



### Student HELP changes – not proceeding

Party:

The Coalition

#### Summary of proposal:

The proposal is to not proceed with the 2024-25 Mid-year Economic and Fiscal Outlook (MYEFO) measure *Building Australia's Future – A Fairer Deal for Students*. The measure includes a 20% reduction in income contingent loans, such as HELP, as well as a marginal repayments system for those loans.

The proposal would be ongoing and start on 1 June 2025.

### Costing overview

The proposal would be expected to increase the fiscal balance by around \$15.1 billion, underlying cash balance by around \$1.7 billion and headline cash balance by around \$6.1 billion over the 2025-26 Budget forward estimates period (see Table 1).

The proposal would be expected to have an impact beyond the 2025-26 Budget forward estimates period. A breakdown of the financial implications over the period to 2035-36 is provided at Attachment A.

Consistent with [PBO Guidance 02/2015](#), public debt interest (PDI) expense impacts have been included in this costing because the concessional loans affected under this proposal involve financial asset transactions. The impact on gross debt will be broadly consistent with movements in the headline cash balance. The fiscal balance, underlying cash balance, and headline cash balance impacts differ in the treatment of interest payments and the flow of loan principal amounts. A note on the accounting treatment of concessional loans is included at Attachment B.

Due to the inclusion of PDI, the underlying cash balance impacts in Table 1 differ from how this measure is presented in MYEFO. Similarly, note that the line-item impacts reflect the costs to the Commonwealth based on the fair value (market value) of the debt, which are significantly different from the face value (nominal value) of the debt, due to loan concessionally and debt not expected to be repaid. For example, the fair value cost of the remission (approximately \$9 billion) is significantly lower than the face value of debt remitted (\$16 billion as reported in MYEFO).

The financial implications of this costing are uncertain beyond the forward estimates. Medium-term projections for income contingent education loans other than HELP have been estimated using the Department of Education HELP model, based on relative differences over the forward estimates. This estimate is sensitive to differences between loan types and trends beyond the forward estimates.

## Impact in 2024-25

Due to the 1 June 2025 start date, the debt waiver is accounted for in the 2024-25 financial year, which is a significant component of the financial impact of this proposal. Most of the tables and charts in the Election Commitments Report present financial impacts only from 2025-26 onwards, but Table 1 includes 2024-25 to show the impact in that year. The fiscal balance impact in 2024-25 primarily consists of the \$9 billion of fair value of HELP loans which would not be waived. While the tables in Attachment A do not contain the 2024-25 year, the total columns and PDI line item include impacts from 2024-25.

**Table 1: Student HELP changes – not proceeding – Financial implications (\$m)<sup>(a)(b)</sup>**

	2024-25	2025-26	2026-27	2027-28	2028-29	Total to 2028-29*
Fiscal balance	10,716.7	968.0	1,044.3	1,129.4	1,195.1	<b>15,053.5</b>
Underlying cash balance	187.8	288.3	338.2	409.1	497.0	<b>1,720.4</b>
Headline cash balance	697.8	1,108.3	1,268.2	1,419.1	1,637.0	<b>6,130.4</b>

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) PDI impacts are included in the totals.

\* Total includes impacts in 2024-25.

## Key assumptions

The Parliamentary Budget Office (PBO) has made the following assumptions in costing this proposal.

- Impacts for income contingent education loans other than HELP would be approximately equal to the difference between the impact for HELP and the total impact reported in MYEFO. The impact beyond the forward estimates would be approximately equal to the relative difference in the last year of the forward estimates.

## Methodology

- Medium-term projections of the measure's impact of HELP loans were sourced from the HELP model provided by the Department of Education.
- Medium-term impacts for other income contingent loans were estimated by uplifting the HELP loan line-item impacts by the relative scale of HELP loans to other income-contingent loans as per *Key assumptions*.
- Departmental costs were aggregated from data provided by the Department of Finance.

Financial implications were rounded consistent with the PBO's rounding rules.<sup>1</sup>

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<sup>1</sup> <https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules>

## Data sources

Commonwealth of Australia (2025) *Pre-election Economic and Fiscal Outlook 2025*, Commonwealth of Australia.

The Department of Education provided the Higher Education Loan Program model as at the 2024-25 MYEFO.

The Department of Finance provided the MYEFO measure movement summary as at the 2024-25 MYEFO.

## Attachment A – Student HELP changes – not proceeding – Financial implications

**Table A1: Student HELP changes – not proceeding – Fiscal balances (\$m)<sup>(a)</sup>**

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29*	Total to 2035-36*
<b>Non – tax revenue</b>													
<i>Indexation on loans</i>	396.0	337.0	312.0	312.0	294.0	274.0	252.0	230.0	209.0	188.0	169.0	1,731.0	3,347.0
<i>Unwinding concessional loan discount</i>	189.0	256.0	286.0	263.0	250.0	235.0	217.0	200.0	182.0	164.0	148.0	1,139.0	2,535.0
<b>Total – revenue</b>	<b>585.0</b>	<b>593.0</b>	<b>598.0</b>	<b>575.0</b>	<b>544.0</b>	<b>509.0</b>	<b>469.0</b>	<b>430.0</b>	<b>391.0</b>	<b>352.0</b>	<b>317.0</b>	<b>2,870.0</b>	<b>5,882.0</b>
<b>Expenses</b>													
<b>Administered</b>													
<i>Remissions<sup>(b)</sup></i>	-	-	-	-	-	-	-	-	-	-	-	9,110.0	9,110.0
<i>Concessional loan discount</i>	39.7	42.1	45.3	48.1	51.2	54.5	58.1	61.8	65.6	69.6	73.8	-85.8	348.8
<i>Other loan financing</i>	283.0	302.0	320.0	339.0	360.0	382.0	405.0	430.0	456.0	483.0	512.0	2,574.0	5,602.0
<b>Total – administered</b>	<b>322.7</b>	<b>344.1</b>	<b>365.3</b>	<b>387.1</b>	<b>411.2</b>	<b>436.5</b>	<b>463.1</b>	<b>491.8</b>	<b>521.6</b>	<b>552.6</b>	<b>585.8</b>	<b>11,598.2</b>	<b>15,060.8</b>
<b>Departmental</b>													
<i>Departmental resourcing</i>	5.3	0.2	0.1	-	-	-	-	-	-	-	-	8.8	8.8
<b>Total – departmental</b>	<b>5.3</b>	<b>0.2</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8.8</b>	<b>8.8</b>
<b>Total – expenses</b>	<b>328.0</b>	<b>344.3</b>	<b>365.4</b>	<b>387.1</b>	<b>411.2</b>	<b>436.5</b>	<b>463.1</b>	<b>491.8</b>	<b>521.6</b>	<b>552.6</b>	<b>585.8</b>	<b>11,607.0</b>	<b>15,069.6</b>
<b>Total (excluding PDI)</b>	<b>913.0</b>	<b>937.3</b>	<b>963.4</b>	<b>962.1</b>	<b>955.2</b>	<b>945.5</b>	<b>932.1</b>	<b>921.8</b>	<b>912.6</b>	<b>904.6</b>	<b>902.8</b>	<b>14,477.0</b>	<b>20,951.6</b>
<i>PDI impacts<sup>(c)</sup></i>	55.0	107.0	166.0	233.0	309.0	393.0	484.0	579.0	677.0	779.0	886.0	576.5	4,683.5
<b>Total (including PDI)</b>	<b>968.0</b>	<b>1,044.3</b>	<b>1,129.4</b>	<b>1,195.1</b>	<b>1,264.2</b>	<b>1,338.5</b>	<b>1,416.1</b>	<b>1,500.8</b>	<b>1,589.6</b>	<b>1,683.6</b>	<b>1,788.8</b>	<b>15,053.5</b>	<b>25,635.1</b>

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms.

(b) Remissions include a substantial impact in 2024-25. See *Costing overview* for details.

(c) Includes impact from 2024-25 – see Table 1 above.

\* Totals include impacts in 2024-25.

- Indicates nil.

**Table A2: Student HELP changes – not proceeding – Underlying cash balances (\$m)<sup>(a)</sup>**

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29*	Total to 2035-36*
<b>Non-tax receipts</b>													
<i>Interest receipts</i>	238.0	244.0	257.0	280.0	295.0	305.0	307.0	278.0	269.0	255.0	243.0	1,192.0	3,144.0
<b>Total – receipts</b>	<b>238.0</b>	<b>244.0</b>	<b>257.0</b>	<b>280.0</b>	<b>295.0</b>	<b>305.0</b>	<b>307.0</b>	<b>278.0</b>	<b>269.0</b>	<b>255.0</b>	<b>243.0</b>	<b>1,192.0</b>	<b>3,144.0</b>
<b>Payments</b>													
<b><i>Departmental</i></b>													
<i>Departmental resourcing</i>	5.3	0.2	0.1	-	-	-	-	-	-	-	-	8.8	8.8
<b>Total – payments</b>	<b>5.3</b>	<b>0.2</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8.8</b>	<b>8.8</b>
<b>Total (excluding PDI)</b>	<b>243.3</b>	<b>244.2</b>	<b>257.1</b>	<b>280.0</b>	<b>295.0</b>	<b>305.0</b>	<b>307.0</b>	<b>278.0</b>	<b>269.0</b>	<b>255.0</b>	<b>243.0</b>	<b>1,200.8</b>	<b>3,152.8</b>
<b><i>PDI impacts<sup>(b)</sup></i></b>	<b>45.0</b>	<b>94.0</b>	<b>152.0</b>	<b>217.0</b>	<b>290.0</b>	<b>372.0</b>	<b>461.0</b>	<b>555.0</b>	<b>652.0</b>	<b>754.0</b>	<b>860.0</b>	<b>519.6</b>	<b>4,463.6</b>
<b>Total (including PDI)</b>	<b>288.3</b>	<b>338.2</b>	<b>409.1</b>	<b>497.0</b>	<b>585.0</b>	<b>677.0</b>	<b>768.0</b>	<b>833.0</b>	<b>921.0</b>	<b>1,009.0</b>	<b>1,103.0</b>	<b>1,720.4</b>	<b>7,616.4</b>

(a) A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

(b) Includes impact from 2024-25 – see Table 1 above.

\* Totals include impacts in 2024-25.

- Indicates nil.

**Table A3: Student HELP changes – not proceeding – Headline cash balances (\$m)<sup>(a)</sup>**

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29*	Total to 2035-36*
<b>Non-tax receipts</b>													
<i>Interest receipts</i>	238.0	244.0	257.0	280.0	295.0	305.0	307.0	278.0	269.0	255.0	243.0	1,192.0	3,144.0
<i>Loan principal repayments</i>	820.0	930.0	1,010.0	1,140.0	1,240.0	1,310.0	1,350.0	1,310.0	1,310.0	1,300.0	1,300.0	4,410.0	13,530.0
<b>Total – receipts</b>	<b>1,058.0</b>	<b>1,174.0</b>	<b>1,267.0</b>	<b>1,420.0</b>	<b>1,535.0</b>	<b>1,615.0</b>	<b>1,657.0</b>	<b>1,588.0</b>	<b>1,579.0</b>	<b>1,555.0</b>	<b>1,543.0</b>	<b>5,602.0</b>	<b>16,674.0</b>
<b>Payments</b>													
<b>Departmental</b>													
<i>Departmental resourcing</i>	5.3	0.2	0.1	-	-	-	-	-	-	-	-	8.8	8.8
<b>Total – payments</b>	<b>5.3</b>	<b>0.2</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8.8</b>	<b>8.8</b>
<b>Total (excluding PDI)</b>	<b>1,063.3</b>	<b>1,174.2</b>	<b>1,267.1</b>	<b>1,420.0</b>	<b>1,535.0</b>	<b>1,615.0</b>	<b>1,657.0</b>	<b>1,588.0</b>	<b>1,579.0</b>	<b>1,555.0</b>	<b>1,543.0</b>	<b>5,610.8</b>	<b>16,682.8</b>
<i>PDI impacts<sup>(b)</sup></i>	45.0	94.0	152.0	217.0	290.0	372.0	461.0	555.0	652.0	754.0	860.0	519.6	4,463.6
<b>Total (including PDI)</b>	<b>1,108.3</b>	<b>1,268.2</b>	<b>1,419.1</b>	<b>1,637.0</b>	<b>1,825.0</b>	<b>1,987.0</b>	<b>2,118.0</b>	<b>2,143.0</b>	<b>2,231.0</b>	<b>2,309.0</b>	<b>2,403.0</b>	<b>6,130.4</b>	<b>21,146.4</b>

(a) A positive number for the headline cash balance indicates an increase in receipts or a decrease in payments or net capital investment in headline cash terms. A negative number for the headline cash balance indicates a decrease in receipts or an increase in payments or net capital investment in headline cash terms.

(b) Includes impact from 2024-25 – see Table 1 above.

\* Totals include impacts in 2024-25.

- Indicates nil.

## Attachment B – Accounting treatment of concessional loans

A concessional loan is a loan provided on more favourable terms than the borrower could obtain in the financial market. The most common concession is a below-market interest rate, but concessions can also include favourable repayment conditions. The income contingent loans available through the Higher Education Loan Program (HELP) are an example of concessional loans offered by the Commonwealth.

### Budget impact<sup>2</sup>

The accounting treatment of concessional loans differs across each budget aggregate. The underlying cash balance only captures actual flows of interest related to the loans (which include fees). The headline cash balance captures actual flows of principal as well as interest. The fiscal balance captures accrued interest, the value of the concession and any write-offs related to the loans. The interest cost of financing these loans is captured in all budget aggregates, and is separately identified by the PBO.<sup>3</sup> Table B1 provides information about the detail provided in a costing. The provision of concessional loans decreases the Australian Government's net worth if the liabilities issued (the value of Commonwealth Government Securities issued to finance the loans) are greater than the assets created (measured at their 'fair value' or price at which the loans could be sold).

### Treatment of debt not expected to be repaid (DNER)

All budget aggregates take into account estimates of the share of loans not expected to be repaid when calculating interest flows and estimating the value of the concession that is being provided. The fiscal balance captures change in loans not expected to be repaid through 'Other loan financing'. If a portion of loans are not expected to be repaid, estimates of the 'fair value' of the loans outstanding will be reduced. Such reductions, both when loans are issued and if loans are subsequently re-valued, are recorded in the budget under 'other economic flows' which are also reflected in net worth.

**Table B1: Components of concessional loan financial impacts in costing proposals**

Budget item	Appears in	Comments
Interest accrued or received	All budget aggregates	Captures the interest accrued or expected to be received on the debt. (The budget cannot include interest income on a debt that is not expected to be repaid.)
Concessional loan discount expense and unwinding revenue	Fiscal balance	The net present value of the concession (based on the difference between the market and concessional interest rates) is captured as an expense in the fiscal balance. As loans are repaid, the remaining value of the concession reduces, so this expense is 'unwound' with a positive impact on the fiscal balance. The concessional discount and its unwinding are not recognised in cash balances as there is no cash inflow or outflow.
Write-offs	Fiscal balance	Debt forgiveness, also known as mutually agreed write-downs (for example in the case of the death of the borrower of a HELP loan) are expensed when they occur, reducing the fiscal balance. These transactions do not affect the cash balances as no cash flows occur.  An assessment by the Government that a loan (apart from HELP loans) will not be fully repaid is an 'other economic flow', not included in the FB.
Initial loan; principal repayments	Headline cash balance	Higher estimates of loans not expected to be repaid lowers principal repayments. These transactions are not included in the fiscal balance or underlying cash balance as they involve the exchange of one financial asset (loan) for another (cash).
Public debt interest (PDI)	All budget aggregates	The PDI impact is the cost of the change in the government's borrowing requirements to fund the loans. The net headline cash balance impact excluding PDI is used to estimate the proposal's impact on PDI payments.

<sup>2</sup> The PBO's treatment of these loans is consistent with the Department of Finance costing guidelines.

<sup>3</sup> This is in accordance with *PBO Guidance 02/2015* and the Charter of Budget Honesty Policy Costing Guidelines which specify that costings of proposals that 'involve transactions of financial assets' need to take into account the impact on PDI payments.

**Table B2: Descriptions of Fiscal balance items**

Fiscal balance item	Description
Personal benefits	Personal benefits in HELP are the direct benefits to students who pay their fees up-front and get a discount. The discount is no longer applicable as of December 2022.
Remissions	Remissions occur when both parties agree to write-off an amount owed to the Australian Government. This item is mainly policy driven and consists of the mutually agreed write-downs of non-DNER debt for existing loans, such as policy measures related to debt waivers.
Concessional loan discount	The concessional component of a HELP loan represents the opportunity cost of providing the loan at a discounted rate and is referred to as the “loan discount”, which is recognised as an expense. The expense is the difference between the loan's nominal value at the concessional rate and fair value at the market rate.
Other loan financing	This item reports the proportion of debt that is not expected to be repaid (DNER) at the time of initial recognition. Other loan financing is primarily comprised of DNER due to death.
Indexation on loans	The fair value of HELP loans outstanding is subject to indexation which is recognised as interest income in the financial statements. The fair value of the HELP opening balance is based on actuarial assessment performed by the Australian Government Actuary (AGA).
Unwinding concessional discount	The concessional loan discount is initially recognised when new loans are advanced, and then subsequently written back over the lifetime of the loan as revenue, referred to as unwinding of the discount. The unwinding is calculated as the difference between potential interest income at market rates and actual interest accrued at the concessional rate.
Student loan fees	When enrolled in a full fee-paying university place, there is a 20% FEE-HELP loan fee applied to some undergraduate study, which is captured in this line item.
Other non-tax revenue	Other non-taxation revenue that is not reported elsewhere, calculated as the proportion of state contributions for DNER and deferral costs for state subsidised VET Student Loans (VSL) consisting of the upfront fees charged on new VSL loans. States and territories contribute 50% of loan expenses, which includes DNER and the concessional loan discount, generated by state-subsidised students using the VSL scheme or grandfathered VET FEE HELP.

**Table B3: Descriptions of Underlying cash balance (UCB) items**

UCB item	Description
Interest receipts	The proportion of HELP repayments that are classified as interest repayments.
Other non-tax receipts	The cash equivalent of other non-tax revenue – this includes the proportion of state contributions for DNER and deferral costs for state subsidised VET Student Loans (VSL) consisting of the upfront fees charged on new VSL loans.
Personal benefits	Personal benefits in HELP are the direct benefits to students who pay their fees up-front and get a discount. The discount is no longer applicable as of December 2022.

**Table B4: Descriptions of Headline cash balance (HCB) items**

HCB item	Description
Interest receipts	The proportion of HELP repayments that are classified as interest repayments.
Other non-tax receipts	The cash equivalent of other non-tax revenue – this includes the proportion of state contributions for DNER and deferral costs for state subsidised VET Student Loans (VSL) consisting of the upfront fees charged on new VSL loans.
Loan principal repayments	This line item captures only the principal component of repayments.
Personal benefits	Personal benefits in HELP are the direct benefits to students who pay their fees up-front and get a discount. The discount is no longer applicable as of December 2022.
Total loans	This item captures the total new loans issued each year across all HELP types.