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Young Australians See HECS Debt Relief as Insufficient Fix

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Australia's 20 percent reduction in Higher Education Contribution Scheme (HECS) debts, announced on July 23, 2025, has been welcomed by many. However, students and advocates argue that it does not go far enough to address the growing human rights concern surrounding the affordability and accessibility of higher education.

The Albanese government's legislation, effective from June 1, 2025, reduces Higher Education Loan Program (HELP) balances for almost three million Australians. With the average student debt at $27,600, the reduction means an estimated $5,520 saving per person. The minimum income threshold for loan repayments has also been raised from $54,435 to $67,000, providing financial relief to lower- and middle-income earners.

"This helps young Australians starting out," said Education Minister Jason Clare. But many students say the relief falls short of structural reform.

Lia Perkins, a recent arts graduate from the University of Sydney, called the relief "a drop in the ocean." She said that despite working full-time, her debt continues to grow due to annual indexation. For students like Perkins, the policy change provides only temporary relief in the face of long-term economic stress.

Critics argue that the current tertiary funding model creates barriers to education and undermines equal opportunity. The Job-ready Graduates scheme, introduced in 2021, significantly increased fees for arts and humanities degrees, with some courses now costing up to $16,992 per year. Experts, including HECS architect Professor Bruce Chapman, have called the pricing structure flawed, urging the government to align course fees with graduate earning potential rather than perceived job-readiness.

Senator Mehreen Faruqi has called for free university education, arguing that student debt is a form of financial punishment that disproportionately affects low-income and first-generation students. "Education should not be a luxury for the few," she stated during a recent address to the Senate.

The Australian Taxation Office estimates $81 billion in total HECS-HELP debt. Around 15 percent of this is unlikely to ever be repaid, largely due to underemployment and low wages among young Australians. At the same time, rising costs of living are compounding pressures. Since 2019, average purchasing power has dropped by 9 percent and national rents have risen by 36 percent, pushing many students into long-term financial hardship.

Shadow Education Minister Sarah Henderson has criticised the government's debt reduction policy for providing assistance only to current and past students, excluding future students and those who have already paid off their loans. She described the policy as a short-term fix rather than a comprehensive solution.

The Albanese government has committed to a broader review of the HECS system through the newly established Australian Tertiary Education Commission. Advocates hope this process will lead to long-term reforms that prioritise equity, transparency and affordability.

While the HECS debt reduction is a positive step, it highlights deeper structural inequities in Australia's higher education system. For many students and young workers, access to education remains shaped more by socioeconomic status than by ability or aspiration. Until the system fully recognises education as a right rather than a privilege, calls for more meaningful reform are likely to continue.