



**Education Report:** Approval for changes to Te Aho o Te Kura Pounamu fees schedule for 2019 and out-years

<b>To:</b>	Hon Chris Hipkins, Minister of Education		
<b>Date:</b>	7 November 2018	<b>Priority:</b>	Medium
<b>Security Level:</b>	In Confidence	<b>METIS No:</b>	1157943
<b>Drafter:</b>	Jessie Smart	<b>DDI:</b>	s 9(2)(a)
<b>Key contact and number:</b>	Ben O'Meara s 9(2)(a)	<b>Round robin:</b>	No
<b>Messaging seen by Communications team:</b>	No		

**Purpose of report**

The purpose of this paper is for you to:

- **Note** that the Education Act 1989 (the Act) requires changes to the Te Aho o Te Kura Pounamu (Te Kura) fee schedule to be approved by the Minister of Education; and
- **Approve** the proposed fees increase for enrolment and tuition, and the administration fee for adult students, at Te Kura for 2019 and out-years.

**Summary**

1. Any changes to Te Kura's fee schedule need to be approved by the Minister in accordance with the Education Act.
2. We recommend you approve the proposed fees increase for enrolment and tuition, and the administration for adult students:
  - a. 3.6%, ranging from \$26 to \$245, for year 1-13 students; and
  - b. 2.7%, equivalent to \$3, to the tuition administration fee for adult students.

## Recommended Actions

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The Ministry of Education recommends you:

- a. **note** that on 25 September 2018, you received a letter from Dame Karen Sewell, Chairperson of Te Aho o Te Kura Pounamu Board, seeking your approval for fee increases for 2019 and out-years

Noted

- b. **note** that Te Kura is able to charge fees to a small number of students (equivalent to less than 1% of enrolments in 2018) who fall outside of government-funded provision

Noted

- c. **note** that the proposed increases are:

- 3.6%, ranging from \$26 to \$245, for year 1-13 students; and
- 2.7%, equivalent to \$3, to the tuition administration fee for adult students

Noted

- d. **agree** to the proposed fee increase for enrolment and tuition, and the administration fee for adult students, at Te Kura for 2019 and out-years

Agree / Disagree

- e. **sign** the attached letter to Dame Karen Sewell, notifying her of your approval of the changes to Te Kura fee schedule

Agree / Disagree

## Proactive Release Recommendation

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- f. **agree** that this Education Report is proactively released once communications with Te Kura have been completed.

Agree / Disagree



Dr Andrea Schöllmann  
Deputy Secretary  
Education System Policy

07/11/2018



Hon Chris Hipkins  
Minister of Education

14/11/18

## Background

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1. On 25 September 2018, you received a letter from Dame Karen Sewell, Chairperson of Te Aho o Te Kura Pounamu (Te Kura) Board, seeking your approval of its fee increases for 2019 and out-years.
2. The Education Act 1989 (the Act) requires changes to the Te Kura fee schedule to be approved by the Minister of Education.
3. The majority of enrolments at Te Kura are government-funded. However, Te Kura is able to charge fees to a small number of students (equivalent to less than 1% of its enrolments in 2018) who fall outside of government-funded provision. Te Kura is the only state school that can charge fees to students who are not international students.
4. In 2018, Te Kura enrolled 163 fee-paying students, including:
  - a. New Zealanders living overseas, aged 16 and over, who are not entitled to government-funded access to Te Kura (because they have lived long term overseas);
  - b. Domestic and international private school students paying to access Te Kura additional subjects (dual tuition);
  - c. Home educated students;
  - d. Domestic and international students in state and state-integrated schools ineligible for government-funded dual tuition (where the school pays the fee); and
  - e. Overseas international students, who are not currently resident in New Zealand, are under the age of 16 and not studying NCEA level qualifications.
5. Previously, private schools had funded access to Te Kura under section 4, schedule 2 of the enrolment policy – *Dual Tuition*. As part of the reprioritisation of funding in Budget 2018, the Government agreed to remove private schools' funded access to Te Kura (Metis 1102697 refers). This removed the double subsidisation of curriculum delivery through both the per-student subsidy and funded Te Kura access. Private schools will be able to access Te Kura subjects through the fee-paying gateway. This will ensure that private school students accessing subjects to supplement their study are still able to do so.
6. Te Kura is also able to charge an administration fee for adult enrolments (except for adults enrolled through the Department of Corrections). In 2018, Te Kura enrolled 917 adult students who paid the tuition administration fee.
7. The Ministry is currently working with Te Kura on changes to their enrolment policy. The Secretary for Education has delegation to approve these changes.

## Financial implications

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8. Te Kura proposes a 3.6% increase to fees for all categories of fee paying students, including students learning within New Zealand and overseas.
9. Since 2014, Te Kura has been making incremental changes to its fees structure to better align it to actual costs, based on its own cost modelling.

10. Te Kura have indicated that they have based all proposed 2019 fee increases on actual costs from 2017. They have assumed that 2017 expenditure levels represent likely 2019 expenditure levels.
11. Dame Sewell's letter refers to a potential fee increase of 3.6% to 19.23%, based on Te Kura's cost modelling. Dame Sewell notes that the 3.6% increase was proposed because Te Kura considered it imprudent to increase the fees by more.
12. The proposed increases are applied uniformly across all programmes and year levels. Annex 1 provides detail on the proposed increases for each programme and year level. Increases signalled include:
  - a. 3.6% fee increase for year 1-13 students (an additional \$26 to \$245 for students).
  - b. 2.7% tuition administration fee increase for adult students (an additional \$3 per student).
13. Te Kura's fee schedule was last updated for the 2018 school year (Metis 1089878), when fees were increased by 7% for all categories of fee-paying students.
14. The tuition administration fee for adult students was last updated for the 2017 school year, when the fee was increased by 1% (equivalent to \$1). The proposed fee for 2019 was calculated by Te Kura using a CPI adjustment to cover the period since the fee was last updated.

#### Consultation

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15. We have worked through this proposal with Te Kura.

#### Next steps

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16. We have attached a draft letter to Dame Karen Sewell, Chairperson, Te Aho o Te Kura Pounamu, for your approval. The letter notifies Dame Sewell of your approval of the changes to the Te Kura fee schedule.

#### Annexes

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- Annex 1: Draft letter to Dame Karen Sewell, Chairperson, Te Aho o Te Kura Pounamu  
(Word version attached separately)
- Annex 2: Proposed new fee schedule

## Annex 2: Proposed new fee schedule

Table 1: Fees for students residing in New Zealand (GST inclusive)

Programme and year level		Existing fee	Proposed 2019 fee	\$ increase	% increase
Full-year	Years 1-6	\$6,699	\$6,940	\$241	3.6%
	Years 7-10	\$6,816	\$7,061	\$245	3.6%
Half-year	Years 1-6	\$3,349	\$3,470	\$121	3.6%
	Years 7-10	\$3,408	\$3,531	\$123	3.6%
Per subject, full-year	Years 1-6	\$1,675	\$1,735	\$60	3.6%
	Years 7-10	\$1,705	\$1,766	\$61	3.6%
	Years 11-13	\$1,637	\$1,696	\$59	3.6%
Per subject, half-year	Years 1-6	\$838	\$868	\$30	3.6%
	Years 7-10	\$852	\$883	\$31	3.6%
	Years 11-13	\$819	\$848	\$29	3.6%

Table 2: Fees for students residing overseas (zero-rated for GST)

Programme and year level		Existing fee	Proposed 2019 fee	\$ increase	% increase
Full-year	Years 1-6	\$5,843	\$6,053	\$210	3.6%
	Years 7-10	\$5,936	\$6,150	\$214	3.6%
Half-year	Years 1-6	\$2,921	\$3,026	\$105	3.6%
	Years 7-10	\$2,968	\$3,075	\$107	3.6%
Per subject, full-year	Years 1-6	\$1,461	\$1,514	\$53	3.6%
	Years 7-10	\$1,484	\$1,537	\$53	3.6%
	Years 11-13	\$1,423	\$1,474	\$51	3.6%
Per subject, half-year	Years 1-6	\$731	\$757	\$26	3.6%
	Years 7-10	\$742	\$769	\$27	3.6%
	Years 11-13	\$712	\$738	\$26	3.6%

Table 3: Tuition administration for adult students

	Existing fee*	Proposed 2019 fee*	\$ increase*	% increase
Tuition administration fee	\$111	\$114	\$3	2.7%

\* GST included

# Hon Chris Hipkins



## MP for Rimutaka

Minister of Education  
Minister of State Services

Leader of the House  
Minister Responsible for Ministerial Services

Karen Sewell  
Board Chair  
Te Aho o Te Kura Pounamu (Te Kura)  
Private Bag 39992  
Wellington Mail Centre  
LOWER HUTT 5045

Dear Karen

Thank you for your letter of 25 September 2018 seeking approval for adjustments to Te Kura's fee schedules. I appreciate your patience while I sought advice from the Ministry of Education.

I note the schedules you have provided of proposed adjustments to Te Kura's fees for 2019, and approve these adjustments.

I wish Te Kura a successful 2019.

Yours sincerely

A handwritten signature in blue ink, appearing to be 'CH', written over a large diagonal watermark that reads 'Proactively Released'.

**Chris Hipkins**  
Minister of Education

cc Iona Holsted, Secretary for Education