

**Senate Committee: Education and Employment**

**QUESTION ON NOTICE  
Budget Estimates 2015 - 2016**

**Outcome: Skills and Training**

**Department of Education and Training Question No. SQ15-000355**

Senator Carr, Kim provided in writing.

***VET FEE-HELP***

**Question**

Senator KIM CARR: How long, in the department's estimate, will it take for a person to pay back their amount if the threshold repayment level of income remains at \$54,126?

Senator Birmingham: That depends on how much their debt is and how much their income is.

Senator KIM CARR: No, at the maximum rate of \$97,000, what is your calculation—

Mr Griew: We would have to take that on notice. That is one variable; then you have to make a set of assumptions about both income levels and a set of macroeconomic projections about interest rates. It is not a straightforward—

Senator KIM CARR: But you can have estimates on these now, can't you? You have actuarial estimates now.

Mr Griew: Yes, but the actuary does not say, 'Let's assume a \$97,000 debt and project forward;' they are looking at the whole stock of debt.

**Answer**

The department is not in a position to answer this question because assumptions would have to be made about income levels and a set of macroeconomic projections about interest rates.

In order to answer this question it would require assumptions around earnings and future indexation that the department is in no place to make.

As an income-contingent loan, the amount of the annual repayment, and therefore the length of time to repay a loan, is highly sensitive to income assumptions.