



Science & Technology AUSTRALIA

Higher Education Support Legislation Amendment (Student Loan Sustainability) Bill 2018

27 February 2018

To the Senate Standing Committee on Education and Employment,

Thank you for the opportunity to respond to the Higher Education Support Legislation Amendment (Student Loan Sustainability) Bill 2018.

As the nation's peak body for 70,000+ scientists and technologists in Australia, the training of the future STEM workforce is a key focus for Science & Technology Australia (STA). The HECS/HELP scheme is an essential support for this future workforce, as it ensures students can access a science, technology, engineering, and mathematics (STEM) education regardless of their economic status.

STA acknowledges that this program must remain sustainable and accessible to all students, but it is our concern that the proposed amendments in this bill will have negative effects on the capabilities and composition of our STEM workforce.

Two schedules in particular are of concern to STA. These would adversely affect early-career STEM professionals and prevent STEM graduates from obtaining a teaching qualification. They are:

- Reduction of the Repayment Threshold to \$45,000 p/a (Schedule 1); and
- Implementation of a HELP/HECS lifetime limit (Schedule 3).

STA considers the concerns raised about an increased national HECS/HELP debt during the Higher Education Reform Package¹ to be overstated. Any recent increase in the national HECS/HELP debt should be viewed as a correction resulting from an increase in enrolments system-wide due to the demand driven system. Recently domestic enrolments have plateaued, while changes to the system securing repayments from graduates residing overseas will make the system more sustainable.

It is also important to note that any investment in the education of young Australians will pay dividends for many years to come, and that a less skilled workforce will risk Australia's future.

Please find our specific feedback below: thank you for considering our submission.



Kylie Walker
CEO
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Professor Emma Johnston
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¹ [The Higher Education Reform Package](#), The Australian Government 2017

Reduction of the Repayment Threshold to \$45,000 p/a (Schedule 1)

The intent of this amendment may be to lower the national HECS/HELP debt however, this change will not have a significant effect on debt levels.

At the lowest repayment threshold of \$45,000 it is expected that repayment of the average undergraduate degree would take 52 years. According to a research report produced by the Grattan institute, repayment issues are closely linked to part-time work². Based on this data a focus on solving the underemployment of graduates would be a much more effective way to address national HECS/HELP debt, as opposed to putting pressure on low-income earning graduates.

STA is concerned that by reducing the repayment threshold to \$45,000 p/a, recent graduates and early career researchers will be placed under extra financial pressure. This pressure will come at a time when they are trying to establish themselves within the STEM sector and choose a path for their career.

To establish a research career, early career researchers must spend a significant amount of time grant writing and publishing research, which is often unpaid time. During this time income is often obtained from sources such as casual teaching and part-time work outside of the research sector.

A decrease in take home income will mean they must spend more time working and less time producing research or applying for the grants needed to establish themselves as a stable and successful researcher. Job insecurity is already a significant issue in the STEM workforce and making it harder for early career researchers to pursue a career in research will risk Australia's future³.

Once income tax is taken into account, a graduate on \$45,000 a year would have a take home of \$38,828 based on 2016-17 tax rates⁴. With the introduction of this amendment, their income would fall by \$450 a year⁵. This decrease in take home income is anticipated to affect approximately 183,000 graduates⁶.

STA would like the committee to consider the impact of this change on already financially stressed early career researchers in light of the limited benefit that this change will provide to the national HECS/HELP debt level.

² [HELP for the future: fairer repayment of student debt](#), The Grattan Institute, 2016

³ [Australia faces a 'postdococalypse' as young scientists take their brains and talent overseas](#), ABC News 2018

⁴ [Simple Tax Calculator](#), Australian Tax Office 2018

⁵ Based on a 1% repayment and assuming a consistent income of \$45,000

⁶ [The Higher Education Reform Package](#), The Australian Government 2017

Implementation of a HELP/HECS lifetime limit (Schedule 3)

A highly trained, STEM skilled workforce will be necessary for Australia moving forward – and this will need to be done in part through retraining. STA is concerned that the introduction of a lifetime limit on the HECS/HELP scheme will limit Australia’s ability to adequately prepare its workforce.

While there is currently no single degree that would breach the lifetime limit, it is possible that those looking to reskill, STEM professionals pursuing a teaching degree, and those entering higher education through a TAFE/VET pathway could be affected by this limit.

Australia has a severe shortage of STEM qualified teachers in primary and secondary school.⁷ At a time when Australian school students’ performance in mathematics and science continues to decline⁸, it would be unwise in the extreme to introduce disincentives to STEM-qualified professionals retraining as teachers. This is an issue recognised by the Federal Government and addressed through programs like Teach for Australia. While a cap on the HECS/HELP debt is unlikely to affect this program, it will inhibit participation in traditional teacher training for those that have already received a STEM related degree.

The implementation of a HELP/HECS limit that takes VET-FEE loans in to account may also have adverse effects on those looking to use VET programs as a pathway to university education. According to the National Centre for Vocational Education Research, 30% of VET graduates intend to pursue further education, with 7% entering universities⁹.

Those going to university following graduation from a VET program may find themselves unable to enrol and we may risk stonewalling potential future researchers.

With engineering and health serving as the 2nd and 4th largest subject enrolments in VET courses nationally¹⁰, it is possible this policy will stymie efforts to increase the number of STEM skilled workers in Australia.

Summary and Recommendations:

STA is concerned about the potential impact of these amendments to Australia’s school education and STEM research sector, and to the acquisition and retention of scientists and technologists across the country.

It is important that STEM graduates are rewarded for pursuing a career in research, and that those looking to reskill are encouraged and supported.

⁷ [Why is it so hard to recruit good maths and science teachers?](#), The Conversation 2016

⁸ [Australian students go backwards in maths, reading and science: report](#), The Sydney Morning Herald 2018

⁹ [VET student outcomes 2017](#), National Centre for Vocational Education Research 2017

¹⁰ [Total VET students and Courses 2016: data slicer](#), National Centre for Vocational Education Research 2017