



**MINISTRY OF SOCIAL
DEVELOPMENT**

TE MANATŪ WHAKAHIATO ORA

22 JAN 2019

Aaron Chang

fyi-request-9132-0500ff50@requests.fyi.org.nz

Dear Mr Chang

Thank you for your email dated 26 November 2018 requesting, under the Official Information Act 1982, information regarding requests for evidence of income for Student Allowance purposes.

I will address each of your questions in turn.

1. *The purpose of randomly selecting recipients of Student Allowance for evidence of income during a specific week.*

The Student Allowance is tested for income that includes personal, combined with partner and parental incomes. The purpose of the income test is to identify eligible students from lower income families and others who demonstrate a need for this assistance to help with their living expenses.

The purpose of verifying income is to meet StudyLink's audit requirement to ensure taxpayer-funded financial assistance is paid only to those students and partners who are entitled to receive it and that it is paid at the correct rate.

When applying for a Student Allowance, students must declare any income they believe they will earn while studying. They must also advise StudyLink of any changes to that income that may affect their entitlement to the Student Allowance. The application form encourages students to do this, the StudyLink website contains reminders of this obligation and some StudyLink communications with students make this request. Unfortunately, StudyLink is not always kept properly informed.

Sampling was implemented by StudyLink in 2008 with a 1:12 sample size. Refer to the attached report entitled Fronde Impact Assessment & System Design for information leading to the implementation of the sample income checks. You will note the date 20/12/2018 on the page header of the report. This occurred through the system auto-updating the original word document which was copied for this purpose.

The reason for the sample size, rather than requiring every student in receipt of a Student Allowance who declares income to provide evidence of their income, was and is to balance the operational impact on the Ministry.

In 2014, the system design was reviewed. The decision was made to continue the sampling and to raise the sample size to 1:10. Analysis showed that 59% of the sample for 2013-2014 had income records changed and of this percentage, 61% had under-declared income. For more information, please refer to the attached memorandum dated October 2014.

2. *The process by which random selection occurs*

This is an automated process that selects 1:10 cases as set out in the attached memorandum dated October 2014.

3. *The date of the last review of this process of 'randomly selecting recipients of student allowance for evidence of income during a specific week' and whether alternative methods of acquiring this information were examined.*

Please refer to the attached memorandum dated October 2014 which is the latest review.

In view of the results analysis and recommendations, no alternative methods of collection of income evidence were considered.

4. *Any policies, training materials or guidelines for staff on how to deal with submitted evidence that does not fit the current framework, i.e. people paid monthly or sporadically*

Training material and policies are available to all staff on the Ministry of Social Development's (the Ministry) intranet. Staff refer to these resources when working with clients to ensure the correct assistance and advice are provided.

StudyLink does not have separate policies for Student Allowance recipients who do not receive their income each week. The attached staff information, from StudyLink's Manuals (Policy) and Procedures, entitled Assessing Employment Pay Periods, sets out how earnings are assessed in order to be charged in a specific week.

Also attached is information from the Ministry's intranet, first page entitled SAL Personal Income, with examples of how income is treated for different situations including personal income, partner income, cross-week income and income received fortnightly, monthly or other frequency.

You will note that in two documents, Fronde Impact Assessment & System Design and Memorandum dated October 2014, the names of some individuals are 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.

If you are not satisfied with this response, 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 you may prefer to telephone the Ombudsman's office on 0800 802 602.

Yours sincerely



Elisabeth Brunt
General Manager
Ministerial and Executive Services



**MINISTRY OF SOCIAL
DEVELOPMENT**
TE MANATŪ WHAKAHIATO ORA

Map. The Guide to Social Development Policy

Home | Students | Student allowance | Eligibility and Entitlement | Income | Assessing employment pay periods

<http://doogle.ssi.govt.nz/map/students/student-allowance/assessing-employment-pay-periods-01.html>

Printed: 18/12/2018

Assessing employment pay periods

Student Allowance is paid for a Monday to Sunday period. Employment earnings that are for the period Monday to Sunday should be assessed against the Student Allowance for that week.

Fortnightly earning periods require assessment as follows:

- where the earnings for each individual week can be identified those earnings should be assessed to the week earned
- where the earnings for each individual week cannot be identified (eg the employer does not hold a weekly breakdown of earnings), then the earnings are averaged (divided equally) over the fortnight

Earning periods that cross calendar weeks should be assessed as follows:

- where the weekly hours of earnings are identifiable, those earnings should be assigned to the week earned
- where the weekly hours of work and hourly/daily payment cannot be identified then the earnings are divided by the number of days in the pay period and charged to each Student Allowance week appropriately

Legislation

- Period for which certain allowances payable regulation 23 Student Allowances Regulations 1998
 - Calculation of personal income regulation 43 Student Allowances Regulations 1998
 - Review of certain allowances regulation 45 Student Allowances Regulations 1998
-

FRONDE

**Impact
Assessment
& System Design**

WR 205680

**2008 - Personal Income Verification -
Enhancement Options
(IMS 4852)**

20/12/2018

Prepared by
s 9(2)(a)
Fronde International
Version 1.00

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2 INTRODUCTION

2.1 Document Purpose

2.1.1 This document details the impact on the SAL system in order to manage the stated requirements for '2008 - Personal Income Verification - Enhancement Options' as described in the Work Request WR 205680 (IMS Issue 4852).

2.2 Intended Audience

- 2.2.1 This document is addressed to MSD management and to the SAL system development staff.
- 2.2.2 This document will also be distributed to those people from whom acceptance is sought, on behalf of the businesses involved in this Request for Service.

2.3 Document History

- 2.3.1 In accordance with Fronde project management procedures this document forms the requirements as agreed between MSD and Fronde.
- 2.3.2 Any changes to this document are subject to agreement by both parties.

Date	Version	Author	Comments
13-May-2008	1.00	§ 9(2)(a)	Original specifications

2.4 Associated Documents

- 2.4.1 Request for Service 205680 raised by MSD.
- 2.4.2 Information Requests as recorded in IMS for this issue.

3 BACKGROUND

3.1 SAL Background

- 3.1.1 StudyLink is required to operate within a reduced operational budget in the next financial year. StudyLink has decided to find efficiencies from enhancing current procedures, of which some will require system changes.
- 3.1.2 StudyLink require an impact assessment on an option for making the personal income verification process more efficient in the next financial year. The proposed option is income evidence not sought at application stage.

4 REQUIREMENTS

4.1 Overview of Business Requirements

- 4.1.1 The following options are being considered to make the personal income verification process more efficient:
- Clients will continue to advise income at application stage – this means that if income has not been provided paragraph 9.5.61 will continue to be called.
 - 2) If income changes after allowance approval, evidence of income will only be requested if application is selected in the 1 in 12 sample as per current production.
 - 3) INCOME_SAMPLE to be updated to 0 – this means no student will be sampled for evidence of student income prior to SA approval.

- 4.1.2 Changes to correspondence will be required to inform students of these requirements.

5 SCOPE

5.1 In Scope

- 5.1.1 SAL correspondence as detailed below
5.1.2 SAO text changes
5.1.3 System Parameter INCOME_SAMPLE to be updated to 0

5.2 Out of Scope

- 5.2.1 Change to MSL
5.2.2 SAL changes related to processing evidence
5.2.3 SAL changes related to partner or parental income

6 VARIATION FROM WR

6.1 Make INCOME_SAMPLE Operator Updatable

- 6.1.1 Making the system parameter as operator updatable will enable future changes in regard to income sampling able to be performed without Fronde intervention.

7 SAL FUNCTIONAL CHANGES

7.1 Stop Initial Sampling

- 7.1.1 The parameter that controls the initial sampling will be changed to stop sampling.

7.2 Correspondence Changes – Student and Partner Form

- 7.2.1 Changes to the student and partner form as detailed in the WR are required.

8 ESERVICE FUNCTIONAL CHANGES

8.1 SAO

- 8.1.1 The text in the second paragraph of Question 11 of the Student Allowance form will be altered to replace the current text:

“We need to see proof of this income - for example, an original or verified copy of a payslip or a letter from your employer.”

With the following text:

“Your Student Allowance is assessed based on the income you declare when you apply. If your income changes at any time you must let us know straight away as it could affect your payments. We may ask for proof of your income at any time in the future. We may also check your income with Inland Revenue.”

9 SAL SYSTEM CHANGES**9.1 Update INCOME_SAMPLE**

9.1.1 The system parameter INCOME_SAMPLE will be updated to 0. The parameter will also be set to OPER_MODIFIABLE_YN = 'Y'

9.2 Correspondence Changes – Student and Partner Form

9.2.1 Changes to the student and partner form as detailed in the WR are required.

10 ESERVICE SYSTEM CHANGES**10.1 SAO**

10.1.1 The 'applications.student-allowance-4.income-proof' property in the 'student-allowance-4.properties' file will be changed with the new text;

“Your Student Allowance is assessed based on the income you declare when you apply. If your income changes at any time you must let us know straight away as it could affect your payments. We may ask for proof of your income at any time in the future. We may also check your income with Inland Revenue.”

IAP AND ARCHIVE IMPACT**10.2 IAP and Archive Impact**

10.2.1 There is no anticipated impact on the IA or Archive.

11 BATCH IMPACT**11.1 Batch Impact**

11.1.1 There is no anticipated batch impact.

12 CAPACITY IMPACT**12.1 Capacity Impact**

12.1.1 There is no anticipated impact on online activity, disk requirement or retrieval.

13 TESTING STRATEGY**13.1 Responsibilities**

13.1.1 Fronde will be responsible for performing System Testing of all the changes outlined in this document.

13.1.2 MSD will be responsible for User Acceptance Testing of the changes outlined in this document.

13.2 System Testing

13.2.1 The System Test phase ensures that the code flows together and integrates into the system as a whole.

13.2.2 This testing phase is a pre-requisite to the User Acceptance Testing.

13.2.3 Any test case scenario documentation or output from the System Testing phase can be made available to MSD on written request.

13.3 Acceptance Testing

13.3.1 Fronde will provide Technical Support for the duration of User Acceptance Testing.

A) Technical Support will provide the following:

i) Scheduling of code release

ii) Any output from testing is printed and forwarded to MSD.

13.3.2 Fronde will be responsible for monitoring fault progress and code releases from fault fixes.

13.4 Testing Processes

13.4.1 Pre-requisite to User Acceptance Testing is Fronde signing off System Testing.

14 USER SUPPORT

14.1 Documentation

14.1.1 Training documentation will not be provided.

14.1.2 MSD will provide User Release Notes that will be included in the release to inform the system users through the release notes screen.

15 CUSTOMER SIGN OFF

15.1 Customer Acceptance

15.1.1 The Design document for WR 205680 - 2008 - Personal Income Verification - Enhancement Options is approved, therefore the work can progress towards Development.

15.1.2 Both parties will follow change control processes if any agreements contained in this document change for any reason.

	Name	Role	Signature	Date
1	s 9(2)(a)	Applications Manager	_____	____/____/____
2	Merv Dacre	StudyLink General Manager	_____	____/____/____

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16 INTERNAL SIGN OFF

16.1 Introduction

16.1.1 The System Design functions for RFS 205680 - 2008 - Personal Income Verification - Enhancement Options, as specified in this document, have been reviewed by the people listed below from the perspective of their area of expertise and are approved.

	ROLE	NAME	SIGNATURE	DATE
1.	Developer	s 9(2)(a)	_____ Signature	____/____/____ Date
2.	Project Manager	s 9(2)(a)	_____ Signature	____/____/____ Date
3.	Technical Architect	s 9(2)(a)	_____ Signature	____/____/____ Date
4.	System Tester	s 9(2)(a)	_____ Signature	____/____/____ Date



memo

To: StudyLink Leadership Team
From: s 9(2)(a)
Date: XX October 2014
Security level: Unclassified

Personal income checks

1. Executive summary

The rate of student allowance is affected by the quantum of any personal income declared. In order to check the validity of income declared and to determine if all students in receipt of student allowance and receiving income are declaring it, there are two checks undertaken. They are:

- a. a 1-in-12 check which is managed from the Student Support Centre whereby of those students in receipt of student allowance who declare income, 1-in-12 is requested to provide evidence of the income they have declared
- b. a data-match is run with Inland Revenue, by the Integrity Intervention Centre (IIC), based on a random sample from the total pool of all students in receipt of student allowance to determine if they are declaring income earned.

Between 01 July 2013 and 30 June 2014, we received 141,939 applications for Student Allowance from 116,584 students. Of these 22,393 (19%) of applications were approved or partially-approved a student allowance with income > \$0.00.

The need to continue the checks has been raised and the following provides an insight into the findings to date.

2. Data match with Inland Revenue (IIC)

A separate paper has been sent to Integrity Services based on the dramatic reduction in the number of data-match checks that are now being completed compared to F2012 and the potential over-payments that this may highlight (around \$40M per annum).

3. 1-in-12 check (SSC)

For the financial year ending 30 June 2014, a total of 2,831 requests for evidence of personal income were issued to 2,111 students for 2,745 Student Allowance applications. The majority of students (78%) were issued one request.

As at 28 August 2014, 59% of students who were issued a request had provided evidence.

A check of the initial income amounts against the final evidence provided income amount identified that over half (59%) of the income records in SAL were changed when evidence was returned, with the remained not being altered.

Of the 976 students who had their income changed after evidence was provided, 592 (61%) under-declared their income and 384 (39%) over-declared their income. As yet the impact of this has not been quantified in dollar terms however it is being investigated.

The volume of 1-in-12 income checks issued (2,831) equates to 12.6% of the applicants in payment with income greater than \$0.00.

Given that 59% of students had their personal income changed after the evidence was received, the checks will continue and the number will be increased to 1-in-10.

Currently if after 14-days no evidence is received after it is requested, the student allowance is suspended however there is no follow-up taken. Potentially this means that 41% of those requested to provide evidence have not done so and no follow-up has been initiated and therefore debt has not been raised when it potentially should have been – it is assumed there is no contact from the student once their allowance has been suspended as they have been earning income and not declaring it.

In order to ensure that some follow-up action is taken, it is proposed that those students who do not reply to our request for evidence are included on the data-match checks with Inland Revenue undertaken by IIC.

While 22% of students had multiple income evidence requests, a change to the system parameter to stop the multiple checks is not warranted given that multiple requests are generated by multiple declarations of income, particularly given that only 41% of income declared is correct.

4. How do Work and Income deal with personal income?

Attached Appendix 1 is an extract from MAP and Work and Income's website.

In summary, clients applying for benefit must provide personal income evidence of any past or current income. Once in payment a client must provide evidence the first time they declare income – after that they can declare by phone or my account and does not require evidence (except low-trust clients must still provide evidence).

For Annual Benefits, this has changed and only some clients are required to provide evidence at their annual review and others will be confirming what is on records is correct.

Based on this and given our time pressures and large number of students receiving a student allowance, the current processes of sampling both those who declare income and those from the general student allowance population by data-matching with Inland Revenue, would appear to be reasonable providing Integrity Services agrees to increase the number of data-matches.

5. Recommendations

It is therefore recommended that SLT:

- a. **note** that our concern about the number of data-match checks with Inland Revenue undertaken by Integrity Intervention Centre has been raised with the General Manager Integrity Services
- b. **note** that data analysis of the 1-in-12 income checks completed by StudyLink has highlighted that 59% of income records are changed once supporting evidence is provided by the student
- c. **note** that based on this analysis it has been agreed to keep the check in place and it will be increased to a 1-in-10 check
- d. **note** that the remaining 41% of students have not returned any evidence, had their student allowance suspended, and no further action is taken by StudyLink
- e. **agree** that Integrity Services be approached to see if those students who do not return evidence can be included in the data-match check with Inland Revenue as it is important that follow-up action is taken
- f. **note** that based on the processes undertaken within Work and Income for personal income, StudyLink's processes are reasonable and acceptable.

Agree/Don't agree

Susan Kosmala, GM StudyLink

Agree/Don't agree

s 9(2)(a) National Manager Service Support

Agree/Don't agree

s 9(2)(a) National Manager Service Development

Agree/Don't agree

s 9(2)(a)

National Manager Service Delivery

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SAL Personal Income

As part of the application process, students are asked to declare any income they will be receiving whilst in study. They are also asked to declare any change in their circumstances and are able to update their own income through MyStudyLink.

All students, regardless of their individual circumstances are affected by a personal income calculation.

There is no personal income limit for Student Allowance purposes; instead there is an income threshold. That means the student can earn up to the income threshold and there will be no effect on their Student Allowance entitlement. After the income exceeds the threshold the system completes a calculation that reduces their gross base rate based on the income each week.

There is no exact limit on personal income as it all depends on the rate they were entitled to before the income calculation was applied

The lowest amount of Student Allowance a student can receive is \$2.00. If the result of the income calculation is less than \$2.00 the student's allowance will be declined

The threshold is reassessed and updated each financial year (1 April). The current income threshold can be found in [deskfile \[http://doogle/map/deskfile/student-support-tables/student-allowance-rates-and-thresholds/personal-income-limits-current.html\]](http://doogle/map/deskfile/student-support-tables/student-allowance-rates-and-thresholds/personal-income-limits-current.html) in MAP

The system will automatically determine what the student will be entitled to, based on all other qualifying criteria (including combined income criteria) before completing an income calculation. The rate they are entitled to prior to the income assessment is called the student's base rate.

Once the base rate has been determined the system will then apply the income deduction.

The income deduction is a cent for cent deduction - that means that every cent the student earns over the income threshold reduces their gross Student Allowance base rate by a cent.

Example One

Sean Student is a single student who is over 24 years old. Based on all of the information he has provided, SAL has determined that his gross base rate is \$249.08 per week (\$222.93 net) as at 1 April 2018.

Sean is currently earning \$250.00 gross per week.

If the income threshold is \$217.22 then his base rate will be reduced by \$32.78.

Income	\$250.00
Less income threshold	\$217.22
Total income deduction	\$32.78
SA gross base rate	\$249.08
Less income deduction	\$32.78
Total gross SA	\$216.30

That means Sean will receive \$216.30 gross Student Allowance per week.

Personal income is assessed on a week by week basis (from Monday to Sunday) so if the student's income drops for a specific week they could become eligible for a Student Allowance for the period their income has reduced.

Example Two

Based on all of the information Samantha Student provided in her application, SAL determined that her gross base rate was \$295.28 Student Allowance (\$262.45 net). At the time of application she earned income of \$520.00 gross for one week.

Income	\$520.00
Less income threshold	\$217.22

Total income deduction	\$302.78
SA gross base rate	\$295.28
Less income deduction	\$302.78
Total gross SA	\$0.00

That means Samantha will be entitled to \$0.00 Student Allowance per week.

The system will then decline the application as the student is not entitled to any payments for that period.

The following week Samantha's income has reduced to \$180.00 gross. As this income is less than the income threshold, Samantha will receive her full base rate of \$295.28 Student Allowance from the date her income dropped. She'll still be paid for the entire week.

Information about the types of income that is included as personal income for Student Allowance can be found in MAP (<http://doogle/map/students/student-allowance/income-that-is-personal-income-01.html>).

Note: In most cases the student/partner will not be required to provide evidence of their income. SAL will determine when evidence of an income declaration is required and will issue the appropriate correspondence. The types of income that are acceptable can be found in the [Evidence Guide](http://doogle/business-groups/helping-clients/service-delivery/centralised-services/centralised-services-studylink/evidence-guide.html) (<http://doogle/business-groups/helping-clients/service-delivery/centralised-services/centralised-services-studylink/evidence-guide.html>).

Content owner: [StudyLink](#) Last updated: 06 August 2018

Home » Business groups » » Service Delivery » Housing and Income Support Services » StudyLink » SAL Partner Income

SAL Partner Income

When a student has a recognised partner, the partner's income is combined with the student's income to determine the student's gross base rate of Student Allowance.

The combined income threshold and limits are assessed and updated each financial year (1 April). The current income threshold can be found in [Deskfile http://doogle/map/deskfile/student-support-tables/student-allowance-rates-and-thresholds/combined-income-limits-current.html](http://doogle/map/deskfile/student-support-tables/student-allowance-rates-and-thresholds/combined-income-limits-current.html) in MAP.

Combined income is less than the income threshold	No effect on the base rate
Combined income is between the income threshold and income limit	Base rate is reduced to an earning partner rate
Combined income is more than the income limit	Student's entitlement is reduced to nil

Partner's income is processed the same way as the student's income. This means that is entered as a weekly amount, it must be gross weekly income and it is entered from Monday to Sunday dates.

Reminder: Once the student's base rate is assessed based on the combined income, the system will then apply the personal income calculation.

Content owner: [StudyLink](#) Last updated: 06 August 2018

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Cross Week Income

Where you have received evidence for a pay period that is a cross week pay period, for example, the pay period ends on a Wednesday, you need to split the income across the two weeks. To do this you need to divide the income by the number of days in the pay period (7 days for a weekly payslip) to give a daily income amount. You then need to multiply it by the number of days in each week and it is entered in the system using Monday to Sunday dates.

Example One

Sione Student has been receiving a Student Allowance and has now provided a payslip confirming his gross personal income as:

5 June 2018 to 11 June 2018 - \$295.96

We will divide this amount by 7 to get a daily amount.

Income	\$295.96
Divided by	7 days
Daily income	\$42.28

Income for the period 4 June 2018 to 10 June 2018

Daily Income	\$42.28
Multiply by number of days	6 days
Weekly income	\$253.68

Income for the period 11 June 2018 to 17 June 2018

Daily Income	\$42.28
Multiply by number of days	1 day
Weekly Income	\$42.28

As we do not have a full weeks' worth of income information for week two, we would enter **\$295.96** in to SAL for that week as that is the last provided declaration we have.

Where you have received two consecutive payslips for cross week periods, you need to ensure you are adding the income appropriately.

Example Two

Stuart Student started working on Wednesday 28 March 2018 and has stated he earns \$118.02 gross each week. As he started in the middle of the week, that means the income entered for his first week will be a lower amount than the income entered for the rest of his study period.

Income	\$118.02
Divided by	7 days
Daily income	\$16.86

Income for the period 26 March 2018 to 1 April 2018

Daily income	\$16.86
Multiply by number of days	5 days
Total income	\$84.30

Income from 2 April 2018 to 1 January 2040

Daily income	\$16.86
Multiply by number of days	2 days
Total income	\$33.72

As we do not have a full weeks' worth of income information for week two, we would enter \$118.02 in to SAL for this week as that's the last provided declaration we have.

Example Three

Taylor is receiving a Student Allowance and provides two payslips to confirm her gross personal income as follows:

19 September 2018 to 25 September 2018 \$313.00

26 September 2018 to 2 October 2018 \$293.00

We would divide both income amounts by 7 to get the daily income for the pay periods:

Income	\$313.00
Divided by	7 days
Daily income	\$44.714285

Income	\$293.00
Divided by	7 days
Daily income	\$41.857142

Income for the period 17 September 2018 to 23 September 2018

Daily income	\$44.714285
Multiply by number of days	5 days
Weekly income	\$223.57

Income for the period 24 September 2018 to 30 September 2018

Daily income	\$44.714285
Multiply by number of days	2 days
Equals	\$89.42857

PLUS

Daily income	\$41.857142
Multiply by number of days	5 days
Weekly income	\$209.28571

Income for the period 1 October 2018 to 7 October 2018

Daily income	\$41.857142
Multiply by number of days	2 days
Weekly income	\$83.71

As we do not have a full weeks' worth of income information for the last week (1 Oct to 7 Oct), we would enter \$293.00 into SAL for this week as that's the last provided declaration we have.

Content owner: [StudyLink](#) Last updated: 02 August 2018

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Fortnightly or Monthly income

Income information that is entered in SAL needs to be entered as WEEKLY income. This means if the student is receiving fortnightly or monthly income you will need to calculate how much income the student is receiving per week before entering the information into the system.

If the student receives the same income for a number of weeks in a row this doesn't need to be entered as separate weeks, instead it is entered as one weekly income amount for the entire period using the Monday of the first week and the Sunday of the last week. This tells the system that they earned that weekly income for each of the weeks in that period.

Example One

Alex is a student and works part-time. He has said that he earned \$406.92 gross for the fortnight beginning 14 May 2018.

We would divide the income by 2 (number of weeks) to give us his weekly income.

Fortnightly Income	\$406.92
Divided by number of weeks	2
Weekly income	\$203.46

This would then be entered into SAL for the period 14 May to 27 May 2018 (or 1 January 2040 if it's the last declared amount).

Example Two

Bianca is the recognised partner of a student and Bianca works part time. She has said that she started her new job at the start of August and earns \$854.67 gross monthly.

Because some months have 4 weeks and others have 4 1/2 weeks, dividing the income by the number of weeks doesn't provide a consistent result. Instead we first multiply the monthly income by 12 to give us an annual income amount and then calculate the weekly figure.

First, multiply the monthly income by 12 (number of months) to give us her annual income.

Monthly income	\$854.67
Multiplied by number of months	12
Annual income	\$10256.04

Next, divide her annual income by 365 to get a daily rate (as there are not exactly 52 weeks in a year).

Annual income	\$10256.04
Divided by number of days	365
Daily income	\$28.098739
Multiplied by days	7
Equals	\$196.69

This would then be entered into SAL for the period 30 July to 1 January 2040.

Note - For the week beginning 30 July, a cross week income calculation will need to be completed as 1 August starts on a Wednesday. For example, \$28.098739 (daily rate) x 5 (days) = \$140.49.

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Salary/Wages

Most income fits into two categories: Salary/Wages and Investment/Other.

Salary and Wages includes any income received from their job and is treated the same regardless of whether it was the student or the partner that received the income.

If a client or partner earns a non-taxable allowance that is shown on their payslip, exclude this figure and take the total gross amount.

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Scholarship income

Most scholarships are personal income unless they have been specifically exempted from the personal income test (see [MAP](http://doogle/map/students/student-allowance/scholarships-01.html) <http://doogle/map/students/student-allowance/scholarships-01.html>.) or they are paid and used for fees and/or course-related costs.

Where only a portion of a scholarship is paid and used for fees and/or course-related costs then only that portion is not personal income for Student Allowance purposes.

Any part of a scholarship that is paid and to be used for fees and/or course-related costs will be set out in the terms and conditions of the scholarship.

Where any part of a scholarship is paid for one purpose and used for another and it is used for general living purposes, then it would be personal income for Student Allowance purposes.

Course-related costs include such things as equipment, materials and study related travel.

Remember - All personal and partner income needs to be entered into SAL as a gross weekly amount.

To calculate the weekly income from any scholarship, the amount received (less fees and course related costs) is divided by the number of weeks it was awarded for.

Example

Craig has received a \$6200.00 scholarship from his University for his study from 10 February to 28 November. The scholarship terms and conditions show that \$3700.00 of the scholarship must be used to pay his fees.

We would subtract the amount for fees from the total scholarship as it isn't counted as personal income.

Total Scholarship	\$6200.00
Minus amount paid for fees	\$3700.00
Remaining scholarship	\$2500.00

The remaining scholarship is then divided over the number of weeks in the study period. Use the LET calculator from Monday of study start week and Sunday of study end week.

Remaining scholarship	\$2500.00
Divided by number of weeks	42
Weekly income	\$59.52

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Interest/Dividends income

Where a student/partner has either investments or savings they could be receiving interest or dividends. Interest and dividends are calculated the same way as salary/wage income information. There are no expenses deducted from the income and the income needs to be converted to a weekly gross amount before being entered using Monday to Sunday dates into the SAL system.

Example

Edward is the partner of a student. He has a savings account from the sale of his house which has a current balance of \$47000.00 He receives interest on this account at the rate of 3.9% per annum.

The balance of the savings account isn't considered income for his partner's Student Allowance, but the interest is. To calculate the interest we need to multiply the current balance by the interest rate to get an annual interest amount.

Current balance	\$47000.00
Multiplied by interest rate	3.9%
Annual Interest	\$1833.00

We will then divide the annual interest by 365 to get a daily rate and convert to a weekly payment.

Annual interest	\$1833.00
Divided by 365 days	365
Daily interest	\$5.0219178
Multiplied by days	7
Weekly interest	\$35.15

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Business income

When a student or their partner are self-employed or have a business, the income that is counted as personal/partner income is the higher of either the net profit or drawings from the business.

Once you have determined which amount you will include as income, net profit or drawings, the income is treated in a similar way to interest/dividends and salary/wages. That means that you need to calculate the weekly gross income to be entered into SAL using Monday/Sunday dates.

Example

Franz is a current student who also owns a Fish and Chip shop. He has provided an accountants statement confirming that the net profit from his business was \$26596.00 and his drawings were \$15000.00.

In this case we can clearly see that the net profit is higher than the drawings, so we will ignore the drawings.

We will divide the annual net profit by 365 days and multiply by 7 to give the student weekly business income

Annual net profit	\$26596.00
Divided by days in year	365
Daily profit	\$72.865753
Multiplied by days	7
Weekly profit	\$510.06

Important - where a student/partner is self-employed and the system has determined that evidence of the income is required, we don't need to see any financial documentation. Self-employed clients can provide a self-written statement confirming their net profit and drawings and this will be acceptable evidence of their income.

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Rental income

This includes any income the student or partner receives from a rental property that they own, but don't live in. For Student Allowance purposes, we include the income from the property after the approved expenses have been removed.

The following expenses can be deducted:

interest payments (but not capital instalments for the reduction of mortgage)

rates

house insurance premiums

painting and repaid bills incurred for essential repairs and maintenance in the current year (not improvements or additions)

When we receive evidence of a student or partner's rental income, we will convert all of the income and expenses to an annual amount, subtract the expenses from the income and calculate the student/partner's weekly rental income.

Example

Darren is a current student in Dunedin. He owns a property in Wellington and is renting it to a group of other students while he is studying.

He receives rent of \$610.00 per fortnight from the tenants. We convert this to a daily rate to calculate his annual rental income:

Fortnightly income	\$610.00
Divided by days	14
Daily rate	\$43.571428
Multiplied by days in year	365
Annual Rental Income	\$15903.571

Darren has provided evidence of his expenses:

His ANZ bank statements confirm he pays a mortgage of \$950.00 per month and of this amount \$214.00 is interest only

His rates statement confirms 6 monthly rates of \$1756.00

His AMI insurance statement confirms weekly payments of \$37.53

We multiply each approved expense dependent on the frequency of the payments to give us an annual expense:

Mortgage Interest Only	\$214.00
Multiply by number of months	12
Annual Mortgage Expenses	\$2568.00
Rates	\$1756.00
Multiply by frequency of payments	2
Annual Rates Expenses	\$3512.00
Insurance	\$37.53
Divide by 7 for daily rate	\$5.3614285
Multiply by days in year	365
Annual Insurance Expenses	\$1956.9214

We add these together to give us the student's total annual expenses:

Mortgage Interest	\$2568.00
Rates	\$3512.00
Insurance	\$1956.9214
TOTAL	\$8036.9214

We then subtract the expenses from the income to get the student's annual net income:

Income	\$15903.57
Minus expenses	\$8036.9214
Net annual income	\$7866.649

Personal and partners income needs to be entered as weekly income, so we need to calculate the student's actual weekly rental income:

Net income	\$7866.649
Divided by days in year	365
Daily rate	\$21 552463
Multiplied by week	7
Weekly Rental Income	\$150.87

Where rental income applies to both the student and their partner, this should be split evenly.

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Overseas income

Income information must be entered into the system using NZ dollars. SAL doesn't have the capability to calculate any income in overseas currency. If the student or partner is receiving overseas income such as investments from overseas, we need to convert this income into NZ dollars.

We convert foreign currency into an estimate of New Zealand dollars in the SWIFTT SELXT screen. The exchange rate on SELXT for all countries except the Netherlands is an averaged rate calculated from the previous month's exchange rates. The Netherlands exchange rate on SELXT is provided from an International bank and doesn't represent a New Zealand bank rate. See [MAP](http://doodle/map/deskfile/country-of-birth-codes/index.html) (<http://doodle/map/deskfile/country-of-birth-codes/index.html>) for the list of ALL country codes.

How to enter Overseas income in SAL

Overseas salary/wages, once converted, are entered into SAL in the same way as salary/wages received in New Zealand. However, you will need to enter a c/- New Zealand address in the employer's address information (this could be the student's NZ address) and enter the employer's correct address into the SAL notes.

Any other overseas income, once converted, is entered in the same way as investment/other income received in New Zealand.

In SWIFTT, bring up the SELXT screen in the student's record.

Example: On 12 September 2017, Sam Student has declared other income of 200 Euro per six month period from Deutsche Bank, Germany.

Press F11 to access the Country Codes -

Germany = 57

Effective date = today's date

SWIFTT is updated on the 20th of each month.

SWIFTT has recognised that code 57 is Germany and that the currency is EUR (Euro). This will show the current exchange rate.

Calculation:

E.g. Euro exchange rate is \$1.5343

$200 \times 1.5343 = \$NZ306.86 / 26 = \11.80 a week to be entered into SAL as Investment/Other

Note - if you want today's exchange rate, contact Westpac bank to request the 'Westpac buys cash' foreign exchange rate. You can also access the current day's rate on www.oanda.com (<http://www.oanda.com>).

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Medical Trainee Intern Grant (TIG)

The TIG is not a scholarship, but is considered personal income for Student Allowance purposes. It is payable to domestic sixth-year medical trainee interns studying the Bachelor of Medicine & Bachelor of Surgery (MB ChB) at either University of Auckland or University of Otago.

Two pathways are given into this programme, first-year and graduate entry. A graduate entry student will have completed at least a Bachelor degree prior to starting their MB ChB. Only graduate entry students can opt to receive the TIG as a lump sum. Other students will receive the TIG in monthly instalments.

If the TIG is paid as a lump sum, then the amount we consider as income is reduced by any amount used to pay their MB ChB course fees. It is also reduced by some course-related costs, which are additional to those of an ordinary student and only incurred as a result of their choice of the MB ChB programme.

Examples of these extraordinary course-related costs are:

Flights for an overseas elective

Placement or Intern fees for overseas elective

Visas for overseas elective

Accommodation costs while on overseas elective or rural placement *

***Please note:** For costs to be considered over and above students would need to be paying accommodation costs while on elective or placement, and still be required to pay their usual accommodation costs. This would be for situations where they have a fixed term tenancy or mortgage and have to continue to meet these ordinary costs. Students that live at home with their parents will not qualify.

A written declaration from the student detailing their additional costs is considered acceptable evidence for TIG income. We can contact the student or request additional evidence or information if the costs do not seem reasonable.

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