EXPLANATORY STATEMENT

Guidelines issued under subsection 238-10 of the Higher Education Support Act 2003

Amendment No. 8 to the Commonwealth Grant Scheme Guidelines No.1

Issued by the authority of the Minister for Tertiary Education

Subject: Higher Education Support Act 2003
Amendment No. 8 to the Commonwealth Grant Scheme Guidelines No.1

Authority

Section 238-10 of the Higher Education Support Act 2003 (the Act) provides that the Minister may make guidelines for the purposes of the Act. In particular, item 2 of the table at section 238-10 specifies that the Minister may make the Commonwealth Grant Scheme Guidelines to give effect to matters set out in Part 2-2 and section 93-10 of the Act.

Purpose and operation

The Commonwealth Grant Scheme Guidelines No.1 commenced on 13 December 2006 and are being amended for the eighth time.

The purpose of this amendment is to insert an additional chapter in the Commonwealth Grant Scheme Guidelines. This Chapter will be Chapter 12 on the Performance Funding Grant Amount - Facilitation Funding. The introduction of Performance Funding was announced by the Government in its 2009 policy document, Transforming Australia's Higher Education System in response to a recommendation contained in the Bradley Review of Australian Higher Education.

Explanation of amendments

Item 1 – Insert Chapter 12 on Facilitation Funding after Chapter 11.

CHAPTER 12 PERFORMANCE FUNDING GRANT AMOUNT – FACILITATION FUNDING

12.1.1 outlines the purpose of the chapter, that is, to describe the methodology for calculating the Facilitation Funding component of the Performance Funding Grant Amount.

12.5.1 sets out the eligibility criteria for Facilitation Funding. A higher education provider is eligible for Facilitation Funding in a year if the provider:
- is a Table A provider;
- has received an allocation of Commonwealth Supported Places for that year from the Minister under section 30-10 of the Act; and
- has entered into a Mission-based Compact for 2011-13 (a Compact).
Compacts are three year bi-lateral agreements between the Commonwealth and providers that show how each provider’s mission contributes to the Government’s goals for higher education, and include details of major higher education and research funding and performance targets.

12.5.5 further requires that in order to be eligible for Facilitation Funding a provider must inform the Commonwealth of strategies and goals for achieving the provider’s teaching and learning mission (clause 4.7 of the Compact) and agree to performance targets contained in clause 4.14 of the Compact.

12.10 sets out the two components of the Facilitation Funding amount: the ‘Basic Grant Amount component’ and the ‘Grants to Support National Institutes specified in the Other Grants Guidelines component’.

The amount of the ‘Basic Grant Amount component’ each provider will receive in a year is based on their share of the total Basic Grant amount in that year as at 1 January of that year, as specified in section 33-5 of the Act.

The amount of the ‘Grants to Support National Institutes specified in the Other Grants Guidelines component’ each provider will receive in a year is based on their share of the total Grants to Support National Institutes specified in the Other Grants Guidelines amount as at 1 January of that year, as specified in the Other Grants Guidelines of that year.

12.10.5 sets out the formulas for calculating provider shares of the Basic Grant Amount component and the Grants to Support National Institutes specified in the Other Grants Guidelines component of Facilitation Funding.

Commencement

Amendment No.8 to the Guidelines will take effect on the day after the day on which it is registered on the Federal Register of Legislative Instruments.

Consultation

In Transforming Australia’s Higher Education System the Government announced it would be introducing Performance Funding in response to a recommendation contained in the Bradley Review of Australian Higher Education.

In 2009, the Government established an expert group drawn from the higher education sector, the Indicator Development Group, to assist in the development of a framework of indicators that could be used to negotiate targets with providers for the purposes of Performance Funding for teaching and learning. Building on advice from the Indicator Development Group, the Government released a Discussion Paper, An Indicator Framework for Higher Education Performance Funding in late 2009, to elicit the views of providers and other stakeholders. Feedback from 61 responses to the draft indicator framework was used to inform the development of draft Performance Funding Guidelines for agreeing performance targets with providers. The Government released the draft guidelines in October 2010 for consultation. The Department also held face-to-face information sessions in early November 2010. The Government received 44 written responses to the draft guidelines. This feedback, along with the Minister’s decisions, informed the finalisation of the Performance Funding Guidelines.