

**Senate Standing Committee on Education and Employment - Education**

**QUESTIONS ON NOTICE  
Supplementary Budget Estimates 2014-2015**

**Outcome 3 - Higher Education, Reform & Support**

**Department of Education Question No. ED0725\_15**

**Senator Carr asked on 14 November 2014 , Hansard page 69**

**Question**

**asset value of the HELP debt & impact on the budget**

Mr Griew: One of the drivers of the change from 17 per cent to 23 per cent is the demand-driven system. Senator KIM CARR: So you are anticipating a figure of 23 per cent based on actuarial advice? Mr Griew: That is right. Senator KIM CARR: Is there a government subsidy in that the bad debt? Mr Griew: That is what we expense. Senator KIM CARR: It is an expense, is it not? Mr Griew: That is part of the composition of the subprogram. I forget what it is these days because we have changed the numbering. It used to be 3.2. It is the HELP program. Senator KIM CARR: If the Senate does not agree to the government's changes, what is your expectation of the bad debt then? Mr Griew: We would have to take that on notice and we would have to speak to the actuary. I would make the point that a significant part of the increase from 17 per cent to 23 per cent is the impact of the demand-driven system, not of these changes. Senator KIM CARR: What is the effect on the budget? What does the movement from 17 per cent to 23 per cent do in terms of the impact on the budget? Mr Griew: It would be a component of what you see in the estimates. Senator KIM CARR: How much is that figure? Mr Griew: I would have to take that on notice. It would be a component of that.

**Answer**

If the Government's 2014-15 Budget changes were not passed by the Senate, it would be reasonable to expect that the proportion of new debt not expected to be repaid (DNER) would be in line with recent trends. The 2013-14 Portfolio Budget Statements indicated that, based on recent trends, DNER could potentially reach 22 per cent in 2016-17.

The department is unable to separately identify the impact of changes in DNER on the budget estimates