

Higher Education

Briefing Note 2.3.8.1

# June 2016 - Universities to cap or not to cap?

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- The nation's elite Group of Eight universities have proposed that the federal government reintroduce limits on how many students each university can enrol, a suggestion slammed by other vice-chancellors as "cancerous" and "selfish" [Canberra Times]
- Group of Eight chair Michael Spence said the *uncapping* of university places in 2012 had blown out the budget by billions of dollars while leaving important university research underfunded.
- Dr Spence, the vice-chancellor of the University of Sydney, said the government should consider placing an overall cap on the number of students each university can enrol and let them decide how many students are enrolled in each discipline.
- Australian Catholic University vice-chancellor Greg Craven said capping university places would see more disadvantaged students locked out of university.
- Grattan Institute higher education program director Andrew Norton, who conducted a major review of the demand-driven system for the Abbott government, said arbitrary limits on student numbers were a "bad idea".

# Policy Challenges

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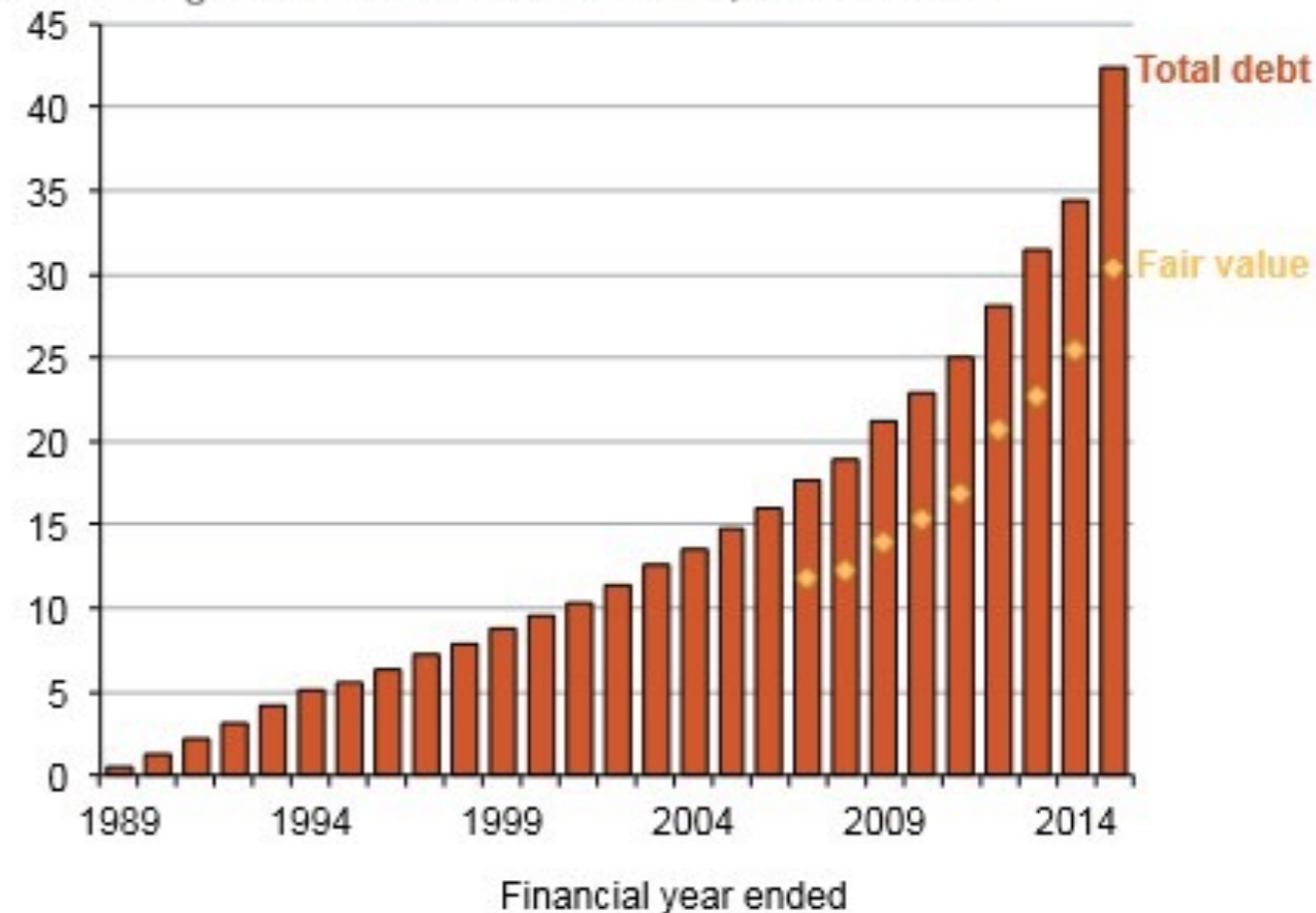
- The pressure remains on funding all interested students who meet university admission requirements. The direct cost of the Gillard policy is now largely met, with future growth in student numbers incremental.
- There remains lingering sentiment that universities should only be for the brightest on the assumption that that was once the case.
- The future reality is that it is hard to be employed without a vocational, education and training (VET) or higher education qualification.

Source: The Conversation April 2016

# HELP Debt Increase

- GO8 says: *We are on track of meeting the goal of 40 per cent of young people with an undergraduate degree by 2025...*
- University enrolments have grown by 30 per cent since 2008, leading to concerns about falling entry standards and the soaring cost of higher education.
- Total outstanding HELP loans **HAS** escalated, many of which will never be repaid, putting increasing pressures on the federal Budget:

**Figure 1: Total outstanding HELP debt is escalating rapidly**  
Outstanding HELP debt and its fair value; \$2015 billion



Sources: DIICCSRTE (2013a); b); DIISRTE (various years); Department of Education (2014a); Department of Education and Training (2015d), communication from the Department of Education and Training

Source: MacroBusiness

# HELP Repayment Scenarios

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- THE “repayment scenarios” have been closely studied since the **2014** Federal Budget. NATSEM modelling suggests:
  - The true extent of university fee increases is still not yet known, but we do know the increases are likely to be significant and will mean that for many students the repayments of their HELP loans will be **larger** and take **longer** to pay off. Deregulation of fees will have different impacts on students depending on **gender** and the course of study.
  - For certain degrees, such as science, there is the potential for the time taken to repay **a loan doubling** and the total dollars repaid to almost **triple**.

# HELP Repayment Modelling - 2014

## Base Case

Occupation/Course	Repayment length (years)			Initial Debt		Total Repayment			Average Income	
	New	Current	Difference	New	Current	New	Current	Difference	Age 25	Age 30
Business, Male	8.2	7.3	0.9	\$35,967	\$32,449	-\$45,716	-\$36,162	\$9,554	\$74,255	\$112,073
Business, Female	9.7	8.6	1.1	\$35,967	\$32,449	-\$48,431	-\$37,085	\$11,345	\$68,873	\$93,263
Nursing, Male	9.8	7.9	1.9	\$26,533	\$20,376	-\$35,475	-\$22,921	\$12,555	\$61,153	\$74,350
Nursing, Female	11.7	8.3	3.3	\$26,533	\$20,376	-\$36,307	-\$22,997	\$13,310	\$62,096	\$57,909
Science, Male	10.7	6.9	3.9	\$66,412	\$39,680	-\$88,378	-\$43,297	\$45,081	\$77,873	\$92,804
Science, Female	13.9	8.4	5.5	\$66,412	\$39,680	-\$95,720	-\$44,228	\$51,492	\$70,087	\$79,761
Teacher, Male	10.9	8.8	2.2	\$35,423	\$27,847	-\$49,044	-\$31,820	\$17,224	\$59,577	\$74,652
Teacher, Female	12.8	9.2	3.7	\$35,423	\$27,847	-\$49,054	-\$31,395	\$17,658	\$62,562	\$59,541

Source: NATSEM



# Links

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- GO8 - [Priority Directions](#)
- Article - [Canberra Times](#)
- Article - [Is it time to turn your back on University?](#)
- Research - [Graduate Salaries 2012 \[ PDF \]](#)



# WhaleSongServices

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