



<https://puau.org>

**To the Hon Jason Clare MP, Federal Minister for Education**

**Open letter from Public Universities Australia on the Indexation of Student Debt**

Dear Minister,

Your recent public comments about the indexation of student debt raise a number of important issues that extend far beyond the immediate impact of that indexation.<sup>1</sup> A delay regarding any decision on indexation could have been approved by you until the final report of the Accord consultation is released and any decision is made about the future of the HECS/HELP scheme. This is what PUA recommends and is within your power to do. Some context for our recommendation is provided below. PUA welcomes the opportunity to discuss these matters further with you or your staffers should you be interested.

Between 1974 and 1988, Australia offered free tertiary education to all citizens, until the Hawke Government introduced the HECS scheme in 1989. This suggests that a majority of Australians, including at least one previous Labor Government, once believed in free tertiary education. PUA is curious to know why this policy goal has been rejected by the ALP, and on what basis. It is a fact that countries that are nowhere near as wealthy as Australia, including Argentina, Brazil and Uruguay, as well as many European countries, such as France, Malta, Germany and Scotland, continue to offer their citizens free tertiary education?<sup>2</sup>

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<sup>1</sup> [https://www.theguardian.com/australia-news/2023/jun/01/jason-clare-says-going-to-university-makes-you-money-as-he-defends-7-indexation-rise-in-student-loans?CMP=share\\_btn\\_link](https://www.theguardian.com/australia-news/2023/jun/01/jason-clare-says-going-to-university-makes-you-money-as-he-defends-7-indexation-rise-in-student-loans?CMP=share_btn_link); <https://campusmorningmail.com.au/news/political-pain-of-student-debt/>; [https://www.abc.net.au/news/2023-06-02/labor-open-to-changing-how-indexation-applied-to-hecs-help-debt/102428294?utm\\_campaign=abc\\_news\\_web&utm\\_content=mail&utm\\_medium=content\\_shared&utm\\_source=abc\\_news\\_web](https://www.abc.net.au/news/2023-06-02/labor-open-to-changing-how-indexation-applied-to-hecs-help-debt/102428294?utm_campaign=abc_news_web&utm_content=mail&utm_medium=content_shared&utm_source=abc_news_web)

<sup>2</sup> [https://en.wikipedia.org/wiki/Free\\_education](https://en.wikipedia.org/wiki/Free_education)

Together with all of the other changes to post-secondary education and training in Australia since the early 1990s, the longer-term impacts of those changes have been mixed. While the HECS scheme is credited with increasing Australians' participation in tertiary education, a direct causal relationship between those two points is questionable, as other factors have also played a role.

You have referenced a desire to increase university attendance by young people in Western Sydney (for example). Insofar as it has been an explicit objective of Australian governments to increase such attendance for 30 years, if that objective has still not been achieved, despite it being a policy priority for three decades, will continuing to advocate and encourage it within existing policy settings change anything? In 2021, the proportion of 25 to 34 year-olds with a higher degree stood at 54 per cent, with the OECD commenting that 'tertiary attainment in Australia increased at an even faster rate than on average across OECD countries'.<sup>3</sup> Australia now has one of the highest participation rates in tertiary education and numbers of graduates of any OECD country, including increased enrolments by students from low SES backgrounds, and many more PhD graduates than can ever reasonably be employed. Given these facts, PUA submits that other factors are deterring people from lower SES and rural and regional backgrounds from attending university, which will hopefully be examined in the final report of the Universities Accord.

It should nevertheless be emphasized that the majority of students, including those from lower SES and rural and regional backgrounds, are not being provided with sufficient financial and other assistance by universities and governments to complete their studies, such as tuition services, optimal teacher-student ratios, and affordable accommodation. Variable outcomes are also caused by the inequalities perpetuated by Australia's internationally unprecedented and unparalleled two-tier public-private school system, whereby children from lower SES backgrounds are disadvantaged from the start with respect to both the educational opportunities open to them and their later career prospects.

The most disadvantaged population cohort with the statistically poorest participation rate is Australia's Indigenous population. The participation rates of First Nations students will foreseeably remain stagnant or go backwards as long as the 'Closing the Gap' agenda

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<sup>3</sup> <https://gpseducation.oecd.org/CountryProfile?primaryCountry=AUS&treshold=10&topic=EO>

continues to produce sub-standard outcomes for Aboriginal and Torres Strait Islander people. The same applies to students from lower SES, regional and rural backgrounds who do not have opportunities to complete entire degrees (including medicine and nursing) in their regional centres and must instead relocate to cities, where they face substantially higher costs of living for housing, transport and other basic living expenses. They also lose the support of their families and other local support networks, which directly impacts upon their ability to complete or even commence university studies. Upon graduation, those same students rarely return to their places of origin because there are insufficient employment opportunities for them in regional and remote Australia, including in health, education and other public service delivery.

On behalf of the wider academic community, PUA would like to know if the incoming Labor Government's concern with increasing participation in tertiary education is motivated by an interest in the benefits of such education to individuals, or is it instead motivated by an interest in the benefits that flow to the broader society? If it is indeed the latter, which many of your recent public comments seem to indicate, that interest appears to be solely motivated by the now discredited assumption that further increasing levels of tertiary participation will miraculously drive national economic growth. There is, in fact, no empirical evidence to support this latter notion.

Australia's underemployment of tertiary graduates does not provide those concerned with the levels of income and career opportunities that you appear to assume, and which the Hawke Government also assumed would be the case.<sup>4</sup> Traditionally, the two most attractive and lucrative professions in Australia have been medicine and law. Until the 1980s, Australia had the best per capita ratio of doctors in the world. We now have an estimated national shortage of 4,000+ doctors, including specialists and GPs. General Practice has fallen dramatically in popularity due to successive governments' failures to improve the Medicare system. Regional and rural medical services are catastrophically inadequate, and people are now travelling interstate to obtain diagnoses and treatment because these are not available, or not available

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4 In the words of Shirley Jackson from Per Capita in its submission to public consultations regarding the *Abolishing Indexation and Raising the Minimum Repayment Income for Education and Training Loans Bill*, 'the myth still persists that education is the best predictor of future employment outcomes, despite recent research showing that the causal relationship between education and employment has been eroded over time'. See: [https://percapita.org.au/our\\_work/submission-abolishing-indexation-and-raising-the-minimum-repayment-income-for-education-and-training-loans-bill/](https://percapita.org.au/our_work/submission-abolishing-indexation-and-raising-the-minimum-repayment-income-for-education-and-training-loans-bill/)

quickly enough, in their home states. Even in capital cities, GPs are closing their practices because they can no longer afford to operate them, given insufficient reimbursement under Medicare and unsustainable rents. Medicine remains lucrative only among some specialisations. But for many, it no longer is.

Australia now has a glut of law graduates, such that many no longer have reasonable prospects of pursuing a profitable law career. Many experience difficulty obtaining a placement to complete accreditation.

The rate of graduate employment is around 70% for most graduates within 12 months of graduation. However, many new graduates remain unemployed for 12 months or longer, and experience periods of further unemployment subsequently. Many older, long-term unemployed are also tertiary graduates who are unable to obtain further employment with their existing qualifications. The 70% figure is considered to be low, while more exact rates vary according to degree topics and professions. Recent graduates are routinely exploited by businesses offering unpaid placements which entail personal costs to graduates but do not result in progression into full-time employment: this is now recognised as a major problem, as it delays graduates' employment while imposing additional financial costs on them. A significant percentage of graduates do not obtain employment using their qualifications, and are under-employed. The Minister wrongly assumes that graduates are the primary beneficiaries of their tertiary education because they are quickly able to find well-remunerated employment directly relevant to their degrees. However, this is no longer applicable to at least one-third and possibly as many as half of our domestic university graduates.

Over the last several years Australia has experienced mass attrition in several crucial professions requiring tertiary qualifications, including general practice medicine, nursing, teaching and academia. All the empirical research indicates that this attrition is attributable to several factors, including overwork and burnout, insufficient remuneration, lack of job security, inadequate support structures for staff, and rampant bullying by, and lack of accountability and transparency among, senior managers and executives.

The assumption that graduates are the primary beneficiaries of a tertiary education would be justified only if Australia fully and continuously employed every tertiary graduate in a career

relevant to their qualifications, on salaries that also enabled them to cover all of their costs of living throughout their working lives. However, this is not true for many tertiary graduates and other working Australians. State, territory and federal governments are arguably responsible for creating and supporting insecure employment. They are also arguably responsible for the lack of sufficient secure career pathways for all graduates due to insufficient investment in domestic economic development and diversification, including strong manufacturing sectors dependent upon our own R&D. There is a substantial body of evidence indicating that the deregulation and out-sourcing of previously public service jobs and the application of corporate management models (aka ‘new public management’) in universities, schools, health, disability, aged care, infrastructure and other sectors is the ultimate source of these social ills, along with the wage stagnation of the past decade. We are still waiting to hear from the Federal Government what it intends to do (if anything) about the now systemic, institutionalised scale of wage theft. The Minister’s failure to even comment on this issue, let alone act on it, has additional financial and psychological consequences for its victims.

Theoretically, the new indexation of HECS debts might not have a significant impact upon many people if every graduate was in the kind of employment that you assume and if household budgets were not also struggling with the many other disparities between earnable income and increased costs of living. However, this is not the only increased cost that people are currently being forced to bear. The present government appears to be unwilling to comprehend, let alone attempt to ameliorate, the full financial, social and health consequences of policy decisions it supported or instigated over the last few decades.

The incoming Labor Federal Government appears to have taken no cognisance of the 2021/2 Senate inquiry into insecure work, which details the dire employment conditions of many tertiary graduates, along with the failure of successive governments to implement measures to end people’s vulnerability to these problems and their lifelong consequences:<sup>5</sup>

The 1966 *International Covenant on Economic, Social and Cultural Rights* which Australia ratified in 1975 states in article 13:

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<sup>5</sup> [https://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Job\\_Security/JobSecurity/Interim\\_Report](https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Job_Security/JobSecurity/Interim_Report);  
[https://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Job\\_Security/JobSecurity/Second\\_Interim\\_Report](https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Job_Security/JobSecurity/Second_Interim_Report);  
[https://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Job\\_Security/JobSecurity/Third\\_Interim\\_Report](https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Job_Security/JobSecurity/Third_Interim_Report);  
[https://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Job\\_Security/JobSecurity/Fourth\\_Interim\\_Report](https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Job_Security/JobSecurity/Fourth_Interim_Report)

1. The States Parties to the present Covenant recognize the right of everyone to education. They agree that education shall be directed to the full development of the human personality and the sense of its dignity, and shall strengthen the respect for human rights and fundamental freedoms. They further agree that education shall enable all persons to participate effectively in a free society, promote understanding, tolerance and friendship among all nations and all racial, ethnic or religious groups, and further the activities of the United Nations for the maintenance of peace.
2. The States Parties to the present Covenant recognize that, with a view to achieving the full realization of this right:
  - a. Primary education shall be compulsory and available free to all;
  - b. Secondary education in its different forms, including technical and vocational secondary education, shall be made generally available and accessible to all by every appropriate means, and in particular by the progressive introduction of free education;
  - c. Higher education shall be made equally accessible to all, on the basis of capacity, by every appropriate means, and in particular by the progressive introduction of free education;
  - d. Fundamental education shall be encouraged or intensified as far as possible for those persons who have not received or completed the whole period of their primary education;
  - e. The development of a system of schools at all levels shall be actively pursued, an adequate fellowship system shall be established, and the material conditions of teaching staff shall be continuously improved.

Australia is arguably not in compliance with Article 13 or the majority of other articles in the same agreement.

It would seem that you and other members of the Federal Cabinet view tertiary education solely through the utilitarian lens of securing employment, which supposedly ensures that graduates are able to earn a good income from which they can then afford to repay their student loan debt while also being able to cover all of their costs of living. You also seem confident that recent graduates will be earning sufficient incomes to not only repay their

HECS/HELP debts, but save the deposit for a mortgage, pay their rent, start or support a family, contribute to their children's education, pay medical costs not covered by Medicare, and save for their retirement. The fact is that many current government policies contribute to and exacerbate intergenerational debt. By failing to address the worsening discrepancies between earnable income and the costs of living - even for graduates - and by failing to bring costs of living (including student loan debts) back into sustainable balance while reducing household debt, federal government policies are also directly contributing to lower economic growth and stagnant wages. Leaving all of these issues unresolved also perpetuates gender inequality, as women are disproportionately more affected by all of these problems. There are now more men earning annual incomes above \$65,000 who hold TAFE certificates (Certificate III to advanced diplomas) than are women bringing in similar incomes who hold university degrees.<sup>6</sup> This is an indictment of the current system and its distorted priorities.

The enormous amount of casualised employment (even of tertiary graduates) also means that they no longer pay rates of income tax throughout their working lives that previous generations paid because they were all in full-time continuing jobs. The tax burden overall in Australia is therefore now very unevenly distributed. If it were more equitably distributed due to everybody being able to earn sufficient incomes throughout their lives so they could pay more income tax, then the question of who bears what public costs for which common goods might be framed differently.

PUA urges you to recognise that education is a universal human right that is not solely concerned with ensuring employment, but plays a crucial role in the full development of every individual personality and their ability to make a range of non-economic, non-quantifiable contributions to their society. Good universities governed by sound academic principles informed by robust academic values have a key role in this process.<sup>7</sup> Educating the public freely and democratically during a period in which the world faces increasingly complex challenges should be a priority for all governments.

The notion that economic value is the only benefit accruing to the wider society from anyone ever having attended a university is corrosive to the core values of higher education. According to such a reductive logic, the studies of doctors, nurses, teachers, engineers and

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<sup>6</sup> <https://theconversation.com/hecs-help-loans-have-become-unfair-for-women-but-there-is-a-way-to-fix-this-200546>

<sup>7</sup> <https://puau.org/suggestions/>

psychologists do not contribute to improved quality of life and wellbeing for anyone other than the professionals themselves. Consequently, such ‘personal’ benefits should not warrant accepting that our entire society should fund their education. What is at issue here is an impoverished conception of what constitutes a society, and a denial of the potential for all citizens to contribute to it in ways that extend beyond it and which cannot be adequately defined in economic terms alone.

It is widely recognised both in Australia and internationally that higher education, including degrees in subjects not regarded as national economic priorities, make numerous positive contributions to society and are therefore essential to the development of the broader culture. Because those benefits cannot be quantified, those governments, political parties and politicians who see everything in purely economic terms appear to believe they have no value, as if a society consists in nothing other than an economy. This belief is short-sighted, narrow-minded and pernicious. It is also diametrically opposed to the Enlightenment values that originally informed notions of universal public education. Those who subscribe to such views are the harbingers of a less equal, more authoritarian future in which machines are given greater prominence and autonomy in our everyday lives, and anyone who opposes that vision is marginalized, denigrated and summarily dismissed. Publicly funded tertiary education can and should play an important role in ensuring that such a future does not unfold. This will only be possible if a value-based high quality education is provided to all citizens that is not subject to the mean-spirited, empirically vacuous beliefs of *homo economicus*. Given the current multidimensional challenges facing humanity in the twenty-first century government investment in high quality free education that serves the public good and focuses on developing human potential and democratic values should be a top priority.<sup>8</sup>

The fact that governments charging students for university studies is a characteristic of Anglophone governments, but not of EU governments, means that European social democracies assume a radically different understanding of the broader societal benefits of tertiary education. This includes a clear recognition of how everybody benefits from the tertiary education of some, just as those who do not acquire a trade qualification nonetheless benefit from those who do. It also includes acceptance of the precept – in contradistinction to the understanding that continues to prevail in Australia – that these are common goods the

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8 <https://puau.org/https-puau-org-2021-12-07-lift-off-document-public-universities-australia/>



costs for which should be borne by everybody.<sup>9</sup> It should therefore be asked why Australian governments abandoned this understanding in favour of what has clearly proven to be a more dysfunctional understanding of education and society, while other societies have not.

There is also the question of whether student fees should be paid at all when they are not spent by universities directly on the costs of their education, including the employment of sufficient academic staff to deliver a quality education. Our members have documented the extent to which public university budgets are increasingly being diverted away from teaching, research and community outreach toward marketing, consultancies, property development and excessive levels of remuneration for executives and senior management. This raises issues of how public universities are currently governed and overseen by state and federal governments.<sup>10</sup> The current system provides no guarantee of academic quality for any Australian degree, despite the creation of a bloated bureaucracy that is supposedly responsible for doing so. Students are not getting value for money, while the fees that students are being required to pay are not primarily financing their education.

PUA strongly recommends change and alignment with the tertiary education policies of other social democracies that are achieving far better educational outcomes for their citizens than Australia. PUA has built a substantial body of empirical evidence demonstrating questionable shifts in the financial priorities and practices of public universities and questionable practices regarding employment and remuneration that require far more public scrutiny. We welcome the opportunity to air our legitimate concerns about these issues, about which all Australians should be better informed. A dual focus on the current state of university governance and finances is most likely to reveal opportunities for reform, and will require cooperation between state, territory and federal governments.

Yours sincerely

Public Universities Australia

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<sup>9</sup> The recent comments by the CEO of Universities Australia that ‘one thing students don’t need to worry about is a Hecks loan’, and that the system just needs ‘a bit of a freshen up’ are indicative of an attitude that undermines the value of public education. See: <https://www.theguardian.com/australia-news/2023/jun/01/jason-clare-says-going-to-university-makes-you-money-as-he-defends-7-indexation-rise-in-student-loans>

<sup>10</sup> <https://puau.org/model-act/>

*Public Universities Australia is an alliance of organizations and individuals concerned by the current state of Australian universities and committed to ensure that the public value and function of Australian universities is fully realized. Public Universities Australia aims to represent the voices of scholars, students and staff of Australian universities.*