



Senator Lucy Gichuhi
Chair
Senate Education and Employment Legislation Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Senator Gichuhi

Error in evidence provided to the Committee on 5 March 2018

I am writing in relation to evidence given in error to the Senate Education and Employment Legislation Committee (the Committee):

The Department of Education and Training (the department) was invited to address a public hearing of the Committee's Inquiry into the provisions of the Higher Education Support Legislation Amendment (Student Loan Sustainability) Bill 2018 held on 5 March 2018.

At that hearing the department made an unintentional error of fact concerning the implementation cost of the combined lifetime loan limit that has since been corrected via answers to questions taken on notice.

The department stated that the expected use of the funds for this measure was \$10.3 million, with the majority of the cost reflecting accounting treatments of Higher Education Loan Program (HELP) loans. The correct departmental costs to implement the combined loan limit over the four years from 2017-18 is \$10.1 million. This includes:

- \$2.9 million capital expenditure for establishing a new IT system to manage the limit prior to the student being able to defer their tuition fee through a loan.
- \$7.2 million in call centre expenses, Short Message Service (SMS), and additional departmental staff.

In addition, I wish to advise that there was an error in evidence provided about the financial impact statement in the Explanatory Memorandum to the Bill. The department advised that the changes to the combined HELP loan limit would have a cost of \$22.9 million in fiscal balance over the forward estimates, or a cost of \$10 million in underlying cash.

In fact, the financial impact of this measure is a saving of \$3.2 million in fiscal balance terms over the forward estimates, and a cost of \$9.9 million in underlying cash terms. The department is arranging for a correction to the Explanatory Memorandum to be tabled in Parliament.

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On behalf of the department I would like to offer my sincere apology to the Committee.

Yours sincerely

Dom English
Group Manager
Higher Education Group

23 March 2018

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