

EDUCATION, SCIENCE AND TRAINING

SENATE LEGISLATION COMMITTEE - QUESTIONS ON NOTICE 2003-2004 ADDITIONAL ESTIMATES HEARING

Outcome: 2

Output Group: 2.5 Assistance for post school students including those with special needs

DEST Question No. E930_04

Senator Carr provided in writing.

Question:

- (a) Has the SFSS been considered a financial asset to the Government, like HECS?
- (b) What does the cost of abolishing the scheme represent?
- (c) Is it the fact that the Youth Allowance, Abstudy and other money will now have to be paid as an allowance, instead of as a loan?
- (d) Why does the Government believe that more than half the loans provided under SFSS will never be repaid?
- (e) Why is this figure so much higher than the equivalent doubtful debt figure for HECS?

Answer:

The Student Financial Supplement Scheme (SFSS)

- (a) Yes. The SFSS is considered a financial asset to the Government (Source *Department of Education, Science and Training Annual Report 2002-03* pages 164 and 192).
- (b) The cost of closing the scheme represents the costs associated with the administration of the scheme until the current loans are either repaid or transferred to the Australian Taxation Office and students no longer trading in part of their Living Allowance or Pensioner Education Supplement entitlement.
- (c) Yes. Students will no longer be able to forgo part of their Living Allowance or Pensioner Education Supplement for a loan of twice that amount.
- (d) The Australian Government relies on advice from the Australian Government Actuary which has estimated the level of doubtful debt relating to the SFSS.
- (e) The doubtful debt figure for the SFSS cannot be compared with the doubtful debt for HECS. Both HECS and the SFSS are loans that are repayable on an income-contingent basis. The SFSS, however, was payable to all tertiary students and was not limited to those students undertaking HECS liable higher education courses.