New Zealand House of Representatives
Te Whare Māngai o Aotearoa

Education and Workforce Committee
Komiti Whiriwhiri Take Kuranga, Take Hunga Mahi

54th Parliament
March 2024

Education sector annual reviews:

- **2022/23 Annual review of the Ministry of Education**
- **2022/23 Annual review of the Tertiary Education Commission**
- **2022/23 Annual review of the Education Review Office**
- **2022/23 Annual review of the New Zealand Qualifications Authority**
- **2022/23 Annual review of Education New Zealand**
- **2022/23 Annual review of Education Payroll Limited**
- **2022/23 Annual review of the Network for Learning Limited**

Presented to the House of Representatives
by Katie Nimon, Chairperson

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2022/23 Education sector annual reviews

Recommendation

The Education and Workforce Committee has conducted the 2022/23 annual reviews of the following entities by holding hearings and receiving their annual reports and written responses to annual review questions:

- Ministry of Education
- Tertiary Education Commission

The Education and Workforce Committee has decided to conduct the 2022/23 annual reviews of the following entities as review briefings. At this stage we have received their annual reports and responses to annual review questions. We intend to hold hearings with these entities later in the year:

- Education Review Office
- New Zealand Qualifications Authority
- Education New Zealand
- Education Payroll Limited
- Network for Learning Limited

The committee recommends that the House take note of its report.

About our consideration and the structure of this report

Similarly to previous years, we have decided to consider and report on the education sector as a whole, rather than reporting separately on each entity. We held hearings with the Minister of Education, the Associate Minister of Education, and the Minister for Tertiary Education and Skills to facilitate an overarching discussion about issues in the sector. We also met separately with individual agencies. Our report covers the main points from those hearings.

Education sector

Overview of funding

The education sector is funded across three votes: Vote Education, Vote Tertiary Education, and Vote Education Review Office. The Minister of Education is the responsible Minister for these votes. During the year under review, the appropriations for the sector were $20.706 billion.

Education sector funding according to Vote, 2018/19 to 2023/24

Vote	2018/19 Actual $million	2019/20 Actual $million	2020/21 Actual $million	2021/22 Actual $million	2022/23 Actual $million	2023/24 Estimates million
Education	12,136	12,986	14,629	15,615	16,717	17,408
Tertiary Education	3,300	4,575	2,733	3,910	3,945	4,068
Education Review Office	30	33	36	35	44	52

Priorities for the education sector

We held a hearing with the Minister of Education and the Associate Minister of Education to discuss their priorities for the sector.

Declining student attendance

The Associate Minister of Education told us that declining student attendance rates are a serious problem in New Zealand. The COVID-19 pandemic has exacerbated this issue because people have followed advice to exercise caution and stay home to save lives. In a post-pandemic environment, the Associate Minister is committed to changing these attitudes and communicating clearly with parents that they have a responsibility to send their children to school. He said that, if attendance rates do not improve, future generations will miss out on their education and opportunities to participate in society.

To address these issues, we heard that interventions to improve attendance need to be more effective and consistent to understand why pupils are not at school. We asked whether the attendance data is reliable enough to do this. The Associate Minister said that there is enough data to gain an understanding of overall trends and patterns in attendance. He said that the problem is that the data is not submitted by every school, and is not done in real time.

Student achievement

Structured literacy approach

We were interested to hear about the Better Start Literacy Approach (BSLA), an initiative for teaching children reading, writing, and related skills.[1] The Minister emphasised that in the early years of their education, students' introduction to the basics of literacy needs to be effective, particularly because this helps to address societal inequities. The Minister said that the BSLA approach will be continually assessed to ensure it is effective.

Refreshed curriculum and NCEA

The Minister of Education expressed concern that the rollout of the revised NCEA (National Certificate of Educational Achievement) system was rushed, and schools were not ready. Teachers have reported that they lack guidance, making it difficult to know what to teach. In January 2024, the ministry announced new Subject Learning Outcomes which identify the knowledge and skills to be taught at NCEA Level 1. The Minister said that the Government is focused on having a strong, knowledge-rich curriculum that NCEA can build from. A ministerial advisory group has been set up to review and provide advice on the mathematics and literacy curriculums.

Addressing student achievement

We asked the Minister to share her additional priorities to address the decline in student achievement. She agreed with our comment that the curriculum is only one part of the solution and said that another key focus will be pedagogy and embedding evidence-based approaches to learning. The Minister also wants to ensure there is continued assessment of progress to make sure resources are directed effectively. She said that she will consider introducing a common assessment tool to ensure there is some form of regular progress monitoring in primary schools to prepare students for NCEA.

Charter schools

The Associate Minister is committed to re-introducing charter schools. He said that charter schools can be innovative by developing their own ways of increasing student engagement, attendance, and achievement. He said that centralised education policy does not support schools to engage with their communities according to individual areas and needs, and that this hinders success.

We asked whether the Associate Minister has considered a Māori education authority instead of charter schools. His response was that the Government does not intend to divide education by ethnicity.

Administrative pressures on education providers

We asked the Associate Minister about the regulations that early childhood education (ECE) providers must comply with. We heard that the Government will be looking to reduce some of the administrative pressures on ECE providers. The Associate Minister specifically noted that network management is one of these burdens.

[1] The Better Start Literacy Approach is an evidence-based structured literacy approach to teaching children literacy in Years 0 to 3.

Funding in the education sector

We noted that the previous Government committed to reviewing education sector funding. The Associate Minister told us that this review would go ahead.

Shifting resources to the frontline

We asked the Minister of Education whether proposed funding cuts to the education sector would affect frontline staff. The Minister expects that people working directly with children will not be affected, but the Secretary of Education will ultimately make the decision. Opposition members were concerned that even a few cuts to “back office” staff would affect the frontline. The Minister remains focused on reducing duplications in the ministry and shifting resources to meet frontline need.

Property upgrades to kura

We asked whether any upgrades to kura would be affected by the recently announced halt to some school property upgrades. The Minister said she has been advised by the ministry that there are 48 ministry-led property projects over 42 kura currently subject to a value-for-money review. The ministry is in the process of communicating with all schools and kura affected by the review and intends to proactively release the names of those affected in due course.

Priorities for the tertiary education sector

We also held a hearing with the Minister for Tertiary Education and Skills.

Vocational education

Te Pūkenga

We noted the Government’s commitment to disestablishing Te Pūkenga, which was set up under the previous Government’s Reform of Vocational Education (RoVE). We asked about the financial implications for individual polytechnics, given that the entity was established to reduce costs. The Minister said that Te Pūkenga has not achieved what it was set up to do and is running a high deficit. We asked how much money would be saved by removing Te Pūkenga’s head office. Te Pūkenga’s National Office budgeted operating costs for 2024 under “business as usual” conditions were $33.7 million. This primarily comprises personnel, governance, and travel costs.

As part of RoVE, six Workforce Development Councils (WDCs) were established to ensure the vocational education curriculum meets industry needs. The Minister expressed concerns that the relationship with industry training organisations was weakened by the WDC model. With the disestablishment of Te Pūkenga, the Minister’s aim is to get the sector’s decision-making happening at a regional level with industry involvement.

We heard that one of the challenges for Te Pūkenga was the requirement to have the same fees across the sector. The Minister told us that this prevented communities from being able to address skills shortages in their areas. She said that it is important for polytechnics to market overseas so that international students study and graduate in areas with shortages to address the situation.

University courses

We acknowledged that some universities are reducing the courses that they offer and asked the Minister whether she had any plans to address this. The Minister said it would be inappropriate for her to direct a university about what courses they should be offering and that those decisions lie with the universities. We heard that there is already collaboration across the sector. For example, Victoria University of Wellington and the University of Otago have collaborated to be able to offer different language courses where there was limited interest.[2] Universities can now focus on offering courses in areas they excel in. We were assured that there is no risk of key courses not being offered in New Zealand at this stage.

Fees Free Scheme

Fees Free is a fund for first-time tertiary learners that covers tuition costs of up to $12,000 for the first year of study or two years of work-based training. The Minister said that the scheme has not achieved its objective of increasing the number of students from low decile schools or low socioeconomic areas.

The Government has indicated it intends to change the fees free scheme to instead apply to the final year of study. While the details of this change are still being considered, the Minister said that it will create an incentive for students to achieve, rather than simply study.

2 One university will offer one of the languages and the other will offer another, and they will use technology so that students from both universities have the choice to learn a wider variety of languages.

Ministry of Education | Te Tāhuhu o te Mātauranga

About the Ministry of Education

The Ministry of Education is the Government's lead adviser on, and steward of, the education system. It provides central leadership, advice, and services to the education sector, Ministers, and its partner agencies. The ministry monitors over 2,400 schools, Education New Zealand, the New Zealand Qualifications Authority, and the Tertiary Education Commission. It is responsible to the Minister of Education. As the steward of the education system the ministry:

- sets long-term objectives for the sector and reports against them
- monitors the performance and capability of Crown entities, and the delivery of large programmes of work and significant plans
- provides policy advice, including on the financial sustainability and service delivery of the sector.

The Secretary of Education is Iona Holsted, who was appointed in 2016.

Summary of 2022/23 performance and audit results

For 2022/23, the ministry's operating revenue was $3.29 billion, a decrease from $3.33 billion the previous year. This resulted in a $227 million deficit, compared to a $179 million surplus the previous year. Expenditure increased because the value of the ministry's existing assets, such as school buildings, increased during the year, and because of new capital additions.

Financial trends

	2019/20 $million	2020/21 $million	2021/22 $million	2022/23 $million	Change in 2022/23
Revenue	2,758	2,804	3,329	3,285	1.3%
Expenditure	2,654	2,636	3,150	3,512	11.5%
Net surplus or (deficit)	104	168	179	(227)	

Audit results

The Auditor-General's appointed auditor issued a standard audit opinion. The audit did draw attention to two important disclosures: first, the disclosures in the financial statements outlining the uncertainties involved in estimating the provision for non-compliance with the Holidays Act 2003 for the education payroll; second, the disclosures in the statement of service performance outlining the uncertainties inherent in the measurement of greenhouse gas emissions. The ministry's management control environment was graded "good," acknowledging that the ministry's restructure has created some gaps in organisational knowledge retention and capability. Financial information and supporting systems and controls were also graded “good,” with several improvements still needing to be made within the education payroll system.

Non-financial performance

The Auditor-General found that the ministry needs to make major improvements to its performance information and supporting systems and controls as soon as possible. In 2022/23, the ministry measured its performance against 146 indicators. Of these, 64 were not achieved (44 percent). In the previous year’s audit, the Auditor-General recommended that the ministry further develop its performance measures. While there were some improvements, including adding performance measures on learning support, there were no clear measures of overall student achievement. The auditors recommended that the ministry review its performance framework to better demonstrate how it is improving student presence, participation, and progress.

Major issues considered

Early learning and the pathway to school

To start school, children must be ready to learn in a classroom and able to work with other students and the teacher. We asked why the results of the B4 School Check are not used to provide information about whether children who are about to start school are ready for school. The B4 School Check is a free health and development check for young children[3] that helps parents and caregivers identify any concerns which could affect a child’s readiness for school. Although the check is not extensive, it can also identify obvious hindrances to learning, such as a hearing problem. The ministry explained that while these checks may not be useful for every child and parent, they aim to ensure that the needs of the most vulnerable children are addressed.

We were pleased to hear that the early learning curriculum, Te Whāriki, has been updated and completed. The curriculum is supported by online resources that provide implementation guidance and practice examples for teachers. In 2023, the ministry also introduced Kōwhiti Whakapae which provides tools for early learning teachers in three areas: social and emotional, oral language and literacy, and maths. The tools for the former are already available, and those for the latter two are expected to be available in June 2024.

Meeting regulatory requirements

Early childhood education providers must comply with numerous regulations. We are concerned that these requirements are a burden for providers, and we feel that the time spent to comply with regulations would be better spent on activities that would benefit the children. While the ministry agreed that the level of regulation needs to be regularly reviewed, it said that often regulations are created because of incidents so the number of regulations may increase for good reason. The ministry told us that it is very cautious about removing health and safety regulations.

3 Health New Zealand, B4 School Check.

Providing learning support

We heard that a growing number of students require learning support. The Learning Support Action Plan 2019–2025 sets out priority areas. One priority area introduced Learning Support Coordinators, who provide support to children and young people with neurodiverse or learning support needs. There are now over 600 full-time Learning Support Coordinators. The ministry said it is challenging to direct an inclusive education system that meets all learners’ needs, particularly as demand for extra support grows.

The ministry also provides alternative education for young people who are disengaged from school and are unlikely to be able to learn productively in mainstream schools. We heard that more work needs to be done with agencies like Oranga Tamariki, to better support vulnerable students who may benefit from education outside the classroom.

Refreshing the national curriculum

The National Curriculum is the teaching and learning framework for state and state-integrated schools and kura in New Zealand. The curriculum’s structure is eight levels that cover Years 1 to 13. The ministry is changing the national curriculum. The refreshed curriculum, Te Mātaiaho, has been designed to define student progress more clearly, and will replace the eight levels with five phases of learning.

Supporting teachers to deliver curriculum outcomes

In late 2023, the ministry launched Tāhūrangi, a new online curriculum hub for teachers. Currently, resources for teachers are on 70 to 100 different websites. Tāhūrangi is intended to be the source of all curriculum content, teaching resources, and news. The ministry also said that the introduction of curriculum advisers and leadership advisers to support the frontline has been positively received.

Addressing student achievement

In 2020, the ministry began rolling out the Better Start Literacy Approach (BSLA). We heard that students’ literacy levels have improved when taught using this approach. The ministry supported 800 schools to use the BSLA but said that it would take time to fully implement in all schools.

We noted that there is a decline in student achievement between Years 4 to 8. The ministry said that while most students are reaching curriculum level in Year 4, achievement declines significantly by Year 8 due to “a lack of explicit and intentional teaching”. The ministry acknowledged that it needs to improve its data to better understand the reason for this decline. Improved data would help to understand progress achievement before students start NCEA. The ministry intends to collect student achievement data in Years 3, 6, and 8, and will also monitor literacy and numeracy on an annual basis. We agree that literacy and numeracy are fundamental to student achievement and look forward to seeing this data.

Declining school attendance

Over the last ten years there has been a decline in school attendance in New Zealand.[4] The ministry launched two initiatives to address this issue, the School Attendance Turnaround Package and the Regional Response Fund. The School Attendance Turnaround Package established 82 attendance officer roles. Despite these initiatives, only 39.9 percent of students attended more than 90 percent of term two in 2022. We would also like to see an increased focus on collecting data to better understand the reasons for absence to help address them.

School transport

We asked about the management of school transport and how this can affect attendance, particularly in cases where severe weather events put pressure on a region's infrastructure. While the ministry continues to give policy advice on the matter, it said that its constrained budget hinders progress. However, the ministry can be flexible, and in the event of an emergency it would ensure that students can attend school.

Investing in the education workforce

Students' learning outcomes are significantly affected by the quality of teaching and leadership. Globally and domestically, there are extreme pressures on teacher supply. We heard that shortages in New Zealand can be quickly resolved in the short-term by attracting overseas teachers, but the domestic supply will need to increase in the long-term to meet demand. In 2023, the ministry invested $23.63 million to implement initiatives to boost the teaching workforce. We were assured that these initiatives have helped address the issue.

The ministry noted that the education system has become highly devolved since the previous education boards were merged to form the ministry in 1989. Before the ministry was formed, people felt that the system lacked choice and was overly centralised. The devolved system also presents challenges as teachers have a range of different levels of support and access to learning and teaching materials. In addition, centralised knowledge of how to teach the curriculum has been lost over time.

The ministry acknowledged that base salary is an important aspect of attracting and retaining teachers. In 2022 and 2023, it engaged in collective bargaining with education unions to improve teachers' salaries. Pay increases of between 14 and 19 percent are being progressively implemented. It was unclear to us whether this increase simply accounted for inflation over that time. The ministry told us that it will closely monitor how these increases affect staff retention. It did not have any major concerns about staff leaving the workforce.

In addition to pay, the ministry will focus on attracting people to the teaching profession and providing training and development to retain teachers in the long term. The ministry acknowledged that the disruptions caused by the bargaining process may have contributed to poor impressions of the teaching profession.

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4 The Education and Workforce Committee of the 53rd Parliament reported its inquiry into school attendance.

Empowering school leaders and principals

The Education Review Office released a report in 2023 that found that after one to two years' experience, only 58 percent of new principals felt confident in their role.[5] The ministry told us it is not doing enough to upskill education leaders. The system was designed so that school boards, as the employer of principals, would bear this responsibility. However, over time, it has shifted back to the ministry. The secretary emphasised that these responsibilities, whether central or devolved, need to be clearer. We look forward to engaging with the ministry on progress to better support school leaders.

Property

The ministry oversees the property of 2,435 state-integrated schools, which includes 30,000 teaching spaces, 15,000 buildings and 8,500 hectares of land. Rather than simply funding schools to manage their property, it focuses on monitoring when property might need to be upgraded, replaced, or removed. The ministry relays this information to the Minister each quarter.

National Education Growth Plan

In 2019, the ministry published the National Education Growth Plan which identifies the anticipated locations of, and patterns of growth in, the school-aged population between now and 2030. This informs school boards about potential population growth in their areas and enables better long-term planning for property.

The ministry said that there is no clear pattern in the historical population data. Therefore, the responses to growth are often reactive, like giving funding to schools to hire more teachers. Long-term infrastructure planning is therefore not well considered. We heard that the ministry will continue to develop ways of better responding to property needs. We were pleased to hear that regional support like the staff at Te Mahau,[6] help to integrate the central and local levels to inform a coordinated response.

Property maintenance in small or remote areas

The ministry told us about Ngā iti Kahurangi, a programme to improve the condition of small schools and schools in remote areas. The ministry arranges for buildings in a number of schools to be maintained as a group, which reduces both the work and the costs for school boards. We heard that this centralised approach is more efficient because of the regulatory requirements that schools must comply with. We questioned the practicality of the approach of combining school maintenance in rural and provincial New Zealand. We were assured that this was being taken into consideration as the programme was rolled out.

Enabling a devolved system

We heard that there is "creeping centralism" in some areas of the education system. While the system was redesigned in 1989 to move away from a centralised approach and enable better regional decision-making, there is still an expectation for the ministry to lead in many

5 Education Review Office, 'Everything was New': Preparing and Supporting New Principals.

6 Te Mahau is a separately branded business unit that was established in 2021. The unit works with frontline staff to provide services and support to learners, their whānau, and their local communities.

areas such as property. In 2021, the ministry went through a significant restructure, establishing business units including Te Mahau, to enable a better "on the ground" approach. We asked for an update on this. The ministry said that these regional networks are providing support in several ways including curriculum advice and behaviour management practices. There has been positive feedback from schools who are relieved to have support from people who know and understand their communities best, working alongside them to address challenges. We look forward to seeing continued improvement in the way regions are supported.

Other matters

We also discussed the following matters with the ministry. For more detail, refer to the pages noted below in the *Hansard* transcript of our hearing, available on the Parliament website.

Cell phone ban in schools

We heard that several schools already had regulations about cell phone use before the Government banned cell phones in schools. The Government's policy comes into full effect in term two of 2024. The ministry said that it will continue to engage with schools and parents to monitor how the policy is working. (*See transcript pp 50.*)

Supporting Māori learners

We discussed how to better support Māori learners. We heard that Kura Kaupapa Māori are extremely successful. Kura with good leadership that are connected to communities and whānau can improve perceptions of the education system held by people who may otherwise have not had a good experience with it. (*See transcript pp 39.*)

Healthy School Lunches programme | Ka Ora, Ka Ako

We discussed the rollout and implementation of Ka Ora, Ka Ako, which provides school children with a nutritious lunch. It is currently in 25 percent of schools. (*See transcript pp. 27.*)

How the ministry interacts with the Tertiary Education Commission

We wanted to understand how the ministry works with the Tertiary Education Commission. We heard that the working relationship has matured, particularly because of the Fees Free Scheme. The operational and policy arms of the entities had to be well connected to deliver the scheme's outcomes. (*See transcript pp 30.*)

Home-based education

In the home-based education sector, there have been some compliance challenges, particularly relating to health and safety. During the COVID-19 pandemic, the rate of home-based education increased and it has since declined. The ministry is considering suggestions from the sector about increasing flexibility in home-based education. (*See transcript pp 64.*)

Tertiary Education Commission | Te Amorangi Mātauranga Matua

About the Tertiary Education Commission

The Tertiary Education Commission—Te Amorangi Mātauranga Matua (TEC) works alongside the Ministry of Education as stewards of the tertiary education and careers system. Its statutory functions are set out in the Education and Training Act 2020. They include giving effect to the tertiary education strategy by funding tertiary education organisations, growing their capability, and monitoring their performance. TEC is also responsible for strengthening the connections from education to employment.

TEC is governed by a board of commissioners appointed by the Minister. It is chaired by Jenn Bestwick. The chief executive is Tim Fowler. As of 30 June 2023, TEC had 363 staff.

Summary of 2022/23 performance and audit results

In 2022/23, TEC spent a total of $3.796 billion supporting tertiary education and careers systems, compared with $3.910 billion the year before. Most of its expenditure is on grants, which decreased in 2022/23 due to lower student enrolments. The balance of its spending is on operating costs, which do not fluctuate much from year to year. Over 65 percent of operating expenses are for personnel.

Grants revenue and expenses

	2019/20 $million	2020/21 $million	2021/22 $million	2022/23 $million	Change in 2022/23
Grants revenue	4,422	2,587	3,825	3,743	(2.12%)
Grants expenditure	4,421	2,614	3,825	3,712	(2.96%)

Operating revenue and expenses

	2019/20 $million	2020/21 $million	2021/22 $million	2022/23 $million	Change in 2022/23
Operating revenue	74.080	85.586	80.479	83.101	3.26%
Operating expenditure	77.560	88.965	84.729	84.279	(0.53%)
Operating surplus or (deficit)	(3.48)	(3.38)	(4.25)	(1.18)	

The appointed Auditor issued an unmodified audit report on behalf of the Auditor-General. He assessed TEC's management control environment and financial information, systems, and controls as "very good", with no recommendations for improvement. He assessed TEC's performance information, systems, and controls as "good", making two recommendations that we hope to see TEC adopt.

Overview of TEC's main functions

TEC's hiring capability and staff capacity

We discussed TEC's experience with employment market constraints. TEC reported that difficulties in hiring have increased and are unsustainable. It said that contractors were "three times the price" of salaried staff.[7] TEC informed us that it had been through a period where it struggled to find IT contractors. We heard that this had changed in the last year as those previously in contracting roles were more often taking permanent roles.

TEC said it currently had 43 contractors, of which 40 worked in IT, and 3 filled specialist gaps.[8] Some contractors were essential for roles funded through a budget bid and would no longer be needed once the project was complete. TEC spent $15 million on contracts in 2022/23 and estimated that this would decrease to $5 million in the next year.

We discussed the current makeup of TEC and the management of staff numbers. We heard that TEC places importance on having the right capability in key places to allow it to use staff effectively and efficiently. TEC told us that the main areas where new staff have been introduced over the last four years include Fees Free, monitoring, and the reform of vocational education.

TEC also noted that staff retention is difficult in the current market. It reports that its normal turnover is 10 to 12 percent, but this grew to 22 percent in 2021/22. The increase was attributed to higher salaries being offered when moving jobs.

Regional responsiveness to industry requirements

We discussed the recent disestablishment of the Regional Skills Leadership Groups (RSLGs) and what this would mean for TEC's ongoing capability and capacity. [9] RSLGs were established to support the development of regional workforce plans and identify better ways of meeting future workforce needs. We heard that TEC has relied on RSLGs to understand industry needs through a regional lens. TEC told us that it needs to understand what skills and training are being delivered in the regions so it can make the best choices about where money is allocated. TEC indicated that in future it will need to take a more "boots on the ground" approach to this information by building back relationships directly with industry groups.[10] Given the current staff cuts, some of us are concerned about the capacity of TEC to engage with these groups.

TEC told us it funds tertiary institutions based on their volume of student activity. Fewer enrolments in an institution would result in less funding. Currently, TEC funds a student in a region the same amount as it would a student in a city. We discussed whether this equation was reasonable, given that it might be more expensive for a tertiary institution in a region to deliver a course. TEC stated that there is not enough information to be able to determine whether a course in a region would be more expensive to deliver. It said that giving more

7 Transcript of hearing on 19 February 2024, page 5.

8 Transcript of hearing on 19 February 2024, page 9.

9 Regional Skills Leadership Groups were newly established entities part of the Reform of Vocational Education. For more information see the Tertiary Education Commission's 2023 Annual Report.

10 Transcript of hearing on 19 February 2024, page 16.

funding to a tertiary institute in a region would involve trade-offs, such as decreasing funding for a student in a city centre.

TEC added that it would be interested to see whether there was some value in a future polytechnic system supporting collaboration between entities, rather than competition. It believed collaboration between entities could allow better access to education in regional areas.

Reform of Vocational Education (RoVE)

We asked TEC for a progress update on the delivery of the Reform of Vocational Education (RoVE). TEC said Te Pūkenga was the centrepiece of RoVE. As Te Pūkenga is being disestablished, we were told that TEC will need to take a step back to look at the delivery of vocational education and training to people as a measure of how RoVE is progressing. TEC noted that a positive of the reforms has been that there are 48 percent more work-based apprenticeship enrolments in 2023 than 2019. We asked for a regional view of these statistics. TEC confirmed that the differences are most distinct in the regions of Gisborne (97 percent more enrolments) and the West Coast (90 percent more enrolments). The differences are least distinct in the Southland and Marlborough regions where 32 percent and 34 percent changes were recorded respectively.[11]

Tahutū: a new tool for career planning

We discussed Tahutū, the new interactive careers website being developed by TEC. Tahutū will connect NCEA school subjects, qualifications, and careers. It will present the most common career paths taken to get specific careers or jobs. It will replace careers.govt.nz which will be decommissioned once Tahutū is fully operational.[12] We queried the three-year timeline of development. TEC responded that it attempted to buy a product off the shelf but “those tools do not exist”.[13] Tahutū will be tailored to New Zealand’s careers system. TEC informed us that the research and user testing suggested the investment was worth it.

Tahutū’s aim is to open younger generations’ minds to a variety of different options so that stereotypical career routes are not always followed. Research suggests that biases around career eventualities are formed at age 9 and 10, so careers advice at high school is often too late. We heard that Tahutū is designed to encourage aspiration in students. It would allow them to have clarity about the pathway they could take and what it would look like for them.

We note the current timeline of Tahutū will be a pilot launch in April 2024, followed by a full launch in late 2024. We look forward to monitoring this release.

[11] For more detailed statistical information around regional differences in enrolments see Tertiary Education Commission (Responses written questions 191-217) pg 20.

[12] For more information see the Tertiary Education Commission’s website.

[13] Transcript of hearing on 19 February 2024, page 21.

Outcomes for learners

Qualification completion statistics

We discussed course completion statistics. The Chief Executive of TEC told us that the current degree completion rate in New Zealand is 67 percent.[14] TEC is disappointed with this figure and would like to see it raised to at least 70 percent. We discussed ways this could be achieved. TEC would like tertiary institutes to take the lead on change and mentioned that retaining students provides a large return on investment.

Fees Free

We asked whether the Fees Free scheme helped course completion rates for students in low-socioeconomic areas and whether the scheme had changed average course completion rates. TEC said there had been concern that Fees Free would decrease completion rates, but this did not eventuate. To date, it said, there was no discernible evidence that the Fees Free scheme had increased the number of people who went into tertiary education or the completion rate. TEC also stated there is no evidence that Fees Free has changed the distribution of socioeconomic groups enrolled in tertiary education.

Equitable learner outcomes for underrepresented groups

We also discussed how Māori and Pasifika qualification and course completion rates are lower than the rest of the populations. TEC stated that it wanted delivery of tertiary education to “represent the broad scope of what New Zealand looks like”.[15] We heard that some institutions are doing a good job of targeting lower socioeconomic groups. We discussed TEC’s actions to promote this. Institutions that are allocated more than $5 million in TEC funding must complete a learner success plan to ensure their commitment to invest in equity and parity. TEC stated that measurable changes will likely take time.

TEC said it expects tertiary institutions to commit to promoting equity. This is part of a framework for universities to ensure “equity of educational outcomes for everybody.” Institutions are aware that, in the future, TEC is less likely to fund an institution that has lower completion rates for Māori and Pasifika students. TEC hopes the process for improving learners’ success will transition from top-down to institutionally driven, getting individual institutions to drive their own work on this with TEC’s support. We look forward to reviewing the progress of this idea.

TEC noted that across universities there had been 312 interventions in the previous 5 to 10 years aimed at achieving equity and parity, with no observable outcomes. It recommends a system-level approach to parity in response to this. TEC hopes this change would be industry-driven. TEC highlighted an example at the University of Canterbury which has seen a 10 percent increase in completion due to the university’s interventions. It was noted that

[14] Transcript of hearing on 19 February 2024, p 26 — we note that this is different than the information provided in TEC’s Annual report, which sets out the course completion rate for students doing degrees (provider-based learners) as 81 percent. The credit achievement rate for students doing vocational courses (work-based learners) is 67 percent. For more information see the Tertiary Education Commission’s 2023 Annual Report, page 46.

[15] Transcript of hearing on 19 February 2024, page 26.

New Zealand does have relatively high participation from lower socioeconomic groups compared to other OECD countries.

Financial stability and sustainability of the tertiary sector

We discussed the financial stability of universities and heard that TEC deems Victoria University of Wellington and Massey University high risk. Because of this, their performance is being closely monitored, and their financials are being modelled by TEC.

Tertiary organisations are independent, and their own councils require them to be financially viable. They must manage change within their context. TEC informed us that future-proofing the tertiary education sector is not a question of how much TEC invests within each organisation. Individual organisations need to deal with decreasing enrolments and other sustainability issues themselves.

We discussed the tuition subsides for universities that are currently government funded. Subsidies for degree-level tuition increased in 2023 by $128 million, from 5 percent to 9 percent. We were told these subsidies would decrease again unless government funding continued at the higher rate. Currently, funding is only guaranteed for two years, presenting a fiscal cliff. TEC stated the gap in baseline funding, where degrees are only funded for two years rather than the usual four, was unusual. TEC said it had not seen a fiscal cliff like the current situation in at least the past 12 years.

Other matters

We also discussed the following matters with the commission. For more detail, refer to the pages noted below in the *Hansard* transcript of our hearing, available on the Parliament website.

Disability action plans

We heard that institutions had a consistent approach to disability action plans and were achieving good outcomes so far. This initial conversation with institutions about developing the plans was about the direct cost and investment. (*See transcript from p 34*.)

New Medical School in Waikato

We discussed the establishment of the new medical school in Waikato and where the funding was coming from. TEC noted this work is being led by the Ministry of Health. We look forward to monitoring progress on this. (*See transcript from p 25*.)

New Zealand Global Tertiary Rankings

We discussed New Zealand institutions' global rankings. TEC described the global market as "a bit of an arms race". Teacher-to-student ratios and sustainability indexes are the main factors at play in these rankings, which are important for attracting international students. (*See transcript from p 34*.)

TEC gender pay gap

We discussed TEC's gender pay gap, which currently sits at 11 percent. TEC attributed the pay gap primarily to the merger with Careers NZ, and said it aims to bring it down to zero. The pay gap was 12 percent in 2021/22. (*See transcript from p 7*.)

Te Pūkenga hidden costs

We asked what the hidden costs of establishing Te Pūkenga were, in relation to resources such as IT contractors. TEC responded that most costs were met through business-as-usual baselines and the wider Reform of Vocational Education project. TEC states they were unable to accurately determine hidden costs. The committee intends to follow up this question with Te Pūkenga. (*See transcript from p 9 and Tertiary Education Commission (Responses to written questions 191-217), p 18*.)

Other entities within the education sector

We did not hold hearings with the Education Review Office, New Zealand Qualifications Authority, Education New Zealand, Education Payroll Limited, and the Network for Learning Limited. We have established review briefings with these entities and will hold hearings with them during the year. We sent each entity a list of questions for written response. Their full responses are available on the Parliament website. As noted below, Te Pūkenga will have its annual review at a later stage.

Education Review Office | Te Tari Arotake Mātauranga

The Education Review Office (ERO) is an independent government department. It reviews the performance and assesses the quality of all pre-tertiary education providers in New Zealand. ERO has a mandate to review state, state-integrated, and private schools, kura, and early learning services. ERO carries out system-wide inquiries, evaluation, and research on areas that affect equitable participation, engagement, and learner achievement. It also performs home-schooling reviews and special reviews.

Nicholas Pole is ERO's chief executive. The chief executive is also New Zealand's Chief Review Officer.

ERO total revenue and expenditure, 2019/20 to 2022/23

	2019/20 $million	2020/21 $million	2021/22 $million	2022/23 $million	Change in 2022/23
Revenue	32.923	35.148	35.582	42.532	19.5%
Expenditure	30.636	34.621	34.514	39.337	14.0%
Net surplus or (deficit)	2.287	0.527	1.068	3.195	

The Auditor-General issued a standard audit report. He rated the management control environment and financial information systems and controls as "very good". He rated the performance information and associated systems and controls as "good". These results are the same as in 2021/22.

New Zealand Qualifications Authority | Mana Tohu Mātauranga o Aotearoa

The New Zealand Qualifications Authority (NZQA) aims to ensure that New Zealand qualifications are nationally and internationally valued as credible and robust. It is a Crown entity that develops, registers, and supports the New Zealand qualification framework. NZQA administers the National Certificate of Education Achievement (NCEA) by managing external assessments and moderating internal assessments in secondary schools. Its other responsibilities include providing quality assurance to non-university tertiary education providers and qualifications and liaising with overseas certifying and validating bodies.

Dr Grant Klinkum is the chief executive and Hon Tracey Martin is the board chair.

NZQA total revenue and expenses, 2019/20 to 2022/23

	2019/20 $million	2020/21 $million	2021/22 $million	2022/23 $million	Change in 2022/23
Revenue	101.644	103.881	107.132	106.303	(0.77%)
Expenditure	97.799	97.354	101.226	122.358	20.88%
Net surplus or (deficit)	3.845	6.527	5.906	(16.055)	

The Auditor-General issued a standard audit report. He rated the management control environment and the financial information systems and controls as “very good”. He also rated the performance information and associated systems and controls as “very good”, which is an improvement from 2021/22. There were no significant recommendations for improvement.

Education New Zealand | Manapou ki te Ao

Education New Zealand (ENZ) works with international education providers[16] to lead New Zealand’s international education sector. It promotes New Zealand as a study destination and supports the delivery of educational services offshore. Grant McPherson is the outgoing chief executive and Tracey Bridges is the board chair.

Education New Zealand total revenue and expenses, 2019/20 to 2022/23

	2019/20 $million	2020/21 $million	2021/22 $million	2022/23 $million	Change in 2022/23
Revenue	36.090	33.142	41.717	41.126	1.4%
Expenditure	35.726	33.156	41.618	41.305	0.8%
Net surplus or (deficit)	0.364	(0.014)	0.099	(0.179)	

The Auditor-General issued a standard audit report. He rated the management control environment, and financial information systems and controls as “very good”. He rated the performance information and associated systems and controls as “good”. He made some recommendations for improvement.

Education Payroll Limited | Rārangi Ūtu-a-Mātauranga

Education Payroll Limited delivers payroll services to New Zealand schools for the Ministry of Education. It also provides advice and guidance to school administrators and principals. The chief executive is Lara Ariell. The board chair is Naomi Ferguson.

Education Payroll Limited operating revenue and expenses, 2019/20 to 2022/23

	2019/20 $million	2020/21 $million	2021/22 $million	2022/23 $million	Change in 2022/23

[16] These include tertiary education providers, English language schools, and schools and organisations that export education products and services.

Revenue	29.631	35.844	35.626	33.575	5.8%
Expenditure	27.722	28.870	29.732	29.316	1.4%
Non-operating items	0.253	0.511	0.847	0.424	49.9%
Net surplus or (deficit)	1.656	6.463	5.047	3.344	

The Network for Learning Limited

The Network for Learning Limited (N4L) is a technology company that ensures all New Zealand schools and kura are connected to the internet through a secure and reliable network. Larrie Moore is the chief executive and Jeremy Banks is the board chair.

Network for Learning Limited total income and expenses, 2019/20 to 2022/23

	2019/20 $million	2020/21 $million	2021/22 $million	2022/23 $million	Change in 2022/23
Income	30.464	34.641	45.376	50.541	11.4%
Expenditure	29.945	34.441	44.327	50.907	14.8%
Net surplus or (deficit)	0.519	0.200	1,049	(0.366)	

The Auditor-General issued a standard audit report. He rated the management control environment, financial information systems and controls, and performance information and associated systems and controls as “very good”. No deficiencies were noted in the areas that were reviewed.

Te Pūkenga—the New Zealand Institute of Skills and Technology

Te Pūkenga does its financial reporting each calendar year, so we are unable to review it alongside other entities. We will conduct the 2022/23 annual review of Te Pūkenga later in 2024.

Appendix

Committee procedure

We met between 19 February and 28 March 2024 to consider these annual reviews. We conducted an in-depth annual review of the Ministry of Education, and heard evidence from the ministry on 26 February for 3 hours and 57 minutes. We conducted a standard review of the Tertiary Education Commission, hearing evidence from the commission on 19 February 2024 for 1 hour and 58 minutes.

We also heard from the following Ministers:

- Minster of Education, 28 February, 27 minutes.
- Associate Minister of Education, 28 February, 32 minutes.
- Minister for Tertiary Education and Skills, 6 March, 33 minutes.

We received advice from the Office of the Auditor-General.

Committee members

Katie Nimon (Chairperson)
Carl Bates
Camilla Belich
Mike Butterick
Grant McCallum
Dr Parmjeet Parmar
Hon James Shaw (from 6 March 2024 until 27 March 2024)
Hon Jan Tinetti
Teanau Tuiono (until 21 February 2024)
Hon Phil Twyford
Dr Lawrence Xu-Nan (from 27 March 2024)

Hon Ginny Andersen, Fa’anānā Efeso Collins, James Meager, Rima Nakhle, Hon Willow-Jean Prime, Suze Redmayne, Hon Dr Deborah Russell, and Laura Trask also participated in consideration of these annual reviews.

Related resources

Recordings of our hearings with Ministers are available here.

2022/23 Annual review of the Ministry of Education

We received the following documents as advice and evidence for this annual review. They are available on the Parliament website, along with our structured agenda, the Hansard transcript and recording of our meeting on 26 February 2024.

- Office of the Auditor-General (Briefing on the Ministry of Education).
- Ministry of Education (Responses to written questions).

2022/23 Annual review of the Tertiary Education Commission

We received the following documents as advice and evidence for this annual review. They are available on the Parliament website, along with our structured agenda, the Hansard transcript and the recording of our meeting on 19 February 2024.

- Office of the Auditor-General (Briefing on the Tertiary Education Commission).
- Tertiary Education Commission (Responses to written questions).

2022/23 Annual reviews of the Education Review Office, New Zealand Qualifications Authority, Education Payroll Limited, Education New Zealand, and Network for Learning Limited

We received the following documents as evidence for these annual reviews. They are available on the Parliament website.

- Education Review Office (Responses to written questions).
- New Zealand Qualifications Authority (Responses to written questions).
- Education Payroll Limited (Responses to written questions).
- Education New Zealand (Responses to written questions).
- Network for Learning Limited (Responses to written questions).