



Education Report: Student Loan Scheme quarterly report for January to March 2021 and April to June 2021

To:	Hon Chris Hipkins, Minister of Education		
Cc:	Hon David Parker, Minister of Revenue Hon Carmel Sepuloni, Minister for Social Development and Employment Dr Deborah Russell, Parliamentary Under-Secretary of Revenue		
Date:	6 October 2021	Priority:	Medium
Security Level:	In Confidence	METIS No:	1267464
Drafter:	Jenni Barrett	DDI:	04 463 8508
Key Contact:	Kieran Forde	DDI:	04 463 7697
Messaging seen by Communications team:	No	Round Robin:	No

Purpose

This report provides you with an update on:

- the performance of the Student Loan Scheme (the Scheme) for the periods January to March 2021, and April to June 2021;
- borrowing and repayments compared to the Scheme forecast; and
- ongoing policy and operational work related to the management of the Scheme.

Summary

An overview of key trends is included in the 'Student Loan Scheme at a Glance' sections on pages 3 and 4. We have identified the following patterns for the financial quarters covered in this report:

- Over January to June to 2021, there was an increase in borrowing for fees and living costs compared to the same period in the previous financial year, including in the amounts borrowed and the number of students borrowing. We expect this is due in part to the impact of COVID-19 on the labour market at the time, as more people chose to enter or remain in study at a time when there was significant uncertainty about the long-term impacts of COVID-19 on New Zealand's economy and labour market.
- As we expected, borrowing for course-related costs decreased in quarter four 2020/21 compared to the same period in the previous financial year. Borrowing for course-related costs was high during quarter four last year due to the temporary \$1,000 increase to course-related costs entitlements for study in 2020, as part of the

Government's COVID-19 response. Most students used the additional entitlement last year¹ and it is not available for study commencing in 2021.

- Compared with January to June in the previous financial year, repayments have decreased by \$30 million. However, repayments in April last year were artificially high due to a timing change associated with Inland Revenue's business transformation programme. We estimate that this inflated repayments by about \$60 million in April 2020, meaning that when comparing like with like, repayments by New Zealand based borrowers have increased by around \$30 million this year. Repayments from overseas-based borrowers have decreased from \$106 million in January to June 2020 to \$93 million in January to June 2021. This may be due in part to the impacts of COVID-19 on the global labour market at the time.
- Overall, the most significant observable changes in the performance of the Scheme, over these periods, have been driven by the impacts of COVID-19 on learners in terms of increases in borrowing and repayments, and the impact of the Government's policy response aimed at keeping learners engaged in tertiary education.

Recommended actions

The Ministry of Education recommends you:

- a. **note** that key information about trends in quarters three and four 2020/21 compared to the same quarters in the previous financial year are summarised in the 'Student Loan Scheme at a Glance' sections on pages 3 and 4
- 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

Katrina Sutich
Group Manager
Tertiary Education

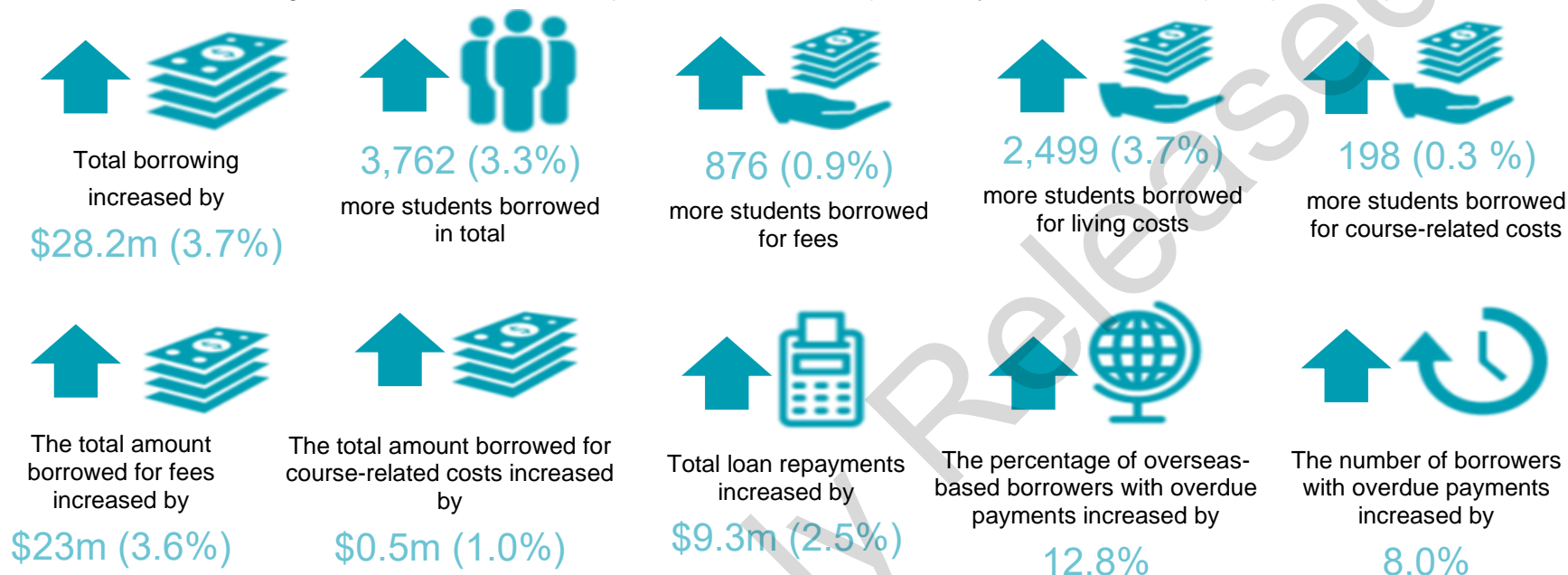
___/___/___

Hon Chris Hipkins
Minister of Education

___/___/___

¹ Eligible students who are undertaking a cross-year enrolment that they commenced in 2020, and who have not previously received the \$1,000 additional entitlement, can claim any remaining entitlement up until the end of that enrolment period.

Student Loan Scheme at a glance — Performance for quarter three 2020/21 (1 January to 31 March 2021) compared to quarter three 2019/20



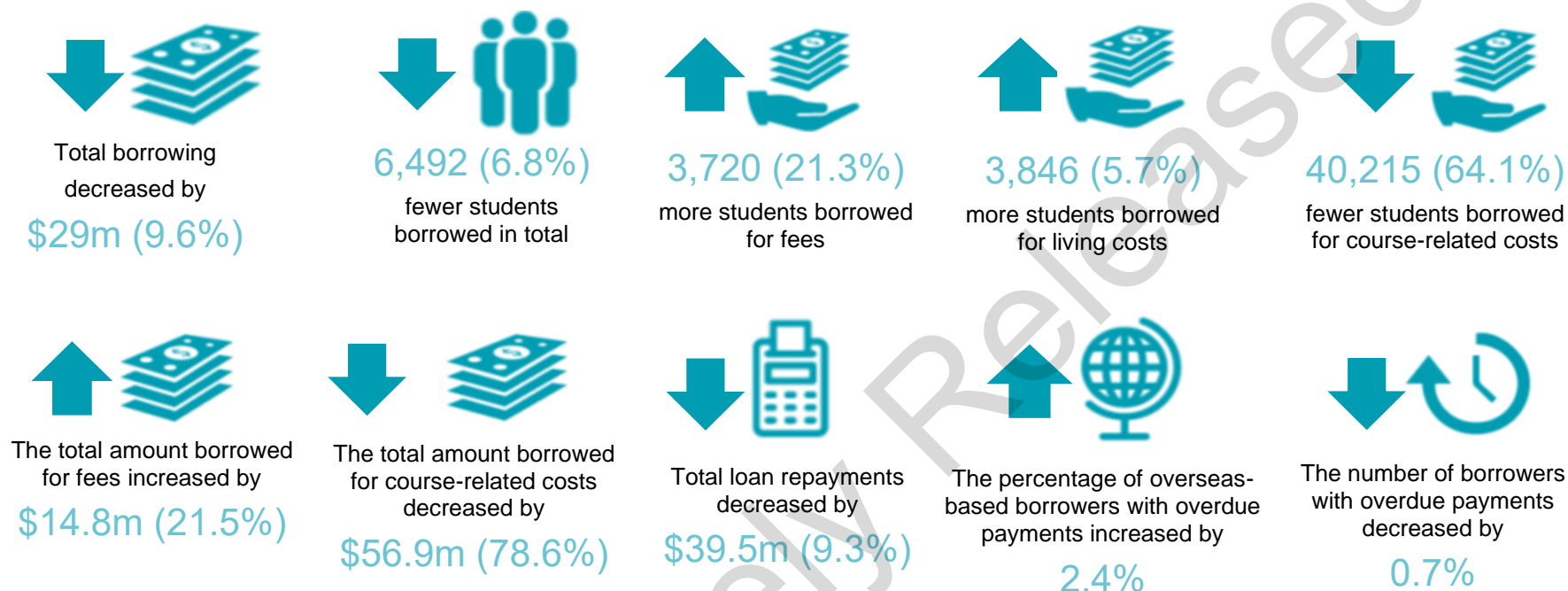
The increase in total borrowing is primarily due to an increase of \$23m in borrowing for course fees. We expect this is due to fee increases and the trends towards higher cost and full-time study.

Increases in borrower numbers were seen across all three components, but particularly living costs. Overall, we expected an increase in borrower numbers as more people enter or remain in study due to the impacts of COVID-19 on the labour market.

There was a slight increase in repayments, including a significant increase in repayments received directly from New Zealand based borrowers. We attribute these increases mainly to IR moving to a new system as part of its business transformation programme.

The increase to numbers of overseas-based borrowers in default is due to IR undertaking work to confirm and correct the status of borrowers as either New Zealand or overseas-based borrowers.

Student Loan Scheme at a glance — performance for quarter four 2020/21 (1 April to 30 June 2021) compared to quarter four 2019/20



Borrowing and borrower numbers during quarter four last year were high due to the temporary increase of \$1,000 to course-related costs entitlements for study in 2020, as part of the Government's COVID-19 response. We expected the significant reductions this year as the additional \$1,000 is not available for study commencing in 2021.

Increases in the number of students borrowing for fees followed higher than usual loan application numbers in quarter three.

There was a decrease in total loan repayments for quarter four, largely due to a significant decrease in repayments from employers. We expected this decrease in comparison to the April 2020 repayments, which were artificially high due to a collection timing change as part of IR's business transformation programme.

There was a slight increase in overseas-based borrowers in default, which may be due to IR undertaking work to confirm and correct the status of borrowers as New Zealand or overseas based.

Background

1. As part of Ministerial governance of the Student Loan Scheme (the Scheme), officials provide quarterly reports on the Scheme's performance. This report was compiled by the Ministry of Education (MoE), with input from the Ministry of Social Development (MSD), and Inland Revenue (IR).
2. This report covers the third and fourth quarters of the 2020/21 financial year. Unless otherwise stated, figures in this report are for:
 - a. financial quarter three, spanning 1 January to 31 March 2021, compared with the corresponding quarter in the 2019/20 financial year; and
 - b. financial quarter four, spanning 1 April to 30 June 2021, compared with the corresponding quarter in the 2019/20 financial year.
3. We note that random rounding to base three is now applied to client-related MSD data for external use. This means that the data for earlier years contained in this report may not match data provided to you previously for those years, and the sum of data in columns and rows may not add to the total in those columns and rows. Actual counts will not differ by more than two.
4. The 'Student Loan Scheme at a Glance' sections (pages 3-4) provide a visual overview of key trends across these two quarters compared to the same quarters in the previous financial year. Total borrowing across both quarters decreased marginally (0.1%) from the previous year, due to significant decreases in course-related costs borrowing offset by increases to fees and living costs borrowing. Across both quarters, total repayments decreased (3.8%), while the total number of borrowers in default and the total overdue amount increased.

Impacts of COVID-19 on Scheme borrowing and repayments

5. The most significant observable impact of COVID-19 on Scheme borrowing and repayments was the expected significant decrease in borrowing for course-related costs in quarter four compared to the same quarter in the previous financial year. Borrowing for course-related costs was high last year because of the temporary \$1,000 increase to course-related costs entitlements for study in 2020.
6. There were increases to the numbers of students borrowing for fees and living costs in both quarters. This may be partly attributable to COVID-19, as more people chose to enter or remain in study at a time when there was significant uncertainty about the long-term impacts of COVID-19 on New Zealand's economy and labour market.
7. In quarter four, repayments from overseas-based borrowers decreased by 27%. This may be attributable to the impacts of COVID-19 at the time on the global labour market. We anticipate this trend may continue in the medium term.

Scheme performance in quarter three

Loan borrowing² in quarter three

8. Borrowing in quarter three of 2020/21 increased by \$28.2m (3.7%) compared with the same quarter in the 2019/20 financial year (table one). This reflects increases across all components, in particular fee borrowing, which increased by \$23m (3.6%) to represent 81.6% of the total increase (figure one).

Table 1: Borrowing and repayments for quarter three (1 January to 31 March) for 2019/20 and 2020/21

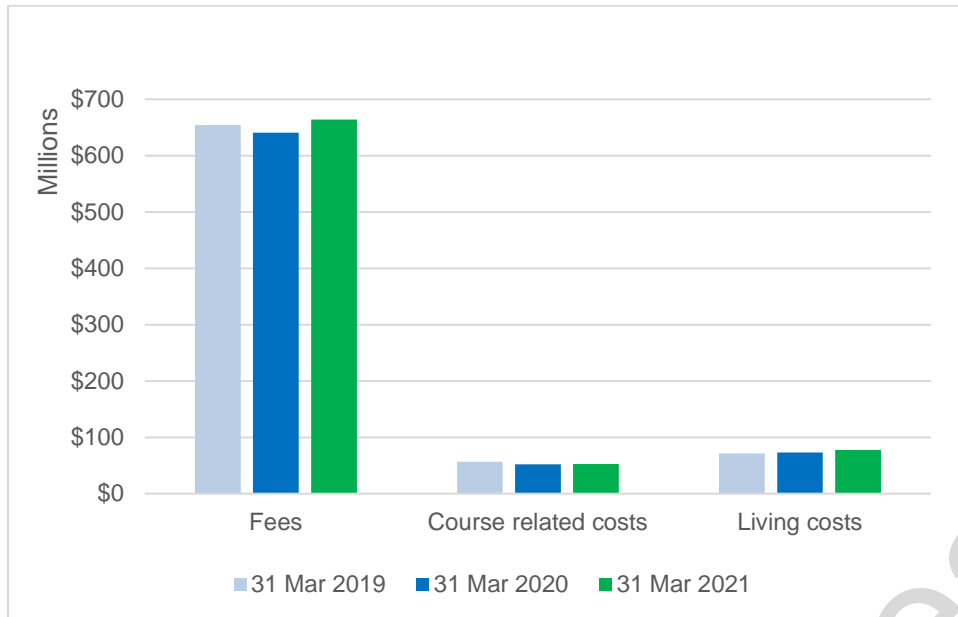
	Borrowing	Repayments
	Jan to Mar 2020	Jan to Mar 2020
	\$766.2m	\$369.8m
	Jan to Mar 2021	Jan to Mar 2021
	\$794.4m	\$378.7m
Difference	\$28.2m	\$8.9m

Source: MSD and IR

9. The increase in fee borrowing is likely to be primarily due to fee rises (within regulated fee limits) and trends towards higher cost and full-time study, as the number of students borrowing for fees has only increased by 876 (0.9%) (figure two). Average fee borrowing increased by \$179 (2.6%).
10. During quarter three, 2,499 (3.7%) more students borrowed \$4.7m (6.4%) more for living costs compared to the same quarter in the previous financial year. Average living costs borrowing was \$28 (2.6%) higher, which we can partly attribute to the annual Consumers Price Index (CPI) adjustment to the maximum amount of living costs payable.
11. As part of Budget 2021, the Government also increased the student loan living cost maximum entitlement and student allowances rates by \$25 per week. As this increase takes effect from 1 April 2022, its impact on borrowing will become evident from quarter four of the 2021/22 financial year.

² Borrowing refers to the amount students borrow using their student loan. A borrower is anyone who has borrowed from the Scheme and who has not yet repaid this borrowing in full. This includes the amount borrowed for fees, course related costs and living costs. These figures do not include the \$60 establishment fee and do not allow for repayments and fee refunds.

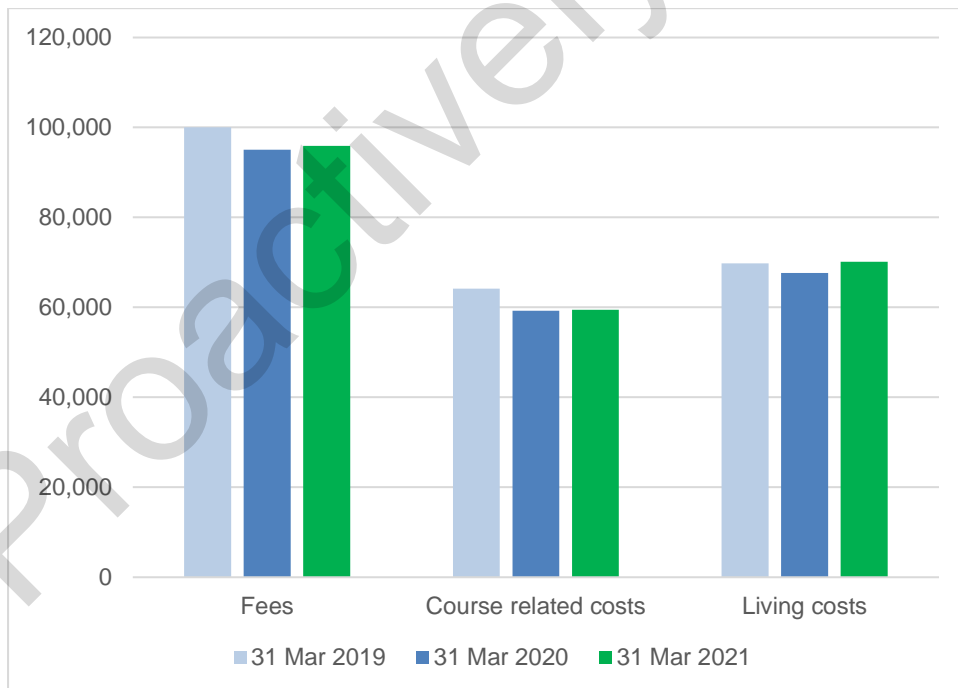
Figure 1: Total student loan borrowing by component – quarter three



Source: MSD

12. Figure two shows the number of students borrowing for course-related costs in quarter three increased by 198 (0.3%) compared with the same quarter in the previous financial year. In the same period, the number of students borrowing for fees and living costs increased by 876 (0.9%) and 2,499 (3.7%) respectively. Overall, 3,762 (3.3%) more students borrowed in quarter three, compared to the same quarter in the previous financial year. We may be able to partly attribute increased borrower numbers to COVID-19, as more people chose to enter or remain in study due to the impacts of COVID-19 on the labour market at the time.

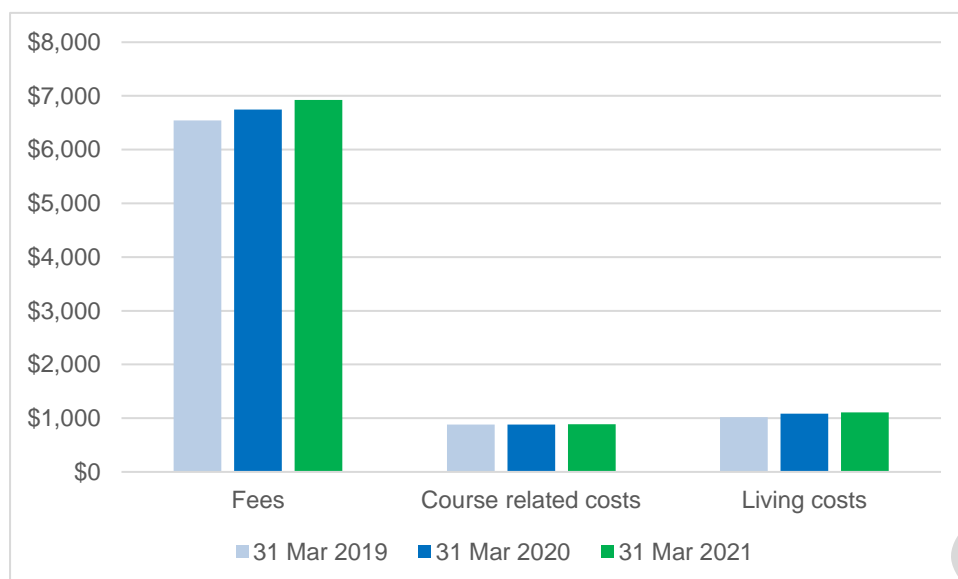
Figure 2: Number of student loan borrowers by component – quarter three



Source: MSD

13. Total average borrowing increased by \$27 (0.4%) per borrower. Figure three shows increases of \$179 (2.6%) to the average amount borrowed for fees; \$28 (2.6%) to the average amount borrowed for living costs; and \$6 (0.7%) to the average amount borrowed for course related costs.

Figure 3: Average borrowing per student by component – quarter three



Source: MSD

Loan repayments³ in quarter three

14. Overall student loan repayments increased by \$9.3m (2.5%) in quarter three compared with the same quarter in the previous financial year. This reflects increases in repayments received directly from borrowers (16.4%), including an increase in repayments from overseas-based borrowers (2.5%). Repayments made through employer deductions decreased by 2.6% (table 2).

Table 2: Repayments in quarter three (1 January to 31 March) for 2019/20 and 2020/21

	Jan to Mar 2020	Jan to Mar 2021	% Change
Repayment via employers	\$270.2m	\$263.1m	-2.6%
Repayment via borrowers	\$99.6m	\$116.0m	16.4%
Repayments via borrowers split by:			
Overseas-based borrowers	\$52.4m	\$53.7m	2.5%
New Zealand based borrowers	\$47.3m	\$62.3m	31.8%
Total	\$369.8m	\$379.1m	2.5%

Source: IR

15. Increases to repayments received directly from borrowers included significantly more repayments received directly from New Zealand borrowers (31.8%), compared to the same quarter in the previous financial year. This can mainly be attributed to IR moving to a new system as part of its business transformation programme – repayments in quarter three 2019/20 were made under IR's old system, while repayments in quarter three 2020/21 fall within the new system. IR's regular reminder notification cycle now also includes interim due dates and system reminders to pay.

³ The student loan repayment threshold sets the amount of income a New Zealand based borrower can earn before they are required to start making repayments on their student loan balance. This threshold can be adjusted by Order in Council and has been increased annually by the rate of CPI (excluding tobacco) to ensure that, over time, price level rises do not increase the risk that an individual's repayment obligations are causing them financial hardship.

Default in quarter three

16. The total amount of student loans in default is \$1,618.3m, an increase of 9.3% compared to the same quarter in the previous financial year (table 3). We continue to attribute this increase to late payment interest charges on overdue amounts for overseas-based borrowers.

Table 3: Loan amounts in default for quarter three (as at 31 March) for 2019/20 and 2020/21

	31 Mar 2020	31 Mar 2021	% Change
New Zealand based loans overdue	\$146.6m	\$133.4m	-9.1%
Overseas-based loans overdue	\$1,334.7m	\$1,485.0m	11.3%
Total	\$1,481.3m	\$1,628.3m	9.3%

Source: IR

17. However, the overdue amount attributed to New Zealand based borrowers decreased by 9.1% compared to the same quarter in the previous financial year (table 3). The number of New Zealand based borrowers in default also reduced by 3.5% in the same period (table 4).
18. IR's reminder notification cycle now includes interim due dates and system reminders to pay, which may have influenced these reductions in default for New Zealand based borrowers. IR has also made significant inroads engaging with more borrowers to repay their student loans. Operational changes and marketing activities have focused on helping borrowers to understand their obligations and get their outstanding loan repayments back on track. These changes may also be contributing factors in the reduction of overdue amounts.

Borrowers in default in quarter three

19. The total number of borrowers in default increased by 8.0% in quarter three compared to the same quarter in the previous financial year (table 4). There was a 12.8% increase in overseas-based borrowers in default in quarter three compared to the same quarter in the previous financial year (table 4).

Table 4: Numbers of borrowers in default in quarter three (as at 31 March) for 2019/20 and 2020/21

	31 Mar 2020	31 Mar 2021	% Change
New Zealand based borrowers in default	28,387	27,392	-3.5%
Overseas-based based borrowers in default	67,939	76,623	12.8%
Total borrowers in default	96,326	104,015	8.0%

Source: IR

20. The increase in the number of overseas-based borrowers in default in quarter three compared to the same quarter in the previous financial year is also reflected in the 11.3% increase to the total value of overseas-based loans overdue during the same period (table 3). The increase to numbers of overseas-based borrowers in default is due to IR undertaking work to confirm and correct the status of borrowers as either New Zealand or overseas-based borrowers.

Scheme performance in quarter four

Loan borrowing⁴ in quarter four

21. Total borrowing in quarter four 2020/21 decreased by \$29 million (9.6%) compared with the same quarter in the previous financial year (table 5). This is due to a significant decrease in course-related costs borrowing, partially offset by increases in borrowing for fees and living costs (figure 4).

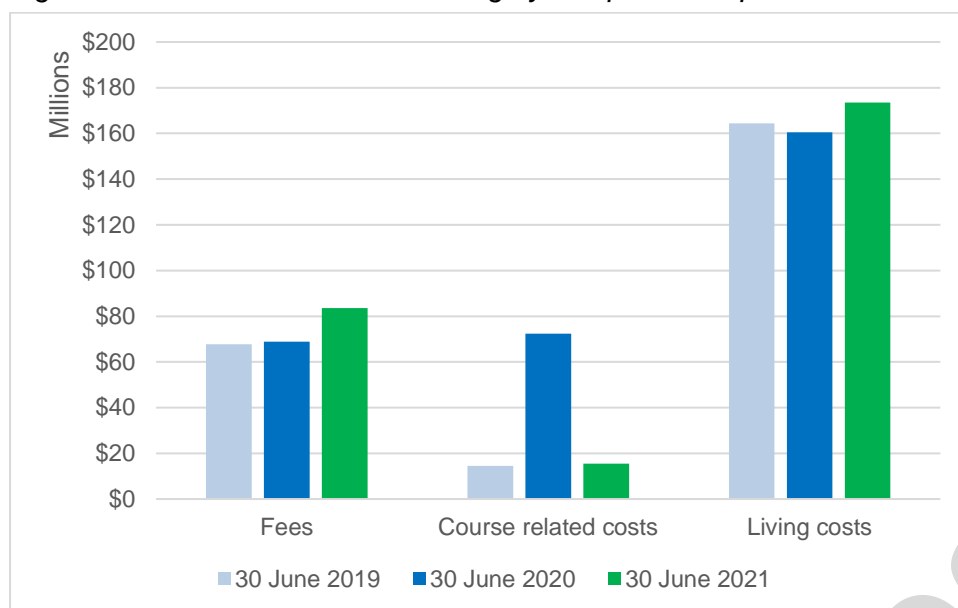
Table 5: Borrowing and repayments over quarter four (1 April to 30 June) for 2019/20 and 2020/21

	Borrowing	Repayments
	Apr to Jun 2020	Apr to Jun 2020
	\$301.6m	\$423.9m
	Apr to Jun 2021	Apr to Jun 2021
	\$272.6 m	\$384.4m
Difference	\$29.0m	\$39.5m

Source: MSD and IR

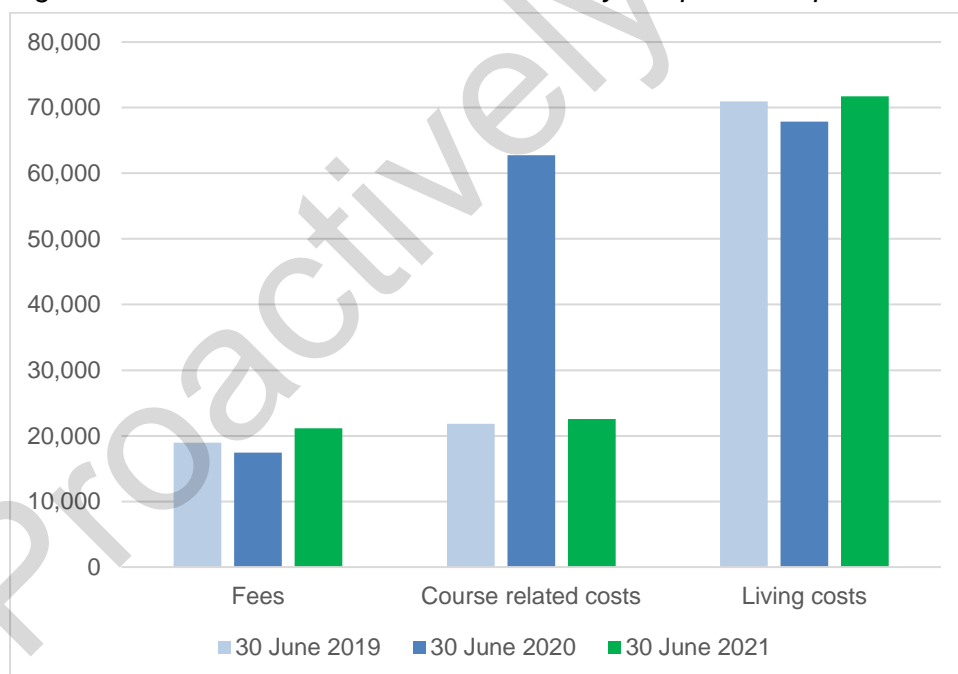
22. Course-related costs borrowing was high for quarter four in the previous financial year due to the temporary increase which enabled students to borrow an additional \$1,000 for course-related costs in 2020, as part of the Government's COVID-19 response. We expected the \$56.9m (78.6%) decrease in borrowing for course-related costs in quarter four this year compared with the same quarter in the previous financial year, because this additional \$1,000 is not available for study starting in 2021.
23. In quarter four, borrowing for fees increased by \$14.8m (21.5%), and 3,720 (21.3%) more students borrowed for fees, compared with the same quarter in the previous financial year. This follows an increase in applications for loans during quarter three this year. We expect this is due in part to the impacts of COVID-19 on the labour market at the time, as more people generally opt to study in times of economic uncertainty.
24. Borrowing for living costs increased by \$13.1m (8.2%) in quarter four (figure 4), with the number of students borrowing for living costs increasing by 3,846 (5.7%) compared to the same quarter in the previous financial year.

⁴ Borrowing refers to the amount students borrow using their student loan. A borrower is anyone who has borrowed from the Scheme and who has not yet repaid this borrowing in full. This includes the amount borrowed for fees, course related costs and living costs. These figures do not include the \$60 establishment fee and do not allow for repayments and fee refunds.

Figure 4: Total student loan borrowing by component – quarter four

Source: MSD

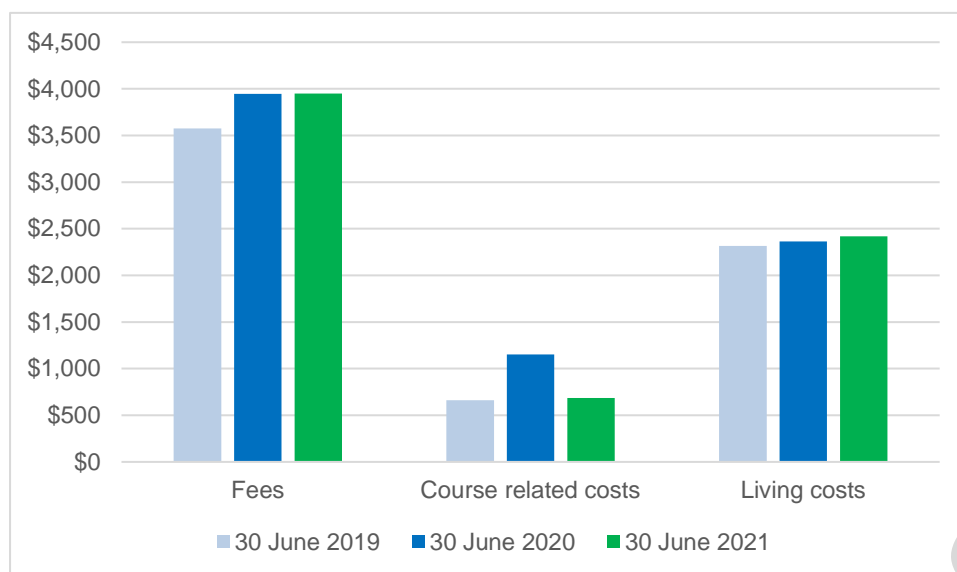
25. In quarter four, the number of students who borrowed for course-related costs decreased by 40,215 (64.1%) compared with the same quarter in the previous financial year, while the number of students who borrowed for fees increased by 3,720 (21.3%), and the number of students who borrowed for living costs increased by 3,846 (5.7%) (figure 5). Overall, 6,492 (6.8%) fewer students borrowed in quarter four this year, compared to quarter four in the previous financial year.

Figure 5: Number of student loan borrowers by component – quarter four

Source: MSD

26. Total average borrowing decreased by \$96 (3.1%) per borrower in quarter four, compared to the same quarter in the previous financial year. Figure 6 shows an increase of \$56 (2.4%) to the average amount borrowed for living costs, and an increase of \$5 (0.1%) to the average amount borrowed for fees, while the average amount borrowed for course-related costs decreased by \$467 (40.5%) compared to the same quarter in the previous financial year. This aligns with the impact recorded due to the cessation of the temporary increase in course-related costs entitlement.

Figure 6: Average borrowing per student by component – quarter four



Source: MSD

Loan repayments in quarter four

27. Overall loan repayments decreased by \$39.5m (9.3%) in quarter four compared with the same quarter in the previous financial year (table 6). Repayments made through employer deductions decreased by 12.9% compared to the same quarter in the previous financial year (table 6). We expected this decrease as April 2020 repayments were artificially high due to a timing change in IR's collection of repayments from employers, as part of its business transformation programme.

Table 6: Repayments for quarter four (1 April to 30 June) for 2019/20 and 2020/21

	Apr to Jun 2020	Apr to Jun 2021	% Change
Repayment via employers	\$313.8m	\$273.3m	-12.9%
Repayment via borrowers	\$110.1m	\$111.0m	0.8%
Repayments via borrowers split by:			
Overseas-based borrowers	\$53.8m	\$39.4m	-27.0%
New Zealand based borrowers	\$56.2m	\$71.6m	27.5%
Total	\$423.9m	\$384.4m	-9.3%

Source: IR

28. Table 6 shows a marginal increase in repayments received directly from borrowers (0.8%), with an increase in repayments received from New Zealand based borrowers (27.5%) and a decrease in repayments received from overseas-based borrowers (27%).

29. We attribute the increased repayments from New Zealand based borrowers to transfers from other tax types, and a decrease in refunds. The increased repayments may also be influenced by IR's reminder notification cycle, which now includes interim due dates and system reminders to pay.

30. There may be a number of factors influencing the decreased repayments from overseas-based borrowers, including for example, the impacts of COVID-19 on global labour markets.

Default in quarter four

31. The total amount of student loans in default is \$1.7 billion, an increase of 8.3% compared to the same quarter in the previous financial year (table 7). We continue to attribute this increase to late payment interest charges on overdue amounts for overseas-based borrowers.
32. The overdue amount attributed to New Zealand based borrowers increased by 5.9% compared to the same quarter in the previous financial year (table 7). We expect that part of the increase may be due to a small number of overseas based borrowers returning to New Zealand bringing their debts with them.

Table 7: Loan amounts in default for quarter four (as at 30 June) for 2019/20 and 2020/21

	30 Jun 2020	30 Jun 2021	% Change
New Zealand based loans overdue	\$133.1m	\$140.9m	5.9%
Overseas-based loans overdue	\$1,446.2m	\$1,579.6m	9.2%
Total	\$1,589.2m	\$1,720.5m	8.3%

Source: IR

Borrowers in default in quarter four

33. The total number of borrowers in default decreased by 0.7% in quarter four compared to the same quarter in the previous financial year (table 8). The number of New Zealand based borrowers in default decreased by 8.3% in the same period. This may be due to IR's administration changes and marketing activities, which have focused on helping borrowers to understand their obligations and get their outstanding loan repayments back on track.

Table 8: Number of borrowers in default for quarter four (as at 30 June) for 2019/20 and 2020/21

	30 Jun 2020	30 Jun 2021	% Change
New Zealand based borrowers in default	29,389	26,962	-8.3%
Overseas-based based borrowers in default	74,215	75,965	2.4%
Total borrowers in default	103,604	102,927	-0.7%

Source: IR

34. The number of overseas-based borrowers with overdue repayments in quarter three increased by 2.4% compared with the same quarter in the previous financial year (table 8). This increase is also reflected in the total amount of overseas-based loans overdue, which has increased by 9.2% compared to the same quarter in the previous financial year (table 7).
35. This slight increase to numbers of overseas-based borrowers in default may be due to IR undertaking work to confirm and correct the status of borrowers as either New Zealand or overseas-based borrowers.

Calendar year-to-date borrowing and repayments

36. To put the information about loan borrowing, repayments, and defaults into the context of the academic year, we have included calendar year-to-date information.

Calendar year-to-date borrowing

37. Total borrowing from 1 January to 30 June 2021 decreased by \$760,411 (0.1%) compared with the same period in 2020 (table 9). This reduction is due to a decrease of \$56.3m (45.3%) in borrowing for course-related costs, partially offset by increases of \$37.8m (5.3%) in borrowing for fees and \$17.8m (7.6%) in borrowing for living costs.
38. We expected the decrease in borrowing for course-related costs, as the temporary increase to course-related costs entitlements provided as part of the Government's COVID-19 response was only available for enrolments commencing in 2020.

Table 9: Student Loan borrowing, January to June 2020 and 2021

	As at 30 June 2020	As at 30 June 2021	% change
Fees	\$709.7m	\$747.6m	5.3%
Course related costs	\$124.5m	\$68.1m	-45.3%
Living costs	\$233.6m	\$251.3m	7.6%
Total	\$1,067.8m	\$1,067.0m	-0.1%

Source: MSD

Does not include repayments and refunds

39. Average borrowing decreased by \$303 (3.6%) per student, largely due to the reduction in borrowing for course-related costs. Compared with the same time in the 2020 calendar year, 4,587 (5.9%) fewer students borrowed an average of \$668 (41.9%) less per student for course-related costs.
40. The number of students borrowing for fees increased by 2,349 (2.2%), with average fee borrowing \$204 (3.0%) higher per student for the calendar year to date. This is expected to be due to annual compulsory course fee increases (within regulated fee limits) and the trend towards more full-time study. The number of students who borrowed for living costs increased by 4,152 (5.6%), while the average amount borrowed increased by \$59 (1.9%) per student. The total number of student loan borrowers increased by 4,755 (3.7%) compared to the same period in the 2020 calendar year (table 10).

Table 10: Student Loan borrowers, January to June 2020 and 2021

	As at 30 June 2020	As at 30 June 2021	% change
Fees	105,681	108,030	2.2%
Course-related costs	77,997	73,410	-5.9%
Living costs	73,629	77,781	5.6%
Number of students	128,346	133,101	3.7%

Source: MSD

Calendar year-to-date repayments and overdue repayments

41. Table 11 provides an overview of repayments and default information for January to June 2021. Compared to the same period in 2020, there was a 3.8% decrease in total repayments from \$793.7m in 2020 to \$763.5m in 2021.
42. The overdue amount continues to increase as it does each year. This is due to late payment interest charges applied to loan amounts each month they are overdue. The number of borrowers in default as at June 2021 decreased slightly (0.7%) compared with the same date in 2020.

Table 11: Repayments and overdue repayments, January to June 2020 and 2021

	As at 30 June 2020	As at 30 June 2021	% change
Repayment via employers	\$583.9m	\$536.4m	-8.3%
Repayment direct from borrowers:	\$209.8m	\$227.0m	8.1%
New Zealand based	\$103.5m	\$133.9m	29.4%
Overseas-based	\$106.3m	\$93.1m	-12.4%
Total	\$793.7m	\$763.5m	-3.8%
	As at 30 June 2020	As at 30 June 2021	% change
Overdue amount	\$1,579.2m	\$1,720.5m	8.9%
Number of defaulting borrowers	103,604	102,927	-0.7%

Source: IR

Scheme forecast in quarter three

Borrowing versus forecast⁵

43. In quarter three of 2020/21, there was a \$43.3m underspend compared with the Half Year Economic and Fiscal Update (HYEFU) 2020 forecast. Of this, \$35.6m was due to lending for course fees being lower than expected.

Table 12: Borrowing versus forecast for quarter three ending 31 March 2021

	Jan to Mar 2020	Jan to Mar 2021
Actual lending	\$766.9m	\$795.0m
As a percentage of forecast	96.4%	94.8%

Source: MoE

Collections performance compared with IR's forecast and the valuation forecast

44. Repayments received directly from borrowers were 117% of what we expected for quarter three, while employer deductions were 107% of what was expected. Overall actual repayments for this quarter tracked above the forecast (table 13).

Table 13: Net repayment versus forecast for quarter three ending 31 March 2021

	Jan to Mar 2020	Jan to Mar 2021
Actual repayment	\$369.7m	\$379.1m
As a percentage of forecast	98%	110%

Source: IR

Scheme forecast in quarter four

Borrowing versus forecast

45. In quarter four of 2020/21, there was a \$6.5m overspend compared with the Budget Economic and Fiscal Update (BEFU) 2021 forecast. This included a \$12.5m overspend on fees, partially offset by a \$6.1m underspend on living costs.

⁵ MoE prepares student loan forecast information for MSD twice a year for BEFU and HYEFU, and for the Pre-election Economic and Fiscal Update (PREFU) in election years.

Table 14: Borrowing versus forecast for quarter four ending 30 June 2021

	Apr to Jun 2020	Apr to Jun 2021
Actual lending	\$302.5m	\$273.7m
As a percentage of forecast	118.8%	102.4%

Source: MoE

Collections performance compared with IR's forecast and the valuation forecast

46. Repayments received directly from borrowers were 109% of what we expected for quarter four, while employer deductions were 116% of what was expected. Overall actual repayments for this quarter tracked above the forecast (table 15).

Table 15: Net repayment versus forecast for quarter four ending 30 June 2021

	Apr to Jun 2020	Apr to Jun 2021
Actual repayment	\$423.9m	\$384.8m
As a percentage of forecast	118%	114%

Source: IR

Ongoing work on Scheme settings**IR campaigns and initiatives**

47. IR is progressing with student loan strategy initiatives, including making it easier for borrowers to access student loan information via IR's website, profiling the student loan debt book, and current debt campaigns to drive more targeted customer interventions.

Student support, 9(2)(f)(iv) and English for Speakers of Other Languages (ESOL)

48. 9(2)(f)(iv)
49. MoE provided advice to the Minister of Education on student support and ESOL last year [METIS 1216545 refers]. The Minister of Education agreed to progress work on developing an option for additional entitlements (in terms of weeks) to student allowances if people use significant portions for ESOL study. MoE will aim to progress this work with MSD 9(2)(f)(iv)

Fee regulation across the Vocational Education and Training (VET) system

50. A key aspect of the Reform of Vocational Education is the design of a simple and transparent funding and financing system that shares the costs of learning fairly between learners, employers, and government. Alongside work on public funding (through the Unified Funding System), officials are considering how learners and employers will contribute to the system. The government does not currently regulate fees charged for industry training, which are met by trainees or their employers, and these learners cannot access student loans to pay fees.

9(2)(f)(iv)

Release of Student Loan statistics

53. Student Loan statistics are published on IR and MSD's respective agency websites. Statistics to 31 March 2021 were published on 28 May 2021, and statistics to 30 June 2021 are being prepared. IR and MSD will notify your office and provide a copy of the statistics to be published approximately two weeks prior to publication.

Annexes

Annex 1: Further information on legal cases

Annex 2: Overview of advice on ongoing work related to the Student Loan Scheme

Annex 1: Further information on legal cases

New Zealand

- Two 'Notice of Proceedings' were filed in the New Zealand Court. The proceedings have been sent to Australia for service. One defendant has been successfully served with the Court documents and has made contact with the case officer to resolve the debt.

Australia

- IR registered two judgements for student loan cases in the Australian Court.
- IR commenced one bankruptcy proceeding. Upon service of bankruptcy notice, the debtor paid the judgement amount.
- Two examination hearings commenced in the Australian Court.

Warrant to arrest

- IR has one active warrant of arrest yet to be executed.
- IR has one potential warrant to arrest. Upon negotiation, the defendant paid a lump sum and departed New Zealand.

Annex 2: Overview of advice on ongoing work related to the Student Loan Scheme

The table below provides an overview of recent reports sent to you regarding ongoing work on or related to the Student Loan Scheme.

Titles of recent reports	Date	Minister
<i>Ministry of Education</i>		
Education Report: RoVE: Financing Vocational Education: Meeting of 5 August 2021. [METIS 1267229]	30/07/2021	Hipkins
Briefing Note: Student Loan Scheme Final Valuation 2021 [METIS 1271338]	22/09/2021	Hipkins Parker
<i>Ministry of Social Development</i>		
Cover report: 'Budget 2021 main benefit rate increases and related regulatory changes' (which mentions that student support rates will increase by \$25 on 1 April 2022) [REP21/5/455]	07/05/2021	Sepuloni