



# Briefing for the Incoming Minister for Tertiary Education, Skills and Employment

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Ministry of Education  
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# INTRODUCTION

## Executive Summary

The tertiary education sector provides all post-school education for New Zealanders, from foundation language, literacy and numeracy education through to vocational certificates, diplomas and research-based degrees. It plays a core role in New Zealand's economic and social development by providing:

- high quality education to prepare and maintain a relevantly skilled workforce
- high quality research that builds New Zealand's knowledge base and drives innovation
- international education that contributes to export earnings and strengthens tertiary institutions.

### *The Current State of Tertiary Education*

In 2010/11, a total of \$5.4 billion was spent on tertiary education across all votes.

In recent years, efforts to lift the performance of the tertiary education system have focused on raising achievement levels and value for money through:

- strengthening the New Zealand Qualifications Authority's quality assurance role
- enhancing publicly available information about the performance of the system
- sharpening incentives to lift performance, including performance-linked funding for providers and performance requirements for ongoing student loan eligibility
- moving funding from lower value to priority areas – this has occurred in student loans settings, industry training, student achievement funding and adult and community education
- supporting secondary-tertiary transitions through fees-free tertiary study and more flexible learning pathways to engage and progress students.

As a result of this programme of change, tertiary education provision is more effective than it was five years ago. It is more financially stable, is lifting performance in areas such as qualification completions and student retention, and delivering better value for money for the taxpayer.

### *Key Priorities*

Strong fiscal and performance imperatives require a further lift in tertiary education performance over the next term of Government. There are three particular priorities that should shape the agenda for the sector:

First is the drive to enhance New Zealand's economic growth performance and raise labour productivity. Greater added value in our products and services will require more effective use of high-level skills in our population and more efficient application of new knowledge and ideas. This applies just as much in the vocational and applied technology areas as in the more general areas of academic study. Within this, there will also be specific skill needs arising from the Christchurch rebuild and the needs to rectify water-tight building issues.

Second is the longstanding gap between the performance of Māori and Pasifika learners and that of other learners, and the relatively poor engagement (by international standards) of 15-19 year olds in employment, education and training. The efficiency of the education system

and the development of sufficient human capital to drive the economy will be reliant on addressing the needs of groups that are currently being underserved by the system.

Third is the context of fiscal constraint in which education policy will be formed over the coming years. The tertiary sector is unlikely to benefit from significant additional funding over the next five years. Therefore, expenditure will need to continue to be reprioritised from lower priority areas and ongoing enhancements in efficiency will need to be achieved.

### *Work Programme Themes*

In light of these factors, we have identified the following key themes on which to base the work programme over the next term:

- **Enhancing transitions, and strengthening pathways and the relevance of qualifications.** This will enable more people to complete tertiary qualifications, reduce youth unemployment and create stronger links between industry and vocational education.
- **Raising achievement of Māori and Pasifika learners by addressing system under-performance.** Policy settings including the adequacy of targeted funding have not addressed this issue sufficiently well. We recommend that this should be a strong policy priority over the next twelve months.
- **Improving the value of the Government's expenditure on tuition subsidies and student support.** Key here will be greater use of data about the employment and other outcomes of study to help inform student and provider decision-making.
- **Improving alignment of tertiary spending with the Government's economic growth goals.** This will involve using information provision, purchasing decisions and pricing signals to better match the numbers of students gaining qualifications in broad fields of study with the skills needs of the economy. It will also require achieving more commercial results from research in the tertiary sector and ensuring that promotional, quality assurance and immigration settings support sustainable growth in international education activities.

### **Document Structure**

*Part 1* of this briefing describes the Government's investment in tertiary education, current levels of tertiary education achievement within the population, and the contributions made by the sector through research and international education.

*Part 2* describes significant policy issues for the sector, including recent progress, current challenges and steps to address the challenges.

*Part 3* details the key policy decisions that will need to be considered in the first four months of your appointment.

*Part 4* provides a summary of the Minister for Tertiary Education, Skills and Employment's powers with regard to tertiary education, an explanation of the roles of relevant central government organisations, and an introduction to the legislative framework for tertiary education.

*Part 5* provides contact details for key Ministry of Education officials.

## PART 1: THE TERTIARY EDUCATION SECTOR

Tertiary education in New Zealand encompasses all post-school education, from adult and community education and foundation learning through to vocational education and academic study at university. This provision is undertaken by a network of public Tertiary Education Institutions (TEIs), including universities, institutes of technology and polytechnics (ITPs), and wānanga, and by private training establishments (PTEs).

While the Crown controls public expenditure on tertiary education, TEIs maintain significant institutional autonomy. The Government's purchasing of tertiary education, the direction it sets through the release of the Tertiary Education Strategy, and its quality assurance role, are the main levers that help ensure that tertiary providers deliver the skills needed by students and the New Zealand economy.

Details on the network of tertiary provision and the tertiary qualifications system can be found in appendices 1 and 2.

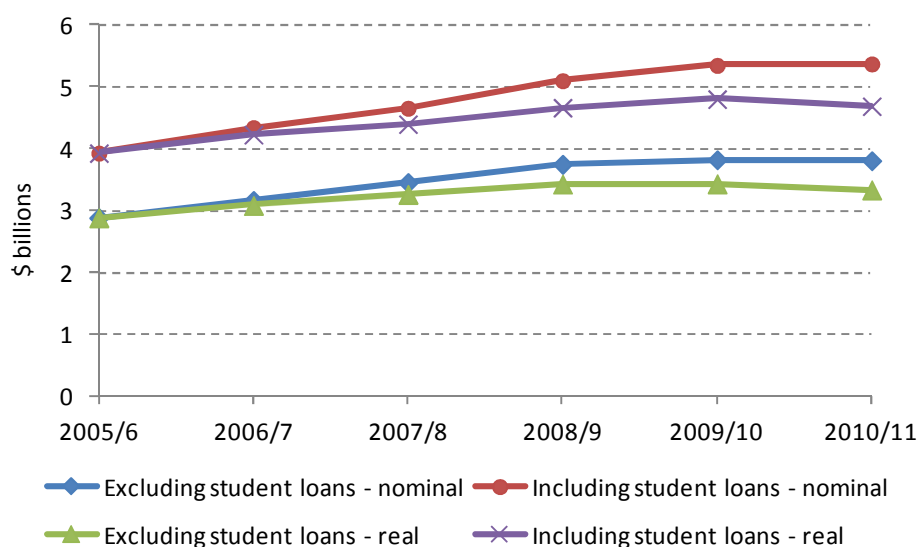
### Government Spending

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In 2010/11, around \$5.4 billion was spent on tertiary education.<sup>1</sup> Excluding new lending on student loans, this amount was around \$3.8 billion.

In real terms, total expenditure increased by 18% between 2005/6 and 2010/11, but has decreased in the last year, as detailed in figure 1 below.

Figure 1: Government expenditure on tertiary education in nominal and real terms

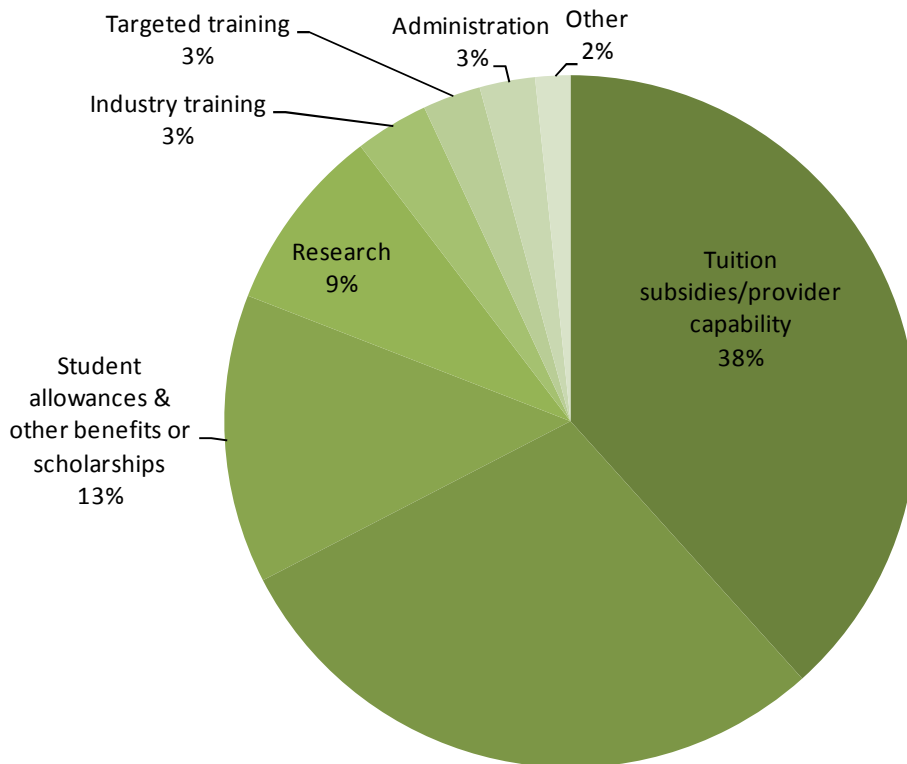


As a percentage of gross domestic product, total expenditure (excluding student loans) fell from 2.0% in 2009/10 to 1.9 percent in 2010/11. Total tertiary expenditure, excluding student loans, is projected to fall by 4.8% over the next five years, to approximately \$3.635 billion.

Funding for tertiary education organisations is largely appropriated through Vote Tertiary Education, and is administered by the Tertiary Education Commission. Funding for student support is largely appropriated through Vote Social Development with aspects of policy and administration shared between the Ministry of Education (policy lead), Studylink (loan and allowances grants) and Inland Revenue (collection).

<sup>1</sup> For trend analysis purposes, expenditure on student loans represents the amount of new lending in each year. This means it ignores the repayments of loans and it doesn't take account of the accounting costs of loans, including the write-down on new lending or the impairment of the Student Loan Scheme asset.

Figure 2: Government expenditure on tertiary education by purpose of expenditure



## Current State of Tertiary Education Outcomes

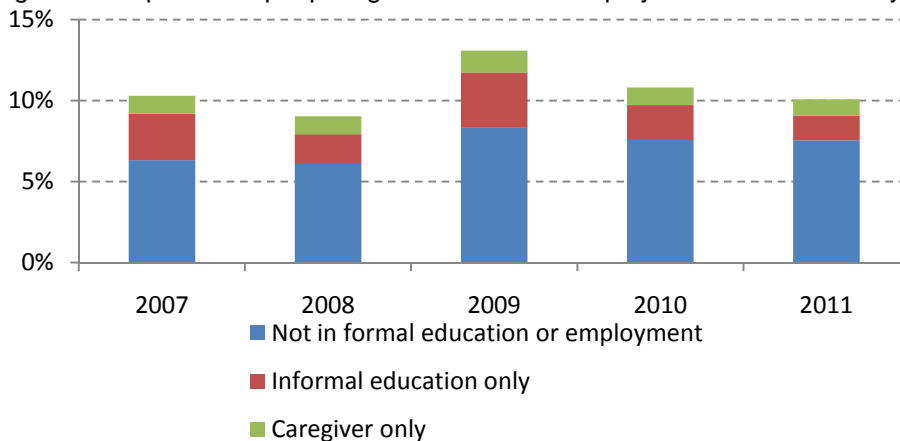
### Transitions into Tertiary Study

In general, students are more likely to achieve in tertiary education if they experience a smooth transition from secondary school into tertiary study. They are also able to make a greater contribution to the economy if they achieve their highest qualification at a young age.

Over the past six years, there has been a steady improvement in the level of qualifications achieved by school leavers. In 2010, around 74% percent of school leavers achieved at least level 2 National Certificate of Educational Achievement (NCEA), compared with around 57% in 2005.

Low levels of secondary school achievement and unclear transitions into tertiary study are a contributor to the number of 15-19 year olds currently not in formal education, employment or training (NEET), the distribution of which is detailed in figure 3.

Figure 3: Proportion of people aged 15-19 not in employment or education by type



The approximately 70% of students who either do not achieve university entrance, or do not have an interest in pursuing an academic field of study at the tertiary level, are also presented with less clear pathways to vocational education and tertiary achievement.

There is a strong link between prior academic success and tertiary achievement. Increased tertiary achievement requires:

- students achieving school qualifications that enable them to go on to further study at higher levels
- students making the decision to progress to higher level study
- students completing their tertiary qualifications.

Māori and Pasifika students are less likely to gain the necessary school qualifications that enable entry to higher level study, less likely to choose higher level study even when they get the necessary prior qualifications and are less likely to complete higher level tertiary study.

Table 1: Student achievement and engagement at age 19 – 2010

	Maori	Pasifika	European	Asian and Others
Attained no school qualification(1)	43%	33%	20%	17%
Attained at least a level 2 qualification	39%	50%	66%	74%
Attained a level 3 qualification	15%	19%	40%	52%
Not engaged in education, employment or training(2)	13%	26%	11%	9%

(1) Includes students who only attained non-Framework qualifications, such as Cambridge. However, numbers of these students are fairly small.

(2) NEET rate for 15-19 year olds as at March 2010, including caregivers.

## Qualifications Achievement

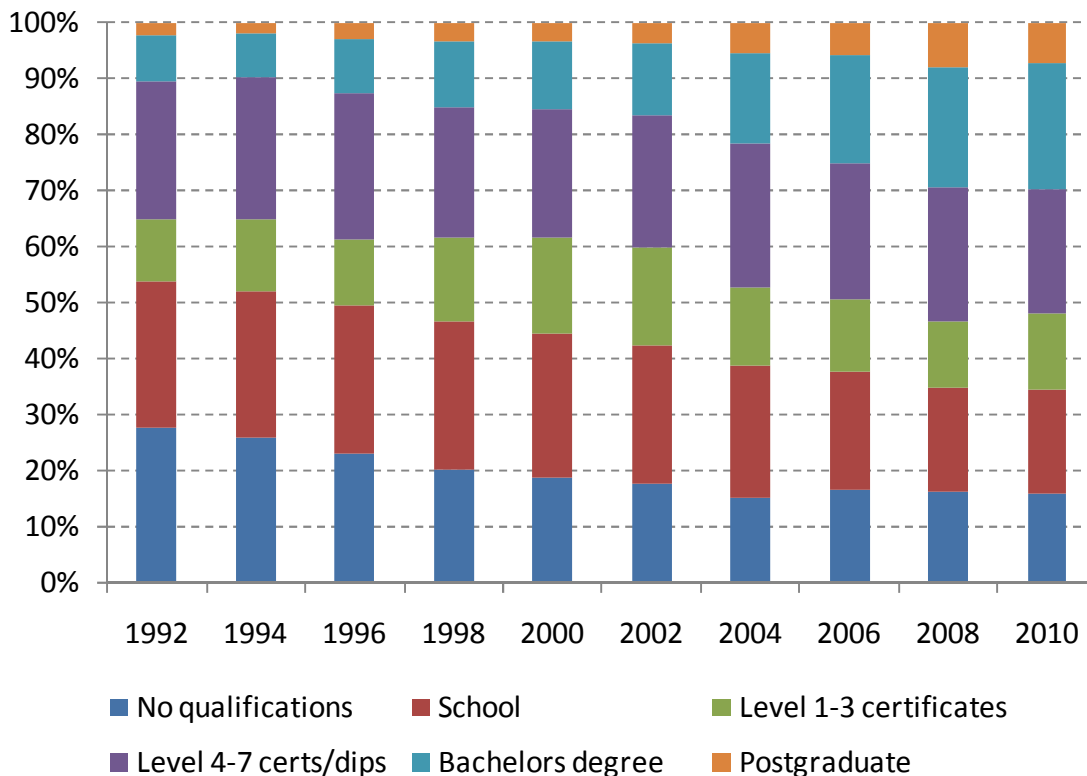
Qualification attainment, particularly at higher levels, is a good predictor of future workforce participation and income, and provides a range of other positive social outcomes for learners and their families.

The level of tertiary education achievement in New Zealand compares favourably with other countries. For the adult population (25 years to 64 years), the percentage of the New Zealand population with a diploma level or higher qualification is 40%. This compares with 37% for Australia and 31% of the OECD on average.

Figure 4 details the highest tertiary achievement of 25-34 year olds over the past two decades, highlighting the growth in the proportion of 25-34 year olds<sup>2</sup> with a post-school qualification and particularly with degrees.

<sup>2</sup> 25-34 year olds are selected as representing recent graduates who will be in the workforce over the next 30-40 years.

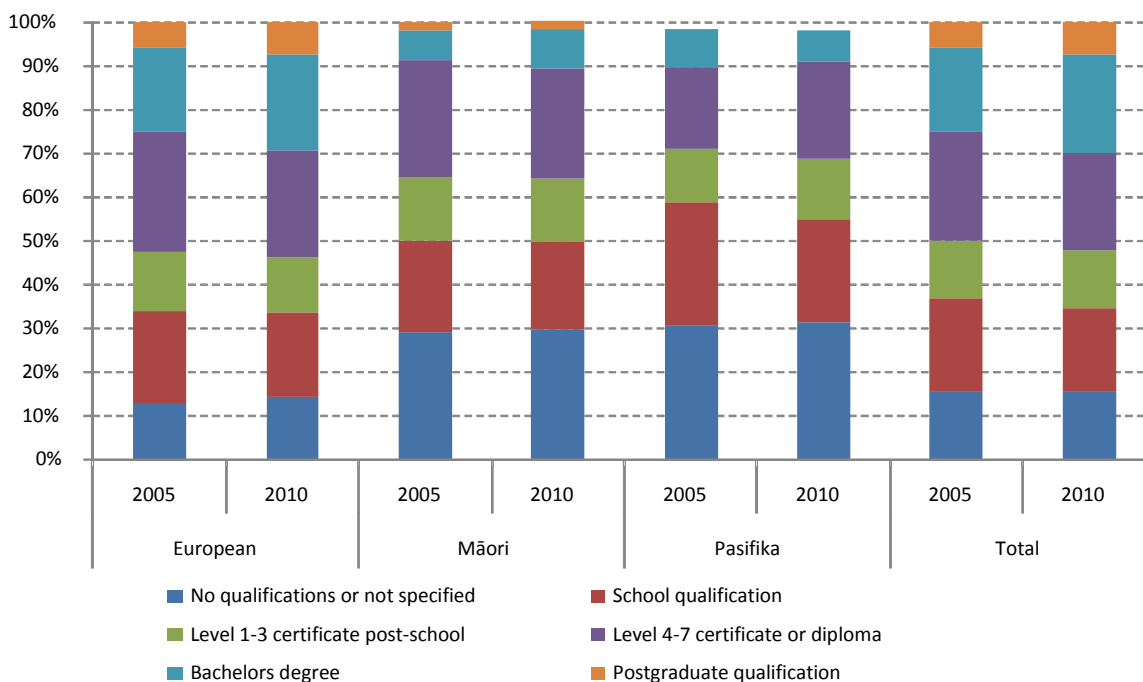
Figure 4: Distribution of 25-34 year olds by highest qualification



However, tertiary achievement rates suggest that some parts of the population are less likely to succeed in the tertiary education system. In 2010, only 12% of Māori and 12% of Pasifika had attained a bachelor level degree by age 25, compared to approximately 34% of the non-Māori/Pasifika population.

Māori and Pasifika aged 25-34 are also much more likely to have low or no tertiary qualifications than is the average for the population as a whole, as detailed in figure 5.

Figure 5: Highest qualification amongst 25-34 year olds by ethnicity<sup>3</sup>



<sup>3</sup> Statistics New Zealand did not release data on Pasifika postgraduate qualifications as the numbers were too low for analysis.

## Tertiary Research

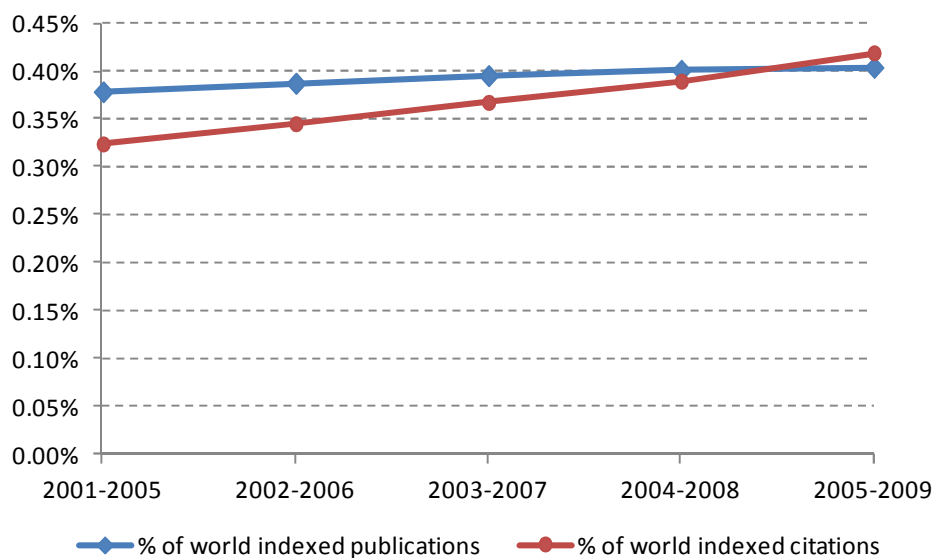
The production of new and innovative products, services and ways of doing things is a key driver of economic growth. Innovation is likely to play a key role in finding solutions to New Zealand's future economic, social and environmental challenges in areas such as climate change, energy and health.

Universities are the major contributor to New Zealand's research outputs – 69% of indexed journal publications are produced by researchers at universities. 33% (\$802m) of New Zealand's research and development expenditure in 2010 was at universities. As a whole, TEIs also undertake the majority (58%) of New Zealand's basic research – that is, research carried out for the advancement of knowledge, without necessarily seeking long term economic or social benefits or application.<sup>4</sup> This research provides the theoretical and technical underpinning for applied research.

New Zealand TEIs have begun to increase their share of the number of indexed<sup>5</sup> publications produced in the world, and citations received, as detailed in figure 6. Citations by other researchers of research papers authored in New Zealand universities have risen even more sharply over the same time – suggesting a greater quality rise.

These improvements coincide with the introduction of the Performance-based Research Fund (PBRF) and the Centres of Research Excellence (CoREs).

Figure 6: Share of world indexed publications and citations by New Zealand TEIs



Research in New Zealand remains largely government-funded, particularly when compared to other countries. In 2009, 75% of external research income gained by universities was sourced from Government, such as research grants, Centres of Research Excellence funding, government ministry and agency funding (including from the Health Research Council and the Royal Society) as well as funding from Crown Research Institutes.

The interaction of the universities with private businesses in New Zealand is a key area of focus for the Government. The Tertiary Education Strategy 2010-2015 emphasises the need for better linkages between universities and firms. In addition, the Government's overall research direction is to use research to support its economic growth goals. The external research income sourced from business is a useful indicator of the links between the universities and the business sector and of the extent to which university research is taken up by firms.

<sup>4</sup> As measured in Statistics New Zealand's Research and Development Survey, 2010.

<sup>5</sup> In this context, 'indexed' means that the publication is included in Thomson Reuters Web of Science database.

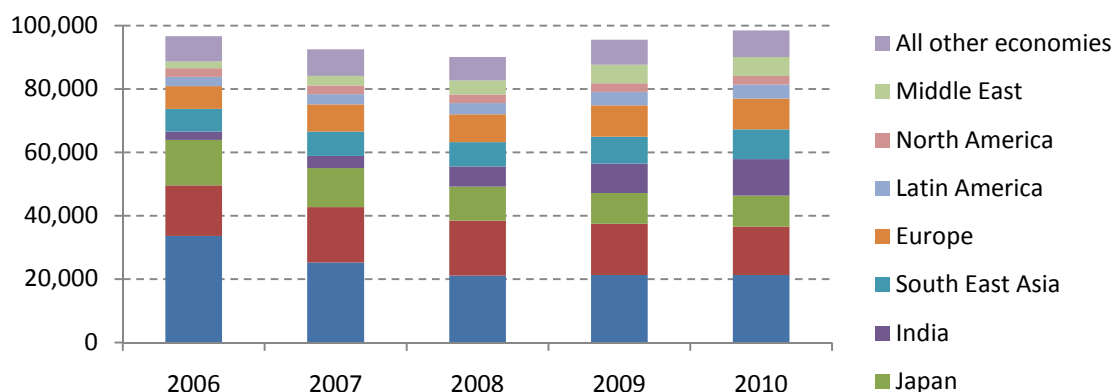
## International Education

### Export Education

During 2007/08, the export education sector contributed \$2.1 billion to the New Zealand economy. Just over 32,000 jobs were directly or indirectly created and/or supported by the sector.

In 2010, New Zealand's total international student enrolments reached 99,880, the highest level since 2006, and a 3% increase on 2009, as detailed in figure 7.

Figure 7: International student enrolments by region of origin



Nearly half of the total international enrolments (48%) were at private training establishments, followed by universities (20%), ITPs and secondary schools (both at 13%), with only 3% respectively at primary schools and subsidiary providers. This pattern has been consistent since 2006.

Tuition revenues from international enrolments rose by 7% from 2009 to 2010, reaching \$708 million (excluding GST). Universities earned the single largest share of this revenue (40%), followed by private English language schools (17%). ITPs reported the highest revenue increase for the year, up 13% from 2009.

### Labour Force Contribution

A large number of international students stay on in New Zealand after their study, contributing to skills and labour supply and helping lift labour productivity. Department of Labour data shows that 23% of foreign fee-paying university students (who enrolled from 2003 to 2006) made the transition to work by 2009, and 15% made the transition to residence.

International education also supports research capacity. Since a policy change in 2005 to treat foreign nationals enrolled in PhD programmes as domestic students, by funding them at the same rate as domestic students, these enrolments have increased from 692 in 2005 to 2,796 in 2010, or 35% of all PhD enrolments.

## **PART 2: IMPROVING THE CONTRIBUTION OF THE TERTIARY SECTOR TO NEW ZEALAND**

### **The Role of Tertiary Education**

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The tertiary education sector plays a core role in advancing New Zealand's economic and social development by providing:

- high quality education to prepare and maintain a relevantly skilled, flexible workforce
- high quality research that builds New Zealand's knowledge base and drives innovation
- international education that contributes to export earnings and strengthens tertiary institutions.

In fulfilling these roles, tertiary education can help to address some of New Zealand's key economic and social challenges, including growing employer demand for a more highly skilled workforce, the need for more young people to successfully transition from secondary schooling to tertiary education, and reducing high levels of youth unemployment.

### **Improving Tertiary Sector Performance**

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There is an ongoing challenge to ensure that the tertiary system is delivering high quality and relevant tertiary education. In recent years, indicators such as qualification completions, labour market returns, employer perceptions, and transitions to tertiary education have all suggested that there is room to lift the overall performance of tertiary provision.

In response, recent efforts to improve the performance of the tertiary system have focused on:

- capping overall levels of funding to better prioritise expenditure
- strengthening the quality assurance and performance monitoring of tertiary organisations
- rationalising the qualifications framework and publishing more performance information about tertiary organisations – this has improved the quality of information available to students and employers and incentivised improvements in provider performance
- strengthening performance incentives by linking 5% of student-driven funding to performance
- redirecting government expenditure away from low value spending, such as adult and community education courses for personal interest, towards higher value spending, such as degree level study
- creating new learning options for youth and developing new vocational pathways to better engage young people and to support more effective transitions into work and higher levels of learning
- putting in place new institutional arrangements and enhanced funding to support the contribution of international education activities to economic performance.

In the coming three years, the focus should be on maintaining momentum in these areas with particular attention paid to ensuring that the tertiary system meets broader economic

and social needs. The following factors will have a significant influence on the tertiary agenda over the next three years:

- Lifting markedly the achievement levels of Māori and Pasifika students, particularly at higher qualification levels. Progress to date for these groups has been too slow.
- Addressing the relatively poor engagement (by international standards) of 15-19 year olds in education and training and the high level of unemployment amongst young people.
- Covering the specific skill needs arising from the Christchurch rebuild and water-tight building issues.
- Strengthening the tertiary education contribution to New Zealand's economic growth performance and rate of labour productivity. Economic performance that is based on embedding greater added value in our products and services will require higher levels of skills in our population and better technology transfer.
- Raising the contribution of international education to help meet the Government's economic growth goals and support the financial viability of tertiary education providers.
- Managing the overall fiscal constraint that means that the tertiary sector is unlikely to benefit from significant additional funding over the next five years. Expenditure will need to continue to be reprioritised from lower priority areas and ongoing enhancements in efficiency will need to be achieved.

In light of these factors, we have identified the following key themes on which to base the work programme over the next term:

- **Enhancing transitions, and strengthening pathways and the relevance of qualifications.**
- **Raising achievement for Māori and Pasifika learners.**
- **Improving the value of the Government's expenditure on student support and tuition subsidies.**
- **Improving alignment of tertiary spending with the Government's economic growth goals.**

### **Enhancing Transitions**

Increasing the benefits of tertiary education for New Zealand and New Zealanders requires effective transitions from secondary schools into tertiary education, clear pathways through tertiary education, and effective transitions from tertiary education into work. Smoothing these transitions requires good linkages between secondary schools, tertiary organisations and industry, a clear framework of tertiary qualifications, and clear information about the employment outcomes of tertiary education.

The Government's goal is to ensure that all students gain at least NCEA Level 2, and transition into, and through, the tertiary system on their first attempt. This reduces the time they are likely to spend on a benefit or in low-wage employment, and increases their contribution to the economy and the speed at which they will pay back any student loan borrowing. Improving transitions is particularly important for Māori and Pasifika students, as they are currently less likely to complete qualifications at secondary school and to make smooth transitions into tertiary study.

### *Broadening Study Options*

A significant number of students currently leave secondary schooling prior to completing NCEA. In many instances, students disengage because the learning approach in secondary school does not appeal to them. For those who do progress, pathways into vocational study and future employment are often unclear, undermining achievement and the value of both government and student investment in their education.

Improving transitions will require a more integrated approach to senior secondary and lower-level tertiary education that provides a wider range of learning options and clearer links between subjects studied and their practical application. This is currently being progressed through the implementation of the Youth Guarantee, programme, which includes:

- fees-free tertiary places towards vocational qualifications at levels 1-3 for 16 and 17 year olds<sup>6</sup>
- secondary-tertiary programmes that offer a mix of secondary schooling and tertiary learning for dual-enrolled secondary-tertiary students – e.g. trades academies and service academies.

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Our work on transitions also includes the development of better tracking and monitoring systems for at risk students and improved pastoral care. We are also reviewing the provision of career advice and guidance to strengthen student decision-making, particularly in relation to vocational education, where learning pathways for students are currently less clear.

Fees free tertiary provision and secondary-tertiary programmes already have a strong focus on completion and retention and full qualifications for all students. However, more specific mechanisms to enhance the transition rates of target groups such as Māori and Pasifika learners are likely to be required.

### *Improving Pathways*

While the university entrance pathway is well defined and understood, many students who are interested in vocational learning options cannot see clear linkages between what they are studying and their post-school options. As a result, the Ministry is working with Industry Training Organisations, secondary schools and tertiary providers to develop five new vocational pathways. The pathways will provide students, their parents and whanau, and schools and tertiary education organisations with guidance on how to structure programmes of study towards NCEA Level 2 qualifications. The initial pathways are in:

- construction and infrastructure
- manufacturing and technology
- the primary industries
- the services industries
- the social and community services.

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<sup>6</sup> 2,500 Youth Guarantee places in 2011, expanding to 7,500 in 2012.

The pathways will identify the learning and achievement relevant to these core areas of industry. They will also provide industry-based contexts for students' learning, support student decision-making, and provide employers with simplified information about the knowledge and skills of school leavers. Over time, we expect these pathways will inform and improve course delivery in schools, tertiary organisations, and secondary-tertiary programmes. They are therefore a key tool to improve coherence in the system to build better links between the education system and the needs of the workforce.

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Related to this, the New Zealand Qualifications Authority is using the new qualifications framework to address unnecessary proliferation and duplication of qualifications, provide clearer information about qualifications for end users, and mandate better engagement with industry in the qualifications development process. While the benefits of this will be significant, the consultative process means results will be seen in the medium, rather than short term.

The current review of industry training has the potential to significantly alter the delivery of vocational education in New Zealand. The review will address the responsiveness of current vocational education provision to industry, the setting of skill standards and how training is arranged and quality-assured. It also provides an opportunity to assess how well the current system is linked to New Zealand's wider economic growth agenda.

While not solely focussed on transition issues, the review will improve how young people transition from secondary schooling or foundation-level tertiary education into workplace training, how the apprenticeship system operates, and how employers influence the setting of skill standards and qualifications. A key focus will be on ensuring that vocational education is responsive to the needs of employers.

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### *Publishing Employment Outcome Information*

Ensuring that students are better informed about the costs and likely employment outcomes of their study choices should lead to better alignment between the supply and demand for tertiary education. It also has the potential to improve transitions from tertiary education to work and to strengthen the education pathways offered by tertiary providers.

Employment outcome information is not currently available to students in a format that is clear and comparable across the sector. This makes it difficult for students to make informed decisions about their investment in their education, which has downstream impacts on their achievement, labour-force participation and ability to repay any debt taken on during the course of their studies.

The sharing of datasets between the Ministry of Education, Statistics NZ and the Inland Revenue Department since 2007/08 has enabled us to analyse and publish more information about the employment outcomes of tertiary education. The publication of provider-level information has been a core element of recent changes in the sector, and the publication of employment outcomes would complement the other performance information initiatives in the system and will help to strengthen student decision-making and demand for provision likely to result in positive labour market outcomes.

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## Raising Achievement, Particularly for Māori and Pasifika Learners

### *Accelerating Progress for Māori and Pasifika Learners*

Raising the participation and achievement of Māori and Pasifika learners in the tertiary education system has been a stated goal of successive New Zealand Governments over a number of decades. However, tertiary education policy settings have failed to deliver the step change in tertiary sector performance that is required. This represents a loss of potential for Māori and Pasifika learners, their families, communities and the economy.

Over the next few years, there is a clear need to ensure that tertiary education organisations:

- are better supported to improve achievement by Māori and Pasifika learners
- have stronger incentives to improve their performance for Māori and Pasifika learners.

Despite longstanding priorities to improve system performance for Māori and Pasifika learners, these priorities are not reflected clearly in core funding policies affecting the allocation of Vote Tertiary Education expenditure. There are no specific financial incentives for tertiary education organisations to improve their performance for Māori and Pasifika learners – nor are there clear consequences for poor performance.

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### *Second-Chance Learners*

We also need to maintain access to high-quality tertiary education options for second-chance learners – that is, learners without school qualifications or with literacy and numeracy needs. Approximately 518,000 working age New Zealanders<sup>7</sup> do not have formal school or tertiary qualifications – 20% of the total working age population. Over the next three years, the tertiary system will face increasing demands from welfare changes, as larger numbers of beneficiaries seek to meet their work obligations. For some beneficiaries, tertiary education will form a part of a targeted approach to prepare people for skilled and stable work.

Proposed changes to foundation education will better target government investment to meet this additional demand. This will introduce new requirements for embedded literacy and numeracy, and target provision to students with low or no qualifications. These policy changes will increase the value of foundation education for students and Government but are likely to increase the average cost of provision in the coming years.

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<sup>7</sup> New Zealanders aged 20-65 in 2010.

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### *Further Developing Measures of Education Performance*

Recent policy changes have improved the value of government expenditure by better targeting investment towards students most likely to complete their qualifications. For example, from 2015 onwards higher standards for university entrance will limit access to university to students who are better prepared for degree-level study. Changes to student loan eligibility now restrict student loan access for students who have previously failed to perform. There has also been a reduction in the volume of low level provision, as tertiary education organisations have removed provision with low completion rates or little progression to higher level study.

In the longer term, we recommend continuing improvement in the design of performance indicators, so that the risks of perverse outcomes are managed or removed. Such risks include:

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Some level of student selection is desirable to reduce the numbers of students participating in programmes they do not complete or that do not offer a clear pathway to higher-level study or work. However, current tertiary policy settings provide insufficient incentives for tertiary education organisations to lift their performance for students who may require targeted recruitment strategies, tailored learning environments, or additional academic or pastoral care support, to participate and succeed in tertiary education – particularly Māori, Pasifika, and second-chance learners.

Recent improvements in the quality of provision are likely to have positive benefits for all learners. However, a focus on overall performance provides relatively weak incentives for providers to improve completion, retention and progression rates for priority groups.

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## Improving the Value of Government's Expenditure

To enhance tertiary performance in a context of fiscal constraint, it is important to find ways to improve low value provision or cease funding it. Our analysis of student loan and employment outcome information will help us to identify areas where there appears to be a mismatch between supply and demand, to inform future policy and investment decisions.

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### *Student Loan Scheme*

Many of the opportunities for tertiary savings in the past two Budgets were found in the Student Loan Scheme, primarily by reducing eligibility for people who are less likely to achieve through tertiary education or repay their loans; and by increasing repayment obligations both in New Zealand and overseas.

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In a constrained financial environment, new lending needs to deliver a greater return on the Crown's and borrowers' financial investment in the long term, while ensuring that the option of tertiary education is available to those who can benefit from it.

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Withheld under 9(2)(f)(iv) of the Official Information Act 1982

There will also be opportunities to improve the compliance of borrowers who are able to repay their loans but are not meeting their obligations. Recent initiatives to address non-compliance of overseas-based borrowers have focused on tracing borrowers, increased enforcement, improved communication and making loan repayments easier. Initial activity has focused on borrowers in Australia.

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Domestic compliance is expected to improve in 2012 with the shift to pay period repayment assessments, where the focus is on ensuring correct repayment deductions are made at source.

Continuing to improve Scheme performance information (including information about the drivers of value) will assist agencies to inform public debate on the Scheme. This may help to drive a behavioural shift from non-compliant borrowers.

### *Student Allowances*

Student allowance policy settings have remained stable over the past three years, following a major expansion of eligibility in the late 2000s. As a result of this expansion and higher unemployment during the recession, we have seen a significant increase in the cost to Government of student allowances, up by 62% from \$385 million in 2007/08 to \$620 million in 2010/11. This has included a significant increase in the number of allowance recipients, particularly since the onset of recession in 2008/09.

One rationale for student allowances has been that students from lower income families are more averse to debt, and are not prepared to borrow for tertiary education.

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### *Using Graduate Outcomes Information to Inform Future Policy and Investment Decisions*

As well as supporting student decision-making, information on graduate employment outcomes may also be used to inform future policy and investment decisions, including price-setting. A recent example of this has been work on pilot training, where information on high student loans relative to the earnings of many graduates, and consequently slow repayment times, has been used to inform policy decisions to limit the size of loan borrowing and the number of places purchased. There are likely to be opportunities to use employment outcome information and student loan data to manage other areas of provision where there are mismatches between supply and demand.

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There are some limitations associated with the use of graduate outcomes data to inform future investment decisions. Past graduate outcomes may not reflect changes in the quality of tertiary provision or future labour-market needs. Publication of provider-level information about employment outcomes is also taking place on the basis that the information is being provided to inform student decision-making, rather than to influence the allocation of tuition funding to individual tertiary organisations.

## Improving Alignment between Tertiary Spending and Economic Growth Goals

### *Aligning Spending with Economic Growth Goals*

The investment planning process focuses tertiary organisations on offering the qualifications that students want to study and that perform well in terms of the educational performance indicators. This means that signals from the labour market to students need to be obvious and clear, so that students know what to study. The publication of more employment outcome information and the planned strengthening of careers advice should assist in this process.

It is also desirable to continue the drive to better align tertiary education purchasing decisions with the Government's economic growth goals and regional plans, particularly in Auckland and Christchurch. Ways to do this include:

- Stronger connections between the Tertiary Education Commission's purchasing decisions and the work of New Zealand Trade and Enterprise, the Ministry of Science and Innovation, the Department of Labour and major employers to meet skills needs, for example, purchasing new places in specific types of provision rather than general growth in EFTS<sup>8</sup> by sub-sector.
- Ensuring that the total prices received by tertiary providers through tuition subsidies and fees do not incentivise them to make decisions that are inconsistent with the Government's economic growth goals. For example, if the pricing system influences providers to offer business or computing courses rather than trades or technology courses, this may impact on the government's goals for infrastructure development and earthquake recovery.
- Utilising better information about graduate outcomes to identify areas of under or oversupply to better align price with Government priorities.
- Exploring changes to industry training arrangements as a result of the review of industry training.

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- Facilitating regional linkages between large tertiary education providers, economic development agencies, chambers of commerce, New Zealand Trade and Enterprise, the Ministry of Science and Innovation, and Iwi.
- Greater government support for the involvement of tertiary organisations in economic growth initiatives, such as innovation parks, incubators and spinout company development, and business clusters.

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<sup>8</sup> EFTS (Equivalent Full-time Students) is a unit for counting tertiary student numbers. The basis of the EFTS system is that a student taking a normal year's full-time study counts as 1.0 EFTS units or the equivalent of 120 credits on the New Zealand Qualifications Framework.

These approaches are likely to require a mix of incentives, information and facilitation, to influence student demand and provider behaviour.

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### *Increasing the Contribution of Tertiary Research*

Research in tertiary education providers contributes skills and knowledge to grow New Zealand's innovative capability. Research outputs, including publication levels and research degree completions have increased in recent years. However, there is room to increase the contribution of tertiary research to economic growth Withheld under 9(2)(f)(iv) of the Official Information Act 1982

There are two research funding streams within Vote Tertiary Education: PBRF and CoRE funding (\$250m and \$34m respectively in 2010). Tertiary providers also generate research income through government and business research purchase, consulting, intellectual property sale and licensing.

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The Government is implementing a number of changes to better support the high value manufacturing and services sector. We will be contributing to the design and implementation of these changes and ensuring that the tertiary sector contributes to growing and supporting that sector.

### *A Greater Contribution from International Education*

Increasing earnings from international education in the coming years will make a significant contribution to the Government's economic growth goals while also providing opportunities for providers to strengthen their finances and reduce their reliance on government funding.

The sector faces a number of challenges in this regard. In particular, competition for international students is intensifying, particularly from Australia and from countries of origin seeking to retain their students domestically. The Christchurch earthquake has also had a significant impact – Christchurch accounted for 15% of international enrolments in 2010, but has seen a significant drop in enrolments subsequent to the February quake, as well as a diminishment of capacity due to building damage and lack of access.

The recent announcement of a Leadership Statement for International Education, which will be developed in conjunction with the sector, aims to double the economic value of international education to \$5 billion over the next 15 years. It includes targets around increasing revenue and student numbers from offshore provision, building relationships with key partner countries, increasing the numbers of international postgraduate students and increasing the transition rate from study to residence of international students.

A key development in international education has been the foundation of a new Crown Agency, Education New Zealand, to lead the Government's drive to grow international education, and to manage the Government's investment in international education promotion and offshore activities.

Changes made to the regulation of the PTE sector and the New Zealand Qualifications Authority's offence provisions in the Education Amendment Act 2011 will also help ensure the quality of provision in the sector, and strengthen the ability of the New Zealand Qualifications Authority to sanction poor performance.

Realising the goals of the Leadership Statement and getting the most out of the international education sector will require a cross-government response. This will include:

- continual monitoring of quality settings to ensure prospective students have confidence in New Zealand education
- development of a more comprehensive support framework for international students in New Zealand including changes following a review of the Code of Practice in 2012
- considering changes to immigration policy settings to increase New Zealand's attractiveness as an education destination – particularly compared to Australia
- cross-government initiatives to boost the New Zealand education system's international reputation and that of 'Brand New Zealand'
- development and promotion of clearer and more integrated pathways for international students into further higher-level study and onto work and residence
- increasingly strategic use of ongoing long-term international connections with international students who have studied in New Zealand once they have returned home.

Education New Zealand will play a key role in the operationalisation of these policy steps.

Consultation will be undertaken with the sector and other government agencies on resetting the Leadership Statement mid-2012 (if necessary). It will be important to establish if the regulatory settings needed are in place to ensure that the sanctions and other quality assurance mechanisms available to New Zealand Qualifications Authority and under the Code can be effectively utilised. This will be key to ensuring quality is maintained in the sector, with good performance rewarded, poor performers supported to improve, and consistent poor performers and fraudulent organisations removed from the sector.

### *Regional Issues*

Given the differing demography and divergences in available provision, economic performance and types of industries prevalent in different parts of New Zealand, there will always be regional issues for the tertiary education sector to address. However, Christchurch and Auckland face particular pressures that will require consideration in the coming years. These issues are detailed in appendix 5.

## **PART 3: UPCOMING DECISIONS**

We have summarised below major decisions we will ask you to make between December 2011 and March 2012.

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## **PART 4: LEGISLATION AND CENTRAL GOVERNMENT ORGANISATION**

This section provides background information on the central government organisation of the tertiary sector, including the powers and responsibilities of the Minister for Tertiary Education, Skills and Employment, the legislative framework for the tertiary education sector, and the roles of the relevant government departments and their relationship to the Minister.

### **The Responsibilities and Powers of the Minister for Tertiary Education, Skills and Employment**

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The Minister for Tertiary Education, Skills and Employment has a number of responsibilities and powers with regard to tertiary education, as set out in the Education Act 1989. In summary, these include a number of powers related to the establishment and disestablishment of TEIs, the governance and operation of Crown agents and TEIs, the publication of government strategies and other guiding documents for the sector and the regulation of certain types of fees.

In performing her or his functions, the Minister must always give effect to Parliament's intention that academic freedom and institutional autonomy are to be preserved and enhanced (section 161(4) of the Education Act 1989).

For a detailed list of Ministerial powers and responsibilities, see appendix 3.

### **Tertiary Education Legislation**

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#### **Key Statutes**

The tertiary education legislative regime is predominantly comprised of statutes and various forms of tertiary legislation, for example, rules and gazette notices. The most relevant statutes are:

- the Education Act 1989
- the Crown Entities Act 2004
- the Industry Training Act 1992
- the Modern Apprenticeship Training Act 2000.<sup>9</sup>

#### *The Education Act 1989*

The tertiary education parts of the Education Act 1989 address key elements of the tertiary education system, including a range of general provisions, provisions around course provision and students, regulation of private training establishments, membership and funding of student associations, and offence provisions. The Act also provides the legislative framework for the establishment of Crown entities and statutory organisations (including the specification of functions, powers and duties).

#### *The Crown Entities Act 2004*

Under the Crown Entities Act 2004, the Tertiary Education Commission, the New Zealand Qualifications Authority, Education New Zealand and Careers New Zealand are classified as Crown agents. Tertiary Education Institutions are a separate class of Crown entity, to which the Crown Entities Act 2004 has limited application.

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<sup>9</sup> There are a small number of private and local statutes establishing scholarships that fall within the tertiary education portfolio.

### *The Industry Training Act 1992*

The Industry Training Act 1992 is primarily concerned with the recognition and funding of industry training organisations. It also confers additional functions on the Tertiary Education Commission regarding industry training.

### *The Modern Apprenticeship Training Act 2000*

The Modern Apprenticeship Training Act 2000 established training arrangements for apprentices, and authorised the Tertiary Education Commission to issue a Code of Practice providing guidance on the responsibilities of various parties, including employers and apprentices. Both Acts are administered by the Ministry of Education.

Details of significant legislative amendments made to the Education Act can be found in appendix 4.

## **The Role of the Ministry of Education**

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The Ministry of Education is the Government's strategic advisor on the tertiary education system. This means working closely with the other government agencies so that the Government's education goals are achieved.

Four groups within the Ministry of Education have a particular focus on tertiary education:

- **The Tertiary Education Group** is responsible for developing the broad policy framework for tertiary education, providing Budget advice for Vote Tertiary Education, improving the tertiary education evidence base, and monitoring progress against the Government's tertiary education goals. The tertiary education group also leads the development of the Youth Guarantee.
- **The Education Sector Leadership Team** is responsible for monitoring the performance of Tertiary Education Crown Education Agencies, including the Tertiary Education Commission, Education New Zealand, the New Zealand Qualifications Authority, the New Zealand Teachers' Council and Careers New Zealand, as well as supporting the boards of these Crown entities.
- **The International Division** advises on international education strategy, manages Vote funding for international education, provides policy advice and supporting research, monitoring and evaluation of funded programmes, and supports international students and the providers who enrol them, by administering the Code of Practice for the Pastoral Care of International Students in New Zealand.
- **Group Māori provides leadership** on the resolution of Treaty of Waitangi claims including identification of any potential Treaty risks, management of relationships between iwi and the Crown, and Māori education organisations and the Ministry of Education. It also leads strategic policy design and development regarding Māori tertiary education provision in relation to Te Reo Māori and mātauranga Māori, and building of the evidence base about what matters most for Māori student success in and through tertiary education.

The Ministry of Education is also the lead agency on student loans; responsible for providing strategic policy advice on student loans, forecasting borrower costs, preparing the annual report and managing the valuation process.

StudyLink, a service of the Ministry of Social Development, is responsible for the administration and payment of loans, processing over 280,000 applications per year and making loan payments to students and tertiary education organisations. StudyLink provides operational policy advice regarding student loan eligibility and entitlement.

Inland Revenue is responsible for the collection of student loans and enforcing repayment obligations by borrowers. Inland Revenue provide operational policy advice on matters concerning the collection of loans and is responsible for the Student Loan Scheme Act.

## **Education Crown Agents**

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### **Tertiary Education Crown Agents**

The Minister for Tertiary Education, Skills and Employment has direct responsibility for two Crown agents, the Tertiary Education Commission, and Education New Zealand.

**The Tertiary Education Commission** has the statutory responsibility for funding and monitoring the tertiary sector while maintaining the academic freedom and institutional autonomy of tertiary providers. The Tertiary Education Commission's primary levers for achieving the Government's priorities for education are linked to funding accountability. The Tertiary Education Commission, through the investing in a plan mechanism, buys a series of educational outcomes across the tertiary sector, leaving the decisions as to how these outcomes are achieved to the providers. The Tertiary Education Commission also has some powers to intervene in under-performing tertiary providers.

**Education New Zealand** is a new Crown entity, established to lead the Government's drive to grow international education, and to manage the Government's investment in international education promotion and offshore activities. Its role is to give effect to the Government's international education policies through a range of marketing, promotions and representational functions.

### **Other Education Crown Agents**

The New Zealand Qualifications Authority and Careers New Zealand fall under the warrant of the Minister of Education, but play a significant role in the tertiary education sector. However, the New Zealand Qualification Authority's functions relating to tertiary education fall within the responsibilities of the Minister for Tertiary Education, Skills and Employment, in particular those relating to the regulation of PTEs.

**The New Zealand Qualifications Authority's** responsibilities extend across the senior secondary and tertiary sectors, through its primary roles of developing and maintaining New Zealand's educational qualifications framework, administering NCEA, and quality assuring the non-university tertiary sector. The New Zealand Qualifications Authority advances Government's priorities through its management of the quality assurance system and the application of regulatory levers, including within the Private Training Establishment sub-sector. The New Zealand Qualifications Authority, through these levers, has the ability to determine which tertiary providers are able to offer which qualifications, and the levels of performance to which those providers will be held.

**Careers New Zealand** has responsibility for providing advice and support to help New Zealanders make good decisions about their careers. It does this through both direct interaction with New Zealanders through a number of media, and increasingly through the development and support of best practice across the wider spectrum of providers of careers advice. Careers NZ advances the Government's priorities almost exclusively through the lever of better, more targeted information, but does provide some interventions for targeted learner groups.

## PART 5: KEY CONTACTS

### Table of Key Ministry of Education Contacts

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Lesley Longstone	Secretary for Education
Rob McIntosh	Deputy Secretary Tertiary, International and System Performance
Apryll Parata	Deputy Secretary Māori Education
Andrea Schöllmann	Group Manager Tertiary Education Group
Ben O'Meara	Senior Manager Tertiary Education Policy
Karl Woodhead	Senior Manager Tertiary Education Policy
Julie Keenan	Senior Manager Tertiary Education Policy
Roger Smyth	Senior Manager Tertiary Sector Performance Analysis
Sandy Brown	Chief Advisor Education Sector Leadership Team
Neil Scotts	Senior Manager International Division

# Appendix

## Appendix 1: The Qualifications System

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The New Zealand Qualifications Framework, administered by the New Zealand Qualifications Authority, lists tertiary qualifications at ten levels, from foundation education (literacy, numeracy, job skills) through to doctoral study.

Qualifications by level

Level	Qualifications Type
10	Doctorate
9	Masters Degrees
8	Postgraduate diplomas and certificates, Bachelors degrees with Honours
7	Bachelors Degree, Graduate diplomas and certificates
6	Diplomas
5	
4	Certificates
3	
2	
1	

## Appendix 2: Tertiary Education Providers and Industry Training Organisations

### Tertiary Education Providers

Provider Type	#	EFTS*	SAC Funding	Provision Focus	Core Roles (TES 2010-2015)**
<b>Universities</b>	8	121,000 49.3% of sector	\$1,038 million 54.4% of SAC	Degree and post-graduate education and research.	<p>To undertake research that adds to the store of knowledge.</p> <p>To provide a wide range of research-led degree and post-graduate education that is of an international standard.</p> <p>To act as sources of critical thinking and intellectual talent.</p>
<b>Institutes of Technology &amp; Polytechnics</b>	18	68,400 27.9% of sector	\$550 million 28.8% of SAC	Certificate and diploma level vocational education and applied degrees.	<p>To deliver vocational education that provides skills for employment.</p> <p>To undertake applied research that supports vocational learning and technology transfer.</p> <p>To assist progression to higher levels of learning or work through foundation education.</p>
<b>Wānanga</b>	3	25,800 10.5% of sector	\$159 million 8.3% of SAC	Foundation education and sub-degree, degree and postgraduate qualifications focussed on āhuetanga Māori (Māori tradition) and tikanga Māori (Māori custom).	<p>To provide quality education in accordance with kaupapa Māori philosophies, principles and approaches.</p> <p>To undertake teaching and research that maintains, advances, and disseminates knowledge, develops intellectual independence, and assists the application of knowledge regarding āhuetanga Māori according to tikanga Māori.</p> <p>To contribute towards the survival and well-being of Māori as a people.</p>
<b>Registered Private Training Establishments and Other Tertiary Education Providers</b>	685 approx. (of which half receive SAC funding)	30,100 12.3% of sector	\$162 million 8.5% of sector	Education at all levels of the New Zealand Qualifications Framework, although primarily at certificate and diploma level, often specialising in specific subject areas.	<p>To offer flexible and responsive education programmes.</p> <p>To focus on specific areas of study.</p>

## Industry Training Organisations

	#	Trainees	Funding	Focus	Core Roles (TES 2010-2015)
<b>Industry Training Organisations</b>	36	195,000 (incl. 2,000 Modern Apprentices)  (58,000 STM***)	\$185 million  (+\$88 million industry funding)	Vocational education (on- and off-job).	<p>To design national qualifications and run moderation systems to ensure fair, valid and consistent assessment against national standards.</p> <p>To arrange for the delivery of industry training that enables trainees to attain these standards.</p> <p>To provide leadership to their industries on skill and training matters, identify current and future skill needs and work with employers and employees meet those needs.</p>

\*EFTS delivered, includes unfunded under- and over-provision: Providers agree with the Tertiary Education Commission to provide a certain number of EFTS over the course of the year, but are given leeway to provide from 97%-103% of that total.

\*\*Tertiary Education Strategy 2010-2105: This is a strategy released by the Minister for Tertiary Education, Skills and Employment detailing the Government's long-term goals and medium-term priorities for the tertiary education sector.

\*\*\*STM (Standard Training Measure) is used to measure study volumes in ITOs in a similar way to how EFTS is used for tertiary providers.

## **Appendix 3: Responsibilities of the Minister for Tertiary Education, Skills and Employment**

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The Minister's principal responsibilities with regard to tertiary education are set out in the Education Act 1989 and the Crown Entities Act 2004. The following focuses on those contained in the Education Act 1989 (the Act).

In performing her or his functions, the Minister must so act as to give effect to Parliament's intention that academic freedom and institutional autonomy are to be preserved and enhanced (section 161(4) Education Act 1989).

### **Tertiary Education Documentation**

- From time to time, the Minister:
  - must issue a Tertiary Education Strategy
  - may issue an International Education Strategy
  - must determine the design of the funding mechanisms that the Tertiary Education Commission must use to fund organisations (note: the Minister is prohibited from making determinations affecting individual organisations).
- The Minister may publish a Code of Practice that provides a framework for the pastoral care of international students.
- The Minister must table in the House of Representatives copies of the NZVCC Annual Report and the Annual Reports of Tertiary Education Institutions.

### **Organisations**

#### *Crown Agents*

- The Minister appoints the Board members of the Tertiary Education Commission, and Education New Zealand.
- Tertiary Education Commission:
  - The Minister may direct the Commission to undertake additional functions, and may delegate her or his functions or powers to the Commission.
  - The Minister approves the Commission charging a commercial rate for the provision of goods and services.
- New Zealand Qualifications Authority:
  - The Minister approves proposed rules.
  - The Minister approves the delegation by the Board of its powers (under the Crown Entities Act 2004).
- Education New Zealand:
  - The Minister may direct Education New Zealand to perform any function that s/he considers to be consistent with the Government's policy on international direction.
  - The Minister may appoint special advisers to the Board to assist with the alignment of its strategies and activities with government policy, and establish an international education stakeholder advisory committee to provide expert advice to the Board on matters relating to the exercise of its functions.

#### *Tertiary Education Institutions*

- The Minister may recommend to the Governor-General the establishment, disestablishment, or disestablishment and merger of TEIs.
- The Minister has a number of responsibilities in respect of the councils of TEIs, for example:
  - The determination and amendment of council constitutions.
  - The appointment of 4 out of 20 council members.
  - The setting of limits around asset management and borrowing.

- Intervention in TEIs at risk (through the appointment of a Crown observer or the replacement of the council by a commissioner).
- The Minister has separate responsibilities in respect of the councils of ITPs, for example:
  - The appointment of 4 out of 8 council members.
  - The appointment of the chair and deputy chair.
  - The removal of council members.
  - The combination of councils, and the dissolution of combined councils.
  - Intervention in ITPs at risk, including through the appointment of a Crown manager.
- The Minister may issue directions regulating compulsory student services fees charged by TEIs.
- The Minister may direct a council that the institution is not to provide a programme of study or training, on the basis that provision would have significant implications for the allocation of the national resources available for tertiary education or vocational training, and would be contrary to the efficient use of those resources.

*Other Organisations (for example, private training establishments)*

- The Minister may define a person or body as a tertiary education organisation for the purposes of Part 13A of the Act (covers the planning regime and the provision of government funding).
- The Minister may consent to a registered PTE using a protected term as part of its name (for example, university).
- The Minister may issue directions regulating compulsory student services fees charged by PTEs.

**Other Responsibilities**

- The Minister may recommend to the Governor-General that the name of an education entity be changed.
- The Minister must specify by *Gazette* notice refund requirements relating to fees paid by international students.
- The Minister may recommend to the Governor-General the setting of an export education levy, to be paid by tertiary education providers who receive tuition fees from international students.

## **Appendix 4: Legislative Amendments Since 2008**

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Since 2008, the tertiary education parts of the Education Act 1989 have been amended three times by the following amending Acts.

### *The Education (Polytechnics) Amendment Act 2009*

The Education (Polytechnics) Amendment Act 2009 aims to improve the governance capability and effectiveness of ITP councils by:

- reducing the size of councils from 12 to 20 members, to 8 only
- enabling the responsible Minister to appoint 50% of council members, with the governance experience of candidates to be the critical consideration
- requiring all appointments of council members to be made on the basis of relevant skills and experience
- placing new duties on council members, reflecting those set out in the Crown Entities Act 2004.

The Act also enables the Crown to more effectively respond to the risks posed by ITPs with educational or financial performance issues, by introducing a more flexible and expansive interventions regime. New interventions include: requiring a council to obtain specialist help and, or to prepare a performance improvement plan; and replacing the council with a Crown manager.

### *The Education Amendment Act 2011<sup>10</sup>*

The Education Amendment Act 2011 covers multiple subject areas. The three critical aspects are:

- the extensive reform of the New Zealand Qualification Authority's legal arrangements, especially those associated with the New Zealand qualifications system and the regulatory management of private training establishments
- the establishment of a new Crown agency, "Education New Zealand", to lead New Zealand's drive to expand international education – this includes managing the Crown's investment in international education promotion and offshore activities
- the introduction of a regulatory regime covering compulsory student services fees which are charged by tertiary education institutions<sup>11</sup>.

### *The Education (Freedom of Association) Amendment Act 2011*

Part 16A of the Education Act 1989 provided for compulsory membership of students associations, with limited options available to individual students wishing to opt out of membership. The membership status of an association could be changed from compulsory to voluntary (or subsequently reversed), by way of a referendum. Originating as a private member's bill, the Education (Freedom of Association) Amendment Act 2011 provides for voluntary membership of students associations, with individual students being able to decide whether or not to opt in to membership.

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<sup>10</sup> Previously referred to as Education Amendment Bill (No 4).

<sup>11</sup> The new regime will also apply to PTEs. To date, no PTE has charged compulsory student services fees.

## **Appendix 5: Regional Issues**

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Given the differing demography and divergences in available provision, economic performance and types of industries prevalent in different parts of New Zealand, there will always be regional issues for the tertiary education sector to address. However, Christchurch and Auckland face particular pressures that will require consideration in the coming years.

### **Auckland**

There are a number of challenges facing the provision of tertiary education in the Auckland region that are either unique to Auckland, or more extreme in Auckland due to the city's size. These include:

- demand pressures associated with projected population growth of 600,000 over the next 20 years
- challenges associated with a more ethnically diverse student base
- challenges associated with a high concentration of low-income and youth learners
- challenges from international competition for students, particularly from Australia.

The creation of a new Auckland Council is having an impact on the way the education system and its constituent agencies are working in that city. Education features strongly in the vision to turn Auckland into the most liveable city in the world. The proposed Auckland Plan and Economic Development Strategy set out to raise educational attainment and ensure that the education system can fully support the economic growth goals for Auckland.

Raising education achievement in areas such as South Auckland could make a significant difference to overall national outcomes, particularly given the high numbers of Māori and Pacifica students studying here. The Ministry is actively participating in work to support the Auckland Council's role in facilitation and integrating effort at the local level.

### **Christchurch**

The Christchurch earthquake of February 2011 has had a significant impact on both the demand for and supply of tertiary education in Christchurch and the Canterbury region. In particular, it has presented problems around:

- increased risk of youth disengagement from the education system as a result of upheaval caused by the quake, subsequent school and provider closures, and increased economic pressures on families
- property damage to providers, particularly the University of Canterbury
- the likely significant increase in quake premiums and other ongoing costs
- the mobility of the student population leading to a decrease in demand for provision across the sector in Christchurch
- damage done to the international education market.

An Education Recovery Plan has been approved under the Christchurch Earthquake Recovery Authority legislation and consultation is occurring on the nature of education

provision to emerge from the rebuild. There is a substantial opportunity here to build a new education system in Christchurch that is able to lift achievement to levels far higher than existed prior to the earthquakes.

Another area of focus in Christchurch has been supporting the work of the Canterbury Employment and Skills Board (a sub-committee of CERA) to develop the skills and labour needed for the recovery. The Government has set aside a \$42 million contingency to provide extra vocational training in the construction sector. The Ministry is playing a significant role working with other agencies along with local providers.