



22 January 2026

Tēnā koe

Official Information Act request

Thank you for your email of 30 November 2026, requesting information about the reinstatement of the Training Incentive Allowance.

I have considered your request under the Official Information Act 1982 (the Act). Please find my decision on your request set out below.

- *Please provide all documents including law, gazette notice and msd policy on the following*
 - *The reinstatement of the tia in 2021 and how msd is administering it*

Please see attached the following documents, law, gazette notice and policy regarding the reinstatement of the Training Incentive Allowance programme (TIA):

1. Training Incentive Allowance Programme
2. Studylink Knowledge content and Studylink staff memo
3. Map Manual – TIA
4. REP-21-5-470 – Report - Reinstating the Training Incentive Allowance – Further policy decisions
5. Excerpts from Cabinet Minute - CAB-21-MIN-0116.27
6. Costing note: Time limited TIA Student Loan implications – working document
7. TIA cost summary – working document
8. Intervention Logic A3 - TIA Bid – working document
9. Project Delivery Estimate_070 Training Incentive Allowance – working document
10. REP-20-11-1133 - Expanding eligibility for the Training Incentive Allowance
11. REP/21/3/267 – Report - Reinstatement of the Training Incentive Allowance
12. REP/21/5/526 – Report - Establishing the Training Incentive Allowance Programme
13. TIA Budget Bid FINAL
14. REP/20/11/1091 – Report - Reinstatement of the Training Incentive Allowance

Also see the following links on budget information, the gazette notice:

- www.msd.govt.nz/about-msd-and-our-work/about-msd/legislation/notice-of-change/2021/training-incentive-allowance.html
- www.msd.govt.nz/about-msd-and-our-work/newsroom/budget/2021/factsheets/training-incentive-allowance.html#:~:text=The%20amount%20paid%20is%20based,top%20of%20the%20person%27s%20benefit
- www.workandincome.govt.nz/map/employment-and-training/specific-employment-related-assistance/training-incentive-allowance/index.html
- workandincome.govt.nz/map/legislation/welfare-programmes/training-incentive-allowance-programme/training-incentive-allowance-programme.html
- workandincome.govt.nz/map/employment-and-training/specific-employment-related-assistance/training-incentive-allowance/index.html
- <https://gazette.govt.nz/notice/id/2021-go2032>

Some information is withheld under section 9(2)(h) of the Act in order to maintain legal professional privilege. The greater public interest is in ensuring that government agencies can continue to obtain confidential legal advice.

You will also note that the information regarding some individuals is withheld under section 9(2)(a) of the Act in order to protect the privacy of natural persons. The need to protect the privacy of these individuals outweighs any public interest in this information.

Please note for document 5, under section 16(1)(e) of the Act, I am providing you with excerpts from this Cabinet Minute as a significant volume of the information in this document does not relate to Training Incentive Allowance. For this reason, you will note that some sections of this document are marked as 'out of scope' of your request.

I will be publishing this decision letter, with your personal details deleted, on the Ministry's website in due course.

If you wish to discuss this response with us, please feel free to contact OIA_Requests@msd.govt.nz.

If you are not satisfied with my decision on your request, you have the right to seek an investigation and review by the Ombudsman. Information about how to make a complaint is available at www.ombudsman.parliament.nz or 0800 802 602.

Ngā mihi nui

pp.



Anna Graham
General Manager
Ministerial and Executive Services

Training Incentive Allowance Programme

This welfare programme for special assistance is established and approved under section 101 of the Social Security Act 2018 by the Minister for Social Development and Employment.

Minister for Social Development and Employment

At Wellington this 24th day of May 2021

Contents

1. Title
 2. Commencement
 3. Purpose
 4. Interpretation
 5. Application of the Act
 6. Eligibility for assistance
 7. Ineligibility for assistance
 8. Courses for which assistance is available
 9. Further considerations in granting assistance
 10. Types of assistance
 11. Rates of assistance
 12. Applications for assistance
 13. Payment of assistance
 14. When assistance starts
 15. When assistance ends
 16. Expiry (revoked)
- Explanatory Note

Clause 1. Title

This programme is the Training Incentive Allowance Programme.

Clause 2. Commencement

This programme comes into force on 1 July 2021.

Clause 3. Purpose

The purpose of this programme is to provide financial assistance to eligible people receiving specified qualifying benefits to enable them to undertake education or training courses in order to:

- a) increase their skills for employment, and
- b) improve participants' employment outcomes in the future.

Clause 4. Interpretation

(1) In this programme, unless the context otherwise requires-

Act means the Social Security Act 2018

applicant means a person who has applied, or on whose behalf an application has been made, for assistance under this programme

compulsory course fees means any fee which must be paid by the applicant to enrol in and complete the course (including tuition fees and compulsory student services fee)

Employment and Work Readiness Assistance Programme means the programme of that name established under s 101 of the Act

(revoked)

first-year Fees Free Programme means the Fees Free Tertiary Education and Training policy as set out in the funding delegation issued to the Tertiary Education Commission by the Minister of Education, as it applied on 31 December 2024

New Zealand Qualifications Framework means the qualifications framework administered by the New Zealand Qualifications Authority and established under the Education and Training Act 2020

other care costs means the actual and reasonable costs of childcare, care for older people and disabled people and the associated costs necessary for the applicant to participate in education or training courses (for example, transport to the care provider)

recognised course of study has the same meaning as in Regulation 2(1)(a) of the Student Allowances Regulations 1998

sole parent has the same meaning as in the Act

specified qualifying benefit means the following benefits:

- i. Sole Parent Support;
- ii. Supported Living Payment payable under Part 3, Schedule 4 of the Act only where the applicant is eligible in their own right;
- iii. Young Parent Payment, payable to a sole parent;
- iv. Jobseeker Support, payable to a sole parent; or
- v. Emergency Benefit, payable to a sole parent.

working-age -

- i. means an age in the range 18 to 64 years inclusive; and
- ii. includes an age of or over 65 years in relation to a person who is not qualified to receive New Zealand superannuation.

young person means a person aged at least 16 years but under the age of 20 years

52-week period means a period of 52 weeks commencing from the date the assistance commences

(2) Other terms defined in Schedule 2 of the Act have the same meanings in this programme.

Clause 5. Application of the Act

- (1) Sections 19, 110, 111, 112, 113, 114, 204, 205, 217, 219, 290, 292, 293, 294, 298, 301, 303, 304, 305, 308, 317, 318, 325, 337, 338, 340, 391 and 417 of the Act apply to this programme as if the special assistance authorised by this programme was a benefit under the Act.
- (2) Nothing in subclause (1) limits or affects the application of any other provision of the Act.

Clause 6. Eligibility for assistance

- (1) MSD may, in its discretion, grant any of the types of assistance described in clause 10 in respect of an applicant who meets the eligibility criteria in subclause (2).
- (2) A person is eligible for assistance who -
 - (a) is of working-age or a young person; and
 - (b) meets the residency criteria in subclause (3); and
 - (c) is eligible for and receiving a specified qualifying benefit; and
 - (d) is enrolled in an eligible course as set out in clause 8.
- (3) For the purposes of subclause (2)(b), an applicant meets the residency criteria if they are ordinarily resident in New Zealand; and is either -
 - (a) a New Zealand citizen or a person who holds or is deemed to hold a residence class visa under the Immigration Act 2009 that permits the holder to work in New Zealand; or
 - (b) a person recognised as a refugee or protected person under that Act; or
 - (c) a person holding a temporary class visa under that Act that permits the person to work in New Zealand and who is -
 - (A) awaiting the outcome of their claim for recognition as a refugee or a protected person (within the meaning of that Act); or
 - (B) a person applying for a residence class visa under that Act who is compelled to remain in New Zealand because of unforeseen circumstances.

Clause 7. Ineligibility for assistance

- (1) An applicant is ineligible for assistance under this programme if they have completed a qualification at Level 7 on the New Zealand Qualifications Framework in the 5 years prior to applying for assistance under this programme.
- (2) Despite subclause (1), MSD may grant assistance under this programme if it is satisfied that the assistance will significantly improve the client's employment outcomes.

Clause 8. Courses for which assistance is available under this programme

An eligible course for the purpose of this programme is a recognised course of study that increases the applicant's skills for employment, and:

- (a) is 12 weeks or more in duration; and
- (b) is on Level 1 to Level 7 on the New Zealand Qualifications Framework.

Clause 9. Further considerations when granting assistance

- (1) When exercising its discretion under clause 6(1), MSD may have regard to whether the person is or may be entitled to any other publicly funded assistance for the same or similar purpose under the Act or another enactment.
- (2) MSD may grant assistance under this programme for the amount of other care costs in excess of any other publicly funded financial assistance available to the person up to the maximum amount as set out in clause 11(1).
- (3) MSD may refuse to grant an allowance if the applicant has, having previously been granted an allowance under this programme or the Employment and Work Readiness Assistance Programme to attend an eligible course within the past 5 years -
 - (a) failed or refused to answer any questions as to whether the applicant completed that course and the results or results the applicant achieved in that course; or
 - (b) failed to complete that course without, to the satisfaction of MSD, a good and sufficient reason; or
 - (c) any other factors as determined by MSD having regard to the purpose of this programme.
- (4) MSD must not grant financial assistance to an eligible applicant to pay compulsory course fees, if those compulsory course fees have been or can be met through the first-year Fees Free Programme.

Clause 10. Types of assistance

MSD may grant assistance under clause 6 to an eligible applicant for one or more of the following costs:

- (a) compulsory course fees; and
- (b) the applicant's actual and reasonable course-related costs as determined by MSD including, but not limited to, transport costs, textbooks, laptops and assistance with internet connection, assistance with childcare or other care costs.

Clause 11. Rates of assistance

- (1) MSD may grant assistance to an eligible applicant, based on the amount of the applicant's compulsory course fees and the actual and reasonable course-related costs, of up to \$138.77 for each week the assistance for the course is payable, to a maximum of \$5,550.80 within a 52-week period.
- (2) The maximum amount of assistance available under this programme must be adjusted every year in line with an increase in the Consumers Price Index through the Annual General Adjustment process.

Clause 12. Applications for assistance

- (1) An applicant seeking assistance under this programme must provide any information to MSD that MSD reasonably requires to assess the applicant's eligibility for assistance.
- (2) MSD may require an applicant to complete an application form in order to assess eligibility for assistance. If MSD requires an application form to be completed, MSD must not grant assistance until MSD has received the completed application form, to the satisfaction of MSD.
- (3) MSD may waive all or part of a requirement to provide information (including information specified in an application form) if MSD is satisfied that it:

- (a) already holds the information concerned; or
- (b) already holds enough other information to determine the matter for which the information concerned is required.

Clause 13. Payment of assistance

- (1) MSD may, in its discretion, having regard to the kind of assistance, pay any assistance granted under clause 6(1):
 - (a) to or on account of the applicant personally; or
 - (b) if the assistance is for the purpose of purchasing any goods or services for an eligible applicant, to the provider of the goods or services; or
 - (c) as a periodical payment or payment of a lump sum in advance of the period or part of the period for which it is granted; or
 - (d) in any other manner MSD reasonably thinks fit.
- (2) It is a condition of an allowance that the applicant must, if withdrawing from the course, seek a refund of the amount paid for compulsory course fees or any additional course-related costs granted to the applicant under this programme. If the course provider provides a refund, or partial refund, direct to the applicant, the applicant must repay the amount refunded to MSD.

Clause 14. When assistance starts

- (1) Assistance commences on such a date as MSD specifies when making the grant.
- (2) Assistance commences on 1 July 2021 if an applicant started an eligible course before 1 July 2021 and MSD receives an application between 1 July 2021 and 29 July 2021 inclusive.
- (3) (revoked)

Clause 15. When assistance ends

- (1) If it has not ended earlier, eligibility for assistance under this programme ends on a date not later than the date the applicant
 - (a) dies; or
 - (b) has a change in circumstances that means they are no longer eligible for assistance under this programme; or
 - (c) has a change in circumstances that means they are no longer eligible for a specified qualifying benefit.
- (2) MSD may suspend payments if it is satisfied the applicant is not attending the course.
- (3) (revoked)

Clause 16. Expiry (revoked)

Explanatory Note

This note is not part of the programme, but is intended to indicate its general effect.

This programme is established and approved under section 101 of the Social Security Act 2018 and comes into force on 1 July 2021.

The programme provides assistance for people receiving certain benefits to enable them to undertake recognised courses of study which increase their skills for employment and improve their employment outcomes in the future. The programme expands assistance previously available under the Employment and Work Readiness Assistance Programme for courses at Level 1 to 3 on the New Zealand Qualifications Framework. Under the programme, assistance is available for compulsory course fees and course-related costs for study up to and including Level 7 on the New Zealand Qualifications Framework.

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Fees Free study

This page is about the Fees Free programme. The programme previously allowed students a first-year fees free study. From 2025, Fees Free entitlement will be paid after a student completes their first qualification and makes a claim.

[Jump to bottom](#)

About Fees Free

If you're starting study for the first time in 2025, a fund called Fees Free may cover some of your course fees for your final year of study. You'll still need to organise payment of your course fees at the start of your final year. If you meet the criteria for Fees Free, you can claim your entitlement once you complete your qualification.

For more information on how it works and who's eligible, see:

[Fees Free – Inland Revenue](#)

Study that started in 2024 (Transitional arrangements)

Students who've used first-year Fees Free in 2024 may be able to continue to use their remaining entitlement in 2025, if they're continuing their programme and have Fees Free entitlement remaining.

For more information see:

[Started study in 2024 or earlier? \(Fees Free website\)](#)

For information on students that started studying in 2024 or before and are getting fees free, see:

[Qualifying for Student Loan payment types \(StudyLink Knowledge\)](#)

[Back to top](#)

Fees Free from 2025

Final year Fees Free

The first-year Fees Free scheme is being replaced by a final-year scheme from 2025.

Eligible students will be able to claim their Fees Free entitlement after completing their first qualification or work-based programme. Eligible student's can claim up to one of the following:

- 1 EFTS of provider-based study
- 24 months of work-based learning
- \$12,000 of their final year's fees

A student will need to pay their course fees upfront, for example with a Student Loan or private funding. After they complete their qualification, they'll be able to claim their Fees Free entitlement through myIR, IR's online customer portal.

Fees Free entitlement will be paid to students by Inland Revenue from 2026, after a learner makes a claim. Entitlement will go towards paying any existing Student Loan balances first.

Students who've started study for the first time in 2024 may be able to continue to access first-year Fees Free into 2025, when they continue their programme, for 12 months from when they started.

Information about claiming entitlement through myIR will be available later in 2025.

If a student has questions about Fees Free, please direct them to the Fees Free information on Inland Revenue's website for up to date information. See:

[Fees Free – Inland Revenue](#)

For more information on who can get Fees Free, how it affects Student Loan, and how to apply, see:

[Student loan – compulsory fees \(Map\)](#)

[Fees Free – Inland Revenue](#)

[Started study before 2025? \(Tertiary Education Commission Fees Free website\)](#)

Training Incentive Allowance (TIA)

Students who get Training Incentive Allowance and are in their last year of study will be able to choose between:

- using Training Incentive Allowance to pay for their course fees upfront
- funding their course fees another way, then making a claim for final-year Fees Free repayment when they complete and pass their course.

If they choose to use Training Incentive Allowance for compulsory course fees in their final calendar year, they won't be eligible for final-year Fees Free, including for future qualifications.

Students who don't use Training Incentive Allowance to pay for their course fees will still be able to use the allowance for other study-related costs like childcare, petrol or stationery.

For more information, see:

[Training Incentive Allowance \(Doogle\)](#)

Mana in Mahi – Strength in Work

Mana in Mahi participants who have trained at level 3 or above and had their course fees covered by an employer through the Mana in Mahi – Strength in Work programme, shouldn't need to claim final-year Fees Free because their studies are already being funded.

For more information, see:

[Mana in Mahi \(Doogle\)](#)

[Back to top](#)

Is this page helpful?

[Send us feedback](#)

- [About Fees Free](#)
- [Study that started in 2024 \(Transitional arrangements\)](#)
- [Fees Free from 2025](#)

Late fees payment with Student Loan

This page is about what happens when Student Loan fees are paid to the education provider late and why this happens. It also includes the processes the KBase team follows to release late fees.

[Jump to bottom](#)

Course fees information

Course fees are usually paid to the education provider between 9 to 11 working days from the date the Student Loan application goes to Loan Entitlement Advice. Loan Entitlement Advice means the Student Loan has been approved, however, fees can be paid at any time during a Student Loan period.

When looking at unpaid fees, we need to find out why the student didn't pay them by the study end date. The study end date is the date a course ends.

Note: Only KBase team members can assess if late fees can be paid. If a student is asking about paying late fees, submit an Escalation in SAL under Loan Investigation/Query to have their late fees request investigated.

Fees not paid before the study end date

If a student or education provider tells you the fees weren't paid before the course ended, we need to find out why.

Usually, fees should be paid before a course ends. However, there are some exceptions where fees can still be paid after study end date:

- The fees weren't paid because they were 'superseded' (if a student's fees have been superseded, it means SAL has identified that the latest fees request is no longer valid).
- The student had requested for the fees to be paid before study end date, but the Pay Fees field was set to 'No'.
- The fees were not paid because the Training Incentive Allowance (TIA) fees were entered in SAL incorrectly.
- The education provider sent a Verification of Study for the student's Student Allowance instead of Student Loan.
- We haven't accepted the requested evidence on time.
- The Verification of Study cycle hasn't started on the Student Loan.
- Change events haven't been cleared on time on the Student Loan application.

- We received the correct Verification of Study before study end date, but we haven't applied it to the correct loan application.

Each student's situation needs to be investigated by the Kbase team.

In SAL, submit an Escalation under Loan Investigation/Query to have their situation assessed.

[Back to top](#)

The 88-day rule

The last possible payment date is 88 calendar days after the course ends.

If an education provider or student wants their fees to be paid within 88 days of the study end date, we should consider paying these fees.

The Student Loan needs to be approved with the correct fees request applied:

- within 79 days of the study end date for initial fee payment
- within 86 days for subsequent fee payments.

Initial fee payments won't occur until 10 days after the Student Loan goes to Loan Entitlement Advice.

There are specific service managers who can give approval to pay these fees. See the late fees processes to see how.

If the fees haven't been paid because of an error we made, and the student end date is more than 88 days before today's date, then you need to log a KBase issue under Student Loan investigation/query for the fees request to be looked into further.

Note: Students must provide all the information we need to complete their Student Loan application before their study end date.

For more information on Verification of Study, see:

[Verification of Study \(VoS\) definition \(Map\)](#)

[Verification of Study – Confirming student enrolment \(StudyLink Knowledgebase\)](#)

[Back to top](#)

Late fees processes

Note: Only KBase team members can complete late fees processes. If a student is asking about paying late fees, submit an Escalation in SAL under Loan Investigation/Query to have their late fees request investigated.

The KBase team will action the 4 processes below to release late fees, depending on:

- the loan application status
- the study end date.

Within 88 days of study end date, app is open

Within 88 days of study end date, app is closed

Outside 88 days of study end date, app is open

Outside 88 days study end date, app is closed

Today's date is within 88 days after the study end date and the application is open

Step	Process
1.	Complete a Late Fees Request form. This form is in the shared drive under Workflow Management > W6. WORKFLOWS AND KBASE > Forms. Enter as much information as possible.
2.	Give the completed Late Fees Request form to a service manager.
3.	Make sure the Verification of Study with the correct fee request has been received and the total has been updated.
4.	Apply the Verification of Study to the Student Loan application.
5.	In SAL, go to the Student Loan Assessment screen: <ul style="list-style-type: none"> • Reassess the Student Loan to the Loan Entitlement Advice. • In the Fees field, make sure fees have been recorded.
6.	Go to the Student Loan Application screen: <ul style="list-style-type: none"> • Click 'Fees'. • Check the fees haven't been superseded.
7.	SAL will release the outstanding fees to the education provider.

For more information on Verification of Study, see:

[Verification of Study – Confirming student enrolment \(StudyLink Knowledgebase\)](#)

Today's date is within 88 days after the study end date and the application is closed

Step	Process
1.	Complete a Late Fees Request form. It's in the shared drive under Workflow Management > W6. WORKFLOWS AND KBASE > Forms.
2.	Create a new Student Loan application with the study details from the closed application.
3.	On the Student Loan applications screen: <ul style="list-style-type: none"> • Click 'ACP details'. • Add the alternative contact person's details.
4.	Check the Fees Only field is set to Yes to avoid issuing course-related costs or living costs.
5.	Check the B2B process has been completed. Note: B2B is the Business 2 Business process. Here, it refers to verifying with Inland Revenue that the student doesn't have an overdue loan of more than \$500.
6.	In the Loan Assessment screen: <ul style="list-style-type: none"> • Make sure the Status field is set to Confirmed. • Reassess the Student Loan application to Contract Issued.
7.	In the Evidence Receipt screen, accept the Student Loan contract.
8.	Forward the contract to your buddy to tick the Contracts Signed and Dated field. For more information on how to accept an Student Loan contract, see: Contracts for Student Loan (StudyLink Knowledgebase)
9.	Go to the Tertiary Support screen: <ul style="list-style-type: none"> • Make sure we've received the Verification of Study with the fee request. • Check the total has been updated. • Apply the Verification of Study to the Student Loan application.

10.	<p>Go to the Assessment screen:</p> <ul style="list-style-type: none"> • Reassess the Student Loan to Loan Entitlement Advice. • Make sure the fees have been recorded correctly.
11.	<p>Go to the Student Loan Application screen:</p> <ul style="list-style-type: none"> • Click 'Fees'. • Check the fees haven't been superseded. <p>SAL will release the outstanding fees payment to the education provider.</p>
12.	<p>Ask your service manager to sign the Late Fees Request form and pass it on to the Finance team.</p>

Fee payment date

When fees are paid depends on whether the Loan Entitlement Advice letter has already been issued on the open Student Loan application or not.

- If it has, fees should be paid to the education provider within 2 to 3 working days.
- If it hasn't, fees should be paid to the education provider within 9 to 11 working days.

To check if a Loan Entitlement Advice letter has been sent, press F12 and type CH. This will bring up the Correspondence History screen which will include the Loan Entitlement Advice letter if it has been sent.

Today's date is more than 88 days after the study end date and the application is open

Step	Process
1.	<p>Contact the education provider to either:</p> <ul style="list-style-type: none"> • confirm the Verification of Study and fee payment is correct • request a blank or manual Verification of Study.
2.	<p>Complete a Late Fees Request form. It's in the shared drive under Workflow Management > W6. WORKFLOWS AND KBASE > Forms.</p> <p>Enter as much information as possible.</p>

3.	<p>Email the completed form to a service manager. Don't complete an Admin Fee Reversal form.</p> <p>The service manager will review and sign off the form.</p>
4.	<p>Go to the Tertiary Support screen:</p> <ul style="list-style-type: none"> • Make sure we've received the Verification of Study with the fee request. • Check the total has been updated. • Apply the Verification of Study to the Student Loan application.
5.	<p>Go to the Assessment screen:</p> <ul style="list-style-type: none"> • Reassess the Student Loan to Loan Entitlement Advice. • Make sure the fees have been recorded correctly.
6.	<p>Go to the Student Loan Application screen:</p> <ul style="list-style-type: none"> • Click 'Fees'. • Check the fees haven't been superseded. <p>SAL will release the outstanding fees payment to the education provider.</p>

Today's date is more than 88 days after the study end date and the application is closed

Step	Process
1.	<p>Contact the education provider to either:</p> <ul style="list-style-type: none"> • confirm the Verification of Study and fee payment is correct • request a blank or manual Verification of Study.
2.	<p>Complete a Late Fees Request form. It's in the shared drive under Workflow Management > W6. WORKFLOWS AND KBASE > Forms.</p> <p>Enter as much information as possible.</p>

3.	<p>Email the completed form to a service manager. Don't complete an Admin Fee Reversal form.</p> <p>The service manager will review and sign off the form.</p>
4.	<p>Follow the process for: Today's date is within 88 days after the study end date and the application is closed.</p>
5.	<p>In SAL, go to the Student Loan Application screen:</p> <ul style="list-style-type: none">• In the Application Institutions section, change the End Date field to today's date or later.• In the Programmes section, change the End Date field to today's date or later.

[Back to top](#)

Is this page helpful?

[Send us feedback](#)

- [Course fees information](#)
- [Fees not paid before the study end date](#)
- [The 88-day rule](#)
- [Late fees processes](#)

Qualifying for Student Loan payment types

This page is about the 3 components of Student Loan payments – compulsory course fees, course-related costs (CRC) and living costs (LC). It also gives more information on who is eligible for each component.

[Jump to bottom](#)

Student Loan components

A Student Loan is made up of payments for 3 different components. The components of a Student Loan have different eligibility and entitlement requirements and processes.

All 3 of the components must be paid back by the student. They are:

- compulsory course fees – paid directly to an approved education provider to cover tuition, enrolment and other fees that allow students to attend
- course-related costs – money paid directly to the student to cover study materials including books, computers, travel and so on
- living costs – money paid directly to the student to cover day-to-day living expenses including rent, bills, food and other living costs.

Students can choose to get a Student Loan for different combinations of these components.

For more information on what each of the components cover, see:

[Compulsory fees with Student Loan \(Map\)](#)

[Course-related costs with Student Loan \(Map\)](#)

[Living costs with Student Loan \(Map\)](#)

Who can get a Student Loan

Eligibility and entitlement to a Student Loan

There are general criteria a student needs to meet to make them eligible for a Student Loan.

Each component may have additional criteria that affect how much students can get. This is referred to as their entitlement to Student Loan.

You can check Map for current eligibility and entitlement criteria. See:

[Student Loan eligibility and entitlement criteria \(Map\)](#)

Helping a student determine if they're eligible for a Student Loan

If the student has access to the internet, they can take an eligibility test on the StudyLink website. This will tell them what payments they may be able to get, including if they are eligible for Student Allowance and other supplementary payments.

If a student doesn't have access to the internet, they can call the contact centre to discuss their eligibility.

For more information on completing an eligibility test, see:

[Applying for and processing a Student Loan \(StudyLink Knowledgebase\)](#)

Students getting a main benefit

Students or their partners receiving main benefits may impact their entitlement to Student Loan components.

For more information on how other benefits affect Student Loan, see:

[Beneficiaries and Student Loan \(Map\)](#)

[Dual eligibility \(StudyLink Knowledgebase\)](#)

Students with overdue repayments

If a student has an overdue repayment obligation, it may affect their eligibility to take out a Student Loan.

To check if a student's overdue repayment will affect their Student Loan eligibility, see:

[When overdue repayment obligation with Inland Revenue affects Student Loan \(Map\)](#)

If a student has an overdue repayment that is stopping them from taking out a Student Loan, tell them to contact Inland Revenue and organise a payment schedule with them. Once the overdue repayment amount with Inland Revenue is less than \$500.00, we can reassess the student's entitlement.

If a student tells you they don't have overdue Student Loan repayment obligations, we can check this with Inland Revenue.

For more information on how to check the status of the student's IRD number for overdue repayment obligations and update the IRD number if the status has changed, see:

[Declined or closed Student Loans \(StudyLink Knowledge Base\)](#)

Fees Free study

Some students are eligible to have their compulsory fees paid through the Fees Free programme. If a student can get Fees Free through the Tertiary Education Commission, they may still want to apply for a Student Loan to cover living costs or course-related costs and any outstanding course fees.

For more information on who can get Fees Free, how it affects Student Loan and how to apply, see:

[Fees Free study \(StudyLink Knowledge\)](#)

[Fees-free level 1-3 study and Student Loan \(Map\)](#)

[Overview of Fees Free study \(Fees Free Website\)](#)

[Back to top](#)

What is covered by Student Loan components

Students can be entitled to different components of a Student Loan depending on their circumstances. Students can indicate that they want different combinations of the components in their application.

Compulsory course fees

Paying compulsory course fees with Student Loan

Students can choose to apply for a Student Loan to cover all or part of the fees an education provider charges to enrol in a course. These fees are paid directly to the education provider and the student must pay them back.

For more information about what the compulsory course fees component covers and how much students can get, see:

[Compulsory fees component of a Student Loan \(Map\)](#)

Who can get compulsory course fees payments

Students need to meet the general eligibility requirements for Student Loan to receive the compulsory course fees component.

For more information about who qualifies for a Student Loan, see:

[Student Loan eligibility and entitlement criteria \(Map\)](#)

[Not entitled to compulsory fee component for Student Loan \(Map\)](#)

Course-related costs

Paying course-related costs with Student Loan

The course-related costs component helps students pay for study materials that are outside of compulsory fees charged by the education provider. Course-related costs could include:

- textbooks
- stationery
- speciality course equipment (for example, massage table or hairdressing scissors)
- travel (for example, petrol or bus passes)
- speciality clothes
- printing and photocopying
- computer items
- childcare
- student association membership fees
- placement accommodation costs (for example, accommodation costs while away from home)
- institution cost (for example, penalty fees for late enrolment).

These payments are made directly to the student and the student must pay them back.

There is a maximum amount of course-related costs per loan account a student can claim. A loan account typically runs for 52 weeks. Unclaimed costs below the maximum don't carry over from year to year. Each amount claimed throughout the year is paid to the student in a lump sum.

For more information about how much a student can borrow for course-related costs, see:

[Course-related costs maximum \(Map\)](#)

For more information about what qualifies as a course-related cost and how much students can get, see:

[Course-related costs for Student Loan \(Map\)](#)

For information on how to process a course-related costs claim, see:

[Applying for and processing a Student Loan \(StudyLink Knowledgebase\)](#)

Who can get course-related costs payments

Students need to meet the general eligibility requirements for Student Loan to receive the course-related costs component.

For more information about who can get a Student Loan and course-related costs, see:

[Student Loan eligibility and entitlement criteria \(Map\)](#)

[Students not entitled to course-related costs for Student Loan \(Map\)](#)

Living costs

Paying living costs with Student Loan

The living costs component for a Student Loan is a payment to help students cover their daily living expenses. This component is paid directly to the student, and the student must pay it back.

Some students will meet the eligibility requirements for Student Allowance, which is a weekly payment they don't need to pay back that can help qualifying students pay for living costs. You should discuss with a student whether they might be eligible for Student Allowance to ensure they get their full and correct entitlement.

For more information on who can get Student Allowance, see:

[Qualifying for Student Allowance \(StudyLink Knowledge Base\)](#)

Who can get living costs payments

Students need to meet the general eligibility requirements for Student Loan to receive the living costs component.

For more information about who can get an SL, see:

[Student Loan eligibility and entitlement criteria \(Map\)](#)

There are additional criteria a student must meet to be entitled to living costs payments. For more information about who can get living costs payments with Student Loan, see:

[Living costs for Student Loan \(Map\)](#)

How much can students get for living costs

Students can choose how much they would like to receive for living costs payments up to a specified maximum.

To check the current maximum living costs amount, see:

[Current living costs maximum \(Map\)](#)

Students can nominate living costs at any point during their study, but the date they apply can affect when they will start receiving payments.

For more information on how students nominate living costs and when they start receiving payments, see:

[Applying for and processing a Student Loan \(StudyLink Knowledge Base\)](#)

They can also change their payment rate for living costs or choose to automatically receive the Consumer Price Index (CPI) adjustment on 1 April each year.

For more information on the Consumer Price Index, see:

[Consumers Price Index definition \(StudyLink Website\)](#)

Students who receive both Student Allowance and living costs

Students can get living costs and Student Allowance, but there are some limitations to their entitlement for each.

For more information, see:

[Student Allowance entitlement is deducted from living costs \(Map\)](#)

[Back to top](#)

Effect of Training Incentive Allowance

Some students can use a Training Incentive Allowance for compulsory course fees and course-related costs. If the amount the student gets for Training Incentive Allowance doesn't cover all their costs, they may be able to access Student Loan to cover the balance of their course fees or course-related costs.

When a student applies for both Training Incentive Allowance and Student Loan, the order in which they apply and are granted assistance may affect the amount they can get.

To see how Training Incentive Allowance and Student Loan interact, see:

[Student Loans and Fees Free \(Map\)](#)

For more information on what Training Incentive Allowance is and how to qualify see:

[Training Incentive Allowance \(Map\)](#)

[Training Incentive Allowance for students \(StudyLink Knowledgebase\)](#)

[Back to top](#)

Determining if a student is studying full-time or part-time

A student's study status is usually determined based on the Equivalent Full-time Student (EFTS) value of their study. If a student isn't sure if their study will be full-time or part-time, ask them to check with their education provider to confirm their:

- study start date
- study end date
- the total EFTS value they'll be undertaking for the loan period
- any potential vacation periods.

They can use this information to confirm their full-time or part-time status on the StudyLink website.

Map has more information on the minimum number of EFTS needed to be considered a full-time student. See:

[Full-time study \(Map\)](#)

Note: We can also use the VoS calculator to determine whether they will be considered full-time or part-time. Find the VoS calculator under 'Tools' on the StudyLink Knowledgebase home page.

For more information on the Equivalent Full-time Student (EFTS) value, see:

[Definition of EFTS \(Map\)](#)

[EFTS \(StudyLink website\)](#)

[Back to top](#)

Is this page helpful?

[Send us feedback](#)

- [Student Loan components](#)
- [Who can get a Student Loan](#)
- [What is covered by Student Loan components](#)
- [Effect of Training Incentive Allowance](#)
- [Determining if a student is studying full-time or part-time](#)

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S, T, U change events

This page is about how to process S, T and U change events.

TIAPENDING

For processing and more information on this change event, see:

[Training Incentive Allowance for students \(StudyLink Knowledgebase\)](#)

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Training Incentive Allowance for students

This page is about what Training Incentive Allowance (TIA) is and where to find information about it in SAL, CMS and SWIFTT. It includes who gets payments for course costs and how to process a TIAPENDING change event.

[Jump to bottom](#)

Training Incentive Allowance information

Training Incentive Allowance is a payment that can be made to some students on a main benefit.

For more information on what Training Incentive Allowance is, who can receive it, and how much they may receive, see:

[Training Incentive Allowance and Student Loan \(Map\)](#)

[Introduction to Training Incentive Allowance \(Map\)](#)

[Qualifications for Training Incentive Allowance \(Map\)](#)

[Payment of Training Incentive Allowance \(Map\)](#)

The student needs to attend an interview with a Work and Income case manager. They will:

- consider if a course may help the student increase their skills and improve their future employment outcomes
- decide what the student can receive assistance for.

For more information on course costs and when they exceed the maximum Training Incentive Allowance payable, see:

[Course costs \(Map\)](#)

[Costs exceed maximum \(Map\)](#)

Fees Free study

Some students who are getting Training Incentive Allowance may also be eligible for Fees Free study. For more information, see:

[Fees Free study \(StudyLink Knowledge\)](#)

Managing Training Incentive Allowance payments

The Finance team is responsible for all Training Incentive Allowance payments made to StudyLink, including refunds.

This table shows different scenarios that might happen with Training Incentive Allowance.

If...	Then...
both a Student Loan and a Training Incentive Allowance have paid the compulsory course fees to the education provider	any refunds will be credited back to the Student Loan balance.
both: <ul style="list-style-type: none"> a Training Incentive Allowance is paying a student's compulsory course fees we receive that before the Student Loan goes to Post Contract, or before we get an application 	we'll keep the money in a suspense account and the Finance team will manage that.

[Back to top](#)

Where to find Training Incentive Allowance information

Training Incentive Allowance in SAL

In SAL, you can check the student's Student Loan application for Training Incentive Allowance information.

When students apply for a Student Loan, one of the questions in the application asks if they'll be getting Training Incentive Allowance while they're studying. If the student says they will, SAL will raise a TIAPENDING change event when the Student Loan progresses to Post Contract.

Training Incentive Allowance in CMS

You can check the status of the student's Training Incentive Allowance in CMS:

1. click 'Service Delivery Case'
2. click 'Client Event List'
3. the Client Event Note should say if the student recently had an appointment with Work and Income.

Training Incentive Allowance in SWIFTT

In SWIFTT, a student's Training Incentive Allowance details will be on different screens. This is because Training Incentive Allowance can be paid in different ways:

- lump sum payments for course fees and course costs paid directly to an institution or supplier
- lump sum payments for course costs paid directly to the student after the course start date as a reimbursement
- weekly payments for on-going costs paid direct to the student after the course start date.

This table shows which screens you can find Training Incentive Allowance information on.

SWIFTT Screen	Details
SSTAI	<ul style="list-style-type: none"> • Identify the student. • See if there's an approved weekly Training Incentive Allowance.
SNLSH	<ul style="list-style-type: none"> • View Training Incentive Allowance status. • Find lump sum payments for: <ul style="list-style-type: none"> • fees paid to the education provider • course costs paid to a supplier • course costs paid to the student.
SSNAA	<ul style="list-style-type: none"> • View the supplier (education provider) for fees payments. • View the supplier (provider or other) for course costs.
SSUPI	View any on-going weekly payments paid to the student.
SSSI	Summary of any Training Incentive Allowance lump sum and/or weekly payments
STIAH	View the Training Incentive Allowance history. Note: This screen is for general information only. It doesn't release any payments.
STIAD	View the details of the Training Incentive Allowance application. Note: This screen is for general information only. It doesn't release any payments. It gives a breakdown of proposed payment.

[Back to top](#)

Processing TIAPENDING change event

If you're trained, follow these steps to process a TIAPENDING change event.

Step	Process
1.	<p>Check the status of the students Training Incentive Allowance in SWIFTT and CMS.</p> <p>If the status is:</p> <ul style="list-style-type: none"> • declined or no current benefit, go to step 2. • no Training Incentive Allowance or Training Incentive Allowance recommended only, go to Step 3. • approved, go to Step 4.
2.	<p>In SAL:</p> <ol style="list-style-type: none"> a. go to the Student Loan Application screen b. set the TIA field to N/A c. in the Notes screen, leave a note using template L-TIA-TIN. <p>Go to Step 7.</p>
3.	<p>In SAL:</p> <ol style="list-style-type: none"> a. go to the Student Loan Application screen b. set the TIA field to N/A c. in the Notes screen, leave a note using template L-TIA-TIP. d. make your Client Event Note a Must View Note in CMS and use this note template: <div style="border: 1px solid black; padding: 10px; margin-top: 10px;"> <p>“[client’s name] has applied for a [Student Allowance / Student Loan] for [full / part]-time study at [education provider] from [date] to [date].</p> <p>When Training Incentive Allowance is approved, please make any fee payments directly to StudyLink.</p> <p>We can offset Training Incentive Allowance payments against their Student Loan account.</p> <p>If you approve Training Incentive Allowance for lump sum costs (other than those paid for childcare, transport, disability or to care for another</p> </div>

	<p>person), please email StudyLink_SWIFTTlists@msd.govt.nz with the details.</p> <p>Please include their name and client number in the subject field of the email.”</p> <p>This is so Work and Income will contact StudyLink once they've approved Training Incentive Allowance.</p> <p>You don't need to do anything else.</p>
4.	<p>In SAL, set the TIA field to approved.</p> <p>In SWIFTT and CMS, check what the students Training Incentive Allowance was approved for.</p> <ol style="list-style-type: none"> a. If it was for weekly costs only, go to Step 5. b. If it was not for weekly costs only, go to step 6.
5.	<p>In SAL:</p> <ol style="list-style-type: none"> a. go to the Student Loan Application screen b. update the TIA Fees field to \$0.00 c. go to the Loan Account Details screen d. update the TIA CRC Contribs field to \$0.00 e. in the Notes screen, leave a note using template L-TIA -TIW. <p>Go to Step 7.</p>
6.	<p>In SAL, update all the relevant fields based on what the Training Incentive Allowance was paid for.</p> <p>If fees were paid:</p> <ol style="list-style-type: none"> a. in the SNLSH screen, check who the fees were paid to b. if the fees were paid to the student's education provider: <ul style="list-style-type: none"> • • • go to the Student Loan Application screen • update the TIA Fees field to the amount Work and Income paid. c. if the fees were paid to StudyLink, do not manually add these fees to SAL. <p>If course costs were paid:</p> <ol style="list-style-type: none"> a. go to the Loan Account Details screen b. update the TIA CRC Contribs field. See the Training Incentive Allowance for course-related costs section to determine how much needs to be entered.

	<p>Note: If fees and course costs have also been approved, weekly costs do not require separate actions in SAL.</p> <p>Leave a note using template L-TIA-TIL.</p>
7.	Paste your note from SAL into a Client Event Note in CMS.
8.	Complete any general administrative actions needed. For information, see: General administrative actions for change events (StudyLink Knowledge)

[Back to top](#)

Training Incentive Allowance for course-related costs

Course-related costs covered by Training Incentive Allowance may be paid directly to:

- the education provider
- a supplier
- the student.

For more information on course-related costs, see:

[Course costs \(Map\)](#)

Note: Training Incentive Allowance approved for weekly on-going costs, care for another person, childcare, transport, and disability-related costs do not affect Student Loan entitlement.

TIA CRC Contribs field in SAL

In SAL, the **TIA CRC Contribs** field is in **the Loan Account Details** screen.

The maximum amount of course-related costs you can enter in the TIA CRC Contribs field is \$1,000. If the student receives more than \$1,000, you can still only enter \$1,000.

Follow these steps to update the TIA CRC Contribs field with the correct course-related cost amount.

Step	Process
1.	In the Course Related Cost screen, check if a course-related cost claim has been processed

	<p>If it has: go to step 2.</p> <p>If it hasn't: go to step 6.</p>
2.	<p>Check the Total Paid field to see if course-related costs have already been paid.</p> <p>If course-related costs have already been paid: go to step 3.</p> <p>If the course-related costs have not yet been paid: go to step 5.</p>
3.	<p>Check the amount of course-related costs paid:</p> <p>If paid less than \$1000.00: go to step 4.</p> <p>If paid \$1000.00: Training Incentive Allowance contributions can't be added to a Student Loan when the maximum course-related cost entitlement has already been paid.</p> <p>This is the end of the process.</p>
4.	<p>Go to the Loan Account Details Screen</p> <p>In the TIA CRC Contribs field, add the Training Incentive Allowance paid.</p> <p>The maximum Training Incentive Allowance we can enter is the difference between the maximum Student Loan Course Related Cost entitlement and the Course Related Costs already paid.</p> <p>This is the end of the process.</p>
5.	<p>Update the following fields:</p> <ul style="list-style-type: none"> • Verified Cost: If the Training Incentive Allowance payment was more than the Student Loan course-related cost limit update the Verified Cost to \$0.00. • If the Training Incentive Allowance payment was less than the CRC limit, enter the amount of course-related cost entitlement less the Training Incentive Allowance payment paid. • Reason Code: OVERLIMIT <p>Save.</p>
6.	<p>Go to the Loan Account Details Screen</p> <p>In the TIA CRC Contribs field, add the Training Incentive Allowance paid.</p> <p>This is the end of the process.</p>

If you change the Training Incentive Allowance course-related costs in the TIA CRC Contribs field after you've assessed the application, over-type the Training Incentive Allowance course-related costs with the new amount and save. This will:

- update the course-related costs entitlement in the Course Related Cost screen
- generate a Student Loan auto-assessment

- send another Loan Entitlement Advice letter if required.

Leave notes to explain why you changed the Training Incentive Allowance course-related costs.

[Back to top](#)

Is this page helpful?

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- [Training Incentive Allowance information](#)
- [Managing Training Incentive Allowance payments](#)
- [Where to find Training Incentive Allowance information](#)
- [Processing TIAPENDING change event](#)
- [Training Incentive Allowance for course-related costs](#)

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Table of links from StudyLink Knowledge – S,T,U change events

TIAPENDING

- See attachment titled 'StudyLink Knowledge - Training Incentive Allowance for students'

RELEASED UNDER THE
OFFICIAL INFORMATION ACT

Table of links from StudyLink Knowledge – Training Incentive Allowance for students

<ul style="list-style-type: none">• Training Incentive Allowance and Student Loan (Map) - https://www.workandincome.govt.nz/map/employment-and-training/specific-employment-related-assistance/training-incentive-allowance/training-incentive-allowance-and-student-loan.html• Introduction to Training Incentive Allowance (Map)- https://www.workandincome.govt.nz/map/employment-and-training/specific-employment-related-assistance/training-incentive-allowance/introduction.html• Qualifications for Training Incentive Allowance (Map)- https://www.workandincome.govt.nz/map/employment-and-training/specific-employment-related-assistance/training-incentive-allowance/qualifications.html• Payment of Training Incentive Allowance (Map)- https://www.workandincome.govt.nz/map/employment-and-training/specific-employment-related-assistance/training-incentive-allowance/payment.html• Course Costs (Map) - https://www.workandincome.govt.nz/map/employment-and-training/specific-employment-related-assistance/training-incentive-allowance/course-costs.html• Costs exceed maximum (Map) - https://www.workandincome.govt.nz/map/employment-and-training/specific-employment-related-assistance/training-incentive-allowance/costs-exceed-maximum.html
Fees Free study <ul style="list-style-type: none">• See attachment titled 'StudyLink Knowledge – Fees Free study'
Training Incentive Allowance for course-related costs <ul style="list-style-type: none">• Course costs (Map) - https://www.workandincome.govt.nz/map/employment-and-training/specific-employment-related-assistance/training-incentive-allowance/course-costs.html

memo

To: All staff

From: Learning & Continuous Improvement (L&CI)

Date: 1 December 2021

Training Incentive Allowance

From 1 July 2021, entitlement to Training Incentive Allowance (TIA) was expanded to include courses up to level 7 on the NZQF framework. This has increased the number of TIAPENDING change events being generated. We've identified some things to be mindful of when processing this change event.

'In the Loop' recently discussed the impacts of TIA on Student Loan course-related costs. Our students need to know what's available to them and how the TIA and Student Loan interact so they can proactively make decisions on their pathway into study.

It's also been clarified that any TIA paid to care for another person, for childcare, transport, and disability related costs, do not affect Student Loan Course-Related Costs entitlement. This is regardless of whether the costs are one-off or ongoing.

Due to the above, the following actions have been clarified.

Course related costs

When we identify that a client with a Student Loan is paid TIA for course related costs, the CRC Contribution field in the Loan Account Details screen is updated.

The maximum amount that should be entered in this field is \$1,000. This field reflects the amount of TIA that contributes to a client's \$1,000 course related costs entitlement. For example:

StudyLink has approved CRC of \$800 for a laptop. The student then applies for TIA of \$500 for textbooks. We would enter a TIA amount of \$200 in the TIA CRC Contribs field. The actual TIA amount paid will be entered in SAL notes.

If the client has already borrowed their \$1,000 course related costs, we wouldn't enter an amount in the TIA Contribs field as the TIA is making no contribution to the CRC balance. For example:

A student has been approved CRC of \$1,000 for a laptop and then applies for \$500 via TIA for textbooks. We would not enter an amount in the TIA CRC Contribs field in SAL; we would enter this into notes only.

We've identified that when we enter more than \$1,000 into this field it creates a negative CRC balance in MyStudyLink which creates confusion for clients.

Fees

If the TIA fee payment has been paid directly to the education provider, you must enter this amount in the TIA fees field in the SAL application screen. Please ensure you have entered the correct amount of fees as fixing an incorrect amount is time consuming for the Finance Team.

Where the TIA fee payment has been paid to StudyLink, no amount is entered in the TIA fees field. The Finance Team takes care of fees paid to StudyLink.

Emails to Work and Income

Currently, when a client applies for a Student Loan and advises they've applied for TIA, a TIA trained processor will check CMS/SWIFTT for the TIA details. If no details can be found, a client event will be created and sent to the Service Centre ready for processing queue. However, as no action can be taken by Work and Income until the TIA has been finalised, it has been established a Must View Note would be more suitable. This will avoid the action being signed off by Work and Income and the notes being lost within the file. This new process is to be implemented immediately. Further information can be found in Knowledge Base.

Client tells you they have recently applied for TIA

If a client with an approved Student Loan advises they've recently been approved TIA and no details can be found, please do not update the TIA flag in SAL to 'pending' as this will take the loan out of payment. Contact Centre and Outreach staff need to log a Processing - JSSH or Non Bene Workflow for a trained staff member to look into. SSC staff who are not trained in TIA, please pass to your Service Manager who will pass to someone trained.

As per [Knowledge Base](#) it's important we follow the processing steps as they're stated.

If you have any questions regarding this memo, please email them directly to StudyLink_SSC_Training@msd.govt.nz.

memo

To: All staff

From: Learning & Continuous Improvement (L&CI)

Date: 29 June 2021

Training Incentive Allowance

Training Incentive Allowance (TIA) is currently available for courses at levels 1-3 of the New Zealand Qualifications Framework.

As of 1 July 2021, TIA will be expanded to eligible clients who are also studying courses at levels 4-7 which includes degree-level study. It's important to note that to be eligible for TIA, clients must be receiving one of the eligible [benefits](#).

For us here at StudyLink, this means we are likely to see an increase in the TIAPENDING change events however all decision making regarding TIA entitlement will still remain with Work and Income. This means there are no changes to our current processes, but you may want to look at [Knowledge Base](#) to refresh yourselves if you haven't processed these recently.

If you receive any queries regarding TIA, in the first instance, please refer students to the Work and Income website.

If you have any questions regarding this memo, please email them directly to StudyLink_SSC_Training@msd.govt.nz.

Table of links from StudyLink Knowledge – Qualifying for Student Loan payment types

<ul style="list-style-type: none">• Compulsory fees with Student Loan (Map) - https://www.workandincome.govt.nz/map/students/student-loan/compulsory-fees.html• Course-related costs with Student Loan (Map) - https://www.workandincome.govt.nz/map/students/student-loan/course-related-costs-01.html
<p>Who can get a Student Loan</p> <ul style="list-style-type: none">• Student Loan eligibility and entitlement criteria https://www.workandincome.govt.nz/map/students/student-loan/eligibility-and-entitlement-criteria-for-a-student.html• Student or partner getting a benefit (Map)- https://www.workandincome.govt.nz/map/students/student-loan/student-or-partner-getting-a-benefit.html
<p>Fees Free study</p> <ul style="list-style-type: none">• See attachment titled ‘StudyLink Knowledge – Fees Free study’• Fees-free level 1-3 study (Map) - https://www.workandincome.govt.nz/map/students/student-loan/fees-free-level-1-3-study.html
<p>What is covered by Student Loan components</p> <ul style="list-style-type: none">• Compulsory fees (Map) - https://www.workandincome.govt.nz/map/students/student-loan/compulsory-fees.html
<p>Effect of Training Incentive Allowance</p> <ul style="list-style-type: none">• Training Incentive Allowance (Map)- https://www.workandincome.govt.nz/map/employment-and-training/specific-employment-related-assistance/training-incentive-allowance/index.html• See attachment titled ‘Training Incentive Allowance for students’

Training Incentive Allowance : Contents

- [Introduction](#)
- [Qualifications](#)
 - [Residency requirements](#)
 - [Recognised course of study](#)
 - [Supported Living Payment - caring for a person](#)
 - [Supported Living Payment - health condition, injury or disability](#)
 - [Sole Parent Support](#)
 - [Sole Parent Support clients who lose benefit eligibility while studying full-time](#)
 - [Young Parent Payment \(sole parents\)](#)
 - [Young Parent Payment money management](#)
 - [Emergency Benefit including Emergency Maintenance Allowance \(sole parents\)](#)
 - [Jobseeker Support sole parents and full-time study](#)
 - [Full-time study definition](#)
 - [Jobseeker Support sole parents and part-time study](#)
 - [Considerations when approving Training Incentive Allowance](#)
 - [Client received Training Incentive Allowance for previous course of study](#)
 - [Client got a level 7 qualification within the past 5 years](#)
 - [Increasing skills for employment](#)
 - [Guidelines for determining if the course will improve the client's skills for employment](#)
 - [Courses not allowed](#)
 - [Courses that include work experience](#)
 - [Secondary school](#)
 - [University preparation programmes](#)
 - [Tertiary education](#)
 - [Course costs](#)
 - [Capital items](#)
 - [Care costs](#)
 - [Course fees](#)
 - [Disability related costs](#)
 - [Internet](#)
 - [Student Loan and Fees Free](#)
 - [Transport](#)
 - [Scholarships](#)
- [Commencement date](#)
- [Payment](#)
 - [52-week maximum payment](#)
 - [Costs exceed maximum](#)
 - [Payment calculation](#)
 - [Example of payment calculation](#)
 - [Example - payment for a part year](#)

- [Method of payment](#)
- [Changes and reviews](#)
 - [Absence from New Zealand](#)
 - [Cancellation of qualifying benefit](#)
 - [Change in costs](#)
 - [Review date](#)
 - [Temporary absence from course](#)
 - [Client withdraws or stops attending a course](#)
 - [Client starts a new course](#)
 - [Reviews and Appeals](#)

Introduction

Training Incentive Allowance is a non-taxable payment for clients who meet the qualifications and are getting specific types of benefits.

This assistance is to help clients take up education or training to:

- increase their employment skills **and**
- improve future employment outcomes

For more information see:

[Qualifications](#)

[Payment](#)

[Commencement date](#)

[Changes and reviews](#)

Legislation

- Approved special assistance programmes [section 101](#) Social Security Act 2018
- Purpose [clause 3](#) Training Incentive Allowance Programme 2021

Qualifications

To get a Training Incentive Allowance, a client must be getting:

- Emergency Benefit and be a sole parent

- Emergency Maintenance Allowance
- Sole Parent Support
- Supported Living Payment - caring for a person
- Supported Living Payment health condition, injury or disability
- Young Parent Payment and be a sole parent
- Jobseeker Support and be a sole parent (part-time study only):

and

- be aged between 16 and 64 or
- be 65 years or over, and not be qualified to get New Zealand Superannuation

and

- meet the residence requirements

and

- be enrolled in a recognised course of study that increases the client's skills for employment and is:
 - Level 1 to 7 on the New Zealand Qualifications Framework (NZQF) and
 - 12 weeks or longer

and

- if the client has completed a level 7 NZQF qualification in the past 5 years, the Ministry of Social Development must be satisfied that further assistance will significantly improve the client's employment outcomes in the future

Note the partner of a client getting Supported Living Payment cannot get a Training Incentive Allowance unless they qualify for Supported Living Payment in their own right.

For more information see:

[Residency requirements](#)

[Recognised course of study](#)

[Emergency Benefit including Emergency Maintenance Allowance \(sole parents\)](#)

[Sole Parent Support](#)

[Supported Living Payment - health condition, injury or disability](#)

[Supported Living Payment - caring for a person](#)

[Young Parent Payment - sole parents](#)

[Jobseeker Support - sole parents and part-time study](#)

[Considerations when approving Training Incentive Allowance](#)

[Course costs](#)

[Client got a level 7 qualification within the past 5 years](#)

Legislation

- specified qualifying benefit (definition) [clause 4](#) Training Incentive Allowance Programme 2021

- Eligibility for assistance [clause 6](#) Training Incentive Allowance Programme 2021
- Course for which assistance is available under this programme [clause 8](#) Training Incentive Allowance Programme 2021

Residency requirements

To qualify for Training Incentive Allowance, a client must:

- be a [New Zealand citizen](#) or be a deemed to hold a [residence class visa](#) in New Zealand under the Immigration Act 2009 that allows the client or partner to work in New Zealand

or

- be recognised as a refugee or protected person under the Immigration Act 2009

or

- hold a [temporary entry visa](#) under the Immigration Act 2009 that permits the person to work in New Zealand and who is:
 - awaiting the outcome of their claim for recognition as a [refugee](#) or a [protected person](#) or
 - a person applying for a residence class visa under the Immigration Act 2009 who is compelled to remain in New Zealand because of unforeseen circumstances

and

- be [ordinarily resident](#) in New Zealand when they first apply for benefit

Recognised course of study

A Training Incentive Allowance can only be paid to a client who is enrolled in a recognised course of study, as defined in Regulation 2(1)(a) of the Student Allowances Regulations 1998, ie:

- the programme of study is funded by Tertiary Education Commission (TEC) **or**
- funded by Ministry of Education (if secondary school).

The course of study must also increase the client's skills for employment, and be:

- Level 1 to 7 on NZQF **and**

- 12 weeks or more in duration

For more information see:

[Understanding New Zealand Qualifications](#)

[Courses not allowed](#)

[Courses that include work experience](#)

[Secondary school](#)

[University preparation programmes](#)

[Tertiary education](#)

[Increasing skills for employment](#)

Legislation

- recognised course of study (definition) [clause 4](#) Training Incentive Allowance Programme 2021
- recognised course of study (definition) [regulation 2\(1\)\(a\)](#) Student Allowances Regulations 1998
- Courses for which assistance is available under this programme [clause 8](#) Training Incentive Allowance Programme 2021

Legislation

Supported Living Payment - caring for a person

Clients getting Supported Living Payment caring for a person can get a Training Incentive Allowance.

Before granting a Training Incentive Allowance, you should consider whether the course the applicant intends to undertake is likely to help them increase their skills for employment and improve their employment outcomes in the future.

For more information see:

[Considerations when approving Training Incentive Allowance](#)

[Disability related costs](#)

[Care costs](#)

[Supported Living Payment - Employment](#)

Legislation

- Courses for which assistance is available under this programme [clause 8](#) Training Incentive Allowance programme 2021

Supported Living Payment - health condition, injury or disability

Clients getting Supported Living Payment with a health condition, injury or disability, can get a Training Incentive Allowance.

Before deciding to grant a Training Incentive Allowance, you should consider whether the course the applicant intends to undertake is likely to help them increase their skills for employment and improve their employment outcomes in the future.

For clients who have work preparation obligations study for which Training Incentive Allowance is payable can be considered a work preparation activity.

Partner of a client getting Supported Living Payment

The partner of a client getting Supported Living Payment cannot get a Training Incentive Allowance unless they qualify for Supported Living Payment in their own right.

Each application for Training Incentive Allowance must be considered on its own merits.

For more information see:

[Disability related costs](#)

[Supported Living Payment - Employment](#)

Legislation

- Courses for which assistance is available under this programme [clause 8](#) Training Incentive Allowance programme 2021

Sole Parent Support

Before approving Training Incentive Allowance, consider whether the course or study will:

- increase the client's skills for employment **and**
- improve employment outcomes in the future

Sole Parent Support clients have part-time work obligations or work preparation obligations depending on the age of their youngest child.

Clients can get Sole Parent Support and undertake study or training as long as either they:

- can meet their work or work preparation obligations at the same time **or**
- are eligible for an exemption from their work obligations to complete study or training

Note study for which Training Incentive Allowance is payable can be considered a work preparation activity.

Each application for Training Incentive Allowance must be considered on its own merits.

For more information see:

[Considerations when approving Training Incentive Allowance](#)
[Studying or training on Sole Parent Support](#)
[Sole Parent Support clients who lose benefit eligibility while studying full-time](#)
[Work or work preparation obligations](#)
[Exemptions](#)

Legislation

- Work-test obligations as required by MSD [section 146](#) Social Security Act 2018
- Exemptions from work-test obligations: work-tested sole parent support beneficiaries [regulation 104](#) Social Security Regulations 2018
- Courses for which assistance is available under this programme [clause 8](#) Training Incentive Allowance Programme 2021

Sole Parent Support clients who lose benefit eligibility while studying full-time

Sole parent clients are not entitled to Sole Parent Support when their youngest dependent child turns 14 (or 12 months old if a subsequent child) and any other children are aged 14 years or over.

If a client studying full-time no longer qualifies for Sole Parent Support part way through the year as their youngest dependent child turns 14, there are 2 options the client may

consider:

- continue full-time study and test their eligibility for Student Allowance or Student Loan (including Student Loan living costs).
- change to part-time study and keep getting Training Incentive Allowance, and transfer to Jobseeker Support when their youngest dependent child turns 14. They must also be available for full-time work.

If a client informs the Ministry of Social Development of a change in circumstances that means their eligibility will continue beyond the date the client loses Sole Parent Support eligibility (e.g. they changed to part-time study), their rate of Training Incentive Allowance will be reassessed.

For more information see:

[Full-time study definition](#)

[Jobseeker Support sole parents and full-time study](#)

[Jobseeker Support sole parents and part-time study](#)

[Example of payment for part year eligibility](#)

Young Parent Payment (sole parents)

Youth Providers work closely with young clients to support them into education, training or work-based learning.

Providers support young parents to identify their educational goals, education options and anything else a young person needs to improve and shape their future.

The providers assist with applications for Training Incentive Allowance and review all circumstances when recommending payment.

For more information see:

[Considerations when approving Training Incentive Allowance](#)

[Young Parent Payment money management](#)

[Young Parent Payment - In or available for tertiary education](#)

Legislation

- When person is study ready [section 57](#) Social Security Act 2018
- Young parent payment: requirements [section 56](#) Social Security Act 2018
- specified qualifying benefit (definition) [clause 4](#) Training Incentive Allowance Programme 2021

Legislation

Young Parent Payment money management

Training Incentive Allowance does not come under money management.

Training Incentive Allowance can be paid directly to the young person, although course fees can be made directly to the provider.

For more information see:

- Young Parent Payment [Money management](#)

Legislation

- Required manner of payment: money management for certain payments to young people [section 341](#) Social Security Act 2018
- Money management for certain payments to young people: exception if young person meets prescribed criteria for managing own payment [section 342](#) Social Security Act 2018
- Obligations: Beneficiaries' obligations [Subpart 3](#) Social Security Act 2018

Emergency Benefit including Emergency Maintenance Allowance (sole parents)

Clients getting an Emergency Benefit, or an Emergency Maintenance Allowance are paid an equivalent benefit that best fits the client's reason(s) that prevents them from earning a sufficient income.

The benefit they are paid depends on the client's individual circumstances and the reason they are not working.

Training Incentive Allowance is usually paid to clients aged 16-64 years. It can also be paid to clients aged 65 years or over who are getting their Emergency Benefit if they are a sole parent.

To qualify for Training Incentive Allowance, the Emergency Benefit they are granted will be equivalent to:

[Sole Parent Support](#)

[Young Parent Payment \(sole parents\)](#)

[Jobseeker Support sole parents and part-time study](#)

Legislation

- specified qualifying benefit (definition) [clause 4](#) Training Incentive Allowance Programme 2021

Jobseeker Support sole parents and full-time study

Clients studying full-time do not qualify for Jobseeker Support.

Clients who want to study full-time can check whether they qualify for Student Allowance, Student Loan and other tertiary student supports. This also applies for clients getting Emergency Benefit equivalent benefit to Jobseeker Support depending on the conditions of grant.

A full-time tertiary student is a person enrolled in a full-time course or study programme within the meaning of the Student Allowances Regulations 1998.

For more information see:

[Full-time study definition](#)

[Jobseeker Support - sole parents and part-time study](#)

Legislation

- Jobseeker support: ineligibility [section 26\(a\)](#) Social Security Act 2018
- full-time student (definition) [schedule 2](#) Social Security Act 2018

Full-time study definition

Tertiary programmes have an Equivalent Full-Time Student (EFTS) value assigned to them. For the course to be approved as full-time, the length of that course must meet a certain EFTS value.

Full-time study is calculated depending on the length of the course and assigned value of EFTS (equivalent full-time student).

Any study less than full-time is considered part-time.

Full-time study calculation table

Number of weeks (gross weeks)	EFTS		Number of weeks (gross weeks)	EFTS
12	0.3	23	0.575	
13	0.3	24	0.6	
14	0.3	25	0.625	
15	0.3	26	0.65	
16	0.4	27	0.675	
17	0.4	28	0.7	
18	0.4	29	0.725	
19	0.4	30	0.75	
20	0.5	31	0.775	
21	0.525	32-52	0.8	
22	0.55	53 or more	1.0	

Legislation

- full-time student (definition) [schedule 2](#) Social Security Act 2018

Jobseeker Support sole parents and part-time study

Clients studying full-time do not qualify for Jobseeker Support.

To qualify for Training Incentive Allowance clients may study, but must enrol part-time only, this enables them to meet their work obligations.

Sole parent clients can get Jobseeker Support, and be studying or in training part-time as long as they:

- can meet their work or work preparation [obligations](#) at the same time **or**
- qualify for an exemption from their work obligations

Each application for Training Incentive Allowance must be considered on its own merits.

For more information see:

[Considerations when approving Training Incentive Allowance](#)
[Sole Parent Support clients who lose benefit eligibility while studying full-time](#)
[Jobseeker Support sole parents and full-time study](#)
[Jobseeker Support obligations](#)
[Full-time study definition](#)
[Jobseeker Support - Decision guidelines part-time students](#)

Legislation

- Jobseeker support: ineligibility [section 26\(a\)](#) Social Security Act 2018
- Courses for which assistance is available under this programme [clause 8](#) Training Incentive Allowance Programme 2021

Considerations when granting Training Incentive Allowance

Training Incentive Allowance has been extended to levels 4-7 on the New Zealand Qualifications Framework from 1 July 2021 to 30 June 2025 to help clients increase their skills for employment and improve their employment outcomes.

Training Incentive Allowance will help them gain more skills and extend the number of roles for which they may qualify.

When deciding whether to grant Training Incentive Allowance you need to consider:

- whether the course is likely to increase the client's skills and lead to obtaining employment in a field relevant to the course and
- whether employment opportunities are likely to be available in the labour market at the end of the course **and**
- whether the course enhances the client's skill set

For more information see:

[Client got a level 7 qualification within the past 5 years](#)
[Client received Training Incentive Allowance for previous course of study](#)
[Recognised course of study](#)
[Increasing skills for employment](#)

Legislation

- Courses for which assistance is available under this programme [clause 8](#) Training Incentive Allowance Programme 2021

Client received Training Incentive Allowance for previous course of study

A person who received a Training Incentive Allowance in the past 5 years for a previous course may be eligible to receive the Training Incentive Allowance for a new course. However, each situation must be assessed on a case-by-case basis to determine the outcome of the previous course of study for which Training Incentive Allowance was paid.

In specific circumstances an application might be declined on a case-by-case. These circumstances are when a client:

- does not tell us or refuses to answer questions about the outcome of a previous course when the Training Incentive Allowance was paid or
- has failed to complete a course when Training Incentive Allowance was paid, without a good and sufficient reason

Note that if a client received Training Incentive Allowance more than five years ago the outcome of the previous course of study does not need to be considered.

For more information see:

[Client got a level 7 qualification within the past 5 years](#)

[Recognised course of study](#)

[Increasing skills for employment](#)

Examples of good and sufficient reasons

Example 1

Sue has an accident in June, her rehabilitation includes surgery and physiotherapy. Sue does not complete her course the year of the accident.

This is a good and sufficient reason for not completing her course therefore Sue may still qualify for Training Incentive Allowance in future years.

Example 2

Daniel is in his first year of health sciences in Dunedin and is receiving Training Incentive Allowance to pay for his additional costs.

In the first semester Daniel's kuia (grandmother) gets very ill, and Daniel cancels his study to moves back to Rotorua to care for her.

A year later Daniel applies for Training Incentive Allowance to complete a nursing degree at the Rotorua Toi Ohomai (Institute of Technology).

Daniel may be granted Training Incentive Allowance to complete this study.

Example 3

Erin is enrolled in her first year of a Bachelor of Arts in Communication at the University of Otago.

Erin keeps missing her assignments and lectures. Erin misses half her exams and Erin fails the course.

She cannot provide a good and sufficient reason for failing to complete her course, therefore, Erin would not be granted Training Incentive Allowance the next year.

Erin may qualify for Student Allowance or Student Loan living costs.

Legislation

- Further considerations when granting assistance [clause 9\(3\)](#) Training Incentive Allowance Programme 2021

Client got a level 7 qualification within the past 5 years

Clients who completed **any** level 7 NZQF qualification within the last 5 years cannot get Training Incentive Allowance unless it will significantly improve the client's employment outcomes.

A further qualification at the same or lower level is unlikely to increase their skills for employment. However, every application must be decided based on individual circumstances.

Clients who have completed a level 7 qualification more than 5 years ago can get a Training Incentive Allowance if the course significantly improves the client's employment outcomes.

Example 1

Chyna has recently completed a degree in tourism. Because of COVID-19 the travel agent role she was employed in has been disestablished and the business closed due to COVID

19.

While Chyna was at university, she worked for student IT as she had great IT skills. Chyna would like to further her skills in this area so she can get a higher paid IT job.

Chyna applies for Training Incentive Allowance to study for a Bachelor of Applied Information Technology.

Training Incentive Allowance can be granted in this situation.

Example 2

Turama finished studying fine arts 2 years ago, however, she is now on benefit and struggling to find her preferred job as an Art Gallery curator.

Turama would like to study Te Reo Māori through Te Wānanga o Aotearoa as galleries and museums list knowledge of Te Ao Māori as a desired skill when hiring new staff.

Turama may be granted Training Incentive Allowance to study Te Reo Māori.

Example 3

Chris completed a degree in sociology last year and is now applying for Training Incentive Allowance to complete a further degree in philosophy.

The philosophy degree is unlikely to increase their employability, as the skills it provides them are similar to what they have previously gained from their sociology degree (e.g. writing and research skills).

Chris is unable to provide a compelling case for how a philosophy degree on top of their existing sociology degree would improve their employment skills.

Chris will not be granted Training Incentive Allowance to complete a further degree.

Increasing skills for employment

A course of study will increase a client's skills for employment when it will:

- provide or increase specific work skills which will enhance the client's employment skills and opportunities **and**
- is not for recreational or interest purposes

For more information see:

[Guidelines for determining if the course will improve a client's skills for employment](#)
[Considerations when approving Training Incentive Allowance](#)
[Courses not allowed](#)

For information on types of approved courses see:

[Courses that include work experience](#)

[Tertiary education](#)

[Secondary school](#)

[University preparation programmes](#)

Guidelines for determining if the course will improve the client's skills for employment

Each case must be considered on its own merits:

- Is the proposed training directly related to the client's employment goals?
- Is the training going to help the client secure and sustain paid employment in the labour market?
- Will the course of study build on the client's skillset?

Example 1

Mariah is on Sole Parent Support client with 4 dependent children. Mariah has spent the past 10 years raising her children and would now like to use the skills she has learnt to become an Early Childcare teacher.

Mariah is applying Training Incentive Allowance to undertake a Bachelor of Education (Teaching) Early Childhood at Victoria University.

Mariah will be granted Training Incentive Allowance to complete this course of study as this will improve her skills for employment.

Example 2

Elena is getting Supported Living Payment and has been on benefit for the past 3 years. Elena speaks fluent Te Reo Māori and has expressed interest in working as a Te Reo Māori teacher.

Elena would like to study Te Reo Māori through Te Wānanga o Aotearoa to formalise the skills she has already, helping her reach her employment goals.

Elena will be granted Training Incentive Allowance to study Te Reo Māori.

Example - not for recreational purposes

Kevin is a sole parent who would like to undertake a Level 5 Diploma in Golf Coaching, however, all of Kevin's work experience and work goals have been around graphic design.

Kevin enjoys golf in his free time while his mother cares for his children; however, he does not plan to work in the golf industry.

Kevin will not be granted Training Incentive Allowance to complete a golf coaching course.

For more information see:

[Courses not allowed](#)

Courses not allowed

Training Incentive Allowance cannot be paid for:

- any course of study provided by the Ministry of Social Development
- New Zealand Qualifications Framework level 8 and above
- any course that is less than 12 weeks long

Note level 8 and above includes Postgraduate Diplomas and Certificates, Masters and Doctorates.

For more information see:

[Course Participation Assistance](#)

Legislation

- Courses for which assistance is available under this programme [clause 8](#) Training Incentive Allowance Programme 2021

Courses that include work experience

Some courses require the student to undertake work experience as a part of their programme of study.

The part of the course that is work experience still needs to meet the definition of a recognised course of study for the Training Incentive Allowance to be paid.

If the work experience is provided through a business or community organisation that is not associated with the training provider, it may not meet the qualifications for Training Incentive Allowance.

When you are assessing payment of Training Incentive Allowance, do not include the cost or the period required to undertake work experience through an outside organisation. The component of the course that meets the eligibility (e.g. is a recognised course of study) can still be paid for by Training Incentive Allowance.

However, if a client claims the work experience is a compulsory component of the course or if the work experience is not completed this will result in a failure, then we should consider accepting the fee as part of the recognised part of study.

For more information see:

[Payment](#)
[Recognised course of study](#)

Legislation

- Courses for which assistance is available under this programme [clause 8](#) Training Incentive Allowance Programme 2021

Secondary school

Clients undertaking secondary school courses to gain an educational qualification can get a Training Incentive Allowance.

The course must be longer than 12 weeks.

Legislation

- Courses for which assistance is available under this programme [clause 8](#) Training Incentive Allowance Programme 2021

University preparation programmes

Clients undertaking university preparation programmes to gain an educational qualification can get a Training Incentive Allowance.

University preparation programmes are programmes that assist people to prepare for university study.

These courses are usually undertaken by people who wish to participate in university study but do not meet the entry requirements for their chosen field of study or are returning to study after an extended absence.

Most major New Zealand universities offer preparation programmes. The course must be run for longer than 12 weeks for the client to get Training Incentive Allowance.

Legislation

- Courses for which assistance is available under this programme [clause 8](#) Training Incentive Allowance Programme 2021

Tertiary education

Training Incentive Allowance can be paid for tertiary courses up to level 7 on the New Zealand Qualifications Framework. Courses for Level 8 and above do not qualify.

The client may need to seek a Student Loan to cover course fees if the fees exceed the maximum available through Training Incentive Allowance.

For more information see:

[Student Loans and Fees Free](#)

Legislation

- Ineligibility for assistance [clause 7](#) Training Incentive Allowance Programme 2021
- Courses for which assistance is available under this programme [clause 8](#) Training Incentive Allowance programme 2021
- Further considerations when granting assistance [clause 9\(3\)](#) Training Incentive Allowance Programme 2021

Course costs

Course costs mean the client's necessary and reasonable costs of attending the course and can include (but are not limited to):

- Course fees
- Transport to and from the course, including car running costs and parking
- Care costs including childcare costs (less any Childcare Assistance) and care costs associated with older or disabled people, e.g. transport costs to the care provider
- Baby sitting or other child-minding costs
- Books and stationery
- Laptops
- Course equipment and materials
- Internet costs
- Installation of internet
- Accommodation (for those extra mural courses that may have a compulsory residential study component)
- Travel
- Essential field trip costs
- Capital items

Course costs can be either one-off or ongoing costs.

Although you can include all the client's course costs in the calculation of Training Incentive Allowance, the maximum Training Incentive Allowance payable may not cover all the costs. You should tell the client of all the options available to them.

For more information see:

[Costs exceed maximum](#)

[Disability related costs](#)

[Course fees](#)

[Scholarships](#)

[Payment](#)

[Method of payment](#)

[Student Loans and Fees Free](#)

Legislation

- Types of assistance [clause 10](#) Training Incentive Allowance Programme 2021
- Rates of assistance [clause 11\(1\)](#) Training Incentive Allowance Programme 2021
- Payment of assistance [clause 13](#) Training Incentive Allowance Programme 2021

Capital items

Capital items (e.g. computers, cameras, gym clothing, shoes) may be included in Training Incentive Allowance, if the Ministry is satisfied that:

- the costs are directly related to their training and
- they could not complete the training/course without the item, or equipment

Consider the following:

- Is the client more interested in completing the course because it gives them an opportunity to own a particular piece of equipment or item?
- Would Training Incentive Allowance be primarily subsidising this item rather than providing training that will lead to a realistic paid work opportunity?

For more information see:

[Processing standards](#)

Care costs

Childcare

To include childcare as an allowable cost in Training Incentive Allowance, the care can be provided informally (for example, through family or friends) or through a registered provider.

If the care is provided informally, the costs must be considered reasonable. If the childcare costs are higher than those generally charged at a registered childcare centre, you would generally include the lower amount as an allowable cost for Training Incentive Allowance.

If childcare is provided through a registered provider, the client should firstly test their eligibility for [Childcare Subsidy](#), [Guaranteed Childcare Assistance Payment](#), or an [OSCAR Subsidy](#).

If the client is receiving a Childcare Subsidy, Guaranteed Childcare Assistance Payment or OSCAR Subsidy, the total amount of the subsidy must be deducted from the cost of the childcare before including the cost in the Training Incentive Allowance assessment.

Other care costs

Other care costs include care for disabled people, people with health conditions or older people and associated costs eg transport to the care provider (less any other government assistance available).

Clients may make their own private arrangements or utilise the Ministry of Health's carer support. However, the number of hours or days that Carer Support is funded for depends on the client's needs and those of the person being cared for.

If the care is provided informally, the costs must be considered reasonable.

For more information see:

[Carer Support, Ministry of Health](#)

Legislation

- Further considerations when granting assistance [clause 9\(1\)](#) Training Incentive Allowance 2021

Course fees

Only fees that are compulsory for every student when they enrol can be included in Training Incentive Allowance. These include:

- tuition costs
- compulsory student service fees

Optional fees cannot be included in Training Incentive Allowance. These include:

- penalties for late enrolment
- administration charges for paying by instalment
- optional service fees

For more information see:

[Course costs](#)

Legislation

- Types of assistance [clause 10](#) Training Incentive Allowance Programme 2021
- Payment of assistance [clause 13](#) Training Incentive Allowance Programme 2021

Disability related costs

If a client has a disability or a health condition, they may have additional costs associated with their disability that arise due to participating in training (eg taxi costs for transport or cost of a note-taker for lectures). A client may include these costs in their Training Incentive Allowance.

If the cost is large, the client may test their eligibility to Support Funds to cover the costs rather than using their Training Incentive Allowance.

Support Funds assist disabled people or people with a health condition to take up employment or undertake employment-related training. This is a payment of up to a maximum of \$15,600 per person over their lifetime.

Note a client is not required to exhaust Support Funds prior to accessing the Training Incentive Allowance.

Support Funds can cover items like:

- support person ie interpreters, reader/writers
- teacher aide assistance.

If a client has a disability cost included in their Training Incentive Allowance, they cannot include the same cost in their Disability Allowance, Temporary Additional Support or Support Funds.

For more information see:

[Course fees](#)

[Course costs](#)

[Workbridge – Training Support funding](#)

Legislation

- Further considerations when granting assistance [clause 9\(1\)](#) Training Incentive Allowance 2021

Internet

Generally the internet is necessary for all clients to participate in study.

When the client has costs related to study, they can be included as an allowable cost in Training Incentive Allowance.

Client has internet connected before studying

The internet can be considered one of a client's necessary and reasonable costs of participating in study.

Options for accessing the internet

The client may choose to:

- have the internet connected at home and include the monthly charge in their assessment of allowable costs or
- have the ongoing internet cost already in place included **or**
- purchase internet time from the training facility, library or other venue and include this amount in their assessment of allowable costs

For more information see:

[Course costs](#)

Student Loans and Fees Free

Clients studying while receiving a main benefit cannot get Student Allowance or Student Loan living costs.

They can, however, get a Student Loan for course fees and course related costs that exceed what can be covered under Training Incentive Allowance.

Fees Free

Clients who are eligible for Fees Free need to use up their entitlement to this assistance before accessing Training Incentive Allowance.

Student Loans for course fees

Clients do not have to apply for the Student Loan to cover their course fees before accessing Training Incentive Allowance, or vice versa. It is up to the client to decide whether to have all or any of their fees paid by Training Incentive Allowance and/or any balance paid towards their weekly on-going costs.

Note that in instances where the client has already been granted a Student Loan before they apply for Training Incentive Allowance, they can still use the allowance to pay for course fees. The course fee payment will be paid directly to StudyLink reducing the client's debt.

Student Loans and course related costs

Students may also get a Student Loan lump sum payment for course related costs.

Course-related costs paid for through a Student Loan do not affect the client's entitlement to one-off or ongoing payments through Training Incentive Allowance, however Training Incentive Allowance will not be used to pay for costs that have already been covered.

Example

Zane applies for a Student Loan in January for a course that starts in April. The loan is granted for his fees and a sum of \$1000 is paid towards his course related costs.

Three days before Zane's course starts, he realises he is eligible for Training Incentive Allowance.

Zane applies for Training Incentive Allowance to cover \$300 worth of textbooks and the balance of his Training Incentive Allowance entitlement (\$4267.60 as at 1 April 2021) to cover his course fees to reduce his Student Loan.

The one-off grant to cover course fees is paid directly to StudyLink.

Student Loans, weeks of entitlement

It is important to understand that clients undertaking study and utilising their Student Loan have a finite number of weeks they can utilise.

Ensure clients who are going to also apply for a Student Loan understands their entitlements to both Training Incentive Allowance and Student Loan, to ensure they make the best possible choices.

For more information see:

[Fees Free](#)

Transport

If the client is travelling to and from the course by public transport, you should include the public transport cost as an allowable cost in the Training Incentive Allowance assessment.

If the client is not using public transport, the allowable cost must be:

- reasonable and
- based on the distance that the client has to travel and
- can include parking and vehicle running costs **and**
- take into account any special needs (for example, clients with certain disabilities may only be able to travel by taxi)

If the client has a transport cost included in their Training Incentive Allowance, they cannot include the same cost in their Temporary Additional Support, Disability Allowance or Support Funds.

Clients using a private car to get to and from study would be paid the same rates as Disability Allowance.

For more information see:

[Disability related costs](#)

[Disability Allowance - Proof of transport costs](#)

Scholarships

In some cases a client applying for Training Incentive Allowance may also get a scholarship.

Scholarship payments may affect a client's entitlement to Training Incentive Allowance and may also impact on other forms of assistance.

When a scholarship is paid for course fees and other related course costs, these costs or the part of these costs paid by the scholarship cannot be included as a cost for Training Incentive Allowance.

A scholarship which includes a payment for living costs and is paid as a one-off payment or by regular instalments is income for benefit purposes and will be charged over the period the payment represents.

Any scholarship paid directly to the client may also be considered an asset for the purposes of assessing entitlement to supplementary assistance.

For more information see:

- Emergency Maintenance Allowance [Charging income](#)
- Sole Parent Support [Charging income](#)
- Supported Living Payment [Charging income](#)
- Young Parent Payment [Charging income](#)

Legislation

- Further considerations when granting assistance [clause 9\(1\)](#) Training Incentive Allowance 2021

Commencement date

Training Incentive Allowance cannot commence earlier than 28 days before the client's course starts. This is because any earlier than 28 days before the course start date gives no guarantee that the client will be receiving a qualifying benefit at the time the course starts.

Lump-sum payments

Lump sum payments can be made at any point during a client's course of study but no earlier than 28 days prior to the course start date.

If a client receives a Training Incentive Allowance lump-sum payment for a cost part-way through their course of study, their ongoing weekly payments may need to be reassessed (eg if client's costs exceed the maximum).

Ongoing costs

If the application is received within 28 days of the course start date the commencement date of Training Incentive Allowance is the later of:

- the date the course starts or
- the date client's qualifying benefit commences

If the application is received after 28 days from the course start date, the commencement date of Training Incentive Allowance is the later of:

- the date the application is received or
- the date client's qualifying benefit commences

Transitional arrangements 1 July 2021

No application for levels 4-7 on the New Zealand Qualifications Framework can be made before 1 July 2021.

Clients already studying on 1 July 2021 at levels 4 to 7 on the New Zealand Qualifications framework will have a commencement date of 1 July 2021 if they apply before 29 July 2021.

From 29 July 2021 onwards the standard commencement date rules above apply.

Legislation

- When assistance starts [clause 14](#) Training Incentive Allowance Programme 2021

Payment

Training Incentive Allowance is paid for the actual costs the client will have when they are attending a course, up to a maximum of \$114.19 (as at 1 April 2021) for each week of the course (maximum of \$4,567.60 in a 52-week period as at 1 April 2021).

- for example, if a client's course is 30 weeks, the maximum Training Incentive Allowance payable is \$3,425.70 ($\114.19×30 weeks).

Note the maximum payable in a 52-week period is 40 weeks equivalent of the weekly payment.

The ongoing childcare, transport and course costs should be calculated using the number of weeks these costs are incurred including holidays. The actual ongoing payment can be spread out over the academic year.

Clients who will lose eligibility to Training Incentive Allowance part way through their course

For clients who will no longer qualify for Training Incentive Allowance part way through their course, the maximum payable amount must be calculated based on the number of weeks the client is qualified for Training Incentive Allowance.

For more information see:

[52-week maximum payment](#)

[Costs exceed maximum](#)

[Payment calculation](#)

[Method of payment](#)

[Commencement date](#)

[Training Incentive Allowance - process](#)

Legislation

- Rates of assistance [clause 11\(1\)](#) Training Incentive Allowance Programme 2021
- Payment of assistance [clause 13](#) Training Incentive Allowance Programme 2021

- When assistance starts [clause 14](#) Training Incentive Allowance Programme 2021
- When assistance ends [clause 15](#) Training Incentive Allowance Programme 2021

52-week maximum payment

The maximum Training Incentive Allowance that can be paid in a 52-week period is \$4567.60 as at 1 April 2021.

A 52-week period means a period of 52 weeks commencing from the date assistance commences.

This means that clients applying for the Training Incentive Allowance who have been granted Training Incentive Allowance within the past 52 weeks will have the amount they have already received included as part of their overall entitlement.

Note there is no limit on how many times a client may be granted Training Incentive Allowance within a 52 week period for multiple courses of study. The maximum payable must not exceed the total 52-week limit and the qualifications must be met for each Training Incentive Allowance grant.

For more information see:

[Costs exceed maximum](#)
[Commencement date](#)
[Example of a payment calculation](#)
[Payment](#)

Legislation

- Rates of assistance [clause 11\(1\)](#) Training Incentive Allowance Programme 2021
- 52-week period (definition) [clause 4\(1\)](#) Training Incentive Allowance Programme 2021

Costs exceed maximum

When the client's one-off course costs and ongoing costs exceed the maximum Training Incentive Allowance payable, and the client wants to complete the course, the client is given the choice on how they would like to split the payments, that is:

- the client can choose to have all their one-off course costs paid first with the balance of Training Incentive Allowance being paid towards their ongoing costs **or**
- the client can choose to have their ongoing costs paid first with the balance of Training Incentive Allowance being paid towards their one-off course costs

Clients may also apply for a Student Loan to cover their course fees and/or course related costs.

All of the one-off course costs

If all the course costs are paid by Training Incentive Allowance (\$2,400) the balance remaining of \$1,025.70 (\$3,425.70 less \$2,400) is paid weekly over the length of the course (30 weeks) for the client's ongoing costs while they qualify for Training Incentive Allowance.

The client would get \$34.19 a week ($\$1,025.70 \div 30 \text{ weeks}$) towards their ongoing costs.

All of the ongoing costs

Instead of paying all the course costs, the client can get their Training Incentive Allowance on a weekly basis to cover their ongoing costs of \$1,860 (for 30 weeks).

This means the client gets \$62 a week ($\$1,860 \div 30 \text{ weeks} = \62). The remainder of \$1,565.70 (maximum Training Incentive Allowance for the client less ongoing costs) is paid to the course provider towards the client's fees and costs.

The client may test their eligibility to Student Loan to cover the remainder of their course fees.

For more information see:

[Payment calculation](#)

[Payment](#)

[Method of payment](#)

[Example of payment calculation](#)

[Student Loan and Fees free](#)

Payment calculation

Training Incentive Allowance is assessed by the Annual General Adjustment at 1 April each year. The rate as at 1 April 2021 is \$114.19 per week or \$4,567.60 per year.

The following can be used to calculate the rate of payment for Training Incentive

Allowance:

Course costs		Ongoing costs	
Course fees	\$ _____	Travel	\$ _____
Plus other costs	\$ _____	Plus childcare	\$ _____
	\$ _____	Plus other costs	\$ _____
Total course costs	\$ _____	Total ongoing costs	\$ _____

The maximum Training Incentive Allowance payable can be no more than \$114.19 per week up to \$4,567.60 a [year](#) (as at 1 April 2021).

For more information see:

[Example of payment calculation](#)

[52-week maximum payment](#)

[Costs exceed maximum](#)

[Course costs](#)

[Example of payment for part year eligibility](#)

Example of payment calculation

A client meets all the Training Incentive Allowance qualifications and has total course costs of \$4,756.

The course costs are made up of course fees of \$2000 and books and stationery costs of \$400, transport costs of \$12 per week and childcare costs of \$50 per week.

The course of study is 38 weeks long. This includes 3 short breaks over the academic year totalling 6 weeks.

Remember breaks are included when calculating entitlement.

Calculation

One-off course costs	Total cost	Ongoing costs	Total cost
Course fees	\$2,000	Travel (38 weeks x \$12.00)	\$456
Books and stationery	\$400	plus childcare (38 weeks x \$50.00)	\$1,900
Total one-off costs	\$2,400	Total ongoing costs	\$2,356
Total combined course costs	\$4,756		

Maximum Training Incentive Allowance for this example (weekly rate \$114.19 as at 1 April 2021 multiplied by 38 weeks = \$4,339.22)			
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The total costs associated with the course are \$4,756.

While the maximum Training Incentive Allowance available is \$4,339.22 (38 weeks x \$114.19 as at 1 April 2021), the client's costs exceed the maximum payable at \$4,765.

Costs can be paid in different ways

All the one-off course costs paid

If all the one-off course costs are paid by Training Incentive Allowance (\$2,400) the balance remaining \$1,939.22 can be paid weekly over the course duration (38 weeks) for the client's ongoing costs.

The client would get \$51.03 a week (\$1,939.22 divided by 38 weeks) towards their ongoing costs

All of the ongoing costs paid

Instead of paying all the course costs, the client can get their Training Incentive Allowance on a weekly basis to cover their ongoing costs of \$2,356.

The calculation of childcare and transport should be calculated based on the number of weeks these costs are incurred **including** holidays.

This means the client gets \$62 a week (\$2,356 divided by 38 weeks = \$62). The remainder of \$1,983.22 (maximum Training Incentive Allowance for the client less ongoing costs) is paid to the course provider towards the client's fees and costs.

The client may test their eligibility to Student Loan to cover the remainder of their course fees.

Example of payment for a part year eligibility

A client meets all Training Incentive Allowance qualifications and has course fees of \$2,000 and stationary costs of \$400, transport costs of \$12 per week and childcare costs

of \$50 per week.

The course of study is 40 weeks long.

However, in 30 weeks the client's youngest child will turn 14 and they will no longer qualify for Sole Parent Support and will no longer be getting a qualifying benefit and Training Incentive Allowance as a full-time student

Calculation

One-off course costs	Total course costs	Ongoing costs (for the weeks client is eligible)	
Course fees	\$2,000	Travel (30 x \$12 =)	\$360
Stationery costs	\$400	Plus childcare (30 weeks x \$50=)	\$1,500
Total one-off course costs	\$2,400	Total ongoing costs	\$1,860
Total combined course costs	\$4,260 for 30 weeks		
Maximum assistance for eligible weeks on Sole Parent Support (30 weeks x \$114.19)	30 x \$114.19 \$3,425.70 total		

This is a 40-week course, however, the client is only eligible for Training Incentive Allowance for 30 weeks. The maximum Training Incentive Allowance available to them is \$3,425.70.

The client should be given the choice of payment for course fees, course costs or ongoing costs, or a combination as long as the total amount does not exceed the maximum for the number of weeks they are entitled to.

For more information see:

[Course costs](#)

Method of payment

Training Incentive Allowance can be paid as a lump sum or as ongoing payments or as a combination of both depending on what type of course costs the client has.

Lump sum payments

Lump sum payments can only be made for one-off costs, not ongoing costs and can be paid direct to the provider.

Ongoing costs

The calculation of care, transport and course costs should be calculated based on the number of weeks these costs are incurred. The actual ongoing payment can be spread out over the academic year including short breaks.

Legislation

- Payment of assistance [clause 13](#) Training Incentive Allowance Programme 2021



Report

Date: 10 May 2021

Security Level: IN CONFIDENCE

To: Hon Carmel Sepuloni, Minister for Social Development and Employment

Reinstating the Training Incentive Allowance - Further policy decisions

Purpose of the report

- 1 This report seeks further policy decisions to give effect to reinstating the Training Incentive Allowance (TIA).

Executive summary

- 2 The TIA will be reinstated from 1 July to allow eligible cohorts to receive assistance with study costs when studying at levels 7 and below on the New Zealand Qualifications Framework (NZQF). Currently study is limited to levels 1-3 on the NZQF.
- 3 Changes are required to the legislative framework to give effect to reinstatement by 1 July. We seek your agreement to the policy settings for these changes. This includes further clarifying eligibility criteria relating to the inclusion of sole parents on Jobseeker Support (REP/20/11/1133 refers).
- 4 We have also identified technical changes to existing settings that support the policy intent of providing sole parents, carers and disabled people with a greater number of employment opportunities.

Recommended actions

It is recommended that you:

- 1 **note** that we are currently drafting a new welfare programme that is tailor-made for the Training Incentive Allowance (TIA) and we seek your agreement to policy settings to include in the welfare programme
- 2 **note** that, except for the decisions sought here, the intent is to retain the relevant TIA policy as set out in the Employment and Work Readiness Assistance Programme (EWRAP) and operational guidance

Eligibility

- 3 **agree** to retain eligibility requirements under clause 6 of the EWRAP that relate to the TIA in the new welfare programme, which includes residency and age requirements

agree / disagree

Sole parents receiving Jobseeker Support with a youngest dependent child under 14

- 4 **note** that you have previously agreed to expand access to sole parents receiving Jobseeker Support (JS) with a youngest dependent child 14 years or older from 1 July and the policy intent of this change is to treat all sole parents across the benefit system as a single cohort
- 5 **note** that there are a group of sole parents receiving JS with dependent children under the age of 14 years who also face barriers to employment and extending eligibility to them would treat all sole parents as a single cohort
- 6 **note** that we anticipate that this change can be accommodated within current funding approved for the initiative
- 7 **agree** that sole parents receiving JS who have a youngest dependent child under 14 years will be eligible for the TIA from 1 July 2021, on the same basis as sole parents with a youngest child aged 14 years or older

agree / disagree

Clients receiving the Emergency Benefit

- 8 **note** that we have identified a very small number of sole parents receiving the Emergency Benefit (EB) rather than Emergency Maintenance Allowance (EMA)
- 9 **agree** that sole parents receiving the EB will be eligible for the TIA from 1 July 2021, subject to the eligibility requirements set out in recommendation 3 above
- 10 **note** that to allow for consistency in terms of the treatment of sole parents (recommendation 9 refers) we propose to allow any disabled person receiving EB at the Supported Living Payment (SLP) rate to be eligible for the TIA
- 11 **agree** to expand eligibility for the TIA to disabled people receiving EB at the SLP rate in the second half of 2022 as part of phase two of reinstatement (subject to eligibility criteria outlined in recommendation 3 above), subject to your agreement to recommendation 9

agree / disagree

agree / disagree

Eligible Benefits

- 12 **agree** that, subject to your agreement to recommendations 7, 9 and 11, eligibility for the TIA is expressly limited in the new welfare programme to the following benefits:
 - 12.1 Young Parent Payment (sole parents only)
 - 12.2 Sole Parent Support
 - 12.3 Emergency Benefit (sole parents only - includes EMA)
 - 12.4 Emergency Benefit (disabled people receiving the SLP rate - from the second half of 2022)
 - 12.5 Jobseeker Support (sole parents only - part-time study only)
 - 12.6 Supported Living Payment (must qualify in their own right)
 - 12.7 Supported Living Payment - carers

agree / disagree

Additional prioritising criteria for TIA receipt

- 13 **note** that research highlights that there are many benefits to undertaking tertiary study and evidence shows that TIA eligible cohorts already experience disadvantage
- 14 **agree** that further eligibility criteria in clause 3(b) of the Schedule of the EWRAP are not retained in the new welfare programme, which require TIA participants to be both at risk of long-term benefit receipt and have specific employment skills deficits
agree / disagree
- 15 **agree** that to be eligible for the TIA from 1 July 2021, participants must be enrolled in a programme of study that increases their skills for employment
agree / disagree

Maximum amount payable through the TIA

- 16 **agree** that for the purposes of transparency the new welfare programme will outline the following maximum amounts available through the TIA: \$114.19 per week of study up to a maximum of \$4,567.60 per year (as of 1 April 2021)
agree / disagree
- 17 **agree** that these yearly and weekly maximums continue to be adjusted annually by the percentage increase in the Consumer Price Index (all groups) as part of the Annual General Adjustment process
agree / disagree
- 18 **agree** to require participants to exhaust their Fees Free entitlement before utilising the TIA for tuition fees
agree / disagree

Allowing MSD to decline applications for the TIA in specific situations

- 19 **agree** to allow MSD the ability to decline the TIA in the following situations where the client:
- 19.1 has completed a degree in the past five years, unless MSD is satisfied the TIA will significantly improve the client's employment prospects
- 19.2 does not advise MSD, or refuses to answer questions, about the outcome of a previous course that TIA has been granted for in the past five years
- 19.3 has failed to complete a previous course that TIA has been paid for in the past five years, unless there are mitigating circumstances
agree / disagree

Implementation

- 20 **agree** to the following provisions for the TIA and Sole Parent Study Assistance Loan (SPSAL) to be reflected in the respective welfare programmes:
- 20.1 no new applications for the TIA will be considered after 1 January 2025, however contributions towards tuition fees provided for study completed by 30

June 2025 will be available if applicants are successfully enrolled in the programme of study and make an application for the TIA prior to 1 January 2025

20.2 participants who are already in tertiary study on 1 July 2021 can be granted the TIA from 1 July 2021 if they apply within 28 days following this date, regardless of the course start date

20.3 applications for the SPSAL will close on 30 June 2021, but MSD's IT systems will retain the ability to process applications prior to this date until 1 August 2021 to minimise the impact on clients

agree / disagree

21 **note** that the removal of the subsequent child policy later this year may impact study options for a small group of clients and we will discuss study options with affected clients closer to the time the Social Security (Subsequent Child Policy Removal) Amendment Bill is to be given effect

22 **note** we will provide you with the new TIA welfare programme and amended Sole Parent Study Assistance Programme by the end of May for your approval, for the changes to come into effect by 1 July 2021

Further work

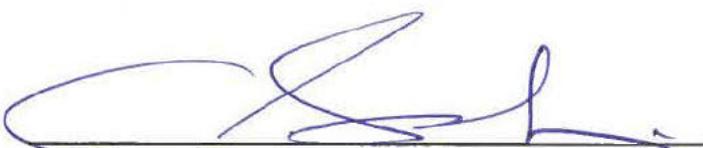
23 **indicate** whether you wish to direct MSD to undertake further work on expanding eligibility to clients on the single rate of JS receiving the Orphan's or Unsupported Child's Benefit as part of the report back to Ministers on the implementation of the TIA by October 2022

yes / no



Anne Riley
Manager
Employment Policy

Date



Hon Carmel Sepuloni
Minister for Social Development and
Employment

10/5/21
Date

Background

- 5 You have agreed to reinstate the Training Incentive Allowance (TIA) to support study at levels 7 on the New Zealand Qualifications Framework (NZQF) and below from 1 July (REP/20/11/1091 refers). Currently study is limited to levels 1-3 on the NZQF. The TIA provides assistance to sole parents, carers and disabled people on eligible benefits to undertake a qualification.
- 6 We seek your agreement to policy decisions to give effect to reinstating the TIA which will be included in a new standalone welfare programme. This includes further clarifying eligibility criteria relating to the inclusion of sole parents on Jobseeker Support (JS) (REP/20/11/1133 refers).

Establishing a new welfare programme for the TIA

- 7 The TIA is currently paid under the Employment and Work Readiness Assistance Programme (EWRAP). The EWRAP provides the legislative basis for a wide range of employment assistance products. Prior to the TIA being paid under the EWRAP, it was administered under its own welfare programme.

s9(2)(h)

We have identified some further adjustments for current policy to better meet the policy intent of the TIA

- 11 As part of advice on giving effect to the manifesto commitment to reinstate the TIA, we advised that any further clarification of the targeting criteria could be made at the same time as amendments to the legislative programme that will give effect to reinstatement (REP/20/11/1091 refers). We have also identified some technical policy changes that support the policy intent that will also need to be included in the new welfare programme.
- 12 Except for the decisions sought here, the intent is to retain the relevant TIA policy as set out in the Employment and Work Readiness Assistance Programme (EWRAP) and operational guidance.

Expressly linking eligibility to receipt of specified benefits and widening the eligible cohort of sole parents that can take up TIA

- 13 To be eligible for employment assistance under the EWRAP, participants must meet general eligibility criteria under clause 6 which includes residency and age requirements. We recommend you retain these criteria in the new welfare programme.
- 14 Eligibility for the TIA is also currently limited to clients in receipt of specified benefits. This is outlined in operational guidance, rather than the welfare programme. These are:
 - Sole Parent Support (SPS)
 - Young Parent Payment (sole parents only)

- Emergency Maintenance Allowance (EMA)¹
 - Supported Living Payment (any partners must qualify in their own right)
 - Supported Living Payment – carers
 - Jobseeker Support from 1 July 2021 (sole parents with a youngest dependent child 14 or older).
- 15 This reflects the TIA’s original policy intent to address barriers specifically experienced by sole parents, carers and disabled people – such as the tendency for these groups to have limited work skills and work experience. For transparency purposes, we recommend the specific eligible benefits are outlined in the welfare programme.
- 16 In the course of specifying eligible benefits, we have identified some adjustments to these settings in relation to:
- Sole parents receiving JS with younger children
 - Clients receiving an Emergency Benefit.

Sole parents receiving JS with younger children

- 17 You have agreed to expand access to sole parents receiving JS with a youngest dependent child 14 years or older, from 1 July 2021 (REP/20/11/1133 refers). The policy intent of this change was to treat sole parents across the benefit system as a cohort.
- 18 In line with this, additional analysis suggests that there are a group of sole parents receiving JS with dependent children under the age of 14 years who were inadvertently omitted when we were developing the proposal, but also face barriers to employment.
- 19 Due to this, we recommend clarifying that all sole parents receiving JS will become eligible for the TIA from 1 July 2021. Extending eligibility criteria to include all sole parents on JS would simplify the messaging. If you agree, we will also ensure budget communication material is updated to reflect this decision.
- 20 We anticipate that this change can be accommodated within current funding approved for the initiative. This is because many clients receiving JS with younger children have a ‘subsequent child’ and the removal of this policy from November 2021 will mean they are likely to transition from JS to SPS and will be able to study full time on the latter benefit. This transition has been accounted for in the costings.
- 21 We estimate there are currently approximately 200-300 sole parent clients with younger children who are receiving JS for other reasons and would choose to take up the TIA if eligible.² We estimate that these sole parents can be accommodated within current funding.³

Clients receiving the Emergency Benefit

- 22 There are also a very small number of sole parents receiving the Emergency Benefit (EB) rather than EMA (which is an operational category of EB). We seek your agreement to include sole parents receiving EB, subject to the residency and age requirements referred to in paragraph 13. We estimate that around 25 sole parents could take up the TIA because of this policy clarification. This change will also allow us to tie eligibility to a specific benefit, rather than an administrative term that is not

¹ This is an administrative term and not a specific benefit under the Social Security Act 2018.

² This could be where the client has elected to receive JS rather than SPS because they perceive this will give them further access to employment support, or where the client has included the dependent child in their JS and is therefore being paid the sole parent rate but is the principal caregiver of a child who is ‘not their own’.

³ The costings assumed a take-up rate of approximately 10.55 percent by those who intend to study part-time while still meeting their full-time work obligations, but the actual take-up rates are uncertain as the JS cohort is a newly eligible group and the need to adhere to full-time work obligations may reduce take-up of study.

defined in legislation. We anticipate this change can be accommodated within funding approved for the initiative and eligibility can be extended to this cohort from 1 July 2021.

- 23 A similar issue has been identified where people who are permanently and severely restricted in their ability to work can be granted EB at the Supported Living Payment (SLP) rate rather than SLP.⁴ If you agree to include sole parents on EB, for consistency we propose to apply the same rule to any EB clients who are disabled and paid at the SLP rate, subject to meeting residence and age requirements. This is largely a technical issue as there are currently no clients on EB paid at the SLP rate. If you agree, this technical clarification could be implemented in phase two of reinstatement in the second half of 2022, alongside other IT systems changes that will further support the implementation of the TIA.

Assessing whether the qualification increases skills for employment rather than further narrowing eligibility for the TIA

- 24 As well as meeting eligibility criteria described above, a person must also be assessed as being at risk of long-term benefit dependence and having a specific employment skills deficit under the EWRAP. These additional targeting criteria further limit access to the TIA. For example, if a sole parent client can get a job at a supermarket, it could be perceived they do not have specific employment skills deficits and are therefore ineligible for the TIA.
- 25 Research highlights that there are many benefits to undertaking tertiary study. For example, higher-level tertiary study is likely to provide a greater number of employment opportunities and lead to better pay for a client who has limited qualifications. This is particularly important considering the economic impact of COVID-19. Furthermore, as described above, evidence shows that sole parents and disabled people already experience disadvantage. Therefore, we do not propose to further limit eligibility for the TIA in this way in the new welfare programme.
- 26 We recommend shifting the focus to whether the qualification increases the participant's skills for employment. This means that MSD must be satisfied that the programme of study increases the client's skills for employment, as opposed to being solely based on their interests or hobbies. There are also further criteria to ensure that the course of study leads to a recognised qualification that has been approved by the relevant funding authority.⁵
- 27 Clients that have an existing qualification will need to show how the qualification they wish to study will further increase their skills for employment. An example of this could be where a client has a lower-level qualification and wishes to study a higher-level qualification.
- 28 The costings for the initiative, in line with the policy intent, assume that participants will be assessed based on whether the qualification increases their skills for employment rather than further prioritising assistance beyond other eligibility criteria. If you agree to this clarification, we will reflect this approach in the new welfare programme.

Expressly outlining the maximum amount payable through the TIA

- 29 Clause 3(b) of the Schedule of the EWRAP provides for a total amount not exceeding \$5,000 for 'longer education or training courses.' This includes assistance granted for additional study costs under clause 5 of the Schedule and childcare or care costs under clause 9 of the Schedule. Operational guidance for the TIA outlines a maximum rate of \$114.19 per week of study, up to a maximum of \$4,567.60 per year. These

⁴ This could be where a client is temporarily unable to provide a medical certificate.

⁵ These further requirements relating to approved study will be outlined in the new welfare programme. For example, the course of study will need to be at levels 1-7 on the NZQF and funded by the TEC (if it is a tertiary qualification).

maximums are adjusted every year through the Annual General Adjustment (AGA) process by the CPI (all groups).

- 30 The actual rate of payment depends on the costs a client has at the point at which they apply. As part of reapplying for the TIA yearly, case managers will discuss with the client whether their rate of payment needs to be adjusted. This could be because their study costs have changed, or the amount of funding available under the TIA has increased. Outside of this process, clients are also able to alert their case manager that they have had a change of circumstances and subsequently have their rate of payment adjusted.

s9(2)(h)

s9(2)(h)

The costings for the TIA have also assumed these rates. Due to this, we recommend that these rates are outlined in the new welfare programme and that a clause is inserted which provides the legal authority for the TIA to be AGA adjusted. The rates available under TIA will continue to be adjusted annually as part of the AGA.⁶

We recommend that clients are required to use up fees-free entitlements to tuition fees before utilising the TIA for the same cost

- 32 Fees Free was introduced in 2018 and enables first time tertiary students to access fees free tertiary education in their first year of provider-based study, or first two years of industry training. As eligibility is learner-based, it requires the learner to check their eligibility. If a client utilises the TIA for tuition fees while being Fees Free eligible, they will lose some entitlement to Fees Free.
- 33 To allow participants to maximise their entitlement to government supports, we recommend requiring eligible clients to exhaust their Fees Free entitlement before utilising the TIA for tuition fees. Those who are eligible for Fees Free will still be able to utilise the TIA for other study costs including childcare.
- 34 As part of the process of applying for the TIA, we will require tertiary education organisations to confirm where possible whether the client is eligible for Fees Free. This will reduce the burden on the client as generally the onus will not be on them to provide information regarding their Fees Free entitlement.

Allowing MSD the ability to decline applications in specific situations

- 35 Current operational guidance states that clients who have completed a degree within the last 5 years cannot receive the TIA. We propose that the new welfare programme allows MSD to continue to decline an application in this situation but enables MSD to provide the TIA where it will significantly improve the client's employment prospects.
- 36 Examples of where the TIA will significantly improve the client's employment prospects will be set out in operational guidance to assist case managers in exercising discretion. For example, a client has been made redundant from their job in the tourism sector due to COVID-19 and wants to utilise the TIA to transition into another industry.
- 37 Under operational guidance, there are some further circumstances where MSD can refuse to grant a TIA application. They are:
- if a client does not advise MSD, or refuses to answer questions, about the outcome of a previous course that TIA has been granted for or
 - if a client has failed to complete a previous course that TIA has been paid for, without a good and sufficient reason.

⁶ Cabinet has delegated responsibility to joint Ministers for approving the AGA adjustments to rates, CAB Min (02) 7/1A refers.

- 38 We recommend that MSD retain this ability to decline in the situations above, but only where this has happened in the last five years. s9(2)(h)

s9(2)(h)

s9(2)(h)

This rule intends to encourage clients to complete their programme of study and reflects the sizable investment the TIA provides to clients.

Other implementation matters

When applications for the TIA will be considered and granted

- 39 As part of advice on time-limiting funding for the TIA, we outlined that further rules were required to allow for the event that no further funding is secured (REP/21/3/267 refers). MSD officials proposed that no new applications would be considered after 1 January 2025. Contributions towards tuition fees would be provided for study completed by 30 June 2025 if applicants are successfully enrolled in the programme of study and make an application for the TIA prior to 1 January 2025.
- 40 We seek your confirmation to reflect these rules in the new welfare programme. These provisions would mean that if a client enrolls in a year-long qualification starting 1 July 2024 and ending 30 June 2025, they will be able to receive a contribution towards tuition fees through the TIA if they have applied prior to 1 January 2025. The client would also get support through the TIA for ongoing costs until 1 January 2025.
- 41 Current operational guidance allows the TIA to be payable from the date the course starts if the application is received within 28 days of that date. Otherwise, the TIA will be payable from the date of application. As part of reinstatement, we recommend that participants who are already in tertiary study can receive the TIA from 1 July 2021 if they apply within 28 days after this date, regardless of their course start date. This would allow clients who are already enrolled in tertiary study to benefit from reinstatement.

Sole Parent Study Assistance Loan

- 42 You have agreed to disestablish the Sole Parent Study Assistance Loan (SPSAL) (REP/20/11/1133 refers). We recommend that applications for the loan close on 30 June 2021, but MSD's IT systems retain the ability to process applications until 1 August 2021 to minimise the impact on clients.
- 43 Due to this, amendments will be required to the Sole Parent Study Assistance Programme. We will provide these amendments for review and approval at the same time as the new welfare programme for TIA. As the SPSAL is recoverable, the welfare programme will remain in force until all loans are repaid, so that MSD is able to maintain legislative transparency.
- 44 Following Budget announcements, MSD will communicate to clients that apply for the SPSAL that TIA support will be available from 1 July. Clients can choose to continue with their application for SPSAL and/or wait until 1 July to apply for the TIA.

The removal of the subsequent child policy later this year may impact study options for some clients

- 45 We have identified approximately 4,500 clients who may become eligible to transfer to Sole Parent Support from Jobseeker Support when the subsequent child policy is removed later this year, subject to the enactment of the Social Security (Subsequent Child Policy Removal) Amendment Bill.
- 46 Some clients within this cohort may be interested in studying through the TIA full-time, but would be unable to do so until the removal of the subsequent child policy. This is because benefit settings for SPS allow for full-time study, but settings for JS do not. However, we anticipate the majority of this cohort would be comfortable with either studying part-time from 1 July and then transitioning to full-time study later in the year (following the removal of the subsequent child policy), or waiting until later in the year to study full-time.

- 47 We will communicate the benefit of these changes to affected clients closer to the time the Social Security (Subsequent Child Policy Removal) Amendment Bill is to be given effect.

Further work on the eligibility settings for TIA

- 48 Policy work associated with reinstating the TIA has identified some broader issues relating to the interaction between current benefit system settings and TIA eligibility that could be further explored. For example, clients who are on a main benefit in their own right and have an orphan or unsupported child come into their care may be able to choose whether to include this child as a dependent child in their benefit, or receive the Orphan's Benefit or Unsupported Child's Benefit (OB/UCB) for them.⁷ If a client who is single chooses to include the child as a dependent child, they will be eligible for the TIA as they will be receiving a 'sole parent' rate of benefit.
- 49 However, if they choose to receive the OB/UCB, they will be ineligible for the TIA as they will be receiving a 'single person' rate of benefit. Clients may choose to receive the OB/UCB as they could be entitled to more financial assistance than under a 'sole parent' rate of benefit. This setting has been in place since the TIA was previously available for degree-level study, which means clients who received the OB/UCB were not previously eligible. There were 429 people receiving a single rate of JS with an OB/UCB child as at the end of March 2021.
- 50 Some single clients who receive the OB/UCB will only be caring for the child for a couple of years, while others will be caring for the child for many years and therefore arguably may be in a similar situation to sole parents with biological children. A high proportion of caregivers receiving the OB/UCB are Māori or Pacific, and over 70 percent of children for whom OB/UCB is paid are Māori or Pacific. This reflects whānau care arrangements, where the wider whānau may care for children.
- 51 Further policy work would be required to consider these issues and if expansion is proposed for this cohort, including identification of cost implications and IT system changes. If you wish to consider expanding access to this cohort, we can report back to you on this issue as part of the report back to Ministers on the implementation of the TIA by October 2022.
- 52 We will ensure this work aligns with the work on the welfare overhaul including the review of obligations and sanctions under the Social Security Act 2018. This work is currently considering appropriate work obligations across the benefit system including for sole parents on JS.

Next steps

- 53 We will provide you with the new TIA welfare programme and the amended Sole Parent Study Assistance Programme by the end of May for your approval. We will not be seeking a waiver of the 28-day rule. We will ensure budget communication material is updated to reflect your decisions.

File ref: REP/21/5/470

Author: Cara des Landes, Senior Policy Analyst, Employment Policy

Responsible manager: Anne Riley, Manager, Employment Policy

⁷ This rule exists to avoid paying double financial support for the child through the benefit system and via a separate payment for the OB/UCB child. From 1 July 2021, if the caregiver is expected to have the child for less than 12 months or for an uncertain period of time they will not be able to include the child on the benefit, but may be able to receive OB/UCB.

The Treasury

Budget 2021 Information Release

August 2021

This document has been proactively released and is available on

- the **Budget website** from August 2021 to May 2022 only at <https://budget.govt.nz/information-release/2021>, and on
- the **Treasury website** from later in 2021 at <https://treasury.govt.nz/publications/information-release/budget-2021-information-release>.

Cabinet Document Details

Title: **Cabinet Minute: CAB-21-MIN-0116.27: 2021 Budget Package: Vote Social Development**

Date: **19 April 2021**

Creator: Cabinet Office

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Where this is the case, the relevant sections of the Act that would apply have been identified.

Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Key to sections of the Act under which information has been withheld:

- [1] 6(a) - to avoid prejudice to the security or defence of New Zealand or the international relations of the government
- [33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [37] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [38] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage

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Cabinet

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

2021 Budget Package: Vote Social Development

On 12 April 2021, Cabinet:

- 1 **approved** the Budget initiatives for the above Vote for inclusion in the 2021 Budget package, as listed in the summary below and detailed in the attached initiative documents:

Summary of initiatives included in the attached initiative documents:

Operating Initiatives (Impact on Operating Balance)

Initiative ID	Initiative Name	\$m - increase/(decrease)					Outyears
		2020/21	2021/22	2022/23	2023/24	2024/25	
Out of scope							



Initiative ID	Initiative Name	\$m - increase/(decrease)					Outyears
		2020/21	2021/22	2022/23	2023/24	2024/25	
13554	Transfer of Funding for the Training Incentive Allowance up to Level 3 on the New Zealand Qualifications Framework	-	-	-	-	-	-
Out of scope							
Total Operating		5.000	221.856	335.390	196.709	173.169	155.429

Capital Initiatives (Impact on Debt)

Initiative ID	Initiative Name	\$m - increase / (decrease)					Outyears	
		2020/21	2021/22	2022/23	2023/24	2024/25		2025/26
Out of scope								
13240	Reinstating the Training Incentive Allowance for Levels 4 to 7 on the New Zealand Qualifications Framework	-	20.236	10.288	4.391	1.596	0.200	-
Out of scope								
Total Capital		-	72.572	10.288	4.391	1.596	0.200	-

- 2 **agreed** to establish new appropriations where required to implement these initiatives, as described in the attached initiative documents;
- 3 **approved** changes to appropriations and capital injections to the administering department to implement the initiatives, as set out in the attached initiative documents;
- 4 **approved** the additional recommendations to give effect to the initiatives, as set out in the attached initiative documents;

- 5 **agreed** that the proposed changes to appropriations and capital injections for 2020/21 above be included in the 2020/21 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;
- 6 **authorised** the Minister of Finance and the Appropriation Minister to approve jointly any technical adjustments to baselines necessary to remove any errors or inconsistencies identified while finalising the 2020/21 Supplementary Estimates, the 2021/22 Estimates and the fiscal forecasts;
- 7 **authorised** the chief executives of departments that monitor Crown entities directly affected by decisions in this minute to inform the chair and/or chief executive of a Crown entity, on a Budget-in-confidence-until-Budget-day basis, of decisions that directly affect that Crown entity for the purpose of planning and preparation of their Statement of Intent;
- 8 **noted** that all communications relating to the 2021 Budget are co-ordinated by a Budget communications committee, and that any requests for early announcement will need to have both the written approval of the Minister of Finance and sign-off from the Prime Minister's office;

Michael Webster
Secretary of the Cabinet

Vote: Social Development

Appropriation Administrator: Ministry of Social Development

Title: Reinstating the Training Incentive Allowance for Levels 4 to 7 on the New Zealand Qualifications Framework

Description: This initiative will provide four years of funding to support around 16,000 sole parents, disabled people and carers receiving an eligible benefit with study costs when studying at levels 4 to 7 on the New Zealand Qualifications Framework. Higher-level qualifications are expected to improve participants' employment outcomes and incomes.

New appropriation approval

Name	Period	Type	Scope
Training Incentive Allowance	Annual	Benefits or Related Expenses	This appropriation is limited to the Training Incentive Allowance, paid in accordance with delegated legislation made under the Social Security Act 2018.

Appropriation changes

	\$m - increase/(decrease)						
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Outyears
Operating Balance Impact	-	34.552	38.137	38.232	16.124	-	-
Debt Impact	-	20.236	10.288	4.391	1.596	0.200	-
No Impact	-	(0.139)	(0.206)	(0.240)	(0.055)	(0.034)	(0.034)
Total	-	54.649	48.219	42.383	17.665	0.166	(0.034)

	Sm - increase/(decrease)						
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Outyears
Departmental Output Expenses:							
Data, Analytics and Evidence Services (funded by revenue Crown)	-	0.030	0.030	-	-	-	-
Benefits or Related Expenses:							
Jobseeker Support and Emergency Benefit	-	2.260	6.467	11.547	6.988	-	-
Sole Parent Support	-	6.453	18.030	31.852	18.107	-	-
Student Allowances	-	(9.158)	(25.391)	(44.551)	(25.228)	-	-
Training Incentive Allowance	-	33.888	36.933	36.699	12.606	-	-
Winter Energy Payment	-	0.274	0.838	1.501	1.315	-	-
Non-Departmental Capital Expenditure:							
Recoverable Assistance	-	(0.061)	(0.050)	(0.041)	(0.034)	(0.034)	(0.034)
Student Loans	-	20.236	10.288	4.391	1.596	0.200	-
Multi-Category Expenses and Capital Expenditure:							
Improved Employment and Social Outcomes Support (MCA)							
<i>Departmental Output Expense:</i>							
Administering Income Support (funded by revenue Crown)	-	0.727	1.074	0.985	2.315	-	-
Total Operating	-	34.474	37.981	38.033	16.103	-	-
Total Capital	-	20.175	10.238	4.350	1.562	0.166	(0.034)

Additional recommendations

- 40 **agreed** that the \$127.045 million Operating Balance Impact for Vote Social Development be charged against the COVID-19 Response and Recovery Fund (CRRF) established at Budget 2020;
- 41 **noted** that the \$36.711 million Debt Impact is the capital cost of student loans and will not be charged against the CRRF, as this is expected to be fiscally neutral over 10 years;
- 42 **noted** that the components with No Impact on the operating balance or net core Crown debt consist of tax on benefits and of the disestablishment of the Sole Parent Support Subsidy Assistance Loan which was deemed to have no impact on debt when it was established;

- 43 **noted** that the Minister for Social Development and Employment intends to disestablish the Sole Parent Study Assistance welfare programme as part of the process of reinstating the Training Incentive Allowance, as this welfare programme will no longer be required as it duplicates assistance that will be provided through the Training Incentive Allowance;
- 44 **noted** that related funding has also been provided through each of Vote Revenue (Initiative 13521) and Vote Tertiary Education (Initiative 13532);
- 45 **noted** that the total charged against the CRRF is \$153.105 million, which includes Vote Revenue and Vote Tertiary Education operating expenses;
- 46 **agreed** that any underspends for the administration costs of the Training Incentive Allowance, over the period of this funding, be transferred to the following financial year to ensure that funding is available for the delivery of this initiative;
- 47 **authorised** the Minister for Social Development and Employment and the Minister of Finance jointly to agree the final amount to be transferred (as in the paragraph above), following completion of the relevant year's audited financial statements of the Ministry of Social Development (or sooner if necessary), with no impact on the operating balance and/or net core Crown debt across the forecast period;
- 48 **agreed** to an exemption from end of year performance reporting for the Benefits or Related Expenses appropriation, Training Incentive Allowance under section 15D(2)(b)(ii) of the Public Finance Act 1989 as additional information is unlikely to be informative because this appropriation is solely for Training Incentive Allowance payments;
- 49 **agreed** that the Benefits or Related Expenses appropriation, Training Incentive Allowance be subject to forecast adjustments as a result of changes in demand levels;
- 50 **authorised** the Minister for Social Development and Employment and the Minister of Finance jointly to agree any forecast adjustments for the Benefits or Related Expenses appropriation, Training Incentive Allowance;
- 51 **noted** that the current Training Incentive Allowance supports sole parents receiving eligible benefits, as well as disabled people and carers receiving the Supported Living Payment, with tuition fees, transport, childcare and care costs when studying towards qualifications at levels 1-3 of the New Zealand Qualifications Framework;
- 52 **noted** that this initiative will reinstate support for eligible groups to gain qualifications at levels 4-7 on the New Zealand Qualifications Framework, for a four-year period from 1 July 2021;
- [33]
- 54 **noted** that there is a related initiative to transfer the funding for the Training Incentive Allowance up to Level 3 on the New Zealand Qualifications Framework from the Multi-Category Expenses and Capital Expenditure appropriation: Improved Employment Outcomes (MCA) into the new Benefits or Related Expenses appropriation: Training Incentive Allowance (Initiative 13554);

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Multi-Category Expenses and Capital Expenditure:					
Community Support Services (MCA)					
<i>Departmental Output Expense:</i>					
Developing and Managing Community Services (funded by revenue Crown)	-	0.310	0.262	0.230	0.205
Improved Employment and Social Outcomes Support (MCA)					
<i>Departmental Output Expenses:</i>					
Administering Income Support (funded by revenue Crown)	-	4.140	3.500	3.077	2.742
Improving Employment Outcomes (funded by revenue Crown)	-	4.491	3.795	3.338	2.972
Improving Work Readiness Outcomes (funded by revenue Crown)	-	1.117	0.944	0.830	0.740
Total Multi-Category Expenses and Capital Expenditure: Improved Employment and Social Outcomes Support (MCA)	-	9.748	8.239	7.245	6.454
Total Operating	-	12.599	10.650	9.364	8.343

Vote: Social Development

Appropriation Administrator: Ministry of Social Development

Title: Transfer of Funding for the Training Incentive Allowance up to Level 3 on the New Zealand Qualifications Framework

Description: This initiative will consolidate funding for the Training Incentive Allowance (TIA). It provides for a fiscally neutral transfer of existing funding for TIA support at levels 1 to 3 on the New Zealand Qualifications Framework, from the Multi-Category Expenses and Capital Expenditure appropriation: Improved Employment and Social Outcomes Support (MCA) into the Benefits or Related Expenses appropriation: Training Incentive Allowance.

Appropriation changes

	Sm - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Benefits or Related Expenses:					
Training Incentive Allowance	-	0.960	0.960	0.960	0.960
Multi-Category Expenses and Capital Expenditure:					
Improved Employment and Social Outcomes Support (MCA)					
<i>Departmental Output Expense:</i>					
Improving Work Readiness Outcomes (funded by revenue Crown)	-	(0.960)	(0.960)	(0.960)	(0.960)
Total Operating	-	-	-	-	-

Additional recommendation

56 **noted** that related funding for reinstating the Training Incentive Allowance for levels 4 to 7 on the New Zealand Qualifications Framework has been provided through each of Vote Social Development (Initiative 13240), Vote Revenue (Initiative 13521) and Vote Tertiary Education (Initiative 13532);

Costing note: Time limited TIA Student Loan implications

TSPA

MOE

19 March 2021

BUDGET SENSITIVE

See also costing note from MoE dated 23 December 2020 and updated 3 February 2021.

Assumptions

1. TIA hard stop on 1 January 2025
2. Prepayment of fees for 2025 enrolments from TIA won't happen
3. 75% attrition of entrants to a three-year programme
4. All 3000 who have moved from SA to SPS will switch back to SA on 1 January 2025
5. 'New tertiary students' (people on benefit induced to study by the TIA) will be encouraged to get in early if the TIA is time limited. We therefore see the new student numbers peaking in calendar 2022.

Let's call new students in their first year 'new entrants'.

6. There will be no 'new entrants' in 2024 because one year's worth of TIA is insufficient incentive to commence study.
7. New entrants in 2023 will continue to study in 2024 and 2025. In 2025 full fees will be borrowed from the SLS.

This means we will have extra lending (because of this TIA policy change) right out to 2025/26.

Summary of the number of people impacted

Group	Calendar year	2021	2022	2023	2024	2025
TIA	number of TIA recipients	6520	10720	9660	9870	0
[B]	moving from SA to SPS	250	1000	2000	3000	0
[F]	SPS current tertiary	4500	4500	4500	4500	
[A]	New tertiary students = TIA - [B] - [F]	1770	5220	3160	2370	136

8. Note the 1770 new students in 2021 are only studying for half a year – so we have only half the tuition fees. The full \$1000 for CRC is expected to be borrowed.
9. Scheme average write-down costs and repayment rates are used.
10. The SLS costing has also been updated to use IFV ratios, RP and RFRs consistent with the 10 March PwC letter. (i.e. RP=1.62% RFR as @ 30 January 2021).

This update to earlier costings had to happen anyway

11. SAC costs have been provided by JC (MoE). These have been prepared using the [A] line in the summary table above, assuming 0.8 EFTS and average SAC funding rates. Extra SAC costs are assumed to be covered by existing CRRF funding for Vote Tertiary Education up until the end of December 2023.
12. The impact on SA and benefits etc. are being prepared by MF (MSD).
13. The main Student Loan result is the operating balance impact. Over the five years of the fiscal forecasts this sums to \$15.682 million.

	\$ million increase / (decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25
Vote Revenue					
Operating balance impact					
Reinstate the Training Incentive Allowance	-	9.109	4.507	1.715	0.351

14. Full financial recs are on pages 3 and 4 under.

(x) Approve the following changes to appropriations to reflect the expected increase in student loan draw-downs

	\$ million increase / (decrease)									
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Vote Revenue / Minister of Revenue										
Non-Departmental Other Expenses:										
<i>Impairment of Debt Relating to Student Loans</i>										
Reinstate the Training Incentive Allowance	-	-	-	-	-	-	-	-	-	-
<i>Initial Fair Value Write-Down - Student Loans</i>										
Reinstate the Training Incentive Allowance	9.197	4.765	2.071	0.774	0.099	-	-	-	-	-
Total Operating	9.197	4.765	2.071	0.774	0.099	-	-	-	-	-

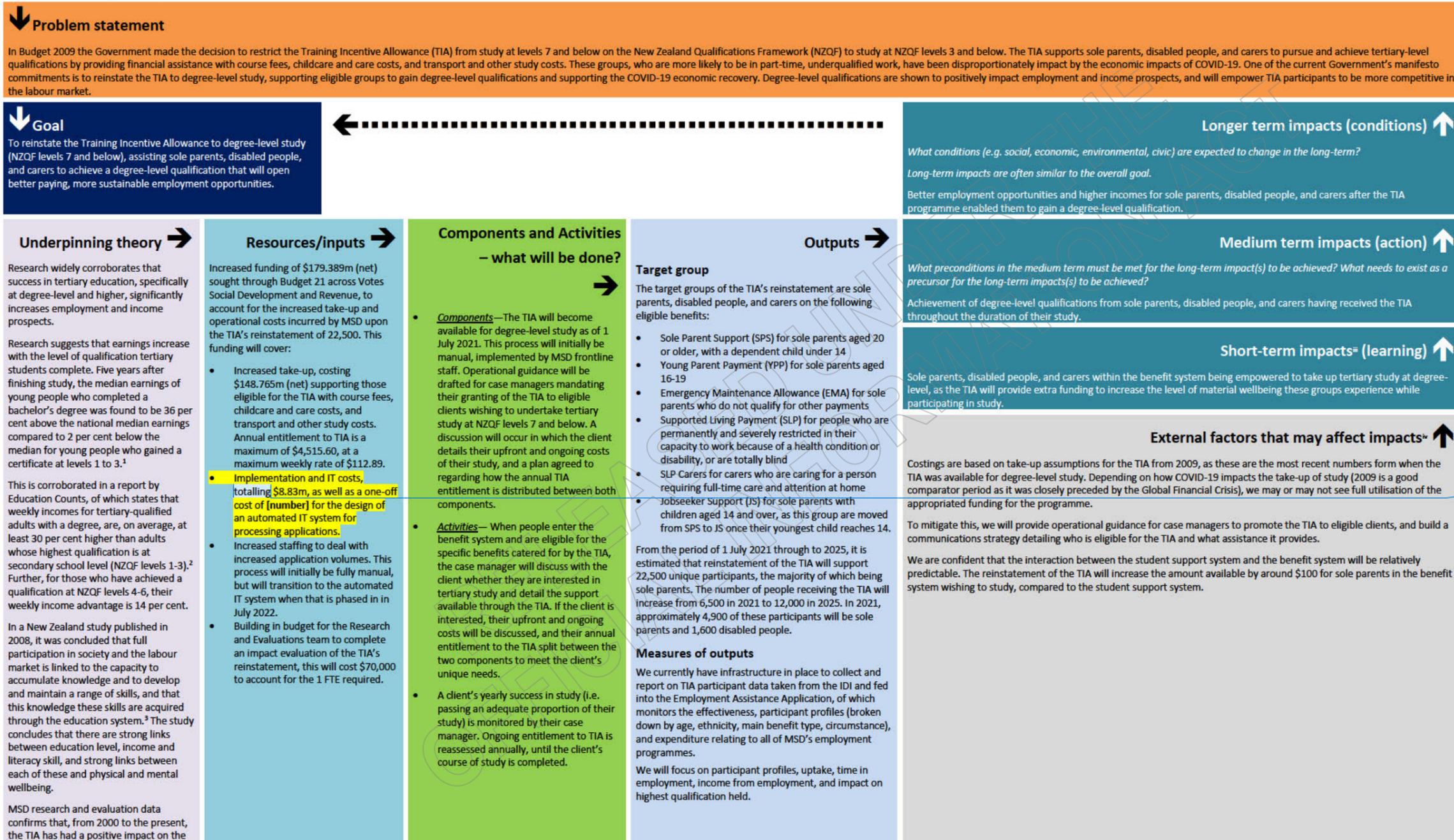
	\$ million increase / (decrease)									
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Vote Social Development / Minister of Revenue										
Non-Departmental Capital Expenditure:										
<i>Student Loans</i>										
Reinstate the Training Incentive Allowance	20.236	10.288	4.391	1.596	0.200	-	-	-	-	-
Total Capital	20.236	10.288	4.391	1.596	0.200	-	-	-	-	-

(x) Note that the funding implications of the recommendations by vote are:

	\$ million increase / (decrease)									
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Vote Revenue										
Operating balance impact										
Reinstate the Training Incentive Allowance	9.109	4.507	1.715	0.351	(0.353)	(0.448)	(0.420)	(0.373)	(0.311)	(0.240)
Debt impact										
Reinstate the Training Incentive Allowance	(0.109)	(0.596)	(1.117)	(1.599)	(2.026)	(2.365)	(2.579)	(2.650)	(2.593)	(2.421)
No impact	-	-	-	-	-	-	-	-	-	-
Vote Social Development										
Debt impact										
Reinstate the Training Incentive Allowance	20.236	10.288	4.391	1.596	0.200	-	-	-	-	-
No impact	-	-	-	-	-	-	-	-	-	-
Total Operating balance impact	9.109	4.507	1.715	0.351	(0.353)	(0.448)	(0.420)	(0.373)	(0.311)	(0.240)
Total Debt impact	20.127	9.692	3.274	(0.003)	(1.826)	(2.365)	(2.579)	(2.650)	(2.593)	(2.421)

<ENDS>

Intervention logic template¹



Commented [SR1]: To confirm

¹ Ministry of Education (2017). How much more? Earnings premiums for young, domestic graduates. Wellington.

² <https://www.educationcounts.govt.nz/indicators/main/education-and-learning-outcomes/the-income-benefits-of-tertiary-education#:~:text=Tertiary%20qualified%20New%20Zealanders%20continue,school%20qualification%2C%20or%20no%20qualification.&text=Real%20median%20weekly%20incomes%20for,2007%20to%20%24880%20in%202019.>

³ <https://www.educationcounts.govt.nz/publications/series/ALL/Short-Article-Healthy-and-wise>

key domains of income, time spent in employment, and highest qualification held when compared to a counterfactual group who are not on the TIA. The impact of highest qualification held is reflected for disabled people, but the TIA does not appear to have any impact on income or time in employment for this group. We believe this reflects the wider barriers to employment faced by disabled people that need to be addressed alongside the provision of training or study support.

Assumptions:ⁱⁱ

Given that the TIA was previously available for degree-level study, and that we have research and evaluation data confirming its efficacy across key domains for the main cohort participating in the programme, sole parents, we are assuming that reinstatement will have similar results from the outset.

As part of the reinstatement, we are building in an impact evaluation component in which our Research and Evaluations Unit will report back on the impacts and efficacy of the programme's reinstatement, recommending whether any settings could be changed to increase the programme's effectiveness across key domains.

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Where can I get more information?

- Patricia Rogers
 - Using Programme Theory to Evaluate Complicated and Complex Aspects of Interventions: http://www.wmich.edu/evalphd/wp-content/uploads/2010/05/Using_Programme_Theory.pdf
 - Developing logic models: http://betterevaluation.org/plan/define/develop_logic_model
 - Drawing logic models: http://betterevaluation.org/blog/drawing_logic_models
- University of Wisconsin- Extension-Cooperative Extension <http://www.uwex.edu/ces/pdande/evaluation/pdf/lmcourseall.pdf>
- See the following for a good outline of the limitations of logic models. J Morell, Logic Models Beyond the Traditional View: Metrics, Methods, Format and Stakeholders http://www.jamorell.com/documents/LM%20Workshop%20AEA%202012%2010_14_2012a.pdf

NOTES

ⁱ Ways to check your model

- Ask yourself - is it logical and consistent e.g. Make every arrow meaningful, Indicate the direction of expected change, avoid dead ends,
- Starting at inputs, at each level ask, "Why?" Why do we need these inputs? Why do we need to conduct these activities?
- Starting at the long-term outcome and working backward, you should find the answer to "How?" in the immediately preceding information. The question "How are we going to produce these outcomes?" should be answered by looking at the immediately preceding items.
- Sometimes components are necessary but not sufficient. Ask yourself, "What else?"
- Appreciate unpleasant realities as you develop it (see Morrell above)
 - Because many logic models have a component of "advocacy" tension will lurk.
 - There will always be resistance to including negative consequences no matter how integral they may be to achieving desirable outcomes.
 - Types of negative outcomes to watch for: Opportunity costs; Conflicts with other activities, systems, programs, etc.; Perverse effects, e.g. education for girls leads to social displacement
- Ask yourself - does the model communicate the main messages? Do we really believe it?
 - Avoid too many lines; don't use feedback lines indiscriminately
 - Avoid overly detailed standards (except in rare cases)
 - Remove anything that does not add meaning
 - Ensure readability
 - Avoid mysterious acronyms or wording that is confusing/ inappropriate
- Revise the model as new information comes to light

ⁱⁱ For good program theory, stakeholders are necessary but not sufficient. Nobody knows their situation better than they do, but their view can be narrow

- Social science theory
- Relevant research findings
- Findings from other evaluations
- Other domains with similar issues
- Cherished beliefs are often wrong

ⁱⁱⁱ Impact is about causality. An assessment of impact attempts to answer the "so what?" question. Did the intervention change the outcomes observed and how? Impacts are the **direct** results or benefits for individuals, families, groups, communities, organizations, or systems of the intervention (e.g. training programme increasing participants' employment or earnings, a parenting programme reducing the incidence of child abuse). The further out we go along the outcome chain, the less control and influence we have over the result.

Linking outputs to outcomes is not always easy. The intervention is likely to be just one of many factors influencing outcomes. We often say that we expect our programs to "cause" the desired change or "produce" the desired results. In fact, many factors affect how our programs develop and occur, and work with and, sometimes, work against our programs. *It may be more appropriate to think about our programs as offering opportunities and possibilities rather than "causing" a result* (Pawson and Tilley, 1997). Sometimes components are necessary but not sufficient to bring about change. Ask yourself, "What else?" For example, achieving healthy one-year-old babies requires not only achieving a healthy birth but also achieving proper care during the baby's first year. Asking "What else?" helps spot gaps in logic.

^{iv} Nothing exists in a vacuum. Intervention(s) exist within a complex system of numerous potential causes and effects. There are a variety of factors external to the intervention(s) that can influence their success (e.g. the cultural milieu, the climate, economic structure, housing patterns, demographic patterns, political environment, background and experiences of program participants, media influence, changing policies and priorities). These external factors may have a major influence on the achievement of outcomes. We often have relatively little control over these factors. These factors **interact** with the program. They not only influence the initiative but are **influenced** by the initiative.



Report

Date: 3 December 2020

Security Level: BUDGET SENSITIVE

To: Hon Carmel Sepuloni, Minister for Social Development and Employment

Expanding eligibility for the Training Incentive Allowance

Purpose of the report

- 1 This report provides advice on expanding eligibility for the Training Incentive Allowance to include sole parents receiving Jobseeker Support due to their youngest dependent child being 14 or older.

Recommended actions

It is recommended that you:

- 1 **note** you have agreed to reinstate the Training Incentive Allowance (TIA) to support sole parents, carers and disabled people on specific benefits to undertake study at levels 7 of the New Zealand Qualifications Framework (NZQF) and below
- 2 **note** that you have signalled that you wish to expand eligibility for the TIA to sole parents receiving Jobseeker Support (JS) due to their youngest dependent child being aged 14 or over and you have sought advice on options to support this group to study
- 3 **note** the primary purpose of JS is to support people into full-time employment, rather than study, therefore the Social Security Act 2018 states a person is not eligible to be granted JS if they are a full-time student
- 4 **note** current settings allow those on JS to study part-time if work obligations are met
- 5 **agree** to extend eligibility for the TIA to sole parents on JS due to their youngest dependent child being 14 or older within current settings
- 6 **note** that if you agree to the above, we can extend eligibility to this cohort within the same timeframe for reinstating the TIA from July 2021, which would meet the intent of making the TIA available to all sole parents within the benefit system
- 7 **agree** that officials consider options to support sole parents on JS to study full-time next year as part of the review of obligations and sanctions under the Social Security Act 2018

agree / disagree

agree / disagree

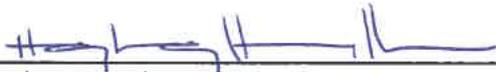
8 **agree** to disestablish the Sole Parent Support Study Assistance Loan (SPSSAL) as part of the process of reinstating the TIA as this programme will now duplicate assistance that will be provided through the TIA

agree / disagree

9 **note** that as you have agreed to seek funding through Budget 2021 to reinstate the TIA, the savings from disestablishing the Sole Parent Support Study Assistance Loan will be offset against this cost

10 **note** that we will work with the Ministry of Education and the Treasury to update the TIA costings to reflect the agreed parameters

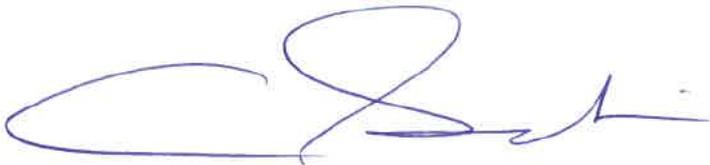
11 **note** that we will prepare a Cabinet paper for the new year to seek agreement to reinstate the TIA, subject to Budget 2021 funding, and inform your colleagues of your intention to disestablish the SPSSAL



Hayley Hamilton
General Manager
Employment Policy

3/12/20

Date



Hon Carmel Sepuloni
Minister for Social Development and
Employment

5/12/20

Date

Background

- 2 You have agreed to reinstate the Training Incentive Allowance (TIA) to support study at levels 7 on the New Zealand Qualifications Framework (NZQF) and below (REP/20/11/1091 refers). The TIA provides assistance to sole parents, carers and disabled people on specific benefits to undertake a qualification.
- 3 At your agency meeting on 23 November 2020, you indicated that you wanted further advice on amending eligibility settings for the TIA to include sole parents receiving Jobseeker Support (JS) due to their youngest dependent child being 14 or older.
- 4 You also requested advice on the Sole Parent Support Study Assistance Loan and whether this should be disestablished when the TIA is reinstated, as it appears to duplicate support provided through the TIA.

There is no short-term option to allow sole parents on JS to study full-time...

- 5 Extending the TIA to sole parents on JS recognises that sole parents as a cohort are particularly vulnerable. In particular, sole parents tend to earn less and have lower level qualifications than coupled parents. The TIA provides a means of supporting this group to study so that they can have better outcomes in the long-term, including higher earnings and better employment prospects. We estimate there are currently approximately 1,750 sole parents on JS with a youngest dependent child aged 14 or above who could potentially benefit from the TIA.
- 6 However, system settings do not provide a straightforward option to allow sole parents on JS to study full-time. As the primary purpose of JS is to support people into full-time employment, rather than study, eligibility and obligation settings reflect this. Under section 26(a) of the Social Security Act 2018 (the Act), a person is not eligible to be granted JS if they are a full-time student.¹ While sole parents receiving SPS are not prohibited from studying full-time, when their youngest dependent child turns 14 they are automatically transferred to JS as the Act states that their SPS expires and is replaced with JS.²
- 7 This means that sole parents with a youngest dependent child 14 or older cannot study-full time in the benefit system and must enter the student support system if they wish to pursue full-time study. These settings cannot be changed in the short-term, as they can only be changed by amending primary legislation.
- 8 Furthermore, there are currently very weak financial incentives for sole parents earning low wages to work more than 20 hours a week. While there is a strong financial incentive for sole parents to work part-time because of the combined impact of the In-Work Tax Credit and Minimum Family Tax Credit, there are very weak financial incentives for them to work more than this. This is because the Minimum Family Tax Credit withdraws dollar-for-dollar and sole parents may need to pay more for formal childcare to work longer hours. Extending the TIA to all sole parents may enable them to earn higher wages and have stronger financial incentives to work.
- 9 Currently, the financial incentives between the benefit and student support systems are broadly neutral for sole parents. However, the TIA provides additional financial support for eligible sole parents. The incentives may shift slightly in favour of beneficiaries if the proposed \$25 benefit increases are introduced next year. Further information comparing the benefit and student support settings is in the annex.

¹ Unless they are eligible for a discretionary grant on the grounds of hardship during the period between the end of one academic year and the start of the next.

² Section 33(2) of the Act.

...however, this cohort can study part-time and changing system settings to enable full-time study could be considered as part of future work

- 10 Under current settings, people receiving JS can study part-time if they continue to meet their full-time work obligations. An example of where someone could undertake part-time study and meet their full-time work obligations is by studying outside of their normal working hours.
- 11 As there are no IT changes associated with extending TIA eligibility to sole parents on JS, if you agree to include this cohort, we would be able to do so within the same timeframe for reinstating the TIA from July 2021.
- 12 Allowing this cohort to study full-time could be considered as part of the review of obligations and sanctions under the Social Security Act 2018. We expect this review to take place throughout 2021. This work could consider the appropriate work obligations for this cohort and associated system settings, including whether it is more appropriate for this cohort to receive SPS. Under current settings, sole parents on SPS can gain an exemption from their work obligations to study full-time at levels 4 or above on the NZQF.
- 13 The Ministry of Education will also be exploring the affordability of tertiary education, with a focus on living costs, to ensure the student support system adequately supports current and future learners.

We recommend that you disestablish the Sole Parent Support Study Assistance Loan

- 14 The Sole Parent Support Study Assistance Loan (SPSSAL) was introduced in 2011 to assist sole parents who wanted to study at levels 4 or above on the NZQF but could no longer receive assistance through the TIA. Eligible clients³ can receive up to \$500 per year in recoverable assistance for necessary costs including books, transport and childcare. Approximately 210 participants utilised the loan in 2019, at a total cost of \$88,000.
- 15 As you have agreed to reinstate the TIA to support study at higher levels, this programme will now duplicate assistance that will be provided through the TIA. We seek your agreement to disestablish this programme with appropriate transitional arrangements in place for existing recipients. This will form part of the implementation process to reinstate the TIA. We also recommend that you inform Cabinet of your intention to disestablish the SPSSAL.

Next steps

- 16 If you agree to extend eligibility for the TIA to sole parents on JS, we will work with the Ministry of Education to update the costings to reflect the agreed parameters.
- 17 We are also preparing a Cabinet paper for the new year to inform your colleagues and seek their agreement to reinstate the TIA, subject to funding in Budget 2021.

File ref: REP/20/11/1133

Author: Cara des Landes, Senior Policy Analyst, Employment Policy

Responsible manager: Anne Riley, Manager, Employment Policy

³ Clients must be receiving Sole Parent Support or Young Parent Payment.

Annex: Current support provided through the benefit and student support systems – general weekly assistance

Historically, the underlying base rates of the student support and benefit systems have been aligned. However, the \$50 weekly increase to Student Allowance (SA) and Student Loan living cost rates⁴ in 2018 shifted the alignment of costs in students' favour (shown below). The \$25 per week increase to main benefits earlier this year improved relativities between the two rates, but the main benefit rate is still around \$22 lower for sole parents receiving Sole Parent Support (SPS).

Until 2015, accommodation payments for those on SA were at much lower rates than the Accommodation Supplement for those on benefits. After this point, rates were aligned.⁵

The inclusion of the Winter Energy Payment results in sole parents on SPS receiving more financial assistance than they would in the student support system during the winter months and shifts the alignment further in beneficiaries' favour where they are receiving the TIA. The proposed \$25 per week increase to main benefits rates from 1 April 2021 would result in further changes to the incentives to study which are currently being considered.

The table below compares the current overall assistance for single people with a child receiving a SA compared to SPS (also applies to JS, but sole parents on JS are currently ineligible for the TIA). The table assumes the sole parents under either scenario do not receive any additional income. Grey shading indicates where the total amount in income support is greater in the benefit system.

Sole Parent receiving SPS (also applies to JS if you agree to expand eligibility for the TIA)	Sole parent receiving SA ⁶
\$375.17 net*	Higher rate - \$397.73 net* during study
Sole parents receive Accommodation Supplement (AS) if eligible.	Same as SPS. Sole Parents receive Accommodation Benefit at the AS rate if eligible.
Sole parents receive the Family Tax Credit.	Same as SPS.
Winter Energy Payment during the winter months (May – October) \$31.82**	Not eligible.
Temporary Additional Support – non taxable payment for up to 13 weeks.	Same as SPS***
Childcare subsidy	Same as SPS.
Training Incentive Allowance - Up to \$112.89 during study**** max (non-taxable) for study at levels 1 – 3 of the NZQF	Not eligible.

*After tax at "M"

**Reflects 2021 rate. The Winter Energy Payment was doubled in 2020 due to COVID-19.

***Sole parents are eligible unless they are receiving Jobseeker Support Student Hardship during the summer break.

**** Up to 40 weeks per year.

⁴ Sole parents receiving a benefit or SA are not eligible for the living costs component of Student Loans.

⁵ There was a 57% increase in the number of sole parent SA recipients between 2015 and 2018 following the increase to the Accommodation Benefit for this group in 2015 and an increase in rates for students with children in 2016.

⁶ Sole parents in the student support system may be eligible for a student loan if they are ineligible for SA or only receive a partial SA. These students can borrow up to \$239.76 a week for living costs (less the net amount of any SA paid). They can also borrow up to \$1,000 per year to cover course related costs. However, this will need to be repaid.

Joint Report: Reinstatement of the Training Incentive Allowance

Executive Summary

The Government's 2020 Election Manifesto commits to reinstating the Training Incentive Allowance (TIA) to support sole parents, people with disabilities and their carers to study towards qualifications at levels 7 and below on the New Zealand Qualifications Framework (NZQF).

Joint Ministers have determined that a Budget 2021 initiative should seek four years of funding for reinstatement of the TIA as a charge against the COVID-19 Response and Recovery Fund (CRRF).

This report seeks your direction on one of two approaches. These are whether it is intended that the TIA is reinstated for a fixed four-year period only or whether funding is to be provided for an initial four years with decisions about ongoing funding to be sought through a future Budget initiative. Decisions are needed to ensure the initiative is communicated appropriately in the Budget documentation and suitable messaging can be provided to eligible participants about the support.

Ministry of Social Development (MSD) and Ministry of Education (MOE) officials have costed both approaches at \$174.182 million for a four-year reinstatement. This is lower than the funding originally sought for the initiative, which assumed TIA support would be ongoing. The updated costings reflect that uptake in the third and fourth years is expected to decrease, as support beyond the four years would not be available or would be uncertain, pending funding decisions.

Subject to Ministers' intentions, uncertainty could be reduced and the anticipated impact on uptake addressed by consideration of further funding through Budget 2022 or 2023, following a report-back on uptake and costs for the initiative to inform decisions.

The purpose of the TIA is to help sole parents and people with disabilities and their carers by supporting the additional costs of studying while on eligible benefits. The TIA recognises that cohorts eligible for the TIA are likely to face significantly greater barriers to both study and employment than the general population.

MSD evaluation data has found participation in the TIA is associated with a positive impact on sole parents (particularly in increasing their income) but does not improve key outcome domains for disabled people other than improving their highest qualification held. Findings from a recent MSD research report suggest that the TIA has a limited influence on sole parents' decisions to undertake higher-level study, as participation rates did not fall substantially following the 2009 decision to restrict the level of study up to level 3 on the NZQF. Monitoring and evaluation will be undertaken to ensure the scheme meets its purpose.

Recommended Action

We recommend that you:

- a **note** that the Training Incentive Allowance (TIA) supports sole parents in the welfare system, as well as disabled people and carers receiving the Supported Living Payment, with tuition fees, transport, childcare and care costs when studying towards qualifications at levels 1-3 of the New Zealand Qualifications Framework (NZQF)

Noted
Hon Grant Robertson

Noted
Hon Carmel Sepuloni

- b **note** that reinstating the TIA to support these groups to gain qualifications at degree-level and below (or level 7 and below on the NZQF) is a Government 2020 Election Manifesto commitment

Noted
Hon Grant Robertson

Noted
Hon Carmel Sepuloni

- c **note** that at the Ministerial Income Support meeting on 9 March 2021, the Minister of Finance and Minister for Social Development and Employment directed that funding for the TIA be time-limited to four years and sought through Budget 2021 as a charge against the COVID-19 Response and Recovery Fund (CRRF)

Noted
Hon Grant Robertson

Noted
Hon Carmel Sepuloni

- d **note** that time-limiting the funding for the TIA reflects the purpose of the CRRF, but has implications for the availability and uptake of the support

Noted
Hon Grant Robertson

Noted
Hon Carmel Sepuloni

- e **note** that officials have identified two main options for a time-limited scheme:

EITHER

Option One – initial funding for reinstating the TIA is for four years, with ongoing funding to be sought through a future Budget initiative

- i. **note** that officials would need to work closely with the Minister for Social Development and Employment's Office on appropriate messaging throughout the four years for TIA participants about whether the support will continue

- ii. **note** uncertainty regarding future funding is expected to impact uptake over the four years, particularly for part-time students who may study over a longer period, and participants who begin their study part-way through the scheme
- iii. **note** that if Ministers wish to reduce uncertainty for participants, a decision on ongoing funding should be considered through Budget 2022 or 2023

OR

Option Two – the TIA is reinstated temporarily for a fixed four-year period

- iv. **note** that messaging for this option would position the reinstatement as temporary, which would allow for clear communication to participants about the time-limited availability of the support
- v. **note** that a fixed four-year reinstatement is expected to impact uptake, as the support would not be ongoing and would not cover all part-time students for their entire period of study where their study takes longer than four years, or fully cover participants who begin their study part-way through the scheme

Noted
Hon Grant Robertson

Noted
Hon Carmel Sepuloni

- f. **note** that the total costings for a four-year reinstatement are lower than the original funding sought, as the earlier underpinning assumptions rested on the initiative being ongoing

Noted
Hon Grant Robertson

Noted
Hon Carmel Sepuloni

- g. **note** that the updated cost for a four-year reinstatement is \$174.182 million (comprising \$153.105 million in operating funding and \$21.077 million in capital funding), with no significant difference identified between the two options, as both are time-limited and the availability of future funding under Option One is unknown

Noted
Hon Grant Robertson

Noted
Hon Carmel Sepuloni

- h. **note** there are a number of uncertainties that impact the costing of the initiative as several key assumptions are based on past data about TIA participants, and future behaviour may be impacted by other factors such as the ability to receive additional or new government supports

Noted
Hon Grant Robertson

Noted
Hon Carmel Sepuloni

- i **note** that the capital cost and Vote Revenue operating expenses will not be charged against the CRRF as this is expected to be fiscally neutral over the 10-year forecast period, which means the total funding sought as a charge against the CRRF is \$137.423 million

Noted
Hon Grant Robertson

Noted
Hon Carmel Sepuloni

- j **note** that the TIA would be funded under a new BoRE appropriation which means if uptake exceeds the agreed funding, there will be a direct impact on fiscal indicators

Noted
Hon Grant Robertson

Noted
Hon Carmel Sepuloni

- k **agree** that:
EITHER

- i. Option One – initial funding for reinstating the TIA is for four years, with ongoing funding to be sought through a future Budget initiative

Agree/disagree
Hon Grant Robertson

Agree/disagree
Hon Carmel Sepuloni

OR

- ii. Option Two – the TIA is reinstated temporarily, and communicated as such, for a fixed four-year period

Agree/disagree
Hon Grant Robertson

Agree/disagree
Hon Carmel Sepuloni

- l **note** that the Minister for Social Development and Employment has agreed to disestablish the Sole Parent Support Study Assistance Loan (SPSSAL) as part of the process of reinstating the TIA, as the SPSSAL would duplicate assistance provided through the TIA (with any savings returned to the centre)

Noted
Hon Grant Robertson

Noted
Hon Carmel Sepuloni

- m **note** that if the TIA reinstatement is not continued under either option, Ministers may wish to consider re-establishing the Sole Parent Support Study Assistance Loan, which will be disestablished as part of the reinstatement of the TIA

Noted
Hon Grant Robertson


Noted
Hon Carmel Sepuloni



Keiran Kennedy
Manager, Welfare & Oranga Tamariki
The Treasury



Anne Riley
Manager, Employment Policy
Ministry of Social Development

Hon Grant Robertson
Minister of Finance



Hon Carmel Sepuloni
Minister for Social Development and
Employment

Joint Report: Reinstatement of the Training Incentive Allowance

Purpose of Report

1. This report seeks joint Ministers' agreement on the approach to reinstating the TIA, following Ministerial direction that the initiative should seek four years of time-limited funding through the CRRF.
2. The report also advises on the implications of time-limited funding for the reinstatement of the TIA.

Background

3. In 2009, the TIA was restricted to study towards qualifications at levels 3 and below on the NZQF when previously these groups could study at levels 7 (or degree-level) and below.
4. The Government, as stated in its 2020 Election Manifesto, has committed to "reinstating the TIA to assist with the costs of getting a degree-level tertiary qualification".
5. The Minister for Social Development and Employment agreed to seek funding in Budget 2021 to reinstate the TIA from July 2021 [MSD REP/20/11/1091 refers]. At the Ministerial Income Support meeting on 9 March 2021, joint Ministers discussed the initiative and directed that funding for the TIA be time-limited to four years and sought through Budget 2021 as a charge against the CRRF.

Purpose of Reinstating the Training Incentive Allowance

6. The TIA supports sole parents across the benefit system¹, as well as disabled people and carers receiving the Supported Living Payment, to gain a qualification. Reinstatement of the TIA to support study towards qualifications at levels 7 and below on the NZQF is expected to positively impact these groups, based on previous evaluation data as per paragraphs 12 and 13 below.
7. The TIA provides a contribution to both the upfront and ongoing costs associated with study (such as tuition fees, books, transport, and childcare costs) to a maximum of \$112.89 per week of study, up to \$4,515.60 per year. These maximums are adjusted annually to account for inflation.
8. The TIA recognises that cohorts eligible for the payment are likely to face significantly greater barriers to both study and employment than the general population. Barriers include increased costs and complexity of balancing study or work while caring for a dependant.
9. Wellbeing statistics released by Statistics New Zealand also highlight that sole parents and disabled people are more likely than coupled parents and non-disabled people to not have enough money for everyday needs and experience poorer levels of mental wellbeing². Supporting these groups to achieve higher-level qualifications is therefore

¹ Eligible benefits for sole parents include Emergency Maintenance Allowance, Sole Parent Support and Young Parent Payment (sole parents only). Currently sole parents (with dependent children aged 14 and above) receiving Jobseeker Support are ineligible, but the Minister of Social Development and Employment intends to extend eligibility to this group from 1 July 2021. This change in settings has been

² <https://www.stats.govt.nz/news/wellbeing-outcomes-worse-for-sole-parents>

- important and for some participating cohorts can be linked to higher earnings. At the general population level, it has also been linked to better mental wellbeing.³
10. Supporting employment and income prospects is also particularly important in the context of the COVID-19 response and recovery. We know that women have fared worse than men across several key labour market measures⁴ and approximately 86 per cent of all TIA participants are women. Reinstatement of the TIA will support participants to use this economic downturn to upskill and achieve a higher-level qualification.

Evidence on the effectiveness of the Training Incentive Allowance

11. MSD evaluates the effectiveness of its employment assistance programmes against six main outcome domains.⁵ Effectiveness is measured by comparing participant outcomes to a comparison group who had a similar profile to participants but did not participate in the programme.
12. Accounting for impacts of the TIA from 2000 to present, the TIA has a positive impact on key domains for sole parents, although the positive impact could be attributed to tertiary study rather than the TIA itself. On average, participation in the TIA has a positive effect on sole parents' income and a likely positive effect on sole parents' time spent in employment when compared to a comparison group. From 2009 onward, it has been harder to detect impacts partly because of the smaller number of participants. The programme also has a consistently positive effect on the highest qualifications held for sole parents.
13. TIA participation is not effective at improving key domains for disabled people other than the "highest qualification held" domain. MSD's evaluation could not detect any impact of the TIA on this group's income, time spent in employment or time spent receiving a main benefit. The impact on the highest qualification held was greater than it was for the sole parent cohort. These findings highlight that there are likely to be further barriers to the employment of disabled people that need to be addressed alongside the provision of training or study support.
14. A recent MSD research report has found that participation and qualification completion rates for study at higher levels did not fall substantially among TIA eligible sole parents following the 2009 decision to restrict the level of study.⁶ These findings suggest that TIA has limited influence on the behaviour of the eligible group of sole parents to study at level 4 and above on the NZQF. There was also no discernible difference between completion rates for the TIA eligible group of sole parents and the comparison group with similar characteristics but who were not on benefit. However, the TIA does allow recipients to leave tertiary study with less student debt and assists with ongoing weekly costs during their course of study.
15. The Minister for Social Development and Employment has directed MSD to undertake further research on the impact of the TIA's reinstatement to help inform further consideration of future changes to policy settings. MSD will also continue to monitor the effectiveness of the TIA through the existing methodologies described in paragraph 11 above.

³ Ministry of Education (2017). How much more? Earnings premium for young, domestic graduates. Wellington and Ministry of Education (2008). Healthy and wise: does education improve wellbeing? Wellington.

⁴ <https://www.stats.govt.nz/news/covid-19s-impact-on-women-and-work>

⁵ The domains are net income, time spent in paid employment, time spent in corrections services, highest qualification held, time spent in education or training and time spent receiving a main benefit/employment assistance.

⁶ Ministry of Social Development (2020). Participation in study by TIA-eligible population.

Time-limited Funding for the TIA

16. The purpose of the CRRF is to support the Government's response to the COVID-19 pandemic. For this reason, the CRRF is a time-limited fund, and funding charged against the CRRF should also be time-limited.
17. While time-limiting the funding for the TIA reflects the purpose of the CRRF, it has implications for the ongoing availability of the support and is expected to have impacts on uptake of the initiative across the four years.
18. It is also unclear the effect that time-limiting the funding may have on the effectiveness of the TIA to improve employment and income prospects for participants. There is also a risk that a time-limited reinstatement would be perceived to not meet the manifesto commitment for reinstatement.
19. Officials have identified two main options for a time-limited scheme:
 - i. Option One – initial funding for reinstating the TIA is for four years, with ongoing funding to be sought through a future Budget initiative (although Ministers may decide not to provide ongoing funding in future budgets)
 - ii. Option Two – the TIA is reinstated temporarily for a fixed four-year period (although Ministers could subsequently decide to extend the support)
20. Under both options, if ongoing funding is not provided, MSD officials propose that no new applications are considered after 1 January 2025. Contributions towards tuition fees can be considered for applications received prior to this date, for papers, programme or courses that will be completed by 30 June 2025 if applicants are successfully enrolled and make an application for TIA prior to 1 January 2025. This is for operational reasons to assist with unwinding the scheme while ensuring that TIA funding does not flow on beyond the funded period. It will also provide greater certainty for clients in planning their study in the coming study year.
21. Both options have been costed at \$174.182 million, as detailed in Appendix One. This cost accounts for reinstatement at levels 4 to 7. The cost of provision at levels 1 to 3 will continue to be met by existing funding. Some costs of reinstatement have been offset by a reduction in expenditure in other areas: for example, Student Allowance receipt is expected to decrease, which has been offset against the expected benefit increase.
22. Under both options, there will be capital and operating implications relating to student loans beyond the four-year period of TIA support. The capital cost and Vote Revenue operating expenses will not be charged against the CRRF as this is expected to be fiscally neutral over the ten-year forecast period. The total to be charged against the CRRF is therefore \$137.423 million in operating funding.

Option One – initial funding for reinstating the TIA is for four years, with ongoing funding to be sought through a future Budget initiative

23. Under this option, the TIA would be reinstated for an initial four years. To reinstate the TIA permanently, ongoing funding would need to be sought through a future Budget initiative.
24. The communications approach to announcing the initiative and discussing study options with participants would need careful consideration due to the uncertainty about ongoing funding. Participants may otherwise make study choices based on the expectation that reinstatement is permanent and may reconsider their options if TIA support is removed. Some may choose to study full-time, to undertake a shorter qualification or not to study, if they know funding is for a limited period.

25. A greater proportion of applications are expected in 2022 because of the limited time to apply, but uncertainty about ongoing funding is expected to decrease uptake of the TIA in the third and fourth years, particularly for part-time students who may study over a longer time-period, and participants who begin their study part-way through the scheme.
26. If Ministers wish to reduce uncertainty about the future of the scheme, a decision on ongoing funding should be considered through Budget 2022 or Budget 2023, following a report-back on the initiative to inform decisions. Consideration through Budget 2022 would provide earlier certainty for participants, whereas a report-back ahead of Budget 2023 would allow collection of better uptake data and costings, and so is recommended. Data on outcomes would not be available until a later date.
27. There is a risk that the communications approach to the time-limited funding has a different impact than assumed. For example, if the approach strongly signalled an intention to provide ongoing funding, uptake in the third and fourth years could be higher than accounted for. Consideration of ongoing funding through Budget 2022 or 2023 would mitigate this, as the sufficiency of the existing funding could be re-evaluated at that time.
28. If ongoing funding is not provided, the reinstatement of the TIA would need to be unwound and participants would no longer be supported by the TIA at levels 4-7 on the NZQF after the financial year 2024/25.

Option Two – the TIA is reinstated temporarily for a fixed four-year period (although Ministers could subsequently decide to extend the support)

29. Under this option, TIA support at levels 4-7 would be available between July 2021 and June 2025 to support the economic recovery from COVID-19.
30. The support would not cover all part-time students for their entire period of study (if studying for longer than four years) or fully cover participants who begin their study part-way through the scheme. This is expected to impact uptake over the four years.
31. This option would allow for a clear communications approach. Participants would be able to make choices about their course of study based on the knowledge that funding will end at 30 June 2025. After this point, participants who are still utilising the TIA would need to consider switching to supports in the tertiary education system.
32. This option does not preclude the ability to make reinstatement of the TIA permanent in the future. However, under this option, reinstatement would be communicated as a temporary initiative.

Cost implications

33. The costings and assumptions for the original initiative rested on TIA support being ongoing. A total of \$303.081 million (comprising \$203.169 million in operational funding and \$99.912 million in capital funding) was sought.
34. MSD and MOE officials have updated the costings based on assumptions for a time-limited scheme. Officials anticipate that behaviours for a four-year scheme with the potential for extension (Option One) and a four-year fixed scheme (Option Two) will be largely the same, as in both cases applicants would not have certainty of ongoing support.
35. The costings at Appendix One are based on the following key assumptions:
 - Over four years, the reinstated TIA is expected to support a total of 16,080 individual participants, based on 2009 participation rates
 - Participants will draw down 80 per cent of the maximum amount of support available, based on MSD data

- A greater proportion of applications will be submitted in 2022 as generally clients will start their study as soon as they are able to arrange their enrolments because of the limited timeframe to access funding
 - There will be a reduction in applications during 2023 and 2024 because of the limited timeframe.
 - Participants will study on average for three years with a 75 per cent return rate each year
36. The costings at Appendix One are also based on the following key criteria:
- Funding is for four years only with no new applications accepted after 1 January 2025
 - Funding will be available until 1 January 2025 for all eligible costs. Funding for tuition fees will be available until 30 June 2025 only where a client has successfully enrolled in a course, programme or paper prior to 1 January 2025 and which will be completed by 30 June 2025.
37. There are a number of uncertainties that may impact the costings. Some assumptions are reliant on historical data, and others necessarily assume participant behaviour. How participants behave in the future is likely to differ due to a number of factors, including the ability to receive additional government supports (such as Fees Free). Other decisions to be taken in Budget 2021 may also have an impact. Additionally, communication of the time-limited funding for the initiative could have a different impact on uptake than expected.
38. There are further uncertainties around the number of new participants MSD officials assume will be induced into study by the TIA. The actual number may differ from assumptions, which would impact the costings.
39. There are also fiscal implications for decommissioning the scheme at the end of the four years that have been included in the operational costs.
40. The TIA will be funded by a new BoRE appropriation, so if uptake exceeds funding, it will directly impact fiscal indicators. Officials will monitor uptake and report back to Ministers as appropriate.

Sole Parent Support Study Assistance Loan

41. The Minister for Social Development and Employment agreed to disestablish the Sole Parent Support Study Assistance Loan (SPSSAL) as part of the process of reinstating the TIA, as the programme would duplicate assistance provided through the TIA when it is reinstated [MSD REP/20/11/1133 refers]. Any savings identified will be returned to the centre.
42. The SPSSAL was introduced in 2011 to assist sole parents who wanted to study at levels 4 or above on the NZQF but could no longer receive assistance through the TIA. Eligible clients⁷ can receive up to \$500 per year in recoverable assistance for necessary costs including books, transport, and childcare. Clients must have used all their entitlement to student loan course related costs (if any) before they can access the SPSSAL. Approximately 210 participants utilised the loan in 2019, at a total cost of \$88,000.
43. If further funding for the TIA is not provided, consideration may need to be given as to whether to reinstate the SPSSAL or introduce another support in the future. This would require new funding, which would be sought through the Budget process.

⁷ Clients must be receiving Sole Parent Support or Young Parent Payment.
MSD REP/21/3/267

Next steps

44. Officials will update the TIA initiative in the materials for Budget Ministers 3 to reflect the four-year limited funding period and the amount sought as a charge against the CRRF (a total of \$137.423 million).
45. If the initiative is progressed by Budget Ministers, officials will work with Ministers' offices to align Budget communications with the preferred approach and to provide suitable messaging to participants following Budget announcements.

Appendix One: The Ministry of Social Development's costing for reinstating the TIA for four years

The tables below present the net impacts of this initiative over the proposed four-year time limited funding period. These are the costs for reinstating the TIA that MSD, in collaboration with MOE, has developed for the Budget 2021 process.

The total cost for a four-year reinstatement is \$174.182 million (comprising \$153.105 million in operating funding and \$21.077 million in capital funding). The total funding sought as a charge against the CRRF is \$137.423 million, as the capital costs and Vote Revenue operating expenses are expected to be fiscally neutral over the ten-year forecast period.

Operating costs	Funding profile (\$m)					Total
	2020/21	2021/22	2022/23	2023/24	2024/25	
Total Vote Social Development		34.552	38.137	38.232	16.124	127.045
Total Vote Revenue	-	9.109	4.507	1.715	0.351	15.682
Total Vote Tertiary Education	-	-	-	5.517	4.861	10.378
Total Operating						153.105

Student Loan debt impact	Funding profile (\$m)										Total
	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	
Vote Social Development	-	20.236	10.288	4.391	1.596	0.200	-	-	-	-	36.711
Vote Revenue	-	(0.109)	(0.596)	(1.117)	(1.599)	(2.026)	(2.365)	(2.579)	(2.650)	(2.593)	(15.634)
Total debt impact		20.127	9.692	3.274	(0.003)	(1.826)	(2.365)	(2.579)	(2.650)	(2.593)	21.077

The operational costs are as follows:

- i. Vote Social Development (\$127.045 million) – this represents the cost of paying the TIA to participants and associated costs (\$121.883 million) as well as costs associating with implementing the initiative (\$5.161 million).
- ii. Vote Revenue (\$15.682 million) – this cost relates to the implicit subsidy of no interest for New Zealand-based borrowers and student-loan write downs, or the amount we expect borrowers not to repay due to death, bankruptcy etc.
- iii. Vote Tertiary Education (\$10.378 million) – this cost relates to Student Achievement Component funding (the Government's contribution to the direct costs of teaching, learning and other costs that is driven by student numbers).⁸

The capital implications (or student loan debt impact) are as follows:

- iv. Vote Social Development (\$36.711 million) – this cost relates to TIA participants drawing down a student loan to pay for remaining tuition fees and course-related costs not covered by the TIA.
- v. Vote Revenue (a saving of \$15.634 million) – this saving relates to TIA participants paying back their student loan.

⁸ The cost of SAC funding for 2021 to 2023 calendar years will be met within baselines.
MSD REP/21/3/267



Report

Date: 24 May 2021

Security Level: IN CONFIDENCE

To: Hon Carmel Sepuloni, Minister for Social Development and Employment

Establishing the Training Incentive Allowance Programme

Purpose of the report

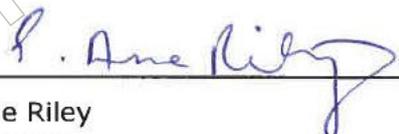
- 1 This paper seeks your agreement to the attached *Training Incentive Allowance Programme and Sole Parent Study Assistance Amendment 2021*.

Recommended actions

It is recommended that you:

- 1 **note** that the Ministry of Social Development has prepared instruments for the Minister for Social Development and Employment to give effect to the Training Incentive Allowance Programme 2021 (the Programme) and Sole Parent Study Assistance Amendment 2021 (the Amendment) by 01 July 2021
- 2 **direct** your Office, once you have signed both instruments, to arrange for a copy of both instruments to be tabled in the House of Representatives no later than 27 May 2021, in order to give effect to the Programme and Amendment from 01 July 2021
- 3 **sign** the attached Programme and Amendment
- 4 **note** that officials will arrange for publication of the Programme and Amendment in the next issue of the New Zealand Gazette
- 5 **note** that, pending your approval, the attached Programme will come into force on 01 July 2021 and expire on 30 June 2025, and the attached Amendment will come into force on 01 July 2021.

Agree / Disagree



Anne Riley
Manager
Employment Policy

24/05/21

Date



Hon Carmel Sepuloni
Minister for Social Development and
Employment

24/5/21

Date

Background

- 1 You have agreed to reinstate the Training Incentive Allowance (TIA) to support study at levels 7 and below on the New Zealand Qualifications Framework (NZQF) from 1 July 2021 (REP/20/11/1091 refers). Currently study under the TIA is limited to levels 1-3 on the NZQF.
- 2 The TIA is currently paid under the Employment and Work Readiness Assistance Programme (EWRAP). Rather than amend the EWRAP, legal advice recommended that the TIA be moved into its own Welfare Programme. Administering the TIA under fit-for-purpose legislation will mean the legislative framework for the TIA is more transparent (REP/21/5/470).
- 3 We have also outlined that amendments are needed to the Sole Parent Study Assistance Programme to allow applications for this assistance to close on 30 June 2021.

We have developed a standalone Welfare Programme for the TIA

- 4 The attached Welfare Programme reflects policy changes you have agreed to as part of reinstating the TIA (REP/20/11/1091 refers). This includes further policy decisions to clarify targeting criteria, including the decision to extend eligibility to all sole parents receiving Jobseeker Support (REP/21/5/470).
- 5 In the course of developing the Programme, we have made a slight clarification. You agreed to allow the Ministry of Social Development (MSD) the ability to decline the TIA where the client has completed a degree in the past five years (REP/21/5/470). We have amended the wording in the Programme to refer to "level 7 on the NZQF" as this would include level 7 diplomas as well as degrees. This will allow MSD to treat clients who have completed a level 7 qualification in the same way.

We have amended the Sole Parent Study Assistance Programme

- 6 We have also amended the Sole Parent Study Assistance Programme to close applications for this assistance on 30 June 2021. The Sole Parent Study Assistance Programme will remain in force to allow participants to repay their loans.

We seek your approval and signature for the attached Training Incentive Allowance Programme and Sole Parent Study Assistance Amendment

- 7 As the Minister for Social Development and Employment, you have legislative authority to establish and approve the Training Incentive Allowance.¹ We are seeking your approval of this Programme to give effect to reinstating the TIA in line with policy changes you have agreed to and Budget 2021 announcements.
- 8 You also have legislative authority to amend the Sole Parent Study Assistance Programme.

¹ Section 101 of the Social Security Act 2018

Next steps

- 9 If you agree with the attached draft Programme and Amendment, please sign both instruments to indicate your approval.
- 10 Your Office will then arrange for copies of the Programme and Amendment to be provided to the Executive Council. Officials will arrange for publication of the Programme and Amendment in the New Zealand Gazette.
- 11 Pending your approval, the Programme and Amendment will come into force on 01 July 2021. The Programme will expire on 30 June 2025.
- 12 We request that, once you have signed both instruments, you direct your Office to arrange for a copy of both instruments to be tabled in the House of Representatives no later than 01 June 2021, in order to give effect to the Programme from 01 July 2021.

File ref: REP/21/5/526

Author: Norhan El Sanjak, Policy Analyst, Employment Policy

Responsible manager: Anne Riley, Policy Manager, Employment Policy

RELEASED UNDER THE
OFFICIAL INFORMATION ACT



Report

Date: 20 November 2020

Security Level: BUDGET SENSITIVE

To: Hon Carmel Sepuloni, Minister for Social Development and Employment

Reinstatement of the Training Incentive Allowance

Purpose of the report

- 1 The purpose of this report is to progress the Government's manifesto commitment to reinstate the Training Incentive Allowance (TIA) to support study at degree-level. It also includes the outcome of Phase Two of the TIA Review.

Executive summary

- 2 The Government, as part of its manifesto, has committed to reinstate the Training Incentive Allowance (TIA) to assist with the costs of getting a degree-level qualification. The TIA provides assistance to sole parents, carers and disabled people on specific benefits to undertake a qualification.
- 3 The level of study able to be undertaken through the TIA was restricted in 2009 to qualifications at level 3 and below on the New Zealand Qualifications Framework (NZQF), when previously participants could study up to level 7 (or degree-level). Reinstating the TIA to support degree-level study and below aligns with a range of key cross-government strategies. It also provides an opportunity for people to retrain, particularly women. Data indicates that women have fared worse across some key labour market measures since COVID-19.
- 4 Accounting for impacts of the programme from 2000 to present, Phase Two of the TIA review has found that the TIA has a positive impact on key domains for sole parent. Although the positive impact could be attributed to the benefit of tertiary study rather than the TIA itself. On average, the TIA has a positive effect on sole parents' income and a likely positive effect on sole parents' time spent in employment when compared to a comparison group. Although from 2009 onward, it has been harder to detect impacts partly because of the smaller number of participants. The programme also has a consistently positive effect on highest qualifications held for sole parents.
- 5 The TIA is not effective at improving key domains for disabled people other than highest qualification held. We could not detect any impact of the TIA on this group's income, time spent in employment or time spent receiving a main benefit. The impact on the highest qualification held was greater than it was for the sole parent cohort. These findings highlight that there are likely to be further barriers to the employment of disabled people that need to be addressed alongside the provision of training or study support.
- 6 A recent research report has found that participation and qualification completion rates for study at higher levels did not fall substantially among TIA eligible sole parents following the 2009 decision to restrict the level of study. These findings suggest that TIA has limited influence on the behaviour of the eligible group to study at level 4 and above on the NZQF. There was also no discernible difference between completion rates for the TIA eligible group and the comparison group with similar characteristics but who were not on benefit. However, the TIA does allow recipients

to leave tertiary study with less student debt and assists with ongoing weekly costs during their course of study. In light of these findings, we recommend an impact evaluation is undertaken of the TIA's reinstatement alongside further consideration of changes to policy settings.

- 7 We recommend that you discuss with officials whether reinstatement will involve retaining current eligibility settings. Eligibility for the TIA is tightly targeted towards sole parents and disabled people on specific benefits to recognise that these groups face significant disadvantages to moving into employment. This means that under current settings, sole parents with children aged 14 or older are ineligible. Current eligibility settings reflect that sole parents who are younger and/or have young children tend to experience higher rates of disadvantage compared to sole parents without those characteristics. Arguably, some sole parents with older children could still benefit from the TIA, although this group can still utilise supports in the tertiary system.
- 8 We also seek your confirmation that the TIA should retain the current weekly and annual maximum of \$112.89 per week for each week of study and \$4,515.60 per year. This will continue to be reviewed annually as part of the Annual General Adjustment. This amount provides a contribution to the both the ongoing and upfront costs of study. As the average tuition fee is higher than the maximum amount available under the TIA, participants will likely need to draw down a student loan to study at higher levels. This is consistent with when the TIA previously supported degree-level study.
- 9 We can implement reinstatement of the TIA from 1 July 2021, although any changes to eligibility settings could impact this timeframe. Initially this will involve scaling up existing manual processes for approving the increased volume of TIA applications, while a new system is phased in by 2022.
- 10 We are currently undertaking costings for a 1 July 2021 reinstatement of the TIA. The previous years' Budget Bid, based on existing eligibility settings, had a total indicative operational cost of \$431.416m over four years across Vote Social Development (\$210.131m), Vote Tertiary Education (\$190.962), and Vote Revenue (\$30.323). The total indicative capital cost for Vote Social Development across ten years was \$186.598m (refer Appendix Two).

Recommended actions

It is recommended that you:

- 1 **note** that the Training Incentive Allowance (TIA) supports eligible clients to gain a qualification through providing a contribution to the both the ongoing and upfront costs of study
- 2 **note** that the level of study able to be undertaken through the TIA was restricted in 2009 to qualifications at level 3 and below on the New Zealand Qualifications Framework (NZQF), when previously participants could study up to level 7 (or degree-level)
- 3 **note** that the Government, as part of its manifesto, has committed to reinstate the TIA to support degree-level study and below
- 4 **note** that the TIA has a positive effect on sole parents' income and highest qualification held and a likely positive effect on sole parents' time spent in employment when compared to a comparison group but the TIA is not effective at improving key domains for disabled people other than the highest qualification held
- 5 **note** that recent analysis by MSD suggests found that participation and qualification completion rates for study at higher levels did not fall substantially among TIA eligible

sole parents following the 2009 decision to restrict the level of study and that this analysis will be provided to your office

- 6 **agree** in principle, subject to Budget funding, to reinstate the TIA by allowing participants to study towards qualifications at level 7 and below on the NZQF and receive assistance through the TIA

agree / disagree

- 7 **discuss** with officials at the agency meeting on 23 November whether reinstatement will include retaining or amending the current eligibility settings for the TIA as outlined in paragraphs 31-33, including those that apply to sole parents with a youngest child over 14

- 8 **agree** to retain the current annual and weekly maximum of \$112.89 per week for each week of study and \$4,515.60 per year, which will continue to be reviewed annually as part of the Annual General Adjustment

agree / disagree

- 9 **note** we can implement reinstatement from 1 July 2021 which will initially involve scaling up existing manual processes with a new system phased in by 2022, although any changes to eligibility settings could impact this timeframe

- 10 **note** the previous Budget costing for reinstating the TIA attached as Appendix Two and that work is underway to prepare updated costings

- 11 **agree** to seek funding in Budget 2021 following discussions with officials to reflect your decisions

agree / disagree

- 12 **agree** to an impact evaluation to evaluate the effects of reinstating the TIA

agree / disagree

- 13 **indicate** whether you would like officials to prepare a Cabinet paper to update your colleagues on this initiative

agree / disagree

- 14 **forward** this report to the Honourable Chris Hipkins, Minister of Education ✓



Hayley Hamilton
General Manager
Employment Policy

20/11/20

Date



Hon Carmel Sepuloni
Minister for Social Development and
Employment

20/11/20

Date

Background

- 11 The Government, as part of its manifesto, has committed to “reinstate the Training Incentive Allowance (TIA) to assist with the costs of getting a degree-level tertiary qualification.” The TIA provides non-taxable assistance to clients on specific benefits to undertake a qualification.
- 12 The TIA was introduced in November 1983 in response to the Wylie Review¹ which found that female sole parents were disadvantaged when re-entering the workforce. In 1985, TIA eligibility was extended to the Invalid’s Benefit (now the Supported Living Payment) in recognition that disabled people also face significant disadvantages to moving into employment.
- 13 In 2009, the level of study able to be undertaken through the TIA was restricted to qualifications at level 3 and below on the New Zealand Qualifications Framework (NZQF) to “improve the cost effectiveness of the programme by targeting it to lower-skilled beneficiaries, who could have more to gain from additional training”. Before 2009, participants were able to undertake study at level 7 and below which includes both degree-level and vocational education, but excludes postgraduate study
- 14 This decision has led to a shift in TIA participant demographics, although it has continued to be primarily utilised by sole parents. Participants are now predominately Māori women who are under 24, compared to the mid-2000s when participants were primarily Pākehā women in the 25-34 age bracket. There has also been an increase in the representation of disabled people amongst TIA recipients.

We have completed the review of the TIA

- 15 In November 2019, you agreed to a review of the TIA in two parts. We reported back to you on Part One of the review in September 2020 (REP/20/9/974 refers).
- 16 Part One analysed how the TIA aligns with the current employment and education landscape, including supports for apprenticeships and trades-related training. It concluded that while the breadth of support for students at tertiary level has increased in recent years, there was a gap in support for clients. In particular, there was no non-recoverable support for tuition fees beyond the first year of study for higher-level qualifications such as degrees.
- 17 Similarly, the report concluded that there was no specific non-recoverable support to assist with ongoing informal childcare and study-related costs for sole parents studying higher-level qualifications.
- 18 This report includes Part Two of the review, which considers the effectiveness of the TIA (Appendix One). To summarise, accounting for impacts from 2000 to the present, the TIA has a positive impact on key domains for sole parents although the positive impact could be attributed to the benefit of tertiary study rather than the TIA itself. On average, the TIA has a positive effect on sole parents’ income and a likely positive effect on sole parents’ time spent in employment when compared to a comparison group, although from 2009 onward it has been harder to detect impacts partly because of the smaller number of participants.
- 19 The programme also has a consistently positive effect on highest qualifications held for sole parents. Participation in the TIA results in a small increase in income support costs for sole parents, but this is largely because the TIA is paid as income support. Over the medium term there is no negative impact on income support costs.
- 20 The TIA is not effective at improving average outcomes for disabled people, other than improving the highest qualification held. We could not detect any impact of the TIA on this group’s income, time spent in employment or time spent receiving a main benefit. The impact on highest qualification held was greater than it was for the sole

¹ Wylie, CR (1980) “Factors Affecting the Participation in the Workforce of Female Heads of One Parent Families”, Department of Social Welfare, Wellington.

parent cohort. This highlights that there are likely further barriers to the employment of disabled people that need to be addressed alongside the provision of training or study support.

- 21 A recent research report has found that participation and qualification completion rates for study at higher levels did not fall substantially among TIA eligible sole parents following the 2009 decision to restrict the level of study. These findings suggest that TIA has limited influence on the behaviour of the eligible group to study at level 4 and above on the NZQF. There was also no discernible difference between completion rates for the TIA eligible group and the comparison group with similar characteristics but who were not on benefit.
- 22 However, the TIA does allow recipients to leave tertiary study with less student debt and assists with ongoing weekly costs during their course of study. In view of these findings, we recommend an impact evaluation is undertaken of the TIA's reinstatement alongside further consideration of changes to policy settings.

The Government committed to reinstating the TIA to level 7 qualifications and below

- 23 The Government has committed to reinstating the TIA to support study towards qualifications at levels 7 and below on the NZQF. This commitment is part of the Government's economic plan to invest in and support low-income New Zealanders to improve their futures.
- 24 Research suggests that earnings increase with the level of qualification tertiary students complete. Five years after finishing study, the median earnings of young people who complete a bachelor's degree is 39 percent above the national median earnings compared to 2 percent below the median for young people who gain a certificate at levels 1 to 3.²

The TIA supports a range of key cross-government strategies

- 25 The TIA aligns with the aims of key cross-government strategies. For example, the Employment Strategy aims to support an inclusive labour market through improving labour market outcomes for groups that consistently experience poorer outcomes. The strategy states an inclusive labour market is one where job seekers are supported to fulfil their employment aspirations through initiatives that are tailored to their circumstances.
- 26 There is also work underway across government to cushion New Zealanders against the impacts of COVID-19 and help reset and rebuild our economy. Data indicates that women have fared worse than men across key labour market measures since COVID-19.³ As benefit recipients eligible for the TIA are predominately women, the TIA provides an opportunity for these women to be supported to retrain and transition to other industries.
- 27 The TIA also supports the government to meet targets for child poverty reduction. It provides sole parents with an opportunity to increase their income through gaining a higher-level qualification, therefore reducing the proportion of children in low income households.
- 28 In November 2019, Cabinet endorsed your proposed short, medium and long-term work programme for the welfare overhaul (CAB-19-MIN-0578 refers). Your proposed medium-term work programme included a focus on improving and expanding employment supports, and you indicated that this would include reviewing the TIA.
- 29 Reinstating the TIA to support higher level qualifications would also help progress "Working Matters," the Government's Disability Employment Action Plan. It would

² Ministry of Education (2017). How much more? Earnings premiums for young, domestic graduates. Wellington.

³ <https://www.stats.govt.nz/news/covid-19s-impact-on-women-and-work>

help some eligible disabled people and people with long-term health conditions to steer their own employment futures (Objective One of the action plan) through better access to education and training opportunities.

- 30 Reinstating the TIA will help to process Action 4.2 of *Mahi Aroha: Carers' Strategy Action Plan 2019-2023* which aims to improve carers' pathways to employment and support those who want to balance paid work, study and other opportunities with caring.

The TIA is targeted to sole parents, carers and disabled people on specific benefits....

- 31 Eligibility for the TIA is tightly targeted. Clients must be receiving one of the following benefits:
- **Sole Parent Support (SPS)** for sole parents aged 20 or older, with a dependent child under 14
 - **Young Parent Payment (YPP) (sole parents only)** for sole parents aged 16-19
 - **Emergency Maintenance Allowance (EMA)** for sole parents who do not qualify for other payments
 - **Supported Living Payment (SLP)** for people who are permanently and severely restricted in their capacity for work because of a health condition, injury or disability or are totally blind
 - **SLP carers** for carers who are caring for a person who requires full-time care and attention at home.
- 32 The TIA is paid under the Employment and Work Readiness Assistance Programme (EWRAP) which stipulates that assistance is targeted to those who are at risk of long-term benefit receipt and have specific employment skills deficits.
- 33 Amendments to the EWRAP will be required to extend assistance to qualifications at Level 7 of the NZQF and below. Any further clarification of the targeting criteria could be made at this time in line with the policy intent set out in paragraph 23.

.... this means some sole parents are ineligible for the TIA but can still access other supports to study

- 34 As eligibility for the TIA is targeted to specific benefits, there are two groups of sole parents who are ineligible under current settings:
- the parent who is not the principal caregiver in shared care situations
 - sole parents with a youngest child aged 14 or older.

The parent who is not the principal caregiver in shared care situations

- 35 In split care situations, both parents can receive a TIA eligible benefit.⁴ However, in shared care situations⁵, MSD can only consider one parent as the principal caregiver. This means the other parent cannot receive a TIA eligible benefit, such as SPS or EMA. There is currently work underway to review these settings which will include consideration of eligibility for TIA in cases of shared care. Advice on split and shared care will be provided to you later this year.

⁴ Split care is when parents with two or more children are living apart and each parent has the full-time care of at least one of their children.

⁵ Shared care is when the parents of a dependent child live apart and both parents receive benefits, and each parent has the primary responsibility for the care of the child for at least 40% of the time.

Sole parents with a youngest child aged 14 years or older

- 36 Under current settings, sole parents with a youngest child aged 14 years or older receive Jobseeker Support (JS), a benefit ineligible for the TIA. When the TIA was previously available to support degree-level study, this cohort were receiving the Domestic Purposes Benefit, a benefit eligible for the TIA.
- 37 This cohort on JS has full-time work obligations i.e. they are expected to look for work for at least 30 hours of the week and must also take any offer of suitable full-time, part-time or temporary work.⁶ While JS clients may still be able to study part-time, they are still required to meet their work obligations. JS clients can access a student loan for compulsory tuition fees and course related costs.
- 38 Current eligibility settings reflect that sole parents on SPS and YPP generally have an ongoing capacity to undertake longer-term study alongside their benefit obligations.⁷ It also reflects that sole parents who are younger and/or have young children tend to experience higher rates of disadvantage compared to other groups, including sole parents without those characteristics.⁸ This includes lower rates of employment and qualification attainment.
- 39 On the other hand, sole parents with a youngest child aged 14 or older may still experience some disadvantage in the labour market relative to coupled parents and may still benefit from the opportunity to undertake part-time tertiary study in line with their work obligations. We also considered the impact of COVID-19, and that this group may benefit from being supported to retrain and transition into another industry.

The TIA supports clients through providing a contribution to the cost of gaining a qualification

- 40 The TIA is paid in relation to the actual costs a client will incur from completing a qualification up to a maximum of \$112.89 per week for each week of study, up to \$4,515.60 per year. These maximums are adjusted every year as part of the Annual General Adjustment, to account for inflation.
- 41 Costs must fall into one of three categories:
 - tuition fees
 - additional costs associated with study, including transport costs and course costs other than tuition fees
 - childcare or care for a person with a health condition, injury, disability, or who is elderly, and associated costs (for example, transport to the care provider).
- 42 A client will typically elect to receive a proportion of the TIA as a weekly payment to address ongoing costs, with another proportion provided directly to the tertiary education provider for tuition fees. Clients can study part-time or full-time.
- 43 Splitting the TIA in this manner serves to address both financial barriers to study – the upfront as well as the ongoing costs. It also provides flexibility in addressing clients' individual barriers to study. Clients are also able to access other supports including the Childcare Subsidy, Disability Allowance and Support Funds.

⁶ When sole parents with a youngest child aged 14 or older were receiving the DPB, they still had full-time work obligations. An evaluation of the TIA highlighted that approximately 5.42% of TIA participants were within this cohort in 2001.

⁷ Sole parents with children aged under 14 years have work preparation or part-time work obligations depending on the age of the youngest child.

⁸ See the table on page 23: <https://thehub.swa.govt.nz/assets/Uploads/Multiple-disadvantage-sole-parents-report-FINAL.pdf>

Clients will likely need to draw down a student loan to study at higher levels

- 44 While qualifications at levels 1 to 2 on the NZQF are fees free, qualifications at level 3 and above generally involve tuition fees.⁹ Tuition fees vary by provider and type of training programme. In 2019, the median fee was around \$6,500 for a degree-level programme, and \$5,800 for a non-degree level programme.¹⁰ This means if clients are not accessing other fees free support, it is likely they will need to draw down a student loan.
- 45 This is consistent with when the TIA previously supported degree-level study and below. The table below highlights what proportion of tuition fees were likely covered by the TIA on average in 2009, when the average lump sum drawn down was \$1,664.72. We have assumed that the lump sum was used to pay for a client's tuition fees.

Type of tertiary education provider	Average tuition fee per year - 2009	Proportion covered by the TIA
University	\$4,899	34%
Polytechnic/Institute of Technology	\$3,459	48%

- 46 Over the 10-year period between 2010 to 2020, tuition fees may have increased by up to 36 percent¹¹, while the amount available under the TIA has increased by 17 percent. However, the introduction of Fees Free means that the first year of study (up to 120 credits) is now free for eligible clients who do not have prior study at level 3 and above.
- 47 Furthermore, from 1 July 2020 to 31 December 2022, the Targeted Training and Apprenticeship Fund makes targeted sub-degree qualifications fees free. Targeted areas include primary industries and community support. There are also other fees free initiatives in the tertiary system, such as Māori and Pasifika Trades Training and Youth Guarantee.
- 48 Youth Guarantee enables eligible 16 to 19-year olds to complete or study towards qualifications at levels 1-3 of the NZQF which are aligned to a Vocational Pathway, fees free.

MSD will link clients up to careers advice

- 49 Later in 2021, 'Tiro Whetū' will replace careers.govt.nz. Tiro Whetū will deliver an integrated, online career planning solution that will provide personalised career guidance for people to plan and manage their careers. Case managers will direct clients interested in the TIA to this tool, to ensure they understand the career options available to them and the pathways to entering their chosen career.

Implementation

- 50 We can implement reinstatement from July 2021, for the second half of the 2021 academic year, although any changes to eligibility settings could impact this timeframe. As many tertiary courses start in March 2021, this may delay the transition into study for eligible clients. Reinstatement will include relaunching the

⁹ Some courses are delivered free to learners, such as many courses delivered at wānanga or the Southern Institute of Technology, a subsidiary of Te Pūkenga.

¹⁰ Per equivalent full-time student.

¹¹ If increased with annual maximum increases set by government each year.

TIA programme and refreshing the operational guidance. We will also undertake an advertising campaign targeted at tertiary education organisations.

- 51 Initially implementation will involve scaling up existing manual processes and recruiting more staff to approve the increased volume of applications. These operational costs for the current financial year can be absorbed within MSD baselines. However, while we are anticipating that we may have underspends this financial year, due to delays as a result of COVID-19 we are hoping to transfer these to partially offset next year's cost pressures. Any additional expenditure will reduce the amount we could potentially carry forward.
- 52 We recommend that an IT system is built to streamline the process of approving TIA applications through automating information sharing, should you agree to its reinstatement. This is due to the manual processes having high ongoing costs.
- 53 If you agree, the new IT system will be operational by 2022. This would mean that the manual process would be relied upon from July 2021 and phased out when the new IT system is operational.

Next steps

- 54 We seek your confirmation that you wish to seek funding in Budget 2021 to reinstate the TIA.
- 55 We are currently undertaking costings for a 1 July 2021 reinstatement of the TIA. The previous years' Budget Bid, based on existing eligibility settings, had a total indicative operational cost of \$431.416m over four years, across Vote Social Development (\$210.131m), Vote Tertiary Education (\$190.962), and Vote Revenue (\$30.323). The total indicative capital cost for Vote Social Development across ten years was \$186.598m (refer Appendix Two).

File ref: REP/20/11/1091

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Responsible manager: Anne Riley, Manager, Employment Policy

Appendix 1: Outcome of the review of the TIA

The demographic of TIA participants has changed over time

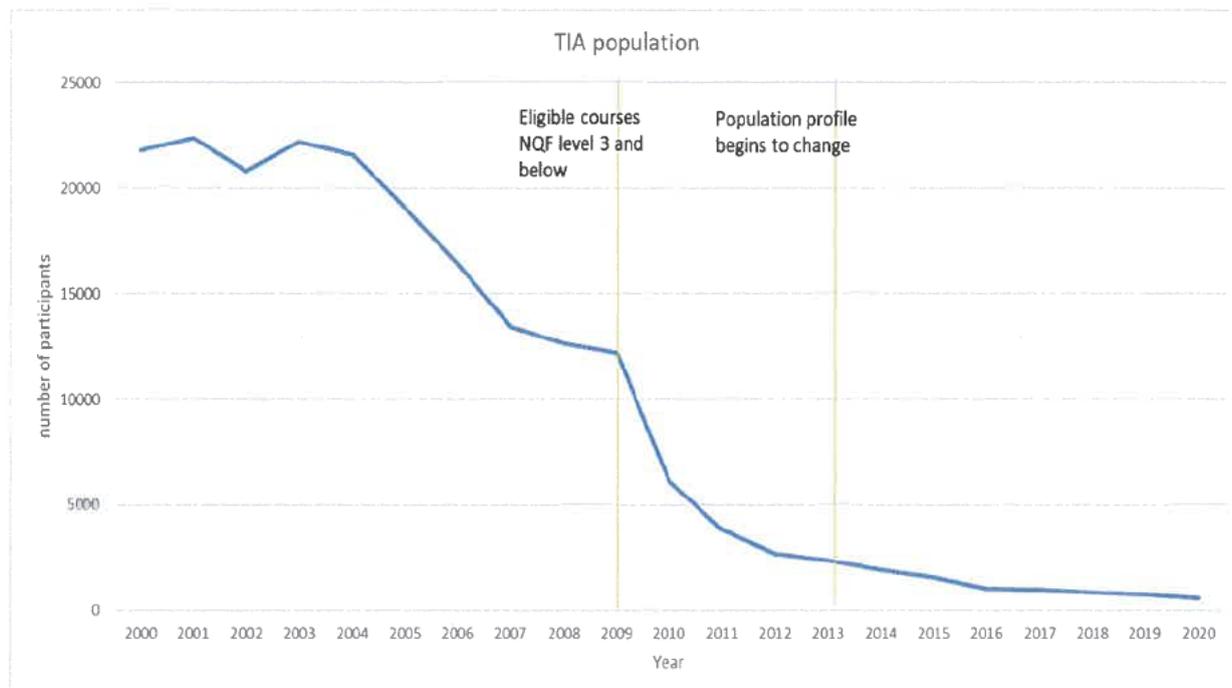
- The table below compares the demographics of TIA participants in 2009 and 2019:
 - Māori are now the largest ethnicity cohort participating in the TIA (previously Pākehā)
 - participants are primarily under 24 (previously the majority were in the 25-34 age group)
 - there has been an increase in the representation of disabled participants
 - the ratio of female to male participants remained consistent – most TIA participants continue to be women
 - participants who are on sole parent related benefits continue to be the largest cohort of TIA participants. In 2012 Domestic Purposes Benefit was split into Sole Parent Support (SPS) and the Young Parent Payment (YPP).

TIA Participant Profiles 2009		
Gender	Number	Percentage
Female	20,857	89.67%
Male	2,402	10.33%
Ethnicity	Number	Percentage
Pākehā	11,290	48.54%
Māori	8,318	35.76%
Pacific	2,029	8.72%
Other	1,473	6.33%
Unknown	151	0.65%
Age Group	Number	Percentage
<24	5,648	24.27%
25-34	7,181	30.86%
35-44	6,722	28.89%
45+	3,708	15.94%
Benefit Type	Number	Percentage
Sole Parent	17,779	76.42%
Widow	277	1.19%
Sickness	19	0.08%
Invalids	4,257	18.30%
Women Alone	152	0.65%
Caring Sick Infirm	230	0.99%
Emergency Maintenance Allowance	498	2.14%

TIA Participant Profiles 2019		
Gender	Number	Percentage
Female	747	86.66%
Male	115	13.34%
Ethnicity	Number	Percentage
Pākehā	255	29.58%
Māori	392	45.48%
Pacific	75	8.70%
Other	49	5.68%
Unknown	91	10.56%
Age Group	Number	Percentage
<24	569	66.01%
25-34	167	19.37%
35-44	72	8.35%
45+	54	6.26%
Benefit Type	Number	Percentage
Sole Parent	283	33.22%
Young Parent Payment	340	39.91%
Supported Living Payment	229	26.88%

The number of TIA participants has also decreased significantly

- The number of TIA participants has decreased significantly over time. This decrease appears to have begun in 2004 and was accentuated by the 2009 decision to restrict the TIA to study at levels 3 and below. The trend is shown in the graph below.



The TIA's effectiveness

The 2009 decision to restrict the TIA to study at levels 3 and below changed the focus of the programme

- As mentioned, the cohort serviced by the TIA has changed significantly over time. This indicates that the primary purpose of the TIA has changed from providing a pathway to gaining a higher-level qualification, to assisting those who have left school without qualifications to gain foundational-level education.

This TIA is rated as effective across key domains

- Accounting for impacts on participants from 2000 to present, the TIA has a positive impact on key domains for sole parents although the positive impact could be attributed to the benefit of tertiary study rather than the TIA itself. Impacts are measured by comparing TIA participants to a comparison group who had a similar profile to the participants prior to receiving TIA.
- On average, the TIA has a positive effect on sole parents' income and a likely positive effect on sole parents' time spent in employment, although from 2009 onward it has been harder to detect impacts partly because of the smaller number of participants. The programme also has a consistently positive effect on highest qualifications held for sole parents. Participation in the TIA results in a small increase in income support costs for sole parents, but this is largely because the TIA is paid as income support. Over the medium term there is no negative impact on income support.
- The TIA is not effective at improving average outcomes for disabled people, other than improving the highest qualification held. We could not detect any impact of the TIA on this group's income, time spent in employment or time spent receiving a main benefit. The impact on highest qualification held was greater than it was for the sole parent cohort.

The TIA does not appear to influence eligible cohorts to undertake higher-level study or affect qualification completion rates

- Part Two of the TIA review included the completion of an internal research report that investigated the optimal NZQF level for the TIA.¹²
- It found that participation and qualification completion rates for study at levels 4 to 7 on the NZQF among the TIA eligible population of sole parents did not fall following the 2009 decision by the Government to restrict the TIA to study at levels 3 and below. This suggests that the TIA has a limited influence on the eligible population's decision to take up degree-level study, and in increasing their qualification completion rates.
- However, the TIA does allow recipients to leave tertiary study with less student debt and assists with ongoing weekly costs during their course of study. In light of these findings, we recommend an impact evaluation is undertaken of the TIA's reinstatement alongside further consideration of changes to policy settings.

Groups who benefit from the TIA

Sole Parents

- New Zealand and international literature have found that sole parent families face disproportionate levels of disadvantage across several life domains. Sole parents have lower rates of employment, are more likely to have no qualifications, and are more likely than coupled families to have incomes below 60 percent of median household incomes.¹³
- Sole parents who are younger, have young children, and are Māori or Pacific are more likely to have higher rates of disadvantage than sole parents without those characteristics.
- These findings are consistent with the Wylie Review report that precipitated the creation of the TIA. This report found that sole parents face a variety of barriers to employment, training, or study. This included a lack of affordable and flexible childcare and ongoing extra costs associated with the care of children.
- Most TIA recipients are female sole parents. Data indicates that women have fared worse than men across some key labour market measures since COVID-19.¹⁴

Disabled people

- In 2018, only one quarter of disabled people were in the labour force, compared to 73.2 percent of the general population. This is due to a variety of factors, such as underutilisation of disabled workers and a lack of accessible workplaces.
- The median weekly income for disabled people aged between 15 and 64 years is \$353, which is less than half that of non-disabled people of the same age (\$806).
- Further, disabled people are more likely than non-disabled people to have no qualifications. This is particularly apparent in relation to tertiary qualifications, with only 10.1 percent of disabled people holding a tertiary qualification as their highest qualification compared with 27.9 percent of their non-disabled counterparts.¹⁵

¹² The report focused on a group of people defined as being eligible for the TIA (not only TIA participants) to see how participation in study changes in response to changes in TIA eligibility. To adjust for other policy, social and economic changes the report compared the TIA-eligible group to a comparison group similar to the TIA-eligible population on a number of characteristics who are not on benefit

¹³ <https://thehub.swa.govt.nz/assets/Uploads/Multiple-disadvantage-sole-parents-report-FINAL.pdf>

¹⁴ <https://www.stats.govt.nz/news/covid-19s-impact-on-women-and-work>

¹⁵ <https://www.stats.govt.nz/reports/labour-market-measures-for-disabled-people#:~:text=On%20average%2C%20disabled%20people%20tended,%20of%20non%2Ddisabled%20people>

Carers

- From 2001 through to 2018, only 776 carers participated in the TIA. This compares to 315,834 sole parents participating over the same period. Yearly starts for carers have also steadily decreased across this time period.
- Although carers receiving the SLP are eligible to receive the TIA, the carer must be “caring for a person who requires full-time care and attention,” to receive the SLP. The need to care for someone full-time may mean that carers do not apply for the TIA, as they may feel unable to balance caring full-time with study. Alternatively, carers may not be aware that they are eligible for the TIA.
- There is currently work underway in the welfare overhaul work programme to look at eligibility settings for carers, with options being considered that may make it easier for carers to take up the TIA and study part-time.

Māori

- Māori currently make up the largest ethnic group of those receiving the TIA. As of 2019, 45 percent of TIA participants were Māori (395 participants) compared to 30 percent of Pākehā (255 participants). This is likely because Māori are more likely to study at levels 1-3 than Pākehā.
- Māori experience significantly poorer outcomes in secondary education than Pākehā. This results in higher proportions of Māori leaving secondary school with lower or no qualifications, and less Māori participating in tertiary study.¹⁶

Pacific people

- Nine percent of those accessing the TIA identify as Pacific, which broadly reflects the percentage of people identifying as Pacific in the general population. However, 16.6 percent of total sole parents identify as Pacific. This means Pacific sole parents do not appear to be participating in the TIA at a rate consistent with the incidence of sole parenthood among Pacific families.¹⁷
- Pacific people also experience significantly poorer outcomes in secondary and tertiary education compared to Pākehā.¹⁸
- This indicates that the TIA is being underutilised by Pacific people. It is possible that this is partially a result of a combination of mistrust and inaccessibility of government services by Pacific people.¹⁹ To combat this, MSD launched its Pacific Prosperity strategy which focus on improving the Ministry’s delivery of services and engagement with Pacific peoples, families, and communities, and to improve key outcomes such as sustaining employment, financial stability, and stable housing.²⁰

¹⁶ <https://www.educationcounts.govt.nz/publications/80898/post-school-labour-market-outcomes-of-school-based-ncea>

¹⁷ <https://thehub.swa.govt.nz/assets/Uploads/Multiple-disadvantage-sole-parents-report-FINAL.pdf>

¹⁸ <https://www.stats.govt.nz/reports/education-and-pacific-peoples-in-new-zealand>

¹⁹ <https://www.treasury.govt.nz/sites/default/files/2018-08/dp18-09.pdf>

²⁰ <https://www.msd.govt.nz/documents/about-msd-and-our-work/about-msd/strategies/pacific-strategy/pacific-prosperity-our-people-our-solutions-our-future-english-version.pdf>

Appendix 2: Budget 2020 figures for reinstating the TIA

The tables below provide the previous Budget costing for reinstating the TIA. We are currently in the process of developing updated costings with the Ministry of Education.

The tertiary education costings are being revised to take into account the additional enrolments that come from changes to TIA, not the baseline transitions into study that are part of existing forecasts and baseline appropriations.

Indicative operating costs

Operating funding Sought (\$m)	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears	Total
Vote Social Development		23.856	46.660	66.607	73.008	210.131
Vote Tertiary Education		29.285	45.126	57.600	58.951	190.962
Vote Revenue		4.887	7.262	9.013	9.161	30.323
Total		58.028	99.048	133.220	141.120	431.416

Indicative capital costs

Capital funding Sought (\$m)	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Vote Social Development (Student Loan Capital)		11.607	17.484	21.116	21.629	22.138
Total		11.607	17.484	21.116	21.629	22.138
	2025/26	2026/27	2027/28	2028/29	Total	
Vote Social Development (Student Loan Capital)	22.393	22.902	23.410	23.919		
Total	22.393	22.902	23.41	23.919		186.598

Note: This costing assumed uptake of approximately 6,500 participants in 2021, rising to 15,000 in later years.

Budget 2021 Initiative Summary

Reinstatement of the Training Incentive Allowance

Section 1: Overview

Department to complete	
Lead Minister	Minister for Social Development and Employment
Department	Ministry of Social Development (MSD)
What type of initiative is this?	Critical cost pressure Y Manifesto commitment
Initiative description	Funding will reinstate the Training Incentive Allowance (TIA) to support study at levels 7 and below on the New Zealand Qualifications Framework (NZQF).
Is this a Cross-Vote initiative?	Y Vote Social Development Vote Revenue Vote Tertiary Education
Department contact	Anne Riley (Manager, MSD Employment Policy) s9(2)(a) mobile s9(2)(a) Cara des Landes (Senior Policy Analyst, MSD Employment Policy) s9(2)(a) phone: s9(2)(a) Samuel Rayner (Graduate Policy Analyst, MSD Employment Policy) s9(2)(a) mobile: s9(2)(a)
Treasury contact	Ivan Esler s9(2)(a) Conor McBride s9(2)(a)
Ministry of Education Contact	Kieran Forde, s9(2)(a)

Total Funding Sought

Department to complete						
Operating funding sought (\$m)	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears	Total
Total Vote Social Development (gross)	-	32.333	34.964	42.650	47.736	157.683
Total Vote Social Development (net)	-	32.411	35.120	42.849	47.885	158.265
Total Vote Revenue (operating balance impact)	-	4.508	3.829	5.246	6.353	19.936
Total Vote Tertiary Education	-	-	-	8.070	16.897	24.968
Total (with gross Social Development cost)	-	36.841	38.793	55.966	70.986	202.587
Total (with net Social Development cost)	-	36.919	38.949	56.165	71.135	203.169

Please note that the net sum is larger than the gross sum. This is due to tax savings from the transition of participants from Student Allowance onto benefit.

Department to complete											
Capital funding (Student Loan debt impact) (\$m)	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	Total
Vote Social Development	-	10.124	8.763	11.986	14.402	14.939	15.147	15.358	15.575	15.795	122.089
Vote Revenue	-	(0.074)	(0.321)	(0.698)	(1.261)	(2.013)	(2.911)	(3.909)	(4.963)	(6.027)	(22.177)
Total	-	10.050	8.442	11.288	13.141	12.926	12.236	11.449	10.612	9.768	99.912

Section 2: Proposal

Section 2B: Manifesto commitment initiative

Department to complete (as relevant)				
Each answer must not exceed 300 words. To the extent practical, answers should link to information in the bid's Wellbeing Analysis and any other supporting information.				
Source of commitment	Y	Labour Party Manifesto	Y	Speech from the Throne
Problem or opportunity				
				<p>Reinstatement of the TIA to support study at levels 7 and below on the New Zealand Qualifications Framework (NZQF) will support sole parents, disabled people and carers on an eligible benefit to upskill. Achieving a higher-level qualification is likely to lead to sustainable employment with higher pay in the future. The cohorts eligible for the TIA face significantly larger barriers to both study and employment than the general population. These include increased costs and complexity of balancing study or work while caring for a dependant (for sole parents and carers), and barriers to equitable participation in study and employment for disabled people.</p> <p>COVID-19 has disproportionately impacted people in part-time, underqualified work, and has increased unemployment across the general population. Those eligible for the TIA are some of the most vulnerable cohorts in the labour market and are more likely to be in this type of employment. Reinstatement of the TIA will enable eligible cohorts (including those have been impacted by COVID-19 and have fallen out of employment and onto benefit) to use this economic downturn to upskill and achieve a higher-level qualification. These qualifications will enable these people to obtain sustainable employment with higher pay in the future, supporting New Zealand's COVID-19 economic recovery.</p>
Proposed initiative				
				<p><i>Background</i></p> <p>The TIA was introduced in November 1983 in response to the Wylie Report which found that female sole parents were disadvantaged when re-entering the workforce. In 1985, TIA eligibility was extended from those on the Domestic Purposes Benefit and the Widow's Benefit to the Invalid's Benefit (now the Supported Living Payment), in recognition that disabled people also face significant disadvantaged when attempting to move into employment. In 2009, the level of study able to be undertaken through the TIA was restricted to qualifications at level 3 and below to "improve the cost effectiveness of the programme by targeting it to lower-skilled beneficiaries, who could have more to gain from additional training." Prior to 2009, participants were able to undertake study up to NZQF level 7 (degree-level) and below, which excludes postgraduate study.</p> <p>The TIA provides a contribution to both the upfront and ongoing costs associated with study, such as course fees, childcare and care costs, transport, and other associated study costs, up to a maximum of \$112.89 per week of study, up to \$4,515.60 per year. It is paid based on actual costs in the form of a lump sum and/or weekly payment. The maximum amounts available through the TIA are adjusted annually on 1 April in line with changes to the Consumers Price Index as part of the Annual General Adjustment.</p> <p>Eligibility for the TIA is limited to the following benefits:</p> <ul style="list-style-type: none"> • Sole Parent Support (SPS) for sole parents aged 20 or older, with a dependent child under 14 • Young Parent Payment (YPP) for sole parents aged 16-19 • Emergency Maintenance Allowance (EMA) for sole parents who do not qualify for other payments • Supported Living Payment (SLP) for people who are permanently and severely restricted in their capacity to work because of a health condition or disability, or are totally blind • SLP Carers for carers who are caring for a person requiring full-time care and attention at home • Jobseeker Support (JS) for sole parents with a dependent child aged 14 and over (a group who are ineligible under current criteria). <p>SLP carers and sole parents on JS are unlikely to significantly benefit from the TIA's reinstatement. SLP carers have full-time caring obligations as part of the eligibility for their benefit, and sole parents on JS have full-time work obligations. These cohorts are therefore only able to participate in part-time study on top of their work or care obligations.</p> <p><i>What outputs this initiative is purchasing</i></p> <p>Budget 2021 funding for the reinstatement of the TIA to its previous settings will enable the initiative to be implemented from July 2021¹. This initiative is time critical as it will allow those falling out of the labour market and into the benefit system due to COVID-19, as well as existing beneficiaries, to gain a tertiary qualification - increasing their future employment and income prospects.</p>

¹The TIA will not retroactively cover any study costs already paid for study at levels 4-7 prior to 1 July 2021, but will cover study costs incurred from the date a participant applies for the TIA.

	<p>From the period of 1 July 2021 through to 2025, it is estimated that reinstatement of the TIA will support 22,500 unique participants. The number of people receiving the TIA is estimated to increase from 6,500 in 2021 to 12,000 in 2025. In 2021, approximately 4,900 of these participants will be sole parents and 1,600 will be disabled people.</p> <p>The outputs the initiative is purchasing are:</p> <ul style="list-style-type: none"> • Funding to support the increased uptake of the TIA when it becomes available for study at NZQF levels 7 and below. This includes paying the TIA to participants, as well as the flow-on impacts on the benefit and tertiary education system. • Implementation costs including changes to IT systems, communications and new FTE.
Expected outcomes	<p>Sole parents and disabled people are disadvantaged in the labour market and are more likely to be on benefit and/or engaged in part-time, underqualified work.² Early reporting of the economic impacts of COVID-19 indicate that women in part-time, underqualified work have been disproportionately affected. This is likely to extend to disabled people in the labour market as they are often engaged in similar employment.</p> <p>The main inputs of the TIA's reinstatement is funding to cover the increased take-up of the TIA as a result of its reinstatement and the flow-on impacts on the tertiary education system. TIA funding will support participants with study costs including course- fees, childcare and care costs, and transport and other study costs. As noted previously, approximately 22,500 people will benefit from the TIA's reinstatement over the next four years.</p> <p>The short-term outcomes of the reinstatement will be that the sole parents, disabled people, and carers eligible for the TIA will be supported to take up tertiary study at NZQF levels 7 and below. This will also increase the level of material wellbeing these groups experience while on benefit and participating in study. In the medium and long-term, TIA participants will achieve a higher-level tertiary qualification. This is likely to lead to better employment opportunities and higher incomes.</p>
Is the initiative related to the COVID-19 response or recovery?	<p>Y</p> <p>Historic evidence shows that economic recessions disproportionately impact the employment of the least experienced and least educated.³ Early reporting on the economic impacts of COVID-19 appears consistent with this, showing that younger women in part-time, underqualified work have been disproportionately impacted.⁴ Women, sole parents, and disabled people are more likely to occupy precarious employment, so are more likely to be vulnerable to the effects of the economic downturn caused by COVID-19.⁵</p> <p>Success in education settings improves employment and income-related outcomes.⁶ Increasing access to the TIA should help enable a more inclusive economic recovery and over the longer term, result in higher employment levels among sole parents and disabled people, as well as reduced reliance on income support. In the short-term, the TIA enables some of New Zealand's most vulnerable cohorts to use this economic downturn to plan for their futures and upskill.</p>
Regulatory or legislative change required	<p>Y</p> <p>This bid will require changes to a Ministerial Welfare programme, the Employment Work Readiness Assistance Programme. The Minister for Social Development and Employment has the authority to amend the Welfare Programme.</p> <p>A Cabinet paper is currently being prepared that will inform the Minister's colleagues about her decision to reinstate the TIA and the associated changes required to the Welfare Programme.</p>

Section 3: Additional information requirements

Department to complete	
Does the initiative require new FTE or contractors?	Yes. An additional 14.2 FTE will be required over 5 years. For the first year, 10.4 FTE will be required. This includes 0.4 contact centre staff to handle additional calls and queries, 8.2 FTE for case management and 1.8 FTE for centralised services to cover additional processing. For the remaining years as participant numbers increase further, 3.8FTE will be required – primarily additional case managers.
Does the initiative directly impact on Māori or Pacific peoples?	Y For the four-year period following the TIA's reinstatement in July 2021, we estimate that approximately 8,000 Māori and approximately 2,000 Pacific people will benefit from the TIA's reinstatement to level 7. This is significant, as secondary and tertiary-level educational achievement among these cohorts is significantly lower than Pākehā. ⁷
Does the initiative have an impact on child poverty?	Y The TIA will positively impact the government's aim to reduce child poverty. It provides sole parents with an opportunity to increase their income through gaining a higher-level qualification and increases their material wellbeing while on-

² <https://thehub.swa.govt.nz/assets/Uploads/Multiple-disadvantage-sole-parents-report-FINAL.pdf>; <https://www.odi.govt.nz/whats-happening/household-labour-force-survey-results-june-2020/>

³ <https://www.educationcounts.govt.nz/publications/80898/impacts-of-the-global-financial-crisis-on-earnings-of-tertiary-graduates-in-new-zealand>

⁴ <https://www.stats.govt.nz/news/covid-19s-impact-on-women-and-work>

⁵ <https://www.odi.govt.nz/whats-happening/household-labour-force-survey-results-june-2020/>; <https://women.govt.nz/news/covid-19-and-women>

⁶ https://www.educationcounts.govt.nz/_data/assets/pdf_file/0008/198836/2019-Income-benefits-of-tertiary-education-Indicator.pdf

⁷ <https://www.stats.govt.nz/news/education-outcomes-improving-for-maori-and-pacific-peoples#:~:text=The%20number%20of%20M%C4%81ori%20and,from%2016.3%20percent%20and%2013.4>

		benefit and studying. In both the short and long-term, reinstating the TIA will reduce the proportion of children in low income households facing material hardship.			
Are there any other relevant population impacts?	Y	<p>Reinstatement of the TIA to degree-level study also helps progress "Working Matters", the government's Disability Employment Action Plan. It would assist some eligible disabled people to steer their own employment futures (Objective One of the Action Plan), through better access to education and training opportunities.</p> <p>Reinstatement of the TIA also aligns with the government's Youth Employment Action Plan. It is estimated that around 200-300 sole parents aged between 16 and 19 will benefit each year from the TIA's reinstatement over four years, following its implementation. When the TIA was last available for degree-level study in 2009, 24% of participants were aged 24 and under. If this trend persists, using the take up estimates for a 1 July 2021 reinstatement, around 5,400 people aged 24 and under will benefit from the programme's reinstatement.</p>			
If capital or ICT initiative	Type	ICT/data/digital	Physical Infrastructure	Other <i>please specify</i>	
	Start and end dates				
	<u>See Annex A for further questions – mandatory to complete for all capital initiatives</u>				

Section 4: Monitoring and reporting

Department to complete

MSD can implement reinstatement of the TIA from July 2021, for the second half of the 2021 academic year. Reinstatement will include relaunching the TIA programme and refreshing operational guidance. We will also undertake an advertising campaign targeted at tertiary education organisations.

Implementation will involve scaling up existing processes and recruiting more staff to process the increased application volumes. It will also involve IT changes to improve the client experience.

MSD's evaluation of employment assistance effectiveness

MSD evaluates the effectiveness of employment assistance (EA) against five main outcomes: Employment; Income; Justice; Education qualifications; and Independent of welfare. Based on the impact on one or more of these outcomes (relative to the counterfactual), MSD categorises EA interventions or case management services into: Effective; Promising; Mixed; Makes no difference; Likely negative; and Negative. MSD also has three additional categories for non-rated EA interventions or case management services: Too soon to rate; Not feasible; and Not rated. MSD does not, however, account for impacts to non-participants, for example, substitution and displacement effects.

Impact evaluation component for TIA reinstatement

We are building in an impact evaluation component to the programme in which MSD's Research and Evaluations will report back on the impacts and efficacy of the TIA's reinstatement to degree-level study, and whether any settings require changes to further ensure the programme's policy intent is being realised. The additional FTE required for this will cost \$60,000 and will fund additional research building on the recent analysis of study participation at NZQF levels 3-7 of the TIA eligible population.

Section 5: Further breakdown of funding sought

Funding sought by component

Department to complete

Provide a component-by-component breakdown of what the requested funding will purchase. Briefly explain the formula used, or key assumptions made, to calculate the cost of each output. Add additional rows to the table as needed to capture each output separately. Please include which Vote(s) will be impacted by each component.

Input – Operating	Funding profile (\$m)					Total	Vote
	2020/21	2021/22	2022/23	2023/24	2024/25 & outyears		
Training Incentive Payments	-	27.847	34.127	41.305	45.486	148.765	Social Development
Implementation/Operational	-	4.627	0.863	0.996	1.156 ⁸	7.642	Social Development
Impact Evaluation	-	0.030	0.030	-	-	0.060	Social Development
Sole Parent Support (gross)	-	6.453	18.029	31.851	40.798	97.131	Social Development
Sole Parent Support (net)	-	5.601	15.635	27.593	35.303	84.132	Social Development

⁸ \$1.204m will be needed in 2025/26

IN-CONFIDENCE
BUDGET SENSITIVE

Jobseeker Support (gross)		2.260	6.468	11.547	15.019	35.294	Social Development
Jobseeker Support (net)	-	1.957	5.589	9.963	12.935	30.444	Social Development
Winter Energy Payment	-	0.274	0.838	1.501	1.976	4.589	Social Development
Student Allowances (gross)		(9.158)	(25.391)	(44.550)	(56.699)	(135.798)	Social Development
Student Allowances (net)	-	(7.925)	(21.962)	(38.509)	(48.971)	(117.367)	Social Development
Accommodation Supplement	-	1.162	3.220	5.653	7.195	17.230	Social Development
Accommodation Benefit*	-	(1.162)	(3.220)	(5.653)	(7.195)	(17.230)	Social Development
Total Vote Social Development (gross)	-	32.333	34.964	42.650	47.736	157.683	
Total Vote Social Development (net)	-	32.411	35.120	42.849	47.885	158.265	
Total Vote Revenue (operating balance impact)	-	4.508	3.829	5.246	6.353	19.936	Revenue
Total Vote Tertiary Education (SAC funding)	-	-	-	8.070	16.897	24.968	Tertiary Education
Total Operating (with gross Social Development costs)		36.841	38.793	55.966	70.986	202.587	
Total Operating (with net Social Development costs)		36.919	38.949	56.165	71.135	203.169	

Input – Capital (Student Loan debt impact)	Funding profile (\$m)										Total	Vote
	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30		
Vote Social Development	-	10.124	8.763	11.986	14.402	14.939	15.147	15.358	15.575	15.795	122.089	Social Development
Vote Revenue	-	(0.074)	(0.321)	(0.698)	(1.261)	(2.013)	(2.911)	(3.909)	(4.963)	(6.027)	(22.177)	Revenue
Total Capital		10.050	8.442	11.288	13.141	12.926	12.236	11.449	10.612	9.768	99.912	

Formula and Assumptions

The student loan funding implications provided in these tables will differ from the appropriation changes needed. The appropriations account for expenditure only whereas the funding implications take a wider view and include income the Crown receives from student loans. These tables also do not include the tax component of student allowances (which has no impact on operating balance) which would be included in the appropriations. These figures will need refining following the preliminary BEFU in March/April 2021.

Vote Social Development

Expanding the TIA will incur the following costs for Vote Social Development:

- Cost of paying the TIA to participants (including flow on effects of people choosing to move onto benefit from the Student Allowance due to the added benefit of the TIA).
- Costs associated with implementation (including IT and operational changes)
- Student Loan capital expenditure

Cost of paying the TIA to participants

The following assumptions have been used to determine this cost:

- The percentage of those eligible who will choose to take up the TIA is based on actual 2009 uptake rates. We have used 2009 rates because recent MSD analysis suggests that tertiary education participation amongst sole parents who are on benefits has stayed roughly the same since this point, although there has been a slight decline. The Ministry of Education are forecasting a 7% increase in student loans in 2021, compared to 2020. The increase that MoE are forecasting in student loan take-up will roughly offset the decline in tertiary education participation among TIA eligible cohorts.
- This roughly covers the decline in tertiary education participation from 2009 to 2020.
- Participants will draw down 80% of the maximum amount available through the TIA. This assumption was determined using prior data on how much TIA participants drew down over several prior years (2003, 2006, 2009, 2010, 2019, 2016 and 2019). We have chosen the maximum amount drawn down over that period.
- Introduction of this policy is from 1st July 2021
- Participants will study for 3 years, with a 75% return rate each year
- The number of YPP clients participating will be twice as high as SPS clients as they are required to be in work/training/study
- The extra uptake due to fee-frees has been accounted for

- SPS clients would be better off on benefit compared to Student Allowance, due to the introduction of the TIA. Over time, two thirds of sole parents on Student Allowance will switch onto benefit. This is highlighted in the table above through increased costs associated with JS and SPS (and the associated Winter Energy Payment and Accommodation Supplement), and the resulting savings in relation to Student Allowances (and the associated Accommodation Benefit).
- All enrolments will occur in the January to December period, with no pre-enrolments in the prior year.

The costing also considers recent policy changes such as the removal of the Subsequent Child policy and latest forecasts.

Costs associated with implementation

These costs include changes to IT systems, communications and new FTE (case managers, contact centre staff and centralised services). There is also a cost for FTE to undertake an impact evaluation of the TIA's reinstatement.

Student Loan capital expenditure

This cost relates to the expected increase in Student Loan uptake as a result of new TIA recipients also borrowing for fees or course related costs. For information on the assumptions used to calculate this cost, refer to Appendix 1.

Vote Tertiary Education

Reinstating the TIA has flow-on effects for Vote Tertiary Education in terms of enrolments, as the additional support of the TIA and access to the higher supports from remaining on benefit, such as Winter Energy payment, will support more of the target group to enrol in tertiary education. A portion of the TIA learners would have undertaken tertiary study with existing student support entitlements and will not be new enrolments due to the proposed TIA policy change. However, some will be additional learners within tertiary education. The costs for Vote Tertiary Education are for the estimated additional learners. There will be impacts on Vote Tertiary Education for the new learners:

- Student Achievement Component (SAC) funding: the Government's contribution to the direct costs of teaching, learning and other costs that is driven by student numbers
- Fees Free Tertiary Education and Training (ongoing) and the Targeted Training and Apprenticeship Fund (until it ends on 31 December 2022), to meet fee payments on behalf of the learner if they met eligibility criteria for Fees Free, or enrol in eligible programme covered by the Targeted Training and Apprenticeship Fund.

The costs of fees-free and the Targeted Training and Apprenticeship Fund will be able to be met within baselines. The cost of SAC funding for 2021 to 2023 calendar years will also be met within baselines, as there is additional funding provided through the CRRF to support higher tertiary education enrolments over that time period, which could include additional volume from these learners from the changes to the TIA. However, some of the ongoing costs, from 2024 calendar year (2023/24 financial year) will need to be appropriated for. Some of the ongoing funding from the estimated new learners to tertiary education can be met within baselines, but given the uncertainty around our current estimates of future tertiary enrolments due to demographics and variable labour market conditions, Vote Tertiary Education will need to have partial estimated costs of the tuition funding (SAC) for the estimated additional TIA-funded learners. In 2025, MSD estimates 4,500 TIA recipients are additional enrolments in tertiary education. Vote Tertiary Education costs sought for SAC are for half the estimated tuition volumes of these learners. The Vote Tertiary Education funding in 2025 is for an additional 1,700 EFTS (total EFTS in 2020 are around 203,000), The total estimated costs are shown below for reference, with the portion of SAC funding that is being sought from 2024 also provided

Fiscal Year Summary	2020/21	2021/22	2022/23	2023/24	2024/25	TOTAL
Student Achievement Component (Estimated costs from additional enrolments due to TIA changes)	-	13.987	23.280	28.867	33.795	99.929
Student Achievement Component (costs being sought)	-	-	-	8.070	16.897	24.968
Fees Free payments (Estimated costs from additional enrolments due to TIA changes)	-	4.995	8.025	\$10.318	11.732	40.064

Vote Revenue

The operating cost to Vote Revenue is the student loan write down cost. This covers the implicit subsidy of no interest for New Zealand-based borrowers and write-offs on death and bankruptcy. For information on the assumptions used to calculate these costs, refer to Appendix 1. The Vote Revenue debt impact relates to income from loan repayments.

Appropriations

The TIA is currently paid from the Multi Category Appropriation: Improved Employment and Social Outcomes Support, under the Improving Work Readiness Outcomes category and is governed by the Employment and Work Readiness Assistance Programme (EWRAP). A new appropriation category will be created under the MCA for the TIA. This is due to the programme being expanded significantly, that it is demand driven, and the need to ensure funding will be spent on the TIA rather than other employment initiatives.

Vote Tertiary Education costs for tuition subsidies are funded from the Tertiary Tuition and Training Multi-Category Appropriation, within the Student Achievement Component category.

Fit with existing activity

Department to Complete

The answer must not exceed 300 words.

Existing services

The TIA currently supports study at levels 1-3 on the NZQF. Since the TIA was previously available to support study at levels 7 and below, several initiatives have been introduced which reduce tuition fees for learners. Qualifications at levels 1-2 on the NZQF are now fees-free. For qualifications at levels 3 and above, first time learners can get up to \$12,000 of fees-free payments for their first year of study through the Fees Free initiative, or the same amount across two years for those undertaking an apprenticeship or industry training. Until 31 December 2022, the Targeted Training and Apprenticeship Fund will also make a range of training and apprenticeship programmes at sub-degree level free for learners.

The introduction of Fees Free will mean that those who are eligible will not need to utilise the TIA for tuition fees for their first year to study at levels 3-7. However, some TIA participants will be ineligible for Fees Free as they will have undertaken prior tertiary study, particularly those who are older. Furthermore, even amongst those who are eligible, the TIA will provide valuable support for the remaining years of study.

As the maximum amount available is up to \$4,515.60 per year, participants can also draw down a student loan to pay for remaining tuition fees and course-related costs. Participants must have exhausted other publicly funded sources before utilising the TIA for childcare and other care costs, such as the Childcare Subsidy.

Disestablishment of the Sole Parent Support Study Assistance Loan (SPSSAL)

The Minister has agreed to disestablish the SPSSAL upon reinstatement of the TIA, as it would duplicate assistance. The SPSSAL was introduced in 2011 to assist sole parents who wanted to study at levels 4 and above but could no longer receive assistance through the TIA. Eligible clients can receive up to \$500 a year in recoverable assistance for study costs including books, transport and childcare. In 2019 approximately 210 participants utilised the loan, at a total cost of \$88,000. The savings from disestablishing the SPSSAL will be offset against the cost of reinstating the TIA.

Provide an overview of existing funding levels for this initiative, and/or initiatives with similar objectives, in the two tables below.

Operating Funding profile (\$m)

	2020/21	2021/22	2022/23	2023/24	2024/25 & outyears	Total
Existing funding for this/similar initiatives	1.424					
Total funding sought for this initiative						
% change between existing funding and funding sought						

Comments (optional)

Funding for the TIA is allocated on a yearly basis. This means we cannot provide a projected spend for the coming financial years. There is \$1.424m allocated to the TIA in the current financial year.

Capital Funding profile (\$m)

	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	Total
Existing funding for this/similar initiatives											
Total funding sought for this initiative											
% change between existing funding and funding sought											

Comments (optional)

Provide explanatory comments to help interpretation of the above baseline figures.

Options analysis

Department to Complete	
<i>The answer must not exceed 300 words.</i>	
Options analysis	<p>The Minister of Finance's Budget letter in December requesting significant scaling of this initiative was in response to preliminary costings provided to him that TIA reinstatement would cost \$431.416m operating (with an additional \$186.598m capital expenditure). Upon further revision, the preliminary costings have been significantly scaled down to \$203.169m operating (with an additional 99.912m capital expenditure). The below options were considered to further scale the initiative:</p> <p>Removing the tuition fee component from TIA</p> <p>One scaled option we considered was to remove the ability for the TIA to be utilised for tuition fees. Participants would only be able to utilise the TIA to address other study costs such as childcare, transport and books. In 2009, when the TIA was available for study at levels 7 and below, an average of \$1,664.72 per participant was spent on tuition fees.</p> <p>This scaled option would not meet the manifesto commitment of reinstating the TIA to 2009 settings. Furthermore, the flexibility of the TIA reflects that people face unique barriers to participating in tertiary study - for some, tuition fees and the prospect of student debt may be the largest barrier, disincentivising them from participating in study. Removing the tuition fee component reduces the flexibility of how a person chooses to use their annual TIA entitlement, compromising the policy intent of the initiative.</p> <p>Limiting the annual funding available for the TIA</p> <p>This option was considered as it would provide a ringfenced fund dedicated to TIA, as opposed to the demand-driven model that currently exists. This would limit the amount of people able to receive the TIA annually based on the amount of total funding that was agreed to.</p> <p>Ringfencing funding for the purposes of fiscal savings would mean that some people eligible for the TIA would miss out on its reinstatement to study at higher levels. This, like the previous option, would not deliver on the manifesto commitment. It would also weaken this initiatives ability to support the economic recovery from COVID-19, if only some people were supported to study at higher-levels and increase their future earnings.</p>

Alternative scaled option

Department to complete																																												
<i>The answer must not exceed 300 words.</i>																																												
Option overview	As above, we have considered scaled options as alternatives to the fully funded option, but none of these would meet the Government's manifesto commitment of TIA reinstatement to 2009 settings.																																											
Department to complete																																												
<i>Provide a component-by-component breakdown of what the scaled funding would purchase. If the formula used or key assumptions made differ from those used for the primary option, briefly explain these. Add additional rows to the table as needed to capture each output separately.</i>																																												
	Operating Funding profile (\$m)																																											
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Total																																												
Formula and assumptions	<i>Explain if different from primary option</i>																																											

Section 6: Wellbeing impacts and additional information

Section 6A: Wellbeing analysis

Department to attach	
<i>Each initiative must be accompanied by the following supporting information:</i>	
o	<i>Cost benefit analysis, or CBAx;</i>

- An *intervention logic map*, capturing the initiatives' aims, outputs, outcomes (over the short, medium and long term), and the future state the initiative contributes to; and
- Analysis of *wellbeing impacts & risks* in the table at Section 6B below, containing analysis of the groups likely to be impacted by the initiative, the magnitude of impact, and the efficacy of the initiative in responding to the problem or opportunity.

This analysis may be presented in the prescribed formats outlined above, **OR** any other suitable format, containing analysis that fulfils these information requirements. Analysis in either format must make reference to the Wellbeing Domains impacted, and quantify and monetise each impact where possible.

For capital initiatives, it is mandatory to attach a *business case* in compliance with CO(19)6.

Additional attachments | TIA Indicative costing: Student Loan costs – Ministry of Education.

Wellbeing domains

	Civic engagement and governance People's engagement in their country's governance, how "good" NZ's governance is perceived to be and the procedural fairness of our society.		Cultural identity Having a strong sense of identity, belonging and ability to be oneself and the existence value of cultural taonga		Environment The natural and physical environment and how it impacts people today		Subjective wellbeing Overall life satisfaction and sense of meaning and self
	Health Our mental and physical health		Housing The quality, suitability, and affordability of the homes we live in		Income and consumption People's disposable income from all sources, how much people spend and the material possessions they have		Safety People's safety and security (both real and perceived) and their freedom from risk of harm, and lack of fear.
	Jobs and earnings The quality of people's jobs (including monetary compensation) and work environment, people's ease and inclusiveness of finding suitable employment, and their job stability and freedom from unemployment.		Knowledge and skills People's knowledge and skills		Social connections Having positive social contacts and a support network		Time-use The quality and quantity of people's leisure and recreation time (that is, people's free time where they are not working or doing chores).

Section 6B: Wellbeing impacts & risks

Wellbeing domains

Knowledge and Skills

In the short-term we expect that the TIA will increase participants' material wellbeing while participating in study, and in the medium term it will increase their highest qualification held. MSD analysis of the effectiveness of the TIA at increasing average highest qualification held (measured on the NZQF) found that, on average, TIA participants increase their highest qualification held by around one level on the NZQF scale. Participation and achievement in tertiary education is also shown to increase physical and mental wellbeing, helping people to participate more fully in society and the labour market, and increasing their ability to accumulate and refine skills.⁹

Jobs and Earnings

Research indicates that success in tertiary education, specifically at degree-level and higher, significantly increases employment and income prospects. Analysis by the Ministry for Business, Innovation and Employment in 2013 indicated that study at higher levels on the NZQF, specifically levels 4-7, resulted in improved outcomes for people receiving a benefit. The analysis showed that overall participation in further education among people receiving benefit leads to small improvements in employment and earnings five years later. Those who commenced study at NZQF level four and above on the NZQF were more likely to be employed and off the benefit after five years than those who had studied at level three and below.¹⁰ In the short-term, we expect that TIA participants, upon achieving their qualification, will move into employment and become less reliant on benefit. In the long-term we expect that TIA participants will gain higher-skilled employment and that their higher wages will result in better material wellbeing for them and their children.

Income and Consumption

MSD evaluation data from 2020 analysing the impacts of the TIA between 2001 and 2009 (when it was available for study at NZQF levels 7 and below) shows that the TIA had a positive impact on the time participants spent in employment and their income from employment. TIA participants between 2001 and 2009 were

⁹ <https://www.educationcounts.govt.nz/publications/series/ALL/Short-Article-Healthy-and-wise>

¹⁰ <https://thehub.swa.govt.nz/resources/the-impact-of-further-education-on-the-employment-outcomes-of-beneficiaries/>

shown to earn between \$27,000 and \$58,000 more than the counterfactual group and spend around 50 more weeks in employment. Upskilling this cohort to be more competitive in the labour market and increasing their employment and income prospects, will result in an increase in consumption due to higher income. Consumption of sole parents is already high due to the increased costs experienced from having one or more dependent children.

Department to complete

This section is mandatory, unless this analysis has been included in a separate attachment.

Outline the key wellbeing impacts of the initiative, using a new row for each impact. These should highlight:

- For cost pressures, the wellbeing impacts if funding is not provided
- For manifesto commitments, the key impacts of the intervention, both positive and negative

There should be at least three key impacts identified.

Impact Description	Affected Group	Timeframe Realised	Domain Impacted	Supporting Evidence	Magnitude of impact
Improved knowledge and skills	Individuals (estimate take up of around 12,100)	<5 years ongoing	 	Reinstating the TIA to support study at NZQF levels 7 and below allows those eligible to participate in study at higher levels. The skills and knowledge gained from participating in education and training will benefit recipients and potentially their families. Higher levels of parental qualifications, particularly for the maternal parent are linked to higher socio-economic status and wellbeing and flow on benefits for family and child wellbeing and education.	Participating in qualifications at levels 4 to 7 on the NZQF will increase individual's knowledge and skill base and if completed will result in higher level qualifications.
Improved outcomes in education	Individuals and Family	>5 years ongoing		Parental education, particularly the mother's level of education, is linked to children's participation and achievement in education. ¹¹	Parental education levels are linked to achievement for children in education.
Increased earnings and employment potential	Individuals	>5 years ongoing		MSD evaluation data from 2020 analysing the impacts of the TIA between 2001 and 2009 (when it was available for study at NZQF levels 7 and below) shows that the TIA had a positive impact on the time participants spent in employment and their income from employment. TIA participants between 2001 and 2009 were shown to earn between \$27,000 and \$58,000 more than the counterfactual group and spend around 50 more weeks in employment. Recent analysis by the Ministry for Business, Innovation and Employment in 2013 indicated that study at higher levels on the NZQF does result in improved outcomes for people receiving a benefit. The analysis showed that overall participation in further education among people receiving benefit leads to small improvements in employment and earnings five years later. Those who commenced study at level four and above on the NZQF were more likely to be employed and off benefit after five years than those who had studied at level three and below.	Participating in qualifications at levels 4 to 7 on the NZQF is likely to result in increased earnings potential and increased employment
Improved Social Connections	Individuals	<5 years ongoing		Attending tertiary institutions and participating in academic environments enable a wider variety of social connections including potential work opportunities that may come from the additional social connections.	Undertaking study at levels 4 to 7 on the NZQF will enable the participant to broaden their opportunities to make connections with people and groups they otherwise may not have.

Department to complete

Dependencies, assumptions and risks

- Some evidence cited is based to the general population, rather than people who are on benefits. This may mean there are limitations applying these findings to those on benefits.
- COVID-19 may significantly impact the labour market and therefore affect the ability of this initiative to achieve the stated impacts.
- It is difficult to disentangle the added benefit of the TIA from the benefits of tertiary study.
- Sole parents are likely to benefit more from the TIA than disabled people. Evidence has shown that the TIA is not effective at improving disabled people's income and time spent in employment. This highlights that there are likely further barriers to the employment of disabled people that need to be addressed alongside the provision of training or study support.

¹¹ <https://www.educationcounts.govt.nz/publications/series/2515/5947>

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