



23 August 2023

The Hon Anthony Albanese MP
Prime Minister of Australia
Parliament House
Canberra ACT 2600

Dear Prime Minister,

Supporting Australia's Youth to support the Future of Australia

We write on behalf of Catholic Religious Australia (CRA), the peak body that represents more than 150 Catholic Leaders of Religious Institutes and Societies of Apostolic Life who are resident in Australia. Our religious congregations comprise of 4,800 Catholic religious women and men. Our members and their lay colleagues work in education, health care and social services and work with many vulnerable groups and individuals in Australian society.

CRA applauds the government's Australian Universities Accord, believing a review of the higher education system, and particularly how it is impacting Australia's young people, and in a particular way young women, is vital. In reading submissions to the Accord process however, it has become clear that there is a bigger picture at play. Deakin University, for example, highlights the inequitable plight of youth in this country, citing that intergenerational data reveals that the relative standard of living experienced by today's Millennials and Generation Z cohorts is comparatively lower when compared to the experience of preceding Australian generations, and on average they will die younger and poorer.¹ CRA likewise believes that the government must do more to support our youth, and highlight below a number of areas of concern, including:

- intergenerational inequality
- housing
- barriers to accessing tertiary education
- barriers to success in tertiary institutes
- HECS-HELP debt.

Intergenerational Inequality

Our young people are suffering injustices that some of their older counterparts are not. In its 2020 Green Paper, *Mind the Gap – The Australian Actuaries Intergenerational Equity Index*,² the Actuaries Institute have highlighted the intergenerational inequality, whereby younger people – Millennials entering the 25-34 age band – have been relatively disadvantaged across a range of measures particularly in the economic, housing, social and environment domains in the past few years, compared with 'Baby Boomers' entering the 65-74 age band. The paper states that the average young person today also faces challenges their predecessors did not, including wage stagnation and growing under-employment, large government net debt and

¹ https://www.education.gov.au/system/files/documents/submission-file/2023-04/AUA_tranche1_Deakin%20University.pdf

² <https://www.actuaries.asn.au/Library/Opinion/2020/AAIEIGreenPaper170820.pdf>

increasing pressures on government budgets to cater for the growing need for pensions and healthcare for aging households. Likewise, the 2021 report *Australia's Youth*³ from the Institute of Health and Welfare (AIHW) detailed how for our 12- to 24-year-olds, the pathways from education to work, and from the family home to independent living, have become more difficult and lengthier for young people. The *2021 Australian Youth Barometer*⁴ from Monash University, which surveyed over 500 young Australians aged 18 to 24, has underlined how these issues are drastically impacting the mental health of young people, with just under one-third (29%) interviewed reporting having poor or very poor mental health, and nearly half (46%) stating that they had experienced “significant stress and felt stuck in life. “

To achieve the common good in Australian society, the wellbeing of each and every person must be facilitated, including youth. Some commentators of the Universities Accord have therefore called for more expansive reviews of the situation facing Australia's young people to remedy intergenerational equality. An academic at Curtin University has suggested an urgent national review of financial support for students that is separate from the Accord process,⁵ as student debt is pushing young people into poverty, amidst a current cost-of-living crisis. Deakin University have called for a policy process, bringing together the multitude of stakeholders to reconsider the “Australian Social Contract,” and how to revive its meaning and value in light of the injustices impacting our youth.⁶ CRA also believes that an in-depth inquiry into these inequalities is warranted.

Housing

Many young people are being priced out of the housing market. A pre-existing system of tax concessions (such as the Capital Gains Tax Discount), negative gearing and weak lending regulations, is favouring wealthy investors over the everyday, especially younger, Australian, creating a gross inequality whereby almost three-quarters of the benefits of the capital gains tax goes to the top 10% of households by income, and more than half of the \$4.3 billion annual benefit from negative-gearing tax cuts goes to the top 20% of households by income. Beneficiaries are predominantly aged in the over 50 age bracket.⁷ The Productivity Commission (2016) has shown that housing and superannuation balances therefore account for most of the increase in wealth inequality we are currently experiencing, emphasising that over 65-year-olds constitute a disproportionate segment of the upper wealth deciles.⁸

Subsequently, younger Australians are now less likely to own a home than their predecessors were in the past, with statistics showing a drastic drop from the 67% of 30-year-olds who owned a home in 1981, to only 45% in 2016. This differs for older cohorts, who are just as likely to own a home now as they were in the past, with about 80% of 65-year-olds owning a home. Those young Australians who do own a home carry substantially more debt, which has almost doubled for households headed by someone aged 35-44. Meanwhile, over 65 year-old households are experiencing faster wealth increases than households in any other age group, because of higher capital appreciation driven by rising house prices.⁹

In its submission to the Select Committee on the Cost of Living in May of this year, CRA called for a reform of the capital gains tax discount and negative gearing, as older, wealthy Australians disproportionately benefit

3 <https://www.aihw.gov.au/reports/children-youth/australias-youth/contents/introduction#intro>

4 <https://www.monash.edu/education/cyep/research/understanding-young-people-in-australia-today>

5 <https://theconversation.com/these-5-equity-ideas-should-be-at-the-heart-of-the-universities-accord-203418#:~:text=Sarah%20%27Shea,Researcher%2C%20Curtin%20University>

6 https://www.education.gov.au/system/files/documents/submission-file/2023-04/AUA_tranche1_Deakin%20University.pdf

7 <https://theconversation.com/friday-essay-how-policies-favouring-rich-older-people-make-young-australians-generation-f-d-199403>

8 <https://grattan.edu.au/wp-content/uploads/2019/08/920-Generation-Gap.pdf>

9 <https://grattan.edu.au/wp-content/uploads/2019/08/920-Generation-Gap.pdf>

from this tax system, and their multiple housing purchases inflate housing prices and crowd out many potential first home buyers.¹⁰ This is not a new suggestion, with many calling for such a reform of the tax system over a number of years.¹¹ Doing so could make the Australian housing market more sustainable and equitable, placing home ownership in reach of more young people.

Barriers To Accessing Tertiary Education

The Accord Interim Report has highlighted a social inequity in university attendance, with First Nations students, those from low socio-economic backgrounds, students with disability and those from rural, remote and outer suburban communities being underrepresented in higher education.

We applaud the recent legislative amendments that change funding for Indigenous students at university, now including those residing in major cities, but the Universities Accord Interim Report explains that to reach population parity, as much as 60% of the future enrolment increase target for 2035 would need to come from low SES backgrounds, around 53% from regional and remote areas, and around 11% would need to be First Nations students.

Other commentators caution that the Interim Report however is conflating equal opportunity, with its proposal of a “universal learning entitlement” for tertiary education, including vocational and higher education, with the right of everyone to have a university qualification, warning that not all young people are suited to university and school results for some disadvantaged groups have been going backwards in recent years.¹² They instead point out that there is a wider shortage of skills beyond that provided by a university-level degree.¹³ The accord does acknowledge that the higher education system needs to be expanded to meet labour market skill needs. To do this, a number of further measures are required, which we hope to see addressed and fleshed out in the Accord’s Final Report in December. This includes improvements to Enabling Programs,¹⁴ and greater “alignment and collaboration” between vocational education and training (VET) providers (such as TAFE) and universities, with federal funding and HELP loans extended beyond universities to TAFE programs.¹⁵

We urge the government to therefore consider recommendations that come forward from the Accord Panel to remedy university participation rates for marginalised groups, but also to investigate other avenues for preparing young people from disadvantaged backgrounds for employment in more technical/trade areas, through proposals to expand the tertiary education system.

Barriers to Success in Tertiary Institutes

The Deputy Vice Chancellor at the University of Tasmania, Ian Anderson, has also indicated that students require comprehensive financial support, including support with the cost of living barriers, especially with the 2019 report from the Productivity Commission revealing that students from disadvantaged backgrounds

¹⁰https://static1.squarespace.com/static/5acea6725417fc059ddcc33f/t/648a89377d5d3526920856a2/1686800696121/20230511_CRA+Submission+to+the+Select+Committee+on+the+Cost+of+Living.pdf

¹¹ <https://theconversation.com/negative-gearing-reforms-could-save-a-1-7-billion-without-hurting-poorer-investors-92679>; <https://australiainstitute.org.au/wp-content/uploads/2021/04/P911-Income-wealth-an-gender-distribution-of-tax-concessions-WEB.pdf>

¹² <https://theconversation.com/the-job-ready-graduates-scheme-for-uni-fees-is-on-the-chopping-block-but-what-will-replace-it-209974>

¹³ <https://johnmenadue.com/australian-universities-accord-lost-in-a-mire-of-confusion-about-equity/>;
<https://www.afr.com/policy/health-and-education/there-s-a-sting-in-the-tail-of-jason-clare-s-vision-for-universities-20230720-p5dpx8>

¹⁴ <https://theconversation.com/what-are-enabling-programs-how-do-they-help-australians-get-to-uni-210269>

¹⁵ <https://theconversation.com/many-australians-will-need-to-study-at-both-tafe-and-uni-how-do-we-get-the-two-systems-working-together-210136>

students were much less likely to successfully graduate and secure lucrative employment than their more advantaged classmates.¹⁶

We applaud the government for acting swiftly on the Accord Interim Report's recommendation to bring to an end the ruling whereby students were required to pass 50 per cent of their units in order to retain their Commonwealth subsidy and access HECS-HELP, a rule which disproportionately impacted students from disadvantaged backgrounds. We also applaud the legislative amendments introduced in early August 4 that require universities to implement policies to support disadvantaged students.

HECS-HELP Debt

In its conception, the HECS-HELP loan scheme functioned to remove financial barriers to higher education, through a model of university funding with fairly distributed contributions from government, taxpayers and individuals. Since its introduction in 1989, the scheme has increased university attendance opportunities for millions of young Australians,¹⁷ and has been lauded a "world-leading practice for income contingent loans."¹⁸ However, particularly at a disadvantage are people between the ages of 20 and 29, who hold 53% of the outstanding debt owed, and women owe 58% of outstanding debt owed, with the female-dominated professions of teaching and nursing making the largest repayments.¹⁹ Both groups on average earn lower wages²⁰ – especially women balancing part-time work with family responsibilities - and many end up taking a long time to repay their HECS-HELP debt, with former students shown to take upwards of 12 years to repay their debts. This means they are repaying debts well into their 30s, at the same that many might be trying to start families and buy a house.²¹ Changes made in 2019–20, that lowered the first threshold to trigger repayments, has also mostly impacted young women. These changes required those on modest incomes between around \$46,000 and \$60,000 to start make repayments, and subsequently just under two thirds of those who now had to make a repayment were women. In addition, women then paid more than two thirds of the additional revenue from the threshold reduction (\$288 million of \$429 million in 2019–20).²²

From 1 June this year, HECS-HELP debts were indexed at 7.1%, in line with the inflation rate, impacting over 3 million current and former Australian students, who are now facing additional thousands of dollars of debt.²³ According to a report by the National Tertiary Education Union, *The Future of Graduate Debt in Australia*, debts indexed to inflation, coupled with tuition fee increases from the Job Ready Graduates Package and slow wages growth, could see Australian university graduates facing lifelong debt.²⁴ The repayments are likely to impact disposable income and borrowing capacity,²⁵ and will continue to effect young women disproportionately. It is most likely that women stop working to care for children. Their debt increases every year through indexation; yet they have no income by which to pay the debt. The debt continues to grow. CRA is of the view that HECS-HELP debts should not be indexed.

¹⁶ <https://www.afr.com/policy/health-and-education/why-getting-the-universities-accord-right-is-so-important-20230811-p5dvr4>

¹⁷ Submission from Universities Australia, https://www.education.gov.au/system/files/documents/submission-file/2023-04/AUA_tranche2_Universities%20Australia.pdf

¹⁸ Charles Darwin University Submission

¹⁹ <https://australiainstitute.org.au/post/help-debt-for-low-income-earnings-is-set-to-increase-due-to-indexation/>

²⁰ <https://australiainstitute.org.au/post/help-debt-for-low-income-earnings-is-set-to-increase-due-to-indexation/>

²¹ <https://theconversation.com/hecs-help-loans-have-become-unfair-for-women-but-there-is-a-way-to-fix-this-200546>

²² <https://theconversation.com/hecs-help-loans-have-become-unfair-for-women-but-there-is-a-way-to-fix-this-200546>

²³ <https://australiainstitute.org.au/post/help-debt-for-low-income-earnings-is-set-to-increase-due-to-indexation/>

²⁴ https://www.nteu.au/News_Articles/National/The_future_of_graduate_debt_in_Australia.aspx

²⁵ <https://theconversation.com/studying-can-be-a-costly-choice-universities-should-address-young-peoples-financial-literacy-gaps-203054>

The recently released Interim Report of the Australian Universities Accord has highlighted that equity in participation, access and opportunity for young people can only be achieved through revision of current policies:

“Existing policies are not working well enough. Australia’s signature policy, the Higher Education Loan Program (HELP), is now over 30 years old and needs a refresh. As a result of this lack of policy attention, access to student income support is declining, and services that might support student success are lacking. New ideas must be explored to prevent excessive debt and rising student cost of living pressures from discouraging people of all ages from pursuing higher education and completing their qualifications. This should include giving consideration to revising student contribution amounts and HELP repayment arrangements...”²⁶

Conclusion

In its submission in response to the Universities Accord Panel’s Discussion Paper, Deakin University stated; “In a country such as Australia, where national values indicate egalitarianism, the generational social contract is now broken.”²⁷ This is a call CRA supports and reiterates to the government.

The current cost of living crisis has heightened the pressures young people face in receiving an education, finding solid employment and stable housing. We urge the government to continue to work closely with recommendations from the university’s accord panel, including from its Final Report due at the end of the year, to better support Australia’s young people. However, we also bring to your attention the life pressures that are beyond the scope of the Universities Accord and call on the government to address the crisis confronting young people holistically.

Yours faithfully,



Peter Jones
President



Anne Walker
National Executive Director

²⁶ <https://www.education.gov.au/australian-universities-accord/resources/accord-interim-report>

²⁷ https://www.education.gov.au/system/files/documents/submission-file/2023-04/AUA_tranche1_Deakin%20University.pdf