



Education Report: Centres of Asia-Pacific Excellence Funding Extension

To:	Hon Chris Hipkins, Minister of Education		
Date:	15 December 2022	Priority:	High
Security Level:	In Confidence	METIS No:	1301749
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Messaging seen by Communications team:	n.a.	Round Robin:	Yes

Purpose of Report

This report seeks your agreement to amend the Centres of Asia-Pacific Excellence (CAPEs) funding determination to extend existing funding agreements for 12 months, allowing sufficient time to assess if the current policy settings are fit for purpose and to conduct a competitive tender process.

Summary

1. The CAPEs were established in Budget 2016 to contribute to the development of Asia-Pacific knowledge and language skills in New Zealand, enhancing economic, trade, political and cultural relationships. The CAPEs' funding agreements for six-year terms ends on 30 June 2023. Continuation of CAPEs funding requires running a competitive process prior to this date for the next six-year term.
2. An independent expert review of CAPEs was conducted in 2020 to determine how well they were delivering on their policy objectives, and what changes would improve them.
3. The recent refresh of the *New Zealand International Education Strategy (NZIES) 2022-2030*, the opening of the borders, Education New Zealand's (ENZ) updated market prioritisation, 9(2)(f)(iv) are all issues that needed to be worked through prior to decisions about future CAPE funding processes. 9(2)(f)(iv)
4. A competitive funding process would take a minimum of six months to complete, making an extension to the current CAPEs contracts necessary to have sufficient time to conduct the process and to provide funding certainty to staff to prevent the loss of sector-specific capability. Extending existing funding for twelve months provides time for the Ministry of Education (the Ministry) to determine whether the policy settings are still fit for purpose and for the TEC to conduct the necessary procedural steps to run a competitive funding round.

5. The risk of amending the funding determination to extend the funding term for twelve months is low. The CAPEs have addressed many of the issues identified during the 2020 CAPE review, such as strengthening their strategic direction and work programme.
6. If agreed, the Ministry will look at the current funding determination and ensure the policy settings are still fit for purpose. The Ministry will provide advice to you and make changes to future funding determination. Once finalised, TEC will run a competitive funding process.

Recommended Actions

The Ministry of Education recommends you:

- a. **note** that the CAPEs' six-year term ends on 30 June 2023. Any extension of current funding arrangements would require a variation to the CAPEs funding determination, which you would need to agree to before 31 December 2022.

Noted

- b. **note** that consultation about a variation to the CAPEs funding determination, as required by section 423 of the Education and Training Act 2020, has been undertaken with the eight universities.

Noted

- c. **agree** to vary the CAPEs funding determination to extend the CAPEs funding for twelve months, which will enable TEC to extend current contracts for CAPEs for 12 months and run a competitive tender process for funding new CAPEs.

Agree / Disagree

- d. **sign** the attached letter to the Chair of the Tertiary Education Commission (Appendix 1)

- e. **agree** that the Ministry of Education will evaluate whether the CAPEs policy settings are still fit for purpose.

Agree / Disagree

- f. **agree** that the Ministry of Education release this briefing in full once it has been considered by you.

Agree / Disagree

Freddy Ernst
Senior Policy Manager
International Education Policy

15/12/2022

Hon Chris Hipkins
Minister of Education

18/12/2022

Background

7. The CAPEs are university-led, cross-institutional centres of excellence. The CAPEs were established in Budget 2016 to contribute to the development of Asia-Pacific knowledge and language skills in New Zealand, and enhance economic, trade, political and cultural relationships. It was intended that the CAPEs would excel nationally and internationally in their area of expertise, ensuring broad dissemination of knowledge, applied research, and skills through collaborative processes. The current CAPEs are supported by a consortium of four New Zealand universities, utilising their networks and expertise to connect research to practice through workshops, resources and mobility programmes that increase New Zealanders' engagement with the Asia-Pacific. The CAPEs have received \$10m of funding each year for 6 years, for a total investment of \$60m.
8. The CAPEs were established to:
 - a. **Do business:** The CAPEs would enhance the capacity of New Zealanders to engage with business in these Asia-Pacific regions, including through improving commerce skills, cultural awareness, and language skills
 - b. **Learn and collaborate:** The CAPEs would facilitate collaboration between tertiary institutions and other stakeholders
 - c. **Access expertise:** Use research-informed expertise regarding the region to facilitate a range of education initiatives and activities, and
 - d. **Build networks:** Generally strengthening appropriate networks and relationships.
9. A mid-term review of the CAPEs in 2020 identified numerous concerns, including:
 - a. holistically lacking a clear understanding of what success might look like and how they are progressing towards it
 - b. a focus on 'quick wins' in their first year was at the expense of a focus on strategy and ensuring the proper systems and resources were in place to support establishment and ongoing delivery
 - c. programmes that did not appear, prima facie, to be in line with policy objectives, and may duplicate other programmes in the system.
10. The main recommendation of the review panel was that the CAPEs need to develop a robust strategy to ensure it delivers on their intended objectives and policy outcomes. Since 2020, the CAPEs have developed a strategy, created a more coherent work programme with several cross-CAPE activities, formulated a performance measurement framework, and appointed a Director of Strategy who has led engagement with the sector and helped the CAPEs to reach a higher level of strategic and operational maturity.

Extending the CAPEs funding for twelve months

11. The current CAPEs' six-year term ends on 30 June 2023 in line with the funding determination. Approving funding for CAPEs when the current contracts finish will require the TEC to run a competitive funding process. 9(2)(f)(iv)
[REDACTED]
[REDACTED].
12. The recent refresh of the NZIES, the opening of the borders, ENZ's updated market prioritisation, 9(2)(f)(iv)
[REDACTED] are all issues that needed to be worked through prior to decisions about future CAPE funding processes.
13. In order to ensure TEC has enough time for the competitive funding process that can take into account any changes in policy settings, we recommend extending the funding

determination of the CAPEs for twelve months. Extending the CAPEs funding determination would give the Ministry enough time to evaluate current policy settings and consider whether any changes to the “Determination of Design of Funding Mechanism: Centres of Asia-Pacific Excellence” are required. This will help ensure that the CAPEs are positioned to fully meet their objectives.

14. An alternative is to extend the funding determination for six months, which would provide the minimum time required for TEC to conduct a competitive funding process. However, it introduces the risk that procedural steps are rushed and will not provide enough time to assess the current policy settings of the funding determination.

Analysing the CAPEs policy settings

15. 9(2)(g)(i)

Further analysis and advice would provide a more detailed understanding of the CAPEs’ effectiveness and would allow us to determine the policy implications.

16. Looking at current policy settings will also allow us to clearly identify whether changes need to be made to the current goals and outcomes of the CAPEs, by comparing it with the intended direction and outcomes of the refreshed NZIES. In the NZIES under Goal 3: Developing Global Citizens, there is an action stating that the Government will support the CAPEs to develop globally informed citizens, and work with them to monitor their effectiveness. Evaluating the policy settings is an important aspect to achieve this.

Varying the funding determination

17. Extending the CAPEs funding by twelve months is a variation to the current funding determination. The Education and Training Act 2020 (the Act) section 423 states that the Minister of Education must consult with all affected parties that would be affected by the proposed variation of funding determinations.
18. We have consulted with all the universities. We received submissions from: the University of Auckland; the University of Waikato; the University of Otago; Victoria University of Wellington; Lincoln University; and Massey University. All responses indicated their support for the proposed extension, stating that it will enable work to continue to enhance New Zealanders’ understanding and engagement in the Asia Pacific region, 9(2)(f)(iv) and offer some reassurance to the current CAPE staff that their roles will continue beyond June 2023.
19. Section 423 of the Act indicates that the variation will come into force on whichever is the later date: either three months after the date of variation, or the beginning of the calendar year after the calendar year during which the Minister varies the determination. Therefore, the variation to the funding determination must be signed before 31 December 2022.

Next Steps

20. Based on your approval, we will inform the relevant organisations including the CAPEs and universities. The Ministry will begin evaluating the current CAPE policy settings described in the funding determination and will provide initial advice based on this assessment in the first half of 2023. Once a current policy setting has been finalised and approved, TEC will undertake the necessary competitive sourcing process, which is expected to take approximately six months.

Hon Chris Hipkins

MP for Remutaka

Minister of Education

Minister of Police

Minister for the Public Service

Leader of the House



Jenn Bestwick
Chair
Tertiary Education Commission
PO Box 27-048
Wellington 6141

Dear Jenn

Determination of Design of Funding Mechanism: Centres of Asia-Pacific Excellence

I am writing to advise you of a determination of the design of a funding mechanism, under section 419 of the Education and Training Act 2020 (the Act), for the Centres of Asia-Pacific Excellence (CAPEs).

The new determination is set out in the appendix to this letter. The determination extends the funding of provision delivered under the determination through until 30 June 2024.

Under section 422 of the Act, it is the TEC's responsibility to develop the details needed to implement my determinations of the design of funding mechanisms.

I expect that the Commission will set appropriate measures as part of its Statement of Service Performance in order to report to me on its performance in giving effect to this determination.

Yours sincerely

A blue ink signature of Chris Hipkins, written in a cursive style.

Chris Hipkins
Minister of Education

DETERMINATION OF DESIGN OF FUNDING MECHANISM: CENTRES OF ASIA-PACIFIC EXCELLENCE

PRELIMINARY PROVISIONS

Statutory authority

1. This funding mechanism for the funding of the Centres of Asia-Pacific Excellence (CAPEs) is made under section 419 of the Education and Training Act 2020 (the Act).

Purpose

2. The purpose of the CAPEs is to contribute to the development of Asia-Pacific knowledge and language skills in New Zealand and enhance economic, trade, political and cultural relationships with the region. It is intended that the CAPEs will excel nationally and internationally in their area of expertise, and ensure broad dissemination of knowledge and skills through collaborative processes.

Off-plan funding

3. The Tertiary Education Commission (TEC) must pay funding allocated under this funding mechanism under section 428 of the Act (funding other than via plans).

PART ONE: THE FUNDING MECHANISM

General parameters

Effective period dates

4. This funding mechanism is to fund the CAPEs from 1 July 2017 to 30 June 2024.

Available funding

5. The total amount of Government funding that can be allocated under this funding mechanism will be set through the Government's annual Budget processes.

TEC administrative responsibilities in the case of under-funding

6. If the Tertiary Education Organisation (TEO) receives funding under this funding mechanism that is less than it should have been, or that it was entitled to receive, the TEC must pay the amount of the under-funding as soon as is reasonably practicable.

Eligibility

7. The TEC must select, through a competitive process determined by the TEC, a consortium to operate one or more CAPEs.
8. A consortium must include a university that is quality assured by the New Zealand Vice-Chancellors' Committee and that is nominated as the "lead TEO". A consortium may include TEOs or other organisations (such as employers and industry bodies) and must include at least one university or other organisation in addition to the lead TEO.

9. Any reference to a CAPE in the subsequent paragraphs of this funding mechanism is a reference to all TEOs or other organisations that are members of a consortium, including the lead TEO.

Selection

10. The TEC must select each CAPE to receive funding through a competitive process determined by the TEC.
11. A lead TEO must submit an application for selection on behalf of a proposed CAPE.
12. To determine whether a CAPE will receive funding, the TEC must apply the following assessment criteria:
- (a) The ability to deliver on the policy objectives:
 - (i) more New Zealanders with appropriate language and cultural skills of the Asia-Pacific region;
 - (ii) enhanced public awareness of the importance of the Asia-Pacific region;
 - (iii) better understanding of how study of Asia-Pacific languages and cultures leads to success in the region; and
 - (iv) enhanced links between New Zealand and the Asia-Pacific region.
 - (b) An understanding of the target market:
 - (i) understanding and expertise of target area culture, language and relationships;
 - (ii) understanding of current activities and partnerships with organisations providing services relating to the targeted area, including demonstrating the ability to leverage existing resources and avoid duplication; and
 - (iii) potential for the activities to have the highest impact in target area.
 - (c) A commitment to a business focus:
 - (i) understanding of business needs in relation to the target area within the Asia-Pacific region;
 - (ii) quality of services offered to businesses that would facilitate their needs; and
 - (iii) evidence of partnerships with the private sector.
 - (d) Management and implementation:
 - (i) strength of planned governance and management;
 - (ii) robust implementation plan showing CAPE phasing e.g. distinct planning and mobilisation phase to a steady state/business as usual operation; and
 - (iii) clear demonstration of partnership, and the commitment and capability of parties to proposed collaborative practices.

Funding

Period of funding

13. The TEC may fund a selected CAPE for the effective period.

Use of funding

14. The TEC must establish criteria for allocating funding to the CAPEs.

15. The TEC must pay funding under this funding mechanism to the lead TEO.
16. A lead TEO may reallocate funding to consortia members for the purpose of carrying out the CAPE's strategic functions, and other activities that support the CAPE's strategy.
17. The TEC must ensure that CAPEs funding is to be used to facilitate better coordination and collaboration to improve utilisation of existing funding, rather than crowding out or duplicating existing delivery.
18. The TEC must ensure that CAPEs funding paid to a TEO under this funding mechanism is not used to contribute towards the costs of delivery on either the Student Achievement Component (SAC)- or New Zealand Qualifications and Credentials Framework (DQ)-funded activities.

PART TWO: FUNDING CONDITIONS

General conditions

19. The TEC, in funding an eligible TEO under this funding mechanism under section 428 of the Act, may impose any conditions on funding that it considers necessary, including, without limitation, conditions for ensuring that funding will achieve the purpose for which it has been provided.

Conditions that the TEC must attach to funding

Tertiary Education Organisations

20. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must meet, and for the length of the funding period continue to meet, all of the eligibility criteria specified in paragraphs 7 to 9 of this funding mechanism.
21. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must:
 - a. not subcontract any of the funded activities without the prior written consent of the TEC; and
 - b. comply with any conditions imposed by the TEC on a consent to subcontract; and
 - c. ensure that a subcontracted party does not further subcontract any functions; and
 - d. remain accountable for the use of the funding.
22. The TEC must attach to funding a condition that a lead TEO may reallocate funding to consortia members for the purpose of carrying out the CAPE's strategic functions, and other activities that support the CAPE's strategy.
23. The TEC must attach to funding a condition that CAPEs funding paid to a TEO under this funding mechanism is not used to contribute towards the costs of either SAC- or DQ-funded activities.

TEO responsibilities

24. The TEC must attach to funding a condition that a TEO that is allocated CAPEs funding must meet minimum performance standards specified by the TEC.

Lead TEO responsibilities

25. The TEC must attach to funding a condition that the lead TEO of a consortium must enter into an arrangement, or arrangements, with each other member of the consortium that:
- a. enables the lead TEO to meet conditions of funding imposed by the TEC on the lead TEO; and
 - b. imposes on each other member of the consortium obligations owed to the lead TEO that are similar to the lead TEO's obligations in respect of any funding received under this funding mechanism; and
 - c. imposes on each other member of the consortium obligations to provide information to and fully cooperate with the lead TEO and the TEC, in order to verify the lead TEO's compliance with conditions of funding imposed by the TEC on the lead TEO.
26. The TEC must attach to funding a condition that the lead TEO of a consortium must not, without the prior written consent of the TEC, enter into any arrangement with another TEO, or end any arrangement with any other member of that consortium that is a TEO, that would have the effect of changing the membership of the consortium that the TEO leads.

Responsible use of funding

27. The TEC must attach to funding a condition that a TEO that receives any funding under this funding mechanism must use the funding:
- a. lawfully, responsibly, and for the purposes for which it is provided; and
 - b. in a manner consistent with the appropriate use of public funds.

Recovery of over-funding

28. The TEC must attach to funding a condition that if a TEO receives any funding under this funding mechanism that is greater than it should have been, or that it was not entitled to receive, the TEO must treat the amount of the over-funding as a debt due to the Crown that:
- a. is repayable on demand; and
 - b. may be set-off against all or any funding or any sum of money payable by the TEC to the TEO.
29. The TEC must provide the TEO with reasonable notice before exercising its right to demand repayment or set-off the debt against all or any funding.

Repayment of funding following revocation of funding approval

30. The TEC must attach to funding a condition that if, in accordance with clause 26, Schedule 18 of the Act, the TEC suspends or revokes some or all of a TEO's funding paid under this funding mechanism before that funding has been used or contractually committed towards the purposes for which that funding was provided, then the TEO must

treat the unexpended or uncommitted portion of the funding as a debt due to the Crown that:

- a. is repayable on demand; and
- b. may be set-off against all or any funding, or any sum of money payable by the TEC to the TEO.

Proactively Released