



**Table 1: Financial implications (\$m)<sup>(a)(b)</sup>**

	2019–20	2020–21	2021–22	2022–23	<b>Total to 2022–23</b>
Fiscal balance	-16	-123	-273	-411	<b>-826</b>
Underlying cash balance	-16	-123	-273	-411	<b>-826</b>

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) Figures may not sum to totals due to rounding.

## Key assumptions

In costing this proposal, the Parliamentary Budget Office has made the following assumptions.

- The proposal would not affect projected student numbers (measured in equivalent full-time student load).
  - For Component 1, the assumption that domestic undergraduate student loads are unaffected is consistent with the Department of Education and Training’s projection that the component of the 2017-18 Mid-Year Economic and Fiscal Outlook measure *Higher Education reforms – revised implementation* that capped growth in CGS funding would not affect student loads. As such, its reversal is also not projected to affect student loads.
  - For Component 2, the policy design specifies that the growth in allocated places remains the same as the baseline.
- Voluntary Higher Education Loan Program (HELP) repayments would not be affected by this proposal.
- Demand for HELP loans would not be affected by this proposal.
- The Department of Education and Training would require a small amount of departmental expenditure to administer the proposal.
  - Amending the CGS funding calculation for undergraduate places would not be expected to result in additional departmental expenses as the implementation of Component 1 is expected to be within the scope of administering the existing CGS.
  - The new competitive funding rounds for allocating sub-bachelor, enabling and postgraduate places (Component 2) are assumed to require a small amount of departmental expenditure.
  - A small amount of departmental expenditure has been included for the administration of the infrastructure and priorities pool (Component 4).

## Methodology

### Components 1 and 2

The funding rate for each course cluster in 2019 is derived based on the total allocated CGS funding and the estimated equivalent full-time student load. As specified by the proposal, the funding rates in 2020 are equivalent to those in 2019 and are indexed by the CPI in subsequent years. Total CGS

funding under the proposal is then calculated by multiplying the funding rates by the estimated equivalent full-time student load. The financial impact of the CGS component of the proposal is the difference between the total CGS funding estimates under the proposal and the total baseline CGS funding estimates as at the 2019-20 Pre-election Economic and Fiscal Outlook.

Departmental expenditure estimates for changing funding for allocated places (Component 2) are based on similar-sized programs and account for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance's costing practices.

The estimated equivalent full-time student load per calendar year for undergraduate, postgraduate and sub-bachelor students reflects projections that are based on historical information. The estimated equivalent full-time student load for enabling courses is derived as a proportion of the total estimated equivalent full-time student load for the CGS.

### **Component 3**

The financial impacts of this component are derived by unwinding the 2014-15 Budget measure, updated as at the 2019-20 Pre-election Economic and Fiscal Outlook.

As no departmental expenses were included in the 2014-15 Budget measure, it is not anticipated that the reversal of the measure would have a material impact on departmental expenses.

### **Component 4**

Capped total funding was specified in the policy specification. A small amount of departmental expenditure was factored in for the expected costs of administering the fund.

### **All components**

All estimates have been rounded to the nearest \$1 million.

### **Data sources**

The Department of Education and Training provided:

- the 2019-20 Pre-election Economic and Fiscal Outlook CGS estimates model
- the estimates model for the 2014-15 Budget measure *Expanding Opportunity – more effective Higher Education Participation Programme*
- the estimates model for the 2017-18 Mid-Year Economic and Fiscal Outlook measure *Higher Education reforms – revised implementation*.

The Department of Finance provided indexation and efficiency dividend parameters as at the 2019-20 Pre-election Economic and Fiscal Outlook.

## Attachment A – Higher Education Package – financial implications

**Table A1: Higher Education Package – Fiscal and underlying cash balances (\$m)<sup>(a)(b)</sup>**

	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	2028–29	2029–30	Total to 2022–23	Total to 2029–30
<b>Expenses</b>													
<i>Administered</i>													
<i>Component 1: Amend Commonwealth Grant Scheme funding calculation for undergraduate places</i>	-13	-111	-264	-405	-566	-748	-938	-1,136	-1,344	-1,562	-1,789	-793	-8,876
<i>Component 2: Change funding rates for allocated places</i>	35	72	75	78	81	83	86	88	90	92	95	259	874
<i>Component 3: Reverse the 2014-15 Budget measure Expanding Opportunity – a more effective Higher Education Participation Programme</i>	-8	-17	-17	-17	-18	-18	-19	-19	-20	-20	-21	-59	-193
<i>Component 4: Infrastructure and priorities pool</i>	-30	-67	-67	-67	-67	-	-	-	-	-	-	-231	-298
<b>Total – administered</b>	<b>-16</b>	<b>-123</b>	<b>-273</b>	<b>-411</b>	<b>-570</b>	<b>-683</b>	<b>-871</b>	<b>-1,067</b>	<b>-1,274</b>	<b>-1,490</b>	<b>-1,715</b>	<b>-824</b>	<b>-8,493</b>
<i>Departmental</i>													
<i>Component 1: Amend Commonwealth Grant Scheme funding calculation for undergraduate places</i>	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Component 2: Change funding rates for allocated places</i>	..	..	..	..	..	..	..	..	..	..	..	-1	-2
<i>Component 3: Reverse the 2014-15 Budget measure Expanding Opportunity – a more effective Higher Education Participation Programme</i>	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Component 4: Infrastructure and priorities pool</i>	..	..	..	..	..	..	..	..	..	..	..	-1	-2
<b>Total – departmental</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-2</b>	<b>-4</b>
<b>Total</b>	<b>-16</b>	<b>-123</b>	<b>-273</b>	<b>-411</b>	<b>-570</b>	<b>-683</b>	<b>-871</b>	<b>-1,067</b>	<b>-1,274</b>	<b>-1,490</b>	<b>-1,715</b>	<b>-826</b>	<b>-8,497</b>

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

(b) Figures may not sum to totals due to rounding.

.. Not zero but rounded to zero.

- Indicates nil.