

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. SQ15-000436

Senator Carr, Kim provided in writing.

Changes to the Higher Education package announced in MYEFO

Question

In regards to changes to the Higher Education package announced in MYEFO:

- (a) In your answer to QON SQ15-000249, you say that the cost to the Budget of retreating back to CPI as the interest rate on HELP debts – backing down from the plan to apply a real interest rate – will be \$3.1 billion over the forward estimates. Can I confirm that?
- (b) Without a real interest rate, what measures will be adopted to contain and pay for HELP debt?
- (c) The HELP debt of higher education undergraduate students is one component of overall HELP debt, but there is also FEE-HELP for postgraduate students – where fees are already deregulated – and VET FEE-HELP as well. Fees in the private VET sector are also deregulated. Can you confirm that HELP debt as a whole, and HELP doubtful debt, includes debts incurred in these ways as well?
- (d) What is the Government's generalised strategy for dealing with this?

Answer

- (a) Yes, the reversal of the bond rate measure will result in an estimated cost of \$3.1 billion between 2014-15 and 2017-18.
- (b) The Government is taking a range of steps to manage growth and ensure the long term sustainability of the HELP scheme.
 - In the 2014-15 Budget, the Government announced a proposal to introduce a new two per cent minimum repayment threshold, providing for HELP repayments to commence when individuals have repayment incomes of \$50,638 (in 2016-17).
 - The Government has introduced reforms to the VET FEE-HELP student loan scheme to protect students and taxpayers by preventing unscrupulous marketing practices.
 - In the 2015-16 Budget the Government announced that it will introduce arrangements to recover HELP debt from Australians living overseas, on the same income contingent basis as would apply if they were residing in Australia.
- (c) Yes. Estimates of total HELP debt and estimated debt not expected to be repaid (DNER) include debt incurred under all five HELP sub-schemes.
- (d) Refer to response to (b)