

**Senate Committee: Education and Employment**

**QUESTION ON NOTICE  
Supplementary Budget Estimates 2016 - 2017**

**Outcome: Higher Education Research and International**

**Department of Education and Training Question No. SQ16-000888**

Senator Collins, Jacinta provided in writing

***HECS-HELP loan fee - impact of loan fee***

**Question**

Has the Department any modelling about the impact of a loan fee on the HECS-HELP program?

If so, can the Department provide details about this impact according to:

- (a) the long-term impact on student debt?
- (b) impacts on enrolments generally?
- (c) impact on enrolments from students from low-SES and other disadvantaged backgrounds?
- (d) impact on enrolments for indigenous students?

**Answer**

Yes, the Department of Education and Training has undertaken research and analysis on the impact a loan fee would have on the Higher Education Loan Program (HELP). This includes reviewing work undertaken by various commentators including Professor Bruce Chapman and Dr Tim Higgins and the Grattan Institute.

- (a) The impact on the value of student debt would depend on the rate of any loan fee set for the HELP scheme. In the absence of other changes, introducing a loan fee where one does not currently exist would offset the cost to the Government of providing HELP loans and reduce the costs of the HELP scheme to the Budget in the long run. However, in the short run, before the loan fees are repaid through the tax system there would be an initial increase in the fair value of outstanding HELP debt.
- (b) A loan fee is not expected to impact significantly on enrolments due to the income-contingent nature of HELP where eligible students do not pay any tuition fees upfront and do not repay until they earn over an income threshold.
- (c) and (d) See the response to (b).