



# Higher Education Loan Program

## Making student repayments fairer

The Australian Government will reduce the financial burden of student loan repayments and make the repayment system fairer by moving to a system of HELP repayments based on marginal rates from 1 July next year.

It will also lift the minimum repayment threshold from \$54,435 in 2024-25 to \$67,000 in 2025-26 (an increase of more than 20 per cent).

This will deliver significant cost of living relief to Australians by increasing the amount people must earn, before they are required to start making compulsory repayments on their loan and by reducing the amount of their compulsory HELP debt repayments at any given level of income.

### How will this work?

From 1 July 2025, the Government will introduce a new minimum repayment threshold and marginal rates of repayment.

The new minimum repayment threshold of \$67,000 represents around 75% of average full-time earnings of a recent higher education graduate as measured by the Australian Bureau of Statistics.

Current repayment rates are set as a proportion of total income. Under the new marginal repayment system, repayments will only be required based on the portion of a person's income above the new \$67,000 threshold.

#### Proposed repayment thresholds with effect from 1 July 2025

Income Thresholds	Marginal rate of repayment
Below \$67,000	Nil
Income above \$67,000 to \$124,999	15c for each dollar over \$67,000
Income above \$125,000	\$8,700 plus 17c for each dollar over \$125,000

The Australian Taxation Office (ATO) will calculate an Individual's compulsory repayment based on their annual income, confirmed once their tax return is submitted.

## Why is it important?

The Australian Universities Accord recommended (Recommendation 16b) reducing repayments for lower income earners by moving to a system of marginal repayment rates, having considered submissions from Professor Bruce Chapman and other experts.

Individuals will be able to earn more before they need to start making compulsory repayments and the size of repayments will be less at any given level of income.

By making these adjustments to repayment rates and thresholds the Government will ensure that more people have more money in their take home pay now by 'smoothing out' the time and pace in which they repay their debt.

### Estimated compulsory repayment amounts

Income Threshold	Current compulsory repayment amount estimated (2025-26)	Compulsory repayment amount under proposed change	Reduction in compulsory repayment amount
\$60,000	\$600	\$0	\$600
\$70,000	\$1,750	\$450	\$1,300
\$80,000	\$2,800	\$1,950	\$850
\$90,000	\$4,050	\$3,450	\$600
\$100,000	\$5,500	\$4,950	\$550
\$110,000	\$7,150	\$6,450	\$700
\$120,000	\$8,400	\$7,950	\$450
\$130,000	\$9,750	\$9,550	\$200
\$140,000	\$11,900	\$11,250	\$650
\$150,000	\$13,500	\$12,950	\$550
\$160,000	\$15,200	\$14,650	\$550
\$170,000	\$17,000	\$16,350	\$650
Above \$180,000	\$18,000	No change	

## Who will benefit?

Every person with a HELP debt earning under \$180,000 will be better off and people earning over \$180,000 will see no change to their repayments. Importantly, people on lower incomes will benefit the most from these changes as increasing the minimum repayment threshold will mean people will have more disposable income and they only start repaying their loan when they can afford to do so. They would then make smaller repayments in the early years of their loan.

These new arrangements also fix the situation where someone earns additional income, for example by taking a second job, but then see a decrease in their take-home pay as a result of HELP repayment arrangements.



For an individual earning \$70,000, they will pay around \$1,300 less per year in repayments.

The changes will ensure that no one makes higher annual compulsory repayments than they do under the current repayment system.

This will apply to all HELP debts and other income contingent loan (ICL) student loan schemes including VET Student Loans (VSL), VET FEE-HELP, Student Financial Supplement Scheme (SFSS), Australian Apprenticeship Support Loans (AASL, formerly Trade Support Loans), Student Start-up Loan (SSL), and ABSTUDY Student Start-up Loan (ABSTUDY SSL).

## When will this happen?

Amendments to the *Higher Education Support Act 2003* and other relevant ICL legislation will be introduced to change the new minimum repayment threshold and repayment rates with effect from 1 July 2025.

These changes are subject to the passage of legislation.

