



Education Report: Increasing the Māori and Pacific Trades Training fee top-up

To:	Hon Chris Hipkins, Minister of Education Hon Kelvin Davis, Minister for Māori Crown Relations Hon Aupito William Sio, Minister for Pacific Peoples		
Date:	21 December 2020	Priority:	High
Security Level:	In Confidence	METIS No:	1246709
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Messaging seen by Communications team:	No	Round Robin:	No

Purpose of Report

This paper proposes to increase the fee top-up for Māori Pacific Trades Training (MPTT) from 1 January 2021. This will address concerns that some eligible learners may miss out on additional support through MPTT because providers have a financial incentive to enrol them instead under the Targeted Training Apprenticeship Fund (TTAF) programme.

Recommended actions

The Ministry of Education recommends you:

- note** there is an overlap in learner coverage between targeted trades in MPTT and programmes within TTAF: about 80% of MPTT equivalent fulltime students (EFTS) are in programmes also covered by TTAF
- note** that MPTT better meets the needs of some learners as it provides additional learner support, whilst TTAF only provides fees-free access
- note** that fee subsidy payments under TTAF reflect actual fees charged, which are on average higher than the fee top-up funding for MPTT, creating a financial incentive for providers to enrol eligible learners in TTAF rather than MPTT
- agree** to increase the fees top-up for MPTT by \$1,000 per EFTS from 2021

☒ Agree
 ☐ Disagree
- agree** that the cost of the increase proposed in recommendation (d), estimated at \$1.1 million, can be met from Student Achievement Component Funding, as it is in line with the appropriation scope

☒ Agree
 ☐ Disagree

- f. **note** that if the funding rate change is not agreed to before 31 December 2020, the change cannot come into effect until 1 January 2022, as changes to be implemented in 2021 need to be agreed to prior to 1 January 2021
- g. **note** that the Ministry of Education has agreed with the Treasury that this can be done in the March 2021 Baseline Update
- h. **sign** the attached updated MPTT funding determination (if rec. d is agreed)
- i. **agree** that this paper will be proactively released in accordance with the provisions of the Official Information Act 1982.

☒ Agree ☐ Disagree


Katrina Sutich
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Graduate Achievement,
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21/12/2020


Hon Chris Hipkins
**Minister of
Education**

22 / 12 / 2020

Background

1. MPTT supports Māori and Pacific learners to succeed in trades training and progress into sustainable trades employment. Learners receive fees-free pre-trades programmes, wraparound pastoral support and funding for resources to ensure learner success (e.g. trade tools, reading glasses, driver's licences). This additional pastoral support provides good learner outcomes for MPTT. MPTT is coordinated regionally by consortia of iwi, Pacific community representatives, employers, and tertiary education organisations.
2. Learners in MPTT (1,490 EFTS reported at August 2020) are funded via the Student Achievement Component (SAC) for their course enrolments, and via the MPTT fund for fees top-ups paid to providers in lieu of charges to learners, and funding for the consortia. The top-up does not apply to SAC 1-2 funded programmes, which are fully funded with no fees allowed.
3. TTAF makes all apprenticeships and a range of sub-degree training programmes free for eligible learners from 1 July 2020 until 31 December 2022. It pays fees otherwise charged by providers to students.
4. The impact of TTAF on MPTT programmes was outlined in METIS 1230261 and METIS 1239349 refers and further advice before 2021 was signalled.

Interface between MPTT and TTAF

5. There is direct crossover between the two trades-training initiatives. Around 80% of MPTT EFTS are also in programmes that are covered by TTAF. This crossover has implications for both learners and providers.
6. Providers can receive different rates of funding to deliver the same programme fees-free to the learner through MPTT or TTAF. Both are SAC funded, but MPTT has a set fees top-up of \$4,000 per EFTS for all provision, while actual fees charged by providers for programmes now covered by TTAF are on average \$1,700 higher (this includes tuition fees, compulsory course costs and compulsory student service fees).
7. While both MPTT and TTAF are free to learners and do not affect future Fees Free entitlements, MPTT can better serve priority learners' needs than TTAF. MPTT learners receive extra support for:
 - employability skills training (such as driving licenses, site safe certificates);
 - brokerage services (e.g. recruitment support, employment transition support);
 - careers guidance; and
 - a tools grant.
8. With no changes to MPTT fees top-ups, MPTT learners will generate less revenue for providers than learners in the same programme funded under TTAF. This may incentivise providers to enrol MPTT-eligible learners through TTAF instead.
9. The Tertiary Education Commission (TEC) advise that providers consider MPTT to have relatively high administrative requirements, which may also provide an incentive to enrol students in TTAF instead.
10. For the government, the overall costs of tuition and training may be higher if MPTT learners are diverted into TTAF. For example, if 5% (around 100) of MPTT learners were instead enrolled in TTAF, this would cost the government on average an extra \$163,100 in TTAF fee payments in 2021. However, TTAF is a time-limited initiative.

Increasing the MPTT fees top-up

- ### Funding a MPTT fees top-up increase

- ### Legal and timing considerations

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Next steps

19. If you choose to increase the fees top-up for MPTT by \$1,000 to \$5,064 you will need to sign the attached updated funding determination (which is otherwise unchanged) before 31 December 2020. If the funding rate change is not agreed to before this date, then the funding rate change cannot come into effect until 1 January 2022, as changes to be implemented in 2021 need to be agreed to prior to 1 January 2021. The TEC will then communicate this change to the sector. Officials will advise on the transfer from SAC within the March Baseline Update if needed.

Attachments

Attachment 1: Determination of Design of Funding Mechanism: Māori and Pasifika Trades Training (clean)

Attachment 2: Determination of Design of Funding Mechanism: Māori and Pasifika Trades Training (tracked compared to September 2020)

Final version publicly available on TEC website here: <https://www.tec.govt.nz/assets/Funding-mechanisms/MPTT-Funding-Mechanism-Signed-by-Minister-Dec-2020.pdf>