

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
BUDGET ESTIMATES 2017-18

Finance Portfolio
24-25 May 2017

Department/Agency: Finance
Outcome/Program: 1/1.1
Topic: Higher Education

Senator: Gallagher

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Question:

Senator GALLAGHER: ... In terms of higher education, I will ask some questions around Budget Paper No. 2, pages 81 to 84. If we can get a bit more detail—I think this would probably have to be on notice—on the impact of each individual measure in the two higher education reform measures' descriptions, as there are outlined, in total and for each year of the forward estimates in fiscal balance and underlying cash. Shall I keep going? You have not told me no yet.

Senator Cormann: We will take it on notice.

Senator GALLAGHER: You have not told me no. I am waiting for you to say no.

Senator Cormann: If you want to have answers in the committee—it is an Education question. But if you want to put it on notice, it would be helpful, as always.

Senator GALLAGHER: Okay, all right: the total savings arising from the efficiency dividend of 2½ per cent on the Commonwealth Grant Scheme for the years 2018 and 2019, the extension of the demand-driven funding system to sub-bachelor places, the cessation of loadings for enabling courses, the impact of moving New Zealanders and permanent residents from Commonwealth supported places to full fee places, changes to HELP repayments and indexation arrangements, cuts to the Commonwealth supported places for postgraduate students, measures associated with reform to the Higher Education Participation and Partnerships Program and extension of the Commonwealth support for work experience in industry units. That would be useful.

Senator Cormann: Okay.

Answer:

A breakdown of the 2017-18 Budget measure *Higher Education Reform – a more sustainable higher education sector* is as follows, in fiscal balance (FB) and underlying cash balance (UCB) terms:

		16-17 (\$m)	17-18 (\$m)	18-19 (\$m)	19-20 (\$m)	20-21 (\$m)	Total (\$m)
Increase the student share of teaching costs by 7.5 per cent over four years from 2018 and apply an efficiency dividend of 2.5 per cent on the Commonwealth Grant Scheme (CGS) in 2018 and 2019 ¹	FB	0.0	131.3	403.6	609.6	739.5	1,884.0
	UCB	0.0	134.0	416.4	627.5	762.6	1,940.4
Revising the income thresholds for repayment of Higher Education Loan Program (HELP) debt, repayment rates and the indexation of repayment thresholds	FB	30.7	109.4	137.1	176.9	207.8	662.0
	UCB	0.0	-5.0	59.5	50.4	39.7	144.6
Expand access to HELP and remove access to the Commonwealth Grant Scheme for most non-citizens	FB	0.0	66.2	189.5	331.9	501.1	1,088.6
	UCB	0.0	29.1	87.6	146.8	203.8	467.4
New arrangements for enabling courses (replacing grants with HELP loans)	FB	0.0	13.7	29.5	31.0	32.9	107.1
	UCB	0.0	14.8	31.4	32.1	32.6	110.9
Ceasing the Promotion of Excellence in Learning and Teaching in Higher Education program	FB/ UCB	0.0	1.6	4.9	5.0	5.2	16.8
Transferring the Teaching Awards and the Office of Learning and Teaching Digital Repository to Universities Australia	FB/ UCB	0.0	-0.6	-0.6	-0.6	-0.6	-2.4
Total for this measure	FB	30.7	321.7	764.0	1,153.9	1,485.9	3,756.1
	UCB	0.0	173.9	599.3	861.2	1,043.3	2,677.7

¹ This component of the measure was costed as part of a package consisting of several elements which are interlinked. The elements include: introducing an efficiency dividend of 2.5 per cent in 2018 and 2019 on the CGS; rebalancing contributions towards course fees by increasing student contributions through HELP by 7.5 per cent; adjustments to CGS cluster rates resulting from the impact of the efficiency dividend and rebalanced contributions to base funding rates; and extending the existing medical loading to include veterinary studies and dental studies from 2018 to alleviate the underfunding of these disciplines.

A breakdown of the 2017-18 Budget measure *Higher Education Reform – A fairer and student-focused higher education system* is as follows:

		16-17 (\$m)	17-18 (\$m)	18-19 (\$m)	19-20 (\$m)	20-21 (\$m)	Total (\$m)
A scholarship system for post-graduate places	FB	0.0	16.6	34.4	36.3	38.9	126.2
	UCB	0.0	18.4	37.5	37.8	38.2	132.0
Reform of sub-bachelor arrangements	FB	0.0	18.2	23.4	-1.5	-22.7	17.5
	UCB	0.0	17.6	23.1	-0.4	-20.4	19.9
Performance funding for universities	FB/ UCB	0.0	0.0	0.0	0.0	0.0	0.0
Reform of the Higher Education Participation and Partnerships Program	FB/ UCB	0.0	3.2	5.1	-41.8	30.8	-2.7
Improved support for regional education	FB/ UCB	0.0	-4.6	-5.7	-2.4	-2.4	-15.2
Support for work experience units	FB/ UCB	0.0	-3.5	-6.9	-7.0	-7.1	-24.5
Additional funding for the Tertiary Education Quality Standards Agency	FB/ UCB	0.0	-1.2	-0.5	-0.9	-0.7	-3.3
Transparency for university expenditure	FB/ UCB	0.0	-1.4	-1.0	-1.0	-0.6	-4.1
Review the Australian Qualifications Framework	FB/ UCB	0.0	0.0	0.0	0.0	0.0	0.0
Review the Higher Education Provider Categories	FB/ UCB	0.0	0.0	0.0	0.0	0.0	0.0
Total for this measure	FB	0.0	27.3	48.8	-18.2	36.1	94.0
	UCB	0.0	28.5	51.5	-15.5	37.7	102.2

Note: The financial impacts presented in the tables above include expenses, revenue and capital impacts associated with the Education and Training portfolio. Positive values indicate a save and negative values indicate a spend.