



AUSTRALIAN NATIONAL IMAMS COUNCIL



September 1st, 2023

SUBMISSION

Submission to the 2023 Australian Universities Accord Review Panel in response to the Interim Report published in July 2023

Subject: A Culturally Compatible Funding Model for Higher Education - ANIC Submission

Dear Review Panel,

We are writing to you on behalf of the Australian National Imams Council (ANIC) to provide our submission in response to the Interim Report of the 2023 Australian Universities Accord Review. We commend the initiative to create an enduring Accord that promotes engagement and collaboration within Australian universities. ANIC wishes to address issues faced by the Muslim community regarding Higher Education Loan Program (HELP) fees, which have the potential to hinder university entry for many Muslims.

ANIC is the peak Muslim representative body that represents Muslim imams, clerics, and scholars across all Australian states and territories, advocating for the interests of the Australian Muslim community. We value the opportunity to contribute to the Australian Government's review process and acknowledge the Accord's goal to ensure equal educational opportunities for all students, regardless of their background.

Background

As one of the fastest growing religious minorities in Australia, comprising 3.2 % of the population (Census, 2021), the Australian Muslim community requires access to higher education to foster active and engaged members of society. Higher education can help address national skills shortages and promote social integration. However, current policies concerning HELP fees fail to account for the religious considerations of Muslim students, which further exacerbates barriers faced by this historically disadvantaged minority (Cherney & Murphy, 2016¹; Breen-Smyth, 2014²; Peucker, Roose & Akbarzadeh 2014).³

¹ Cherney, A., & Murphy, K. (2016). Being a 'suspect community' in a post 9/11 world: The impact of the war on terror on Muslim communities in Australia. *Australian & New Zealand Journal of Criminology*, 49(4), 480-496. doi:10.1177/0004865815585392

² Breen-Smyth, M. (2014). Theorising the "suspect community": Counterterrorism, security practices and the public imagination. *Critical Studies on Terrorism*, 7(2), 223-240. doi:10.1080/17539153.2013.867714

³ Peucker, M., Roose, J. M., & Akbarzadeh, S. (2014). Muslim active citizenship in Australia: Socioeconomic challenges and the emergence of a Muslim elite. *Australian Journal of Political Science*, 1-18. doi:10.1080/10361146.2014.899967



Studies have shown that Australian Muslims face challenges such as higher unemployment rates, lower upward mobility, and increased poverty compared to non-Muslim Australians (Peucker et al., 2014). This socio-economic disparity hampers both a sense of belonging and civic participation. As a result, ANIC supports the proposal of a new funding model that addresses these disparities and promotes higher education participation for underrepresented groups.

Considerations

ANIC endorses the "considerations for change" outlined in the Accord review report, particularly those regarding the establishment of a new funding model for higher education that prioritises equitable access and attainment. We support the creation of a funding model that is student-centred, needs-based, and able to provide high-quality higher education to students from diverse backgrounds and locations.

We therefore acknowledge that the current HELP system, while designed to defer university fees through a loan arrangement, may conflict with the religious beliefs of Muslims. According to Islamic laws, the HELP loan is considered *riba* (usury) and is generally prohibited. This leaves Muslim students with the difficult choice of either disregarding their religious principles or forgoing higher education. Such a dilemma perpetuates disadvantage within a community that has a history of facing marginalisation.

In 2021, the Australian Fatwa Council⁴(AFC), determined that despite the potential presence of *riba* in the HECS-HELP system, pursuing higher education was deemed necessary for Australian Muslims in order to contribute positively to society and excel in their endeavors. It is important to note that Islamic jurisprudence often involves scholarly interpretations and discussions, and Fatwas can vary based on the perspectives and reasoning of different Islamic scholars and councils. In this case, the AFC considered the benefits of education and the welfare of the Muslim community, leading to their conclusion of the permissibility of applying for HECS loans to fund higher education studies. However, recent reports received by ANIC over high school graduates choosing not to pursue higher education due to concerns about interest (*riba*) is becoming a significant issue that warrants attention and consideration. This trend could potentially have broader implications for the Australian Muslim community's socioeconomic advancement, educational attainment, and overall integration into society. Further elaboration on the principle of *riba* is provided by ANIC in the attachment below.

ANIC's Proposal

In line with our commitment to equality and diversity, ANIC proposes the consideration and establishment of a culturally and religiously compatible funding model for higher education. We advocate for a solution that respects the religious beliefs of Muslim students and ensures equitable access to higher education without compromising their principles.

It is understandable that HECS-HELP is evaluated each year to maintain the real value of the loan by adjusting it in line with changes in the cost of living as measured by the consumer price index (CPI). From an Islamic perspective, this can be calculated and added to the principal loan of the HECS-HELP. We therefore propose that prior to higher education admission, agreement can be made with students towards repayments that align with the Department's criteria. This will prevent Australian Muslims from succumbing to *riba* (usury) and alleviate this community's hesitation or reluctance to pursue higher education.

⁴ Australian Fatwa Council: A department under the Australian National Imams Council (ANIC), that focuses on research on contemporary matters concerning Australian Muslims



Conclusion

ANIC acknowledges the Australian Government's commitment to fostering inclusivity and engagement within the higher education sector. By recognising the unique challenges faced by the Muslim community regarding HELP fees, we believe it is possible to create a more equitable educational environment. We are hopeful that our proposal for a culturally and religiously compatible funding model will be taken into serious consideration as the Accord review progresses.

Thank you for considering our submission. We look forward to contributing further to this vital discussion.

Sincerely,
Australian National Imams Council

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(Attachment)

Riba (usury), an Arabic term meaning "excess," refers to usurious practices, particularly charging interest on the loan principal. In Islam, riba is strictly prohibited due to its ethical, social, and economic implications from an Islamic perspective and teaching. Islamic teachings emphasise fairness, justice, and avoiding exploitation. The two primary Islamic sources, the Quran and hadiths (Prophetic traditions), explicitly condemn and prohibit riba, stressing that it harms society and promotes inequality.

The prohibition of riba serves various purposes. Firstly, it ensures equitable exchanges and prevents unjust enrichment. Islamic finance encourages risk-sharing and discourages profiting solely from loans. Usury can lead to debt cycles and financial instability, impacting vulnerable individuals.

Riba is seen as disobedience in Islam, eroding the principles of mutual support and cooperation within the Muslim community. Its prohibition maintains economic stability by discouraging speculative behaviour and promoting real economic activities.

In conclusion, riba is a major sin in Islam and Muslims are commanded and expected to refrain from any form of riba.

Giving and accepting loans in Islam are both commendable. Loans must be repaid in the exact same loan principal as acquired, even after many years and inflation. Any minimal or maximal increase on the loan principal will be deemed as riba. As such, the HECS-HELP system, is a clear loan. Students are required to make repayments, according to the study and training loan indexation rates. Each year there is a percentage increase on the principal loan, based on several factors, including the real value of the loan by adjusting it in line with changes in the cost of living as measured by the consumer price index (CPI).⁵

⁵ <https://www.ato.gov.au/Rates/Study-and-training-loan-indexation-rates/>