

Abstract

Australian higher education funding policy has been a contentious and emotionally charged topic on the political agenda since the introduction of the Higher Education Contribution Scheme (HECS) in 1989. HECS replaced a tertiary education system in which students who qualified did not have to pay a tuition fee. HECS is not a tuition fee as such, but rather a contribution toward tertiary education expenses which students can pay up-front as they enter their course, or which they can defer and pay later when their income reaches a threshold level. This paper examines the implications that deferring the HECS contribution and carrying the debt after graduation have for the authority that has responsibility for debt collection, the Australian Taxation Office. An AMOS path analysis is carried out to show that HECS debt undermines compliance with the tax system directly, and indirectly through perceptions of injustice defined in terms of the perceived fairness of the scheme itself and what it delivers to new graduates in terms of quality education. The model demonstrates how perceptions of a particular government policy can shape cooperation with government in other spheres, specifically, the payment of taxes.