



EDUCATION AND NURSING STUDENT CONTRIBUTION AND HELP REPAYMENT REDUCTION FOR EDUCATION AND NURSING GRADUATES

Higher Education Loan Program (HELP) debt repayments will be reduced for education and nursing graduates to encourage them to take up and remain employed in teaching and nursing professions. The Rudd Government will provide \$83 million over four years for this measure.

The HELP repayment reduction will encourage eligible education and nursing graduates to work in teaching or nursing professions. There are shortages in both professions.

The maximum annual student contribution amount for education and nursing units of study will be increased from the national priority rate to the band 1 rate. The Government will commit \$33 million over the next four years to this measure, resulting from increased HECS-HELP assistance for students.

The increase in student contributions will provide extra revenue for higher education providers that will be available to improve the resourcing of education and nursing courses.

What will this mean for students and graduates?

HELP repayment reduction

Eligible education and nursing graduates who work in teaching or nursing professions will be able to apply for a reduction of their compulsory HELP debt repayments (with a commensurate reduction in the debt balance). The reduction will be a new type of HECS-HELP Benefit governed by the *Higher Education Support Act 2003* and related *HECS-HELP Benefit Guidelines*.

The HECS-HELP Benefit currently applies to mathematics and science graduates and eligible early childhood education teachers.

Students who graduate from courses of study that are required for initial entry to teaching or nursing from second semester 2009 onwards will be eligible to receive the reduction if they work in a teaching or nursing profession.

The maximum reduction will be \$1536 for the 2009-10 income year (indexed in later years). A person will be able to receive the benefit for up to a lifetime maximum of 260 weeks (five years) of eligible employment.

The Tax Office will receive and assess applications in line with the processes that have been developed for the HECS-HELP Benefit for mathematics, science and early childhood education.

Eligible education or nursing students who end up working in their field of study will be up to around \$4000 better off and will also benefit from a higher quality education experience.

For example, a student who starts their education or nursing degree in 2010 will have increased student contributions of around \$3,500 over a three year degree. If they take out a HECS-HELP loan, this will be the extra that they will borrow. When they start working as a teacher or nurse and their income reaches the threshold for making compulsory repayments (\$ 41,595 currently) they will be able to claim the HELP payment reduction. If their income for a full year's work as a teacher or nurse is \$50,000, for example, their repayment will be reduced from around \$2,250 to around \$700. For the full period of 260 weeks they can claim, they will save more than \$7,500.

Education and nursing student contribution

The maximum annual student contribution amount for education and nursing units of study will be increased from the national priority rate to the band 1 rate (\$4162 and \$5201 respectively in 2009, indexed in later years).

The changes will apply to commencing Commonwealth supported students from 1 January 2010. Existing students will continue under current arrangements.

Next steps

The *Higher Education Support Act 2003* will be amended to increase the maximum student contribution to apply to commencing students from 1 January 2010.

The *HECS-HELP Benefit Guidelines* will be amended to enable eligible education and nursing graduates to apply for the benefit.

