

**Senate Committee: Education and Employment**

**QUESTION ON NOTICE  
Additional Estimates 2014 - 2015**

**Outcome: Higher Education Research and International**

**Department of Education and Training Question No. SQ15-000167**

Senator Carr, Kim provided in writing.

***Modelling of future HELP expenditure***

**Question**

"In QON ED0718\_15, the department says that modelling of future HELP scheme expenditure for the 2014-15 Budget was "not intended" as a prediction of course fees.

- (a) What did the modelling represent?
- (b) What predictions were made?
- (c) Were predictions made about with course fees? If not about course fees, what were the predictions about?
- (d) Can you provide us with details showing on what you based your modelling?
- (e) In this particular answer – and numerous times in other answers – you have provided four times the following sentence:  
"Disclosing Government estimates of student contributions or the assumptions underpinning these would signal estimates to the market in a way which might lead either to collusion or suboptimal market operations."  
What is meant by this sentence?
- (f) Does it indicate that the department is not prepared to disclose the basis on which it has calculated how much expenditure there will be in HELP payments to universities? Or what the so-called "HELP asset" will be worth? Or what will be the doubtful debt liability for the HELP scheme?"

**Answer**

- a) This modelling represented an estimate of the impact of the Government's reforms on the HELP scheme.
- b) As previously advised, the department will not disclose estimates of student contributions as this might lead to suboptimal market operations.
- c) The department formed estimates of average annual student contributions from 2016 for the purpose of estimating the impact on the HELP scheme.
- d) The estimates were based on the total revenue that institutions were expected to receive for each student, moderated by the influence of a deregulated market. The department did not make detailed estimates of student contributions for specific institutions or courses.
- e) In a deregulated market, any Government estimates of student contributions or the assumptions underpinning these would indicate fees to institutions and this could lead to a less effective market.

- f) The Government does not release forward estimates of HELP payments to institutions. It does provide information on the fair value of HELP debt (Budget Paper No. 1, Section 9-25) and the proportion of debt not expected to be repaid (Department of Education Portfolio Budget Statements 2014-15, p. 76). Consistent with past practice, the department works with the Australian Government Actuary to determine estimates of the future value of the HELP asset and the provision for doubtful debt. These estimates are based on historical repayment patterns and estimates of future HELP debt incurred.