

1980-82

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

THE SENATE

STUDENT ASSISTANCE (LOANS GUARANTEE AND SUBSIDY) BILL 1982

EXPLANATORY MEMORANDUM

(Circulated by authority of the Minister for Education,
Senator the Hon Peter Baume)

OUTLINE

The Bill provides a legislative basis for the Commonwealth to subsidise the interest charged by banks on approved loans to students and for the Commonwealth to give guarantees to banks that it will repay the outstanding debts on approved loans within prescribed limits. It also covers the eligibility conditions for approved loans. Approved loans are to assist students with education and living expenses.

NOTES ON CLAUSES

Clause 1: Short title.

Clause 2: Commencement date.

Clause 3: Interpretation.

This clause defines a number of terms used in the Bill and the conditions for eligibility for a loan. An "approved loan", for example, is a loan made on terms, which will be prescribed in regulations, by a bank to a student for education and living expenses. To qualify for an approved loan a student either must:

- (a) be eligible for a TEAS living allowance;
- (b) be eligible for a Commonwealth Postgraduate Award;
- (c) be eligible for a living allowance under other student assistance schemes for which full-time enrolment is a condition of eligibility (eg the Adult Secondary Education Assistance Scheme);
- (d) be eligible for a living allowance under a scheme and the Minister must be satisfied that he is enrolled on a full-time basis (eg the Aboriginal Study Grants Scheme);

or

- (e) meet a means test (defined in regulations) and be studying on a full-time basis.

Clause 4: Guarantees by the Commonwealth.

This clause provides for the Treasurer to make guarantees to banks to cover the repayment of outstanding debts (principal and interest) on any approved loans made by the banks to students. However the Treasurer will not give guarantees for loans in excess of \$1,000 per annum or \$8,000 in toto per student (these figures are to be covered by regulations).

Clause 5: Limitation on amount of principal moneys guaranteed.

The value of guarantees in any year of principal moneys shall not exceed \$50m or any greater amount prescribed in regulations.

Clause 6: Validity of guarantees.

This clause provides an assurance to the banks that guarantees will be honoured even where technicalities might otherwise invalidate them.

Clause 7: Recovery, with interest, of any money expended by the Commonwealth.

This clause enables the Commonwealth to recover debts, with appropriate interest charges, from persons for whom it has made payments under guarantees to banks where those persons have defaulted on approved loans.

Clause 8: Subsidy of interest .

This clause provides for the Minister to arrange for payments to the banks to cover the subsidy on the interest to be charged by banks on approved loans. The interest subsidy is to be 5 per cent.

Clause 9: Delegation .

This clause enables the Treasurer and the Minister to delegate their powers under the Bill.

Clause 10: Annual Report .

This clause provides for the Minister to make annual reports to Parliament on the operation of the loans scheme.

Clause 11: Regulations .

This clause enables the Governor-General to make regulations for the operation of the Act.