

**Senate Committee: Education and Employment**

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

**Outcome: Higher Education Research and International**

**Department of Education and Training Question No. SQ15-000429**

Senator Carr, Kim provided in writing

***Proportion of new debt not expected to be repaid***

**Question**

In regards to the proportion of new debt not expected to be repaid:

- (a) The PBS predicts the proportion of new debt not expected to be repaid. For the coming financial year, you expect this to drop from 20% to 19%. Why is this?
- (b) By 2018-19, you expect this figure to have reached just 21%. Can you explain this?
- (c) Why is this figure not higher?
- (d) Last year, you projected a growth in this figure to 23% by 2017-18. Why the drop with the latest projections?

**Answer**

a) The projected fall in new debt not expected to be repaid to 19% in 2015-16, compared to the earlier estimate for 2014-15, reflects a downwards revision to the estimates following the Government's decision to not proceed with its proposal to index HELP debts by the Treasury ten year bond rate.

(b) and (c) Growth in debt not expected to be repaid of new debt has stabilised over recent years. These projections reflect a range of factors, including projected growth in the value of new loans, employment and wage outcomes for previous cohorts of students and the impact of new policy. Such factors can influence the proportion of debtors earning less than the minimum repayment threshold.

(d) See answer to question (a).