Australian Government
Australian Government Actuary

Telephone: s 22
E-mail: aga@aga.gov.au

1 September 2026

s 22
s 22
HELP Policy
Higher Education Division
Australian Government Department of Education
PO Box 9880
Canberra ACT 2601

Dear s 22

ESTIMATED HELP RECEIVABLES FOR 2025-26 FINANCIAL STATEMENT

I am writing to notify the Department of Education (Education) of the completion by AGA of work relating to the roll-forward of the 2025 HELP model results to estimate the receivables that can be recorded on Education's financial statements for 2025-26.

We undertake an annual update of the HELP model. The details of the latest model are described in the most current HELP Model Results Report and the HELP Model Methodology Paper. In this letter, I have only presented the estimated receivables for financial statement purposes.

This advice supersedes my letter dated 21 August 2026. The updates concern the modelling results for new debts incurred in 2025-26. We have corrected a misalignment issue between income and repayment thresholds, which reduced the impairments on new debts and increased the receivable estimate as at 30 June 2026. Although certain other numbers in the Accounting Disclosure Table have also changed slightly, they are much less material and are a result of intricate interactions between tables.

This letter describes the roll-forward approach for calculating the receivables for HELP and the relevant reconciliation and sensitivity checks. Numerous tables are included for the HELP results to show the key drivers of the receivables as well as to demonstrate reconciliation between ATO certificates, last year's model results and this year's model results as at 30 June 2025 and 30 June 2026. The tables were also used to sense check the results.

Like last year, we have prepared separate advice on the VET Student Loans (VSL) and VET FEE-HELP (VFH) receivables for the Department of Employment and Workplace Relations (DEWR). Therefore,

the post-19 VSL component is not present in this advice. The pre-19 VSL and the VFH components, however, are retained in this advice as they are included in total HELP debts.

There were two significant policy changes this year, concerning a 20% reduction of loan balances and a shift to a marginal repayment system. The 20% reduction applied to all outstanding student debts as at 1 June 2025, before the annual 1 June indexation. After legislation was passed midway through 2025, the retrospective debt reductions (including indexation reversals) were mostly processed by the ATO in November and December 2025. Our model attributes these transactions to their effective date of 1 June 2025. The roll-forward process this year, which would have normally relied on the transactions that occurred during 2025-26 as shown in the ATO certificates, was adjusted to avoid double counting of these transactions. The marginal repayments policy change which commenced on 1 July 2025 also involves lifting the minimum repayment threshold by more than ordinary indexation from around $54,000 in 2024/25 to $67,000 in 2025/26 and linking future threshold indexation to AWE rather than CPI.

Summary of Results

Overall, the estimate of the fair value of the HELP receivable is $42,922.651m as at 30 June 2026, displayed in Table 10: Accounting Disclosures Table. Compared to 30 June 2025, the HELP receivable reduced by $11,332.090m. In particular, the non-VET component of the HELP receivable which is more relevant to Education reduced by $10,178.831m. Note that we have compared the results to the 2025 receivable advice as shown in my letter dated 20 August 2025. This overall reduction in the receivable was primarily driven by the policy changes legislated in August; the 20% reduction of loan balances (as at 1 June 2025) and the shift to a marginal repayment system with a higher minimum repayment income.

The yields on Commonwealth bonds in June 2026 followed a different shape compared to 12 months prior. Since 30 June 2025, the yield curve has shifted up and the shape of the yield curve has flattened at earlier maturities. The equivalent single discount rate increased from 4.34% per annum to 4.95% per annum. This reduced the HELP receivable by $1,856.464m. The yield curve impact is shown in Table 7 and Table 10.

When the yield curve impact is excluded, the HELP receivable on a 5% discount rate basis decreased by $9,011.988m since last year (i.e. the difference between the closing balance of Table 7 and the opening balance of Table 3). The figures calculated on the long-term constant discount rate basis provide a better guide to understanding the effect of changes in underlying repayment characteristics of HELP debts and the impacts of changes in the modelling approach and policy environment.

Debt not expected to be repaid (DNER) for HELP debts as at 30 June 2026 decreased by $958.297m compared to the equivalent figure last year. This result was driven by the 20% debt reduction which decreased DNER, partially offset by the shift to marginal repayments and updated data, as shown in Table 4. New debts during the year also provided an offsetting effect, as shown in Table 6. More information on DNER results is provided in the 2025 HELP Model Results Report.

DNER as a percentage of new debt at 30 June 2026 is estimated as 13.68% for HELP debts, an increase of 1.74% from last year. This was largely due to the new marginal repayment system, which generates lower compulsory repayments than under the previous repayment system and therefore a greater proportion of debt remaining unpaid. As always, we caution the reliance on DNER measures for any purpose other than calculating the value of the receivable.

The HELP debt deferral adjustment on the 2025 yield curve basis as a percentage of new debt is 12.14%, compared to the equivalent figure of 13.89% last year (2024 yield curve). It is driven by the 20% debt reduction which brings forward repayment on new debt, alongside a lower yield curve (from 2024 to 2025), partially offset by the shift to marginal repayments which spread future repayments over a longer period. These impairments are shown in Table 13, followed by further discussions.

While the above results are used in the roll-forward process, more details, including the impairments based on the 2026 yield curve, will be provided in a separate advice.

Similarly, although the final accounting disclosure table (Table 10) shows the VET split of the HELP result, more details of the basis of the VET split will be provided in a separate advice.

Like last year, we have also included the results of four sensitivity tests in this advice. The results are shown in Table 14 (Attachment Two).

Throughout this letter, totals may not add exactly due to rounding. Note also that while some figures are quoted to the nearest $1,000, this level of accuracy is not warranted given the uncertainties involved in the modelling process.

Background

For financial reporting purposes, Education is required to record the HELP receivable at fair value. That is, taking account of DNER due to the income contingent nature of the program and the deferral adjustment, which is the result of indexing outstanding debt in line with movements in the lower of WPI/CPI rather than the valuation discount rate.

In order to reach an estimate of the fair value, a projection of future repayments against the debt which is estimated to be outstanding as at 30 June 2026 (i.e. the balance date) is performed. Note that because of delays in data transfer between educational institutions, Education and the ATO, primarily in relation to Semester 1 debt for 2026, the outstanding debt at the balance date will not be known with certainty. Similar to previous years, we relied on Education's data for this component. Education estimated around 2% of debts incurred but not yet reported by 30 June 2026 relate to pre- 1 July 2025 academic years. Although this figure is smaller than last year (i.e. 4%), it is mainly due to a higher amount estimated to be debts incurred in the latest year but not yet reported by the balance date. We note that last year's estimate was consistent with the latest ATO data.

The AGA HELP model generates simulated incomes at the individual level over a 45-year period for all those with an outstanding debt one year prior to the balance date. These incomes can then be used to calculate future repayments against the debt outstanding one year prior to the balance date (i.e. 30 June 2025 for the current report). The estimated future repayments are shown in our 2025 HELP Model Results Report.

Principles for the Estimation of the Receivable

Several principles regarding the estimation of the receivable have been adopted over time dealing with the timing of accounting for repayments, treatment of policy changes and the appropriate discounting basis. These are discussed in turn below.

Accounting for repayments

The AGA model is based on ATO transaction data. This data accounts for compulsory repayments at the time they are credited against outstanding debt following the lodgement of a tax return, and we do the same in our model. In practice, employers are required to deduct PAYG contributions for the salaries of employees with a HELP debt. These amounts are known as PAYG receipts and are effectively an estimate of what are expected to become the actual compulsory payments credited against the outstanding debt in the following year. According to the relevant accounting standard as advised by the ANAO, in order to be consistent with the methodology which the ATO uses to report on receipts, PAYG receipts over the year immediately preceding the balance date (i.e. 2025-26) should be treated as past payments.

This methodology effectively brings forward compulsory payments by a year and this in turn has two partially offsetting impacts on the estimated fair value of the receivable. Firstly, the amount due is reduced by the tax receipts which are estimated to have been collected in the year before the reporting date but not yet credited against individual debts (i.e. 2025-26 income year). Secondly, the remaining projected compulsory payments are considered to be one year closer to payment and hence discounted by one year less. This second impact has the effect of increasing the value of the receivable. The net effect is a decrease in the value of the receivable. This is shown in Table 2.

Note that this method does not consider potential compulsory repayments from future lodgement of tax returns related to financial years prior to the year before the reporting date (i.e. 2025-26). There is insufficient data to reliably measure the magnitude of these extra repayments, and they should be relatively immaterial. Under the Accounting basis described above, these PAYGs would be treated as past payments.

Treatment of policy changes and current legislation

This year, the most significant policy changes are the 20% reduction of loan balances as at 1 June 2025 (before indexation) and the shift to a marginal repayment system and higher minimum repayment income from 1 July 2025.

Prior to the shift to the marginal repayment system, repayment thresholds were indexed with the annual growth in CPI. Under the new policy, threshold indexation aligns with wage growth. Specifically, it is calculated as the ratio between AWE in the current indexation year and AWE in the prior indexation year. Furthermore, the 2025-26 repayment thresholds were increased by 3.77% and resulted in the following repayment thresholds for 2026-27.

Repayment Income	Repayment Rate
$0 - $69,528	Nil
$69,529 - $129,717	15c for each $1 over $69,528
$129,718 - $186,050	$9,028 plus 17c for each $1 over $129,717
$186,051 and over	10% of total repayment income

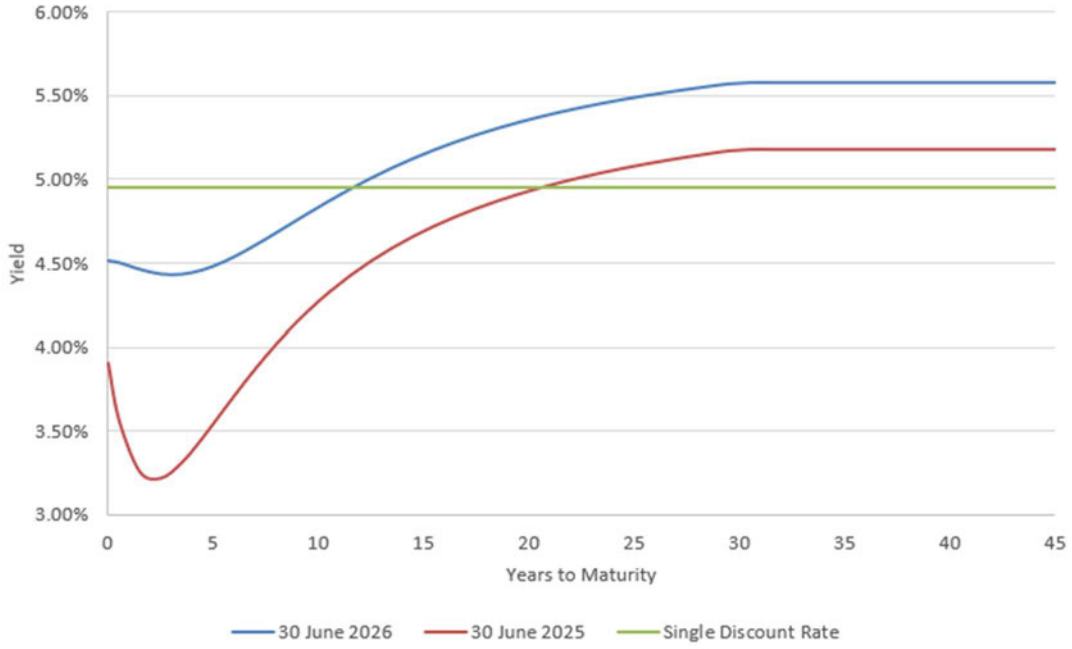
Discounting

We have used the yield curve derived from Commonwealth securities on issue as at the balance date for discounting future cashflows. We use a single valuation discount rate for converting future projected repayments into a present or fair value. The single discount rate is intended to simulate the outcome of using a yield curve, while reducing the complexity associated with a yield curve. At the same time, we have also relied on Education's estimates of likely new debt issued up to 30 June 2026.

The single discount rate adopted last year was 4.338% per annum for HELP. For this year's exercise, we have used the full details of the 30 June 2026 yield curve and represented it for disclosure purposes by reference to an equivalent single discount rate of 4.949% per annum for HELP. The mean term for HELP debt decreased from 7.20 to 6.88. The 20% debt reduction is the primary driver, as lower debt balances reduce the tail end of repayments and place downward pressure on the mean term. However, it is partially offset by the shift to marginal repayments which spread future repayments over a longer period. More details of the impact of the policy changes are provided in the 2025 HELP Model Results Report.

Figure 1 compares the 30 June 2026 yield curve with the single discount rate derived of 4.949%, as well as the 30 June 2025 yield curve. The yields on Commonwealth bonds in June 2026 had a different shape to 12 months prior. Broadly, the yield curve has shifted upwards at all durations, and the shape of the yield curve has flattened at shorter durations. This has contributed to the higher single discount rate used in this years' advice.

Figure 1: 30 June 2026 Yield Curve compared to associated single discount rate and 30 June 2025 Yield Curve



I note that the timing of HELP repayments is very uncertain, perhaps more so than the eventual level of debt that will remain unpaid. The use of a yield curve (including an associated single discount rate) means that the reported impact of any changes in the assumed timing in repayments can be magnified or obscured by changes in the shape of the yield curve.

As a result, considerable care should be taken in interpreting the results calculated using the yield curve (including an associated single discount rate) when attempting to understand the underlying dynamics of the HELP receivable. In my view, the figures calculated on the long-term constant discount rate basis provide a better guide to understanding the effect of changes in underlying repayment characteristics of HELP debts and the impacts of changes in the modelling approach and policy environment.

In providing results under a constant discount rate basis, we have retained the approach adopted last year of a 5% per annum discount rate, which is the rate used for the valuation of a number of long term cashflow items on the Commonwealth balance sheet including superannuation and military compensation liabilities.

Deferral Adjustment

There are three adjustments made to the face value of the HELP debt provided by the ATO in order to calculate a fair value of the receivable under the accounting basis. The first two are the DNER and the adjustment for PAYG receipts as discussed above. The final adjustment is the deferral adjustment. This adjustment allows for the fact that the debt is only indexed in line with the lower of WPI/CPI rather than the various yields associated with the yield curve (represented by a single equivalent interest rate)

which is normally higher. Where a payment is made at a future date, the net impact of the indexation of the associated debt and the subsequent discounting of the payment to the present day, gives effect to a deferral adjustment.

Where fair value results are based on long term discount rates, the deferral adjustment reflects the 2.5 percentage point differential between the 5% per annum long term discount rate and the assumed long-term debt indexation rate of 2.5% per annum (noting that there are short term variations). Where the fair value is based on the relevant yield curve and its associated single discount rate (see Figure 1), a smaller difference between the 2.5% per annum indexation rate applies, resulting in a correspondingly reduced deferral adjustment. In some circumstances, such as in 2019, 2020 and also in 2021, where the yield curve and associated single discount rate was below the assumed indexation rate, the deferral adjustment actually increased the value of the receivable in present value terms i.e. an enhancement rather than an impairment. This reversed from 2022 onwards, with the higher yield curve returning the deferral adjustment to a reduction in the receivable.

Throughout this advice, the deferral adjustment is quantified as an additional impairment that is applied against the projected future repayments.

Estimated and Provisional Data

This advice has been provided based on information set out in the final ATO HELP Certificate as at 30 June 2026 provided by Education, along with the estimated new debts incurred for 2025-26 provided by Education that allowed for the delay in reporting after 30 June 2026.

Results of the 2025 HELP Model

The output of the HELP model is a projection of future repayment cashflows which allows the DNER and deferral adjustment to be calculated for HELP debts. These amounts are deducted from the nominal value of debt to give the present value of repayments.

Table 1 shows the derivation of the fair value of the HELP receivable as at 30 June 2025 using the AGA method of accounting for repayments when they are credited against an individual's debt. Note that throughout this letter, totals may not add exactly due to rounding. Note also that while some figures are quoted to the nearest $1,000, this level of accuracy is not warranted given the uncertainties involved in the modelling process.

Table 1: Fair Value of the HELP Receivable at 30 June 2025

		5% Discount Rate ($m)	2025 Yield Curve ($m)
	Outstanding Debt as at 30 June 2025	**66,187.8**	**66,187.8**
less	*Nominal value of further VET FEE-HELP debt excluded (not in certificate)*	*10.2*	*10.2*
gives	**Nominal Value of Debt considered to have repayment prospects**	**66,177.5**	**66,177.5**
less	*Nominal Value of Debt Not Expected to be Repaid (DNER)*	*13,557.7*	*13,557.7*
gives	**Real Value of Repayments**	**52,619.9**	**52,619.9**
less	*Deferral Adjustment*	*8,848.1*	*6,859.9*
gives	**Discounted Repayments (Fair Value of Outstanding Debt)**	**43,771.8**	**45,760.0**

Note these figures have been updated since the 2025 HELP Model Results Report to allow for further potential re-credits since 30 June 2025 under the VET FEE-HELP Student Redress Measures (the Measures). Although the Measures closed on 31 December 2023, the extension of the Secretary Initiated Actions (SIAs) and outstanding student complaints have resulted in further re-credits.

Based on Education's latest advice, we have maintained our estimate of the ultimate total re-credits from last year of $3.84b and so have made an allowance for a further $8.7m of potential re-credits, based on a total of $3.8b re-credits processed by the ATO as at 31 December 2025 as shown in the granular ATO data. Counting from 30 June 2025, however, the amount of estimated potential re-credits is $10.2m as shown in Table 1.

The figures in Table 1 can then be adjusted to meet accounting requirements by taking account of PAYG receipts as shown in Table 2. This table distinguishes between the discounting impact of the basis adjustment and the reversal of the fair value of future re-credits. While the exclusion of the first year's PAYG reduces future cashflows, bringing forward all future PAYG receipts by one year increases the present value. This is shown by the difference between the two discounting impact elements. This approach essentially resets the starting position for this year's receivable by applying the results from this year's model and adjusts to the accounting basis. These figures then become the opening position for Table 7, and ultimately flow through to Table 10.

Table 2: Derivation of the Accounting Value of the HELP Receivable at 30 June 2025

		5% Discount Rate ($m)	2025 Yield Curve ($m)
	Discounted Repayments from AGA's latest model (rescaled)	**43,771.8**	**45,760.0**
plus	*Reversal of re-scaling**	*65.4*	*68.4*
gives	**Discounted Repayments (AGA basis)**	**43,837.2**	**45,828.4**
plus	*Discounting impact*	*21,831.1*	*19,839.9*
gives	**Undiscounted Repayments (AGA basis)**	**65,668.3**	**65,668.3**
less	*Real value of compulsory repayments in 2025-26 (for 2024-25 income year)*	*5,042.7*	*5,042.7*
gives	**Undiscounted Repayments (accounting standard)**	**60,625.6**	**60,625.6**
less	*Discounting impact*	*20,169.8*	*18,330.0*
gives	**Discounted Repayments (accounting standard)**	**40,455.9**	**42,295.6**

*This item reverses the re-scaling performed in Table 1.

Table 3 reconciles the outcomes under the two discount rate assumptions with the values we estimated in 2025 based on the 2024 model.

Table 3: Reconciliation of Fair Value of HELP estimates at 30 June 2025

		5% Discount Rate ($m)	2025 Yield Curve ($m)
	Estimate of Fair Value of Debt as at 30 June 2025 (based on 2024 model)	**51,779.5**	**54,254.7**
plus	*Difference in anticipated new debt in semester 1, 2025 and prior years*[1]	*-59.1*	*-62.3*
plus	*Difference in expected compulsory repayments relative to model estimate of 2024-25 PAYG receipts (including interest)*	*-112.7*	*-112.4*
gives	**Revised Estimate of Fair Value of Debt as at 30 June 2025 (based on 2024 model)**	**51,607.7**	**54,080.1**
plus	*Effect of HELP model changes for 2025 – 20% write off*	*-9,646.2*	*-10,137.7*
plus	*Effect of HELP model changes for 2025 - Updated data*[2]	*571.1*	*527.1*

plus	*Effect of HELP model changes for 2025 – Shift to marginal repayments*	*-2,655.6*	*-2,792.8*
plus	*Effect of HELP model changes for 2025 - Updated economic parameters*	*436.4*	*470.7*
plus	*Effect of HELP model changes for 2025 – Lifting 25/26 voluntary repayments*	*43.6*	*38.8*
plus	*Effect of HELP model changes for 2025 - Methodology changes*	*23.1*	*20.8*
plus	*Reversing future re-credits allowed for in 2025 receivable (based on 2024 model)*	*75.8*	*88.5*
gives	**Estimate of Fair Value of Debt as at 30 June 2025 (based on 2025 model)**	**40,455.9**	**42,295.6**

[1] This is the net difference in new debt after applying the impairment ratio which adjusts for DNER and the deferral adjustment.

[2] This excludes the two data change items separately identified in the table, namely the difference in anticipated new debt and the difference in expected PAYG. Higher new debt increases the opening receivable whereas higher PAYG reduces the opening receivable.

The impact of the 2025 model reflects a combination of updated data, changes in economic assumptions, and methodology changes. This year, the one-off impacts of the 20% debt reduction and the shift to marginal repayments have been separately identified and presented as distinct line items. Each of these elements has changed the value of the receivable by varying amounts. The following explains the impact of each element on the receivable at the long-term discount rate.

The largest impact to the receivable is caused by the 20% debt reduction, followed by the shift to marginal repayments. Note that these impacts were quantified by comparing the original and revaluation receivable advice from last year. The 20% debt reduction reduced debt balances pre-1 June 2025 indexation and lowered future compulsory repayments, causing a $9,646.2m reduction to the receivable. The new marginal repayment system generates lower compulsory repayments relative to the previous repayment system, causing a $2,655.6m reduction to the receivable.

The next largest impact relates to the other routine data changes, which include an additional year of debt incurred, income, and repayment experience. These changes increased the receivable by $571.1m, compared to $1bn last year (excluding retrospective WPI/CPI credits). Since the approach for isolating the impact of the two policy changes does not consider the effects of updated data, this item which acts as a balancing item inevitably contains some impact of these policy changes that cannot be disentangled. Therefore, the split of the effect of the model changes should be considered in the context of such limitations.

Updated economic assumptions increased the receivable by $436.4m and was largely driven by lower repayment threshold growth rate assumptions. Cumulatively, the threshold indexation rate assumption

to 2029-30 was 3.1 percentage points lower than the threshold indexation rates calculated using last years' AWE projections. Lower threshold indexation brings forward compulsory repayments, thus increasing the receivable.

Lastly, methodology changes increased by the receivable by $23m. This item is significantly smaller than last years' equivalent figure of $768m, reflecting that there were no methodology changes of the same magnitude as last year's expansion of the model to incorporate field of education. Further details regarding this year's methodology changes are discussed in the 2025 HELP Model Results Report.

The above tables show the revised fair value of debt as at 30 June 2025 to be used as a starting position for rolling forward this year's receivable. Table 4 shows the revised closing outstanding debt balance and DNER as at 30 June 2025 based on the 2025 model. They are then used for rolling forward DNER to 30 June 2026 in Table 6. The impact of the retrospective 20% debt reduction and the shift to marginal repayments are again captured in separate line items.

Table 4: Revised Closing Balance as at 30 June 2025

	Outstanding Debt ($m)	DNER ($m)
Closing balance reported as at 30 June 2025	**82,798.8**	**16,039.7**
Difference in estimated new debt incurred	*-98.6*	*-11.8*
Removal of VFH debtors from model in excess of allowance at 30 June 2025	*0.0*	0.0
Effect of HELP model changes for 2025 – 20% write off	*-16,498.0*	*-5,899.6*
Effect of HELP model changes for 2025 - Updated data		*1,264.3*
Effect of HELP model changes for 2025 – Shift to marginal repayments		*2,448.1*
Effect of HELP model changes for 2025 - Updated economic parameters		*-284.7*
Effect of HELP model changes for 2025 – Lifting 25/26 voluntary repayments		*-26.5*
Effect of HELP model changes for 2025 - Methodology changes		*33.1*
Revised closing balance at 30 June 2025 using latest data	**66,202.2**	**13,562.7**

Although a decrease in DNER typically corresponds to a higher receivable, the retrospective 20% write off resulted in a decrease to both the receivable and DNER as at 30 June 2025. This is because the write-off permanently reduced debt balances, lowering both expected future repayments recognised in the receivable and the amount of debt expected to remain unpaid. The 2025 HELP Model Results Report discusses the impact on DNER in detail.

Conversely, the other data changes resulted in an increase to both the receivable and DNER. However, as previously discussed, it inevitably includes some impact of the two policy changes. Therefore, care should be taken not to draw broad conclusions from this finding.

The change in repayment arrangements, including the shift to marginal repayments, increase in the minimum repayment income threshold, and indexing repayment thresholds to AWE (instead of CPI) combined to increase the DNER. This is because the changes defer compulsory repayments by increasing the income level at which individuals are required to start making repayments and lowering the amount of compulsory repayments that individuals are required to make. This pushes more debtors into the retirement phase at which time they stop making repayments, leading to a loss of aggregate repayments.

Roll Forward Results from Previous 30 June

In order to roll forward the 2025 model results to the balance date, a range of additional information is required, specifically:

- ATO aggregate data on new debt incurred, indexation, write-offs, repayments, adjustments and remissions over the 2025-26 financial year, taken from the final June 2026 HELP certificate provided by the ATO (via Education). In theory, the new debt incurred includes almost all of the debt for semester 2 of 2025 and most of the debt for semester 1 of 2026;
- an estimate of debt incurred during semester 1 of 2026 and prior that was not included in the June 2026 HELP certificate;
- an estimate of PAYG receipts over the 2025-26 financial year provided by Education;
- the published repayment thresholds for 2026-27, which is checked against the assumptions used in the model; and
- the published indexation rate of 2.8%, which applied to outstanding HELP debt as at 1 June 2026.

There are then three elements to the calculation:

- the estimation of the outstanding debt as at 30 June 2026 before allowance for PAYG receipts;
- the roll forward of the DNER from 30 June 2025 to 30 June 2026; and

- the estimation of the fair value of the receivable at 30 June 2026 on both the yield curve (represented by a single discount rate) and 5% p.a. discount rate basis.

Outstanding Debt as at 30 June 2026

Table 5: Outstanding Debt as at 30 June 2026

	HELP ($m)
Outstanding debt from the ATO June 2026 statement	**69,230.939**
Education estimate of debt incurred in semester 1 2026 and prior years but yet to be reported by ATO in 2025-26	1,004.145
Outstanding debt as at 30 June 2026	**70,235.084**

Estimated HELP Results as at 30 June 2026

Calculation of DNER for HELP debts as at 30 June 2026

Table 6 shows the calculation of the DNER for HELP debts as at 30 June 2026 working forward from the revised balance as at 30 June 2025 (as shown in Table 3).

It is important to recognise that the DNER percentage calculated below relates to the outstanding debt as at 30 June 2026, and any attempt to compare this value with values based on outstanding debt in prior years should be taken with care. This is especially the case after major policy changes.

The DNER percentage at any time is a function of the following:

- the age of the relative tranches of debt, noting that the DNER of a certain pool of debt can be expected to increase over time due to the mathematical out-workings of an increasing proportion of non-recoverable debt relative to the reducing outstanding balance of a debt (referred to as “debt creep”,
- the weightings of debt in the relative tranches, including the amount of new debt entering the system each year relative to debt being repaid each year,
- the weighting of the debt between VET and non-VET debts (which exhibit significantly different repayment prospects),

- the assumptions incorporated into the AGA model each year, which reflect updated experience and modifications to previous assumptions, and
- the prevailing legislative environment.

Discussions around the calculation of DNER, changes in this value over time and different bases for measuring DNER are set out in more detail in our latest HELP Model Methodology Paper and HELP Model Results Report.

Table 6: Estimated DNER for HELP Debts at 30 June 2026

	Outstanding Debt ($m)	DNER ($m)
Revised closing balance at 30 June 2025 using latest data[1]	**66,202.156**	**13,562.701**
Actual compulsory repayments in 2025-26	*-4,970.885*	
Voluntary repayments in 2025-26	*-1,201.869*	
Bonus on voluntary repayments in 2025-26	*0.000*	
Bonus reductions for selected courses	*0.000*	*0.000*
Write-offs in 2025-26	*-0.266*	*-0.266*
Remissions and waivers in 2025-26	*-0.053*	*-0.053*
New Debt	*8,490.110*	*1,139.319*
Actual indexation applied at 1 June 2026	*1,690.744*	*379.747*
ATO adjustments[2]	*25.148*	
Closing balance as at 30 June 2026	**70,235.084**	**15,081.447**

[1] This is the closing balance of Table 4.

[2] Most of the adjustments from the June 2026 ATO Certificate were already included in the closing balance of Table 3 which is used as the opening balance in Table 6. Therefore, they have been removed to avoid double counting.

Based on these results, DNER represents 21.5% of the estimated outstanding debt as at 30 June 2026.

Estimate of fair value of HELP receivable as at 30 June 2026

The estimate of the fair value of the HELP receivable as at 30 June 2026 is derived from the fair value adjusted for the accounting standard as at 30 June 2025. When calculating results based on the 2026 yield curve, while the cash transactions are the same, the other items are no longer based on the long-term interest rate. Specifically, the impairment ratio applied to the new debt and the calculation of

interest are both based on the 2025 yield curve (represented by a single discount rate of 4.34% per annum). The impact of the change from the 2025 to the 2026 yield curve on the overall value is also shown.

I have shown the calculation at the long-term interest rate separately from that using the yield curve in Table 7. The split of the fair value adjustment on new debt is shown in Table 12 (long term discount rate) and Table 13 (yield curve).

Table 7: Estimate of Fair Value at 30 June 2026

	Long-term Discount Rate ($m)	Yield Curve ($m)
Opening balance at fair value (revised balance as at 30 June 2025)[1]	**40,455.862**	**42,295.613**
Education's estimated 2025-26 PAYG receipts on opening balance	*-4,020.739*	*-4,020.739*
Actual voluntary repayments in 2025-26	*-1,201.869*	*-1,201.869*
New debt incurred in 2025-26	*8,490.110*	*8,490.110*
Estimated 2025-26 PAYG receipts on new debt	*-162.336*	*-162.336*
Fair value adjustment on new debt - DNER	*-1,139.319*	*-1,139.319*
Fair value adjustment on new debt - deferral adjustment	*-1,352.587*	*-1,010.912*
Difference between AGA and Education estimate of 2025-26 PAYG receipts	*-184.781*	*-184.781*
Interest at 5% per annum and interest at 4.338% per annum	*1,885.248*	*1,715.414*
Actuarial gains[2]	*0.000*	*0.000*
Closing balance at fair value (as at 30 June 2026)	**42,769.589**	**44,781.182**
Movement from 2025 yield curve to 2026 yield curve		-1,856.464
Impact of further VET re-credits (model adjustment)	*-2.056*	*-2.067*
Adjusted Closing balance as at 30 June 2026	**42,767.533**	**42,922.651**

[1] This is the closing balance of Table 3.

[2] This item is zero this year because the actual indexation of 2.8% was used in the HELP model.

For reporting purposes, we have been requested to determine the proportion of future repayments that are attributable to interest on the outstanding debt balance.

Table 8: Interest Proportion of Future Repayments

	2026	2025
Interest proportion of future repayments	**22.1%**	**22.2%**

The proportion in relation to the fair value as at 30 June 2026 is 22.1%, a slight decrease from the equivalent figure reported last year. While the policy changes generally increased the interest component due to the deferral of repayments under the marginal repayments system, this was more than offset by lower threshold indexations (from lower AWE) and higher short-term voluntary repayments, both of which brought forward repayments, reducing the interest portion.

Table 9 provides a reconciliation between the outstanding debt and the estimated fair value as at the balance date. The only difference between the two discount rate bases is the deferral adjustment.

Table 9: Reconciliation between Outstanding HELP Debt and Fair Value

		5.0% Discount Rate ($m)	2026 Yield Curve ($m)
	ATO certified amount of outstanding debt as at 30 June 2026	**69,230.939**	**69,230.939**
plus	*Estimated debt incurred in semester 1 of 2026 and prior years to be reported in 2026-27*	*1,004.145*	*1,004.145*
gives	**Outstanding debt as at 30 June 2026**	**70,235.084**	**70,235.084**
less	*Estimated 2025-26 PAYG receipts*	*-4,367.856*	*-4,367.856*
gives	**Nominal value of outstanding debt after PAYG**	**65,867.228**	**65,867.228**
less	*Modelled Real value of debt not expected to be repaid (DNER)*	*-15,081.447*	*-15,081.447*
gives	**Real value of debt expected to be repaid**	**50,785.781**	**50,785.781**
less	*Deferral adjustment*	*-8,018.248*	*-7,863.130*
gives	**Closing balance at fair value**	**42,767.533**	**42,922.651**

The following table is in a format which I understand you use for inclusion in financial statement disclosures. The VET and non-VET split of HELP debts (i.e. the HELP column) are shown in the last two columns and further details are provided in a separate advice.

Table 10: Accounting Disclosures Table

		HELP Split	
	HELP ($m)	VET ($m)	Non-VET ($m)
Opening Balance as at 1 July 2025	**54,254.741**	**2,935.385**	**51,319.356**
20% write off adjustment	*-10,137.669*	*-516.389*	*-9,621.280*
Shift to marginal repayments	*-2,792.765*	*-287.029*	*-2,505.736*
Revised Opening Balance as at 1 July 2025 (write off and marginal repayments)	**41,324.308**	**2,131.967**	**39,192.340**
Adjustment for restated VET split	*0.000*	*-209.358*	*209.358*
Higher than estimated semester 1 2025 new debt	*-62.266*	*0.000*	*-62.266*
Higher than expected PAYG repayments	*-112.352*	*-5.819*	*-106.533*
Model adjustment / Data update	*1,145.923*	*141.690*	*1,004.233*
Revised Opening Balance as at 1 July 2025	**42,295.613**	**2,058.480**	**40,237.133**
Education's estimated 2025-26 PAYG receipts on opening balance	*-4,020.739*	*-196.640*	*-3,824.099*
Actual voluntary repayments in 2025-26	*-1,201.869*	*-56.498*	*-1,145.371*
New debt incurred in 2025-26	*8,490.110*	*0.000*	*8,490.110*
Estimated 2025-26 PAYG receipts on new debt	*-162.336*	*0.000*	*-162.336*
Fair value adjustment on new debt – DNER	*-1,139.319*	*0.000*	*-1,139.319*
Fair value adjustment on new debt - deferral adjustment	*-1,010.912*	*0.000*	*-1,010.912*
Difference between AGA and Education estimate of PAYG 2025-26 receipts	*-184.781*	*-8.686*	*-176.094*
Unwind discount - indexation component	*1,107.129*	*54.011*	*1,053.118*
Unwind discount - net discount component	*608.285*	*29.675*	*578.610*
Actuarial gains	*0.000*	*0.000*	*0.000*
Movement in yield curve from 2025 to 2026	*-1,856.464*	*-96.149*	*-1,760.315*
Closing Balance as at 30 June 2026	**42,924.718**	**1,784.193**	**41,140.525**
Impact of further VET re-credits	*-2.067*	*-2.067*	*0.000*
Adjusted Closing Balance as at 30 June 2026	**42,922.651**	**1,782.126**	**41,140.525**

As requested by Education, the amount of discount unwound in 2025-26 has been notionally split between an indexation component and a net discount component, based on the most recent debt indexation rate as a proportion of the previous 30 June's single discount rate. Note that this split has not been applied to the other tables.

This year, because the indexation rate on 1 June 2026 (i.e. 2.8%) was lower than the single discount rate based on the 2025 yield curve (i.e. 4.34%), the indexation component is lower than the total discount unwound. It is calculated at $1,107.129m, being 64.5% (i.e. 2.8% divided by 4.34%) of the total discount unwound.

Also included below is a split of the fair value of the receivables into a current value (representing the face value of expected repayments in the coming year) and a non-current value (representing the remainder of the fair value).

Table 11: Current and Non-current Split ($m)

	HELP ($m)
Current Asset	5,137.008
Non-current Asset	37,785.643
Total	**42,922.651**

Sensitivity Analysis

We have calculated the fair value of the HELP receivable for four alternative scenarios shown below. They are for illustration purposes. Different sensitivity analyses on long term economic assumptions were carried out for the 2025 HELP Model Results Report.

A. 1% higher CPI for the first four years

B. 1% lower wage growth for the first four years

C. 1% higher CPI and 1% higher wage growth for all future years

D. 1% higher CPI and 1% lower wage growth for all future years

Note the wage growth scenario simultaneously adjusts both WPI and AWE, and debt indexation rates are adjusted to align with the lower of CPI and WPI. For simplicity, we have assumed that the proportional impact of alternative economic assumptions on the fair value as at 30 June 2025 on the AGA basis can be applied to the revised fair value as at 30 June 2025 on the accounting basis. The results at 30 June 2026 are shown below. The rationale for each result is discussed. The movement in

results since last year are largely attributable to the change in threshold indexation from CPI to AWE. Detailed results of these sensitivity tests on the fair value as at 30 June 2026 are shown in **Table 14**.

Scenario	Relative Change	Rationale
A	+2%	Higher short-term CPI increases the amount of debt to be repaid through debt indexation (although limited by WPI/CPI) and voluntary repayments. The increase in the receivable is larger than last year (+1%) because thresholds are no longer indexed with CPI. As a result, higher CPI no longer causes slower movement into higher repayment rates, removing the offset which existed under previous threshold indexation arrangements.
B	-2%	Lower short-term wage growth defers repayment and reduces the debt indexation rates for 2026/27 and 2027/28. The reduction in the receivable is smaller than last year (-3%), since thresholds are now indexed with AWE. Under last year's arrangements, this scenario would have resulted in no change to repayment thresholds. This year, however, this scenario reduces repayment thresholds through AWE, partially offsetting the impact of lower debtor incomes.
C	+9%	Higher CPI and WPI increase both short- and long-term debt indexation, and consequently, the receivable. Higher wage growth also increases compulsory repayments, although this is partially offset by higher indexation of repayment thresholds. The increase in the receivable is only slightly higher than last year's figure (+8%) since this scenario has very similar impacts on the repayment thresholds regardless of whether they are indexed to CPI or AWE.

D	-2%	Lower wage growth reduces short-term debt indexation under the WPI/CPI rule hence the receivable. However, long-term debt indexation is still higher than the base scenario due to higher CPI, which increases the receivable. The reduction in the receivable is much smaller than last year (-8%), again because threshold indexation is now linked to AWE. Under last year's arrangements, this scenario would have resulted in higher repayment thresholds due to the increase in CPI, further reducing the receivable. In contract, this scenario now reduces repayment thresholds through AWE, providing a partial offset to the impact of lower debtor incomes.

Comment on Results

On a 5% per annum discount rate basis, the closing balance of the HELP receivable is approximately $9,012 billion lower than the estimate of the receivable provided in 2025. This result was driven by the retrospective 20% debt reduction and the shift to a marginal repayment system, but was offset by the inclusion of a further year of income and repayment data, updated economic assumptions, the various model improvements described in the 2025 HELP Model Results Report, and the inclusion of new debts.

Legislation

Last year the Government passed legislative changes to reduce debt balances by 20%, effective 1 June 2025 before the annual 1 June indexation, and to shift to a marginal repayment system with revised repayment thresholds and indexations. Other significant changes in recent history includes the WPI/CPI policy, which capped debt indexation at the lower of CPI or WPI to ensure indexation never rose faster than wages in the future.

Like last year, the impact of the Jobs Ready Graduate (JRG) package on the DNER of new debt is implicitly incorporated into the results by incorporating field of education data in income projection modelling.

Yield Curve

Since 30 June 2025, the yield curve has broadly shifted upwards at both short and long durations, with a flatter profile at shorter maturities. The increase in the single discount rate of 4.34% to the current rate of 4.95% has contributed to a decrease in the HELP receivable. The yield curve impact is shown in Table 7 and Table 10.

VET Split

Since 28 May 2019, the administration of the VET sector has been transferred from the Department of Education to the Department of Employment (Employment), back again into the Department of Education, Skills and Employment (DESE) and currently to the Department of Employment and Workplace Relations (DEWR). To recognise this, a full split of the total HELP receivable into HELP-only related repayments and VET repayments is required. The results of the split between the two debt types are shown in Table 10. The details will be the subject of a separate advice.

Final Comments

The calculation of the fair value is not straight-forward. To provide reassurance on the accuracy of the calculation, the fair value estimate as at 30 June 2026 has been derived multiple ways as shown in Table 7, Table 9 and Table 10. It has been reconciled with the fair value as at 30 June 2025 as well as the outstanding balance as reported on the 30 June 2026 ATO certificate.

As always, I would emphasise the uncertainty associated with estimates based on projecting incomes up to 45 years into the future. The higher debts that are now being incurred mean that repayments span an increasingly longer period and the results are therefore more sensitive to income projections further into the future, which are inherently subject to greater uncertainty. The volatility in voluntary repayments in recent years has also materially increased uncertainty. The margin of error around the results is therefore substantial. Nonetheless, I consider that the value of the receivable reported here falls within the range of reasonable estimates.

This year's substantial reduction in the receivable also demonstrates the significant impact that policy changes can have on the value of the receivable. It also makes the results less comparable to previous years.

Please feel free to contact us if you have any questions relating to this advice.

Yours sincerely

s 22

s 22
Australian Government Actuary

Attachment One

An explanation of the various items in Table 7 is provided below.

1. Estimated split of 2025-26 PAYG between opening balance and new debt

It is possible to estimate the proportion of compulsory repayments that relate to debt in existence a year before the balance date and the residual that relates to new debt incurred during the year. Based on the 2025 model, about 4% of compulsory repayments in 2025-26 were expected to be in respect of new debt, with the remaining 96% of repayments relating to debt in existence at 1 July 2025. These percentages have been applied to the Education estimate of PAYG receipts for 2025-26 of $4,183.08m.

2. Voluntary repayments

Voluntary repayments for 2025-26 are taken from the ATO Certificate as at 30 June 2026.

3. New debt incurred in 2025-26

The new debt estimate has been provided by Education (including the first semester of 2026 debt that was still to be reported).

4. Fair value adjustment on new debt

The adjustment for the fair value has been determined by comparing the present value of all estimated repayments projected by the 2025 model against the face value of the debt incurred in 2024-25. These estimates have been applied to the figures we have been advised for new debt incurred in 2025-26. This resulted in an overall fair value adjustment of -29.92% for HELP debt, under the 5% p.a. discount rate basis.

The split between the components of the adjustment is shown in the two tables below. The amount of new debt the adjustments relate to is also provided.

Table 12: Split of Fair Value Adjustment on New Debt (5% Discount Rate)

	5% Discount Rate
Estimated new debt in 2025-26 ($m)	8,327.773
Real value of DNER ($m)	1,139.319
DNER as a % of new debt	13.68%
Deferral adjustment ($m)	1,352.587
Deferral adjustment as a % of new debt	16.24%
Fair value adjustment on new debt	2,491.906
Total impairment percentage	29.92%

Table 13: Split of Fair Value Adjustment on New Debt (2025 Yield Curve, $m)

	HELP
Estimated new debt in 2025-26 ($m)	8,327.773
Real value of DNER ($m)	1,139.319
DNER as a % of new debt	13.68%
Deferral adjustment ($m)	1,010.912
Deferral adjustment as a % of new debt	12.14%
Fair value adjustment on new debt ($m)	2,150.230
Total impairment percentage	25.82%

Of note in the tables above is the increase in the level of DNER for new debt since last year. This year, the increase is driven by the shift to marginal repayments which generates lower repayments relative to the old repayment system, pushing more debtors into the retirement phase. This is partially offset by the impact of lower existing debt after the 20% debt reduction, which is repaid before new debt.

Under both the 5% p.a. discount rate and the 2025 yield curve basis, the deferral adjustment has slightly decreased since last year. This is largely due to the 20% debt reduction which lowered existing debt balances, brought repayments forward, and reduced the tail end of repayments through lower balances. This reduced the weight average term of repayment, hence the cost of discounting. The new marginal repayment system provided a slight offset by extending repayments further into the future.

As always, we caution the reliance on DNER and deferral adjustment measures for any purpose other than calculating the value of the receivable.

5. Difference between AGA and Education estimates of PAYG receipts

Although our practice is to recognise the estimate of PAYG receipts generated by our model, for disclosure purposes we have continued the practice of showing the difference between the estimate provided by Education and the estimate generated by the model as an explicit item in the roll forward. By including this adjustment, we are increasing the value of the receivable by the difference and ensuring that the resulting estimate corresponds to the present value of projected repayments after 30 June 2026.

6. Interest

In moving forward from the estimated fair value of the HELP receivable as at 30 June 2025 to the 30 June 2026 estimate, the discount rate used to derive the present value of repayments needs to be

unwound to reflect the fact that projected payments are one year closer to being received. Hence, the interest rate used in deriving the opening balance is applied to bring the estimate up to 2026 dollars. Cashflows occurring during the year are assumed to be spread evenly over the year and accordingly six months interest is assumed on voluntary repayments and PAYG receipts (including the AGA adjustment mentioned above).

7. Actuarial gains/losses

The latest AGA model used the actual rate of indexation applied to outstanding debt on 1 June 2026 (i.e. 2.8%). Thus, there is no actuarial gains/losses which would have arisen from the difference between actual and assumption.

8. Impact of further VET recredits

This year, our estimate of ultimate total re-credits remains unchanged from last year's estimate of $3.84bn. This is based on Education's latest advice. Consequently, we have made an allowance for a further $8.7m potential re-credits, based on a total of $3.8bn re-credits processed by ATO as at 31 December 2025 as shown in the granular ATO data used in the 2025 HELP model. This adjustment includes the actual re-credits data provided by DEWR for July to December 2025.

9. Interest capital split on total debt

For reporting purposes, we have been requested to determine the proportion of future repayments that are attributable to interest on the outstanding debt balance. The proportion in relation to the fair value as at 30 June 2025 is 22.1%. It is calculated as 1 minus the real value of future repayments as a proportion of the nominal value of future repayments after rolling forward the results from June 2025 (AGA basis) to June 2026 (Accounting basis).

Australian Government
Australian Government Actuary

Attachment Two

The results of the sensitivity analysis for HELP debts are shown below. Note that for simplicity, several items including the fair value adjustment on new debt were not re-calculated under alternative scenarios. This year, the impact of the two policy changes was also not re-calculated. The impact is therefore captured by the "Model adjustment / Data Update" line item. The underlying assumptions are shown in the Sensitivity Analysis section.

Table 14: Alternative Accounting Disclosure Table (Sensitivity Analysis for HELP)

	HELP ($m)				
	Baseline	A	B	C	D
Opening Balance as at 1 July 2025	**54,254.741**	**54,254.741**	**54,254.741**	**54,254.741**	**54,254.741**
20% write off adjustment	*-10,137.669*	*-10,137.669*	*-10,137.669*	*-10,137.669*	*-10,137.669*
Shift to marginal repayments	*-2,792.765*	*-2,792.765*	*-2,792.765*	*-2,792.765*	*-2,792.765*
Revised Opening Balance as at 1 July 2025 (write off and marginal repayments)	**41,324.308**	**41,324.308**	**41,324.308**	**41,324.308**	**41,324.308**
Adjustment for restated VET split	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*
Higher than estimated semester 1 2025 new debt	*-62.266*	*-62.266*	*-62.266*	*-62.266*	*-62.266*
Higher than expected PAYG repayments	*-112.352*	*-112.352*	*-112.352*	*-112.352*	*-112.352*
Model adjustment / Data update	*1,145.923*	*1,791.260*	*352.074*	*4,777.259*	*280.949*
Revised Opening Balance as at 1 July 2025	**42,295.613**	**42,940.950**	**41,501.764**	**45,926.949**	**41,430.638**
Estimate 2025-26 PAYG receipts on opening balance	*-4,020.739*	*-4,020.739*	*-4,020.739*	*-4,020.739*	*-4,020.739*
Actual voluntary repayments in 2025-26	*-1,201.869*	*-1,201.869*	*-1,201.869*	*-1,201.869*	*-1,201.869*
New debt incurred in 2025-26	*8,490.110*	*8,490.110*	*8,490.110*	*8,490.110*	*8,490.110*
Estimated 2025-26 PAYG receipts on new debt	*-162.336*	*-162.336*	*-162.336*	*-162.336*	*-162.336*
Fair value adjustment on new debt - DNER	*-1,139.319*	*-1,139.319*	*-1,139.319*	*-1,139.319*	*-1,139.319*
Fair value adjustment on new debt - deferral adjustment	*-1,010.912*	*-1,010.912*	*-1,010.912*	*-1,010.912*	*-1,010.912*
Difference between AGA and Education estimate of PAYG 2025-26 receipts	*-184.781*	*-184.781*	*-184.781*	*-184.781*	*-184.781*
Unwind the discount	*1,715.414*	*1,715.414*	*1,715.414*	*1,715.414*	*1,715.414*

Actuarial gains	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*
Movement in yield curve from 2025 to 2026	*-1,856.464*	*-1,856.464*	*-1,856.464*	*-1,856.464*	*-1,856.464*
Closing Balance as at 30 June 2026	**42,924.718**	**43,570.055**	**42,130.868**	**46,556.053**	**42,059.743**
Impact of further VET re-credits	*-2.067*	*-2.067*	*-2.067*	*-2.067*	*-2.067*
Adjusted Closing Balance as at 30 June 2026	**42,922.651**	**43,567.988**	**42,128.802**	**46,553.987**	**42,057.677**