

EDUCATION, SCIENCE AND TRAINING

SENATE LEGISLATION COMMITTEE - QUESTIONS ON NOTICE 2007-2008 BUDGET ESTIMATES HEARING

Outcome

DEST Question No. E085_08

Senator Carr asked on 31 May 2007, EWRE Hansard page 39.

Question:

Senator CARR—Are you able to tell me what the outstanding debt levels are?

Mr Kimber—I do not think I have those details, but I can take that on notice and give it to you.

Senator CARR—In that advice can you also tell me the average length of time taken to repay this debt.

Mr Kimber—We will have to take that on notice.

Answer:

Student Financial Supplement Scheme

Students who took out SFSS loans had a five year 'voluntary repayment period' during which they were not required to repay the loan. At the end of the fifth year the outstanding debt (if any) is transferred to the Australian Taxation Office (ATO) for compulsory 'income contingent repayment' through the taxation system. Currently Centrelink manages the SFSS loans during the 'voluntary repayment period'.

As at 30 June 2007, outstanding debt levels in the ABSTUDY and YA/Austudy Student Financial Supplement Scheme (SFSS) are as follows:

SFSS Debt (\$million)	ABSTUDY	YA/Austudy
Centrelink Held (voluntary repayment)	24	113
ATO Held (compulsory, income contingent repayment)	361	1,979
Total	385	2,092

The Department does not have data on the average length of time taken to repay SFSS debt. The Student Financial Supplement Schemes (SFSS) were reviewed by the Australian Government Actuary in early 2006. The Actuary's report noted that very little repayment data are available as the SFSS is still a relatively young scheme, even though it was started in 1993. The report further concluded that the level of doubtful debt increases with the age of participants in the scheme; that larger debts take longer to repay; that loans can take a very long time to repay; and that the actual salaries of the participants over the next 25 years will determine the actual amount repaid.