



Vote Tertiary Education

**Report in Relation to Non-Departmental Appropriations
for the year ended 30 June 2019**

Presented to the House of Representatives pursuant to Section 19B of the Public Finance Act 1989.

Background

Pursuant to Section 19B of the Public Finance Act 1989, the Minister of Education is required to prepare a report in relation to the provision of certain non-departmental appropriations supplied to the Crown for Vote Tertiary Education. Non-departmental outputs are outputs (goods and services) purchased from a provider other than the Ministry of Education, which is administering the appropriation. The provider may be a government agency, a non-governmental organisation or a private sector organisation.

In the Estimates of Appropriations 2018/19 for Vote Tertiary Education, performance information from the Tertiary Education Commission (TEC) for the attached appropriations is required to be reported by the Minister of Education. This report is appended to the Ministry of Education's Annual Report for the purpose of tabling in the House.

This Report has been prepared in line with the requirements set out in Section 19C of the Public Finance Act 1989. It includes:

- a statement of expenses against budget covering each category of the appropriation
- service performance information.

The performance information contained in this report has not been audited.

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Statement of Expenses incurred against Budget

for the year ended 30 June 2019

Tertiary Tuition and Training MCA	2018 Actual \$000	2019 Budget \$000	2019 Actual \$000
Non-departmental output expenses			
Community Education	69,197	71,834	70,959
Tertiary Education: Student Achievement Component	2,069,345	1,974,205	1,981,558
Training for Designated Groups	283,094	276,324	269,617
Non-departmental other expenses			
Fees-free Payments	129,982	300,235	283,539
Total Multi-Category Expenses	2,551,618	2,622,598	2,605,673

Explanations for significant variances against Budget (Supplementary Estimates) are provided below.

Non-departmental output expenses

Community Education was \$0.9 million (1%) under budget mainly due to lower student volume in the Adult Community Education funds.

Tertiary Education: Student Achievement Component (SAC) was \$7.4 million (0.4%) over budget due to higher than expected delivery, mainly in the sub-degree levels (Diplomas and Certificates).

Training for Designated Groups was \$6.7 million (2%) under budget mainly due to a drop in demand for the Youth Guarantee scheme.

Non-departmental other expenses

Fees-free Payments was \$16.7 million (6%) under budget. As this was the first full financial year of Fees Free, there was considerable uncertainty of demand. The budget was set to ensure that sufficient funding was available for TEC to pay providers.

Statement of Service Performance

Multi-Category Expenses and Capital Expenditure

Tertiary Tuition and Training

Overarching Purpose Statement

The overarching purpose of this appropriation is to fund tertiary tuition and training that leads to improvements in New Zealanders' skill levels.

Scope of Appropriation

Non-Departmental Output Expenses

Community Education

This category is limited to funding for adult and community education and literacy, numeracy and English language provision.

Tertiary Education: Student Achievement Component

This category is limited to funding for teaching and learning services for enrolled students in approved courses at tertiary education organisations to achieve recognised tertiary qualifications.

Training for Designated Groups

This category is limited to the purchasing and arranging of training linked to the New Zealand Qualifications Framework and the purchase of both on-job and off-job training places, including delivery of fully or partially funded training places and other industry-training related projects.

Non-Departmental Other Expenses

Fees-free Payments

This category is limited to ensuring fees-free study for eligible students, apprentices and trainees.

What is intended to be achieved with this Appropriation

The overarching intention is to contribute to improved lifetime outcomes of New Zealanders through the provision of skills from tertiary education, training, foundation learning programmes and community education, with a focus on Tertiary Education Strategy priorities.

Output performance measures and standards

Performance measure	Budget standard 2018/19	Actual performance 2018/19	Performance 2017/18	Comment
Tertiary Tuition and Training				
Proportion of 25-34-year-olds with advanced trade qualifications, diplomas and degrees (at Level 4 or above) (see Note 1).	60% for the year ending December 2018	59.7%	57.7%	This measure and target was part of the previous government's Better Public Services targets which have been discontinued
Community Education				
This category is intended to achieve improvement in literacy and numeracy skills for learners who have low skills in these areas by funding foundational learning programmes.				
Percentage of learners accessing the desired range (hours) of provision (see Notes 1 and 2):				
• Intensive literacy and numeracy	Baseline year	65.5%	New measure	Baseline established
• Workplace Literacy and Numeracy (tertiary education organisation-led)	Baseline year	61.1%	New measure	Baseline established
• English for Speakers of Other Languages	Baseline year	96.8%	New measure	Baseline established

Performance measure	Budget standard 2018/19	Actual performance 2018/19	Performance 2017/18	Comment
Tertiary Education: Student Achievement Component				
This category is intended to achieve learners' attainment of recognised tertiary qualifications by funding education and training opportunities.				
Qualification Completion (cohort based) (see Notes 1 and 3) - Percentage of Student Achievement Component-funded students completing qualifications:				
Level 4 to 7 non-degree				
<ul style="list-style-type: none"> All learners 	Improve on previous year's result	Not improved on previous year's result (2018 54% 2017 57%)	Improved on previous year's result	See qualification completion - trend information on page 7
<ul style="list-style-type: none"> Māori (relative to combined non-Māori and non-Pasifika results) 	Improve on previous year's result	Not improved on previous year's result (Parity gap 2018 -2 percentage points 2017 -1 percentage point)	Improved on previous year's result	See qualification completion – parity trend information on page 7
<ul style="list-style-type: none"> Pasifika (relative to combined non-Māori and non-Pasifika results). 	Improve on previous year's result	Maintained previous year's result (2018 0 percentage points 2017 1 percentage Point)	Maintained previous year's result	Achieved - Maintained no parity gap. See qualification completion – parity trend information on page 7
Level 7 degree and above				
<ul style="list-style-type: none"> All learners 	Improve on previous year's result	Improved on previous year's result (2018 62% 2017 61%)	Not improved on previous year's result	Achieved - See qualification completion - all learners trend information on page 7
<ul style="list-style-type: none"> Māori (relative to combined non-Māori and non-Pasifika results) 	Improve on previous year's result	Not improved on previous year's result (Parity gap 2018 -15 percentage points 2017 - 15 percentage points)	Not improved on previous year's result	See qualification completion - all learners trend information on page 7
<ul style="list-style-type: none"> Pasifika (relative to combined non-Māori and non-Pasifika results). 	Improve on previous year's result	Not improved on previous year's result (Parity gap 2018 -16 percentage points 2017 --15 percentage points)	Improved on previous year's result	See qualification completion - all learners trend information on page 7
Training for Designated Groups				
This category is intended to achieve an increase in the number of young people and employees with qualifications valued by employers through investing in training.				
Industry Training (cohort based) (see Notes 1 and 6) completing programmes:				

Performance measure	Budget standard 2018/19	Actual performance 2018/19	Performance 2017/18	Comment
• All learners	Improve on previous year's result	Not improved on previous year's result (2018 67% 2017 69%)	Improved on previous year's result	See industry training programme completions trend information on page 8
• Industry trainees	Improve on previous year's result	Not improved on previous year's result (2018 70% 2017 70%)	Improved on previous year's result	See industry training programme completions trend information on page 8
• Apprentices	Improve on previous year's result	Not improved on previous year's result (2018 45% 2017 59%)	Not improved on previous year's result	See industry training programme completions trend information on page 8
• Māori (relative to combined non-Māori and non-Pasifika results)	Improve on previous year's result	Not improved on previous year's result (Parity gap 2018 -7 percentage points 2017 -3 percentage points)	Improved on previous year's result	See industry training programme completions – parity trend information on page 8
• Pasifika (relative to combined non-Māori and non-Pasifika results).	Improve on previous year's result	Maintained previous year's result (Parity gap 2018 5 percentage points 2017 5 percentage points)	Maintained previous year's result	Achieved - Maintained no parity gap. See industry training programme completions – parity trend information on page 8
Youth Guarantee - Percentage of Youth Guarantee learners completing qualifications at Level 2 or 3 (see Note 1).	Baseline year	59%	New measure	Baseline established
Gateway - Total participants and number of schools (see Note 1).	13,100 ± 5% in up to 378 schools	13,615 in 376 schools	13,602 in 375 schools	Achieved

Fees-free Payments

This category is intended to contribute to removing barriers to participation by making tertiary education more affordable.

Percentage increase in first-time (see Note 4) domestic learners (including industry training) at Level 3 and above (see Notes 1 and 5):				
• All learners	Baseline year	47,019	New measure	Baseline established
• Māori (relative to combined non-Māori and non-Pasifika results)	Baseline year	8,040 ¹	New measure	Baseline established
• Pasifika (relative to combined non-Māori and non-Pasifika results)	Baseline year	5,192 ¹	New measure	Baseline established

Note 1 - 2018/19 Budget Standard and 2018/19 Actual performance refer to the 2018 calendar year. 2017/18 Performance refers to the 2017 calendar year.

Note 2 - Desired range of hours relates to the optimal hours of learning needed to make an impact on an individual's learning.

Note 3 - This uses a new cohort based methodology for qualification completions. Unlike the Equivalent Full Time Student-weighted qualification completion rate, the new methodologies provide a more meaningful reflection of a tertiary education organisation's performance. Cohort based measures track individual enrolments in qualifications and are not susceptible to rate changes due to external factors such as fluctuations in enrolment patterns throughout the year.

¹ This figure includes 768 learners who identify as both Māori and Pasifika.

Note 4 - First time learners as defined by current learner eligibility criteria for fees-free - see www.feesfree.govt.nz/faqs/

Note 5 – As this is the first year of Fees free the baseline year result is the actual number of learners. In 2019 we will measure the percentage increase against baseline year results.

Note 6 - This uses a new cohort based methodology for industry training programme completion. The new methodology for the programme completion rate provides a more meaningful reflection of an industry training organisation's performance. Unlike the nominal credit-weighted programme completion rate, the cohort based measure tracks individual enrolments in programmes. It is not susceptible to external factors such as fluctuations in enrolment patterns throughout the year.

Trend information

The economy continued to perform strongly in 2018 with low unemployment and very high labour participation rates. This meant that more learners chose to go into employment rather than enter or remain in education, contributing to slightly lower participation, retention and completion of education. Historically, a proportion of these learners return to study. While this type of decision-making impacts all learners, it often has a greater impact for Māori and Pasifika who can have greater financial pressures to work instead of remaining in study.

As overall demand for tertiary education has decreased, tertiary education organisations are likely to be working with a greater proportion of less prepared students. These are students who are less able to immediately enter the labour market and when they enter the tertiary education system they need greater support. These students are also less likely to be retained in the education system and successfully complete courses or qualifications.

Tertiary Education – Student Achievement Component - Qualification completion trend information

Qualification completions – all learners – trend information			
Measure	Level	2018 Actual data result	2017 Actual data result
Percentage of Student Achievement Component-funded students completing qualifications	Levels 4-7 non-degree	54%	57%
	Level 7 degree and above	62%	61%

Qualification completions – parity trend information						
Measure	Level	Group	2018 Actual data result		2017 Actual data result	
			Course completion	Parity gap	Course completion	Parity gap
Māori learners						
Percentage of Student Achievement Component-funded students completing qualifications	Levels 4-7 non-degree	Māori	53%	-2 percentage points	56%	-1 percentage point
		Non-Māori and non-Pacific	55%		57%	
	Level 7 degree and above	Māori	50%	-15 percentage points	49%	-15 percentage points
		Non-Māori and non-Pacific	65%		64%	
Pacific learners						
Percentage of Student Achievement Component-funded students completing qualifications	Levels 4-7 non-degree	Pacific	55%	0 percentage points	58%	1 percentage point
		Non-Māori and non-Pacific	55%		57%	
	Level 7 degree and above	Pacific	49%	-16 percentage points	49%	-15 percentage point
		Non-Māori and non-Pacific	65%		64%	

Training for Designated Groups - Industry training programme completion trend information

Industry training – programme completions - trend information			
Measure	Group	2018 Actual data result	2017 Actual data result
Percentage completing programmes	All learners	67%	69%
	Industry Trainees	70%	70%
	Apprentices	45%	59%

Apprenticeship completion rates have been declining since 2016. There are undoubtedly a range of factors behind the decline, including the learner's own circumstances, the employment environment, and factors peculiar to specific industries. The apprenticeship completion rates for 2018 reports on apprentices enrolled in 2013. The launch of the apprenticeship Reboot scheme in 2013 may also have been a contributing factor to the 2018 result. The Apprenticeship Reboot scheme provided cash payments to apprentices and their employers who enrolled in apprenticeship programmes, with a double payment for those enrolling in priority trades such as construction. The scheme had a noticeable effect on enrolments at the time.

Industry training – programme completions – parity trend information					
Measure	Group	2018 - Actual data result		2017 - Actual data result	
		Programme completion	Parity gap	Programme completion	Parity gap
Percentage completing programmes	Māori	61%	-7 percentage points	66%	-3 percentage points
	Non-Māori and non-Pacific	68%		69%	
Percentage completing programmes	Pacific	73%	5 percentage points	74%	5 percentage points
	Non-Māori and non-Pacific	68%		69%	