

# 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
- [2] 6(c) - to prevent prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial
- [3] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [4] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
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- [6] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [7] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [8] 9(2)(h) - to maintain legal professional privilege
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- [10] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [11] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [12] Not in scope
- [13] 7(b) - to prevent prejudice to relations between any of the Governments of New Zealand, the Cook Islands or Niue
- [14] 9(2)(ba)(i) - to prevent prejudice to the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied.

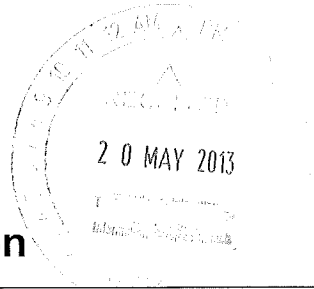
Where information has been withheld, a numbered reference to the applicable section of the Official Information Act has been made, as listed above. For example, an [4] appearing where information has been withheld in a release document refers to section 9(2)(b)(ii).

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.



# Cabinet

## Minute of Decision



**CAB Min (13) 12/8  
Amended Minute  
(Revised)**

Copy No: 19

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## Student Support Package for Budget 2013

**Portfolio: Tertiary Education, Skills and Employment**

On 15 April 2013, following reference from the Cabinet Business Committee, Cabinet:

### Background

- 1 **noted** that a package of changes to the Student Loan Scheme and Student Allowances Scheme has been developed as part of Budget 2013 to improve the value of student support spending by:
  - 1.1 improving repayments from overseas-based borrowers and increasing personal responsibility for debt repayment;
  - 1.2 targeting student allowances more tightly on the basis of returns to study;
- 2 **noted** that the student support package enables the government to achieve its tertiary education priorities through Budget 2013 [CAB Min (13) 12/9];

### Improving repayments from overseas-based borrowers

- 3 **agreed** to:
  - 3.1 extend the current student loan and student allowances stand-down period for permanent residents and Australians from two years to three years from 1 January 2014, but continuing to exempt people who are refugees, protected persons, or sponsored into New Zealand by a family member who is entitled to reside indefinitely in New Zealand under refugee or protected persons policy;
  - 3.2 grand-parent permanent residents who would have become eligible for student loans and allowances in 2014 under the existing 2 year stand-down policy. These permanent residents will be able to access student loans and allowances from the date they would have become eligible in 2014;
- 4 **agreed** that an information-matching agreement be established between Inland Revenue and the Department of Internal Affairs by 1 April 2014 to obtain contact information from the passport renewal process, to identify non-compliant overseas-based borrowers and child support debtors (subject to operational details and the outcome of discussions with the Office of the Privacy Commissioner);

- 5 **agreed** to introduce a fixed repayment obligation for overseas-based borrowers that is set at no less than their annual obligation from the time they become an overseas-based borrower. If the borrower is already overseas, their repayment obligation will be set at the rate they face at 1 April 2014;
- 6 **agreed** to introduce two additional repayment thresholds for overseas-based borrowers with larger student loans from 1 April 2014 which will result in the following overseas-based borrower regime:

Loan Balance	Amount due per year
<= \$1,000	The whole balance
>\$1,000 and <= \$15,000	\$1,000
>\$15,000 and <= \$30,000	\$2,000
>\$30,000 and <= \$45,000	\$3,000
>\$45,000 and <= \$60,000	\$4,000
>\$60,000	\$5,000

- 7 **agreed** to make it an offence for a borrower to knowingly default on an overseas-based borrower repayment obligation so that an arrest warrant can be requested to prevent the most non-compliant borrowers from leaving the country from 1 April 2014;
- 8 **noted** that Inland Revenue is currently working through the policy details of arrest warrants for the most non-compliant borrowers but that these are intended to mirror, where appropriate, border controls already in place for child support debtors;
- 9 **noted** that Police will consult with border agencies and provide Ministers advice on how to reduce inefficiency in the border alert system;

### Targeting student allowances to more tightly on the basis of returns to study and initial years of study

- 10 **agreed** to introduce an upper age restriction for student allowances eligibility which is linked to the age of eligibility for New Zealand Superannuation (65 years of age) for study starting on or after 1 January 2014;
- 11 **agreed** to reduce the student allowances life-time limit for those aged 40 and over from a maximum of 200 weeks to a maximum of 120 weeks for study starting on or after 1 January 2014;
- 12 **agreed** that those affected by the proposals in paragraphs 10 or 11 above:
- 12.1 who begin their student allowance application period in 2013 and this period carries on into 2014, will be assessed under the 200-week limit for the period of that application<sup>1</sup>;
- 12.2 will continue to receive a student allowance up until 31 December 2014 or until they reach the (previous) 200 week entitlement, whichever comes first, if they received a student allowance in 2013;

<sup>1</sup> An application period means an approved student allowance application for an approved enrolment period up to a maximum of 52 weeks.

## Changes to the calculation of the cost of lending in the Student Loan Scheme

- 13 **noted** in consultation with the Minister of Finance and with the agreement of the loan scheme auditors, it has been decided to change the basis of calculating the cost of lending in the Student Loan Scheme;
- 14 **noted** that the treatment of savings from this initiative is addressed in the accompanying Tertiary Education Package for Budget 2013 [CAB Min (13) 12/9];

## Putting in place changes to loan eligibility for entry-level tertiary education

- 15 **noted** that StudyLink are seeking administration costs of \$0.082 million in 2012/13; \$0.448 million in 2013/14; \$0.130 million in 2014/15; \$0.132 million in 2015/16 and out-years to deliver changes to loan eligibility for entry-level education agreed to by Cabinet last year [CAB Min (12) 21/5A];

## Bill of Rights Act Implications

- 16 [8]

17

## Legislative implications

- 18 **authorised** the Minister for Tertiary Education, Skills and Employment and the Minister of Revenue to make any technical policy decisions needed in the drafting process of the necessary legislation or relevant regulations to give effect to the student loan proposals in the paper under CAB (13) 192;
- 19 **authorised** the Minister for Tertiary Education, Skills and Employment and the Minister for Social Development to make any technical policy decisions needed in the drafting process of the necessary legislation or relevant regulations to give effect to the student allowance proposals in the paper under CAB (13) 192;
- 20 **agreed** that amendments to the Student Loan Scheme Act be contained in a separate mid-year bill that would need to be passed by 1 April 2014;
- 21 **invited** the Minister of Revenue to issue drafting instructions to the Parliamentary Counsel Office:
- 21.1 for a Student Loan Scheme Amendment Bill or Bills to give effect to the student loan proposals;
- 21.2 to prepare an Order in Council approving a new information sharing agreement between the Department of Internal Affairs and Inland Revenue;
- 22 **invited** the Minister for Social Development to instruct the Parliamentary Counsel Office to draft amendments to the Student Allowances Regulations (1998) to give effect to the changes to student allowances;

## Financial implications

- 23 **noted** that the financial implications of the package for the 2013/14 to 2016/17 financial years are: \$91.343 million in operating impact savings, with a debt impact saving of \$16.187 million;
- 24 **noted** that changes to appropriations, including Ministry of Social Development and Inland Revenue administration and IT costs, will be made as part of the tertiary education package for Budget 2013;

## Administration costs

- 25 **noted** that Inland Revenue has requested permanent funding for the Overseas-based Borrower Initiative (OBBCI) as part of Vote Revenue for Budget 2013 and that Inland Revenue will fund the information match for passport renewal contact information with the Department of Internal Affairs and the implementation of the border restrictions (excluding any communications costs) through the permanent overseas based borrower initiative (OBBCI) appropriation;
- 26 **noted** that Inland Revenue will self-fund the costs of \$0.350 million for the 2012/13 financial year as well as the continued costs of \$0.110 million for administering the border restrictions and increasing the repayment thresholds for overseas-based borrowers for 2014/15 onwards;
- 27 **noted** that Inland Revenue will be requesting funding of \$3.841 million for 2013/14 for the communications strategy for border restrictions and for implementing the increase in the repayment thresholds for overseas-based borrowers;
- 28 **noted** the indicative cost of administration costs for StudyLink of \$2.248 million over four years (2013/14 to 2016/17) to deliver the permanent resident stand-down extension for student loans and allowances, the initiatives that reduce student allowances eligibility for older people, and changes to student loan eligibility for entry-level education referred to in paragraph 15 above;

## Further decisions

- 29 **authorised** the Minister of Finance and the Minister for Tertiary Education, Skills and Employment and the Minister of Revenue, where appropriate, to approve any detailed changes to the Student Support Package and the resulting changes in appropriations;
- 30 **noted** that Cabinet decisions on the paper under CAB (13) 192 are proposed to be announced as part of Budget 2013.

Secretary of the Cabinet

Reference: CAB (13) 192

*Secretary's note: This minute has been reissued to correct the date in paragraph 7.*



