

Appendix 2 – Further analysis of s9(2)(f)(iv)

1 This appendix provides further analysis of options 4 to 7.

Option 4: s9(2)(f)(iv)

2 s9(2)(f)(iv)

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Option 5: Introducing a parental income test for JS recipients s9(2)(f)(iv)

6 Parental income is excluded from main benefit applications. This is because people are generally seen as financially independent at age 18 and are expected to have individual responsibility for themselves.¹

7 Student support is an area where this differs. A person may have their parental income included in the assessment of eligibility up to the age of 24. This was first introduced in 1989 for 16–19-year-olds (in acknowledgement of parents maintaining some financial responsibility for their teenagers) and then extended to all people under 24 in 1991 to better target spending and

¹ This is reflected in several statutes, including the legal age for voting, purchasing alcohol, and marriage (without needing consent from the Family Court).

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need. Between January and June 2024, 56 percent of students were receiving a parentally income tested Student Allowance.

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There would be some matters to work through as outlined below.

- A removal of the safety net for young people with parental income over the threshold will impose costs onto parents and families, placing additional pressure on individual parents/caregivers. This could mean additional family hardship and prevent parents' ability to save for their futures.
- A person is not legally afforded rights to their parents' income, meaning the legislative design would be complex and may require jointly working with Inland Revenue to appropriately draft amendments.
- Requiring a person to rely on another individual's income (outside of the currently prescribed settings for partners or dependents) may require amendments to the purposes and principles and key legal definitions within the Act (such as 'dependent child'), which would have significant consequential impacts to other sections of the Act.
- Parental income assessments delivered in the Student Support Scheme are complex to administer due to the level of information and processing required to complete them. This would be compounded if introduced to the benefit system without significant changes or enablers. We would also need to consider the risk of deprivation of parental income and whether there are any mitigations.
- Most clients s9(2)(f)(iv) grow up in benefit dependent households – this change may place additional burden on beneficiaries with children when they would not be the targeted group. The savings may be small compared to cost and work required to implement the change.
- There may be a perverse incentive to enter tertiary education and increase debt to government via Student Loans. Students entering tertiary education for this reason may be less incentivised to complete their studies/qualifications.

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11 s9(2)(f)(iv)

Option 6: s9(2)(f)(iv)

12 s9(2)(f)(iv)

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Option 7: s9(2)(f)(iv)

15 s9(2)(f)(iv)

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s9(2)(f)(iv)

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Option 7A: s9(2)(f)(iv)

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s9(2)(f)(iv)

Option 7B: s9(2)(f)(iv)

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s9(2)(f)(iv)

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