

EDUCATION, SCIENCE AND TRAINING

SENATE LEGISLATION COMMITTEE - QUESTIONS ON NOTICE 2005-2006 BUDGET ESTIMATES HEARING

Outcome: 2

Output Group: 2.4 – Funding for Higher Education

DEST Question No. E345_06

Senator Carr provided in writing:

Question:

The report [on the Review of Higher Education Indexation Arrangements] says that the Australian Government has primary responsibility for the public funding of the higher education sector, including student loan arrangements and scholarships.

Does this imply that there is a public subsidy through student loan arrangements? Does this imply that private institutions with access to FEE-HELP are in receipt of indirect public subsidies?

Answer:

Review of Higher Education Arrangements

There is a cost to the Commonwealth of providing FEE-HELP loans to students. This includes the costs associated with doubtful debt, write-downs of debt and bonuses for voluntary repayments. These costs are a subsidy to students rather than institutions.