



Regional Universities Network (RUN) Submission to the Higher Education Support Legislation Amendment (Student Loan Sustainability) Bill 2018

Thank you for the opportunity to comment on the Higher Education Support Legislation Amendment (Student Loan Sustainability) Bill 2018.

The Regional Universities Network (RUN) provides the following comments on two aspects of the Bill.

The purpose of this Bill is to improve the sustainability of the Higher Education Loan Program (HELP) and debt recovery of the Student Financial Supplement Scheme (SFSS) by:

- *setting new repayment thresholds for HELP from 1 July 2018, starting with a lower minimum repayment threshold of \$45,000 with a one per cent repayment rate, with a further 17 thresholds and repayment rates, up to a top threshold of \$131,989 at which ten per cent of income is repayable;*
- *introducing a new combined loan limit to how much students can borrow under HELP to cover their tuition fees from 1 January 2019. The combined limit is \$150,000 for students studying medicine, dentistry and veterinary science courses, and \$104,440 for other students.*

RUN response:

The decrease of the first threshold for the repayment of student loans from around \$52,000 to \$45,000 is a significant change, which will negatively impact on low income households. We

suggest that an alternative model of increasing the repayment rate for high income earners be considered.

A cap on student loans is a disincentive for life-long learning. We suggest that there should be a cap on the outstanding debt instead. If someone has paid off part or all of their loan, they can borrow again. That way, if an older worker needs to reskill, they are able to do so.

We also suggest that there should be flexibility for the Minister to have discretion to raise the \$104,000 cap/outstanding debt limit for certain courses as required e.g. a \$150,000 limit is needed for courses such as aviation.