

Briefing Paper:

Public Attitudes on Issues in Higher Education

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Summary

Stronger public universities are vital to the success of dynamic, innovative economies, and more inclusive labour markets. But decades of fiscal restraint and corporatisation have eroded the democratic governance and equitable delivery of public higher education in Australia. There are widespread concerns among both university staff and the broader Australian community regarding many higher education issues: including funding, governance, the insecurity of work in universities, the quality of education, and the affordability of attending university. This report combines data from the Department of Education, the OECD, and original survey data from a national poll conducted by the Centre for Future Work to draw attention to key challenges facing public universities today. The Federal Government's new 'Universities Accord' creates an important opportunity to address these challenges and put higher education back on a better path.

Key findings of this report include:

- Federal Government funding for universities (excluding HELP) has fallen from 0.9 per cent of GDP in 1995 to 0.6 per cent of GDP in 2021 – implying a \$6.5 billion reduction in funding in 2021 (equal to 46.5 per cent of current higher education funding).
- On a per student basis, Commonwealth higher education funding has declined significantly in the last decade.
- Almost three in four (74 per cent) Australians reported being concerned about the decline in government funding per student for public universities over the last 10 years, with 35 per cent saying they were very concerned.
- Since 1995, private sources of revenue have doubled as a share of university revenue: increasing from 21.7 per cent to an all-time high of 43 per cent in 2019.

- Five in six (83 per cent) Australians said they were concerned that universities focus on profit at the expense of education, with half (50 per cent) very concerned.
- Four in five (79 per cent) Australians agreed that Vice-Chancellor salaries should be capped so they are not paid more than the Prime Minister, with 45 per cent strongly agreeing.
- Casual work is on the rise at universities. While total employment has grown on average by 2.3 per cent per year between 1999 and 2019, casual employment has grown almost twice as fast (4.5 per cent per year) over the same period.
 - Casual employment now accounts for 40 per cent of jobs at public universities.
- Half (51 per cent) of Australians reported that a mostly permanent faculty would provide the best university education for students.
 - 22 per cent believe there would be no difference in quality between sessional/contract and permanent staff.
 - 17 per cent said mostly sessional and contract staff would be best for a student's education.
- More than two in three (68 per cent) Australians reported being concerned about larger class sizes and fewer faculty per student, with one in four (25 per cent) who said they were very concerned.
- Degrees are becoming more expensive for students. Average HELP debt has doubled since 2008: increasing from \$12,990 to \$24,771 in 2022.
- Two in three (67 per cent) Australians said it costs too much to attend university. 22 per cent said the cost was about the right amount, and only 2 per cent of Australians said it costs too little.
- University fees in Australia are high by international standards. Tuition fees make up 51 per cent of total funding for universities in Australia, compared to the OECD average of 22.3 per cent.
- Three in four (76 per cent) Australians reported that they were concerned about student debt burden, with 44 per cent who said they were very concerned.
- Six in seven (85 per cent) Australians agreed that any Australian with interest and pre-requisites should be able to receive a university education, regardless of their personal financial circumstances, with 47 per cent who strongly agree.

Introduction

Public higher education fulfils a vital role in society. Universities educate workers of the future, equipping them with the skills, knowledge and critical thinking required for full participation and inclusion in a constantly changing labour market. Functioning at the intersection of abstract learning and practical pursuits, higher education improves the quality of economies, the incomes and wellbeing of households and individuals, and the strength of democracy. But higher education is not just crucial for labour force development: it has intrinsic value, too, connecting students and scholars to a broader view of humanity that examines values, ethical purpose, the wisdom of different cultures, and the full diversity and richness of human thought. Universities also make a considerable economic contribution via employment, tax revenue, and economic growth every year. Universities are one of Australia's biggest export industries: generating tens of billions of dollars in export revenues from international enrolments. But to continue making these important contributions, public universities need to be well-funded, and guided by good policy.

Decades of fiscal restraint and market-oriented higher education policy have eroded public funding and put the sector on the path of increasing corporatization. This has undermined the capacity of universities to meet their public service mandate: namely, provide accessible, quality higher education for all who desire it. Australia's public university system is plagued with issues that stem from the financial and policy mismanagement of the sector – including declining public funding, corporate businesses models, poor quality employment, and unaffordable university education. Public universities are no longer serving the public interest of equitably delivering education and offering good employment to those who work there.

The Federal Government's Universities Accord has been described as a 'once in a generation opportunity for a visional plan' for higher education.¹ The Education Minister's objective for the Accord is to address challenges in the sector and set higher education on a better path for the future.² This includes investment and affordability, access and opportunity, governance, quality, and sustainability of education, and meeting the knowledge and skills needs of Australia. It will take ambitious and positive change to achieve these goals.

The worrisome trajectory of higher education has not gone unnoticed by Australians. There is broad concern in the community about how far universities have strayed from being democratically governed, publicly accountable, and accessible institutions and employers. An Accord process that restores adequate funding and improves the governing of higher education (with workers and students in mind) would ensure that

¹ Ketchell, M. (2023) *Introducing our new series on the future of Australian higher education*, <https://theconversation.com/introducing-our-new-series-on-the-future-of-australian-higher-education-203760>

² Clare, J. (2023) *Release for Australian Universities Accord Discussion Paper*, <https://ministers.education.gov.au/clare/release-australian-universities-accord-discussion-paper>

education is treated again as a public service and a human right, rather than a traded community.

Funding and Governance

Since the re-introduction of university fees and the Dawkins reforms³ of the late 1980s, higher education policy in Australia has compelled public universities to operate like corporate businesses. As the Federal Government gradually relinquished financial responsibility for higher education and facilitated the growing influence of corporate interests within university governing structures, universities have been increasingly reshaped by the economic and political agenda of commercialisation, deregulation, and privatisation.

Federal Government higher education funding (excluding HELP) has fallen from 0.9 per cent of Gross Domestic Product (GDP) in 1995 to 0.6 per cent of GDP in 2021. A decline of 0.3 percentage points may sound small, but that reduction in funding was equivalent to \$6.5 billion in foregone funding in 2021. That is equivalent to 46.8 per cent of current Federal Government funding (excluding HELP).⁴ In other words, if federal support had maintained the same size relative to Australia's economy, Commonwealth funding for universities would be almost 50% greater today.

While Federal Government funding for higher education has grown in nominal terms, it has not even kept up with inflation – let alone the growing population and enrolments. Figure 1 shows that in the decade since 2013, funding for higher education fell by 2.4 per cent in real terms (after adjusting for inflation) by 2022-23.⁵ This is despite growth in domestic student enrolment of 18 per cent between 2013 and 2021, and the expectation of continued enrolment growth into the future.⁶ The combination of a decline in real federal funding with growth in enrolment has produced a more dramatic decline in the amount of real federal spending per domestic student.

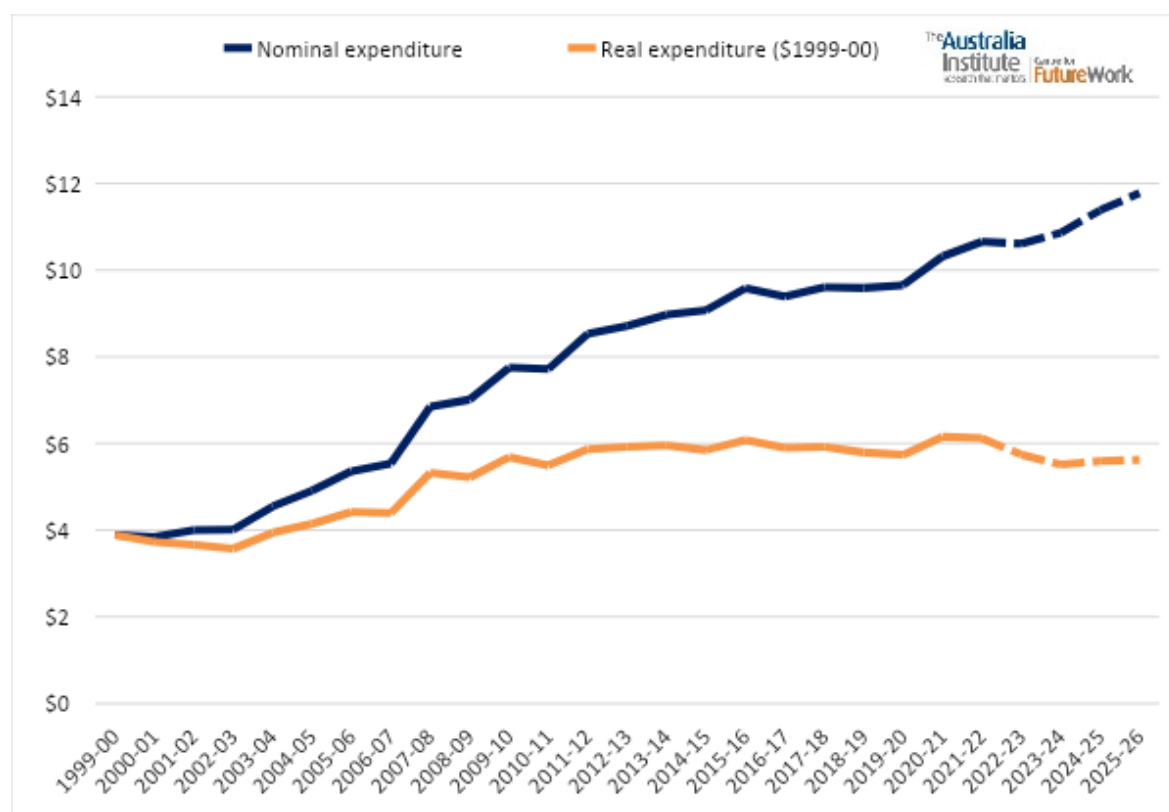
³ The reforms included the introduction of income contingent loans for university fees (the Higher Education Contribution Scheme), the centralization of research funds via the Australian Research Council forcing universities to compete for research grants, looser government controls over the governance at universities, and deregulation of fees. The reforms resulted in the amalgamation of universities.

⁴ Department of Education (various years) *Higher Education Finance Tables*, <https://www.education.gov.au/higher-education-publications/finance-publication> ; Department of Industry, Science and Resources (2021) *Science, research and innovation budget tables*, <https://www.industry.gov.au/publications/science-research-and-innovation-sri-budget-tables>

⁵ Note: the \$1 billion of one-off research funding granted to public universities during 2021-22 to provide support during the pandemic was taken out of nominal and real expenditure as it does not represent ongoing growth to public funding for universities.

⁶ Department of Education (2022) *Selected Higher Education Statistics – 2021 Student data*, <https://www.education.gov.au/higher-education-statistics/student-data/selected-higher-education-statistics-2021-student-data>

Figure 1: Federal funding for higher education nominal and real (excluding HELP)



Source: Authors calculations based on PBO's historical fiscal data, 2022-23 Budget Paper No. 1 and ABS CPI figures.

Note: Dotted lines are budget projections of future funding in 2022-23 Budget Paper No. 1 (page 185)

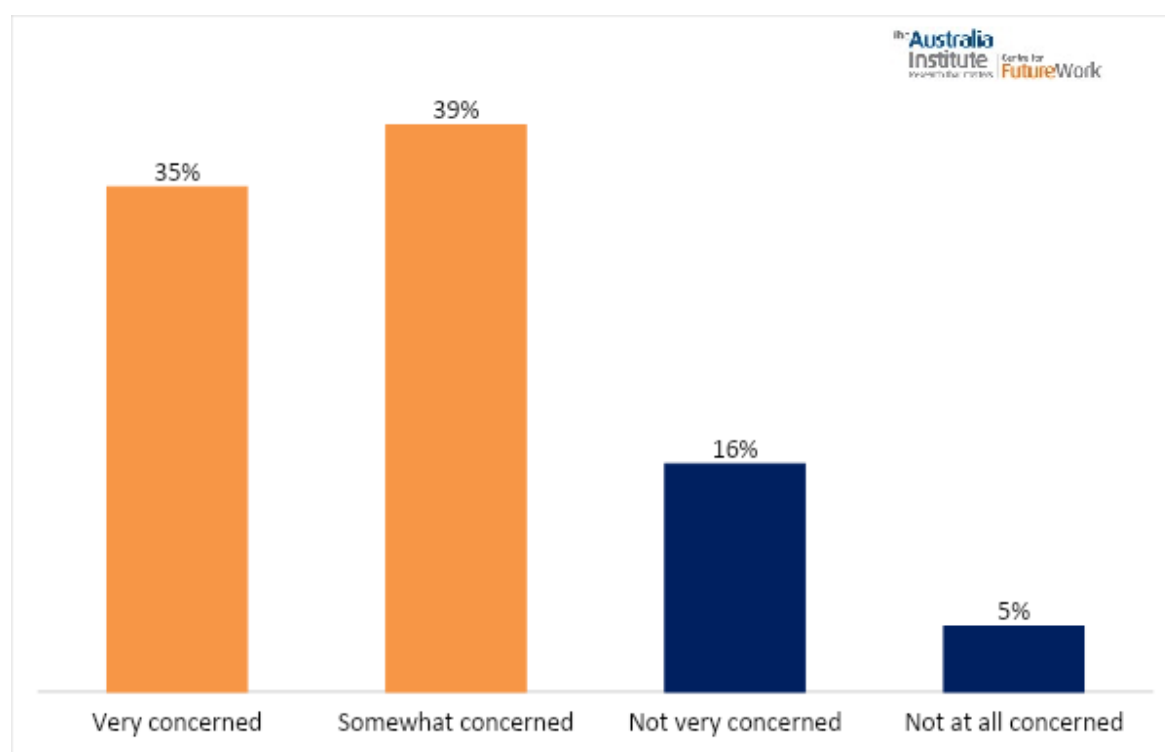
Forcing universities to teach and research with less resources has broad-reaching consequences for the quality of teaching, research, and employment at universities. The erosion of government funding for higher education is thus a concerning trend with wide-ranging consequences.

A broad cross-section of Australians share this concern with declining public funding for universities. This is confirmed by the findings of an original public opinion survey conducted by the Centre for Future Work on the 14th to the 17th of March 2023. A nationally representative sample of 1002 adults were surveyed, more details about the methodology can be found in the appendix.

Survey respondents were asked how concerned, if at all, they were about the roughly 20 per cent decline in government funding per student (after inflation) for public universities over the last 10 years. Almost three in four (74 per cent) Australians reported being concerned about the decline in government funding, with 35 per cent who said they were very concerned (see Figure 2). Only 20 per cent of Australians reported that they were not very or not at all concerned. Importantly, this level of concern varies little across voting intention, with a strong majority of Coalition (70 per cent), Labor (79 per cent), and Greens (79 per cent) voters reporting that they were

either very or somewhat concerned. The declining role of government responsibility in financing universities is thus not popular across the aisle.

Figure 2: Level of concern about declining government funding for universities

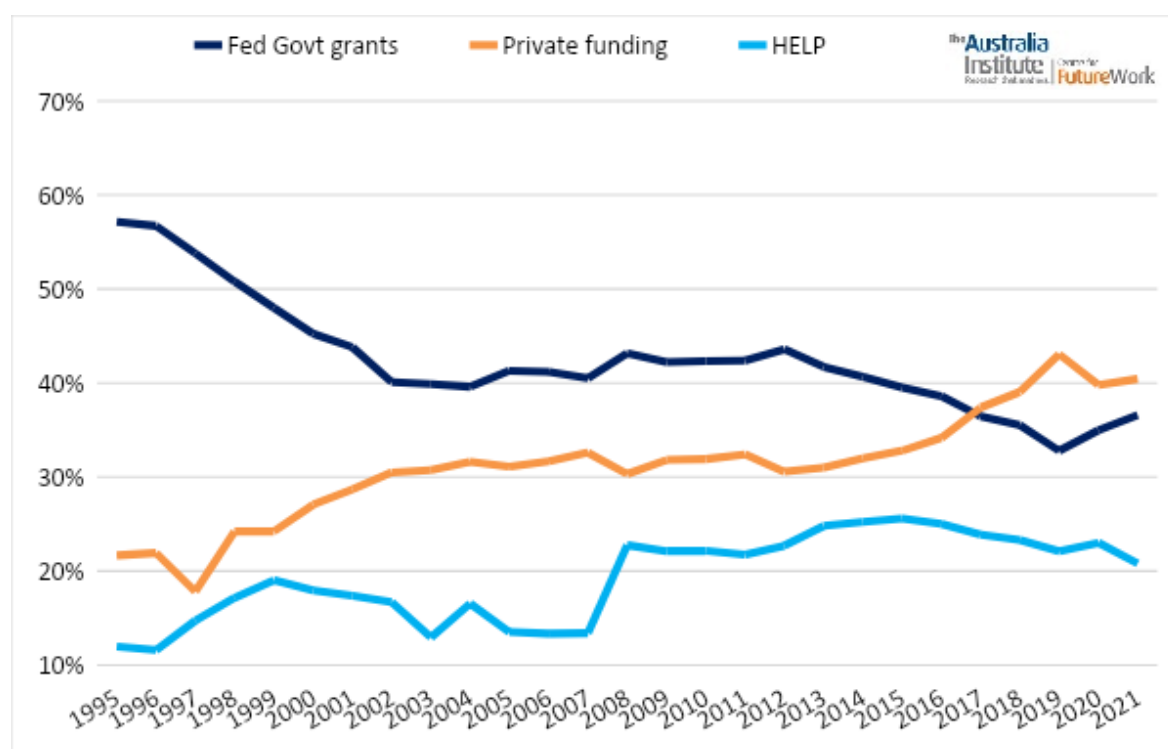


Source: Survey results as described in text.

Reducing public financing as enrolments have expanded has forced universities to seek additional sources of revenue from the private sector, which as a result have increased dramatically as a share of overall revenue. Figure 3 shows that Federal Government funding for public universities as a portion of university revenue has fallen from 57.2 per cent in 1995 to a low of 32.8 per cent in 2019. Federal funding increased slightly in 2020 and 2021 due to a one-off boost of \$1 billion in research funding to assist universities through the pandemic, but that did not represent a sustained departure from the downward trend in public funding.

Meanwhile, property development, investments, international student fees, and commercially oriented research income have become core revenue sources for universities. Since 1995, these private sources of revenue have doubled as a share of total university income: increasing from 21.7 per cent to a high of 43 per cent in 2019, before a slight decline in 2020 and 2021 to 40 per cent of total revenue (see Figure 3). Today international student fees make up 22 per cent of total revenue, investment income makes up a further 8.4 per cent, and donations, bequests, non-government grants, and disposal of property make up 5 per cent.

Figure 3: Public university sources of funding as a percentage of total revenue, 1995-2021



Source: Author's calculations based on DESE (various years) *Higher Education Providers Finance Tables*

It is also noteworthy that domestic student contributions (via HECS and HELP) to university revenue as a proportion of revenue have increased from 12 per cent in 1995 to 20.8 per cent in 2021 – indicating that Australian students and their families are providing a much greater share of funding (Figure 3).⁷

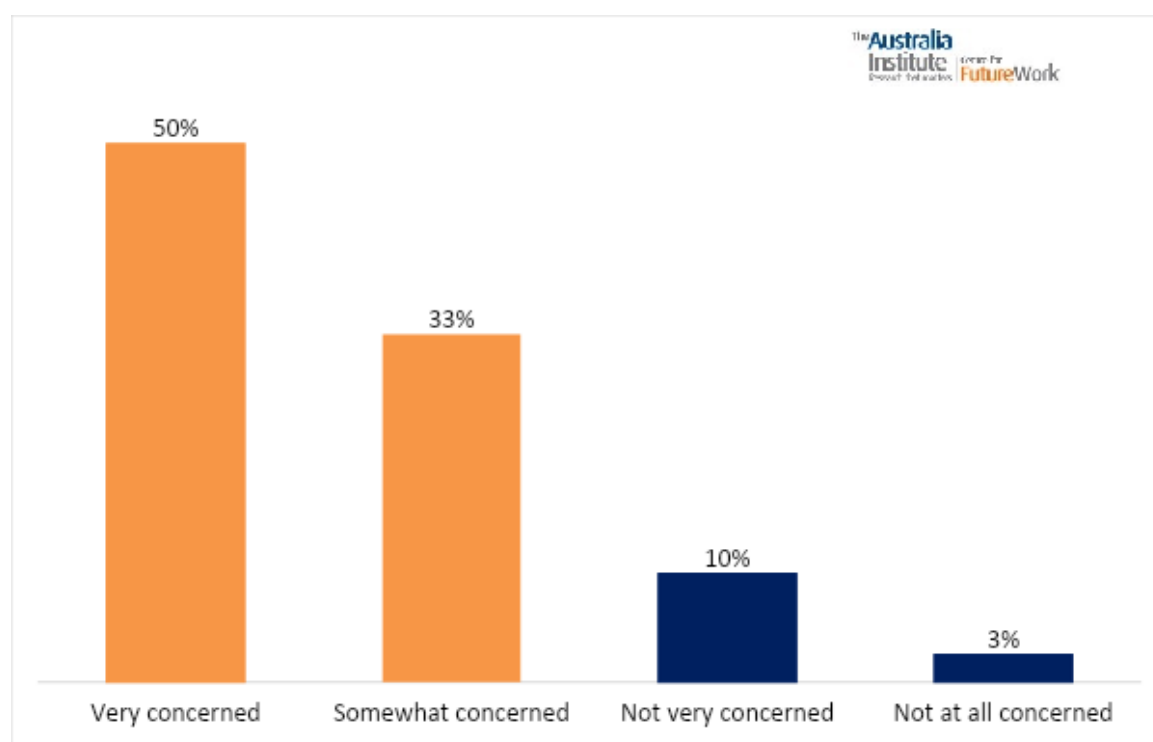
Declining government support for universities and growing reliance on private funding has pressured these public institutions to adopt a business model shaped intrinsically by competitive market considerations. Universities subjected to market pressures have re-constituted in corporate like forms, increasing prices wherever possible and prioritising cost saving measures. The corporatisation of universities has led to overreliance on international student fees, the rise of casual employment and short-term contracts for university workers, widespread wage theft, neglect of less 'lucrative' disciplines (such as visual arts and subjects in the humanities), and eroding accessibility to education for students. But more than this, the focus on university administrators on their institutions' 'profitability' has subordinated the public service of providing quality higher education to a very commercial vision.

While the corporatisation of public universities has been a slow and pervasive transformation, Australians are aware and concerned about the impact this has on the

⁷ The portions of revenue don't sum to 100 as not all sources of revenue were included in the graph. The sources left out include state and local government assistance, upfront domestic student contributions etc. all which make up a small percentage of total revenue.

quality of education for students. Survey respondents were asked how concerned, if at all, they are that universities are focused on profit at the expense of education. Figure 4 shows that more than four in five (83 per cent) Australians said they were concerned that universities focus on profit at the expense of education, with half of all respondents (50 per cent) who were very concerned. Supporters of both major parties are in agreement that this is a concerning trend, with 81 per cent of Coalition voters and 84 per cent of Labor voters reporting that they were concerned about the impact of the profit motive on the quality of education.

Figure 4: Level of concern that universities prioritise profit over education



Source: Survey results as described in text.

One of the clearest indications that public universities are increasingly being run like businesses is the salaries of Vice Chancellors. Australian public university Vice-Chancellors are amongst the highest paid in the world. Their annual salaries averaged almost \$1 million in 2020.⁸ Similar to the way CEO remuneration is often determined by corporate boards in the private sector, Vice-Chancellor salaries are determined by university councils – which now consist largely of members appointed from corporate backgrounds.⁹ Some claim that these high salaries are necessary because of the need to compete with the private sector for CEO talent. For example, Universities Australia’s chief executive Catriona Jackson claims that “vice-chancellors’ salaries are set by university governing bodies and are subject to carefully conducted benchmarking

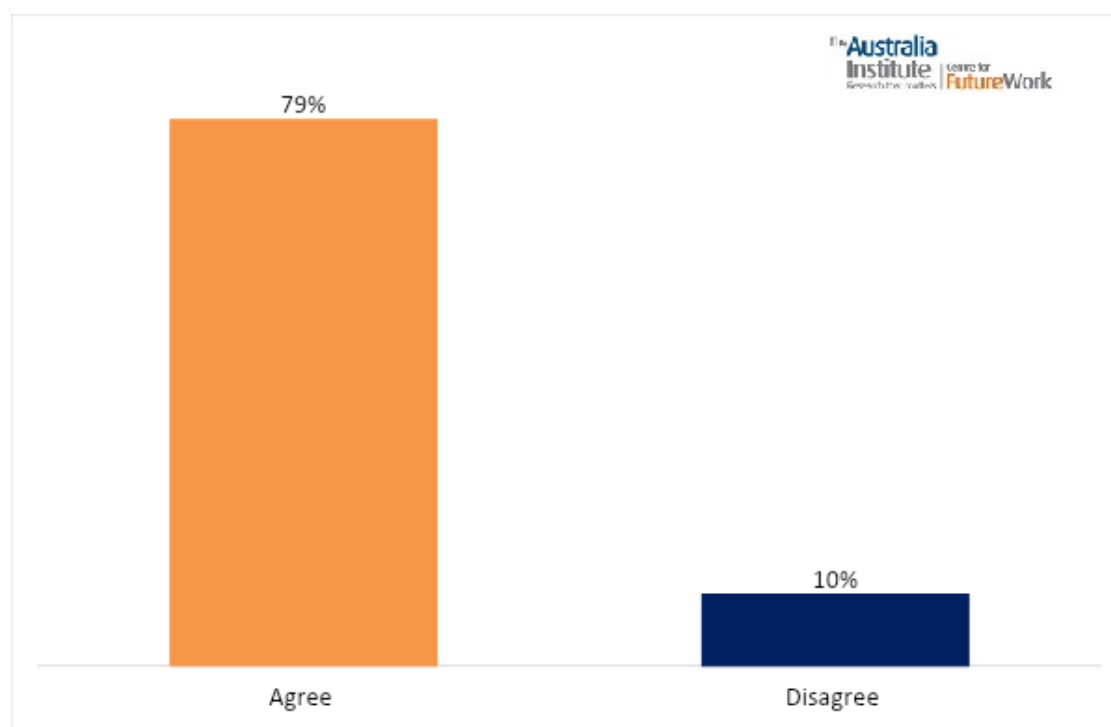
⁸ Littleton, E. (2022) *At the Crossroads: What is the post-COVID future of Australia’s Public universities*, <https://futurework.org.au/report/at-the-crossroads/>

⁹ Parliamentary Library data, cited in Mehreen Faruqi (2021) *The university of the future: higher education built on democracy and equity*, <https://greens.org.au/campaigns/uni-future>

against similarly large and complex institutions.”¹⁰ This constitutes a fundamental departure from the way other public institutions approach remuneration. For example, the average Vice-Chancellor salary is almost twice that of the Prime Minister of Australia – arguably the most important job in the country.

Survey respondents were asked whether they agreed or disagreed that Vice-Chancellor salaries should be capped, so no Vice-Chancellor is paid more than the Prime Minister.¹¹ Four in five (79 per cent) Australians agreed that Vice-Chancellor salaries should be capped so they are not paid more than the Prime Minister, with 45 per cent who strongly agreed. Only 10 per cent of Australians disagree.

Figure 5: Attitudes towards a Vice-Chancellor salary cap



Source: Survey results as described in text.

Universities are very important public institutions: they provide skills and career pathways, are engines of research and knowledge creation, and hence fulfil a vital public service. However, the hybrid, ‘public-private’ status of universities – they are funded in part by public money, and are ultimately accountable to government, but are dependent on private revenues for an increasing share of their funding – threatens the capacity of higher education to fulfil that its important public mission. The primacy of finances at universities has broad-reaching implications for the quality of education and

¹⁰ Bitá, N. (2022) *Academics call for cut to vice-chancellors’ pay*, The Australian, <https://www.theaustralian.com.au/higher-education/academics-call-for-cut-to-vicechancellors-pay/news-story/d5ce23962c4bd4ee73118df566cb2c25>

¹¹ Respondents were provided with the following preamble to the question: A university’s Vice Chancellor is its chief executive, responsible for the leadership, management and development of the university. Australian Vice Chancellors are some of the highest paid internationally, with some being paid over a million dollars a year.

employment – turning degrees into commodities, students into customers, and workers into a target for cost cutting.

Insecure Work and the Quality of Teaching

Employee expenses make up the largest share (57.6 per cent) of university expenses.¹² This includes wages and salaries, superannuation and pension contributions, payroll tax, leave entitlements and workers compensation for academic and non-academic staff. Teaching and research, the primary services performed by universities, are inherently labor-intensive activities, and hence labour costs naturally constitute a large share of total university expenses. This is also true in other human and public service industries. However, this does make labour costs a prime target for cost-cutting measures when universities aim to reduce expenditure. As universities have become more corporatized, their strategies for cutting labour costs have become more aggressive, and similar to labour cost suppression strategies common in the private sector. The result has been increasing use of casual and temporary contracts, larger class sizes, increased workloads for staff, and even widespread wage theft.¹³

Over the past 30 years, insecure employment has become a core business strategy in the higher education sector. According to the Department of Education, between 1991 and 2020 the number of casual staff employed at Australian universities has increased from 7,475 to 23,946 (in full-time equivalents, FTE).¹⁴ While total employment has grown on average by 2.3 per cent per year between 1999 and 2019, casual employment has grown by 4.1 per cent per year over the same period.¹⁵ FTE measures of employment, however, mask the true scale of casual employment. Based on figures from the Australian Charities and Not-for-profits Commission in 2020, there were over 84,000 university staff employed on a casual basis – now accounting for 40 per cent of total employment at public universities.

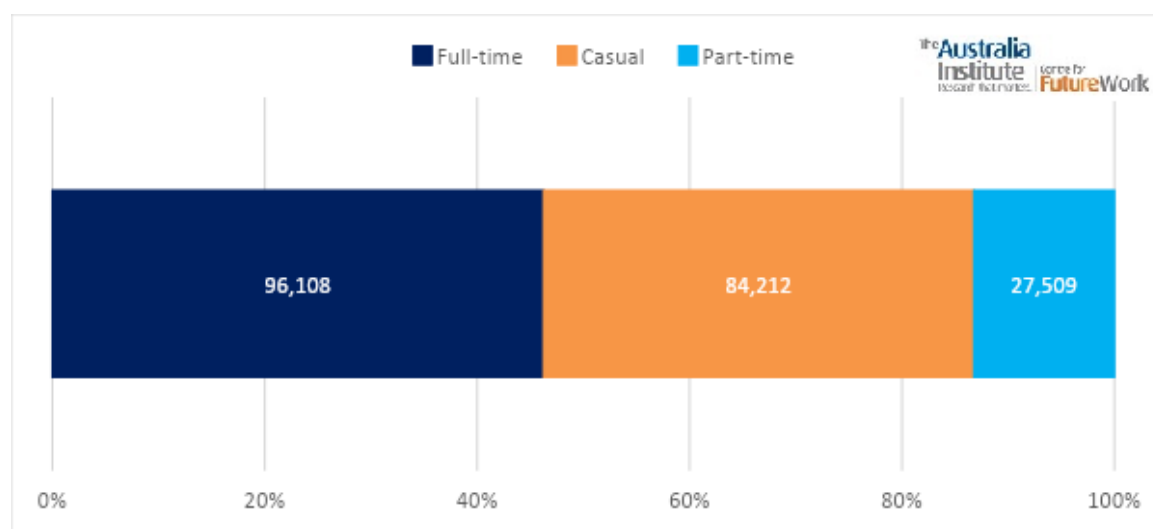
¹² Department of Education (2023) *Finance Publication, 2021 Finance Tables*, <https://www.education.gov.au/higher-education-publications/finance-publication>

¹³ Wage theft is the underpayment of employees or withholding of entitlements. There have been numerous cases of systemic wage theft in the Australian university sector recently. See Hare J. (2023) *Unis admit underpaying casuals by \$83m: report*, <https://www.afr.com/work-and-careers/workplace/wage-theft-rife-in-university-sector-report-20230217-p5cld3>

¹⁴ Note: this is the Departments estimate.

¹⁵ Department of Education (2022) *2021 Staff full-time equivalence*, <https://www.education.gov.au/higher-education-statistics/resources/2021-staff-fulltime-equivalence>

Figure 6: University employment numbers, 2020



Source: Author's calculations based on Australian Charities and Not-For-Profit Commission (2020) *2020 Annual Information Statement for all public universities*.

The deteriorating quality and security of employment is a major concern for both workers in the sector and the quality of education they can deliver. Casual employment denies workers basic job security and entitlements (such as paid personal and sick leave) and allows employers to shed staff quickly and costlessly when they desire. This 'design feature' of casual employment was utilised extensively during the pandemic; large numbers of casual staff were discarded by universities within months of the onset.¹⁶ A recent OECD report also warns that increased casualisation of university staff and accompanying job precarity are associated with lower incomes and greater job dissatisfaction and can detract from the provision of quality education.¹⁷

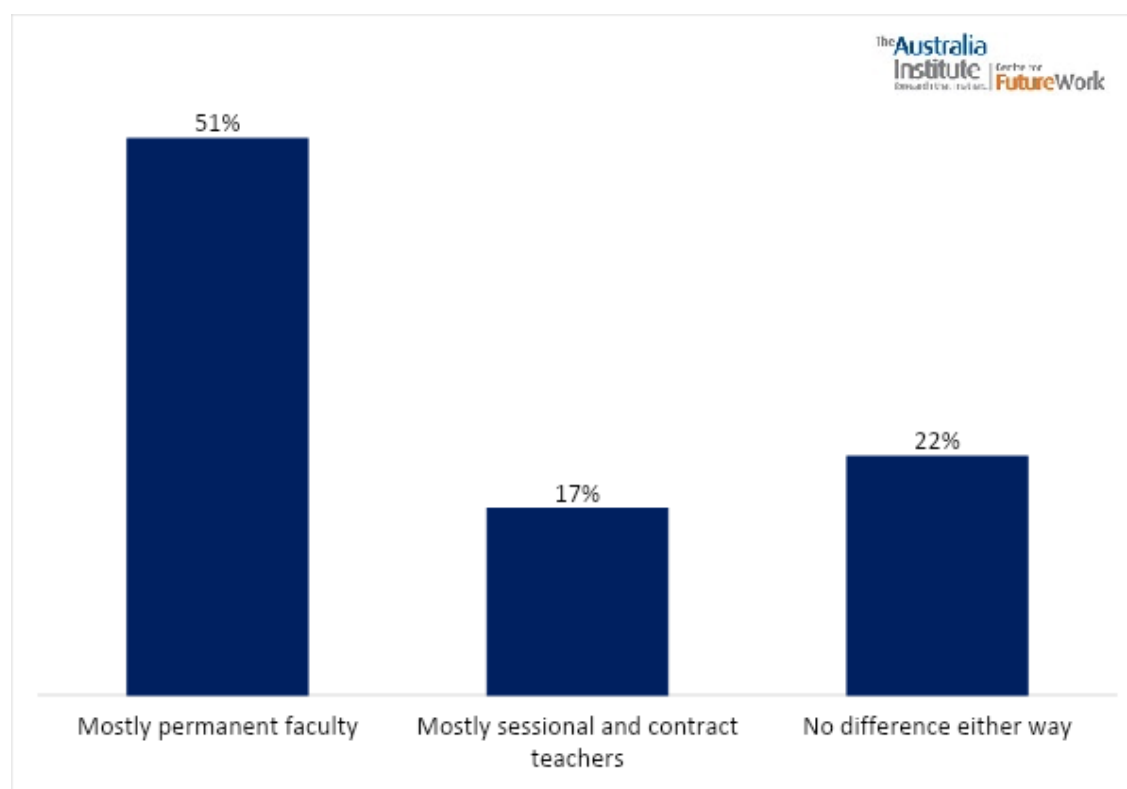
Survey respondents were asked what kind of employment structure would provide the best university education for students.¹⁸ Half (51 per cent) of Australians reported that a mostly permanent faculty would provide the best university education for students. This was followed by 22 per cent who said there would be no difference between sessional/contract and permanent staff and just 17 per cent who said mostly sessional and contract staff would be best for a student's education. Major party voters agree that relying mostly on permanent faculty would be best: 50 per cent of Coalition voters and 55 per cent of Labor voters expressed this response.

¹⁶ For more detail on employment losses at universities during the pandemic, see Littleton, E. (2022) *At the Crossroads: What is the post-COVID future of Australia's Public universities*, <https://futurework.org.au/report/at-the-crossroads/>

¹⁷ OECD (2020) *Resourcing Higher Education: Challenges, Choices, and Consequences*, https://www.oecd-ilibrary.org/education/resourcing-higher-education_735e1f44-en

¹⁸ Respondents were provided with the following preamble before the question 'University education currently involves some courses taught by permanent faculty members, and some by short-term teachers working on a sessional or contract basis.'

Figure 7: Employment structure best for student's education



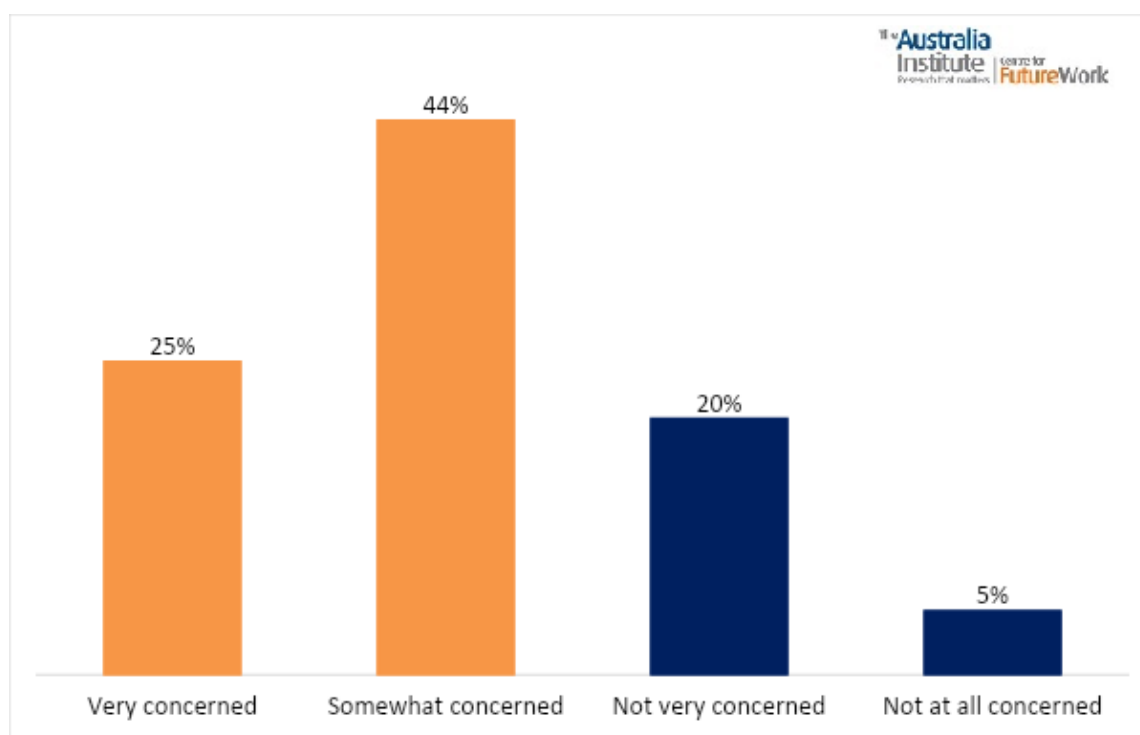
Source: Survey results as described in text.

Employing less staff per student is another cost-saving measure being widely used in universities, and also has major implications for the quality of education. The Federal Government's *Bradley Review of Higher Education* in 2008 found that rising student-staff ratios were jeopardising the quality of teaching and the learning support provided to students. Since 2008 class sizes have become even bigger with fewer faculty per student.¹⁹ The degradation of education quality in very large classes reflects in part the additional strain placed on teachers to manage more diverse cohorts and additional work.

Survey respondents were asked how concerned, if at all, they were about larger class sizes and fewer faculty per student. Figure 8 shows that more than two in three (68 per cent) Australians reported being concerned about larger class sizes and fewer faculty per student, with one in four (25 per cent) who said they were very concerned. Only 25 per cent of Australians said they were either not very concerned or not concerned at all.

¹⁹ Department of Education (2020) 2020 Staff Appendix 2 – Student-staff ratios, <https://www.education.gov.au/higher-education-statistics/resources/2020-staff-appendix-2-studentstaff-ratios>

Figure 8: Level of concern about larger class sizes and fewer faculty per student



Source: Survey results as described in text.

Academics and tutors are burdened with heavier marking loads, and interpersonal and applied skills are more difficult to incorporate into learning activities and assessments with larger class sizes. Students have fewer opportunities to participate in class discussions, and receive attention to their personal needs, in very large classes. All this has negative implications for the wellbeing of both staff and students, compounded by increasing job insecurity and turnover of academic staff.

Access and Affordability

University has become increasingly expensive for Australian students. The majority (90 per cent in 2021) of students in Commonwealth Supported Places defer their course costs through HECS-HELP – making HECS-HELP debt a good indicator of trends in tuition fees for students.²⁰ According to the Australian Taxation Office, over 3 million people in Australia had outstanding HELP loans in 2021-22, owing a total of \$74 billion in debt. That total was over four times higher than in 2008-09, far outstripping enrolment growth.²¹ Over the same time, average debt has doubled: increasing from \$12,990 per debtor in 2008-09, to \$24,771 in 2021-22. By comparison, average mortgages increased from \$310,848 to \$510,268 over the same period. This makes the growth in HELP loans even more dramatic than rising mortgage debt for

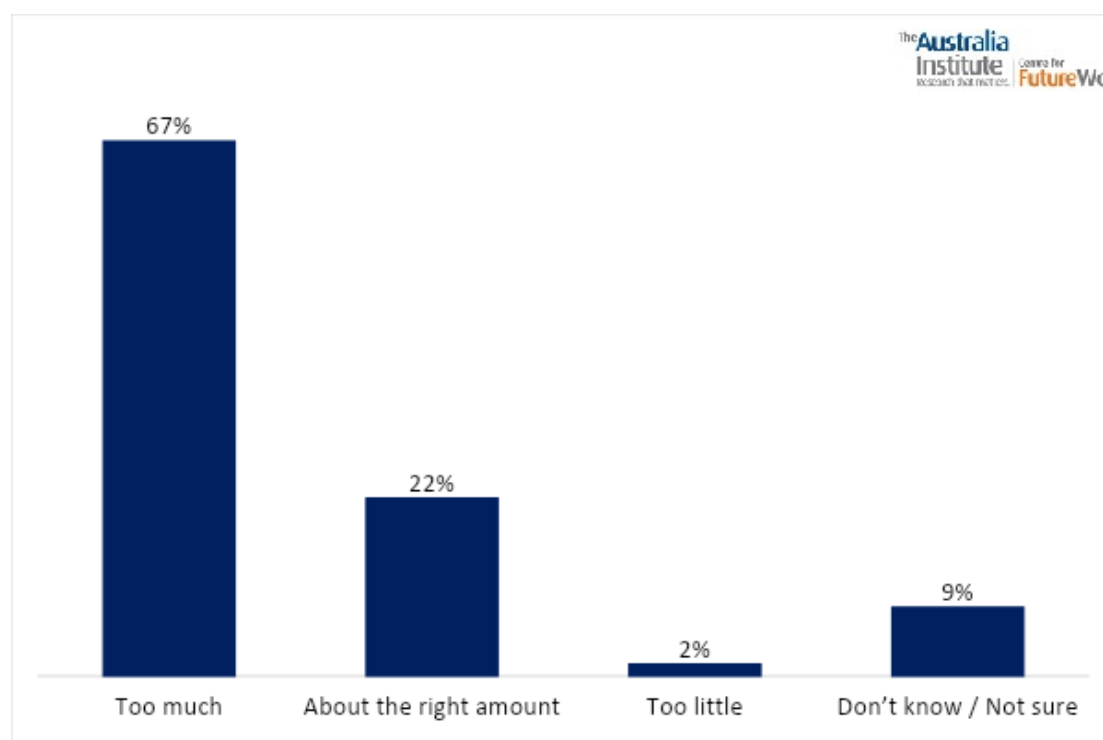
²⁰ Department of Education (2023) *2021 Section 5 Liability status categories*, <https://www.education.gov.au/higher-education-statistics/resources/2021-section-5-liability-status-categories>.

²¹ Australian Taxation Office (2022) *HELP statistics 2021-22*, <https://data.gov.au/data/dataset/higher-education-loan-program-help>.

home-owners.²² Furthermore, the number of people with HELP debts worth over \$100,000 has increased from 22,514 to 70,962, in just the last 3 years.

The cost of degrees rose further under the Coalition government's Job Ready Graduate (JRG) reforms, which came into effect in 2021. Those reforms supposedly aimed to 'rebalance' student fees and government funding contributions across fields of study to incentivise enrolment in areas of industry need and future growth.²³ In the first year under the JRG system, students paid an estimated \$414 million in additional tuition fees, an average increase of 8 per cent. At the same time, universities received \$1 billion less in Commonwealth Grant Scheme funding, equivalent to a 15 per cent decline in government funding.²⁴ So the JRG system is resulting in higher fees for students, but less resources for universities.

Figure 9: Attitudes towards the cost of university education



Source: Survey results as described in text.

Higher tuition fees can be a prohibitive barrier to accessing higher education for many students and their families, undermining the equalising role universities should play in society. Survey respondents were asked whether it currently costs too much or too little to receive a university education. Two in three (67 per cent) Australians said it costs too much to attend university, 22 per cent said the cost was about the right amount, and

²² ABS (2023) *Lending indicators*, <https://www.abs.gov.au/statistics/economy/finance/lending-indicators/latest-release#data-downloads>

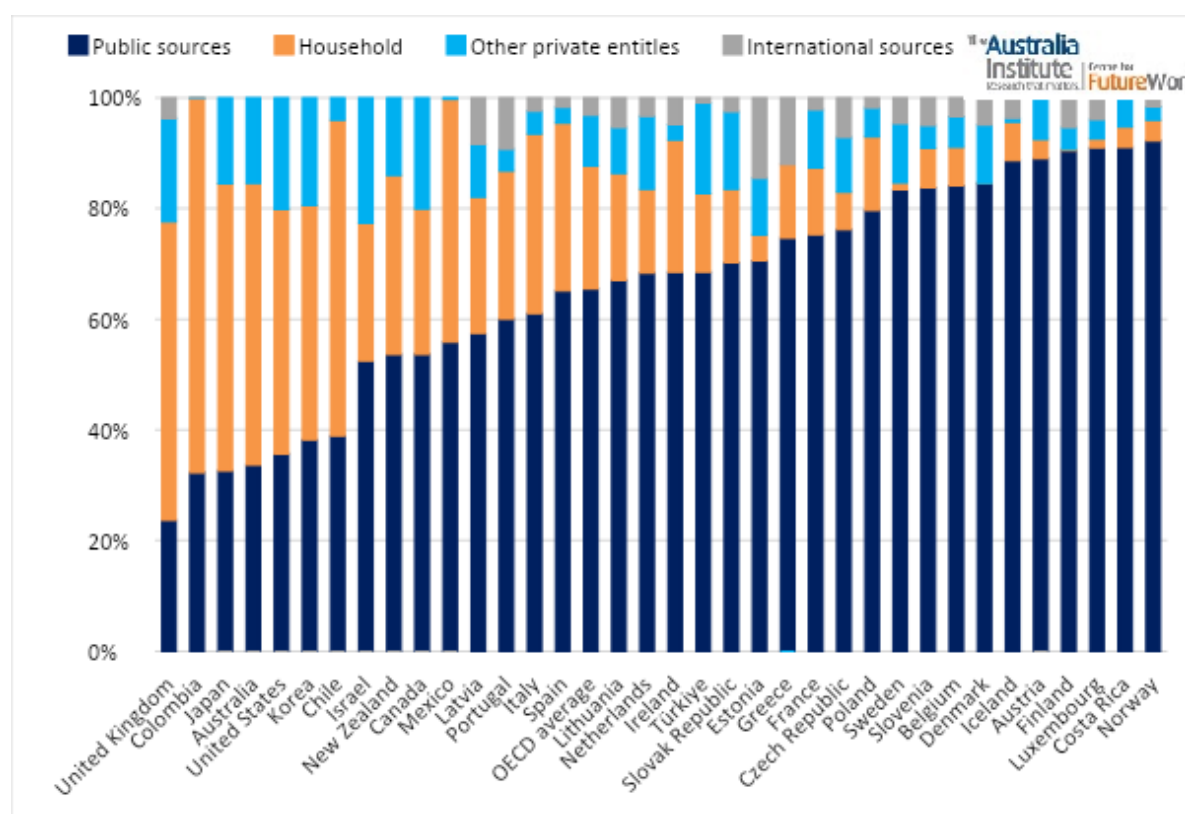
²³ Department of Education (2020) *Job-ready Graduates Discussion Paper*, <https://www.education.gov.au/job-ready/resources/job-ready-graduated-discussion-paper>

²⁴ Littleton, E. (2022) *At the Crossroads: What is the post-COVID future of Australia's Public universities*, <https://futurework.org.au/report/at-the-crossroads/>

only 2 per cent of Australians said it costs too little (Figure 9). The belief that university is too expensive for students appears to be uncontroversial across voting intention: 71 per cent of Labor, 71 per cent of Greens, 69 per cent of Independent/Other, 68 per cent of One Nation, and 61 per cent of Coalition voters all responded this way.

The strong view of Australians that university is too expensive here, is validated by OECD data showing that domestic tertiary education students in this country do pay higher tuition fees than most other industrial countries. On average across the OECD, public funding makes up 66 per cent of total expenditure on tertiary education (Figure 10).²⁵ Countries where public funding is the highest as a share of total expenditure include Norway (92.2 per cent), Luxembourg (91 per cent), and Finland (91 per cent). Comparatively, public funding only makes up 33.7 per cent of total expenditure on tertiary education in Australia – making it the fourth lowest country in the OECD for public funding, just above the UK, Colombia, and Japan.²⁶ Note the division of public and private sources of funding is measured after the flow of public-private transfers, for example public loans for tuition including HELP.

Figure 10: Relative share of public, private, and international expenditure on tertiary education, OECD countries, 2019



Source: OECD (2022) *Education at a Glance 2022: OECD Indicators*, Figure C3.1

²⁵ OECD (2022) *Education at a Glance 2022: OECD Indicators*, Figure C3.1, https://www.oecd-ilibrary.org/education/education-at-a-glance_19991487

²⁶ Note the division of public and private sources of funding is measured after the flow of public-private transfers, for example public loans for tuition including HELP.

On the other hand, private sources of funding make up a relative high share of expenditure on tertiary education in Australia. Private sources account for 66.3 per cent of funding in Australia, more than twice the average of 30.8 per cent across the OECD (see Figure 10). Household expenditure, which refers to fees paid by students and their families, make up 77 per cent of private funding in Australia, thus composting over half (51 per cent) of total expenditure on tertiary education. Students in Australia make a far bigger financial contribution to tertiary education than in other OECD countries, where household expenditure on average accounts for just 22.3 per cent of total expenditure. There is a clear inverse relationship between the share of public funding for universities, and the financial share students pay in tuition fees. OECD data shows that Australia is an outlier, in the degree to which the cost of education has been shifted to students.

As tuition fees and HELP debts increase so does the length of time it takes people to pay off these debts. Graduates now take on average 9.5 years to pay off their HELP debt, compared to 7.3 years in 2005-06. While graduates currently only start paying back debt once their post-graduation earnings exceed \$48,361 a year, repayments saddle people, particularly young people, with a significant financial burden during a time when they are establishing a career and still earning less than the average in the broader workforce.²⁷ This can impact the viability of accessing other financial loans, for example a home loan.²⁸

The financial burden of educational debt is made worse by indexation. Education and training loans are indexed annually on the 1st of June in line with CPI, with the intent of maintaining the real value of the loan. The last indexation adjustment in 2022, saw loans increase by 3.9 per cent – the highest rate of increase since at least 2013 (earliest ATO data).²⁹ Worse yet, inflation has only accelerated since then. Over the twelve months to December 2022, CPI rose 7.8 per cent³⁰ and the Reserve Bank of Australia forecast CPI to increase by 6.7 per cent in the twelve months to June 2023.³¹ Consequently, the indexation adjustment to education and training loans in June 2023 will likely be between 6 and 7 per cent – making it the highest indexation rate on record. Based on the average HELP debt, this means students would face an average increase in their debt of around \$1,600 when their debt is next indexed.

While debts are indexed to the full increase in the CPI, graduates repay debts with wages which have not kept up with inflation. Because inflation is rising faster than nominal wages, real wages fell 4.2 per cent in the twelve months to December 2022 – the biggest

²⁷ Littleton, E. (2023) *Submission to the Senate Standing Committee on Education and Employment*, <https://futurework.org.au/report/submission-to-the-senate-standing-committee-on-education-and-employment-2/>

²⁸ Merchant, G. (2022) Stress and mortgage difficulties as inflation sees student HELP debts balloon, <https://www.abc.net.au/news/2022-11-15/inflation-causing-university-hecs-help-debts-to-increase/101597882>

²⁹ ATO (2023) *Study and training loans indexation rates*, <https://www.ato.gov.au/rates/study-and-training-loan-indexation-rates/>

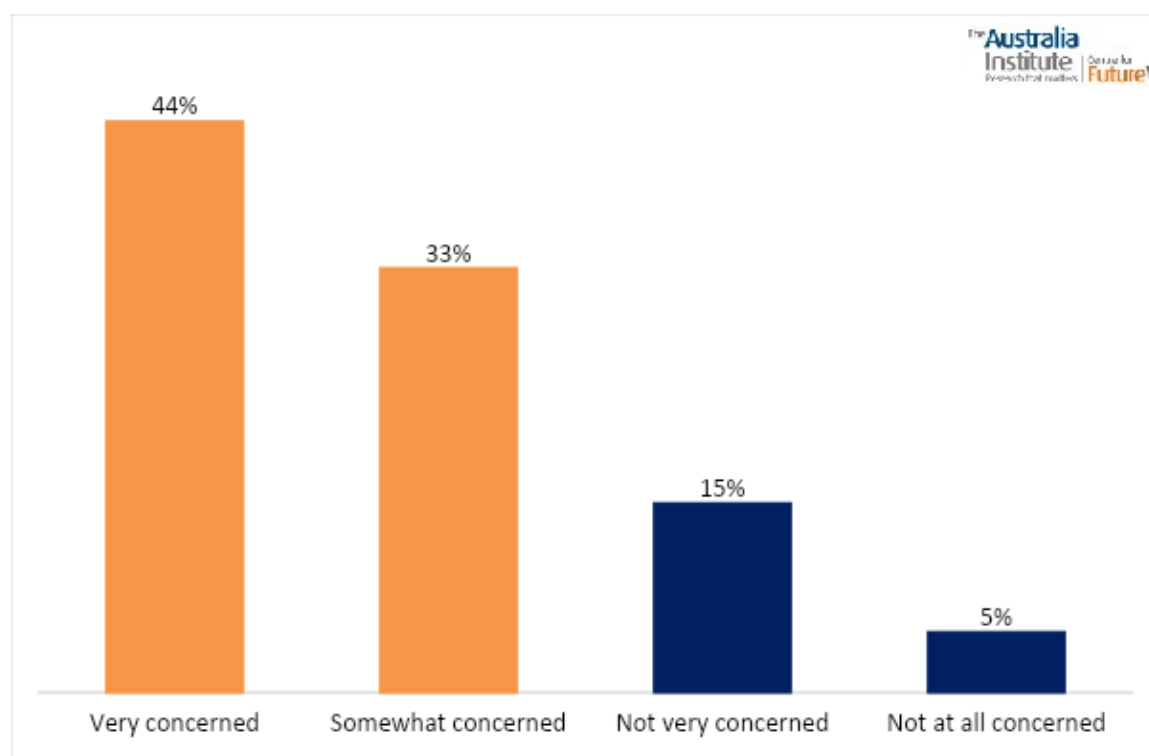
³⁰ ABS (2022) *Consumer Price Index, Australia*, <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/latest-release>

³¹ Reserve Bank of Australia (2023) *Forecast Table – February 2023*, <https://www.rba.gov.au/publications/smp/2023/feb/forecasts.html>

annual fall recorded since the ABS wage growth record began in 1997.³² This means that the average HELP debt will increase by more than the amount graduates repay in 2022-23.

The financial burden of student debts for graduates is a concern for many Australians. Survey respondents were asked how concerned, if at all, they are about student debt burden. Three in four (76 per cent) Australians reported that they were concerned about student debt burden, with 44 per cent who said they were very concerned. Only 19 per cent reported that they were not very or not at all concerned about the burden of student debt. Women (82 per cent) were more likely to be concerned than men (71 per cent), and Australians between the age of 50 and 59 (80 per cent) were most likely to be concerned about the burden of student debt.

Figure 11: Level of concern about student debt burden



Source: Survey results as described in text.

Higher education has become essential to obtaining gainful employment and incomes in Australia. The proportion of Australians with or in the process of obtaining tertiary qualifications has been growing. Today, 68 per cent of Australians aged 15-75 years hold a tertiary qualification or are studying towards obtaining one (including vocational qualifications), up from 62 per cent of all Australians in 2013.³³ The increasing

³² Littleton, E. (2023) *Submission to the Senate Standing Committee on Education and Employment*, <https://futurework.org.au/report/submission-to-the-senate-standing-committee-on-education-and-employment-2/>

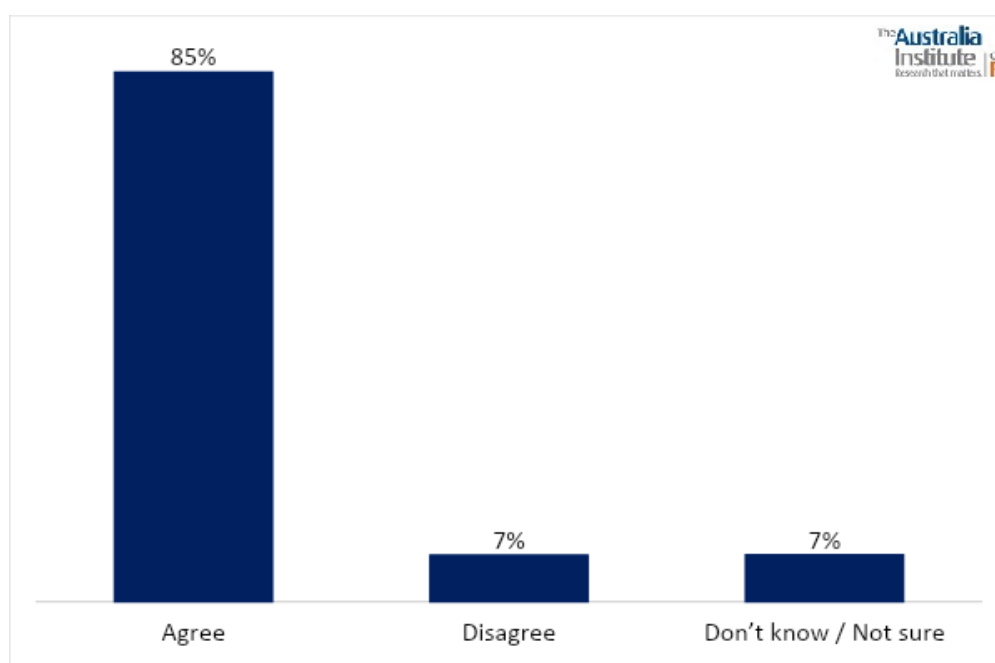
³³ ABS (2022) *Education and Work, Australia*, Table 27, <https://www.abs.gov.au/statistics/people/education/education-and-work-australia/latest-release#data-downloads>

prevalence of tertiary qualifications makes it harder for those without post-school training to compete for work.

The importance of higher education for employment will continue. According to government estimates, 52 per cent of projected employment growth to 2026 will require a Bachelor degree or higher qualification.³⁴ Beyond the individual benefits of higher education, universities train the future workforce and they are sites of technology and knowledge creation, generating benefits that are widely shared through society.

It is also well established that limited access to education is a key driver of inequality. Financial barriers to tertiary education hinder social mobility, making it more difficult for students from disadvantaged backgrounds to access education and in turn restricting employment and earning opportunities. On the other hand, reducing the financial barriers and burden of tertiary education breaks down the connection between family socio-economic status and the future economic prospects of the next generation, by shifting financial responsibility for higher education to the public sector.³⁵ To address inequality in Australia it is important for people of all backgrounds to be able to access and afford to attend university if that's what they choose. Australians agree.

Figure 12: Agree or disagree that Australians should be able to receive university education, regardless of their personal financial circumstances



Source: Survey results as described in text.

³⁴ National Skills Commission (2021) *Skill Level projections – five years to November 2026*, <https://labourmarketinsights.gov.au/our-research/employment-projections>

³⁵ Oxfam (2019) *The power of education to fight inequality*, <https://www.oxfam.org/en/research/power-education-fight-inequality>

Survey respondents were asked whether any Australian with interest and pre-requisites should be able to receive a university education, regardless of their personal financial circumstances (see Figure 12). Six in seven (85 per cent) Australians agreed that any Australian should be able to access university education, with 47 per cent who strongly agree. Only 7 per cent reported that they disagree. Labor voters (91 per cent) were the most likely to agree, followed by Greens voters (84 per cent), and Coalition voters (82 per cent). Nevertheless, support for an accessible university system was very strong across the political spectrum.

HECS-HELP may allow students to defer the cost of education, but university fees and debt are still a barrier for prospective students, placing considerable pressure on graduates in their early-career years. The issue is getting worse, not better, with debts growing rapidly over the last decade due to rising tuition fees and the impact of indexation. Graduates are currently enduring a cost-of-living crisis, with high inflation and declining real wages; in this context, the additional pressure of debt repayment and indexation is both damaging and unnecessary.

Conclusion

The Australian Universities Accord process provides an opportunity to review the many challenges facing higher education, develop a clear vision and national plan for the sector, and roll out targeted reforms to realign the sector with its public service mission – meeting the needs of students, staff, and wider society. Ahead of the Accord’s conclusion, it is important to take stock of the issues and gauge the concerns and appetite for reform of the Australian people.

For decades, Australian governments have systematically and incrementally reduced real funding to public universities, while making the allocation of funding more contingent upon meeting sectional industry and government agendas. Dwindling public funding for higher education has driven universities to become more reliant on private sources of revenue (including international student fees and investment income). It has pushed universities to adopt a business model based on competitive market considerations, subordinating the provision of quality higher education to commercial interests.

Australians are paying attention to the challenges facing higher education. The survey results summarised in this report confirm they are concerned universities are prioritising profit at the expense of education and agree that Vice-Chancellors should be paid more like public servants rather than CEOs in the private sector. Australians understand the connection between permanent secure jobs for university educators and the quality of education provided to students, and they are concerned about the rise in the use of short-term contracts. Finally, Australians agree that university education should be accessible and affordable for anyone with adequate pre-requisites, regardless of their personal financial circumstances. Students and graduates are increasingly

saddled with huge debts that are taking longer to pay off – making university a less meritocratic vehicle for achieving a more egalitarian Australia.

Achieving an expansive vision of a stronger, more accessible, and more democratic university system will require a long-run commitment to better funding, better jobs, better accessibility, and better governance.

Appendix

Methodology

Between 14 to 17 March 2023, The Australia Institute surveyed 1002 adults living in Australia online through Dynata's panel, with nationally representative samples by gender age group and state/territory.

Voting crosstabs show voting intentions for the House of Representatives. Those who were undecided were asked which way they were leaning; these leanings are included in voting intention crosstabs.

The research is compliant with the [Australian Polling Council Quality Mark standards](#). The long methodology disclosure statement follows.

Long disclosure statement

The results were weighted by three variables (gender, age group and state or territory) based on Australian Bureau of Statistics ["National, state and territory population"](#) data, using the raking method. Those who answered the gender identity question as "Non-binary", "I use a different term", or "Prefer not to answer" had their responses included with females for the purpose of reporting, due to constraints from weighting data availability. This resulted in an effective sample size of 932.

The margin of error (95% confidence level) for the national results is $\pm 3\%$.

Results are shown only for larger states.

Voting intention questions appeared just after the initial demographic questions, before policy questions. Respondents who answered "Don't know / Not sure" for voting intention were then asked a leaning question; these leanings are included in voting intention crosstabs. "Coalition" includes separate responses for Liberal and National. "Other" refers to Independent/Other, and minor parties in cases where they were included in the voting intention but represent too small a sample to be reported separately in the crosstabs.



Detailed Results

A preceding question in the poll is expected to have influenced the results of the questions published here. The questions, and response options for the question is as follows:

The government provides public funding to cover some of the costs of operating public universities. Public universities also depend on private sources of revenue, including domestic and international student tuition fees, and income from financial investments (like property and shares). Increasingly, public universities are relying on private sources of revenue.

Do you think the increased reliance on private revenue has a positive or negative impact on the quality of teaching and research from public universities?

1. Very positive
2. Positive
3. No impact either way
4. Negative
5. Very negative
6. Don't know/Not sure

University education currently involves some courses taught by permanent faculty members, and some by short-term teachers working on a sessional or contract basis.

What kind of employment structure would provide the best university education for students?

	<i>Total</i>	<i>Male</i>	<i>Female</i>	<i>NSW</i>	<i>VIC</i>	<i>QLD</i>	<i>WA</i>
Mostly permanent faculty	51%	50%	52%	55%	48%	49%	43%
Mostly sessional and contract teachers	17%	21%	13%	17%	21%	14%	19%
No difference either way	22%	20%	24%	19%	22%	27%	26%
Don't know/Not sure	10%	9%	11%	9%	9%	9%	12%

	<i>Total</i>	<i>Coalition</i>	<i>Labor</i>	<i>Greens</i>	<i>PHON</i>	<i>Other</i>
Mostly permanent faculty	51%	50%	55%	51%	45%	44%
Mostly sessional and contract teachers	17%	19%	17%	18%	17%	12%
No difference either way	22%	24%	20%	19%	28%	22%
Don't know/Not sure	10%	8%	8%	12%	10%	21%

A university's Vice Chancellor is its chief executive, responsible for the leadership, management and development of the university. Australian Vice Chancellors are some of the highest paid internationally, with some being paid over a million dollars a year.

To what extent do you agree or disagree with the following statement?

“Vice Chancellor salaries should be capped, so no Vice Chancellor is paid more than the Prime Minister.”

	<i>Total</i>	<i>Male</i>	<i>Female</i>	<i>NSW</i>	<i>VIC</i>	<i>QLD</i>	<i>WA</i>
Strongly agree	45%	45%	45%	41%	45%	54%	45%
Agree	34%	34%	33%	37%	35%	25%	32%
Disagree	8%	8%	8%	7%	8%	10%	7%
Strongly disagree	3%	3%	1%	3%	2%	3%	3%
Don't know / Not sure	11%	9%	13%	12%	10%	8%	13%

	<i>Total</i>	<i>Coalition</i>	<i>Labor</i>	<i>Greens</i>	<i>PHON</i>	<i>Other</i>
Strongly agree	45%	46%	48%	38%	48%	39%
Agree	34%	32%	34%	40%	31%	31%
Disagree	8%	9%	8%	7%	6%	4%
Strongly disagree	3%	3%	1%	3%	2%	5%
Don't know / Not sure	11%	9%	9%	12%	13%	21%

To what extent do you agree or disagree with the following statement?

“Any Australian with interest and pre-requisites should be able to receive a university education, regardless of their personal financial circumstances.”

	<i>Total</i>	<i>Male</i>	<i>Female</i>	<i>NSW</i>	<i>VIC</i>	<i>QLD</i>	<i>WA</i>
Strongly agree	47%	43%	50%	48%	45%	48%	42%
Agree	38%	40%	37%	37%	39%	37%	40%
Disagree	6%	9%	3%	6%	6%	7%	10%
Strongly disagree	1%	2%	1%	1%	1%	2%	1%
Don't know / Not sure	7%	6%	8%	7%	8%	7%	7%

	<i>Total</i>	<i>Coalition</i>	<i>Labor</i>	<i>Greens</i>	<i>PHON</i>	<i>Other</i>
Strongly agree	47%	41%	50%	59%	43%	42%
Agree	38%	41%	42%	25%	35%	34%
Disagree	6%	8%	4%	8%	7%	6%
Strongly disagree	1%	1%	1%	0%	3%	5%
Don't know / Not sure	7%	8%	4%	8%	12%	14%

Does it currently cost too much or too little to receive a university education?

	<i>Total</i>	<i>Male</i>	<i>Female</i>	<i>NSW</i>	<i>VIC</i>	<i>QLD</i>	<i>WA</i>
Too much	67%	64%	71%	69%	64%	68%	63%
About the right amount	22%	27%	18%	23%	26%	21%	24%
Too little	2%	2%	1%	1%	2%	1%	2%
Don't know / Not sure	9%	7%	10%	7%	8%	10%	11%

	<i>Total</i>	<i>Coalition</i>	<i>Labor</i>	<i>Greens</i>	<i>PHON</i>	<i>Other</i>
Too much	67%	61%	71%	71%	68%	69%
About the right amount	22%	28%	22%	21%	18%	12%
Too little	2%	1%	1%	2%	3%	2%
Don't know / Not sure	9%	10%	6%	7%	11%	17%

Thinking about public universities in Australia, how concerned, if at all, are you about the following issues?

More teaching staff on short term contracts

	<i>Total</i>	<i>Male</i>	<i>Female</i>	<i>NSW</i>	<i>VIC</i>	<i>QLD</i>	<i>WA</i>
Very concerned	20%	21%	18%	25%	17%	14%	19%
Somewhat concerned	36%	34%	39%	39%	40%	34%	30%
Not very concerned	28%	30%	26%	23%	28%	31%	37%
Not at all concerned	6%	8%	5%	7%	6%	8%	4%
Don't know / Not sure	10%	7%	12%	6%	10%	12%	10%

	<i>Total</i>	<i>Coalition</i>	<i>Labor</i>	<i>Greens</i>	<i>PHON</i>	<i>Other</i>
Very concerned	20%	19%	21%	15%	25%	17%
Somewhat concerned	36%	33%	37%	56%	29%	23%
Not very concerned	28%	31%	27%	20%	26%	30%
Not at all concerned	6%	9%	5%	2%	7%	8%
Don't know / Not sure	10%	8%	9%	8%	13%	22%

Larger class sizes, and fewer faculty per student

	<i>Total</i>	<i>Male</i>	<i>Female</i>	<i>NSW</i>	<i>VIC</i>	<i>QLD</i>	<i>WA</i>
Very concerned	25%	22%	28%	28%	25%	20%	24%
Somewhat concerned	44%	44%	44%	45%	39%	47%	41%
Not very concerned	20%	23%	17%	19%	24%	18%	18%
Not at all concerned	5%	5%	5%	5%	5%	5%	8%
Don't know / Not sure	6%	6%	7%	2%	7%	9%	9%

	<i>Total</i>	<i>Coalition</i>	<i>Labor</i>	<i>Greens</i>	<i>PHON</i>	<i>Other</i>
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Very concerned	25%	23%	27%	28%	26%	19%
Somewhat concerned	44%	45%	42%	50%	46%	38%
Not very concerned	20%	21%	22%	15%	20%	18%
Not at all concerned	5%	7%	5%	2%	4%	5%
Don't know / Not sure	6%	5%	4%	5%	5%	20%

University fees for Australian students

	<i>Total</i>	<i>Male</i>	<i>Female</i>	<i>NSW</i>	<i>VIC</i>	<i>QLD</i>	<i>WA</i>
Very concerned	38%	37%	39%	40%	37%	40%	33%
Somewhat concerned	34%	31%	37%	37%	33%	31%	36%
Not very concerned	17%	21%	14%	15%	19%	18%	17%
Not at all concerned	6%	7%	4%	5%	7%	6%	6%
Don't know / Not sure	5%	4%	5%	2%	4%	5%	10%

	<i>Total</i>	<i>Coalition</i>	<i>Labor</i>	<i>Greens</i>	<i>PHON</i>	<i>Other</i>
Very concerned	38%	28%	45%	41%	49%	36%
Somewhat concerned	34%	40%	32%	35%	26%	29%
Not very concerned	17%	20%	15%	16%	17%	16%
Not at all concerned	6%	8%	4%	2%	7%	7%
Don't know / Not sure	5%	4%	4%	6%	0%	12%

Student debt burden

	<i>Total</i>	<i>Male</i>	<i>Female</i>	<i>NSW</i>	<i>VIC</i>	<i>QLD</i>	<i>WA</i>
Very concerned	44%	41%	47%	45%	41%	44%	46%
Somewhat concerned	33%	31%	35%	33%	34%	29%	29%
Not very concerned	15%	18%	10%	15%	15%	17%	13%
Not at all concerned	5%	6%	3%	4%	6%	5%	4%
Don't know / Not sure	4%	4%	5%	2%	3%	5%	8%

	<i>Total</i>	<i>Coalition</i>	<i>Labor</i>	<i>Greens</i>	<i>PHON</i>	<i>Other</i>
Very concerned	44%	35%	48%	48%	53%	43%
Somewhat concerned	33%	35%	34%	34%	24%	23%
Not very concerned	15%	18%	12%	10%	14%	20%
Not at all concerned	5%	8%	3%	2%	6%	4%
Don't know / Not sure	4%	4%	3%	7%	3%	9%

20% decline in government funding per student (after inflation) over the last 10 years

	<i>Total</i>	<i>Male</i>	<i>Female</i>	<i>NSW</i>	<i>VIC</i>	<i>QLD</i>	<i>WA</i>
Very concerned	35%	33%	37%	35%	34%	34%	40%
Somewhat concerned	39%	35%	44%	40%	39%	39%	38%
Not very concerned	16%	22%	10%	18%	18%	14%	9%
Not at all concerned	5%	5%	4%	5%	4%	6%	3%
Don't know / Not sure	6%	5%	6%	2%	5%	7%	10%

	<i>Total</i>	<i>Coalition</i>	<i>Labor</i>	<i>Greens</i>	<i>PHON</i>	<i>Other</i>
Very concerned	35%	27%	39%	48%	38%	26%
Somewhat concerned	39%	43%	40%	31%	33%	36%
Not very concerned	16%	20%	12%	13%	19%	20%
Not at all concerned	5%	7%	4%	2%	4%	6%
Don't know / Not sure	6%	3%	5%	7%	6%	13%

That universities are focused on profit at the expense of education

	<i>Total</i>	<i>Male</i>	<i>Female</i>	<i>NSW</i>	<i>VIC</i>	<i>QLD</i>	<i>WA</i>
Very concerned	50%	50%	51%	51%	50%	52%	48%
Somewhat concerned	33%	30%	35%	34%	30%	33%	39%
Not very concerned	10%	13%	7%	10%	13%	7%	7%
Not at all concerned	3%	3%	2%	3%	4%	2%	2%
Don't know / Not sure	4%	4%	5%	3%	4%	5%	5%

	<i>Total</i>	<i>Coalition</i>	<i>Labor</i>	<i>Greens</i>	<i>PHON</i>	<i>Other</i>
Very concerned	50%	47%	53%	52%	49%	52%
Somewhat concerned	33%	35%	31%	35%	31%	29%
Not very concerned	10%	12%	10%	7%	11%	8%
Not at all concerned	3%	4%	2%	1%	1%	2%
Don't know / Not sure	4%	3%	4%	5%	7%	9%