

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. SQ15-000153

Senator Carr, Kim provided in writing

Commonwealth Scholarship Scheme

Question

"ED0669_15 says that the department and the Parliamentary Budget Office's respective estimates of funding "diverge" after the year 2017-18.

- (a) Can you confirm that the PBO estimates that the savings generated by the original package would amount to \$18 billion over eleven years?
- (b) The department says that it agrees with the PBO in its estimates up until 2017-18, but after that the department's estimates vary from those of the PBO, because of "the difficulties associated with medium-term forecasting". What are you referring to here?
- (c) What are the factors that mean that the department's estimates differ from those of the PBO?
- (d) Can you give the Committee those factors in detail, including figures?
- (e) What reduction does the department envisage over eleven years?
- (f) Is the PBO mistaken in its estimates?"

Answer

- (a) In "Projections of Government spending over the medium term", the Parliamentary Budget Office (PBO) has estimated that the impact of 2014-15 Budget measures yet to be legislated, as at August 2014, was -\$18.2 billion.
- (b) Forecasting changes in expenditure over the medium-term is difficult and depends on assumptions regarding enrolments, indexation factors and behavioural impacts relating to HELP repayments.
- (c) and (d) The department is unaware of what assumptions the PBO used in formulating its forecasts and is therefore unable to confirm where the assumptions differ.
- (e) In 2018-19, the department estimates a similar reduction to that estimated by the PBO, while in 2019-20, it estimates that a reduction around \$200 million more than the PBO. It should be noted that these forecasts were developed prior to changes to the Government's higher education reforms, including the removal of the proposal to index HELP debts by the 10-year bond rate. As a result, this figure significantly overestimates the impact of the Government's current reforms.
- (f) The department is not in a position to engage in commentary on the work of other agencies.