

Locating paying parents

A recent tracing exercise successfully confirmed the location of 6,629 paying parents believed to be in Australia. Now that we know where they are, we are tracing their income details with assistance from the Australian Taxation Office and the Australian Child Support Agency. We will be able to correctly determine these parents' child support liabilities and collection activity can begin. In many cases the Australian Child Support Agency will collect on our behalf as part of the reciprocal agreement between our two countries.

A team of eight was formed in July 2002 to trace paying parents who could not be located. Since establishment, approximately 15,700 cases have been allocated to this team, and the team has successfully reduced this number to approximately 9,200. Contacting these parents and reminding them of their responsibilities sends them the clear message that they cannot escape their responsibilities to their children.

Feedback from located paying parents has been positive:

"Thank you so much for helping us sort this out. It has been greatly appreciated—sincere thanks for your help with regards to arrears issues."

Many of the parents located are long-term evaders of their child support responsibilities (57% having an ongoing child support liability). Because of this entrenched non-compliance we expect that recovery of the outstanding liabilities from these parents may take some time.

Student loans

This year we have continued to make compliance easier for borrowers, especially those overseas.

We have seen steady growth in the use of credit card repayments, which makes it easier for borrowers overseas to pay. This year we received over \$4.0 million from more than 4,000 credit card transactions.

An increasing number of borrowers, especially those overseas, are using the secure online *Look at Account Information* service.

This year, 84.3% of student loan borrowers surveyed rated our service as good or very good.

In 2004–05 the total amount of borrowings under the student loan scheme rose by 12% to \$6.7 billion and the amount repaid went up 14% (see Figure 52).

Figure 52 –
Student loan borrowing and repayments

	2004 \$ million	2005 \$ million
Total borrowing	5,966	6,675
Repayments	447	510

The number of resident and non-resident borrowers, and the respective amounts borrowed is given in Figure 53.

Figure 53 –
Student loan borrowers and amount borrowed¹²

	Borrowers		Amount borrowed	
	number	%	\$ million	%
Resident	419,983	94%	\$6,129	92%
Non-resident	25,091	6%	\$ 546	8%
Total	445,074		\$6,675	

¹² As at 30 June 2005.

Overdue student loan repayments

There are currently 62,133 borrowers with overdue repayments totalling \$188 million (14% of all borrowers and 2.8% of the total amount borrowed). Overdue repayments have grown by 35% during the year, due to a combination of factors, including increased borrower numbers (up 6%).

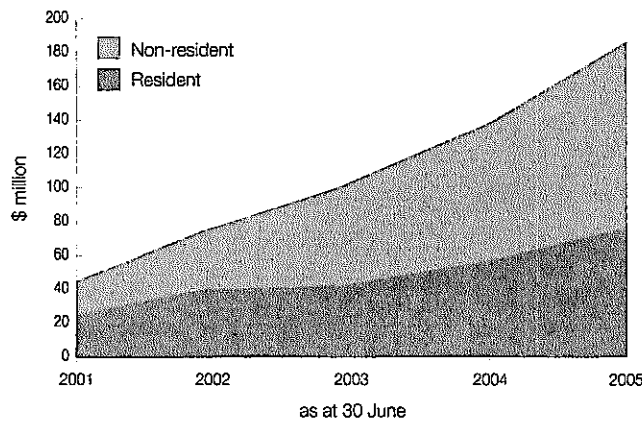
Figure 54 – Student loan borrowers with overdue repayments

	Borrowers		Overdue repayment	
	number	%	\$ million	%
Resident	49,974	80%	\$ 78	41%
Non-resident	12,159	20%	\$110	59%
Total	62,133		\$188	

Non-resident borrowers have a major impact on the level of overdue repayments. 48% have overdue obligations compared to 12% of resident borrowers. They have an average overdue repayment of \$9,047 compared to \$1,551 for resident borrowers. Factors that contribute to the rise in overdue repayments of non-residents include:

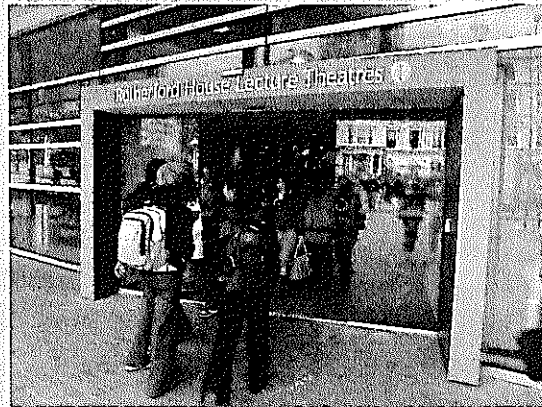
- the difficulty in maintaining contact with borrowers who are overseas
- the complexity of making repayments from overseas.

Figure 55 – Overdue student loan repayments



We are reviewing the issues and options for overseas student loan borrowers, especially for overdue repayments.

Student loan *Look at Account Information* service



Student loan borrowers can look at their account information online in a secure environment. Our *Look at Account Information* service has been available to student loan borrowers for over a year. It's been very popular with students and they are giving us very positive feedback:

"This is a brilliant service. I am currently in London and it makes a massive difference being able to check my account information online".

"I think the online service for accessing my student loan account is wonderful; it's user-friendly, clear and I appreciate being able to keep track of my debt without having to wait for those statements or ring up on the phones. Thanks for introducing it".

For detailed information see the *Student Loan Scheme Annual Report*, a joint publication of the Ministry of Social Development, Ministry of Education and Inland Revenue.