

Appendix 4: Discussion document: Proposed changes to how compulsory student services fees are regulated

Have your say on the administrative framework for regulating compulsory student services fees

Proposal

The Government is proposing to remove the current provisions on compulsory student services fees (CSSFs) from sections 257 and 360 of the Education and Training Act 2020 and instead enable Government to regulate CSSFs through conditions on funding under section 419 of the Act. This is the same way that all other provider-based fees are currently regulated.

This would give the Government greater flexibility to make changes to the requirements on providers that charge a CSSF, to support system changes or to respond to feedback from the tertiary sector.

Background

CSSFs are fees tertiary education providers can charge to all students as part of their enrolment. CSSFs are used by support providers to offer a range of services to students, such as health services, careers advice, and sports and recreation services.

The Government currently regulates CSSFs through a ministerial direction enabled by sections 257 and 360 of the Act. This regulates the process providers must follow to set and spend CSSFs. The Government can currently:

- specify the categories of services that providers can fund through CSSFs
- require providers to make decisions on CSSFs in consultation or jointly with students
- require providers to publish information about how students are involved in decisions and,
- require providers to account for CSSFs separately, and report income and expenditure for CSSFs.

Not all providers charge a CSSF, but all universities, most Te Pūkenga subsidiaries and some private training establishments do. Most domestic tertiary students are supported by government to meet CSSFs through student loans or fees-free initiatives – including first year Fees Free and the Targeted Training and Apprenticeship Fund.

Current situation

The Government cannot currently place any additional requirements on providers charging a CSSF beyond those requirements specified by legislation. This means the Government can't adapt the framework to make sure it aligns with broader changes to the tertiary education system.

There are two significant changes in tertiary education system that are likely to have implications on CSSF settings:

- *The Reform of Vocational Education (RoVE)* – the responsibility for arranging industry training for all trainees and apprentices will shift from transitional industry training organisations (ITOs) to tertiary providers by 2023. When this happens, trainees could be charged a CSSF by their tertiary provider. There are transitional provisions to

prevent this until the end of 2022. Once these expire, it is likely that tertiary providers would charge CSSFs to trainees.

- *The development of a new Code of Practice for Pastoral Care (the Code)* – if the Code results in additional compliance costs at tertiary providers, providers may look to fund these through CSSFs. This would shift these costs onto students and government through student loans and fees-free support.

Questions:

- Q.1. Does the current framework for CSSFs give the Government enough discretion to specify requirements on providers that charge a CSSF?
- Q.2. Do current settings on CSSFs incentivise tertiary providers to involve students in decisions on CSSFs?
- Q.3. Under the current framework for CSSFs, are the current arrangements at tertiary providers for different types of students fair? (For example, extramural students or part-time students).

Proposal for change

The Government is proposing that CSSFs are regulated the way all other provider-based compulsory fees charged to students are. This would mean the Government is better able to make changes to the requirements on providers that charge a CSSF. If this happens, the Government could consider:

- *Putting different requirements on CSSFs for different types of students.* The Government is likely to consider distinct rules for trainees to limit what services a provider can charge trainees for. This would change the fee these students are charged, their access to student services, and the amount tertiary providers receive in CSSFs.
- *Placing more specific requirements on providers to involve students in decisions on CSSFs.* The Government could consider ways to encourage greater involvement of students in decisions on CSSFs. This could include explicit requirements on providers to engage and consult with different student groups, including Māori and disabled students.

To make this change the current provisions on CSSFs in sections 257 and 360 of the Act would be removed. Instead new provisions would enable government to regulate CSSFs through conditions on funding under section 419 of the Act, like tuition fees.

This proposal would enable government to ensure that CSSF requirements support the achievement of wider tertiary sector goals, such as removing barriers to access or supporting stronger student involvement in the tertiary system. This would support a more durable regulatory framework for CSSFs which government could change over time in response to broader system changes or emergent issues.

It is intended that following the passage of the Bill, the existing requirements on in the ministerial direction would remain the same. This proposal only relates to changing the mechanism for regulating CSSFs.

This proposal would mean there is less certainty for providers and students on potential future changes to the CSSF requirements. However, any future changes to the requirements on CSSFs would still be subject to a specified process, which includes:

- The requirement to consult on proposed changes for a minimum of 21 days via the New Zealand Gazette, and
- A minimum stand-down period of at least three months before changes could take effect.

Questions:

- Q.1. What requirements should the Government be able to place on tertiary providers that charge a CSSF and how should these change over time to respond to system changes or sector feedback?
- Q.2. What consultation process should the Government go through to make future changes to the CSSF framework, as enabled by the proposal in this discussion document?
- Q.3. How much notice should the Government need to give to make changes to the requirements on tertiary providers charging a CSSF, particularly for providers implementing changes?
- Q.4. What timeframes for managing any changes to the CSSF framework do tertiary providers consider sufficient to adapt?

How to have your say

We are seeking your views on the proposed changes to CSSFs. You can email your submission to: legislation.consultation@education.govt.nz or write to

Education Consultation
Ministry of Education
PO Box 1666
Wellington 6140
New Zealand

Submissions close on 16 June 2021 and will inform advice to the Minister on final policy proposals that would be submitted to Cabinet and, if approved, would be reflected in changes to the Act. You can choose to answer some, or all of the questions in this discussion document, or provide your own feedback outside of the scope of these questions.

Purpose of feedback

We are seeking your views on the suggested changes discussed above. Your feedback will enable us to make better informed decisions about possible changes to the CSSFs framework.

Please be assured that any feedback you provide will be confidential to those involved in analysing the consultation data. We will not identify any individuals in the final analysis and report writing unless you expressly give permission for this. However, submissions, including submitters' names, and documents associated with the consultation process may be subject to an Official Information Act 1982 request.