



Education Report: Introductory briefing: Tertiary Education

To:	Hon Jan Tinetti, Minister of Education		
Cc:			
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Purpose of Report

The purpose of this paper is to introduce you to the tertiary education system and advise you about key focus areas, including international education, and upcoming advice and opportunities.

Summary

The Ministry of Education's tertiary and international education work, and the tertiary education system is highly diverse, and ranges from foundational education, vocational and higher education, through to advanced research. Over 500,000 learners are currently participating in the system. It is delivered by over 200 tertiary education providers and in addition many smaller and aligned organisations – as well as thousands of employers throughout New Zealand who act as trainers of workplace learners. Tertiary education providers enrolled 79% of all international students in 2019 (the remaining 21% in schools), and with a shared focus on economic outcomes, tertiary and international policies are closely linked.

We are largely in a business-as-usual phase in our work, but we would like to talk further about what can be progressed

In recent years the tertiary education sector has seen significant change and disruption. We have led the Reform of Vocational Education (RoVE) in collaboration with the Tertiary Education Commission (TEC), introduced the code of pastoral care for domestic and international tertiary learners), reviewed the Performance-Based Research Fund, and led the policy response to the ongoing COVID-19 pandemic, which has had a very significant impact on the workloads of the sector and government alike.

In addition in 2022, as the border re-opened, Government made changes to immigration settings for international students and issued a refreshed New Zealand International Education Strategy (NZIES). The strategy has two focus areas – helping providers of international education to build back onshore offerings, and positioning international education to step into a different future, that is focused on high-value international education that benefits all New Zealanders.

Most of the large projects of recent years have been handed over to operational agencies such as TEC, NZQA and ENZ, who have been working on their implementation. The majority of RoVE is in process to become business as usual this year. We are now focussing significant resources on the legislation programme for the Wānanga, and otherwise are largely operating on a business-as-usual basis, including supporting the Budget 2023 process and supporting other agencies (e.g. the Ministry of Business Innovation Employment and Ministry of Social Development's development of the Equitable Transitions Strategy, which is under the Government's Emissions Reduction Plan).

In this context, we would like to follow up on our initial meeting on 1 February to further identify opportunities and assist you to develop your priorities for tertiary education within the portfolio. While significant changes have been made, especially in vocational education and training (VET), there are also opportunities to make stronger connections across the education system as a whole, as we discussed at our initial meeting. These can benefit learners making transitions into tertiary education and provide opportunities for those who have dropped out of learning.

The current things we advise you to focus on

Our current top focus is the legislative reform proposals to better recognise the unique role the three Wānanga play in the tertiary education system and their mana and rangatiratanga, by creating an enabling framework to allow Wānanga to negotiate some bespoke governance and accountability arrangements via an Order in Council, while still retaining their unique role as a tertiary education institution.

Te Pūkenga, in the context of RoVE, remains a priority because of the high level of oversight required of it as it transitions to a single network, due to the complexity of this task. A successful transition of Te Pūkenga is a significant opportunity for New Zealand, as it will move the VET system onto a viable footing and become a key way for industries to gain the skills they need. Te Pūkenga is a core element of RoVE, so its success is critical to the reform programme. There has been significant media and political debate about the level of progress Te Pūkenga has made, and its current and projected operating deficits, which still largely derive from the previous network of polytechnics.

Recommended Actions

The Ministry of Education recommends you:

- a. **note** that key immediate areas of focus, which will require decisions and oversight, subject to the advice the Ministry or the TEC will provide:

- Wānanga legislation programme and Order in Council
- Oversight of Te Pūkenga organisational transformation

9

Noted

- b. **note** that you have been provided with, or will receive advice in the coming period on the following:

- next steps for Taumata Aronui and its work [METIS No 1299164 refers]
- refining the definition of online learning used in the Unified Funding System (UFS) (resubmitted advice)
- the application of Learner Component performance expectations to providers with relatively small numbers of eligible UFS learners (upcoming advice)
- 2024 fee regulation settings including the future of wider work on fee regulation we undertook in 2022 (upcoming advice)
- new rules for combining domestic tertiary student dispute resolution scheme with the existing international student dispute resolution scheme and appointment of a new operator 9(2)(f)(iv) [REDACTED]
- International travel and commitments (upcoming resubmitted briefing)
- The Conference of Pacific Education Ministers, being hosted by New Zealand from 20 to 22 March

Noted

- c. **agree** that the Ministry of Education release this briefing once it has been considered by you, with some material (including material that is Budget secret) withheld in line with the Official Information Act 1982.

Agree / Disagree


Katrina Sutich
Group Manager

03/02/2023

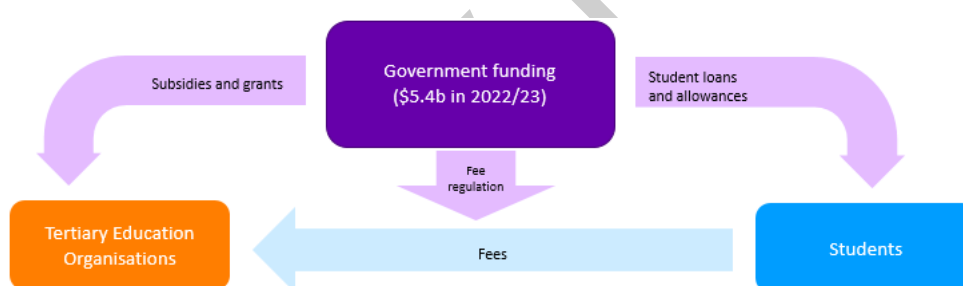
Hon Jan Tinetti
Minister of Education

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Background – Introduction to the tertiary education system

- 1 The tertiary education system delivers to over 500,000 learners and approximately 15% of New Zealand employers, and is made up of
 - 8 universities
 - 3 Wānanga
 - Te Pūkenga
 - 206 funded Private Training Establishments
 - 6 Workforce Development Councils (WDCs)
 - Approximately 550 other providers (including adult and community education providers, government training establishments and secondary schools)
 - Other organisations e.g. 10 Centres of Research Excellence, 2 Centres of Vocational Excellence, 3 Centres of Asia Pacific Excellence, Ako Aotearoa
- 2 The Tertiary Education Commission can provide you with more information on these organisations, including their funding and performance.
- 3 The tertiary funding system has two main legs – funding for organisations and funding for learners (e.g. for living costs). Figure 1 shows the high-level view of the system:

Figure 1: Funding for Domestic Learners and Providers

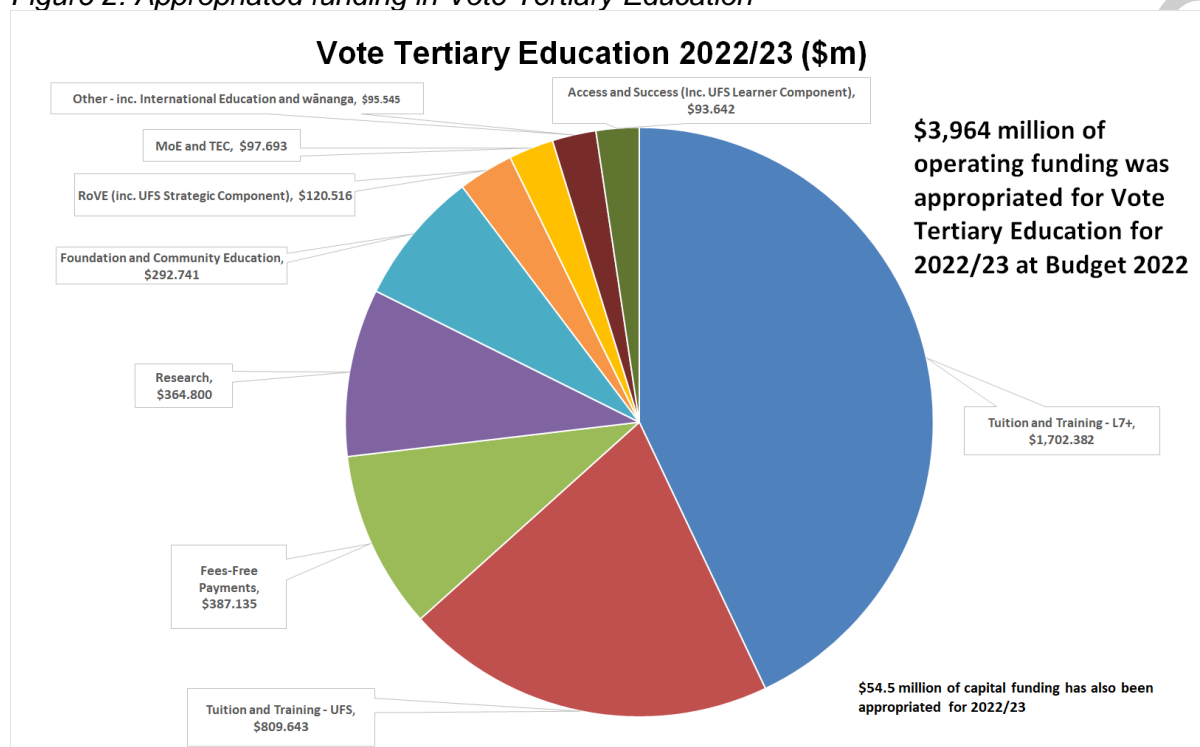


- 4 Key features of the system include:
 - Government funds tertiary education providers via the TEC. Learner and employer fees, and other external funding (e.g. through research contracts) also contribute to the income of tertiary education organisations
 - Government sets funding rules (e.g. funding rates, rules around fees free payments on behalf of learners and fee regulation) through Ministerial funding determinations issued under s419 of the Education and Training Act 2020
 - NZQA accredits and quality assures providers, qualifications, programmes and micro-credentials and operates the New Zealand Qualifications Framework. The New Zealand Vice Chancellors Committee quality assures the university sector.
 - TEC decides on the mix of funding (between providers, and sometimes between fields of study or levels). For vocational education and training (VET), WDCs provide advice to the Tertiary Education Strategy – which it must give effect to – about the mix of VET

- The largest fund, which pays tuition subsidies to providers, is called Qualifications Delivery. Funding is paid per equivalent full-time student – called an EFTS¹
- International students are not funded publicly, with some exceptions².

5 Government provides just under \$4 billion of funding to the tertiary sector through Vote Tertiary Education. Figure 2 shows how this breaks down by appropriation:

Figure 2: Appropriated funding in Vote Tertiary Education



6 Student Loans and Allowances are funded from Votes Social Development and Revenue. In 2022/23, Student Allowances (Vote Social Development) are budgeted to spend \$682.307 million, and the Vote Revenue write-down on new Student Loans lending is forecast to be \$662 million³.

7 Alongside government funding and student fees, international fee revenue is an important contributor to tertiary education providers. In 2019, this amounted to over \$1 billion in tuition fees paid by international students– almost \$580 million to universities, \$178 million to Polytechnics (now Te Pukenga), \$110 million to government funded private training establishments, and the remainder of almost \$140 million to unfunded tertiary providers such as English Language Schools.

8 Table 1 shows current learner participation in the tertiary education system. Workplace-based tertiary education is training (including apprenticeships) that is provided largely by employers to their employees. Provider-based includes a number of delivery methods and covers classroom and lecture delivered education and distance education offered by providers. Annex 3 shows a more detailed breakdown.

¹ Work-based training is currently paid per Standard Training Measure while the legacy systems for vocational education and training remain in place as a long term system is developed.

² Domestic student status is defined by Gazette notice, notably including international PhD students, who are an important part of our research system).

³ The write down reflects the cost to government of student loans (e.g. from write offs and changes in the time-value of money, rather than the overall amount lent to students, a proportion of which is repaid.

Table 1: Number of students/learners in provider-based and workplace-based tertiary education 2017-2021

		2017	2018	2019	2020	2021
Provider-based	Domestic	343,580	335,610	328,095	329,175	358,780
	International	61,435	61,070	60,695	50,920	39,005
	Total	405,015	396,680	388,790	380,090	397,785
Workplace-based	Apprentices	46,105	50,470	53,545	61,885	78,480
	Trainees	99,580	88,040	84,555	76,750	74,415
	Total	144,875	137,835	137,545	137,975	151,975

Participation in provider-based tertiary education⁴

- 9 Participation in formal provider-based tertiary education has been flat or declining in New Zealand over the last decade, partly reflecting the stronger labour market over this period.
- 10 However, the number of domestic students increased significantly in 2021, up 9% on 2020 and back to levels last seen in 2015. Around 359,000 domestic students participated in some form of provider-based tertiary education in 2021. Around half are enrolled at degree-level of higher, while half are enrolled below degree level.
- 11 While COVID-19 and its related border-closures had a significant impact on international tertiary student numbers in 2020 and 2021 (down 36% on 2019 numbers), it boosted domestic demand for tertiary education. The increases were especially noticeable in vocational areas aligned with the Targeted Training and Apprenticeship Fund as well as teacher education and nursing.
- 12 Provisional partial year data for 2022 suggests that participation by domestic students in 2022 has decreased again compared with 2021 (by around 6%) but is still up a little compared with 2019.
- 13 The provisional partial year data also shows that international student numbers continued to fall in 2022, but that the decline from 2021 to 2022 was lower (16%) than the decline from 2020 to 2021 (25%). It is anticipated that international student numbers will rise in 2023.

Participation in workplace-based tertiary education

- 14 Some 152,000 people participated in workplace-based tertiary education in 2021, with just over half being apprentices.
- 15 The COVID-19 pandemic arrived at a time where the number of apprentices had been increasing over time, while the number of trainees had been decreasing. The pandemic further increased this trend. Apprentices increased by 47% between 2019 and 2021, while the number of trainees has decreased by 12%.
- 16 Provisional data for 2022 indicates that the number of apprentices increased by 5.6% in 2022, and the number of trainees declined by half of 1%. Overall, the number of industry training learners increased by 2.6%.
- 17 The Government has introduced policies designed to support participation in apprenticeships and certain vocational areas of study (Targeted Training and Apprenticeship Fund and the Apprenticeship Boost Initiative) and this has been associated with the increase in apprentice numbers.

⁴ Data from 2021 is used as this is the latest full-year data available. Full-year data for 2022 should be available around the end of March. Data relates to students enrolled at any time during the year with a tertiary education provider in formal qualifications of greater than 0.03 EFTS (more than one week's full-time duration). Data excludes all non-formal learning and on-job industry training. Data includes those private training establishments that received Student Achievement Component funding, and/or had students with student loans or allowances, and/or delivered Youth Guarantee programmes.

Three key priorities for your immediate focus

- 18 The sector has recently been through a period of very significant policy change, particularly with the Reform of Vocational Education (RoVE), which has created a different set of organisations in a major part of the system and includes the introduction of the Unified Funding System (UFS) for Level 3-7 delivery (RoVE is discussed further in paragraphs 29 - 33 and Annex 2).
- 19 In addition, the sector has risen to the significant challenges brought about by COVID-19 since 2020. Our assessment is that minimising work that requires further change or significant input from the sector would be of benefit, particularly as RoVE continues to roll out in its implementation phase (with industry and employer expectations to change programmes and the design and build of new administrative systems) and the effects of COVID-19 continue.
- 20 There are three significant areas that require your immediate focus. These are the major item of new work we are continuing to progress with the sector (Wānanga legislation), completing RoVE, 9(2)(f)(iv)

Wānanga legislation programme

- 21 We have been working with the three Wānanga on legislative reform proposals to support the 2020 election manifesto commitment to recognise the vital contribution of mātauranga Māori.
- 22 The changes to the Education and Training Act 2020 will better recognise the unique role the Wānanga play in the tertiary education system and the mana and rangatiratanga of the Wānanga by creating an enabling framework to allow Wānanga to negotiate some bespoke governance and accountability arrangements via an Order in Council, while still retaining their unique role as a tertiary education institution.
- 23 The changes will also provide a foundation to advance work on other long-standing concerns of the Wānanga relating to funding, quality assurance of educational provision, and supporting mātauranga Māori.
- 24 This work is also in response to the WAI2698 claim lodged by Te Wānanga o Raukawa. This claim has been placed on hold in agreement with Te Wānanga o Raukawa while this process is progressed.
- 25 The most significant policy decisions for this work were made by Cabinet in late 2022 and drafting of the wider Education and Training Amendment Bill is well advanced. The Wānanga legislative changes will not require additional time in the House as they are part of the larger Education and Training Amendment Bill. We recommend this work proceed.

- 26 9(2)(f)(iv)

9(2)(f)(iv)

Reform of vocational education

- 29 RoVE was initiated in 2018, with the key policies in place by 2020 (with the passage of the required legislation), and 2022 (with decisions about the Unified Funding System (UFS) finalised).
- 30 RoVE was designed to create a strong, unified, sustainable vocational education system that delivers the skills that learners, employers and communities need to thrive. The Government needed to act to avoid the potential financial collapse of the Institutes of Technology and Polytechnics (ITP) sector and to position VET for New Zealand's future.
- 31 We are significantly down the track of these reforms, and the major policy decisions have been made and are in the process of being implemented. The legacy organisations (ITPs and ITOs) have been disestablished and new organisations such as Te Pūkenga, WDCs, RSLGs (funded through Vote Labour Market and overseen by the Minister for Economic Development) and two Centres of Vocational Excellence (CoVEs) have been formed. Government has invested significantly in the VET system including to support the objectives of the UFS.
- 32 The new bodies and systems will develop over time. The TEC and NZQA are working as funder and monitor to support WDCs and CoVEs as they mature. Further background detail is provided in Annex 2.
- 33 Two key elements of the reforms are still yet to be fully formed and will require your attention. These are discussed in the following sections.

Te Pūkenga integration and business case – we advise you to maintain strong oversight of this work

- 34 The Minister is a core figure in the oversight of the transition of Te Pūkenga. There has been significant media and political debate about the level of progress Te Pūkenga has made and its current and projected operating deficits, along with issues such as the resignation of its initial Chief Executive and more recent leadership changes and concerns about job security across the network.
- 35 Te Pūkenga is in the process of integrating the systems from around 25 legacy organisations into one organisation that can deliver a single national network of VET. This process will take several years. In the meantime, it is essential that Te Pūkenga deliver to regions, industries, employers and learners, and solidify partnerships with iwi and other key Māori stakeholders.
- 36 The opportunities and risks of the transition of Te Pūkenga mean that levels of monitoring and oversight are significant during the initial few years. Te Pūkenga meets regularly with the Minister as part of this. The TEC is the lead agency for the monitoring

of Te Pūkenga and provides updates and advice to you. The Ministry, as the policy lead for the reforms and with overall Crown ownership responsibility, remains closely involved.

- 37 You have influence over Te Pūkenga through intervention powers while they are at risk and their consultation with you of their Statement of Intent and associated accountability documents. This is in addition to the informal levers associated with access to the leadership and governance of Te Pūkenga from your position as Minister.
- 38 To support its transition, Te Pūkenga submitted to the Minister a programme business case which is part of Budget 2023, 9(2)(f)(iv)
- 39 The top tier structure of the new operating model for Te Pūkenga was determined late last year and appointments made to its leadership team. 9(2)(g)(i)

Unified Funding System – more a watching brief

- 40 The UFS is a new funding system for provision at levels 3-7 of the tertiary system (not including degrees). The system comprises three components:
- Delivery Component (\$853.5 million in 2023⁵, 85.3% of UFS), which brings funding for provider-based and work-based vocational education together, with rates varying by mode and subject
 - Learner Component (\$70.84 million in 2023, 7.1% of UFS), to support providers to better meet the needs of learners, based on recent volumes of enrolled learners who have been underserved by the vocational education system
 - Strategic Component (\$76.03 million in 2023, 7.6%), to support providers to better meet national and regional skills priorities, and manage programme development and maintenance costs.
- 41 The new funding structure is now in place and is the way VET will be funded from 2023.
- 42 Various decisions were taken to support providers to transition to the new system, as some providers will need time to adjust to new funding structures (where some provision will attract higher funding under the new system and other provision lower funding rates). This includes interim funding to allow providers time to change their business models.
- 43 A key focus for officials is the information system underpinning the UFS. A tactical solution for integrating the two existing systems (single data return and industry training register) is in place for 2023 and 2024. A longer-term unified solution is planned to take effect from 2025. Budget 2021 provided the TEC with additional funding to develop and implement this system.

9(2)(f)(iv)

We have provided more context for the Te Pūkenga programme business case below, as the discussion at that meeting did not focus on it.

⁵ Dependent on enrolment volumes, subject area and mode of delivery

Programme Business Case submitted by Te Pūkenga

45 Te Pūkenga submitted a Programme Business Case to the Minister of Education near the end of 2022 seeking funding 9(2)(f)(iv)

Most of the funding would be invested in information technology infrastructure that is crucial to Te Pūkenga transforming into the integrated and sustainable network of vocational education provision sought by the Government's Reform of Vocational Education (RoVE).

46 The investment would follow initial Crown investment of \$121 million across 2020-2022 to support its establishment and transformation planning. Separately, \$40 million of capital funding was announced as part of Budget 2022 to support Te Pūkenga to progress high-priority investments in building remediation and modernisation projects.

47 9(2)(f)(iv)

49 We understand the TEC will supply you with its advice to Minister Hipkins on the Programme Business Case and that the TEC will work with your office on what further may be needed. The TEC can take the lead on the background and details of the business case if required, supported by Ministry attendees.

Opportunities for the medium term

Foundation education

50 Foundation tertiary education is the primary way back into formal education for learners who have left the schooling system with low or no qualifications, but it also provides foundation skills to adults of all ages. It covers programmes such as the Youth Guarantee that allow learners to gain NCEA or other foundation qualifications, and literacy and numeracy programmes such as Workplace Literacy and Numeracy.

51 Recent work on foundation education has focused on specific programmes. There has not been a systemic review of foundation education for many years. Issues and opportunities we are aware of include:

- re-engaging learners who had negative experiences in the education system previously
- improving pathways from foundation education into further education and/or employment
- the connections between foundation education and other social services
- how to best support foundation learning alongside and as part of work-based learning

- ensuring the spread of investment across workplaces, providers of formal qualifications, and community contexts maximises access and meets learners' diverse needs.

- 52 As a first step, improvements to the Youth Guarantee were announced last year as part of the Government's Better Pathways package. We have also been working with our colleagues in Te Poutahu on the implementation of the new NCEA literacy and numeracy co-requisites in foundation tertiary education settings.
- 53 As a next step in the foundation education work, we can provide advice on policy settings for literacy and numeracy provision, particularly in the context of RoVE and the NCEA change programme. Given the current context, we recommend this focuses on changes that could be made within existing baselines for implementation from 2024.
- 54 Depending on your priorities, further work in the medium term could take a wider look at the effectiveness of the wider foundation landscape and consider the interface and the connections of foundation tertiary education to other government interventions aimed at re-engaging young people back into education and training, such as Alternative Education and the Ministry of Social Development's Youth Services.

Secondary-tertiary transitions

- 55 Supporting successful transitions for learners from secondary education to further education and employment is essential to enable young people to reach their potential. The settings and provision of vocational education is a core focus of work in this area, including work related to RoVE.
- 56 Currently, arrangements for provision of vocational education are spread across the secondary and tertiary sectors, and employers and community partners, rather than being owned or led by any one sector. RoVE and the NCEA Change Programme provide opportunities to improve access to a broad base of VET for all students who want to access it, and to ensure that VET learning experiences are integrated with National Curriculum-derived general learning.
- 57 9(2)(f)(iv)

Upcoming advice and decisions

Taumata Aronui

- 58 Taumata Aronui is a ministerial advisory group (rōpū) established by Cabinet in 2019 as part of RoVE. Its role has been to support the Crown to work in partnership with Māori, and to help ensure the tertiary education system is responsive to the needs of Māori learners, communities, and employers, and improve Māori learner and community outcomes.
- 59 The rōpū has played a key role in RoVE, including shaping Te Pae Tawhiti (the Te Pūkenga Tiriti o Waitangi excellence framework). The most significant piece of work from Taumata Aronui has been its May 2022 think piece, Manu Kōkiri – Māori Success and Tertiary Education: Towards a Comprehensive Vision.

- 60 Cabinet agreed to endorse the Manu Kōkiri vision, and recognised Manu Kōkiri as an important contribution to discussions about the future of education [SWC-22-MIN-0077 refers]. Cabinet also noted that officials would continue to work with Taumata Aronui to analyse the issues raised in Manu Kōkiri, explore, scope and further develop its recommendations, and socialise the paper with the sector and wider community.
- 61 A key issue that has arisen from our initial policy work is the need to establish a Tiriti-consistent working arrangement to implement the Manu Kōkiri vision. While the 'independent Ministerial advisory group' model used for Taumata Aronui was an appropriate approach for the scope of the RoVE programme in 2019, it is timely to explore other models.
- 62 Taumata Aronui is at a transition point: most members' terms expired in December 2022. **We are seeking your decisions on next steps for the rūpū and their work [METIS No 1299164 refers].**
- 63 In particular, **we seek your approval for Taumata Aronui to work with us and others to develop advice to Ministers on working arrangements** for the Manu Kōkiri vision – in addition to continuing to provide a tertiary perspective on cross-government mātauranga Māori work programmes, advise education agencies on key tertiary work streams, and socialise the Manu Kōkiri vision with the sector. The rūpū supports this approach.

Unified Funding System

- 64 Near the end of 2023, we provided advice and **sought decisions on refining the definition used in the UFS for funding the delivery of online learning mode** of delivery from 2025. We will resubmit this paper for your consideration shortly.
- 65 **You will receive advice this month on applying performance expectations for the Learner Component** of the UFS to providers with relatively small numbers of eligible UFS learners.
- 66 These papers and decisions are important to support the TEC's further planning and refinement of the implementation of the UFS, including to give providers adequate time to make adjustments to their own plans and operational settings.

Fee regulation and related matters

- 67 We will brief you in early February on our proposed process for developing fee regulation settings for 2024, including potential improvements to the flexibility of the fee regulation system and to how learners are involved in decision-making on student services fees. This will also include advice on fees for work-based learning, which are not currently regulated.
- 68 We will subsequently provide you with advice on the option of changing the fee regulation system from 2025 to set caps on different categories of fees instead of limiting annual fee increases (the current Annual Maximum Fee Movement policy). This could improve the simplicity, flexibility and consistency of the fee regulation system, although it would likely allow fee increases for some learners and have Budget implications due to increased student loan costs.
- 69 The Ministry will need to undertake further analysis and engagement in 2023 to introduce a fee capping system for 2025. The scope of this work currently only covers vocational education and, depending on your priorities, there are choices around both the timing and scope of this work, which we can advise you on.

Disputes resolution schemes

- 70 Work is currently underway to combine the domestic tertiary student dispute resolution scheme with the existing international student dispute resolution scheme. We intend to have this combined scheme in place for 1 January 2024.
- 71 This will simplify the complaints system and improve accessibility, while reducing duplication of processes for education providers. No change to the enabling legislation is required, but new rules will need to be made for the combined scheme and a new operator will need to be appointed.
- 72 We have completed the first round of public consultation on the proposed scheme and its design 9(2)(f)(iv)

International

- 73 In 2022, as the border re-opened, Government made changes to immigration settings for international students and issued a refreshed New Zealand International Education Strategy (NZIES). It positioned the sector to build on New Zealand's quality education system and focus on delivering good education outcomes for international students, global opportunities for domestic students and our educational institutions, as well as economic, social and cultural benefits for all of New Zealand. The strategy has two focus areas - helping providers of international education to build back onshore offerings, and positioning international education to step into a different future, that is focused on high-value international education that benefits all New Zealanders. Education New Zealand is the operational lead for much of the NZIES action plan, supported by the ministry, NZQA and Immigration New Zealand.
- 74 2023 marks the return to a more business as usual year for international student enrolments. Visa processing capacity remains an area of significant interest to providers of international education. We provide fortnightly reports on visa processing by Immigration New Zealand, with advice to you on trends in processing times and applications by sector and source country. This is currently our best information on likely volumes as the sector recovers from the impact of Covid.
- 75 Ministerial travel supports the "NZ is open for business" messaging, and two ministerial led delegations in the second half of 2022 were welcomed by the sector and our international partners as a sign of government support for international education. Ministerial travel also helps meet our international obligations and strengthens our international relationships. **Decisions will be needed quickly on travel proposed for the first half of this year**, including ministerial attendance at the International Summit on the Teaching Profession in Washington in April. **We submitted a travel briefing on January 16, which we will update and resubmit.**
- 76 We will also provide advice on the Conference of Pacific Education Ministers which is being held in Auckland on March 20-22. With the change in portfolio responsibilities, **new hosting arrangements will need to be confirmed urgently.**

Next Steps

- 77 Following our discussion on 1 February, we will work with your office to arrange specific meetings or strategy sessions on topics you would like to discuss or receive more information about.

Annexes

Annex 1: Other items not requiring immediate action

Annex 2: Background on key items

Annex 3: Participation data for the tertiary education system

Annex 1: Other items not requiring immediate action

The following table summarises work we are progressing that does not involve immediate decisions from you.

Item	Description	Next steps
Mitigating the risk of cheating	<p>The Ministry and NZQA are working on regulatory and non-regulatory approaches to mitigate the risk of cheating in tertiary education.</p> <p>Any work will need to take account of emerging technologies, including artificial intelligence services, such as ChatGPT, which can write and review essays and other material.</p>	<p>When we met with you on 1 February you expressed an interest in a proposed symposium involving all education providers to discuss how to approach AI, which would include this issue.</p> <p>We will provide advice to you on this in due course.</p>
Equitable Transitions Strategy (EqTS)	<p>The Ministry is working with the Ministry of Business Innovation and Employment (MBIE) and the Ministry of Social Development (MSD) to develop the Equitable Transitions Strategy, as part of the Government's focus to address climate change.</p> <p>The Ministry is responsible for a key objective to support a nimble and responsive education system with equitable access that sets New Zealanders up with skills needed for a low-emissions future. This includes building the skillsets needed to support a move to a low-emissions economy and education pathways by Māori, for Māori.</p>	<p>Broad sector engagement to support drafting of the strategy will take place over February and March, with the draft strategy due in June this year. The draft strategy will then go out for consultation, with the final strategy to be published by June 2024.</p> <p>We will update you on findings from engagement and draft proposals in April.</p>
Foreign Interference	<p>The Ministry is contributing to the cross-government Countering Foreign Interference work programme led by DPMC and the Minister for National Security and Intelligence. This work is categorised as Restricted for security purposes.</p> <p>Foreign interference (FI) is activity by a foreign state that attempts to shape perception and decision-making in other countries, and which is purposely misleading, deceptive, covert, or clandestine.</p> <p>Universities are the most likely tertiary education organisations to be at risk of FI given their size and scale of their research and teaching activities.</p>	<p>DPMC has offered to brief you on FI issues in general as well as the status of cross-government work on FI.</p> <p>There are no issues on this work requiring your decision in the short term.</p>
Health Workforce	<p>The Ministry is working with the Ministry of Health on the Health Education Workforce Programme. The programme was commissioned by Minister Hipkins and the Minister of Health in September 2021 [METIS 1271538 and Health report 20212056 refer]. It centres around nine health professions with current or future shortages as identified by the Ministry of Health.</p> <p>The Health Education Workforce Programme has now merged with work led by Te Whatu Ora (Health New Zealand) and Te Aka Whai Ora (The Māori Health Authority).</p>	<p>In December 2022 we provided an update to Minister Hipkins on the outcomes of engagement with tertiary education organisations (TEOs) on the health learner journeys for the nine at risk health professions [METIS 1302031 refers].</p>

Item	Description	Next steps
International Education	<p>In 2022 the International Education Strategy 2022-2030 was refreshed.</p> <p>The Strategy refresh aligned with the border reopening and the Immigration Rebalance, which had impacts for international students. Changes to immigration settings included limiting eligibility for post-study work visas of some students studying at sub-degree level, changing the length of some post-study work visas, and requiring prospective international students to demonstrate an increased amount of funds they have to support themselves while studying.</p> <p>During the pandemic, with the border closed, COVID-19 Response and Recovery Funding (CRRF) supported Education New Zealand (ENZ) to implement a recovery plan, diversify education delivery and develop new products and services. CRRF support of \$4m in 2022/23 will end.</p> <p>With the border open ENZ has the opportunity to refocus on key actions to support the build and recovery of international education, alongside the other areas of the International Education Strategy. Prioritisation will be important as a source of ENZ funding, normally around \$3m per year from the Export Education Levy will not be available while the number of students rebuilds. As context ENZ receives around \$31m per year in Crown funding.</p>	<p>We are now seeing international students return to New Zealand. International education in 2023 is focused on resuming normal operations, with no significant policy decisions required.</p> <p>As part of resuming normal operations we are closing off the International Education Recovery Plan, and you will receive a paper on this later this month.</p> <p>The 2023 Statement of Intent, which will be sent to you for comment before April 2023, is an opportunity to set strategic intentions and medium-term undertakings for ENZ.</p>
Te Ara Paerangi/Future Pathways	<p>Te Ara Paerangi is a multi-year reform of the Research Science & Innovation (RSI) system led by MBIE and the Minister for RSI.</p> <p>The Ministry and the TEC are working closely with MBIE on developing a process for RSI system priorities and ways to support the research workforce.</p>	<p>We understand the Minister for RSI will be seeking Cabinet approval on the process to develop RSI system priorities in the next few months.</p>
Vocational Entrance Award	<p>In early 2020 Government agreed to the development of a Vocational Entrance Award in order to enable learners in the schooling system direct entry into higher-level vocational education and training ([CAB-19-MIN-0203 & CAB-20-MIN-0023 refer].</p> <p>Sector engagement on the Vocational Entrance Award was undertaken in 2022 on the high-level design of the award. A small-scale prototype exercise will take place later this school year, involving 6 schools and kura.</p> <p>Alongside the prototype of the high-level design we will be running an independent evaluation process to help inform the final design decisions and the expansion of the Award. This work is being led by Te Poutahu as part of the NCEA Reform work programme.</p>	<p>A mid-year update and feedback will be provided to Ministers.</p>

Annex 2: Background on key items

This annex covers:

- Reform of vocational education
- Student loans and allowances
- Code of pastoral care for tertiary and international learners
- Dispute resolution schemes for tertiary and international learners
- Secondary-tertiary transitions
- Export education levy

Reform of vocational education

- 1 The Reform of Vocational Education (RoVE) was initiated in 2018, with the key policies in place by 2020 (with the passage of the required legislation), and 2022 (with decisions about the Unified Funding System (UFS) finalised)
- 2 The vocational education system we had before the reforms wasn't ready to deliver on the challenges presented by a changing future of work. In the system we had:
 - A lack of influence over the system by industry, which led to training that was not relevant to workplaces and a system that was not able to resolve persistent skills shortages. Many employers were not satisfied with the services they were receiving. In addition, partnerships with iwi and Māori were weak.
 - A lack of focus on learner needs, and poor levels of equity in access to quality vocational education for under-served groups such as Māori, Pacific and disabled learners
 - Two vocational education systems (provider-based and workplace-based) that often worked against one another, which led to a lack of co-ordination of training for industry across different modes of learning and regions
 - The Institute of Technology and Polytechnic (ITP) sector faced serious financial challenges that were forecast to worsen, particularly in regional New Zealand where programmes were becoming unviable due to lack of scale. The Government had injected \$100m into three institutions that had become insolvent, and most other ITPs were likely to come into financial risk within the next few years.
- 3 RoVE was designed to create a strong, unified, sustainable vocational education system that delivers the skills that learners, employers and communities need to thrive. The Government needed to act to avoid the potential financial collapse of the ITP sector and to position vocational education and training (VET) for New Zealand's future.
- 4 To do this, the reforms made three key shifts in the VET system:
 - From a split system where its two parts often worked in competition with one another, to the detriment of learners and employers, to a collaborative system which builds on the strengths of industry and providers and delivers training needed by industries across a co-ordinated national network
 - From a system that lacked a focus on learners, particularly those under-served by the VET system, to a system that works for all learners
 - From a network that required government interventions and cash injections to a sustainable public network of regionally accessible tertiary education

5 To achieve these shifts, RoVE made seven key changes:

- *Create Te Pūkenga*: a unified, sustainable, public network of regionally accessible vocational education, bringing together the 16 ITPs from the old system. These ITPs have now been disestablished and Te Pūkenga is in the process of creating a new type of institution from the network they made up, that delivers vocational education to meet the needs of workplaces and learners. A legislated charter focusses Te Pūkenga on delivering in partnership with iwi, communities, industries and regions.
- *Create six Workforce Development Councils (WDCs)* with leadership across the whole vocational education system. WDCs are now established and have begun to exercise their new functions
- *Shift the role of supporting workplace learning* from Industry Training Organisations (ITOs) to providers. ITOs have now been disestablished and training support handed over to Te Pūkenga and a small group of private training establishments
- *Establish Regional Leadership Groups (RSLGs)* to provide regional skills planning to inform delivery of VET, migration and welfare in regions. MBIE have established 15 RSLGs based in territorial authority areas. RSLGs are the responsibility of the Minister for Employment
- *Establish Centres of Vocational Excellence (CoVEs)*. Two CoVEs (covering primary industries and construction) are operating, to undertake agreed projects contributing to excellence in vocational education
- *Taumata Aronui*, a Ministerial Advisory Group whose initial role was to ensure that RoVE reflects the Government's commitment to Māori-Crown partnerships. The rūpū has taken on a broader role and has produced Manu Kōkiri, a think piece on the future of tertiary education
- *Unifying the vocational education funding system*. The new UFS started operation in January 2023, replacing the two existing systems for providers and ITOs. It consists of three components:
 - a. Delivery Component, to fund delivery of vocational education, with rates varying by mode and subject
 - b. Learner Component, to support providers to better meet the needs of learners, based on recent volumes of enrolled learners who have been underserved by the vocational education system
 - c. Strategic Component, to support providers to better meet national and regional skills priorities, and manage programme development and maintenance costs.

6 We are significantly down the track of these reforms, and the major policy decisions have been made and are in the process of being implemented. The legacy organisations (ITPs and ITOs) have been disestablished and new organisations have been formed. Government has invested significantly in the VET system including to support the objectives of the UFS. This includes:

- Funding to meet tertiary demand generally over 2021-23, which includes adjustments to meet demand for VET

- \$280m in Budget 2021 for VET – which will provide over \$95m more a year for VET from 2023, including over \$60m a year to better support VET learners to succeed
- \$65 million per year for Workforce Development Councils

What we will see next

- 7 Although the new system is still being built at the operational level, we should progressively see improvement in VET programmes. Both the WDCs and RSLGs have begun to undertake planning, and RSLGs have each produced regional workforce plans. These give a view of regional and industry needs. RSLGs and WDCs have developed relationships with each other to help co-ordinate this planning.
- 8 The four proposed Te Pūkenga regions will engage with their RSLG regional workforce plans to guide regional delivery, and WDCs have begun to provide advice about shifts in training delivery industry need to the TEC. The system does have lag times, e.g. if new programmes have to be developed based on new skill standards, but the next 2-3 years should see increasing changes.

Student loans and allowances help support learners in tertiary education

- 9 The student support system aims to enable access and support participation in tertiary education for a wide range of people.
- 10 The government provides financial support for all New Zealand tertiary education students. All students, irrespective of age, are eligible for tuition fee subsidies which cover on average, around 76% of the cost of tuition (these are paid directly to tertiary providers). Also, the government regulates the fees that can be charged and has taken steps to reduce the upfront costs of studying by introducing fees-free entitlements for first year students.
- 11 You have overall responsibility for the Student Loans scheme and student allowances, with the Minister of Social Development having responsibility for allocation of student allowances and the Minister of Inland Revenue having responsibility for Student Loan lending and repayments. Officials work closely together across agencies on the operation of the schemes.
- 12 All students can borrow interest-free from the Student Loan Scheme for their tuition fees, and may also be eligible to borrow for living costs and course-related costs if they are studying full-time. Students studying full-time may also be eligible for a Student Allowance, depending on circumstances such as income.
- 13 Student allowances and student loan living cost lending rates are both increased annually by the Consumer Price Index to ensure they keep pace with inflation. From 1 April 2023 maximum student allowance and living cost lending rates will increase by 7.2%.
- 14 Government spending on tertiary education is significant, at just under \$4 billion a year.
- 15 However, in providing this support the government also needs to balance spending on tertiary education with other spending priorities, including across other parts of the education system. Hence, no student has unlimited, ongoing access to either student loans or student allowances. Support is directed to where the need is greatest, and where it will provide the most benefit to individuals and to our society.

- 16 Just like all other New Zealanders, students have recently been faced with increasing living costs, especially when it comes to accommodation costs. The 2022 People's Inquiry into Student Wellbeing led by the Green Party and the New Zealand University Students Association (NZUSA) identified the gap between student income and cost-of-living as the biggest issue for students in New Zealand. NZUSA have repeatedly campaigned for a Universal Education Income for all students.
- 17 The Government has made some changes to help learners meet the rising living costs, these include Increasing student loan living cost and student allowances rates by \$50 per week in 2018, and by a further \$25 per week in 2022 (which was on top of the annual inflation adjustment this year of 5.95%). Other changes include aligning the amount of Accommodation Benefit that sole parents receive to the Accommodation Supplement, increasing student allowances net rates for families and reintroducing the Training Incentive Allowance which supports sole parents, carers and disabled people on eligible benefits with the upfront and ongoing costs of study.
- 18 The Government has also looked at other measures to better support students, including introducing a free tertiary education dispute resolution scheme/service and a code of practice for the pastoral care of tertiary education students. The code creates a unified set of expectations for all providers and means there will be a consistent approach to the safety, wellbeing, and pastoral care of all students.

Student allowances

- 19 Learners studying full-time may be eligible for a Student Allowance, depending on their circumstances such as income. The student allowance is a weekly payment intended to help students cover living expenses, and does not need to be paid back.
- 20 The student allowance limit is 200 weeks, which supports around five years of academic study. For students aged 40 years and over, the limit is 120 weeks – this supports around three years of academic study.

Student loans

- 21 Student Loan eligibility depends on whether learners are studying part-time or full-time during their study. Those who qualify as full-time students will be able to access Student Loans for course fees, course-related costs and living costs. Those who are studying part-time will be eligible for a Student Loan for course fees.
- 22 There is a life-time borrowing limit of 7.0 EFTS to access student loans. This provides the equivalent of approximately seven years of support for full-time study. Students can receive an additional 1.0 EFTS to complete postgraduate study, or an extra 3.0 EFTS for doctoral or long programmes of study i.e. medicine, dentistry, optometry and veterinary science (to a maximum of 10.0 EFTS in total).

The code of pastoral care for tertiary and international learners

- 23 The Education (Pastoral Care of Tertiary and International Learners) Code of Practice 2021 (the Code) was published in 2021 and came into effect on 1 January 2022. All tertiary education organisations and schools with international students must comply with the Code.
- 24 The Code takes an integrated, whole-of-provider approach to wellbeing and safety, with a strong focus on learner voice, transparency, and accountability.
- 25 The Code sets out expectations that tertiary education organisations and schools enrolling international students must meet for their learners' wellbeing and safety,

including separate parts of the Code for all tertiary education providers, student accommodation, tertiary providers enrolling international students, and schools enrolling international students.

- 26 The Code is established under Section 534 of the Education and Training Act 2020. The Code drew together and replaced the Interim Code of Pastoral Care for domestic tertiary learners (which was put in place urgently in response to the death of Mason Pendrous in student accommodation in 2019) and the long-standing Code of Pastoral Care for international students. The Code was also informed by the recommendations of the Select Committee of Inquiry into Student Accommodation, which was conducted between 2020 and 2021.
- 27 The Code is administered by the New Zealand Qualifications Authority (NZQA), which is responsible for issuing guidance to the sector (including learners and providers), and reporting and monitoring compliance with the Code. The Ministry has strong working relationships with NZQA as Code Administrator, including fortnightly working group meetings and quarterly meetings at the General Management level.

Dispute resolution schemes for tertiary and international learners

- 28 The domestic tertiary student dispute resolution scheme (DRS) was introduced alongside the Code and started operating on 1 January 2022. It is an external scheme, providing an independent dispute resolution mechanism for learners and their education providers. The scheme is established under section 536 of the Education and Training Act 2020.
- 29 The scope of the scheme includes financial and contractual matters, and was extended in August 2022 to include claims for redress for any loss or harm suffered by a student as a result of a breach of the Code by a tertiary education provider.
- 30 The scheme prioritises consensual methods of dispute resolution, with adjudication available in cases where consensual methods have not resolved the dispute or are not appropriate. It is designed to be less formal, easy to navigate, and accessible.
- 31 The scheme was designed to embed Te Tiriti o Waitangi and be culturally responsive, with the operator required to resolve disputes in a way that has regard to tikanga Māori and is consistent with the principles of Te Tiriti o Waitangi.
- 32 The scheme operator is selected by Ministerial appointment. Currently, Clayton & Associates operate the scheme as Tertiary Education Dispute Resolution.
- 33 Current work in this space includes the combination of the domestic scheme with the International Student Contract Dispute Resolution Scheme, with a view to having a new scheme in place for 1 January 2024. Clayton & Associates is also undergoing a name change process and we will need to update the Gazette notice accordingly.

Secondary-tertiary transitions

- 34 The Government has identified raising the profile of secondary schooling VET as a priority, and some RoVE changes provide an opportunity to progress this goal, to improve the quality and relevance of VET, and ensure learners are better prepared for transitions to higher-level VET or employment directly when they leave school. However, proposals for change need to consider the impact that existing transformational change processes are having on the secondary sector, and the impacts on ākonga, teachers and schools.

- 35 The Government has also committed to developing clearer and more direct pathways to further education or work as part of the NCEA Change Programme, including the development of the Vocational Entrance Award (VE Award) (name provisional). The VE Award will credential student learning of a set programme of credits in vocational pathways to show that a student has done the necessary learning required by industry, employers and tertiary education organisations, and is ready for direct entry into higher-level VET after NCEA.
- 36 Alongside creating better pathways, the Award aims to include high quality vocational learning and increase the status of vocational learning opportunities in senior secondary school, to be recognised and valued across the sector and industry. The intention is for it to enable ākonga in English medium and Māori medium settings to attain both Vocational Entrance and University Entrance if desired, including integrating high quality vocationally oriented learning with New Zealand Curriculum and/or Te Mātauranga o Aotearoa subjects that incorporate core learning for strong foundations (e.g. applying mathematics in a building programme) and mātauranga Māori where appropriate, and transferable skills.

Export education levy

- 37 The Government reinstated the Export Education Levy for 2023 after a COVID-19 related suspension from 2020. The levy charges international education providers a proportion of tuition fee income to fund the international portion of services such as Dispute Resolution and the Code of Pastoral Care. The levy has funded Education New Zealand marketing in the past but will be unable to do so until student numbers recover. During consultation the sector did not support the levy reintroduction.

Annex 3: Participation data for the tertiary education system

Table 1: Number of students in provider-based and workplace-based tertiary education by selected characteristics 2021

Characteristic	Sub-categories	Provider-based						Workplace-based					
		Domestic		International		Total		Apprentices		Trainees		Total	
		Number	(%)	Number	(%)	Number	(%)	Number	(%)	Number	(%)	Number	(%)
Gender	Male	138,790	39	19,570	50	158,360	40	64,925	83	40,275	54	104,435	69
	Female	218,780	61	19,380	50	238,160	60	13,275	17	33,975	46	47,100	31
	Another gender	1,210	0	55	0	1,265	0	0	0	0	0	0	0
	Total	358,780	100	39,005	100	397,785	100	78,480	100	74,415	100	151,975	100
Ethnic group	European	224,835	63	2,180	5.6	227,010	57	50,230	64	36,555	49	86,215	57
	Māori	75,230	21	15	0.0	75,245	19	14,625	19	13,685	18	28,120	19
	Pacific Peoples	35,740	10	875	2.2	36,615	9.2	6,040	7.7	7,310	10	13,285	8.7
	Asian	61,180	17	32,395	83	93,575	24	7,100	9.0	13,205	18	20,245	13
	Other	18,870	5.3	3,360	8.6	22,230	5.6	3,365	4.3	4,300	5.8	7,625	5.0
	Total	358,780	100	39,005	100	397,785	100	78,480	100	74,415	100	151,975	100
Age group	under 20	57,530	16	2,595	6.7	60,125	15	8,770	11	6,765	9.1	15,420	10
	20-24	110,380	31	18,475	47	128,855	32	24,145	31	10,715	14	34,575	23
	25-39	113,420	32	15,535	40	128,960	32	33,520	43	31,520	42	64,640	43
	40+	77,445	22	2,400	6.2	79,845	20	12,045	15	25,415	34	37,335	25
	Total	358,780	100	39,005	100	397,785	100	78,480	100	74,415	100	151,975	100
Subsector	Universities	156,865	44	26,040	66.8	182,900	46						
	Te Pūkenga	126,505	35	7,225	18.5	133,730	34						
	Wānanga	34,075	9.5	175	0.45	34,250	8.6						
	Private Training Establishments	51,950	14	5,780	14.8	57,735	15						
	Total	358,780	100	39,005	100	397,785	100						
Level	Level 1-2 Foundation	29,645	8.3	260	0.7	29,905	7.5						
	Level 3-7 Non-degree	153,465	43	7,450	19	160,915	40						
	Level 7-10 Bachelors or higher	187,830	52	31,895	82	219,725	55						
	Total	358,780	100	39,005	100	397,785	100						
Full-time/Part-time	Full-time	202,455	56	26,530	68	228,980	58						
	Part-time	156,325	44	12,480	32	168,805	42						
	Total	358,780	100	39,005	100	397,785	100						

Data notes

1. Data relates to students enrolled at any time during the year with a tertiary education provider in formal qualifications of greater than 0.03 EFTS (more than one week's full-time duration). 2. Data excludes all non-formal learning and on-job industry training. 3. Data includes those private training establishments that received Student Achievement Component funding, and/or had students with student loans or allowances, and/or Youth Guarantee programmes. 4. Private training establishments includes other tertiary education providers (OTEPs). 5. International students are those studying here without New Zealand/Australian citizenship or permanent residence status. Students studying offshore at tertiary education providers that are registered in New Zealand are considered international students unless they hold New Zealand citizenship. 6. Full-time / part-time status relates to a student's entire formal study load at any institution during the year. 7. Industry training apprentices are trainees whose main programme meets or exceeds the NZ Apprenticeships level and credit criteria, that is, consisting of 120 or more credits and set at Level 4 or higher of the New Zealand Qualifications Framework. 8. Trainees are non-apprentice industry training learners. Their main programme with an organisation does not meet the New Zealand Apprenticeships level and credit criteria described in the note above. 9. The definitions of trainees and apprentices may differ from those used by the Tertiary Education Commission (TEC). 10. This table shows counts of industry training learners, regardless of whether their activity was funded by the TEC in the year shown. 11. Industry training learners are counted once in each year within each fund and / or type of training. Learners may be counted in more than one category in a year. The total columns show counts of distinct people in total in each year. 12. Students are counted in each qualification type / NZQF level they enrol in, so the sum of the various levels may not add to the total. 13. Students are counted in each sub-sector they enrol in, so the sum of the various sub-sectors may not add to the total. 14. Students/learners are counted in each ethnic group they identify with, so the sum of the various ethnic groups may not add to the total. 15. Age is calculated as at 31 December. 16. Totals also include those students with unknown values. 17. Data in these tables, including totals, have been rounded to the nearest 5 to protect the privacy of individuals, so the sum of individual counts may not add to the total. 18. Data from 2021 data is used in these tables as this is the latest full-year data available. Full-year data for 2022 should be available around the end of March.