



## Office of Hon Steven Joyce

Minister for Economic Development  
Minister of Science and Innovation  
Minister for Tertiary Education, Skills and Employment  
Associate Minister of Finance

13 FEB 2014

Gladys Webster  
fyi-request-1409-  
256242d0@requests.fyi.org.nz

Dear Gladys

Thank you for your email of 21 January 2014 concerning the eligibility of married students for a student allowance, and requesting a copy of the Cabinet committee minute where parental income tests were introduced for married students under 24.

Your request has been considered under the Official Information Act 1982. Copies of the relevant Cabinet Policy Committee and Cabinet minutes are attached. The information relevant to your query can be found in decision 8 of both documents.

This decision was made by the previous government in 2004 to bring the Student Allowance Regulations into line with the New Zealand Bill of Rights Act (NZBORA). The Government has no intention to change this policy.

The 2004 decision followed a review of regulations across government to ensure compliance with the NZBORA. Applying parental income testing to unmarried students, but not to married and de facto students, was considered to be unjustifiable discrimination on the basis of family status. To treat students fairly, married students under 25 with no children were treated in the same way as de facto couples. This meant that married students became subject to the same parental income test as applied to other students under the age of 25 with no children. From 1 January 2009, the age at which parental income testing no longer applies was lowered from 25 to 24.

This change did not aim to penalise young people who decide to get married, but to avoid discrimination on the grounds of family status and to recognise that the costs faced by students depend more on the number of dependants they have than on the nature of the relationship that they are in.

The changes also removed an incentive for students to enter into a 'marriage of convenience' to avoid the parental income test. Prior to this change there were many anecdotal accounts of this occurring.

The Government expects that parents whose income means they are in a position to do so, should support their children in tertiary education into their mid-twenties. This applies even if their children are married. This is because government financial assistance is only a contribution to the total cost of tertiary education and is not intended to cover the entire cost. We expect that the cost be shared between students and parents also, given the significant private benefit an individual gains from tertiary education.

I trust this has provided the information you were seeking and explains the Government's policy.

Yours sincerely



**Hon Steven Joyce**

Minister for Tertiary Education, Skills and Employment



Budget: Sensitive

14

# Cabinet Policy Committee

POL Min (04) 7/4 & 5

Copy No: 34

## Minute of Decision

- 5 APR 2004

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### Student Support: Proposed Changes and Outcome of Consultation

On 31 March 2004 the Cabinet Policy Committee:

#### Background

- 1.1 noted that the paper "Student Support Submissions: Analysis Summary" under POL (04) 69 reports on submissions received on the discussion document *Student Support in New Zealand*;
- 1.2 noted that 114 submissions were received on the discussion document *Student Support in New Zealand*;
- 1.3 noted that the submissions analysis summary attached as an Appendix to the paper under POL (04) 69 will be publicly released shortly and that submissions received will be available on request;
- 2 noted that the package of student support initiatives to be funded in Budget 2004 is the first step in making improvements to the student support system;

#### Student Allowances Parental Income Thresholds

- 3 agreed to adjust the lower student allowances parental income threshold to \$33,696 and to set the abatement rate at 25% (meaning that the cut out point/upper threshold will be \$62,148), effective from 1 January 2005;
- 4 agreed that the parental income thresholds be adjusted annually, in conjunction with the annual adjustment to Student Allowances rates, to take account of movements in the Consumer Price Index, with effect from 1 April 2005;

#### Changes to Student Allowances to Remove Inconsistencies with the New Zealand Bill of Rights Act (NZBORA)

- 5 noted that there are three areas of Student Allowances and Independent Circumstances Grant policy that are inconsistent with the NZBORA: treatment of 'previously married' students; treatment of married students under 25 with no dependants; and use of the work history criterion in the Independent Circumstances Grant;
- 6 agreed that the entitlement of 'previously married' students to an Independent Circumstances Grant be removed;

- 7 agreed that the entitlement of a single student to an Independent Circumstances Grant if they have been in paid employment for 96 weeks (the work history criterion) be removed;
- 8 agreed that married students who are under 25 and without dependants will be parentally income tested and not be subject to the spousal income test;
- 9 agreed that the changes in paragraphs 6, 7 and 8 apply from 1 January 2005 to students who have not been in receipt of one of the three affected entitlements in 2004 prior to the announcement of the policy;
- 10 10.1 agreed, in relation to students who have been in receipt of one of the three affected entitlements in 2004 prior to the announcement of the policy, for a course of study commencing on or after 1 January 2005, that the following options should be further developed:

**EITHER**

**Immediate implementation**

- 10.1.1 that the changes in paragraphs 6, 7 and 8 apply from 1 January 2005;

**OR**

**Time-limited "grandparenting"**

- 10.1.2 that the changes in paragraphs 6, 7 and 8 apply from 1 January 2006, with an associated reduction in savings;

- 10.2 invited the Minister of Education and the Associate Minister of Education to provide further information about the cost of each option for Cabinet on 5 April 2004;

- 11 11.1 directed the Ministry of Social Development, in consultation with the Ministry of Education, to report back to the Minister of Education, the Associate Minister of Education (Tertiary Education) and the Minister of Social Services and Employment by 30 April 2004 on any necessary changes to rates/description of rates to ensure operational consistency in implementing the decisions in paragraph 8;

- 11.2 agreed to recommend that Cabinet delegate to the Minister of Education, the Associate Minister of Education (Tertiary Education) and the Minister of Social Services and Employment the right to authorise such necessary changes;

**Access to Student Loans for Part-Time Part-Year Students**

12. noted the proposals in the paper under POL (04) 70 about access to student loans for part-time part-year students;
- 13 invited the Minister of Education and Associate Education (Tertiary Education) to provide further advice about targeting student loans for part-time part-year students for Cabinet on 5 April 2004;

### Changes to the Treatment of Bankrupts under the Student Loan Scheme

- 14 noted the proposals in the paper under POL (04) 70 about the treatment of bankrupts under the Student Loan Scheme;
- 15 deferred consideration of the treatment of bankrupts under the Student Loan Scheme until further progress had been made on the scheduled review of insolvency provisions;
- 16 invited the Minister of Education and the Associate Minister of Education (Tertiary Education) to provide details for Cabinet on 5 April on the impact on the overall cost of the package of the decision not to proceed at this time with the proposals in the paper under POL (04) 70;

### Strengthening the Capability of Student Job Search

- 17 agreed that the Minister for Social Development and Employment seek in Budget 2004, \$0.717 million in 2004/05 and \$0.556 million in 2005/06 and outyears for an increase in baseline administration funding for Student Job Search and one-off funding for 2004/05 for organisational restructuring to support Student Job Search's strategic direction;

### Administrative Simplification in Student Allowances

- 18 agreed to the removal of the student allowances '60 day rule' for study commencing on or after 1 January 2005;
- 19 agreed that the effective date of an application for a student allowance would be assessed as being the later of the date of earliest entitlement or date of receipt of the application (where the application is received more than a week after the date of earliest entitlement);
- 20 agreed to changes in the definition of personal income and spousal income in the student allowances regulations and to other relevant changes so as to enable the Chief Executive of the Ministry of Social Development to assess on a case by case basis whether any scholarship or merit award should be treated as personal or spousal income for the purposes of student allowances, for study commencing on or after 1 January 2005;

### Amendments to Student Allowance Regulations 1998

- 21 invited the Minister of Social Development and Employment to instruct Parliamentary Counsel to draft amendments to the Student Allowance Regulations 1998, to give effect to changes to Student Allowances and the Independent Circumstances Grant agreed to by Cabinet above;

### Next Steps

- 22 noted that Education Ministers intend to continue work on the Student Support System to ensure that tertiary education remains affordable for students;

### Further work required for Cabinet on 5 April: summary

- 23 invited the Minister of Education and the Associate Minister of Education (Tertiary Education) to provide Cabinet on 5 April with:
- 23.1 advice on the issues referred to in paragraphs 10, 13, 16 above;

- 23.2 a revised set of costings for the total package;
- 23.3 a consolidated set of recommendations covering the issues in paragraphs 23.1 and 23.2, and the recommendations in POL Min (04) 7/4, amended as appropriate;

### Consultation

- 24 noted that the Minister indicates that consultation has been undertaken with the Labour caucus and will not be required with other parliamentary parties.



Sue Sharp  
Secretary

Reference: POL (04) 7/4

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#### Present:

Rt Hon Helen Clark (Chair)  
Hon Dr Michael Cullen  
Hon Jim Anderton  
Hon Annette King  
Hon Trevor Mallard  
Hon Pete Hodgson  
Hon Margaret Wilson  
Hon Parekura Horomia  
Hon George Hawkins  
Hon Mark Burton  
Hon Paul Swain  
Hon Ruth Dyson  
Hon Chris Carter  
Hon Rick Barker (part of item)

#### Officials present from:

Office of the Prime Minister  
Department of the Prime Minister and Cabinet

#### Copies to:

Cabinet Policy Committee  
Acting Chief Executive, DPMC  
Acting Director PAG, DPMC  
Secretary to the Treasury  
Commissioner of Inland Revenue  
Chief Executive, Ministry of Economic Development  
Chief Executive, Ministry of Social Development  
Secretary for Justice  
Chief Executive, Ministry of Pacific Island Affairs  
State Services Commissioner  
Chief Executive, Ministry of Education  
Chief Executive, Te Puni Kokiri  
Minister of Women's Affairs  
Chief Executive, Ministry of Women's Affairs  
Minister of Youth Affairs  
Chief Executive, Ministry of Social Development (Youth Development)



# Cabinet

## Minute of Decision

Budget: Sensitive

*Nov*  
CAB Min (04) 11/9

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Minister of Education  
Associate Minister of Education (Tertiary Education)

### Copies to:

Prime Minister  
Deputy Prime Minister  
Minister of Finance  
Minister of Revenue  
Hon Jim Anderton  
Minister for Economic Development  
Minister for Social Development and Employment (MSD)  
Minister of Justice  
Minister of Pacific Island Affairs  
Minister of State Services  
Minister of Maori Affairs  
Minister of Women's Affairs  
Minister of Youth Affairs  
Secretary, POL

### Student Support: Proposed Changes

On 5 April 2004, following reference from the Cabinet Policy Committee (POL), Cabinet:

#### Background

- 1.1 noted that the paper "Student Support Submission: Analysis Summary" under CAB (04) 141 reports on submissions received on the discussion document Student Support in New Zealand;
  - 1.2 noted that 114 submissions were received on the discussion document Student Support in New Zealand;
  - 1.3 noted that the submissions analysis summary attached to the paper under CAB (04) 141 will be publicly released shortly and that submissions received will be available on request;
- 2 noted that the package of student support initiatives to be funded in Budget 2004 is the first step in making improvements to the student support system;

### Student Allowances Parental Income Thresholds

- 3 agreed to adjust the lower student allowances parental income threshold to \$33,696 and to set the abatement rate at 25% (meaning that the cut out point/upper threshold will be \$62,148), effective from 1 January 2005;
- 4 agreed that the parental income thresholds be adjusted annually, in conjunction with the annual adjustment to Student Allowances rates, to take account of movements in the Consumer Price Index, with effect from 1 April 2005;

### Changes to Students Allowances to Remove Inconsistencies with the New Zealand Bill of Rights Act (NZBORA)

- 5 noted that there are three areas of Student Allowances and Independent Circumstances Grant policy that are inconsistent with the NZBORA: treatment of 'previously married' students; treatment of married students under 25 with no dependants; and use of the work history criterion in the Independent Circumstances Grant;
- 6 agreed that the entitlement of 'previously married' students to an Independent Circumstances Grant be removed;
- 7 agreed that the entitlement of a single student to an Independent Circumstances Grant if they have been in paid employment for 96 weeks (the work history criterion) be removed;
- 8 agreed that married students who are under 25 and without dependants will be parentally income tested and not be subject to the spousal income test;
- 9 noted the contents of the additional paper attached to CAB (04) 141 on the student support changes, including further information on the options (including time-limited grand-parenting) for the timing of the changes to remove inconsistencies with the NZBORA;
- 10 agreed that the changes in paragraphs 6 - 8 come into effect for all students from 1 January 2005;
- 11.1 directed the Ministry of Social Development, in consultation with the Ministry of Education, to report back to the Minister of Education, the Associate Minister of Education (Tertiary Education) and the Minister of Social Development and Employment by 30 April 2004 on any necessary changes to rates/description of rates to ensure operational consistency in implementing the decision in paragraph 8;
- 11.2 agreed to delegate to the Minister of Education, the Associate Minister of Education (Tertiary Education) and the Minister of Social Development and Employment the authority to approve any necessary changes to the rates/description of rates;

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

- 12 noted the additional information on the proposal to extend access to student loans for part-time part-year students contained in the supplementary paper attached to CAB (04) 141;



- 13 deferred consideration of the options on access to student loans for part-time part-year students until the meeting of the Cabinet Business Committee on 19 April 2004;
- 14 invited the Associate Minister of Education (Tertiary Education) and the Minister of Education to 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;

#### Changes to the treatment of bankrupts under the Student Loan Scheme

- 15 noted the contents of the paper under CAB (04) 141 about the treatment of bankrupts under the student loan scheme;
- 16 deferred consideration of the treatment of bankrupts under the student loan scheme until further progress had been made on the scheduled review of insolvency provisions [POL Min (04) 7/4 & 5];
- 17 noted that Cabinet agreed in December 2002 [EDC Min (02) 8/17] that:
- 17.1 no asset procedure debtors will have access to the student loan scheme;
- 17.2 the student loan debt of no asset procedure (NAP) debtors will not be dischargeable on bankruptcy;
- 18 noted that the cost of access to the student loan scheme for NAP debtors will be \$0.308 million over three years;
- 19 noted that the savings to the Crown from making the student loan debt of NAP debtors non-dischargeable will be \$3.968 million over three years;
- 20 noted that the deferral of proposals to allow access to the student loan scheme for undischarged bankrupts and to make the student loan debt of bankrupts not dischargeable will result in reduced savings of \$3.067 million over three years in the Education Budget allocation;

#### Strengthening the Capability of Student Job Search

- 21 agreed that the Minister for Social Development and Employment seek in Budget 2004, \$0.717 million in 2004/05 and \$0.556 million in 2005/06 and out-years for an increase in baseline administration funding for Student Job Search and one-off funding for 2004/05 for organisational restructuring to support Student Job Search's strategic direction;

#### Administrative Simplification in Student Allowances

- 22 agreed to the removal of the student allowances '60 day rule' for study commencing on or after 1 January 2005;
- 23 agreed that the effective date of an application for a student allowance be assessed as being the later of the date of earliest entitlement or date of receipt of the application (where the application is received more than a week after the date of earliest entitlement);

- 24 agreed to changes in the definition of personal income and spousal income in the student allowances regulations and to other relevant changes so as to enable the Chief Executive of the Ministry of Social Development to assess on a case by case basis whether any scholarship or merit award should be treated as personal or spousal income for the purposes of student allowances, for study commencing on or after 1 January 2005;

#### Next Steps

- 25 invited the Associate Minister of Education (Tertiary Education) and the Minister of Education to report to Cabinet Business Committee on 19 April 2004 with confirmed costs for the student support initiatives set out in this minute, including the changes in administration costs;
- 26 invited the Minister of Social Development and Employment to instruct Parliamentary Counsel to draft amendments to the Student Allowance Regulations 1998, to give effect to changes to Student Allowances and the Independent Circumstances Grant agreed to by Cabinet;
- 27 noted that Education Ministers intend to continue work on the student support system to ensure that tertiary education remains affordable for students;
- 28 noted that the Minister indicates that consultation has been undertaken with the Labour caucus and will not be required with other parliamentary parties.

*Sime Mason*

Secretary of the Cabinet

Reference: CAB (04) 141; POL Min (04) 7/4 & 5