House of Representatives

Supplementary Order Paper

Wednesday, 28 March 2012

Student Loan Scheme Amendment Bill

Proposed amendments

Holly Walker, in Committee, to move the following amendments:

Clause 4
In *clause 4(b)*, replace "and to limit their term to 365 days" (line 6 on page 5) with "for a term of up to 3 years".

Clause 17
In *clause 17*, *new section 107B(3)(a)*, replace "for a period of 365 days or for periods that total 365 days" (lines 17 to 18 on page 15) with "for a period of 3 years or for periods that total 3 years".

In *clause 17*, *new section 107B(3)*, replace *paragraph (c)* (lines 22 to 35 on page 15) with:

> "(c)   the borrower has had 1 or more repayment holidays under Part 3 of the Student Loan Scheme Act 1992 and 1 or more repayment holidays under this Act, for periods that total 3 years; or"

In *clause 17*, *new section 108A*, replace *subsection (2)* (lines 27 to 37 on page 16) with:

"(2)   An overseas-based borrower who, as at 31 March 2012, has a repayment holiday under Part 3 of the Student Loan Scheme Act 1992 that, but for the repeal of that Act, would have continued under that Act continues to have a repayment holiday under this Act, but for no longer than 3 years."

Explanatory note

This Supplementary Order Paper would amend the Student Loan Scheme Amendment Bill to retain the current length of the repayment holiday of three years, rather than reducing this to 365 days. The three year repayment holiday

has only been in effect since 2007, so there has been insufficient time to assess the impact it has had on borrower's behaviour in respect of repaying their loans and returning to New Zealand. We are concerned that reducing the duration of the repayment holiday may discourage borrowers from returning to New Zealand and repaying their loans in full. We note that according to the Kiwi Expats Association, most New Zealanders on their Overseas Experience (OE) are away for 3-5 years. The rationale for introducing the three year repayment holiday in 2007 is still relevant in 2012, so we see no reason to change this.

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