



Briefing Note: Tabling the Student Loan Scheme Annual Report 2019/20

To:	Hon Chris Hipkins, Minister of Education		
Date:	5 February 2021	Priority:	High
Security Level:	In Confidence	METIS No:	1245571
Drafter:	Anthea Brittliff	DDI:	9(2)(a)
Key Contact:	Shelley Des Forges	DDI:	04 463 8278
Messaging seen by Communications team:	Yes	Round Robin:	No

Purpose of Report

This briefing provides you with a copy of the final Student Loan Scheme Annual Report 2019/20 for tabling in the House by 22 February, together with:

- A summary of key findings in the annual report

Agree that this Briefing will be proactively released.

☒ **Agree** ☐ **Disagree**



Andy Jackson
Deputy Secretary
Graduate Achievement, Vocations and Careers
Ministry of Education

05/02/2021



Hon Chris Hipkins
Minister of Education

18/2/21

__/__/__

Background

1. The annual report has been prepared by the Ministry of Education, together with the Ministry of Social Development and Inland Revenue.
2. On 17 November 2020, a near-to-final draft version of the report was provided to you. A proposed timeline for tabling the annual report, was emailed to the Private Secretary – Tertiary and International Education on the 19 January 2021.
3. The Secretary for Education signed-out the annual report on 18 January 2021 and the Independent Auditors Report was issued on 1 February 2021.
4. As per Cabinet convention, the annual report is expected to be tabled within 15 working days of the Independent Auditor's Report being issued. The annual report should be tabled by 22 February 2021.

Key findings and responses

5. The findings in the annual report most likely to be raised in the media following its public release are as follows:

Trend	Issues that could be raised	Suggested response
COVID-19	Support for students Impact on repayments	<p>In 2020, the government provided additional financial support to students in response to COVID-19. This included temporarily increasing the maximum course-related cost entitlement and extending student loan payments.</p> <p>COVID-19 impacts are not yet in the operational data related to borrowing as this is from January to December 2019. Repayment data is from July 2019 to June 2020. Impacts on these areas are likely to be seen in future reports. (Chapters 1-3)</p> <p>COVID-19 impacts are shown in the financial data for the July 2019 to June 2020 year. Adjustments have been made for employment and migration assumptions, income levels and borrower repayments caused a negative impairment (of \$476 million). The overall reduction to the fair value of the Scheme was \$133 million. (Chapter 5)</p>
Fewer students used the loan scheme in 2019, reflecting the decrease in tertiary education enrolments since 2010 and the introduction of Fees Free education and training for students new to tertiary education.	Affordability of tertiary education. Burden of student debt.	<p>Decrease in tertiary enrolments reflect a strong labour market over the 2019/20 period, which makes employment more available and attractive. (Page 16)</p> <p>48,500 students supported through the Fees Free policy saved, on average \$5,800 per student. (Page 16)</p> <p>Government provides an annual maximum fee movement to limit the amount tertiary providers can increase their fees by each year.</p> <p>Students are tending to study higher qualifications, therefore staying in study longer.</p> <p>Students who do study higher qualifications tend to pay off their loans faster. (Page 19)</p>
Students borrowed more on average, and the total amount owed by those who finished their study increased.		
The amount of student loan debt increased and the average student loan has grown.		

<p>The total amount of overdue debt increased, and overseas-based borrowers owed 91 percent of the amount overdue.</p>	<p>The effectiveness of overseas-based borrower compliance initiatives.</p>	<p>The number of overseas-based borrowers making repayments increased in 2019/20; there was a 2.2 percent change reduction in the number of overseas-based borrowers in default in 2019/20. (Page 24)</p> <p>Preventative measures such as contact with borrowers just after they have left New Zealand aim to enable Inland Revenue to follow up with increasing numbers of borrowers about their repayment obligations.</p> <p>Improved self-service options from Inland Revenue's new platform make it easier for borrowers, through their online account to see what they owe, make repayments and apply for special deduction rates, instalment arrangements or hardship. (Page 25)</p>
--	---	--

6. A set of reactive questions and answers will be provided before the tabling of the annual report. The Ministry of Education will work with your office on a press release should it be required.

Next Steps

7. The annual report will be tabled in Parliament. The Bills office will be provided with sufficient copies for tabling on 5 February 2021. The annual report should be tabled by 22 February 2021.
8. The annual report will be published on the Ministry of Education's Education Counts website after it has been tabled. Links will also be available from the Inland Revenue, Ministry of Social Development and StudyLink websites.

Proactive Release

9. We recommend that this Briefing is proactively released as per your expectation that information be released as soon as possible. Any information which may need to be withheld will be done so in line with the provisions of the Official Information Act 1982.