

Senate Committee: Education and Employment

QUESTION ON NOTICE Budget Estimates 2016 - 2017

Outcome: Higher Education Research and International

Department of Education and Training Question No. SQ16-000770

Senator Carr, Kim asked on 06 May 2016, Proof Hansard page 116

HELP Thresholds

Question

Senator KIM CARR: You have no idea how many extra people would be affected by a reduction of the threshold to \$42,000?

Dr Hart: We do not have that information with us. We would have to take it on notice.

Senator KIM CARR: You do not have it with you or you do not have it?

Dr Hart: I would have to check whether we do have it, in fact.

Senator KIM CARR: I am advised that most of those would be younger taxpayers—57 per cent would be aged 29 or younger. Would you agree with that?

Ms Borthwick: I do not know. We will have to take it on notice.

Senator KIM CARR: What numbers have you done to give the government confidence in the \$42,000 figure?

Senator Birmingham: The government is not expressing confidence in the \$42,000 figure. I think the government identified that that figure had been proposed by others.

Senator KIM CARR: Who was that? You are relying on Grattan, are you?

Senator Birmingham: Grattan is one of many commentators in this space.

Senator KIM CARR: Who else has offered a figure of \$42,000?

Answer

Based on the latest available data from the Australian Taxation Office (ATO) (in respect of the 2014–15 income year), the department estimates that there are approximately 210,000 HELP debtors in the income bracket between \$42,000 and the minimum repayment threshold of \$54,869 in 2016-17.

Based on ATO data the department estimates that 57 per cent of these debtors would likely be aged 29 years or younger compared with 55 per cent of all HELP debtors in this age bracket.

The above estimates are based on the latest available data from the ATO, which is in respect of the 2014–15 income year.

A number of higher education commentators have analysed a reduction to HELP repayment thresholds, including:

- *'Feasibility and design of a tertiary education entitlement in Australia'* by Professor Bruce Chapman and Dr Tim Higgins (July 2015) modelled a number of scenarios including reduction of the minimum threshold to \$40,000 or lower, and applying a commensurately lower repayment rate.
- *'Does the Australian Higher Education Loan Program (HELP) undermine personal income tax integrity?'* by Professor Neil Warren and Richard Highfield (January 2015) supported lowering the repayment threshold by at least \$10,000.

- 'HELP for the future: fairer repayment of student debt' by Andrew Norton (Grattan Institute) (March 2016) outlined a proposal to reduce the initial HELP repayment threshold to \$42,000 in 2016-17.
- Prior to the 2014–15 Budget the National Commission of Audit recommended lowering the repayment threshold to the minimum wage.