



## **Aide Memoire: Amendments to Student Allowances regulations to implement the \$50 increase to student allowances manifesto commitment (LEG, 7 December 2017)**

<b>To:</b>	Hon Chris Hipkins, Minister of Education		
<b>Date:</b>	30 November 2017	<b>Priority:</b>	Medium
<b>Security Level:</b>	In Confidence	<b>METIS No:</b>	1093898
<b>Drafter:</b>	[REDACTED]	<b>DDI:</b>	[REDACTED]
<b>Key contact and number:</b>	Julie Keenan [REDACTED]	<b>Round robin:</b>	No
<b>Messaging seen by Communications team:</b>	No		

### **Summary**

- The Minister for Social Development is due to take the paper *Amendments to Student Allowances regulations to implement the \$50 increase to student allowances manifesto commitment* to Cabinet Legislation Committee (LEG) on Thursday, 7 December 2017. The regulation changes are needed to implement the Government's manifesto commitment to increase student allowances by \$50.
- The paper proposes changes to the regulations and to waive the 28-day rule so that changes can be implemented from 1 January 2018.
- We have provided you with talking points to support the Minister for Social Development at LEG. These points include the purpose and impact of the \$50 increase to student allowances, as well as Cabinet decisions on the fees-free tertiary education manifesto commitment.



Julie Keenan  
Policy Director  
Graduate Achievement, Vocations and Careers

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## Background

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1. The Minister for Social Development is due to take the paper *Amendments to Student Allowances regulations to implement the \$50 increase to student allowances manifesto commitment* to Cabinet Legislation Committee on Thursday, 7 December.
2. This is to implement the student allowance changes committed to in Government's manifesto and agreed in your Cabinet paper *Initial decisions to support making tertiary education and training affordable for all* [CBC-17-MIN-0013 refers].

## The paper proposes changes to the Student Allowances Amendment Regulations

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3. The paper seeks approval to submit to the Executive Council the Student Allowances (Increase for 2018) Amendment Regulations 2017 (the Amendment Regulations). These changes are needed to implement increases to student allowance base rates by:
  - \$50 net per week for most rates
  - \$100 net per week for two rates that are designed to reflect the living costs of two adults in a relationship (See Annex 1 rates in **bold**).
4. Annex 1 sets out the new student allowance weekly net and gross rates from 1 January 2018. Note that in Schedule 2 of the Amendment Regulations only gross rates are listed.
5. The paper also seeks Cabinet Legislation Committee agreement to waive the 28-day rule so that the changes can come into force on 1 January 2018. The waiver is sought on the grounds that the changes confer only benefits on the public.
6. One other minor adjustment is being made through the Amendment Regulations to correct an error in the student allowance rates introduced on 1 April 2017.

## Key messages for Cabinet Legislation Committee

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7. At Cabinet Legislation Committee on Thursday, 7 December, we recommend that your key messages are:
  - The Amendment Regulations are needed to implement the \$50 increase to student allowance rates, agreed to by Cabinet on 20 November.
  - The increase will benefit all 65,000 students currently accessing student allowances.
  - As we are not making changes to income thresholds, the increase will mean that around an additional 3,000 students will become eligible for student allowances.
  - No regulation changes are needed to implement the \$50 increase to the student loan living costs maximum.
  - On 21 November, I announced the increases to student allowance rates and loan entitlement for living costs. The Ministry of Social Development and Ministry of Education will continue to work with relevant Ministers to further communicate changes.
  - Cabinet also agreed on 27 November to the detail of fees-free tertiary education and training, commencing on 1 January 2018. There are no legislative implications of fees-free tertiary education and training.



# Annex 1: Increases to Student Allowance weekly net and gross rates from 1 January 2018<sup>1</sup>

Rate description	Weekly rate ('M' tax code)	
	Net from 1 January 2018	Gross from 1 January 2018
<i>Single students</i>		
Under 24, no children, living in a parental home	\$191.62	\$214.10
Under 24, no children, not living in a parental home	\$227.03	\$253.66
Independent Circumstances Allowance	\$227.03	\$253.66
24 or older, no children, living in parental home	\$219.94	\$245.74
24 or older, no children, not living in parental home	\$262.45	\$295.28
Single Student (1+ children)	\$379.57	\$437.24
<i>Married or partnered students, no children, combined income not more than \$428.60</i>		
Spouse or partner enrolled in more than half of a full-time course – either receives grant OR does not receive grant but is eligible	\$227.03	\$253.66
Spouse or partner enrolled in more than half of a full-time course – does not receive and is not eligible for grant	\$262.45	\$295.28
<b>Spouse or partner not enrolled in more than half of a full-time course</b>	<b>\$454.06</b>	<b>\$527.53</b>
<i>Married or partnered students, one or more supported children, combined income not more than \$428.60</i>		
Spouse or partner enrolled in more than half of a full-time course – does not receive and is not eligible for a grant	\$379.57	\$437.24
Spouse or partner enrolled in more than half of a full-time course – does not receive, but is eligible for, a grant	\$252.31	\$282.99
Spouse or partner enrolled in more than half of a full-time course – receives grant	\$239.67	\$267.79
<b>Spouse or partner not enrolled in more than half of a full-time course</b>	<b>\$479.34</b>	<b>\$558.17</b>
<i>Married or partnered students, combined income between \$428.60 and \$892.72 per week</i>		
No children – living in the same home as spouse or partner	\$126.76	\$141.63
No children – not living in the same home as spouse or partner	\$164.33	\$183.61
1 or more supported children – living in the same home as spouse or partner – either not enrolled in more than half of a full-time course OR is enrolled in more than half of a full-time course and is eligible for but does not receive, or is not eligible for, a grant	\$152.03	\$169.87
1 or more supported children – not living in the same home as spouse or partner – either not enrolled in more than half of a full-time course OR is enrolled in more than half of a full-time course and is eligible for but does not receive, or is not eligible for, a grant	\$189.60	\$211.84
1 or more supported children – living in the same home as spouse or partner – enrolled in more than half of a full-time course – receives a grant	\$139.39	\$155.74
1 or more supported children – not living in the same home as spouse or partner – enrolled in more than half of a full-time course – receives a grant	\$176.96	\$197.72

<sup>1</sup> Note these increases are based on net rates and will vary depending on an individual's tax code. Rates will be set officially through planned changes to Student Allowances Regulations.