



## Improving the sustainability of higher education

### New schedule of repayment thresholds and indexation arrangements for the Higher Education Loan Program (HELP)

#### ***What is the Australian Government doing?***

The Government is introducing new repayment thresholds and rates from 1 July 2018 to improve the sustainability of the Higher Education Loan Program (HELP).

Under the new system, the minimum HELP repayment threshold will be \$45,000 with a one per cent repayment rate on repayment income (or less than \$9 per week), while the second threshold will be \$51,957 with a two per cent repayment rate on repayment income. The new maximum threshold will be \$131,989 where the repayment rate will be 10 per cent.

From 1 July 2019, all HELP repayment thresholds will be indexed at consumer price index (CPI) instead of average weekly earnings.

The table below sets out the repayment rates and thresholds:

Repayment rates	New 2018-19 thresholds	Proposed new 2019 – 20 thresholds (derived through CPI indexation)
1.00%	\$45,000	\$45,900
2.00%	\$51,957	\$52,996
2.50%	\$55,074	\$56,176
3.00%	\$58,379	\$59,546
3.50%	\$61,882	\$63,119
4.00%	\$65,595	\$66,906
4.50%	\$69,530	\$70,921
5.00%	\$73,702	\$75,176
5.50%	\$78,124	\$79,687
6.00%	\$82,812	\$84,468
6.50%	\$87,780	\$89,536
7.00%	\$93,047	\$94,908
7.50%	\$98,630	\$100,602
8.00%	\$104,548	\$106,639
8.50%	\$110,821	\$113,037
9.00%	\$117,470	\$119,819
9.50%	\$124,518	\$127,008
10.00%	\$131,989	\$134,629

### ***Why is it important?***

HELP repayments have not kept pace with the HELP-lending-growth-rate. Taxpayer-funded student loans stand at more than \$50 billion, with around a quarter of new loans expected to go unpaid unless policy settings change.

These reforms are necessary to ensure Australia's generous, income-contingent loan system remains sustainable so future generations of Australians, regardless of their background or their financial means, can continue to access higher education without upfront fees.

The relatively low repayment rates will maintain the principle that graduates should repay their debts if and when they can afford to do so.

Indexing HELP repayment thresholds at CPI will maintain the value of the thresholds by increasing them in line with consumer prices rather than average wages. With average weekly earnings typically higher than CPI, this measure will slow the growth of repayment thresholds and ensure they remain appropriate when compared to an individual's capacity to repay.

### ***Who does this affect?***

This measure will affect all current and future HELP debtors.

### ***Need more information?***

- Providers can visit the [department's higher education reform page](#) for more information, where a range of provider-focussed [FAQs](#) are also available.
- Students can visit the [Study Assist](#) website for more information, where a range of student-focussed [FAQs](#) are also available.