



**SUBMISSION TO THE SENATE STANDING COMMITTEE ON  
EDUCATION & EMPLOYMENT – LEGISLATION COMMITTEE**

***Higher Education Support Legislation Amendment  
(Student Loan Sustainability) Bill 2018 [provisions]***

February 2018

Dear Senators

Please accept our formal submission regarding the *Higher Education Support Legislation Amendment (Student Loan Sustainability) Bill 2018* [provisions].

**BACKGROUND & PURPOSE**

Southern Cross Postgraduate Association (SCPA) represents and provides services to some 3,200 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 their 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 against some provisions of the proposed *Higher Education Support Legislation Amendment (Student Loan Sustainability) Bill 2018* on the following grounds:

1. The new repayment threshold provisions will place unreasonable and undue hardship on all graduates who, for whatever reason, find themselves on a below-average income;
2. The retrospective application of this Bill in regard to repayment income thresholds for HECS-HELP and FEE-HELP is unfair to all current and former students, because we never agreed to such terms and conditions in the first place upon entering into those loan agreements;
3. The indexing measures proposed in the Bill may place further undue hardship upon HELP debt holders in times of combined stagnant wage growth and rising costs of living;
4. The proposed new combined loan limit for HECS-HELP possibly may adversely impact some postgraduate students with a combination of Commonwealth-supported and full fee paying places;
5. The Bill unfairly targets low-income graduates in order to recoup those enormous funds previously wasted in a poorly implemented loans scheme in the Vocational Education & Training (VET) sector; and
6. The Bill 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.

## **LOWER REPAYMENT THRESHOLD WILL CAUSE UNDUE HARDSHIP TO MANY GRADUATES**

The government proposes to change the minimum income level at which HELP loan holders must begin paying back their loan. Currently, those earning less than \$55,874 are not required to begin paying back their loans. This enables students to undertake their higher education knowing that they need only repay their loans once they are earning a decent and secure income. However, the proposed amendment would change the repayment system such that those earning just \$45,000 and above would be 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 themselves 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, lowering the HELP repayment threshold to just \$45,000 pa will place new and undue hardship on many graduates who already find themselves in challenging financial circumstances, and particularly so in regional Australia.

## **RETROSPECTIVE APPLICATION OF THE BILL IS UNFAIR**

The government intends to apply the lower repayment threshold retrospectively. In other words, the proposed measures will apply not only to new loans, but also to those who already hold a HELP loan.

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

## **INDEXING MEASURES MAY PLACE FURTHER UNDUE HARDSHIP ON MANY GRADUATES**

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

SCPA remains concerned that this measure will place new 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.

## **NEW COMBINED LOAN LIMIT MAY CAUSE ADVERSE IMPACT ON SOME COMMONWEALTH-SUPPORTED POSTGRADUATE STUDY**

Currently, a borrowing limit applies to students accessing FEE-HELP (for full upfront fees) as well as government loans in the VET sector. However, the Bill proposes that a combined loan limit also will apply to students in Commonwealth-supported places accessing HECS-HELP. Once a student reaches their loan limit, then all further fees must be paid upfront.

SCPA remains concerned that this possibly may cause adverse impact for some postgraduate students accessing a combination of Commonwealth supported and full fee paying places. A common situation would be a student who studied an undergraduate degree under Commonwealth support, but then goes on to specialise at Masters level, which typically is full fee-paying upfront. Such postgraduate students possibly may be at placed at risk of exhausting their loan limit.

## **UNIVERSITY STUDENTS RECOUPING PREVIOUS LOSSES IN VET SECTOR**

The amount of budget savings to be made by the retrospectivity measures contained in the Bill bears a striking similarity to that wasted in the poor implementation of the previous HELP loans in the VET sector. A strong case can be made, then, that it appears that lower-income university graduates are being targeted to recoup financial losses incurred in a completely different sector.

SCPA supports a responsibly-managed VET-HELP scheme in the vocational training sector. However, we strongly oppose any measure to target lower income university graduates in order to recoup any losses in the previously mismanaged scheme.

## **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,



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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 opposes the reduced repayment thresholds proposed by the Bill.

## **RECOMMENDATIONS**

SCPA respectfully offers the following recommendations and suggestions:

1. The annual income threshold at which HELP repayments commence should be retained at the current \$55,874.
2. If the repayment threshold is to be lowered, then this should apply to new loans only. In other words, the new terms and conditions should not be applied retrospectively to current loan holders.
3. HELP debts should be indexed according to average weekly earnings (i.e. the ability to repay) rather than to the CPI (i.e. the cost of living).
4. The new combined loan limit should not necessarily apply to Commonwealth supported postgraduate degrees.

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

Yours faithfully

BARB KINDER  
PRESIDENT  
SOUTHERN CROSS POSTGRADUATE ASSOCIATION