

When asked for comments to support [the education minister's assertion tested in this FactCheck](#) that Australia runs one of the most generous student loan schemes in the world, a spokesperson for the Department of Education and Training sent the following response to The Conversation:

“Australia has generous student loan schemes, encompassing aid to students of higher education and vocational education and training in the form of Higher Education Loan Programme (HELP) loans, and apprentices in the form of Trade Support Loans (TSL). These loans are available to Australian citizens, permanent humanitarian visa holders and certain New Zealand citizens studying in eligible courses.

Compared to other student loan schemes, the income-contingent nature of both HELP and TSL protects low income earners from making loan repayments they may not be able to afford. Australia's student loan schemes allow deferment of repayment obligations in cases of extreme financial hardship.

Countries such as the United States of America rely on various forms of tuition assistance, including financial aid based on means testing, private loans and limited state and federal government loans that are not income contingent.

During the life of the loan Australian students pay no real interest rate. Rather, student loans are indexed annually according to the Consumer Price Index. As rate of indexation on outstanding HELP loans is below the Commonwealth government borrowing rate, an additional subsidy is effectively provided to students. For comparison, student loans in the United Kingdom (UK) are indexed according to the Retail Price Index plus 3%.

Furthermore, Australia has a high minimum repayment threshold relative to other income contingent student loan schemes. The repayment threshold in Australia is \$54,126 in 2015-16.

By comparison, in the UK students are required to make repayments once their income exceeds £17,335 for a loan taken out prior to 1 September 2012 or £21,000 for a loan taken out on or after that date (roughly equivalent to \$35,000 and \$40,000 AUD) and in New Zealand

Full response from spokesperson for the Department of Education and Training

Written by The Conversation USA

students are required to begin making repayments when their income exceeds \$19,084 NZD (roughly equivalent to \$18,000 AUD).

The rate of repayment for Australian students is also lower than that of students in either the UK or New Zealand. Once over the threshold students are required to pay 12% in New Zealand and 9% in the UK of income earned over that threshold. In comparison, repayments towards Australian student loan debts commence at 4% of a person's income and increase along with their income, rising to a maximum of 8% for individuals earning \$100,520 or more.

The recent report [Higher Education in Australia, Department of Education and Training, Canberra, 2015](#) contains summary information on a number of recent reviews of Australia's higher education system including the 2011 Higher Education Base Funding Review (Lomax-Smith Review) which found that Australia's student loan schemes were highly effective.

For additional information refer to: • [UK Student Loans Company website](#) • [New Zealand Inland Revenue Department website](#)

• For current thresholds and up to date information on HELP see the [Study Assist](#) website • [US Department of Education](#)

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Read more <http://theconversation.com/full-response-from-spokesperson-for-the-department-of-education-and-training-52764>