

Vote Tertiary Education

APPROPRIATION MINISTER(S): Minister of Education (M26)

APPROPRIATION ADMINISTRATOR: Ministry of Education

RESPONSIBLE MINISTER FOR MINISTRY OF EDUCATION: Minister of Education

Details of Appropriations and Capital Injections

Annual Appropriations and Forecast Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2018/19		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Non-Departmental Output Expenses			
Access to Tertiary Education (M26) This appropriation is limited to improving access to tertiary education and training.	25,549	(1,390)	24,159
Administration of and Support for the Tertiary Education and Careers Systems (M26) This appropriation is limited to giving effect to the Tertiary Education Strategy by effectively investing in, monitoring, informing and influencing the tertiary education and careers systems, managing the Crown's ownership interest in tertiary education institutions, and providing advice and support to Ministers.	64,014	5,185	69,199
Centres of Research Excellence (M26) This appropriation is limited to the purchase of cooperative and collaborative tertiary research in areas of research strength in the tertiary education sector through the contestable Centres of Research Excellence Fund.	49,800	-	49,800
International Education Programmes (M26) This appropriation is limited to delivery of services in respect of international education, including promotion, information, research and professional development, both in New Zealand and overseas, for the purpose of managing and increasing the flow of international students and promoting international education linkages.	30,897	3,667	34,564
Tertiary Education Research and Research-Based Teaching (M26) This appropriation is limited to funding research and research-based teaching on the basis of measured research quality in tertiary education organisations and supporting Wānanga research capability.	316,500	10,000	326,500
Tertiary Sector / Industry Collaboration Projects (M26) This appropriation is limited to funding activities that improve the relevance to industry of tertiary education provision.	25,601	2,204	27,805
University-led Innovation (M26) This appropriation is limited to supporting universities to attract entrepreneurial academics to drive collaboration between universities and established and emerging businesses.	10,833	(5,061)	5,772
Total Non-Departmental Output Expenses	523,194	14,605	537,799
Benefits or Related Expenses			
Awards for Outbound New Zealand Students (M26) This appropriation is limited to awards granted to provide assistance to scholars, researchers and teachers to undertake placements abroad and to participate in reciprocal education exchange arrangements with partner countries in selected areas of priority study, teaching and research.	5,040	-	5,040
Scholarships for Inbound International Students (M26) This appropriation is limited to scholarships available to international students wishing to study in New Zealand.	800	-	800
Support to Apprentices (M26) This appropriation is limited to payments to New Zealand Apprentices and other participants in workplace-based training, including Māori and Pasifika Trades Trainees, towards their tools and other training related costs.	2,190	(2,082)	108

	2018/19		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Titles and Scopes of Appropriations by Appropriation Type			
Tertiary Scholarships and Awards (M26) This appropriation is limited to providing scholarships for tertiary students and other awards in the tertiary sector, and the provision of scholarships and bursaries to Māori and Pasifika students. It includes training assistance under Queen Elizabeth II Study Awards and recognition of outstanding tertiary education teachers.	15,568	-	15,568
Total Benefits or Related Expenses	23,598	(2,082)	21,516
Non-Departmental Other Expenses			
Impairment of Loans to Tertiary Education Institutions (M26) This appropriation is limited to impairment expenses associated with Crown decisions about repayment of existing Crown loans to tertiary education institutions.	-	35,000	35,000
Total Non-Departmental Other Expenses	-	35,000	35,000
Non-Departmental Capital Expenditure			
Support for Tai Poutini Polytechnic (M26) This appropriation is limited to a capital injection into Tai Poutini Polytechnic to support its cash flow.	2,050	-	2,050
Support for the University of Canterbury (M26) This appropriation is limited to the rebuild of the Science and Engineering Facilities at the University of Canterbury.	50,000	-	50,000
Support for Unitec Institute of Technology (M26) This appropriation is limited to providing a loan facility for Unitec to support its cash flow and manage normal operations and restructuring costs.	-	35,000	35,000
Support for Whitireia New Zealand (M26) This appropriation is limited to providing a capital injection for Whitireia New Zealand to support its cash flow and manage normal operations and organisational change.	-	15,000	15,000
Total Non-Departmental Capital Expenditure	52,050	50,000	102,050
Multi-Category Expenses and Capital Expenditure			
Stewardship of the Tertiary Education System MCA (M26) The single overarching purpose of this appropriation is to provide services that contribute towards a well-functioning tertiary education system.	15,727	-	15,727
Departmental Output Expenses			
Policy Advice This category is limited to the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on Tertiary Education and international education related matters.	7,171	-	7,171
Research, Data Analysis and Monitoring This category is limited to the production and dissemination of research and data analysis, monitoring and reporting on tertiary education at a system-wide level, and the provision of services (other than policy advice) to support the work of other agencies and Ministers in discharging their responsibilities for tertiary education and international education related matters.	8,556	-	8,556

	2018/19		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Titles and Scopes of Appropriations by Appropriation Type			
Tertiary Tuition and Training MCA (M26)	2,829,593	(206,995)	2,622,598
The overarching purpose of this appropriation is to fund tertiary tuition and training that leads to improvements in New Zealanders' skill levels.			
Non-Departmental Output Expenses			
<i>Community Education</i>	73,258	(1,424)	71,834
This category is limited to funding for adult and community education and literacy, numeracy and English language provision.			
<i>Tertiary Education: Student Achievement Component</i>	2,086,474	(112,269)	1,974,205
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.			
<i>Training for Designated Groups</i>	315,161	(38,837)	276,324
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			
<i>Fees-free Payments</i>	354,700	(54,465)	300,235
This category is limited to ensuring fees-free study for eligible students, apprentices and trainees.			
Total Multi-Category Expenses and Capital Expenditure	2,845,320	(206,995)	2,638,325
Total Annual Appropriations and Forecast Permanent Appropriations	3,444,162	(109,472)	3,334,690

Supporting Information

Part 1 - Vote as a Whole

1.2 - Trends in the Vote

Summary of Financial Activity

	2018/19				
	Estimates \$000	Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
Appropriations					
Output Expenses	523,194	-	14,605	14,605	537,799
Benefits or Related Expenses	23,598	N/A	(2,082)	(2,082)	21,516
Borrowing Expenses	-	-	-	-	-
Other Expenses	-	-	35,000	35,000	35,000
Capital Expenditure	52,050	-	50,000	50,000	102,050
Intelligence and Security Department Expenses and Capital Expenditure	-	-	N/A	-	-
Multi-Category Expenses and Capital Expenditure (MCA)					
<i>Output Expenses</i>	2,490,620	-	(152,530)	(152,530)	2,338,090
<i>Other Expenses</i>	354,700	-	(54,465)	(54,465)	300,235
<i>Capital Expenditure</i>	-	N/A	-	-	-
Total Appropriations	3,444,162	-	(109,472)	(109,472)	3,334,690
Crown Revenue and Capital Receipts					
Tax Revenue	-	N/A	-	-	-
Non-Tax Revenue	1,000	N/A	13,746	13,746	14,746
Capital Receipts	-	N/A	-	-	-
Total Crown Revenue and Capital Receipts	1,000	N/A	13,746	13,746	14,746

Part 3 - Details of Non-Departmental Appropriations

3.1 - Non-Departmental Output Expenses

Access to Tertiary Education (M26)

Scope of Appropriation

This appropriation is limited to improving access to tertiary education and training.

Reasons for Change in Appropriation

This appropriation decreased by \$1.390 million to \$24.159 million for 2018/19 due to lower than budgeted payments for programmes administered by Tertiary Education Commission outside of the Tertiary Tuition and Training MCA.

Administration of and Support for the Tertiary Education and Careers Systems (M26)

Scope of Appropriation

This appropriation is limited to giving effect to the Tertiary Education Strategy by effectively investing in, monitoring, informing and influencing the tertiary education and careers systems, managing the Crown's ownership interest in tertiary education institutions, and providing advice and support to Ministers.

Reasons for Change in Appropriation

This appropriation increased by \$5.185 million to \$69.199 million for 2018/19 due to:

- a transfer from other expense Fees-free Payments (in Tertiary Tuition and Training MCA) for the Reform of Vocational Education work programme (\$5 million), and
- a transfer from output expense Community Education (in Tertiary Tuition and Training MCA) for coordination of search and emergency management training (\$185,000).

International Education Programmes (M26)

Scope of Appropriation

This appropriation is limited to delivery of services in respect of international education, including promotion, information, research and professional development, both in New Zealand and overseas, for the purpose of managing and increasing the flow of international students and promoting international education linkages.

Reasons for Change in Appropriation

This appropriation increased by \$3.667 million to \$34.564 million for 2018/19 due to a combination of:

- provision for temporary advances to the Export Education Levy Fund (funded by capital withdrawals from the Ministry of Education) to meet unexpectedly high international student reimbursement costs (\$4 million increase), and

- the transfer to the Ministry of Business, Innovation and Employment for The New Zealand Story initiative (\$333,000 decrease).

Tertiary Education Research and Research-Based Teaching (M26)

Scope of Appropriation

This appropriation is limited to funding research and research-based teaching on the basis of measured research quality in tertiary education organisations and supporting Wānanga research capability.

Reasons for Change in Appropriation

This appropriation increased by \$10 million to \$326.500 million for 2018/19 due to provision for a grant under section 321 of the Education Act 1989 to Te Wānanga o Raukawa.

Tertiary Sector / Industry Collaboration Projects (M26)

Scope of Appropriation

This appropriation is limited to funding activities that improve the relevance to industry of tertiary education provision.

Reasons for Change in Appropriation

This appropriation increased by \$2.204 million to \$27.805 million for 2018/19 due to a combination of:

- a transfer from 2017/18 for exemplary postgraduate initial teacher education programmes (\$1.676 million increase)
- the transfer of the Māori and Pasifika Trades Training (MPTT) Tools Subsidy funding from benefit or related expense Support to Apprentices to the MPTT Consortium fund from 2019 to enable consortia to improve support for MPTT learners (\$952,000 increase), and
- reduced funding for Information and Communications Technology (ICT) Graduate Schools (\$424,000 decrease).

University-led Innovation (M26)

Scope of Appropriation

This appropriation is limited to supporting universities to attract entrepreneurial academics to drive collaboration between universities and established and emerging businesses.

Reasons for Change in Appropriation

This appropriation decreased by \$5.061 million to \$5.772 million for 2018/19 due to the reprioritisation of unallocated funding for Entrepreneurial Universities in Budget 2019.

3.2 - Non-Departmental Benefits or Related Expenses

Support to Apprentices (M26)

Scope of Appropriation

This appropriation is limited to payments to New Zealand Apprentices and other participants in workplace-based training, including Māori and Pasifika Trades Trainees, towards their tools and other training related costs.

Reasons for Change in Appropriation

This appropriation decreased by \$2.082 million to \$108,000 for 2018/19 due to the transfer of the Māori and Pasifika Trades Training (MPTT) Tools Subsidy funding to the MPTT Consortium fund (under non-departmental output expense Tertiary Sector/ Industry Collaboration Projects) from 2019 to enable consortia to improve support for MPTT learners. Goods and services tax (GST) has been taken out as part of the transfer.

3.4 - Non-Departmental Other Expenses

Impairment of Loans to Tertiary Education Institutions (M26)

Scope of Appropriation

This appropriation is limited to impairment expenses associated with Crown decisions about repayment of existing Crown loans to tertiary education institutions.

Expenses

	2018/19		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	35,000	35,000

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve the recognition of an impairment loss to reflect the recoverable value of Crown loans to tertiary education institutions.

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted under section 15D(2)(b)(ii) of the Public Finance Act 1989, as additional performance information is unlikely to be informative due to the technical accounting nature of the appropriation.

Reasons for Change in Appropriation

This appropriation was established in 2018/19 to provide for the impairment of the concessionary loan to the Unitec Institute of Technology (under Part 3.5 - Non-Departmental Capital Expenditure appropriation Support for Unitec Institute of Technology).

3.5 - Non-Departmental Capital Expenditure

Support for Unitec Institute of Technology (M26)

Scope of Appropriation

This appropriation is limited to providing a loan facility for Unitec to support its cash flow and manage normal operations and restructuring costs.

Capital Expenditure

	2018/19		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	35,000	35,000

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve the continued operation of the Unitec Institute of Technology, providing continuity for students and staff while reviewing options for the future.

How Performance will be Assessed and End of Year Reporting Requirements

	2018/19		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Performance Measures			
Unitec Institute of Technology submits quarterly reports which show that it is meeting the performance targets that were agreed as part of the concessionary loan agreement with the Crown.	New measure	Achieved	Achieved

End of Year Performance Reporting

Performance information for this appropriation will be reported by the Unitec Institute of Technology in its annual report.

Reasons for Change in Appropriation

Establishment of an appropriation to provide an interest-free concessionary loan facility of up to \$50 million over two years (\$35 million in 2018/19 and \$15 million in 2019/20) to meet the Unitec Institute of Technology's cash shortfall in 2018 and 2019 and support its right-sizing initiatives. A non-departmental other expense appropriation (in Part 3.4) has also been established to provide for the impairment of the loan in 2018/19.

Support for Whitireia New Zealand (M26)

Scope of Appropriation

This appropriation is limited to providing a capital injection for Whitireia New Zealand to support its cash flow and manage normal operations and organisational change.

Capital Expenditure

	2018/19		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	15,000	15,000

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve the continued operation of Whitireia New Zealand, providing continuity for students and staff while reviewing options for the future.

How Performance will be Assessed and End of Year Reporting Requirements

Performance Measures	2018/19		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Whitireia New Zealand submits quarterly reports which show that it is meeting the Required Actions and Performance Targets that were agreed as part of the capital injection agreement with the Crown.	New measure	Achieved	Achieved

End of Year Performance Reporting

Performance information for this appropriation will be reported by Whitireia New Zealand in its annual report.

Reasons for Change in Appropriation

Establishment of an appropriation to provide a capital injection of \$15 million in 2018/19 to Whitireia New Zealand to support its cash flow and manage normal operations and organisational change.

Part 4 - Details of Multi-Category Expenses and Capital Expenditure

4 - Multi-Category Expenses and Capital Expenditure

Stewardship of the Tertiary Education System (M26)

Overarching Purpose Statement

The single overarching purpose of this appropriation is to provide services that contribute towards a well-functioning tertiary education system.

Scope of Appropriation

Departmental Output Expenses

Policy Advice

This category is limited to the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on Tertiary Education and international education related matters.

Research, Data Analysis and Monitoring

This category is limited to the production and dissemination of research and data analysis, monitoring and reporting on tertiary education at a system-wide level, and the provision of services (other than policy advice) to support the work of other agencies and Ministers in discharging their responsibilities for tertiary education and international education related matters.

What is Intended to be Achieved with each Category and How Performance will be Assessed

	2018/19		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Assessment of Performance			
Departmental Output Expenses			
Policy Advice			
This category is intended to achieve the provision of quality advice to the Minister to ensure that tertiary education policy and programmes support the performance of the tertiary education system.			
Independent assessment of the quality of the Ministry's policy advice (see Note 1).	75%	Discontinued measure	-
Internal quarterly assessment of the quality of the Ministry's policy advice (see Note 1).	Replacement measure	Mean of 3.5 out of 5	Mean of 3.5 out of 5

DISCONTINUED Note 1 - The independent assessment of the Ministry's policy advice will have a technical robustness score, using the measurement of robustness provided by the Treasury.

REPLACEMENT Note 1 - Based on a five-point scale: 1 = 'Poor'; 2 = 'Borderline'; 3 = 'Adequate'; 4 = 'Good'; 5 = 'Very good'.

Tertiary Tuition and Training (M26)

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.

Expenses, Revenue and Capital Expenditure

	2018/19		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	2,829,593	(206,995)	2,622,598
Non-Departmental Output Expenses			
Community Education	73,258	(1,424)	71,834
Tertiary Education: Student Achievement Component	2,086,474	(112,269)	1,974,205
Training for Designated Groups	315,161	(38,837)	276,324
Non-Departmental Other Expenses			
Fees-free Payments	354,700	(54,465)	300,235

Reasons for Change in Appropriation

This appropriation decreased by \$206.995 million to \$2,622.598 million for 2018/19 due to a combination of:

- one-off savings in 2018/19 due to the end of the funding recovery exemption applied to tertiary education institutions affected by the Canterbury earthquakes (\$95 million decrease)
- one-off savings in 2018/19 in non-departmental output expense categories within the MCA due to 2018 calendar year enrolments being lower than the level budgeted for (\$60 million decrease)
- savings in the funding conservatively appropriated for fees-free tertiary education and training as data is reconciled with initial estimates that reflected maximum eligibility (\$49.465 million decrease)
- a transfer to departmental output expense Research, Data Analysis and Monitoring (in Stewardship of the Tertiary Education System MCA) to fund New Zealand's participation in the second cycle of the Programme for International Assessment of Adult Competencies (\$5.630 million decrease)
- a transfer to non-departmental output expense Administration of and Support for the Tertiary Education and Careers Systems for the Reform of Vocational Education work programme (\$5 million decrease)
- a transfer to Vote Social Development to fund the extension of the Student Loan Scheme borrowing limit for students in certain long programmes (\$3.757 million decrease)
- a transfer to Vote Education non-departmental output expense Secondary-Tertiary Interface to fund 1,060 additional Trades Academy places from 2019 by discontinuing the DualPathways Pilot (\$3.750 million decrease)
- a Budget 2019 initiative to reduce funding for Information and Communications Technology Graduate Schools (\$645,000 decrease)
- a transfer from 2018/19 into 2019/20 (\$422,000) and 2020/21 (\$211,000) for Information and Communications Technology Graduate Schools (\$633,000 decrease)
- a transfer to non-departmental output expense Administration of and Support for the Tertiary Education and Careers Systems for coordination of search and emergency management training (\$185,000 decrease)

offset to an extent by the following increases:

- a transfer from 2017/18 into 2018/19 to help fund a 1.6% increase in tuition subsidy rates at qualification Level 3 and above from 1 January 2019 (\$15.843 million increase)
- provision for Computers in Homes programmes in 2018/19 (\$1 million increase), and
- a Budget 2019 initiative to improve the quality of educator-child interactions in home-based early childhood education by providing funding to tertiary providers to enable the existing educator workforce to upskill to a Level 4 early childhood education qualification (\$227,000 increase).