



Delivering a strong and effective tertiary education system for New Zealanders

Government response to the Productivity Commission's report on its inquiry into *new models of tertiary education*

The Government is committed to continually improving the tertiary education system. Tertiary education helps New Zealanders to succeed in life, and supports New Zealand's wider economic growth and prosperity.

In March, the Productivity Commission delivered the final report of its inquiry into *new models of tertiary education*. The Government thanks the Commission for its work, and especially for its extensive engagement with sector stakeholders. We also wish to thank all the organisations and individuals who made submissions and contributed to the inquiry, including students, academics and teachers, tertiary education providers, employers, and community and business organisations.

The Government has carefully considered the Productivity Commission's extensive report, including its 49 recommendations. The Commission has identified some real opportunities for improvement across the tertiary education system to support innovation, responsiveness, and better outcomes for New Zealand.

Government's plan for work to improve the tertiary education system

New Zealanders need a tertiary education system that ensures:

- students experience strong benefits from their education
- employers can engage with and influence the system and find the skilled workers they need

- New Zealand benefits from strong economic, social, cultural and environmental outcomes.

New Zealand already has a high-performing tertiary education system. Students can gain strong foundation skills and develop their skills for work and over a lifetime. We all benefit from world-class higher education and research, and international education delivers major economic and social benefits for New Zealanders.

However, while the system performs well for most, it can do better in responding to student and employer demand, and in supporting non-traditional students and lifelong learning. The Government agrees with the Commission's general findings, and the views of many submitters, that the tertiary education system tends toward the status quo, with many providers being unwilling to trial new approaches to delivering education because of perceived or real funding or other implications.

The Government wants to promote greater innovation, flexibility, and responsiveness across the tertiary education system. We need to do this while balancing the benefits of innovation, the public's strong interest in ensuring high-quality education, protecting the interests of students, enhancing our system's strong international reputation, and ensuring efficient and cost-effective use of public funds.

The Government will continue working to ensure New Zealand has a high-quality, innovative and efficient tertiary education system.

Responding to the Productivity Commission's report, and to progress the Government's broader tertiary education priorities, we will work with tertiary education sector stakeholders to make improvements in four key areas:

1. **Creating a more student-centred system** in which informed, engaged students can access the education opportunities best suited to them
2. **Meeting the needs of industry and employers** through relevant, responsive, and supportive teaching environments, with high-quality teaching
3. **Improving performance across the system**, to deliver better outcomes from current programmes
4. **Enabling and encouraging innovative new models and providers**, so there is greater experimentation with approaches and more competition, including from new providers.

Within each area of work we will progress further thinking about many of the Productivity Commission recommendations.

We want to work with the sector to deliver change

This is a broad-ranging work programme. It could deliver extensive change to the tertiary education system over time. Government is committed to working with the tertiary education sector and with industry to get things right as we progress this work.

Some specific actions that the Government will take in the next 12 months are set out in the attached response. Other issues and options will require more work and consultation to ensure we get things right.

As Minister for Tertiary Education, Skills and Employment, I expect my agencies to engage closely with sector stakeholders as they progress this work programme. This will lead to the development of a new Tertiary Education Strategy, which I intend to publish by the end of 2018 following extensive consultation over the course of next year.

The new Tertiary Education Strategy will itself respond to recommendations 16.2 and 16.3 of the Commission's report, by providing a clearer plan of Government action and an underpinning performance framework to track the tertiary education system's contribution to improving the lives of all New Zealanders.



Hon Paul Goldsmith

Minister for Tertiary Education,
Skills and Employment



1. Creating a more student-centred system

What do we want, and why?

A key focus for Government in the coming years will be to lift student outcomes through information, broad access, and flexible settings that support participation and achievement in tertiary education, and in the world of work. This follows from some of Government's existing work to improve information for students and transitions into and through education.

This work particularly links to the Productivity Commission's concerns that:

- Information for prospective students regarding education quality and labour market demand is fragmented and difficult to navigate. Prospective students don't have the skills and competencies required to find and use available information effectively.
- Mechanisms to facilitate student mobility – especially credit recognition and transfer agreements – are unclear and inconsistent, and providers have few incentives to support movement.
- The tertiary education system is increasingly oriented toward full-time study, towards younger students, and away from extramural study.
- There is limited information available for employers regarding the future supply of skills in their industry.

What are we doing already?

Government already has a strong focus on improving how the tertiary education system supports students to participate and achieve.

We are particularly focused on improving information to support student decision-making, although we cannot rely entirely on informed student choice to ensure high quality tertiary provision that delivers relevant skills to meet labour market demand. Employer voice plays a key role, as does the Tertiary Education Commission (TEC)'s role in steering its investments.

Some of the key initiatives across government that are delivering better and more useful information are:

- Vocational Pathways support clearer progressions for students through education and into careers.
- Embedding Vocational Pathways in schools' curriculum planning.
- TEC has a comprehensive suite of work underway to improve information for students, and improve the channels through which it is delivered, which may over time be consolidated across government.
- Publishing data on the employment outcomes of tertiary education – soon to include publication of provider-level data and data on the outcomes from industry training.
- Tertiary providers will publish tuition subsidies for each programme through the "Key Information Set" being implemented by the TEC.
- Publishing the Occupation Outlook, including a mobile app, to provide information on over 100 key occupations in relation to current and predicted demand, likely income ranges, and qualifications or training needed.
- Engineering Education to Employment (E2E) is a partnership between tertiary education institutions, the TEC, Business NZ, the Institution of Professional Engineers and other organisations that employ or benefit from engineers. It promotes engineering education, supporting the 2016 achievement of the goal to boost graduates by 500+.

Links to Productivity Commission recommendations:

- 13.1 information
- 13.5 comparative information
- 13.8 information for employers
- 13.13 information about the full price of education

What we will do in the next year

We can do more within our existing broad policy settings to support greater student mobility – ensuring students access the education they need, when they need it.

The New Zealand Qualifications Authority (NZQA) is exploring what would be required to recognise "industry" micro-credentials and badging, and ways to improve awareness and use of credit recognition and transfer and recognition of prior learning. The goal is to be able to credential all learners' formal and informal learning leading to less duplication.

Our main way to enable student mobility in the next year is by encouraging students and tertiary education organisations to make more use of credit recognition and transfer. NZQA will release updated guidelines for Tertiary Education Organisations (TEOs) and information for learners.

We also are focused on improving careers education and support for young students to move from school, through tertiary education, and into a career. Merging Careers New Zealand into the TEC is an opportunity to strengthen the links between education and employment.

The TEC will use its close relationships with TEOs to encourage them to build better connections with schools, Communities of Learning and local businesses. This will strengthen school-based careers education by enabling tertiary providers and employers to give better information to schools, coordinate on the skills needs of the labour market, and work with schools to increase the relevance of the curriculum.

Links to Productivity Commission recommendations:

- 13.2 reform school-based career education
- 13.9 NZQA credit transfer guidance

What we need to think about next

There are some broader issues we need to consider to ensure our system enables students to participate and succeed.

Three key priorities for work are:

- Building from improvements to credit recognition and transfer. This will ensure broader settings support mobility – through having the right funding or other incentives, through good systems to support credit recognition and transfer as well as recognition of prior learning, and through appropriate dispute resolution systems.
- Ensuring we have the right mix and range of qualifications and learning options to support students to participate in a way that suits their individual needs and circumstances, including through lifelong learning. NZQA's current pilot of new approaches for micro-credentials and badging will help us to make decisions about what might come next.
- Exploring any further opportunities to improve information – both the sort of information available and how it is used. Some key opportunities might be looking at value-added outcomes so that students can understand what benefits they can expect to receive as a result of their tertiary education investment, and strengthening the information connections between employers and the tertiary education system.

Links to Productivity Commission recommendations:

- 13.5 comparative information
- 13.10 funding articulation agreements
- 13.11 online articulation register
- 13.12 dispute resolution system to support student mobility

What we're not going to do

Recommendation 13.3:

The Productivity Commission recommended the abolition of University Entrance (UE), partly on the basis that it provides a confusing signal to students as many universities choose to set higher entrance standards.

This year, NZQA has been reviewing UE to make ongoing operational improvements and ensure it is working well. The review has identified that UE still plays an important role in the system, but there are opportunities to improve its design and operation. While a number of universities can and do set higher standards, UE continues to provide a base measure of achievement, and is also used outside a university context.

2. Meeting the needs of industry and employers through relevant, responsive, and supportive teaching environments

What do we want, and why?

The Government wants to ensure that providers are offering relevant, high-quality education for students – that engages them and ensures they have the skills they need to find productive, sustainable employment after study. This means supporting providers to lift teaching quality, while also supporting industry and employers to be key players in the tertiary education system.

This work particularly links to the Productivity Commission's concerns that:

- There are limited incentives for providers to invest in improving the quality of teaching, particularly in comparison to research performance.
- Connecting employers and the tertiary education system is important for improving outcomes, but incentives to work together are too weak.

What we will do in the next year

We think there are strong opportunities to step up what we do in the next twelve months.

One strong focus for government will be on how data is used. We will be incorporating learning analytics more effectively in the External Evaluation and Review process by expecting providers to show us that they are using data analytics to understand student progress and improve achievement. We will also explore other opportunities to encourage more use of student data analytics by tertiary education organisations to meet the needs of their students.

We will support Ako Aotearoa and providers as they work to develop their own standards to assess and reward teachers' capability, including by clarifying government's role in this area. We know having clear standards is an issue of interest to many TEOs and to Ako Aotearoa, and that there is work already underway across the sector.

We also want to initiate a review of the legislation and policy on "research-led" degree teaching rules. This will take some time and require engagement with the sector. We would expect any changes to be made from 2019 onward.

We will also explore opportunities to better support work-integrated learning, to ensure that students have real opportunities to engage with employers as they progress their tertiary education – and to ensure that employers have input into the skills their future workforce gain while in tertiary study.

Links to Productivity Commission recommendations:

- 13.7 use of data analytics
- 14.7 providers develop teaching standards
- 14.8 repeal law requiring research-led teaching outside universities

What are we doing already?

The Government has a strong focus on supporting high-quality teaching across the tertiary education system.

The TEC funds Ako Aotearoa, the national centre for tertiary teaching excellence.

NZQA, the TEC and the Academic Quality Agency of Universities New Zealand work to monitor and assure quality across the sector.

NZQA uses an evaluative approach to its quality assurance of all tertiary education organisations except the universities. It is an integrated quality assurance system where all the components (entry processes, maintaining quality, external evaluation and review, and managing risk) support each other.

The Academic Quality Agency undertakes regular academic audits of our universities.

Providers' success in supporting students is measured through the Educational Performance Indicators (EPIs). These focus on student retention, progression, and completion, and have enabled a stronger focus across the sector on performance and meeting the needs of students.

We need to think about what comes next to build on the success of EPIs. Their use to support performance-linked funding will be a focus of some work over the next 12 months under Workstream 3 (Improving performance across the system).

What we need to think about next

The broader issues we need to consider in this area over time include:

- Ensuring we have the right balance of incentives across teaching and research, to support education that is relevant, high-quality, and internationally competitive.
- How to better support collaboration in the system – including between providers and with industry. Our great TEOs need to be able to share systems and best practice. Government should back up this behaviour through the right incentives – including funding where appropriate.
- We need a system where employers have a strong voice in delivery and strong connections with tertiary education providers.

Links to Productivity Commission recommendations:

- 14.9 balance of teaching and research incentives
- 14.15 barriers to collaboration

What we're not going to do

Recommendation 14.9:

The Productivity Commission recommended that Government should conduct a review to consider what changes to the Performance-Based Research Fund and other funding instruments are needed to address the imbalance in incentives for tertiary education institutions to prioritise between teaching and research.

Changes may be needed to performance measures and funding mechanisms to ensure that incentives for research excellence are well-balanced with incentives for high-quality teaching and student outcomes. This will be considered as part of what we need to think about next (above).

We do not consider a review of the PBRF is required for this purpose. The PBRF was last reviewed in 2014 and found to be performing well against its objectives. It rewards excellent research performance, including postgraduate research qualifications. Adding other objectives and components to the PBRF itself risks losing clarity and focus.

3.Improving performance across the system

What do we want, and why?

Government believes that we can do more to support a more responsive tertiary education system which better rewards high performance. We need to get the incentives right for TEOs, and reduce any barriers that exist to delivering improved outcomes for students, employers, and the country.

This work particularly links to the Productivity Commission’s concerns that:

- The funding system provides little reward for high performance. Increased volume funding is a weak incentive for providers to increase quality, improve access for under-represented groups, or to improve outcomes for students.
- Very little funding shifts between tertiary education organisations through the Investment Plan system. The TEC’S Equivalent Full Time Student (EFTS) funding allocations act as a quota system, protecting incumbent providers and dampening signals from student demand.
- Funding mechanisms tend to contain prescriptive specifications and give relatively little discretion in how funding is allocated and what providers are funded to deliver.
- Fee regulation can constrain innovation and limit providers’ ability to differentiate their programmes. It can lock in historical prices and remove incentives to vary fees according to students’ ability to pay.

What are we doing already?

Government has a continuous focus on performance improvement in the tertiary education system.

We are changing Educational Performance Indicators (EPIs) to include cohort-based completion rates. This will give more accurate measures of provider performance. We are also reviewing how the EPIs inform the External Evaluation and Review Process.

We have increased flexibility in tuition funds, allowing funding to respond more quickly to changing demand. This includes introducing a multi-category appropriation for tuition funding, and enabling the TEC (from 2016) to agree up-front to fund providers to deliver up to 102% of their funding allocation.

Government agencies are also strongly focused on improving their performance and reducing compliance costs for providers – including:

- NZQA and TEC are improving the timeliness of their decisions and services.
- In 2016, NZQA-led improvements to the evaluative quality assurance framework reduced average turnaround time for standard approval and accreditation applications by three weeks. NZQA achieved this by simplifying and clarifying its requirements while maintaining the rigour of decisions.

Links to Productivity Commission recommendations:

- 14.2 NZQA timeframes and requirements
- 14.4 ensure EPI robustness
- 15.9 TEC timeframes to confirm funding allocations

What we will do in the next year

In the next 12 months we will focus particularly on the use of performance measures in funding. We expect to make decisions about the role of performance-linked funding across the system, and to be able to signal any planned changes in direction.

TEC will also review its operational policy regarding the ability of institutes of technology and polytechnics to deliver programmes across New Zealand without requiring approval based on location.

Links to Productivity Commission recommendations:

- 15.10 discontinue performance-linked funding, use pricing
- 14.14 ITPs deliver across NZ without preapproval

What we need to think about next

The broader issues we need to consider in this area include:

- How measures and assessment of performance can reinforce good behaviour and strong outcomes. We will explore the potential for new or improved performance measures to encourage:
 - greater efficiency and improved education performance (including consideration of value-added EPIs)
 - increased participation, achievement, and outcomes for at-risk students
 - support improved graduate employment outcomes (including the development of new graduate employment measures for industry training organisations).
- Ensuring that the way we fund doesn’t negatively distort behaviour across the system. We will look for opportunities to support a more responsive system that delivers what is needed, where it is needed, and when. For example:
 - reviewing the way EFTS are calculated and allocated across the system (including in response to demand)
 - considering our approach to funding apprenticeships across different types of provision
 - addressing potential barriers to enabling students to move between providers and into work.
- How we can encourage and reward high performance through funding. This will consider options to strengthen price incentives to better reward tertiary education organisations’ performance.
- Whether TEIs should pay rates. This is an issue that extends beyond TEIs. Schools, district health boards, and other Crown entities and assets are also not currently subject to local government rates.
- How fee regulation – including through the Annual Maximum Fee Movement – should operate to support provider flexibility while also managing costs for students.

Links to Productivity Commission recommendations:

- 13.4 value-add monitoring
- 13.6 EPI penalties when students switch providers or move into work
- 14.13 TEIs to pay rates
- 15.4 replace AMFM
- 15.5 need-based fees
- 15.6 responsive SAC funding
- 15.8 EFTS not input-based
- 15.11 price and tenders for delivery
- 15.12 deliver based on price, not volume
- 15.15 competition for vocational training funding
- 15.16 equalise apprenticeship funding

What we’re not going to do

Recommendation 14.11: Remove restrictions on higher levels of industry training.

Recommendation 14.12: Financially competent Tertiary Education Institutions should own and control their assets and be fully responsible for their debts.

Recommendation 14.16: Providers should be able to apply to NZQA to use the terms “university”, “polytechnic”, “institute of technology” and “college of education”.

Recommendation 16.1: Transfer TEI ownership monitoring from the TEC to the Treasury.

Broadly agree, but low priority as demand is well below the current limit.

TEIs already have substantial control, and this issue has been repeatedly reviewed. Government considers the current balance between oversight and autonomy is about right.

There is currently a Bill before the House seeking change to allow wānanga to be able to use protected terms, and private training establishments already can. Government does not consider further change is needed.

Treasury’s monitoring capability is in commercial entities. Any further work on potentially clarifying boundaries and roles of agencies could be undertaken if required to align with the specific changes proposed across these workstreams over time.

4. Enabling and encouraging innovative new models and providers

What do we want, and why?

One of Government's key aims through the Productivity Commission work was to identify how to better support innovation across the tertiary education system. The Commission identified that this could be achieved through a focus on system performance and responsiveness – which is picked up through Workstreams 1 to 3. However, it also identified some specific opportunities to support innovative new models and providers.

As such, this work particularly links to the Productivity Commission's concerns that:

- Existing quality control settings can be inflexible, and sit across different parts of the system, while quality control effort mostly does not differentiate between providers based on their track records.
- There is a range of barriers to entry for new providers to enter the tertiary education system, both within subsectors and across the system (including offshore providers).
- Access to EFTS funding is a perceived barrier to entry for new providers.
- Providers have little incentive to experiment with new models as they face high risks of negative impacts on their overall performance measures.

What are we doing already?

Government has supported innovation in the tertiary education system through some key initiatives in recent years. These have largely been about responding to particular issues identified across the sector or by industry. For example:

- ICT Graduate Schools were introduced to support growth in the ICT sector and ensure graduates have the skills sought by industry.
- There has been a strong focus on improving secondary-tertiary pathways, including through innovative approaches in Youth Guarantee. Government is continuing to focus on these pathways, to ensure systems are clear, consistent, easy to use, and deliver the right outcomes for students.

What we will do in the next year

The Productivity Commission identified some specific actions that we think can help kick-start innovation quickly, and which we aim to introduce over the next 12 months.

To make it easier for new private training establishments (PTEs) to enter the TEC-funded system, the TEC will clarify its online information about how registered PTEs not previously funded by the TEC can apply (even if they do not yet have NZQA approval of the programmes they intend to deliver). In assessing new PTEs' applications, the TEC prioritises those wanting to offer provision not already available with TEC funding, including new or innovative delivery modes.

We will also look into introducing a "safe harbour" from EPI measures to enable providers to run experimental courses.

Links to Productivity Commission recommendations:

- 15.7 allocate funding for new entrants
- 15.14 SAC funding for experimental courses, with EPI exemptions

What we need to think about next

The broader issues we need to consider in this area over time include:

- The role of accreditation and quality assurance, and how regulation can enable innovation while ensuring high quality. We will look into self-accreditation and any subsequent issues for the role of the Vice Chancellors' Committee.
- NZQA will continue to improve the Quality Assurance framework maintaining a balance between flexibility and rigour while enabling innovation. A current focus is on whether additional 'mid-term' mechanisms could be used to provide ongoing assurance of quality, particularly in relation to assessment.
- Balancing risk management with openness. We will review other potential barriers for providers to enter the tertiary education system – including any regulatory or risk barriers for overseas providers.
- We will consider how to support more innovative forms of delivery for students from different backgrounds. This links to some of the work proposed in Workstream 1. It will include looking into funding restrictions on short programmes and assessing funding options that may support recognition of prior learning.

Links to Productivity Commission recommendations:

- 14.1 set and enforce clear standards
- 14.3 providers can apply to self-accredit
- 14.5 universities grand-parented to self-accredit
- 14.6 repeal law relating to Vice Chancellors' Committee
- 14.10 remove funding restrictions on short courses
- 14.15 remove barriers to new entrants
- 14.17 approve overseas providers

What we're not going to do

Changes to the Student Loan Scheme: The Productivity Commission proposed changes to the Student Loan Scheme, including:

- Recommendation 15.1: Introduce a higher repayment threshold, progressive repayments, and interest on new lending.
- Recommendation 15.2: Adjust balances in line with the Consumer Price Index.
- Recommendation 15.3: Provide student loans with interest for students in NZQA-approved courses not subsidised by the TEC.

Changes to tuition subsidies: Recommendation 15.13 of the Commission's report recommended adjusting tuition subsidy rates over time to reduce subsidies, or pay no subsidies, to study with high private returns.

Government is committed to retaining interest-free loans for borrowers in New Zealand. We consider this policy is essential to support broad access to tertiary education and deliver good outcomes for New Zealand.

Adjusting subsidies based on private returns from study also works against broad access, and is inconsistent with other policy settings encouraging students to undertake study with high private returns.

Appendix 1: The Productivity Commission’s specific recommendations

Key to responses

Agree	For those recommendations we agree with. Does not reflect their relative priority in the broader work programme, dependencies on other changes, potential costs or implementation issues.
Agree in Principle	Agree in principle with the direction set out by recommendations, but further work is needed to assess if they are the best options to achieve their objectives, and what changes may be needed to get the desired result.
More Thought Needed	More thought is needed where recommendations raise issues of potentially competing objectives, where their feasibility is uncertain, or where they would require significant change and cost with uncertain benefits.
Disagree	We disagree with recommendations we think are inconsistent with other government objectives, unnecessary to achieve their aims, or overtaken by events.

Productivity Commission recommendations related to Workstream 1: Creating a more student-centred system

Productivity Commission Recommendations	Government response and next steps
<p>13.1 Government should consolidate and improve the array of official information sources about study and career options aimed at prospective (and current) tertiary students.</p>	<p style="background-color: #00a651; color: white; padding: 5px; display: inline-block;">Agree</p> <p><i>This is being addressed now.</i></p> <p>The Tertiary Education Commission (TEC) has a comprehensive suite of work underway to improve information for students, and improve and consolidate the channels through which it is delivered.</p>
<p>13.2 The Ministry of Education should reform its approach to school-based career education so that school students, from an early age, develop the skills and knowledge to make effective decisions about their study options and career pathways.</p>	<p style="background-color: #00a651; color: white; padding: 5px; display: inline-block;">Agree</p> <p><i>This will be addressed in the next year.</i></p> <p>The development of Communities of Learning Kāhui Ako and the merger of Careers NZ into the TEC provide opportunities to improve and consolidate advice and information on study and career options.</p>

Productivity Commission Recommendations

- 13.3 Government should abolish University Entrance (UE), leaving all universities free to set their own entry requirements. All providers' entry requirements should be transparent and communicated consistently, including in the consolidated information source referred to in Recommendation 13.1.
- 13.5 Government should identify what kinds of study, at what providers, result in the best outcomes (broadly conceived) for different groups of students. This should include comparisons between provider-based and ITO arranged training. It should also include comparisons between the outcomes of students and the outcomes of otherwise similar people who do not participate in tertiary education, to improve understanding of the difference that tertiary education makes to people's lives.
- Government should publish this information for providers, Industry Training Organisations and purchasing agencies. It should also be published in the consolidated information source referred to in Recommendation 13.1.
- 13.8 To help providers and industry understand and respond to the likely future supply of skills, government should publish information about students' study choices (including at school).

Government response and next steps

Disagree

NZQA is reviewing UE to identify improvement options.

UE offers a common entry standard to degree level study at university. It is also often used by other Tertiary Education Organisations (TEOs). It has broad support across the sector and the wider community. Although universities can and often do set other entry requirements, UE establishes the minimum criteria. Abolishing UE may reduce clarity for students and increase complexity.

Agree

This is being addressed now.

There is ongoing work to improve our analysis of student outcomes.

From 2018, tertiary education providers will publish information on their graduates' employment outcomes by field of study and level of qualification.

Agree

This is being addressed now.

Much information is already available – can explore options to improve access, use and impact, including feasibility. Information alone may not substantially improve responsiveness of skill supply to demand.

Productivity Commission Recommendations

Government response and next steps

13.9 NZQA is revising its guidance on credit transfer. New guidance should set expectations that providers:

- have credit transfer policies and practices, at both the institutional level and (where appropriate) sub-institutional levels, that support student mobility and minimise repeated learning;
- integrate enrolment and credit transfer application processes;
- make available information to students about transfer processes in an accessible, clear and consistent way; and
- use terms consistently and collect data about transfer applications and outcomes of students who have transferred to support data analysis at a provider and system level.

13.10 The TEC should selectively fund providers to enter into specific articulation agreements where it wishes to promote articulation, or where there is evidence of student or employer demand for articulation.

13.11 Government should create an online register of articulation agreements and transfer opportunities on a course-by-course basis. Government should integrate this into the consolidated information source referred to in Recommendation 13.1.

Agree

This is being addressed over the next 12 months.

Work is already underway to review NZQA guidance. NZQA has reviewed and updated its guidelines for TEOs and information for students.

More
thought
needed

This will be considered in longer-term work.

We need to consider the appropriate roles of providers and Government. Other measures to improve articulation and credit transfer are available, for example: provider performance measures or quality assurance processes.

More
thought
needed

This will be considered in longer-term work.

We will assess whether a centralised online register is a necessary or cost-effective response to this issue. Alternative options may include clearer information expectations and standards for providers (whether government or sector-led).

Productivity Commission Recommendations

13.12 The Ministry of Education and NZQA should work with the Government Centre for Dispute Resolution to develop a dispute resolution mechanism for:

- resolving disputes between students and providers about credit transfer and recognition;
- raising awareness of articulation agreements, transfer pathways and credit recognition; and
- reviewing or auditing providers' credit transfer policies and practices.

In doing so, officials should consider opportunities to consolidate other dispute resolution mechanisms in the tertiary education sector.

13.13 Every student should receive an invoice from their provider for government-subsidised education. This should explicitly show the full price of education, and taxpayers' contribution, alongside the fee payable.

Government response and next steps

Agree

This will be considered in longer-term work.

Further work in this area should consider alternative models and international examples. It can be aligned with ongoing work and undertaken in consultation with sector stakeholders.

Agree in principle

This is being addressed now.

Students should get accurate information on total cost of their programmes. This information is published in the "Key Information Set" on the Careers New Zealand website, and by the end of 2017 will be on individual providers' websites.

The Government will monitor the impact of this information. Additional information on invoices would increase transparency but comes too late to influence students' decision making.

Productivity Commission Recommendations related to Workstream 2: Meeting the needs of industry and employers through relevant, responsive and supportive teaching environments with high quality teaching

Productivity Commission Recommendations	Government response and next steps
<p>13.7 NZQA is reviewing the indicators that it uses to assess providers' self-assessment capability within the External Evaluation and Review (EER) process. As part of this review, NZQA should introduce measures (as is appropriate for a provider's context) that encourage providers to expand their use of data and learning analytics to better inform their teaching and student support.</p>	<p>Agree in principle</p> <p><i>This is being addressed in the next 12 months.</i></p> <p>NZQA can implement this in EER through work already underway, and TEC intends to use its new Capability Assessment Framework (in development) to set expectations about providers' capability in using their own data to improve student learning.</p> <p>Education agencies will consider other options to encourage providers' use of student analytics.</p>
<p>14.7 Providers should develop and adopt frameworks of standards for tertiary teaching, suitable for New Zealand's tertiary education system, for assessing and rewarding the capability and performance of tertiary teachers.</p>	<p>Agree in principle</p> <p><i>This will be addressed with the sector as part of ongoing work.</i></p> <p>This recommendation requires leadership from the providers themselves and quality assurance bodies. Ako Aotearoa plays an important role as the National Centre for Tertiary Teaching Excellence.</p>
<p>14.8 Government should introduce legislation to remove the statutory requirements of s 253B (3)(a) in the Education Act 1989 that every degree-level programme at a non-university provider must be taught mainly by people engaged in research.</p>	<p>Agree in principle</p> <p><i>This will be progressed in the next 9 months.</i></p> <p>The Government will review the current legislation and rules, and how they are applied in practice, to ensure they do not unduly impede innovative, responsive new models of delivery. It will begin consultation with the sector in 2018.</p> <p>A strong link between learning and research is a core aspect of degree-level qualifications. This reflects international standards for recognition of degree level qualifications, seen in the NZ Qualifications Framework. It underpins the reputation of our tertiary institutions and the degrees held by their graduates.</p>

Productivity Commission Recommendations

Government response and next steps

14.9 Government should conduct a review to consider what changes to the Performance-Based Research Fund, and to other funding instruments, are needed to address the imbalance in tertiary education institutions' incentives to prioritise research as opposed to teaching.

**Disagree
re PBRF**

The current legislation, rules or practices may be reducing opportunities for degree level learning to reflect industry needs and new delivery technologies. A range of options will be considered.

This will be considered in longer-term work.

The Government agrees that changes may be needed to other performance measures and funding mechanisms, to ensure incentives for research excellence are well balanced with incentives for high quality teaching and student outcomes. We can learn from developments in the UK and Australia as we progress this work.

**More
thought
needed
on
teaching
quality
measures**

The PBRF is well-designed to perform its functions by rewarding excellent research performance, including post-graduate research qualifications. Adding other objectives and components to the PBRF itself risks losing clarity and focus.

14.15 The Ministry of Education should systematically identify and remove regulatory barriers to new entrants in the tertiary education system, subject to quality standards. This should include barriers to providers or groups acting collaboratively.

Agree

This will be addressed as part of ongoing work.

The Ministry of Education will consider options to improve regulatory analysis across tertiary education in its ongoing work programme.

Ongoing review of regulatory barriers is valuable, and includes agencies' operational rules, and how regulations and rules are implemented in practice, as well as government regulations.

Productivity Commission Recommendations related to Workstream 3: Improving performance across the system

Productivity Commission Recommendations	Government response and next steps
<p>13.4 Government's monitoring and reporting of provider and Industry Training Organisation performance, including the TEC's Education Performance Indicators (EPIs), should include measures that are adjusted for students' prior achievement.</p>	<p>More thought needed</p> <p><i>This will be considered in longer-term work.</i></p> <p>Further work is required on how value-add measures can be developed, their feasibility, and where they can best be applied in reporting, quality assurance, information for students, and government funding. We need to carefully consider risks and incentive effects.</p>
<p>13.6 The TEC should change the way it measures completions so that provider performance is not penalised if a student transfers to continue learning at a different provider or moves into work.</p>	<p>Agree in principle</p> <p><i>This will be considered in longer-term work.</i></p> <p>The overall balance of performance measures and incentives should not penalise providers for student mobility and positive employment outcomes. A range of options to achieve this, including changes to EPIs, will be considered.</p> <p>The Government has a legitimate interest in seeing students complete qualifications, and not all student choices to transfer or leave study for work reflect positive outcomes for tertiary providers.</p>
<p>14.2 NZQA should continue to review programme approval processes and other ex ante controls, with a view to reducing timeframes and removing any unnecessary requirements. NZQA should:</p> <ul style="list-style-type: none"> • set a target for the median timeframe for programme approvals; • update policies to permit providers to change the location of delivery without prior approval, where those changes do not materially alter the programme from the perspective of students; and • clarify when and why panel reviews are required, and ensure that the specified panel composition is the minimum size and skills composition necessary for quality control. 	<p>Agree</p> <p><i>Work on this is ongoing.</i></p> <p>NZQA will continue looking for further opportunities, after improvements made already. Tertiary Education Strategy (TES) undertakings to measure agency performance in enabling providers haven't been fully implemented.</p>

Productivity Commission Recommendations

Government response and next steps

14.4 Because NZQA uses EPIs as part of their quality assurance processes, they should work with the TEC to ensure that EPIs are robust and fit for use as part of the quality assurance framework.

Agree

Work on this is ongoing.

The TEC and NZQA regularly discuss their performance monitoring activities can be better aligned. NZQA will participate in designing the next set of changes to EPIs.

14.11 Government should remove limits on the use of industry training funding on training at levels 5 and above on the New Zealand Qualifications Framework.

Agree in principle

This will not be progressed at this stage due to low priority.

Demand for industry training funding at level 5 and above is well below the current limit of 10% of the total value of the industry training fund. This does not appear to be a binding constraint.

14.12 To improve their ability to innovate, financially competent tertiary education institutions (TEIs) should own and control their assets, and be fully responsible for their own debts. Government should seek to amend the Education Act 1989 to:

Disagree

TEIs already have substantial control of their finances. The balance of government oversight and institutional autonomy has been repeatedly reviewed and the Government considers the right balance is being struck.

- remove the requirement for financially competent TEIs to seek approval to acquire or dispose of assets, or to borrow money; and
- remove government's guarantee of the creditors of financially competent TEIs.

There is no Government guarantee to TEIs' creditors, except where TEIs are formally disestablished.

14.13 TEIs should contribute directly to their local communities by paying full rates. This would remove a distortion that can contribute to inefficient use of assets and land by TEIs.

More thought needed

This will be considered in longer-term work.

The current exemption from rates may distort TEIs' investment decisions and may lead to over-investment in property. This can also erode local authorities' rating base. However, this raises broader issues concerning rating of Crown land (including schools, DHBs, and other Crown Entities).

The Treasury will look into the desirability of TEIs paying full rates to address these potential distortions of investment incentives and local government revenue.

Productivity Commission Recommendations

Government response and next steps

14.14 Institutes of technology and polytechnics (ITPs) should be able to deliver education at any location in NZ without pre-approval from the TEC.

Agree in principle

This is being addressed now.

ITPs play a vital role in meeting local education and skills needs. ITPs are currently the only provider type whose provision is restricted by location by default, preventing them from competing for students outside their “home” region (except in areas of specialisation). This restriction aims to promote collaboration, reduce duplication and support ITP viability; but it may also constrain innovation, competition and responsiveness. TEC will review its operational policy to consider whether the restriction is warranted. Risks to the network of provision and concerns about unnecessary duplication or risk-taking would need to be considered.

14.16 Any provider should be able to apply to the NZQA to use the terms “university”, “polytechnic”, “institute of technology”, and “college of education”. NZQA should grant or reject such applications based on the provider’s characteristics and on whether students or the public are likely to be misled about the provider’s nature or quality. NZQA should recover the costs associated with reviewing applications.

Disagree

The current Education (Tertiary Education and Other Matters) Amendment Bill currently before the House of Representatives will let Wānanga apply to use protected terms as private training establishments can. This is sufficient. Extending this amendment to other TEIs was considered and rejected following a policy review in 2016.

15.4 Government should replace the Annual Maximum Fee Movement fee price regulation with a policy that specifies a regulated price for courses depending on their New Zealand Qualifications Framework level and field of study. This policy should apply to all providers on a neutral basis.

Agree in principle

Options to improve fee regulation will be considered in longer-term work.

The Government will continue regulating student tuition fees to limit price inflation and maintain affordability for students, to maintain fiscal control (as fee increases are largely paid via subsidised student loans), and to encourage cost-efficient provision.

Productivity Commission Recommendations

15.5 To encourage product innovation while protecting access for low-socioeconomic status (low-SES) students, TEIs should be permitted to set higher fees (within limits) for some of the courses they offer, on the condition that the revenue raised is used to reduce fees, particularly for low-SES students. The Ministry of Education and the TEC should design and pilot a scheme of this kind and, depending on the results, extend it to all TEIs.

15.6 Government should redesign its Student Achievement Component (SAC) L3+ funding approach such that:

- it costs providers to over- or under-deliver against their TEC funding allocation; and
- TEC reallocates funded volume mechanistically in response to over- or under-delivery. Each provider should retain flexibility to manage enrolments across different funding categories within the broad mix of provision that TEC has agreed to fund.

TEC should have the power to intervene in the mechanistic reallocation process in exceptional circumstances. Such intervention should be rare, and its nature and rationale recorded in TEC's Annual Report.

Government response and next steps

The impact of fee controls on providers' incentives and ability to innovate and respond to changing demand will be considered as fee regulation policy is reviewed.

Agree in principle

This will be considered in longer-term work.

There is already some implicit cross-subsidy between students through fees and scholarships.

Options will be considered in the future review of fees regulation policy following recommendation 15.4.

More thought needed

Further change to funding mechanisms will be considered in longer-term work.

The Government has taken steps to increase responsiveness of SAC L3+ funding to changes in student demand. The TEC has more flexibility to manage funding over time and between funds.

The Commission's specific proposal to penalise over-delivery is one option to improve information on demand. The proposed exceptions process may not effectively target skills shortages or other areas of priority. These will be considered alongside other options in longer term work on funding system design.

Productivity Commission Recommendations

Government response and next steps

15.8 The TEC should remove any reference to inputs in its definition of an Equivalent Full-Time Student. It should instead rely on the relevant quality assurer's assessment of "credit value" to determine the funded size of courses and qualifications. Because providers will have incentives to inflate the funded size of new courses and qualifications, government should implement measures to prevent this.

15.9 The TEC should, in consultation with providers, set – and stick to – a reasonable deadline by which it will confirm funding allocations.

15.10 Government should discontinue Performance-Linked Funding. Government should design and implement a new pricing mechanism to incentivise providers to continually improve their

More
thought
needed

Some experimentation and pilots are underway.

Broader issues will be considered in longer term work.

The current input focus on study and contact hours gives TEC and NZQA a common language and strong basis for monitoring but it inhibits new models. There are some major challenges in designing alternatives that target Government funding well.

The TEC is piloting an alternative approach in agribusiness, including funding for Recognition of Prior Learning.

Agree

Work on this is ongoing.

The TEC is taking steps to improve timeliness of funding decisions, including funding allocations to providers. This will continue to be subject to the practical constraints of Government's budget process.

The Tertiary Education Strategy states that education agencies will develop measures (including quality and timeliness) of their performance in enabling tertiary education organisations to deliver on TES objectives, and report these through existing accountability mechanisms. This has not been fully implemented.

More
thought
needed

We will start thinking about this now, for further change to funding mechanisms to be considered in longer-term work.

Productivity Commission Recommendations

performance in adding value to students. Such a mechanism should:

- use metrics that are adjusted for characteristics of the student intake;
- redistribute money (rather than student volume) from lower- to higher-performing providers at all levels of performance;
- avoid penalising providers when students leave study for reasons unrelated to provider performance; and
- affect a consequential amount of funding.

15.11 Where necessary, the Tertiary Education Commission (TEC) should:

- run a tender process to identify the price at which providers are willing to supply in particular fields or regions, or for students with particular characteristics; or
- purchase from a “preferred supplier” for a fixed period of time in return for a commitment on the part of the provider to specialise.

In all such cases:

- the rationale for the intervention should be made public;
- the process should be transparent and competitive; and
- TEC should state in advance how and when it will measure the success of the intervention.

In entering into “preferred supplier” agreements, TEC should carefully weigh the value of encouraging providers to specialise against the harm of constraining students’ enrolment choices.

15.12 Government should use price, not volume, to maintain its desired level of delivery (and where relevant its desired level of participation by students with particular characteristics) in any

Government response and next steps

This will be considered alongside other options in longer term work on funding system design. If students can be empowered to make better-informed choices, and if the TEC’s future investment decisions are strongly informed by performance evidence, less reliance may need to be placed on formulaic approaches to performance-linked funding.

More
thought
needed

Further change to funding mechanisms will be considered in longer-term work.

This recommendation concerns the balance between “funding” providers to deliver a complex mix of outputs, and “purchasing” by defining and pricing a more detailed mix of outputs.

There is merit in using price rather than volume to reward performance. Volume growth is not always desirable, and paying higher prices to elicit, sustain and reward some provision may be more effective. But there is risk in government seeking to specify and price too many different factors, or using multiple price levers at once.

This will be considered alongside other issues in funding system design.

More
thought
needed

See 15.11 above

Productivity Commission Recommendations

Government response and next steps

given location or field of study, including high-cost fields of study. Price levers available to government include tuition subsidies, fee regulation and scholarships. Any changes government makes to prices should be transparent, and based on a good understanding of why government has chosen to intervene and the outcomes it expects from its intervention.

15.15 Government should enable Industry Training Organisations and providers to compete for funded volume in vocational education and training.

15.16 The Ministry of Education should equalise the funding rates applicable to New Zealand and Managed Apprenticeships.

16.1 Government should transfer responsibility for monitoring and managing the Crown's ownership interest in TEIs from TEC and the Ministry of Education to Treasury.

Agree in principle

This will be considered in longer-term work.

This largely happens already. Increased flexibility for the TEC to reallocate money between funds in response to demand has improved this.

More thought needed

This will be considered in longer-term work.

The Ministry of Education will review the evidence on current performance of these programmes, and the rationale for the current funding differential.

Disagree

Given costs, risks, and potential disruption, any proposal for structural change needs a compelling case after exploring other options such as clearer internal structural and procedural separation in TEC.

Treasury's monitoring capability is in commercial entities. Crown Entity monitoring is more usually placed with the relevant Department. The Ministry of Education had responsibility for TEI ownership monitoring until 2007, and would be another option if Government were to consider any change to current arrangements.

Productivity Commission Recommendations related to Workstream 4: Enabling and encouraging innovative new models and providers

Productivity Commission Recommendations	Government response and next steps
<p>14.1 NZQA should define acceptable standards and monitor provider performance against those standards. The standards should be clear and any changes publicised well in advance. Providers that fail to meet acceptable standards should face meaningful consequences such as loss of their licence to operate or appointment of a Crown manager.</p>	<p>More thought needed</p> <p><i>This will be considered in longer-term work.</i></p> <p>Minimum standards should be clear and enforced, but aren't sufficient. A robust system is needed to protect system quality. Students have limited information on which to judge quality above any minimum standards, and further protection is warranted. NZQA is better placed than the TEC to make some assessments of quality. NZQA's evaluative quality assurance system includes minimum standards but focuses on continuous improvement.</p>
<p>14.3 All providers should be able to apply to NZQA for self-accrediting status. Self-accreditation should be restricted to providers with a track record of strong performance and robust internal quality assurance. Self-accrediting providers would be exempt from NZQA processes such as programme approval and accreditation, qualification monitoring, and EER.</p>	<p>More thought needed</p> <p><i>This will be considered in longer-term work.</i></p> <p>Self-accreditation would be a significant step and would require periodic assurance of provider performance.</p> <p>This needs to be considered as part of broader work on future options for qualifications regulation.</p>
<p>14.5 New Zealand universities should initially be grandparented self-accrediting status. After an initial cycle of the self-accreditation process (5 to 10 years) they should be required to demonstrate that they were meeting the standards of a self-accrediting provider.</p>	<p>More thought needed</p> <p>If self-accreditation is implemented (recommendation 14.3), grandparenting universities at the outset is a reasonable approach.</p>

Productivity Commission Recommendations

14.6 Government should introduce legislation to repeal the statutory provisions relating to the Vice-Chancellors' Committee in the Education Act 1989. Cross-institution collaboration on course development and quality control for self-accrediting providers should be voluntary and subject to the normal provisions of the Commerce Act 1986.

14.10 Government should:

- extend funding eligibility to students who do not intend to pursue full qualifications; and
- remove specifications that limit the provision of short qualifications.

Government response and next steps

More
thought
needed

This will be considered in longer-term work.

The Vice Chancellors' Committee's role need not be set out in law if self-accrediting is adopted. Universities can collaborate voluntarily (nationally or internationally). Ongoing attention to the risks of "closed shop" behaviour is warranted.

The Government welcomes recent moves by the Committee on University Academic Programmes to offer independent third party review for new programme proposals where universities are concerned about the potential for conflicts of interest in submitting their proposals for approval by their competitors.

More
thought
needed

Work on this is ongoing.

Many short courses operate without public funding. Expanding public funding carries fiscal risks and may crowd out employers' investment. However, short courses and targeted skills acquisition may also provide an opportunity to better meet people's ongoing skill needs in an increasingly dynamic labour market.

The TEC already has discretion to fund short awards and training schemes, certificates of personal interest, and certificates of proficiency at NZQF Level 3 and above, where it considers it desirable to do so to achieve the goals of the Tertiary Education Strategy. It must establish criteria to limit eligibility for public funding for such programmes.

Productivity Commission Recommendations

Government response and next steps

14.17 NZQA should approve for New Zealand those providers and courses approved in jurisdictions with which NZQA has mutual recognition agreements, or in other jurisdictions where NZQA is satisfied with the quality assurance arrangements.

Agree in principle

This will be considered in longer-term work.

This will be part of ongoing regulatory work considering options to reduce barriers, including potential barriers to reputable offshore providers wishing to operate in NZ and how transnational or online qualifications can be delivered and recognised here.

NZQA is working to expand New Zealand's recognition agreements for both qualifications and qualification frameworks, and supporting settings and operating practice to give effect to these. As this work progresses, system changes will be identified that would be needed to consider opening up access to a wider range of provision.

15.1 Government should reform the Student Loan Scheme. The Scheme should feature a higher repayment threshold than is currently the case (at least at the equivalent of the full-time adult minimum wage) and a progressive repayment schedule. New borrowing should attract interest. The Ministry of Education, in consultation with Treasury, should prepare advice to government on an appropriate rate of interest for the Student Loan Scheme at or above government's long-term cost of borrowing.

Disagree

The Government has ruled out any change to current policy. No interest will be charged on student loans for borrowers resident in New Zealand.

15.2 If Recommendation 15.1 is not accepted, new borrowing under the Student Loan Scheme should be at a zero real interest rate. That is, balances should be adjusted for inflation based on the Consumer Price Index.

Disagree

The Government has ruled out any change to current policy. No interest will be charged on student loans for borrowers resident in New Zealand.

Productivity Commission Recommendations

Government response and next steps

- 15.3 Government should extend the Student Loan Scheme to allow students to borrow for tertiary courses that are NZQA-approved, but not subsidised by the TEC. These loans should attract interest at a rate that covers the full cost to government, including the default risk of the additional loans (regardless of whether government accepts Recommendations 15.1 and 15.2 to reintroduce interest on all new student borrowing). The extension should be on a trial basis, with an evaluation to gauge its impact on students, providers and the emergence of new models.
- 15.7 The TEC's reallocation process outlined in Recommendation 15.6 should include a mechanism that allows TEC to free-up a small amount of funded volume to allocate to new entrants in each Investment Plan round.

Disagree

The Government has ruled out any change to current policy. No interest will be charged on student loans for borrowers resident in New Zealand.

Agree in principle

Work on this is underway

TEC will improve information for new providers and ensure its processes to support new entrants are streamlined. TEC receives and assesses multiple proposals each year from new providers seeking TEC funding. Providers do not need NZQA programme approvals before applying for funding. TEC can grant conditional funding approval before providers gain NZQA approval and before delivery begins.

TEC is also exploring with iwi a possible pilot to allocate EFTS or Standard Training Measures (STMs) for use by Iwi with substantial infrastructure projects, and that will use these projects to provide training and employment opportunities for young Māori and Pasifika.

Productivity Commission Recommendations

Government response and next steps

15.13 Government should adjust its tuition subsidy rates over time to reduce subsidies (or pay no subsidies) to study with high private returns.

Disagree

Contradicts other policy settings that *encourage* students to opt for courses with higher returns. Private returns vary greatly within fields, so hard to target. Risk of reducing access for disadvantaged groups.

15.14 Government should permit providers to use a proportion of their Student Achievement Component Level 3+ funding allocation to run “experimental courses”. Such courses would have greater monitoring and evaluation requirements, but would be exempted from published performance data and performance-based pricing for a set period of time (unless it were to the provider’s advantage to include them).

Agree

Work on this is underway

The Ministry of Education and the TEC are working on a design and evaluation strategy for implementation in 2018.

Productivity Commission Recommendations related to: Developing a New Tertiary Education Strategy

Productivity Commission Recommendations

Develop and use a clear plan for tertiary education

16.2 Government should develop a new Tertiary Education Strategy (TES). The new TES should articulate a clear plan for how government will achieve an overarching goal of enabling a wide range of New Zealanders to participate and succeed in tertiary education in a way that maximises the returns, broadly conceived, to government's expenditure on tertiary education.

In particular, the TES should direct education agencies to undertake the following activities in accordance with their respective roles and responsibilities:

- identifying the returns to study (to students and to government) for students with various characteristics studying at different types of providers and in different fields or levels of study;
- publishing resources to help students make good decisions about tertiary education;
- measuring and rewarding providers' performance in adding value to students;
- licensing providers in order to protect acceptable standards of quality, and using price to reward the relative performance of funded providers above this level;
- striving for competitive neutrality between different types of provider, setting monitoring and compliance requirements based on risk and not subsector;
- moving volume mechanistically between funded providers in response to student demand;
- address problematic mismatches between supply and demand, where required, by making careful changes to pricing;
- allowing providers flexibility to set tuition fees in return for

Government response and next steps

Agree in principle

Details will be developed over 2018

The Government will publish a new Tertiary Education Strategy after consulting on a draft strategy during 2018. The next Strategy will also be informed by policy work and sector consultation on options to respond to the Productivity Commission's report.

In developing a new strategy, the Government will consider the Productivity Commission's advice that it should include more detail of actions the Government will take to enable a more responsive and innovative tertiary education system.

The Productivity Commission's proposals for content for a new TES reflect its recommendations. Where these recommendations are adopted, they will be reflected as appropriate in the new strategy.

Productivity Commission Recommendations

- community service obligations;
- adjusting prices over time to pay lower subsidies (or no subsidies) to study with high private returns; and
- encouraging capable providers to experiment with new models, both within and outside the publicly funded system.

16.3 Government should develop and publish a performance framework to articulate the goals of the Tertiary Education Strategy in more detail and state how government will measure their achievement. The TES and associated performance framework should populate the accountability documents of government education agencies and tertiary education institutions in line with their respective roles and responsibilities.

Government response and next steps

Agree

Work on this will begin in 2018 alongside the development of the next Tertiary Education Strategy.

Government believes that a clearer link can be made between the TES and the extensive monitoring and reporting already in place. It is not clear that this requires a separate performance framework: monitoring can be made more proactive and visible. The TES is used to inform accountability across agencies and the sector now, but this could be strengthened.

