

Cabinet Paper material

Proactive release

Minister & portfolio Hon Chris Hipkins, Minister of Education
Name of package COVID-19: Additional financial support for domestic tertiary learners
Date considered 2 September 2021
Date of release 11 October 2021

These documents have been proactively released:

Cabinet Paper: COVID-19: Additional Financial Support for Domestic Tertiary Learners

Date considered: 2 September 2021

Author: Minister of Education

Cabinet Minute: CMG-21-MIN-0011

Date considered: 2 September 2021

Author: Cabinet office

Related documents also released:

1269783 Education Report: Options for financial support to students during COVID-19

27 August 2021

Ministry of Education

1270250 Education report: Draft Cabinet paper – COVID-19: Additional financial support for domestic tertiary learners

31 August 2021

Ministry of Education

1270249 Education report: Revised Cabinet paper – COVID-19: Additional financial support for domestic tertiary learners

1 September 2021

Ministry of Education

1270393 Briefing Note: Cabinet paper talking points – COVID-19: Additional financial support for domestic tertiary learners

1 September 2021

Ministry of Education

In Confidence

Office of the Minister of Education

COVID-19 Ministerial Group

COVID-19: Additional financial support for domestic tertiary learners

Proposal

- 1 I am seeking agreement from the COVID-19 Ministerial Group to:
 - 1.1 top up and enhance the Hardship Fund for Learners (HAFL) in tertiary education by \$20 million to support learners in hardship and access to technology; and
 - 1.2 ensure the continuation of Student Loan living cost payments if study breaks exceed three weeks so that learners are supported to stay engaged in their education during COVID-19 restrictions.

Relation with Government priorities

- 2 This initiative addresses disruption to tertiary learners from COVID-19 and therefore contributes to objective two in the Speech from the Throne (to accelerate our economic recovery).

Executive Summary

- 3 Last year, the Government introduced several supports for learners in response to the COVID-19 outbreak [CAB-20-MIN-0164]. The impacts of the delta outbreak, and the changes it means for our response, are causing greater uncertainty. Auckland is likely to be at higher Alert Levels for longer in this outbreak and, with exposure events in tertiary institutions (and student accommodation), more people need to self-isolate.
- 4 We need to respond quickly to address immediate financial pressures to ensure learners can be supported during prolonged COVID-19 restrictions.
- 5 Student associations and tertiary education organisations (TEOs) are concerned about learners' wellbeing. COVID-19 leaves many learners in vulnerable situations that may make it difficult for them to continue successfully with their studies.
- 6 I want to ensure that learners continue to be engaged in their education and are supported adequately. Keeping tertiary learners engaged in education, as far as is practically possible through this period minimises the impact of COVID-19 restrictions on learners, their families, and the wider community.
- 7 I am seeking your agreement to two changes that will provide a timely response to address income continuity and alleviate hardship for learners who are most in need.

Background

I want to ensure learners stay engaged in education and are financially supported

- 8 In 2020, the Government introduced a COVID-19 student support package. This year, we expanded one of these measures, the Hardship Fund for Learners (HAFL), with an additional \$10 million to cover hardship and technology access [CAB-21-MIN-0108 and CAB-21-MIN-0116.29 refer].
- 9 We know that, as a result of the COVID-19 restrictions last year, some learners were under significant stress, including financially. Many learners felt vulnerable because they found it difficult to cover essential bills, particularly if they lost work or did not receive wage subsidy payments.¹ This was particularly so for Māori and Pacific learners with dependents who relied on them financially.² Technology access was also a consistent theme during localised restrictions earlier in 2021 and continues to be so.
- 10 I am concerned that the uncertainties around the duration of COVID-19 restrictions may impact learners' ability to continue their studies. We must be ready to respond quickly to support learners who need extra assistance.

There are existing measures to support learners during COVID-19 restrictions...

- 11 There is significant scope within current settings for the Ministry of Social Development (MSD) to support income continuity for learners. Under current settings, student support payments cease after three weeks of study break for learners who remain enrolled in study. MSD, however, has the discretion to extend this study break period for student allowances, should the need arise.³ A similar discretion for student loan living costs was provided last year in response to the COVID-19 outbreak but has now expired.
- 12 There are other existing measures to support learners during COVID-19 restrictions. MSD can provide emergency assistance; treat learners as full-time if their study load drops; and use exceptional circumstances policies to manage the impact of COVID-19 on student allowance life-time entitlements and student support performance requirements.
- 13 Many learners also rely on part-time work to meet their living expenses. Learners who are working, have caring responsibilities or disabilities may benefit from the COVID-19 employer supports, including the wage subsidy, leave support or the short-term absence payment. However, these supports are at the employers' discretion and casual staff may not be a priority for some.

...however, some learners will need extra support to stay engaged in tertiary education

- 14 Student associations are concerned that learners are losing the part-time work they rely on to meet their living expenses and are facing higher costs to continue their

¹ NZUSA – [COVID-19 impacts on the wellbeing, finance, and study of students at tertiary institutions in New Zealand](#)

² Te Mana Ākonga – [Reports on the impacts of COVID-19 on Māori learners in different tertiary education sub-sectors](#)

³ Regulation 35(2) of the Student Allowance Regulations 1998 sets out the discretion to extend student allowance payments beyond three weeks with the permission of the Chief Executive of MSD. Regulation 23(2) sets out the discretion to extend a student allowance payment period by a number of weeks, to learners who remain enrolled as full-time learners, but who experience changes made by their provider to the period of their programme of study.

education. Although some learners will benefit from the wider Government support, others are likely to miss out. This includes those who may have lost their casual employment, are ineligible for student loans and allowances (such as part-time or older learners), and those who also support families.

- 15 Furthermore, TEOs have moved quickly to shift most of their provision online. However, as COVID-19 restrictions are extended, there will be some delivery that is unable to continue, resulting in extended study breaks for some learners. This includes programmes with practical elements where theoretical components cannot be re-sequenced.⁴
- 16 Unlike student allowances, eligibility criteria for student loans are decided by Cabinet (and recorded and set out in Cabinet minutes). No discretion exists to extend payments of student loans beyond the three-week study break.

The HAFL provides a safety net for individual learners but existing funding is running out

- 17 The Tertiary Education Commission (TEC) has allocated most of the additional \$10 million. The TEC is allocating the majority of the remaining approximately \$1.3 million to support work-based learners, who did not receive an allocation earlier this year.⁵
- 18 TEC officials have had significantly increased queries about additional HAFL funding from TEOs due to an unprecedented demand from learners.⁶ In particular:
 - 18.1 Several of the Te Pūkenga subsidiaries have exhausted their HAFL allocation.
 - 18.2 All three wānanga have used their HAFL funding and have requested additional funding.
 - 18.3 Massey University, which has a campus in Albany, received 1800 hardship applications over a 48-hour period and expect their remaining funding will be exhausted quickly.
 - 18.4 Auckland University of Technology has reported that they are likely to exhaust funding very soon.
 - 18.5 Skills Update (one of the larger private training establishments) has used its HAFL funding and has requested further funding.
- 19 The TEC has also received reports of TEOs who are avoiding using the fund while they wait and see if further funding will be made available. TEOs are concerned that using remaining funding now may mean they cannot address needs once the current lockdown ends. However, I want any allocated funding to be spent on learners during restrictions when needs are likely to be most acute.

⁴ For example: programmes controlled by the Social Worker Registration Board, the Teaching Council and Nursing Council, which require learners to complete placements in a workplace.

⁵ Providers receiving industry training funding have not been allocated any of the additional \$10 million, as they can only receive HAFL funding to support technology needs during a prolonged period of restrictions.

⁶ For example, Manukau Institute of Technology had over 200 requests within 48 hours, and Eastern Institute of Technology has had at least 220 hardship applications and 200 requests for devices.

- 20 Applications for hardship funding are likely to continue and increase in the case of continued and prolonged restrictions (nationwide or regionally). This means further targeted support will be required for learners. This is also a support the New Zealand Union of Students' Association (NZUSA) is advocating for in their [Action Plan](#).

I propose two changes to support learners during COVID-19 restrictions

I seek agreement to top up the HAFL and improve accessibility

- 21 I propose to top up the HAFL by an additional \$20 million for the current financial year. This would provide additional support for learners affected by the current COVID-19 restrictions, including learners in or from Auckland.
- 22 Providing additional funding would enable TEOs to address immediate needs, including for TEOs with Auckland/Northland-based provision. It will support a TEC signal to TEOs that they should be using the funding instead of holding on to their allocation (paragraph 19 refers). A top-up of this magnitude could also support funding needs into the start of 2022 so that funding is available in the case of continued and prolonged restrictions and their consequent impacts (nationwide or regionally).
- 23 As with the current HAFL, funding will be allocated directly to TEOs, who would then disburse assistance to their learners based on need. I anticipate approximately 15,000 learners would benefit from this \$20 million top up, based on the number of learners who received support from both HAFL and the Technology Access Fund since they were established. Funding can be used to:
- 23.1 cover any basic living costs that the TEOs' enrolled learners are unable to meet, including, but not limited to, food, utilities, rent or other unexpected expenses; and
 - 23.2 support learners in accessing technology-enabled tertiary education and training, where their learning has been disrupted due to COVID-19.
- 24 As hardship can take many forms, TEOs are best placed to work with their learners and respond to their needs in ways that are consistent with the purposes of the fund.
- 25 Following feedback from learners, I also propose adjustments to improve learner awareness of and accessibility to this support, as well as ensure clarity for providers on how the funding can be used. I will direct the TEC to work with learner representatives and provider groups to make these improvements.

I propose giving MSD discretion to provide student loans over an extended study break

- 26 I propose to give MSD the ability to continue paying student loans for an extended study break of up to eight weeks for learners who remain in study, in line with the arrangements in place for student allowances during the COVID-19 outbreak, should the need arise.⁷

⁷ This means the change is not time-bound but is restricted to addressing issues arising from COVID-19.

- 27 Studying remotely will not be an option for all learners while campuses remain closed (paragraph 15 refers). We understand a small proportion of provision cannot continue online as it requires in-person learning. However, there is likely some variation across the sector. This means, for some providers and some learners, a decision around continued student support payments is needed urgently to give them certainty.
- 28 Extending the study break over which learners can receive student allowances and loans maintains Government living cost support for learners at current levels in this uncertain time. It will also support learners to stay engaged in their education.
- 29 MSD will work with providers to identify affected learners about the continuation of their student loan payments and provide them with an option to 'opt-out' if they do not wish to continue drawing down on their student loans.

Implementation

Top up the HAFL and improve accessibility

- 30 I will direct the TEC to administer the additional allocation, following discussions with learner representatives and provider groups. I anticipate that funding will be made available to TEOs from September 2021.
- 31 The TEC can adjust its allocation methodologies to support regions experiencing greater impacts from COVID-19. For example, the TEC could increase allocations to TEOs with Auckland and Northland-based provision, if impacts to learners in those areas are greater. Hardship can be faced for many reasons across the country and long after the direct impacts of restrictions are first felt. The TEC will balance the causal factors of hardship when considering how best to allocate funding.
- 32 I intend to report back to the Minister of Finance on the allocation, monitoring and reporting arrangements related to HAFL spending.

Providing student loans over an extended study break

- 33 Extending student loan payments will not require any changes to IT systems. MSD will work with tertiary providers and the TEC to implement the policy change.

Financial Implications

Top up the HAFL and improve accessibility

- 34 I consider a top up in the magnitude of \$20 million is reasonable because:
- 34.1 the HAFL now consolidates two separate funds which last year were funded at \$40 million in total;
 - 34.2 funding for HAFL in 2021 (and until the end of the financial year in June 2022) will be \$30 million;
 - 34.3 some TEOs are reporting unprecedented demand for hardship and technology access and have exhausted their existing allocation (paragraphs 18-19 refer); and

- 34.4 there are uncertainties regarding the duration of COVID-19 restrictions going forward, especially in Auckland, and this level of funding would provide cover in the case of further COVID-19 restrictions, including into the start of 2022.
- 35 I propose to fund the \$20 million HAFL top up within Vote Tertiary Education through reprioritisation of Fees-free Payments within the Tertiary Tuition and Training Multi-Category Appropriation (MCA) from 2021/22. I therefore seek Cabinet agreement to transfer \$20 million from Fees-free Payments within the Tertiary Tuition and Training MCA to fund HAFL within the Access to Tertiary Education appropriation.
- 36 The Fees-free Payments category currently funds both 'first-year' Fees Free and the Targeted Training and Apprenticeship Fund. While enrolment volumes are higher in 2021, there is still a structural underspend in 'first-year' Fees-free Payments. Based on current enrolment estimates, for 2021/22 financial year officials estimate that Fees-free payments will underspend by around \$80 million from the \$541.344 million total appropriation. While there is some uncertainty around enrolment volumes, \$20 million can be reprioritised from Fees-free Payments without impacting learner access to fees-free study entitlements.
- 37 I intend to report to the Government Administration and Expenditure Review Committee later in 2021 on tertiary education demand pressures, which will include an update on Fees-free payments funding [CAB-21-MIN-0243 refers].

Giving MSD discretion to provide student loan living costs over an extended study break

- 38 The costs of giving MSD discretion to continue student loan payments over extended study breaks relate to additional weeks of student loan borrowing to complete work that could not occur during COVID-19 restrictions.
- 39 I expect these costs to be very minimal and well within the normal variability of Student Loan Scheme forecasts. I therefore propose that these costs can be met within existing baselines.

Legislative Implications

- 40 There are no legislative implications for the proposals in this paper.

Population Implications

- 41 There are no specific population implications for the proposal to give MSD discretion to continue student loan payments over an extended study break.

Top up the HAFL and improve accessibility

- 42 Between 2010 and 2019, on average, 22% of domestic learners enrolled in tertiary education providers were Māori and 9% were Pacific learners.⁸ TEC data indicates that over a third of the learners who benefited from the HAFL in 2020 were Māori

⁸ Source: Education Counts, provider-based enrolments 2010-2019

and Pacific learners. I anticipate that Māori and Pacific learners will continue to benefit from the HAFL.

- 43 Disabled learners have additional costs and complexities to overcome in their lives and supporting themselves as a learner adds to this. They are more likely than others to come from low-income families and less likely to have been employed prior to study. This means they are less likely than others to have been able to build savings to support themselves while studying. Disabled learners received over 10% of the HAFL allocation in 2020 and I expect disabled learners to benefit from the additional funding.
- 44 Auckland will likely experience ongoing COVID-19 restrictions that may limit access to tertiary study and cause increased demand for technology support. This means TEOs and learners in Auckland may benefit more from the additional funding than learners in other regions due to the impact of COVID-19 restrictions on their learning.

Human Rights

- 45 I do not consider there is any unlawful discrimination in my proposals and therefore consider them to be consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.
- 46 TEOs are expected to establish, or use existing, processes to ensure HAFL funding is prioritised towards learners who face the greatest hardship from the impacts of COVID-19. There are no specific eligibility criteria for learners, such as age. There will be expectations on how TEOs allocate the funding to learners, as well as reporting to and monitoring by the TEC.
- 47 Giving MSD discretion to continue student loan payments over an extended study break will improve the position of student support recipients. It applies to all learners eligible for student loans. However, this may create extra student loan debt for borrowers. To mitigate this, MSD will advise all affected learners about the continuation of their student loan payments and provide learners with an option to 'opt-out' if they do not wish to continue drawing down on their student loans.

Consultation

- 48 The Ministry of Education consulted with the Ministry of Social Development, the Tertiary Education Commission, Inland Revenue, the Treasury, and the Department of Prime Minister and Cabinet.

Communications

- 49 If the changes are agreed to, officials will work with my office to develop a communications strategy for quickly and appropriately communicating the changes to TEOs and learners.

Proactive Release

- 50 I propose that this paper is proactively released within 30 days of Cabinet decisions having been made, with any redactions in line with the provisions of the Official Information Act 1982.

Recommendations

I recommend that Cabinet:

Top up the Hardship Fund for Learners (HAFL) and improve accessibility

- 1 **note** that there has been increased demand from learners for additional financial and technology support from their tertiary education organisations since the recent COVID-19 restrictions;
- 2 **note** that the HAFL provides a safety net for individual learners, including support for technology to access study when this is not available face-to-face, but that the additional \$10 million in funding made available earlier in 2021 is quickly running out;
- 3 **agree** to increase funding for HAFL for the 2021/22 financial year by \$20 million;
- 4 **agree** that the proposed increase in HAFL is funded through a transfer from Fees-free Payments within the Tertiary Tuition and Training Multi-Category Appropriation to the Access to Tertiary Education appropriation;
- 5 **note** that the Minister of Education will direct the Tertiary Education Commission to work with learner representatives and provider groups to improve learner awareness of and accessibility to this support, as well as ensure clarity for providers on how the funding can be used;
- 6 **invite** the Minister of Education to report to the Minister of Finance on allocation, monitoring and reporting arrangements on the spending;
- 7 **approve** the following fiscally neutral adjustment to increase the HAFL, as outlined in recommendation 4 above, with no impact on the operating balance and net core Crown debt:

	\$m - increase / (decrease)				
Vote Tertiary Education Minister of Education	2021/22	2022/23	2023/24	2024/25	2025/26 & Out-years
Non-Departmental Output Expense:					
Access to Tertiary Education	20.000	-	-	-	-
Multi-Category Expenses and Capital Expenditure:					
Tertiary Tuition and Training (MCA)					
Non-Departmental Other Expense:					
Fees-free Payments	(20.000)	-	-	-	-

- 8 **agree** that the proposed change to appropriations for 2021/22 above be included in the 2021/22 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;

Giving MSD discretion to continue student loans over an extended study break

- 9 **note** that extended COVID-19 restrictions mean that some learners, such as those undertaking practical work, are unable to continue with their study until tertiary education providers can resume teaching and learning arrangements;
- 10 **note** that the Ministry of Social Development:
- 10.1 can continue paying student loans and allowances for study breaks of up to three weeks; and
 - 10.2 has a discretion to continue student allowances payments, but not student loans, beyond three weeks;
- 11 **agree** that the Ministry of Social Development be given discretion to continue paying student loans for a study break of up to eight weeks for learners who remain enrolled in study, in line with the arrangements in place for student allowances during the COVID-19 outbreak, should the need arise;
- 12 **note** that the Minister of Education expects the costs incurred under recommendation 11 above to be very minimal and well within the normal variability of Student Loan Scheme forecasts;
- 13 **agree** that the financial implications incurred under recommendation 11 above be met within existing Vote Social Development and Vote Revenue baselines.

Authorised for lodgement

Hon Chris Hipkins

Minister of Education



COVID-19 Ministerial Group

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.

COVID-19: Additional Financial Support for Domestic Tertiary Learners

Portfolio

Education

On 2 September 2021, following discussions with officials and Ministers, the COVID-19 Ministerial Group [CAB-21-MIN-0353]:

Top up the Hardship Fund for Learners and improve accessibility

- 1 **noted** that there has been increased demand from learners for additional financial and technology support from their tertiary education organisations since the recent COVID-19 restrictions;
- 2 **noted** that the Hardship Fund for Learners (HAFL) provides a safety net for individual learners, including support for technology to access study when this is not available face-to-face, but that the additional \$10 million in funding made available earlier in 2021 is quickly running out;
- 3 **agreed** to increase funding for HAFL for the 2021/22 financial year by \$20 million;
- 4 **agreed** that the proposed increase in HAFL is funded through a transfer from Fees-free Payments within the Tertiary Tuition and Training Multi-Category Appropriation to the Access to Tertiary Education appropriation;
- 5 **noted** that the Minister of Education will direct the Tertiary Education Commission to work with learner representatives and provider groups to improve learner awareness of and accessibility to this support, as well as ensure clarity for providers on how the funding can be used;
- 6 **invited** the Minister of Education to report to the Minister of Finance on allocation, monitoring and reporting arrangements on the spending;

- 7 **approved** the following fiscally neutral adjustment to increase the HAFL, as outlined in paragraph 4 above, with no impact on the operating balance and net core Crown debt:

	\$m - increase / (decrease)				
Vote Tertiary Education Minister of Education	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Non-Departmental Output Expense:					
Access to Tertiary Education	20.000	-	-	-	-
Multi-Category Expenses and Capital Expenditure: Tertiary Tuition and Training (MCA)					
Non-Departmental Other Expense:					
Fees-free Payments	(20.000)	-	-	-	-

- 8 **agreed** that the proposed change to appropriations for 2021/22 above be included in the 2021/22 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;

Giving the Ministry of Social Development discretion to continue student loans over an extended study break

- 9 **noted** that extended COVID-19 restrictions mean that some learners, such as those undertaking practical work, are unable to continue with their study until tertiary education providers can resume teaching and learning arrangements;
- 10 **noted** that the Ministry of Social Development:
- 10.1 can continue paying student loans and allowances for study breaks of up to three weeks; and
- 10.2 has a discretion to continue student allowances payments, but not student loans, beyond three weeks;
- 11 **agreed** that the Ministry of Social Development be given discretion to continue paying student loans for a study break of up to eight weeks for learners who remain enrolled in study, in line with the arrangements in place for student allowances during the COVID-19 outbreak, should the need arise;
- 12 **noted** that the Minister of Education expects the costs incurred under paragraph 11 above to be very minimal and well within the normal variability of Student Loan Scheme forecasts;
- 13 **agreed** that the financial implications incurred under paragraph 11 above be met within existing Vote Social Development and Vote Revenue baselines.

Gerrard Carter
Cabinet Office