of students (approximately 30 per cent) do not complete university;
- many institutions are over-enrolling students, which has an adverse impact on quality, including contributing to overcrowding; and
- the governance arrangements of some institutions do not provide the appropriate balance of capability, experience and business acumen needed to manage a large and complex organisation with oversight of budgets of millions of dollars. The average Council size is 21 with up to as many as 35 members in some cases, with some including no representation at all from industry or the community.

These pressures are exacerbated by excessive and restrictive regulatory and reporting demands currently imposed by both the Commonwealth and State and Territory governments. While universities have recognised the need to diversify funding sources and build on their individual strengths in the national and international market places, some government policies have constrained their ability to do so. For example, some State and Territory government regulations make it difficult for universities to engage in commercial activities with other institutions or industry. The governance arrangements in some States and Territories also impede the effectiveness of some university councils.

Heavily centralised Commonwealth bureaucratic arrangements have produced a sector that is not maximising its potential and is limited in its ability to be internationally competitive. During the Review consultation period many stakeholders confirmed this to be the case, indicating that the existing funding and regulatory arrangements:

- impose a ‘one-size-fits-all’ funding model that is driving homogeneity and mediocrity;
- do not enable universities to easily generate increased revenue;
• give institutions little control over the number of undergraduate students they enrol and the fees students pay, irrespective of demand, course cost, private gain or public good;
• overly restrict the number of Australian full fee paying students universities may enrol;
• fail to recognise the higher costs faced by regional universities and campuses;
• encourage all universities to be research intensive and comprehensive in their focus;
• provide few incentives for universities to collaborate with other universities, education providers and business and community groups; and
• do not adequately recognise the importance of quality teaching.

The current arrangements also support an inequitable situation whereby students with the financial means can access fee paying places in public and private institutions of higher education, whereas students from low income backgrounds either cannot, or do so by making unacceptably high sacrifices.

Without reform, Australian higher education will be put at risk. Funding and regulatory constraints, if not made more flexible, will affect teaching choices and learning outcomes, threaten the role of regional universities, and could adversely affect the international competitiveness and the reputation of Australia’s universities.

After a year of productive discussion, we now have a unique opportunity to achieve fundamental reform in the Australian higher education sector. Australia’s competitors are already rapidly moving through similar reforms to develop significantly more diverse higher education systems that respond to the widening demands of a globalised, interconnected world.

Australia and Australian higher education cannot afford to be left behind.

1.2 A new vision

Four key principles underpin the package of reforms set out in this statement.

Sustainability

All existing public self-accrediting higher education institutions must achieve long-term sustainability. The cost of course provision in higher education has increased considerably, often due to factors outside the control of universities such as increased global competition for academics in key areas and changes in the value of the Australian dollar. Universities must be freed from unnecessary constraints. They should be able to respond flexibly to the needs of their constituencies, including potential and existing students, staff, employers, industry, local, regional and national communities. Institutions need to be given maximum opportunity, consistent with public accountability and social responsibility, to develop innovative responses to rapidly
changing environments in teaching and learning, in the direction and commercialisation of research, and engagement with industry, research institutions and other education providers.

Quality

Australia’s universities have a reputation for providing high quality educational experiences, and it is vital that this be maintained and enhanced. A renewed emphasis on teaching and learning outcomes, particularly at the undergraduate level, will help to ensure that students develop knowledge and skills that are relevant to their own needs and to those of employers, professional associations, labour markets and society.

Equity

Systemic barriers to the participation of historically disadvantaged groups, in particular Indigenous Australians, must be addressed. Individuals should be enabled to fulfil their potential, regardless of their personal circumstances and backgrounds. Targeted intervention measures and new approaches to student financing will seek to encourage participation and retention of under-represented groups.

Diversity

Australia needs a high quality higher education sector with a range of institutions servicing different communities and varied requirements. It is neither necessary nor desirable for all universities to be the same. A more diverse system will be achieved by institutions forging distinct missions within the overall system and through greater collaboration between individual universities and other education providers, industry, business, regions and communities.

1.3 Future directions

The future direction of Australian higher education will be forged through an integrated policy framework based on the four foundation principles outlined above. The reforms will establish a partially deregulated system of higher education in which individual universities are able to capitalise on their particular strengths and determine the value of their course offerings in the market place. There will be renewed emphasis on teaching and learning outcomes, greater recognition of the role of regional campuses and institutions, and a framework for research in which all Commonwealth funding is either competitive or performance-based. New arrangements for student financing will encourage lifelong learning and ensure equity of access to higher education – no eligible student will be required to pay fees up front when they enrol with an eligible higher education institution. Higher education will be free at the point of entry. Improved access for disadvantaged groups will be supported, and the market for private higher education will be opened up, while still enhancing quality control. Diversity will be encouraged through the creation of performance-based incentives for institutions to differentiate their missions.
Laying the foundation for this ten year vision, approximately $1.5 billion in additional funding will be invested in higher education over the next four years, with more than $660 million in additional funding per year from 2007. Over the next ten years, the Commonwealth will provide more than $10 billion in new support for higher education, including an estimated $6.9 billion in additional funding to the sector and approximately $3.7 billion to support new student loans.

There are three major elements to the reforms.

1. **Support for higher education institutions**

A new Commonwealth Grant Scheme (CGS) will replace the current system of block operating grants to each university. The Commonwealth will negotiate with each higher education institution to deliver a specified number of Commonwealth supported places in particular course disciplines. This will ensure that universities provide the courses and the numbers of graduates that are needed by the nation.

Each institution that receives funds under the CGS will enter into a Funding Agreement with the Commonwealth. The Agreement will specify the number of places and the discipline mix that the Commonwealth will support. Institutions will be paid according to the discipline mix actually delivered in a year, as long as the total Commonwealth contribution does not exceed one per cent of the Commonwealth contribution that would have been payable on the agreed discipline mix. Penalties will apply to institutions that enrol Commonwealth supported students beyond a two per cent limit. Each university will set its own student contribution levels within the ranges set by the Commonwealth. Commonwealth funding per student will increase, following institutions’ adherence to a set of National Governance Protocols and compliance with Commonwealth workplace relations policies. Higher funding levels will also be introduced for student places at regional campuses of public higher education institutions.

Approximately 25,000 new Commonwealth supported places will replace marginally funded places from 2005. These places will be distributed throughout the sector over four years from 2005.

There will be additional Commonwealth supported places provided annually from 2007 to meet anticipated population growth. This will create 1,400 new Commonwealth supported places in 2007. An additional 745 places will be provided by 2008 in the National Priority areas of nursing and teaching.

2. **Support for students**

A suite of income contingent loans under the new Higher Education Loan Programme (HELP) will underpin student financing. All eligible Australians will receive a Learning Entitlement of five years of equivalent full-time higher education (to be extended on a pro-rata basis if studying part-time) with an extension beyond five years where
a student is undertaking an initial undergraduate course or pathway in which the normal enrolment period is longer than five years (e.g. medicine at undergraduate or graduate degree levels or double degrees with honours). Learning Entitlement appeal mechanisms and associated remission of debts, where circumstances prevent students from completing studies, will be the responsibility of institutions. Individuals will also receive an additional entitlement after a specified number of years to be determined by the Commonwealth at a later date.

There will be enhancements to the current Higher Education Contribution Scheme (HECS), including an increase in the repayment threshold from $24,365 (2002–03) to $30,000 (2005–6).

For the first time loans will also be offered to help students who are paying full fees in public and eligible private higher education institutions (FEE-HELP). A third loan scheme will be established for students who need financial assistance to study overseas (OS-HELP).

Commonwealth Learning Scholarships for educational and accommodation costs will also be offered. Increased support will be provided to students from disadvantaged groups, particularly Indigenous students.

3. Support for a diverse and equitable system

Performance and incentive funding will be available to encourage universities to differentiate their missions and to achieve reform in the areas of learning and teaching, equity, workplace productivity, collaboration and quality.

The reforms outlined in this paper are subject to the passage of Commonwealth legislation. Full implementation details for the reforms will be provided over the coming months.
2 Support for higher education institutions

2.1 New model for Commonwealth support of student places – Commonwealth Grant Scheme

The Commonwealth currently provides public higher education institutions with block grants determined largely on a historical basis. To encourage greater flexibility and diversity in the sector, a new Commonwealth Grant Scheme (CGS) for teaching and scholarship will replace the current block grants system. The Commonwealth will provide a contribution, set by discipline, towards the cost of an agreed number of Commonwealth supported places actually delivered in a year (see Table A). Each higher education institution that receives funds under the CGS will enter into a Funding Agreement with the Commonwealth with annual negotiations to take place over the number of places and the discipline mix that the Commonwealth will support. Places to be supported may be at the undergraduate level, the postgraduate non-research level in negotiated fields, and in enabling courses. The Agreement will be negotiated in the context of each institution’s mission and strategic direction for course provision, with strengthened Commonwealth/State consultation.

Institutions will be paid according to the discipline mix actually delivered in a year, as long as the total Commonwealth contribution does not exceed one per cent of the Commonwealth contribution that would have been payable on the agreed discipline mix. Penalties will apply to institutions that consistently enrol non full fee paying students beyond a two per cent limit. Unfilled places from institutions that consistently under enrol will be redistributed to other universities according to Commonwealth priorities, following consultations with the States and Territories. Though some may argue that these measures may limit deregulation, the Commonwealth is not prepared to countenance outcomes that would result in significant changes in institutional enrolment patterns, which may particularly affect smaller and regional universities.
Table A: Commonwealth Course Contribution Schedule 2005 (a)

<table>
<thead>
<tr>
<th>Cluster</th>
<th>Discipline</th>
<th>Estimated Commonwealth Course Contribution (b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Law</td>
<td>$1,509</td>
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<tr>
<td>2</td>
<td>Accounting, Administration, Economics, Commerce</td>
<td>$2,481</td>
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<tr>
<td>3</td>
<td>Humanities</td>
<td>$4,180</td>
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<tr>
<td>4</td>
<td>Mathematics, Statistics</td>
<td>$4,937</td>
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<tr>
<td>5</td>
<td>Behavioural Science, Social Studies</td>
<td>$6,636</td>
</tr>
<tr>
<td>6</td>
<td>Computing, Built Environment, Health</td>
<td>$7,392</td>
</tr>
<tr>
<td>7</td>
<td>Foreign Languages, Visual and Performing Arts</td>
<td>$9,091</td>
</tr>
<tr>
<td>8</td>
<td>Engineering, Science, Surveying</td>
<td>$12,303</td>
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<tr>
<td>9</td>
<td>Dentistry, Medicine, Veterinary Science</td>
<td>$15,422</td>
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<tr>
<td>10</td>
<td>Agriculture</td>
<td>$16,394</td>
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<td>National Priority</td>
<td>Education</td>
<td>$7,278</td>
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<tr>
<td>National Priority</td>
<td>Nursing</td>
<td>$9,733</td>
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</tbody>
</table>

(a) Figures are for Equivalent Full-Time Students undertaking units in indicated discipline. The Commonwealth course contributions are for institutions that receive the 2.5 per cent increase in Commonwealth contributions through compliance with the National Governance Protocols and workplace relations policies.

(b) The Commonwealth contribution towards course costs represents the base amount provided to institutions for students in a particular discipline. The total Commonwealth funding that supports individual students is much greater than this and includes other funding provided for operating and research purposes.

2.2 Increased Commonwealth course contributions

To ensure the long term sustainability and quality of the sector within an environment of limited deregulation and international competition, the Commonwealth will inject a further $404.3 million into the higher education sector by incrementally increasing its contribution per student place by 2.5 per cent from 2005, building to a 7.5 per cent increase by 2007. This increase in funding will be provided once an institution has adhered to the National Governance Protocols (see Attachment A) and has demonstrated compliance with the Commonwealth’s workplace relations policies. In particular, enterprise agreements should not preclude the option of negotiating Australian Workplace Agreements.

2.3 National Governance Protocols

Universities are not businesses but nevertheless manage multi-million dollar budgets. As such they need to be run in a business-like fashion. Anachronistic governance arrangements, in which universities have up to 35 Council members and an average of 21, are not conducive to sound decision making.

Following the October 2002 decision by State and Territory Education Ministers and their Governments to decline an invitation by the Commonwealth to participate in the development of a set of national protocols for university governance, the
Commonwealth has developed a set of National Governance Protocols for Public Higher Education Institutions (Attachment A). These Protocols build on the outcomes of the Review of University Governance undertaken by the Victorian Government (2002) and the Higher Education Management Review chaired by David Hoare (1995). These Protocols will strengthen university governance by increasing the responsibilities of university councils in overseeing commercial activities, requiring councils to discharge these responsibilities in a transparent way and ensuring the protection of the public interest.

The Protocols were developed on advice from both the university and business sectors having regard to current best practice models. The Protocols will require universities to specify the duties of their council members, and have in place a formal programme of professional development for council members. Members will be required to be ‘trustees’ of the institution and act solely in the interests of the university rather than as a delegate or representative of a particular constituency. Councils will not exceed 18 members and will have at least two members with financial expertise and one with commercial expertise. The majority of members will be external to the institution.

The incremental increases in funding under the Commonwealth Grant Scheme will be conditional on implementation of these Protocols and the workplace reform requirements outlined in Section 2.2. This is in the best interests of universities and necessary for the building of a modern Australia. New legislation will outline the conditionality of funding and compliance will be monitored through the new Funding Agreements to be negotiated between the Commonwealth and each institution. Institutions will need to agree to and implement those aspects of the Protocols that are within their legal power. Each State and Territory will be required to agree to and implement those aspects of the Protocols within their power, including passage of relevant legislation, if institutions within its jurisdiction are to receive the CGS funding increase. Amendments will also be made to the legislation of the two institutions under direct Commonwealth control, namely the Australian National University and the Australian Maritime College, to ensure that their governance arrangements reflect best practice and the National Governance Protocols.

2.4 Regional loading

Universities that provide places at regional campuses face higher costs as a result of location, size and history. Regional campuses generally have less potential to diversify revenue sources, a smaller capacity to compete for fee paying students and a narrower industrial base providing fewer opportunities for commercial partnerships.

From 2004, the Commonwealth will provide an additional $122.6 million over four years to incorporate a regional loading into the CGS for students enrolled at regional campuses of public higher education institutions.

For the purpose of the CGS regional loading, a regional campus will be a campus located outside a mainland State capital city area in a population centre with fewer...
than 250,000 people. Having satisfied the initial test of regionality, a campus would be recognised within one of four bands, established according to two criteria: distance from the closest mainland State capital; and size of institution.

**Table B: Regional Loading Bands**

<table>
<thead>
<tr>
<th>Band (a)</th>
<th>Loading criteria</th>
<th>Number of regional campuses (2001)</th>
<th>Estimated Regional loading (b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Northern Territory</td>
<td>2</td>
<td>30%</td>
</tr>
<tr>
<td>2</td>
<td>Distant and small</td>
<td>9</td>
<td>7.5%</td>
</tr>
<tr>
<td>3</td>
<td>Proximate and small or distant and large</td>
<td>27</td>
<td>5%</td>
</tr>
<tr>
<td>4</td>
<td>Proximate and large</td>
<td>20</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

(a) Band 1: Campus located in the Northern Territory; Band 2: Campus is more than 300 km from a mainland capital city and has fewer than 10,000 EFTSU; Band 3: Campus is either more than 300 km from a mainland capital city or has fewer than 10,000 EFTSU; Band 4: Campus is neither more than 300 km from a mainland capital city or has fewer than 10,000 EFTSU.

(b) Loadings are based on 2001 higher education data and may vary in future years according to the actual numbers of students in regional campuses of public higher education institutions.

### 2.5 Conversion of marginal places

Approximately 25,000 new Commonwealth supported places will replace marginally funded places from 2005. The Commonwealth currently provides ‘marginal funding’ for ‘over-enrolled’ places (around $2,700 per full-time student place in 2002). Stakeholders expressed significant concern during the Review about the impact of these ‘over-enrolments’ on the quality of Australian higher education.

Places funded on a marginal basis will be phased out over a period of four years from 2005. These will be replaced by approximately 25,000 new Commonwealth supported places which will be distributed throughout the sector over four years from 2005 according to Commonwealth priorities, taking into account the outcomes of discussions on labour market needs with States and Territories. This initiative will increase Commonwealth funding for student places by $347.6 million over three years.

### 2.6 Growth in university places

Additional Commonwealth supported places will be provided annually from 2007 to meet anticipated population growth. In 2007, 1,400 new Commonwealth supported places will be distributed across the sector providing an additional $10.9 million. These places will be allocated on the basis of Commonwealth priorities, taking into account the outcomes of discussions with States and Territories on labour market needs.

Additional places will also be provided prior to 2007 in the National Priority areas of nursing and teaching (see Section 2.7).
An additional 234 Commonwealth supported medical school intake places will be created each year from January 2004 (increasing to 1,400 as students continue in their courses). All the new medical school places created through this measure will be ‘bonded’ to areas of workforce shortage. Under this arrangement, students taking these places will be required to work for a minimum of six years in an area of workforce shortage for their chosen speciality. This will be of particular benefit to outer metropolitan and rural areas.

2.7 National Priority areas

Additional support will be provided for areas identified by the Commonwealth as National Priorities. This will allow the Commonwealth to respond to current and emerging national needs, such as shortages in particular areas of the labour market and the education of Indigenous students. The Commonwealth will review National Priorities periodically.

Teaching and nursing have been identified as initial key areas of National Priority, to ensure an adequate supply of high quality graduates for Australia’s schools and hospitals.

The National Review of Nursing Education brought down its recommendations in 2002, and the Review of Teaching and Teacher Education will issue a final report in mid-2003. Findings from both reviews suggest a need for further support for institutions offering courses in these areas. The Commonwealth will therefore increase its contribution to institutions offering teaching and nursing courses. The additional funding will be required to be directed towards the costs associated with clinical practice in nursing and the teaching practicum.

Additional Commonwealth funding for existing nursing places will begin in 2004 and over four years will result in an increase of $40.4 million. The increase in Commonwealth funding for existing teaching places will begin in 2005 with an additional $81.4 million being invested in teaching places over three years.

The new ‘National Priorities’ student contribution band will be used to attract students to courses that are a national priority for the Government. Commencing from 2005, this band will initially apply to nursing and teaching courses. The maximum student contribution payable for these disciplines will be set as if the current HECS schedule continued to apply to those disciplines. Fees for students in Commonwealth supported places in the areas of teaching and nursing will therefore not increase and may in fact go down in some institutions. The student contribution range will initially be $0–$3,854.

There is a pressing need to respond to the current shortage of working nurses due largely to the high attrition rate of nurses from the workforce, coupled with increasing demand for nursing places. The Commonwealth notes that the Review of Nursing Education emphasised the need for improved conditions and remuneration in order to improve retention in the nursing profession. In large part it is the responsibility of State and Territory governments to ensure that nursing graduates remain in the system.
In the expectation that the States and Territories will accept their responsibility in this regard, the Commonwealth will provide an additional 210 nursing places in regional campuses, rising to 574 places by 2007 as students continue their courses, at a cost of $17.1 million over four years, to assist in addressing the nursing shortage. The 1,400 new Commonwealth supported places being made available across the sector in 2007, may be used for the delivery of teaching and nursing should demand exist.

The Commonwealth currently supports students in a number of private higher education institutions. Not all of these places are in areas of National Priority and, given the need to maximise the effectiveness of Commonwealth funding, this assistance will be rationalised. The Commonwealth will set aside up to 1,400 Commonwealth supported places for allocation to private higher education institutions. These 1,400 places will include the 655 Commonwealth supported places currently provided to Avondale College (teaching) and the University of Notre Dame Australia (teaching, ICT and places occupied by Indigenous students at the Broome campus). By 2008 the new 745 places will provide an additional $22.1 million in funding. They will be allocated on the basis of the Commonwealth’s assessment of needs and priorities, in consultation with States and Territories with regard to their labour market needs.

A private higher education institution delivering places for which the Commonwealth provides a course contribution must be listed as a higher education institution on the Australian Qualifications Framework Register; be subject to audit by the Australian Universities Quality Agency; and meet additional quality assurance and reporting requirements as specified by the Commonwealth.

2.8 Learning Entitlements

From 1 January 2005, all eligible Australian citizens, New Zealand citizens and holders of Australian permanent visas will receive a Learning Entitlement, giving them access to five years equivalent full-time study in a Commonwealth supported place. Australian citizens and holders of Australian permanent humanitarian visas will also be eligible for a Commonwealth subsidised loan under HECS-HELP. The five-year entitlement may be extended where a student is undertaking an initial undergraduate course or pathway in which the normal enrolment period is longer than five years (e.g. medicine at undergraduate or graduate degree levels or double degrees with honours). Students undertaking enabling courses will not be required to use any of their Learning Entitlement. Learning Entitlement appeal mechanisms and associated remission of debts, where circumstances prevent students from completing studies, will be the responsibility of institutions.

The Learning Entitlement will provide greater opportunities for more students to gain access to a Commonwealth supported higher education place as new entrants occupy places freed by students who have consumed their entitlement. To encourage lifelong learning, individuals will also receive an additional entitlement after a specified number of years to be determined by the Commonwealth (details will be announced at a later stage). Students will start using their Learning Entitlement from 1 January 2005.
2.9 Changes to arrangements for full fee paying students

There are approximately 9,400 Australian undergraduate students in full fee paying places, representing less than two per cent of the domestic undergraduate student population of 531,000. The maximum number of domestic full fee paying students in any undergraduate course is currently 25 per cent of the total number of places, if an institution has met its undergraduate student load target. This maximum will increase to 50 per cent (with the exception of medicine) excluding employer/industry funded places, to allow institutions to better respond to student demand in particular areas and to give students more opportunities to study in the institution or course of their choice. Universities will be required to submit minimum entrance cut-offs for the previous and current year for commencing students, whether they be in a Commonwealth supported place or a full fee paying place, to be made publicly available on the new Higher Education Information Management System (HEIMS, see Section 11).

Prohibitions on domestic postgraduate fee paying students will be removed in respect of postgraduate nursing and teacher education courses that lead to initial registration. In the case of medical school places, the Commonwealth will allow some limited deregulation, with restrictions to continue on the overall level of intake places and the proportion of places that can be full fee paying. From 2005, the maximum number of domestic full fee paying students in programmes leading to provisional registration as a medical practitioner will be limited to 10 per cent. A national review of the allocation of medical school places will be undertaken by the Health and Ageing portfolio in 2006–07 and will include an evaluation of this initial partial deregulation.

New arrangements will be established for employer/industry courses and places. The Commonwealth will not support places where employers or industry have negotiated to restrict access to those places to employees or potential employees. This means that students in those places will not be able to use their Learning Entitlement or have access to HECS-HELP to meet any related fees, although they will have access to the new FEE-HELP loans (see Section 3.2). New tax incentives to encourage employer/industry investment in higher education will be investigated by the Australian Taxation Office.

Current arrangements for overseas fee paying students will not change.

2.10 Reporting requirements

Current work to minimise Commonwealth and State/Territory reporting requirements for higher education institutions will continue. The Department of Education, Science and Training (DEST), in consultation with the Australian Vice-Chancellors’ Committee, has developed an Institution Assessment Framework to assess universities through analysis of a range of statistical, financial and other data, a substantial amount of which universities already collect, either to meet legislative requirements, to support internal planning processes, or to release as public information.
The Department will refine the Framework over the course of 2003 and it will replace the Profiles process from 2004. The introduction of performance-based funding for a number of new programmes will require streamlined and rationalised reporting arrangements. This will be achieved in large measure by the development and implementation of the Higher Education Information Management System, discussed in detail in Section 11.

The Commonwealth is determined to ensure that institutions are required to provide the minimum of reporting whilst maintaining the highest levels of accountability for public investment.

2.11 State/Territory and Commonwealth relationships

The Commonwealth will consult with State and Territory governments on a number of issues arising from the reforms, including the progressive allocation of converted marginal places from 2005 and Commonwealth supported growth places from 2007. The distribution of places is an issue which the Commonwealth has previously attempted to discuss with the States and Territories without success.

Information that States and Territories provide on their state and regional labour markets will inform both the Commonwealth’s identification of National Priority areas and allocation of the 745 Commonwealth supported places set aside for courses in areas of National Priority in private higher education institutions.

States and Territories will need to agree to the Commonwealth’s National Governance Protocols, and implement those aspects of the Protocols within their power, including legislation, if institutions within their jurisdiction are to receive the Commonwealth funding increases to be introduced incrementally from 2005.

2.12 Transitional Arrangements

A transition fund of $12.6 million will be available in 2005 to assist institutions adjust to the new arrangements, to ensure that no institution is significantly disadvantaged.

During 2003, the Department of Communications, Information Technology and the Arts will consult relevant National Performing Arts Training Organisations on the application of the new arrangements to their particular circumstances. Appropriate arrangements will be in place prior to 2005.

For historical reasons, Marcus Oldham College in Victoria currently receives an annual Commonwealth allocation for student places in agribusiness. These students are required to pay fees and do not have access to existing HECS arrangements. These arrangements do not fit within the new higher education policy framework, and therefore Marcus Oldham College will receive a one-off payment of $2.1 million in 2004, in lieu of future annual funding allocations.
3 Support for students

A new suite of loans will be introduced called the Higher Education Loan Programme (HELP), which will incorporate the current HECS scheme and two new loan schemes: Fee Paying HELP (FEE-HELP) to help students who are paying full fees in public and eligible private higher education institutions, and Overseas Study HELP (OS-HELP) to help students who wish to study for part of their degree overseas.

Debts accrued under FEE-HELP and OS-HELP will be indexed to the CPI plus 3.5 percentage points each year for a maximum of ten years, before returning to indexation by the CPI. FEE-HELP will replace the Postgraduate Education Loans Scheme (PELS), Open Learning Deferred Payment Scheme (OLDPS) and the Bridging for Overseas-Trained Professionals Loan Scheme (BOTPLS).

3.1 HECS-HELP

From 2005, institutions in receipt of Commonwealth supported places will determine their own student contribution level for each course they offer within ranges set by the Commonwealth. This will allow institutions greater flexibility and promote a more diverse higher education system. As student contribution levels will vary between courses and institutions, students will have a greater range of options to pursue a higher education in Australia. There will be no minimum levels for student contributions. Institutions will be able to set student contribution levels as low as they wish.

Australian citizens and holders of Australian permanent humanitarian visas will be able to pay their contribution through HECS-HELP.

Table C: Student Contribution Levels

<table>
<thead>
<tr>
<th>Band 3 (law, dentistry, medicine, veterinary science)</th>
<th>2003 HECS levels</th>
<th>Projected 2005 HECS levels</th>
</tr>
</thead>
<tbody>
<tr>
<td>$6,136</td>
<td>$6,427</td>
<td></td>
</tr>
</tbody>
</table>

| Band 2 (accounting, commerce, administration, economics, maths, statistics, computing, built environment, health, engineering, science, surveying, agriculture) | $5,242 | $5,490 |

| Band 1 (humanities, arts, behavioural science, social studies, foreign languages, visual and performing arts, education, nursing) | $3,680 | $3,854 |

<table>
<thead>
<tr>
<th>Band 3 (law, dentistry, medicine, veterinary science)</th>
<th>New student contribution range (a)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 – $8,355</td>
<td></td>
</tr>
</tbody>
</table>

| Band 2 (accounting, commerce, administration, economics, maths, statistics, computing, built environment, health, engineering, science, surveying, agriculture) | $0 – $7,137 |

| Band 1 (humanities, arts, behavioural science, social studies, foreign languages, visual and performing arts) | $0 – $5,010 |

| National Priorities (National priorities – education, nursing) | $0 – $3,854 |

(a) Projected HECS rates for 2005 based on current indexation estimates.
(b) Maximum student contributions will be set at 30 per cent higher than estimated HECS contribution rates for 2005, except for teaching and nursing where the maximum will be set at the estimated HECS rates for that year. Universities will set student contribution levels.
The new ‘National Priorities’ Student Contribution band will be used to attract students to courses that are a national priority for the Government (see Section 2.7). Commencing from 2005, fees for students in Commonwealth supported places in areas of teaching and nursing will not increase and may in fact go down at some institutions. The student contribution range will initially be $0–$3,854. The maximum student contribution payable for these disciplines will be similar to that which would have applied if the current HECS schedule had been maintained. The disciplines covered by this band may change as national needs evolve.

HECS-HELP will remain the fundamental mechanism through which students in Commonwealth supported places can pay this contribution. HECS-HELP will continue to be a loan that is indexed by Consumer Price Index movements to maintain its real value but is otherwise interest free. Deferred income contingent repayment arrangements will continue but with an increased repayment threshold. This will ensure that students are able to participate in higher education even if they prefer or are unable to pay their contribution at commencement of studies. Each student’s contribution will depend on the individual subjects that he or she chooses and the fee charged by the institution.

The average contribution that students make towards the cost of their education can be calculated by determining the actual value of student contributions through HECS-HELP as a percentage of the total funding for educational costs provided by the Commonwealth to higher education institutions. Using this calculation, under the current arrangements students contribute on average 26.1 per cent towards the cost of their education. Under the higher education reforms, the average student contribution on an equivalent basis is expected to rise to approximately 26.8 per cent in 2005. The Commonwealth will continue to provide around three quarters of the cost of undertaking higher education, as indicated in Table D.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Commonwealth Funding for operating purposes (a)</th>
<th>Total Actual Student Contributions (b)</th>
<th>Average Student Contribution towards cost of education</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>$5.3 billion</td>
<td>$1.4 billion</td>
<td>26.1%</td>
</tr>
<tr>
<td>2005</td>
<td>$6.4 billion</td>
<td>$1.7 billion</td>
<td>26.8%</td>
</tr>
<tr>
<td>2008</td>
<td>$7.7 billion</td>
<td>$2.1 billion</td>
<td>27.6%</td>
</tr>
</tbody>
</table>

(a) Total Commonwealth funding (estimate for 2005) provided directly to higher education institutions.

(b) Total actual student contributions (estimate for 2005 based on modelled impact of partial fee deregulation) taking into account the subsidies inherent in the HECS-HELP programme.

The financial position of most graduates on lower incomes will be improved through a change to the minimum repayment threshold from $24,365 (2002–03 financial year) to $30,000 (2005–06 financial year) and the removal of the two bottom repayment bands. The maximum repayment rate will increase to 8 per cent where income exceeds $64,999. The discount for up front payment will be reduced from 25 per cent to 20 per cent, and the bonus for voluntary repayments will be reduced from 15 per cent to 10 per cent. There will be no bonus for voluntary repayments on FEE-HELP or OS-HELP loans.
Current HECS students and HECS students commencing in 2004 (both full-time and part-time) will be able to study under the current HECS contribution levels until the end of 2008, unless they discontinue their enrolment. Students continuing study into 2009 will be required to study under the new HECS-HELP student contribution levels.

All students, including FEE-HELP and OS-HELP students, will be subject to the same repayment conditions that apply to the new HELP loans from 2005. The new higher repayment threshold, the increase in the maximum repayment rate and changes to discounts for up-front and voluntary repayments will apply to existing HECS debts from 2005.

All payments for student fees under HELP, as well as up front HECS-HELP contributions and payments for full fee paying places made by students will to be paid to universities. The Commonwealth does not receive any of this money. In addition, the Commonwealth currently pays approximately $100 million in subsidies to universities for the discounts on up front HECS payments.

3.2 Fee Paying HELP (FEE-HELP)

Students paying full fees for an undergraduate course do not currently have access to an income contingent loan scheme. This means that a qualified student who is offered a full fee paying place but who does not have the means to pay up front or can not take out a commercial loan can not access a place. This is inequitable.

The new FEE-HELP scheme will offer eligible students an income contingent loan facility to pay their undergraduate or postgraduate fees in courses in public or eligible private institutions. Students will be able to access a loan up to the amount of the full tuition fee charged for the course they are undertaking, to a total limit of $50,000. For students at private higher education institutions to have access to FEE-HELP, the institution must be listed as a higher education institution on the Australian Qualifications Framework Register; be subject to audit by the Australian Universities Quality Agency; and meet additional quality assurance and reporting requirements as specified by the Commonwealth.

FEE-HELP will encourage lifelong learning and the upgrading and acquisition of new skills. It will also help to remove barriers to national and personal investment in education, training and skills development. Enrolments in undergraduate full fee paying courses in both public and private institutions are likely to increase. This will further help to reduce the level of unmet demand for higher education places and assist students to access their preferred course or institution. To the extent that students choose to enrol in a fee paying course of their preference using FEE-HELP rather than take up a Commonwealth supported place, they will free up a HECS-HELP place for another student.

Debts accrued under FEE-HELP will be indexed to the CPI plus 3.5 percentage points each year for a maximum of ten years, before returning to indexation by the CPI. If a
student has an existing HECS or HECS-HELP debt and a FEE-HELP and/or OS-HELP
debt, compulsory repayments will be directed to the HECS or HECS-HELP debts first.

FEE-HELP will commence in 2005, absorbing the Postgraduate Education Loan Scheme
(PELS), Open Learning Deferred Payment Scheme (OLDPS) and Bridging for Overseas-
Trained Professionals Loan Scheme (BOTPLS).

Current PELS students, and PELS students commencing in 2004, will continue to have
access to PELS until they discontinue or complete their course or until the end of 2008,
whichever comes first. Under FEE-HELP, students studying through Open Learning
Australia (OLA) may borrow up to the full amount of the tuition fee charged by OLA.

3.3 Overseas Study HELP (OS-HELP)

Current rates of Australian students studying overseas are very low compared with
international standards. Expanding Australian students’ experiences of the social,
economic and political systems of other countries is crucial in building Australia’s
capacity to engage in the international market and to establish relationships with
foreign people and organisations. Such skills are invaluable in terms of Australia’s
trade, foreign relations and security interests.

OS-HELP will assist eligible full-time undergraduate students in Commonwealth
supported places at public higher education institutions to study abroad for one or two
semesters of their degree programme. It will offer students loans of up to $5,000 (in
2005 dollars) per semester to finance their overseas study. OS-HELP will assist students
with travel and living expenses while overseas as the majority of students undertaking
formal exchange programmes are exempt from tuition fees. Tuition costs will only apply
where the student is not studying under a formal exchange programme and in such
cases would need to be met by the student. Students would not be eligible to apply for
a loan until they had successfully completed the first year of their course and the loan
would not cover overseas study undertaken during the final year of a course.

Debts accrued under OS-HELP will be indexed to the CPI plus 3.5 percentage points
each year for a maximum of ten years, before returning to indexation by the CPI.

In 2005, a total of 2,500 OS-HELP loans will be available, increasing to a total of
10,000 loans per year by 2008. Loans will be distributed between eligible institutions
for allocation to students.
4 Commonwealth Learning Scholarships Programme

The Commonwealth Learning Scholarships Programme will be introduced from 2004 to assist rural and regional, low socio-economic status (SES) and Indigenous students, who are Australian citizens or holders of Australian permanent humanitarian visas, with costs associated with higher education. There will be two scholarships – one for educational costs and one for accommodation costs. Both will be merit based, non-repayable and will target students from low income backgrounds.

Commonwealth Learning Scholarships will be distributed to institutions on the basis of their proportion of full-time low-SES students, taking into account their ability to increase the number of low-SES students attending their institution. Institutions will be responsible for the allocation of Commonwealth Learning Scholarships to individual students. The Commonwealth will provide guidelines for the allocation of these scholarships but individual institutions will determine their own selection and allocation processes.

4.1 Commonwealth Education Costs Scholarships (CECS)

Some 26,000 full-time students from low SES backgrounds and 2,500 full-time Indigenous students commence university studies each year. Many of these students face particular challenges in meeting their education costs.

Commonwealth Education Costs Scholarships will be introduced to provide full-time undergraduate Commonwealth supported students with a scholarship of $2,000 per year for up to four years. Priority will be given to full-time students from low socio-economic and/or Indigenous backgrounds. In 2004, 2,500 new CEC Scholarships will be provided. By 2007, 5,075 new scholarships will be awarded each year and approximately 17,630 students will be in receipt of a CEC Scholarship. CECS will be funded at a cost of $84.4 million over four years.

4.2 Commonwealth Accommodation Scholarships (CAS)

Around 10,000 students from rural and isolated areas, many of whom are from low socio-economic and/or Indigenous backgrounds, move away from home each year to commence higher education. For many of these students and/or their parents, the cost of accommodation represents a significant burden. Commonwealth Accommodation Scholarships will help alleviate this burden.

The scholarships will provide full-time undergraduate Commonwealth supported students from rural and regional areas with $4,000 per year for up to four years to assist them with accommodation expenses where they have to move to undertake a higher education. In 2004, 1,500 scholarships will be offered, allocated on the basis of academic merit. By 2007, 2,030 new scholarships will be awarded each year and
approximately 7,550 students will be in receipt of a CAS. The Commonwealth will provide $75.8 million over four years to the CAS programme.

4.3 International Scholarships

The Government is establishing a new scholarships programme, the ‘Endeavour Programme’ under which high-performing students from around the world will be able to study in Australia. It will cover a total of 395 awards each year, including existing and new awards. In this Budget the Government is committing an additional $7.9 million over four years for 30 new scholarships. It will also provide additional funding of $1 million a year for Australian language teachers to undertake short-term awards in the country whose language they teach, to update their skills and understanding of contemporary culture.

4.4 More Scholarships for postgraduate research students

The Australian Postgraduate Awards (APA) Scheme enables the Commonwealth to support Australian postgraduate students of exceptional research promise to undertake a higher degree by research. The scheme offers a stipend and allowances for relocation expenses and for thesis production. In 2002, the Commonwealth supported approximately 4,500 postgraduate students through the provision of APAs.

The number of new scholarships awarded will be increased by 31 by 2007 in line with population growth, to maintain the opportunities available for Australia’s most talented research students. This will enhance institutional and national research capacity.

Over four years an additional $1 million will be provided to enable young researchers (doctoral or post-doctoral) to participate, with industry members, in overseas specialist forums in their field, to enhance their capability and understanding of international developments. Funding will provide for three programmes each year of two weeks of overseas travel for the young researchers.
5 Promoting excellence in learning and teaching

The strength of the Australian higher education sector will depend on fostering an environment of excellence in the full range of activities undertaken by institutions. Although teaching is recognised as a core activity of all higher education institutions, current Commonwealth funding, internal staff promotion practices and institutional prestige tend to reinforce the importance of research performance rather than teaching performance.

Rewards and incentives for excellence in learning and teaching will promote the overall quality of the sector. Excellence in learning and teaching will be placed alongside the delivery of research excellence as a valued contribution to Australia’s knowledge systems. There is no intention for any Australian university to become ‘teaching-only’. An increased focus on learning and teaching will foster diversity and help to ensure the ongoing high quality of the Australian higher education sector.

5.1 National Institute for Learning and Teaching in Higher Education

A National Institute for Learning and Teaching in Higher Education will be established to provide a national focus for the enhancement of learning and teaching in Australian higher education institutions and will be a flagship for acknowledging excellence in learning and teaching. The Institute’s responsibilities will include:

- management of a competitive grants scheme for innovation in learning and teaching;
- liaison with the sector about options for articulating and monitoring academic standards;
- improvement of assessment practices throughout the sector, including investigation of the feasibility of a national portfolio assessment scheme;
- facilitation of benchmarking of effective teaching and learning processes at national and international levels;
- development of mechanisms for the dissemination of good practice and professional development in learning and teaching;
- management of a programme for international experts in learning and teaching to visit Australian institutions and the development of reciprocal relationships with international jurisdictions;
- coordination of a revised version of the Australian Awards for University Teaching, including the Awards presentation event; and
- secretariat functions to the Australian Universities Teaching Committee.

The Institute will be overseen by the Australian Universities Teaching Committee (AUTC) and be run by professional staff with expertise in learning and teaching in
higher education. The AUTC will continue to advise the Minister on the allocation, management and outcomes of any grants scheme and activities administered through the Institute, including the revised Australian Awards for University Teaching.

The Institute will receive $21.9 million per year from 2006, which will comprise $2.5 million for administration and $19.4 million for grants and other activities. Funding will be allocated from existing programme funds to establish the Institute in 2004.

5.2 New Australian Awards for University Teaching

The Australian Awards for University Teaching will be enhanced to heighten the status of teaching and support the centrality of teaching in institutional missions.

The number of rewards to teachers who demonstrate excellence in teaching will be increased, at a cost of $2.7 million per year from 2006. The new annual awards will include:

- 210 awards valued at $10,000 each;
- 40 awards valued at $25,000 each; and
- The Prime Minister’s award for ‘Teacher of the Year’ valued at $50,000.

Teachers in public higher education institutions will be eligible for these awards.

5.3 Learning and Teaching Performance Fund

A Learning and Teaching Performance Fund of $54.7 million in 2006, increasing to $83.8 million in 2007 will be established to reward those institutions that best demonstrate excellence in learning and teaching. The Fund signals the Commonwealth’s commitment to learning and teaching and will support institutions that choose to focus on excellence in learning and teaching for undergraduates.

Learning and Teaching Performance Fund allocations will be determined in two stages. In the first stage, institutions will be required to demonstrate a strong strategic commitment to learning and teaching. Institutions must have a current institutional learning and teaching plan or strategy. Evidence of systematic support for professional development in learning and teaching for sessional and full-time academic staff must be provided. Evidence must be provided of probation and promotion practices and policies that include effectiveness as a teacher as a criterion for those academics with a teaching load, are in place. There should also be systematic student evaluation of teaching and subjects that informs probation and promotion decisions for academic positions where the academic has a teaching load or expectation of a teaching load. These strategies, practices, policies and student evaluation results would be made publicly available on an institution’s website.

Once eligibility for funds is established through the first stage, institutional performance in learning and teaching will be assessed using a range of indicators, including student progress and graduate employment outcomes. These indicators will be developed in negotiation with the sector.
5.4 International Centres of Excellence

The Commonwealth will provide seed funding of $35.5 million for four international centres of excellence, in Asia Pacific Studies and Diplomacy, Mathematics Education, Water Resources Management, Sports Science and Administration, and provide further support for the Cooperative Research Centre for Sustainable Tourism. These will become hubs for exchange and development in Australian higher education, drawing on international linkages and expertise. The Centres will:

- develop formal networks with strategic overseas counterparts including research, government, education, business, media and non government organisations and experts with relevant knowledge;
- exchange staff and students for consultancy services and research;
- conduct collaborative projects, information exchanges, joint conferences, workshops and discussion forums on policy issues related to specific areas, and technology transfer;
- diffuse expertise in education in schools and the tertiary sector where appropriate; and
- support innovative approaches to research, teaching and learning at all levels.

Seed funding will also be provided to support a National Language Centre which will address the need among Australian businesses, professionals, teachers, and people working in the tourist industry for specialist immersion language and business culture training. The Centre will make a significant contribution to our effectiveness in building relationships with the countries that are our major trading partners.
6 Strengthening research capacity

Research and innovation play a vital role in building Australia’s competitive strength in a global knowledge-based economy. Universities clearly have a central role to play as major producers of basic and applied research. The programmes of the Education, Science and Training department provide significant performance based funding for research through the Institutional Grants Scheme ($272 million in 2002) and Research Infrastructure Block Grants ($114 million in 2002); and for the training of research students through the Research Training Scheme ($516 million in 2002).

There have been significant changes to Australia’s research landscape in recent years. As a result of the Knowledge and Innovation statement (1999), research funding to the sector underwent considerable reform. The new system involves a performance-based system for block funding of university research and research training activities administered by DEST, and peer-reviewed competitive grants administered by research granting agencies, including the ARC. This approach was designed to encourage institutions to be more flexible and responsive in developing a strategic portfolio of research activities and training programmes, and to secure the benefits of the achievements of individual researchers and teams.

This statement was followed in 2001 by Backing Australia’s Ability (BAA), which provided $3 billion over five years for national science and innovation. The package included a significant funding boost for the higher education sector, with an additional $585 million in research infrastructure funding and an additional $740 million available from the ARC in competitive research grants.

In December 2002, the Government announced four national research priorities to set a clear direction for Australian research. These priorities will build on our national research strengths while seeking new opportunities and emerging areas, and will apply to Commonwealth research and research funding bodies and competitive research programmes for public sector research. They are currently in the implementation phase.

Given the recency of these changes and the size of funding boosts under Backing Australia’s Ability, this package of reforms focuses on evaluating and streamlining current arrangements in research and research training.

In 2003–04 the Government will begin work on evaluating BAA programmes which run until 2005–06. A major science and innovation mapping exercise is also underway, encompassing Commonwealth, State and Territory government agencies, universities and private sector research. In light of this evaluation activity and the science and innovation mapping exercise, more detailed consideration of the BAA initiatives beyond 2005–06 will be undertaken in the 2004–05 Budget. In the interim, funding has been provided in 2006–07 for several BAA initiatives which involve multi-year competitive grants and that require future funding certainty to ensure their continued efficient administration in 2003–04.
6.1 National strategy on research infrastructure

Researchers need access to high quality infrastructure in order to carry out high quality research. This requirement is not limited to science and technology; increasingly all forms of research involve access to very large data sets and cooperative work with colleagues around the world. Research instruments and high end computation and communications facilities are very expensive. Given its modest resource base, Australia cannot afford to continue with an uncoordinated approach to infrastructure provision. We need a coordinated approach to provide:

- appropriate high end research instruments in priority areas of research;
- targeted funds to ensure access to key overseas research instruments;
- a world class high performance computing capacity; and
- an integrated research telecommunications network linking researchers in Australia with each other and allowing them to access research instruments here and overseas.

The Government will establish a taskforce to develop a nationally integrated research infrastructure strategy, which will apply to public higher education institutions and all publicly funded research agencies. The taskforce will be chaired by DEST and will involve the universities, the ARC, CSIRO, other Government funded research agencies and the States and Territories.

6.2 Greater collaboration between universities and Publicly Funded Research Agencies

A high level taskforce will be established to examine scope for greater collaboration between universities and major Publicly Funded Research Agencies (PFRAs), including the extent to which such developments can enhance research outcomes, achieve more efficient and effective use of resources and strengthen institutional performance. The review will involve all Australian public universities and three major Publicly Funded Research Agencies – the Commonwealth Scientific and Industrial Research Organisation (CSIRO), the Australian Nuclear Science and Technology Organisation (ANSTO) and the Defence Science and Technology Organisation (DSTO). It will consider the potential for greater synergies between universities and PFRAs, possible models for closer collaboration, scope to promote a greater focus on commercialisation of research through collaboration and possible alternative funding models to promote excellence across the national research effort.

6.3 Affiliation of the Australian Institute of Marine Science with James Cook University

It is proposed that the Australian Institute of Marine Science (AIMS) will undertake a formal affiliation with James Cook University (JCU) creating a world class centre for marine science, teaching and research. AIMS and JCU currently collaborate closely
through a number of avenues including the Cooperative Research Centre for Great Barrier Reef World Heritage Area, the spin-off company ToxiTech Pty Ltd and other joint ventures.

Such an affiliation will strengthen this centre of research excellence. It is envisaged that the new Institute will be established under a contract with JCU stipulating the funding contributions of the Commonwealth and JCU to the Institute, thereby ensuring that the reputation of AIMS for world class research is enhanced and that it retains a clear identity as a research body. An additional $5 million will be provided to AIMS in the 2003–04 Budget to facilitate this process.

6.4 ARC to fund Chief Investigator salaries

During the Review, concerns were expressed by institutions successful at winning ARC grants that grant sizes are not sufficient to cover the total costs of the research, and that the university’s operating grant is being used to cross-subsidise this research.

The ARC will be directed by the Minister for Education, Science and Training to use some of the increase in funds received under Backing Australia’s Ability to cover some of the costs of Chief Investigator salaries in some research grants.

6.5 Evaluation of Knowledge and Innovation reforms

A comprehensive evaluation of the effectiveness of the Knowledge and Innovation reforms will be undertaken to ensure that the policy framework for Australia’s competitive research funding is effective. This evaluation will focus on the operation of the Institutional Grants Scheme, Research Infrastructure Block Grants and the Research Training Scheme. In particular, it will assess the validity of current research performance indicators, their weightings in the performance formula, their effect on particular disciplines, universities and student groups and the effectiveness and impact of the current transition arrangements. The evaluation will enable the Government to monitor progress to date, make adjustments where necessary and ensure that any future changes to Government research policy are informed by an analysis of recent findings.
7 A renewed focus on equity

While in recent years the participation of some disadvantaged groups in higher education has increased, this has not been the case for all groups. Additional financial support, culturally appropriate and responsive policy, clear directives on equity programmes and performance-based rewards are needed to ensure that there are no barriers to access to higher education for any groups in Australia.

7.1 Increased funding for Indigenous Support Fund

Indigenous people are under-represented in higher education, despite improvements over the last decade. Indigenous students represent 1.2 per cent of the domestic student population, but represent 1.9 per cent of the Australian population.

The Commonwealth supports activities to improve the participation and success of Indigenous people in higher education through the Indigenous Support Fund (ISF). Based on advice through the Review consultations and to ensure a more effective programme, eligibility requirements have been improved and will include evidence of participation of Indigenous people in the decision-making processes of the institution (which may include existence of an Advisory Committee on Indigenous issues); existence of an institutional Indigenous Employment Strategy; and evidence of the implementation of enabling strategies for improving participation and completions for Indigenous students. Each institution will be required to report on their expenditure of ISF funding and will have to indicate the amount of money provided to an Indigenous Support Centre (should one exist at the institution). The Fund will continue to be allocated according to a performance-based formula.

The amount of funding through ISF will be increased by a total of $10.4 million over three years to 2007 to enable institutions to provide greater support for Indigenous people in higher education.

7.2 Indigenous Staff Scholarships

A strong and visible presence by Indigenous people in higher education reduces cultural isolation and heightens the potential for successful outcomes for Indigenous people studying or working in the higher education sector. Many Indigenous staff at Australia’s public higher education institutions are also leaders and mentors to Indigenous people contemplating or undertaking study, and the demands of this role may limit their professional development opportunities.

A scholarship programme will be established for Indigenous staff (academic or general) who have actively encouraged Indigenous students to participate in higher education and complete their courses. The scholarships will enable staff to take one year of leave from their university employment to undertake full-time higher education study in their...
chosen academic or professional area. This will recognise their commitment to assisting students in higher education and enhance their own academic/professional standing.

Five national scholarships will be awarded per year from 2004, each providing approximately $10,400 to cover tuition fees for a year, and a non-taxable stipend of approximately $20,900. The scholarships will be awarded on merit as determined by the Minister following advice from the new Indigenous Higher Education Advisory Council, with priority given to people undertaking postgraduate awards.

7.3 Indigenous Higher Education Advisory Council

The Commonwealth currently has no formal mechanism for consultation with the Indigenous community on higher education issues. An Indigenous Higher Education Advisory Council will be established to advise the Minister and DEST. The Council will also:

- make recommendations to the Minister for awards under the Indigenous Staff Scholarships programme (see 7.2);
- develop strategies for increasing the number of Indigenous staff employed in higher education institutions; and
- convene an annual Indigenous Higher Education Conference which will include:
  - discussion of research developments and policy directions, sector/institutional achievements, successful innovations and best practice measures; and
  - presentation of the Neville Bonner Scholarship and the Indigenous Staff Scholarships.

Funding of $260,000 per year will be provided for the Council, which will commence operations in the second half of 2003.

7.4 Enhancement of the Higher Education Equity Programme

Since 1990, five equity groups in addition to Indigenous Australians have been recognised as disadvantaged in their access to higher education. These are: people from a non-English speaking background; people with disabilities; people from rural and isolated areas; women in non-traditional areas of study; and people from socioeconomically disadvantaged backgrounds. These groups of students are supported under the Higher Education Equity Programme (HEEP).

While significant improvements in participation and access have been made for some of these disadvantaged groups, the participation of other groups remains a concern. Current equity groups will be reviewed to ensure that HEEP remains focused on groups experiencing significant educational disadvantage. This review will ensure that equity groups are properly identified and performance is measured effectively. It will inform the development of a new funding formula for HEEP.
HEEP will be increased by $2.3 million per year from 2005. Funds will be allocated according to a performance based formula to be developed to ensure that institutions remain focused on improving outcomes for equity groups. Block grants will no longer be provided. Institutions eligible for HEEP allocations will include those that:

- run an outreach programme to attract equity group students to higher education;
- offer specialised support for equity group members to assist their progression through higher education;
- manage the Commonwealth Learning Scholarships Programme (see Section 4); and
- establish an institutional equity scholarship programme to complement the Commonwealth Learning Scholarships Programme.

7.5 More assistance for students with disabilities

The Commonwealth’s Students with Disabilities Programme assists public higher education institutions to meet the needs of students whose disabilities require additional infrastructure and services.

Funding for the programme will be increased by $1.1 million per year from 2005. This will significantly increase the capacity of institutions to provide access to education for people with disabilities.
8 Fostering flexible and responsive workplaces

The Commonwealth will continue its commitment to fostering flexible and responsive workplaces in higher education institutions through a number of new measures, including an increase in Commonwealth course contributions once an institution has adhered to the National Governance Protocols and complied with the Commonwealth’s workplace relations policy (see Section 2.2).

8.1 Workplace Productivity Programme

The Commonwealth believes that, while some progress has been made in advancing workplace reform in the higher education sector, there remains considerable scope for further improvement.

Reflecting the importance placed by the Commonwealth on furthering workplace reform, a new Workplace Productivity Programme will be established to encourage institutions to pursue a broader workplace reform agenda which more effectively utilises the flexibilities available under the Workplace Relations Act 1996.

Funding under the new programme will be made contingent on universities demonstrating a commitment to workplace reform, through the implementation of flexible working arrangements and a focus on direct relationships with employees and improved productivity and performance. The details of the evidence universities will need to provide to demonstrate a commitment to workplace reform will be settled prior to the implementation of the Programme. Essential features will include evidence of a fair and open performance management system which links access to salary movements to an individual’s performance and evidence that an institution is actively offering individual employment arrangements to employees.

The Commonwealth will provide $55.2 million over two years from 2006 for the Workplace Productivity Programme.

8.2 Changes to the Workplace Relations Act 1996

Under the Workplace Relations Act 1996, higher education employees, like all employees, are permitted to undertake industrial action in the context of negotiating a replacement agreement after the expiry of their current agreement. In some cases, this industrial action has taken the form of withholding students’ examination results. This prevents students from providing results to potential employers, hinders the re-enrolment process and does not constitute fair and reasonable industrial action.
An amendment will be made to the Workplace Relations Act 1996 to amplify the power of the Australian Industrial Relations Commission (AIRC) to end protected industrial action, by requiring the AIRC to take particular account of the welfare of particular classes of people, that is, people who are clients of health, community services or education systems, including students.

8.3 Association of Governing Bodies of Australian Universities

There are limited professional development opportunities available for the 800 members of university governing bodies. The members include students, staff and others drawn from the broader community. Practice in relation to orientation or induction of new members of governing bodies, and their continued professional development, varies considerably across the sector. While there have been recent attempts to coordinate professional activities for members of governing bodies, there is an identified need for the establishment of an organisation that would take responsibility for regular professional development activities for those serving as members of university governing bodies.

The establishment of an Association of Governing Bodies of Australian Universities will improve the capabilities of university leadership by coordinating and promoting professional development opportunities for members of university governing bodies.
9 Enhancing collaboration and structural reform

A major theme of the Review was the call by higher education stakeholders for more collaboration between universities and other education providers, industry, business, regions and communities. Collaboration can assist partners to fulfil their missions in innovative ways, increase the diversity of course offerings and other services available to students, and maximise the efficiency with which public funding is used.

Collaboration between individual higher education institutions can promote survival of low-demand but nationally or regionally important courses, and can enhance efficiency of operations for the institutions concerned, for example, in some administrative services. Cross-sectoral collaboration between sectors of the education and training system can respond to labour market demand for new and flexible skill sets, and result in more efficient delivery of education, for example, through shared facilities, and seamless pathways for students. Close relationships with business and industry ensure graduates are prepared for the labour market and that the commercial potential of research and innovation is maximised. Regional initiatives recognise the significant role of universities, particularly those in regional areas, in the economic and social lives of their communities.

9.1 Collaboration and Structural Reform Fund

A Collaboration and Structural Reform (CASR) Fund will be established for three years, beginning in 2005, to provide competitive funds to foster collaboration between universities and other universities, business, industry, professional associations, community groups or other relevant organisations; and to encourage innovation within the higher education sector. This Fund will absorb the current Higher Education Innovation Programme (HEIP), with new guidelines and additional funding. The new Fund will honour existing HEIP commitments, and the remaining HEIP funds will become CASR funds.

National priority areas for collaboration will be identified for each round of the programme. The initial priorities will be collaboration:

- in course provision between two or more institutions;
- between vocational education and training provider/s and an institution in course provision or an area related to teaching and learning;
- between universities and their communities, particularly, but not exclusively, regional communities; and
- between universities and business/industry/employers or professional associations.

A total of $36.6 million will be allocated to the Collaboration and Structural Reform Fund between 2005 and 2007, which combines $16.6 million of existing Higher Education Innovation Programme (HEIP) funds with new funds of $20 million.
10 Assuring quality

The international reputation of Australia’s higher education sector must be maintained to ensure our graduates have the world-class skills to compete in the global economy and to protect and grow our position in the education export market, which is currently worth $5 billion a year. Given the expanded choice that will be available to prospective students as a result of initiatives in this package, it is imperative that information about the relative strengths of institutions be readily accessible. Employers should also have access to information about the capabilities of recent graduates.

10.1 Overseas audits

The Commonwealth currently contributes to the Australian Universities Quality Agency (AUQA) under a MCEETYA formula for State/Territories/Commonwealth contributions. The AUQA is charged with conducting whole-of-institution audits that include the international operations of universities. Most Australian universities have international activities and, increasingly, these are being offered off-shore in several countries. Significant future growth in international operations is likely to take place off-shore.

From 2005, the Commonwealth will commission the AUQA to conduct audits of overseas higher education provision by Australian providers on a whole-of-country basis. The audits will be on a cyclical basis and the reports produced will be made available for consultation in the context of domestic institutional audits where relevant. This initiative, underpinned by funding of $590,000 per year, will assure the continued quality of Australian higher education provision in the international market.

10.2 Enhancements to the Graduate Destination Survey and Course Experience Questionnaire

In a partially deregulated higher education system, there will be strong demand among prospective students and their parents for information about institutional and course performance.

The Commonwealth currently has a contract with the Graduate Careers Council of Australia to conduct the Graduate Destination Survey (GDS) and Course Experience Questionnaire (CEQ) and publish outcomes data in both hard copy and electronic form. The data serve three main purposes – providing national accountability for the sector, ensuring quality and performance management within institutions and informing student choice.

The Commonwealth will maintain funding for the Graduate Destination Survey and Course Experience Questionnaire to support the research and publication of data that inform institutional and sectoral performance. A number of enhancements will be made,
including an extended version of the CEQ, more intensive use of qualitative data from the CEQ and a shift towards greater electronic delivery and publication of results.

10.3 Enhancement of the Graduate Skills Assessment

The Graduate Skills Assessment instrument has been developed for the Commonwealth by the Australian Council for Educational Research to test generic skills of graduates in the domains of logical thinking, critical reasoning, written communication and interpersonal understanding.

Motivating students to take the test has been difficult, and universities have been reluctant to put resources into administering a test that students largely do not want to take. While some employers have been supportive in principle, to date they have expected universities to run the test. Consultations with representatives from business and industry during the Review revealed that many employers knew nothing about the GSA.

The Commonwealth will provide $270,000 per year from 2005 to promote the test to employers and support its use in selection processes. Employers and graduates will initially benefit from broader use of the GSA as a standard recruitment tool. As usage expands, the Commonwealth will be able to collect valuable information on the quality of higher education as measured by graduate skills.
11 Higher Education Information Management System

The introduction of a Learning Entitlement, scholarships and the increased range of loans that students can access, needs to be underpinned by a more sophisticated higher education management information system than currently operates. All students currently receive student numbers when they enrol at a higher education institution to assist internal administrative procedures. The Commonwealth will provide students with an additional student number which will stay with the student throughout their academic life, allowing eligibility to Commonwealth support to be facilitated and monitored.

The management information system needs to be capable of managing a diverse range of student programmes including the Learning Entitlement, the Higher Education Loan Programme, and the Commonwealth Learning Scholarships Programme. In an environment of greater diversity and specialisation between institutions, it must be able to provide prospective students with detailed institutional and course information to help them make decisions, and to give them information on their individual entitlements and financial obligations once their decisions are made.

A new web-based system, the Higher Education Information Management System (HEIMS), will be established and will include a range of modules to:

- provide students with timely, accessible and accurate information about course offerings, Commonwealth and student contributions to course costs, loan details and institutional performance;
- enable the efficient and effective management of Commonwealth student loans and higher education entitlements (including scholarships);
- provide institutions with timely, accessible and accurate information about institutional performance, payments and competitive funding initiatives; and
- provide one entry-point for institutions to input statistical data; financial management reporting; and programme management reporting.

Rather than establish a new layer of bureaucracy through a separate data agency, the Commonwealth will streamline its own data collection and will develop a joint strategy on data collection with the sector.

The effective operation of HEIMS will require all existing and new students accessing Commonwealth supported places or Commonwealth student loans to be issued with a Commonwealth Higher Education Student Support Number (CHESSN). This number will be limited in its use to HEIMS and protected under Commonwealth privacy legislation.

The public higher education institutions will receive approximately $200,000 each in 2003–04 as a contribution to the costs of implementation of HEIMS and the new student financing initiatives.
12 Implementation and Review

The package has been designed for the implementation of key initiatives from the beginning of 2005, although some enabling initiatives will commence in 2003. A number of initiatives will be implemented from 2006.

Implementation will be monitored continuously to ensure smooth operation of new systems and to give early warning of any unanticipated outcomes. A full evaluation will be undertaken by 2009. This evaluation will focus on the effectiveness of the package in terms of the four key principles on which it is based – sustainability, quality, equity and diversity.

Table E: Implementation Schedule

<table>
<thead>
<tr>
<th>Commongrant Scheme Initiatives</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
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<tr>
<td>Regional loading</td>
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<td>Institutions funded according to discipline mix</td>
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<tr>
<td>Increasing Commonwealth grant funding by 7.5% per cent by 2007 2.5% a year</td>
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<td>Transition Fund</td>
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<td>Conversion of marginal places</td>
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<td>Introduction of Funding Agreements</td>
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<td>New arrangements for industry supported places</td>
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<td>Institutions to set own course fees</td>
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<td>Provision of Growth Places from 2007</td>
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Governance and Workplace Relations Initiatives

| Implementation of National Governance Protocols | x |
| Consequential amendments to the Australian National University Act 1991 and the Maritime College Act 1978 |      |
| Association of Governing Bodies of Australian Universities (AGBAU) professional development | x |
| Amendment to the Workplace Relations Act 1996 | x |
| Workplace Productivity Programme |      | x |

National Priority Initiatives

| Increased Commonwealth grant for nursing places | x |
| Additional nursing places in public institutions |      |
| Student contributions in nursing |      |
| Increased Commonwealth grant for teaching places | x |
| Student contributions in teaching |      |
| 1400 places for private institutions in areas of national priority | x |

Student Financing Initiatives

| Increased maximum number of fee paying students in Commonwealth funded courses from 25 to 50 per cent | x |
| Removal of restrictions on postgraduate fee payers | x |
| Partial deregulation of medical places | x |
### Table E: Implementation Schedule (continued)

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<th>Initiative</th>
<th>2003</th>
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<td>Amended HECS arrangements</td>
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<td>Student Learning Entitlement</td>
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<td>Partial deregulation of course fees</td>
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<td>OS-HELP</td>
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<td>FEE-HELP</td>
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<td><strong>Scholarship Initiatives</strong></td>
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<td>Commonwealth Education Costs Scholarships (CECS)</td>
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<td>Commonwealth Accommodation Scholarships (CAS)</td>
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<td>Growth in Australian Postgraduate Awards (APA)</td>
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<td><strong>Equity Initiatives</strong></td>
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<td>Indigenous Higher Education Advisory Council (IHEAC)</td>
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<td>Indigenous Staff Scholarships</td>
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<td>Indigenous Support Funding (ISF) increased</td>
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<tr>
<td>Higher Education Equity Programme (HEEP) modified and increased</td>
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<td>Increased funding for Disabilities programme</td>
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<td><strong>Teaching Initiatives</strong></td>
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<td>National Institute for Learning and Teaching in Higher Education</td>
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<td>Revised Australian Awards for University Teaching</td>
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<td>Learning and Teaching Performance Fund</td>
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<td><strong>Research Initiatives</strong></td>
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<td>Knowledge and Innovation evaluation</td>
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<td>Research Infrastructure Taskforce</td>
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<td>Taskforce to examine closer collaboration between universities and major publicly funded research agencies</td>
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<td>ARC to fund Chief Investigator Salaries</td>
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<td>Affiliation of the Australian Institute of Marine Science with James Cook University</td>
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<td><strong>Collaboration Initiatives</strong></td>
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<td>Council for the Humanities, Arts and Social Sciences</td>
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<td>Ministerial Council for Business-Industry-University Collaboration</td>
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<td>Collaboration and Structural Reform Fund</td>
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<td><strong>Quality Initiatives</strong></td>
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<td>Continued funding for Graduate Destination Survey &amp; Course Experience Questionnaire</td>
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<td>Overseas audits</td>
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<td>Graduate Skills Assessment (GSA) — enhance and promote</td>
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<td><strong>Other Initiatives</strong></td>
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<td>Marcus Oldham</td>
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<td>Higher Education Information Management System (HEIMS)</td>
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<td>Implementation costs for public institutions</td>
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13 Optional Membership of Student Organisations

The Commonwealth has received numerous representations from individuals claiming that they have been forced to join, and financially support, a student association when they are either opposed to its activities or indifferent to its services. The Government considers that individuals should have the right to freedom of association in all contexts.

Fees for adjunct, non-academic services must be paid upfront. Such arrangements are inconsistent with improved and easy access to higher education.

The Government will be introducing separate legislation to ensure that membership of student organisations is optional and universities do not collect fees that are not directly related to course provision. Institutions would be penalised for breaches of the legislation.

It is also unfair that in order to access that which they really want and need – an education – university students are forced to join a student union, guild or association. Whilst such organisations provide a range of services, students should be free to choose whether they will join and financially support their activities.
1. The institution must have its objectives specified in the enabling legislation.

2. The institution’s governing body should adopt a statement of its primary responsibilities, which includes:
   - appointing the vice-chancellor as the chief executive officer of the institution, and monitoring his / her performance;
   - approving the mission and strategic direction of the institution, as well as the annual budget and business plan;
   - responsibility for the sound management of the institution, including responsibility for approving significant commercial activities;
   - defining policy and procedures consistent with legal requirements and community expectations;
   - establishing and monitoring systems of control and accountability, including monitoring any controlled entities;
   - reviewing and monitoring both the management of the institution and its performance as an institution; and
   - managing risk across the institution, including commercial undertakings.

The institution’s governing body should not delegate approval of any listed primary responsibilities.

3. The enabling legislation of the institution should specify the duties of the members of the governing body and sanctions for the breach of these duties. Each member should be appointed or elected ad personam and should be responsible and accountable to the governing body (council) and act solely in the interests of the university rather than as a delegate or representative of a particular constituency. Duties of members should include the requirements to:
   - act solely in the interests of the institution taken as a whole having regard for its objects;
   - act in good faith, honestly and for a proper purpose;
   - exercise appropriate care and diligence;
   - not improperly use their position to gain an advantage for themselves or someone else; and
   - disclose and avoid conflicts of interest.

Sanctions should include a requirement that the governing body has the power to and must remove any member of the governing body from office if the member breaches the duties specified above, is or becomes disqualified from managing corporations under Part 2D.6 of the Corporations Act.

4. Each governing body should have in place a formal programme of professional development for members to build the expertise of the governing body and to ensure that all members are aware of the nature of their duties and responsibilities.
5. The size of governing body is not to exceed 18 members. There should be at least two members having financial expertise and at least one member with commercial expertise. There should be a majority of external independent members on the governing body and not include current members of any State or Commonwealth parliament or legislative assembly.

6. The institution is to adopt systematic procedures for the nomination of prospective members of the governing body for appointment by the Governor in Council, the relevant Minister, or the council itself. This responsibility is to be delegated explicitly to a nominations committee of council. The institution is to publicly nominate at least one preferred candidate for any current or imminent vacancy on the governing body to be appointed by the Governor in Council or relevant Minister.

7. The institution is to codify and collate its internal grievance procedures and publish them with information about the procedure for submitting complaints to the relevant ombudsman or the equivalent relevant agency.

8. The annual report of the institution should be used for reporting on high level outcomes required by the Commonwealth.

9. The annual report of the institution must include a report on risk management within the organisation.

10. The Institution must keep the Commonwealth Minister for Education informed of any significant event affecting the institution or its subsidiaries which may affect its capacity to meet its obligations as set out in its funding agreement with the Commonwealth.

11. The governing body is required to effectively oversee controlled entities which incur risk by:
   - ensuring that the entity’s board possesses the skills, knowledge and experience; necessary to provide proper stewardship and control of the entity;
   - appointing some independent directors to the board of the entity, where possible;
   - ensuring that the board regularly adopts and evaluates a written statement of its own governance principles;
   - ensuring that the board documents a clear corporate and business strategy which reports and updates annually the organisation’s long-term objectives and includes an annual business plan containing achievable and measurable performance targets and milestones; and
   - establishing and documenting clear expectations of reporting to the governing body, such as a draft business plan for consideration and approval before the commencement of each financial year and at least quarterly reports against the business plan.

12. Entities (including associated companies, joint ventures and partnerships) that are not subject to audit by the State/Territory or Commonwealth Auditor-General should, after appropriate risk assessment, be audited by an external auditor and the auditor’s management report provided to the institution’s council.
Attachment B

Higher Education Reform Package – Funding by Major Element

Major expenditures

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1 International initiatives such as Centres of Excellence, Endeavour Programme scholarships and ARC Young Researcher Awards and new medical places have not been included in these costings.

Student Loans (HECS-HELP, FEE-HELP and OS-HELP)

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Further Information

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Email: backingaustraliasfuture@dest.gov.au