Universities Accord submission

Premise: The Universities Accord Seeks to "look at everything from funding and access, to affordability, transparency, regulation, employment conditions and how higher education and vocational education and training can and should work together." Jason Clare 16 Nov 22

Indeed there have been many submissions from learned institutions and experienced educators on how to improve the structure and content of our Higher Education System. Many of these submissions rely on the assumption that the current level of funding from student HELP loans will still continue or possibly increase.

What seems to be missing is the Voice of the Student. The elephant in the room is how these institutions are funded by student loans under the HECS/HELP schemes.

Students are not assessed for their capability to service the loans or for fitness for purpose of the loan, (ie Is this exactly the minimal course content required to achieve the vocational outcome required). Loans are freely available without ensuring students understand the possible lifelong consequences. If banks were to conduct their business in this manner they would be swiftly brought into line.

We believe this scotoma is the result of the well intentioned Terms of Reference and the Process for obtaining submissions, but nevertheless has not adequately considered the collective benefit and impact on individual students.

We have endeavoured to answer the questions that touch on this obscured point of view to align with the terms of the review of the discussion paper. We have also developed a significant white paper on the real effects on students and developed some recommendations.

We invite the Panel to review our submission which may appear to be out of scope but the issues are fundamental to the outcomes to be achieved.

It may be appropriate to initiate a separate investigation along the lines explored in our white paper.

About the Authors.
Anne [redacted] has recently completed a degree in Financial Planning.
Greg [redacted] (ret.) is a Technologist and a Life Coach for young people.

Q8 What reforms are needed to promote a quality learning environment and to ensure graduates are entering the labour market with the skills and knowledge they need? Ensure education providers are tailoring education for the labour market. Eg. Pop music is not a labour market, but a hit and miss industry. If there are only 100 places for a particular vocation, limit the places.
Q15 What changes are needed to grow a culture of lifelong learning in Australia? There already is a culture of lifelong learning in Australia, however the fear of an unsustainable debt to repay hinders people. If it were much cheaper it would be more accessible. It is not

enough to say "don't worry, you don't need to repay it unless your income gets to a certain threshold". If it is a loan, it should be repaid and be repayable in a reasonable time frame. I've proposed 10 years, but probably 7 is more realistic in this changing world.

Efforts should be made to create an ongoing working and learning environment. The model of stopping work to study is not sustainable.

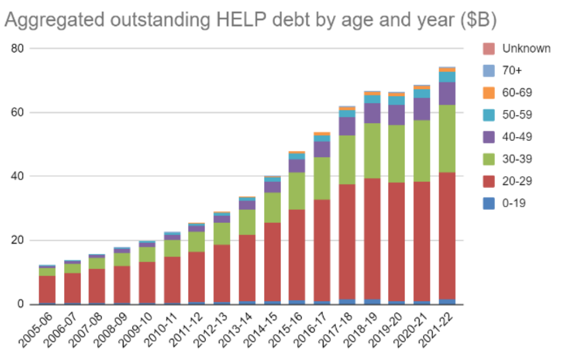
More information should be provided to prospective students such as:

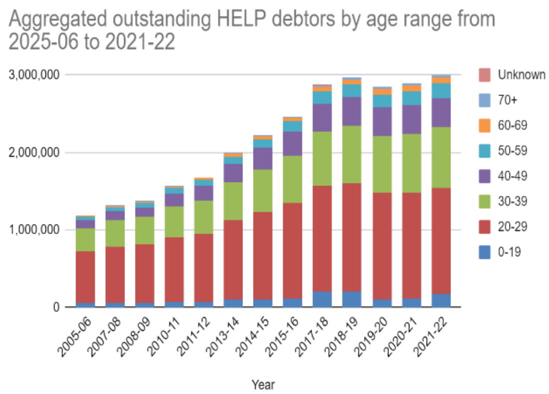
- a comparison chart of degree cost between institutions
- calculator showing payback period
- Careers advice

Q16 What practical barriers are inhibiting lifelong learning, and how can they be fixed?

1. The only thing stopping the people I know is the cost of study and the opportunity cost to study

- TAFE provided a more value for money education, but something has happened there that I don't understand why it has been so devalued.
- universities should provide an education for a reasonable cost. The repayment period should be no longer than 10 years. Cost of a degree for example should not be more than about $25,000. Indexation should not occur for 10 years. It is reasonable to expect a degree to be paid off in this time, as more learning is needed after about 10 years.
- HECs cap of $107,000 means that individuals who have done a "dud" degree and unable to pay it back are unable to further their education
- further research should be conducted to determine the actual cost of an education by current graduates, my estimation it is closer to $100,000, not the ATO "average" statistic of $21,000.
- review tax legislation to enable tax deductible payments for self education when it is paid to HECs loan (voluntary and compulsory repayments).
- The following graphs from ATO data aggregated outstanding HELP debt by age and year showing the trend which is significantly upwards. Also that in 2021-22 year, nearly 3,000,000 Australians still have HECs debt owing. Further information is available in attached PowerPoint.





2. The opportunity cost of study

- Provide incentives for employers to provide paid leave for study.
- - Eddie Woo recently commented on the lack of ongoing learning with teachers is because they have to stop work to do it. It is very rare for employers to provide study leave.
- The best case scenario is a cadetship where a person works full time, studies one day a week. The employer should be encouraged to provide an upfront education allowance enabling the student to pay for their education and not accrue a HECS debt. Additionally, they are able to claim a tax deduction for their education expenses. BlueScope provides opportunities like this and I would consider this to be a gold standard approach.

Q19 What would a more effective and collaborative national governance approach to tertiary education look like?

- Oversight on the fees charged by tertiary providers.
- Limit the types of courses funded by HECS.
- Limit the cost of education so it can be repaid in 10 years on a graduate salary
- Other than that, cancel the debt after 10 years.
- Provide prospective students with careers advice including financial information about careers and what they looks like in practice

Q48 What principles should underpin the setting of student contributions and Higher Education Loan Program arrangements?

1. Value for money
   a. Cost should be capped at an amount of $25,000 which can be repaid in 10 years under normal circumstances. It is unreasonable to expect repayments over a lifetime.
   b. HECs should not be provided for subjects or degrees that are not going to lead to paid employment. Eg: You want to study pop music? Fine, but the tax payer isn't going to pay for it.
   c. The government should not be handing out significant sums to tertiary providers unless they can show actual value for money to the student, not just show how tremendous the campus' facilities are.
   d. Actual calculations should be done when determining the fees for tertiary education. In one case study where the individual graduated with $123,000 HELP loan, our calculations showed that after 50 years, $238,168.06 would be paid and $371,967.00 still owing as the early years they were not able to make any payments. This is not a good outcome for the individual, the taxpayer, nor the government. The only winner is the tertiary education provider.

2. Special considerations should be given to women who are disproportionately carrying more HECS debt and earn lower wages over their lifetimes. This is inherently inequitable particularly when in the decade following her education, a woman is likely to have a family and have time away from the workforce. The following graphs show data from the ATO showing more debtors are female and have a greater debt over all ages. Further information is provided in the attached PowerPoint.

Universities Accord submission

Greg [redacted] and I have prepared a PowerPoint presentation which shows calculation of repayment periods for actual people (in case study format), not just statistical “average”. We have also projected the difference that removing the indexation would make on those individuals.

At the end of the day, whether a loan takes 30 years or is never repaid is redundant. What should be addressed is how much the loans are over their lifetimes for this cohort of graduates. It is too much. As Student Debt is steadily increasing and wage increases are barely covering inflation, what is the future for the next group of graduates going forward?

If we can assist everybody by focussing on the inequities of the system faced by women, everybody wins.

Attachment Contents:

- Review relevant to the Terms of Reference and the Discussion Paper
- Case Studies on actual students. (X6)
- How we could do better
- Spotlights on Special Cases
- Summary and Recommendations
- References
- Attachments HECS transaction lists of 2 individuals in case studies for information and reflection

Submission for Universities Accord

Inequities and failings of the HELP loan scheme

Australian Universities Accord

Introduction and plea to fix the HECs scheme

Economists will say that the level of debt is not the issue as the critical component is the Repayment Income, so you will never have to pay anything until you hit the threshold. This does not speak to the affordability over a lifetime nor the ability to retrain once you hit the cap. The balance does matter as it affects the repayment period.

Having recently been through the experience myself as a mature age student, there is no career or financial counselling prior to making a decision that will affect the rest of your life. All that is required is to tick a box on the enrolment form to sign up to the HECs loan. Nobody wants to be a burden on the public purse and everyone expects to be able to pay it off in a reasonable time period before needing to re-train in 5-10 years time.

It is also a great dilemma for parents of young students to have to make the choice between paying off their children's HECs debts and contributing to their own superannuation.

This presentation will outline 6 individuals and their HECs journeys. We always hear that the "average" HELP loan is $21,000 and the repayment period is on average 10 years. That is a statistic using past information and is an ideal situation, however is not the situation for many people. Over time, HECs debts are increasing beyond wage increases, so in this case past experience is definitely no indication of future experience.

Our limited number of case studies (n=6) have debts on graduation from $6,000 to $123,000. We show their stories and projected repayment periods and have estimated what that would look like if indexation were abolished. From our limited research, those who worked full-time and studied part-time did better than those who worked part time and studied full time. Those who worked full-time during their studies also had significantly higher superannuation than those who didn't.

Further research needs to be done about the costs and the HECs burden each batch of graduates hold. Also the loan arrangements should be more like consumer debt whereby according to ASIC "Credit providers must not enter into a contract with you that is unsuitable, such as a loan you can't repay without suffering hardship or a contract that doesn't meet your requirements and objectives".

Contributors

[redacted]

Greg [redacted]

Case study participants

ATO employees (fielding questions from the public - providing insight into lack of informed participation)

Submission - overview

SECTION 1: INTRODUCTION to key review areas

SECTION 2: CASE STUDIES

SECTION 3: WE CAN DO BETTER FOR THIS GENERATION

SECTION 4: SPOTLIGHTS

SECTION 5: SUMMARY AND RECOMMENDATIONS

SECTION 6: REFERENCES AND APPENDICES

Section 1: Key review areas

The key areas that this submission will touch on are:

- Investment and affordability
- Governance, accountability and community
- The connection between the vocational education and training and higher education systems

The main theme throughout is on the lines of affordability over a lifetime, not just at entry and finding the best model that serves an individual and community. Relevant factors include Governance and accountability and best practice – the connection between vocational education and higher education systems.

Key areas of the University Accord that will be addressed within this submission

3. Investment and affordability

We have calculated the projected repayment periods and amounts of six individuals and their relative HECs debts in the case studies section 2.

Supported by data collected from the 6 individuals, we argue that:

- Universities should be able to provide a degree for approximately $20,000 - anything higher is not affordable (over their lifetime).
- HECs should be capped at this amount, not $108,000.
- There is nothing to indicate that a more expensive degree will provide a greater income.
- HECs should not be indexed for the initial 10 years, so that it could be repaid in this time period. A side benefit would be parents would be more able to assist by making contributions.
- A high HECs debt impacts potential retraining opportunities.
- We also show that women have higher HECs debt (appendix 1).
- Not all students receive a worthwhile education – whose responsibility is this?

4. Governance, accountability and community

There should be obligations on universities and the Government to provide:

- career advice – what sort of jobs and income will they be able to get with this degree
- repayment information including repayment periods if they chose a HECs option.

5. The connection between the vocational education and training and higher education

- BlueScope cadetship opportunity provides a gold standard approach for students.

3. Investment and affordability

Large HECS debts are not affordable

- Students are encouraged to go to university from early high school therefore they implicitly trust that it is a good and right thing to do.
- Students enter into HELP loans by simply ticking a box on the enrolment form. This loan is capped at $108,000 for general courses.
- The repayment period on a HECs loan of approx. $20,000 is around 8 years on a public service graduate salary.
- The general wisdom provided is “don’t even worry about it, it will take care of itself”.

However,

- many graduates have a loan of $70,000 - $100,000 (or more) at graduation and their repayment period is over their lifetime (not including time off to have a family). These loans index at a faster rate then they are paid off. This is unacceptable.
- Many are shocked at the actual repayment period and HECs balance once start work, then to discover they can’t retrain because the HECs loan is capped and they have reached the cap.
- Looking at past data does not present the full picture, what is the future for current graduates? Refer appendices 2 and 3 for concerning trend data. Yet “average HELP debt” is the statistic that is commonly cited. What is the average HELP debt of a new graduate?
- It can be seen from ATO data that HELP loans are increasing over time (appendices 1, 2 and 3).
- More women have HELP debts than men across all ages (appendices 1, 2 and 3).
- For the HELP loan system to work equitably, a repayment period on a degree should not exceed 10 years and the loan should not be indexed for this period.
- Some degrees from private colleges cost $40,000 or more and provide no employment path. Where is the accountability and governance?

4. Governance, accountability and community

The System has insufficient accountability for how loans are granted.

Primary funding for universities is public monies, so there should be more accountability.

Universities currently have essentially unencumbered access to public money via students. There is no accountability as to how HECs loans are accumulated by a borrower. Nowhere else does a lender have this freedom. There are no guarantees to the students that these degrees are value for money and will lead to employment with decent salary. Consumer lending rules should apply.

Degrees which have limited career potential should not be funded by a HELP loan.

Careers advice should be provided to potential students rather than pure marketing.

A modelling calculator should be available to potential students showing probable cost of the degree and likely income, payback amounts and repayment period as in any other consumer debt.

Most people agree that a degree should be able to be repaid in full within 10 years in normal circumstances.

Our modelling shows that for many people on an average wage, a university degree should cost no more than $20,000 in order to pay it back within a 10 year period.

The main reasoning behind this is that after 10 years, many people change careers or wish to retrain. It is not reasonable to expect an 18 year old to understand the full impacts from a single decision. If the debt is too large, retraining will not be possible.

"The chances of earning above the minimum wage at age 24 can vary significantly by university field of education (40% for creative arts versus 67% for nursing). There was also large variation in income across fields of education (median income at age 24 of $60,000 for civil engineering versus $32,000 for performing arts)."

Reference: Pathways for the Future Pilot Project Summary report (nsw.gov.au) page 8

5. The connection between the vocational education and training and higher education systems.

The gold standard in higher education is having a career based tertiary education where the employer pays an upfront education allowance allowing recipients to pay for their education directly to the provider, thus allowing tax deductibility and limiting HELP loan to a reasonable payback period.

This is demonstrated in case study 1 - a BlueScope cadet who left school in 2008 and graduated in 2013.

- **Low HECs debt**
- **Received superannuation contributions**
- **Engaged in meaningful work**

Section 2: Case studies

Case studies: Assumptions and limitations

- No time taken off for having a family, illness or caring responsibilities
- Indexation rate changes according to CPI. 2022 indexation rate is 3.9%, so this has been used throughout.
- Wage indexation 2%
- The further away from the base year 0, the more **inaccurate** the projections. E.g. in case study 5, it indicates that the HELP loan reduces, however due to the time effect, this may be incorrect.

These case studies show the effect of the HECs-HELP conundrum. Compared to previous generations, this is an unprecedented social experiment.

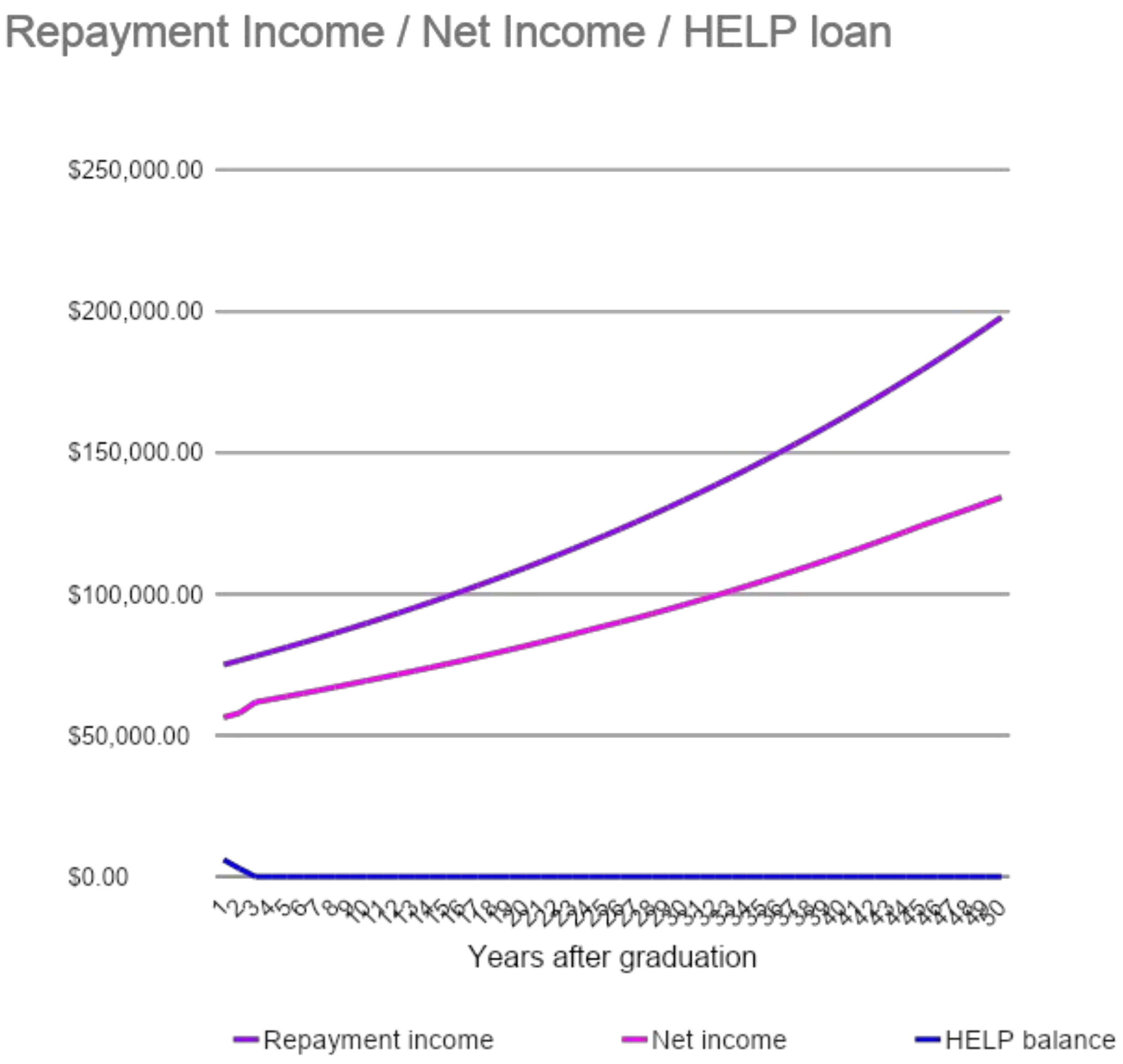
1. Mechatronics Engineer

Bachelor Engineering (Mechatronics)

- Income year 1 after graduation $75,000
- HELP loan on graduation $6,000
- Payback period 2 years
- Repayment after graduation $6,345.50

*BlueScope cadet was paid upfront education allowance by employer during his studies. This meant he received 10% discount and education expenses were tax deductible. On graduating with Engineering degree, minimum HELP debt and significant superannuation.

Gold standard experience.



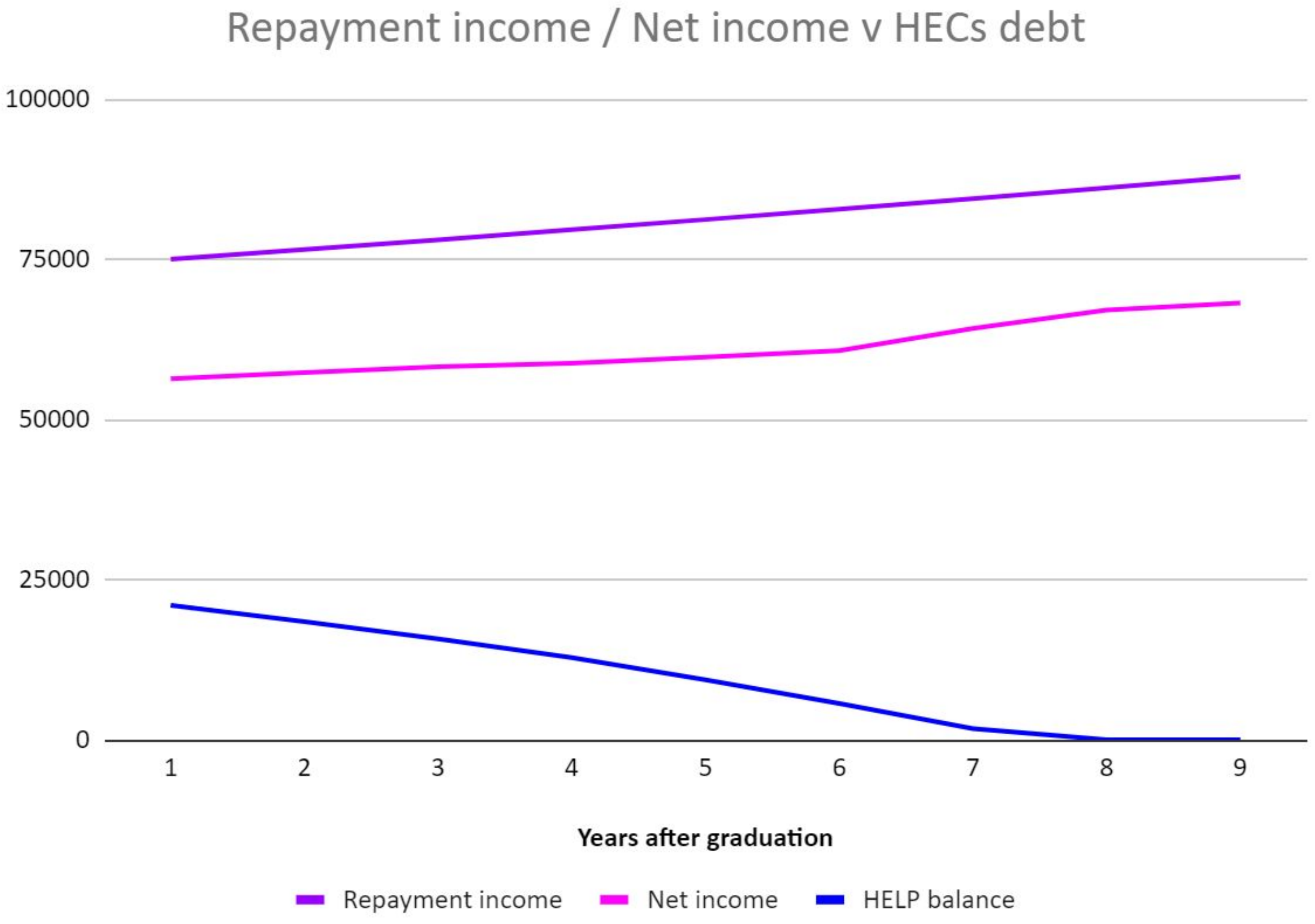
2. Public servant

Bachelor Commerce (Financial Planning)

- Income year 1 after graduation $75,000
- HELP loan on graduation $21,000
- Degree cost $32,000
- Current payback period 8 years after graduation
- Repayment after graduation $24,303.58

Years to retirement: <10

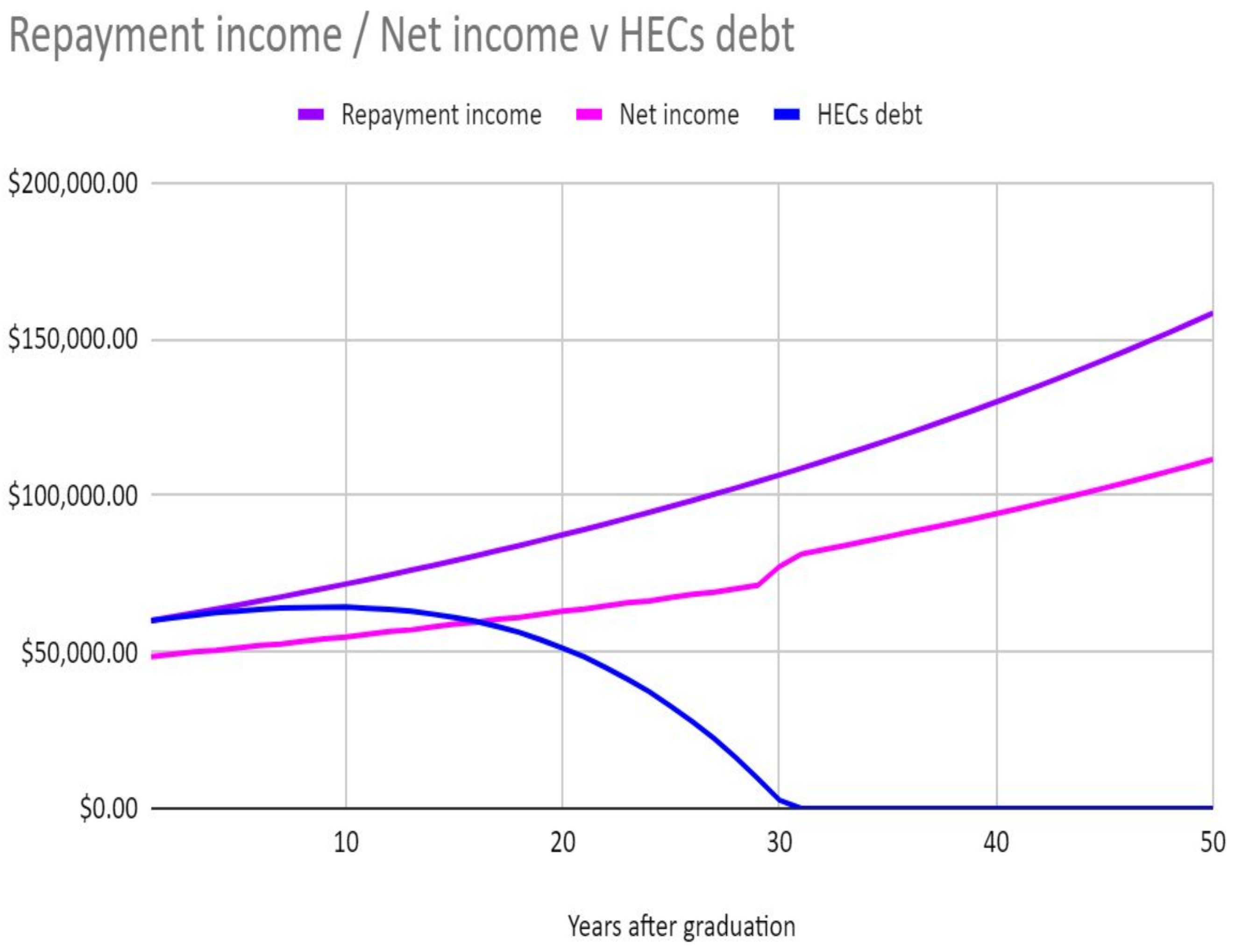
Additional after tax super contributions difficult due to additional tax withheld.



3. Audio engineer

Bachelor Engineering (Audio)

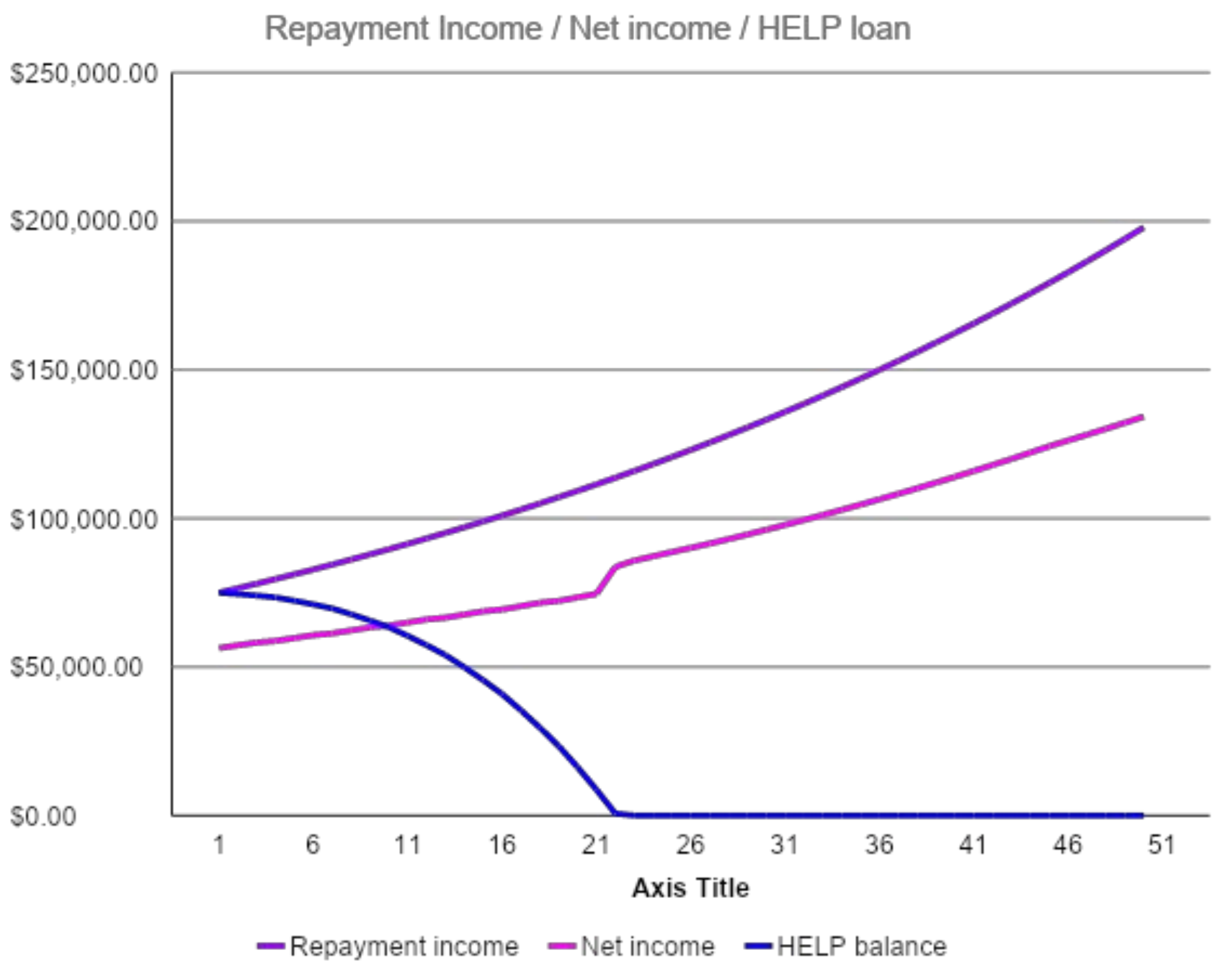
- Income year 1 after graduation $60,000
- HELP loan on graduation $60,000
- Current payback period 30 years
- HELP loan repayment after graduation $118,653.64



4. Public servant

Bachelor Journalism and Arts

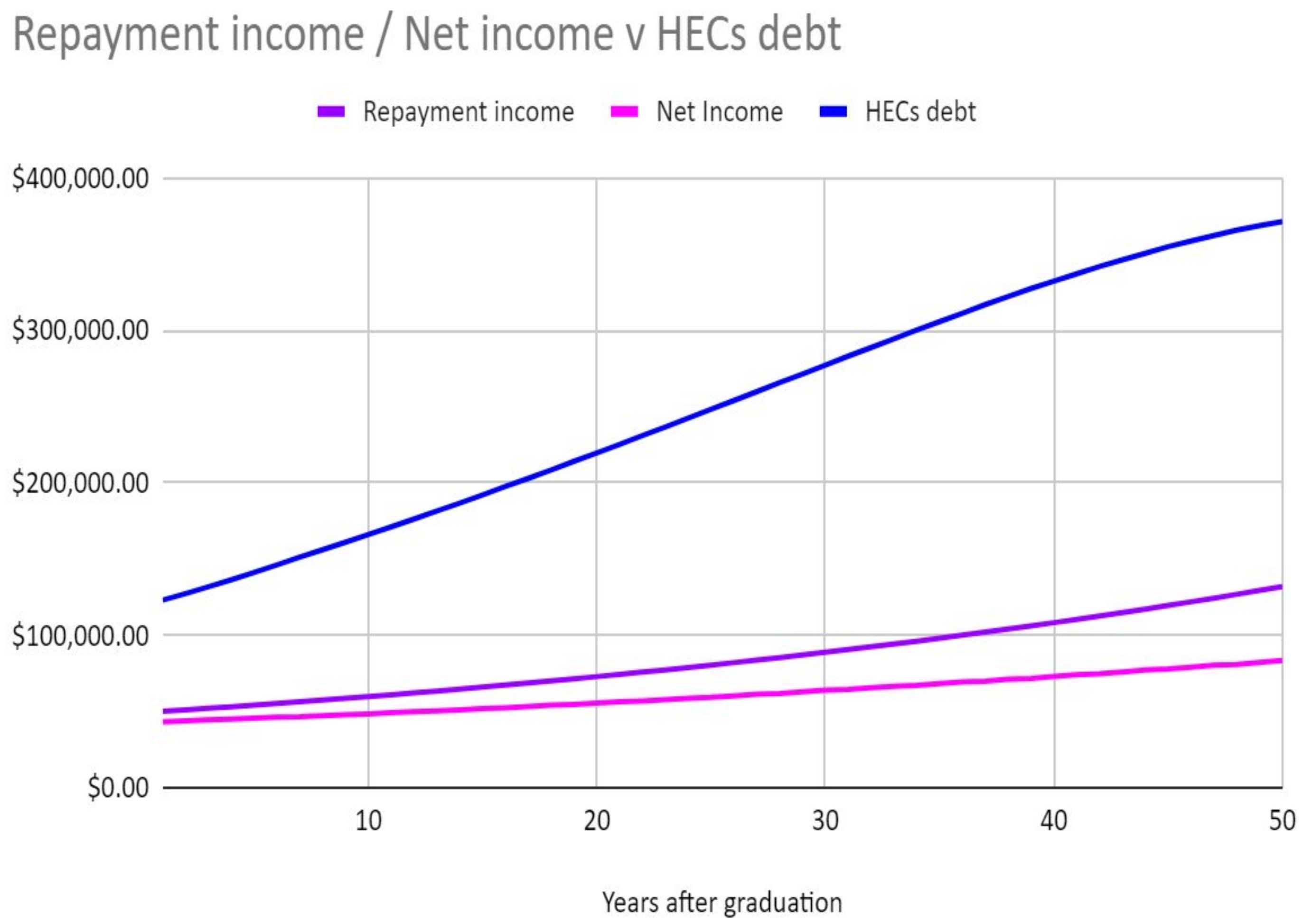
- Income year 1 after graduation $75,000
- HELP loan $75,000
- Current payback period 22 years
- HELP loan repayment after graduation $119,019.42
- Went to France to study for 1 year, additional $12,000 put on HELP loan.
- Final 2 years of study - journalism cadet. Educational allowance not provided by employer so individual unable to pay for studies up front nor obtain tax deduction.



5. Music therapist

Bachlor of Music and Masters of Music Therapy

- Income year 1 after graduation $50,000
- HELP loan on graduation $122,780
  - Music degree from AIM $76,000, Masters was $46,000. She was told the degree from AIM would cost $40,000. (See table next page)
- If she decides this was a mistake and followed the wrong career path, she is unable to retrain as she is over the HECs cap ($108k)
- Current payback period - never
- After 50 years, $238,168.06 paid and $371,967.00 still owing



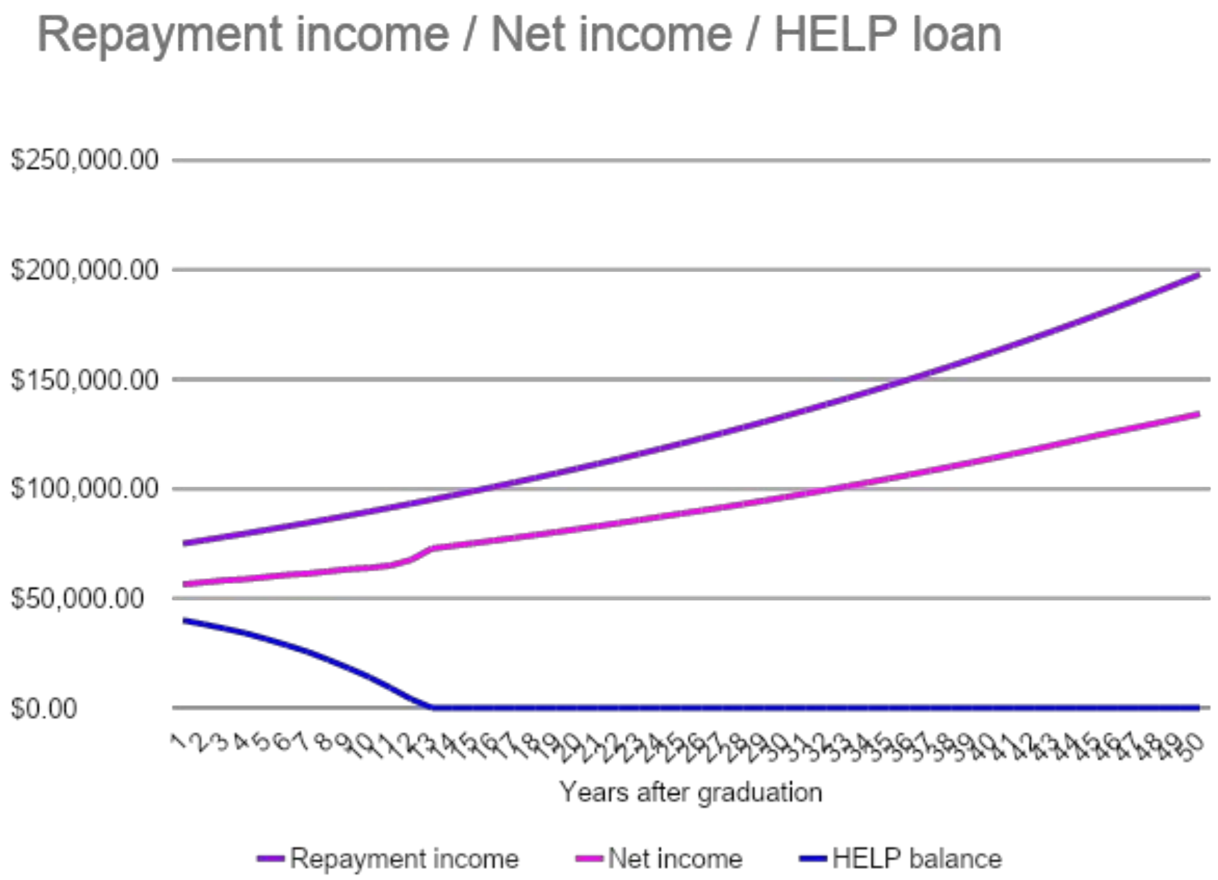
Summary of HELP loan transactions of Music therapist

Summary of HELP Loan Transactions

Row Labels	Breakdown of AIM loan: Sum of AIM Fee for HELP loan	Breakdown of AIM loan: Sum of AIM HELP Loan	Sum of AIM (inclusive of fees)	Sum of UWS	Sum of Indexation	Sum of Voluntary payments	Sum of Bonus	Count of Compulsory payments	Totals
2015		$15,600.00	$15,600.00						$15,600.00
2016		$17,550.00	$17,550.00		$109.00	-$2,500.00	-$125.00		$15,034.00
2017	$1,345.00	$5,380.00	$6,725.00		$371.76				$7,096.76
2018	$4,508.00	$18,032.00	$22,540.00		$607.62				$23,147.62
2019	$2,656.50	$10,626.00	$13,282.50		$965.39				$14,247.89
2020				$20,618.00	$1,352.26	-$60.00			$21,910.26
2021				$21,608.00	$520.24	-$395.00			$21,733.24
2022					$4,210.63	-$200.00			$4,010.63
Grand Total	$8,509.50	$67,188.00	$75,697.50	$42,226.00	$8,136.90	-$3,155.00	-$125.00		$122,780.40

6. Nurse

- Income year 1 after graduation $75,000
- HELP loan on graduation $40,000
- Current payback period 13 years
- HELP loan repayment after graduation $51,760.35



Section 3: We can do better than this for this generation

The case for no indexation-modelling forecast

Using data from our case studies, we projected the repayments to determine repayment period. Then we projected the repayments if there was no indexation and a variety of options in between. The only time we could get the modelling to a 10 year repayment period was when the HELP loans were low and there was no indexation (noting the limitations to accuracy of the model).

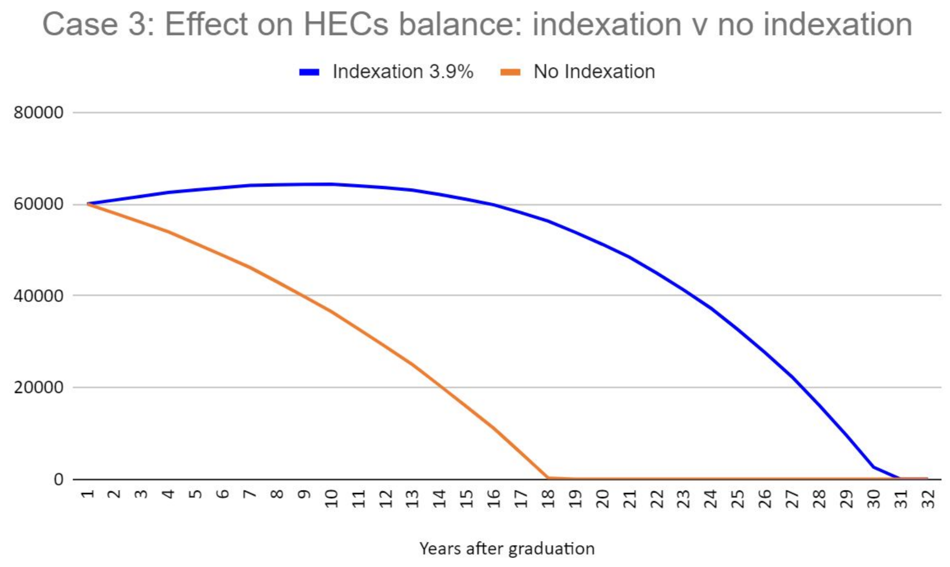
The summary of our findings is on the following table. The impact of removing compounding indexation is significant.

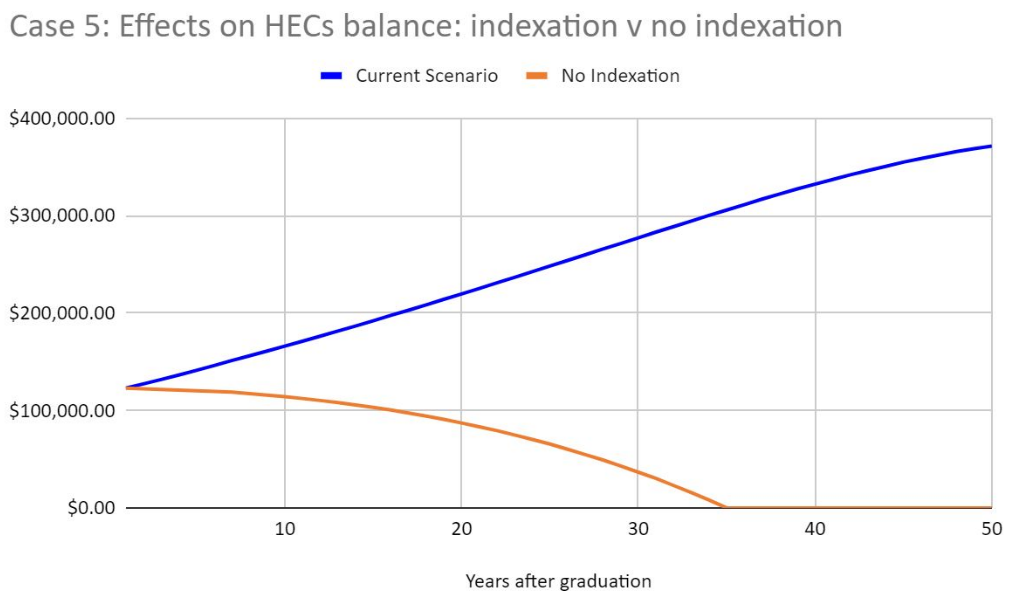
It is noted that:

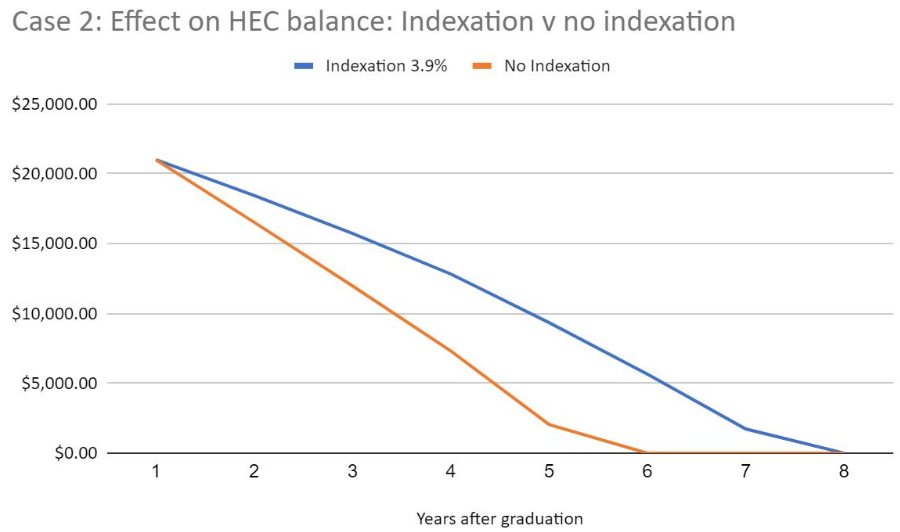
- Even with no indexation, three out of the six are still outside the 10 year repayment goal and will never be able to retrain.
- no students nor parents of a student surveyed considered that their higher education degree would sign them up to a lifelong debt.
- Had they considered the cost/reward of the degree in detail, some of them they would not have embarked on that course.

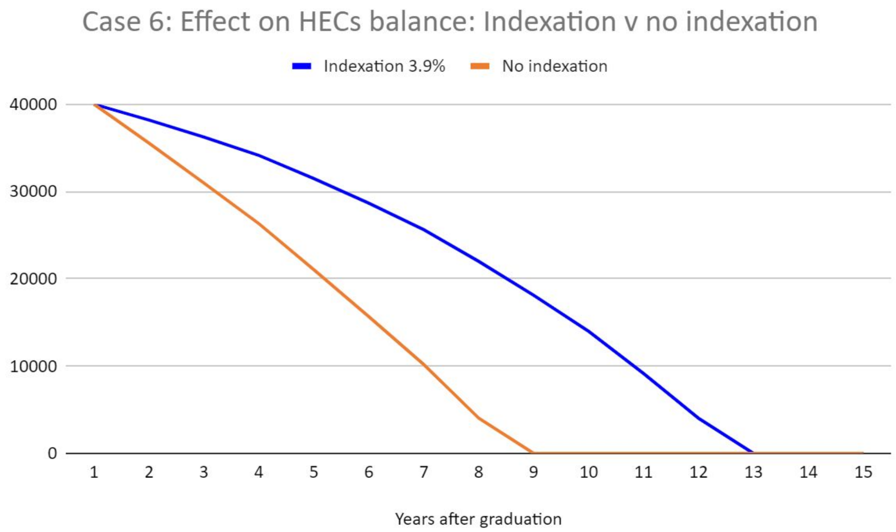
Most articles and economists refer to “average HECS debt” rather than specific debts of individuals which paints a completely different picture. The average of this sample is about $50,000, but the individual with the $90,000 debt should not be discounted simply as an “outlier”. Further research should be conducted to obtain realistic data of new graduates.

Case	Repayment period	No indexation repayment period
Mechatronics Engineer	2	**N/A**
Public Servant	8	**6**
Audio Engineer	32	**18**
Public Servant	23	**14**
Music Therapist	Never	**35**
Nurse	13	**9**


Case 3: Effect on HECs balance: indexation v no indexation
Indexation 3.9%
No Indexation
80000
60000
40000
20000
0
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32
Years after graduation


Case 5: Effects on HECs balance: indexation v no indexation
Current Scenario
No Indexation
$400,000.00
$300,000.00
$200,000.00
$100,000.00
$0.00
10 20 30 40 50
Years after graduation


Case 2: Effect on HEC balance: Indexation v no indexation
Indexation 3.9%
No Indexation
$25,000.00
$20,000.00
$15,000.00
$10,000.00
$5,000.00
$0.00
1 2 3 4 5 6 7 8
Years after graduation


Case 6: Effect on HECs balance: Indexation v no indexation
Indexation 3.9%
No indexation
40000
30000
20000
10000
0
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15
Years after graduation

Section 4: Spotlights

Spotlight on some effects of a large HECs debt on an individual over a lifetime

- Inability to retrain due to the cap being reached and never being able to repay the initial loan
- Some couples may choose not to have children due to HECs/cost of living pressures.
- Inability to purchase a home
- Inability to contribute to superannuation
- Some students avoid repaying loan altogether and previously have left the country, or remain under the repayment income threshold

Spotlight on the impact on the inequity for women over a lifetime

- Going to university and obtaining a degree was supposed to enable women to be more independent.
- The financial planning wisdom is that a HECs-HELP loan is the "cheapest loan" and "will take care of itself" is simplistic and is only true for those anticipating a high wage and no foreseeable years out of the workforce.
- Young women are currently faced with an unenviable choice between paying down HELP loan or having a family - this is age critical for women.
- In the decade following a woman's education, if she starts immediately after school at 18, she would generally be completed by say 23-25. The ensuing years are the best physical time for her to have children. At 33, she is considered medically "geriatric".
- This is also the time that she will be also trying to save for a deposit on a house to set herself up for when she is older and have the lowest wages.
- There may be additional consequences for not paying down a HECs HELP loan earlier in the event of divorce.
- Over a lifetime, the impacts of lower wages, higher HECS-HELP debt (see appendix 1), time taken out of the workforce whilst having a family equates to less financial independence and wellbeing including lower superannuation balances.
- For some of the individuals in these case studies, their wages will be garnished for life and the debt will never be repaid in full because their lifetime income is insufficient and the entire debt is compounded annually.

Section 5: Summary and Recommendations

These recommendations are based on access to a small amount but actual personal data shown in the case studies.

What should occur is that a subcommittee be formed to study the true (mostly unintended) effects of the current HELP scheme and make balanced recommendations.

The study should follow similar principles to those we have used.

Summary and recommendations for Federal Government

AFFORDABILITY

Issue	Recommendations
• Little influence on the high cost of education	• Review HECS-HELP cap (currently $108,000) reduce to $20,000 • Cap university degree cost to $20,000
• Little control of equity for different cohorts. (Women, Aboriginal and Torres Strait Islanders, refugees, lower socio-economic background)	• Review HECs cap and degree cost, remove indexation for 10 years.
• Urgently required skills / education not prioritised / supported.	• Subsidise preferred careers (up to 100%) • Incentivise employers to subsidise degrees (Traineeships / cadetships using standard of excellence ie: BlueScope model)
• Indexation	• Scrap Indexation to 0% for first 10 years at least. • Unfair that HECs loans are indexed but withheld taxes are not.
• Legitimate cost of employment not tax deductible	• Repayments should be tax deductible for the individual or if contributions made by family members they should be tax deductible.
• Use of HECs "average" is statistically irrelevant as it encompasses all HECs debts	• Have a more detailed conversation using more statistics that just the "average". Monte Carlo modelling would be more informative.
• Non-disclosure of lifetime costs of HELP debt	• Current information is insufficient and is a breach of duty of care to our young students.

Summary and recommendation for Tertiary Educators / Universities

AFFORDABILITY AND ACCOUNTABILITY

Issue	Recommendations
• Revenue driven marketing	• Improper conduct to induce students to sign up for large HECs debt with no accountability to provide information on realistic job prospects or potential income. • See also Duty of care
• Many subjects not relevant to career.	• Justify Course Content. • Fees for subject should be based on value • Non relevant subjects not eligible for HELP support.
• Other revenue obtained from overseas trips etc. attractive to students but not value for money	• It is improper conduct to induce students to sign up for large HECs debt with no accountability to provide information on realistic job prospects or potential income.
• Duty of care	• Cost of degree should be related to expected professional income and limited to 10 year payback period. • Financial modelling tools provided to all potential students. • Payback period and loan cost for each degree must be calculated and provided with degree marketing material • Typical degree cost and wages data available to insert in modelling • Provision of Career Counselling

Summary and recommendation for ATO

AFFORDABILITY AND GOVERNANCE

Issue	Recommendation
• Requirement to declare HECs-HELP debt to employer	• Provide option to pay at end of year so contributions to superannuation can be made.
• Indexation of HECs debt occurs on 1 June – is this prior to repayment date or after?	• Review indexation date
• Why are HECs debts attracting indexation but payments deducted are not?	• Review and apply indexation on withheld payments

Summary and recommendation for students

Issue	Recommendation
• Not encouraged to consider return on investment for degree	• Obtain career advice
• Lifetime consequences of HECs debt on retraining, owning a house or contribution to superannuation.	• Become financially literate

- Is it fair that a young person should bear the full responsibility for decisions made when information is withheld from them?

Main Principles of affordability

1. University degree fees should be capped at $20-25,000, unless justification can be made.
2. A HELP loan should be repayable under normal circumstances in 10 years. For too long justification is made that a tertiary degree will provide a higher income, yet evidence suggests otherwise.
3. Remove indexation for 10 years providing incentive to repay loan.
4. Provide students with career advice and realistic information on potential wages and repayment period of loan.
5. Improve financial literacy of students, allowing students to understand the financial consequences of their studies and make more informed choices. Provide a calculator showing all the elements of the HELP equation on MoneySmart website / ATO website and universities. This would show a projection of HELP loan trajectory, repayment period, options to pay down debt quicker, decisions that affect debt, how HELP loan affects other life choices such as mortgage repayments.
6. Provide students with vocational education showing benefits including superannuation.
7. Government oversight ensuring students are not being encumbered by debt they cannot repay in a reasonable period
8. Universities should be accountable for breach of duty of care, not rewarded with higher and higher cap amount.

Section 6:
References and appendices

[redacted]

Greg is a retired Materials Engineer having received a sponsored vocational education through his employer BlueScope. University fees were free.

Greg has been a life coach to a variety of young people. A key question for them is:

"What they are going to do with their qualifications, many of which do not quite fit their current aspirations?" and:

"How to deal with their finances which are heavily overshadowed in this stage of life by their HECS debt?" which suddenly becomes a reality.

[redacted]

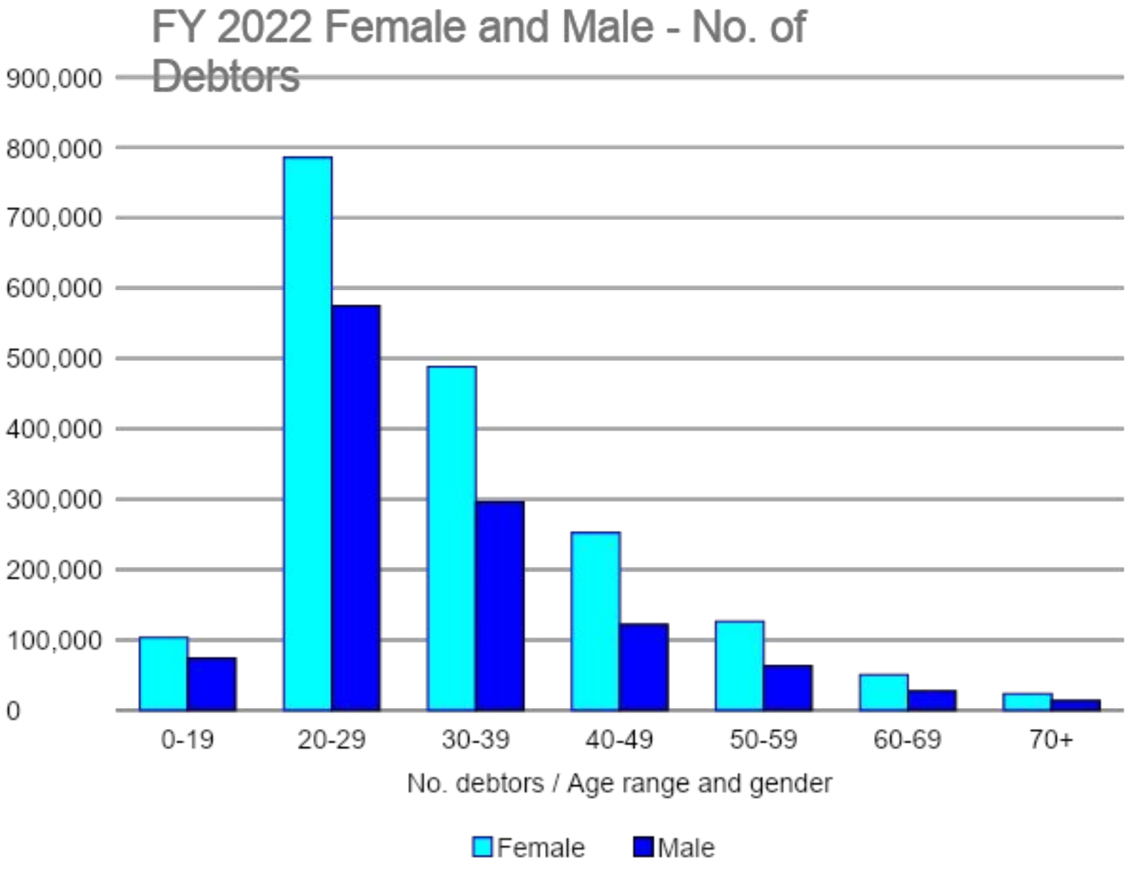
The decision for me to go to university at age 49 was intentional in the context of post divorce and breast cancer. I needed to invest in myself to get a decent job for the last decade of working. I also had a need to redress the decision of getting married and having children "early" rather than investing in a career. I noted at the time, the friends who were successful at uni had stable lives and supportive parents. Consequently, I wanted to provide that stability and support to my kids. I strongly encouraged my girls to not make the same mistake I did, and to go to university and get a degree and a good career which is standard advice from parents, particularly to their girls.

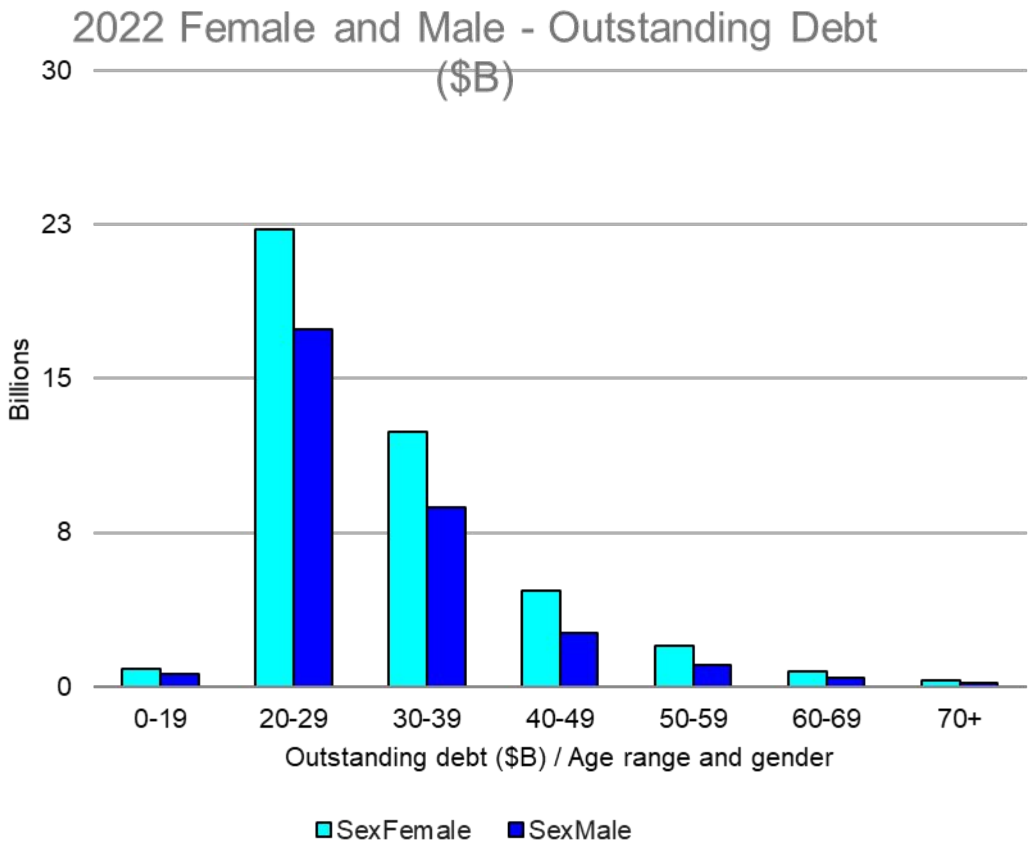
I was studying during a similar period that they were so it is easy to compare their educational experience (including the financial aspect) with mine. I then became interested in the collective experience and noted the vast difference between individuals - unlike my generation where university would set you up for life, now it is more hit and miss. I also noted the general financial advice given regarding the repayment of HECs debts. Paying it down is not recommended as there are no incentives and advice is given to not worry about it as "it will take care of itself".

My degree cost over $30,000, but when I graduated, my loan is close to $21,000 as I have been working, and now I have a graduate role with the public service, so it should be repaid before I retire. It has provided me with an opportunity to re-enter the workforce and I am very grateful, although it cost more than I expected. Doing a degree in financial planning provided me with the skills to project what the cost of that education would be. It also gave me the candour to discuss financial matters with my family. Their experiences are as follows.

- My son had a successful university education as he was very fortunate to be a BlueScope mechatronics engineering cadet. His degree was nearly paid off when he had finished at 26, and he had nearly the same amount of super I did. He has since moved into a slightly different field by constantly learning, and now at 32 is a software engineer, earning even more with no HECs debt. My daughters have had a different experience.
- [redacted]s.
- Many of their friends are in the same situation. It is a situation that was not predicted nor outlined when they commenced their respective journeys.

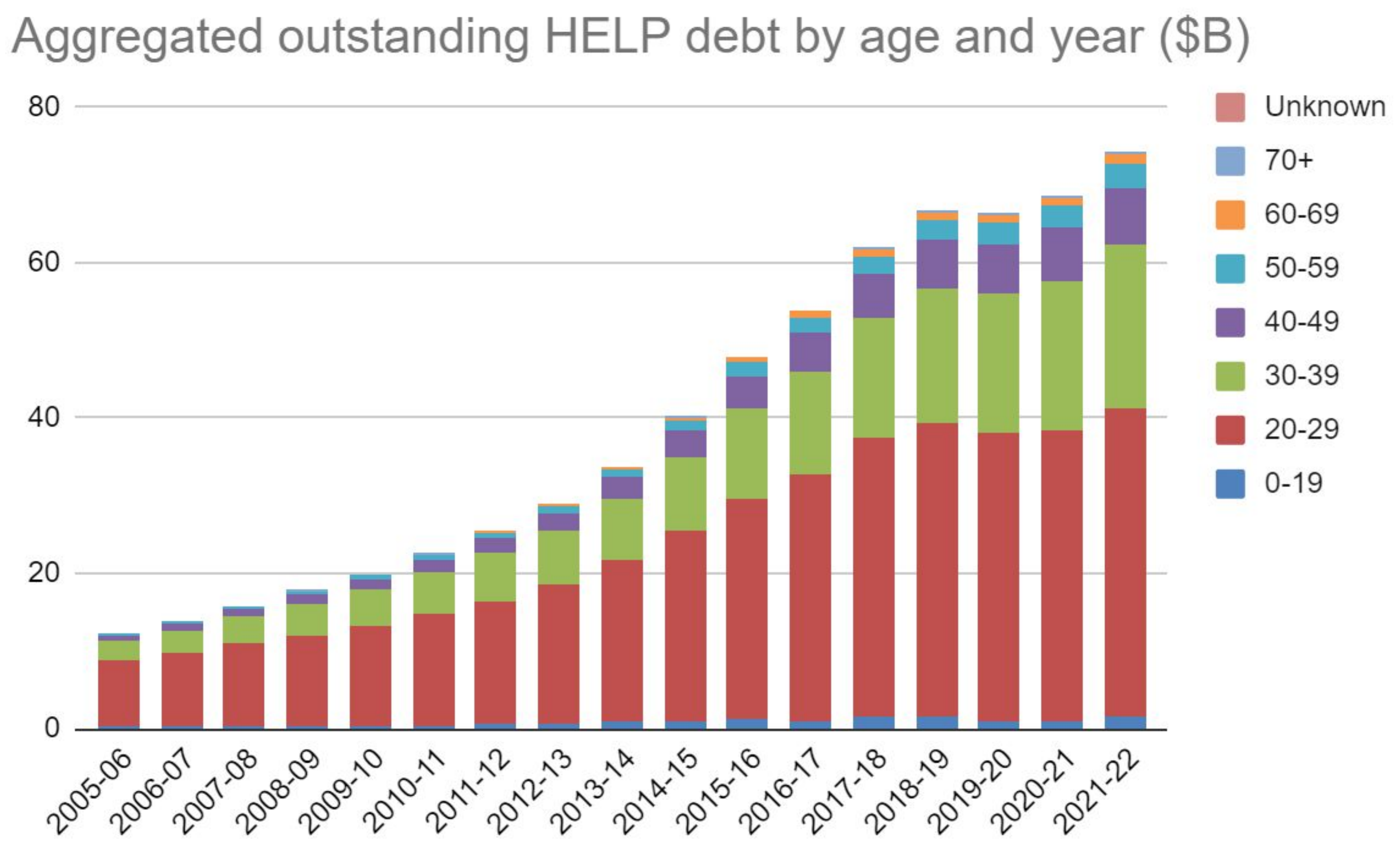
Appendix 1: More women hold more HECS-HELP debt than men across all ages (2022).



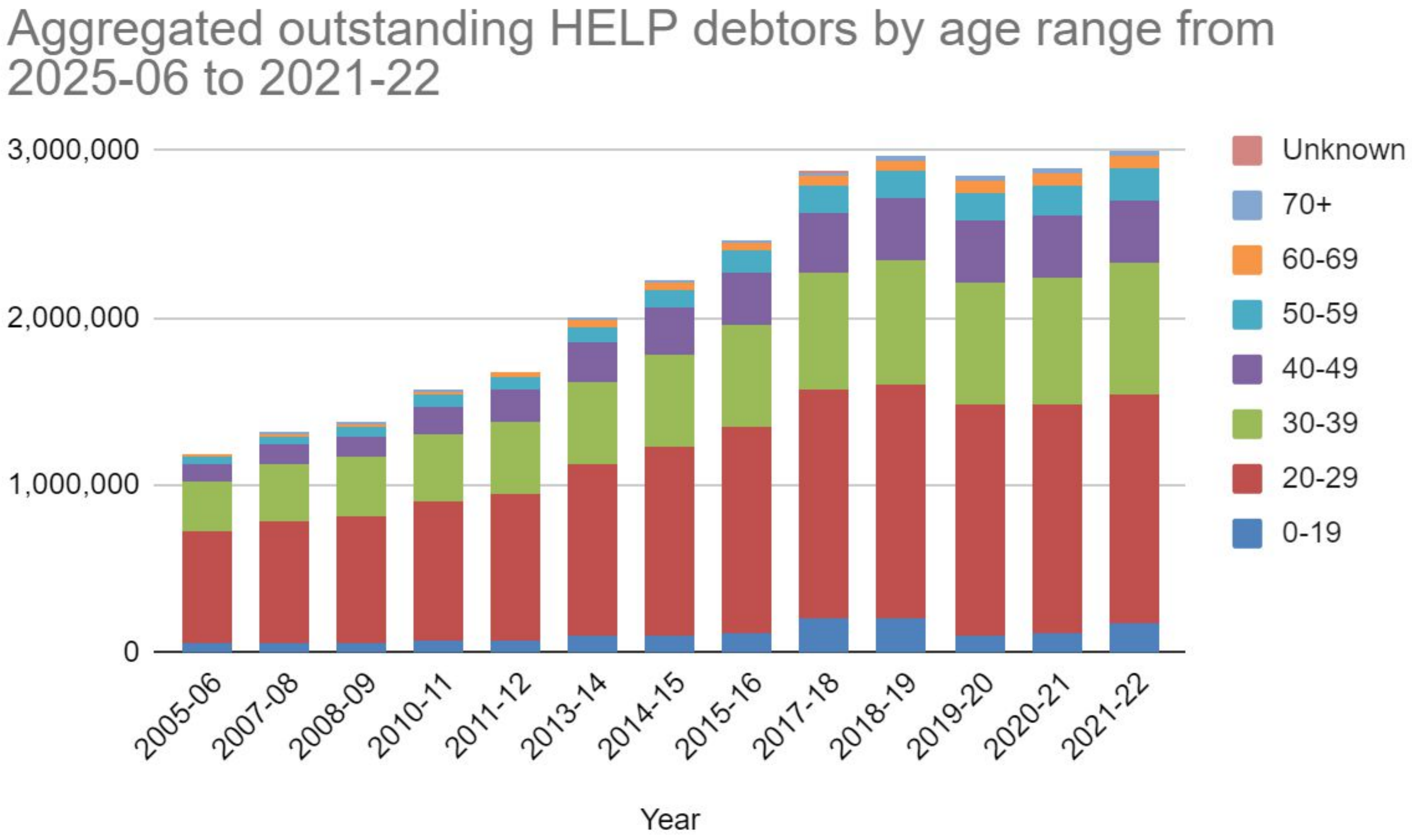


Source: ATO, 2022 Higher Education Loan HELP statistics: Table 8

Appendix 2: Aggregated HELP debt by age range 2005-06 to 2021-22 ($B) - showing trend.



Appendix 3: Aggregated outstanding HELP debtors by age range



Appendix 4: General information: HELP loans

- The Higher Education Loan Program (HELP) provides loans to students to defer certain study costs, mainly student contributions (for those in CSPs) and tuition fees. There are four HELP sub-schemes for different fee types, as summarised below.[44] The Australian Government pays amounts directly to the provider on behalf of the student.

- A HELP loan limit applies to a person's total HELP borrowing at any one time (as well as borrowing by vocational education and training (VET) students through VET Student Loans, and the precursor to VET Student Loans, VET FEE-HELP).[45] In 2021, the limit is $155,448 for Medicine, Dentistry and Veterinary Science courses leading to initial registration, or eligible Aviation courses, and $108,232 for all other courses.[46]

- On 1 June each year, any outstanding HELP debt that has remained unpaid for at least 11 months (taking into consideration any repayments, additional debts, or other adjustments) is adjusted in line with changes in the CPI.[47] Generally, this means unpaid debts will increase each year (although they can also fall) in line with inflation.[48]

- Once a borrower's repayment income reaches a minimum repayment threshold, they are required to make repayments through the Australian Taxation Office. Repayment rates depend on a person's income.[49] In 2020–21, the minimum repayment threshold is $46,620, and repayment rates range from 1.0 per cent (at $46,620 to $53,826) to 10 per cent at $136,740 and above.[50]

- In 2019, Commonwealth supported students incurred approximately $4.7 billion of HELP debt, and full fee-paying students incurred approximately $1.6 billion of HELP debt.[51] Total outstanding debt was approximately $66.4 billion in 2019–20.[52]

- Students can choose to pay fees up-front rather than using HELP, although relatively few do so. In 2019, Commonwealth supported students paid $493.2 million up-front, while domestic fee-paying students paid $41.5 million.[53]

Source: Ferguson, 2021 (aph.gov.au)

Appendix 5: Relevant legislation

- Higher Education Funding Act 1988
- Income Tax Assessment Act 1936 (ITAA 1936)
- Income Tax Assessment Act 1997 (ITAA 1997
- Consumer Law
- Loans and credit cards | ASIC - “Credit providers must not enter into a contract with you that is unsuitable, such as a loan you can't repay without suffering hardship or a contract that doesn't meet your requirements and objectives”.

References

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- Australian Taxation Office, 2022. *Higher Education Loan Program (HELP).* [Online] Available at: https://data.gov.au/dataset/ds-dga-ce4c58ec-c930-4a05-8a37-f244d960e5f8/details?q= [Accessed 24 January 2023].
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- Hamilton-Smith, L., 2023 *Growing calls for student HECS-HELP loan indexation to be abolished as inflation sends debts soaring* (Online) Available at: https://www.abc.net.au/news/2023-04-03/student-debt-rising-hecs-help-indexing/102125582
- Hare, J., 2022. *Graduates delay life's big decisions as student debt increases.* [Online] Available at: https://www.afr.com/policy/health-and-education/graduates-delay-life-s-big-decisions-as-student-debt-increases-20211209-p59g61#:~:text=The%20ABS%20data%20reveals%20that,off%2C%20totally%20about%20%2414.4%20billion. [Accessed 25 January 2023].
- Hare, J., 2022. *Students ignore costs in choosing university study: analysis.* [Online] Available at: https://www.afr.com/work-and-careers/education/students-ignore-costs-in-choosing-university-study-analysis-20221021-p5brsw [Accessed 25 January 2023].
- Universities Australia website https://www.universitiesaustralia.edu.au/policy-submissions/teaching-learning-funding/how-universities-are-funded/

HELP transactions list - Case study 2 **Current debt as at 1/4/2023 $21,438.94**

HELP LOAN TRANSACTIONS					Breakdown		
Effective Date	Description	Debit(DR)	Credit(CR)	Running Balance	HELP loan	Indexation	Compulsory repayment
31/10/2022	[redacted]		$3,907.90	$21,438.94 DR			$3,907.90
31/10/2022				$25,346.84 DR			
31/08/2022		$1,432.00		$25,346.84 DR	$1,432.00		
31/08/2022		$1,432.00		$23,914.84 DR	$1,432.00		
1/06/2022		**$718.18**		**$22,482.84 DR**		**$718.18**	
31/03/2022		$1,432.00		$21,764.66 DR	$1,432.00		
31/03/2022		$498.00		$20,332.66 DR	$498.00		
30/10/2021			$4,598.49	$19,834.66 DR			$4,598.49
31/08/2021		$1,419.00		$24,433.15 DR	$1,419.00		
31/03/2021		$1,419.00		$23,014.15 DR	$1,419.00		
31/03/2021		$1,419.00		$21,595.15 DR	$1,419.00		
1/06/2021		**$103.70**		**$20,176.15 DR**		**$103.70**	
31/08/2020		$1,394.00		$20,072.45 DR	$1,394.00		
31/08/2020		$1,394.00		$18,678.45 DR	$1,394.00		
2/09/2020			$2,339.92	$17,284.45 DR			$2,339.92
1/06/2020		**$103.70**		**$19,624.37 DR**		**$103.70**	
31/08/2019		$1,369.00		$19,325.81 DR	$1,369.00		
31/08/2019		$1,369.00		$17,956.81 DR	$1,369.00		
1/06/2019		**$206.62**		**$16,587.81 DR**		**$206.62**	
31/03/2019		$1,369.00		$16,381.19 DR	$1,369.00		
31/03/2019		$1,369.00		$15,012.19 DR	$1,369.00		
31/03/2019		$820.00		$13,643.19 DR	$820.00		
31/08/2018		$1,344.00		$12,823.19 DR	$1,344.00		
1/06/2018		**$149.64**		**$11,479.19 DR**		**$149.64**	
31/03/2018		$805.00		$11,329.55 DR	$805.00		
17/12/2017		$1,324.00		$10,524.55 DR	$1,324.00		
31/08/2017		$1,324.00		$9,200.55 DR	$1,324.00		
25/09/2017				$7,876.55 DR			0
31/03/2017		$1,324.00		$7,876.55 DR	$1,324.00		
1/06/2017		**$77.55**		**$6,552.55 DR**		**$77.55**	
1/07/2016		$1,305.00		$6,475.00 DR	$1,305.00		
1/06/2016		**$38.00**		**$5,170.00 DR**		**$38.00**	
1/07/2015		$2,566.00		$5,132.00 DR	$2,566.00		
1/01/2015		$2,566.00		$2,566.00 DR	$2,566.00		
Total		**$32,090.39**	**$10,846.31**		**$30,693.00**	**$1,397.39**	**$10,846.31**

Case study 5 - HELP loan transaction list   As at 1/4/2023 - current debt $122,780.40

HELP loan transactions					Breakdown							
Effective Date	**Description**	**Debit(DR)**	**Credit(CR)**	**Running Balance**	**AIM Fee for HELP loan**	**AIM HELP Loan**	**AIM (inclusive of fees)**	**UWS**	**Indexation**	**Voluntary payments**	**Bonus**	**Compulsory payments**
1 Jan 2015	[redacted]	7,800.00		$7,800.00 DR		7,800.00	7,800.00					
1 Jul 2015	[redacted]	7,800.00		$15,075.00 DR		7,800.00	7,800.00					
1 Jan 2016	[redacted]	3,900.00		$24,784.00 DR		3,900.00	3,900.00					
1 Jan 2016	[redacted]	7,800.00		$22,984.00 DR		7,800.00	7,800.00					
29 Jan 2016	[redacted]		500.00	$7,300.00 DR						500.00		
29 Jan 2016	[redacted]		25.00	$7,275.00 DR							25.00	
1 Jun 2016	[redacted]	109.00		$15,184.00 DR					109.00			
1 Jul 2016	[redacted]	5,850.00		$30,634.00 DR		5,850.00	5,850.00					
10 Oct 2016	[redacted]		2,000.00	$20,984.00 DR						2,000.00		
10 Oct 2016	[redacted]		100.00	$20,884.00 DR							100.00	
9 Feb 2017	[redacted]	195.00		$31,980.76 DR	195.00		195.00					
9 Feb 2017	[redacted]	780.00		$31,785.76 DR		780.00	780.00					
1 Jun 2017	[redacted]	371.76		$31,005.76 DR					371.76			
21 Sep 2017	[redacted]	460.00		$36,580.76 DR	460.00		460.00					
21 Sep 2017	[redacted]	230.00		$34,280.76 DR	230.00		230.00					
21 Sep 2017	[redacted]	230.00		$37,730.76 DR	230.00		230.00					
21 Sep 2017	[redacted]	230.00		$33,130.76 DR	230.00		230.00					
21 Sep 2017	[redacted]	1,840.00		$36,120.76 DR		1,840.00	1,840.00					
21 Sep 2017	[redacted]	920.00		$34,050.76 DR		920.00	920.00					
21 Sep 2017	[redacted]	920.00		$37,500.76 DR		920.00	920.00					
21 Sep 2017	[redacted]	920.00		$32,900.76 DR		920.00	920.00					
15 Feb 2018	[redacted]	230.00		$40,030.76 DR	230.00		230.00					
15 Feb 2018	[redacted]	230.00		$38,880.76 DR	230.00		230.00					
15 Feb 2018	[redacted]	230.00		$41,180.76 DR	230.00		230.00					
15 Feb 2018	[redacted]	460.00		$43,480.76 DR	460.00		460.00					
15 Feb 2018	[redacted]	230.00		$44,630.76 DR	230.00		230.00					
15 Feb 2018	[redacted]	230.00		$45,780.76 DR	230.00		230.00					
15 Feb 2018	[redacted]	920.00		$39,800.76 DR		920.00	920.00					
15 Feb 2018	[redacted]	920.00		$38,650.76 DR		920.00	920.00					
15 Feb 2018	[redacted]	920.00		$40,950.76 DR		920.00	920.00					
15 Feb 2018	[redacted]	1,840.00		$43,020.76 DR		1,840.00	1,840.00					
15 Feb 2018	[redacted]	920.00		$44,400.76 DR		920.00	920.00					
15 Feb 2018	[redacted]	920.00		$45,550.76 DR		920.00	920.00					
1 Jun 2018	[redacted]	607.62		$46,388.38 DR					607.62			
7 Jun 2018	[redacted]	241.50		$50,010.88 DR	241.50		241.50					
7 Jun 2018	[redacted]	483.00		$48,803.38 DR	483.00		483.00					
7 Jun 2018	[redacted]	483.00		$52,425.88 DR	483.00		483.00					
7 Jun 2018	[redacted]	241.50		$53,633.38 DR	241.50		241.50					
7 Jun 2018	[redacted]	966.00		$49,769.38 DR		966.00	966.00					
7 Jun 2018	[redacted]	1,932.00		$48,320.38 DR		1,932.00	1,932.00					
7 Jun 2018	[redacted]	1,932.00		$51,942.88 DR		1,932.00	1,932.00					
7 Jun 2018	[redacted]	966.00		$53,391.88 DR		966.00	966.00					
27 Sep 2018	[redacted]	483.00		$56,048.38 DR	483.00		483.00					
27 Sep 2018	[redacted]	241.50		$57,255.88 DR	241.50		241.50					
27 Sep 2018	[redacted]	241.50		$59,670.88 DR	241.50		241.50					
27 Sep 2018	[redacted]	241.50		$58,463.38 DR	241.50		241.50					
27 Sep 2018	[redacted]	241.50		$60,878.38 DR	241.50		241.50					
27 Sep 2018	[redacted]	1,932.00		$55,565.38 DR		1,932.00	1,932.00					
27 Sep 2018	[redacted]	966.00		$57,014.38 DR		966.00	966.00					
27 Sep 2018	[redacted]	966.00		$59,429.38 DR		966.00	966.00					
27 Sep 2018	[redacted]	966.00		$58,221.88 DR		966.00	966.00					
27 Sep 2018	[redacted]	966.00		$60,636.88 DR		966.00	966.00					
14 Feb 2019	[redacted]	241.50		$69,330.88 DR	241.50		241.50					
14 Feb 2019	[redacted]	241.50		$62,085.88 DR	241.50		241.50					
14 Feb 2019	[redacted]	483.00		$64,500.88 DR	483.00		483.00					
14 Feb 2019	[redacted]	483.00		$68,123.38 DR	483.00		483.00					
14 Feb 2019	[redacted]	241.50		$65,708.38 DR	241.50		241.50					
14 Feb 2019	[redacted]	966.00		$69,089.38 DR		966.00	966.00					
14 Feb 2019	[redacted]	966.00		$61,844.38 DR		966.00	966.00					

Effective Date	Description	Debit(DR)	Credit(CR)	Running Balance	AIM Fee for HELP loan	AIM HELP Loan	AIM (inclusive of fees)	UWS	Indexation	Voluntary payments	Bonus	Compulsory payments
14 Feb 2019	[redacted]	1,932.00		$64,017.88 DR		1,932.00	1,932.00					
14 Feb 2019		1,932.00		$67,640.38 DR		1,932.00	1,932.00					
14 Feb 2019		966.00		$65,466.88 DR		966.00	966.00					
1 Jun 2019		965.39		$70,296.27 DR					965.39			
13 Jun 2019			1,932.00	$75,609.27 DR		-1,932.00	-1,932.00					
13 Jun 2019			483.00	$75,126.27 DR	-483.00		-483.00					
13 Jun 2019		483.00		$76,333.77 DR	483.00		483.00					
13 Jun 2019		241.50		$77,541.27 DR	241.50		241.50					
13 Jun 2019		483.00		$72,711.27 DR	483.00		483.00					
13 Jun 2019		241.50		$73,918.77 DR	241.50		241.50					
13 Jun 2019		1,932.00		$75,850.77 DR		1,932.00	1,932.00					
13 Jun 2019		966.00		$77,299.77 DR		966.00	966.00					
13 Jun 2019		1,932.00		$72,228.27 DR		1,932.00	1,932.00					
13 Jun 2019		966.00		$73,677.27 DR		966.00	966.00					
31 Mar 2020		3,385.00		$86,633.53 DR				3,385.00				
31 Mar 2020		6,770.00		$83,248.53 DR				6,770.00				
13 May 2020		154.00		$86,787.53 DR				154.00				
1 Jun 2020		1,352.26		$76,478.53 DR					1,352.26			
31 Aug 2020		3,385.00		$90,162.53 DR				3,385.00				
31 Aug 2020		6,770.00		$96,932.53 DR				6,770.00				
15 Oct 2020		154.00		$97,036.53 DR				154.00				
15 Oct 2020			10.00	$86,777.53 DR						10.00		
29 Oct 2020			10.00	$96,922.53 DR						10.00		
12 Nov 2020			10.00	$96,912.53 DR						10.00		
26 Nov 2020			10.00	$96,902.53 DR						10.00		
10 Dec 2020			10.00	$96,892.53 DR						10.00		
24 Dec 2020			10.00	$96,882.53 DR						10.00		
31 Mar 2021		3,550.00		$101,011.77 DR				3,550.00				
31 Mar 2021		7,100.00		$108,111.77 DR				7,100.00				
12 May 2021		154.00		$108,265.77 DR				154.00				
27 May 2021			20.00	$97,016.53 DR						20.00		
1 Jun 2021		520.24		$97,536.77 DR					520.24			
10 Jun 2021			25.00	$97,511.77 DR						25.00		
24 Jun 2021			25.00	$97,486.77 DR						25.00		
8 Jul 2021			25.00	$97,461.77 DR						25.00		
22 Jul 2021			25.00	$108,240.77 DR						25.00		
5 Aug 2021			25.00	$108,215.77 DR						25.00		
19 Aug 2021			25.00	$108,190.77 DR						25.00		
31 Aug 2021		7,100.00		$118,769.77 DR				7,100.00				
31 Aug 2021		3,550.00		$111,690.77 DR				3,550.00				
2 Sep 2021			25.00	$108,165.77 DR						25.00		
16 Sep 2021			25.00	$108,140.77 DR						25.00		
30 Sep 2021			25.00	$111,665.77 DR						25.00		
7 Oct 2021		154.00		$111,719.77 DR				154.00				
14 Oct 2021			25.00	$111,640.77 DR						25.00		
28 Oct 2021			25.00	$111,615.77 DR						25.00		
11 Nov 2021			25.00	$111,590.77 DR						25.00		
25 Nov 2021			25.00	$111,565.77 DR						25.00		
9 Dec 2021			25.00	$111,694.77 DR						25.00		
23 Dec 2021			25.00	$111,669.77 DR						25.00		
1 Jun 2022		4,210.63		$122,980.40 DR					4,210.63			
29 Sep 2022			25.00	$122,955.40 DR						25.00		
13 Oct 2022			25.00	$122,930.40 DR						25.00		
27 Oct 2022			25.00	$122,905.40 DR						25.00		
10 Nov 2022			25.00	$122,880.40 DR						25.00		
24 Nov 2022			25.00	$122,855.40 DR						25.00		
8 Dec 2022			75.00	$122,780.40 DR						75.00		
		128,475.40	**5,695.00**		**8,509.50**	**67,188.00**	**75,697.50**	**42,226.00**	**8,136.90**	**3,155.00**	**125.00**	**0.00**

Case Study 5 - Summary HELP Loan Transactions

	Breakdown of AIM loan								
Row Labels	Sum of AIM Fee for HELP loan	Sum of AIM HELP Loan	Sum of AIM (inclusive of fees)	Sum of UWS	Sum of Indexation	Sum of Voluntary payments	Sum of Bonus	Count of Compulsory payments	Totals
2015		$15,600.00	$15,600.00						$15,600.00
2016		$17,550.00	$17,550.00		$109.00	-$2,500.00	-$125.00		$15,034.00
2017	$1,345.00	$5,380.00	$6,725.00		$371.76				$7,096.76
2018	$4,508.00	$18,032.00	$22,540.00		$607.62				$23,147.62
2019	$2,656.50	$10,626.00	$13,282.50		$965.39				$14,247.89
2020				$20,618.00	$1,352.26	-$60.00			$21,910.26
2021				$21,608.00	$520.24	-$395.00			$21,733.24
2022					$4,210.63	-$200.00			$4,010.63
Grand Total	**$8,509.50**	**$67,188.00**	**$75,697.50**	**$42,226.00**	**$8,136.90**	**-$3,155.00**	**-$125.00**		**$122,780.40**