Cabinet Paper material
Proactive release

Minister & portfolio  Hon Chris Hipkins, Minister of Education
Name of package  New Zealand Scholarship: Increasing the Number of Award Recipients
Date considered  28 January 2020

These documents have been proactively released:

Cabinet Paper: New Zealand Scholarship: Increasing the Number of Award Recipients
Date considered: 28 January 2020
Author: Ministry of Education

Cabinet Minute: CAB-20-MIN-0005 Minute
Date considered: 28 January 2020
Author: Cabinet Office
New Zealand Scholarship: Increasing the Number of Award Recipients

Proposal

I seek Cabinet’s agreement to:

1. increase the number of Premier Award recipients to seven to twelve, from the current five to ten;

2. revise the criteria for the Scholarship Award, to include students who achieve two Outstanding Scholarship grades (and no third subject) in the same year;

3. delegate future operational changes to New Zealand Scholarship to the Minister of Education which are fiscally neutral.

Executive Summary

2 The New Zealand Scholarship assessments extend New Zealand’s very top students and provide the award recipients with recognition and monetary reward during their domestic tertiary study.

3 Scholarship candidates’ performance is extremely high, and has been increasing over recent years. This has led to an increase in the number of students performing at the level that meets the criteria for Premier Awards and has meant that as a consequence the New Zealand Qualifications Authority (NZQA) and its technical advisory group have faced increasing difficulty in staying within the maximum of ten Premier Award recipients in recent years.

4 Students who achieve two Outstanding Scholarship Grades are currently not adequately recognised for their achievement as they are not eligible for the Scholarship Award of $2,000 per year for three years.

5 A small increase in the number of recipients of the two Awards (Premier and Scholarship) would maintain the integrity and reputation of the New Zealand Scholarship.

6 I intend to announce this increase in New Zealand Scholarship recipients prior to the release of results on 5 February to recognise the achievements and celebrate the high performance of the 2019 New Zealand Scholarship Cohort.

7 The level of funding appropriated for New Zealand Scholarship regularly exceeds the monetary awards distributed each year as many Scholarship candidates are not
eligible to take up the monetary awards, for example because they choose to study overseas. I propose to use this underspend to implement the recommendations in this paper. The consequence of this would be an increase of up to two additional Premier Awards per year and an average of six additional Scholarship Awards per year with a cost of $60,000 per annum assuming full uptake. The average cost is estimated at $32,000 per annum. The current average underspend is around $1.6 m per annum therefore the change will have no additional cost.

To ensure that New Zealand Scholarship continues to be fit for purpose into the future, I also recommend that Cabinet delegate decision making on all further changes to the operation of New Zealand Scholarship which are fiscally neutral to the Minister of Education, including decisions on criteria and awards.

Background

The New Zealand Scholarship assessments extend our very top students and provide the award recipients with a monetary award during their domestic tertiary study. The assessment is very demanding even for the highest-performing candidates. In 2018 9,330 students entered New Zealand Scholarship assessment in one or more subjects.

The number of students in each subject achieving Scholarship is set at a rate that is low enough to distinguish top academic excellence and high enough to ensure that top scholars are motivated to enter. The proportion of students achieving Scholarship is 3 per cent (plus or minus 0.25%) of the Level 3 cohort in each subject, provided the Scholarship standard is met, with discretion of plus or minus five students in subjects with very small cohorts.

In 2005, Cabinet determined the categories of the awards, the number of recipients and the monetary value [CAB Min (05) 11/2 and POL Min (05) 14/9 refers]:

<table>
<thead>
<tr>
<th>Name</th>
<th>Monetary value</th>
<th>Number of recipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prime Minister’s Award</td>
<td>N/A</td>
<td>One</td>
</tr>
<tr>
<td>Premier Award</td>
<td>$10,000 p.a. for up to three years*</td>
<td>Five to ten</td>
</tr>
<tr>
<td>Outstanding Scholar Award</td>
<td>$5,000 p.a. for up to three years*</td>
<td>40 to 60 candidates</td>
</tr>
<tr>
<td>Scholarship Award</td>
<td>$2,000 p.a. for up to three years*</td>
<td>Open</td>
</tr>
<tr>
<td>Top Subject Scholar Award</td>
<td>$2,000 p.a. for up to three years*</td>
<td>One for each Scholarship subject (35 as of 2017)</td>
</tr>
</tbody>
</table>

1 The cohort is defined as closely as possible to the number of students studying at least 14 credits in the subject at NCEA level 3 or University Entrance equivalent.
2 Excludes the Premier Award recipients.
<table>
<thead>
<tr>
<th>Single Subject Awards</th>
<th>$500 per subject for up to two subjects (one-off, up to $1,000)</th>
<th>Open</th>
</tr>
</thead>
</table>

* Recipients must maintain at least a ‘B’ grade average each year of their tertiary study to continue receiving the annual payment.

12 The current criteria for each of the New Zealand Scholarship financial rewards are detailed at Annex 1. Students are not required to spend their award money on course fees.

13 There are three possible grades for each of the 35 New Zealand Scholarship subjects: Not Achieved, Scholarship and Outstanding Scholarship. The minimum eligibility requirement to be considered for a Premier Award is the achievement of at least three Outstanding Scholarship grades in the same year.

14 NZQA makes recommendations to the Technical Overview Group Assessment (TOGA), which determines both the Scholarship and Outstanding Scholarship cut scores for each subject, and the Premier and Outstanding Scholarship aggregate award winners.

15 There are eligibility requirements for the uptake of the New Zealand Scholarship monetary awards. The effect of these rules is that there is regularly more funding available than is committed on an annual basis. The rules require that Scholarship monetary recipients:

15.1 must be enrolled in approved full-time tertiary study in New Zealand;

15.2 must maintain at least a ‘B’ grade average for each year of tertiary study;

15.3 and, where they have met the criteria for more than one monetary award, can only receive the award of the highest monetary value.

16 To fulfil these requirements, students:

16.1 may be in Year 12 and may not enter degree level study until after they have completed Year 13; and

16.2 may choose to defer their tertiary study for up to four years on leaving school.

17 Many students do not meet the eligibility requirements to receive their full award money; particularly through studying overseas or achieving awards in both year 12 and 13.

18 The Ministry of Social Development (MSD), through StudyLink, manages the financial administration of the awards under rules determined by NZQA. StudyLink also undertakes the study verification process. Changes to New Zealand Scholarship’s criteria will not affect the administration of the awards by StudyLink.

Comment
**Increasing the number of Premier Award recipients**

19 I propose that the number of recipients of the Premier Award is increased to seven to twelve from the current five to ten. Scholarship candidates’ performance is extremely high and has been increasing over recent years.

20 There have been ten Premier Award recipients in seven of the past eleven years. Due to exceptional circumstances, there were eleven Premier Award recipients for the 2017 and 2018 Scholarship Awards after recounts were taken into account.

21 Increasing the number of recipients of the Premier Award to seven to twelve would maintain a cut-off in performance between the Premier Awards and Outstanding Scholar Awards that is comparable to previous years. This cut-off ensures that the integrity and reputation of the Premier Awards is sustained. NZQA, with advice from TOGA, would continue to consider the pattern of achievement in determining the cut-points for each award, to ensure that there is a clear margin between the very best scholars (the Premier Award recipients) and the next category (the Outstanding Scholar Award recipients). The Premier Awards are merit based and increasing the number of Premier Awards available would not necessarily result in more recipients in any given year.

**Amending the criteria for the Scholarship Award to include students who achieve two single Outstanding Scholarship grades and no third subject in a single year**

22 The current minimum requirement for the Scholarship Award is achievement of Scholarship grades in three or more subjects in the same year. There are approximately 240 Scholarship Award recipients every year.

23 I propose that students achieving two Outstanding Scholarship grades (and no third grade) in a single year should also be eligible for the Scholarship Award. NZQA advises me that these students are performing above the level of students who achieve Scholarship grades in each of three subjects. Only 0.3 percent of a cohort achieve an Outstanding Scholarship and the attainment of two demonstrates significantly higher achievement than attaining three Scholarship grades.

24 Over each of the last five years, between four and eight students have achieved two Outstanding Scholarship grades and no grade in a third subject. Amending the criteria as proposed would result in an average of six additional Scholarship Award recipients per annum.

**Delegating future decision-making on operational changes to New Zealand Scholarship to the Minister of Education**

25 I propose that Cabinet agrees to delegate future decision-making on operational changes to New Zealand Scholarship to the Minister of Education. I propose that the scope of these decision-making powers be inclusive of all decisions which do not require additional funding.

26 Currently decisions on operational changes to the criteria of New Zealand Scholarship have to be agreed to by Cabinet such as the changes that I have proposed in this paper. Delegating decision-making on operational changes will
allow for more flexibility in how New Zealand Scholarship operates and allows it to be more responsive to changes in the education system and exceptional circumstances. This will allow me to ensure New Zealand Scholarship maintains consistency with the implementation of the wider Education Work Programme including changes to NCEA within the constraints of the appropriated funding.

Risks

27 No risks have been identified with these recommendations.

Consultation

28 This paper was authored by the Ministry of Education with support from the New Zealand Qualifications Authority.

29 The Department of the Prime Minister and Cabinet, the Ministry for Social Development and the Treasury have been consulted on this paper.

Next steps

30 A small increase in the number of Premier Award recipients and an amendment to the requirement for the Scholarship Award would be supported by future New Zealand Scholarship candidates and participating schools. I will announce these changes at a suitable opportunity.

Financial Implications

31 No additional funding is required to support these proposals, as they will be managed through reprioritisation of forecast underspends within current baselines for the Study Scholarships and Awards appropriation in Vote Social Development.

32 Cabinet has appropriated $4.639m per annum for the New Zealand Scholarship Awards. Actual expenditure across all the New Zealand Scholarship Awards averages just under $3.0m per annum. This represents an average underspend on the New Zealand Scholarship Awards of over $1.6m per annum.

33 The expected cost of implementing the changes to the New Zealand Scholarship criteria with full student uptake is $60,000 per annum, with an expected average cost of $32,000 per annum.

Human Rights

34 The proposals are consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Treaty of Waitangi obligations

35 This paper is consistent with Te Tiriti o Waitangi principles and obligations.

---

3 The New Zealand Scholarship Awards are included in the Study Scholarships and Awards appropriation in Vote Social Development, which includes a number of other scholarships and awards administered by the Ministry of Social Development.
Legislative Implications
36 The proposals in this paper do not have any legislative implications.

Regulatory Impact Analysis
37 The proposals in this paper do not have any regulatory implications.

Gender Implications
38 These proposals will not have negative implications for gender.

Disability Perspective
39 The proposals have no implications for disabled students.

Publicity
40 I intend to proactively release this Cabinet paper and other key documents relating to the development of the paper. I will also announce Cabinet's decision after it has been made, via a media release.

Recommendations
The Minister of Education recommends that the Committee:

1 approve an increase in the number of recipients of the New Zealand Scholarship Premier Award to seven to twelve from the current five to ten.

2 approve an amendment to the criteria for the Scholarship Award, to include students who achieve two single Outstanding Scholarship grades (and no third subject) in the same year.

3 note that that any costs related to the changes to number of recipients or eligibility criteria above will be managed within current baselines for the Study Scholarships and Awards appropriation in Vote Social Development; and

4 approve the delegation of decision-making powers over changes to the operation of New Zealand Scholarship to the Minister of Education which are fiscally neutral including criteria and awards.

Authorised for lodgement
Hon Chris Hipkins
Minister of Education
Annex 1: Criteria for the New Zealand Scholarship awards

Note: the italicised text will only be added to the criteria if this paper is approved by Cabinet.

<table>
<thead>
<tr>
<th>Name</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prime Minister’s Award</td>
<td>The Prime Minister’s Award is awarded to the highest performing of the Premier Award winners and there is no additional financial reward. This Award was introduced by NZQA to increase interest in the Awards ceremony.</td>
</tr>
<tr>
<td>Premier Award</td>
<td>The minimum eligibility requirement to be considered for this award is achievement of at least three Scholarships at “Outstanding” level in the same year. The number of recipients for this award is restricted and achieving the minimum requirement will not guarantee an award.</td>
</tr>
<tr>
<td>Outstanding Scholar Award</td>
<td>The minimum eligibility requirement to be considered for this award is achievement of three Scholarships including at least two at “Outstanding” level in the same year, or more than three Scholarships including at least one at “Outstanding” level in the same year. The number of recipients for this award is restricted and achieving the minimum requirement will not guarantee an award.</td>
</tr>
<tr>
<td>Scholarship Award</td>
<td>For Candidates who achieve Scholarship in three or more subjects, or two single Outstanding Scholarship grades (and no third subject) in the same year.</td>
</tr>
<tr>
<td>Top Subject Scholar Award</td>
<td>For the top Candidate in each one of the Scholarship subjects.</td>
</tr>
<tr>
<td>Single Subject Awards</td>
<td>For Candidates who achieve Scholarship in one or more subjects.</td>
</tr>
</tbody>
</table>
New Zealand Scholarship: Increasing the Number of Award Recipients

On 28 January 2020, Cabinet:

1. **approved** an increase in the number of recipients of the New Zealand Scholarship Premier Award to seven to twelve from the current five to ten;

2. **approved** an amendment to the criteria for the Scholarship Award, to include students who achieve two single Outstanding Scholarship grades (and no third subject) in the same year;

3. **noted** that any costs related to the changes to the number of recipients or eligibility criteria above will be managed within current baselines for the Study Scholarships and Awards appropriation in Vote Social Development;

4. **authorised** the Minister of Education to have decision-making powers over changes to the operation of New Zealand Scholarship which are fiscally neutral, including criteria and awards.

Michael Webster
Secretary of the Cabinet

**Hard-copy distribution:**
Prime Minister
Deputy Prime Minister
Minister of Education