

Australian Labor government pushes phoney student debt relief in bid for youth votes

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The Australian Labor government of Prime Minister Anthony Albanese this week announced plans to reduce university student debts by 20 percent. The move, billed as a relief for Australians with substantial student loans, is wholly inadequate in dealing with the mounting cost-of-living crisis and is a cynical attempt to garner support among young people as a federal election looms.

Albanese announced the scheme alongside the Labor ministers for education, social services, and skills and training.

Labor, having been elected two-and-a-half years ago, has made no attempt to legislate the student debt cut. Instead, it is pitching the cuts to take place on June 1, 2025 as a promise to be fulfilled if Labor is returned to office. The cuts will also only apply to current debts, with future student debts incurred to remain unchanged.

Meanwhile, Labor has overseen the worst cost-of-living crisis in a generation which is affecting workers around the world. Financial stress for Australian working-class households was deepened earlier this week when the Reserve Bank of Australia refused to cut interest rates.

Along with mortgage repayments, soaring costs for food and other essentials, millions of Australians also face sizeable debts from paying thousands of dollars for university degrees.

An estimated 3 million Australians are currently paying off their student debt—some of whom completed their studies decades ago. Repayments are made under the Higher Education Contribution Scheme (HECS) and the Higher Education Loan Program (HELP).

HECS-HELP debts are repaid through the tax system, with payments required once an individual's annual income is more than \$51,550. The minimum rate of repayment increases as income increases.

As part of Albanese's pitch, the income threshold for repayments to begin will also be increased to \$67,000.

The government claims that the 20 percent reduction in student debts will “wipe out” \$16 billion dollars across the population out of a total \$81 billion. The average student loan of \$27,600, however, will only have \$5,520 subtracted.

The latest move comes after the announcement in Labor's budget in May that the government was going to “wipe out” \$3 billion of student debt by reducing indexation of outstanding repayments to purportedly counter increasing inflation.

But none of this comes close to covering the financial burden of student debts, which are soaring.

Data from the Australian Taxation Office shows that the number of people with student loans exceeding \$100,000 is skyrocketing. The figure is almost 57,000—up from 47,847 last year and more than double the 22,514 who owed over \$100,000 in the 2018–19 financial year.

A substantial portion of student debt is expected to never be repaid within the lifetime of those who have studied.

The Australian Government Actuary estimated that 14.7 percent of new student debt incurred in 2019–20 would never be paid. In 2020–21, this increased to 15.1 percent and in 2021–22 it was 11.8 percent.

In that sense, the Albanese government is just cutting its losses. Much, if not all, of the 20 percent of student debt that will be erased was never going to be paid anyway because it is more exorbitant than the means of ordinary graduates.

The scheme's announcement has been accompanied by claims from the Labor ministers that Labor is committed to a “fairer” education system.

This is a fraud intended to cover over the role that

Labor has played—along with Liberal-National Coalition governments—in attacking public education over decades. This includes ending free tertiary education in 1989 under the Hawke-Keating Labor government which introduced HECS. Then in 2012–13, the Greens-backed Labor government under Julia Gillard cut \$3 billion from tertiary education—the single largest cut to the sector in Australia’s history.

In recent years, Labor has made mealy-mouthed statements against fee hikes and the slashing of courses, particularly in the arts and humanities, carried out by Coalition governments. But as soon as it came into power, Labor continued and deepened these same policies.

This was highlighted in the pro-business Universities Accord unveiled earlier this year. That document paid lip service to tackling “disadvantage” among students. But at its core, the report outlines a further transformation of universities into pro-corporate institutions to produce job-ready graduates whose education is tied to the needs of big business and the military.

Labor’s manoeuvres on student debt will not make a dent in the growing financial stress experienced by the working class.

It is an attempt to put a progressive gloss on a government which is widely reviled for its program of austerity and militarism, including Labor’s open support for Israel’s war crimes in Gaza, the West Bank and Lebanon.

There are growing concerns that increasing numbers of young people view Labor with disdain. The illusion peddled for decades that the Labor party represents a “lesser evil” or “progressive” alternative to the Coalition is being washed away. It has been exposed in the eyes of millions as a pro-war, pro-business party.

Labor has overseen record military spending. Australia’s yearly budget for war is more than \$50 billion and growing. In other words, the money being spent on machines of death could easily wipe out student debt within two years. This is in line with the war aims of US imperialism which is demanding that Australia be placed on the front lines of a catastrophic conflict being prepared with China—plans which the Albanese government has embraced fully.

In this process, Australian universities themselves are being transformed into hubs for the research and

development of defence technologies, and the promotion of pro-militarist propaganda.

Under capitalism, ever-greater sums are diverted to militarism and into the coffers of the ultra-wealthy, while essential social programs such as education, healthcare and welfare are slashed.

All of this highlights that the fight for free, high-quality education must be taken up as part of a broader struggle against the pro-business and pro-war Labor Party. Such a struggle must orient to the social force which can end the capitalist system that is the cause of militarism and social counterrevolution—the world working class.



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