



**SUBMISSION TO THE SENATE EDUCATION &  
EMPLOYMENT COMMITTEES**

*Education and Other Legislation Amendment (Abolishing  
Indexation and Raising the Minimum Repayment Income for  
Education and Training Loans) Bill 2022*

December 2022

Dear Senators

Please accept our formal submission regarding the *Education and Other Legislation Amendment (Abolishing Indexation and Raising the Minimum Repayment Income for Education and Training Loans) Bill 2022*.

**BACKGROUND & PURPOSE**

Southern Cross Postgraduate Association (SCPA) represents and provides services to some 5,000 or so postgraduate and honours students enrolled at Southern Cross University (SCU), a small regional university based on the North Coast of NSW. As former undergraduate students ourselves, we also understand and can speak to the needs of some 15,000 members of that cohort as well.

As a regional university, SCU has many students from backgrounds of low socio-economic standing and other entrenched disadvantage. Many of our students are single parents, or the children of single parents. Many of our students are the first person in their entire family ever to enter university. Many of our students never completed high school, let alone achieved a high Tertiary Education Ranking. Many of our students are Indigenous Australians. Around half or more of our students are mature age students investing in the professional skills to transform our lives and to better contribute to our regional communities. Most of our students graduate with fairly modest careers in areas such as nursing, teaching, social work, allied health services, science and engineering. Not all of our students will find a well-paying job immediately upon graduation into a regional community.

The purpose of this submission is to make an argument in favour of the proposed *Education and Other Legislation Amendment (Abolishing Indexation and Raising the Minimum Repayment Income for Education and Training Loans) Bill 2022* on the following grounds:

1. The current repayment threshold provisions place unreasonable and undue hardship on all graduates who, for whatever reason, find ourselves on sub-average incomes, whereas this Bill will relieve that hardship; and
2. The retrospective application of the current arrangements in regard to repayment income thresholds for HECS-HELP and FEE-HELP was unfair to most graduates who had enrolled prior to 2018, because they never had agreed to such terms and conditions in the first place upon entering into those loan agreements; and

3. The current indexing measures place further undue hardship upon HELP debt holders in times of combined stagnant wage growth and rising costs of living, whereas this Bill will relieve that hardship; and
4. The current arrangements unfairly target low-income graduates; and
5. The current legislation is based in a discourse that effectively frames higher education as a process for private gain at public expense, rather than as public investment in a skilled workforce.

### **HIGHER REPAYMENT THRESHOLD WILL RELIEVE HARDSHIP TO MANY GRADUATES**

The current arrangements require that former students who earn just \$45,000 and above are required to make repayments.

SCPA's concern here is that \$45,000 p.a. remains well below national average income and so hardly constitutes a "decent and secure" income. Not all graduates immediately find a decent job upon graduation; and there are other points along life where graduates may find ourselves on low incomes. This is particularly true in regional Australia, where employment prospects remain far more limited and where employment frequently will be offered only on a part-time or casual basis.

In other words, raising the HELP repayment threshold median annual income will relieve undue hardship on many graduates who already find ourselves in challenging financial circumstances, and particularly so in regional Australia.

SCPA heartily supports the proposed new measures contained in this Bill.

### **RETROSPECTIVE APPLICATION OF THE CURRENT LEGISLATION WAS UNFAIR**

The current legislation, when enacted in 2018, was applied retrospectively. In other words, the current measures applied not only to new loans from 2018, but also to those who already had incurred a HELP loan prior to 2018.

SCPA strongly believes that this measure was unfair to all former students, because they never had agreed to those new and disadvantageously onerous terms and conditions when originally they entered into those loan contracts in the first place.

SCPA heartily supports the proposed new measures contained in this Bill.

## **REMOVING THE CURRENT INDEXING MEASURES AGAINST CPI WILL RELIEVE UNDUE HARDSHIP ON MANY GRADUATES**

This Bill proposes to change how HELP debts are indexed. Rather than being indexed according to a graduate's average weekly earnings (that is, the ability to repay), debts currently are indexed to the consumer price index (CPI), essentially which tracks the cost of living. The implications of this arrangement is sensitive to the economic circumstances of the time.

SCPA remains concerned that current arrangements place undue hardship upon many HELP debt holders in times of combined stagnant wages growth and rising costs of living; and particularly so for those on low incomes and from regional Australia. In past years, for instance, indexation on HELP debts was 1.80 %. As of June 2022, however, indexation jumped to 3.90%, a steep jump regardless of the size of one's debt and despite that most students have not received anywhere near that sort of equivalent rise in income.

On the other hand, the new Bill will relieve this hardship for many graduates.

SCPA heartily supports the proposed new measures contained in this Bill.

## **CURRENT ARRANGEMENTS UNFAIRLY TARGET GRADUATES ON LOW INCOMES.**

Rather than being indexed according to average weekly earnings (that is, the ability to repay), debts currently are indexed to the consumer price index (CPI), essentially which tracks the cost of living. In addition, loan repayments commence at a very low level of income. As such, the current arrangements unfairly target graduates on low incomes. On the other hand, this Bill proposes to index loan repayments against average weekly earnings, and to lift the repayment threshold, which will ensure that loan repayments are better calculated against actual ability to repay.

SCPA heartily supports the proposed new measures contained in this Bill.

## **PUBLIC INVESTMENT IN THE SKILLED WORKFORCE OF THE FUTURE**

SCPA remains deeply concerned at an emerging policy discourse that frames higher education simply as an opportunity for individuals to obtain private gain at public expense. This discourse also frames all graduates as "wealthy professionals".

SCPA certainly understands that most university students undertake our degrees in order to better ourselves. However, most students also seek to equip ourselves with the skills and knowledge to participate in an increasingly highly trained workforce and to contribute to stronger communities and a better Australia.

Most graduates do not necessarily move on to fabulously paid careers, and particularly so for those of us in regional Australia. Most of the graduates from our university (Southern Cross University), for example, emerge with fairly average-paid careers in the fairly ordinary positions nevertheless so important to our regional communities – as teachers, nurses, social workers, allied health workers, scientists and engineers. And many of our graduates will emerge only to part-time and casual positions, at least in the early stages of our careers, with correspondingly modest incomes. For these reasons, again, SCPA strongly supports the proposed new indexing measures and repayment thresholds contained in this Bill.

## **RECOMMENDATIONS**

SCPA respectfully offers the following recommendations and suggestions:

1. The annual income threshold at which HELP repayments commence should be set at national median annual wage/salary.
2. Indexation of HELP debts should be abolished as growth in incomes anyway will drive growth in amounts repaid.

SCPA thanks the Senate Committee for your hard work on these matters.

Yours faithfully

**EMANUEL CARTACAI**  
**PRESIDENT**  
**(ON BEHALF OF THE MANAGEMENT COMMITTEE)**  
**SOUTHERN CROSS POSTGRADUATE ASSOCIATION**