



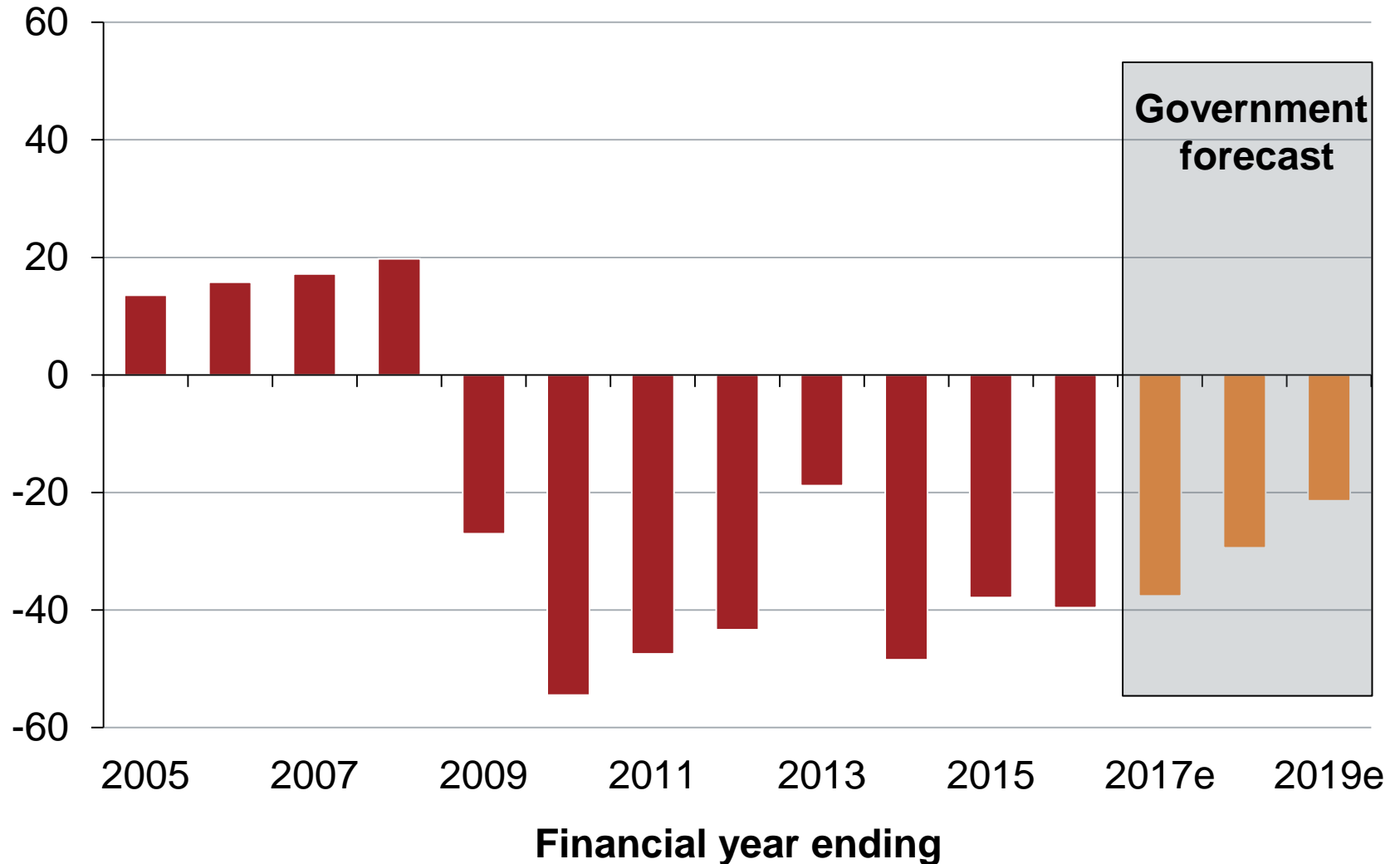
# **Big issue in higher education, ESA**

Ittima Cherastidtham

July, 2017

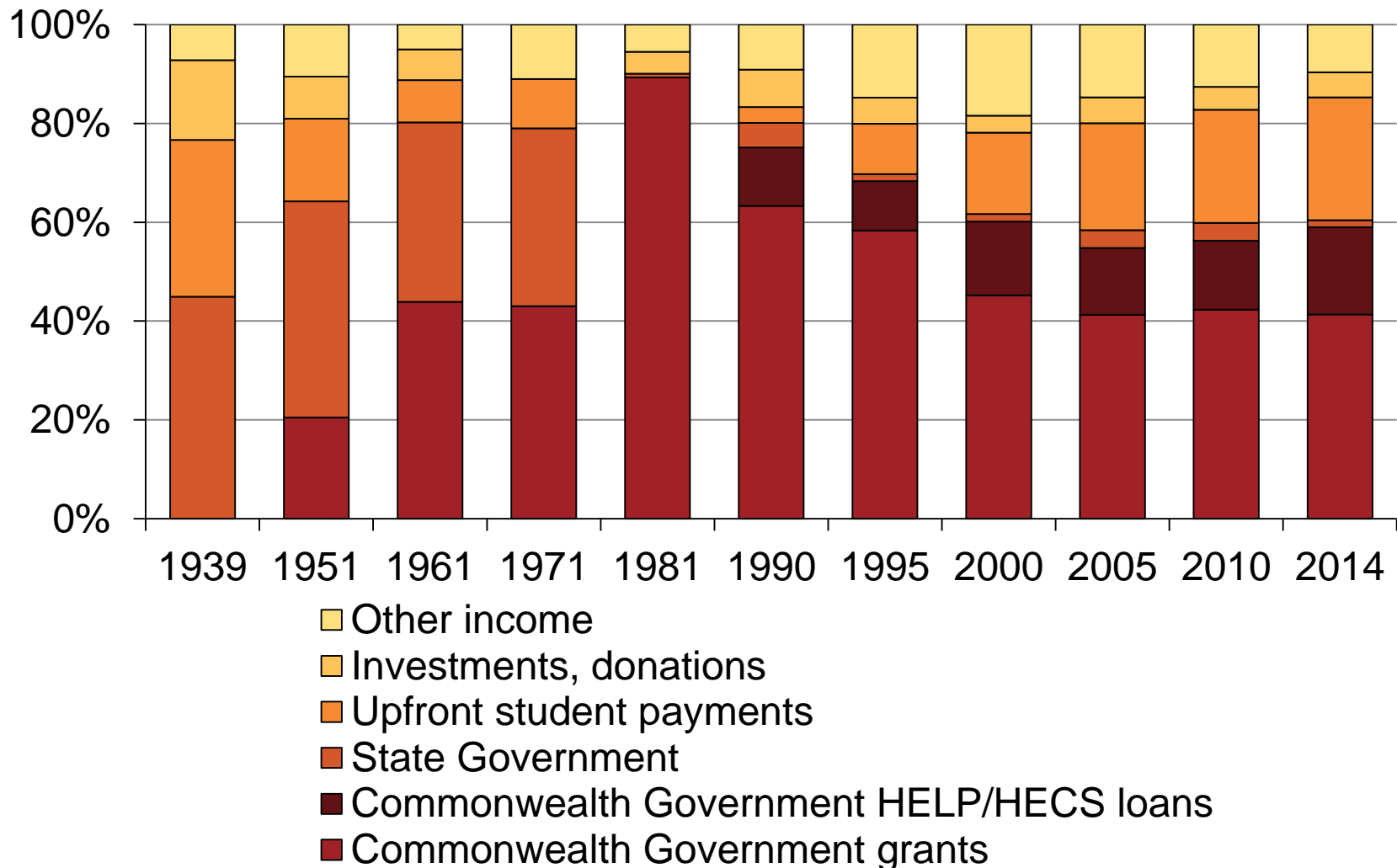
# Australia has run a budget deficit since 2009 and this is likely to continue in the medium term

Underlying cash balance, \$billion, nominal



# Commonwealth Government funding represents at least 40% of university revenue

Public and private spending shares of universities, 1939-2014, per cent

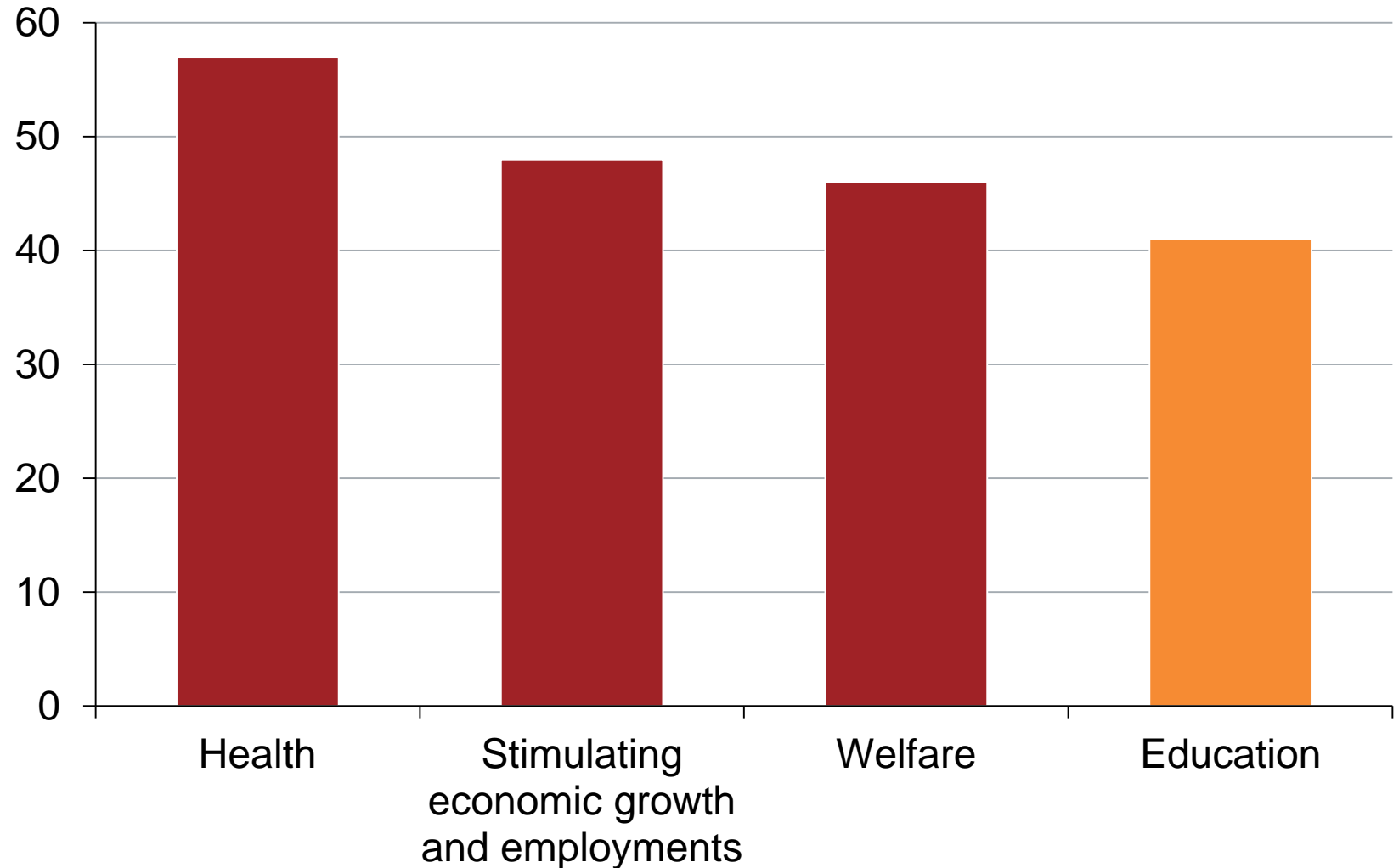


Notes: Upfront student payments include fees and HECS or student contribution

Sources: National report on Australia's higher education sector (DEET, 1993), Finance: Selected higher education statistics (DET, various years)

## Voters prioritise health and welfare before education

Main community priorities for the 2017-18 Federal budget, per cent of people



# The funding pressure is unlikely to go away even if Labor come into government

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### Gillard to pull \$2.3bn of funding from unis to pay for Gonski reforms

STEPHEN MATCHETT  
TheAustralian | 10:33AM April 14, 2013



THE Gillard government plans to slash \$2.3 billion from its spending on higher education in order to fund Labor's Gonski school reforms, the biggest cut to the sector since John Howard's 1996 budget.

While not outlining how much of the funds would go towards the Gonski reforms, Tertiary Education Minister Craig Emerson said the government had found three "substantial savings" that would affect universities.

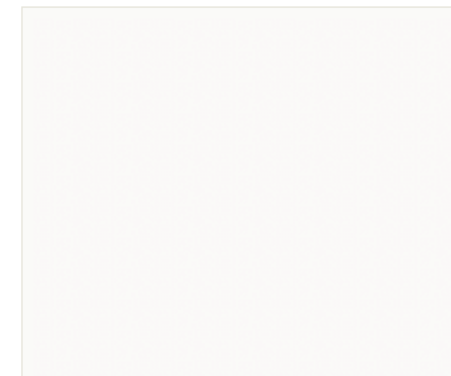
This came shortly after Treasurer Wayne Swan announced a further \$520 million savings measure that targets tax deductions for self-education expenses.

Dr Emerson said the government would place a 2 per cent "efficiency dividend" on university funding in 2014 and 1.25 per cent the next year, saving about \$900 million. This comes just as universities begin pay negotiations expected to increase

“ Nobel laureate Liu Xiaobo’s real crime is not to tug the forelock to the Chinese authorities. [More >](#)

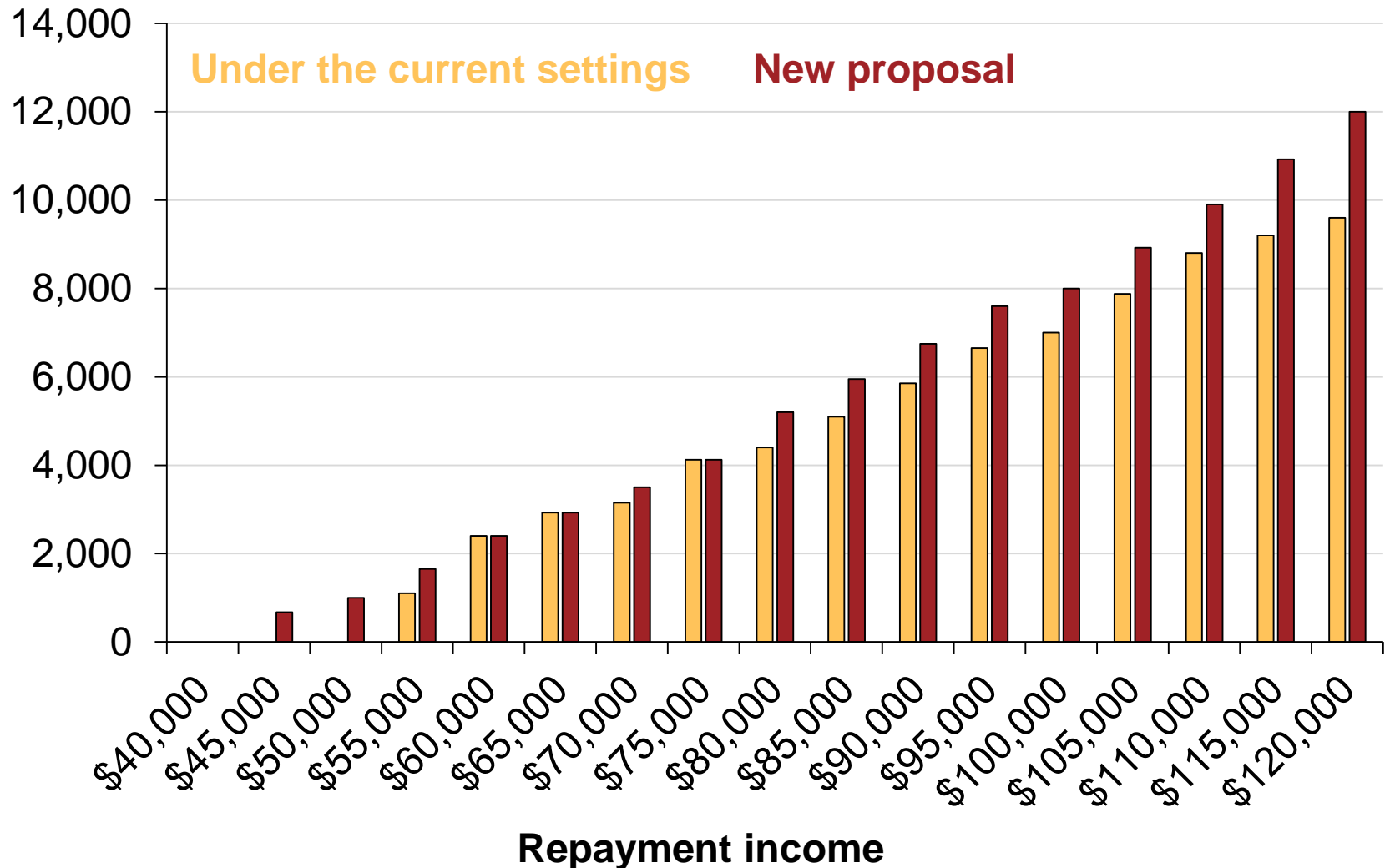


ROWAN CALLICK



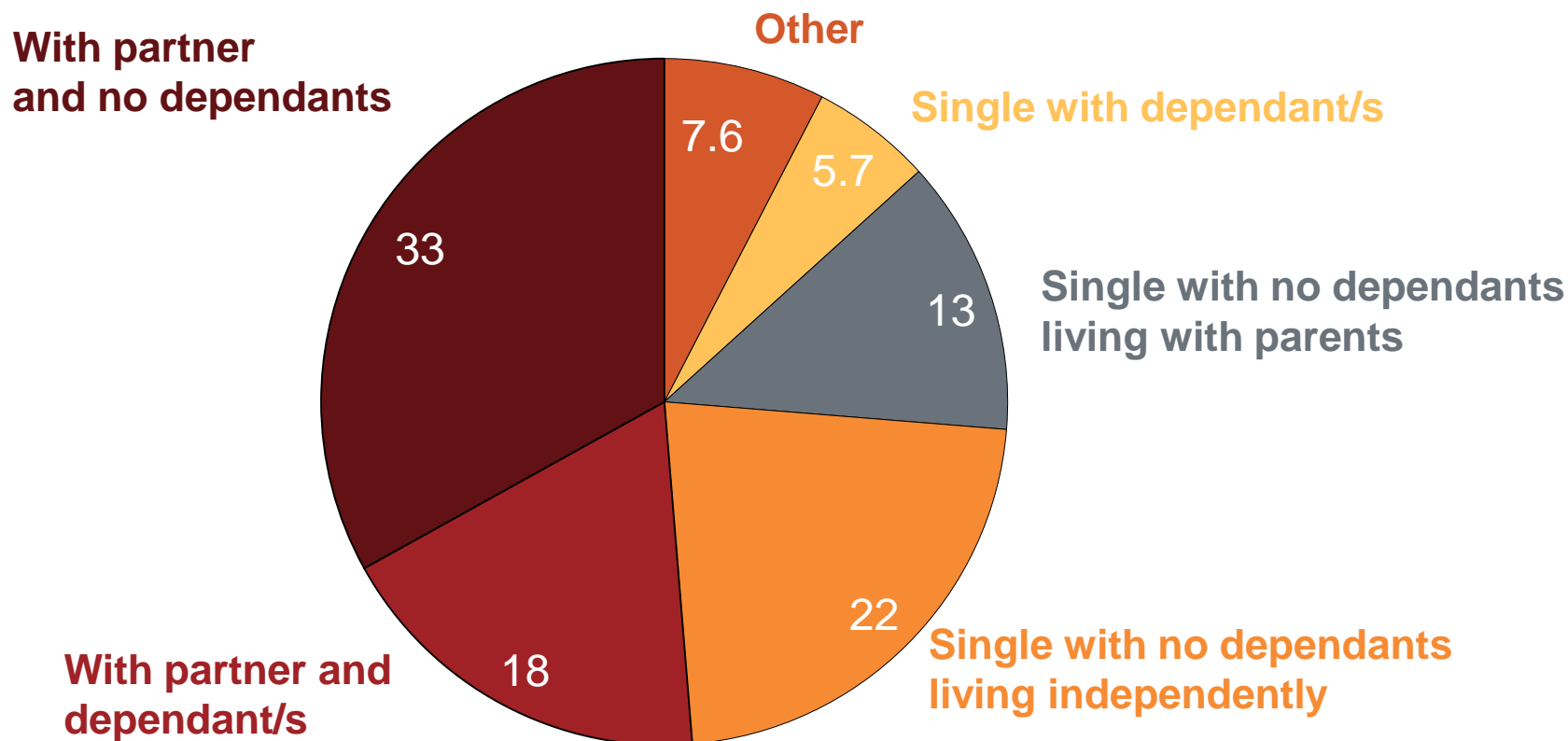
# Proposed new HELP thresholds versus under the current settings

Annual repayments by income level in 2018-19



## With the new \$42k threshold, around half of potential additional repaying debtors are partnered

Household situation of additional repaying debtors, 2014 (per cent)

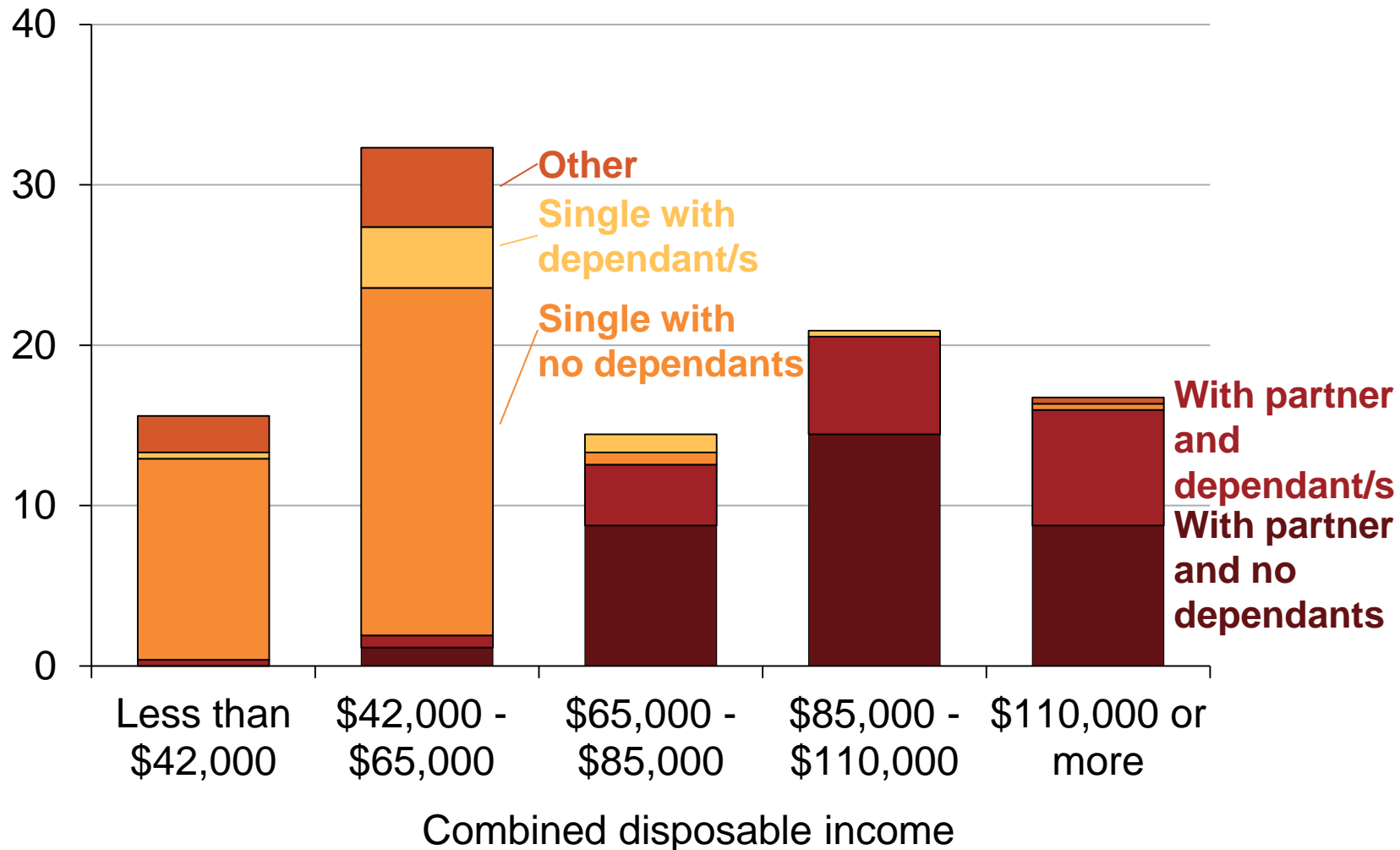


Notes: The data includes 263 observations with 254 distinct households (with 9 couples where both are in the sample). HELP debtors of all ages. 'Other' includes debtors living with other family members or unrelated household members. Including debtors with income between the actual threshold in 2013-14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

Source: HILDA (2014)

# A large proportion of potential additional repaying debtors have the capacity to repay

Additional debtors by disposable income combined with partner if app, per cent



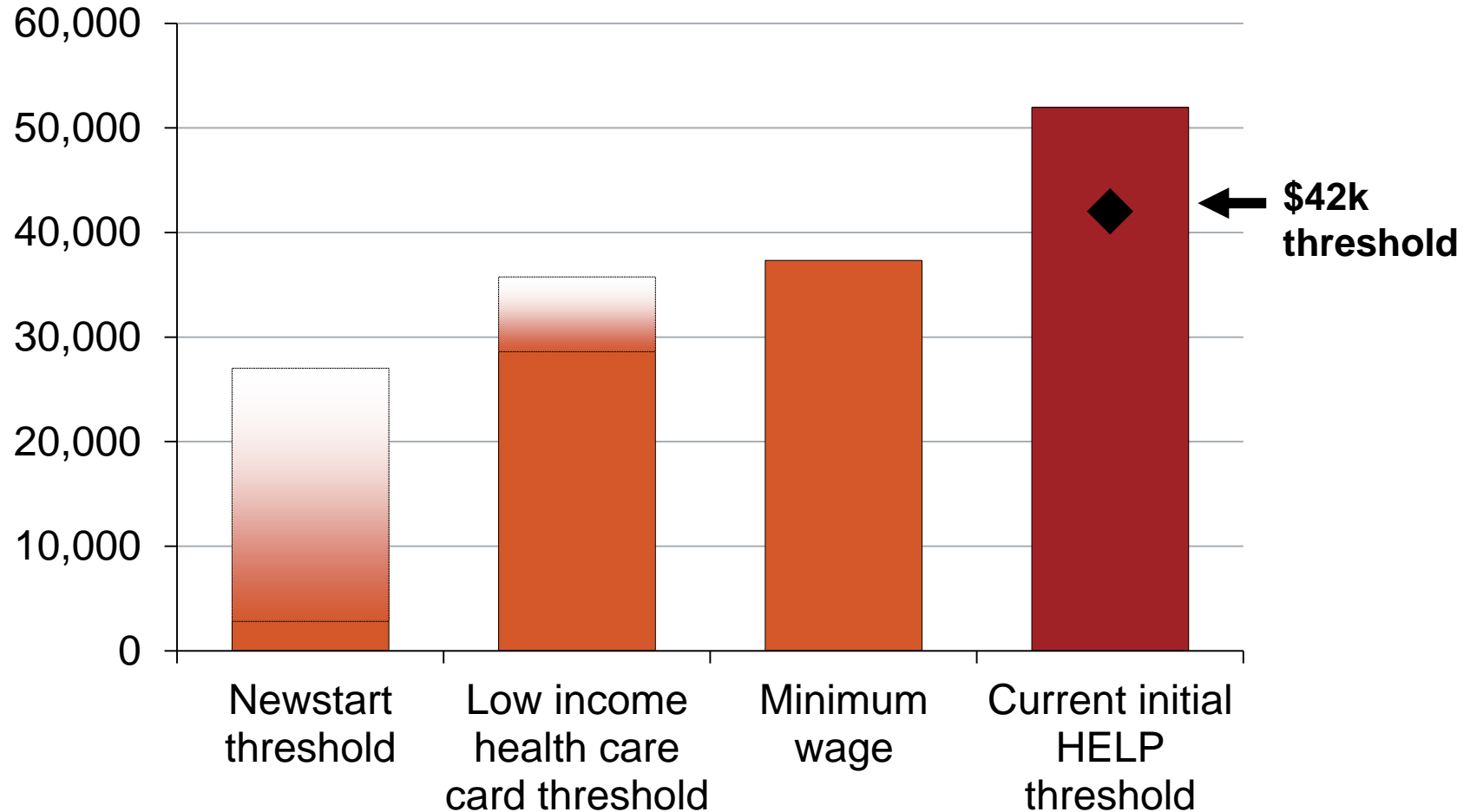
Notes: Using 2014 data and converted to 2018-19 dollars using CPI indexation as per the HESLA bill. The data includes 263 observations with 254 distinct households (with 9 couples where both are in the sample). Singles living with parents (13%) are included in 'single with no dependants'. HELP debtors of all ages. 'Other' includes debtors living with other family members or unrelated household members. Combined disposable income includes only the debtor and partner income.

Source: HILDA (2014)



# HELP is much more generous than other forms of income protection

Threshold to qualify; \$2018-19

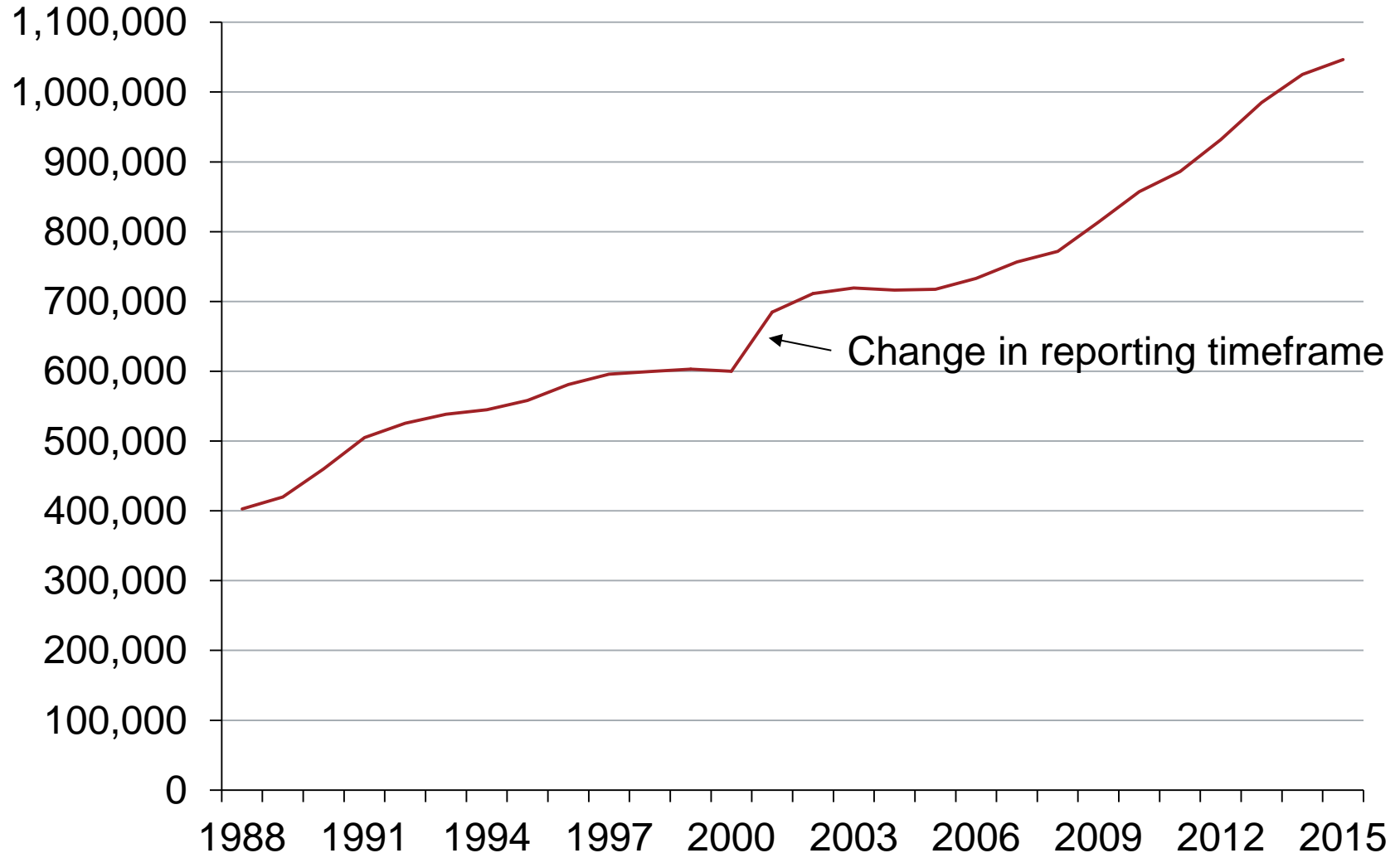


Notes: Welfare rates are for a single person. For Newstart, the darker part represents the maximum income before the benefit begins being clawed back. The dotted part represents that maximum amount a person can earn before losing eligibility. Excluding the Energy Supplement and rent assistance. For the low income health care card, the dotted part represents the income range that is eligible for retaining the card but 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. 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, Fair Work Commission

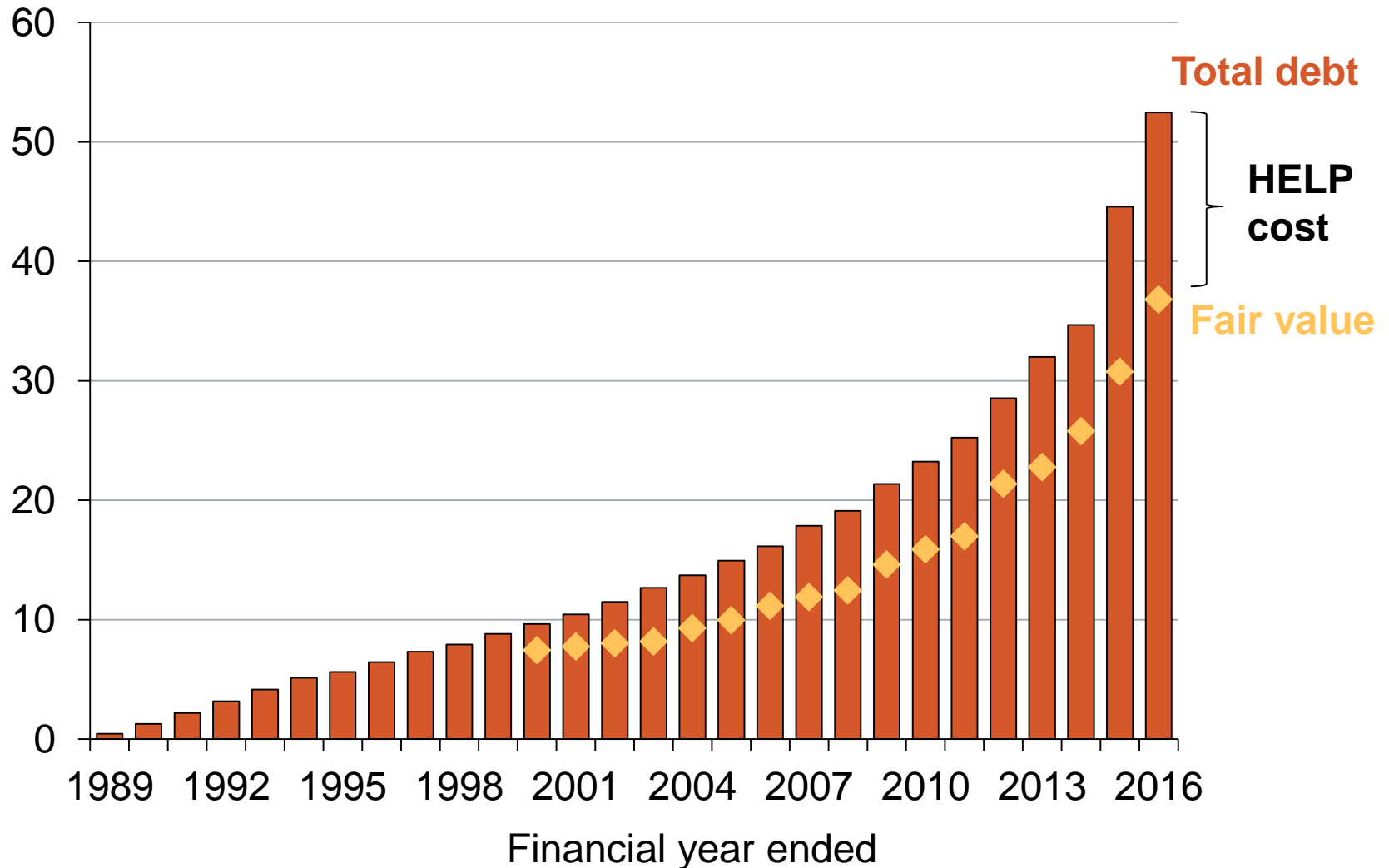
# HECS has facilitated a mass expansion of Australian higher education since 1989

## Domestic student enrolments



## HELP cost is growing

HELP debt; \$2015-16 billion





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