

# Australian government pushes cuts to student loan scheme

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The Liberal-National government of Prime Minister Malcolm Turnbull is pressing ahead with a pro-business plan to substantially lower the threshold at which students must begin to repay their exorbitant university debts, under the HECS/HELP fee deferment program.

The move seeks to drive down the number of tertiary students, and transform universities, ever more directly, into corporatised, for-profit entities accessible only to wealthy layers. It is a continuation of a decades-long assault on university funding, prosecuted by successive governments, Labor and Liberal-National alike.

The Turnbull government planned to push the full tranche of its university cuts through parliament this week. It reportedly secured support from Pauline Hanson's One Nation party and other right-wing populist senators, who are playing a crucial role in the imposition of the government's austerity agenda.

Yesterday, however, Turnbull announced that the education bills would be postponed until August. The government has been preoccupied with enacting its "foreign interference" legislation, aimed at criminalising opposition to Australia's role in the US-led plans for war with China, and winning sufficient parliamentary support to impose deeply unpopular tax cuts for big business.

Turnbull appears to have deferred the HECS/HELP legislation for fear of the widespread opposition it will provoke, especially in the lead-up to by-elections next month.

The threshold at which students must repay the university debt they accrue during their studies, will, however, be lowered on July 1, as a result of previous cuts imposed in 2016.

As of the new financial year, former students must pay 1 percent of their taxable income, once they begin

earning \$51,196 per year. This is almost \$4,000 lower than the previous threshold of \$55,874. The move applies not only to graduates, but also to students, including those undertaking postgraduate degrees, who have begun working.

The government's latest bill aims to slash the threshold even further, to just \$45,000 per year. If it passes, the change will come into effect in July 2019.

The measures will intensify a social crisis that already confronts thousands of young people. Anyone earning \$45,000 per year receives about \$730 per week after tax.

The average weekly rent for an apartment in Sydney, the centre of a property boom fuelled by financial speculation, is over \$500. Average rents for single rooms in share houses in Sydney and Melbourne exceed \$200 per week.

The latest cut in the threshold coincides with the second stage of reductions in weekend penalty wages, mandated by the Fair Work Commission, the pro-business industrial tribunal created by the previous federal Labor government. Overall, Sunday penalty rates for hospitality workers will be cut from 175 percent of base pay rates, to 150 percent. Fast food and retail workers face a similar reduction.

That move will hit broad layers of young people, including students and graduates, who are forced to work in low-paid positions, with poverty-level wages, to survive. Precarious casual and part-time employment now accounts for half the entire workforce.

University graduates, like their counterparts internationally, are increasingly unable to find positions in the fields they studied. A Productivity Commission report last year found that only 70 percent of graduates were employed on a full-time basis. Almost a third were performing roles not directly related to their

degree.

The government is also seeking to cap state-subsidised university debt for each student at \$104,440, across the lifetime of their studies. A student who exceeds the limit will be forced to pay full-fees up-front for subsequent courses. Undergraduate degrees for medicine and other subjects can cost over \$30,000 per year.

If there is a substantial rise in inflation, or universities increase their fees amid deepening government cuts, students' fees may easily reach the HECS-HELP cap.

The move has a broader significance, as an initial step toward the introduction of full-upfront fees for all students. The lifetime cap, like the income threshold at which students must pay their debt, will undoubtedly be lowered by governments seeking to further reduce education spending.

The government's measures are a direct response to a protracted campaign by the financial and corporate elite. Right-wing think tanks, with close ties to big business, such as the Institute of Public Affairs, and Murdoch-owned publications, including the *Australian*, have called for reduced annual intakes of university students.

They have bemoaned the fact that growing numbers of working class youth are receiving a tertiary education, and have called for courses and admissions to be tailored, more directly, toward the immediate labour market needs of the major corporations. Amid a deepening slowdown of the Australian and world economy, and the destruction of large numbers of jobs, the ruling elite is seeking to create an entire layer of young people who will be fodder for low-skilled, poorly-paid and menial labour.

The Labor Party opposition, collaborating closely with the education unions, cynically claims to oppose curtailing the HECS-HELP system. In reality, Turnbull's measures are the continuation of those put in place by previous Labor and Liberal-National governments.

In 1989, the Labor government of Bob Hawke reintroduced tertiary education fees as part of a broader pro-business agenda of deregulation and privatisation. While creating a HECS loan scheme for domestic students, which burdens young people with thousands of dollars of debt, Labor imposed full, upfront fees on international students.

Average fees for international students, for any degree, now stand above \$30,000 per year. For domestic students, HECS debts rose from an average of \$1,800 in 1989, to \$2,454, when Labor was ousted from office in 1996. Today, annual fees for undergraduate arts degrees often approach \$5,000, and are substantially higher in specialised fields.

From 2007 to 2013, the Labor governments of Prime Ministers Julia Gillard and Kevin Rudd intensified the assault on university education, with the support of the trade unions. They deregulated student enrolments, forcing universities to compete for funding by attracting the largest number of students, while inflicting billions of dollars in funding cuts.

The result has been an unprecedented casualisation of the academic and university workforce, classroom overcrowding and cuts to courses, along with cuts to staff jobs and conditions, imposed by university managements across the country.

The Turnbull government's latest measures, and the cuts that preceded them, underscore the reality that the fight for free, high-quality tertiary education as a basic social right, can go forward only through a political struggle against all the official parliamentary parties, including Labor.



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