

# The Treasury

## Budget 2013 Information Release

### Release Document

July 2013

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- [1] 6(a) - to prevent prejudice to the security or defence of New Zealand or the international relations of the government
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In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

Reference: T2013/983

SH-4-6-0



**THE TREASURY**

Kaitohutohu Kaupapa Rawa

Date: 12 April 2013

To:

Minister of Finance  
(Hon Bill English)

Minister for Tertiary Education, Skills and Employment  
(Hon Steven Joyce)

Associate Minister of Finance  
(Hon Dr Jonathan Coleman)

Deadline: Read before the Cabinet meeting on Monday 15 April 2013

## **Aide Memoire: Student Allowance Initiatives as part of the Student Support Budget 2013 Package**

Cabinet will discuss the Student Support Package for Budget 2013 and seek agreement to the required policy changes on Monday 15 April 2013.

Treasury understands Minister Joyce may table amendments to the Student Support Package for Budget 2013.

These amendments are in regard to three options, namely:

- a. [6]
- b. to reduce the student allowance life-time limit to 120 weeks for those over 40 years as part of the Budget 2013; or
- c. to exclude either from the Budget 2013 package

These options lead to operating impacts as outlined in Table I.

Note that Budget Ministers agreed on 26 March 2013 that the projected savings of \$102 million over the forecast period from changes to the calculation of the cost of lending in the Student Loan Scheme, recognised at the March Baseline Update, be included in the Budget package 2013.

The net cost of the Budget 2013 package will be compensated by these savings.

Table I<sup>1</sup>: Operating impacts of options for eligibility to student allowances

	2012/13	2013/14	2014/15	2015/16	2016/17 & Outyears	Total (Forecast period)
[6]						
Total b - includes SA 40+ 120 weeks <sup>2</sup>	-0.668	32.758	22.298	15.604	12.819	82.810
Total c - excludes SA 40+	-0.668	33.443	25.058	19.398	16.577	93.808

According to the Ministry of Education, under initiative [6] of people over 40 years who currently receive a student allowance would no longer be eligible, compared to 8% if initiative (b.) is pursued.

Students, who are no longer eligible to receive a student allowance if Ministers decide to pursue either option (a.) or (b.), would be eligible to borrow through the Student Loan Scheme. Hence, access to tertiary education is not likely to be reduced.

Treasury would therefore support option [6] million over the forecast period.

[3]

**Ben McBride**, Team Leader, Labour Market & Welfare, 04 917 6184

<sup>1</sup> Excludes savings from the changes to the cost of lending in the Student Loan Scheme

<sup>2</sup> Detailed costings have not been produced by the Ministry of Education by the time this briefing was drafted. The Ministry estimates that savings would be roughly 40% of the savings of option (a.) above