



**Submission to the Senate Education and Employment Legislation
Committee**

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

Prepared by Sydney University Postgraduate Representative Association (SUPRA).
February, 2023.

Discussion

The cost of living has increased substantially over the last few years. This has not been matched by an increase in wages¹. The increased cost of basic necessities like food and fuel² is putting great financial, emotional and psychological pressure on individuals and families.

As has been extensively covered in the media, tens of thousands of Australian home owners are in current mortgage stress, and many more will join them over the next 12 months. The interest rate increases since early 2022 have increased pressure on home owners. This is likely to increase as interest rates also increase, in an attempt to reduce inflation³.

For renters, reduced rental vacancies and a lack of housing, has increased rent in major cities by 24.7% over 12 months (until 12 February 2023). Nationally, rent has increased by 17.4% in over the same period. The national median weekly rent is \$562 a week. In Sydney, where SUPRA is based on Gadigal Country, the median weekly rent is \$744⁴. Continuing to index HELP debt, and to maintain the current minimum repayment rate, will further increase the cost of living pressures Australians are facing.

Beyond this exacerbation, the maintenance of the current status quo for HELP debt repayments, is also likely to discourage Australians from pursuing higher education, due to the fears of additional debt burdens. This will likely have a disproportionately greater impact on women, First Nations people, low SES and fixed income earners, and their ability to participate in education. This would have flow on effect to who, and how, these groups are able to participate in the work force, and the access that their children then have to higher education.

A reduction in participation in higher education could also have a long-term impact on the country's human capital, as fewer people may choose to pursue higher education. This is particularly the case alongside the impacts of the Jobs Ready Graduates package, which discourages, and in some cases, will prevent students from continuing their tertiary degrees in the event of fail grades.

Case studies

The following are just two students we have seen at SUPRA who are struggling financially. They both have life commitments such that when they leave University and enter the

¹https://www.aph.gov.au/About_Parliament/Parliamentary_departments/Parliamentary_Library/pubs/BriefingBook47p/CostOfLiving

² <https://www.theguardian.com/news/datablog/ng-interactive/2022/jul/27/cost-of-living-australia-price-changes-inflation-2022-sydney-melbourne-brisbane-interactive-data-explorer-june-quarter>

³ <https://www.theguardian.com/australia-news/2023/feb/11/australias-looming-mortgage-stress-crisis-what-the-nine-interest-rate-rises-mean-for-households>; <https://www.roymorgan.com/findings/9148-mortgage-stress-risk-early-2023>

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extension://efaidnbmnnnibpcajpcglclefindmkaj/https://sqmresearch.com.au/12_1_2_National_Vacancy_Rate_December_2022_FINAL.pdf

workforce, they will still be struggling to make ends meet. It is students like these who will be significantly negatively impacted by an increased HELP debt, and who will benefit greatly from a freeze on HELP debt indexation and an increased minimum repayment income level.

They have been de-identified.

Case study 1- Chloe

Chloe contacted SUPRA's casework service for financial assistance in 2022. Chloe has 2 children, both under 4, and she was struggling financially as she was undertaking a Masters of Teaching. Chloe wanted to be a teacher because she loved helping people learn, and wanted secure employment to support her children's futures. She had previously completed a Bachelor of Arts in history and sociology so she would be eligible for teaching in secondary schools. At this stage her HELP debt is \$45,000. For her Masters degree, she would pay an additional \$8,000.

With an increase indexation rate aligning with inflation, Chloe's help debt will increase by over \$2,800. With the average starting salary of secondary teachers at \$83,000, this increase in HELP debt is substantial and significant. Chloe needs to pay for rent, food, goods and services, like childcare for her children. \$2,800 is the equivalent to 5 months of groceries, 3 months of nappies, or 2 months of childcare. When Chloe is struggling, this mounting debt is significant.

Case study 2- Jin

Jin contacted the Casework Service about a University enrolment matter. As casework progressed, he disclosed that he was struggling financially, in part, as a result of supporting his family, who he lived with, and his younger brother who had extensive health issues. Jin had completed a Bachelor of Science (hons) and had a HELP debt over \$40,000. He was in the process of completing a 2 year Masters of Speech Pathology, so he could help other people like his brother. This degree would cost him over \$80,000.

Jin's average earnings as a speech pathologist will be \$90,000 pa. Combined with supporting his family, and his brother, he will struggle to move out of home, to save enough to buy a house, and to support his family in the way he wants too. Adding an additional financial burden of further HELP debt to Jin's finances is both prohibitive to his aspirations, and significant additional psychological and emotional stress to an already stressful situation.

The Labor Government is struggling to bring down the cost of living⁵. Abolishing HELP debt indexation, and increasing the minimum repayment income level, is one clear, and quick, way to intervene in Australian's cost of living crisis. If HELP debts continue to be indexed during this time, the pressures on many individuals and families will also increase. This is not

⁵ <https://www.smh.com.au/politics/federal/no-quick-fixes-to-cost-of-living-pressure-from-labor-government-20220608-p5aryd.html>

only detrimental to the wellbeing of Australians, but with increased stress and financial insecurity there will likely be a decrease in overall consumer spending, and a negative impact on the broader economy.

SUPRA supports the Greens motion to abolish indexation and raise the minimum repayment income rate for education and training loans, and implores the Labor government to support this bill.