



10 August 2016

Mr Robert McKenzie  
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Dear Mr McKenzie

Your email of 1 August 2016 to the Ministry of Justice about the implications for defaulting student loan borrowers arrested at the border has been referred to the Commissioner of Inland Revenue's office for reply.

I have noted your comments and the points raised in your email. By international standards New Zealand's student loan scheme is recognised as a very generous one. It is funded by the New Zealand taxpayers who provide, by world standards, very high levels of support to tertiary students. It is important therefore that student loan borrowers meet their repayment obligations. This will ensure that the same level of support can be enjoyed by future generations of students.


The provisions that make it an offence for a person to knowingly default on his or her overseas-based repayment obligation or knowingly fail, or refuse, to make reasonable efforts to pay, or make an arrangement to pay the amount in default and that allow Inland Revenue to apply to a District Court Judge for a warrant to arrest a person at the border were passed into law to provide integrity to the system; and to encourage defaulting borrowers to contact us to discuss options available to them to clear their arrears.

As you mention in your letter the legislation provides a number of relief options. These allow Inland Revenue to assist those who cannot pay their obligation due to serious hardship. There is no expectation that any borrower should pay more than they can reasonably afford. Borrowers are required, however, to keep Inland Revenue informed and ensure that regular payments are made towards their loans.

The Courts will consider each person's individual circumstances and will discharge an order if it considered it just or appropriate to do so. The best option for all defaulting borrowers is to contact Inland Revenue as quickly as possible to discuss their circumstances.

Thank you for writing. I trust that my comments are of some assistance to you.

Yours sincerely



Tony Donoghue  
Manager, Commissioner's correspondence

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