EXPLANATORY STATEMENT

Guidelines issued under subsection 238-10 of the Higher Education Support Act 2003

HECS-HELP Benefit Guidelines

Issued by the authority of the Minister for Education

Subject: Higher Education Support Act 2003
        HECS-HELP Benefit Guidelines

Authority

Section 238-10 of the Higher Education Support Act 2003 (‘the Act’) provides that the Minister may make guidelines providing for matters required or permitted by the Act or necessary or convenient to be provided in order to carry out or give effect to the Act. In particular section 238-10 specifies the Minister may make HECS-HELP Benefit Guidelines (‘the Guidelines’) matters set out in Part 4-2 of the Act.

The provisions of Part 4-2, and in particular Division 157 indicate when a particular matter is or may be dealt with in these Guidelines.

Purpose and operation

The purpose of the HECS-HELP Benefit Guidelines is to specify:

• the eligibility requirements for the HECS-HELP benefit;
• how the amount of an eligible person’s HECS-HELP benefit for an income year is worked out;
• the form, manner and time within which an eligible person must apply for the HECS-HELP benefit;
• the time within which the Commissioner of Taxation must notify an applicant of a determination of their HECS-HELP benefit.

Commencement

The Guidelines commence on the day after the day on which they are registered on the Federal Register of Legislative Instruments.

Consultation

The Guidelines give effect to an election commitment. They are to be used by the Commissioner of Taxation in administering the HECS-HELP benefit. The Australian Taxation Office has been consulted extensively on development of the Guidelines and is in agreement with them.
Overview of the HECS-HELP Benefit Guidelines

Chapter 1 – Introduction

The purpose of this chapter is to set out the purpose of the Guidelines and to define terms used in the Guidelines.

In particular, the following terms that bear on a person’s eligibility for the HECS-HELP benefit are defined:

- A person’s Debt incurred at course completion constitutes a cap on the amount of the HECS-HELP benefit that a person can receive in relation to an eligible course of study and relates to the amount of the person’s HELP debt that was incurred at the time of completion of their mathematics/science course or their early childhood education teaching course;
- Employed week sets 15 hours as the minimum number of hours in a week that a person must work in order to be eligible for the HECS-HELP benefit for that week in an income year;
- Entitlement weeks sets 260 weeks as the maximum number of weeks over a lifetime that a person can claim the HECS-HELP benefit in relation to an eligible course of study; and
- Relevant debt defines that part of the a person’s accumulated HELP debt, adjusted for further study, indexation and any discharge of the debt amount, that is used in the calculation of the person’s Debt incurred at course completion.

Chapter 2 – Eligibility Requirements

This chapter specifies the eligibility requirements for the HECS-HELP benefit for a person for an income year in accordance with section 157-1 of the Act. Specifically it defines who is eligible for the HECS-HELP benefit as a mathematics or science graduate and who is eligible for the HECS-HELP benefit as an early childhood education teacher.

Section 2.5 specifies that to be eligible as a mathematics or science graduate, a person must have completed an eligible course in the second half of 2008 or later, have a HELP debt at completion of that course and not have discharged their HELP debt in the intervening time, and be employed in a designated occupation listed in the Guidelines. The person must also have a requirement to make a compulsory repayment of their HELP debt for the income year in which they are claiming the HECS-HELP benefit.

Section 2.10 lists the eligible occupations for a mathematics or science graduate.

Section 2.15 specifies that to be eligible as an early childhood education teacher, a person must have completed an eligible course, have incurred a HECS or HELP debt at completion of that course and not have discharged their HECS/HELP debt in the intervening time, be employed as an early childhood education teacher (as defined in Chapter 1) in a location with a postcode listed in the Guidelines that lists postcodes for regional or remote areas, Indigenous Australian communities or areas of high socio-economic disadvantage.

To be eligible for the HECS-HELP benefit as an early childhood education teacher a person is not required to have a compulsory repayment amount for their HELP debt in the income year for which they are applying for the HECS-HELP benefit. If the person is not required to make a compulsory repayment of their HELP debt, the amount of their HECS-HELP benefit is deducted from the amount of their accumulated HELP debt.
Chapter 3 – Working out an Eligible person’s HECS-HELP Benefit for an Income Year

This chapter specifies how an eligible person’s HECS-HELP benefit amount for an income year is worked out in accordance with section 157-15(1) of the Act.

Section 3.5 specifies that for the first year of the scheme (2008-09) the maximum HECS-HELP benefit for a mathematics and science graduate will be $1,500 and for an early childhood education teacher will be $1,600. These amounts represent around half on average of a person’s compulsory repayment and are consistent with the Government’s commitments to halve an eligible person’s HELP debt repayments. The chapter specifies the rules for the indexation of these amounts, consistent with other indexation arrangements in the Act.

Section 3.10 sets out the manner of calculation of the HECS-HELP benefit for a person who is a mathematics or science graduate and separately for a person who is eligible for the HECS-HELP benefit as an early childhood education teacher. It also addresses the circumstance where a person is eligible for the HECS-HELP benefit as both a mathematics or science graduate and an early childhood education teacher in the same income year and the sum of the amounts of the benefit calculated for each category of eligibility would exceed the person’s compulsory repayment amount.

Section 3.15 provides four examples of the calculation of the HECS-HELP benefit to assist in interpretation of the Guidelines.
Chapter 4 – Applying for the HECS-HELP Benefit

This chapter specifies for the purposes of subsection 157-5 of the Act the manner in which a person must apply to the Commissioner of Taxation for the HECS-HELP benefit, the information that must be included in an application form and the time within which an application must be made.

Section 4.5 specifies that an application for the HECS-HELP benefit must be made in a form approved by the Commissioner of Taxation and in accordance with instructions issued by the Commissioner. This section also specifies that an application is valid only if the applicant lodges an income tax return for the income year or advises the Commissioner that they are not required to do so.

Section 4.10 specifies that the application form must contain enough information to identify the applicant and assess their eligibility for the HECS – HELP benefit and allows for other information to be required to be attached to the form.

Section 4.15 provides for a limit of two years from the end of an income year to apply for the HECS-HELP benefit for that year.

Chapter 5 – Notifications of Determinations made by the Minister

This chapter specifies for the purposes of subsection 157-25 of the Act the time within which the Commissioner must notify an applicant in writing of his or her determination of the person’s HECS-HELP benefit.