

Senate Education and Employment Legislation Committee

Inquiry into the *Higher Education Support Legislation Amendment (A More Sustainable, Responsive and Transparent Higher Education System) Bill 2017*

From:

Andrew Norton
Higher Education Program Director

Ittima Cherastidtham
Fellow

Grattan Institute

1. Introduction

This submission focuses on two measures proposed in the *Higher Education Support Legislation Amendment (A More Sustainable, Responsive and Transparent Higher Education System) Bill 2017*, the reform of HELP thresholds and repayment rates, and the proposed increases in student contributions. It supports the bill's proposed measures in each case.

2. Reform of HELP's repayment thresholds

Perhaps the most important change in the *Higher Education Support Legislation Amendment (A More Sustainable, Responsive and Transparent Higher Education System) Bill 2017* is to the HELP repayment thresholds. If passed, HELP will achieve its educational and social policy goals at lower cost.

2.1 HELP's costs

HELP's two main costs are debt not expected to be repaid, commonly known as doubtful debt, and interest subsidies on the outstanding debt. Doubtful debt occurs when HELP debtors earn incomes below the threshold for too many years to repay their debt. The Budget papers include estimates of each year's lending that is not expected to be repaid. Interest subsidies occur because HELP is indexed to CPI, which is usually lower than the interest government pays on its debt.

While higher education HELP recovers most of what it lends, it is still a costly program. For 2016-17, the Budget papers put the annualised cost at \$2.4 billion for higher education, which is the estimated future doubtful debt and interest costs of the \$6.2 billion lent that year.

HELP's costs require greater scrutiny. The question that needs to be asked is whether HELP's educational and social goals can be achieved at a lower cost. If they can be, there is money available for other higher education programs or for general Budget repair.

The HELP reforms in the bill are to the thresholds for repayment and repayment rates. They would reduce HELP's costs by ensuring that more outstanding debt is repaid (reducing doubtful debt) and by speeding up repayment (reducing interest costs).

2.2 The initial repayment threshold

Where the initial threshold is set reflects, at least implicitly, policy judgments about what role HELP is intended to play. It is often said that the threshold is set to guarantee a personal financial benefit for graduates compared others from a degree before requiring repayment. The original 1989 HECS threshold was sold this way, set just below average weekly earnings at the time, and subsequently indexed to average weekly earnings. The threshold was taken down below the minimum wage in 1997-1998, and then increased for 2004-05 to improve the financial position of graduates on lower incomes.¹ While there has not been any formal government commitment to the 1989 financial benefit position for 20 years, the inflationary effects of continued average weekly earnings indexation (see section 2.5) have contributed to a continued view that the initial threshold is and should be high.

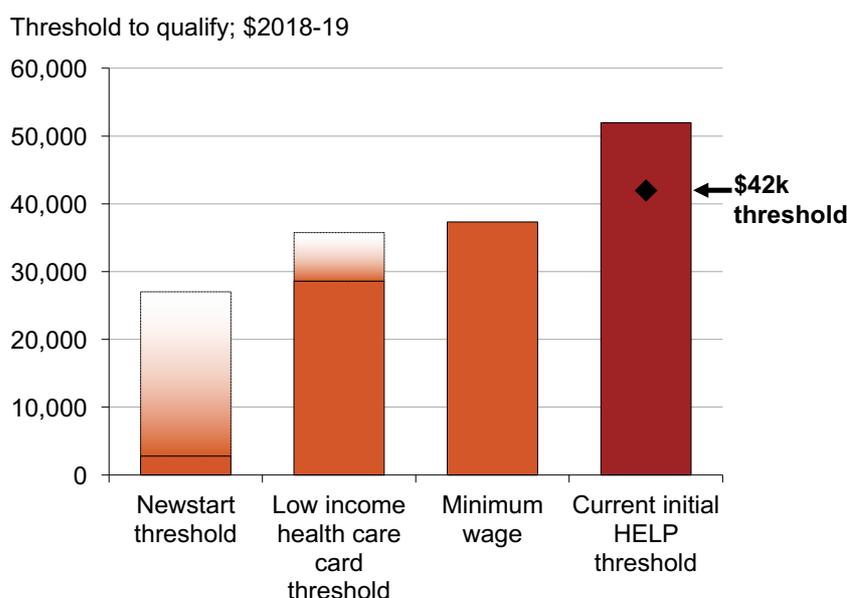
If a high initial threshold meant only a short and low-cost repayment delay there would not be any great objection to it.² But that is not its outcome under HELP's current design. As there is no real interest on HELP debt, all delays are costly to taxpayers. The high initial threshold puts many debtors at risk of not fully repaying. Because the high initial threshold triggers substantial government subsidies to debtors, we need to think about what principles should guide allocation of these subsidies.

¹ Nelson (2003), p. 23

² It would just help graduates smooth their income over time: Norton and Cherastidham (2016a), chapter 5.

A 2016 Grattan Institute report on the repayment thresholds argued that HELP should be seen as one of the government's programs that protects against the consequences of low income.³ It showed that the initial HELP repayment threshold is well above common other government programs to protect people on low incomes such as Newstart, the minimum wage and the Low Income Health Care Card. Since we wrote that report the Parliament has legislated to bring the threshold down to \$52,000 for 2018-19. Figure 1 shows the new differences, with HELP debtors getting at least \$15,000 a year in added protection compared to the other categories. A threshold more in line with other programs would make overall government income protection policy fairer and more consistent.

Figure 1: The HELP threshold is high compared to other forms of government income protection



Notes: Welfare rates are for a single person. For Newstart, the darker part represents the maximum income before the benefit begins being clawed back. The dotted part represents that maximum amount a person can earn before losing eligibility. Excluding the Energy Supplement and rent assistance. For the Low Income Health Care Card, the dotted part represents the income range that is eligible for retaining the card but not for getting a new card. Welfare thresholds projected based on corresponding growth in the previous year. Minimum wage is assumed to grow at 3.3 per cent for 2018-19. The Newstart threshold is indexed to 2018-19 dollars using prior year growth. Newstart payment and Low Income Health Care Card threshold are indexed using the growth of the last corresponding quarter.

Sources: Department of Human Services (2017a); b); Fair Work Commission (2017)

While \$42,000 is not a high income, it is more than the government expects many other Australians to live on. It is more than the income of around 40 per cent of all 20-24 year olds, and 50 per cent of those with a highest qualification below a bachelor degree in the Australian Qualifications Framework.⁴ The government has taken into account that this is a relatively low income by starting the repayment rate at one per cent of income, or \$420, at the threshold.

New graduates on lower incomes usually increase their income over time. This development can be seen in the 2016 Graduate Outcomes Survey-Longitudinal, which surveys graduates three years after completing their degrees. Of those who earned the inflation-adjusted equivalent of between \$42,000 and the actual threshold in early 2013, over 60 per cent earned more than the threshold by 2016.

HELP debtors are also more protected than others who receive government income protection because of the income test used. Most government payments have partner income tests, while HELP repayment is based entirely on personal income. This means that HELP debtors who earn less than the threshold because their partner is the main household earner are exempt from repayment. This

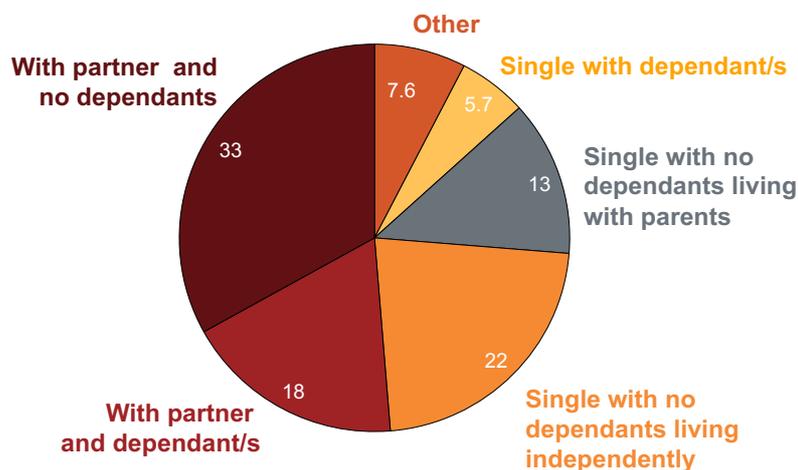
³ Ibid., chapter 4

⁴ ABS (2016b)

makes HELP a poorly targeted form of income support, since many of these households are on above-average income levels.⁵

A \$42,000 threshold would alleviate although not solve the problem of HELP subsidies going to households that do not need them. Estimates from the Household, Income and Labour Dynamics in Australia (HILDA) survey suggest that half the HELP debtors who would be affected by the lower threshold are partnered (Figure 2). For debtors with partners, their disposable income is generally over \$80,000, with nearly a third with incomes exceeding \$100,000 a year (Figure 3).

Figure 2: About half the HELP debtors affected by a lower threshold are partnered



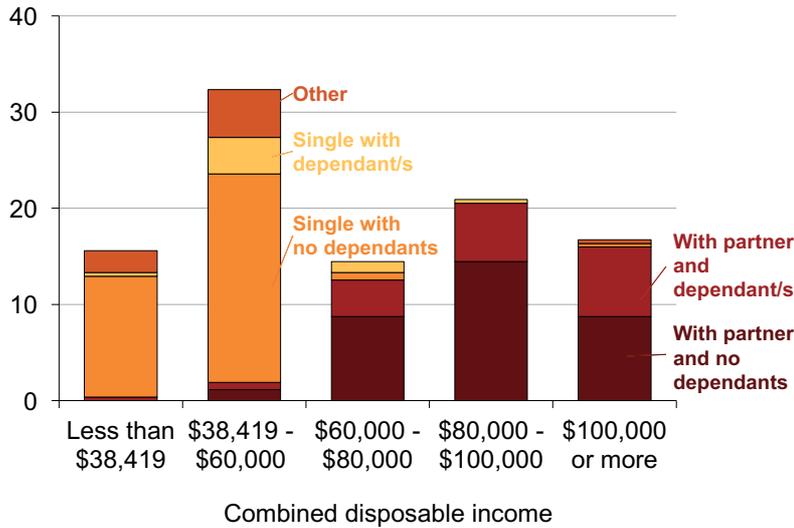
Household situation of additional repaying debtors
2014 (per cent)

*Notes: The data includes 263 observations with 254 distinct households (with 9 couples where both are in the sample). HELP debtors of all ages. 'Other' includes debtors living with other family members or unrelated household members. Including debtors with income between the actual threshold in 2013-14 (\$51,309) and \$42,000 in 2013-14 dollars - \$38,419 using CPI indexation as per the HESLA bill.
Source: HILDA (2015)*

⁵ HELP repayments based on family income have occasionally been discussed. There are substantial practical and other difficulties with this proposal: Norton and Cherastidtham (2016a), p. 36-37

Figure 3: Most HELP debtors affected by the lower threshold have disposable income well above \$42,000

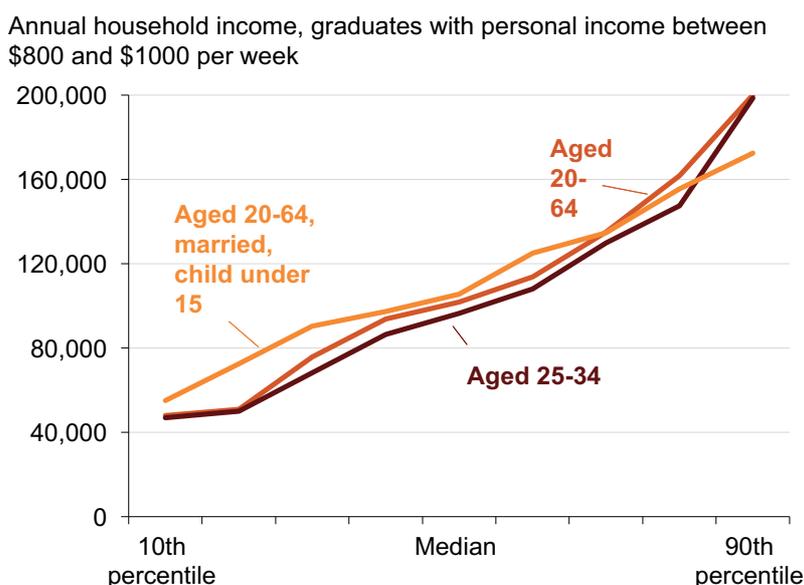
Per cent of additional debtors by disposable income combined



Notes: The data includes 263 observations with 254 distinct households (with 9 couples where both are in the sample). Singles living with parents (13%) are included in 'single with no dependants'. HELP debtors of all ages. 'Other' includes debtors living with other family members or unrelated household members. \$38,419 is equivalent to \$42,000 in 2018-19 dollars using CPI indexation as per the HESLA Bill. Combined disposable income includes only the debtor and partner income. Source: HILDA (2015)

HILDA identifies HELP debtors, but its sample size is relatively small. The ABS 2015 Qualifications and Work survey identifies graduates rather than HELP debtors by their personal and household income. Figure 4 reports on graduates earning between \$800 and \$1000 per week, approximately the range affected by the proposed change to the threshold. The figure shows different age groups and household types; in all cases the median household income is around \$100,000 a year (this is gross income; HILDA is after-tax). This again suggests that the people benefiting from keeping the threshold at its current levels mostly live in households that are not poor, and substantial minorities live in affluent households.

Figure 4: Most graduates potentially affected by a lower threshold are in affluent households



Notes: Australian citizens only. Graduates with postgraduate, graduate diploma or certificate, or bachelor degree.
Source: ABS (2016b)

For HELP's policy objectives and long-term finances, lower-income debtors in higher-income households are the most problematic. They can work part-time for long periods because they need only supplement household income, not fully support themselves and their family. This combination means that although they do not need a transfer payment they are on track to have their HELP debts eventually written off. A lower initial threshold, while not a full solution to this design weakness in HELP, would bring more part-time workers into repayment and reduce doubtful debt.

A \$42,000 threshold is also more appropriate for VET Student Loans lending. Previous Grattan work showed that due to the threshold doubtful debt rates exceeding 40 per cent could be expected with vocational lending, even without the provider malpractice under VET FEE-HELP.⁶ This is because people with diplomas earn less than people with a bachelor degree or above (see also 3.2.2.).

Overall, we believe that an initial threshold of around \$42,000 provides the right balance between protecting against serious financial hardship and increasing repayment of HELP debt.

2.3 Upper thresholds and repayment rates

While the political focus has been on HELP's initial repayment threshold, the *Higher Education Support Legislation Amendment (A More Sustainable, Responsive and Transparent Higher Education System) Bill 2017* also contains changes to other thresholds and repayment rates.

As noted, the proposed repayment rate at \$42,000 is one per cent. Repayment rates go up with income; for each 6 per cent increase in income the repayment rate increases by 0.5 per cent of income, to a maximum of 10 per cent starting at an income of \$119,882. Compared to the previous system, the rates between 1 per cent and 3.5 per cent are new, as are the top four rates between 8.5 per cent and 10 per cent. The current income intervals between thresholds seem random; the proposed intervals have a clear pattern.

Because HELP repayments are a percentage of the debtor's entire income, there is an income zone above each threshold with a cash flow effective marginal tax rate exceeding 100 per cent (outstanding debt is reduced, so the debtor's overall financial position is not worse). Because some debtors value cash flow above debt reduction, they manipulate their taxable income to stay below the threshold.⁷

⁶ Norton (2015)

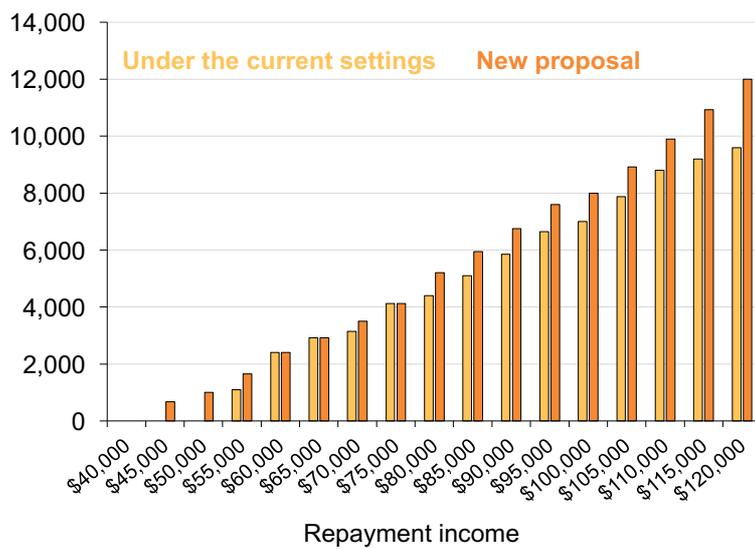
⁷ Highfield and Warren (2015)

This is an expense to the Budget in lost income taxation as well as postponed or avoided HELP repayment. With the proposed changes to thresholds and repayment rates, the cash flow cost to HELP debtors of crossing the initial threshold is substantially reduced, from nearly \$2,200 to \$420. This should reduce manipulation of income.

Debtors earning between \$45,000 and \$57,000 or above \$107,000 are most affected in cash flow terms, as they would have to repay at least an additional 1.5 per cent of all their income. Most other debtors would have to repay an additional 0.5 per cent of their income. The differences can be seen in Figure 5. For most debtors, these changes would make no difference to their total HELP repayments, but would reduce the time it takes to repay fully. For some debtors, there will be increased repayments and corresponding lower doubtful debt costs incurred by taxpayers.

Figure 5: HELP repayments at different incomes

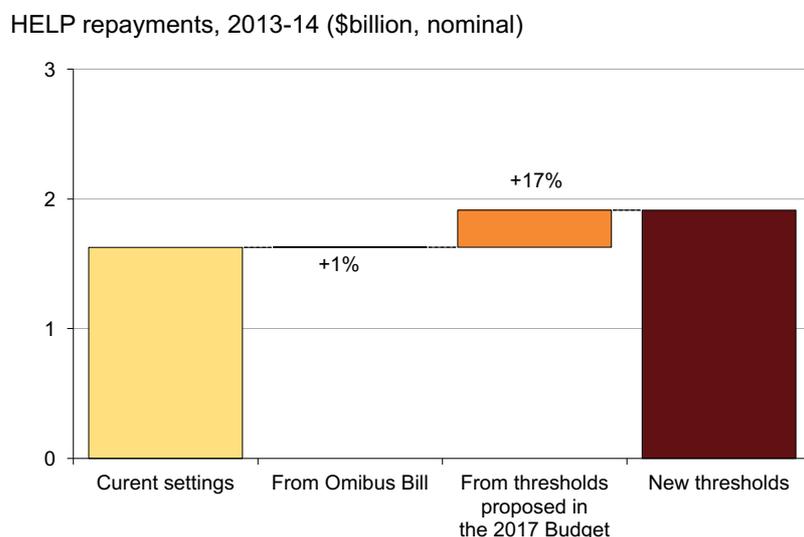
Repayments in 2018-19



2.4 Additional repayment revenue

Based on 2013-14 ATO data, annual HELP repayments would go up 17 per cent with the new thresholds. This estimate does not take into account the so far unknown income of HELP debtors living overseas, who from the 2016-17 financial year are liable to make HELP repayments.

Figure 6: Annual HELP repayments are likely to increase by 17 per cent with threshold reform



Notes: The proposed thresholds from the 2017 Budget are indexed using CPI to 2013-14 dollars as described in the Higher Education Support Legislation Amendment Bill 2017. The new initial threshold from the Omnibus Bill 2016 was indexed to changes in the actual historical thresholds.

Source: ATO (2016)

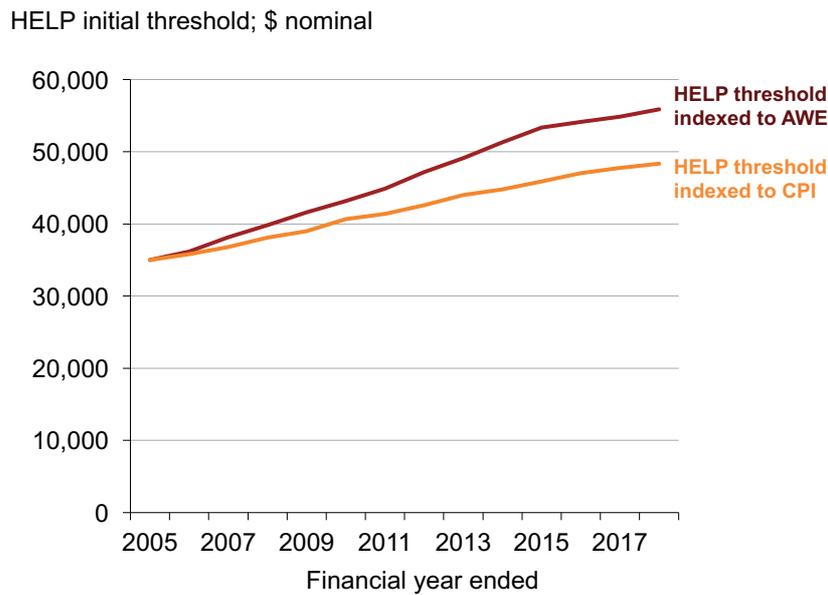
Faster repayment will reduce HELP's interest costs by more quickly reducing the annual outstanding balance of HELP debt of repaying debtors. Like some of the HELP debt write-offs, interest subsidies are not well targeted. A 2016 Grattan Institute report estimated that even graduates in the top 20 per cent of the income distribution receive interest subsidies equivalent to more than 10 per cent of the value of their loan.⁸

2.5 Indexation

The Bill proposes changing indexation of the thresholds to average weekly earnings to CPI. AWE indexation has substantially increased all thresholds in real terms. Between the last general rebasing of the thresholds for the 2004-05 financial year and 2017-18 the threshold increased in real terms by \$7500, or 16 per cent, as seen in Figure 7. This has come at significant cost to the Budget as fewer HELP debtors repay each year, and those who repay do so more slowly.

⁸ Norton and Cherastidham (2016b), chapter 2

Figure 7: Average weekly earnings indexation of HELP thresholds has caused them to grow significantly in real terms



Notes: CPI indexation is based on the indexation method in Higher Education Support Legislation Amendment Bill 2017
 Sources: ABS (2017b); a); Australian Government (2017)

Government thresholds for adjusting benefits such as the Age Pension, Family Tax Benefit and Youth Allowance are linked to CPI. AWE indexation of HELP thresholds is another example of how HELP debtors are treated more generously than other beneficiaries of government support. Funding rates in the *Higher Education Support Act 2003*, including student contributions, are linked to CPI. Fairness and consistency support indexing the HELP repayment thresholds to CPI as well. CPI indexation will also minimise the need for periodic major resets of threshold levels.

3. Increases in student contribution amounts

The Bill would phase in increases in student contribution amounts of 7.5 per cent, starting in 2018 and concluding in 2021. There would be corresponding reductions in Commonwealth contributions. This would provide a saving to the Budget. Assuming that the distribution of enrolments between disciplines remains substantially as it was in 2015, we estimate that this measure would save about \$1 billion in the years to 2021.

3.1 Effects of increased student contribution amounts

Unlike the proposed HELP repayment threshold changes, which would mark a substantive policy shift, the student contribution amount changes would adjust long-standing policy settings. The maximum student contribution amount would stay regulated, the discipline relativities would change only slightly, and the entire cost could be deferred through HELP. There would still be a mix of public and private funding, but the public share would drop from 58 per cent to 54 per cent on average.

The total course cost increases will differ between disciplines, depending on current student contribution amounts and course lengths, as seen in Table 1.

Table 1: Changes in course costs with the proposed student contribution increases

Course	Current settings	New proposal for students starting in 2018	Increase
Humanities 3-year degree	\$19,333	\$20,044	\$711
Nursing 3-year degree	\$19,333	\$20,044	\$711
Education 4-year degree	\$25,777	\$26,971	\$1,194
Science 3-year degree	\$27,557	\$28,574	\$1,017
Commerce 3-year degree	\$32,265	\$33,456	\$1,191
Engineering 4-year degree	\$36,743	\$38,448	\$1,705
Medicine 5-year degree	\$53,775	\$56,578	\$2,804

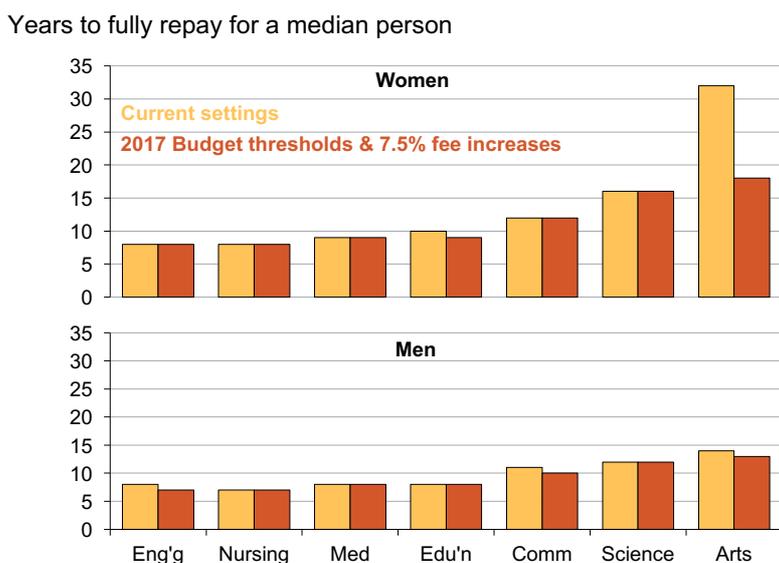
Notes: In 2018 dollars. Based on a student who commences in 2018 and studies full-time. As the student contribution changes are phased in, students who start later or take longer to complete will pay more in total.

Source: Grattan's calculation based on the HESLA Bill 2017

Without changing the HELP repayment system, the practical consequence of higher student contributions for most students would be a slightly extended HELP debt repayment period. For median graduates in most disciplines, the additional cost would add less than a year to their repayment period. Using a different methodology, NATSEM at the University of Canberra arrived at the same conclusion.⁹ However, combined with the proposed new HELP thresholds there would be no significant change in repayment times in most disciplines, and shorter repayment times in others, as seen in Figure 8.

⁹ NATSEM (2017)

Figure 8: Median repayment times for bachelor degree graduates would change little in most courses



Notes: Arts, nursing, science, and commerce are assumed to take 3 years. Education and engineering are assumed to take 4 years. Medicine is assumed to take 5 years.
Source: Income calculated from ABS (2012)

3.2 Personal work and financial benefits of higher education

The cost of higher education sometimes leads to doubts about whether or not it is worthwhile, at least in improved job prospects and earnings. Such concern is not, in itself, a bad thing. Even when university education is free of tuition charges, for full-time students it still has substantial opportunity costs in time spent out of the workforce. It is also financially costly if some alternative post-school option would have led to a higher-paying job. Conversely, if higher education is a prospective student's best financial option it is costly to not attend university or to pursue vocational education. Of course, some people principally have non-financial reasons for enrolling or taking particular courses.

Educational choices are more complex for many people now than they were a decade ago. Job growth has generally been subdued since the global financial crisis. Some analysts believe that technological change may in the near future cause more turbulence than usual in the labour market, affecting occupations usually occupied by graduates. A substantially increased number of student places in the university system means that people who once would never have received a university offer must now actively choose between university and other options.

This is an important issue for people considering further study, and below we bring together existing research and recent data. The principal problem that we can quantify is that a smaller share of graduates is making the transition to full-time work, and of those working a smaller share is in professional or managerial employment. While this affects income for those not making the transition, it remains the case that without higher education it is difficult to secure high-paid professional or managerial employment. This is one reason why despite negative trends there is still a substantial earnings premium attached to a higher education qualification.

3.2.1 Employment conditions

In 2016, 14 per cent of graduates were unemployed 4 months after graduation. The rate has generally risen since 2008.¹⁰ Unemployment tends to fall as graduates spend more time in the workforce. Yet

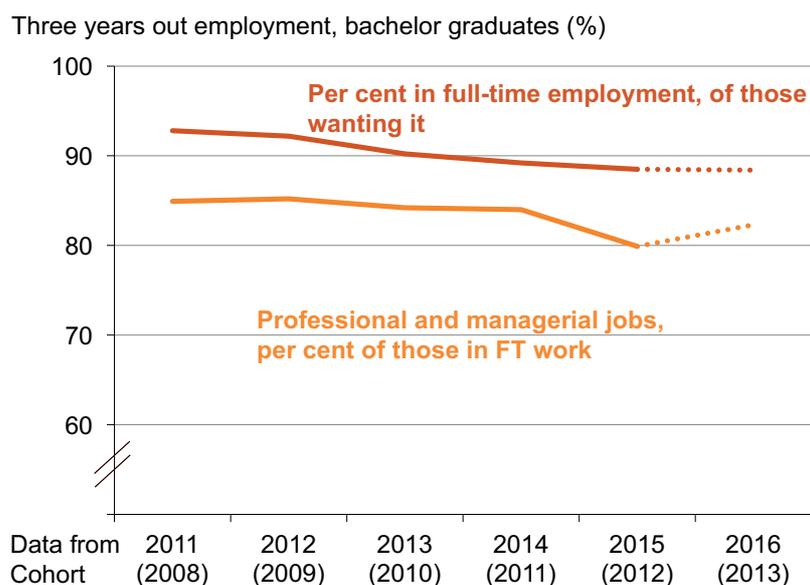
¹⁰ Department of Education and Training (2017b)

the most recent data suggests that unemployment is still an issue after three years, with 8 per cent of 2013 graduates unemployed in 2016.¹¹

While finding a job is a goal for many graduates, the majority also prefer full-time work. Most people in recent graduate cohorts are making reasonable career progress towards full-time employment. In 2016, just over 70 per cent of those looking for a full-time job found one within 4 months after graduation.¹² Despite small recent increases in full-time employment rates, they are still considerably lower than pre-2008 cohorts.¹³

Over the medium-term members of post-2008 cohorts have made slower transitions to full-time professional jobs on average. At least as of 2016 the trend appears mildly positive compared to the recent past, as Figure 9 suggests, but as with the four months out figures is still down over time.¹⁴

Figure 9: Graduate outcomes are below their peak but have stabilised



Notes: Reduced sample in 2015 survey, new survey for 2016. Year in brackets is first year after completing a bachelor degree. Sources: Department of Education and Training (2017a); GCA (various years)

In the longer run, however, unemployment rates remain lower for graduates than for people with other levels of education attainment, especially for women as seen in Table 2. For women, certificate III and IV qualifications have three times the unemployment rate as bachelor degrees. The difference between men and women is likely to reflect field of study choices.

¹¹ For the 2013 graduate cohort, 10 per cent were unemployed 4 months after graduation. The rate reduced to 8 per cent about 3 years later: Department of Education and Training (2017a). These rates are higher than bachelor degree unemployment in ABS surveys for 20-24 year olds and 25-29 year olds: ABS (2016a). The reasons for these differences need further exploration.

¹² Department of Education and Training (2017b)

¹³ Change in survey methodology means the data for 2016 and prior are not exactly comparable. A 1980-2015 time series is available at Norton and Cakitaki (2016), p. 78.

¹⁴ Norton (2017)

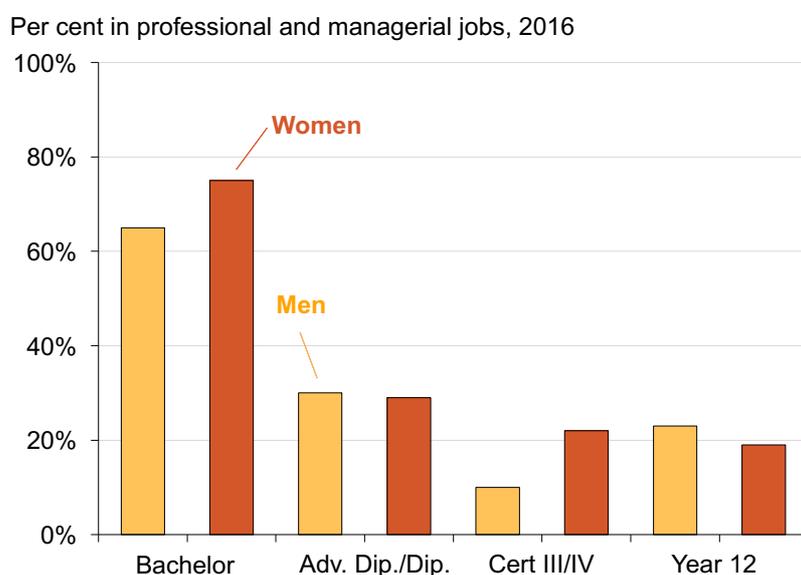
Table 2: Unemployment rate based on higher qualification of Australian citizens aged 25 to 44 years old, 2016

Highest qualification	Women	Men
Postgraduate Degree	1.4%	0.9%
Bachelor Degree	2.1%	2.0%
Advanced Diploma and Diploma	5.4%	2.8%
Certificate III and IV	6.6%	2.6%
Year 12 or equivalent	5.2%	4.3%

*Notes: The sample size for postgraduates is small, and their results are not as reliable as others. Excluding those who are studying. A significant proportion of certificate holders have not finished year 12.
Source: ABS (2016a)*

One benefit of higher education is greater access to professional and managerial jobs. That is still the case. Among the younger cohort aged between 25 and 34, 75 per cent of employed female graduates have a professional job. This is more than twice the proportion for upper-level vocational qualification holders and school leavers. The proportion for male graduates is lower at 65 per cent, partly due to their larger share of jobs classified as technician occupations. Figure 10 provides comparative figures. A large majority of graduates do still secure these jobs, but not as large a majority as in previous years, as can be seen in the three years out results in Figure 9 and the all graduate results in Figure 11. The problem is that while the number of professional jobs continues to increase, the number of graduates is growing at a faster pace.

Figure 10: Graduates have the highest access to professional and managerial jobs



*Note: Employed Australian citizens aged between 24 and 35 who were not currently studying
Source: ABS (2016a)*

Figure 11: A declining share of graduates is in professional or managerial employment



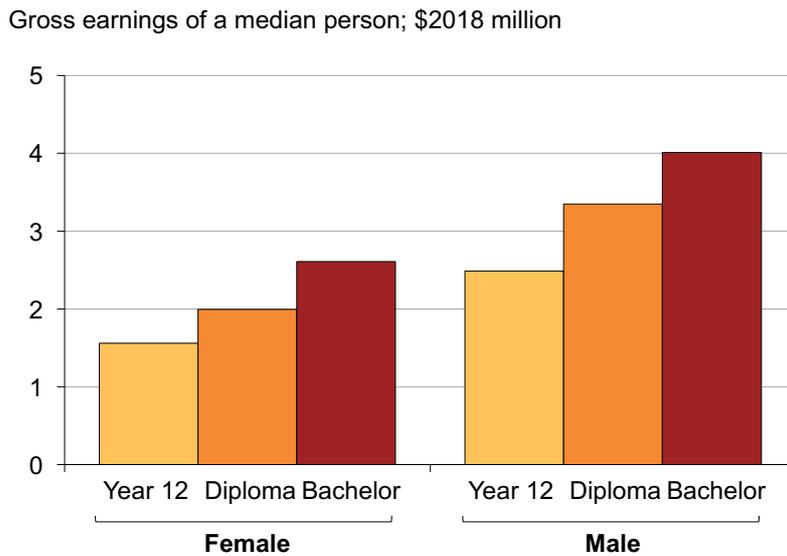
Source: ABS (various years-b)

3.2.2 Earnings

All previous research finds a graduate income premium over Year 12 only or vocational post-school qualifications.¹⁵ Based on 2011 Census data, a median male graduate is expected to earn 20 per cent more than a median diploma holder and 61 per cent more than a median school leaver. A median female graduate is expected to earn 31 per cent more than a diploma holder and nearly 70 per cent more than a female median school leaver (Figure 12). Given changes in the economy and growth in graduate numbers, the premium is expected to be lower in the future. When the 2016 census data is released the 2011 census analysis can be updated. In the interim, other ABS surveys give us a guide as to what is happening.

¹⁵ Norton (2012); Borland, *et al.* (2000); Wei (2010); Daly, *et al.* (2012)

Figure 12: Lifetime earnings of graduates are generally higher than diploma holders or school leavers



Notes: Earnings are indexed to CPI from 2011 dollars. Diploma includes advanced diploma. Highest qualification completed is used. Australian citizens aged 18 to 65.
Sources: ABS (2012); (2017b); Australian Government (2017)

At ages 20-24, both women and men with bachelor degrees earn more than their contemporaries with Year 12 as their highest educational attainment. At the median for each, women earn \$215 a week more, and men earn \$90 a week more.¹⁶ However, in this age group men with upper-level vocational qualifications earn slightly more than men with bachelor degrees. This is not the case for women, who gain little financial advantage from vocational qualifications compared to Year 12 only.¹⁷

By age 25-34, bachelor degrees typically offer higher pay for men and women (Figure 13). At the median, compared to Year 12 women earn \$350 a week more, and men earn \$410 a week more. By this age bracket, men with bachelor degrees are earning more than those with upper-level vocational qualifications. However, for men but not women upper-level vocational qualifications offer a premium over Year 12 of about \$200 per week. These patterns are not new; they are also evident in a HILDA labour market analysis going back to 2001.¹⁸ The relatively attractive vocational education options for men are likely to partly explain why there are significantly fewer men than women in undergraduate courses.

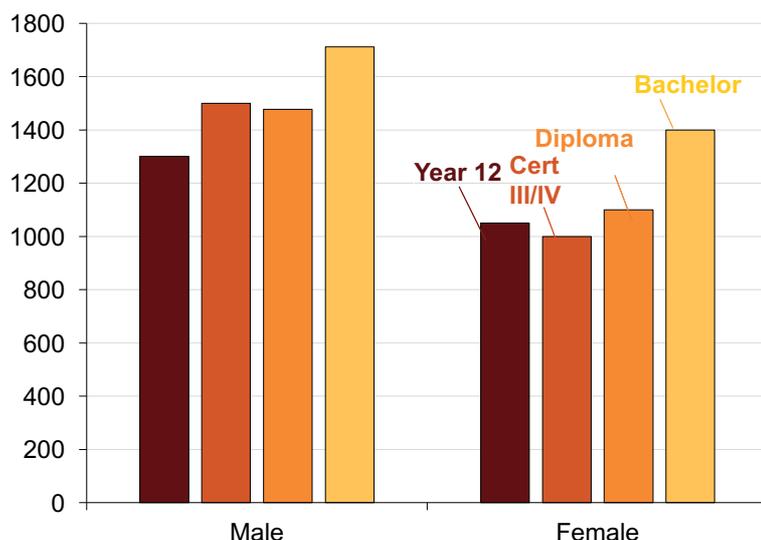
¹⁶ Corrections were made to the earnings figures from \$240 to \$215 for women and from \$140 to \$90 for men.

¹⁷ ABS (2017c)

¹⁸ Wilkins (2016), p. 49-51

Figure 13: Graduates earn higher wages than workers with other qualifications

Median weekly income from all jobs, aged 25 to 34 years old in 2016



Notes: Sample includes people born in Australia or born overseas and arrived in Australia at least ten years ago, employed and not studying.

Source: ABS (2017c)

Overall, these figures suggest that higher education remains a financially attractive proposition, and that the small proposed increases in student contributions should not materially affect the decision to attend university or not. It is unlikely that student demand will be affected. It is worth noting that previous increases in student contributions in 1989, 1997 and 2005, all of which were much larger in percentage terms than proposed for 2018, were all criticised at the time as likely to deter students in general, and students from low socio-economic status backgrounds in particular. Yet by 2016 higher education participation levels were at record levels across the socio-economic spectrum.

Although most graduates will still enjoy labour market advantages from a higher education qualification, the risk of not getting a high-skill job has increased. This means that young people who are less academic need to consider carefully which option is best for them. Especially for men with interests that align with the vocational education labour market, a diploma or certificate III/IV qualification may be a lower-risk option than a bachelor degree. Many jobs requiring diploma or certificate III/IV qualification pay more than jobs taken by bachelor-degree graduates that do not require their skills. This caveat holds with or without the proposed student contribution increase.

3.3 Consequences of not increasing student contributions

The savings from increased student contributions would help fund continued growth in Commonwealth supported places, estimated in the Budget papers as another 18,000 places by 2020. If the Senate does not support other savings measures, capping growth in the system will be one of the few options left for reducing higher education public expenditure. Capping can be done via the funding agreements each public university signs with the government. While the government cannot reduce a university's total funding for demand driven places below what it received the previous year, it can freeze total funding without parliamentary approval.¹⁹ Given current anticipated spending increases for the Commonwealth Grant Scheme in the forward estimates, freezing would have a similar effect on outlays as the efficiency dividend and the student contribution increase combined. Although clearly not the government's preference, capping is a last resort option.

¹⁹ Norton (2013b), chapter 7

3.4 Conclusion

There is no 'right' level of student contributions compared to Commonwealth contributions. In each country around the world, the levels of subsidies and fees integrate with much broader systems of taxation and government spending. Australia is in a group of OECD countries with relatively low taxation and correspondingly relatively high private funding of education, health and retirement. In Australia, spending on and expectations of government benefits and services have run well ahead of tax revenues. That inevitably leads to governments trying to bring the two back into alignment by reducing spending, increasing taxes, or as now a combination of the two. This correction needs to occur, and the question within higher education is how best to go about it, given the educational and social goals of higher education programs. A small increase in student contributions is unlikely to have negative effects on higher education participation, is broadly progressive as graduates are still over-represented among the more affluent in the community, and will make a modest contribution to Budget repair. Consequently, this submission supports the proposed changes to student contribution levels.

4. References

- ABS (2012) *Census of population and housing, 2011, TableBuilder Pro, Cat. 2073.0*, Australian Bureau of Statistics
- ABS (2016a) *Microdata: Education and work, May 2016, Cat. 6227.0.30.001*, Australian Bureau of Statistics
- ABS (2016b) *Microdata: Qualifications and work, Australia, 2015, Cat. 4235.0.55.001*, Australian Bureau of Statistics
- ABS (2017a) *Average weekly earnings, Australia, Cat. 6302.0*, Australian Bureau of Statistics
- ABS (2017b) *Consumer Price Index, Cat. 6401.0*, Australian Bureau of Statistics
- ABS (2017c) *Microdata: Characteristics of employment, 2016, Cat. 6333.0.00.001*, Australian Bureau of Statistics
- ABS (various years-b) *Education and work, Cat. 6227.0*, Australian Bureau of Statistics
- ATO (2016) *2013-14 Individual sample file*, Australian Taxation Office
- Australian Government (2017) *Budget strategy and outlook, Budget paper no 1*, The Treasury/Department of Finance
- Borland, J., Dawkins, P., Johnson, D. and Williams, R. (2000) *Returns to investment in higher education*, Melbourne Institute for Applied Economic and Social Research
- Daly, A., Lewis, P., Corliss, M. and Heaslip, T. (2012) *The private rate of return to a university degree in Australia*, Centre for Labour Market Research from <http://www.voced.edu.au/content/ngv%3A53097>
- Department of Education and Training (2017a) *2016 Graduate outcomes survey-longitudinal (GOS-L): medium term graduate outcomes*, Social Research Centre/Department of Education and Training
- Department of Education and Training (2017b) *2016 Graduate outcomes survey: national report*, Social Research Centre/Department of Education and Training
- Department of Human Services (2017a) *Low income health care card*, Australian Government/Department of Human Services from <https://www.humanservices.gov.au/customer/services/centrelink/low-income-health-care-card>
- Department of Human Services (2017b) *Newstart allowance* Australian Government/Department of Human Services from <http://www.humanservices.gov.au/customer/services/centrelink/newstart-allowance>
- Fair Work Commission (2017) *National minimum wage order 2016-17*, Fair Work Commission from <https://www.fwc.gov.au/awards-agreements/minimum-wages-conditions/annual-wage-reviews/annual-wage-review-2016-17>
- GCA (various years) *Beyond Graduation Survey*, Graduate Careers Australia
- Highfield, R. and Warren, N. (2015) 'Does the Australian Higher Education Loan Program (HELP) undermine personal income tax integrity?', *eJournal of Tax Research*, 13(1), p 202-261
- HILDA (2015) *Household, Income and Labour Dynamics in Australia Survey, wave 14 microdata*, Melbourne Institute of Applied Economic and Social Research, University of Melbourne
- NATSEM (2017) *Increased debt and repayments - HECS reform means students will have to pay a heavier tax*, University of Canberra from <http://www.ausbudget.org/budget-2/budget-2017/the-future-of-the-australian-economy/budget-2017-increased-debt-and-repayments-hecs-reform-means-students-will-have-to-carry-debt-longer/>
- Nelson, B. (2003) *Our universities: Backing Australia's future*, Commonwealth of Australia
- Norton, A. (2012) *Graduate Winners: Assessing the public and private benefits of higher education*, Grattan Institute
- Norton, A. (2013b) *Keep the caps off! Student access and choice in higher education*, Grattan Institute
- Norton, A. (2015) *Submission to the Inquiry into the operation, regulation and funding of private vocational education and training (VET) providers in Australia*, Senate Education and Employment References Committee
- Norton, A. (2017) 'Universities and the evolving graduate labour market', in *Visions for Australian tertiary education*, R. James, S. French and P. Kelly, Eds., Centre for the Study of Higher Education, University of Melbourne, p 91-100
- Norton, A. and Cakitaki, B. (2016) *Mapping Australian higher education 2016*, Grattan Institute
- Norton, A. and Cherastidtham, I. (2016a) *HELP for the future: fairer repayment of student debt*, Grattan Institute
- Norton, A. and Cherastidtham, I. (2016b) *Shared interest: a universal loan fee for HELP*, Grattan Institute
- Wei, H. (2010) *Measuring Economic Returns to Post-School Education in Australia*, Australian Bureau of Statistics

Wilkins, R. (2016) *The Household, Income and Labour Dynamics in Australia Survey: Selected findings from waves 1 to 14, the 11th annual statistical report of the HILDA survey*, Melbourne Institute of Applied Economic and Social Research

This paper uses unit record data from the Household, Income and Labour Dynamics in Australia (HILDA) Survey. The HILDA Project was initiated and is funded by the Australian Government Department of Social Services (DSS) and is managed by the Melbourne Institute of Applied Economic and Social Research (Melbourne Institute). The findings and views reported in this paper, however, are those of the authors and should not be attributed to either DSS or the Melbourne Institute.