

House of Representatives
Supplementary Order Paper

Tuesday, 12 March 2013

Student Loan Scheme Amendment Bill (No 2)

Proposed amendment

Tracey Martin, in Committee, to move the following amendment:

Clause 10

Replace *clause 10* (lines 30 to 34 on page 9) with:

10 Section 31 amended (Repayment obligations that apply to New Zealand-based borrowers and overseas-based borrowers)

In section 31(1)(A), replace “subparts 1 to 3 apply to that borrower” with “**subparts 1 and 2** apply to that borrower, subject to **section 31A**”.

10A New sections 31A (Repayment holiday from New Zealand-based repayment obligation)

After section 31, insert:

“31A Repayment holiday from New Zealand-based repayment obligation

- “(1) A New Zealand-based borrower may, by notifying the Commissioner, apply to the Commissioner for a repayment holiday.
- “(2) The Commissioner may grant a repayment holiday, not exceeding 365 days in duration, to a borrower who applies under **subsection (1)** if satisfied that the borrower has not reached the New Zealand-based borrower’s limit.
- “(3) For the purposes of this section, a borrower reaches the New Zealand-based borrower’s limit if the borrower has had, in respect of his or her current loan, 1 or more repayment holidays, granted under this Act, for a period of 365 days or for periods that total 365 days.

- “(4) For the avoidance of doubt, a New Zealand-based borrower does not reach the borrower’s limit if 1 or more repayment holidays have been granted under this Act, for a period of 365 days or for periods that total 365 days, in relation to a student loan, the consolidated loan balance of which has been repaid.
- “(5) In this section, **repayment holiday** means a period during which a New Zealand-based borrower’s repayment obligation is reduced to zero.”
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Explanatory note

This Supplementary Order Paper provides for a repayment holiday of up to 365 days for New Zealand-based borrowers in the student loan scheme. Currently, only overseas students are eligible to request a one year repayment holiday. The legislation discriminates against those student borrowers who choose to stay, live and work in New Zealand. An example is a young mother having her first child who takes 3-6 months maternity leave. Such a student should equally be entitled to a repayment holiday.

This Supplementary Order Paper also provides that the New Zealand-based borrowers’ repayment holiday be available on a subsequent student loan, once any previous student loans have been repaid in full. People may subsequently study for further qualifications, requiring further student loans, and they should not be prevented from receiving a further repayment holiday.
