

EDUCATION, SCIENCE AND TRAINING

SENATE LEGISLATION COMMITTEE - QUESTIONS ON NOTICE 2004-2005 BUDGET ESTIMATES HEARING

Outcome: 2
Output Group: 2.4 – Funding for Higher Education

DEST Question No. E078_05

Senator Carr provided in writing.

Refers to E876_04

Question:

Please clarify the relationship between the FEE_HELP loan limit of \$50 000 and the 20% surcharge on the debt.

In particular:

- does the surcharge count towards the limit, so that effectively only \$41 666 can be borrowed to actually pay fees; or
- does the surcharge NOT count towards the limit, so that effectively \$60 000 can be borrowed?

Where is this explained to students and potential borrowers?

Doesn't HESA specify the limit of the debt accruable as \$50 000?

In order to clarify this matter. Is it necessary to amend HESA? If so, when do you plan to do that?

Answer:

FEE-HELP Loan Limit

The 20 per cent loan fee only applies to FEE-HELP loans for units of study that form part of an undergraduate course of study. The loan fee is not included in the \$50,000 FEE-HELP limit. The *Higher Education Support Act 2003* (HESA) does not need to be amended to clarify the matter as it is quite clear about it:

- It specifies that the FEE-HELP limit is \$50,000 and a person's FEE-HELP balance is the FEE-HELP limit less the sum of all of the amounts of FEE-HELP assistance that have been received by the person (see sections 104-15 and 104-20).
- The amount of FEE-HELP assistance for a unit of study is the unpaid amount of a student's tuition fee at the end of the census date for the unit (see section 110-1).
- The amount of the student's debt for a unit of study that forms part of an undergraduate course of study is equal to 120% of the amount of FEE-HELP assistance provided for the unit of study, otherwise it is the amount of FEE-HELP assistance (see section 137-10).

The arrangements mean that a student may incur up to \$60,000 in FEE-HELP debts.

Students will be fully informed about the loan fee in the booklet *FEE-HELP Information 2005*. This booklet must be read by students prior to completing a *Request for FEE-HELP assistance* form. All students requesting FEE-HELP Assistance must declare on this form that they have read the information contained in the booklet. Information on the loan fee will also be published on the DEST *going to uni* website, scheduled for release later this year.