



Aula em áudio 15

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ELEANOR HALL: But we begin today in Canberra where the Prime Minister, Tony Abbott today slapped down the suggestion by his Education Minister, Christopher Pyne that the Government would reach beyond the grave to collect student loan debts from deceased estates.

But while dead university graduates may be safe from the budget razor for now, an education policy specialist says the decision could cost the Government more than \$2 billion a year. In Canberra, James Glenday reports.

JAMES GLENDAY: Governments often float contentious policies in public to see which way the political wind is blowing.

It always works best when everyone sings from the same song-sheet.

JOE HOCKEY: It shouldn't be different to any other loan, it's only against the estate of the individual.

JAMES GLENDAY: Treasurer Joe Hockey this morning appeared to back a suggestion from Education Minister Christopher Pyne that outstanding student loans, known as HECS or HELP debt, could be collected from the estates of dead university graduates as a way of boosting the budget bottom line.

JOE HOCKEY: It's not going to go across families and so on and look, that's the same as any other loan, any other mortgage that we have in our lives and it wouldn't be any different, it shouldn't be any different.

JAMES GLENDAY: But Australian student loans are much different to bank loans.

Currently, they only have to be repaid when graduates start earning about \$51,000 a year and many people who work part time or take years out of the workforce never do, so the debt is written off when they die.

TONY ABBOTT: I want to make it absolutely crystal clear, this Government is not going to change the existing rules.

JAMES GLENDAY: This morning the Prime Minister, Tony Abbott, was quick to shoot down the suggestion his Government is going after dead university graduates.

TONY ABBOTT: And the existing rules in respect of university debts, fee help debts, HECS debts are that they cease, they cease on decease as it were.

JAMES GLENDAY: As MPs arrived at Parliament his Cabinet colleague Bruce Billson had clearly got the message.

BRUCE BILLSON: No there's no plans to change the debt recovery arrangements under the HECS and fee HELP scheme.

JAMES GLENDAY: Nationals backbencher, Andrew Broad hadn't.

ANDREW BROAD: It's a loan with the Government and it should be treated the same as every other loan. That's consistent. It's not mean spirited, I think that's fair enough.

JAMES GLENDAY: But as morbid as the proposal might sound to some, many economists and higher education specialists think the Government doesn't have a choice.

ANDREW NORTON: My view is this is the most harmless way you can save money in higher education.

JAMES GLENDAY: Andrew Norton from the Grattan Institute was a former adviser to a Howard minister and reviewed the university sector for the Abbott Government.

He says collecting fees from dead graduates could save up to \$800 million a year under the current system and believes it should be limited to only hit those with assets worth more than

\$100,000.

ANDREW NORTON: The vast majority of people who pass away with HELP debts will do so in the normal time, in their 60s, 70s and 80s and usually have substantial assets, including the family home.

JAMES GLENDAY: But the Abbott Government is also planning to deregulate university fees. The cost of some degrees will rise, so will student debt and more graduates won't pay back their loans before they die.

ANDREW NORTON: From my point of view, you actually need to do a reform like this before you deregulate fees to ensure that people don't just irresponsibly keep borrowing on and on and on knowing that it will be written off on death.

JAMES GLENDAY: Is that a risk in your view?

ANDREW NORTON: I think it is because people will reach a point where they've borrowed so much that they know full well they'll never repay it and so they just keep on taking recreational courses with no intention of ever paying for them.

JAMES GLENDAY: And how much do you think that would cost the Government then?

ANDREW NORTON: If fees go up a lot, it's quite conceivable this could hit two billion a year. Potentially this could be one of the largest spending items in the higher education budget.

JAMES GLENDAY: Fiscally responsible or not, the policy doesn't seem like it will be politically palatable any time soon.

Labor's Kim Carr has branded the proposal a 'death tax'.

KIM CARR: The idea of grieving parents receiving a knock on the door from a taxation official or getting one of those form letters strikes me as quite abhorrent.

JAMES GLENDAY: If you have a loan with the bank and you die, they ask for the money back.

Why should that principle not apply?

KIM CARR: Well, HECS is not a loan from the bank. It is not a mortgage. This is one of these far right-wing think tank ideas that has come up from time to time, just like fee deregulation, just like the idea of breaking up the universities from research and teaching. These are right-wing crazy ideas that should be rejected by government.

ELEANOR HALL: And that's Labor's Higher Education spokesman Kim Carr, ending that report from James Glenday.