



Methodology for calculating Fees Free learner carry-over entitlement for provider-based study

This document provides the specifications for calculating a learner's Fees Free carry-over entitlement for provider-based study.

The first-year Fees Free policy is ending

The Government announced that Fees Free for the first year of study and training finished at the end of 2024. It has been replaced by the final-year Fees Free policy.

Learners who have already used Fees Free in their first year of study or training won't be able to access Fees Free under the new final-year policy. However, until the end of 2025, first-year Fees Free will operate under 'first-year transition rules' to allow some learners to access their remaining first-year entitlement.

First-year Fees Free transition rules

Learners who used Fees Free in 2024 may be able to continue to use their remaining first-year Fees Free entitlement in 2025 if they:

- are continuing in the same qualification in 2025, and
- have Fees Free entitlement remaining.

They will be able to access their entitlement until the end of 2025, or until they reach their 24-month (for work-based learning), one EFTS (120 credits), or \$12,000 cap, whichever occurs first.

Learners with remaining entitlement will not be able to access first-year Fees Free in the future if they:

- did not use Fees Free in 2024, or
- used Fees Free in 2024 but are not continuing in the same qualification in 2025.

How we calculate a learner's carry-over first-year Fees Free entitlement for provider-based study

Fees Free funds the learner's first full calendar year of eligible study up to \$12,000 (including GST). If a learner does not undertake at least 1 equivalent full-time student (EFTS) or use \$12,000 (including GST) in their first calendar year, entitlement may be carried over into future calendar years.

From 2025, learners may only carry over remaining entitlement into 2025 if they meet the transition rules. Learners who do not meet the transition rules will not be able to use any remaining entitlement.

For learners able to access Fees Free in 2025, Fees Free entitlement will stop when they reach \$12,000 (including GST), 1 EFTS, or 31 December 2025, whichever they reach first. We must monitor the learner's entitlement use regularly to determine the correct Fees Free allocation to be paid to the learner's TEO.

If learners continue studying in 2026, they will need to organise payments for the remaining fees. This includes where a learner's course starts in 2025 and continues past 31 December 2025. Fees Free will only cover the fees for the portion of the course that occurs in 2025.

We recalculate entitlement monthly

We recalculate a learner's entitlement each month to ensure any reported changes in their enrolments are captured (for example withdrawals, course changes, or additional enrolments). This ensures TEOs always have an up-to-date allocation based on the learner's enrolments for the calendar year.

The updated allocation is included in the 'Fees Free Multiple Providers and Cap Limit' report provided via Workspace 2.

Because the allocation is recalculated each month, the final amount payable for each learner is not finalised until the calendar year wash-up is complete. Until this occurs, amounts for each learner are considered to be the intended allocation only, as they are subject to change.

Carry-over where a learner has not yet consumed 1 EFTS of Fees Free tertiary education

Until we determine that a learner has exceeded 1 EFTS, we will allocate the full validated claim up to a maximum of \$12,000 (including GST).

If a learner does not meet the transition rules, we will not allocate Fees Free for courses the learner starts in 2025, even if they have not yet reached 1 EFTS or \$12,000.

If a learner who is covered under the transition rules in 2025 has not reached 1 EFTS or \$12,000 before 31 December 2025 and is enrolled in a course that starts in 2025 and ends after 31 December 2025, Fees Free will only cover the fees for the portion of their courses that occur in 2025. We will do this by determining the average course fee per day, and covering only the days that occur in 2025.

Learners will not be able to access Fees Free in 2026, even if they have not yet reached 1 EFTS or \$12,000.

Carry-over where a learner has consumed 1 EFTS of Fees Free tertiary education

Each month we assess the learner's enrolments, to determine if they exceed 1 EFTS.

In the first month that we identify that a learner will reach 1 EFTS in the current calendar year, we will determine the Fees Free allocation for the learner in dollars.

We do this by determining the average dollar per EFTS rate for the learner (by each TEO), plus validated Student Service Fees (SSF). When completing the average cost per EFTS we include:

- › All validated course enrolments reported to TEC to date for the calendar year;
- › All validated SSF reported to TEC to date for the calendar year.

We do **not** include any EFTS that have a \$0 cost reported.

Example Calculation

In 2024 a learner used 0.5 EFTS and \$2,000. In 2025, the learner was reported to have enrolments of 0.6 EFTS and \$3,000, plus an additional \$500 in SSF. As the learner has now exceeded 1 EFTS, we will determine the average costs per EFTS for 2025 to calculate their 2025 allocation.

Step 1: Determine average EFTS cost (not including CSSF)

$\$3,000 / 0.6 = \text{average EFTS cost of } \$5,000$

Step 2: Determine allocation for course fees based on average EFTS cost for remaining EFTS under 1 EFTS cap
 $\$5,000 \times 0.5 \text{ EFTS} = \text{allocation of } \$2,500 \text{ for course fees}$

Step 3: Add any SSF reported

$\$2,500 + \$500 = \text{total allocation of } \$3,000$

We then recalculate the learner's entitlement in each subsequent month to ensure any changes in enrolments are reflected.

Carry-over where a learner has multiple provider enrolments

Where a learner is reported to us by multiple TEOs, we determine the learner's allocation for the TEO that *first* reported validated fees for the learner to TEC (including in previous calendar years).

This is done to ensure that learners enrolling in a single programme of study across multiple calendar years will have as much of that programme as possible covered by their Fees Free entitlement.

Where any further entitlement remains, we will then determine the amount of carry-over entitlement for enrolments reported by other TEOs.

If multiple enrolments were reported to us in the same period, we allocate to the TEO with the first course start date.

Frequently asked questions

Why do you use an average cost per EFTS and not just pay for the oldest enrolments first?

We use an average costs per EFTS to ensure that the learner is not disadvantaged by earlier enrolments causing the learner to receive a lower dollar entitlement, for example where the oldest enrolments have a lower cost. By excluding \$0 cost enrolments from the calculation we can also ensure that withdrawals where the learner receives a refund of fees does not negatively impact their entitlement to Fees Free.

Why can't learners keep using Fees Free in 2026 if they still have remaining entitlement?

The Government announced that Fees Free for the first year of study and training will finish for new learners at the end of 2024 and be replaced with a final-year Fees Free scheme which started in January 2025. The 2025 transition rules were established to give some learners the opportunity to finish using their first-year Fees Free entitlement before the end of the policy. From 2026, no learner will be able to access first-year Fees Free, and instead, learners completing a qualification or programme at a tertiary level for the first time will be able to claim Fees Free for their final year of study or training.

- [Find out more about the end of the first-year Fees Free policy](#)

Why can't you confirm the final entitlement earlier?

Because a learner's enrolments, and therefore average cost per EFTS, can change throughout the year, we must allow time for these changes to be reported to us. Therefore, we are unable to finalise the learner's entitlement until all enrolments and/or withdrawals for the calendar year are reported to us and wash-ups completed.

Can I calculate the learner's entitlement myself?

Because we are considering a learner's entitlement use from previous years and with other TEOs, it is difficult to self-calculate the exact amount of carry-over a learner has. However, you may be able to complete an approximate calculation using the method outlined above.

How do I find out what you have allocated to me for a learner?

The allocations for your learners are shown in the 'Multiple Providers and Cap Limit' reports provisioned to you on Workspace 2 each month. This report will also tell you the reason why we have not allocated you the full reported amount, if applicable. Please see the [Fees Free Multiple Providers and Cap Limit Report Guide](#) for help understanding the data in this report.

What do I do if I think your calculation is wrong?

If you think the learner's entitlement is incorrect, please contact us via the Customer Contact Group and we will investigate this for you. You can do this by emailing us at customerservice@tec.govt.nz.

Note that we may have taken other circumstances into account that you are not aware of, such as an enrolment at another TEO, or an appeal from the learner to discount some of their enrolments from their entitlement use.



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