

Senate Committee: Education and Employment

QUESTION ON NOTICE Budget Estimates 2017 - 2018

Outcome: Higher Education Research and International

Department of Education and Training Question No. SQ17-000581

Senator Hanson-Young, Sarah asked on 31 May 2017, Proof Hansard page 47

HELP

Question

Senator HANSON-YOUNG: You are saying that in four years time it is going to be more than \$52 billion?

Mr Learmonth: If you step out the four years in terms of the fair value of the debt, it is \$52 billion, just under \$60 billion, \$67 billion and \$76 billion. So it will continue under the current reform settings for the HELP programs to grow very substantially, hence the need for a sustainability measure.

Senator HANSON-YOUNG: How much of that \$52 billion includes the rorts from the VET sector?

Mr Learmonth: I am not sure. We will take that on notice. I think we might have a definitional issue there too.

Senator HANSON-YOUNG: I do not know how else you would describe it. Take on notice how much of the \$52 billion is made up of the blow-out of debts incurred under the VET scheme.

Mr Learmonth: We will do that with the proviso that I do not know that we can distinguish within the VET FEE-HELP program—

Answer

The Higher Education Loan Program (HELP) consists of the HECS-HELP, FEE-HELP, SA-HELP, OS-HELP, VET FEE-HELP schemes and VET Student Loans program. The debts incurred from each of these schemes form part of the accumulated HELP debt (recorded by the Australian Taxation Office) on 1 June of each year and are unable to be disaggregated by type of scheme once this occurs.

The Australian Government Actuary (AGA) undertakes an actuarial assessment of the fair value of the HELP receivable on an annual basis. For its 2015–16 assessment, AGA made a downward adjustment to the opening balance of the fair value of the HELP receivable. A number of VET FEE-HELP providers were subject to litigation matters surrounding malpractice. Based on the evidence, the actuary deemed the outstanding debt for 20 per cent of those who incurred a VET FEE-HELP debt in 2014 and 2015 as effectively irrecoverable, thus removing around \$1.2 billion of the debt.

Source: Department of Education and Training Annual Report 2015–16, Page 150