

The Treasury

Budget 2012 Information Release

Release Document

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Tertiary Education Report: Tertiary Education Budget decisions: Financial implications

Date:	24 April 2012	Priority:	High
Security Level:	Budget Secret	METIS No:	666574

Action Sought

Addressee	Actions sought	Deadline
Minister of Finance	Approve the final changes to appropriations from Cabinet's 23 April decisions on Tertiary Education and Student Support Budget packages. Agree to the financial implications being included in 2012/13 Estimates.	26 April 2012
Minister for Tertiary Education, Skills and Employment		
Enclosure: No		Round Robin: Yes

Contact for Telephone Discussion (if required)

Name	Position	Telephone	1 st Contact
Julie Keenan	Senior Policy Manager	[3]	
[3]			

The following departments/agencies have seen this report:

Other:

- DoL IR MoE MED MoH MSI MSD
 NZQA NZTE OAG Stats TEC TPK Treasury

Minister's Office to Complete:

- Approved Declined
 Noted Needs change
 Seen Overtaken by Events
 See Minister's Notes Withdrawn

Comments:

24 April 2012

Tertiary Education Report: Tertiary Education Budget decisions: Financial implications

Executive summary

This report seeks your approval of the remaining appropriation changes to give effect to Cabinet's Budget decisions on Tertiary Education and Student Support. It includes financial implications to be included in the 2012/13 Estimates.

On 23 April 2012, Cabinet delegated authority to you to finalise these implications and approve appropriation changes (CAB Min (12) 13/5 refers).

The financial implications in this paper reflect the impacts advised to Cabinet. The exception is a small change (approximately \$1m over four years to operating and debt impacts) to the initiative to broaden the definition of income used to calculate student loan repayments. This reflects an error in timing of impacts, which we picked up during the final checks on appropriation changes. As a result the impact of the student support package is:

- \$516.594m operating savings over five years (was \$517.545m)
- \$386.230 reduction in debt impact over five years (was \$387.375m).

We seek your urgent approval of these financial implications and appropriation changes by 26 April 2012, in order to meet the deadlines required for Budget 2012.

Recommended actions

We recommend that the Minister of Finance and the Minister for Tertiary Education, Skills and Employment:

- a. **note** that Cabinet has delegated authority to you to finalise the financial implications and approve the necessary appropriation changes to give effect to its 23 April 2012 decisions regarding the Tertiary Education and Student Support Budget packages (CAB Min (12) 13/5 refers)
- b. **note** that you have also been authorised to jointly approve any technical adjustments to baselines necessary to remove any errors or inconsistencies identified while finalising the 2011/12 Supplementary Estimates, the 2012/13 Estimates and the fiscal forecasts (CAB Min (12) 13/5 refers)
- c. **note** that, with regards to student support, Cabinet has agreed to policy for the following initiatives but has not yet considered any financial recommendations:
 - i. increase the student loan repayment rate to 12 cents in the dollar from 1 April 2013
 - ii. remove student allowance eligibility for postgraduate students (excluding honours students) and remove student allowance exemptions for Long Programmes, any particular case or class of case, and courses in the national interest from 1 January 2013
 - iii. introduce a borrowing limit of 2.0 EFTS per loan account to apply for study starting on or after 1 January 2013
 - iv. broaden the definition of income for student loan repayments from 1 April 2014
 - v. implement a new information matching agreement between the New Zealand Customs Service and Inland Revenue for borrowers in serious default (note this initiative has no financial implications)
 - vi. repeal the voluntary repayment bonus from 1 April 2013
 - vii. apply the decision to maintain the student allowance parental income threshold without CPI adjustment until 31 March 2016
- d. **note** that an adjustment to the financial impacts for the initiative to broaden the definition of income has been made to correct an error we identified during final checks
- e. **note** that Cabinet agreed to financial recommendations to all tertiary education initiatives except for an increase to the Performance-based Research Fund for which Treasury had an alternative recommendation, and its impacts in Vote Tertiary Education now require your approval
- f. **note** that the following initiatives from the tertiary education budget package have impacts in Vote Revenue and Vote Social Development that require your approval:
 - i. provide funding to allow for Annual Maximum Fee Movements of 4% in 2014/15 and 2015/16

- ii. a \$35,000 per EFTS limit for the compulsory fees component of student loan borrowing for study for pilot training commencing on or after 1 January 2013
- iii. provide an additional 3,000 free places in the Youth Guarantee over the next four years

g. **approve** the changes to appropriations and/or projected balances of net assets of the administering department(s) to implement the initiatives, as set out in the attached initiative documents

APPROVED / NOT APPROVED

APPROVED / NOT APPROVED

h. **agree** that the proposed changes to appropriations for 2011/12 above be included in the 2011/12 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply

AGREE / DISAGREE

AGREE / DISAGREE

i. **authorise** the chief executives of departments that monitor Crown entities directly affected by decisions in this minute to inform the chair and/or chief executive of a Crown entity, on a budget-in-confidence-until-budget-day basis, of decisions that directly affect that Crown entity for the purpose of planning and preparation of their Statement of Intent

AGREE / DISAGREE

AGREE / DISAGREE

j. **note** that all communications relating to the 2012 Budget are co-ordinated by a Budget communications committee, and that any requests for early announcement will need to have both the written approval of the Minister of Finance and sign-off from the Prime Minister's office.

Julie Keenan
Acting Group Manager, Tertiary Education
Ministry of Education

NOTED / APPROVED

NOTED / APPROVED

Hon Bill English
Minister of Finance

___/___/___

Hon Steven Joyce
Minister for Tertiary Education,
Skills and Employment

___/___/___

Tertiary Education Report: Tertiary Education Budget decisions: Financial implications

Purpose of report

1. This report seeks your approval of the remaining appropriation changes to give effect to Cabinet's Budget decisions on Tertiary Education and Student Support. It includes financial implications to be included in the 2012/13 Estimates.

Background

2. Cabinet has delegated authority to you to jointly finalise the remaining financial implications of its 23 April 2012 decisions regarding the Tertiary Education and Student Support Budget packages (CAB Min (12) 13/5 refers).
3. The remaining financial implications to be considered by joint Ministers relate to the following initiatives that Cabinet has agreed to:
 - student support:
 - i. increase the student loan repayment rate to 12 cents in the dollar from 1 April 2013
 - ii. remove student allowance eligibility for postgraduate students (excluding honours students) and remove student allowance exemptions for Long Programmes, any particular case or class of case and courses in the national interest from 1 January 2013
 - iii. introduce a borrowing limit of 2.0 EFTS per loan account to apply for study starting on or after 1 January 2013
 - iv. broaden the definition of income for student loan repayments from 1 April 2014
 - v. implement a new information matching agreement between the New Zealand Customs Service and Inland Revenue for borrowers in serious default (note this initiative has no financial implications)
 - vi. repeal the voluntary repayment bonus from 1 April 2013
 - vii. apply the decision to maintain the student allowance parental income threshold without CPI until 31 March 2016
 - tertiary education:
 - i. provide funding to allow for Annual Maximum Fee Movements of 4% in 2014/15 and 2015/16, which has implications for Votes Revenue and Social Development
 - ii. a \$35,000 per EFTS limit for the compulsory fees component of student loan borrowing for study for pilot training commencing on or after 1 January 2013

- iii. provide an additional 3,000 free places in the Youth Guarantee over the next four years, which creates savings in Votes Revenue and Social Development
- iv. increase the size of the Performance-based Research Fund to \$300 million by 2016.

4. The attached initiative documents set out the financial implications for your approval.

Change to financial implications of initiative to broaden the definition of income

- 5. The financial implications in this paper reflect the impacts advised to Cabinet. The exception is a small change (approximately \$1m over four years to operating and debt impacts) to the initiative to broaden the definition of income used to calculate student loan repayments. This reflects an error in timing of impacts, which we picked up during the final checks on appropriation changes.
- 6. Our earlier costings were based on some revenue being recognised in earlier financial years (2013/14 and 2014/15). However, as this policy relates only to IR3 filers (and not PAYE filers) there will be no recognition of revenue in these earlier years. The financial implications have been updated to reflect this.
- 7. As a result the impact of the student support package is:
 - a. \$516.594m operating savings over five years (was \$517.545m)
 - b. \$386.230 reduction in debt impact over five years (was \$387.375m)
- 8. The table below shows the operating and debt impacts that were included in the Cabinet paper on 24 April 2012 and the new impacts (the latter in **bold**).

	(\$ million)					Five year total
	2011/12	2012/13	2013/14	2014/15	2015/16	
Broadening the definition of income	(4.081)	(0.857)	(0.691)	(0.837)	(1.053)	(7.519)
Total student support package - operating	(240.855)	(66.538)	(74.016)	(70.781)	(65.355)	(517.545)
Broadening the definition of income	(3.486)	(0.751)	(0.582)	(0.760)	(0.989)	(6.568)
Total student support package - operating	(3.486)	(0.751)	(0.582)	(0.760)	(0.989)	(6.568)
Broadening the definition of income	-	-	(0.227)	(0.917)	(1.000)	(2.144)
Total student support package – debt impact	-	(4.525)	(120.840)	(134.234)	(127.776)	(387.375)
Broadening the definition of income	-	-	-	-	(0.999)	(0.999)
Total student support package – debt impact	-	(4.525)	(120.613)	(133.317)	(127.775)	(386.230)

Next Steps

9. We seek your agreement to the financial recommendations on 26 April, in order to meet the deadlines required for Budget 2012.
10. Following your approval, these recommendations will be entered into the Treasury system to produce the final Budget 2012 documents.

Title: Broadening the Definition of Income for Student Loan Repayment Purposes

Description: The definition of income for student loan repayment purposes will be broadened. This rule will apply from 1 April 2014 for the 2014/15 tax year

Vote: Revenue

Note the funding implications of broadening the definition of income for student loan repayment purposes by vote are:

	\$ million increase / (decrease)				2015/16 and Outyears
	2011/12	2012/13	2013/14	2014/15	
Vote Revenue					
Operating Balance Impact	(3.486)	(0.751)	(0.582)	(0.760)	(0.989)
Debt Impact	-	-	-	-	(0.999)
No Impact	-	-	-	-	-
Total	(3.486)	(0.751)	(0.582)	(0.760)	(1.988)

Approve the following changes to appropriations to reflect the change in the cost of lending by vote:

	\$ million increase / (decrease)				2015/16 and Outyears
	2011/12	2012/13	2013/14	2014/15	
Vote Revenue/ Minister of Revenue					
Non-Departmental Other Expenses: <i>Impairment of Debt Relating to Student Loans</i>	(3.486)	-	-	-	-
<i>Initial Fair Value Write-Down - Student Loans</i>	-	(0.481)	(0.553)	(0.610)	(0.633)
Departmental Output Expenses:					
Services to Inform the Public About Entitlements and Meeting Obligations (funded by revenue Crown):	-	-	0.100	0.070	-
Services to Process Obligations and Entitlements (funded by revenue Crown)	-	-	0.200	0.130	-
Total Operating	(3.486)	(0.481)	(0.253)	(0.410)	(0.633)

Title: Setting a 2 EFTS Annual Student Loan Borrowing Limit

Description: This initiative limits the amount of loan-supported study that can be undertaken in a year to 2 Equivalent Full-Time Student (EFTS) units. The policy will take effect for study starting on or after 1 January 2013.

Vote: Social Development, Revenue

Note the funding implications of setting a 2 EFTS Annual student loan borrowing limit by vote are:

	\$ million increase / (decrease)				2015/16 and Outyears
	2011/12	2012/13	2013/14	2014/15	
Vote Social Development					
Operating Balance Impact	-	0.202	0.013	0.013	0.013
Debt Impact	-	(0.045)	(0.064)	(0.064)	(0.064)
No Impact	-	-	-	-	-
Total	-	0.157	(0.051)	(0.051)	(0.051)

	\$ million increase / (decrease)				2015/16 and Outyears
	2011/12	2012/13	2013/14	2014/15	
Vote Revenue					
Operating Balance Impact	-	(0.032)	(0.045)	(0.043)	(0.043)
Debt Impact	-	0.001	0.003	0.005	0.007
No Impact	-	-	-	-	-
Total	-	(0.031)	(0.042)	(0.038)	(0.036)

Approve the following changes to appropriations to reflect the change in the cost of lending by vote:

	\$ million increase / (decrease)				2015/16 and Outyears
	2011/12	2012/13	2013/14	2014/15	
Vote Social Development/ Minister of Revenue					
Departmental Output Expenses: <i>Management of Student Loans (funded by Revenue Crown)</i>	-	0.202	0.013	0.013	0.013
Total Operating	-	0.202	0.013	0.013	0.013
Total Capital	-	-	-	-	-

	\$ million increase / (decrease)				2015/16 and Outyears
	2011/12	2012/13	2013/14	2014/15	
Vote Social Development/ Minister of Revenue					
Non-Departmental Capital Expenditure: <i>Student Loans</i>	-	(0.045)	(0.064)	(0.064)	(0.064)
Total Capital	-	(0.045)	(0.064)	(0.064)	(0.064)

	\$ million increase / (decrease)				
Vote Revenue/ Minister of Revenue	2011/12	2012/13	2013/14	2014/15	2015/16 and Outyears
Non-Departmental Other Expenses:					
<i>Initial Fair Value Write-Down - Student Loans</i>	-	(0.032)	(0.046)	(0.046)	(0.047)
Total Operating	-	(0.032)	(0.046)	(0.046)	(0.047)
Total Capital	-	-	-	-	-

Title: Increasing the Student Loan Repayment Rate from 10% to 12%

Description: From 1 April 2013, borrowers with earnings in excess of the repayment threshold will be required to make repayments at a rate of 12 cents in the dollar. The current repayment rate is 10 cents in the dollar.

Vote: Social Development, Revenue

Note the funding implications of increasing the student loan repayment rate from 10 cents to 12 cents by vote are:

	\$ million increase / (decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 and Outyears
Vote Social Development					
Operating Balance Impact	-	0.010	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	0.010	-	-	-

	\$ million increase / (decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 and Outyears
Vote Revenue					
Operating Balance Impact	(235.103)	(53.654)	(51.891)	(43.471)	(35.184)
Debt Impact	-	(36.052)	(158.616)	(166.510)	(152.070)
No Impact	-	-	-	-	-
Total	(235.103)	(89.706)	(210.507)	(209.981)	(187.254)

Approve the following changes to appropriations to reflect the change in the cost of lending by vote:

	\$ million increase / (decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 and Outyears
Vote Social Development/ Minister of Revenue					
Departmental Output Expenses: <i>Management of Student Loans</i> <i>(funded by Revenue Crown)</i>	-	0.010	-	-	-
Total Operating	-	0.010	-	-	-
Total Capital	-	-	-	-	-

	\$ million increase / (decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 and Outyears
Vote Revenue/ Minister of Revenue					
Non-Departmental Other Expenses:					
<i>Impairment of Debt Relating to Student Loans</i>	(235.103)	-	-	-	-
<i>Initial Fair Value Write-Down - Student Loans</i>	-	(35.715)	(37.607)	(37.340)	(37.554)
Total Operating	(235.103)	(35.715)	(37.607)	(37.340)	(37.554)
Total Capital	-	-	-	-	-

Title: Repealing the Student Loan Voluntary Repayment Bonus

Description: The student loan voluntary repayment scheme will be repealed. The policy will take effect from 1 April 2013.

Vote: Social Development, Revenue

Note the funding implications of repealing the student loan voluntary repayment bonus by vote are:

	\$ million increase / (decrease)				2015/16 and Outyears
	2011/12	2012/13	2013/14	2014/15	
Vote Social Development					
Operating Balance Impact	-	-	-	-	-
Debt Impact	-	(16.768)	(17.068)	(16.942)	(17.039)
No Impact	-	-	-	-	-
Total	-	(16.768)	(17.068)	(16.942)	(17.039)

	\$ million increase / (decrease)				2015/16 and Outyears
	2011/12	2012/13	2013/14	2014/15	
Vote Revenue					
Total Operating Balance Impact	(1.097)	(8.185)	(10.251)	(11.881)	(13.175)
Total Debt Impact	-	34.235	29.447	25.417	18.232
No Impact	-	-	-	-	-
Total	(1.097)	26.050	19.196	13.536	5.057

Approve the following changes to appropriations to reflect the change in the cost of lending by vote:

	\$ million increase / (decrease)				2015/16 and Outyears
	2011/12	2012/13	2013/14	2014/15	
Vote Social Development/ Minister of Revenue					
Non-Departmental Capital Expenditure: <i>Student Loans</i>	-	(16.768)	(17.068)	(16.942)	(17.039)
Total Capital	-	(16.768)	(17.068)	(16.942)	(17.039)

	\$ million increase / (decrease)				2015/16 and Outyears
	2011/12	2012/13	2013/14	2014/15	
Vote Revenue/ Minister of Revenue					
Non-Departmental Other Expenses:					
<i>Impairment of Debt Relating to Student Loans</i>	(1.097)	-	-	-	-
<i>Initial Fair Value Write-Down - Student Loans</i>	-	(7.193)	(7.584)	(7.715)	(7.806)
Total Operating	(1.097)	(7.193)	(7.584)	(7.715)	(7.806)
Total Capital	-	-	-	-	-

Title: No CPI Adjustments to Student Allowance Parental Income Thresholds for 4 Years

Description: From 1 April 2012 to 31 March 2016 the student allowance parental income thresholds will not be increased annually by CPI.

Vote: Social Development, Revenue

Note the funding implications of not making CPI adjustments to student allowance parental income thresholds for 4 years by vote are:

	\$ million increase / (decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 and Outyears
Vote Social Development					
Operating Balance Impact	(0.574)	(2.729)	(4.458)	(6.100)	(7.139)
Debt Impact	-	2.305	3.765	5.152	6.029
No Impact	(0.062)	(0.355)	(0.654)	(0.657)	(1.066)
Total	(0.636)	(0.779)	(1.347)	(1.605)	(2.176)

	\$ million increase / (decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 and Outyears
Vote Revenue					
Operating Balance Impact	-	1.160	1.766	2.303	2.535
Debt Impact	-	(0.022)	(0.129)	(0.237)	(0.422)
No Impact	-	-	-	-	-
Total	-	1.138	1.637	2.066	2.113

Approve the following changes to appropriations to reflect the change in the cost of lending and allowances by vote:

	\$ million increase / (decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 and Outyears
Vote Social Development/ Minister for Social Development					
Benefit and Other Unrequited Expenses:					
Student Allowances	(0.636)	(3.619)	(6.655)	(6.670)	(10.818)
Total Operating	(0.636)	(3.619)	(6.655)	(6.670)	(10.818)
Total Capital	-	-	-	-	-

	\$ million increase / (decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 and Outyears
Vote Social Development/ Minister of Revenue					
Non-Departmental Capital Expenditure:					
<i>Student Loans</i>	-	2.305	3.765	5.152	6.029
Total Capital	-	2.305	3.765	5.152	6.029

	\$ million increase / (decrease)				
Vote Revenue/ Minister of Revenue	2011/12	2012/13	2013/14	2014/15	2015/16 and Outyears
Non-Departmental Other Expenses: <i>Initial Fair Value Write-Down - Student Loans</i>	-	1.177	1.923	2.631	3.080
Total Operating	-	1.177	1.923	2.631	3.080
Total Capital	-	-	-	-	-

Title: Setting a per-Equivalent Full-Time Student (EFTS) Loan Borrowing Limit for Pilot Training

Description: This initiative limits the amount of compulsory fee component borrowing from the Student Loan Scheme for pilot training students to \$35,000 (including GST) per -EFTS. The policy will apply to the fee borrowing for study for pilot training commencing on or after 1 January 2013.

Vote: Social Development, Revenue

Note the funding implications of setting a per-EFTS student loan borrowing limit for pilot training by vote are:

	\$ million increase / (decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 and Outyears
Vote Social Development					
Operating Balance Impact	(2.296)	0.250	-	-	-
Debt Impact	(0.673)	(5.265)	(4.152)	(4.939)	(6.204)
No Impact	-	-	-	-	-
Total	(2.969)	(5.015)	(4.152)	(4.939)	(6.204)

	\$ million increase / (decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 and Outyears
Vote Revenue					
Operating Balance Impact	1.764	(2.927)	(1.526)	(1.717)	(1.859)
Debt Impact	0.022	0.170	0.390	0.606	1.359
No Impact	-	-	-	-	-
Total	1.786	(2.757)	(1.136)	(1.111)	(0.500)

Approve the following changes to appropriations to reflect the change in the cost of lending by vote:

	\$ million increase / (decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 and Outyears
Vote Social Development/ Minister for Social Development					
Non-Departmental Other Expenses:					
Debt Write-downs	(2.306)	-	-	-	-
Total Operating	(2.306)	-	-	-	-

	\$ million increase / (decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 and Outyears
Vote Social Development/ Minister of Revenue					
Departmental Output Expenses:					
<i>Management of Student Loans (funded by Revenue Crown)</i>	-	0.250	-	-	-
Total Operating	-	0.250	-	-	-

	\$ million increase / (decrease)				
Vote Social Development/ Minister of Revenue	2011/12	2012/13	2013/14	2014/15	2015/16 and Outyears
Non-Departmental Capital Expenditure:					
<i>Student Loans</i>	(0.658)	(5.161)	(3.959)	(4.666)	(5.931)
Total Capital	(0.658)	(5.161)	(3.959)	(4.666)	(5.931)

	\$ million increase / (decrease)				
Vote Revenue/ Minister of Revenue	2011/12	2012/13	2013/14	2014/15	2015/16 and Outyears
Non-Departmental Other Expenses:					
<i>Initial Fair Value Write-Down - Student Loans</i>	1.771	(2.982)	(1.764)	(2.109)	(2.901)
Total Operating	1.771	(2.982)	(1.764)	(2.109)	(2.901)
Total Capital	-	-	-	-	-

Title: Expanding Fee-Free Youth Guarantee (YG) Tertiary Places

Description: Providing additional fee-free tertiary places in the Youth Guarantee over and above the Government's commitment to deliver 12,500 places in the Youth Guarantee by 2014.

Vote: Social Development, Revenue

Note the funding implications of expanding Fee-Free Youth Guarantee Tertiary places by vote are:

	\$ million increase / (decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 and Outyears
Vote Social Development					
Operating Balance Impact	-	-	-	-	-
Debt Impact	-	(6.570)	(15.346)	(20.191)	(21.079)
No Impact	-	-	-	-	-
Total	-	(6.570)	(15.346)	(20.191)	(21.079)

	\$ million increase / (decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 and Outyears
Vote Revenue					
Operating Balance Impact	-	(1.514)	(3.187)	(3.576)	(2.922)
Debt Impact	-	0.244	1.224	2.901	5.048
No Impact	-	-	-	-	-
Total	-	(1.270)	(1.963)	(0.675)	2.126

Approve the following changes to appropriations to reflect the change in the cost of lending by vote:

	\$ million increase / (decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 and Outyears
Vote Social Development/ Minister of Revenue					
Non-Departmental Capital Expenditure: <i>Student Loans</i>	-	(6.570)	(15.346)	(20.191)	(21.079)
Total Capital	-	(6.570)	(15.346)	(20.191)	(21.079)

	\$ million increase / (decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 and Outyears
Vote Revenue/ Minister of Revenue					
Non-Departmental Other Expenses: <i>Initial Fair Value Write-Down - Student Loans</i>	-	(1.612)	(3.765)	(4.954)	(5.172)
Total Operating	-	(1.612)	(3.765)	(4.954)	(5.172)
Total Capital	-	-	-	-	-

Title: Fixing a 4% Annual Maximum Fee Movement in 2015 and 2016

Description: This initiative fixes the Annual Maximum Fee Movement (AMFM) from a CPI adjustment in 2015 and 2016, to a 4% AMFM adjustment for both these years. The policy will take effect for fees that are charged by tertiary education providers from 1 January 2015.

Vote: Social Development, Revenue

Note the funding implications of fixing a 4% Annual Maximum Fee Movement in 2015 and 2016 by vote are:

	\$ million increase / (decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 and Outyears
Vote Social Development					
Operating Balance Impact	-	-	-	-	-
Debt Impact	-	-	-	14.598	32.659
No Impact	-	-	-	-	-
Total	-	-	-	14.598	32.659

	\$ million increase / (decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 and Outyears
Vote Revenue					
Operating Balance Impact	-	-	-	7.669	16.609
Debt Impact	-	-	-	(0.363)	(1.589)
No Impact	-	-	-	-	-
Total	-	-	-	7.306	15.020

Approve the following changes to appropriations to reflect the change in the cost of lending by vote:

	\$ million increase / (decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 and Outyears
Vote Social Development/ Minister of Revenue					
Non-Departmental Capital Expenditure: <i>Student Loans</i>	-	-	-	14.598	32.659
Total Capital	-	-	-	14.598	32.659

	\$ million increase / (decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 and Outyears
Vote Revenue/ Minister of Revenue					
Non-Departmental Other Expenses: <i>Initial Fair Value Write-Down - Student Loans</i>	-	-	-	7.840	17.540
Total Operating	-	-	-	7.840	17.540
Total Capital	-	-	-	-	-

Title: Removing Student Allowance Eligibility for Postgraduate Study & Long Programmes

Description: For study starting 1 January 2013, student allowance eligibility for level 8 postgraduate qualifications and Long Programmes, other than bachelor qualifications with honours, will be removed. Other exemptions will be narrowed or removed. Transitional arrangements will be in place for some recipients.

Vote: Social Development, Revenue

Note the funding implications of removing student allowances eligibility for postgraduate study and Long Programmes by vote are:

	\$ million increase / (decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 and Outyears
Vote Social Development					
Operating Balance Impact	-	(8.476)	(19.266)	(19.884)	(19.197)
Debt Impact	-	11.907	22.589	20.724	19.885
No Impact	-	(1.420)	(2.947)	(2.960)	(2.850)
Total	-	2.011	0.376	(2.120)	(2.162)

	\$ million increase / (decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 and Outyears
Vote Revenue					
Operating Balance Impact	-	6.023	10.807	9.119	7.888
Debt Impact	-	(0.086)	(0.540)	(0.862)	(1.334)
No Impact	-	-	-	-	-
Total	-	5.937	10.267	8.257	6.554

Approve the following changes to appropriations to reflect the change in the cost of lending and allowances by vote:

	\$ million increase / (decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 and Outyears
Vote Social Development/ Minister for Social Development					
Departmental Output Expenses: Management of Student Support, excluding Student Loans (funded by Revenue Crown)	-	0.652	0.163	0.166	0.170
Benefit and Other Unrequited Expenses:					
Student Allowances:	-	(14.260)	(29.786)	(30.121)	(28.911)
Accommodation Assistance:	-	3.713	7.411	7.111	6.694
Total Operating	-	(9.895)	(22.212)	(22.844)	(22.047)
Total Capital	-	-	-	-	-

Vote Social Development/ Minister of Revenue	2011/12	2012/13	2013/14	2014/15	2015/16 and Outyears
Non-Departmental Capital Expenditure:					
<i>Student Loans</i>	-	11.907	22.589	20.724	19.885
Total Capital	-	11.907	22.589	20.724	19.885

	\$ million increase / (decrease)				
Vote Revenue/ Minister of Revenue	2011/12	2012/13	2013/14	2014/15	2015/16 and Outyears
Non-Departmental Other Expenses:					
<i>Initial Fair Value Write-Down - Student Loans</i>	-	6.117	11.712	10.895	10.512
Total Operating	-	6.117	11.712	10.895	10.512
Total Capital	-	-	-	-	-

Title: Increasing the Size of the Performance-Based Research Fund

Description: Increased funding to the Performance-Based Research Fund to strengthen tertiary education research through maintaining quality of research-led teaching and growing research.

Vote: Tertiary Education

Approve the following changes to appropriations to reflect the change in the cost of lending and allowances by vote:

	\$ million increase / (decrease)					
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17 and Outyears
Operating Balance Impact	-	6.250	18.750	31.250	43.750	50.000
Debt Impact	-	-	-	-	-	-
No Impact	-	-	-	-	-	-
Total	-	6.250	18.750	31.250	43.750	50.000

	\$ million increase / (decrease)					
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17 and Outyears
Non-Departmental Output Expense: Performance-Based Research Fund	-	6.250	18.750	31.250	43.750	50.000
Total Operating	-	6.250	18.750	31.250	43.750	50.000
Total Capital	-	-	-	-	-	-