

2022

The Parliament of the
Commonwealth of Australia

THE SENATE

Presented and read a first time

**Education and Other Legislation
Amendment (Abolishing Indexation and
Raising the Minimum Repayment
Income for Education and Training
Loans) Bill 2022**

No. , 2022

(Senator Faruqi)

**A Bill for an Act to amend the law relating to
higher education, vocational education and
training, social security and student assistance, and
for related purposes**

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1 **A Bill for an Act to amend the law relating to**
2 **higher education, vocational education and**
3 **training, social security and student assistance, and**
4 **for related purposes**

5 The Parliament of Australia enacts:

6 **1 Short title**

7 *This Act is the Education and Other Legislation Amendment*
8 *(Abolishing Indexation and Raising the Minimum Repayment*
9 *Income for Education and Training Loans) Act 2022.*

1 **2 Commencement**

2 (1) Each provision of this Act specified in column 1 of the table
3 commences, or is taken to have commenced, in accordance with
4 column 2 of the table. Any other statement in column 2 has effect
5 according to its terms.

6

Commencement information		
Column 1	Column 2	Column 3
Provisions	Commencement	Date/Details
1. The whole of this Act	The day after this Act receives the Royal Assent.	

7 Note: This table relates only to the provisions of this Act as originally
8 enacted. It will not be amended to deal with any later amendments of
9 this Act.

10 (2) Any information in column 3 of the table is not part of this Act.
11 Information may be inserted in this column, or information in it
12 may be edited, in any published version of this Act.

13 **3 Schedules**

14 Legislation that is specified in a Schedule to this Act is amended or
15 repealed as set out in the applicable items in the Schedule
16 concerned, and any other item in a Schedule to this Act has effect
17 according to its terms.

1 **Schedule 1—Abolishing indexation**

2 **Part 1—HELP debts**

3 *Higher Education Support Act 2003*

4 **1 Section 129-1**

5 Omit:

6 A very remote HELP debtor's accumulated debt, or the indexation
7 of that debt, may be reduced (see Division 142).

8 substitute:

9 A very remote HELP debtor's accumulated debt may be reduced
10 (see Division 142).

11 **2 Paragraph 140-1(2)(a)**

12 Repeal the paragraph.

13 **3 Subsection 140-5(1)**

14 Omit all the words before the method statement, substitute:

- 15 (1) A person's *former accumulated HELP debt*, in relation to the
16 person's *accumulated HELP debt for a financial year, is the
17 amount worked out using the following method statement.

18 **4 Subsection 140-5(1) (example)**

19 Repeal the example, substitute:

20 Example: Lorraine is studying part-time for a Degree of Bachelor of
21 Communications. On 1 June 2021, Lorraine had an accumulated
22 HELP debt of \$15,000. She incurred a HELP debt of \$1,500 on
23 31 March 2021. She made a voluntary repayment of \$525 on 1 May
24 2022. Lorraine lodged her 2020-21 income tax return and a
25 compulsory repayment amount of \$3,000 was assessed and notified on
26 her income tax notice of assessment on 3 September 2021.

Schedule 1 Abolishing indexation
Part 1 HELP debts

1 To work out Lorraine’s former accumulated HELP debt on 1 June
2 2022:

3 Step 1: Take the previous accumulated HELP debt of \$15,000 on 1 June
4 2021.

5 Step 2: Add the HELP debt of \$1,500 incurred on 31 March 2021.

6 Step 3: Subtract the \$525 voluntary repayment made on 1 May 2022.

7 Step 4: Subtract the \$3,000 compulsory repayment assessed on 3 September
8 2021.

9 Step 5: Does not apply because since 1 June 2021 Lorraine had no
10 amendments to any assessment.

11 Step 6: Does not apply because since 1 June 2021 Lorraine had no
12 amendments to any assessment.

13 Lorraine’s former accumulated HELP debt on 1 June 2022 is:

$$14 \left(\$15,000 + \$1,500 \right) - \left(\$525 + \$3,000 \right) = \$12,975$$

15 **5 Sections 140-10, 140-20 and 142-10**

16 Repeal the sections.

17 **6 Section 198-1 (notes 1 and 2)**

18 Repeal the notes, substitute:

19 Note: Guidelines may provide for amounts to be indexed using the method
20 of indexation set out in this Part.

21 **7 Section 206-1 (table item 2AA)**

22 Repeal the item.

23 **8 Subclause 1(1) of Schedule 1 (definition of *HELP debt***
24 ***indexation factor*)**

25 Repeal the definition.

26 **9 Application of amendments**

27 (1) The amendments of the *Higher Education Support Act 2003* made by
28 this Part apply in relation to the financial year starting on 1 July 2022
29 and each later financial year.

- 1 (2) Despite the repeal of section 142-10 of the *Higher Education Support*
2 *Act 2003* and item 2AA of the table in section 206-1 of that Act by this
3 Part, those provisions continue to apply on and after the commencement
4 of this Part in relation to the indexation of a person's accumulated
5 HELP debt for a financial year starting on or before 1 July 2021, as if
6 the repeals had not happened.

1 **Part 2—Student start-up loans and student financial**
2 **supplement scheme**

3 *Social Security Act 1991*

4 **10 Section 19AA (definition of *HELP debt indexation factor*)**

5 Repeal the definition.

6 **11 Section 1061ZVEA (paragraph (a) of the paragraph**
7 **beginning “In stage 1”)**

8 Omit the paragraph.

9 **12 Subsection 1061ZVEB(1)**

10 Omit all the words before the method statement, substitute:

11 (1) A person’s *former accumulated SSL debt*, in relation to the
12 person’s accumulated SSL debt for a financial year, is the amount
13 worked out using the following method statement.

14 **13 Subsection 1061ZX(4)**

15 Repeal the subsection.

16 **14 Subsection 1061ZX(6)**

17 Omit “indexed”.

18 **15 Section 1061ZZEP**

19 Repeal the section, substitute:

20 **1061ZZEP How to work out FS debt**

21 The FS debt is the amount outstanding under the contract at the
22 termination date.

23 **16 Subsection 1061ZZER(2) (formula)**

24 Repeal the formula, substitute:

Adjusted accumulated FS debt + Later FS debts

1

2 **17 Subsection 1061ZZER(3) (definition of *indexation factor*)**

2

3 Repeal the definition.

3

4 **18 Section 1061ZZET**

4

5 Repeal the section.

5

6 **19 Subsection 1061ZZEU(3)**

6

7 Omit “1061ZZET”, substitute “1061ZZES”.

7

8 **20 Application of amendments**

8

9 (1) The amendments of Chapter 2AA of the *Social Security Act 1991* made
10 by this Part apply in relation to the financial year starting on 1 July
11 2022 and each later financial year.

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12 (2) The amendments of Chapter 2B of the *Social Security Act 1991* made
13 by this Part apply in relation to working out a person’s FS debt or
14 accumulated FS debt at 1 June 2023 and each later 1 June.

12

13

14

1 **Part 3—ABSTUDY student start-up loans and**
2 **financial supplement for tertiary students**

3 *Student Assistance Act 1973*

4 **21 Section 3 (definitions of *HELP debt indexation factor* and**
5 ***indexation amount*)**

6 Repeal the definitions.

7 **22 Section 9A (paragraph (a) of the paragraph beginning “In**
8 **stage 1”)**

9 Omit the paragraph.

10 **23 Subsection 9B(1)**

11 Omit all the words before the method statement, substitute:

12 (1) A person’s *former ABSTUDY accumulated SSL debt*, in relation
13 to the person’s accumulated ABSTUDY SSL debt for a financial
14 year, is the amount worked out using the following method
15 statement.

16 **24 Subsection 12A(4)**

17 Repeal the subsection, substitute:

18 (4) The student is entitled, but not required, to make early repayments
19 above a certain amount in respect of the supplement during the
20 period of the contract. There is a discount, worked out under
21 subsection 12ZA(7) or (7A), for repayments made before the end
22 of that period.

23 **25 Subsection 12A(5)**

24 Omit “indexed”.

25 **26 Section 12W**

26 Omit “(including the amount attributable to indexation, which is
27 identified by section 12Y)”.

1 **27 Subsection 12X(3) (definition of *the amount outstanding*)**
2 **(formula)**

3 Repeal the formula, substitute:

4
$$\begin{array}{c} \text{previous} \\ \text{amount} \\ \text{outstanding} \end{array} \text{ minus } \left(\begin{array}{c} \text{actual} \\ \text{repayments} \\ \text{+ discounts} \end{array} \right)$$

5 **28 Subsection 12ZF(1)**

6 Repeal the subsection, substitute:

- 7 (1) If, at the end of the contract period in relation to a financial
8 supplement contract between a participating corporation and
9 another person, there was an amount outstanding under the
10 contract, the person incurs on 1 June immediately following the
11 end of that period a debt (*FS debt*) to the Commonwealth.

12 **29 Subsection 12ZF(3) (formula)**

13 Repeal the formula, substitute:

14
$$\text{adjusted accumulated FS debt} + \text{later FS debts}$$

15 **30 Subsection 12ZF(3) (definition of *indexation factor*)**

16 Repeal the definition.

17 **31 Subsection 12ZF(6), (7), (7A) and (7B)**

18 Repeal the subsections.

19 **32 Application of amendments**

- 20 (1) The amendments of Part 2 of the *Student Assistance Act 1973* made by
21 this Part apply in relation to the financial year starting on 1 July 2022
22 and each later financial year.
- 23 (2) The amendments of Part 4A of the *Student Assistance Act 1973* made
24 by this Part apply in relation to working out a person's FS debt or
25 accumulated FS debt at 1 June 2023 and each later 1 June.

1 **Part 4—Trade support loans**

2 *Trade Support Loans Act 2014*

3 **33 Section 5 (definition of *index number*)**

4 Omit “33”, substitute “99A”.

5 **34 Section 5 (definition of *TSL debt indexation factor*)**

6 Repeal the definition.

7 **35 Section 30 (paragraph (a) of the paragraph beginning “In**
8 **stage 1”)**

9 Omit the paragraph.

10 **36 Subsection 31(1)**

11 Omit all the words before the method statement, substitute:

12 (1) A person’s *former accumulated TSL debt*, in relation to the
13 person’s accumulated TSL debt for a financial year, is the amount
14 worked out using the following method statement.

15 **37 Sections 32, 33 and 34**

16 Repeal the sections.

17 **38 Subsection 99(5) (note)**

18 Repeal the note, substitute:

19 Note: See section 99A for the definition of *index number*.

20 **39 After section 99**

21 Insert:

22 **99A Index numbers**

23 (1) The *index number* for a quarter is the All Groups Consumer Price
24 Index number, being the weighted average of the 8 capital cities,
25 published by the Australian Statistician in respect of that quarter.

- 1 (2) Subject to subsection (3), if, at any time before or after the
2 commencement of this Act:
- 3 (a) the Australian Statistician has published or publishes an
4 index number in respect of a quarter; and
- 5 (b) that index number is in substitution for an index number
6 previously published by the Australian Statistician in respect
7 of that quarter;
- 8 disregard the publication of the later index number for the purposes
9 of this section.
- 10 (3) If, at any time before or after the commencement of this Act, the
11 Australian Statistician has changed or changes the index reference
12 period for the All Groups Consumer Price Index, then, in applying
13 this section after the change took place or takes place, have regard
14 only to index numbers published in terms of the new index
15 reference period.

16 **40 Application of amendments**

17 The amendments of the *Trade Support Loans Act 2014* made by this
18 Part apply in relation to the financial year starting on 1 July 2022 and
19 each later financial year.

1 **Part 5—VET student loans**

2 *VET Student Loans Act 2016*

3 **41 Section 23CA (paragraph (a) of the paragraph beginning**
4 **“In stage 1”)**

5 Omit the paragraph.

6 **42 Subsection 23CB(1)**

7 Omit all the words before the method statement, substitute:

- 8 (1) A person’s *former accumulated VETSL debt*, in relation to the
9 person’s accumulated VETSL debt for a financial year, is the
10 amount worked out using the following method statement.

11 **43 Subsection 23CB(1) (example)**

12 Repeal the example, substitute:

13 Example: Lorraine is studying part-time for a Diploma of Early Childhood
14 Education and Care. On 1 June 2021, Lorraine had an accumulated
15 VETSL debt of \$15,000. She incurred a VETSL debt of \$1,500 on
16 31 March 2021. She made a voluntary repayment of \$525 on 1 May
17 2022. Lorraine lodged her 2020-21 income tax return and a
18 compulsory VETSL repayment amount of \$3,000 was assessed and
19 notified on her income tax notice of assessment on 3 September 2021.

20 To work out Lorraine’s former accumulated VETSL debt on 1 June
21 2022:

- 22 Step 1: Take the previous accumulated VETSL debt of \$15,000 on 1 June
23 2021.
- 24 Step 2: Add the VETSL debt of \$1,500 incurred on 31 March 2021.
- 25 Step 3: Subtract the \$525 voluntary repayment made on 1 May 2022.
- 26 Step 4: Subtract the \$3,000 compulsory repayment assessed on 3 September
27 2021.
- 28 Step 5: Does not apply because since 1 June 2021 Lorraine had no
29 amendments to any assessment.
- 30 Step 6: Does not apply because since 1 June 2021 Lorraine had no
31 amendments to any assessment.

1 Lorraine's former accumulated VETSL debt on 1 June 2022 is:

$$\left(\$15,000 + \$1,500 \right) - \left(\$525 + \$3,000 \right) = \$12,975$$

2

3 **44 Application of amendments**

4 The amendments of the *VET Student Loans Act 2016* made by this Part
5 apply in relation to the financial year starting on 1 July 2022 and each
6 later financial year.

1 **Schedule 2—Raising minimum repayment**
2 **income and repayment amount**
3

4 ***Higher Education Support Act 2003***

5 **1 Section 154-10**

6 Repeal the section, substitute:

7 **154-10 Minimum repayment income**

8 The *minimum repayment income* for an *income year is the
9 *median wage.

10 Note: Median wage is defined in section 154-11.

11 **154-11 Meaning of *median wage***

12 (1) The *median wage* for an *income year is 52 times the amount set
13 out for the most recent month of August before the start of the
14 income year under the headings “Weekly earnings—Total” in a
15 document by the Australian Statistician entitled “Employee
16 earnings”.

17 (2) If at any time (whether before or after the commencement of this
18 section), the Australian Statistician publishes the amount referred
19 to in subsection (1):

20 (a) under differently described headings (the *new headings*); or

21 (b) in a document entitled otherwise than as described above in
22 subsection (1) (the *new document*);

23 then the median wage is to be calculated in accordance with
24 subsection (1) as if the references to:

25 (c) “Weekly earnings—Total”; or

26 (d) “Employee earnings”;

27 were references to the new headings and/or the new document, as
28 the case requires.

29 (3) If:

- 1 (a) the Australian Statistician published the amount (the *later*
2 *amount*) referred to in subsection (1) for a month of August;
3 and
4 (b) the later amount is published in substitution for such an
5 amount for that month that was previously published by the
6 Australian Statistician or that was applicable because of
7 subsection (7);
8 the publication of the later amount is to be disregarded for the
9 purposes of this Act.

10 *Determination of amount by Minister*

- 11 (4) If the Australian Statistician has not published the amount referred
12 to in subsection (1) for a month of August before the end of the
13 first 31 March after that month of August, the Minister may, by
14 legislative instrument, determine an amount for that month of
15 August.
16 (5) In determining an amount for a month of August under
17 subsection (4), the Minister must make a genuine attempt to
18 determine the amount accurately, taking into account all relevant
19 evidence available to the Minister.
20 (6) If the Minister determines an amount for a month of August under
21 subsection (4), the Minister must, as soon as practicable, cause to
22 be published, on the Department's website, a statement of reasons
23 explaining the basis on which the Minister determined the amount.
24 (7) If the Minister determines an amount for a month of August under
25 subsection (4), the amount referred to in subsection (1) for that
26 month is taken to be the amount determined in the instrument
27 under subsection (4) for that month.

28 Note: The median wage for the first income year to start after that month of
29 August will be 52 times the amount that is taken to be the amount
30 referred to in subsection (1) for the month.

31 **2 Section 154-20 (table)**

32 Repeal the table, substitute:
33

Schedule 2 Raising minimum repayment income and repayment amount

Applicable percentages		
Item	If the person's repayment income is:	The percentage applicable is:
1	\$3,000 or less above the *median wage	1%
2	More than \$3,000, but less than or equal to \$6,000, above the *median wage.	2%
3	More than \$6,000, but less than or equal to \$9,000, above the *median wage.	2.5%
4	More than \$9,000, but less than or equal to \$13,000, above the *median wage.	3%
5	More than \$13,000, but less than or equal to \$17,000, above the *median wage.	3.5%
6	More than \$17,000, but less than or equal to \$21,000, above the *median wage.	4%
7	More than \$21,000, but less than or equal to \$26,000, above the *median wage.	4.5%
8	More than \$26,000, but less than or equal to \$31,000, above the *median wage.	5%
9	More than \$31,000, but less than or equal to \$36,000, above the *median wage.	5.5%
10	More than \$36,000, but less than or equal to \$43,000, above the *median wage.	6%
11	More than \$43,000, but less than or equal to \$49,000, above the *median wage.	6.5%
12	More than \$49,000, but less than or equal to \$54,000, above the *median wage.	7%
13	More than \$54,000, but less than or equal to \$62,000, above the *median wage.	7.5%
14	More than \$62,000, but less than or equal to \$70,000, above the *median wage.	8%
15	More than \$70,000 above the *median wage.	10%

1

3 Section 154-25

2

Repeal the section.

1 **4 Paragraph 154-30(b)**

2 Repeal the paragraph, substitute:

3 (b) the amounts referred to in the second column of items 1 to 15
4 in the table in section 154-20;

5 **5 Subclause 1(1) of Schedule 1**

6 Insert:

7 *median wage* has the meaning given by subsection 154-11(1).

8 ***Social Security Act 1991***

9 **6 Subsection 19AB(2) (definition of *minimum repayment***
10 ***income*)**

11 Repeal the definition, substitute:

12 *minimum repayment income* has the same meaning as in the
13 *Higher Education Support Act 2003*.

14 **7 Section 1061ZZFB**

15 Repeal the section.

16 ***Student Assistance Act 1973***

17 **8 Subsection 3(1) (definition of *minimum repayment income*)**

18 Repeal the definition, substitute:

19 *minimum repayment income* has the same meaning as in the
20 *Higher Education Support Act 2003*.

21 **9 Section 12ZLA**

22 Repeal the section.

23 **10 Application of amendments**

24 The amendments made by this Schedule apply in relation to the
25 2023-24 income year and later income years.