

The Treasury

Budget 2011 Information Release

Release Document

June 2011

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Key to sections of the Official Information Act 1982 under which information has been withheld.

Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

- [1] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [2] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [3] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [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
- [5] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [6] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [7] 6(a) - to prevent prejudice to the security or defence of New Zealand or the international relations of the government
- [8] 9(2)(h) - to maintain legal professional privilege
- [9] 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
- [10] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
- [11] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice.

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 [8] appearing where information has been withheld in a release document refers to section 9(2)(h).

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



Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Student Loan Package for Budget 2011

Portfolios: Tertiary Education / Revenue

On 4 April 2011, Cabinet:

Changes to the Student Loan Scheme

- 1 **noted** that a package of changes to the Student Loan Scheme has been developed as part of Budget 2011 that will ensure new lending represents good value and will increase repayments, which will improve the performance of the Loan Scheme overall;
- 2 **agreed** to remove loan eligibility for those with an overdue loan repayment obligation of \$500 or more, and have been in default for one or more years from February 2012, which applies to new lending from 7 February 2013;
- 3 **agreed** to limit loan eligibility for those aged 55 years and over to tuition fees only from 1 January 2013;
- 4 **agreed**, in terms of transitional arrangements, to allow all current students over 55 at the date of the announcement, or who will reach 55 before the date of implementation, to borrow for living and course-related costs after the 1 January 2013 implementation date to complete the qualification in which they are enrolled on the announcement (but not in any related follow-on qualifications), or to borrow for living and course-related costs until 1 January 2015, whichever comes first;
- 5 **agreed** to remove the entitlement to borrow for course-related costs for part-time full-year students, who are defined as students studying for a minimum of 32 weeks in the year and with a course-load of less than 0.8 of an equivalent full-time student (EFTS), from 1 January 2012;
- 6 **agreed** to require that every new loan application include a contact person as one of the conditions to access the Student Loan Scheme from 1 January 2013;
- 7 **agreed** to extend the exemption to the two-year stand-down for permanent residents and Australians for student loan eligibility and student allowance eligibility purposes to include people who were sponsored into New Zealand by a family member who was granted residence on the basis of their protected person status, for study starting from 1 January 2012;

- 8 **agreed** to exclude losses from income (adding back) for student loan repayment purposes from 1 April 2012;
- 9 **noted** that further work on broadening the definition of income for student loan repayment purposes will be undertaken this year, this work will be announced at the same time as Budget 2011 changes;
- 10 **agreed** to suspend inflation adjustments to the student loan repayment threshold until 1 April 2015;
- 11 **[2]**
- 12 **agreed** to shorten the repayment holiday for overseas-based borrowers from three years to one year and require borrowers to apply for a repayment holiday and to specify a New Zealand-based contact person before going overseas from 1 April 2012;
- 13 **agreed** that, in terms of transitional arrangements, overseas-based borrowers on a repayment holiday as at 1 April 2012 will receive the lesser of a one-year repayment holiday beginning 1 April 2012 or the remainder of their existing repayment holiday;
- 14 **[2]**
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- 16
- 17

Legislative implications

- 18 **authorised** the Minister for Tertiary Education and the Minister of Revenue to take any technical policy decisions needed in the drafting process for a Student Loan Scheme Amendment Bill to give legislative effect to the above decisions;
- 19 **invited** the Minister of Revenue to issue drafting instructions to the Parliamentary Counsel Office for a Student Loan Scheme Amendment Bill to give effect to the legislative changes agreed above;

- 20 **invited** the Minister of Social Development and Employment to instruct the Parliamentary Counsel Office to draft amendments to the Student Allowances Regulations 1998 to give effect to the changes to student allowances that extend the exemption to the two-year stand-down for permanent residents and Australians to include people who were sponsored into New Zealand by a family member who was granted residence on the basis of their protected person status, for study starting from 1 January 2012;

Financial implications

- 21 **noted** that the financial implications of this package for the 2010/11 to 2014/15 financial years are \$276.640 million in operating impact savings and \$169.961 million of capital, which is available for other initiatives;
- 22 **noted** that the operating impact includes administration costs for the Ministry of Social Development of \$1.077 million;
- 23 **noted** that changes to appropriations, including Ministry of Social Development administration costs, will be made as part of the tertiary education package for Budget 2011;
- 24 **noted** that Cabinet's decisions on the above proposals will be announced as part of Budget 2011.

Secretary of the Cabinet

Reference: CAB (11) 162
