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 Education the Honourable Julia Gillard MP)
HIGHER EDUCATION SUPPORT AMENDMENT (FEE-HELP LOAN FEE) BILL 2010

OUTLINE

The Bill will amend section 137-10(2)(a) of the *Higher Education Support Act 2003* to increase the amount of the FEE-HELP debt to 125 per cent of the loan.

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

FINANCIAL IMPACT

The estimated financial impact of the increase in the loan fee is $17.6 million on fiscal balance over the period 2010-11 to 2012-13.
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 2009.

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Provides that each Act that is specified in a Schedule is amended or repealed as set out in the applicable items in the Schedule and that any other item in a Schedule has effect according to its terms.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 July 2010 in relation to units of study whose census dates are on or after 1 July 2010.