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Lower Medicine Costs and HECS Relief Lead Parliament as Tax Talks Intensify

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Australia's Parliament is prioritising key cost-of-living measures focused on reducing prescription medicine prices and cutting student loan debt, as broader economic pressures continue to mount. These reforms are designed to deliver immediate financial relief to millions of Australians, though questions remain about their long-term fiscal impact.

From January 2026, the government will lower the maximum co-payment for prescription medicines under the Pharmaceutical Benefits Scheme to $25 for non-concession cardholders. This reduction is expected to benefit the majority of PBS users and deliver significant savings. The measure is part of a broader healthcare package that includes funding for new subsidised treatments targeting conditions such as endometriosis and mental health.

In higher education, a 20 per cent reduction in student debt will be automatically applied to all eligible loans held as of June 1, 2025. This change is expected to affect around three million Australians, providing average savings of approximately $5,500 per person. The government has also raised the minimum income threshold for loan repayments, allowing more graduates to delay repayments until they reach a higher income level.

While both measures have been welcomed as timely responses to cost-of-living concerns, critics argue they offer only temporary relief. The student debt cut, for example, does not address rising tuition fees or structural problems in the higher education system. Similarly, the reduced medicine costs provide short-term benefits but do not tackle broader healthcare affordability.

The government faces increasing pressure to manage these commitments alongside broader tax reform. Proposals to raise revenue through adjustments to capital gains tax or superannuation settings have already sparked political debate. As fiscal constraints grow, the challenge will be balancing immediate relief with long-term economic sustainability.