

EDUCATION, SCIENCE AND TRAINING

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

Outcome: 2

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

DEST Question No. E079_05 - Amended

Senator Carr provided in writing.

Question:

In Parliament on 26 May the Minister indicated that the \$377 million in additional HECS will be paid or incurred as debt by students between 2005 and 2008. In Parliament on 1 June, the Minister revised this figure up to \$662 million on the basis that:

“In fact, my department has spent the last week, in fact, further analysing this information and when the department actually takes into account the students in the system who are not effected by this ...”

1. Can you explain how a smaller number of students being affected would result in an 80 per cent increase in additional HECS being paid by students over the next four years?
2. Who requested this advice?
3. Who was the contact officer in the Minister's office?
4. When was the original advice provided to the Minister's office?
5. When was the revised advice provided to the Minister's office?

Answer:

Additional HECS Debt

1. The estimate of \$377 million on 26 May 2004 was based on 2003 actual enrolment EFTSU, adjusted to reflect the estimated 2005 commencing student EFTSU (determined to be 37% of total EFTSU), and the 2005 projected student contribution rates. The 2005 projected rates were then adjusted to reflect the increases of individual institutions as reported in the media. Total additional four-year revenue estimates were based on the estimated additional revenue for 2005, multiplied by four years. These preliminary estimates did not take into account further increases in student contributions after 2005 (through indexation) or the phase out of grandfathered students who are not affected by the increases in student contributions until the end of 2008 or their status changes.

The more detailed analysis resulting in the revised estimate of \$663 million (1 June 2004) took into account the phase out of grandfathered students and indexation. Estimates were calculated for each year from 2005 to 2008. The number of students being affected by student contribution increases in 2005 did not change from the initial estimates. The number of students affected in 2006 to 2008 increased from the initial estimate as a result of the phase out of existing students being incorporated into the estimate calculation. That is, as

grandfathered students complete their course, new students come into the system on the increased rates

2. and 3. The Minister requested this advice through staff.
4. The original advice was provided on 25 May 2004.
5. The revised advice was provided on the 31 May 2004.