

## Tertiary Education Report: Removing access to student loans and student allowances from training schemes

<b>Date:</b>	17 August 2022	<b>TEC priority:</b>	Medium
<b>Security level:</b>	In Confidence	<b>Report no:</b>	B-22-00361/ METIS 1291856
		<b>Minister's office No:</b>	

ACTION SOUGHT		
	Action sought	Deadline
<b>Hon Chris Hipkins</b> Minister of Education	Decision on recommendations	31 August 2022
<b>Enclosure:</b> No	<b>Round Robin:</b> No	

CONTACT FOR TELEPHONE DISCUSSION (IF REQUIRED)				
Name	Position	Telephone		1st contact
9(2)(a)	Principal Advisor Policy Implementation, Tertiary Education Commission	9(2)(a)		✓
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### THE FOLLOWING DEPARTMENTS/AGENCIES HAVE SEEN THIS REPORT

- DPMC   
  MPI   
  ENZ   
  ERO   
  MBIE   
  MoE   
  MFAT  
 MPP   
  MSD   
  NZQA   
  NZTE   
  TEC   
  TPK   
  Treasury

- Minister's Office to Complete:**
- |   |  |
|---|--|
| <input type="checkbox"/> Approved             | <input type="checkbox"/> Declined            |
| <input type="checkbox"/> Noted                | <input type="checkbox"/> Needs change        |
| <input type="checkbox"/> Seen                 | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn           |

**Comments:**

## Executive Summary

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1. The purpose of this report is to:
  - a. inform you of the settings for Student Loan Scheme (SLS) and Student Allowances Scheme (SAS) access for 44 micro-credentials formerly known as training schemes,
  - b. inform you of the steps to be taken by the Tertiary Education Commission (TEC) to remove access to Student Loans and Allowances for learners in these deemed micro-credentials, in line with existing policy settings, and
  - c. seek your decision on actions that may help mitigate the impact of the correction for learners and providers.
2. Learners can access the Student Loan Scheme (SLS) and Student Allowances Scheme (SAS) for Student Achievement Component (SAC)-funded courses or programmes of study that lead to qualifications on the New Zealand Qualifications Framework (NZQF) [POLMin (06)5/3].
3. In 2006, Cabinet delegated to the Tertiary Education Commission (TEC) the authority to grant access to the SLS and SAS to eligible qualifications and courses [POLMin (06)16/4].
4. In 2011, a change to the Education Act 1989 deemed some courses and programmes to be training schemes, meaning they were no longer eligible for access to SLS and SAS as they did not lead to qualifications on the NZQF.
5. The TEC's interpretation of the Cabinet decision on granting access to SLS and SAS meant some training schemes retained uninterrupted access and TEC granted SLS and SAS access to further training schemes between 2012 and 2020.
6. The Ministry of Education (MoE) and the Ministry of Social Development (MSD) advised the TEC that the policy intention is that only SAC-funded courses or programmes of study that lead to qualifications on the NZQF are eligible for SLS and SAS.
7. Following receipt of this advice, the TEC stopped granting new SLS and SAS access to training schemes from January 2020, although existing access to SLS and SAS continued. After working through the implications of that advice further, the TEC now considers that access to SLS and SAS for previously-approved training schemes cannot continue in the absence of Cabinet's agreement.
8. The Education and Training Amendment Act 2022 introduced changes to the terminology used in this paper: The New Zealand Qualifications Framework (NZQF) is now the New Zealand Qualifications and Credentials Framework (NZQCF); and the term "training scheme" no longer exists and is replaced in the Act with "micro-credential". All existing training schemes are now deemed micro-credentials. The previous terms "NZQF" and "training scheme" are used in this paper where they align to the policy instruments in place at the time decisions were made.
9. Using MSD and TEC records, the best estimate is that 3006 learners at seven providers accessed \$20.5M of SLS and SAS financial support between 2012 and 2020.
10. To give the affected providers and learners a more reasonable notice period we propose you seek Cabinet agreement to continue access to SLS and SAS for the affected training schemes until 31 December 2023.
11. This would give providers time to restructure training larger than 40 credits into qualifications, and thus retain eligibility for loans and allowances. This option is consistent with NZQA's intention that micro-credentials larger than 40 credits become qualifications and may be available to the

courses for which the removal of SLS and SAS access would likely have a significant impact: the Professional Legal Studies course ('Profs'), and Enspiral Dev Academy web-development course.

12. For the other affected micro-credentials, removal of SLS and SAS access is unlikely to have significant impacts as many have received minimal or no SLS and SAS funding.

13. 9(2)(g)(i)

[REDACTED]

## Recommendations

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Hon Chris Hipkins, Minister of Education

*It is recommended that you:*

1. **note** that 44 micro-credentials formerly known as training schemes were approved for access to the student loan and student allowance schemes prior to 2020, as a result of a misinterpretation of the cabinet decision.

NOTED

2. **note** that, under existing policy settings, the TEC must remove access to student loan and student allowance schemes for affected micro-credentials

NOTED

3. **agree** to seek Cabinet's agreement to continue access to the student loan and student allowance schemes for affected micro-credentials to 31 December 2023

**AGREED**  NOT AGREED

4. 9(2)(f)(iv)

[REDACTED]

YES  NO

5. **forward** this briefing to the Minister for Social Development, for her information

**AGREED**  NOT AGREED

9(2)(f)(iv)

[REDACTED]

6. **agree** that the Ministry of Education and the Tertiary Education Commission release this briefing once it has been considered by you, and once any consequential Cabinet decisions have been announced.

**AGREED** NOT AGREED



**Gillian Dudgeon**

Deputy Chief Executive [Delivery Directorate]  
Tertiary Education Commission

19 August 2022



**Katrina Sutich**

Group Manager, Te Puna Kaupapahere [Policy]  
Ministry of Education

16 August 2022



**Hon Chris Hipkins**

Minister of Education

11 / 09 / 2022


## Background

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### Learners enrolled in training schemes are not generally eligible for student support

1. Learners who wish to access the Student Loan Scheme (SLS) and Student Allowances Scheme (SAS) must be enrolled in a programme of study that leads to a qualification on the NZQF [POLmin (06)5/3 refers].
2. This means that learners enrolled in micro-credentials, previously known as training schemes (packages of learning that lead to an award but not a qualification under the NZQF), are generally not eligible for loans.

### Some training schemes were incorrectly granted access to SLS and SAS

3. Originally, under the 1989 Education Act, all training schemes were treated as “local qualifications” with the same SLS and SAS access as all other qualifications.
4. In 2006, Cabinet delegated to the TEC the authority to grant access to the Student Loan Scheme (SLS and SAS) to eligible qualifications and courses [POLMin (06)16/4].
5. In 2011 there was a change to the 1989 Education Act which deemed certain programmes as ‘training schemes’, and no longer recognised as leading to a qualification under the NZQF.
6. TEC’s interpretation of the Cabinet decision [POLMin (06)16/4] was that eligible qualifications and courses included training schemes as there was no clear exclusion in the Cabinet decision. As a result, some schemes retained uninterrupted access and SLS and SAS access was granted to other training schemes between 2012 and 2020.
7. The MoE and the MSD advised TEC that this interpretation is incorrect, and that the policy intent is that access to SLS and SAS is only for eligible programmes and courses leading to a NZQF qualification.
8. 9(2)(h) 
9. Following MoE’s and MSD’s advice, the TEC stopped granting new SLS and SAS access to training schemes from January 2020, although existing access to SLS and SAS for training schemes continued.
10. After working through the implications of that advice further, the TEC now considers that access to SLS and SAS for previously-approved training schemes, now deemed micro-credentials, cannot continue in the absence of Cabinet’s agreement.

### Between 2012 and 2020, 3006 learners from seven training schemes accessed \$20.5m in SLS and SAS support

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11. There are 44 SAC-funded training schemes in the 2020 and 2021 reporting years which are approved for SLS and SAS access. However, many of these have not accessed SLS and SAS funding in recent years.
12. Many of these training schemes include learning in strategic skills priority areas such as nursing, welding, digital literacy, harvesting, and construction. A list of training schemes approved for SLS and SAS access can be found in the Appendix A.

13. Using MSD and TEC records, the best estimate is that 3006 learners at seven providers accessed SLS and SAS financial support between 2012 and 2020, totalling \$20.5m. Appendix B contains further details.

14. 9(2)(g)(i)

15. The two most prominent training schemes for which learners accessed SLS and SAS are:

- a. the Professional Legal Studies course (Profs),
- b. Enspiral Dev Academy's web development training scheme.

### **Professional Legal Studies**

16. Profs is offered by the Institute of Legal Studies and the College of Law and it must be completed by all university law graduates wishing to practice law. It has been the largest training scheme consumer of student loans and allowances.

17. Between 2012 and 2022, \$14.6m in SLS and SAS financial support was accessed by 2,472 learners for Profs courses at the Institute of Legal Studies. The College of Law's Profs course has a similar number of learners as the Institute of Legal Studies' course. We are sourcing data on SLS and SAS uptake for the College of Law's course.

18. Removing access to student loans will mean that each learner will have to self-fund \$5,500 to \$6,000 to undertake this training, or seek other support for fees e.g., from their employer. This could adversely impact approximately more than 600 learners enrolling in Profs courses each year (based on 2020 and 2021 TEC enrolment data).

19. 9(2)(g)(i)

### **Enspiral Dev Academy**

20. Enspiral Dev Academy was fast-tracked for NZQA registration and TEC funding in 2018, with Ministerial interest, after the Productivity Commission singled it out as a "new model of tertiary education". It is a new-model training scheme well-regarded by industry.

21. The training scheme – which is the only training Enspiral Dev Academy currently offers – supports digital technology for workforce development, including career transitions into more advanced roles and new digital technologies.

22. Between 2018 and 2022, \$4.8m in SLS and SAS financial support was accessed by 387 learners.

23. Removing SLS and SAS access will mean that these learners have to self-fund approximately \$10,000 to undertake this training. This could adversely impact approximately 250 to 300 learners each year (based on 2020 and 2021 TEC enrolment data).

## **In line with clarified policy, the TEC must remove access to SLS and SAS for affected former training schemes**

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24. Now that the policy intention of the Cabinet decision has been clarified, the TEC cannot knowingly allow continued access to SLS and SAS for affected former training schemes.
25. It intends to remove access to SLS and SAS and notify affected providers, as soon as practical once you have considered this briefing and Cabinet has made any consequential decisions.
26. Under the estoppel principle, learners already enrolled in training schemes will be allowed to retain their SLS and SAS access for the duration of their study. Many courses could be completed within 6 months, with new learners and micro-credentials not eligible during this period. This approach mirrors the current SAS regulations which contain a discretion to continue payments already approved where the programme is no longer 'recognised'.

### **For providers offering larger packages of training, restructuring them into qualifications would allow them to retain access to SLS and SAS**

27. Providers that offer training larger than 40 credits have the option of restructuring their schemes into qualifications, subject to NZQA's approval. As NZCQF-listed qualifications, they would be eligible for loans and allowances. This option may be available to providers offering Profs and to Enspirial Dev Academy.
28. Furthermore, NZQA intends to commence a review of all micro-credentials later this year. While this will take several years, it will prioritise that are larger than 40 credits. It is looking to ensure that micro-credentials are no more than 40 credits, on the basis that learners can reasonably expect their study to result in a qualification when there are more than 400 notional learning hours.
29. Restructuring micro-credentials into qualifications will not be a solution for all training that has been granted access to SLS and SAS. Most micro-credentials comprise fewer than 40 credits. Micro-credentials are also typically much narrower in focus than qualifications and would require substantial changes to content and outcomes to meet the expectations of qualifications.

### **We propose you seek Cabinet's agreement to a longer notification period for the affected providers**

30. We consider that a reasonable notification period – to 31 December 2023 – would be fair for affected providers. This would:
  - a. maintain access to SLS and SAS while those providers that can, restructure their training into qualifications. NZQA considers that it would be possible to change well-structured training into qualifications before the end of 2023.
  - b. maintain access for students who have enrolled in, or intend to enrol in, intakes in the near future. Enspirial Dev Academy's website is currently accepting expressions of interest for a 2023 intake; the College of Law's website is currently accepting enrolments for courses starting in October 2022 and finishing in February 2023, and the Institute of Legal Studies for courses starting in February 2023 and finishing in June 2023.
  - c. give those providers that cannot restructure their training into qualifications more time to adapt before SLS and SAS are no longer available for their courses.

## We can provide further advice on expanding eligibility to student loans and allowances

31. You have previously agreed that officials investigate options and costs to allow students to access student loans and allowances for short learning packages such as training schemes and micro-credentials [METIS 1227146 refers]. However, this has not met Cabinet's criteria for consideration in Budget 2021 or 2022.
32. The issue of access to student loans for learners in training schemes also arose recently in relation to Competence Assessment Programmes for nurses returning to practice after a break of five or more years [METIS 1292436 refers]. Nine nursing competence assessment training schemes at eight providers were approved for SLS and SAS access by the TEC [Appendix A refers], but only \$800 in student support was accessed by learners between 2018 and 2022.
33. 9(2)(g)(i) [REDACTED]
34. 9(2)(f)(iv) [REDACTED]

## Next steps

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35. If you agree to seek Cabinet's agreement to continue access to the student loan scheme and student allowances for affected former training schemes until 31 December 2023, this proposal can be included in a Cabinet paper alongside other student support matters [METIS 1291384 refers].
36. Once you have considered this briefing, and Cabinet has made any consequential decisions, the TEC will communicate with affected providers to inform them that access to SLS and SAS for their micro-credentials will be removed, including timeframes for removal.



## Appendix A: TEC Data on training schemes approved for access to student loan and student allowance since 2012

The table contains TEC's best estimates for training schemes that were approved for SLS and SAS access. Results are based on information reported through the Single Data Return (SDR) for the purposes of funding tertiary education. The data does not include any reporting outside of the SDR and relies on the accuracy of data reported by TEOs. MSD and TEC note that the matching of NZQA approved programmes with TEC courses and qualifications includes some manual work and may not be 100% accurate due to the data quality.

TEO	Qualification Code	Latest Qualification Title
6004 - Unitec New Zealand Limited	CA2409	Advanced Construction Site Management Training Programme
	CA2410	Construction Site Management Training Programme
	CA2413	Nursing Competency Assessment Programme
6006 - Ara Institute of Canterbury	G07011	Principles and Practices of English Language Teaching to Adults
	G21082	Service Industries (Food and Beverage) Training
	G21134	Competency Assessment Programme - Registered Nurse
	G21135	Competency Assessment Programme – Enrolled Nurse
6007 - Eastern Institute of Technology	HB4055	NEtP Clinical Practicum (Hauora Tairawhiti) Level 8 Training Scheme
	HB4056	NEtP Advanced Pathophysiology for Health Professionals (Hawke's Bay DHB) Level 8 Training Scheme
	HBTS02	Training Scheme Programme 02
	HBTS03	Training Scheme Programme 03
	HBTS04	Training Scheme Programme 04
6009 - Universal College of Learning Ltd	MA4303	Certificate in Competency Assessment for Registered Nurses (Training Scheme)
6010 - Manukau Institute of Technology Ltd	MN0617	Certificate of Achievement in Registered Nurse Competency to Practice (Level 7)
6011 - Nelson Marlborough Institute of Technology Limited	NE4876	Certificate in Nursing (Competence Assessment Programme) (Level 7) Training Scheme
	NE4878	Fiction Studio (Level 5)
	NE4879	Poetry Studio (Level 5)
	NE4882	Graphic Design Studio (Level 5)
6012 - NorthTec Ltd	NT4750	Registered Nurse Competence (Training Scheme) (Level 7)
	NT6013	Advanced Engineering Mathematics (Level 6)
	NT6015	Advanced Harvesting Operations
	NT6016	Working in Harvesting Operations

TEO	Qualification Code	Latest Qualification Title
	NT6017	Working in Silviculture Operations
	NT6020	Introduction to the Labour Force
6013 - Otago Polytechnic Ltd	OT5149	Certificate in Land Skills (Level 2)
6017 - Western Institute of Technology at Taranaki Ltd	TK1902	Competency Assessment Programme - Registered Nurse (Training Scheme)
6019 - Waikato Institute of Technology Ltd	WK2697	Certificate in Nursing (Competence Assessment Programme) (Level 7)
	WK2705	Introduction to Carpentry (Level 3)
	WK2706	Introduction to Introduction to Plumbing and Gasfitting (Level 3)
	WK2708	Introduction to Trade Painting and Decorating (Level 3)
6022 - Open Polytechnic of New Zealand Ltd	OP3306	Certificate of Achievement in Environmental Management of Plants and Soils (Level 3)
6025 - Toi Ohomai Institute of Technology	TO0006	Secondary-Tertiary Exploration Programme (STEP-UP) (Level 3) Training Scheme
	TO0037	Fruit Production for Profit (Level 5)
7637 - College of Law New Zealand Limited	PC9000	Professional Legal Studies Course - online
8199 - Vertical Horizonz New Zealand Limited	124467	Certificate in Construction Pre-Trade (High Work) (Level 3)
8270 - BOP School of Welding Limited	123795	Certificate in Warehouse and Yard Operations (Level 3)
8489 - Personalised Education Limited	124044	Certificate in Warehousing and Yard Operations (Level 3)
	CC18	Certificate in Contact Centre Operations
8816 - Alpha Training and Development Centre Limited	106139	Certificate in welding
8895 - Activate Training Centre Limited	PC8000	Certificate in Interpersonal Skills
9043 - New Zealand Council of Legal Education	PC5000	Professional Legal Studies Course
9133 - Kalandra Education Group Limited	125067	Certificate in Management of the Dementia Client in a Care Facility (Level 4)
9163 - Enspiral Academy Limited	123509	Enspiral Dev Academy Bootcamp
	123687	Enspiral Dev Academy Web Development

## Appendix B: Data on training schemes approved and accessing student loans and allowances

The table contains MSD's best estimates for training schemes that accessed student loan and student allowance funds. However, data on student loan and student allowance payments is difficult to break down by year as payments are made weekly and payment amounts may be modified often so there will be arrears. Eligibility for Living costs and Course costs may be tied to other study on the same application. MSD and TEC note that the matching of NZQA approved programmes with TEC courses and qualifications includes some manual work and may not be 100% accurate due to the data quality.

Provider	Course	Students	Fees	Living Costs	Course Costs	Student Allowance	Accommodation Benefit	Total
Atc New Zealand	Certificate in Welding	141	\$724,764	\$23,662	\$22,865	\$164,746	\$26,628	\$962,665
Enspirial Academy Limited	Web Development (Level 6)	387	\$3,692,404	\$256,672	\$251,455	\$597,486	\$89,580	\$4,887,597
Institute of Professional Legal Studies	Professional Legal Studies Course	2,472	\$12,621,635	\$1,052,627	\$366,009	\$562,465	\$86,156	\$14,688,892
Nelson Marlborough Institute of Technology	Fiction Studio (Level 5)	3	\$7,709	\$0	\$2,000	\$0	\$0	\$9,709
New Zealand Welding School	Certificate in Warehouse and Yard Operations (Level 3)	3	\$3,998	\$111	\$4,000	\$3,090	\$0	\$11,199
Toi Ohomai Institute of Technology	Fruit Production for Profit (Level 5)	0	\$1,953	\$0	\$0	\$0	\$0	\$1,953
Unitec New Zealand	Nursing Competency Assessment Programme	0	\$800	\$0	\$0	\$0	\$0	\$00
<b>Total</b>		<b>3006</b>	<b>\$17,053,263</b>	<b>\$1,333,072</b>	<b>\$646,329</b>	<b>\$1,327,787</b>	<b>\$202,364</b>	<b>\$20,565,821</b>