



National Australia Bank Limited

ABN 12 004 044 937

395 Bourke St

Melbourne VIC 3000

20 March 2025

General Manager, Policy
Australian Prudential Regulation Authority
Level 12, 1 Martin Place
Sydney, NSW 2000

By email to: PolicyDevelopment@apra.gov.au

Dear Sir/Madam,

Submission on the proposed amendments to the treatment of HECS/HELP debts

National Australia Bank (**NAB**) appreciates the opportunity to contribute to APRA's consultation on proposed changes to the treatment of Higher Education Loan Program (**HELP**) debt. As a member of the Australian Banking Association, NAB has also contributed to and is supportive of its submission.

In our September 2024 submission to the Senate Standing Committee on Economics' Inquiry into Australia's financial regulatory framework and home ownership, we welcomed the opportunity to work with Government and regulators to consider the impact of HELP debt and explore alternative approaches to treating this debt. We welcome February's announcement from Government and subsequent action from regulators regarding this.

Removal of HELP debt from debt-to-income (DTI) reporting

NAB supports APRA's proposed amendment to *Reporting Standard ARS 223.0 Residential Mortgage Lending* to remove HELP repayments from being treated as debt for reporting purposes.

Treatment of HELP debt in serviceability assessments

NAB has reviewed APRA's proposed amendments to *Prudential Practice Guide APG 223 Residential Mortgage Lending* and notes the proposed flexibility for ADIs to take into account the individual circumstances of a borrower and the nature of their HELP debts. Notwithstanding, in these amendments, Paragraph 54 provides 'within 12 months' as an example period of a borrower expected to pay off their HELP debt in the 'near term'. However, NAB believes that providing a prescriptive example ('12 months as the 'near term' period of a borrower expected to pay off their HELP debt) ultimately removes the flexibility to consider the individual circumstances.

As such, NAB proposes to remove the 'near term' example from the guidance document.

NAB thanks APRA for the opportunity to provide feedback as part of this consultation process and would be pleased to discuss any aspect of NAB's intended approach further.

Sincerely,

[Redacted signature]