

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

Submitted by Curtin Student Guild

Overview

The Curtin Student Guild was established in 1969 to provide essential services, represent the interests and advocate on behalf of students at Curtin University. The Guild welcomes the opportunity to make a submission to the *Education and Other Legislation Amendment (Abolishing Indexation and Raising the Minimum Repayment Income for Education and Training Loans) Bill*.

Introduction

The Curtin Student Guild writes to express our support for the *Education and Other Legislation Amendment (Abolishing Indexation and Raising the Minimum Repayment Income for Education and Training Loans) Bill 2022*. As the representative body for students at Curtin University, we believe this bill will have positive impacts on the education system and the broader society.

The removal of indexation and raising the minimum repayment for educational loans will provide much-needed relief for students and those who have long left their tertiary education institution and have been burdened by unmanageable accumulating debt due to inflation.

The Negative Impacts of Indexation

Indexation of student loans disincentivises vocational and higher education as well as reducing the skilled workforce for Australians who do not receive the benefits of intergenerational wealth.

Tertiary education debts are increasingly more likely to affect personal or home loan applications during these times of skyrocketing costs of living [1]. It is deeply concerning that regardless of how hard students and graduates who require student loan assistance work, many will never be able to own their own home, due to rising student debt, further pushing younger generations out of the housing market and exacerbating wealth inequality in Australia. Repayments also reduce the disposable income of those with loans who then are limited in their access to the rental market.

Indexation Inequity

Women, Disabled people and their carers, Aboriginal and Torres Strait Islander people, child-rearers and other equity populations are disproportionately affected by indexation. Many who have to work part-time or in low-paid jobs feel and know that there is a real possibility they will never pay off their educational debt [2]. These populations are also overrepresented in unpaid practical placements which should be paid, or at least, not contribute to further student debt.

Longer degrees such as Masters or doctorates take years to complete without any imminent prospect of having the capacity to pay them back

Successive former Governments animosity toward academia

“The great university should find its heroes in the present, its hope in the future, it should look ever forward, for it the past should be but a preparation for the greater days to be”

- **Former Prime Minister John Curtin**

Education is heralded as a means of reducing inequality whilst our current education and training loan scheme does nothing to actually make education more accessible. Students regardless of whether seeking to obtain a Diploma or Masters, provide unique perspectives to the fabric of modern Australia. The Australian economy only ever benefits from a more educated and skilled population.

Learners should not be punished with skyrocketing debt simply because they take a bit longer to tackle their education or pursue lower paid work including Creative Arts, Nursing, Teaching or Communications industries. Many of these lower paid fields also attract higher initial debts through the former governments' failed 'Job Ready Graduates Scheme'.

If passed, this legislation would remove this significant barrier to equity in Australia. If the Australian government wants a skilled workforce and positive education outcomes, individuals should be able to focus on their education and career prospects without excessively worrying about the burden of loan repayment.

Raising the Minimum Repayment

The Curtin Student Guild is in full support of raising the minimum repayment threshold for higher education loans and tying it to the median wage, as it will benefit low-income earners and those most vulnerable to rising costs of living who often struggle to repay their loans while also covering their basic living expenses.

For the reasons outlined earlier, student loans intrinsically drive inequity when some can rely on intergenerational wealth to fund their education upfront and others cannot. Raising the minimum repayment means lower paid workers are not punished for seeking to increase their skills and build opportunity.

Summary

If the government is truly committed to improving tertiary education outcomes, the issue of student debt must be seriously addressed. It is contradictory for the government to expect students to want to upskill in tertiary education institutions and succeed academically while simultaneously burdening them with crippling levels of debt. Initiatives such as the Jobs Ready Graduate Package introduced by the government in 2020 has made it even harder for students to manage their debt. As outlined in our submission to the Australian Universities Accords, under this package, the cost of many courses has been increased, and funding for some programs has been cut [3]. This has made education even more expensive and has increased the financial burden on students. The government should be working to make education more accessible and affordable, rather than creating additional financial barriers that make it harder for students to pursue their academic and career goals. This bill represents a step towards redressing the balance and making education more affordable for all students.

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[1] Convery, Stephanie and Josh Nicholas. 2022. "Student loans are getting bigger and hurting Australians' chances of buying their own home." *The Guardian*. September 19, 2022.
<https://www.theguardian.com/australia-news/2022/sep/19/student-loans-are-getting-bigger-and-hurting-australians-chances-of-buying-their-own-home>

[2] Ibid.

[3] Australian Universities Accord. 2023. Curtin Student Guild - Consultation on the Accord Terms of Reference. 2023. Department of Education.
<https://www.education.gov.au/australian-universities-accord/consultations/consultation-accord-terms-reference/submission/15079>