

Cabinet Paper material

Proactive release

Minister & portfolio Hon Chris Hipkins, Minister of Education
Name of package COVID-19: Ensuring Continuity and Adequacy of Student Support
Date considered 14 April 2020
Date of release

These documents have been proactively released:

Cabinet paper: COVID-19: Ensuring Continuity and Adequacy of Student Support

Date considered: 14 April 2020
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Material redacted

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In confidence

Office of the Minister of Education

Cabinet

Covid-19: Ensuring continuity and adequacy of student support

Proposal

- 1 I am seeking Cabinet approval to ensure income continuity and adequacy for tertiary domestic students¹ during the Covid-19 outbreak, by:
 - 1.1 enabling the Ministry of Social Development (MSD) to continue student loan payments over an extended study break for students who remain enrolled, consistent with continued student allowance payments;
 - 1.2 temporarily increasing the current maximum student loan course-related cost entitlement for students currently enrolled in full-time study, or starting full-time study, in 2020, from \$1,000 to \$2,000;
 - 1.3 disregarding equivalent full-time student (EFTS) from student loan life-time limits for students receiving partial tuition fee refunds due to discontinuation of study in 2020 as a result of Covid-19 (as is already the case for full refunds); and
 - 1.4 putting in place a clear process for disregarding courses of study, that students are unable to complete due to Covid-19, from their Fees Free entitlement.
- 2 I also seek further urgent decisions to:
 - 2.1 update and confirm the definition of 'tertiary education provider' for the purposes of administering student loans to include 'the New Zealand Institute of Skills and Technology (the NZIST) and its Crown entity subsidiaries' and provide for any subsequent change to that name; and
 - 2.2 s 9(2)(f)(iv) [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Executive Summary

- 3 The Covid-19 outbreak is impacting students' ability to financially contribute to and continue their studies. Student associations and tertiary education providers are concerned many students are losing the part-time employment they rely on to meet their living expenses, and are facing higher costs to continue their education.

¹ This refers to all domestic students, including those studying overseas towards their New Zealand qualification.

- 4 I want to ensure that students continue to be engaged in their education and are supported adequately until such time that tertiary education providers can put in place alternative ways of delivering teaching and learning.
- 5 Keeping tertiary students engaged in education, as far as is practically possible through this period minimises the impact of Covid-19 on students, providers and the wider economy. It also ensures the tertiary education system and its students are best placed to contribute to the recovery.
- 6 I am seeking your agreement to a range of changes to student loan, allowance and Fees Free settings that will provide an immediate response to address income continuity and adequacy for students.

Background

I want to ensure students stay engaged in education and are financially supported

- 7 Tertiary domestic students are facing unanticipated costs as a result of the Covid-19 outbreak and uncertainty of delivery, while providers work to stand up alternative ways of delivering teaching and learning. Of particular concern to students and tertiary education providers is the loss of part-time employment, which many use to supplement student support.
- 8 There is also concern about the impact of study disruption on student loan and allowance entitlements, and students' ability to complete study in the future.
- 9 Because continued provision is uncertain, officials anticipate that some students will withdraw from study and move to a benefit. While sole parents are largely better off on student support, most students would receive higher rates of financial support on a benefit, particularly those who rely on student loan living costs.² This gap in support is due to tighter targeting and lower accommodation assistance in the student support system. The recently announced changes to main benefit rates and eligibility for the winter energy payment have highlighted these differences [CAB-20-MIN-0127].

There are existing measures to ensure short-term income continuity and adequacy...

- 10 There is significant scope within current settings for MSD to support income continuity for students. Under current settings, student support payments cease after three weeks of study break for students who remain enrolled in study. MSD, however, has the discretion to extend this study break period for student allowances³ and will continue to pay them for a period totalling eight weeks in the first instance.
- 11 Further, students are generally required to show a net 25% drop in parental income when this is reassessed for student allowance purposes. MSD already has some flexibility to make a reassessment based on an expected drop in parental income. This

² This is particularly true for single students, especially those living in the main centres, where rental costs are higher. Loss of income from falling employment due to Covid-19 will create a strong incentive on students to withdraw.

³ Regulation 35(2) of the Student Allowance Regulations 1998 sets out the discretion to extend student allowance payments beyond three weeks with the permission of the Chief Executive of MSD. Regulation 23(2) sets out the discretion to extend a student allowance payment period by a number of weeks, to students who remain enrolled as full-time students, but who experience changes made by their provider to the period of their programme of study. MSD will be exercising both these discretions.

can help ensure that students and families, whose financial circumstances have been impacted by Covid-19, are better supported by the Student Allowances Scheme.

- 12 There are other policy settings to support students during the Covid-19 outbreak in terms of income adequacy. MSD has the ability to provide emergency assistance; treat students as full-time if their study load drops as a result of Covid-19; and use exceptional circumstances policies to manage the impact of Covid-19 on student allowance life-time entitlements and student support performance requirements.
- 13 As providers shift to alternative ways of delivering, such as through distance or online learning, there is room within current settings to maintain student support, even though the mode of learning has changed. As long as students are enrolled, student support payments will continue.

...however, there are still gaps that show the need to provide further immediate financial support to students

- 14 Unlike student allowances, eligibility criteria for student loans are decided by Cabinet (and recorded and set out in Cabinet minutes). No discretion exists to extend payments of student loans beyond the three weeks study break
- 15 Further, while emergency assistance available to students through the benefit system provides some relief around income adequacy, it is limited to basic costs, such as rent in arrears and food grants. It does not provide wider assistance to help with the increased costs of study from home, such as internet access. Many students' ability to meet these higher costs from their own resources is limited due to a reduction in income from loss of part-time work. Students may also not benefit from the wage subsidy if they are in casual work that no longer exists because of Covid-19.

Clarifying assistance available to domestic students who are overseas

- 16 There are two situations in which domestic students who are supported by the Government through student loans and allowances could be overseas and are experiencing financial hardship due to Covid-19. They could be on an exchange programme through their New Zealand provider, or on holiday and may be required to 'shelter in place' due to current travel restrictions.⁴
- 17 MSD StudyLink has not yet received any queries from students overseas. However, issues may arise if countries tighten their restrictions in response to Covid-19 and/or New Zealand providers are yet to provide alternative study options.
- 18 Students, who are overseas and remain enrolled in their programme of study, can continue to receive their student support payments for up to eight weeks, subject to your agreement to the proposal to continue paying student loans over this period.
- 19 Students, who are unable to remain enrolled, are no longer considered students and are ineligible for student support. They would be considered New Zealanders overseas.

⁴ As at 30 March 2020, there were 1,021 New Zealand students overseas although this number is likely to have decreased as students return to New Zealand.

- 20 On 3 April 2020, Cabinet agreed on the following approach for providing assistance to New Zealanders temporarily overseas due to Covid-19 [CAB-20-MIN-0130]:
- 20.1 the first port of call for support should be to contact their travel insurer, bank, family and friends if they are facing financial difficulties; and
- 20.2 the next port of call for these people is the Ministry of Foreign Affairs and Trade consular support.
- 21 Officials will continue to work together to monitor these people's situations and consider further options for support at a later date should this be deemed necessary

I seek Cabinet agreement to change some student support settings to ensure income continuity and adequacy for students during the Covid-19 outbreak

Providing student loans over an extended study break

- 22 Extending the study break over which students can receive student allowances and loans is the best way to maintain Government living cost support for students at current levels in this uncertain time.
- 23 I propose to give MSD the ability to continue paying student loans alongside student allowances for an extended study break during the Covid-19 outbreak. As noted in paragraph 10, in the first instance MSD is continuing student allowance payments for five weeks beyond the existing three week discretionary period. Should you agree to this change, MSD would put the same arrangement in place for student loans.
- 24 MSD StudyLink would advise all affected students about the continuation of their student loan payments and provide students with an option to 'opt-out' if they do not wish to continue drawing down on their student loans.
- 25 We are now in the final week of the three week study break, during which student loan payments continue. This means a decision is needed urgently to give certainty to students. It would also be the most effective way to support students to stay engaged in their education.

Temporarily increasing student loan course-related costs

- 26 I propose to temporarily increase the current maximum course-related costs entitlement for students currently enrolled in full-time study, or starting full-time study, in 2020, from \$1,000 to \$2,000. Borrowers will only be able to access this additional entitlement once.
- 27 This would provide some upfront, flexible, financial support for full-time students to help address the impact of Covid-19. It would recognise that students are facing additional personal costs associated with study in a different way whilst having fewer opportunities to work to support their study.⁵

⁵ This increase would provide an additional \$25 per study week, assuming that one calendar year constitutes 40 study weeks.

- 28 While this option can be brought to bear quickly, it only extends to full-time students. This would include those who have moved to part-time study due to Covid-19 but are recognised as full-time students.
- 29 This proposal would also result in a small increase in student loan balances for borrowers, and may encourage further uptake of student loans.

Disregarding EFTS for students receiving partial tuition fee refunds as a result of Covid-19

- 30 I propose that students receiving partial tuition fee refunds (from providers or through fee-protection mechanisms)⁶ due to discontinued study in 2020 as a result of Covid-19 will not have these EFTS count towards their student loan life-time limits.
- 31 There are limits on how long student loans (measured in EFTS)⁷ and allowance (measured in weeks) can be accessed for. Discontinued study can have an impact on these limits. MSD has discretion to discount extra weeks of student allowances in exceptional circumstances, such as the Covid-19 outbreak.
- 32 For student loans, any additional weeks of study do not have an impact on the amount of EFTS counted. However, there will be an impact if study is discontinued. Under current settings, students who receive full refunds have the EFTS discounted, meaning their lifetime EFTS limit remains unaffected.
- 33 As a result of Covid-19, providers may not be able to offer certain courses or programme and students may withdraw from a course they had already commenced. This may lead to students only receiving partial refunds. This proposal would ensure students' ability to continue and complete study in the future will not be impacted by study that was discontinued due to Covid-19.

Disregarding study that is incomplete as a result of Covid-19 from Fees Free entitlements

- 34 Due to Covid-19, some students or trainees, who are eligible for Fees Free, may not be able to complete the course they are enrolled in. Currently, the Tertiary Education Commission has a discretion in exceptional circumstances to disregard study undertaken from individuals' Fees Free entitlements.⁸ This relates to each individual's situation, such as their health circumstances, and is considered on a case-by-case basis. However it is not intended to cover a widespread issue, such as Covid-19.
- 35 For students and trainees to have clarity, I propose to specify conditions related to the impact of Covid-19 within the delegation to fund Fees Free tertiary education and training that sets how Fees Free payments are administered. This would specify that study that was started and not able to be completed due to Covid-19 can be disregarded from Fees Free entitlements.

⁶ Tertiary providers refund this amount to MSD StudyLink to apply to students' loans.

⁷ The student loan limit for most study is 7 EFTS, which equates to about seven or eight years of full-time study. Students studying long undergraduate programmes, including bachelors of medicine, surgery, optometry, dental surgery and veterinary sciences, have a life-time limit of 10 EFTS.

⁸ This includes the 1 EFTS Fees Free entitlement for provider-based study, the 24 months entitlement for industry trainees, and the \$12,000 cap in Fees Free payments.

- 36 Examples of the impact of Covid-19 on being unable to complete a course include:
- 36.1 A tertiary education organisation choosing to discontinue the course, because they cannot deliver during alert level 4;
 - 36.2 A student or trainee being unable to continue the course due to:
 - 36.2.1 their or their family's health being affected, or the risk to health; or
 - 36.2.2 an inability to access the course because of government travel restrictions, childcare (during periods of school and early childhood education closure), or lack of online access.
- 37 Should you agree to this proposal, I will issue an updated delegation for Fees Free funding, and ensure there is clear information available to students and trainees about this change.
- 38 This proposal would ensure learners can continue study in future without losing their Fees Free entitlement as a result of their study being interrupted due to Covid-19.

Implementation

Providing student loans over an extended study break

- 39 Extending student loan payments is relatively straightforward to administer. No IT system changes are required. MSD StudyLink has already advised tertiary providers not to report any breaks in learning and will reiterate this message. This will allow the system to automatically continue payments until told otherwise.

Temporarily increasing student loan course-related costs

- 40 Giving all students enrolled in full-time study an entitlement to a one-off lump sum of course-related-costs requires an IT system change. MSD StudyLink has indicated that this will require minimal time to implement as it is a parameter change only.
- 41 MSD StudyLink estimate the cost associated with this IT system change to be between \$0.02 and \$0.025 million. This will be absorbed within existing baselines.

Disregarding EFTS for students receiving partial tuition fee refunds as a result of Covid-19

- 42 This proposal requires an operational policy change but no IT system changes.

Disregarding study that is incomplete as a result of Covid-19 from Fees Free entitlements

- 43 If Cabinet agrees to this proposal, I will update the delegation to fund Fees Free tertiary education and training with conditions related to the impact of Covid-19, to provide clarity for learners.

Other urgent changes

Student loans and the New Zealand Institute of Skills and Technology (the NZIST)

- 44 I also seek Cabinet approval to update and confirm the definition of ‘tertiary education provider’ for the purposes of administering student loans.
- 45 The NZIST came into existence on 1 April 2020. Existing authorisation for student loans is based on past Cabinet decisions (rather than set out in regulations) and refers to ‘polytechnics’, so this needs to be updated to be ‘the NZIST and its Crown entity subsidiaries’, and provide for any subsequent change to that name. An equivalent amendment is being made to the Student Allowances Regulations 1998 as part of the enactment of the Education (Vocational Education and Training Reform) Amendment Act.

§ 9(2)(f)(iv)

46 § 9(2)(f)(iv)

47 § 9(2)(f)(iv)

48 § 9(2)(f)(iv)

49 § 9(2)(f)(iv)

Financial Implications

- 50 I note that the costs outlined below are very uncertain because we do not currently have a clear understanding of the immediate impact of Covid-19 on providers and students, or their behavioural response.

⁹ § 9(2)(f)(iv)

- 51 The costs for continuing student loan payments for a study break extended by an additional five weeks and increasing student loan course-related costs from \$1,000 to \$2,000 are as follows:

	\$m - increase / (decrease)				
Funding implications	2019/20	2020/21	2021/22	2022/23	2023/24 & Out-years
Operating balance impact					
Continue paying student loans over the extended study break	3.804	(0.185)	(0.188)	(0.192)	(0.197)
Increasing student loan course-related costs by \$1,000	31.170	6.321	(1.883)	(1.919)	(1.963)
Debt impact					
Continue paying student loans over the extended study break	9.375	(0.066)	(0.138)	(0.184)	(0.273)
Increasing student loan course-related costs by \$1,000	76.832	17.784	(1.518)	(2.039)	(3.016)
Total operating balance impact	34.974	6.136	(2.071)	(2.111)	(2.160)
Total debt impact	86.206	17.718	(1.656)	(2.224)	(3.289)

- 52 I propose that funding for the change outlined in the table in paragraph 51 above come from the Covid-19 Response and Recovery Fund.
- 53 The financial implications for disregarding EFTS for student loan life-time limits for partial fee refunds are set out below:

	\$m - increase / (decrease)				
Funding implications	2020/21	2021/22	2022/23	2023/24	2024/25
Operating balance impact	0.189	0.264	0.264	0.265	0.265
	2025/26	2026/27	2027/28	2028/29	2029/30
	0.265	0.265	0.265	0.188	0.004
Funding implication	2020/21	2021/22	2022/23	2023/24	2024/25
Debt impact	0.281	0.392	0.393	0.394	0.391
	2025/26	2026/27	2027/28	2028/29	2029/30
	0.386	0.379	0.368	0.146	(0.054)

- 54 I propose that funding for the change outlined in the table in paragraph 53 above also come from the Covid-19 Response and Recovery Fund.

Disregarding study that is incomplete as a result of Covid-19 from Fees Free entitlement

- 55 Existing exceptional circumstances provisions within the policy settings for Fees Free would enable study that is not completed as a result of Covid-19 to be disregarded from Fees Free entitlements, at the discretion of the Tertiary Education Commission.

- 56 Adding specific criteria for Covid-19 to provide clarity for students and trainees, as proposed in this paper, may result in more students and trainees seeking an exemption to have their Fees Free entitlements reinstated due to the impact of Covid-19.
- 57 If the impact of Covid-19 resulted in 1,600 EFTS¹⁰ being reinstated to individuals' Fees Free entitlements for use in future, the cost for Fees Free payments would be around \$10 million. This can be met within the existing Vote Tertiary Education baseline for Fees Free payments.

Legislative Implications

- 58 There are no legislative implications in the proposals of this paper.

Population Implications

- 59 There are no specific population implications in the proposals in this paper.

Human Rights

- 60 These proposals will improve the position of student support recipients. They apply to all students eligible for student loans and/or student allowances. However, this may create extra student loan debt for particular age groups which may be considered as indirect discrimination. To mitigate this, MSD StudyLink will advise all affected students about the continuation of their student loan payments and provide students with an option to 'opt-out' if they do not wish to continue drawing down on their student loans. Some proposals also require the person to submit an application, however, this is in line with the normal process for student financial support. We therefore do not consider there is any unlawful discrimination in this context and therefore consider the proposal to be consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Consultation

- 61 The Ministry of Education consulted with the Ministry of Social Development, the Tertiary Education Commission, Inland Revenue, and the Treasury. The Department of Prime Minister and Cabinet was informed of this paper.

Communications

- 62 If the changes are agreed to, officials will work with my office to develop a communications strategy for quickly and appropriately communicating the changes to student support recipients.

Proactive Release

- 63 I propose that this paper is proactively released within 30 days of Cabinet decisions having been made, with any redactions in line with the provisions of the Official Information Act 1982.

¹⁰ This assumes 5% of Fees Free students and trainees are unable to complete courses due to Covid-19 in first half of 2020, and all reinstated Fees Free EFTS would be subsequently used in 2020, 2021, or future years.

Recommendations

I recommend that Cabinet:

- 1 **note** that because of the Covid-19 lockdown students are unable to continue with their study until such time that tertiary education providers can put in place alternative ways of delivering teaching and learning;
- 2 **note** that some students are experiencing hardship, particularly those who have lost their part time jobs and those incurring extra expenses from studying at home;

Providing student loans over an extended study break

- 3 **note** that the Ministry of Social Development:
 - 3.1 can continue paying student loans and allowances for study breaks of up to three weeks; and
 - 3.2 has used its discretion to continue student allowance payments for a total study break of eight weeks (with a review after that); but
 - 3.3 has no discretion to extend student loan payments beyond three weeks;
- 4 **agree** that the Ministry of Social Development be given discretion to continue paying student loans for a study break of up to eight weeks for students who remain enrolled in study, in line with the arrangements in place for student allowances during the Covid-19 outbreak;
- 5 **approve** the following changes to appropriations to give effect to the policy decisions agreed in recommendation 4 above, with a corresponding impact on the operating balance and net core Crown debt;

	\$million – increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24& Outyears
Vote Social Development					
Minister of Revenue					
<i>Non-Departmental Capital Expenditure</i>					
Student Loans	9.378	-	-	-	-
Vote Revenue					
Minister of Revenue					
<i>Non-Departmental Other Expenses:</i>					
Initial Fair Value Write-Down Relating to Student Loans	3.840	-	-	-	-
Total Operating	3.840	-	-	-	-
Total Capital	9.378	-	-	-	-

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- 6 **agree** that the operating expenses and capital expenditure incurred under recommendation 4 above be charged against the Covid-19 Response and Recovery Fund established as part of Budget 2020;
- 7 **agree** that the proposed changes to appropriations for 2019/20 above be included in the 2019/20 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;
- 8 **note** that the funding implications of the change agreed to in recommendation 4 above are as follows:

	\$m - increase / (decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Out-years
Vote Social Development					
Operating balance impact	-	-	-	-	-
Debt Impact (loans)	9.378	-	-	-	-
No Impact	-	-	-	-	-
Vote Revenue					
Operating balance impact	3.804	(0.185)	(0.188)	(0.192)	(0.197)
Debt Impact (loans)	(0.003)	(0.066)	(0.138)	(0.184)	(0.273)
No Impact	-	-	-	-	-
Operating balance impact	3.804	(0.185)	(0.188)	(0.192)	(0.197)
Debt Impact (loans)	9.375	(0.066)	(0.138)	(0.184)	(0.273)
No Impact	-	-	-	-	-

Temporarily increasing student loan course-related costs

- 9 **agree** to temporarily increase the current maximum student loan course-related costs entitlement for students currently enrolled in full-time study, or starting full-time study in 2020, from \$1,000 to \$2,000, to be accessed once only by borrowers;
- 10 **approve** the following changes to appropriations to give effect to the policy decisions agreed in recommendation 9 above, with a corresponding impact on the operating balance and net core Crown debt;

	\$million – increase / (decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
Vote Social Development					
Minister of Revenue					
<i>Non-Departmental Capital Expenditure:</i>					
Student Loans	76.861	18.472	-	-	-
Vote Revenue					
Minister of Revenue					
<i>Non-Departmental Other Expenses:</i>					
Initial Fair Value Write-Down Relating to Student Loans	31.469	8.133	-	-	-
Total Operating	31.469	8.133	-	-	-
Total Capital	76.861	18.472	-	-	-

- 11 **agree** that operating expenses and capital expenditure incurred under recommendation 9 above be charged against the Covid-19 Response and Recovery Fund established as part of Budget 2020;
- 12 **agree** that the proposed changes to appropriations for 2019/20 and 2020/21 above be included in the 2019/20 Additional Supplementary Estimates and 2020/21 Supplementary Estimates respectively and that, in the interim, the increases be met from Imprest Supply;
- 13 **note** that the funding implications of the change agreed to in recommendation 9 above are as follows:

	\$m - increase / (decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Out-years
Vote Social Development					
Operating balance impact	-	-	-	-	-
Debt Impact (loans)	76.861	18.472	-	-	-
No Impact	-	-	-	-	-
Vote Revenue					
Operating balance impact	31.170	6.321	(1.88)	(1.919)	(1.963)
Debt Impact (loans)	(0.029)	(0.688)	(1.518)	(2.039)	(3.016)
No Impact	-	-	-	-	-
Operating balance impact	31.170	6.321	(1.883)	(1.919)	(1.963)
Debt Impact (loans)	76.832	17.784	(1.518)	(2.039)	(3.016)
No Impact	-	-	-	-	-

- 14 **note** that MSD StudyLink estimate the cost associated with the IT system change required to implement this change outlined in recommendation 9 above to be between \$0.02 and \$0.025 million, which will be absorbed within existing baselines;

Disregarding EFTS for students receiving partial tuition fee refunds as a result of Covid-19

- 15 **note** that only students receiving full tuition fee refunds from their tertiary providers have the EFTS for their study disregarded for the purposes of the student loan EFTS life-time limits;
- 16 **agree** that students receiving partial tuition fee refunds (from providers or through fee protection mechanisms) due to discontinued study in 2020 as a result of Covid-19 will not have the EFTS of this study count towards their student loan EFTS life-time limits;

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- 17 **approve** the following changes to appropriations to give effect to the policy decisions agreed in recommendation 16 above, with a corresponding impact on the operating balance and net core Crown debt;

	\$m – increase / (decrease)					
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Vote Social Development						
Minister of Revenue						
<i>Non-Departmental Capital Expenditure:</i>						
Student Loans	-	0.281	0.394	0.400	0.406	0.412
Vote Revenue						
Minister of Revenue						
<i>Non-Departmental Other Expense:</i>						
Initial Fair Value Write-Down Relating to Student Loans	-	0.190	0.269	0.274	0.279	0.284
Total Operating	-	0.190	0.269	0.274	0.279	0.284
Total Capital	-	0.281	0.394	0.400	0.406	0.412
	2025/26	2026/27	2027/28	2028/29	2029/30	
Vote Social Development						
Minister of Revenue						
<i>Non-Departmental Capital Expenditure:</i>						
Student Loans	0.418	0.425	0.431	0.226	0.041	
Vote Revenue						
Minister of Revenue						
<i>Non-Departmental Other Expense:</i>						
Initial Fair Value Write-Down Relating to Student Loans	0.289	0.295	0.300	0.226	0.041	
Total Operating	0.289	0.295	0.300	0.226	0.041	
Total Capital	0.418	0.425	0.431	0.226	0.041	

- 18 **agree** that operating expenses and capital expenditure incurred under recommendation 16 above be charged against the Covid-19 Response and Recovery Fund established as part of Budget 2020;

- 19 **agree** that the proposed changes to appropriations for 2019/20 and 2020/21 above be included in the 2019/20 Additional Supplementary Estimates and 2020/21 Supplementary Estimates respectively and that, in the interim, the increases be met from Imprest Supply;

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- 20 **note** that the funding implications of the change agreed to in recommendation 16 above are as follows:

	\$m – increase / (decrease)					
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Operating balance impact (Revenue)	-	0.189	0.264	0.264	0.265	0.265
Debt Impact (loans) (Revenue)	-	-	(0.002)	(0.007)	(0.012)	(0.021)
Debt Impact (loans) (Social Development)	-	0.281	0.394	0.400	0.406	0.412
Total Operating Balance Impact	-	0.189	0.264	0.264	0.265	0.265
Total Debt Impact	-	0.281	0.392	0.393	0.394	0.391
No Impact	-	-	-	-	-	-
	2025/26	2026/27	2027/28	2028/29	2029/30	
Operating balance impact (Revenue)	0.265	0.265	0.265	0.188	0.004	
Debt Impact (loans) (Revenue)	(0.032)	(0.046)	(0.063)	(0.080)	(0.095)	
Debt Impact (loans) (Social Development)	0.418	0.425	0.431	0.226	0.041	
Total Operating Balance Impact	0.265	0.265	0.265	0.188	0.004	
Total Debt Impact	0.386	0.379	0.368	0.146	(0.054)	
No Impact	-	-	-	-	-	

Disregarding study that is incomplete as a result of Covid-19 from Fees Free entitlements

- 21 **note** students and trainees can already apply under exceptional circumstances provisions to have study disregarded from Fees Free entitlements, which could include the impact of Covid-19;
- 22 **agree** that, to provide more clarity for students and trainees, the Minister of Education specify exemptions related to the impact of Covid-19 on their Fees Free entitlements in the delegation to fund Fees Free tertiary education and training;
- 23 **note** that the funding implications associated with recommendation 22 above can be met within existing Vote Tertiary Education baselines for Fees Free payments;

Administration of Student Loans to include the New Zealand Institute of Skills and Technology and its Crown Entities

- 24 **agree** that, for the purposes of administering the student loans, a tertiary education provider means a university, the New Zealand Institute of Skills and Technology or any subsequent amendment to the name of the Institute made in accordance with the Education Act 1989, its Crown entity subsidiaries, a wānanga, a private training establishment, or any other education provider approved by the chief executive of the Ministry of Education;

s 9(2)(f)(iv)

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s 9(2)(f)(iv)

Authorised for lodgement

Hon Chris Hipkins

Minister of Education

Proactively Released



Cabinet

Minute of Decision

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COVID-19: Ensuring Continuity and Adequacy of Student Support

Portfolio Education

On 14 April 2020, Cabinet:

- 1 **noted** that because of the COVID-19 lockdown, students are unable to continue with their study until such time that tertiary education providers can put in place alternative ways of delivering teaching and learning;
- 2 **noted** that some students are experiencing hardship, particularly those who have lost their part time jobs and those incurring extra expenses from studying at home;

Providing student loans over an extended study break

- 3 **noted** that the Ministry of Social Development (MSD):
 - 3.1 can continue paying student loans and allowances for study breaks of up to three weeks; and
 - 3.2 has used its discretion to continue student allowance payments for a total study break of eight weeks (with a review after that); but
 - 3.3 has no discretion to extend student loan payments beyond three weeks;
- 4 **agreed** that MSD be given discretion to continue paying student loans for a study break of up to eight weeks for students who remain enrolled in study, in line with the arrangements in place for student allowances during the COVID-19 outbreak;

- 5 **approved** the following changes to appropriations to give effect to the decision in paragraph 4 above, with a corresponding impact on the operating balance and net core Crown debt:

	\$million – increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
Vote Social Development					
Minister of Revenue					
<i>Non-Departmental Capital Expenditure:</i>					
Student Loans	9.378	-	-	-	-
Vote Revenue					
Minister of Revenue					
<i>Non-Departmental Other Expenses:</i>					
Initial Fair Value Write-Down Relating to Student Loans	3.840	-	-	-	-
Total Operating	3.840	-	-	-	-
Total Capital	9.378	-	-	-	-

- 6 **agreed** that the operating expenses and capital expenditure incurred under paragraph 4 above be charged against the COVID-19 Response and Recovery Fund established as part of Budget 2020;
- 7 **agreed** that the changes to appropriations for 2019/20 above be included in the 2019/20 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;
- 8 **noted** that the funding implications of the change agreed to in paragraph 4 above are as follows:

	\$m - increase / (decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Out-years
Vote Social Development					
Operating balance impact	-	-	-	-	-
Debt Impact (loans)	9.378	-	-	-	-
No Impact	-	-	-	-	-
Vote Revenue					
Operating balance impact	3.804	(0.185)	(0.188)	(0.192)	(0.197)
Debt Impact (loans)	(0.003)	(0.066)	(0.138)	(0.184)	(0.273)
No Impact	-	-	-	-	-
Operating balance impact	3.804	(0.185)	(0.188)	(0.192)	(0.197)
Debt Impact (loans)	9.375	(0.066)	(0.138)	(0.184)	(0.273)
No Impact	-	-	-	-	-

Temporarily increasing student loan course-related costs

- 9 **agreed** to temporarily increase the current maximum student loan course-related costs entitlement for students currently enrolled in full-time study, or starting full-time study in 2020, from \$1,000 to \$2,000, to be accessed once only by borrowers;
- 10 **approved** the following changes to appropriations to give effect to the decision in paragraph 9 above, with a corresponding impact on the operating balance and net core Crown debt:

	\$million – increase / (decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
Vote Social Development					
Minister of Revenue					
<i>Non-Departmental Capital Expenditure:</i>					
Student Loans	76.861	18.472	-	-	-
Vote Revenue					
Minister of Revenue					
<i>Non-Departmental Other Expenses:</i>					
Initial Fair Value Write-Down Relating to Student Loans	31.469	8.133	-	-	-
Total Operating	31.469	8.133	-	-	-
Total Capital	76.861	18.472	-	-	-

- 11 **agreed** that operating expenses and capital expenditure incurred under paragraph 9 above be charged against the COVID-19 Response and Recovery Fund established as part of Budget 2020;
- 12 **agreed** that the changes to appropriations for 2019/20 and 2020/21 above be included in the 2019/20 Additional Supplementary Estimates and 2020/21 Supplementary Estimates respectively and that, in the interim, the increases be met from Imprest Supply;

- 13 **noted** that the funding implications of the change agreed to in paragraph 9 above are as follows:

	\$m - increase / (decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Out-years
Vote Social Development					
Operating balance impact	-	-	-	-	-
Debt Impact (loans)	76.861	18.472	-	-	-
No Impact	-	-	-	-	-
Vote Revenue					
Operating balance impact	31.170	6.321	(1.883)	(1.919)	(1.963)
Debt Impact (loans)	(0.029)	(0.688)	(1.518)	(2.039)	(3.016)
No Impact	-	-	-	-	-
Operating balance impact	31.170	6.321	(1.883)	(1.919)	(1.963)
Debt Impact (loans)	76.832	17.784	(1.518)	(2.039)	(3.016)
No Impact	-	-	-	-	-

- 14 **noted** that MSD StudyLink estimate the cost associated with the IT system change required to implement this change outlined in paragraph 9 above to be between \$0.02 and \$0.025 million, which will be absorbed within existing baselines;

Disregarding EFTS for students receiving partial tuition fee refunds as a result of Covid-19

- 15 **noted** that only students receiving full tuition fee refunds from their tertiary providers have the Equivalent Full-time Student (EFTS) for their study disregarded for the purposes of the student loan EFTS life-time limits;
- 16 **agreed** that students receiving partial tuition fee refunds (from providers or through fee-protection mechanisms) due to discontinued study in 2020 as a result of COVID-19 will not have the EFTS of this study count towards their student loan EFTS life-time limits;

- 17 **approved** the following changes to appropriations to give effect to the decisions agreed in paragraph 16 above, with a corresponding impact on the operating balance and net core Crown debt:

	\$m – increase / (decrease)					
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Vote Social Development						
Minister of Revenue						
<i>Non-Departmental Capital Expenditure:</i>						
Student Loans	-	0.281	0.394	0.400	0.406	0.412
Vote Revenue						
Minister of Revenue						
<i>Non-Departmental Other Expense:</i>						
Initial Fair Value Write-Down Relating to Student Loans	-	0.190	0.269	0.274	0.279	0.284
Total Operating	-	0.190	0.269	0.274	0.279	0.284
Total Capital	-	0.281	0.394	0.400	0.406	0.412
	2025/26	2026/27	2027/28	2028/29	2029/30	
Vote Social Development						
Minister of Revenue						
<i>Non-Departmental Capital Expenditure:</i>						
Student Loans	0.418	0.425	0.431	0.226	0.041	
Vote Revenue						
Minister of Revenue						
<i>Non-Departmental Other Expense:</i>						
Initial Fair Value Write-Down Relating to Student Loans	0.289	0.295	0.300	0.226	0.041	
Total Operating	0.289	0.295	0.300	0.226	0.041	
Total Capital	0.418	0.425	0.431	0.226	0.041	

- 18 **agreed** that operating expenses and capital expenditure incurred under paragraph 16 above be charged against the COVID-19 Response and Recovery Fund established as part of Budget 2020;
- 19 **agreed** that the changes to appropriations for 2019/20 and 2020/21 above be included in the 2019/20 Additional Supplementary Estimates and 2020/21 Supplementary Estimates respectively and that, in the interim, the increases be met from Imprest Supply;

- 20 **noted** that the funding implications of the change agreed to in paragraph 16 above are as follows:

	\$m – increase / (decrease)					
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Operating balance impact (Revenue)	-	0.189	0.264	0.264	0.265	0.265
Debt Impact (loans) (Revenue)	-	-	(0.002)	(0.007)	(0.012)	(0.021)
Debt Impact (loans) (Social Development)	-	0.281	0.394	0.400	0.406	0.412
Total Operating Balance Impact	-	0.189	0.264	0.264	0.265	0.265
Total Debt Impact	-	0.281	0.392	0.393	0.394	0.391
No Impact	-	-	-	-	-	-
	2025/26	2026/27	2027/28	2028/29	2029/30	
Operating balance impact (Revenue)	0.265	0.265	0.265	0.188	0.004	
Debt Impact (loans) (Revenue)	(0.032)	(0.046)	(0.063)	(0.080)	(0.095)	
Debt Impact (loans) (Social Development)	0.418	0.425	0.431	0.226	0.041	
Total Operating Balance Impact	0.265	0.265	0.265	0.188	0.004	
Total Debt Impact	0.386	0.379	0.368	0.146	(0.054)	
No Impact	-	-	-	-	-	

Disregarding study that is incomplete as a result of COVID-19 from Fees Free entitlements

- 21 **noted** that students and trainees can already apply under exceptional circumstances provisions to have study disregarded from Fees Free entitlements, which could include the impact of COVID-19;
- 22 **agreed** that, to provide more clarity for students and trainees, the Minister of Education specify exemption related to the impact of COVID-19 on their Fees Free entitlements in the delegation to fund Fees Free tertiary education and training;
- 23 **noted** that the funding implications associated with paragraph 22 above can be met within existing Vote Tertiary Education baselines for Fees Free payments;

Administration of Student Loans to include the New Zealand Institute of Skills and Technology and its Crown Entities

- 24 **agreed** that, for the purposes of administering the student loans, a tertiary education provider means a university, the New Zealand Institute of Skills and Technology or any subsequent amendment to the name of the Institute made in accordance with the Education Act 1989, its Crown entity subsidiaries, a wānanga, a private training establishment, or any other education provider approved by the chief executive of the Ministry of Education;

s 9(2)(f)(iv)

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Michael Webster
Secretary of the Cabinet

Proactively Released