

Senate Standing Committee on Education and Employment - Education

QUESTIONS ON NOTICE Budget Estimates 2014-2015

Outcome 3 - Higher Education, Research & International

Department of Education Question No. ED0031_15

Senator Carr provided in writing.

Question

Higher education loan interest rate

Can you confirm that, on The Insiders on 1 June 2014, when asked by Fran Kelly whether new students enrolling now or next year would be subject to the new higher interest rate, Minister Pyne said: "PYNE: Anybody who was enrolled before May 14, nothing will change in terms of their arrangements. [KELLY: The HECS debt will always stay at CPI into the future until it is paid off.] PYNE: They are grandfathered until they finish their courses which is by 2020 in most cases. Anybody who enrolls from January 1, 2016 will face the new arrangements from the time they enrol. Anybody who enrolls between the Budget and December 31 next year will face the new arrangements from January 1 and the current arrangements until that time." (a) Is it in fact the case that students enrolling in second semester this year or in 2015 will pay their HECS off at the CPI interest rate? (b) Is it the case that students enrolling in 2014 or 2015 will not have to pay the new deregulated fee levels? (c) What changes, for whom, come into effect in 2020? Is that the date when fee arrangements change, for any student enrolled before May 14, 2014? (d) Isn't that 2020 date irrelevant to current students' HECS interest? (e) Has the Minister repeated this incorrect comment on other occasions since the release of the Budget? Has the Prime Minister made similar incorrect comments? (f) Since Budget night, has the Department made changes to the information on the Budget's impact presented on its website? How many times? On what dates? What were the changes? (g) Is the Minister informing Australian students clearly and thoroughly about the impact of the proposed student financing package?

Answer

(a) Is it in fact the case that students enrolling in second semester this year or in 2015 will pay their HECS off at the CPI interest rate?

The Government's policy is that all 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 all HELP debts (including those incurred by former students, continuing students and new students) beginning with the indexation of debts on 1 June 2016. Debts are indexed when they are 11 months old.

(b) Is it the case that students enrolling in 2014 or 2015 will not have to pay the new deregulated fee levels?

From 1 January 2016, the maximum contribution amount for students at universities and other higher education institutions will be removed. Students who were enrolled in a Commonwealth supported place on or before 13 May 2014, or who had accepted an offer of a Commonwealth supported place and deferred the commencement of their course on or before 13 May 2014, will be charged under existing arrangements until they finish their study or until 31 December 2020 (whichever comes first).

Students who enrol in a Commonwealth supported place after 13 May 2014 will be charged under the existing arrangements until 31 December 2015. After this date they will be charged under the new arrangements, as determined by their higher education institution.

(c) What changes, for whom, come into effect in 2020? Is that the date when fee arrangements change, for any student enrolled before May 14, 2014?

From 1 January 2021 all Commonwealth supported students will be subject to the new arrangements.

(d) Isn't that 2020 date irrelevant to current students' HECS interest?

All HELP debts will be indexed at the new rate regardless of when their debt was incurred, beginning with the indexation of debts on 1 June 2016.

(e) Has the Minister repeated this incorrect comment on other occasions since the release of the Budget? Has the Prime Minister made similar incorrect comments?

The Minister has explained that his answer was intended, in the flow of questions in that interview, to refer to the fee arrangements for existing students proposed under the Budget measures.

(f) Since Budget night, has the Department made changes to the information on the Budget's impact presented on its website? How many times? On what dates? What were the changes?

Since Budget night, the following changes have been made to the website:

Date	Nature of change
Wednesday, 14 May 2014	The material about the higher education reforms was published on the website.
	Minor changes were made that day to improve the information about the grandfathering arrangements.
Friday, 16 May 2014	Minor changes were made to improve the information about the new HELP indexation arrangements.
Monday, 26 May 2014	An additional question regarding transferring students was added to the Student FAQ's page.
Tuesday, 27 May 2014	A change was made to improve the language used on the website (including to correct some grammatical errors).
	Added a detailed breakdown of the new funding tiers by Field of Education code.
	Added a question around CPI indexation arrangements in University FAQ's.
Friday, 30 May 2014	Corrected a grammatical error.
	Further clarified the arrangements of transferring students to other institutions.

(g) Is the Minister informing Australian students clearly and thoroughly about the impact of the proposed student financing package?

The Department, the Minister and his office have had regular contact with students, higher education institutions and the media regarding the higher education reforms announced in the 2014-15 Budget.

Students and other stakeholders can access a range of sources to find out how they will be affected by the reforms including the department's website, the *Study Assist* website, a student hotline and a provider hotline. The websites and hotlines are monitored and modified as necessary to ensure they offer clear and thorough information.