

**Senate Committee: Education and Employment**

**QUESTION ON NOTICE  
Additional Estimates 2014 - 2015**

**Outcome Higher Education Research and International**

**Department of Education and Training Question No. SQ15-000099**

Senator Rhiannon, Lee provided in writing

***Total saving - HIGHER EDUCATION AND RESEARCH REFORM BILL***

**Question**

Considering the following:

- In the May 2014 budget, budget figures stated that the savings associated with lowering the HELP debt repayment threshold and adjusting the indexation of HELP debt would save \$3.2 billion over the forward estimates.
- In the Explanatory Memorandum of the HIGHER EDUCATION AND RESEARCH REFORM BILL 2014, total savings associated with the bill are \$451 million.
- When questioned on this issue of the government presumably saving less as a result of the proposal to drop the change to interest rates, a spokesman for the Minister stated the "\$3.1bn asset writedown to the HECS loan book, a capital item would not impact on the deficit." Source – The Australian, December 4.
- However in the May 2014 budget the government stated that these changes to HECS interest rates were necessary to "repair the Budget".

Which are the correct figures: the government in the May budget or the Minister last December?

**Answer**

The estimated savings from the Government's higher education reform package announced in the 2014-15 Budget were \$3.9 billion over the forward estimates from 2014-15 to 2017-18 (in fiscal balance terms).

The Explanatory Memorandum for the *Higher Education and Research Reform Bill 2014* estimated savings of \$451 million across the four years in fiscal balance terms. This was subsequently revised to \$642 million in the 2014-15 Mid-year Economic and Fiscal Outlook (MYEFO). MYEFO is the most up-to-date and accurate estimate of the financial impact of the reform package as a whole.

The reduction in savings between the May 2014 Budget and MYEFO is primarily due to the Government's decision not to proceed with applying indexation of outstanding debt at the 10 year Government bond rate.