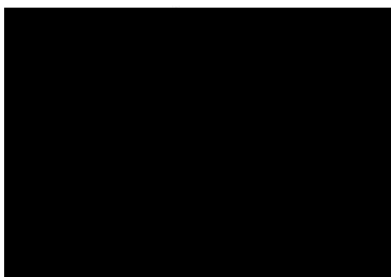




07 MAY 2018



Thank you for your email of 21 February 2018 to the Ministry of Social Development (MSD) requesting the following information under the Official Information Act 1982 (the Act):

- *a copy of the cabinet minutes which detail the restriction that students studying for less than 32 weeks and less than 0.25 EFTS aren't eligible for a Student Loan*

On 7 March 2018, MSD transferred this request to us under section 14(b)(ii) of the Act, as the information is more closely connected with the functions of the Ministry of Education.

Your request has been considered under the Official Information Act 1982 (the Act).

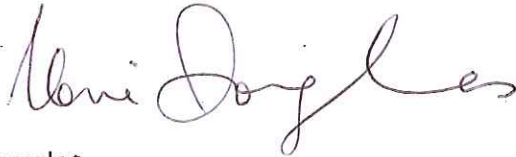
We have identified 4 documents that relate to your request. These documents are listed below and have all been released to you in full.

	Date	Document
1	April 2004	CBC (04) 60 – Budget 2004 Student Support: Student Loans for Part-Time Part-Year Students Access to Student Loans for Part-Time, Part-Year Students Appendix A – Current Course Classifications for Part-Time Part-Year Study Budget 2004 Student Support – Student Loans for Part-time Part-year Students
2	26 April 2004	CAB Min (04) 13/5
3	12 June 2006	SDC (06) 48
4	21 June 2006	SDC Min (06) 11/1

Please note, the Ministry now proactively publishes OIA responses on our website. As such we may publish this response on our website after five working days. Your name and contact details will be removed.

If you are unsatisfied with my response, you have the right to ask an Ombudsman to review it. You can do this by writing to [info@ombudsman.parliament.nz](mailto:info@ombudsman.parliament.nz) or Office of the Ombudsman, PO Box 10152, Wellington 6143.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Claire Douglas', written in a cursive style.

Claire Douglas  
**Deputy Secretary**  
**Graduate Achievement, Vocations and Careers**



# Cabinet Business Committee

CBC (04) 60

16 April 2004

Copy No:

32

*This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.*

## Budget 2004 Student Support: Student Loans for Part-Time Part-Year Students

**LATE PAPER:** This paper was submitted after the Cabinet deadline and has been accepted for the agenda by the Chair.

**The Minister of Education and the Associate Minister of Education (Tertiary Education) recommend that the Committee:**

### Background

- 1 note that at its meeting on Monday 5 April 2004 Cabinet invited the Associate Minister of Education (Tertiary Education) and the Minister of Education to:
  - 1.1 submit a paper on the proposal to extend access to student loans to CBC on 19 April 2004 which includes information on the option of not extending access in general to student loans for part-time part-year students, but allowing for discretion under the student loan scheme for such students to access student loans under certain criteria; and
  - 1.2 to report back to CBC on 19 April 2004 with confirmed costs for the student support initiatives set out in this Minute, including changes in administration costs;

[CAB Min (04) 11/9]

### Access to student loans for part-time part-year students

- 2 note that the Budget 2004 proposal is to extend access to the tuition fee component of the Student Loan Scheme to part-time part-year students, and that the proposal relates to students studying part-time whose study load over a course of a year is between 0.125 and 0.3 of an equivalent full-time student (EFTS);
- 3 note that approximately 2,600 students would be affected by the policy change set out in paragraph 2 above, and that the operating cost of this initiative is \$1.149 million over three years;
- 4 note that a range of options have been identified for restricting access to student loans for part-time part-year students undertaking course loads of between 0.125 and 0.3 EFTS;

- 5 note that there are a number of administrative issues and costs that would need to be worked through for any alternate option to the current proposal;
- 6 note that, dependent on the final policy configuration:
- 6.1 the administration costs of some of the options may be large relative to the number of students affected; and
- 6.2 it may not be possible to introduce the changes until 1 January 2006;
- 7 agree to extend access to the tuition fee component of the Student Loan Scheme for part-time part-year tertiary students on the following basis:
- 7.1 by reducing the minimum study load within a year required for eligibility, from 0.3 EFTS or more, to:
- EITHER**
- 7.1.1 0.125 EFTS or more (this was submitted for consideration in Budget 2004);
- OR**
- 7.1.2 0.25 EFTS or more;
- AND EITHER**
- 7.2 only for study in courses in particular funding classifications that contain a vocational component;
- OR**
- 7.3 based on personal circumstances using a Work and Income case management approach;
- OR**
- 7.4 only for working age students;
- OR**
- 7.5 with no additional restrictions (i.e. the bid as it currently stands);
- OR**
- 7.6 only for study in courses selected by the Tertiary Education Commission using a set of criteria set by the government;
- OR**
- 7.7 only for study in courses selected by the Tertiary Education Commission on the basis that it deems them to be of high strategic relevance;

OR

**Treasury alternative recommendations**

- 7.8 note that Treasury's preferred option is to limit access to student loans for part-time part-year students to those of working age (subject to BORA limitations and costs);
- 7.9 note that only the original option of extending student loans to part-time part-year students (paragraph 7.5 above) has been subject to policy development and costing, and that given the Budget timetable only this option is therefore available for announcement in Budget 2004 under normal Budget procedures; and
- 7.10 note that if Cabinet wishes to pursue options for limiting access to loans for part-time part-year students, this would need further policy development and costing which would require the proposal to be moved to the Education Budget Contingency and not announced as part of Budget 2004; and

**if Cabinet decides on any option other than 7.5 above**

- 7.11 direct officials to report to the Minister of Education, Associate Minister of Education (Tertiary Education) and the Minister of Social Development and Employment by 1 July 2004 on policy details and costs;
- 8 agree that, subject to administrative feasibility, the changes in paragraph 7 be implemented for study commencing on or after 1 January 2005;
- 9 note that officials consider that there is a high chance that the options in paragraphs 7.6 and 7.7 above could not be implemented for 1 January 2005;
- 10 agree that the final policy configuration for Student Loan Scheme access to part-time part-year students (including administration costs) not exceed the existing Budget 2004 part-time part-year bid of \$1.149 million over the 2004/05 to 2006/07 period;
- 11 note that the costs, including the administration costs, for the student support package total \$78.430 million over the 2004/05 to 2006/07 financial years;
- 12 note that the Minister of Education indicates that consultation is not required with government caucuses or other parliamentary parties.

Sue Sharp  
for Secretary of the Cabinet

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**Copies to:**

Cabinet Business Committee  
Acting Chief Executive, DPMC  
Acting Director, PAG, DPMC  
Secretary to the Treasury  
Chief Executive, Ministry of Social Development  
General Manager, Tertiary Education Commission  
Chief Executive, Ministry of Education



OFFICE OF THE MINISTER OF EDUCATION  
OFFICE OF THE ASSOCIATE MINISTER OF EDUCATION (TERTIARY EDUCATION)

Chair  
Cabinet Business Committee

**Budget 2004 Student Support - Student Loans for Part-time Part-year Students**

**Proposal**

1. This paper sets out a range of options for restricting access to the Student Loan Scheme for part-time, part-year study. The paper also provides a table of the costs of student support initiatives<sup>1</sup> including administration costs.

**Background**

2. In the initial paper to the Cabinet Policy Committee on 31 March 2004, entitled Budget 2004 Student Support Changes [POL (04) 70 refers], it was stated 'that extending loan access in this way ' ... may encourage greater participation in education that is not ... relevant to employment outcomes. In particular, older people may use this provision to help finance study with no intention of using the learning in employment. ... it will extend the scheme to many students who are currently already self-financing their part-time study.'
3. At its meeting on Monday 5 April 2004 Cabinet agreed to a number of policy changes that will form part of the Budget 2004 student support package of initiatives [CAB Min (04) 11/9 refers].
4. At this meeting Cabinet also requested further information on:
  - 4.1. the option of not extending access in general to student loans for part-time part-year students, but allowing for discretion under the student loan scheme for such students to access student loans under certain criteria; and
  - 4.2. the confirmed costs for the student support initiatives, including changes in administration costs.

**Access to student loans for part-time part-year students**

5. In Budget 2003, the government agreed to allow access to the Student Loan Scheme to part-time students studying on a part-year basis who are undertaking a study load of 0.3 EFTS or more. That study load limit has proved restrictive. It has meant that many of those that the Budget 2003 initiative was intended to target have not been able to take advantage of the change. In particular, those who are attempting to enter study for the first time by taking a small amount of study on a part-time part-year basis have not had the right to borrow under the scheme. The proposal would reduce the minimum study load to 0.125 EFTS, opening access to loans for that group.

<sup>1</sup> The costing table includes the costs for the current part-time part-year proposal. (Paragraph 39 below addresses the financial implications of alternative options.)

6. The proposal submitted for consideration as part of Budget 2004 is to extend access to the tuition fee component of the Student Loan Scheme to part-time part-year students. The proposal relates to students studying part-time whose study load over the course of a year is between 0.125 and 0.3 of an equivalent full-time student (EFTS). This normally equates to something between 4 and 10 hours of study a week. It also covers more intensive periods of study over relatively short periods.
7. Students studying full-time have access to all components of the Student Loan Scheme for any course of study for 12 weeks or more. To minimise unnecessary borrowing students studying part-time for a full-year are not able to access the living costs component of the scheme (but can access the course costs component) while students currently studying part-time part-year (with a study load of 0.3 EFTS or more) are only able to borrow for tuition fees.
8. Because there are relatively few students affected by the change (estimated 2,600) and because the 'amounts' of study are relatively low, the operating cost of this initiative is low, \$1.149 million over three years.
9. The costs for this proposal<sup>2</sup>, for each financial year, are:

\$M	2004/05	2005/06	2006/07	2007/08	3 year cost
Net operating impact (GST incl.)	0.431	0.342	0.376	0.414	1.149
Capital impact	1.096	2.079	2.351	2.658	5.526

### Options for restricting borrowing

10. This policy supports the government's objective of life-long learning and provides enhanced access to education and hence, to career enhancement opportunities. It also provides greater access to education for some people currently unable to finance their tuition fees from other sources (e.g. those employed on low incomes, women who are not participating in the labour market, beneficiaries and other low income groups).
11. There are a number of issues that need to be considered. There is some evidence that low-income groups are more debt averse than other groups in society, therefore, it is unclear whether this policy would appeal to these target groups. Furthermore, there are likely to be dead-weight costs incurred as current students switch from self-financing to using the Student Loan Scheme. There is also a risk that the policy would appeal more to retired people who are less likely to repay their loans.
12. A major concern raised by Cabinet has been the risk that the proposed initiative will support students to undertake study that would not contribute to useful employment outcomes.
13. Officials have put together a number of options for Cabinet to consider to ensure that the additional funding would not result in undesirable outcomes.

14. The options for restricting part-time part-year borrowing for courses 0.125 to 0.3 EFTS are as follows:

- Option 1 Provide access to student loans for particular part-time part-year courses based on particular funding classifications that contain a vocational component.
- Option 2 Eligibility based on personal circumstances – a Work and Income case management approach.
- Option 3 Redefine eligibility from 0.3 EFTS to 0.25 EFTS (the equivalent of two university papers).
- Option 4 Extend eligibility for working age students only.
- Option 5 Progress with the bid as it currently stands.
- Option 6 Providers apply to the Tertiary Education Commission for particular courses to be approved for extended part-time part-year eligibility based on a set of criteria set by the government.
- Option 7 The Tertiary Education Commission would make a decision on a course on the basis of what it deems to be of high strategic relevance.

15. A summary of each option is provided in the following paragraphs. A table containing an assessment of the options against specific criteria is in Appendix A.

***Provide access to student loans for particular part-time part-year courses based on particular funding classifications that contain a vocational component***

16. This option would support some study that may lead to relevant employment outcomes. It could, however, prove difficult to select particular funding classifications as most categories contain some vocational component. There are also likely to be difficulties defining the term 'vocational'. This option would require administrative changes that may incur high administrative costs. In addition, this option will not remove (but would reduce) the risks of students borrowing when they could pay for the study themselves.

***Eligibility based on personal circumstances - A Work and Income case management approach***

17. Work and Income could base this on a process of referral, that is, a case management approach. Student Loan Scheme access for part-time part-year study could be available for beneficiaries or for potential students the case manager considered would be advanced. The case-manager might refer students to vocational courses or alternatively courses without a direct vocational application, for instance, it might increase foundation skills for invalids etc. Criteria would need to be developed to help determine who to refer.
18. This approach is likely to encourage some students into study who were previously held back because of their circumstances. It would also help minimise unnecessary borrowing.
19. There are likely to be further administrative costs as the option will require some degree of system/process change to implement. Further work is needed to determine this cost.



### ***Redefine eligibility from 0.3 EFTS to 0.25 EFTS***

20. This approach would mean reducing the current EFTS threshold from 0.3 EFTS to 0.25 EFTS, rather than the current proposal of 1.25 EFTS. This threshold would enable more students to receive support to, for example, undertake two papers (on average), whereas under the current threshold of 0.3 EFTS many would need to take three papers.
21. This option would not fully resolve the issue of removing support for courses that may not lead to relevant employment outcomes. It would also not fully resolve the issue of providing support for students who are able to finance their own study. To remove some of these risks the option could be coupled with another option.

### ***Extend eligibility for working age students only***

22. This approach would restrict financial support to students who are of working age (this would require definition). This would reduce the risk of loans not being repaid. This is the Treasury supported option.
23. The disadvantage of this option is that it does not address the issues of supporting study that may lead to relevant employment outcomes, nor does it minimise the risk of unnecessary borrowing by working age students. This option also raises New Zealand Bill of Rights (NZBORA)<sup>3</sup> issues, which would require further investigation.

### ***Progress with the bid as it currently stands***

24. The current proposal is that access to student loans be extended to students studying part-time whose study load over the course of a year is between 0.125 and 0.3 EFTS. This policy supports the government's objective of life-long learning and provides enhanced access to education and, thence to career enhancement opportunities. It also provides greater access to education for some people currently unable to finance their tuition fees from other sources (e.g. those employed on low incomes, women who are not participating in the labour market, beneficiaries and other low income groups).
25. The disadvantages of the policy are that there is evidence that low income groups are more debt averse than other groups in society, therefore it is unclear whether this policy would appeal to these target groups. Furthermore, there are likely to be dead-weight costs incurred as current students switch from self-financing to using the Student Loan Scheme. There is also a risk that the policy would appeal more to retired people, some of whom may be less likely to repay their loans. In addition, there is the risk that students would be funded for courses that might not lead to useful employment outcomes.

### ***Providers apply to the Tertiary Education Commission for particular courses to be approved for extended part-time part-year eligibility based on a set of criteria set by the government***

26. The criteria for selecting an application could include courses that lead to a qualification in vocational and foundation skills, have a focus on part-time part-year study, and are currently offered in 2004. The advantage of this approach is that it could support study that leads to relevant employment outcomes while minimising the policy risks mentioned. It may not be possible to introduce such a policy for 2005, dependent on the scale of the administration changes involved.

<sup>3</sup> This would constitute age discrimination, which would need to be justified under section 5 of the NZBORA.

27. The disadvantage of this approach is that it has high administration costs for the TEC (processing of applications and assessing courses). If the decision process on relevant courses is made after the student applies for a loan, it would pose risks for MSD in terms of holding up their routine processing of loans and allowances. In addition, this option will not remove the risks of students borrowing when they could pay for the study themselves. Depending on the nature of the criteria, there is the potential that the TEC would be required to make subjective decisions around which courses would be included and which courses would be excluded. Subjective decisions are open to challenge and require extensive information if they are to be in a robust manner, further adding to administrative costs.
28. TEC considers that it is unlikely that this option could be implemented for 1 January 2005.

***The Tertiary Education Commission would make a decision on a course based on what is deemed to be of high strategic relevance by the TEC***

29. This option has the benefit that it might support some study that will lead to relevant employment outcomes.
30. The Tertiary Education Commission considers, however, that there are serious issues with attempting to assess the strategic relevance of courses for the purpose of restricting funding. Its comments are as follows:

“A subjective judgement would need to be made for each course and this would require information on the particular vocational skills and more general competencies that result from the course, an understanding of how each course may relate to the needs of potential employers, and a knowledge of national and local employment opportunities. Because of the difficulties of making such judgements the decisions could be challenged. Transaction costs for TEOs and the TEC would be large in relation to any value added. The approach has the potential to undermine a key element of the tertiary education reforms, that of encouraging devolved decision-making to TEOs, their learners and external stakeholders who have the best information on which to make informed decisions. The TEC does not recommend that this option be explored any further.”

31. TEC considers that it is unlikely that this option could be implemented for 1 January 2005.

***Comments from Officials***

32. All the options have a precedent effect, in that they work against the underlying parameters of student support policy. The system is designed to provide financial assistance to all New Zealand students studying approved courses at approved New Zealand providers. Introducing an additional, subsequent set of approvals for courses would represent a new direction for the system.
33. Tight parameters around exclusion decisions (implicit in options 1, 2, 6 and 7) would have to be developed. By definition, this means there would be some close decisions about who does and does not get support. Given that government would have to exclude some people with only marginally different circumstances from those that receive support, very solid rationale for exclusion decisions would be required or this initiative would be open to criticism from those that have been excluded.

34. Studylink (who administer student loans) advise they have neither the course information nor the expertise to assess the strategic value of individual study courses. Options that require any evaluation or determination of individual courses would need to be made based on information passed electronically from another agency (e.g. TEC). If that information were not available, then this would add to the complexity and cost of the option. It could also cause delays in the routine processing of student loans and allowances applications as the current process is built around an open access paradigm. Depending on the configuration of the policy it could be that administration costs outweigh the cost of the loans advanced. This is a particular risk with options 2, 6 and 7, and to a lesser extent option 1.
35. All the options above will require some degree of system/process change depending on who would need to collect and/or verify the additional information required to implement the proposed restrictions. Further detailed work is required to identify the specific changes that each option will involve in order to identify the level of impact on StudyLink processes, whether there are any flow-on effects, including time delays in processing, and to determine the cost of the changes that will be required. An implementation timetable also needs to be considered as it is not clear at this point whether all of the options can be implemented at the beginning of 2005. It has not been possible to do this work in the time available to prepare this paper.
36. The Tertiary Education Commission also note that all exclusion approaches, but in particular those that require judgements (options 2, 6 and 7), place additional requirements on the Tertiary Funding System that may take considerable time to develop.
37. As previously indicated in the supplementary paper on Budget 2004 changes to Cabinet on 5 April 2004, restricting student loan access to part-time part-year students, on the basis of course content raises questions about whether a course is appropriate for student support for other students. For example, if the course is judged as not being worthwhile for some students, should eligibility for a loan be removed for those taking that course as part of a full year's study load as well? Should the targeting apply only to part-time part-year students with a course-load of between 0.125 EFTS and 0.3 EFTS or should it apply to other part-time part-year students (who can borrow for tuition fees currently) as well?
38. Any chosen criteria must be set to ensure that there are no undesirable consequences for existing education and training programmes, such as industry training. For instance, criteria would need to cover issues such as excluding those already in industry training agreements. Without such criteria, there is the potential that some of the outlined options may encourage employers to move a greater portion of the costs of industry training onto employees or the government.

### **Financial Implications**

39. All the options listed above can be configured to fit within the proposed Budget 2004 amount (including administration costs) of \$1.149 million over three years to extend the Student Loan Scheme to part-time part-year students. Assuming Cabinet agrees to an option that is different from the current Budget option (that is options 1-4, 6 or 7) then the associated administrative costs may affect the amount of money available for extending access to part-time part-year students.



## Budget 2004 - Student Support Package Costs

40. The following table sets out the policy and administrative costs/savings of the components of the Student Support Package for Budget 2004 as requested [CAB Min (04) 11/9 refers]:

STUDENT SUPPORT PACKAGE					
	Operating Costs (\$000)				
Initiatives	2004/05	2005/06	2006/07	2007/08	3 Yr Cost
<b>Increasing SA parental income thresholds</b>					
Student Allowances	25,433	54,205	56,758	56,758	
UBSH flow ons	3,177	6,775	7,017	7,017	
Accommodation Supplement	307	654	678	678	
Administration costs (MSD)	2,971	2,688	2,688	2,688	
Student Loans Savings	(1,022)	(2,177)	(2,280)	(2,280)	
<b>TOTAL</b>	<b>30,866</b>	<b>62,145</b>	<b>64,861</b>	<b>64,861</b>	<b>157,872</b>
<b>SA Parental Income test to married students &lt; 25, no dependants</b>					
Student Allowances	(2,091)	(4,394)	(4,466)	(4,466)	
UBSH flow ons	(72)	(146)	(149)	(152)	
Accommodation Supplement	(6)	(13)	(13)	(13)	
Administration Costs (MSD)	264	-	-	-	
Student Loans Costs	74	155	158	158	
<b>TOTAL</b>	<b>(1,831)</b>	<b>(4,398)</b>	<b>(4,470)</b>	<b>(4,473)</b>	<b>(10,699)</b>
<b>Removing the Work History Criterion</b>					
ICG changes	(12,969)	(27,544)	(28,660)	(28,660)	
UBSH flow ons	(984)	(1,994)	(2,089)	(2,089)	
Accommodation Supplement	(87)	(176)	(180)	(180)	
Administration costs (MSD)	221	(82)	(82)	(82)	
Student Loans Costs	458	973	1,013	1,013	
<b>TOTAL</b>	<b>(13,361)</b>	<b>(28,823)</b>	<b>(29,998)</b>	<b>(29,998)</b>	<b>(72,182)</b>
<b>"Previously Married to demonstrate exceptional Circumstances when applying for an ICG<sup>4</sup></b>					
ICG Changes	(11)	(24)	(25)	(25)	
UBSH	(1)	(2)	(2)	(2)	
AS	0	0	0	0	
Student Loan Costs	0	1	1	1	
<b>TOTAL</b>	<b>(12)</b>	<b>(25)</b>	<b>(26)</b>	<b>(26)</b>	<b>(63)</b>
<b>No Asset Procedure – Student Loan Funding Changes</b>					
No Asset Procedure	-	(23)	(122)	(137)	
Administration Costs IRD	-	100	331	331	
Administration Costs MSD	206	16	16	16	
<b>TOTAL</b>	<b>206</b>	<b>93</b>	<b>225</b>	<b>210</b>	<b>524<sup>5</sup></b>
<b>Student Job Search Improvements</b>	<b>717</b>	<b>556</b>	<b>556</b>	<b>556</b>	<b>1,829</b>
<b>Access to Part-time Part-year students (no restrictions)</b>					
Student Loans	125	237	268	303	
Administration (MSD)	277	68	68	68	
Administration (IRD) <sup>6</sup>	29	37	40	43	
<b>TOTAL</b>	<b>431</b>	<b>342</b>	<b>376</b>	<b>414</b>	<b>1,149</b>
<b>OVERALL TOTAL (with part-time part-year no restrictions)</b>	<b>17,016</b>	<b>29,890</b>	<b>31,524</b>	<b>31,544</b>	<b>78,430</b>

<sup>4</sup> The administration costs for this are included in the bid to remove the work history criterion. The costs of implementing one bid are the same as the costs for implementing both bids.

<sup>5</sup> These figures differ by approximately \$3.5m over the 2004/05 to 2006/07 period from the figures previously supplied to Cabinet due to a clarification of the treatment of operating and capital Student Loan Scheme costs associated with this bid.

<sup>6</sup> Capital of \$801,000 is also sought in this bid for administrative systems changes



41. The administrative simplification initiatives (which include the removal of the 60-day rule and clarification of the rules regarding the personal/spousal income definition in relation to scholarships and merit awards) have no fiscal impact.

### **Consultation**

42. The following agencies have been consulted in the development of this paper: Ministry of Social Development, Tertiary Education Commission, Treasury, Department of Prime Minister of Cabinet.

### **Treasury Comment**

43. If Cabinet wishes to proceed with extending access to the student loan scheme tuition fee component for part-time part year students for Budget 2004, only the original initiative (recommendation 7.5 below) is available in our view, given the Budget timetable, under normal Budget procedures.
44. This is because the options explored in this paper for limiting access to the Student Loan Scheme for part-time part-year students have not been costed nor the full policy implications explored. Preliminary consultation by the Ministry of Education indicates there may be some significant implementation issues associated with some of the access-limiting options. It is also possible that these options may cost more than the \$1.149 million (over 3 years) set aside in Budget 2004 for this proposal, due to administration costs.
45. Our preferred access-limiting option would be to limit the availability of loans for part-time part-year students to people of working age, to mitigate the risk of retired people taking out loans that are less likely to be repaid. However, the feasibility and cost of this option is yet to be explored.
46. If Ministers do wish to explore options for limiting access, officials could report back to joint Ministers later in the year on the feasibility and cost of these options (recommendation 7.11 below).

### **Recommendations**

47. It is recommended that Cabinet Business Committee:

#### *Background*

- 1 **note** that at its meeting on Monday 5 April 2004 Cabinet invited the Associate Minister of Education (Tertiary Education) and the Minister of Education [CAB Min (04) 11/9 refers] to:
- 1.1 submit a paper on the proposal to CBC on 19 April 2004 which includes information on the option of not extending access in general to student loans for part-time part-year students, but allowing for discretion under the student loan scheme for such students to access student loans under certain criteria; and
- 1.2 to report back to CBC on 19 April 2004 with confirmed costs for the student support initiatives set out in this Minute, including changes in administration costs;

*Access to student loans for part-time part-year students*

- 2 **note** that the Budget 2004 proposal is to extend access to the tuition fee component of the Student Loan Scheme to part-time part-year students and that the proposal relates to students studying part-time whose study load over a course of a year is between 0.125 and 0.3 of an equivalent full-time student (EFTS);
- 3 **note** that approximately 2,600 students would be affected by the policy change set out in recommendation 2 above, and that the operating cost of this initiative is \$1.149 million over three years;
- 4 **note** that a range of options have been identified for restricting access to student loans for part-time part-year students undertaking course loads of between 0.125 and 0.3 EFTS;
- 5 **note** that there are a number of administrative issues and costs that would need to be worked through for any alternate option to the current proposal;
- 6 **note** that, dependent on the final policy configuration:
  - 6.1 the administration costs of some of the options may be large relative to the number of students affected; and
  - 6.2 it may not be possible to introduce the changes until 1 January 2006;
- 7 **agree** to extend access to the tuition fee component of the Student Loan Scheme for part-time part-year tertiary students on the following basis:
  - 7.1 by reducing the minimum study load over a course of a year required for eligibility, from 0.3 EFTS or more, to:  
**EITHER**
    - 7.1.1 0.125 EFTS or more (this was submitted for consideration in Budget 2004);
    - OR**
    - 7.1.2 0.25 EFTS or more;  
**AND EITHER**
    - 7.2 only for study in courses in particular funding classifications that contain a vocational component;
    - OR**
    - 7.3 based on personal circumstances using a Work and Income case management approach;
    - OR**
    - 7.4 only for working age students;
    - OR**
    - 7.5 with no additional restrictions (i.e. the bid as it currently stands);
    - OR**
    - 7.6 only for study in courses selected by the Tertiary Education Commission using a set of criteria set by the government;

OR

- 7.7 only for study in courses selected by the Tertiary Education Commission on the basis that it deems them to be of high strategic relevance;

OR

**Treasury alternative recommendations**

- 7.8 **note** Treasury's preferred option is to limit access to student loans for part-time part-year students to those of working age (subject to BORA limitations and costs)
- 7.9 **note** that only the original option of extending student loans to part-time part-year students (recommendation 7.5 above) has been subject to policy development and costing, and that given the Budget timetable only this option is therefore available for announcement in Budget 2004 under normal Budget procedures; and
- 7.10 **note** that if Cabinet wishes to pursue options for limiting access to loans for part-time Part-year students, this would need further policy development and costing which would require the proposal to be moved to the Education Budget Contingency and not announced as part of Budget 2004; and
- 7.11 **if Cabinet decides on any option other than 7.5 above, direct** officials to report to the Minister of Education, Associate Minister of Education (Tertiary Education) and the Minister of Social Development and Employment by 1 July 2004 on policy details and costs;
- 8 **agree** that, subject to administrative feasibility, the changes in recommendation 7 be implemented for study commencing on or after 1 January 2005;
- 9 **note** that officials consider that there is a high chance that the options in recommendation 7.6 and 7.7 above could not be implemented for 1 January 2005;
- 10 **agree** that the final policy configuration for Student Loan Scheme access to part-time part-year students (including administration costs) not exceed the existing Budget 2004 part-time part-year bid of \$1.149 million over the 2004/05 to 2006/07 period;
- 11 **note** the costs, including the administration costs, for the student support package total \$78.430 million over the 2004/05 to 2006/07 financial years.



Trevor Mallard  
MINISTER OF EDUCATION



Steve Maharey  
ASSOCIATE MINISTER OF EDUCATION  
(TERTIARY EDUCATION)

## Appendix A

### Summary Table of options to restrict Student Loan access for Part-time part-year study

The following table summarises each option alongside the following criteria:

- a Encourages tertiary participation from those currently not able to finance their studies;
- b Provides support for courses that lead to relevant employment outcomes;
- c Minimises unnecessary borrowing;
- d Minimises administration complexity and costs;
- e Minimise dead-weight issues and overlap with existing funding mechanisms; and
- f Minimises the risk of loans not being repaid.

OPTIONS	CRITERIA					
	Encourages participation	Supports relevant employment outcomes	Minimises unnecessary borrowing	Minimises administration complexity and costs	Minimises deadweight issues	Minimises the risks of loans not being repaid
1 Providing access to student loans for particular part-time part-year courses based on particular funding classifications that contain a vocational component	✓	✓	X	X	X	X
2 Eligibility based on personal circumstances – a Work and Income case management approach.	✓✓	✓	✓	X	X	X
3 Redefining eligibility from 3 papers down to two papers (i.e. a threshold of 2.5 EFTS rather than 0.3 EFTS).	✓✓	✓	X	✓	X	X
4 Restricting availability on the basis of age (i.e. for working age students).	✓	X	X	X	X	✓
5 Progress with the bid as it currently stands.	✓	✓	X	✓	X	X
6 Tertiary Education Commission selects an application for a course of study based on a set of criteria set by the government	✓✓	✓	X	X	X	X
7 A trial that is based on the application of provider to the Tertiary Education Commission. A decision would be based on what is deemed to be of high strategic relevance by the TEC.	✓	✓	X	X	X	X





# Cabinet

## Minute of Decision

28 APR 2004

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Minister of Education

Associate Minister of Education (Tertiary Education)

### Copies to:

Prime Minister  
Deputy Prime Minister  
Minister of Finance  
Hon Jim Anderton  
Minister for Social Development and Employment (MSD)  
Minister Responsible for Tertiary Education  
Commission  
Secretary, SDC

## Budget 2004 Student Support: Student Loans for Part-Time Part-Year Students

On 26 April 2004, following reference from the Cabinet Business Committee (CBC), Cabinet:

### Access to student loans for part-time part-year students

- 1 **noted** that a Budget 2004 initiative is to extend access to the tuition fee component of the Student Loan Scheme to part-time part-year students, and that the proposal relates to students studying part-time whose study load over a course of a year is between 0.125 and 0.3 of an equivalent full-time student (EFTS);
- 2 **noted** that approximately 2,600 students would be affected by the policy change referred to in paragraph 1 above, and that the operating cost of the initiative is \$1.149 million over three years;
- 3 **noted** the range of options set out in the paper attached to CAB (04) 159 for restricting access to student loans for part-time part-year students undertaking course loads of between 0.125 and 0.3 EFTS;
- 4 **agreed** to extend access to the tuition fee component of the Student Loan Scheme for part-time part-year tertiary students on the following basis:
  - 4.1 by reducing the minimum study load within a year required for eligibility, from 0.3 EFTS or more, to 0.25 EFTS or more; and

- 4.2 for study in courses in particular funding classifications that contain a vocational component; and
- 4.3 for students in employment or studying for a qualification that will lead to employment;
- 5 **agreed** that, subject to administrative feasibility, the changes in paragraph 4 be implemented for study commencing on or after 1 January 2005;
- 6 **agreed** that the final policy configuration for Student Loan Scheme access to part-time part-year students (including administration costs) not exceed the existing Budget 2004 part-time part-year bid of \$1.149 million over the 2004/05 to 2006/07 period;
- 7 **authorised** the Prime Minister, Minister of Finance, Hon Jim Anderton and the Associate Minister of Education (Tertiary Education) to finalise the level of funding for the proposal for inclusion in the 2004 Budget;
- 8 **invited** the Minister of Education and the Associate Minister of Education (Tertiary Education) to report to the Cabinet Social Development Committee as soon as possible on the policy and administrative details of the proposal;

#### **Costs of Student Support Package**

- 9 **noted** that the costs, including the administration costs, for the student support package total \$78.430 million over the 2004/05 to 2006/07 financial years [CAB Min (04) 11/9];

#### **Consultation**

- 10 **noted** that the Minister of Education indicates that consultation is not required with government caucuses or other parliamentary parties.



Secretary of the Cabinet

Reference: CAB (04) 159; CBC Min (04) 4/24



# Cabinet Social Development Committee

SDC (06) 48

12 June 2006

Copy No: 37

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## Title

### Access to Student Loans for Part-Time, Part-Year Students

## Purpose

The paper seeks agreement to remove the vocational and employment criteria that were originally agreed to for part-time, part-year student loan borrowers.

## Previous Consideration

On 26 April 2004 Cabinet agreed to extend access to the tuition fee component of the Student Loan Scheme for part-time part-year tertiary students on the following basis:

- by reducing the minimum study load within a year required for eligibility, from 0.3 EFTS or more, to 0.25 EFTS or more; and
- for study in courses in particular funding classifications that contain a vocational component; and
- for students in employment or studying for a qualification that will lead to employment.

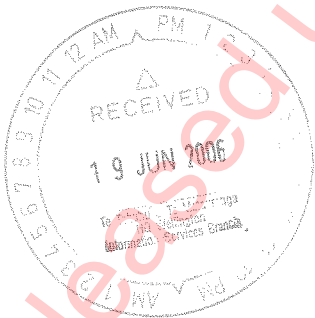
[CAB Min (04) 13/5]

## Summary

The initiative for part-time part-year students was designed to enable greater access to education for students currently unable to finance their tuition fees from other sources. Restrictions were placed on access to reduce the risk of loans being used to fund less relevant study.

Neither the vocational nor the employment criterion is particularly rigorous in terms of targeting specific vocational outcomes, and implementing the criteria involves significant compliance costs for the Tertiary Education Commission and StudyLink.

The recent decision to restrict access to student loans and allowances to qualifications that are funded through the student component or other sources of government funding significantly reduces the risk that student loans will be used to fund less relevant study, and the Minister for Tertiary Education proposes accordingly that the vocational and employment criteria be dropped.



<b>Baseline Implications</b>	None from this paper. Current expenditure is tracking within the Budget 2004 allocation. There is a slight risk that a small increase in expenditure on the Student Loans Scheme will result from the removal of vocational criteria. The uptake of student loans by part-time part-year students will be monitored to assess the extent of any possible increase.
<b>Legislative Implications</b>	None.
<b>Timing Issues</b>	The proposed change would come into effect from 1 January 2007.
<b>Announcement</b>	StudyLink will develop appropriate communications as part of its yearly publicity campaigns for student loans.
<b>Consultation</b>	TEC, MSD, Treasury, IRD  The Minister for Tertiary Education indicates that the paper does not need consultation with government caucuses or other parliamentary parties.

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**The Minister for Tertiary Education recommends that the Committee:**

- 1 note that on 26 April 2004 Cabinet agreed to extend access to the tuition fee component of the Student Loan Scheme for part-time part-year tertiary students on the following basis:
  - 1.1 by reducing the minimum study load within a year required for eligibility, from 0.3 EFTS or more, to 0.25 EFTS or more; and
  - 1.2 for study in courses in particular funding classifications that contain a vocational component; and
  - 1.3 for students in employment or studying for a qualification that will lead to employment;

[CAB Min (04) 13/5]
- 2 note that the vocational and employment criteria are not particularly rigorous in terms of targeting specific vocational outcomes;
- 3 note that on 22 March 2006 the Cabinet Policy Committee agreed to remove access to student loans and allowances for study commencing on or from 1 January 2007 for those qualifications that do not receive Student Component (or other government) funding [POL Min (06) 5/3];
- 4 note that the decision in paragraph 3 to remove access to student loans and allowances for qualifications that are not funded by the government will reduce the risk that the Student Loan Scheme funding is devoted to recreational study – the risk that the vocational and employment criteria intended to address;



- 5 agree that, effective from 1 January 2007, the current vocational and employment criteria for student loans for part-time, part-year students undertaking a course load of between 0.25 and 0.30 EFTS be removed;
- 6 direct the Ministry of Education, in consultation with StudyLink and the Tertiary Education Commission, to report back to the Minister for Tertiary Education and the Minister for Social Development and Employment by 31 March 2008 with information on the number of students this policy is affecting, the types of courses being studied and overall expenditure on this policy;
- 7 note that the Minister for Tertiary Education indicates that the paper does not need consultation with government caucuses or other parliamentary parties.

Sue Sharp  
for Secretary of the Cabinet

---

**Copies to:**

Cabinet Social Development Committee  
Chief Executive, DPMC  
Ross Boyd, DPMC  
Secretary to the Treasury  
Chief Executive, Tertiary Education Commission  
Chief Executive, Ministry of Education  
Chief Executive, Te Puni Kokiri  
Chief Executive, Ministry of Social Development  
Chief Executive, Ministry of Women's Affairs  
Minister of Revenue  
Commissioner of Inland Revenue

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## OFFICE OF THE MINISTER FOR TERTIARY EDUCATION

### Chair

### Cabinet Social Development Committee

## Access to Student Loans for Part-Time, Part-Year Students

### Proposal

1. This paper seeks agreement to remove the vocational and employment criteria that were originally agreed to by Cabinet Social Development Committee for part-time, part-year student loan borrowers [SDC (04) 12/1 refers].

### Executive Summary

2. From 1 January 2005 the tuition fee component of the Student Loan Scheme was extended to part-time, part-year students undertaking a course load of between 0.25 and 0.3 EFTS<sup>1</sup> [SDC (04) 12/1 refers]. This initiative was designed to enable greater access to education for students currently unable to finance their tuition fees from other sources. In order to reduce the risk of loans being used to fund less relevant study, Cabinet agreed to restrict access to student loans by part-time, part-year students subject to the following criteria [SDC (04) 12/1 refers]:
  - for study in courses in particular funding classifications that contain a vocational component;AND
  - if students are in employment; OR
  - if they are studying for a qualification that will lead to employment.
3. In 2005, 441 part-time, part-year students used the Student Loan Scheme as a result of this policy change, borrowing a total of \$527,179.
4. Neither the vocational nor the employment criteria are particularly rigorous in terms of targeting specific vocational outcomes. Moreover, implementing these criteria involve significant compliance costs for the Tertiary Education Commission and StudyLink.
5. The recent government decision to restrict access to student loans and allowances to qualifications that are funded through the student component or other sources of government funding significantly reduces the risk that student loans will be used to fund less relevant study [CAB Min (06) 10/3 refers].
6. It is proposed, therefore, that the current vocational and employment criteria for student loans for part-time, part-year students be removed.

<sup>1</sup> When the Student Loan Scheme was launched, part-time, part-year students were ineligible for a student loan. In Budget 2003, the government extended eligibility to part-year students undertaking a study load of 0.3 EFTS. The Budget 2004 decision that is reviewed in this paper was a further extension of that entitlement.

7. There is a small risk that a slight increase in expenditure on the Student Loan Scheme will result if the vocational criteria are removed. For this reason it is proposed that the uptake of student loans be monitored and a report back by the Ministry of Education on the consequences of removing the vocational criteria be provided by March 2008.

### **Background**

8. When the Student Loan Scheme was launched in 1992, part-time, part-year students were ineligible to borrow. In Budget 2003, the government extended eligibility to part-year students undertaking a study load of 0.3 EFTS.
9. As part of the student support package for Budget 2004, the government agreed to extend eligibility to the tuition fee component of the Student Loan Scheme to part-time, part-year students undertaking a course load of between 0.25 and 0.30 EFTS.
10. The aim of this initiative was to enable greater access to education for students currently unable to finance their tuition fees from other sources (for example, lower-income workers). This initiative was implemented on 1 January 2005.
11. The following changes were made to appropriations (and recorded in Budget 2004) to account for the increase student loan draw downs as a result of this policy: \$272,000 in 2004/05; \$518,000 in 2005/06; \$588,000 in 2006/07; and \$667,000 in 2007/08 and out-years [SO3/2121 refers].

### **Employment Criteria**

12. In developing this initiative, Ministers were concerned about the potential for this extension in student loan eligibility to result in student loans being used for recreational or less relevant study. For this reason, it was decided to extend the loans access only for vocational and employment related courses. [SDC (04) 68 refers].
13. The government agreed that students studying part-time, part-year would be able to use student loans to borrow for their tuition fees subject to the following criteria:
- for study in courses in particular funding classifications that contain a vocational component (see Appendix A);
- AND
- if students are in employment; OR
  - if they are studying for a qualification that will lead to employment.
14. The employment criteria associated with this policy currently involve the loan applicant signing a declaration that they are either in employment or that they believe that the qualification they are studying will lead to employment.
15. Cabinet Social Development Committee noted that verification of the employment policy parameters would be limited and would rely on a self-declaration by students [SDC Min (04) 21/1 refers]. Any changes that made the employment criteria more rigorous or subject to more detailed verification would be costly and would rely on subjective judgements being made about whether a particular course is likely to lead to employment.



### *Course Classifications and Vocational Criteria*

16. In order to meet the vocational criteria associated with this policy, a “vocational” benchmark was established. Given the extremely tight timeframes involved, the Tertiary Education Commission set this benchmark by reviewing the tertiary course classifications. The course classifications set out in Appendix A were identified as having a vocational component for the purposes of this policy initiative. Ministers agreed to this methodology and the application of these vocational criteria [SDC Min (04) 12/1 refers].
17. It should be noted that the list of “vocational” course classifications in Appendix A includes all course classifications except:
  - Course Classification #3 (Arts, Advance Studies for Teachers, Health Therapies, Humanities, Languages and Social Sciences);
  - Course Classifications #5.1 and #5.2 (Community Education/Non Formal Education and General Education); and
  - Course Classification #16 (Music and Performing Arts).
18. Ministers were advised that there were considerable risks around this definition of “vocational”. These risks related to the potential for the policy to attract criticism from groups or individuals that disagreed with the vocational course classifications, or more generally with the decision to make vocation a critical part of this policy [SDC (04) 68 refers]. For instance, course classification #3 includes courses in such fields as statistics, arguably as vocationally relevant as courses in some scientific fields, whereas all courses in classification #18 (Science) were deemed vocationally relevant.
19. To mitigate this risk, Ministers agreed that at least 50 percent of the courses that can form part of an approved qualification must be from the approved list of vocational course classifications; the other 50 percent was able to come from the “non-vocational” course classifications (i.e. CC#3, CC#5.1, CC#5.2 and CC#16) [SDC (04) 68 refers]. This criterion places a considerable administrative burden on the Tertiary Education Commission as they must constantly review and update the list of eligible qualifications.
20. While this 50 percent “non-vocational” criterion ameliorates some of the risk in that it broadens the number of courses that are eligible for student loans under this policy, it does not alter the fact that the policy is not based on robust judgements about those course classifications that are deemed “vocational”. Any attempt to define the “vocational” course criteria more rigorously would be time consuming and costly and the decision would still not reflect a sharp demarcation of courses that do and do not lead to clear vocational outcomes.

### *Uptake of Part-Time, Part-Year Student Loans*

21. An evaluation of the part-time, part-year Student Loan Scheme was undertaken based on uptake of student loans by these students.
22. In 2005, 441 part-time, part-year students used the Student Loan Scheme as a result of this policy change. The total amount that part-time, part-year students have borrowed to

the end of 2005 was \$527,179. At this point in time, therefore, the policy is tracking within the Budget 2004 allocation. Of those students, 83 percent were enrolled at a university, 14 percent at a polytechnic, 2 percent at a college of education, and less than 1 percent at a private training establishment.

23. In 2005, 35 percent of enrolments were in course classification #04 Business and Accounting, followed by 12 percent in classification #18 Science, and 9 percent in classification #3 Arts and Humanities<sup>2</sup>. Under this policy approximately 68 percent of borrowers declared that they were currently in employment with the remainder indicating that they are studying for a qualification that will lead to employment. The limited information currently available does not, however, lend itself to making informed judgements about whether the policy is meeting the objective of assisting lower income workers.

#### Comment

24. The current policy on access to student loans for part-time, part-year students is based on a self-declaration by students around employment status and outcomes and a list of those course classifications that are deemed “vocational”.
25. Neither the vocational nor the employment criteria are particularly rigorous in terms of targeting student loans to a particular vocational outcome or a particular socio-economic group. The criteria also do not effectively limit the prospect of recreational use of the Student Loans Scheme for study of qualifications that meet the “vocational” criteria.<sup>3</sup> The current policy limits, but does not eliminate, the prospect for criticism by groups or individuals that disagree with the vocational course classifications, and/or the decision to make vocation a critical part of this policy.
26. The self-declaration around employment status and outcomes is administratively cumbersome and can not serve to clearly demarcate courses based on their vocational outcomes. StudyLink are currently undertaking a pilot of StudyWise, an initiative which is, among other things, asking some students to consider the employment outcomes they are seeking from study. This service was an initiative announced in Budget 2005 and provides a new step in the student loan applications process whereby some applicants are asked to consider the outcomes they are seeking from tertiary education. This initiative offers to mitigate some of the risk associated with non-vocational study by part-time, part-year students.
27. The recent government decision to remove access to student loans and allowances for qualifications that do not receive Student Component or other sources of government funding, significantly reduces the possibility that part-time, part-year students will fund lower quality and less relevant courses through student loans [CAB Min (06) 10/3 refers].
28. Officials recommend, therefore, that the current vocational and employment restrictions on access to part-time, part-year student loans be removed from 1 January 2007. This

<sup>2</sup> The number of student enrolled in courses in this “non-vocational” classification reflects Minister’s approval for 50 percent of courses for an approved qualification to come from the list of “non-vocational” courses.

<sup>3</sup> Under current policy, for example, the vocational criteria mean there is no prospect for study of an arts degree but it remains possible to study science qualifications for “recreational” purposes.

will greatly reduce the compliance costs for the Tertiary Education Commission and StudyLink.

29. To monitor the impact of this decision, and to ensure monitoring of any greater than forecast uptake of student loans as a result of removing these criteria, it is recommended that officials monitor the uptake of student loans throughout 2007. It is also recommended that the Ministry of Education, in consultation with StudyLink and the Tertiary Education Commission, report back to the Minister for Tertiary Education and the Minister for Social Development and Employment by March 2008. This report back would include information on the number of students this policy is affecting, the types of courses being studied, and overall expenditure on this policy.

#### **Consultation**

30. The Ministry of Social Development, the Tertiary Education Commission, Treasury, and the Inland Revenue Department have been consulted in the preparation of this paper.

#### **Financial Implications**

31. Current expenditure on the part-time, part-year policy is tracking within the Budget 2004 allocation. There is, however, a small risk that a slight increase in expenditure on the Student Loan Scheme will result if the vocational criteria are removed. The uptake of student loans by part-time, part-year students will be monitored to assess the extent of any possible increase in expenditure.

#### **Human Rights Act Implication**

32. None

#### **Reducing Disparities Implications**

33. None

#### **Treaty of Waitangi Implications**

34. None

#### **Legislative Implications**

35. None

#### **Regulatory Impact Statement**

36. None

#### **Communications**

37. StudyLink will develop appropriate communications as part of its yearly publicity campaigns for student loans. This work will begin in June, for delivery to target audiences in September.

## Recommendations

38. We recommend that Cabinet Social Development Committee:

- a. **note** that Cabinet agreed to set in place vocational and employment restrictions on the access to student loans by students with a course load of between 0.25 and 0.3 EFTS (“part-time, part-year” students) [SDC Min (04) 12/1 refers];
- b. **note** that the vocational and employment criteria are not particularly rigorous in terms of targeting specific vocational outcomes;
- c. **note** that Cabinet’s decision to remove access to student loans and allowances for qualifications that are not funded by the government will reduce the risk that the Student Loan Scheme funding is devoted to recreational study – the risk that the vocational and employment criteria intended to address;
- d. **agree** that, effective from 1 January 2007, the current vocational and employment criteria for student loans for part-time, part-year students undertaking a course load of between 0.25 and 0.30 EFTS be removed;
- c. **agree** that the Ministry of Education, in consultation with StudyLink and the Tertiary Education Commission, report back to the Minister for Tertiary Education and the Minister for Social Development and Employment by March 2008 with information on the number of students this policy is affecting, the types of courses being studied and overall expenditure on this policy.



Hon. Dr Michael Cullen

Minister for Tertiary Education



## Appendix A – Current Course Classifications for Part-Time Part-Year Study

Cabinet agreed in May 2004 to the following course classifications have a vocational component for the purposes of providing access to the tuition fee component of a student loan for part-time part-year students whose study load is at least 0.25 EFTS, and not more than 0.3EFTS for 2005 [SDC Min (04) 12/1 refers].

Group 1: Classifications with vocational focus	01:Agriculture; Horticulture 02:Architecture; Quantity Surveying 04:Business; Accountancy; Office Systems/Secretarial; Management 06:Computer Science 11:Engineering; Technology 12:Fine Arts; Design 14:Law 18:Science 22:Trades 2 39:Specialist Large Animal Science
Group 2: Classifications with vocational focus. These courses are generally components of structured full-time full-year programmes of study with a high level of practical component.	07:Dentistry 13:Health Sciences 15:Medicine (excluding intermediate/first year) 17:Health Related Professionals 19.1:Teaching: Early Childhood Education 19.2:Teaching: Primary 20:Teaching Secondary 23:Veterinary 24:Nursing 25:Medical Imaging 26:Midwifery (1 year) 27:Midwifery (3 year) 28:Occupational Therapy 29:Physiotherapy 30:Medical Radiation Therapy 31:Pharmacy Professionals 32:Speech Language Therapy 33:Medical Laboratory Science (MLS) 34:Clinical Psychology 35:Audiology 36:Dietetics 37:Medical Undergraduate 38:Foreign-Going Nautical



# Cabinet Social Development Committee

SDC Min (06) 11/1

## Minute of Decision

Copy No: 36

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### Access to Student Loans for Part-Time, Part-Year Students

On 21 June 2006 2006, the Cabinet Social Development Committee:

- 1 **noted** that on 26 April 2004 Cabinet agreed to extend access to the tuition fee component of the Student Loan Scheme for part-time part-year tertiary students on the following basis:
  - 1.1 by reducing the minimum study load within a year required for eligibility, from 0.3 Equivalent Full Time Students (EFTS) or more, to 0.25 EFTS or more; and
  - 1.2 for study in courses in particular funding classifications that contain a vocational component; and
  - 1.3 for students in employment or studying for a qualification that will lead to employment;

[CAB Min (04) 13/5]
- 2 **noted** that the vocational and employment criteria are not particularly rigorous in terms of targeting specific vocational outcomes;
- 3 **noted** that on 22 March 2006 the Cabinet Policy Committee agreed to remove access to student loans and allowances for study commencing on or from 1 January 2007 for those qualifications that do not receive Student Component (or other government) funding [POL Min (06) 5/3];
- 4 **noted** that the decision in paragraph 3 to remove access to student loans and allowances for qualifications that are not funded by the government will reduce the risk that the Student Loan Scheme funding is devoted to recreational study – the risk that the vocational and employment criteria intended to address;
- 5 **agreed** that, effective from 1 January 2007, the current vocational and employment criteria for student loans for part-time, part-year students undertaking a course load of between 0.25 and 0.30 EFTS be removed;
- 6 **agreed** to delegate authority to the Minister for Tertiary Education and the Associate Minister of Finance (Hon Trevor Mallard) to make changes to appropriations to put into effect the decisions in paragraph 5 above;

- 7 **noted** that these changes to appropriations will be a charge against the Higher Education Funding Contingency of the 2006 Budget;
- 8 **directed** the Ministry of Education, in consultation with StudyLink and the Tertiary Education Commission, to report to the Minister for Tertiary Education and the Minister for Social Development and Employment by 31 March 2008 with information on the number of students this policy is affecting, the types of courses being studied and overall expenditure on this policy;
- 9 **noted** that the Minister for Tertiary Education indicates that the paper does not need consultation with government caucuses or other parliamentary parties.



Adrian MacGregor  
Secretary

Reference: SDC (06) 48

**Present:**

Rt Hon Helen Clark  
Hon Dr Michael Cullen  
Hon Steve Maharey (Chair)  
Hon Pete Hodgson  
Hon Parekura Horomia  
Hon David Benson-Pope  
Hon Damien O'Connor

**Officials present from:**

Department of the Prime Minister and Cabinet  
Officials Social Development Committee

**Copies to:**

Cabinet Social Development Committee  
Chief Executive, DPMC  
Ross Boyd, DPMC  
Secretary to the Treasury  
Chief Executive, Ministry of Education (Tertiary)  
Chief Executive, Tertiary Education Commission  
Associate Minister of Finance (Hon Trevor Mallard)  
Chief Executive, Te Puni Kokiri  
Chief Executive, Ministry of Social Development  
Chief Executive, Ministry of Women's Affairs  
Minister of Revenue  
Commissioner of Inland Revenue  
Controller and Auditor-General