

10 October 2018

Feedback on options for raising the Export Education Levy rate

We are pleased to provide feedback to the Ministry of Education, Education New Zealand, and the New Zealand Qualifications Authority on options for raising the Export Education Levy rate.

About Te Rito Maioha Early Childhood New Zealand

Te Rito Maioha Early Childhood New Zealand is a national organisation that promotes high-quality early childhood education (ECE) through initial teacher education, ECE programmes, professional learning and development, leadership programmes, advocacy and membership services.

Te Rito Maioha is a membership organisation. We represent early childhood education services and the teachers who provide education and care to thousands of infants, toddlers and young children. Our members are drawn from a diverse range of community-based and privately-owned education and care services, home-based services and kindergartens.

Te Rito Maioha is also one of New Zealand's top providers of initial teacher education for ECE teachers, and is recognised as a leader in bicultural teacher education. We deliver a suite of qualifications and teacher education programmes that are of interest to both domestic and international students.

Te Rito Maioha is committed to high-quality early childhood care and education for every New Zealand child. That has been our purpose for 55 years since our formation in 1963, originally as the New Zealand Association of Childcare Centres and later as Te Tari Puna Ora o Aotearoa | NZ Childcare Association.

General comments on options to increase EEL revenue

Who is really to blame for the near zero balance?

We think the principle that is being put into action here needs more consideration. We think it unfair that the entire private training establishment (PTE) sector and other provider types should be penalised with a levy increase for the failures of individual PTEs and the New Zealand Qualifications Authority (NZQA) and Tertiary Education Commission (TEC) in not monitoring PTEs more closely and taking action sooner.

We think that the EEL rates could be more nuanced to reflect the quality and ongoing viability of the providers. A policy could be implemented whereby quality providers can stay at the 0.45% rate and other providers of lesser quality and greater risk of default must pay a higher rate. NZQA knows well which providers are of high quality or not, through their External Evaluation and Review (EER) processes. The Tertiary Education Commission knows about the financial health of providers. The two agencies could share the information and develop profiles for providers and set an appropriate differentiated EEL rate.

However, we understand that this approach has already been considered and dismissed. At the hui at the Ministry of Education on Monday 1 October, Grant Klinkum (Deputy Chief Executive Quality Assurance, NZQA) advised that PTE failures were not reflective of the EER category to which they belong; that failures occur across all EER categories.



This raises a question for us about how closely the EER scrutinises delivery and its quality, both domestic and international. We are concerned that an EER Category 1 provider could subsequently fail and need a drawdown from the EEL fund. How is it fair to increase PTEs' EEL levies, when the effectiveness of the EER process, for which NZQA receives funding, is in doubt?

We would also like to understand how the actuarial report commissioned in 2016 on the health of the EEL could have got it so wrong. We feel sure that by July 2016 NZQA and TEC would have already identified warning signs of poor performance by some providers. Their contribution to the running down of the EEL account balance through provider failure and closure must not be overlooked. We strongly recommend that the agencies review their role in the running down of the EEL account balance.

We support Option 1 (differential increase) with qualification

However, if we must choose between the options, we would support option 1, the differential increase for all tertiary providers. We consider that the PTE sector has paid amply into the EEL fund over the years and has not always had the benefit from it – the very recent pay-outs notwithstanding.

We consider there should be greater transparency of how the Export Education Levy is spent on promoting tertiary providers overseas and which tertiary providers are really benefiting. We would like to see evidence of how PTEs are equal beneficiaries of Education New Zealand's marketing and promotion efforts, which currently seem to focus on universities and institutes of technology and polytechnics. Some PTEs (such as ours) also offer degree-level and postgraduate programmes, and pay the Export Education Levy, so they should be included equally in the marketing drive.

Another option is that Education New Zealand (ENZ) could stop taking the \$3.1m per year out of the operating budget. It could spend \$27 million on overseas education advertising rather than the current \$30.1 million. This would leave plenty of cash in the operating budget to cover expected future pay-outs and any required loan repayments, without requiring a levy increase. This way, the levy would be used for its original intended purpose. ENZ only received funding when there were large cash reserves. Now those reserves are depleted, should ENZ be required to operate within its means?

We also wonder if the additional annual flat fee per provider should not also be reinstated temporarily (until 2024) to help towards repaying the \$6 million temporary advance of Crown funding to cover pending PTE closure-related costs.

Submission to the Ministry of Education by 15 October 2018: EEL.consultation@education.govt.nz

Key contact for Te Rito Maioha Early Childhood New Zealand:

Kathy Wolfe, Chief Executive

kathy.wolfe@ecnz.ac.nz | 04 471 6802