

Overview of decisions sought

1. As an outcome of this meeting we seek decisions to:
 - a. finalise the 16 November CBC paper on the \$50 commitment and high level fees-free eligibility
 - b. in-principle preferences to guide development of a delivery model for fees-free, including on details of eligibility

Finalising the CBC paper, including all decisions on the \$50 commitment

2. agree to implement the \$50 commitment for allowances by providing a \$50 increase to each current rate of payment, including:
 - a. no change to other parameters (income thresholds, abatement rates, minimum rates of payment), and as a result 3000 more people are expected to be eligible for allowances after the change, representing around \$3 million of the average \$153 million per annum cost of the \$50 increase (refer paras 7-11). **YES**
 - b. EITHER base rates for both individuals and couples increase by \$50 per week **NO**
 - c. OR rates for individuals increase by \$50 per week and rates for partnered students increase by (refer para 20):
 - i. EITHER \$50 per couple (the 'half couple' rate for 2 students in a couple is split between the two students, saving around \$0.4m pa), **NO**
 - ii. OR \$50 per person in a couple (rates for couples are paid on a \$50 per-person basis, costing an additional around \$5m pa) **YES**
3. Note that MSD has advised that changing parameters other than rates of student loan and allowance would increase risks of implementation for 1 January 2018 **NOTED**
4. Note the high-level fees-free eligibility decisions in the Cabinet paper have been focussed on decisions that are neutral to the design of a delivery model **NOTED**
5. Provide feedback on the draft Cabinet paper in general

MoE to update the Cabinet paper to include decision 2.c.ii above.

Minister Robertson requested that the Cabinet paper include that there will be a review process following implementation.

Progress on a delivery model for fees-free and in-principle preferences to guide development of delivery model

6. Note the verbal briefing from agencies on developing a delivery model **NOTED**

*Agencies provided a verbal briefing on delivery models for the fees-free policy. MoE explained that current advice from the interagency working group indicates that the likely recommended option for delivery would be a provider payment option, rather than through the student loan scheme. MoE explained that this recommendation was subject to an independent QA that they would **update Ministers on the outcome soon**. TEC tabled a draft process diagram of the provider-payment option and explained that it would involve supporting around 173 tertiary education providers. TEC outlined*

some of the potential implementation issues that would need to be worked through. MoE noted that quality communications will be key to the success of this option, in particular for students who have already taken out loans.

7. Note the agency advice that detailed decisions on eligibility should be taken once a delivery model is developed further, to enable decisions to balance eligibility, simplicity, feasibility, cost, and student experience, particularly in the first year of implementation **NOTED**

8. Provide feedback on your in-principle preferences for the following issues, subject to design of a delivery model:

9. *A prior study tolerance of up to 0.5 EFTS*

a. Note some new students have undertaken a minimal amount of prior study, for example part-time or short industry training courses **NOTED**

b. Note 14,500 students in 2016 had studied less than 0.5 EFTS before, and almost 9000 had studied less than 0.3 EFTS (compared to 61,000 with no prior study) **NOTED**

c. Indicate your views on a prior study limit of around 0.25 EFTS, subject to design decisions

Ministers agreed in principle to a prior study tolerance of up to 0.5 EFTS.

10. *Part-time students studying less than 0.25 EFTS*

a. Note you asked about numbers of students undertaking less than the study load required to access student loans. **NOTED**

b. Note that a minimum part-time load would ensure students do not lose eligibility due to a small study load, and provide consistency with existing funding **NOTED**

c. Indicate your views on a minimum part-time load of approximately 0.25 EFTS

Ministers agreed in principle to no minimum EFTS limit to be applied.

11. *Eligibility for Australians (and, potentially, permanent residents studying in New Zealand)*

a. Note 985 Australians started study in NZ in 2016 **NOTED**

b. Note tuition subsidies are available to Australians, and student financial support is available for Australians and permanent residents after 3 years of residence in NZ **NOTED**

c.

[REDACTED] **NOTED**

d. Indicate whether officials should investigate:

i. Eligibility for all Australians (as for tuition subsidies) **NO**

ii. Eligibility for Australians and permanent residents after 3 years of residence (as for student financial support) **YES in principle**

iii. Removing eligibility for Australians (and/or permanent residents) **NO**

12. *The relationship between fees-free and existing fee scholarships*

a. Note a range of organisations grant scholarships, and some scholarships are specifically for fees **NOTED**

- b. Note our initial engagement indicates that scholarship providers, in particular tertiary providers, will adjust fee scholarships to take account of fees-free, but that full adjustment may take time **NOTED**
- c. Confirm that communication and engagement with scholarship providers will be the main means of managing the relationship between fees-free provision and existing scholarships, at least for 2018 **YES in principle**

The group discussed that, for 2018 recipients of fees scholarships that aren't transferrable, a refunding or "banking process" of the fees-free policy might be required to ensure the integrity of their scholarships are maintained. Officials will provide advice on potential mechanisms later down the track.

13. Maximum limits: study load

- a. Note that we have discussed setting maximums for study load under the fees-free study **NOTED**
- b. Note that 82% of new students study 1 EFTS or less; and 96% less than 1.2 EFTS **NOTED**
- c. Note a tolerance above 1 EFTS, or a higher limit, would allow for students to adjust study during the year and reduce compliance (compared to a 1 EFTS limit) **NOTED**
- d. Note a limit may not be feasible for 2018 **NOTED**
- e. Indicate whether you prefer to set a limit, if feasible

*Ministers **agreed in principle** to a 1 EFTS limit and requested further advice.*

14. Maximum limits: fee value

- a. Note that we have discussed setting maximums for fees payable under the fees-free study. **NOTED**
- b. Note that a maximum fee value could use mechanisms developed for high-cost aviation study **NOTED**
- c. Note there are mechanisms to set a limit on fees payable without consulting on regulating fees charged **NOTED**
- d. Indicate whether you prefer to set a limit on fees payable, if feasible

*Ministers **agreed in principle** to a fee value limit and requested further advice on a potential limit.*

Other notes:

*Officials noted that a next draft of the Cabinet paper would be provided and circulated to Ministers ahead of lodging for CBC on Thursday 16 November. (Note that the Minister of Education's Office must lodge the approved Cabinet paper for CBC **by 10am Tuesday 14 November**).*