Te Tāhuhu o te Mātauranga
Ministry of Education

Tertiary Education Weekly Update

30 May 2023

In confidence: Hon Penny Simmonds, Minister for Tertiary Education and Skills

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Update on key priorities

Update on the final-year Fees Free work programme

Delegated Ministers agreed to seek Cabinet agreement to a one-year sunset period, to allow some learners to receive remaining first-year Fees Free entitlements in 2025, and to use forecast underspends in 2023/24 across the Fees-free Payments Appropriation and Tertiary Tuition and Training Multi-Category Appropriation within Vote Tertiary Education to fund the proposal.

We will provide your office with a draft Cabinet paper, covering transitional arrangements on 31 May 2024, for review and Ministerial consultation. Ministerial consultation would need to begin no later than 5 June 2024 and to finish by 11 June 2024. We would then finalise the paper based on any feedback received to be lodged on 13 June 2024 for consideration at Cabinet Social Outcomes Committee on 19 June 2024 and confirmation by Cabinet on 24 June 2024.

The Steering Group met with PwC to discuss the framing for two workshops, to be attended by representatives from the Ministry of Education, the Tertiary Education Commission (TEC), the Ministry of Social Development and Inland Revenue. The workshops will focus on the implementation design for the final-year Fees Free scheme and are scheduled for 6 and 7 June 2024.

Business Group: Te Pou Kaupapahere
Owner: Clara Rowe 04 463 8491

Budget 2024

Budget Day was 30 May 2024, and you announced Tertiary Education initiatives through a press release on the day and through your speech at the TEC's post-Budget sector briefing event. Tertiary Education communications material was also uploaded on the Ministry and TEC's webpages to support your announcements. We will support your office with any media queries post-Budget.

9(2)(f)(iv) [redacted]

The Budget moratorium, which was in effect until 30 May 2024 has now ended, meaning policy proposals with financial implications can now be considered.

Business Group: Te Pou Kaupapahere
Owner: Clara Rowe 04 463 8491

University Advisory Group (UAG)

The UAG held their regular meeting on 28 May 2024. There was a broad discussion focussing on differentiation and collaboration in the university system. This will also be the focus of an all-day meeting planned for panel members on 13 June 2024. In consultation with the Chair, the Ministry and the TEC are working on a set of briefing papers to support the UAG in their discussions on the day. We have reached to your office to test your availability to meet with the Group on this day, either online or in person.

The first phase of submissions closes on 31 May 2024. We will be providing a thematic summary of all submissions to support UAG members in their consideration of these in preparing their August interim report.

Business Group: Te Pou Kaupapahere
Owner: James Campbell 04 463 8078

Vocational Education and Training (VET)

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On 29 May 2024, we provided you with a draft Cabinet paper (METIS 1328152 refers) seeking agreement to consult 9(2)(f)(iv)

We will work with you to develop an integrated draft of the Cabinet paper, by 4 June 2024. The Cabinet paper is due to go to ministerial consultation between 5 June and 11 June 2024, for lodging on 13 June 2024.

Business Group: Te Pou Kaupapahere
Owner: 9(2)(a)

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Upcoming briefings and reports

Upcoming reports to the Minister of Tertiary Education and Skills

As at 12.30pm, 30 May 2024

Date due to MO	METIS	Title	Responsible Manager	Responsible General Manager	CC'd to Other Minister(s)	Joint with another Minister (s)	Title Suitable for Proactive Release
31 May 2024	9(2)(f)(iv)	9(2)(f)(iv)	9(2)(a)	Katrina Sutich	No	No	No
31 May 2024	1329738	Draft Cabinet Paper - Ensuring equitable coverage for closing the first-year Fees Free scheme	Clara Rowe	Katrina Sutich	No	No	No
6 June2024	1328301	Update on ENZ and TEC appointment processes	Fiona O'Leary	John Brooker	No	No	Yes
7 June 2024	1328095	ENZ State of Play report April to June 2024	Fiona O'Leary	John Brooker	No	No	Yes
10 June 2024	9(2)(f)(iv)	9(2)(f)(iv)	Fiona O'Leary	John Brooker	No	No	Yes
10 June 2024	1328096	TEC State of Play report April to June 2024	Fiona O'Leary	John Brooker	No	No	Yes
13 June 2024	1327934	Consultation on 2025 funding determinations and fee regulation settings	Clara Rowe	Katrina Sutich	No	No	Yes
TBC	TBC	Reviewing the MBIE secondary monitor role for TEC and ENZ	Fiona O'Leary	John Brooker	No	No	Yes

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Cabinet papers

As at 12.30pm, 30 May 2024

Cabinet Committee date	METIS	Title	Status/ Date due to Minister's Office	Next action for Minister	Contact
9(2)(f)(iv)			Draft sent to the Minister 29 May 2024	Provide comments on draft and commence Ministerial consultation	9(2)(a)
SOU 19 June 2024	1329738	Fees Free: Ensuring equitable coverage for closing the first-year Fees Free scheme	Draft due with Minister 31 May 2024	Provide comments on draft and commence Ministerial consultation	Clara Rowe
SOU 26 June 2024 (TBC)	1328855	Public consultation on the use of National Student Numbers METIS	Draft due 4 June 2024	Ministerial consultation	Eleonora Sparagna
9(2)(f)(iv)			In development/draft Cabinet paper to Minister 29 July 2024	Provide feedback on draft Cabinet paper	Freddy Ernst

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Relevant Cabinet papers led by other agencies

As at 12.30pm, 30 May 2024

Cabinet Committee Date	Title	Minister	Lead agency	Comment	Ministry contact
27 May 2024	Health Workforce – New Medical School Work programme	Hon Shane Reti – Minister of Health	Ministry of Health	Ministerial consultation 2 – 15 May 2024	Eleonora Sparagna

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Data and Publications Releases

KEY: BN=Briefing Note; ER=Education Report; RC=Reactive Comms; PC=Proactive Comms, IU=Information Update
Notes: Brackets if date indicative only

Release	Publication Date	Comment	Supporting material	Business owner
Do students come back? An analysis of regional flows of student travel after tertiary study	30 May 2024	This research looks at movement from provinces and whether students return to their 'home' province. Second in a series looking at student mobility. https://www.educationcounts.govt.nz/publications/80898/travel-to-tertiary-an-analysis-of-how-far-school-leavers-travelled-for-tertiary-study	IU 1316940 14 May 2024	Katrina Sutich Shona Ramsay
Forecast of tertiary demand 2024 to 2028	31 May 2024	Each year the results of the Budget and Economic Fiscal Update tertiary demand forecast are published, including a summary of the accuracy of previous years' forecasts. https://www.educationcounts.govt.nz/publications/80898/172620	IU 1329623 27 May	Katrina Sutich Shona Ramsay
Post-school outcomes for Rangatahi Māori Part 1	20 June 2024	This research report uses the Main Activity methodology, which looks at education and employment categories (though also identifies overseas or deceased), and compares this with qualifications, by gender/parenthood/ethnicity, across a cohort from 2010 through to 2022.	IU 1327477 6 June 2024	Katrina Sutich Shona Ramsay
Initial Teacher Education (ITE) completions for 2023	Late June 2024	ITE statistics showing qualification completions for the previous year by sector and other variables 11 - Initial teacher education statistics | Education Counts	IU 1329458 Mid-June 2024	Katrina Sutich Shona Ramsay
Course completion statistics for 2023	Late June 2024	Each year statistics are constructed showing course and qualification completions for the previous year (from the April SDR). Demographic, subject areas and 'rates' are included 03 - Tertiary achievement and attainment | Education Counts	IU 1329245 Mid-June 2024	Katrina Sutich Shona Ramsay

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Official Information Act Requests

Business Group: Te Pou Rangatōpū
Owner: Lorraine Monahan, 04 463 2858

As at 30 May 2024, we are preparing advice on one Official Information Act (OIA) request that you have received, and the Ministry of Education | Te Tāhuhu o te Mātauranga has one OIA request on hand in relation to the Tertiary portfolio.

Requests for official information to the Minister for Tertiary Education and Skills, as at 10am on 30 May 2024

From	METIS	MO Ref	Request	Due MO	Due Requester	Status	Senior Officer
Media	1329078	PS-OI-24-014	Advice on viability of a third medical school in New Zealand	4 June 2024	17 June 2024	In progress	Andy Jackson

Ministerial Correspondence Update

Business Group: Te Pou Rangatōpū
Owner: Lorraine Monahan, 04 463 2858

As at 30 May 2024, there are six draft and one direct responses on hand for the Tertiary portfolio. None of these were received since we last updated you, so there are no new themes to update you on this week.

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Te Tāhuhu o te Mātauranga
Ministry of Education

Information Update: Rangatahi Māori who were aged 15 years in 2009 – their educational achievement, participation in education and employment up to 2022

Drafter: Nicola Marshall
Senior Manager: Shona Ramsay
Metis Number: 1327477
Date: 6 June 2024

Rationale for Providing Information to the Minister

A new report '*Rangatahi Māori who were aged 15 years in 2009 – their educational achievement, participation in education and employment up to 2022'* will be published on Education Counts on 20 June 2024. This information update provides a summary of findings.

Alignment with Government priorities

This update relates to the Government's Education Priority #6 *Greater use of data: Using data and evidence to drive consistent improvement in achievement*.

Information

A new research report by the Ministry of Education focuses on a cohort of 15,400 rangatahi Māori who were aged 15 years in 2009 and looks at their educational achievement and patterns of participation in tertiary education or employment up until the end of 2022 (age 28).

This report is the first in a series which aims to improve the evidence base on outcomes for rangatahi Māori from education. Rangatahi Māori make up an increasing proportion of the population. This research programme will use longitudinal data to look at factors which affect their education, employment, income, and other outcomes of interest.

This report uses data from the Stats NZ Integrated Data Infrastructure (IDI) to update and extend previous work on post-study destinations. The focus is on patterns and experiences within this group, and comparisons by gender and parenthood are included. Some comparisons with the total population of the same age are provided for context. A second report in this series will look at earnings and income of this same cohort in relation to education and employment.

Main findings

Predominant activity[i]

- Tertiary participation for this rangatahi Māori cohort was highest (at 30 percent) when they were aged 18.
- Their employment (while not in education or training) increased markedly up to 26 percent at age 18, continued to increase steadily after that, and was stable at around 49 percent from age 23 onward.
- The proportion not in education or employment (NEET) increased most at age 16 (from 1.3 percent in 2009 to 14 percent in 2010) and at age 18 (from 19 percent in 2011 to 27 percent in 2012).
- Patterns of activity were different for men and women, and for parents and non-parents. Nearly a third (29 percent) of women in the cohort, and 16 percent of men,

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were parents by age 20. These proportions had reached 58 percent of women and 44 percent of men by age 28.
- Parents, both young women and men, were less likely than non-parents to be at school at ages 16 and 17.
- From age 17 on, mothers were less likely, and fathers a little more likely than non-parents to have paid employment as their main activity.
- Mothers were less likely than non-parents to be in tertiary education, up to around age 23.
- Industry training was more likely to be the main activity for men than women, irrespective of parenthood.

Educational achievement

- Nearly half (46 percent) of the rangatahi Māori cohort had a non-degree level qualification at Level 3 or higher by age 28, and about one in seven (14 percent) had gained a degree or higher by age 28.
- Forty-three percent of the rangatahi Māori cohort left school with either no qualification or NCEA Level 1 only. They went on to gain tertiary qualifications in similar proportions as the 27 percent of all Aotearoa New Zealand young people of the same age with the same level of school qualifications.
- Rangatahi Māori who achieved Level 2 or higher at school were more likely to gain a non-degree qualification and less likely to gain a degree or higher than all Aotearoa New Zealand young people with these school qualifications.
- Level of achievement was strongly associated with ongoing education and employment. Any sort of formal educational qualification noticeably increased the chances of being in education or employment at age 28.
- Māori women at age 28 were more likely than men to be NEET at all levels of qualification.

Publication of the data
The report will be released on the Education Counts website on 20 June 2024.

We will work with your office on communication messages related to the report.

[i] The analysis assigns a single main activity per year to each person, based on the number of months in which they were at school, in tertiary provider-based or workplace-based education, employed (but not participating in formal education), or not in employment, education or training (NEET). There are also categories for those in the cohort who were overseas (for more than 3 months of a given year) or deceased.

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Document 5

Te Tāhuhu o te Mātauranga
Ministry of Education

Rapid Response: Proposed AMFM fee increase – Otago Daily Times

To:	Hon Penny Simmonds, Minister for Tertiary Education and Skills		
Cc:			
Date:	6 June 2024	**Priority:**	High
Security Level:	Unclassified	**METIS No:**	1330250
Drafter:	9(2)(a)	**DDI:**	9(2)(a)
Key Contact and Hautū | Deputy Secretary:	Clara Rowe	**DDI:**	04-4638491
Seen by the Communications Team:	No	**Round Robin:**	No

Request

Minister Simmonds received a media query on tuition fees from The Otago Daily Times at midday today. The query is as follows:

I'm getting in touch because I'm doing a story on the proposal to allow universities to raise tuition fees by up to 6% next year and accordingly, I have received this comment from OUSA president Keegan Wells. If the Minister wants to respond to it let me know.

The proposed increase of fees of up to 6% is not only shameful but quite disheartening. It shows this government looks at tertiary education as a commodity rather than a public good. Having these rules imposed on students today when many of the people in government, including Penny Simmonds, did not pay for tertiary education is a crooked system. There is a clear disparity between them benefiting from their free education to now claiming it did has not raised with inflation. Fees have risen over 9,000% since 1991, inflation has not. The Minister of Education is implementing a stronger user pay system instead of giving tertiary institutions the funding they need to undertake one of the largest public services there is, education.

Ministry Response

- It's important to note that the proposed student fee increase of 6 percent is subject to consultation.
- A notice of the proposed rate and other details will be published in the New Zealand Gazette in the coming weeks, and submissions invited. The Minister looks forward to submissions from OUSA and other student groups.

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- The Annual Maximum Fee Movement (AMFM) rate for 2025 will be confirmed following consultation. Tertiary education providers can then decide on whether to adopt that rate.

- The proposed Annual Maximum Fee Movement (AMFM) rate of 6 percent for 2025 is higher than forecast inflation (2.2%), but this needs to be viewed in the context of inflation increasing by 20 percent since 2020 and cumulative AMFM increases since then being only 10.35%. This variance has constrained providers' ability to manage cost pressures. Fees in 2025 will remain lower in real terms than they were in 2020.

- Alongside increases in tuition subsidies (2.5% for 2025), the Government provides a student loan system that is interest-free for New Zealand based borrowers and other supports to help learners pay fees, remain engaged in tertiary education, and complete their studies.

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Te Tāhuhu o te Mātauranga
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Information Update: Finance and Expenditure Committee 2024 – Vote: Tertiary Education Estimates hearing

Drafter: 9(2)(a)
General Manager: Katrina Sutich
Metis Number: 1330675
Date: 13 June 2024

Rationale for Providing Information to Minister's Office
The purpose of this update is to support your appearance at the Finance and Expenditure Committee 2024 – Vote: Tertiary Education Estimates Annual Review hearing.

Information

1. The Vote Tertiary Education 2024/25 Estimates Annual Review select committee hearing has been scheduled for 9.15-10.15am on 19 June 2024. The Tertiary Education Commission (TEC) will appear 10.15-10.30am.
2. Tim Fowler from the TEC and Katrina Sutich from the Ministry of Education (the Ministry) will accompany you.
3. In addition to the material the Ministry has provided (Standard Questionnaire and Pre-Hearing Written Questions), and back-pocket information the TEC has provided, we have collated further back-pocket information to support your attendance at the hearing. While the hearing is focussed on Vote Tertiary Education 2024/25 Estimates, it is an opportunity for the Committee to ask you questions about a wide range of topics.
4. **Annex One** provides:
    - An overview of tertiary education initiatives in Budget 2024
    - Tertiary data outlining subsector volumes (student headcounts, and EFTS). Note: this information is slightly different from information provided by TEC (in Essential Facts/Enrolment sheet) as TEC compares enrolments from 2019 – 2023 whilst the Ministry compares enrolments from 2023 – 2024. Also note:
        - Annex One: Table 4 defines VET by NZQF and qualification type, whereas other published VET numbers include other variables.
        - The Ministry defines international EFTS using NZ Gazette designation whilst TEC use funding "02" code content.
    - International student growth. Note that this information is slightly different from information provided by TEC as it is based on Immigration NZ data (ie., number of visas approved), rather than EFTS data.
    - Sub-sector content on universities (focussed on recent rankings); Unified Funding System, and vocational learning in schools. Fuller sub-sector content about universities, UAG, PTEs, and Te Pūkenga is found within materials provided to you by TEC.
    - A focus on Leaners – lines on budget decisions relating to learners and reactive lines to respond to recent media on student accommodation.
    - Ministry expenditure on staff, contractors and the savings process.

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Document 8a

Annex One: Estimates Review Backpocket information

Budget 2024 – Tertiary Education

Overall value of Vote Tertiary Education

- The Estimates of Appropriations for Vote Tertiary Education show total budgeted appropriations for 2024/25 of $3.927 billion and an estimated actual of $3.991 billion for 2023/24.
- Treasury's Core Crown Expense table for Tertiary Education shows forecast tertiary education expenses (including student support expenses) of $5.151 billion for 2025.

Spending initiatives

- Increased Subsidies (Cost adjustment to Tertiary Tuition and Training Subsidies)
  - $266.3 million over the next four years to increase subsidies by 2.5 percent for 2025.
- Increased Fees (AMFM) (see more detail below in the Learner section)
  - $48.8 million (over four years) in operating funding to Vote Revenue and $123.6 million (over four years) in capital funding to Vote Social Development to cover the forecast costs incurred to the Crown through the Student Loan scheme from increasing tuition fees by up to 6% in 2025. Note: These costs were managed outside Budget allowances.
- Apprenticeship Boost
  - $64.9 million over the next four years to continue Apprenticeship Boost beyond December 2024. Apprenticeship Boost scheme now has ongoing funding and will provide a $500 (exclusive of GST) per month subsidy to employers of eligible first-year apprentices only, in targeted industries.
  - $1.8 million is Vote Tertiary Education funding for the Tertiary Education Commission (TEC) to help MSD administer Apprenticeship Boost.
  - As of 10 May 2024, 66,588 apprentices have been supported through Apprenticeship Boost, where 20,889 employers have received Apprenticeship Boost payments. An estimated 27,000 apprentices will be supported through the extension and targeting of Apprenticeship Boost from 1 January 2025 to 30 June 2028.
  - Apprenticeship Boost targeting is by New Zealand Standard Classification of Education (NZSCED) codes, not individual qualifications. Only apprentices with qualifications that are associated with one of the NZSCED codes will be eligible for Apprenticeship Boost targeting. Because vocational qualifications are closely linked to occupations, it provides a robust framework for targeting.
  - Key occupations for targeting are under consideration and will be communicated as soon as they have been finalised. The Government will identify targeted occupations in sectors and areas that are deemed to be facing the greatest need.
  - To ensure that targeting Apprenticeship Boost remains relevant to the current labour market, Government priorities and education environments, the Ministry of Education will review Apprenticeship Boost every two years and report to Cabinet Ministers. The first review is scheduled for 2027.
- Training 25 More Doctors Each Year
  - $6.9 million in Vote Tertiary Education funding, over the next four years, to increase the total number of first-year medical places funded by the TEC from 589 to 614 from 2025. The TEC will allocate the new places across the University of Auckland and University of Otago medical schools. This initiative was led by the Minister of Health, Hon. Dr. Shane Reti.

Contingency initiative – Te Pūkenga

- Budget 2024 sets aside 9(2)(f)(iv) in a contingency for the disestablishment for Te Pūkenga. The amount held in contingency has not been published.

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- Information about the contingency will be released alongside Cabinet's decisions on the disestablishment of Te Pūkenga and consultation on a replacement model.

Savings and Reprioritisation initiatives

- Fees-Free (see more detail below in the Learner section)
  - $879.4 million in net savings over the next four years from stopping first year Fees Free and replacing it with a final year Fees Free scheme.
  - Returns $893.4 million in Vote Tertiary Education funding over the next four years. Funding to Vote Social Development and Vote Revenue has been increased to meet the forecast increase in Student Loan borrowing as a result of this policy change.
- Workforce Development Councils
  - Returns $65 million per annum from 2025/26. Legislation is intended to be progressed in 2024/25 on future arrangements for the functions currently performed by the WDCs.
- Increasing the Student Loan Scheme Overseas Interest Formula by 1 Percent for 5 Years
  - Temporarily increasing the student loan interest rate by 1% is expected to result in $5.9 million of operating impact savings over four years for Vote Revenue.
  - The 1% increase will also increase the late payment interest rate for overseas and NZ-based borrowers, which will take effect from 1 April 2025. The new interest rate is forecast to be 4.9%.
  - Based on current forecasts, the median amount of extra interest borrowers overseas will be charged each year is $245.
- Adult and Community Education in Schools Co-ordination
  - Reprioritises $0.500 million per annum ($1.75 million over four years) of funding intended to support with costs related to providing ACE in Schools.
  - Since 2021, the number of schools participating in and receiving ACE in Schools Co-ordination funding has decreased from 18 in 2021 to 14 in 2024.
- Adult Literacy Educator Grant
  - Reprioritises $0.445 million per annum ($2.214 million over the forecast period) intended to reduce fees teaching staff pay to complete adult literacy education qualifications.
  - There are now several programmes with zero fees, making this funding redundant. This fund was not allocated in 2023 or 2024.
- Centres of Asia-Pacific Excellence
  - $10 million is reprioritised in 2023/24 from the conclusion of CAPEs contracts on 1 July 2024. Savings are a one-off accounting impact.
- Centres of Vocational Excellence (CoVEs)
  - Reprioritises $5 million per annum from 2025/26 once the two existing contracts end in 2025.
  - The two current CoVEs are each funded under a five-year funding agreement with the TEC. The Final payment is in June 2025, which will enable CoVEs to operate until 31 December 2025.
- Gateway Fund
  - Reprioritises $1.5 million per annum by reducing the Gateway funding to a level that aligns with current rates of utilisation. Gateway has not been fully utilised in recent years.
- Higher Education Collaboration Fund
  - $5 million is reprioritised from the Higher Education Collaboration Fund between 2023/24 and 2025/26.
  - The Higher Education Collaboration Fund is a small, contestable fund. The TEC has not opened applications for the Fund or administered any funding.

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- Underspends within Vote Tertiary Education
  - Returns $61.06 million from the tertiary tuition and training MCA and the Fees Free payments appropriations in 2023/24 due to enrolments in 2023 being lower than the level funded.
- Te Pūkenga Transformation Project – Loan
  - Returns a Budget 2023 $220 million Crown Loan for Te Pūkenga's Digital Transformation programme. This work programme has ceased pending decisions on the disestablishment of Te Pūkenga. No funding was loaned to Te Pūkenga.
- Ministry of Education Operating Efficiencies
  - Returns $1.19 million per annum ($4.76 million over four years) through the cessation of some programmes, efficiencies in other areas and by reducing the total number of full-time equivalent (FTE) staff at the Ministry of Education.
- Tertiary Education Commission Operating Efficiencies
  - Returns $3.72 million per annum ($14.88 million over four years) in funding for the TEC.
  - Savings arise from reducing expenditure relating to travel, contractors and consultants and IT services, and through a reduction in FTE staff.
- Education New Zealand Operating Efficiencies
  - Returns $2.33 million per annum ($9.3 million over four years) in funding for Education NZ (ENZ).
  - Savings arise from operational efficiencies including by reducing departmental back-office spend, reducing expenditure relating to travel and IT services, and reducing some sector funding.

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Tertiary data

Provider-based tertiary education and training volume

- 2023 was an historic low for enrolments in provider-based tertiary education and training, following an historic high in 2021 that was driving by COVID-related factors.
- April SDR data shows enrolments grew by 4.3 percent overall in 2024 while EFTS grew by 3.4 percent. University EFTS grew by 2.2 percent and Te Pūkenga EFTS grew by 4.5 percent. In wānanga EFTS declined by 0.8 percent and in Private Training Establishments EFTS grew by 12 percent.
- The Ministry expects qualification Level 3 and above EFTS in 2024 to be similar to 2022 at around 207,000 EFTS, compared to less than 197,000 in 2023.
- The Ministry has now published its updated forecast for 2024 to 2028, which uses BEFU unemployment data. This indicates EFTS increasing to around 212,000 in 2025 before dropping to around 208,000 in 2026 and under 205,000 from 2027.
- The forecast enrolments reflect both a 'baby-blip' in the tertiary-aged population and a slight increase in forecast unemployment – followed by a return to volumes similar to the late 2019s. Factors such as net migration may change this.
- In general, universities' enrolments are relatively stable and influenced less by changes in economic conditions. Universities' enrolments are expected to remain around current level in the coming years.
- Enrolments in shorter courses generally fluctuate more with changes in economic conditions. Enrolments in the former ITPs are expected to be higher in 2024 and again in 2025, but then decrease to around 50,000 EFTS per year in 2027.
- Level 3 and above enrolments in Wānanga are expected to be stable at between 16 and 17,000 EFTS each year. Enrolments in PTEs are expected to drop from over 23,000 this year and next to under 21,500 in 2027.

Work-based / industry training volume

- Significant changes in economic conditions and in policy settings over the last 5 or so years (including Apprenticeship Boost) have made it challenging to robustly forecast industry training volumes.
- The Ministry does not currently have a forecast for industry training volume. Following historic highs in apprenticeship numbers, the Ministry expects industry training volumes will continue to soften in 2024 and in the coming years.
- Comparing the periods January to April in 2023 and 2024, workplace-based learners decreased in 2024 by 16 percent and EFTLS / STMs declined by 15 percent. Apprentice EFTLs declined by 11 percent, while Trainee EFTLS decreased by 23 percent.

Baseline funding for tertiary education and training volume

- Current baseline funding for tertiary education and training generally reflects forecast volume – though the decrease in funding from 2025 to 2026 and subsequent years is larger than the forecast decrease in volume.
- This means there is gap between forecast volume and the volume that can currently be funded. The scale of this gap and funding options will be further assessed later in 2024.
- Budget 2024 did not provide additional funding for volume as the Ministry considers there to be sufficient funding available for forecast volume in 2025. Potential changes in economic conditions and other factors over the next 12 months may mean that additional funding is not needed for 2026. If needed, the gap could be addressed in Budget 2025.

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Table 1: All formal provision counts by type and subsector (2023)

	Students			EFTS		
	Provider-based	Work - based	Total	Provider-based	Work - based	Total
Universities	177,210	0	177,210	135,445	0	135,445
Te Pūkenga	120,080	106,155	216,490	55,120	38,795	93,915
Wānanga	34,920	0	34,920	20,240	0	20,240
Private Training Establishments	62,480	23,010	76,665	32,180	9,770	41,955
Total	385,050	127,970	489,285	242,985	48,565	291,555

Note: This table includes counts from all formal tertiary education, including Foundation levels, Vocational Education and bachelors and above levels

Table 2: Formal Vocational Education and Training (VET) counts by type and subsector (2023)

	Students			EFTS		
	Provider-based	Work - based	Total	Provider-based	Work - based	Total
Universities	7,225	0	7,225	3,940	0	3,940
Te Pūkenga	77,920	106,155	175,205	30,950	38,795	69,745
Wānanga	22,055	0	22,055	12,475	0	12,475
Private Training Establishments	44,725	23,010	58,950	20,745	9,770	30,520
Total	149,140	127,970	256,800	68,110	48,565	116,680

Note: This table includes counts of learners in Vocational Education, covering enrolments in sub-degree Level 3 to Level 7 certificates and diplomas

Table 3: Bachelors-level and above counts by type and subsector (2023)

	Students			EFTS		
	Provider-based	Work - based	Total	Provider-based	Work - based	Total
Universities	171,475	0	171,475	131,505	0	131,505
Te Pūkenga	29,690	0	29,690	20,045	0	20,045
Wānanga	1,875	0	1,875	1,545	0	1,545
Private Training Establishments	10,545	0	10,545	7,470	0	7,470
Total	212,910	0	212,910	160,565	0	160,565

Table 4: Summary of Te Pūkenga learners in network (2023)

	Students		% of Te Pukenga delivery		% of total VET delivery	
	Students	EFTS	Students	EFTS	Students	EFTS
Provider-based VET learners	77,920	30,950	36	33	30	27
Work-based VET learners	106,155	38,795	49	41	41	33
Total in VET	175,205	69,745	81	74	68	60
Learners at degree level or above	29,690	20,045	14	21		
Total	216,490	93,915				

Note: VET presented in tables 2 and 4 may differ slightly to published VET numbers. These numbers present VET defined by NZQF level and qualification type. The published numbers include informal student counts as well as formal students, as well as funding exclusions to emulate the Unified Funding System.

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Full-year domestic and international EFTS by subsector, 2014-2023											
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Domestic	Universities	112,895	112,075	112,255	110,825	111,755	112,310	114,385	122,790	118,095	113,520
	Te Pūkenga	67,095	65,875	64,330	59,415	57,155	53,560	52,995	60,170	54,940	50,070
	Wānanga	24,535	23,135	24,105	24,335	23,475	21,795	17,725	20,825	18,110	20,220
	Public providers	204,525	201,085	200,690	194,575	192,385	187,665	185,110	203,785	191,145	183,810
	Private training establishments	35,485	32,740	30,355	28,885	28,315	27,220	27,230	29,230	26,940	28,700
	Total--provider-based	240,010	233,830	231,045	223,465	220,700	214,885	212,340	233,015	218,080	212,510
	Industry training	41,600	44,480	44,700	45,300	44,740	44,835	43,190	51,940	55,685	48,565
	Total--domestic	281,610	278,310	275,750	268,765	265,435	259,725	255,530	284,955	273,765	261,080
International	Universities	18,915	19,690	20,660	22,215	23,955	25,885	23,480	19,935	18,175	21,925
	Te Pūkenga	8,845	11,480	12,465	12,270	11,390	10,505	9,085	4,345	2,795	5,050
	Wānanga	5	5	5	15	15	15	10	75	5	20
	Public providers	27,765	31,175	33,130	34,505	35,365	36,405	32,575	24,355	20,980	26,995
	Private training establishments	8,505	11,235	10,625	8,475	7,145	6,450	5,275	3,845	2,185	3,480
	Total--provider-based	36,270	42,410	43,755	42,980	42,510	42,850	37,850	28,200	23,165	30,475
	Industry training	0	0	0	0	0	0	0	0	0	0
	Unfunded international providers	16,140	20,545	19,805	15,280	13,805	10,270	3,875	2,505	1,250	6,455
	Total--international	52,410	62,955	63,560	58,260	56,315	53,120	41,725	30,705	24,415	36,930
Total	Universities	131,810	131,770	132,915	133,040	135,710	138,190	137,865	142,725	136,270	135,445
	Te Pūkenga	75,945	77,355	76,795	71,690	68,545	64,065	62,080	64,515	57,735	55,120
	Wānanga	24,535	23,140	24,110	24,350	23,490	21,810	17,735	20,900	18,120	20,240
	Public providers	232,290	232,260	233,820	229,080	227,750	224,070	217,685	228,140	212,125	210,805
	Private training establishments	43,990	43,975	40,985	37,360	35,460	33,670	32,505	33,075	29,125	32,180
	Total--provider-based	276,280	276,235	274,805	266,440	263,210	257,740	250,190	261,215	241,250	242,985
	Industry training	41,600	44,480	44,700	45,300	44,740	44,835	43,190	51,940	55,685	48,565
	Unfunded international providers	16,140	20,545	19,805	15,280	13,805	10,270	3,875	2,505	1,250	6,455
	Total--all learners/students	334,020	341,260	339,310	327,020	321,755	312,845	297,260	315,655	298,185	298,010

Note: EFTS presented are rounded to the nearest five for confidentiality purposes. Where numbers do not sum to totals, this is due to rounding.

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Year on year percentage change in full-year domestic and international EFTS by subsector, 2014-2023

		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Domestic	Universities		-1%	0%	-1%	1%	0%	2%	7%	-4%	-4%
	Te Pūkenga		-2%	-2%	-8%	-4%	-6%	-1%	14%	-9%	-9%
	Wānanga		-6%	4%	1%	-4%	-7%	-19%	17%	-13%	12%
	Public providers		-2%	0%	-3%	-1%	-2%	-1%	10%	-6%	-4%
	Private training establishments		-8%	-7%	-5%	-2%	-4%	0%	7%	-8%	7%
	Total--provider-based		-3%	-1%	-3%	-1%	-3%	-1%	10%	-6%	-3%
	Industry training		7%	0%	1%	-1%	0%	-4%	20%	7%	-13%
	Total--domestic		-1%	-1%	-3%	-1%	-2%	-2%	12%	-4%	-5%
International	Universities		4%	5%	8%	8%	8%	-9%	-15%	-9%	21%
	Te Pūkenga		30%	9%	-2%	-7%	-8%	-14%	-52%	-36%	81%
	Wānanga		0%	0%	200%	0%	0%	-33%	650%	-93%	300%
	Public providers		12%	6%	4%	2%	3%	-11%	-25%	-14%	29%
	Private training establishments		32%	-5%	-20%	-16%	-10%	-18%	-27%	-43%	59%
	Total--provider-based		17%	3%	-2%	-1%	1%	-12%	-25%	-18%	32%
	Industry training		0%	0%	0%	0%	0%	0%	0%	0%	0%
	Unfunded international providers		27%	-4%	-23%	-10%	-26%	-62%	-35%	-50%	416%
	Total--international		20%	1%	-8%	-3%	-6%	-21%	-26%	-20%	51%
Total	Universities		0%	1%	0%	2%	2%	0%	4%	-5%	-1%
	Te Pūkenga		2%	-1%	-7%	-4%	-7%	-3%	4%	-11%	-5%
	Wānanga		-6%	4%	1%	-4%	-7%	-19%	18%	-13%	12%
	Public providers		0%	1%	-2%	-1%	-2%	-3%	5%	-7%	-1%
	Private training establishments		0%	-7%	-9%	-5%	-5%	-3%	2%	-12%	10%
	Total--provider-based		0%	-1%	-3%	-1%	-2%	-3%	4%	-8%	1%
	Industry training		7%	0%	1%	-1%	0%	-4%	20%	7%	-13%
	Unfunded international providers		27%	-4%	-23%	-10%	-26%	-62%	-35%	-50%	416%
	Total--all learners/students		2%	-1%	-4%	-2%	-3%	-5%	6%	-6%	0%

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Full-year actuals and forecasts for NZQF Level 3 and higher domestically funded provider-based enrolments (in EFTS) 2016-2028														
Forecasts are based on final 2024 BEFU macro-economic forecasts														
		Actual								Forecast				
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Actuals and forecasts	Total	209,370	204,070	203,360	201,610	201,880	219,820	207,400	196,470	207,730	211,880	207,820	204,680	202,490
Percentage change	Total	-0.1%	-2.5%	-0.3%	-0.9%	0.1%	8.9%	-5.7%	-5.3%	5.7%	2.0%	-1.9%	-1.5%	-1.1%
	Subsector	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Actuals and forecasts	Universities	115,350	114,230	115,440	115,870	117,540	125,360	120,520	116,320	118,500	117,580	117,420	117,640	118,540
	Te Pūkenga	53,630	51,130	50,160	47,670	48,050	54,680	50,040	44,080	49,540	53,840	51,410	49,340	47,480
	Wānanga	18,630	18,300	17,610	16,780	14,030	15,520	13,500	14,010	16,250	16,800	16,540	16,390	16,660
	PTEs	21,760	20,420	20,150	21,280	22,270	24,270	23,350	22,060	23,440	23,660	22,450	21,300	19,810
	Total	209,370	204,070	203,360	201,610	201,880	219,820	207,400	196,470	207,730	211,880	207,820	204,680	202,490
Percentage change	Universities	0.4%	-1.0%	1.1%	0.4%	1.4%	6.7%	-3.9%	-3.5%	1.9%	-0.8%	-0.1%	0.2%	0.8%
	Te Pūkenga	-1.6%	-4.7%	-1.9%	-5.0%	0.8%	13.8%	-8.5%	-11.9%	12.4%	8.7%	-4.5%	-4.0%	-3.8%
	Wānanga	8.1%	-1.8%	-3.8%	-4.7%	-16.4%	10.6%	-13.0%	3.8%	16.0%	3.4%	-1.5%	-0.9%	1.6%
	PTEs	-5.0%	-6.2%	-1.3%	5.6%	4.7%	9.0%	-3.8%	-5.5%	6.3%	0.9%	-5.1%	-5.1%	-7.0%
	Total	-0.1%	-2.5%	-0.3%	-0.9%	0.1%	8.9%	-5.7%	-5.3%	5.7%	2.0%	-1.9%	-1.5%	-1.1%

Workplace-based learning volumes

	Equivalent Full Time Learners (EFTLs) / Standard Training Measures (STMs)									
Type	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Level 1-2	11,140	10,525	8,885	6,800	4,940	3,795	3,045	2,950	2,790	2,075
Levels 3-7	30,465	33,955	35,815	38,500	39,795	41,040	40,150	48,990	52,895	46,490
Total	41,600	44,480	44,700	45,300	44,740	44,835	43,190	51,940	55,685	48,565

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International student growth

- An increase in international students coming to New Zealand following the borders opening was expected. However, the continued growth in 2024/25 at the current rate is higher than expected. This growth is partly due to tightening restrictions in Australia, Canada and the UK, with demand shifting to other countries, including New Zealand. New Zealand's education sector is also seeking to increase enrolments of international students.
- It is important to note that there's a disparity in how agencies report on international student numbers, as Immigration New Zealand report on the number of student visas approved, whereas the TEC report on EFTS, so these numbers will not always coincide. In addition, a visa decision doesn't necessarily align with the enrolment reporting period. For example, a student may have their visa approved in October, for study commencing in March of the following year, which also contributes to the numbers disparity.

Number of offshore student visa applications approved - for international student visa categories only*

Provider Type	Total Offshore Student Visa Applications Approved (1 November 2018 to 31 October 2019)	Total Offshore Student Visa Applications Approved (1 November 2021 to 31 October 2022)	Total Offshore Student Visa Applications Approved (1 November 2022 to 31 October 2023)	Total Offshore Student Visa Applications Approved (1 November 2023 to 31 May 2024)
Schools	7,520	1,567	5,706	5,157
ITP/Te Pūkenga	7,213	1,040	4,366	2,119
PTE	10,524	2,414	7,323	3,784
Universities	14,560	5,223	16,495	11,316
Total	**39,817**	**10,244**	**33,890**	**22,376**

**this data only includes student visa applications approved under the following categories: Full fee paying, Scholarship Holder, Pathway, English Language Studies, Exchange*

To note – during the period of 1 November 2021 to 1 August 2022 offshore student visa processing was suspended. The only offshore students who were able to apply for, and be granted, a student visa during this time were the ones who held a valid nomination for a border class exception.

Total student visa holders as at 2 June 2024 – all categories of international students

	Total valid international student visas – student visa holders in and out of NZ	Holders of valid international student visas in NZ only
On 31 July 2022	16,901	14,642
On 2 June 2024	46,680	38,612

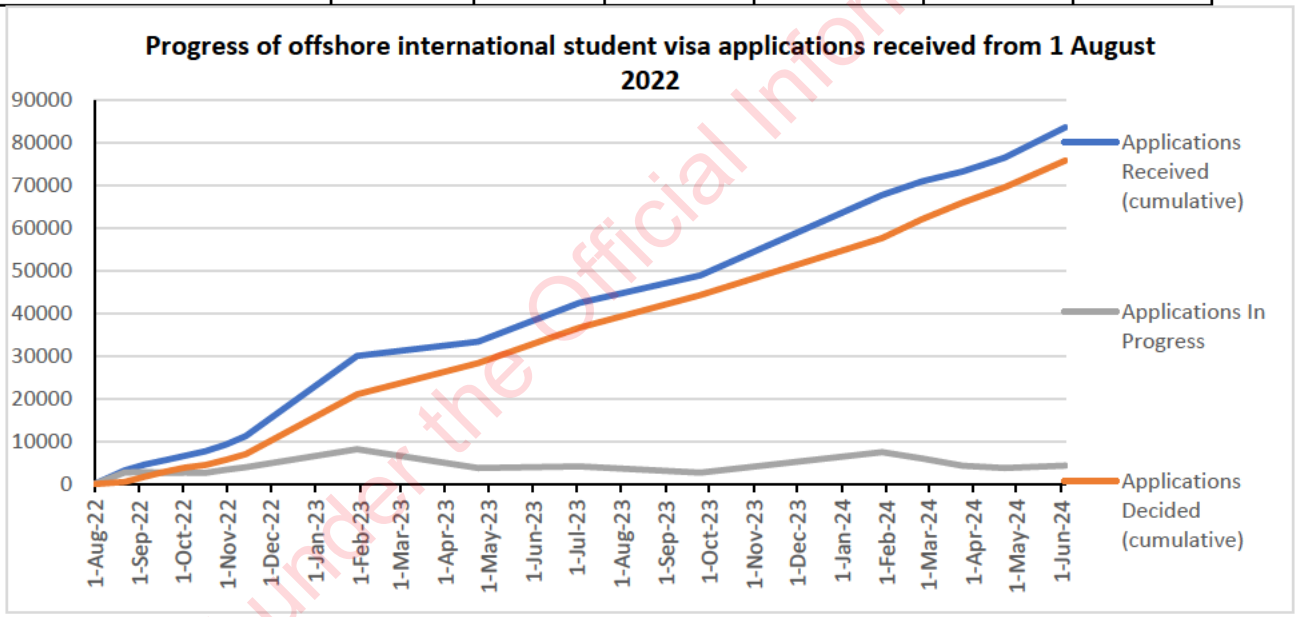
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Volumes since 1 October 2023 as at 4 June 2024 – all categories of international students

Location of applicant	Total applications submitted since 1 October 2023	Total applications decided** since 1 October 2023	Applications in progress as at report date
Offshore	34,069	31,161	4,169
Onshore	15,823	14,970	1,005

Progress of all offshore applications received from 1 October 2023 as at 4 June 2024

	Schools	PTEs	Te Pūkenga	Universities	(not recorded)	Total
Applications received	6,019	7,775	4,451	14,762	1,135	**34,142**
Applications in progress (unallocated)	113	453	288	961	877	**2,692**
Applications in progress (allocated)	34	398	373	379	184	**1,368**
Applications approved	5,433	3,772	2,048	11,416	19	**22,688**
Applications declined	91	2,969	1,564	1,058	7	**5,689**
Applications withdrawn	16	82	91	138	18	**345**



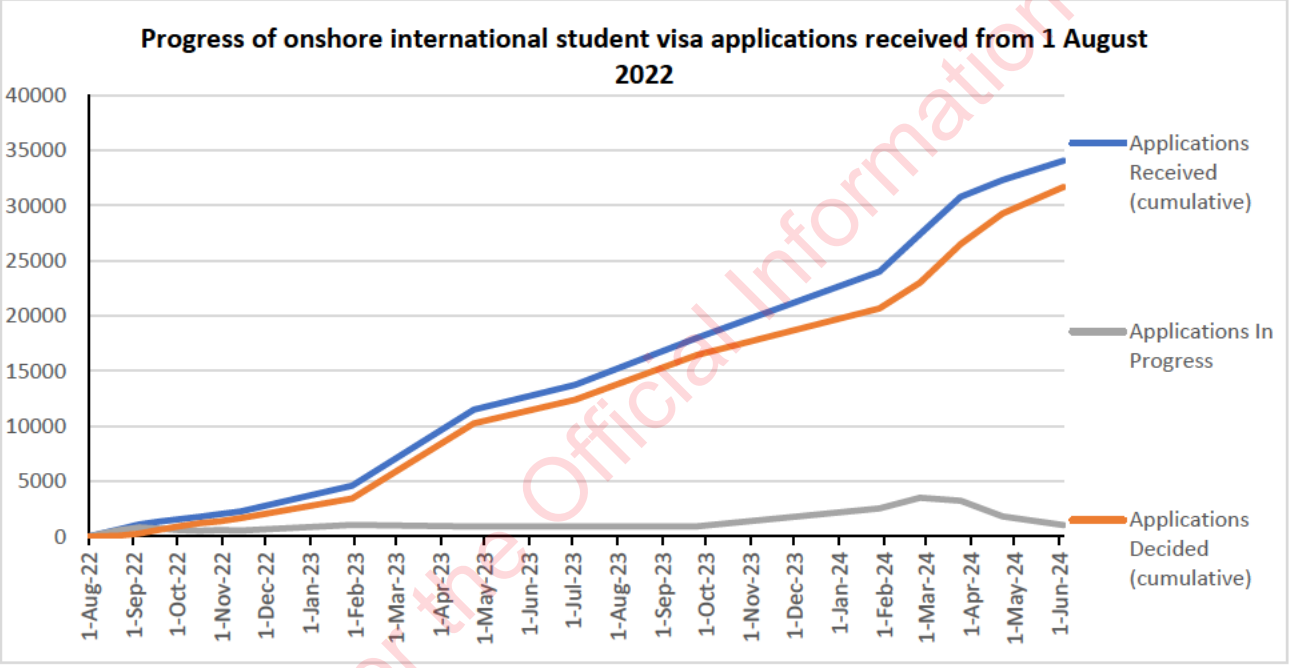
Processing time of completed offshore applications received from 1 October 2023 as at 4 June 2024

	Schools	PTEs	Te Pūkenga	Universities	(not recorded)	Total
0-10 Days	1,439	281	72	1,493	21	**3,306**
11-20 Days	2,570	1,185	363	3,747	9	**7,874**
21-30 Days	1,083	1,376	576	2,776	6	**5,814**
31-40 Days	270	1,221	532	1,724	5	**3,752**
41-50 Days	114	1,121	641	1,355	2	**3,233**
51+ Days	51	1,582	1,437	1,353	1	**4,424**

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Progress of all onshore applications received from 1 October 2023 to 4 June 2024

	Schools	PTEs	Te Pūkenga	Universities	(not recorded)	Total
Applications submitted	2,865	4,003	1,699	6,996	287	**15,850**
Applications in progress (unallocated)	34	183	25	88	212	**543**
Applications in progress (allocated)	35	182	23	129	48	**417**
Applications approved	2,654	3,181	1,526	6,308	2	**13,671**
Applications declined	17	266	31	69	3	**386**
Applications withdrawn	25	85	18	41	9	**178**



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Universities

- The Government recognises the challenges facing the university sector associated with rising costs, recent declines in domestic enrolments and the ongoing impact of COVID-19 on international student revenue. Budget 2025 responds to these pressures by increasing tuition subsidies for 2025 in line with forecast inflation and allowing for fees increases (subject to consultation).
- [See TEC briefing material for more detailed messaging on the current financial position and performance of the university sector along with information on the University Advisory Group (UAG) and PBRF].

QS Results

- The performance of New Zealand universities in the Quacquarelli Symonds (QS) World University Rankings for the last five years are presented below. Although the rankings for New Zealand universities all improved in the 2024 edition (in some cases substantially), QS introduced substantial changes to the methodology, adding three new indicators and altering the weights of existing ones. So, the change in that year may simply reflect the impact of the new methodology rather than any changes in underlying performance.
- In the 2025 edition, two New Zealand universities improved in ranking from last year, one kept the same ranking and five declined. All eight universities remained ranked inside the top 500. The University of Auckland remained the top-ranked New Zealand university (65) and is the only one inside the top 200.

Results of the QS World University Rankings for New Zealand universities 2021-2025

University	2021	2022	2023		2024	2025
Auckland	81	85=	87		68	65
Otago	184	194=	217=		206	214
Waikato	375=	373=	331		250	235
Massey	272	284	292	Significant change in method	239=	239=
VUW	223=	236=	275=		241	244
Canterbury	270=	258	284		256=	261=
Lincoln	387=	372	368		362=	371=
AUT	437=	451=	486=		407=	412

Source: QS Quacquarelli Symonds (www.topuniversities.com)
Notes: 1. AUT = Auckland University of Technology, VUW = Victoria University of Wellington. 2. QS has a naming convention where it assigns a year to the name of the rankings that is one year in advance of when it was published. For example, the 2025 QS World University Rankings will be released in June 2024.

Vocational Education

- [See TEC briefing materials on Te Pūkenga and WDCs]

Unified Funding System

- The Unified Funding System (UFS) for vocational education was implemented from the start of 2023 under the previous government.
- The UFS saw lower per-learner subsidy rates educational delivery by ITPs, wānanga and PTEs. Most subsidy rates for campus-based delivery were reduced to around 85 percent of what they were in 2022; and rates for most extramural and online delivery were reduced to a fixed rate between 50 and 75

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percent of the rates that applied in 2022. This funding system has therefore added to the financial challenges faced by ITPs and was a key driver of Te Pūkenga's deficit.

- While overall funding for vocational education is higher now than in 2022, much of the increase was directed toward projects decided by Te Pūkenga's head office, along with increases in complexity, compliance and administration costs.

- Alongside disestablishing Te Pūkenga, 9(2)(f)(iv) The Government has committed to taking decisions by the end of June to disestablish Te Pūkenga and consult on a proposed replacement model. 9(2)(f)(iv)

Vocational Education in Schools and Kura

- Schools and kura remain crucial to vocational education. The Ministry wants to ensure that schools, kura, and tertiary education organisations are better linked to each other and to the world of work.

- Schools and kura are encouraged to continue supporting students as they study vocational learning options including those undertaken through funding and programmes such as the Secondary Tertiary Alignment Resource (STAR), Gateway, and Trades Academies.

Learners

- All New Zealanders who participate in tertiary education are supported financially by the Government through some form of Student Support:
    - All students are eligible for tuition subsidies which reduce the costs of study (these are paid directly to tertiary providers), and all students can borrow interest-free from the Student Loan Scheme for their tuition fees and may also be eligible to borrow for living costs and course-related costs.
    - Students studying full-time may also be eligible for a Student Allowance, depending on circumstances such as personal and parental income.
    - Student allowances and Student Loan living cost lending are both increased annually by the Consumer Price Index to ensure they keep pace with inflation. For example, there was a 4.66% increase this year.
- In total, the Government spends over $1 billion per year on student allowances and student loans.
- Budget 24 increase in funding for tertiary education providers has been provided directly through subsidy increases and indirectly through fee increases. These changes recognise the financial challenges of decreases in domestic enrolments, high inflation, and low international student enrolments for tertiary providers.

Student fees (Annual Maximum Fee Movement [AMFM])

- It's important to note that the proposed student fee increase of 6 percent is subject to consultation.
- A notice of the proposed rate and other details will be published in the New Zealand Gazette in the coming weeks, and submissions invited.
- The Annual Maximum Fee Movement (AMFM) rate for 2025 will be confirmed following consultation. Tertiary education providers can then decide on whether to adopt that rate.
- The proposed Annual Maximum Fee Movement (AMFM) rate of 6 percent for 2025 is higher than forecast inflation (2.2%), but this needs to be viewed in the context of inflation increasing by 20 percent since

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2020 and cumulative AMFM increases since then being only 10.35%. This variance has constrained providers' ability to manage cost pressures. Fees in 2025 will remain lower in real terms than they were in 2020.

- Alongside increases in tuition subsidies (2.5% for 2025), the Government provides a student loan system that is interest-free for New Zealand based borrowers and other supports to help learners pay fees, remain engaged in tertiary education, and complete their studies.

Final-year Fees Free

- On 29 April 2024, Cabinet agreed to stop first-year Fees Free at the end of 2024 and start final-year Fees Free on 1 January 2025, with learner and programme eligibility based on the first-year Fees Free scheme. This policy will benefit learners entering their final year of study from 1 January 2025 who have not already benefited from first-year Fees Free.
- Cabinet also agreed that repayments of fees will be made following the learner completing their programme of study. This changes the underlying incentive of the Fees Free policy from participation in tertiary education and training to completion of study or training.
- Refund on completion instead of payment in advance will result in learners paying for their final-year fees up front, and receiving a refund if they complete their programmes.
    - Consequently, there will be an increase in student loan borrowing for fees.
    - Work-based learners (or their employers), alongside other learners not eligible for student loans, will need to source payment up front, which may negatively impact those from lower socio-economic backgrounds.
- There will be a period of low uptake during the transitional period, as learners who received first-year Fees Free will not be eligible, and a large number of eligible learners will not have reached their final year, for example those enrolled in a Bachelor's degree. However, there will also be learners enrolled in shorter programmes who are eligible from 1 January 2025.
- Work is currently underway to determine detailed policy and implementation design, including the method of refund and transitional arrangements for closing the first-year Fees Free scheme.
- Once details have been finalised, agencies will communicate all necessary information to stakeholders, for example on the feesfree.govt.nz website, to ensure learners are supported to make informed study and training decisions.

Student accommodation

- As a result of a Students for Fair Rent (SFR) campaign and media interest generated by Green MP Chlöe Swarbrick affordable and sustainable student accommodation, and broader financial pressures facing students, there may be questions on whether it is appropriate that student accommodation is excluded from the Residential Tenancies Act 1986 (RTA) under section 5b.
- Student accommodation is regulated through the Education (Pastoral Care of Tertiary and International Learners) Code of Practice 2021 (the Code). Part 5 of the Code outlines the required wellbeing and safety practices in tertiary student accommodation, including protecting the health and wellbeing of students in accommodation, and rights and entitlements of residents of student accommodation, and the responsibilities of universities to their residents.
- Excluding tertiary student accommodation from the RTA's coverage was in recognition of dedicated student accommodation/hostels often providing services over and above those required by the RTA.
- The 2020 Select Committee Inquiry into student accommodation revisited the issue of whether the RTA should continue to exempt student accommodation. The main arguments against any change were that

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the RTA would need to be amended to create a bespoke tenancy type to cover student accommodation which would require a new regulatory framework and new powers and expertise for the Tenancy Tribunal to resolve disputes specific to this tenancy type. The Inquiry noted that requirements for student wellbeing in the Code and access to the existing dispute resolution scheme goes well beyond a regular tenancy arrangement.

Ministry expenditure on staff, contractors and the savings process

- The Policy branch delivers policy advice and ministerial support to all Education Ministers and Associates in relation to the whole education system. It also provides data and research on tertiary education, supports the government's international engagements and monitors the education crown entities.
- The branch was formed in 2021 from the merger of the two pre-existing policy groups within the ministry, plus functions from two other groups.
- Over the previous 7 years (starting in FY 2016/17) staff numbers have grown by around two-thirds.
- There are two significant factors driving this, each accounting for around half the FTE growth:
  - We have progressively shifted to a lower cost per FTE, 9(2)(g)(i) [redacted] We expect this trend to continue as a result of the recent restructure.
  - The Government has funded us for the policy work required to deliver on significant system-wide policy changes, primarily Fees-Free Tertiary Education, the Future Education reforms (aka Review of Tomorrow's Schools), the Reform of Vocational Education, and the Pay Parity and Network Management changes in early childhood education. For the most part these additional appropriations were time-limited and represented growth of around $6 million, or just over a third, in our cost base. With these policy agendas coming to an end, the operating baseline for policy is falling and with that, staff numbers are also expected to reduce.
- However, the recent two restructures have reduced the size of the group 18 people (10%) and rationalised the number of senior leadership positions from 15 to 7. DPMC analysis still shows that the Ministry of Education to have salaries below market rates for policy analysts and senior analysts, with our policy analyst band being the lowest in the public service, and our senior analyst band amongst the lowest.
- The group has limited use of contractors. Currently our contractor spend is around 3% of total budget, down from a higher level pre-COVID. Contracts have reduced significantly in the last 2 years from around 19 people at the start of last FY to 1 by the end of this.
- The group also has limited use of consultants and these are only used where the expertise does not exist in-house. We have a small number of ongoing consultancy engagements which are tendered periodically. These include the actuarial valuation of the Student Loan Scheme, the OECD Survey of Adult Skills, and the dispute resolution schemes for adult students. We also periodically use consultancies for bespoke economic analysis, evaluations and specialist skills such as business cases.

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