



**LEGISLATION ADVISORY COMMITTEE**

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01 November 2012

Chair  
Finance and Expenditure Committee  
Parliament Buildings  
P O Box 18 041  
**WELLINGTON 6160**

Dear Sir/Madam

**Student Loan Scheme Amendment Bill (No 2)**

**Introduction**

1. The Legislation Advisory Committee (LAC) was established to provide advice to the Government on good legislative practice, legislative proposals, and public law issues. It has produced, and updates, Guidelines on the Process and Content of Legislation as appropriate benchmarks for legislation, which have been adopted by Cabinet.
2. The terms of reference of the LAC include:
  - to scrutinise and make submissions to the appropriate body on aspects of Bills introduced into Parliament that affect public law or raise public law issues;
  - to help improve the quality of law-making by attempting to ensure that legislation gives clear effect to government policy, ensuring that legislative proposals conform with the LAC Guidelines, and discouraging the promotion of unnecessary legislation.

**Information Sharing**

3. Clauses 34 and 43 to 47 of the Student Loan Scheme Amendment Bill (No 2) (“the Bill”) involve an information sharing process between Inland Revenue and the New Zealand Customs Service.

4. The first point that the LAC wishes to raise is the relationship of these provisions with the Privacy (Information Sharing) Bill (318-2) which is currently before the House. The LAC considers that it is undesirable for the information sharing aspect of the Bill to proceed before the Privacy (Information Sharing) Bill is enacted and implemented. The LAC suggests that officials should be requested to explain why this Bill should proceed before the Information Sharing Bill is in place. If it is to proceed first, the Select Committee may wish to consider a sunset clause.
5. The LAC also wishes to emphasise the desirability of consulting with the Privacy Commissioner over the implementation of the information sharing regime in this legislation.

**“Serious default”**

6. The second issue concerns the phrase “serious default” which is referred to in clauses 34, 44, 45, 46 and 47. It is defined in clause 44 as:

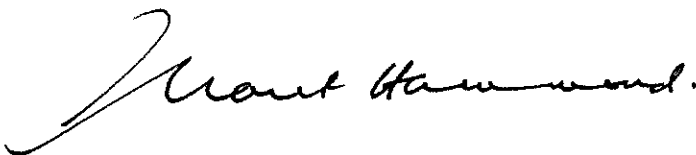
**“serious default** means the state of having an unpaid amount due and owing under the Student Loan Scheme Act 2011 and satisfying criteria established in a manner to be determined by the Commissioner

7. The LAC considers that this definition provides insufficient guidance. It would be desirable to have more detailed criteria in the legislation as to the meaning of this term, to provide more certain limits as to who may be caught by the definition.

**Conclusion**

8. Thank you for taking the time to consider the LAC’s submission. The LAC does not wish to be heard on this submission.

Yours sincerely



Hon Sir Grant Hammond  
Chair