



Education Report: Delegation to fund Fees Free and the Targeted Training and Apprenticeship Fund in 2022

To:	Hon Chris Hipkins, Minister of Education		
Date:	19 November 2021	Priority:	High
Security Level:	In Confidence	METIS No:	1274706
Drafter:	Gemma Edwards Mary Kuepper	DDI:	04 463 8455 04 463 8632
Key Contact:	James Campbell	DDI:	9(2)(a)
Messaging seen by Communications team:	No	Round Robin:	No

Purpose of Report

This report seeks your agreement to issue a letter of delegation authorising the Tertiary Education Commission to administer funding for Fees Free Tertiary Education and Training in 2022. The letter of delegation describes how the Tertiary Education Commission must administer Fees Free payments for Fees Free Tertiary Education and Training and the Targeted Training and Apprenticeship Fund over 2022.

This delegation includes changes that Cabinet has agreed to for eligibility settings for Afghan evacuees and the changes to refugee-groups eligibility to Fees Free that we proposed to you on 8 November 2021 [METIS 1272077 refers].

This report also proposes one change to the eligibility for tertiary education organisations to the Hardship Fund for Learners which is in operation until 30 June 2022.

Recommended Actions

The Ministry of Education recommends you:

- a. **note** this delegation for 2022 includes changes to enable access prior to being on a resident visa for three years to:
 - i. a holder of the Afghan Emergency Resettlement Resident Visa
 - ii. a broader group of refugees who gain refugee status while in New Zealand and their immediate family residing with them
- b. **note** the Ministry and the Tertiary Education Commission are undertaking further work on programme-based exemptions under exceptional circumstances, and will seek changes to the delegation when this work is completed
- c. **agree** to extend eligibility to the Technology Access Purpose within the Hardship Fund for Learners (HAFL) to tertiary providers and employers receiving Workplace Literacy and Numeracy funding

Agree Disagree

- d. **sign** the two attached letters of delegation to the Chair of the Tertiary Education Commission related to Fees Free and Hardship Fund for Learners, if you agree to the changes outlined in recommendations a and c
- e. **proactively release** this education report, with any information that may need to be withheld redacted in line with the provisions of the Official Information Act 1982.

Release Not release



James Campbell,
Senior Manager, Tertiary Education Policy

19/11/2021



Hon Chris Hipkins
Minister of Education

25 /11/ 2021

Background

1. In September, you agreed to maintain the broad Fees Free settings for 2022 [METIS 1267256 refers]. The Ministry outlined some minor changes that could be made for 2022. These included:
 - a. considering any eligibility changes needed in relation to the Government response to Afghan evacuees
 - b. broadening eligibility to remove gaps to access for refugee groups
 - c. broadening exemptions to Fees Free to include some circumstances related to the programmes or training undertaken, such as workplace or volunteer training, not already excluded under existing settings.

Changes to the settings in the delegation for 2022

Fees Free Tertiary Education and Training

Eligibility settings for Afghan evacuees

2. The attached delegation in Appendix 1 reflects your decision to extend access to Fees Free to those holding an Afghan Emergency Resettlement Resident Visa, without having resided in New Zealand on a resident visa for three-years [METIS 1273894]. This was agreed by Cabinet on 1 November 2021 [CBC-21-MIN-0122 refers].

Removing gaps to access for those who are granted refugee status onshore

3. We provided advice on 8 November proposing to extend access to Fees Free and student support to some refugee groups who do not hold a residence visa, or who have not held their residence visa for three years [METIS 1272077 refers]. This is in-line with the existing policy intent that refugees can access these supports without the delay of holding a resident visa for three years, a setting which applies to general migrants.
4. The Fees Free delegation includes the proposed changes around refugee groups access. If you choose not to progress this change, we can provide an amended delegation with this provision removed.
5. The student support component of these changes is currently included in the draft Cabinet paper to manage the Apprenticeship Boost and tertiary funding pressures, also on the basis that you choose to progress the changes [METIS 1275349 refers].

Fees for provider-based tertiary education

6. We have updated the Fees Free delegation to include the clarified definitions of fees for provider-based tertiary education within both Fees Free Tertiary Education and Training and the Targeted Training and Apprenticeship Fund (TTAF). This was included with the Annual Maximum Fee Movement (AMFM) in 2021 [METIS 1266727 refers].

The Targeted Training and Apprenticeship Fund

7. In December 2020, additional target areas were agreed to for the TTAF and added to the target list, to apply from 1 January 2021. We proposed these remain in place for 2022. There are no significant additional target areas we would propose. The list of qualifications and programmes covered by the current target areas is updated to reflect new programmes offered by tertiary education organisations (TEOs).

8. The Ministry will provide further advice on the outcomes of TTAF to date, 9(2)(f)(iv)
- This will include enrolment increases (including for different demographic groups) and financial benefits learners have gained.

Further work on Fees Free Education and Training

Scope of Fees Free exemptions

9. There are two main issues agencies have looked at around further exemptions based on programme of study. These relate to tertiary study undertaken by school students and people undertaking training for work or volunteer activity that is not already covered by existing settings.
10. We propose that no changes are made to Fees Free policy settings at this time and that we will undertake further work during 2022.

Additional exemptions for training for employment or volunteering activity

11. We considered updating the delegation to extend exceptional circumstances provisions related to a student or trainee's prior study or training. The current exemptions to Fees Free settings that the TEC has discretion over are focused on personal exceptional circumstances, such as health or bereavement¹.
12. The intent of this change would be to enable the TEC to exclude some credits that are gained through workplace or volunteer training not already exempt from Fees Free exclusions. This could include first aid certificates or the licence controller qualification. There may also be other categories where exemptions would be appropriate. Currently there are some anomalies that cannot be excluded from Fees Free, and issues have been raised around volunteer training impacting Fees Free.
13. The Ministry and the TEC will work on gathering further information to build a clearer understanding of the nature and extent of this issue, with the intention of developing options for implementing criteria to exempt some programmes from prior study or consumption of Fees Free. As it relates to exceptional circumstances administered at the discretion of the TEC. This could be implemented by amending the delegation during 2022, if the work is completed, or from 2023.

Exemptions for tertiary education study for enrolled school student

14. Under current Fees Free settings, most tertiary study undertaken while enrolled at school does not impact students' Fees Free entitlement. Study is excluded if it is part of a school learning programme, including learning in Trades Academies. Other study is not excluded, as some students may start tertiary study while in school and may need to access Fees Free for this study.
15. Concerns have been raised about situations where tertiary study undertaken while a learner is at school consumes some of their Fees Free entitlement. For example, school students consuming Fees Free entitlement when in te reo Māori programmes with their family, that are not part of their school learning programme.
16. As this situation affects a small number of people, the TEC have indicated they can consider in future using the current exceptional circumstances. The TEC will monitor this

¹ The current exceptional circumstances provisions enable the TEC to have discretion around discounting students' prior study or training, as well as writing off an eligible student or trainee's consumption of their Fees Free entitlement.

issue, and if this continues to be an issue, we could broaden the definition of study by school students that is exempted from Fees Free.

Fees Free payment limits

17. The fees free payment limit for individual students is currently set at \$12,000 and has not changed since it was introduced in 2018. We will assess whether this limit is still reasonable given rising costs and annual fee increases, and we will consider if it would be appropriate to align this limit in future with regulated annual fee increases.

Hardship Fund for Learners

18. We propose to revise the delegation for the Hardship Fund for Learners (HAFL) to also enable Workplace Literacy and Numeracy (WLN) funded TEOs to receive funding for the Technology Access Purpose part of the HAFL. This would expand access to funding for technology supports for learners through both employers funded for their employees' WLN (employer-led) and tertiary providers delivering WLN (TEO-led). Technology supports can include funding for internet access and devices to support learners. An updated version of the delegation, including this change is attached as Appendix 2.
19. Currently, HAFL excludes WLN funded providers from both the Hardship Purpose and the Technology Access Purpose. TEOs funded from WLN and Industry Training Fund have been excluded from the Hardship Purpose because their learners are employed, and as such can access other types of support through the Ministry of Social Development. However, they previously were both eligible for the Technology Access Fund for Learners (TAFL) in 2020.
20. When the TAFL was discontinued, the HAFL was subsequently expanded to include provision for technology support for learners, through the Technology Access Purpose, which was more specific around COVID-19 restrictions and was expected to be a smaller part of HAFL [METIS 1248422 and 1254679 refer]. For the Technology Purpose, the only additional TEOs included were from the Industry Training Fund. For example, this would support apprentices with online learning during extended COVID-19 restrictions. However, WLN providers were excluded because WLN learning arrangements are usually short in duration, especially for employer-led WLN², and less likely to be delivered online during COVID-19 restrictions.
21. Following a query from a WLN provider, we propose that you agree to extend TEO eligibility to include TEOs in Employer-led and TEO-led WLN. This would extend the scope of the fund to enable the TEC to allocate funding to these TEOs, if there was a genuine need from these learners during COVID-restrictions. This does not mean that funding will automatically be allocated to WLN-funded TEOs. Final decisions regarding funding allocation, and the methodology for the allocation, would remain with the TEC. The TEC have indicated they would look at an application-based approach for WLN, given many TEOs will not deliver online during COVID restrictions, creating a technology need for some of their learners.
22. The priority of the Technology Access Purpose will remain with students who, due to COVID-19 restrictions, cannot access face-to-face learning at a delivery site, to support their retention and completion of study.

² Employer-led WLN involves fixed-period contracts with employers, and not annual allocations like other funds. The employers may not be involved in WLN subsequently, depending on the learner need of their employees, and TEC investment decisions. Adult and Community Education providers are also excluded from both purposes of the HAFL due to it generally involving small amounts of learning.

Financial implications

23. The policy changes to Fees Free eligibility are minor and will be met within baselines.
24. The eligibility changes to HAFL are also minor and can be met within the funding for 2021/22. Currently \$12 million of the 2021/22 funding remains. However, as HAFL is a fixed fund, funding for WLN providers (employers and tertiary providers) will mean less funding is available to support learners in other provision until the end of the current fund on 30 June 2022.

Next steps

25. We request that these letters of delegation are signed and sent to the TEC as soon as possible. In relation to Fees Free, this will enable the TEC to send funding agreements and issue communications to TEOs. In relation to HAFL, it will enable the TEC to start developing administrative processes to extend access to WLN providers, including potentially through an application-basis.

Appendix

Appendix 1 – Letter of delegation to fund Fees Free Tertiary Education and Training

Appendix 2 – Letter of delegation to fund the Hardship Fund for Learners