QUESTION ON NOTICE
Budget Estimates 2015 - 2016

Outcome: Higher Education Research and International

Department of Education and Training Question No. SQ15-000437

Senator Carr, Kim provided in writing

Estimates of HELP loan debt

Question

In regards to estimates of HELP loan debt:
(a) Can you confirm that the department has predicted a jump in HELP debt from $1.4 billion in 2015 to $2.3 billion in 2018?
(b) Can you confirm that the department said (SQ 15-000170) that it isn't possible to say how much of the expected jump in HELP doubtful debt would be due to non-payment of VET FEE-HELP debt?
(c) Is this calculation made by the Government Actuary, and not by the department? What information and projections are provided to the Actuary to inform this calculation?
(d) Do you provide information separately about each component of HELP (FEE-HELP, HECS-HELP, VET FEE-HELP etc)?
(e) What discussions are held with the Actuary's office about this?
(f) What information does the Actuary seek from the department before making these estimates?"

Answer

(a) No. It was estimated in the department's 2014-15 Portfolio Budget Statement that HELP expenses would increase from $1.4 billion in 2014-15 to $2.3 billion in 2017-18.

(b) In response to SQ15-000170, the department advised that the debts incurred from each of the HELP schemes (HECS-HELP, FEE-HELP, OS-HELP, SA-HELP and VET FEE-HELP) contribute to a person's accumulated HELP debt and are unable to be disaggregated by type of scheme. This makes it difficult to separately identify the proportion of VET FEE-HELP debt that is not expected to be repaid. For this reason, debt not expected to be repaid is only reported for HELP as a whole and not by individual loan scheme.

(c - d) The department calculates the forward estimates of HELP expenses, including expenses relating to debt not expected to be repaid, using information provided by the Australian Government Actuary (AGA).

The following information is provided to AGA each year to enable AGA to estimate the fair value of the HELP receivable:

- student enrolment data

- monthly HELP financial certificates provided by Australian Taxation Office (ATO) that contain the balance of total outstanding debt, repayment information and write offs processed by Australian Taxation Office

- estimate of compulsory repayments on the following year
- forward estimates of new HELP debt by loan type (HECS-HELP, FEE-HELP, OS-HELP and SA-HELP)

- income client and account data from the ATO.

(e) The department has an ongoing dialogue with AGA about the valuation of the HELP loans.

(f) AGA requests the information outlined in response to questions (c) and (d) above.