

EDUCATION, SCIENCE AND TRAINING

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

Outcome: 2.

Output Group: 2.4 – Funding for Higher Education

DEST Question No. E669_05

Senator Crossin provided in writing.

Question:

I understand that from 1 January 2005, permanent residents who are studying at university now have to pay HECS fees up front and cannot defer them (only citizens can do this).

- a) What are the reasons for this change in policy?
- b) How many students will this affect?

Answer:

Permanent residents eligibility for HECS

a) From 1 January 2005, only Australian citizens and holders of permanent humanitarian visas are able to access a loan for their student contribution through HECS-HELP. The only exception to this is where the student commenced his or her course of study before 2005 and has not discontinued or completed the requirements of the course. In these cases, students may access a HECS-HELP loan under the old HECS eligibility rules for deferred payment until the end of 2008.

This change in policy allows the Australian Government to close off the debt avoidance potential associated with permanent residents borrowing through HECS-HELP and then moving back overseas.

- b) The number of students affected in 2005 is not yet available.

Data for 2003 (the last available) indicate that there were 6,117 holders of permanent visas who commenced study in that year. Of these, 3,838 students deferred the cost of their studies through a HECS loan.