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## Births, debts and mirages: The impact of HECS on fertility

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### Abstract

Since its introduction, media and other populist commentary has suggested that the Higher Education Contribution Scheme (HECS) has had unanticipated affects on behaviour in many different economic and social areas. Most recently, attention has focused on the effects of HECS on fertility, with some arguing that university graduates are delaying births, and having fewer children, because of their HECS debts. That this perspective has gained considerable attention is not surprising given the public debate surrounding issues of declining birth rates and population ageing.

Yet the evidence provided for the HECS/fertility case is weak. For example, some commentators seem to rely on the simple observation that female graduates have fewer children, without recognising that this has always been the case.

It is difficult to know with confidence what the long-term consequences of HECS will be for fertility. Since HECS has only been in place for 15 years, and most HECS debts are accrued by young adults, the vast majority of those with a debt are yet to complete their fertility. In addition, it is difficult to disentangle correlations between higher education and fertility from correlations between HECS and fertility.

Our project applies econometric methods well suited to determining the effect of HECS on fertility decisions and fertility trends, using Australia's newest and most comprehensive panel data set, the Household Income and Labour Dynamics of Australia survey (HILDA).

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