



# Higher Education Continuity Guarantee 2024-2025

## Frequently Asked Questions – August 2024

### What is the Higher Education Continuity Guarantee?

The Higher Education Continuity Guarantee program (HECG) guarantees eligible Commonwealth Grant Scheme (CGS) funding for universities and eligible higher education providers regardless of whether a provider delivers up to its approved funding level. There have been two stages of HECG:

- The HECG initially came into effect in 2021 and guaranteed CGS funding for the 2021, 2022, and 2023 grant year, regardless of the number of students a provider enrolled. This was to provide funding certainty following changes resulting from the Job-ready Graduates package and the COVID-19 pandemic.
- The HECG has been extended to the 2024 and 2025 grant years. Higher education providers will only be eligible for HECG grants for 2024 and 2025 if the provider has funds remaining under their eligible Maximum Basic Grant Amount (MBGA). Providers will be required to spend HECG funds on initiatives that support equity cohorts within a specified time period (described below).

### Why is the HECG being extended?

Identified as a priority action in the [Australian Universities Accord Interim Report](#), the Review recommended extending the HECG into 2024 and 2025 to minimise the risk of unnecessary structural adjustment to the sector until the outcomes of the Accord are known. The Review also recommended that providers should be expected to direct any funding resulting from this guarantee to support greater equity outcomes.

### What are the requirements under the HECG 2024-2025?

For 2024 and 2025, providers that are under-enrolled will be required to allocate funding remaining under their eligible MBGA to support equity outcomes for under-represented groups (this is referred to as HECG funding).

Providers eligible to receive HECG funding will be required to develop an Equity Plan detailing the equity-related initiatives they plan to undertake. Equity related initiatives can include improving academic advice and learning support services, wrap around services (such as mental health support) for equity cohorts, scholarships and support for enabling course services. Providers will be required to report on how this funding has been spent in line with updates proposed to the Higher Education Support (Other Grants) Guidelines 2022 (the Guidelines).

## Who will receive HECG 2024-2025 funding?

The department has proposed to make amendments to the Guidelines, to provide that any higher education provider that has entered into a funding agreement with the Commonwealth for 2024 and 2025 grant years, is eligible for the HECG (subject to meeting relevant requirements under the Guidelines).

## How are HECG 2024-2025 grant amounts determined?

The department has proposed to make amendments to the Guidelines to provide that the Minister for Education will determine grant amounts for higher education providers under the HECG for 2024 and 2025. The department will make recommendations to the Minister on the HECG grant amounts for each provider once reconciliation processes are complete. In doing so, the department will consider the Government's policy intent in relation to this program, which is to guarantee eligible CGS funding for providers that spend their HECG funding on initiatives that support equity cohorts as outlined in their approved Equity Plan.

Providers will continue to be paid their CGS funding amounts through the normal advance payment arrangements for 2024 and 2025 grant years. The HECG grant will be paid to providers following reconciliation of a provider's CGS funding relating to a particular grant year.

- For Table A providers – the amount of their unspent base MBGA for higher education courses, designated higher education courses and amounts for medical student loading. Separate funding arrangements such as National Priority Places, Equity Places (under the [20,000 additional CSPs](#) initiative), Innovative Places, or the [Nuclear-Powered Submarine Student Pathways](#) are not part of the base MBGA and not included in the HECG arrangements for 2024 and 2025.
- For non-Table A providers – the HECG is the amount of their unspent MBGA allocation, minus any funding allocated to the provider for National Priority Places, Equity Places, Innovative Places or the Nuclear-Powered Submarine places.

## Worked example for calculating HECG 2024-2025 for Table A providers [New]

A provider's entitlements for 'Base MBGA', designated higher education courses, and medical student loading are determined through the CGS reconciliation process. Noting that medical student loading is not reconciled so providers receive their full allocation regardless of whether they are under or over enrolled.

A provider's entitlement is determined under Section 33-5 of HESA and is **the lesser of:**

- the amount allocated to a provider in their funding agreement, and

- the amount calculated by multiplying the number of CSPs delivered by the provider and the relevant Commonwealth contribution amount.

In the example below the provider has over-enrolled against their Higher Education Course (HEC) Base MBGA by \$20 million, therefore their entitlement is \$100m. The provider has under-enrolled against their designated HEC MBGA and therefore their entitlement is \$15m. Under section 164-10 of HESA the Commonwealth will make a recovery where the advance exceeds the amount that becomes payable. The HECG calculation therefore is the Max \$120 million less the CGS payment of \$115 million requiring a HECG grant of \$5 million.

The table below provides an example of the CGS reconciliation and pursuant HECG calculation:

|                                      | CGS Reconciliation     |                     |             | HECG Calculation |               |             |
|--------------------------------------|------------------------|---------------------|-------------|------------------|---------------|-------------|
|                                      | Allocated <sup>1</sup> | Actual Delivery     | Recovery    | Max <sup>3</sup> | CGS payment   | HECG        |
| Designated HEC MBGA                  | \$20m                  | \$15m               | \$5m        | \$20m            | \$15m         | \$5m        |
| HEC Base MBGA                        | \$100m                 | \$120m <sup>2</sup> | \$0m        | \$100m           | \$100m        | \$0m        |
| <b>Total</b>                         | <b>\$120m</b>          | <b>\$115</b>        | <b>\$5m</b> | <b>\$120m</b>    | <b>\$115m</b> | <b>\$5m</b> |
| Medical Student Loading <sup>4</sup> | \$1m                   | \$0.5m              | \$0m        | \$1m             | \$1m          | \$0m        |

1. The figures in this column are the amounts allocated under each component of their MBGA, as outlined in their funding agreement.
2. This figure is the total funding the provider is entitled to receive as allowed for under Division 33 of HESA.
3. This figure is the total funding the provider would receive if they were paid for the EFTSL actually delivered at their institution, however, their funding is limited to their HEC Base MBGA allocation.
4. Medical Student Loading is not reconciled.

## How will providers know much HECG funding is available?

The department will assist providers in identifying if they may be under-enrolled and entitled to the HECG through the bi-annual CGS/HECS-HELP Estimates Collection process (April and October). Information gathered through the estimates process can help providers develop their Equity Plans for the relevant year.

This estimate is indicative only, based on the Equivalent Full-Time Student Load (EFTSL) estimates submitted by each provider, and actual eligibility may differ. Provider eligibility and actual amount of HECG will be calculated following reconciliation of provider CGS entitlements.

The CGS reconciliation is undertaken in arrears based on requirements under the *Higher Education Support Act 2003* and utilises more detailed verified student enrolment data submitted by providers through the Tertiary Collection of Student Information (TCSI) system.

## When will providers be eligible for a HECG grant?

For higher education providers to be eligible for a HECG grant for the 2024 and 2025 grant year, the provider must spend funds remaining under their eligible MBGA within the specified time period to directly support under-represented or disadvantaged students, referred to as 'Equity Target Groups'.

The Minister for Education has approved a list of possible uses of HECG funding to support equity outcomes. The Guidelines will be amended to reflect these possible uses. Providers must include information on the equity initiatives in line with the approved list in their Equity Plan. To be eligible for a HECG grant, money must be spent on the initiatives included in providers' approved Equity Plans within the specified time period.

[The list of possible uses of HECG funding 2024-2025](#) is included in the HECG information pack.

## What are the Equity Target Groups?

'Equity Target Groups' are the under-represented or disadvantaged student cohorts that activities funded under the HECG must directly support. The Equity Target Groups are:

- Students from low socio-economic status (low SES) backgrounds
- Students from inner regional, outer regional, remote and very remote areas
- Student who are first in their family to access higher education
- First Nations Australians
- People with disability
- Students who experience cumulative disadvantage, such as regional First Nations students transitioning into university and people with disability transitioning out of university into employment.

## How do we determine which students are from low SES backgrounds or regional areas?

The Higher Education Support Act 2003 and Higher Education Support (Other Grants) Guidelines 2022 provide the following definitions for use:

- **Low SES** - refers to a person whose residential address is in the lowest quartile, by Statistical Area 1 (SA1), as referred to in the [Socio-Economic Indexes for Areas](#) (SEIFA). The relevant SEIFA index is the Index of Education and Occupation.
- **Regional and Remote** – refers to students with a permanent residential address in a regional area or a remote area at the time the person first enrolls in a course of study with the relevant provider (known as First Address).
- Regional and remote areas are defined in the ABS Remoteness Structure contained in the [Australian Statistical Geography Standard](#) (ASGS).
- **Indigenous** – refers to a person who is a member of the Aboriginal race of Australia or a descendant of the Indigenous inhabitants of the Torres Strait Islands. The [higher education data indicator](#) includes that the individual is accepted as Aboriginal and/or Torres Strait Islander by the community in which they live.

## Can HECG funding be used to support postgraduate students?

Yes, the department has not differentiated between undergraduate and postgraduate students for the purposes of spending HECG funding, as long as funds are used in line with the list of possible uses, and targeted towards Equity Target Groups listed above.

## Can HECG funding be used to support continuing as well as commencing students?

Yes, HECG funding can be used to support both continuing and commencing students from Equity Target Groups.

## Can HECG funding be used for non-award or micro-credential courses that benefit equity cohorts?

Providers may propose to use HECG funding for course development and student support measures for non-award courses or micro-credential courses as an other equity-related initiative for discussion with the department. Detailed information will be required specifying how the proposed initiatives will improve the number of prospective students in Equity Target Groups to access higher education and support them to succeed.

HECG funding cannot be used in place of Commonwealth contributions for students in micro-credential or non-award courses. Providers may enrol students in an enabling course of study using the MBGA for higher education courses.

The existing Enabling Loading Program will be replaced by FEE-FREE Uni Ready Courses on 1 January 2025 to provide more students with an enabling pathway into higher education, with focus on students from under-represented backgrounds. The department will determine allocations of additional FEE-FREE Uni Ready Course places for 2025. More information will be available soon.

## What is the timeframe to spend the money?

Providers have four years to spend funds allocated under the HECG. The timeframes extend from the beginning of the relevant grant year to the end of the calendar year following the HECG grant payment (made after reconciliation of the CGS grant for that year):

- For a grant relating to eligible unspent funds under the MBGA in 2024, providers will be required to spend funding under the HECG by the end of 2027.
- For a grant relating to eligible unspent funds the MBGA in 2025, providers will be required to spend funding under the HECG by the end of 2028.

## Can HECG funding be used for activities funded under other Government grant programs?

No. HECG funding cannot be used for activities that are currently funded through other Government grant programs, such as the Higher Education Participation and Partnerships Program (HEPPP) and the Higher Education Disability Support Program (DSP).

## How should providers treat HECG funding in terms of accounting standards such as AAS15?

This is a matter for providers to determine, in consultation with their auditors. The department does not give specific accounting advice as the exact treatment may vary depending on contract terms and conditions and individual provider circumstances.

## When will the HECG funding amounts for each year be finalised?

The department will assist providers in identifying if they may be under-enrolled and entitled to the HECG through the bi-annual CGS/HECS-HELP Estimates Collection process (April and October). This estimate is indicative only, based on the EFTSL estimates submitted by each provider, and actual eligibility may differ.

For a grant year, providers are advanced all of their eligible CGS funding in the relevant year. The amounts advanced are based on the MBGA outlined in providers' CGS funding agreements. CGS funding is reconciled and recovered in arrears once verified enrolment data for the year is available.

Final HECG eligibility and payments for 2024 and 2025 will be determined as part of the CGS reconciliation of enrolment data. This will occur once verified data becomes available. Only providers who are under-enrolled are eligible to receive a HECG payment.

## What if enrolments at my institution are higher than expected and HECG funding for equity purposes has already been committed?

The HECG has been established to cover only the shortfall between a provider's eligible maximum funding amounts and their actual enrolments. There are no provisions to reimburse providers for any other funding spent, including any over-commitment of funding as part of the HECG.

Providers are encouraged to contact the department if their circumstances change and can request to update their equity plan to reflect changed circumstances if required.

## Can HECG funding be used for staffing purposes?

Provider spending of funds must be in line with the list of possible uses approved by the Minister to be eligible for a HECG grant. If providers can demonstrate that funding for staffing has a strong relationship with at least one of these uses (for example, staff employed to administer a program aimed at supporting students with disability), then it is eligible for a grant under the HECG.

## Does HECG from designated medical funding and the medical loading need to be used for medical students?

There is no requirement that spending relating to designated higher education courses or medical student loading must be used for medical students only, in order to be eligible for a HECG grant. Likewise, spending of unused funds under base MBGA may be used to support Equity Target Groups within designated medical courses and be eligible for a HECG grant; however, such spending cannot be used to create new medical CSPs.

All spending must be spent in line with the list of possible uses to be eligible for a HECG grant.

## What is the HECG Equity Plan?

A provider's HECG Equity Plan must outline how the institution will spend amounts equivalent to their unspent eligible MBGA towards improving access and outcomes for students from identified Equity Target Groups. It also provides the department with additional information about how these

equity initiatives will support the provider's existing strategies for improving equality of opportunity in higher education.

The Equity Plan template was revised following consultation to include opportunities for providers to submit case studies, and to add a declaration to confirm the accuracy of submitted Equity Plans. The revised HECG Equity Plan templates are included in the final HECG information pack emailed to providers in May 2024. Copies of the template are available by contacting [CGS@education.gov.au](mailto:CGS@education.gov.au).

## Who will need to create an HECG Equity Plan?

To ensure that a provider will be eligible for the HECG grant, a provider must complete a HECG Equity Plan if it estimates it will have funds unspent from its MBGA allocation in the year, or if notified of under-enrolment by the Commonwealth. This requirement is outlined in providers' CGS Funding Agreements.

If a provider is unlikely to be under-enrolled against their MBGA for that year, or under-enrolled by only a small amount, they may choose not to develop an Equity Plan. However, providers that do not have an Equity Plan submitted to the department when the department finalises HECG payments for that year (following reconciliation of enrolment data) will not be eligible for a HECG grant.

## When does the HECG Equity Plan need to be developed?

To receive a grant under the HECG for 2024, providers under-enrolled against their MBGA in 2024 will be required to submit an initial Equity Plan by 30 June 2024. This deadline has been extended based on provider feedback during the consultation period.

Updates to the Plan will be required in May 2025, May 2026 and May 2027 to ensure the Plan reflects the current proposed activities to be undertaken, including for any HECG funding providers may be eligible for in 2025 and any updated estimates of enrolment data that are available.

Providers must ensure that any revisions to an Equity Plan already approved by the department are highlighted with a short statement explaining the change. Appropriate justification is needed for any new initiatives in line with the Equity Plan template.

## What needs to be considered when developing a HECG Equity Plan?

It is recommended that providers use the [Student Equity in Higher Education Evaluation Framework \(SEHEEF\)](#) in the planning, implementation and evaluation phases. The SEHEEF provides a robust framework for evaluation of Commonwealth funded equity programs. The Continuous Quality Improvement (CQI) tools within the SEHEEF can also assist to improve the design, implementation, and performance of initiatives. The Australian Centre for Student Equity and Success (ASCES) offers a range of resources for institutions implementing the SEHEEF.

## How will the HECG Equity Plan be assessed?

Departmental officers will assess the HECG Equity Plan to ensure all requested information is provided and that the proposed equity initiatives are in line with the list of possible uses.

The department will preference spending on Tier 1 initiatives where possible in the first instance. A stronger rationale that clearly demonstrates need will be required for Tier 2 or 'Other' initiatives.



Providers may propose other equity-related initiatives that are not funded from another continuing source and that are not listed against Tier 1 or Tier 2 for discussion with the department. These initiatives should be included in Equity Plan and will require additional evidence to justify why funding is required such as financial or management reports that demonstrate continuing funding is no longer available.

## Can a provider revise its HECG Equity Plan once it has been approved by the department or if circumstances change their eligibility for HECG funding?

Providers can contact the department regarding changed circumstances and proposed changes to approved HECG Equity Plans. Any revisions must occur before the HECG amounts are finalised through the reconciliation of the CGS grant for that year.

Providers are encouraged to progress new equity initiatives without needing formal approval from the department. However, if the department determines that a new initiative does not align with the possible uses as part of the annual review process in May, that initiative will not be eligible for a HECG grant. Providers will be not reimbursed for any funding committed or spent on a new initiative that the department determines does not align with the possible uses.

If a provider's circumstances change outside the bi-annual CGS/HECS-HELP Estimates Collection process (April and October) likely impacting their HECG funding eligibility, they should contact the department.

## What happens to HECG funding allocated if it is not utilised by the students?

Providers can redirect or reallocate any unspent funds from an approved initiative to support other initiatives outlined in their Equity Plan. Providers are encouraged to contact the department if their circumstances change and to update their Equity Plan, to reflect changed circumstances, if required.

There are no provisions to reimburse providers for any other funding spent, including any over-commitment of funding as part of the HECG.

## Can a provider access HECG funding without a HECG Equity Plan?

No. Providers that do not have an Equity Plan in place at the time the department finalises HECG amounts for a relevant year will not be eligible for a HECG grant in respect of that year.

## Does our HECG Equity Plan need to align with our Mission Based Compact?

Yes. Mission Based Compacts require providers to include a statement of their mission and details of their strategies for improving equity of opportunity in higher education.

For providers in receipt of, or likely to be in receipt of, a HECG grant in 2024 and 2025, this statement should include reference to the HECG Equity Plan.



The HECG Equity Plan should contain more detailed information on the specific equity-related initiatives to be funded under any potential HECG grant for 2024 and 2025.

Reference in the Mission Based Compact to the HECG Equity Plan alone, without providing details of the provider's overarching institutional equity strategy, does not meet requirements.

## How do the expectations of the HECG Equity Plan differ from the Mission Based Compact?

Mission Based Compacts are the principal strategic document, setting out how each provider's mission aligns with the Commonwealth's goals for higher education, innovation, teaching and learning, research and research training and equity. Providers should clearly detail their overarching institutional equity strategy in their Mission Based Compact and include reference to the Equity Plan if applicable.

Equity Plans are a subsidiary document that link to the provider's overarching institutional equity strategy but provide more detailed information on the specific equity-related initiatives to be funded under any potential HECG grant for 2024 and 2025.

## Do providers need to mention the HECG Equity Plan in their Mission Based Compact if they are likely to be ineligible for HECG?

If a provider anticipates that they will not be eligible for HECG grant funding, then there is no need to reference an Equity Plan in the 2024 Mission Based Compact.

If a provider *does* become eligible for HECG grant funding, they will be required to have an Equity Plan in place as part of their funding requirements. However, there will be no requirement to amend the 2024 Mission Based Compact.

For further information on Mission Based Compacts, contact [UniversityCompacts@education.gov.au](mailto:UniversityCompacts@education.gov.au).

## What are the HECG Annual Equity Reports?

Providers will be required to report annually to the department on progress, outcomes and impacts of equity initiatives to be funded under the HECG until the year following termination of spending.

The HECG Annual Equity Report will include measurement and evaluation of outcomes, results of initiatives, and details on how providers have spent amounts equivalent to their unspent eligible MBGA. There will be no additional financial acquittal process required. The submission of the HECG Annual Equity Report that includes all the information required by the department will be sufficient for reporting purposes.

## When will the first HECG Annual Equity Report be required?

The first Annual Equity Report will be due in May 2025 and will cover 2024 HECG equity initiatives.

The HECG Annual Report will require submission of two documents:

- Annual Report – Summary (Word document)
- Annual Report – Equity Initiatives Outcomes (Excel document)

## What needs to be considered when completing the HECG Annual Equity Report?

The HECG Annual Equity Report has been developed as part of the HECG sector consultations and designed to simplify the reporting process while still striving to achieve the transparency and accountability required to demonstrate the effective use of public money.

The HECG Annual Equity Report should include a summary of what the equity initiatives included in the Equity Plan have achieved. The Report should also address the impact on Equity Target Groups, how established Equity Initiatives have contributed to achieving Institutional Equity Targets and supported Institutional goals.

The summary should include available statistical evidence to assess performance against targets and providers are strongly encouraged to include specific case studies to support claims.

Providers are also encouraged to include case studies to illustrate how HECG funded equity initiatives have benefited under-represented cohorts.

It is recommended that providers use the SEHEEF in the implementation and evaluation phases. The SEHEEF provides a robust framework for evaluation of Commonwealth funded equity programs. The Continuous Quality Improvement (CQI) tools within the SEHEEF can also assist to improve the design, implementation, and performance of initiatives. The Australian Centre for Student Equity and Success (ASCES) offers a range of resources for institutions implementing the SEHEEF.

## How will the HECG Annual Equity Reports be assessed?

The department will assess HECG Annual Equity Reports against the approved HECG Equity Plans and to ensure all requested information is provided. The department will contact providers if requested information is not included or if more information on the outcomes of equity initiatives are required.

## Will Equity Plans and HECG Annual Equity Reports be published on the department's website?

No, Equity Plans and HECG Annual Equity Reports provided to the department will not be published online or otherwise be made publicly accessible, unless required by law or to satisfy Parliamentary requirements. However, providers are encouraged to make information on their equity initiatives available to their students and communities to raise awareness of the supports that will be available.

High level information about initiatives being supported through the HECG may be published on the department's website. This information will be de-identified.

## What will happen if HECG funding was not used in line with requirements?

The department will work collaboratively with providers to ensure HECG funding is used for appropriate purposes and to support Equity Target Groups.

A provider will not be eligible for a HECG grant if it does not use funding in line with the Equity Plan and the possible uses approved by the Minister.

## Where to go for more information

Contact us at [CGS@education.gov.au](mailto:CGS@education.gov.au).