

Briefing Note: Cabinet paper on improvements to Fees-Free Tertiary Education and Training for 2019

Addressee:	Hon Chris Hipkins, Minister of Education		
Security Level:	In Confidence	Date:	10 August 2018
Priority:	High	Metis:	1145029
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Purpose

- You are taking the Cabinet paper Fees-Free Tertiary Education and Training: improvements for 2019 to the Cabinet Social Wellbeing Committee (SWC) on 15 August. This briefing note provides talking points to support your discussion.

Talking points

Performance of Fees-Free policy so far in 2019

- Our Fees-Free policy is already achieving great results with over 33,000 learners receiving Fees-Free support as at mid-April 2018.
- In the first quarter of 2018, 25,400 fewer students were borrowing to pay fees with borrowing for fees \$151 million lower than for the same period in 2017.
- This is a great start to our commitment to reduce financial barriers to tertiary education and reduce the burden of student loan debt.
- The longer-term impact of the Fees-Free policy on participation remains uncertain and will be closely monitored in future years.
- I will provide an update on the up-take of Fees-Free tertiary education and training and Fees-Free payments as at August 2018 in October.

Improvements to the Fees-Free policy settings for 2019

- I seek your agreement to make minor changes to the Fees-Free policy for 2019.
- Decisions on these policy changes are needed now so that officials can begin work to implement the changes for 2019.

Addressing disincentives for Fees-Free learners to start short industry training programmes

- I propose excluding credits gained in short industry training programmes since January 2018, when assessing prior study for Fees-Free eligibility.

- As a result of this proposed change, people will no longer be discouraged from undertaking shorter training programmes due to uncertainty about how this may influence their future Fees-Free eligibility.
- My proposal responds to feedback from the Industry Training Federation, Industry Training Organisations, employers and industry groups.

Changing Fees-Free eligibility rules for people enrolled in a school

- I propose that the Fees-Free policy exclude *tertiary courses* undertaken as part of a schooling programme, such as the Secondary Tertiary Alignment Resource (STAR) or Gateway, rather than excluding *people* enrolled in a school.
- This means that people who have not completed Year 13 at secondary school can be confirmed as eligible for Fees-Free support without having to submit declarations. This will speed up confirmation of Fees-Free eligibility for an estimated 6,000 learners in 2019.

Other minor changes to Cabinet's previous decisions

- I propose other minor changes to Cabinet's previous decisions to:
 - speed up confirmation of a student or trainees' Fees-Free eligibility, making it easier for learners to access to the Fees-Free policy
 - grant the Tertiary Education Commission (TEC) discretion to reinstate consumed Fees-Free entitlements due to exceptional cases of personal circumstances, and
 - ensure consistent rules for people in industry training programmes and provider-based study.

Operational improvements for 2019

- The TEC is developing a "carry-forward" mechanism for Fees-Free entitlements. This delivers on our previous decision that students who undertake less than one equivalent full-time student (EFTS) unit of study in 2018 in provider-based study – and don't exceed the \$12,000 cap – can use any remaining balance in later years. This aims to support flexible lifelong learning options, including part-time and part-year study
- The TEC also plans to implement other minor operational improvements in 2019, including:
 - faster and easier verification of eligibility through an ordinary declaration process (replacing the current statutory declaration process), and
 - improving information flows with both tertiary providers and partner agencies.

Financial implications

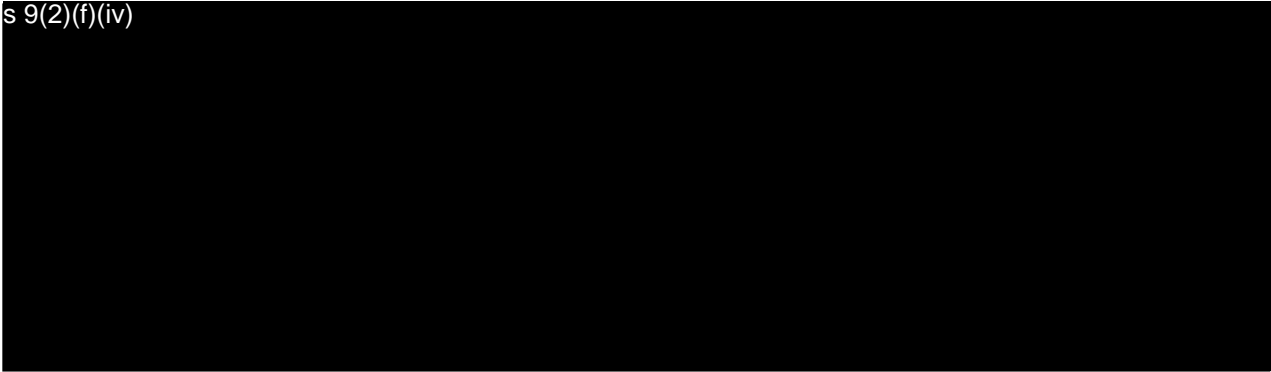
- The only change proposed in this paper with a measurable impact on the cost of the policy is the change to exclude short industry training programme credits from the measure of prior study.
- The increase in people eligible for Fees-Free support and related costs are small, and within the bounds of costing uncertainties for the current policy settings.
- This cost can be managed within baselines and the funding parameters Cabinet has previously agreed.

Communications

- Subject to Cabinet's agreement, my office will work with the relevant agencies on announcements about Fees-Free policy changes for 2019. This will ensure that current and prospective learners have the information they need to support decisions about study for 2019, and that tertiary providers and other key stakeholders are aware of the changes.

Future work

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10/8/2018

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