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Australia’s Student Debt Crisis: Transparency and Costs

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Seven years after the Hayne Royal Commission revealed widespread misconduct in Australia’s financial sector, banks and insurers are now required to provide clear and accessible product information. Yet, similar protections do not exist for universities, despite higher education being one of the biggest financial commitments Australians face.

Unlike the detailed disclosures consumers receive when signing up for financial products, prospective students often struggle to find clear and consistent information about course fees and loan implications. While some universities offer tools like fee calculators, others hide key cost details deep within their websites. For example, it can take up to eight minutes to locate the cost of a single Bachelor of Arts unit at one institution, while others provide this information in just one minute. This inconsistency makes it difficult for students to compare courses and make informed decisions.

Course fees vary widely across disciplines. A three-year Bachelor of Economics can cost around A$51,000, while a Bachelor of Nursing typically costs just A$13,500. Despite substantial fee increases under the 2021 Job Ready Graduate package, enrolment numbers have shown limited change, suggesting many students may not fully grasp the financial burden.

Additional hidden costs include unpaid, mandatory placements, which can total up to 1,000 hours per degree. This represents a significant income loss for students who might otherwise work part-time, estimated at nearly A$25,000. The government’s new “Prac Payments” scheme aims to support disadvantaged students with these costs, but information about such expenses remains inconsistent and difficult to find.

The HECS-HELP loan scheme is often described as “good debt” since repayments only start once a graduate earns above A$56,156, and there is no traditional interest. However, the debt balance is indexed to inflation, meaning it can grow if repayments fall behind. A 2024 Youth Insight survey found that 32% of students did not fully understand this, while 14% were unaware they were incurring debt at all. Only 26% could estimate their total debt by graduation, with 41% having no idea.

This lack of clarity is concerning, especially as the graduate wage premium shrinks and future earnings become less predictable. Outstanding student debt can also affect graduates’ ability to access other credit, such as home loans. Better information is essential, not only about fees but also about likely career outcomes.

Disadvantaged students, those from low socio-economic, regional, or first-generation backgrounds, face even greater challenges. Research shows they have less access to reliable career and university information, limiting their ability to make well-informed choices. These students also have lower completion rates, undermining their return on investment in higher education.

In response, the new Adelaide University, opening next year, plans to offer part-completed qualifications to help students who do not finish their degrees. This initiative may prompt other universities to follow suit.

To improve the situation, financial literacy education in secondary schools could cover topics such as HECS-HELP loans and debt indexation. Universities also need to provide clearer, more accessible financial information for prospective students.

The recent popularity of plans to write off 20% of student debt and the growing role of the Student Ombudsman highlight the urgency of these issues. There is a strong case for an inquiry, possibly led by ASIC, into the transparency of student finance and its impact on disadvantaged groups.

Expanding access to tertiary education remains a federal priority. However, this goal risks being undermined unless students enter university fully informed about the financial commitments they are undertaking.