

Education Report: **Higher Education Funding and University System Advisory Group**

To:	Hon Penny Simmonds, Minister for Tertiary Education and Skills		
Cc:			
Date:	16 February 2024	Priority:	High
Security Level:	In-Confidence	METIS No:	1322503
Drafter:	Donna McKenzie	DDI:	s9(2)(a)
Key Contact:	Katrina Sutich	DDI:	s9(2)(a)
Seen by the Communications Team:	No	Round Robin:	No

Purpose of Report

This report responds to your request for the Ministry of Education (the Ministry) to convene an advisory group on higher education funding and the university system, to be chaired by Professor Sir Peter Gluckman.

Alignment with Government priorities

While higher education funding and the university system is not referred to in the Government's 100-Day Plan, you have signalled that this work is a priority for your portfolio.

Summary

- Further to our advice on a proposed higher education funding and university system review [METIS 1321836 refers], we attach a draft Terms of Reference (ToR) (see **Annex 1**) to convene an advisory group on higher education funding and the university system (the Group), to be chaired by Professor Sir Peter Gluckman. As discussed with you at your agency meeting on Monday 12 February, we have more tightly scoped topics of interest to universities where it makes sense to do so. We seek your formal direction to us to convene the Group.
- The Group will provide advice to the Ministry that outlines challenges and opportunities in higher education funding and the university system, to support future policy development. At this stage it is expected that this work will be completed by 30 October 2024, but timing and other details are still being firmed up.
- You have agreed with Hon Judith Collins, Minister for Science, Innovation and Technology, that the Group will conduct its work in parallel with the Science System

Advisory Group being convened by the Ministry of Business, Innovation and Employment (MBIE), and which will also be chaired by Professor Gluckman.

4. You and Minister Collins will be jointly seeking Cabinet agreement on Monday 26 February to establish the advisory groups. A draft Cabinet Paper (see **Annex 2**) is attached for your review and feedback by Monday 19 February. We understand that Minister Collins' office intends to commence a short Ministerial consultation on Monday 19 February (or Tuesday 20 February if changes to the paper are required) before lodging on Thursday 22 February, and we seek your agreement to the same.
5. Following Cabinet consideration, we will liaise with your office, MBIE, and the Tertiary Education Commission (TEC) on announcements.

Recommended Actions

The Ministry of Education recommends you:

- a. **agree** to direct the Ministry of Education to convene a group to advise on challenges and opportunities in higher education funding and the university system, chaired by Professor Sir Peter Gluckman

Agree / Disagree

- b. **note** that the Ministry of Education has developed a draft Terms of Reference to convene the advisory group, incorporating matters you have signalled as of particular interest to you, and in consultation with Professor Sir Peter Gluckman

Noted

- c. **provide** feedback on the attached draft Cabinet paper by Monday 19 February

Yes / No

- d. **agree** to Ministerial consultation on the draft Cabinet paper commencing on Monday 19 February, or Tuesday 20 February if changes are required by either you or Minister Collins

Agree / Disagree

- e. **agree** to discuss with officials on Wednesday 21 February your preference regarding the title of the Group (which can be reflected in the Cabinet paper before lodging on Thursday 22 February)

Agree / Disagree

Proactive Release

- f. **agree** that the Ministry of Education release this paper following announcements of the advisory group, with appropriate redactions.

Agree / Disagree



Katrina Sutich
General Manager
Tertiary & Evidence Policy

16/2/24

Hon Penny Simmonds
Minister for Tertiary Education and Skills

__/__/__

Proactively released

Background

1. Further to our advice on a proposed higher education funding and university system review [METIS 1321836 refers], we seek formal confirmation of your direction to the Ministry to convene an advisory group to provide advice on the challenges and opportunities in higher education funding and the university system (the Group).
2. The Group's report will provide advice to the Ministry to support future policy development. Their advice will be informed by engagement with relevant stakeholders, including learners.
3. The Group will be chaired by Professor Sir Peter Gluckman with secretariat support provided by the Ministry and the TEC.
4. The Group's work will be conducted in parallel with the Science System Advisory Group being convened by MBIE, and which will also be chaired by Professor Gluckman.

Terms of Reference

5. The current draft Terms of Reference, being developed in consultation with Professor Gluckman, is attached at **Annex 1** for your information. The draft incorporates matters you have signalled as of particular interest to you, such as a focus on universities, and effectiveness of funding.
6. The draft Terms of Reference set out the purpose of the Group, its focus and scope of activities, as well as operational considerations including secretariat support. We are working to finalise the Terms of Reference and related operational details (particularly around the specific deliverables) to support these.
7. There are options around the title of the Group that depend on the first order priority focus of the Group's work. In the scoping work we conducted in 2023, we identified the main driver of a potential review as financial sustainability concerns in the sector (including, but not limited to, universities). We still consider this the most significant issue for the sector, and if you want that to be the primary focus, it would be appropriate to refer to higher education funding first – e.g., Higher Education Funding and University System Advisory Group.
8. However, if your preference is for more of a focus on the university system (rather than the higher education system as a whole), as reflected in the current draft Terms of Reference, it may help to manage expectations by referring to the university system first – e.g., University System and Higher Education Funding Advisory Group.
9. We seek your agreement to discuss with officials on Wednesday 21 February your preference regarding the first order priority focus of the Group. We can then ensure your preference is reflected in the Terms of Reference, the final Cabinet paper (in advance of lodgement on Thursday 22 February), and the make up of the Group.
10. Once we have finalised the operational details, we will liaise with Professor Gluckman and the TEC to begin an invitation process to select Group members. We expect that collectively the Group members will bring diverse backgrounds and expertise in higher education, research, funding policy, business, stakeholder engagement and connections, university governance, the Treaty of Waitangi / Te Tiriti o Waitangi, and mātauranga Māori.

Funding

11. As discussed with you earlier this week, we have budgeted 9(2)(f)(iv) to support the Group's work, and are able to provide secretariat support to the Group as detailed in the draft Terms of Reference. As reflected in the draft Cabinet paper, MBIE has contracted an external organisation to provide secretariat services for the Science System Advisory Group.

Joint Cabinet paper

12. You and Hon Judith Collins, Minister for Science, Innovation and Technology, will be taking a joint paper to Cabinet on Monday 26 February notifying Cabinet of your intention to direct agencies to convene the advisory groups.
13. A draft Cabinet paper (see **Annex 2**) is attached for your review and feedback by Monday 19 February. We understand that Minister Collins' office intends to commence a short Ministerial consultation on Monday 19 February (or Tuesday 20 February if changes to the paper are required) before lodging on Thursday 22 February, and seek your agreement to the same. MBIE have also provided the draft Cabinet paper to Minister Collins for her review and feedback by Monday 19 February.
14. The description of the Group and its intended work in the draft Cabinet paper is reasonably high level and draws on the framing in the draft Terms of Reference. The relation to Government priorities section is relatively light from a higher education perspective, as the priorities outlined in the coalition agreements do not speak directly to this sector – however, the body of the paper articulates the case for further progressing our understanding of the challenges facing the sector, and potential pathways for the future.
15. We note that the draft Cabinet paper has been produced quickly, and we may identify minor editorial improvements. We will run past your office before incorporating these.

Announcements

16. The draft Cabinet paper also reflects the fact that the setting up of each advisory group is on its own timeline.
17. By the date of Cabinet consideration, we will have confirmed the Terms of Reference and finalised details of relevant operational matters to be able to announce Professor Gluckman as Chair. As noted above, once we have finalised the operational details we will begin an invitation process to select Group members, and expect this will take several weeks.
18. We understand that, following announcement of the Group and release of the Terms of Reference, the TEC will communicate your decision to stop preparations for the next PBRF Quality Evaluation exercise to the tertiary education sector (TEC Report B-24-00065 refers).

Next Steps

19. Following receipt of your feedback on the draft Cabinet paper by Monday 19 February, we will work with MBIE to incorporate any changes from you and Minister Collins.
20. Subject to your and Minister Collins' agreement, Ministerial consultation on the draft Cabinet paper will commence on Monday 19 February, or Tuesday 20 February if either you or Minister Collins seek changes to the draft paper.
21. We also seek a discussion with you on Wednesday 21 February regarding your preference on the title of the Group (which can be reflected in the Cabinet paper before lodging on Thursday 22 February). We can then ensure your preference for the first order priority of the Group is reflected in the Terms of Reference and the make up of the Group.
22. Following Cabinet consideration, we will liaise with your office, MBIE, and the TEC to announce the two advisory groups.

Proactively released

Annex 1 – Draft Higher Education Funding and University System Advisory Group Terms of Reference

Terms of Reference Publicly Available on the Ministry's website here:

<https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fassets.education.govt.nz%2Fpublic%2FDocuments%2FNews%2FNews-2024%2FUAG-ToR.docx&wdOrigin=BROWSELINK>

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Refused under section 18(d) of the Act. Final version of the Cabinet Paper, once released, can be found here:

<https://www.education.govt.nz/our-work/information-releases/advice-seen-by-our-ministers/>

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