

EDUCATION, SCIENCE AND TRAINING

SENATE LEGISLATION COMMITTEE - QUESTIONS ON NOTICE SUPPLEMENTARY BUDGET ESTIMATES HEARING

Outcome: 2

Output Group: 2.4 - Funding for Higher Education

DEST Question No. E672_07

Senator Wong asked on 1 November 2006, EWRE Hansard page 57.

Question:

Mr Manns - I think the short answer to your question is that, yes, we model the forward estimates of accumulated HELP debt, which are affected by a whole range of factors, one of which clearly is policy change. It is a learning model in the sense that it picks up changes in observed behaviour of persons' repayment propensities and actual repayment levels. I guess we could give you, perhaps on notice rather than now, an outline of the things that feed into our estimation model –

Senator Wong - That is fine. I would be very happy to receive that.

Answer:

HELP estimates model

The forward estimate of outstanding Higher Education Loan Programme (HELP) debt has two main inputs:

- Estimates of new HELP debts incurred; and
- Factors affecting HELP debts once they are incurred.

The estimate of new HELP debts each financial year depends on the number of students (Equivalent Full-Time Study Load (EFTSL)) estimated to take out a loan and the amount of loan each student will take out (which takes account of the estimated number that will pay student contributions up-front). For HECS-HELP the estimate of student numbers is based on the number of places funded under the Commonwealth Grant Scheme (which includes the effect of new places added to the sector and an estimate of over enrolments).

The major factors affecting HELP debts once incurred are indexation and repayments (compulsory and voluntary). The estimate of repayments may be affected by changes in the repayment threshold.