

EDUCATION, SCIENCE AND TRAINING

SENATE LEGISLATION COMMITTEE - QUESTIONS ON NOTICE 2005-2006 ADDITIONAL ESTIMATES HEARING

Outcome: 2
Output Group: Various

DEST Question No. E1025_06

Senator Wong asked provided in writing.

Question:

DEST Additional Estimates Statements

Table 3.7, expenses administered on behalf of the Government – write down of assets – Bad & Doubtful debts, increased from \$6.5m in 2004-05 to \$392m 2005-06, rising to \$522m in 2008-09.

To what debts administered by the Department does this relate?
What is the reason for the significant increase in the write down?
Does this include the Higher Education Loan Program? Please specify the value of the write down as a proportion of HELP debts and other debts.
For the write down of bad & doubtful HELP debts, how much is for (i) HECS HELP, (ii) FEE HELP and (iii) OS HELP?

Answer:

Bad and Doubtful Debts

The expense – write down of assets – Bad & Doubtful debts relates to the following debts administered by the Department.

- HELP debt (HECS-HELP, FEE-HELP and OS-HELP)
- Student Financial Supplement Scheme – Loans (Austudy)
- Student Financial Supplement Scheme – Loans (ABSTUDY)
- Student Allowances (Student Assistance Act) ABSTUDY
- Student Allowance (Social Security Act) Youth Allowance
- Other debts related to payments due to the Department

The write down of assets expense reflects the movement in the provision for doubtful debts. The budget and forward estimates reflect the assumption that as the debt increases the level of doubtful debt will increase accordingly.

In 2004-05 the estimate of the level of doubtful debt was revised downwards for the HECS (now HELP), Student Financial Supplement (Austudy) and Student Allowances (Social Security Act) related debt. As a result, instead of recording an expense as is usually the case, a Revenue (Reversing Previous Asset Write-downs) has been recorded. This revision in 2004-05 is the reason for the increase in expense from 2004-05 to 2005-06.

Estimated HELP debts at 30 June 2006 is	\$13,311,630,000
Estimated write down of assets (HELP debts) for 2005-06	\$394,175,000
Estimated value of non-HELP debts at 30 June is	\$2,621,526,000
Estimated write down of assets (non-HELP debts) for 2005-06	-\$1,742,000

Disaggregated data for HECS – HELP, FEE – HELP and OS – HELP bad and doubtful debts are not available.