

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
SUPPLEMENTARY BUDGET ESTIMATES 2016-17

Finance Portfolio
18 October 2016

Department/Agency: Department of Finance
Outcome/Program: 1/1.1
Topic: Budget impact of changes to VET FEE-HELP

Senator: Gallagher

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Question:

Senator GALLAGHER: There was an announcement by Minister Birmingham last week, I think, on changes to VET FEE-HELP. Could you inform the committee on the budget impact of this—both the fiscal balance and the underlying cash balance?

Ms Huxtable: I might take that on notice, Senator. This VET FEE-HELP area is quite complex and there is a different impact, as I recall it, on fiscal compared to UCB. We might need to take it on notice. Just to make sure, we will liaise with education and make sure that we have got it all broken down.

Senator GALLAGHER: Could I add in, then, any impact on debt as part of that?

Ms Huxtable: Yes. As I said, we will take it on notice, but in the minister's media release he did reference some of the debt reduction figures: \$7 billion across the forwards and \$25 billion over the next 10 years. We can include the debt line in the information that we provide to break that down.

Answer:

The new VET Student Loans scheme is expected to reduce total outstanding HELP debt by \$7 billion across the forward estimates and \$25 billion over the 10 years from 2016-17.

The administered cost of the new scheme is estimated to result in:

- a negative impact of \$13.2 million in underlying cash balance terms over the forward estimates, as a result of lower interest and loan fee receipts associated with a reduction in the value and number of student loans; and
- a positive impact of \$12.8 million in fiscal balance terms over the forward estimates, due to the reduced cost of concessional loans.

The total cost of the VET Student Loans measure, including administered and departmental funding, will have the following negative impact on the underlying cash balance:

\$m	2016-17	2017-18	2018-19	2019-20	Total
Education & Training	-11.1	-15.4	-14.8	-17.2	-58.6