

## **Tertiary Education Report: Budget 2009 – remaining tertiary education matters: Small funds**

---

### **Executive Summary**

---

This paper addresses the treatment of seven small funds that were identified for savings as part of the Vote Education line by line review, in order to resolve this minor issue before the Budget bilateral. If it is possible to reach a decision by 4 March, we will be able to meet the Treasury close-off for data changes before Bilaterals begin. Otherwise, changes can be made as part of the Bilateral process.

Twelve small funds were initially recommended for savings. Five have been offered for savings in the Cabinet paper to unwind the unfunded innovation allocation. Of the remaining seven, this paper recommends:

- Transferring the Centre for Refugee Education to the Ministry of Education to be administered with the contract for school-age refugee education.
- Retaining the Special Education Special Supplementary Grant and the Advance Centre.
- Disestablishing the remaining four funds, which support English for Speakers of Other Languages (ESOL) provision. ESOL provision has increased considerably in the past five years, and the high overheads associated with these programmes are no longer justified by the level of need. Note, however, that this change will mean that some refugees will not progress beyond foundation level programmes because of a reluctance to incur student loan debt.

This would reduce the level of savings to be offered by \$5.2 million over four years (out of \$11.9 million over four years for the seven funds under consideration).

This paper is of interest to the Minister of Immigration, and it is recommended that you forward it to him for his information.

## Recommended Actions

It is recommended that the Minister for Tertiary Education:

- a. **Agree** to the proposed treatment of seven small funds as set out in the table below.

	Recommendation	Agree?
Centre for Refugee Education	Transfer to the Ministry of Education	<input checked="" type="radio"/> YES <input type="radio"/> NO
Special Education SSG	Retain	YES <input checked="" type="radio"/> NO
Advance Centre	Retain	YES <input checked="" type="radio"/> NO
ESOL Assessment Service	Withdraw funding	<input checked="" type="radio"/> YES <input type="radio"/> NO
Academic Migrant Grant	Withdraw funding	<input checked="" type="radio"/> YES <input type="radio"/> NO
Refugee Study Grants	Withdraw funding	<input checked="" type="radio"/> YES <input type="radio"/> NO
Bilingual Tutor Grants	Withdraw funding	<input checked="" type="radio"/> YES <input type="radio"/> NO

- b. **Note** that the impact of these changes would be to reduce the savings offered in the line by line review to \$70.7 million over four years (with a further \$34.6 million offered to off-set the cost of 200 additional medical student places), as follows:

	2009/10	2010/11	2011/12	2012/13 & outyears	Total
Approved in "unwinding" Cabinet paper	1.861	3.762	3.802	3.802	13.307
<b>Recommended for savings</b>					
ESOL Assessment Service	0.210	0.420	0.420	0.420	1.470
Academic Migrant Grant		0.189	0.378	0.378	0.945
Refugee Study Grants		0.662	1.324	1.324	3.31
Bilingual Tutor Grants	0.142	0.284	0.284	0.284	0.994
<b>Recommended to retain or defer decisions</b>					
Centre for Refugee Education	0.400	0.801	0.801	0.801	2.803
Special Education SSG		0.408	0.816	0.816	2.04
Advance Centre	0.044	0.089	0.089	0.089	0.311
<b>Total proposed savings</b>	<b>2.213</b>	<b>5.317</b>	<b>6.208</b>	<b>6.208</b>	<b>20.026</b>
Reduction from previous proposals	0.444	1.298	1.706	1.706	5.154

- c. **Note** that the Department of Labour does not support the removal of the funds for refugees and migrants, because of their importance in supporting settlement (particularly in the current economic climate).
- d. **Forward** this briefing note to the Minister of Immigration for his information.



**Rob McIntosh**  
Deputy Secretary  
Strategy and System Performance  
Ministry of Education

NOTED / APPROVED



**Hon Anne Tolley**  
Minister for Tertiary Education

3, 3, 09

## Tertiary Education Report: Budget 2009 – remaining tertiary education matters: Small funds

---

### Purpose of Report

---

1. This briefing seeks your decision on the treatment of the seven small funds identified for savings in the Vote Education line by line review. This will resolve one of the minor remaining matters, in advance of the Budget bilateral that is expected in March 2009.
2. If it is possible to reach a decision by 4 March, we will be able to meet the Treasury close-off for data changes before Bilaterals begin. Otherwise, changes can be made as part of the Bilateral process.

### Background

---

3. As part of the line by line review, twelve small funds were identified for savings. The purpose of these savings was both to remove funding to areas that were not cost effective, and to reduce compliance costs.
4. Five small funds were identified for savings in the Cabinet paper "Unwinding unfunded Budget 2008 commitments for ET: Innovation". A further seven small funds were also proposed for savings, but were included in the line by line review, to allow further time to better understand the contribution of the funds.
5. Since then, we have discussed these seven funds with Immigration officials at the Department of Labour, and Group Special Education at the Ministry of Education. This report provides further information on each fund, in order to support a final decision on this matter.

### Centre for Refugee Education

---

6. \$801,000 per year is provided to support resettlement education for adult refugees at the Centre for Refugee Education. The education focuses on English language and orientation to New Zealand. This service is provided alongside education for children, health services, and social welfare support.
7. Upon further investigation, and discussion with the Department of Labour, education officials agree that this funding is an important part of meeting New Zealand's international obligations for refugees, and that this funding has a unique purpose which would not be addressed elsewhere within tertiary education if it were removed.
8. However, the funding could be administered more efficiently. Auckland University of Technology operates the Centre for Refugee Education through a joint contract with the Ministry of Education (for children's education) and the Tertiary Education Commission (for adult education). This arrangement has made the contract management more complex than normal.

9. If the tertiary education funding were transferred back to the Ministry, it could be administered as part of the same funding arrangement that applies to child refugees. The tertiary funding would be directed through the funding formula that applies to schools, treating adult refugees as adult school students.
10. The current tripartite agreement between Auckland University of Technology, TEC, and the Ministry of Education concludes on 31 December 2009. If you agree to the proposed approach, funding could be transferred to the Ministry of Education from 1 January 2010, to align with the start of the new contract.

## **ESOL Services**

---

### **Background**

11. The four remaining funds supporting ESOL were established as part of the 2003 Adult ESOL Strategy, and were intended to address unmet demand through increasing the amount of ESOL provision.
12. ESOL provision is spread across a number of areas (including Training Opportunities, Youth Training, Adult and Community Education, and Student Achievement Component). The number of students enrolled in Student Achievement Component-funded ESOL has increased from 3,067 in 2003 to 5,322 in 2007 (and the number of EFTS has increased more steeply from 1,101 to 2,442 over the same period).
13. The Budget 2008 package for literacy, language and numeracy services sought to put literacy, language and numeracy provision on a more stable footing, based on a strategy of moving towards mainstream provision, rather than dedicated small funds.

### **ESOL Assessment Service**

14. The first fund is the ESOL Assessment Service (\$420,000 per year). This pays for ESOL assessors at the National Association of ESOL Home Tutors, Multicultural Learning and Support Services ("MCLASS"), PEETO (the Multicultural Learning Centre), and the Auckland Regional Migrant Service.
15. This is regarded as an effective, independent service that helps migrants find the best services for their needs. However, assessment services are not independently funded elsewhere within tertiary education (they are expected as part of an organisation's core services, particularly for literacy, language and numeracy provision).
16. Therefore, education officials recommend removing this separate funding, in order to streamline administration of tertiary funding, and bring it in line with the wider literacy, language and numeracy strategy.

### **Academic Migrant Grant, Refugee Study Grant, Bilingual Tutor Grant**

17. The remaining three funds pay fee rebates to allow different groups to undertake free education:

- a. Academic Migrant Grant (\$378,000 per year) supports migrants with skills on the short- and long-term migrant list. Some provision (in particular the programme at Victoria University of Wellington) is regarded as best practice in the support it offers in transitioning these migrants to work.
  - b. Refugee Study Grant (\$1,324,000 per year) supports refugees undertaking ESOL. It serves to allow the free provision at the Centre for Refugee Education to continue in the community.
  - c. Bilingual Tutor Grant (\$284,000 per year) supports for bilingual people who wish to study to be ESOL tutors.
18. In some ways this funding is comparable to the support offered through Bonded Merit and Step Up Scholarships – they also pay fee rebates to address participation barriers and encourage demand in high need areas.
  19. The Academic Migrant Grant and the Bilingual Tutor Grant are relatively low priorities for funding. The Academic Migrant Grant has been quite successful in terms of take up, and some innovative provision has been developed. However, these migrants are expected to have sufficient skills to integrate readily into the New Zealand labour market. The Bilingual Tutor Grant has been undersubscribed, largely due to a lack of suitable provision to support this relatively specialised group of students.
  20. The decision to remove the Refugee Study Grant is more difficult. This group faces considerable barriers to resettlement, and might not be prepared to take out a student loan to pay the costs of their tuition. The available free ESOL provision is through community education, foundation learning, and Training Opportunities. This will provide foundation level education, but will not offer extra support to progress above NQF level 3 (although refugees will be able to access the same support as other New Zealanders).
  21. However, this programme is administratively complex, and retaining these subsidies would provide refugees with assistance that is not available to other New Zealanders.
  22. This is a fine judgement, but on balance education officials recommend removing all three grants.

#### **Department of Labour comment**

23. The Department acknowledges the need to find savings across Crown budgets, but notes that, from a settlement perspective, there is strong value in retaining funding for all four initiatives.
24. In the forecast economic climate, migrants and refugees with lower English skills will be particularly vulnerable to negative labour market and settlement outcomes. We are especially concerned about the impacts of removing funding for the ESOL Assessment Service and Refugee Study Grants. There is no comparable private or public Assessment Service to help migrants and refugees determine which ESOL course would be best suited to their needs with no element of provider capture. The refugee study grants provide a valuable incentive for a very vulnerable group, who nonetheless have some previous education, to enter study and improve their labour market opportunities. While interest-free student loans are available, the threat of debt is a barrier to people on benefits.

25. Similarly, both the Academic Migrant Grants and the Bilingual Tutor Grants aim to support migrants and refugees away from dependency into employment. The Academic Migrant Grants are targeted at people with skills in demand (primarily who entered as partners and for whom English was not a prerequisite for gaining residence). The Bilingual Tutor Grants encourage people from primarily refugee backgrounds to train as tutors. As refugees are generally eligible for labour market training under initiatives such as Training Opportunities, bilingual tutors can ensure that students can understand the material they are presented with.

### Tertiary Education Special Education Funds

26. The remaining two funds are for special education: these are the Special Supplementary Grant (\$816,000 per year), and funding for the Advance Centre (\$89,000 per year).
27. The Special Supplementary Grant: Special Education pays for services at 11 Tertiary Education Institutions. The allocation of funding is largely historical, and there has been limited management of the funding for some time. It supports specific initiatives (e.g. computer assisted learning) that may not continue without this funding (with an impact upon some students' ability to participate in tertiary education), but also supports some lower value capability building activities.
28. The Advance Centre receives \$89,000 to support services for deaf students in Auckland, through working with tertiary institutions to address the needs of deaf students through providing needs assessments, providing information on support for deaf students to academic staff, and supporting the transition from secondary to tertiary study.
29. The purpose of this funding overlaps with the Equity Loading for Students with Disabilities (now part of the TEO Component, but a separate fund of \$5.8 million per year up to 2007). However, these two special education funds are considerably more specific in their application, and it is possible that tertiary institutions would choose to withdraw specific services to students with disabilities as a result of discontinuing this funding.
30. As part of the medium term work programme, it would be desirable to review the scope and effectiveness of the different special education funds. In the short term, it seems prudent to retain the current funds.

*We need to ensure it is used for those purposes intended.*