

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. E753_05

Senator Carr provided in writing.

Question:

- a) Can DEST explain the exact process whereby a university loses money, as claimed in the SMH of 10 January 2005, if a student drops out of his or her course?
- b) How does DEST recoup money already disbursed to a university with respect to a given student?
- c) When can or does that occur during the annual academic and reporting cycle?
- d) Under what provision of the HESA Act does that happen?
- e) What are the penalties for not returning the funds?
- f) How and when are they applied?
- g) How much money did DEST recoup in 2003-04 from universities in this way?
- h) What happens to this money?

Answer:

University attrition

- a) Under the *Higher Education Support Act 2003* (HESA), Commonwealth Grant Scheme (CGS) funds and HELP loans are available only in respect of students who are enrolled at the end of the census date. HESA also requires the repayment of any HELP amounts that become payable on a census date if a student has his or her Student Learning Entitlement (SLE) or FEE-HELP balance re-credited after the census date due to special circumstances.
- b) Providers must submit information to DEST on re-credits of students' SLE or FEE-HELP balance through the *SLE and HELP Revisions File*, which is part of the *Higher Education Student Collection*. This information is used to adjust the HELP payments made to a provider.
- c) The reconciliation of HELP amounts will occur twice yearly, in September (mid-year reconciliation) and April (final reconciliation for the preceding calendar year).
- d) The provisions in HESA requiring providers to repay amounts of HECS-HELP or FEE-HELP assistance are contained in sections 36-20, 36-22, and 110-5.
- e) and f) There are no set penalties for not returning funds. This issue does not arise as any funds to be returned are recovered from future payments or as debts to the Australian Government.

g) In the 2003-04 financial year, the authority for recovering money was contained in the *Higher Education Funding Act 1988* (HEFA). Under HEFA, only Postgraduate Education Loan Scheme (PELS) and Bridging for Overseas Trained Professionals Loan Scheme (BOTPLS) debts that were remitted in special circumstances were required to be repaid by providers. Remission of Higher Education Contribution Scheme (HECS) debts was an expense to the Commonwealth.

The remissions made in 2003-04 for PELS and BOTPLS debts after the census date resulted in \$174,182 being recovered.

h) The money reduces outlays by the Australian Government.