

# It's time to reduce the cost of uni

In less than 20 years, the average student loan debt for people in their 20s has more than doubled.

Today's students are finishing their degrees with much larger debts that take longer to pay off, and some young people are now paying close to \$50,000 for a three-year bachelor's degree.

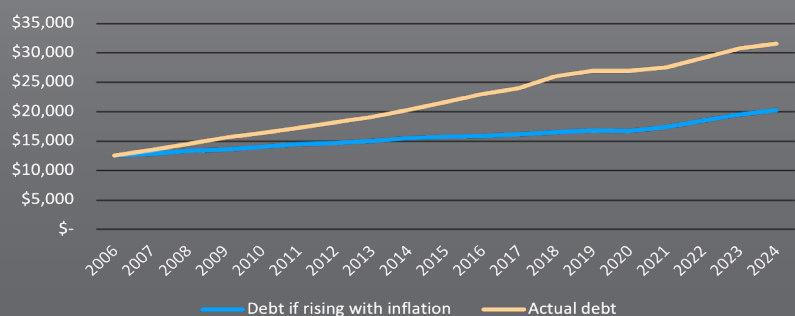
Over the last four decades, the price of tertiary education has risen faster than the price of other everyday items. Today Australia collects far more from student debt repayments than it does from the gas industry through the Petroleum Resource Rent Tax (PRRT)—a fact that reveals the priorities of the multiple governments since 1989, when university course fees were introduced.<sup>1</sup>

## The HECS-HELP System

For domestic undergraduates, university fees are covered partially by a government subsidy. The remainder, for which the student is liable, is known as a "student contribution", and is usually funded through a HECS-HELP loan. Student contributions are government-regulated through a price cap known as the "maximum student contribution amount".

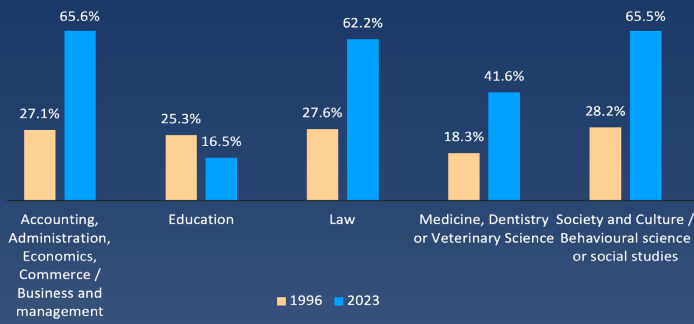
The repayments on a HECS-HELP debt are deducted once a debtor's income reaches \$54,435. The government has announced plans to raise this threshold. Debts are subject to indexation each year, which is interest charged at the rate of inflation or wage growth, whichever is lower.<sup>2</sup>

Figure 1: Average HECS-HELP debt of people in their 20s (2006–24)



Source: ATO (2024) *HELP Statistics 2023–24*. Data is in financial years, calendar years listed are those in which financial year ends. Inflation is indexed to CPI from June quarter of relevant calendar year.

**Figure 2: Three-year student contributions as a share of graduate salary**



Source: Graduate Outcomes Survey 2023, Graduate Starting Salaries 1996 and various documents from Department of Education, Parliament of Australia

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- Anglicare Australia’s analysis of over 45,000 rental listings found that none would be affordable to a single person on Youth Allowance, including in share housing.
- In 2023, one in seven (14.8%) of full-time students also worked full time, compared to one in fourteen (7%) in the 1990s.

## Rising costs, rising debts...

Today, student contributions for popular courses such as law, commerce, and social sciences are nine times higher than they were 35 years ago. Contributions for computing, science, creative arts, and engineering courses have increased nearly fivefold.<sup>3</sup>

As university degrees have become more expensive, the average level of HECS-HELP debt amassed by students has also increased. As Figure 1 shows, the average HECS-HELP debts for people in their 20s more than doubled over the period 2006–24, from \$12,600 to \$31,500. Had these debts grown only in line with inflation, they would have only increased by slightly more than half (62%).<sup>4</sup>

## ... and salaries aren’t keeping up

The impact of these larger debts can be seen by comparing student contributions with graduate salaries. While most graduate salaries have increased by about two and a half times since 1996 (the year before university fees were deregulated), student contributions have increased by between 1.7 and 6.2 times.<sup>5</sup>

This means that for many graduates entering the workforce today, their HECS-HELP debt is likely to make up a much higher proportion of their starting salaries.

## Studying in poverty

While university degrees have become more expensive, significant numbers of students are also struggling financially during their studies.

Recent research shows:

Government decisions reveal their priorities. For decades governments have decided to deprioritise a highly and diversely educated workforce while subsidising industries, such as fossil fuel mining, which actively harm the planet while employing few and paying limited taxes.

- 1 The Australia Institute (2024) *Explainer: How the government collects more from HECS/HELP than the PRRT*
- 2 Australian Tax Office (2024) *Study and training loan indexation rates*, <https://www.ato.gov.au/tax-rates-and-codes/study-and-training-support-loans-indexation-rates>
- 3 Department of Education (n.d.) *Funding Clusters and Indexed Rates*; Ey (2021) *The Higher Education Loan Program (HELP) and related loans: a chronology*; Australian Bureau of Statistics (2024) *Consumer Price Index, Australia*
- 4 Jericho and Thrower (2024) *People are starting with much larger HECS/HELP debts than in the past—and it is only going to get worse*
- 5 Guthrie and Morgan (1997) *Graduate Starting Salaries 1996*; Quality Indicators for Learning and Teaching (2024) *2023 Graduate Outcomes Survey National Report*; Department of Education (n.d.) *Funding Clusters and Indexed Rates*; Ey (2021) *The Higher Education Loan Program (HELP) and related loans: a chronology*

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