

1. You have said that you “don’t feel very comfortable about any loan caps, particularly if private providers have price discretion and might end up setting prices that are higher than somebody’s cap”. Can you elaborate on this point? Also, have you examined the University of Melbourne’s graduate model where fees are often set above the current FEE-HELP cap?

*Response: Loan caps for particular courses can mean that in some instances prospective students might need to find money to cover the difference between the charge and the loan cap. This has the unfortunate implication of implying an up-front fee which some poor prospective students would not be able to afford. I haven't seen the UoM modelling and I will chase it up thanks.*

2. You also said that “I think it's unfortunate when people focus on the stock of the debt”, can you provide a comparison of the HELP debt held by the Commonwealth as compared to other jurisdictions who also have income-contingent loan systems?

*Response: I believe the UK stock of debt is around £100 billion, and my guess is that New Zealand debt would be about \$(NZ) 5-10 billion. The Australian stock is about \$(A)55 billion but note that we would recover about 75% of this while the proportions repaid in the UK and NZ are only around 50%.*

3. Finally, you made that point that you feel unsure about the details of the cap in this bill. Have you any further reflections on the proposed lifetime borrowing cap across all HELP loans? What unintended consequences do you think might arise as a result of the introduction of this cap?

*Response: A lifetime loan cap which is sufficiently high should not be a problem, but we need to avoid the possibility that people in very unusual circumstances are not required to find the money to enrol. Take the case of someone who takes several different courses without completion but then works out what they really want to do and takes a four year expensive course plus a Masters degree. They might hit the loan cap and then be forced to pay for the extra up-front, which will exclude the poor. There needs to be an appeal process for such unusual but legitimate cases. That, with a fairly high lifetime cap (possibly higher than the government is proposing) would likely resolve this potential problem.*