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# Labor's student debt cut is a fairness fail for Australians

Education

Joint media release

**Shadow Treasurer, Hon Angus Taylor MP**

**Shadow Minister for Education, Senator the Hon Sarah Henderson**

The Albanese Labor government's announcement it will cut 20 per cent of student HELP debt is profoundly unfair and signals it has given up on the fight against inflation.

Shadow Treasurer Angus Taylor and Shadow Minister for Education Sarah Henderson have today slammed Labor for failing to address the cost-of-living crisis facing *all* Australians at its source.

Mr Taylor said Labor's plan shows it has given up on actually tackling the cost-of-living crisis and is now picking winners.

**"There are no free lunches in economics.** Under this policy, every Australian will continue to pay the price for Labor's high interest rate, high inflation environment – but only a few will see the benefits.

"At \$16 billion – the cost of this to each Australian household is around \$1600.

"More than 24 million Australians struggling with Labor's cost of living crisis will see no benefit from this policy, but all 27 million Australians will pay the price for it.

"For Australians who have seen collapsing living standards and disposable incomes under Labor, this is particularly galling when the people who benefit from this policy will tend to be higher income earners across their lifetime.

"What is clear is over the coming months Federal Labor will follow Steven Miles down the economic drain. Labor will try and pay Australians into forgetting that they have failed to get inflation under control after 2.5 years.

“The best cost of living relief for all Australians – including students – is to lower Labor’s homegrown inflation through a back-to-basics economic agenda. That means getting energy prices down, cutting red tape, boosting productivity, and cutting back wasteful government spending.

“Instead, Labor is resorting to picking winners. The Coalition is deeply sceptical of this policy and will examine which components, if any, we can support.

“There are very serious questions Labor needs to answer here. Labor needs to come clean on who pays for this, what the fiscal costs are, and how much Australian taxpayers will be paying for this desperate attempt to outbid the Greens before the election.” Mr Taylor said.

Senator Henderson said Labor was delivering a massively unfair windfall that is not targeted on the basis of need.

As leading economist Chris Richardson says: ‘...*handing \$16bn to graduates is a reverse Robin Hood: it’s a tax cut targeted to the big end of town, with money going from the less well off to the better off*’.\*

“This is not just grossly unfair to the 24 million Australians who don’t have a student loan, but especially favours graduates who have racked up very large debts, many of whom will also be high income earners over their lifetimes,” Senator Henderson said.

“The Commonwealth already pays 60 per cent of a university student’s education which is a very substantial contribution by the taxpayer.

“Labor’s policy reeks of unfairness and elitism.

“More than 55,000 people have a HELP debt of between \$100,000 and \$200,000, meaning under this policy Labor would deliver them an average pay cheque of \$25,000.

“How is this fair when so many young Australians who aren’t or haven’t been students are struggling to pay the rent or put food on the table because of Labor’s cost-of-living crisis?

“This is also grossly unfair to the millions of Australians who have, in good faith, worked hard to pay off their HELP debt with no discount.

*\*Posted on X platform, 3 November 2024*

#### **WHAT THE EXPERTS ARE SAYING:**

*“[H]anding \$16bn to graduates is a reverse Robin Hood: it’s a tax cut targeted to the big end of town, with money going from the less well off to the better off.*

*“It’s a fairness fail.*

*“Worse still, that \$16bn does nothing for the nation’s future...”*

– **Chris Richardson, economist**, X, 3/11/24

*“Just sad to see this. Many good ways to “spend” ten billion. Attempting to buy 3 million votes in a close election is not a good one. We should be wary – creeping populism can grow for decades.*

– **Andrew Lilley, chief interest rate strategist**, Barrenjoey, X, 3/11/24

*“This is an abominable idea that gives precious tax dollars to rich Australians while doing nothing to help with the currently elevated cost of living.*

*“If it is popular, it is because people don’t understand this, and are being misled.”*

*“This is exceptionally bad policy which favours the rich, doesn’t help with current cost of living, and does nothing to encourage higher ed.”*

– **Ashley Craig, economist**, X, 3/11/24

*“Real cost of living relief” [would be] better directed to genuinely poor people rather than well paid Uni grads in their late 20s/early 30s (when they benefit from the new policy). What about future grads?*

– **Ben Phillips, ANU Centre for Social Policy Research**, X, 3/11/24

*“The ridiculous co-opting of American policy fads by the Albanese government continues unabated.*

*“These people should not be taken seriously on economic policy.*

– **Steven Hamilton, George Washington University**, X, 3/11/24

*“But this is just transferring their debt to all taxpayers. What’s next, cutting home mortgage debts. It’s so profoundly economically irresponsible.”*

– **Peter Van Onselen, political editor, Daily Mail Australia**, X, 3/11/24

*“Marginal HELP repayment rates will be 15% on incomes \$67,000-\$124,999 & 17% on incomes of \$125,000+.*

*“For most HELP debtors, the marginal HELP repayment rate will be slightly higher than now. A consequence of needing to recover the lost revenue from the higher first threshold.*

– **Andrew Norton, professor higher education policy, ANU**, X, 3/11/24

## QUESTIONS FOR LABOR

- Labor is already giving students with a HELP debt around \$3 billion in debt relief from taxpayers – or roughly \$1,000 each, on average. Why should this same group get another handout of around \$5,500, on average, when other struggling Australians get nothing?
- What about Australian families struggling with their mortgage because of Labor’s 12 cash rate increases and high inflation – why does Labor say they shouldn’t get any of their debt written off, but students should?
- And why should future taxpayers have to pick up the tab, in extra taxes, to repay the extra \$16 billion of Commonwealth debt this policy will create – and all the interest on it until it gets repaid?

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