

## Senate Standing Committee on Education Employment and Workplace Relations

### QUESTIONS ON NOTICE Budget Estimates 2011-2012

#### Outcome 3 - Higher Education

DEEWR Question No.EW0444\_12

Senator Fielding asked on 1/06/2011, Hansard page 111.

#### Question

##### ***HECS-HELP International Comparison***

Senator FIELDING: It came up during some inquiries into youth allowance that there were some statements and one of the submissions said that Australia has one of the lowest income supports for kids going to university within the OECD. It surprised me, and it would surprise a lot of Australians, to hear that. Here is a good opportunity for you to look at that at the same time, because that goes to the general question of how much support. It would fit in with some of the terms of reference for me.

Ms Paul: I might make a general comment. In a way it goes to the discussion we had a little while ago on higher education. One of the reasons for that is that most other countries do not have a HECS-HELP type system. In this country kids going to higher education of course can defer the cost of that education through HECS-HELP until they finish, and only after they earn over a certain amount of money—\$40,000-plus—do they have to repay. In many other countries that might appear to have a more generous income support system, one of the factors there is that the kids are having to pay all those fees for their education upfront. There is no deferred loan system and there is no income contingent loan arrangement. It is indeed very interesting to look at all that, but it is a bit hard to get apples with apples. I know this because when you talk with other countries, particularly European—which OECD tends to focus on—they always say, 'Tell us more about HECS-HELP. Fantastic idea.' The UK has kind of adopted it and it is very highly regarded but that is one of the reasons why there is this differential between different countries. There would be other reasons too, of course, but that is one of them. So it is actually a bit hard to compare.

Senator FIELDING: Could you look at providing some sort of table, because it is an important issue just generally that could be covered while you are doing that—

Ms Paul: Sure, we certainly can. We can draw out those kinds of structural elements in a couple of different systems, if you like.

#### Answer

The *'Education at a Glance: OECD indicators'* publication (7 September 2010) provides international comparisons of how education systems operate and how much is spent on them.

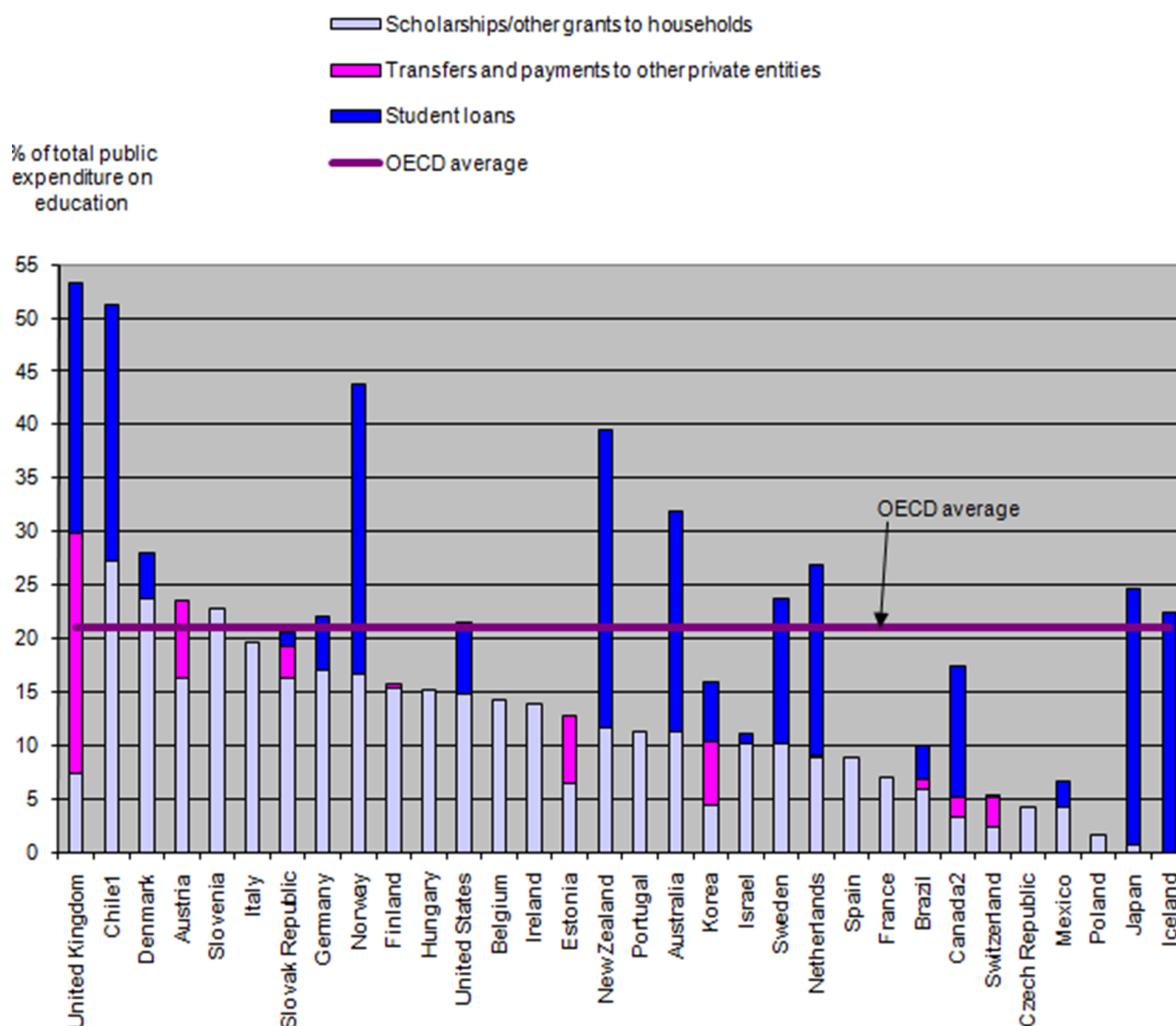
The following chart is taken from that report. It includes information on the proportion of public expenditure which is provided in subsidies to households and other private entities. It distinguishes between scholarships and grants, which are non-repayable subsidies, and loans, which must be repaid. Income support payments to Australian students would be included with scholarships/grants and HELP loans would be included with loans.

The chart shows that Australia spends a significantly greater share of its tertiary education

budget on its loan programs compared to most OECD countries.

**Chart B5.2. Public subsidies for education in tertiary education (2007)**

*Public subsidies for education to households and other private entities as a percentage of total public expenditure on education, by type of subsidy*



1. Year of reference 2008

2. Year of reference 2006.

Countries are ranked in descending order of the share of scholarships/other grants to households and transfers and payments to other private entities in total public expenditure on education.

Source: OECD. Table B5.3. See Annex 3 for notes ([www.oecd.org/edu/eag2010](http://www.oecd.org/edu/eag2010)).