



Briefing Note: Student Loan Scheme quarterly report for January-March 2022

To:	Hon Chris Hipkins, Minister of Education		
Cc:	Hon David Parker, Minister of Revenue Hon Carmel Sepuloni, Minister for Social Development Dr Deborah Russell, Parliamentary Under-Secretary of Revenue		
Date:	11 July 2022	Priority:	Medium
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Drafter:	Tipene Johnson	DDI:	6444637949
Key Contact:	Kieran Forde	DDI:	04 463 7697
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Purpose

This report provides you with a brief update on recent financial performance, operational and policy work relating to the Student Loan Scheme (the Scheme).

Following agreement from the Student Loan Scheme governance group, the Ministry of Education, working with MSD and IR intends to produce a more up-to-date, quarterly report that is better linked to the statistics published by MSD and IR. This quarterly report will replace the current six-monthly report. This change will reduce doubling up of reporting and see the report released in a more timely manner, alongside the release of statistics by IR and MSD.

This report contains a summary of:

- the financial performance of the Scheme in the January-March 2022 quarter; and
- key trends that have been identified; and
- any recent changes in policy or operational work related to the management of the Scheme.

Recommended actions

The Ministry of Education recommends you:

- forward** this report to the Honourable David Parker, Minister of Revenue, the Honourable Carmel Sepuloni, Minister for Social Development, and Dr Deborah Russell, Parliamentary Under-Secretary of Revenue

- b. **agree** that the Ministry of Education will proactively release this paper, in consultation with the Ministry of Social Development and Inland Revenue, and with any necessary redactions made in line with provisions of the Official Information Act 1982.

Release Not release



Kieran Forde
Senior Manager
Ministry of Education

11/07/2022



Hon Chris Hipkins
Minister of Education

20/7/2022

Borrowing January to March 2022

- There has been a marked decrease in the number of borrowers and the amount borrowed in this quarter compared to last year. This drop may be a part of the return to previous, pre-COVID-19 trends of numbers of borrowers reducing year on year since 2010.
- There were 106,626 borrowers in this quarter which is a reduction of 12,471 (10.5%) compared to last year. Universities have 6.6% fewer borrowers while other subsectors have seen more marked reductions: Wānanga 33.3%, Te Pūkenga 19.6% and Private Training Establishments (PTEs) 19.0%.
- The total amount borrowed was \$727.9 million which is decrease of \$66.5 million (8.4%) compared with the same period last year. Course fee borrowing accounts for \$50.2 million of this decrease.
- This reduction is in line with indicative enrolment returns from tertiary providers. The TEC will update you in June on the April SDR return.

Repayments January to March 2022

- Repayments to Inland Revenue increased by 7.6% this quarter compared to last year.
- Repayment by New Zealand based borrowers increased by \$40.4 million to a total of \$365.9 million. Those by overseas based borrower *decreased* by \$11.6 million and totalled \$42.1 million.
- The reduction in overseas repayments is believed to be due to the ongoing impacts of COVID-19, with fewer borrowers leaving New Zealand and more returning. We believe that those who have returned tended to have been out of the country for a shorter period and to have been more compliant with their overseas repayment obligations while away. On the other hand, fewer recent graduates have left New Zealand. These two effects have changed the characteristics of those overseas from a loan repayment perspective. Research is underway to improve our understanding of these dynamics and this interpretation.

Number and Balances 31 March 2022

- The number of people with a loan and the overall amount owed has fallen over the year.
- At the end of March there were 665,263 student loans with balances totalling \$16,302 million. This represents a reduction of 22,567 loans (3.3%) and \$91 million (0.6%) compared with a year earlier.
- The percentage of borrowers who are New Zealand based remains steady at 84.5%.
- The number of borrowers with overdue repayments and the total overdue have increased over the year by 0.6% and 12.5% respectively. Those overseas account for this change. The proportion of people overseas who have overdue repayments has increased from 72.0% to 75.4%. This is the continuation of a long-term trend.

Policy and operational initiatives

- IR are preparing to see a significant increase in the number of overseas based borrowers as border restrictions start to loosen.
- IR continues to focus on supporting borrowers to get their repayments back on track by making it easier for them to self-manage their obligations online via myIR (including checking loan balances, making electronic payments, working out their repayment obligations by using the online repayment calculator, setting up instalment arrangements, applying for hardship and direct online interactions with IR).

Release of Student Loan Statistics

- Quarterly Student Loan Statistics are published on IR and MSD's respective agency websites. Statistics to 31 March were published on 20 May 2022. A copy of these statistics can be found at
 - [Student loan scheme reports \(ird.govt.nz\)](https://www.ird.govt.nz/student-loan-scheme-reports)
 - [Student Data - Ministry of Social Development \(msd.govt.nz\)](https://www.msd.govt.nz/student-data)