

2010

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

**HIGHER EDUCATION SUPPORT AMENDMENT (FEE-HELP LOAN FEE)
BILL 2010**

EXPLANATORY MEMORANDUM

(Circulated by authority of the Minister for Tertiary Education, Skills, Jobs and
Workplace Relations)

HIGHER EDUCATION SUPPORT AMENDMENT (FEE-HELP LOAN FEE) BILL 2010

OUTLINE

The Bill will amend paragraph 137-10(2)(a) of the *Higher Education Support Act 2003* to increase the FEE-HELP 'loan fee' from 20 per cent to 25 per cent, to commence from 1 January 2011.

Eligible fee paying students can use a FEE-HELP loan to pay the tuition fee for eligible units of study. When the unit of study is undertaken as part of an undergraduate course of study a loan fee applies. The loan fee is included as part of the FEE-HELP debt incurred for the unit of study. The Bill has the effect of increasing the FEE-HELP debt from 120 per cent to 125 per cent of the loan amount.

The amendment will give effect to a recommendation of the Review of Australian Higher Education, that the loan fee for FEE-HELP for fee paying undergraduate students be increased to 25 per cent.

FINANCIAL IMPACT

The estimated financial impact of the increase in the loan fee, based on a commencement date of 1 July 2010, as at the Mid Year Economic and Fiscal Outlook 2009-10, was \$+42.9 million (fiscal balance) over the period 2010-11 to 2012-13.

The Bill provides for a commencement date of 1 January 2011. The adjustment to the cost of the measure for this commencement date is \$-7.0 million (fiscal balance) over the period 2010-11 to 2013-14.

HIGHER EDUCATION SUPPORT AMENDMENT (FEE-HELP LOAN FEE) BILL 2010

NOTES ON CLAUSES

Clause 1 - Short title

Provides for the Act to be cited as the *Higher Education Support Amendment (FEE-HELP Loan Fee) Act 2010*.

Clause 2 - Commencement

Provides that the Act commences on the day on which it receives Royal Assent.

Clause 3 - Schedule(s)

Provides that each Act that is specified in a Schedule is amended or repealed as set out in the applicable items in the Schedule and that any other item in a Schedule has effect according to its terms.

Schedule 1—Amendments

Higher Education Support Act 2003

Item 1 – Paragraph 137-10(2)(a)

Item 1 increases the amount of the FEE-HELP debt which is incurred under paragraph 137-10(2)(a) from 120% to 125%.

Subsection 137-10(2) provides that the amount of a FEE-HELP debt is:

- (a) if the loan relates to FEE-HELP assistance for a unit of study that forms part of an undergraduate course of study – an amount equal to 120% of the loan; or
- (b) if, paragraph (a) does not apply – the amount of the loan.

This amendment will increase the FEE-HELP debt for those people to whom paragraph 137-10(2)(a) applies.

Item 2 – Application

Item 2 contains an application provision which provides that the increase in the FEE-HELP debts in Item 1 will apply to FEE-HELP debts incurred on or after 1 January 2011 in relation to units of study whose census dates are on or after 1 January 2011.