

## **Tax Snaps**

Tax Snaps presents CTSI's most recent statistics on what Australians think about tax matters. In our survey work, where we contact samples of Australians, we often find views that are a little different from those we commonly hear about in the media. These are the views that we select as a Tax Snap.

### **From Graduates' Hopes, Visions and Actions Survey 2000**

The "Graduates' Hopes, Visions and Actions Survey" was conducted in 2000 with data collected from 447 Australian graduates whose degree was conferred in either 1998 or 1999 by one of two universities in the ACT. 84% of the graduates in the sample were residents of the ACT, 13% resident in NSW and 3% from other states.

<b>October 2003 Tax Snap - Higher Education Contribution Scheme (HECS)</b>
<b>Is the Higher Education Contribution Scheme (HECS) a fair system?</b>
<p>Overall, 64% of respondents were not satisfied with the HECS and 49% thought that HECS was not a fair system.</p> <p>Further results regarding opinion on the fairness or otherwise of HECS include:</p> <ul style="list-style-type: none"><li>• 55% of graduates considered differential HECS rates for different courses as unfair;</li><li>• 47% considered the 25% discount for up-front payment of HECS as unfair;</li><li>• 56% agreed that repaying their HECS debt prevented them from spending money on things that are important to them; and</li><li>• 49% of graduates agreed that HECS favors the rich over the poor.</li></ul> <p>69% of survey respondents agreed that deferring their HECS debt makes them feel that they are losing money because the debt is indexed for inflation each year.</p>
<b>Is the Higher Education Contribution Scheme (HECS) functioning very well as it is?</b>
<p>The graduates surveyed were asked various questions about how well the HECS was functioning as a whole. Some important findings were:</p> <ul style="list-style-type: none"><li>• 60% of graduates thought that HECS was not functioning as well as expected; and</li><li>• 97% of respondents declared in their Employment Declaration form that they had a HECS debt but 18% reported that their employers did not deduct any additional tax installments for their HECS debt.</li></ul>
<b>Is repaying a HECS debt the right thing to do?</b>
<ul style="list-style-type: none"><li>• 94% of graduates agree that repaying a HECS debt is the right thing to do; and</li><li>• 79% of graduates were disappointed that some graduates did not repay their HECS debt.</li></ul>

## **Tax Snap References**

If the majority of graduates are willing to repay their HECS debt, what are the factors that undermine their moral obligation when tax compliance is required? Details are being reported in the forthcoming CTSI Working Paper No. 63.