

The Tertiary Education (2023 Fee Regulation Settings) Notice 2022

Under sections 419(3)(d) and 420(1)(b) of the Education and Training Act 2020 (“Act”), the Minister of Education (“Minister”) gives notice of the proposed conditions setting limits on fees that tertiary education organisations (TEOs) may charge to domestic students in 2023.

Notice

1. Title

This notice may be cited as the Tertiary Education (2023 Fee Regulation Settings) Notice 2022.

2. Commencement

The proposed conditions outlined in this notice apply for the 2023 calendar year only.

3. Interpretation

In the conditions set out in this notice, unless the context otherwise requires —

Course means part of a programme of study that leads to the award of a qualification on the New Zealand Qualifications Framework (NZQF), including a certificate, diploma, degree, or postgraduate qualification. For the avoidance of doubt, this includes a course that is part of a qualification where the student is not enrolled in the qualification (for example, where a student is only enrolled in the course or where the student is undertaking the course as part of a training scheme or micro-credential); and

Training scheme means study or training that leads to an award but does not, of itself, lead to a qualification listed on the NZQF, but excludes micro-credentials; and

Micro-credentials are a sub-set of training schemes that certify achievement of a coherent set of skills and knowledge and that have evidence of need by industry, employers, iwi and/or the community; and

Fees means:

- a. tuition fees; and
- b. compulsory course costs that are charged to all students enrolled in a course, which includes (but are not limited to) the following: any compulsory costs associated with enrolment, examinations (including reporting of credits to the New Zealand Qualifications Authority), field trips, and any compulsory purchase of equipment or books through the TEO; and
- c. excludes any administrative fees or charges (other than tuition fees or compulsory course costs) for additional services that are payable as a result of the specific circumstances of a student, which includes (but are not limited to) the following: reassessment or remarking of examination results, examination relocation fees, fees associated with recognition of prior learning, or fees associated with an application for selected entry programmes; and

TEO means tertiary education organisation as defined in section 10 of the Act; and

Delivery at levels 3-7 (non-degree) on the NZQF and all industry training (DQ3-7) means the funding mechanism which provides funding for programmes funded at levels 3-7 (non-degree) on the NZQF and all industry training. However, for the purpose of this notice, these funding conditions do not apply to industry training (i.e., programmes previously funded through the Industry Training Fund); and

Delivery at levels 7 and above on the NZQF (DQ7+) means the funding determination which provides funding for programmes funded at level 7 (degree level) and above on the NZQF.

4. Proposal

I propose to specify the following conditions under section 419(3)(d) of the Act that the Tertiary Education Commission (TEC) must attach to funding provided under the funding mechanisms which cover DQ3-7 and/or DQ7+:

- a. the annual limits by which TEOs can increase fees charged to domestic students for courses or training schemes; and
- b. the conditions on fees charged to domestic students by TEOs for new courses or training schemes; and
- c. the conditions that cap the fees charged to domestic students by TEOs for micro-credentials; and
- d. other conditions in relation to fees that the TEC must attach to funding mechanisms.

The proposed conditions do not apply to fees for courses that are at level 1 and 2 on the NZQF, which remain subject to the conditions as set out in The Tertiary Education Fees-Free Conditions Notice 2015 ([New Zealand Gazette, 28 May 2015, Issue No. 58, Notice No. 2015-go3051](#)) and The Tertiary Education Fees-Free (Levels 1 and 2) Conditions

Notice 2016 ([New Zealand Gazette, 16 June 2016, Issue No. 54, Notice No. 2016-go3430](#)).

5. Call for Submissions

Any student, student organisation, TEO or any other person, body or organisation having an interest in the matter, is invited to make a submission on the proposed fee regulation conditions set out in this notice.

All submissions should be sent either by email to: tertiary.strategy@education.govt.nz.

Or by post to:

Fee Regulation Settings Submissions
Tertiary Education Policy
Ministry of Education
PO Box 1666
Wellington 6140

6. Date for Submissions

All submissions must be received by **28 July 2022**.

Dated at Wellington this 7th day of July 2022.

HON CHRIS HIPKINS, Minister of Education.

Proposed Conditions

General

1. These conditions apply to fees charged by all TEOs for provision funded through the DQ3-7 and DQ7+ funding mechanisms.
2. The fees charged by a TEO are subject to these conditions if the TEO is the sole source of the item to which the fee relates.

The Annual Maximum Fee Movement

3. The Annual Maximum Fee Movement (AMFM) sets the maximum percentage that TEOs may increase their domestic tuition fees by each year for all DQ3-7 and DQ7+ funded courses or training schemes.
4. For 2023, the Minister proposes that the AMFM is set at 2.75 percent. This would permit a 2.75 percent increase on the fees (GST exclusive) charged in 2022 to domestic students for DQ3-7 and DQ7+ funded courses or training schemes.
5. The proposed 2.75 percent AMFM is in line with the Government's increased contribution to tuition subsidies for the 2023 calendar year. By keeping the AMFM and tuition subsidy increases the same, the balance of costs shared between learners and government remains consistent, and the cost of tertiary education is not shifted disproportionately onto learners.
6. The AMFM applies to any new courses or training schemes established by a TEO in substitution for an existing course or training scheme dealing with the same or similar subject matter, at a same or similar level on the NZQF, for which DQ3-7 and DQ7+funding can be used, except where the provisions in clause 7 below apply.
7. For courses or training schemes delivered by a subsidiary of Te Pūkenga that are part of Te Pūkenga's process to unify similar programmes, and where Te Pūkenga delivers this course or training scheme across its network, the fees for these courses or training schemes are not subject to the AMFM limits, but the fee setting limits for new courses outlined below in clauses 12-17.

Exceptions to the Annual Maximum Fee Movement

8. A TEO may apply for an exception from the 2023 AMFM on the basis of exceptional circumstances. Any exception granted will not exceed an additional 2.75 percent increase over and above the permitted 2.75 percent increase.
9. In considering exceptional circumstances, the TEC must only have regard to the following criteria:
 - a. the TEO is unable to support the course(s) or training scheme while remaining financially viable; and
 - b. where the course is part of a qualification at levels 3-8 on the NZQF that has been delivered previously, the qualification has a cohort-based completion rate that meets or exceeds the median performance benchmark for that NZQF group in the previous year; and
 - c. the TEO can demonstrate that the course or training scheme is in some way unique or special, for example, that there are no available local alternatives; and
 - d. not allowing an exception will prevent the TEO from making a significant contribution to the achievement of one or more of the Government's priorities, as set out in the current Tertiary Education Strategy.
10. An application must satisfy all criteria to gain an exception.

Low or Zero Fee Courses or Training Schemes

11. If the fees for a course or training scheme funded through DQ3-7 and DQ7+ are less than \$511.11 (GST inclusive) (\$444.44 (GST exclusive)) per equivalent full-time student (EFTS) in 2022, then for 2023, the TEO may increase the fee to up to \$511.11 (GST inclusive) (\$444.44 (GST exclusive)) per EFTS, or can increase the fee for the course or training scheme by 2.75 percent, whichever is the greater.

Fee Setting Limits for New Courses or Training Schemes

12. The fees for a new course or training scheme established by a TEO and funded through DQ3-7 and DQ7+ must be no more than the 75th percentile from the range of fees charged for similar courses or training schemes. The TEC will specify how similar courses or training schemes will be determined.

13. The above fee setting limits apply to any new courses or training schemes funded through DQ3-7 and DQ7+, except where the course or training scheme is in substitution for an existing course or training scheme dealing with the same or similar subject matter, at a same or similar level on the NZQF. Substitute courses or training schemes are subject to the AMFM.

Exceptions to Fee Setting Limits for New Courses or Training Schemes

14. A TEO may apply for an exception from the fee setting limits for new courses or training schemes on the basis of exceptional circumstances.

15. In considering whether or not there are exceptional circumstances, the TEC must only have regard to the following criteria:

- a. the course or training scheme would be financially unviable without a higher fee; and
- b. where the course is part of a qualification at levels 3-8 on the NZQF that has been delivered previously, the qualification has a cohort-based completion rate that meets or exceeds the median performance benchmark for that NZQF group in the previous year; and
- c. the TEO can demonstrate that the course or training scheme is in some way unique or special, for example, there are no or very few similar courses or training schemes to compare fees with; and
- d. the course or training scheme is aligned to Government priorities as set out in the Tertiary Education Strategy.

16. The TEC must only grant an exception if it is satisfied that the TEO meets all of the above criteria.

17. The TEC will have discretion to determine the level at which a TEO can set fees for any new courses or training schemes granted an exception.

Fee Capping Limits for Micro-credentials

18. The fees for a micro-credential must be no more than \$60 (GST inclusive) per credit (excluding components made up of courses that also lead to the award of a qualification and are funded through DQ3-7 and DQ7+).

19. Where a micro-credential is wholly or partly comprised of courses that also lead to the award of a qualification and are funded through DQ3-7 or DQ7+, the fees for those courses must be equal to, or less than, the maximum fee permitted for the course under the AMFM and fee setting limits for new courses or training schemes. The fees for the components that are not part of existing courses must be no more than \$60 (GST inclusive) per credit.

Exceptions to Fee Capping Limits for Micro-credentials

20. A TEO may apply for an exception from the fee capping limits for a micro-credential (or components of a micro-credential that are not made up of existing courses) on the basis of exceptional circumstances.

21. In considering whether or not there are exceptional circumstances, the TEC must only have regard to the following criteria:

- a. the TEO can demonstrate that the fee cap makes it financially unsustainable to offer the micro-credential, in terms of the costs of delivering the micro-credential and taking into account the total income that the micro-credential would generate (including government funding and fees), and that there are no satisfactory alternatives to limit costs; and
- b. the TEO must provide evidence that there is strong support from industry and/or employers to deliver the micro-credential and that this clearly meets industry and/or employer needs.

22. The TEC must only grant an exception if it is satisfied that the TEO meets both of the above criteria.

23. The TEC will have discretion to determine the level at which a TEO can set fees for any micro-credential granted an exception.