Briefing Note: Supplementary information for your meeting with Independent Tertiary Education New Zealand and Quality Tertiary Institutions on 2 August 2018

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<th>To:</th>
<th>Hon Chris Hipkins, Minister of Education</th>
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<td>Date:</td>
<td>30 July 2018</td>
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<td>Messaging seen by Communications team:</td>
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<td>Round Robin:</td>
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Summary

- You are meeting with Independent Tertiary Education New Zealand (ITENZ) and Quality Tertiary Institutions (QTI) on Thursday, 2 August 2018.

- On Thursday 26 July 2018, we provided you with a briefing [METIS 1135823 refers] to support you in this meeting.

- On Friday 27 July 2018, QTI indicated that they wish to discuss the vocational education and training (VET) system review, public/private funding rates, independent tertiary establishments (ITEs), community tertiary education providers (CTEPs) and your view on the role of PTEs and the private tertiary sector in the next five years.

- This briefing provides you with supplementary information to support you in speaking to these topics.
Background on topics QTI asked to discuss

Vocational education and training (VET) system review

1. QTI asked your view on the direction of travel for the VET system review and the extent of potential changes to structure, funding or the regulatory environment for the VET system.

2. On 5 July 2018, we provided you with our initial findings and proposed next steps [METIS 1126645 refers]. We will be meeting with you on Wednesday, 1 August 2018, to workshop these findings and understand your desired direction of travel.

3. As we are yet to meet with you on the proposed next steps, we recommend your talking points focus on the overall aim and process of the review [METIS 1135823 refers].

Suggested talking points

- The VET system review is taking a whole of system approach to VET. This includes looking at how the system and stakeholders work together to ensure that learners and industries get the skills they need, now and for the future.
- I acknowledge that PTEs make an important contribution to vocational education and training.
- I am currently making decisions on the direction of travel for the VET system review. More information will be made available, once details have been worked through.

Public/private funding rates

4. QTI has asked what the policy rationale was to remove the draft principle in the then Education (Tertiary Education and Other Matters) Amendment Bill (the Bill) “introducing the requirement that Private Training Establishments (PTEs) are funded on the same basis as public tertiary institutions for directly comparable programmes or activities.”

5. QTI also asked who provided advice on this issue and what purpose this change could serve other than to allow a future funding differential based on ownership.

6. The ‘equity of funding’ amendment was included in the Bill to set in legislation the principle that providers that offer similar provision with similar outcomes for students receive the same rate of funding. Over 2,000 people submitted to the then Education and Science Committee opposing the policy change.

7. Currently, tertiary education providers receive the same rate of funding for similar provision. The current legislative settings are enabling, as they allow the Government to fund different provider types at the same or different rates depending on the Government’s policy framework. This means that legislative change was not required to fund providers at a consistent rate, as it can already be done through a funding determination.

Suggested talking points

- The key rationale for removing the ‘equity of funding’ principle was that it was not supported by the submitters. Over 2,000 submitters opposed this policy change.
- Currently tertiary education providers are funded at the same rate for similar provision.
- Legislative change was not required to fund providers at a consistent rate, as it can already be done through a funding determination.
Independent Tertiary Establishments (ITEs)

8. QTI asked what the policy rationale was to remove the amendment in the Bill that PTEs are to be called ITEs rather than PTEs. QTI noted that this change had the full support of the private sector and had been advanced after years of lobbying.

9. Originally, the Bill included a provision to change the term ‘private training establishment’ to ‘independent tertiary establishment’, following requests from PTE peak body representatives.

10. Their key concern was that ‘private’ suggests that they are for-profit, when, in practice, PTEs cover a range of types of institutional forms, from small trusts and not-for-profits, to large conglomerate for-profit education providers.

11. The term ‘private training establishment’ is simply a legislative term. In practice, PTEs may call themselves whatever they like, with the exception of a term that is protected under the Education Act 1989 (the Act) (such as university).

12. Over 1,900 people submitted to the then Education and Science Committee opposing this policy change and none submitted supporting the proposal. Several submitters also argued that there should be a clear distinction between for-profit and not-for-profit education providers to better reflect their intentions. Instead of using the term PTE or ITE, PTEs should be called either:
   a. community tertiary education providers, or
   b. private tertiary education providers.

13. Following the select committee stage, the proposal to rename PTEs was removed from the Bill and instead, the provisions relating to Community Tertiary Education Providers (CTEPs) were introduced, in response to submissions on the Bill.

Suggested talking points
- The key rationale for removing the amendment in the Bill to rename PTEs was that it was not supported by submitters. Over 1,900 submitters opposed this policy change, and none submitted supporting the proposal.
- I also note that PTEs may call themselves whatever they like, other than a term that is protected under the Education Act.

Community Tertiary Education Providers (CTEPs)

14. QTI also asked what the definition of a CTEP is and when the policy will be implemented. QTI also asked why you would be looking to differentiate between ‘private’ providers and ‘community’ providers except for funding reasons.

15. The Ministry of Education is currently designing possible characteristics of CTEPs based on submitters’ concern about an inability to distinguish between for-profit and not-for-profit PTEs. We are due to provide advice to you on this in August this year.

16. Creating a subtype of PTE in the Act gives the Government the flexibility to explore options that may differentiate policy settings across not-for-profit, community and for-profit PTEs in the future, should Government wish to do so (CBC-17-MIN-0026).

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1 These submitters were the Council of Trade Unions (CTU), the Tertiary Education Union (TEU), the New Zealand Nurses Organisation (NZNO), the New Zealand Union of Students’ Associations (NZUSA), Victoria University of Wellington Students’ Association (VUWSA), Auckland University Students’ Association (AUSA), and Otago University Students’ Association (OUSA).
Suggested talking points

- I have previously noted my concerns about tertiary education providers that provide community tertiary education, or were established in the national interest. These providers are currently PTEs under the Education Act, but they often have special roles, or intentions, such as providing education for the public good.
- The intention of introducing the CTEP category is to recognise the breadth of the PTE sector in a more diverse way.
- Officials are currently preparing advice on possible characteristics of this new category.
- We understand that you are keen to know more details – Ministry officials will discuss proposed characteristics with you before tendering advice to me.

The role of PTEs

18. QTI has asked what role you see the private sector playing in the next five years.

Suggested talking points

- PTEs play an important role in the overall network of provision, particularly in foundation and vocational education, but also at higher levels in specific fields of study. Government is keen that PTEs continue to play this role that offers educational opportunities for both domestic and international learners in New Zealand.
- As with the rest of the sector we are keen to keep a strong focus on quality, and in international education you can see this in the proposed changes to post study work rights and the draft international education strategy.
- Like PTEs, other foundation and vocational providers are facing a complex set of challenges at the moment particularly with falling demand in light of a strong labour market. As officials work through reviews and reforms for both the foundation and vocational sectors I expect them to work closely with the whole of the sector, including PTEs, to inform the future direction.

Proactive Release

19. We recommend this briefing is proactively released as per your expectation that information be released as soon as possible. Any information which may need to be withheld will be done so in line with the provisions of the Official Information Act 1982.

Release / Not Release