

EDUCATION, SCIENCE AND TRAINING

SENATE LEGISLATION COMMITTEE - QUESTIONS ON NOTICE 2003-2004 SUPPLEMENTARY BUDGET ESTIMATES HEARING

Outcome: 2

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

DEST Question No. E678_04

Senator Stott Despoja asked on 17 November 2003

Question:

- (a) The FEE-HELP scheme prescribes a repayment method where students' interest-free HECS-HELP debt must be paid off before the interest-bearing FEE-HELP debt. Given it is estimated this will add about \$4,500 to a student's average debt, have you done any modelling on this?
- (b) If so, can you provide details of this modelling?

Answer:

FEE-HELP debt

The modelling of FEE-HELP (Higher Education Loan Programme) represented the expected impact of the new loan arrangements at an aggregate, rather than an individual, level. It constituted an estimate only of the expected impact of the new student loan arrangements on the Commonwealth's financial position as part of the Budget process. Following amendments passed in the Senate, FEE-HELP loans will now be treated as part of a single HELP-debt, with no real interest rate applying.