



University of  
South Australia

**University of South Australia submission to the Senate Education and Employment References Committee on the *Higher Education Support Legislation Amendment (Student Loan Sustainability) Bill 2018***

The University of South Australia (UniSA) provides the following comments to the Senate Education and Employment References Committee's inquiry into the *Higher Education Support Legislation Amendment (Student Loan Sustainability) Bill 2018* and the amendments to the HELP program and the introduction of a HELP loan limit across the combined student loan schemes within VET and higher education.

Detailed comments are provided below against the relevant section of the Bill.

**1. Schedule 1: Minimum Thresholds**

As per our comments to previous inquiries on this matter, UniSA does not support the lowering of the minimum repayment threshold to \$45,000.

Findings of the most recent survey of student finances<sup>1</sup> included:

- *In 2012, more than two-thirds of students reported being worried about their financial situation. The level of concern about finances has risen substantially since 2006 – by about twelve percentage points across the board. The highest overall level of concern was expressed by full-time, low SES undergraduates, of whom 76.6 per cent indicated that they were worried about finances.*
- *An average of about 17 per cent of students reported regularly going without food or other necessities because they were unable to afford them, and there was an increase from 14.7 per cent of full-time domestic undergraduates in 2006 to 18.2 per cent in 2012 who were regularly going without.*
- *Somewhat fewer domestic, full-time undergraduates were in employment in 2012 (80.6 per cent) than in 2006 (85.5 per cent), yet the average hours worked during semester by all full-time students who were in employment has increased; from 14.8 to 16.0 hours for undergraduates; from 17.0 to 20.1 hours for postgraduate coursework students, and from 8.0 to 10.5 hours for HDR candidates. Overall, around one quarter of employed, full-time undergraduates were working over 20 hours per week during semester.*
- *Increased hours of work are affecting students' educational experience, with 50.1 per cent of full-time undergraduates reporting that their work adversely affects their performance at university. This is a rise of 10 percentage points over 2006 levels. One in three domestic undergraduates, and one in six international undergraduates, reported that they regularly miss classes because of employment obligations.*

Many students within the system are struggling financially. Lowering the repayment threshold will add to this burden as students balance study, work and the costs of living. There will be very little or no buffer between the completion of study and commencement of HELP debt repayments. Indeed for some students with work and family commitments, repayment may well commence while the student is still studying, placing additional burden on already low-income households.

The setting of a minimum threshold benchmarked against minimum wage only is too narrow given the demographics of the student population (living independently, family commitments and so on). Household income benchmarks should also be considered.

**2. Schedule 1: Repayment Thresholds**

UniSA supports the revised repayment thresholds and repayment rates, whereby the repayments for higher income earners better align with their greater capacity to pay.

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<sup>1</sup> Universities Australia, July 2013: *University student finances in 2012. A study of the financial circumstances of domestic and international students in Australia's universities*



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### 3. Schedule 1: SFSS debts

UniSA supports the move to align the repayment thresholds for the Student Financial Supplement Scheme (SFSS) with the repayment thresholds for the HELP.

However, for the reasons stated above, it does not support the introduction of a minimum threshold of \$45,000, particularly given the potential impact on students/recent graduates whose study has been supported through Youth Allowance, Austudy or ABSTUDY Living Allowance and who have also needed to access other loan support such as a Student Start up Loan.

### 4. Schedule 1: Indexation of HELP Repayment Thresholds

UniSA accepts the proposed replacement of the Average Weekly Earnings (AWE) with the Consumer Price Index (CPI) for the indexation of the HELP repayment thresholds.

### 5. Schedule 2: Order of repayment of debts

UniSA supports the move to make the repayment of HELP debts and SFSS debts sequential rather than concurrent.

### 6. Schedule 3: HELP Loan limits

UniSA acknowledges the Government's desire to manage the extent of the national HELP loan debt through the introduction of a combined, lifetime limit on HELP borrowings by students and acknowledges that the loan limits of \$104,440 and \$150,000 appear reasonable for students who may follow a VET pathway before entering higher education and entering a professional career.

However, UniSA questions the proposed exclusion of repayments when determining a person's combined HELP balance. *That is, a person's lifetime loan balance is not renewable by virtue of any compulsory or voluntary repayments made by that person in discharge of their accumulated debt*<sup>2</sup>. In a time of significant labour force and economic structural change, where VET and/or higher education graduates may need to re-skill or acquire new skills to remain in the workforce, the full exclusion of repayments in the determination of an individual's maximum loan balance appears at odds with other economic and social drivers to improve the education levels of the workforce and to keep people in work.

UniSA therefore recommends that the provisions of the Bill with regard to the purpose and function of HELP Loan limits be reviewed to enable a specified level of loan repayments to be included, and therefore re-set the loan balance.

For further information please contact Adrienne Nieuwenhuis (adrienne.nieuwenhuis@unisa.edu.au), Director, Office of the Vice Chancellor, University of South Australia.

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<sup>2</sup> Higher Education Support Legislation Amendment (Student Loan Sustainability) Bill 2017: Explanatory Memorandum, page 34.