

Senate Committee: Education and Employment

**QUESTION ON NOTICE
Supplementary Budget Estimates 2015 - 2016**

Outcome: Higher Education Research and International

Department of Education and Training Question No. SQ15-000975

Senator Ludwig, Joe provided in writing

HELP Debt

Question

1. What is the latest estimate of the amount of HELP debt outstanding and owing to the Commonwealth?
2. How much of the amount owing to the Commonwealth is considered a 'doubtful debt'?
 - a) If not, how is it described?
 - b) How is it expressed in the budget?
3. What the latest amount of HELP debt written off by the Commonwealth?
4. On what basis and what reasoning does the Commonwealth use to write off HELP debt?
 - a) Please provide details.
5. Of the HELP debt written off, does this absolve the person owing that debt from ever having to repay that debt to the Commonwealth?
 - a) If so, please provide details.
6. Does the Commonwealth employ private debt collection agencies to collect any outstanding HELP debt?
 - a) If so, please provide details.
7. In regards to the HELP debt written off and therefore considered non-recoverable, has the Commonwealth ever sold any of this written off debt to an external third party?
 - a) If so, please provide details.
 - b) If not, why not?
8. Is there any legislative bar to the Commonwealth from selling written off HELP debt to an external third party? If so, provide details.

Answer

1. The estimated fair value of HELP debt, which is the Government's valuation of the outstanding HELP debt that is expected to be repaid, in 2015–16 is \$36.5 billion.
2. Doubtful debt is described as 'debt not expected to be repaid' (DNER) in the Budget papers. It is expressed as a percentage of new debt that is not expected to be repaid. Currently approximately 19 per cent of new debt is not expected to be repaid.
3. Between 2013–14 and 2014–15, \$11.7 million of HELP debt was written off. Around \$95 million of HELP debt has been written off since 1989 (when the scheme commenced).
4. HELP debt is generally only written off on the death of the debtor. It may also be written off in special circumstances, for example where a living debtor, due to extreme disability or hardship, is unlikely to ever repay their debt. The debtor needs to make a claim to the Department of Finance to have their debt written off.
5. Yes. Once a HELP debt is written off it no longer has to be repaid.
6. No.

7. No, HELP doubtful debt has never been sold off to a third party. In 2014 the National Commission of Audit considered the option of selling HELP debt more generally, known as 'securitising' HELP debt. Their report to government (at p.156 of http://www.ncoa.gov.au/report/docs/phase_one_report.pdf) recommended not proceeding with this option as it was unlikely to be a good investment for the private sector, nor yield an acceptable sale price for the Commonwealth.
8. The department is not aware of any specific legislative barriers to selling written off HELP debt to a third party. However, repayment and recovery of any debt sold off would be subject to the legislation governing the repayment arrangements contained in the *Higher Education Support Act 2003*, which would limit the options for debt recovery, and potentially the attractiveness of such an option, to that third party.