



Higher Education Loan Program

20% reduction off all student debt

In response to the concerns raised by current and former students about the amount of their student debt, the Australian Government has announced that it will reduce all HELP and other student debts by 20%.

This will cut more than \$16 billion in student loan debt, and applies to all HELP, VET Student Loan, Australian Apprenticeship Support Loan and other student support loan accounts.

This will provide significant relief to Australian students and workers with a student debt.

How will this work?

With effect from before 1 June 2025, the Government will apply a one-off 20% reduction on all student loan debts to take pressure off for more than 3 million Australians.

An individual with the average HELP balance of \$27,600 will see \$5,520 removed from their outstanding HELP loan.

The Australian Taxation office (ATO) will automatically apply the reduction before indexation is applied to outstanding HELP balances on 1 June 2025, which is the normal timing of annual indexation.

This change adds to changes to [increase the minimum repayment threshold](#) and make repayment arrangements fairer that were announced on 2 November 2024. These changes provide direct cost of living relief and mean that people only have to start making compulsory repayments on their debt when they can afford to do so.

As a result of both changes, outstanding loan balances will be reduced by 20% and repayment arrangements will become fairer, delivering a take-home pay benefit to over 1 million Australians.

Why is it important?

Over 3 million Australians will have less student debt to pay back. In combination with the other HELP measures, it will mean that there is less debt to pay, and more money in take-home pay packets.

This builds on the Government's [2024-2025 Budget initiative](#) to cap the HELP indexation rate as well as reducing the indexation applied in 2023 and 2024, which reduced student debt by \$3 billion.

Combined, these reforms will cut more than \$19 billion in student debt for more than 3 million Australians.

It also builds on the changes to [make repayment thresholds fairer](#), announced on 2 November 2024, which provide direct cost of living relief and means people only have to start making compulsory repayments on their debt when they can afford to do so.

Who will benefit?

Applying a one-off 20% reduction on all student loan debts will take pressure off more than 3 million Australians who have a student loan debt as at 1 June 2025.

This will apply to all HELP debts and other income contingent loan schemes including VET Student Loans (VSL), VET FEEHELP, 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 legislation will be introduced to apply the 20% reduction. The debt reduction will be applied by the ATO following the passage of legislation, and will be given effect from 1 June 2025.

