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THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

**HIGHER EDUCATION LEGISLATION AMENDMENT (2007 BUDGET MEASURES)
BILL 2007**

EXPLANATORY MEMORANDUM

(Circulated by authority of the Minister for Education, Science and Training the Hon Julie
Bishop MP)

HIGHER EDUCATION LEGISLATION AMENDMENT (2007 BUDGET MEASURES) BILL 2007

OUTLINE

The Bill will amend the *Higher Education Support Act 2003* (HESA) to revise the maximum funding amounts in:

- section 30-5 under the Commonwealth Grant Scheme;
- section 41-45 for Other Grants; and
- section 46-40 for Commonwealth Scholarships

to reflect supplementation for indexation increases, budget decisions and other technical adjustments for the years 2008 to 2010 and add maximum grant amounts for 2011.

This Bill will amend Item 9 of subsection 41-10 (1) of the *Higher Education Support Act 2003* (as amended in 2007) to provide for the new Diversity and Structural Adjustment Fund, which will promote structural reform by universities to support greater specialisation, diversity and responsiveness to local labour market needs.

The Bill will revise the Commonwealth Grant Scheme (CGS) funding clusters and Commonwealth contribution amounts under sections 30-15 and 33-10 of the HESA to reflect the new funding clusters and funding amounts announced in the 2007-08 Budget. The number of funding clusters will be reduced from 12 to 7, giving universities greater flexibility to move Commonwealth supported places between disciplines in response to student and employer demand.

The Bill will amend the HESA to set the maximum student contribution amount for accounting, administration, economics and commerce units of study at the same amount as law, dentistry, medicine and veterinary science, study by:

- specifying a revised maximum student contribution amount for accounting, administration, economics and commerce units of study
- inserting savings provisions to preserve, until the end of 2012, the maximum student contribution amount that applied before 1 January 2008 for these disciplines for students who commenced their course before 2008.

The revised table in section 93-10 has also been adjusted to reflect the new funding clusters but the maximum student contribution amounts for units of study are not different than they otherwise would have been, except for accounting, administration, economics and commerce units of study.

The Bill also amends the HESA to provide for a transitional fund to compensate higher education providers for the change in funding arrangements for students studying accounting, administration, economics and commerce.

The Bill will also amend the HESA to provide for three year funding agreements under section 30-25. This provision will take full effect from 2009, but higher education providers will have the option of entering into a three year funding agreement from 2008.

The Bill will amend the HESA to provide for new CGS adjustment mechanisms from the 2009 grant year (in relation to higher education providers' performance in 2008) under subdivision 33-C. For Table A and Table B higher education providers, the adjustment mechanisms will be as follows:

- higher education providers will receive funding for over enrolments of up to 5% of funding (previously 1%);
- there will be no penalties for over-enrolments above 5% – higher education providers will receive the full amount of the student contribution for all the Commonwealth supported students they enrol;
- the current arrangements that guarantee no CGS funding reductions for higher education providers that under enrol by up to 1% of funding will continue; and
- the current arrangements where a higher education provider's CGS grant may be reduced if under enrolment exceeds 1% of funding will be strengthened. This adjustment will now be automatic. However, a new minimum funding guarantee means that there will be no reduction in a higher education provider's CGS funding for under enrolments beyond 5% of funding.

For a higher education provider that is not a Table A or Table B provider, the adjustment mechanisms will be as follows:

- there will be no penalties for over enrolments above 5% – higher education providers will receive the full amount of the student contribution for all the Commonwealth supported students they enrol;
- Non Table A or Table B providers may enrol students as Commonwealth supported students only where the provider has been allocated Commonwealth supported places for a specified national priority;
- there will be no increase in CGS funding for over enrolments; and
- if the higher education provider under enrolls in funding terms, its CGS grant will be reduced by the amount of the under enrolment.

The provision for guidelines to be made to specify the circumstances in which adjustments are to be made will no longer be available from the 2009 grant year.

The Bill will also amend the HESA to remove restrictions on the proportion of domestic undergraduate fee-paying places in courses at Table A providers in section 36-35 from 1 January 2008.

The Bill will amend the HESA to enable the expansion of the Commonwealth Scholarships programme announced in the 2007-08 Budget.

The Bill will revise the maximum funding amounts in Part 2-4 of the HESA to provide an additional 3,500 Commonwealth Scholarships annually. Two thousand of these new scholarships will be available to students who may not otherwise qualify for a higher education place, to study a two-year Associate Degree as a pathway to full degrees. The Bill includes funding for an additional year for 700 Commonwealth Education Costs Scholarships and 210 Commonwealth Accommodation Scholarships for Indigenous students undertaking a higher education enabling course.

The Commonwealth Scholarships programme will also be expanded to include a one-off payment of \$4,000 to eligible Indigenous students to assist with the costs of attending university. Annually, up to 1,000 Indigenous higher education students will be assisted.

The changes to the HESA will:

- allow the Australian Government to pay scholarships directly to students;
- establish a mechanism to allow the Australian Government to recover incorrect payments; and
- provide for these new administrative arrangements to be dealt with in the Commonwealth Scholarships Guidelines.

The Bill provides for an additional grant purpose to assist higher education providers who deliver courses in teacher education by providing additional funding for full-time students for each year of their 3-4 year course to supplement the costs of delivering the practical component of teacher education.

This funding is in recognition of the costs associated with delivery of the practicum component of teacher education courses. It is designed to ensure that student teachers receive the necessary practical experience to be 'classroom ready' on graduation.

The Bill also amends sections 48 and 49 of the *Australian Research Council Act 2001* to reflect updated annual caps on funding for 2007 and 2008 and to add the financial years starting on 1 July 2009 and 1 July 2010.

FINANCIAL IMPACT

In relation to the *Higher Education Support Act 2003*, the Bill:

- increases the overall appropriation by \$7,172.219 million for the period 1 January 2008 to 31 December 2011 (excluding HELP).

The estimated financial impact of these measures on the Higher Education Loan Programme over the forward estimates period (2007-08 to 2010-11) is \$5.989 million on the fiscal balance, expenses amount to \$55.238 million and headline cash is -\$204.068 million.

In relation to the *Australian Research Council Act 2001*, the Bill:

- increases the overall appropriation by \$1,174.6 million for the period 1 July 2007 to 30 June 2011.

HIGHER EDUCATION LEGISLATION AMENDMENT (2007 BUDGET MEASURES) BILL 2007

NOTES ON CLAUSES

Clause 1 - Short title

Provides for the Act to be cited as the *Higher Education Legislation Amendment (2007 Budget Measures) Act 2007*.

Clause 2 - Commencement

Subclause 2(1) inserts a three column table setting out commencement information for various provisions in the Act. Each provision of the Act specified in column 1 of the table commences (or is taken to have commenced) in accordance with column 2 of the table and any other statement in column 2 has effect according to its terms.

The table has the effect of providing for sections 1-3 and Schedule 1, Part 1 of Schedule 3 and Schedules 6 and 9 of the Act to commence on Royal Assent and for Schedule 2, Part 2 of Schedule 3 and Schedules 4, 5, 7, 8, 10 and 11 to commence on 1 January 2008.

Subclause 2(2) provides that column 3 of the table is for additional information which may be added to or edited in any published version of the Act but that information in this column is not part of the Act.

Clause 3 - Schedule(s)

Provides that each Act that is specified in a Schedule is amended or repealed as set out in the applicable items in the Schedule and that any other item in a Schedule has effect according to its terms.

Schedule 1-Amounts relating to grants

Higher Education Support Act 2003

Item 1 – Paragraphs 30-5(1)(d) to (f)

Amends paragraphs 30-5(1)(d), (e) and (f) to vary the level of maximum grants under the Commonwealth Grant Scheme (Part 2-2) for the years 2008-2010 to provide funding for 2007-08 Budget measures, technical adjustments and supplementation consistent with indexation arrangements. Item 1 also inserts a new paragraph 30-5(1)(g) to provide base funding for 2011 consistent with the forward estimates.

The 2007-08 Budget measures funded under this item will:

- provide for an increase in the amount by which higher education providers may over enrol under the Commonwealth Grant Scheme (from 1% to 5%), announced as part of the *Realising our Potential* package;
- provide for increased funding for certain disciplines under the Commonwealth Grant Scheme as part of the *Realising our Potential* package; and
- provide for 60 additional dentistry and oral health places for the new Charles Sturt University Dental School announced in the 2007-08 Budget.

In addition, the item will:

- provide for 500 additional engineering places as part of the Skills for the Future package; and
- reflect changed funding for medical places at the University of Notre Dame Australia due to a delay in the commencement of its Sydney medical school.

Item 2 - Subsection 41-45(1) (table items 4 to 6)

Repeals items 4, 5 and 6 of the table in subsection 41-45(1) and inserts new table items 4, 5 and 6, to vary the maximum payments for Other Grants under Part 2-3 for the years 2008-2010 to provide funding for 2007-08 Budget measures and supplementation consistent with indexation arrangements. Item 2 also inserts a new table item 8 to provide base funding for 2011 consistent with the forward estimates.

The 2007-08 Budget measures funded under this item will:

- provide increased funding to support the operations of the Learned Academies;
- provide funding for the new Diversity and Structural Adjustment Fund;
- provide a transfer of funds that currently support Regional Disability Liaison Officers under the Higher Education Disability Support Programme to the new National Disability Coordination Officer Programme;

- provide transitional funding to compensate providers for the lower 'accounting cluster' student contribution amount for pre-2008 students; and
- provide additional funding to supplement costs associated with provision of the practice teacher component for students undertaking teacher education courses.

Item 3 - Section 46-40 (table items 5 to 7)

Repeals items 5, 6 and 7 of the table in subsection 46-40(1) and inserts new table items 5, 6, 7 and 8 to vary the maximum payments for Commonwealth Scholarships under Part 2-4 for the years 2008-2010 to provide funding for 2007-08 Budget measures and supplementation consistent with indexation arrangements. Item 3 will also provide base funding for 2011 consistent with the forward estimates.

The 2007-08 Budget measures funded under this item will provide increased funding to enable:

- the number of Commonwealth Learning Scholarships (which from 1 January 2008 will be known as Commonwealth Scholarships) to increase to around 12,000 each year;
- up to 1,000 Indigenous students to receive a one off payment of \$4,000 on their commencement of an undergraduate course or an approved enabling course; and
- an additional year of funding for 700 Commonwealth Education Costs Scholarships (CECS) and 210 Commonwealth Accommodation Scholarships (CAS) for Indigenous students undertaking an approved higher education enabling course.

Schedule 2-Funding clusters

Higher Education Support Act 2003

Item 1 - Section 30-15 (table)

The table in section 30-15 sets out the funding clusters for the purposes of calculating a higher education provider's basic grant amount under the Commonwealth Grant Scheme. **Item 1** repeals the table and substitutes a new table to reflect new funding clusters announced in the 2007-08 Budget.

Item 2 - Section 33-10 (table)

Section 33-10 sets out the Commonwealth contribution amount for each of the funding clusters for the purposes of calculating a higher education provider's basic grant amount under the Commonwealth Grant Scheme. **Item 2** repeals the table and substitutes a new table to reflect new Commonwealth contribution amounts announced in the 2007-08 Budget. The new amounts are to be indexed from 2009 under Part 5-6 of the Act.

Item 3 - Transitional provision-indexation

A transitional provision which provides that the Commonwealth contribution amounts in the table in section 33-10 (as amended by this Schedule) are not to be indexed on 1 January 2008.

Item 4 - Transitional provision-adjustment of basic grant amount

A transitional provision which provides that, for the purposes of working out if and how a higher education provider's basic grant amount for the year 2008 or an earlier grant year is to be adjusted under Subdivision 33-C of the Act, the amendment made by item 2 of this Schedule is to be disregarded.

Item 5 - Section 33-15

Item 5 repeals section 33-15 and inserts proposed new section 33-17 which has the effect of providing for a reduction in assistance to higher education providers failing to meet the requirements in subsection 33-17(1) for the year 2008 or a later year (i.e. failing to satisfy the Minister that the provider met the National Governance Protocols and the Higher Education Workplace Relations Requirements specified in the Commonwealth Grant Scheme Guidelines in respect of such a year). The reduction is calculated by reference to the amount that the provider would have received as an increase for meeting the requirements using the funding clusters and Commonwealth contribution amounts that would have applied before the amendments in this Bill have effect.

Item 6 – Application provision–section 33-17

An application provision which provides that section 33-17 of the *Higher Education Support Act 2003* applies in relation to basic grant amounts for 2008 and later years. The amount of grant that a provider would not receive as a consequence of non-compliance with the requirements is, therefore, the same under the new section 33-17 as it would have been under the repealed section 33-15.

Schedule 3-Term of funding agreements

Part 1-Amendments commencing on Royal Assent

Higher Education Support Act 2003

Items 1 and 3 to 8 - Paragraph 30-1(1)(c), subsections 30-25(2), 30-25(2A) and (2B), paragraphs 30-25(3)(a) to (da) and subsection 36-70(3)

Amend paragraph 30-1(1)(c) , subsections 30-25(2), 30-25(2A) and (2B), paragraphs 30-25(3)(a) to (da) and subsection 36-70(3) to reflect the amendments made by item 2 of this Schedule (i.e. to allow for three year funding agreements with providers).

Item 2 - Subsection 30-25(1)

Repeals subsection 30-25(1) and substitutes a new subsection which has the effect of enabling the Minister (on behalf of the Commonwealth) to enter into a funding agreement with a higher education provider for a grant under Part 2-2 (Commonwealth Grant Scheme) in respect of a year (referred to as the *grant year*) or relating to grants under Part 2-2 in respect of each year in a period of 3 years (referred to as the *grant years*).

Item 9 - Application of amendments made by this Part

Provides that the amendments made by this Part apply to funding agreements entered into under subsection 30-25(1) of the *Higher Education Support Act 2003* in relation to grants in respect of 2008 or in respect of a period that includes 2008.

Part 2-Amendments commencing 1 January 2008

Higher Education Support Act 2003

Items 10 and 12 to 16 - Paragraph 30-1(1)(c), subsections 30-25(2), 30-25(2A) and (2B), paragraphs 30-25(3)(b) to (da) and subsection 36-70(3)

Amend paragraph 30-1(1)(c) , subsections 30-25(2), 30-25(2A) and (2B), paragraphs 30-25(3)(b) to (da) and subsection 36-70(3) to reflect the amendments made by item 11 of this Schedule (i.e. to only allow for three year funding agreements with providers after 2008).

Item 11 - Subsection 30-25(1)

Repeals subsection 30-25(1) and substitutes a new subsection which has the effect of enabling the Minister (on behalf of the Commonwealth) to enter into a funding agreement with a higher education provider for a grant under Part 2-2 (Commonwealth Grant Scheme) in respect of each year in a period of 3 years (referred to as the *grant years*).

This amendment removes the ability for the Minister to enter a single year funding agreement to reflect the fact that the last year for which a provider may have a single year funding agreement will be 2008.

Item 17 - Application of amendments made by this Part

Provides that the amendments made by this Part apply to funding agreements entered into under subsection 30-25(1) of the *Higher Education Support Act 2003* in relation to grants in respect of 2009 and later years, and to funding agreements entered into under subsection 30-25(1) of the *Higher Education Support Act 2003* in respect of each year in a period of 3 years that includes 2008.

All funding agreements that exist beyond 2008 will be subject to the new provisions in this Part after 1 January 2008.

Schedule 4-Adjustment of basic grant amounts

Higher Education Support Act 2003

Item 1 - Subsection 30-5(2)

Amends subsection 30-5(2) as a consequence of the repeal of section 33-20 by item 2. Subsection 30-5(2) currently refers to adjustments under section 33-20.

Item 2 - Section 33-20

Repeals section 33-20 to remove provision for guidelines to be made to specify the circumstances in which adjustments to a higher education provider's basic grant amount for a grant year can be made.

Item 3 - Subsections 33-25(1) to (4)

Repeals subsections 33-25(1) to (4) and substitutes new subsections dealing with adjustments to a provider's basic grant amount. The provision for adjustments where the number of places provided exceeds allocated places by 5% or higher agreed percentage is repealed. New subsections 33-25(1) and (2) deal with the situation where a Table A or Table B provider's corrected basic amount is less than the basic grant amount while subsections 33-25(3) and (4) deal with that situation in respect of other providers.

New subsection 33-25(1) has the effect of providing that the basic grant amount for a Table A provider or a Table B provider for a year is reduced by an adjustment if the provider's corrected basic amount for the preceding year was less than 99% of the provider's basic grant amount for that year.

New subsection 33-25(2) has the effect of providing that the adjustment under subsection 33-25(1) is the lower of the following amounts:

- an amount equal to the difference between 99% of the basic grant amount and the corrected basic amount;
- 4% of the basic grant amount.

New subsection 33-25(3) has the effect of providing that the basic grant amount for a higher education provider that is not a Table A provider or a Table B provider is reduced by an adjustment if the provider's corrected basic amount for the preceding year was less than the provider's basic grant amount for that year.

New subsection 33-25(4) has the effect of providing that the adjustment under subsection 33-25(3) is an amount equal to the difference between the basic grant amount and the corrected basic amount.

Two notes at the end of item 3 explain that the heading to section 33-25 is amended by deleting the words “that apply in the absence of guidelines” and that the a new heading “Meaning of corrected basic amount” is inserted to subsection 33-25(5).

Item 4 - Subsections 33-25(5A) to (6)

Repeals subsections 33-25(5A) to (6) and substitutes new subsections 33-25(6) and (7) which deal with the situation where a Table A or Table B provider’s corrected basic amount is more than the basic grant amount.

New subsection 33-25(6) has the effect of providing that the basic grant amount for a year for a Table A provider or a Table B provider is increased by an adjustment if the provider’s corrected basic amount for the preceding year was more than the provider’s basic grant amount for the year.

New subsection 33-25(7) has the effect of providing that the adjustment under subsection 33-25(6) is the lower of the following amounts:

- an amount equal to the difference between the corrected basic amount and the basic grant amount;
- 5% of the basic grant amount.

Item 5 - Transitional provision

This transitional provision provides that, for the purposes of working out if and how a higher education provider’s basic grant amount for the year 2008 or an earlier year is to be adjusted under Subdivision 33-C of the *Higher Education Support Act 2003*, the amendments made by this Schedule are to be disregarded.

Schedule 5-Removal of restriction on number of fee-paying places

Higher Education Support Act 2003

Item 1 - Section 36-35

Section 36-35 provides for a minimum percentage of Commonwealth supported places in an undergraduate course of study (including in medicine) to be provided by Table A providers. **Item 1** repeals the section from 1 January 2008.

Item 2 - Clause 1 of Schedule 1 (definition of *course of study in medicine*)

Repeals the definition of *course of study in medicine* in the Dictionary at clause 1 of Schedule 1 and substitutes a new definition to reflect the repeal of section 36-35 by item 1. The current definition relies on subsection 36 35(4).

Schedule 6- Grants to assist with costs of changes to maximum student contribution amounts

Higher Education Support Act 2003

Item 1 - Subsection 41-10(1) (at the end of the table)

Section 41-10 sets out the purpose of and eligibility for grants under Part 2-3 “Other Grants”.

Item 1 amends the table in subsection 41-10(1) to add a new table item 12 which has the effect of providing for grants to assist higher education providers with the transitional costs of changes to maximum student contribution amounts where higher education providers have been allocated Commonwealth-supported places for any year.

Schedule 7-Maximum student contribution amounts

Higher Education Support Act 2003

Item 1 - Section 93-10

Section 93-10 sets out the maximum contribution amounts for places in a unit of study. **Item 1** amends section 93 by renaming it subsection 93-10(1) as a consequence of the addition of subsection 93-10(2) by item 5.

Item 2 - Section 93-10 (table)

Repeals the table in section 93-10 (now to become subsection 93-10(1) as a consequence of the amendment made by item 1) and substitutes a new table to reflect the new funding clusters and the new maximum student contribution amount for accounting, administration, economics and commerce announced in the 2007-08 Budget.

Item 3 - Transitional provision-indexation

A transitional provision which provides that amounts in the table in section 93-10 (as amended by this Schedule) are not to be indexed on 1 January 2008.

Item 4 - Section 93-10 (note 1)

Repeals note 1 to section 93-10 substitutes a new note which advises readers that the Commonwealth Grant Scheme Guidelines made for the purposes of sections 33-35 and 93-10 deal with the funding clusters in which particular units of study are included and whether particular units are units in a particular part of a funding cluster.

Item 5 - At the end of section 93-10

Adds a new subsection 93-10(2) which has the effect of providing that the Commonwealth Grant Scheme Guidelines may specify (for the purposes of column 2 of the table in subsection 93-10(1)) how to determine whether a particular unit is a unit in a funding cluster or that a particular unit is in a particular part of a funding cluster.

Item 6 - Clause 1 of Schedule 1 (definition of *maximum student contribution amount for a place*)

Amends the definition of *maximum student contribution amount for a place* in the Dictionary at clause 1 of Schedule 1 to reflect the renaming of section 93-10 to subsection 93-10(1) by item 1.

Item 7 - Saving provision-maximum student contribution amounts for old accounting etc. funding cluster

A saving provision

Subitem 7(1) has the effect of providing that item 7 applies in relation to a person if:

- the person started a course of study with a higher education provider before 1 January 2008; and
- the person was a Commonwealth-supported student in relation to a unit of study in that course; and
- the person had not completed the course by 31 December 2007 or, the person was undertaking an enabling course in 2007 or, the person completed the related course for an honours course of study and is undertaking the honours course of study; and
- the person is undertaking a unit that would have been included in the funding cluster Accounting, Administration, Economics, Commerce if the amendments made by Schedule 2 had not been made; and
- the period over which the person is undertaking the unit ends on or before 31 December 2012; and
- if item 1 of Schedule 1 to the *Higher Education Support (Transitional Provisions and Consequential Amendments) Act 2003* applies or has applied to the person, the period over which the person is undertaking the unit starts on or after 1 January 2009.

Subitem 7(2) has the effect of providing that, despite section 93-10 of the *Higher Education Support Act 2003* as amended by this Schedule, the **maximum student contribution amount for a place** in the unit referred to in dot point 4 above for the person is the amount that would have been the maximum student contribution amount for a place in that unit if the amendment of section 93-10 made by this Schedule had not been made.

Schedule 8—Commonwealth scholarships

Higher Education Support Act 2003

Item 1 – At the end of section 3-5

Section 3-5 is an information provision which provides an overview of the Chapter 2 (Grants to higher education assistance). **Item 1** amends section 3-5 to insert proposed new subsection 3-5(3) which explains that Chapter 2 also provides for the direct payment to students of certain Commonwealth scholarships.

A note at the end of item 1 explains that the heading to section 3-5 is altered by inserting the word “etc.” after the word “assistance”.

Items 2 and 7 – Paragraph 5-1(4)(c) and at the end of section 46-1 (before the note)

Sections 5-1 and 46-1 are information section. Section 5-1 sets out how the Act applies to Table C providers and section 46-1 summarises the purpose of Part 2-4. **Item 2** amends paragraph 5-1(4)(c) by deleting the words “Grants for” and **Item 7** inserts at the end of section 46-1 before the note that certain scholarships may be paid directly to students.

Items 3, 5 and 6 – Chapter 2 (heading), Part 2-4 (heading) and Division 46 (heading)

Repeal the headings to Chapter 2, Part 2-4 and Division 46 and insert new headings “Chapter 2—Grants for higher education assistance etc.”, “Part 2 4—Commonwealth scholarships” and “Division 46—Commonwealth scholarships”.

Item 4 – At the end of section 8-1 (after the note)

Section 8-1 provides a simplified outline explaining the purpose of Chapter 2. **Item 4** inserts at the end of section 8-1 (after the note) a new purpose which is to provide for the direct payment to students of certain Commonwealth scholarships under Part 2 4 of the Act.

Item 8 – Section 46-10

Deletes the words “2 classes” from section 46-10 and substitutes the words “3 classes” to clarify that there are 3 classes of Commonwealth scholarships.

Item 9 – Paragraph 46-10(a)

Item 9 amends section 46-10 by repealing paragraph 46-10(a) and inserting proposed new paragraphs 46-10(1)(a) and 46-10(1)(aa) which has the effect of inserting a third type of Commonwealth scholarship.

Item 10 – After section 46-10

Inserts proposed new section 46-13 which sets out the eligibility criteria for students to receive directly paid standard Commonwealth scholarships.

The proposed new section provides that if:

- the Commonwealth Scholarships Guidelines provide for a particular kind of directly paid standard Commonwealth scholarship, those guidelines set out eligibility requirements for that kind of scholarship; and
- a student of a Table A provider or a higher education provider to which subparagraph 30-1(1)(a)(ii) applies satisfies those eligibility requirements; and
- the student is selected by the provider to receive that kind of scholarship and the selection is in accordance with a selection policy maintained by that provider; and
- the selection policy complies with the requirements set out in the Commonwealth Scholarships Guidelines

the student is entitled to receive from the Commonwealth that kind of directly paid standard Commonwealth scholarship.

Item 11 – Subsection 46-15(1)

Amends subsection 46-15(1) consequentially to insert the words “indirectly paid” before the words “standard”.

A note at the end of item 11 explains that the heading to section 46 15 is replaced by the heading “Eligibility of higher education providers to receive grants for certain Commonwealth scholarships”.

Item 12 – After subsection 46-20(1)

Section 46-20 deals with other matters that may be provided for in the Commonwealth Scholarships Guidelines relating to Commonwealth scholarships. **Item 12** inserts proposed new subsection 46-20(1A) which deals with the Commonwealth Scholarship Guidelines dealing with directly-paid standard Commonwealth scholarships.

Proposed new subsection 46-20(1A) provides that without limiting subsection 46-20(1), the Commonwealth Scholarships Guidelines may provide for the following matters in relation to directly-paid standard Commonwealth scholarships:

- the kinds of scholarships that are to be directly-paid standard Commonwealth scholarships;
- the eligibility requirements for each kind of scholarship;
- how the amounts of scholarships are to be determined;

- the indexation of amounts of scholarships, using the method of indexation set out in Part 5-6;
- how scholarships are to be paid;
- the conditions that apply to a particular kind of scholarship;
- the amount, being part of the amount referred to in section 46-40 for a year that will be spent on each kind of scholarship in that year;
- the indexation of such an amount for subsequent years, using the method of indexation set out in Part 5-6;
- the maximum number of students that a particular higher education provider can select to receive a particular kind of scholarship for a particular year;
- requirements to be complied with by selection policies maintained by higher education providers;
- information that higher education providers are to give the Minister.

Items 13, 14, 15, 16 and 17 – Subsection 46-20(2), paragraphs 46-20(2)(a) and 46-20(2)(b) and sections 46-25 and 164-1

Make technical amendments as a consequence of the amendments made by this Schedule.

Item 13 deletes the words “those guidelines” from subsection 46-20(2) and replaces those words with the words “the Commonwealth Scholarships Guidelines”. A note at the end of item 13 explains that the heading to subsection 46-20(2) is inserted “Other Commonwealth scholarships”.

Item 14 inserts the words “in relation to indirectly-paid standard *Commonwealth scholarships and postgraduate research Commonwealth scholarships” into subsection 46-20(2) after the word “matters”.

Item 15 deletes the words “standard scholarships” from paragraph 46-20(2)(a) and replaces those words with the words “indirectly-paid standard Commonwealth scholarships”.

Item 16 insert the word “Commonwealth” into paragraph 46-20(2)(b) after the word ”research”.

Item 17 inserts the words “to a higher education provider” into section 46-25 after the words “a grant”.

Item 18 deletes the words “to higher education providers and other bodies” from section 164-1.

Item 19 – After section 164-15

Item 19 inserts proposed new section 164-17 which deals with overpayments of Commonwealth scholarships to students and section 164-18 which deals with repayment of Commonwealth scholarships paid to students where there is a breach of a condition.

Proposed new section 164-17 provides that an overpayment of an amount paid, or purportedly paid, to a person by way of Commonwealth scholarship under section 46-13 may, in whole or

part, be deducted from any amount that is payable, or to be paid, to that person under that section or recovered by the Commonwealth from that person as a debt due to the Commonwealth.

A note at the end of proposed new section 164-17 explains that the heading to section 164-15 is amended by adding at the end “of Commonwealth grants”.

Proposed new subsection 164-18(1) provides that section 164-18 applies if an amount is paid to a person by way of a Commonwealth scholarship under section 46-13 and the person breaches a condition of the Commonwealth scholarship.

Proposed new subsection 164-18(2) provides that the amount may, in whole or part, be deducted from any amount that is payable, or to be paid, to that person under that section or recovered by the Commonwealth from that person as a debt due to the Commonwealth.

Item 20 – Application of amendments

Item 20 is an application provision which provides that the amendments made by Schedule 8 apply in relation to payments under Part 2-4 of the *Higher Education Support Act 2003* in respect of the year 2008 or a later year.

Schedule 9-Amounts relating to research funding

Australian Research Council Act 2001

Item 1 - At the end of subsection 48(2)

Inserts a new paragraph 48(2)(f) and (g) to add the financial years starting on 1 July 2009 and 1 July 2010 to the years to which Division 1 of Part 7 of the Act applies. Division 1 deals with financial assistance for approved research programs.

Item 2 - Paragraphs 49(h) and (i)

Repeals paragraphs 49(h) and (i) and inserts new paragraphs (h)-(k) to vary the level of financial assistance for approved research programs for the financial years starting on 1 July 2007 and 1 July 2008 to reflect revised forward estimates and to provide financial assistance for approved research programs for the financial years starting on 1 July 2009 and 1 July 2010.

Schedule 10—Grants to assist with the cost of providing the practical component of teacher education

Higher Education Support Act 2003

Item 1 – Subsection 41 10(1) (after table item 8)

Section 41-10 sets out the purpose of and eligibility for grants under Part 2-3 “Other Grants”.

Item 1 amends the table in subsection 41-10(1) to add a new table item 8A which has the effect of providing for grants to assist with the cost of providing the practical component of teacher education. Table A providers, Table B providers, and bodies corporate that are specified in the Other Grants Guidelines are eligible for this grant.

Item 2 – Application of amendment

Provides that the amendment made by Schedule 10 applies to grants under Part 2 3 of the *Higher Education Support Act 2003* in respect of the year 2008 or a later year.

Schedule 11—Grants to support diversity and structural reform

Higher Education Support Act 2003

Item 1 – Subsection 41 10(1) (after table item 9)

Section 41-10 sets out the purpose of eligibility for grants under Part 2-3 “Other Grants”. **Item 1** amends the table in subsection 41-10(1) to add a new table item 9A which has the effect of providing for grants to support diversity and structural reform. Table A providers, and Table B providers that are universities are eligible for this grant.

Item 2 – Application of amendment

Provides that the amendment made by Schedule 11 applies to grants under Part 2 3 of the *Higher Education Support Act 2003* in respect of the year 2008 or a later year.