

Chair
Cabinet Legislation Committee

AMENDMENTS TO STUDENT ALLOWANCE REGULATIONS TO IMPLEMENT THE \$50 INCREASE TO STUDENT ALLOWANCES MANIFESTO COMMITMENT

Proposal

- 1 This paper seeks approval to submit the Student Allowances (Increase for 2018) Amendment Regulations 2017 (the Amendment Regulations) to the Executive Council, which will implement \$50 per week increases to student allowance rates in line with the Government's manifesto commitment.

Policy

- 2 Increasing student allowances and the loan living costs maximum by \$50 per week from 1 January 2018 is one of the Government's 100-day-plan manifesto commitments. The policy will help students to meet rising living and accommodation costs and reduce financial barriers to tertiary education. It is part of the Government's wider aim to make a greater public investment in New Zealanders' tertiary education, and will be brought in alongside the introduction of one year of fees-free tertiary study from 2018.
- 3 The Amendment Regulations will implement the 20 November 2017 Cabinet decision to increase student allowance base rates by \$50 net per week (based on an M tax code) from 1 January 2018. Two rates are being increased by \$100 net per week as those rates are designed to reflect the living costs of two adults. Eligibility rules and income thresholds for student allowances are not being changed [CBC-17-MIN-0013 refers]. No regulation changes are required to implement the \$50 increase to the student loan living costs maximum as it is not specified in legislation.
- 4 This increase will affect all of the approximately 65,000 students accessing student allowances. Around 3,000 additional students will also become eligible for up to \$52 per week of student allowance (there is a \$2 minimum payment for allowances so a \$50 increase may mean some students receive up to \$52 where previously they would have received no allowance).
- 5 A small number of students will not receive the full \$50 per week net increase. This is because a rise in student support will abate other assistance they receive through the benefit system and/or Working for Families. These impacts are expected to be limited and no students will see a reduction in overall assistance as a result of the changes.
- 6 Student Allowance rates will be further adjusted from 1 April 2018 in line with any increase in the Consumer Price Index. Accommodation Benefit rates will also be increased by \$20, up to a maximum of \$60 per week, in 2018 as part of the Government's Families Package.
- 7 As part of the amendments to the Regulations, there will also be one technical amendment to correct a gross rate that was incorrectly specified as part of the annual general adjustment changes in April 2017. Despite the error, the correct rate has been used by the Ministry of Social Development and the Amendment Regulations will deem the rate paid to have applied from 1 April 2017. Students have not been disadvantaged as a result of the error.

Timing and the 28-day rule

- 8 This paper seeks a waiver of the 28-day rule on the ground that the changes confer only benefits on the public. This is to enable the rates increases to come into effect on 1 January 2018 in accordance with the Government's 100-day-plan manifesto commitment.

Compliance

- 9 The Amendment Regulations comply with:
- 9.1 the principles of the Treaty of Waitangi;
 - 9.2 the rights and freedoms contained in the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993;
 - 9.3 relevant international standards and obligations; and
 - 9.4 the Legislation Advisory Committee Guidelines; Guidelines on Process and Content of Legislation (2014 edition), published and maintained by the Legislation Design and Advisory Committee.
- 10 No statutory prerequisites exist for the making of these Amendment Regulations.

Regulation Review Committee

- 11 There are no anticipated grounds for the Regulation Review Committee to draw the Amendment Regulations to the attention of the House under Standing Order 319.

Certification by Parliamentary Counsel

- 12 The Parliamentary Counsel Office has certified that the Amendment Regulations are in order for submission to the Executive Council.

Regulatory impact analysis

- 13 A Regulatory Impact Statement was prepared in accordance with the requirements for 100-day-plan manifesto commitments, and was submitted at the same time as Cabinet approval for the policy was sought [CBC-17-MIN-0013 refers].

Publicity

- 14 The Minister of Education announced the increases to student allowance rates and loan entitlements for living costs on 21 November 2017. The Ministry of Social Development and the Ministry of Education will continue to work with relevant Ministers to further communicate these changes.
- 15 As part of the legislative requirements, the Amendment Regulations will be notified in the *New Zealand Gazette*.

Consultation

- 16 The Ministry of Education was consulted on this paper.

- 17 Members of an interagency governance group, led by the Ministry of Education, and including the Ministry of Social Development, Inland Revenue, Tertiary Education Commission, State Services Commission, the Treasury and the Department of the Prime Minister and Cabinet (Policy Advisory Group) were consulted on the policy proposals.
- 18 Te Puni Kōkiri, the Ministry for Pacific Peoples, the Ministry for Women and the Ministry for Vulnerable Children – Oranga Tamariki were also consulted on the policy proposals.

Recommendations

- 19 It is recommended that the Committee:

- 1 **note** that the Student Allowances (Increase for 2018) Amendment Regulations 2017 will give effect to the 20 November 2017 Cabinet decision to increase Student Allowance rates by \$50 net per week based on the M tax code, with two rates increased by \$100 net per week as they reflect the living costs of two adults [CBC-17-MIN-0013 refers]
- 2 **note** that the Amendment Regulations also contain a technical amendment to correct an error made as part of the 2017 annual general adjustment, but that the correct rate has been paid by the Ministry of Social Development so students have not been disadvantaged as a result of the error
- 3 **note** that, on the grounds that the changes confer only benefits on the public, a waiver of the 28-day rule is sought so that the increases to student allowance rates can come into force on 1 January 2018 in accordance with the Government's manifesto commitment
- 4 **agree** to waive the 28-day rule so that the Student Allowances (Increase for 2018) Amendment Regulations 2017 can come into force on 1 January 2018
- 5 **authorise** the submission to the Executive Council of the Student Allowances (Increase for 2018) Amendment Regulations 2017.

Authorised for lodgement

Hon Peeni Henare
Acting Minister for Social Development