

2014-15 Federal Budget Overview

Below are [key passages from the 2014-15 Budget and corresponding papers](#), [Joe Hockey's budget speech](#), [media releases from Christopher Pyne](#), and [information released on the Department of Education website](#) about changes to the higher education system, as well as other areas that will affect students and potentially their ability to have access to higher education. A lot of the information is repeated across all the documents. In the interest of brevity, once an item has been introduced, it is not raised in later documents unless there's something new of interest included. Because an issue or proposed reform has not been addressed in the summary does not mean that it is not included in the document. Please see the complete document (which is hyperlinked at the beginning of each summary) for this.

From The Treasury

Overview of the 2014-15 Budget

Higher education

The Higher Education Reform package will improve the flexibility, competitiveness and responsiveness of the sector. Students will benefit from access to a wider range of providers and continued access to HELP loans.

Innovation and research

In addition to the higher education reforms, the Government is providing funding to innovation and research, including \$150 million for the funding of critical research infrastructure.

Building a world-class higher education system

The Government's higher education reforms aim to ensure that Australia has one of the world's best higher education systems. The reforms will:

- expand opportunities for students;
- ensure Australia is not left behind in global competition at a time of rising performance by universities around the world;
- offer more support for disadvantaged students through a new scholarship scheme;
- support more courses, greater diversity and more skills for our workforce; and
- ensure that Australia's higher education system is sustainable into the future.

The current situation

Higher education is one of the most successful new export industries in Australia.

Higher education comprises two thirds of education exports, which is now our fourth largest export earner.

Uncapped student places are now estimated to cost an additional \$7.6 billion over the five years from 2013-14.

Expanding access to higher education

For the first time, the Government will provide direct financial support to all students studying diplomas, advanced diplomas and associate degree courses, as well as those studying bachelor degrees, at all approved higher education institutions. This will see the Government supporting over 80,000 more students by 2018, at a cost of \$820.4 million over three years.

Strengthening the higher education system

From 1 January 2016 higher education providers in Australia will be able to set their own tuition fees for the courses that they offer.

Fees will remain the responsibility of higher education providers... some course fees may rise and some course fees may fall.

A more sustainable HELP system

To help ensure the HELP loan scheme will be sustainably and fairly funded into the future:

- graduates will begin to repay their HELP debt only once they start earning over \$50,638 from 1 July 2016; and
- the interest rate applied to HELP loans will be changed to a rate that reflects the cost of Government borrowings, with a maximum rate of 6 per cent.

Commonwealth Scholarships

Higher education providers will be required to direct 20 per cent of the additional revenue raised to Commonwealth scholarships, supporting access for disadvantaged students.

Encouraging innovation and research

The Government is establishing the largest medical research fund of its kind in the world — the \$20 billion Medical Research Future Fund.

The Government is also providing funding for a range of strategic initiatives that will encourage and support leading innovation and research.

- The National Collaborative Research Infrastructure Strategy will receive \$150 million in 2015-16.
- \$139.5 million will be provided to continue the Australian Research Council (ARC) Future Fellowships Scheme, with a renewed focus on Australian researchers.
- \$92 million will be redirected from the ARC to boost research into tropical health and medicine, dementia and the Antarctic.
- Australian-Chinese business and research collaboration will be boosted by \$10 million for the Australia-China Science and Research Fund.
- A range of science awareness programmes will be supported, including \$13.4 million for National Science Week and the Strategic Science and Communication initiative, and \$5.5 million for the Prime Minister's Prizes for Science.

Better targeting of our innovation and research

The Government will better target innovation and research funding to areas of national and strategic priority undertaken by our key national research institutions, including the Commonwealth Scientific and Industrial Research Organisation, the Australian Nuclear Science and Technology Organisation, and the Australian Institute of Marine Science.

This will achieve savings of \$146.8 million over four years.

Delivering on the Government's election commitments to fund priority research areas.

Budget 2014-2015 – Higher Education Supplement

Upholding quality

- Universities and higher education providers will need to meet high quality standards. We will continue to work with the Tertiary Education Quality and Standards Agency to ensure that our higher education system remains one of the world's best.
- A new website to allow students and parents to compare information about employment outcomes and student satisfaction, and higher education providers.

For students already studying, existing arrangements will remain until the end of 2020. This includes those who have commenced a course, or deferred commencement, on or before 13 May 2014.

Consolidated indexation of programmes

As part of a Government-wide decision to streamline and simplify indexation for programmes, the CPI will be applied to all grants and student contribution amounts under the Higher Education Support Act 2003 (this will save \$202.8 million over three years from 1 January 2016).

A fair contribution from research students

Research Training Scheme (RTS) doctoral students will be required to make a modest contribution towards the cost of their degree through a small reduction in Government funding for the RTS. HELP loans will be available so that RTS students do not have to meet these costs up front. Universities may choose to offer scholarships to cover these costs (saving \$173.7 million over three years).

Reward Funding

Universities will no longer receive Reward Funding payments for the achievement of enrolment targets. Competitive pressures driven by the higher education reforms in this Budget will provide incentives for universities to enrol students, including from disadvantaged backgrounds, as will the Higher Education Participation Programme (saving \$121.1 million over five years).

Australian Research Council

A one-off efficiency dividend will be applied to the ARC, consistent with the approach adopted to generate savings for Australian Government departments and statutory agencies (saving \$74.9 million over three years).

\$3.3 million for an extension of the Australian Institute of Aboriginal and Torres Strait Islander Studies programme

Better information for student choice — this will provide a new source of information for students and their families on higher education institutions in Australia. It will comprise a suite of surveys that will cover students from commencement to employment, including the University Experience Survey, the Graduate Outcomes Survey and development of a new Employer Satisfaction Survey. Information from these surveys will be presented in an accessible web-based format, with an initial version of the website available later this year, and full implementation by August 2015.

Budget Paper No. 2: Budget Measures 2014-15

Links to each of the programmes discussed are included below for your information.

Education Entry Payment — cessation

Expense (\$m)

	2013-14	2014-15	2015-16	2016-17	2017-18
Department of Human Services	0.8	0.8	-	-	-
Department of Social Services	-	-9.5	-19.2	-19.2	-19.2
Total — Expense	0.8	-8.7	-19.2	-19.2	-19.2

The Government will achieve savings of \$65.4 million over five years from 2013-14 by ceasing the Education Entry Payment from 1 January 2015.

The savings from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

Limit the Six-Week Portability Period for Student Payments

Expense (\$m)

	2013-14	2014-15	2015-16	2016-17	2017-18
Department of Human Services	0.2	3.7	0.3	0.1	0.1
Department of Social Services	0.1	-29.4	-41.0	-42.8	-44.4
Total — Expense	0.2	-25.7	-40.7	-42.7	-44.3

The Government will achieve savings of \$153.1 million over five years by limiting the Six-Week Portability Period for Student Payments from 1 October 2014.

Currently, students are able to receive income support while travelling overseas for up to six weeks. This measure limits student payments to students travelling overseas to those undertaking eligible study or training that counts toward their Australian qualification, receiving eligible medical treatment, or attending an acute family crisis. The savings from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

Remove Grandfathering of Student Start-Up Scholarship Recipients

Expense (\$m)

	2013-14	2014-15	2015-16	2016-17	2017-18
Department of Human Services	-	3.7	0.5	0.1	-
Australian Taxation Office	-	0.2	0.1	0.2	0.2
Department of Social Services	-	-218.4	-202.0	-55.9	-16.6

Expense (\$m)

	2013-14	2014-15	2015-16	2016-17	2017-18
Total — Expense	-	-214.5	-201.3	-55.6	-16.4
Related revenue (\$m)					
Department of Social Services	-	-	2.8	5.9	7.3
Australian Taxation Office	-	-	-	-	-
Department of Human Services	-	-	-	-	-
Total — Revenue	-	-	2.8	5.9	7.3

The Government will achieve savings of \$503.8 million over five years (including \$15.9 million in revenue savings over three years) by ceasing grandfathering arrangements for recipients of the Student Start-up Scholarship (SSS) from 1 January 2015.

A decision was made in the 2013-14 Budget to convert the SSS into an income contingent loan for full-time higher education students in receipt of Youth Allowance, Austudy or ABSTUDY.

The savings from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

Remove Relocation Scholarship Assistance for Students Relocating Within and Between Major Cities

Expense (\$m)

	2013-14	2014-15	2015-16	2016-17	2017-18
Department of Human Services	0.2	6.2	0.7	0.7	0.7
Department of Social Services	-	-55.5	-77.0	-81.0	-84.9
Total — Expense	0.2	-49.3	-76.4	-80.4	-84.2
Related revenue (\$m)					
Department of Human Services	-	-	-	-	-
Department of Social Services	-	-
Total — Revenue	-	-

The Government will achieve savings of \$290.1 million over five years by removing Relocation Scholarship Assistance for students relocating within and between major cities.

Access to the Relocation Scholarship will remain available to students moving from or to regional areas for the purpose of undertaking higher education. Additionally, assistance will be available to students from major cities who have to move to pursue courses that are only offered by regional education providers.

The savings from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

Young Carer Bursary Programme

Expense (\$m)

	2013-14	2014-15	2015-16	2016-17	2017-18
Department of Social Services	-	0.5	1.0	1.0	0.5

The Government will provide \$3.0 million over four years to fund a bursary programme to assist young carers to continue their studies by relieving the financial pressure on them to undertake part-time work in addition to their education and caring



responsibilities. The funding will provide 150 bursary payments of \$4,000, \$6,000 or \$10,000 per annum for three years from January 2015. The eligibility criteria will target young carers up to 25 years of age in greatest financial need.

[Joe Hockey Budget speech](#)

From this effort, there will be benefits for jobs, for higher education, for health and for those in genuine need.

If we all contribute now, we will build a truly world-class higher education system and a workforce that can meet head-on the emerging competition in Asia.

We must build an education and training system that becomes the envy of the world. As a start, and for the first time, the Commonwealth will provide direct financial assistance for all students studying diploma and sub-bachelor degree courses.

Along with supporting young people learning a trade, we want to build a country that values all levels of education.

Australia should have at least one university in the top 20 in the world, and more in the top 100.

The higher education sector is being held back and cannot compete with the best in the world. We need to set our sights higher.

Our changes to higher education will allow universities to set their own tuition fees from 2016. For students already studying, existing arrangements will remain until the end of 2020.

Through these once-in-a-generation reforms, the Government will help build a sector that is more diverse, more innovative and more responsive to student needs.

With greater autonomy, universities will be free to compete and improve the quality of the courses they offer.

Some course fees may rise and some may fall. To maintain fair access, students will still be eligible for concessional higher education loans.

As is the case at the moment, students will not have to pay a single dollar upfront. Fees will be repayable when students are in the workforce earning over \$50,000 a year. Importantly, one dollar out of every five dollars in additional tuition revenue will be used to fund scholarships to those from disadvantaged backgrounds who want to attend university.

From the Department of Education

Christopher Pyne Budget and Higher Education Media Releases

Expanding opportunities for regional and rural students

Tuesday 13 May 2014 Media Release

Regional students and their communities will be among the big winners from the Abbott Government's higher education reforms introduced in this year's Budget.

[The higher education reforms] will massively enhance the ability of regional and outer metro higher education providers to expand the range of courses they offer and to improve course quality.

This may see many regional students paying less than they do now for their education as government supports more higher education options.

The Government will now fund pathway and other diploma courses through universities and colleges that will enable many more people in regional Australia to get a qualification that can be used outright or towards a university degree.

Under the new higher education system we will also require that universities and other higher education providers direct \$1 in every \$5 of additional revenue raised to Commonwealth scholarships for disadvantaged students. This will especially help students from regional Australia who often face additional challenges when pursuing study after school.

The Government will maintain the HELP loan scheme so that no regional student need pay a cent up front, and only pay for their higher education when they have graduated and are getting a decent income as a result of their education.

More opportunity and competition in higher education

Tuesday 13 May 2014 Media Release

More than 80,000 students will benefit for the first time in Australian history from the expansion of Commonwealth support to all students as the Australian Government moves to create more opportunity through the higher education system. The Abbott Government will provide support to all bachelor and diploma students in all higher education institutions, in universities, colleges and those TAFEs registered to provide higher qualifications.

Students will continue to enjoy the Australian taxpayers' support to pursue their studies through the HELP system where all tuition costs are paid for up front by the taxpayer and students are only required to repay their loan when they are earning a decent wage. No student need miss out on higher education, nor pay a cent up front, because we will maintain the HELP system for this expansion.

Securing the funding and future of Australian research

Tuesday 13 May 2014 Media Release

The Abbott Government will invest \$11 billion over four years in university research and to attract and retain some of the world's top researchers in Australia.

In the 2014-15 Budget the Abbott Government is:

- delivering \$150 million to continue the National Collaborative Research Infrastructure Strategy (NCRIS).
- providing \$139.5 million to deliver up to 100 new research positions per year under the Future Fellowships Scheme.
- delivering \$26 million from the Australian Research Council to accelerate research in dementia as part of our \$200 million investment across Government.
- providing \$42 million for the expansion of the Australian Institute of Tropical Health and Medicine (AITHM) at James Cook University to support new research and training facilities for research in tropical diseases such as dengue fever and elephantitis.
- delivering on our commitment to Tasmania to deliver \$24 million to support the Antarctic Gateway Partnership as part of the strategy to position Tasmania at the centre of Antarctic research.
- delivering \$3.3 million for the continuation of the Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS) digitisation programme to preserve important Indigenous cultural items in digital form so they can be used as a research resource to be shared with all Australians and the rest of the world.

Building a world-class higher education system

Tuesday 13 May 2014 Media Release

The Abbott Government has a plan to ensure that our students enjoy the best higher education choices in the world and that Australia is not left behind by global competition.

Students will not have to pay a dollar upfront for their course because they will have access to the Higher Education Loan Programme.

Universities will be able to compete to attract students because they will be able to set their own tuition fees for the courses they offer.

The new Commonwealth Scholarship scheme will be established by universities contributing \$1 of every \$5 they receive from additional fee revenue. These scholarships will expand opportunities for students from low socio-economic backgrounds, Indigenous students and students from regional Australia.

Unshackling universities, colleges and TAFEs also benefits regional areas, helping these institutions to grow their local economy and attract more students.

The Commonwealth will provide around \$15.6 billion to universities this year, which will continue to increase every year.

By rebalancing the Commonwealth's contribution towards course fees for new students with a reduction of 20 per cent on average, with effect from 1 January 2016, and allowing universities to determine the fees they charge, the Commonwealth will be able to sustainably meet the growth in students undertaking study, and will spread the opportunity of a higher education to more students.

The new arrangements for university fees will apply from 2016, but all currently enrolled students will continue under current arrangements until 2020.

Department of Education: Public universities

The majority of reforms will require legislative amendment to the *Higher Education Support Act 2003*. The Department of Education will be announcing details of consultation processes on these changes shortly. The Government is committed to ensuring that stakeholders have an opportunity to comment on the implementation arrangements and will provide further information on this in the near future.

How changes to the Commonwealth Grant Scheme will affect universities

Demand driven places for undergraduate courses

CSPs in enabling courses, non-research postgraduate courses (coursework) and medicine courses will not be funded on a demand driven basis. They will continue to be allocated by the Government.

Revised funding rates

From 1 January 2016, the current eight funding clusters will be streamlined into five funding tiers with disciplines allocated to a particular tier based on private benefits for graduates, the standard teaching method and infrastructure required to deliver the course.

The table below shows the new funding tiers and corresponding Australian Government contribution amounts that will apply to universities for bachelor and higher level degrees from 1 January 2016.

Note that these arrangements are subject to passage of legislation.

For comparison, the first table is the current funding clusters and Commonwealth contribution with the proposed new ones listed afterwards. For the ASSH sector, Humanities and Foreign Languages are the only disciplines that will receive an increase in government contributions. The rest will take a drop. Social Sciences and Communications have been reclassified with Humanities. Education, Visual and Performing Arts and, to an extent, Welfare Studies have been reclassified with Computing, Behavioural Science, Built Environment, and Other Health. Foreign Languages has had Mathematics, Nursing, Engineering, Science, Surveying, and Environmental Studies added to its cluster.

Funding clusters and rates, 2014

Funding cluster		Commonwealth contribution (\$)
		2014
1	Law, Accounting, Administration, Economics, Commerce	\$1,951
2	Humanities	\$5,419
3	Mathematics, Statistics, Behavioural Science, Social Studies, Computing, Built Environment, Other Health	\$9,587
4	Education	\$9,974
5	Clinical Psychology, Allied Health, Foreign Languages, Visual and Performing Arts	\$11,790
6	Nursing	\$13,163
7	Engineering, Science, Surveying	\$16,762
8	Dentistry, Medicine, Veterinary Science, Agriculture	\$21,273

Funding rates for bachelor and higher level degrees at universities from 1 January 2016

Funding tier	Discipline(s) within funding tier	Australian Government contribution
Funding tier 1	Law, Accounting, Administration, Economics, Commerce	\$1,805
Funding tier 2	Humanities, Social Studies, Communications (excluding Audio-Visual)	\$6,021
Funding tier 3	Computing, Behavioural Science, Welfare Studies, Education, Visual And Performing Arts, Built Environment, Other Health	\$9,033
Funding tier 4	Mathematics, Clinical Psychology, Allied Health, Nursing, Engineering, Science, Surveying, Environmental Studies, Foreign Languages	\$12,045
Funding tier 5	Dentistry, Medicine, Veterinary Science, Agriculture	\$18,067

Arrangements for current students

Students who are currently enrolled in a CSP will continue to be charged under existing arrangements until they finish their study or until 31 December 2020 (whichever comes first).

Undergraduate students who have accepted an enrolment offer before 14 May 2014 and have deferred the commencement of their course or who have started their course and are on approved leave of absence will also be charged under the current arrangements until they finish their study or until 31 December 2020 (whichever comes first).

Current Commonwealth supported students who finish their course and immediately commence in another course as a Commonwealth supported student (either at the undergraduate or postgraduate level), will be also be eligible to study under existing arrangements for the duration of their study or until 31 December 2020 (whichever comes first).

Students who are offered an enrolment in a postgraduate course but choose to defer the commencement of their course may not be guaranteed a CSP when they return. If a postgraduate student is offered a CSP, the student will be eligible to be charged under the existing arrangements for the duration of their postgraduate study or until 31 December 2020 (whichever comes first).

The new funding arrangements will affect all Commonwealth supported students who accept an offer of enrolment on or after 14 May 2014. Students who accept a CSP from 14 May 2014 will be charged under the existing arrangements until 31 December 2015.

Student access and participation in higher education

All higher education providers will be required to commit \$1 in every \$5 of additional revenue to a new Commonwealth Scholarship scheme to support student access, participation and success. This applies to all providers with 500 or more enrolled domestic Commonwealth supported students.

Changes to HELP

2014-15 Budget Changes

Revision of HELP repayment thresholds

In the 2016-17 income year, graduates will commence repaying their student contribution once their income reaches an estimated \$50,638. A 2 per cent repayment rate will apply for those with incomes above this new threshold, up to the existing threshold (estimated to be \$56,264 for the 2016-17 income year).

Changes to the way HELP debts are indexed

HELP debts will be indexed by the Treasury 10 year bond rate (to a maximum of 6.0 per cent per annum) rather than the Consumer Price Index (CPI). The new arrangements will apply to continuing and new students beginning with the indexation of debts on 1 June 2016.

Removal of HECS-HELP benefit

The HECS-HELP benefit currently reduces HECS-HELP repayments for graduates who take up employment in education, nursing, early childhood, maths and science. The HECS-HELP benefit to graduates will be discontinued for periods of employment after 30 June 2015. Graduates will have until 30 June 2017 to claim the HECS-HELP benefit for employment prior to 1 July 2015.

Commonwealth Scholarship scheme

These Commonwealth scholarships are in addition to the existing student income support payments which are available to eligible students from the Department of Social Services.

Universities and other higher education providers who are required to make the Commonwealth scholarships available will be expected to provide the scholarships from 1 January 2016.

Changes to Higher Education Participation and Partnerships Programme

The streamlined programme, renamed the Higher Education Participation Programme (HEPP), will have two components from 1 January 2015 — the new Access and Participation Fund (APF) and the existing National Priorities Pool.

The new APF will provide identified funding to universities to support programs that assist current and potential students from disadvantaged backgrounds to enter and succeed at higher education.

The National Priorities Pool will make strategic, national level investments that will focus on key national priorities or support and complement the efforts of individual institutions.

The three year funding cycle will give universities the ability to do longer range planning and undertake more sustainable program activities.

Consultation

The Department of Education will be announcing details of consultations with institutions as part of planning for implementation of these new arrangements shortly. The Department looks forward to providing you with more information on how these measures will be implemented.