

## Tertiary Education Report: Meeting with Hon Grant Robertson to discuss New Zealand School of Dance

<b>Date:</b>	2 November 2018	<b>TEC priority:</b>	Medium
<b>Security level:</b>	In Confidence	<b>Report no:</b>	B/18/00656
		<b>Minister's office No:</b>	

ACTION SOUGHT		
	Action sought	Deadline
<b>Hon Chris Hipkins</b> Minister of Education	<p><b>note</b> that Hon Grant Robertson, the Minister for Culture, Arts and Heritage, is meeting with you on 5 November 2018 to discuss the quantum of funding the New Zealand School of Dance is seeking in 2019;</p> <p><b>agree</b> to increase funding to the New Zealand School of Dance by 1.6% from 2019 in line with other Student Achievement Component funded providers, amounting to an additional \$16,053 in funding;</p> <p><b>agree</b> that the TEC release this briefing, once decisions on the future funding options of the New Zealand School of Dance and Te Kura Toi Whakaari o Aotearoa (New Zealand Drama School) have been made.</p>	5 November 2018
<b>Enclosure:</b> No	<b>Round Robin:</b> No	

CONTACT FOR TELEPHONE DISCUSSION (IF REQUIRED)				
Name	Position	Telephone		1st contact
Gillian Dudgeon	Deputy Chief Executive, Delivery	s9(2)(a) [REDACTED]	[REDACTED]	✓

THE FOLLOWING DEPARTMENTS/AGENCIES HAVE SEEN THIS REPORT						
<input type="checkbox"/> DPMC	<input type="checkbox"/> MPI	<input type="checkbox"/> ENZ	<input type="checkbox"/> ERO	<input type="checkbox"/> MBIE	<input checked="" type="checkbox"/> MoE	<input type="checkbox"/> MFAT
<input type="checkbox"/> MPP	<input type="checkbox"/> MSD	<input type="checkbox"/> NZQA	<input type="checkbox"/> NZTE	<input checked="" type="checkbox"/> TEC	<input type="checkbox"/> TPK	<input type="checkbox"/> Treasury
<b>Minister's Office to Complete:</b>						
<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			

See Minister's Notes

Withdrawn

**Comments:**

## Recommendations

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**Hon Chris Hipkins**, Minister of Education

*It is recommended that you:*

1. **note** that Hon Grant Robertson, the Minister of Finance and Minister for Culture, Arts and Heritage, is meeting with you on 5 November 2018 to discuss the quantum of funding the New Zealand School of Dance wishes to receive in 2019;
2. **note** the existing funding arrangements under section 321 of the Education Act 1989 of the New Zealand School of Dance and Te Kura Toi Whakaari o Aotearoa (New Zealand Drama School);
3. s9(2)(f)(iv) [REDACTED]  
[REDACTED]  
[REDACTED]
4. s9(2)(f)(iv), s9(2)(j) [REDACTED]  
[REDACTED]
5. **agree** to increase funding to the New Zealand School of Dance by 1.6% from 2019 in line with other Student Achievement Component funded providers, amounting to an additional \$16,053;

**AGREED / NOT AGREED**

6. **agree** that the TEC release this briefing, once decisions on the future funding options of the New Zealand School of Dance and Te Kura Toi Whakaari o Aotearoa (New Zealand Drama School) have been made.

**AGREED / NOT AGREED**



**Gillian Dudgeon**

Deputy Chief Executive, Delivery  
Tertiary Education Commission

2 November 2018

**Hon Chris Hipkins**

Minister of Education

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## Purpose

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1. This report provides you with background information on the New Zealand School of Dance (NZSD) to support your meeting with Hon Grant Robertson, the Minister of Finance and Minister of Culture, Arts and Heritage.
2. On 4 September 2018, the NZSD wrote to Minister Robertson and requested an increase in funding. This meeting is likely to be focused on this additional funding request.
3. In this report, we have also provided some background information on the mechanism through which NZSD receives funding - section 321 of the Education Act 1989 (the Act). This report proposes some high level options for the most appropriate funding mechanism to support NZSD from 2020.

## NZSD is a funded private training establishment which offers ballet training

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4. NZSD is a Tertiary Education Commission (TEC) funded private training establishment (PTE). In 2018 NZSD has been allocated \$1,003,342 in funding equating to delivery of approximately 78 equivalent full-time students (EFTS) per year. This includes specific funding allocated to pay tutor and performances costs.
5. NZSD trains dancers in classical ballet and contemporary dance for roles within the New Zealand Royal Ballet, and with other ballet companies, both domestically and internationally. It was established in 1967 as the National School of Ballet, and changed its name to the NZSD in 1982.
6. It states that its point of difference is training work and performance ready graduates that are of the classical ballet and/or contemporary dance standard required by the New Zealand Royal Ballet. It also states that it complements the delivery of other tertiary education organisations (TEOs) delivering 'modern' dance training.

## NZSD is funded under s321 of the Education Act

7. Section 321 exists to provide the Minister of Education with flexibility to recognise and fund educational organisations that do not fit within the standard funding provisions of the Act. The amount of the grant and the terms and conditions under which it is awarded are determined by the Minister.
8. In terms of section 321 grants for tertiary education purposes, a grant may not be paid to a tertiary education provider or industry training organisation unless the Minister is satisfied that the payment is in the national interest. Section 321 Grants to tertiary education organisations are administered by TEC via a contracted funding agreement with established deliverables.
9. Only two PTEs<sup>1</sup> are likely to receive s321 grant funding related to tertiary education in 2019, pending relevant approvals - NZSD and Te Kura Toi Whakaari o Aotearoa (New Zealand Drama School). New Zealand Drama School also receives a portion of Student Achievement Component (SAC) level 3 and above funding for a portion of its delivery. These funding arrangements are based on historical arrangements and funding levels.

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<sup>1</sup> Pasifika Education Centre received a s321 grant in 2018, but as as the s321 grant as delivery was for community activities and not deemed to have a sufficient tertiary focus. s9(2)(b)(ii)

10. The New Zealand School of Dance and New Zealand Drama School have been granted section 321 funding because it was considered in the national interest by past Ministers. It was also considered that the mainstream funding systems were inadequate to fund their business models which require a high teaching staff to student ratio, making programme delivery expensive per student.

**Funding rates for NZSD and the New Zealand Drama School differ considerably**

s9(2)(b)(ii)



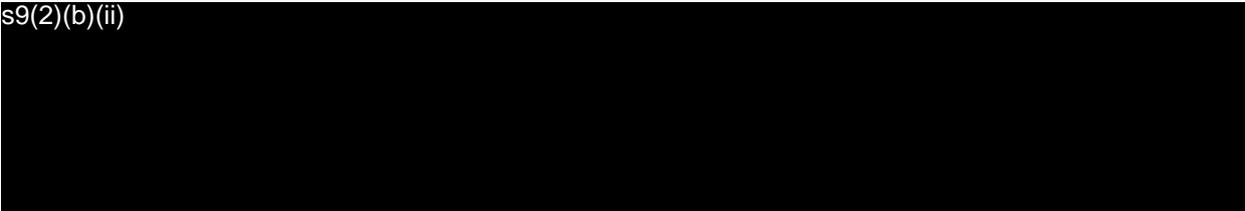
**NZSD has indicated it would like additional funding for 2019**

13. In recent meetings and correspondence with TEC, MoE and the Minister of Culture, Arts and Heritage, NZSD has sought to increase its annual funding from 2019. It has requested an annual increase of \$250k plus an indexation to CPI or \$350k annually without indexation. While the organisation states it has made considerable efforts to increase ancillary revenue, this is not sufficient to cover its increasing costs. NZSD's request for additional s321 funding and a supporting letter from the Royal New Zealand Ballet are appended to this briefing.
14. NZSD claims that its students are treated in a similar manner to high performance athletes. As a result, it has higher than normal costs relating to student welfare, such as physiotherapy, nutritionists, health and fitness instructors and psychologists. While the cost of some of these services are recoverable through compulsory student service fees, it states that the total cost of these services are not recoverable.

15. s9(2)(g)(i), s9(2)(j)



16. s9(2)(b)(ii)



s9(2)(b)(ii)

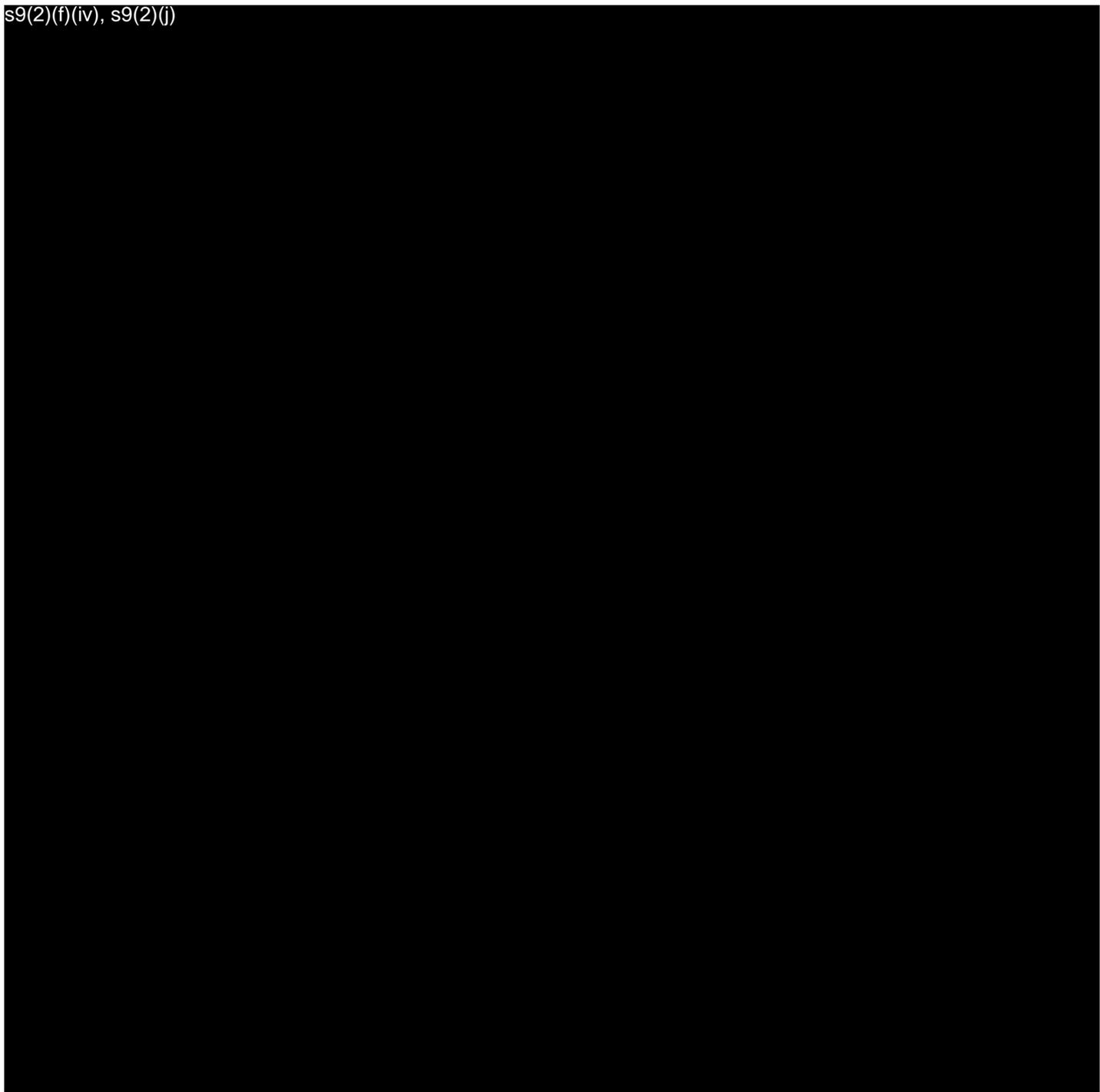
s9(2)(f)(iv), s9(2)(j)

21. As a provider that does not receive SAC levels 3 and above funding, NZSD's s321 grant sits outside the Annual Maximum Fee Movement. However, NZSD was advised by MoE in 2014 that it should set its fees at a similar level to other providers offering dance qualifications. Given its emphasis on providing high quality, wraparound pastoral care that compares to a high performance sporting programme, NZSD could seek to offer higher fees than similar programmes. s9(2)(b)(ii)

22. You may also wish to consider applying the 1.6% increase to the New Zealand Drama School. However, the New Zealand Drama School is currently funded \$1.2 million through the s321 grant and \$1.76 million through SAC. It will already receive this 1.6% increase to its SAC portion from 2019.

s9(2)(f)(iv), s9(2)(j)

s9(2)(f)(iv), s9(2)(j)



## **Next steps**

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26. Following your meeting with the Minister of Culture, Arts and Heritage on 5 November 2018 we would like to discuss the above options further with you to inform our development of advice.

## Appendix one: Request for additional s321 funding from the New Zealand School of Dance (supplied by the provider)

New Zealand School of Dance

NZQA/MOE #8503

Request to Increase Funding

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### Funding Category:

- s321 of Education Act 1989 grant funding category is still most relevant
- We are a school serving the National Interest: we are the only school in New Zealand training classical ballet dancers to a standard high enough to be recruited directly into the Royal New Zealand Ballet (RNZB). The school and RNZB have a MOU. The company uses our students to complete the corps de ballet in large-scale productions dances and our students are tasked with learning parts so they are prepared to cover in cases of dancer injury. The company also uses the school's resources for their rehabilitating dancers, who take school classes especially when the company is on tour.
- We also offer a parallel programme in contemporary dance that provides dancers for WOW, Black Grace, New Zealand Dance Company, Atamira, Footnote, Okareka, etc
- We treat the students as high performance athletes and the wrap-around services are expensive. We have daily onsite physiotherapy, as well nutritionists, Pilates instructors and performance psychologists. The programme uses overseas guest tutors and choreographers ensuring our students are receiving world leading tutoring.

### Request to increase to our Grant:

- We seek an increase to our grant: \$250k plus an indexation to CPI going forward with a review every five years **or** \$300k annually
- The last time our funding was increased was in 2009. Nine years later the grant is still \$1,003,000. Using Treasury's website, in real terms the value of funding has decreased by \$156k over this period.
- s9(2)(b)(ii)
- We requested an increase in funding in 2015. This was declined. Since then we have done everything the TEC requested of us. Student fees have increased to be in-line with other tertiary providers in New Zealand, (Unitec and Whitirea). This necessitated increases in fees of 12% each year over three years.

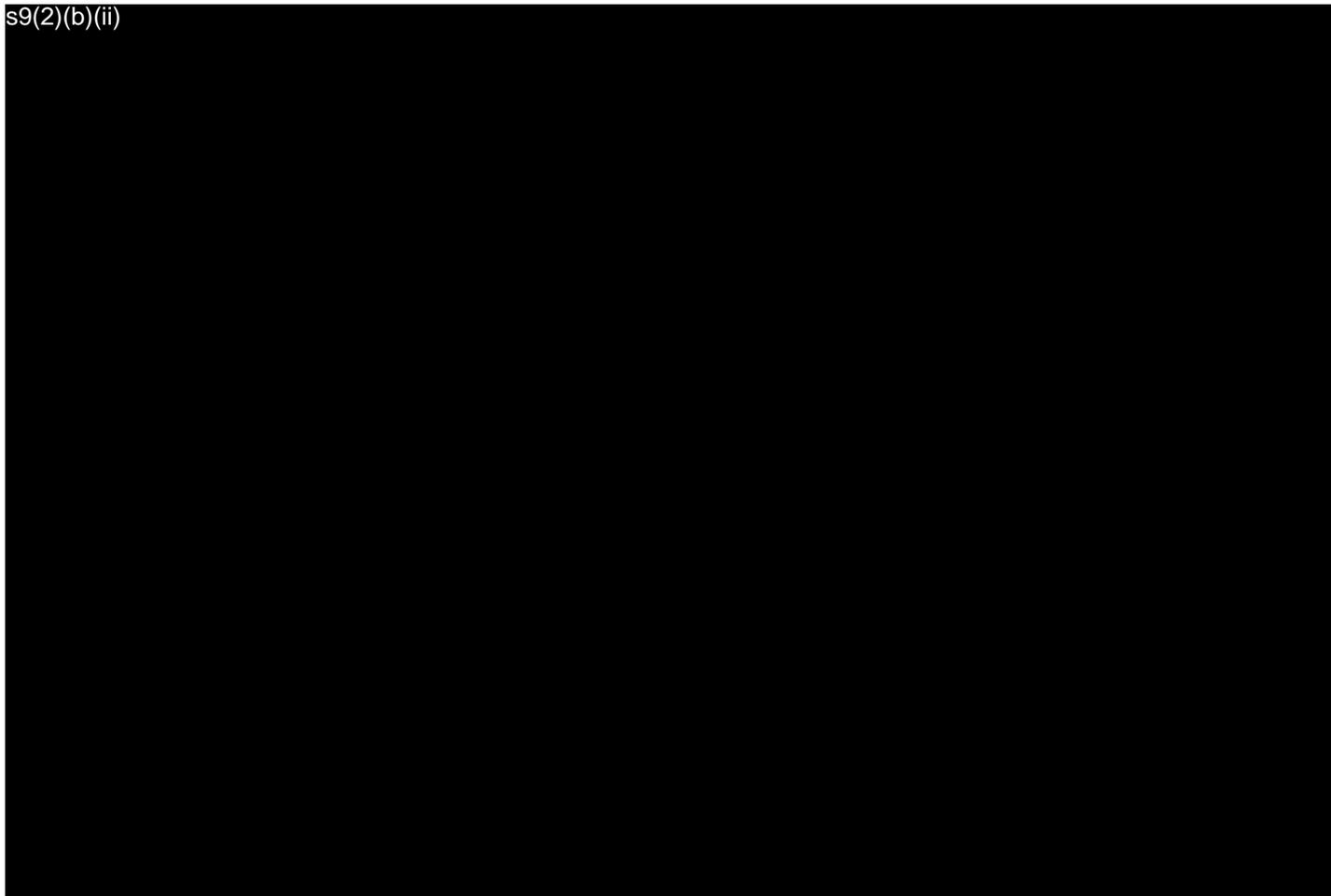
### We have tried to operate within our means. To achieve this we have:

- increased student fee income by increasing student numbers (2009:78, 2018:93) and student fees (Domestic fees are now \$8,300 plus a SSL of \$1,586).
- s9(2)(b)(ii)
- s9(2)(b)(ii)

To do this our staff have worked additional weekends and school holidays to allow us to offer holiday classes for young dancers, to foster talent in NZ. Our staff are fully stretched and we cannot continue to grow this model

s9(2)(b)(ii), s9(2)(j)

s9(2)(b)(ii)



Usually we have 3 guest tutors a year flying from the USA or the UK economy class, if we paid business class fares, this would be approximately an additional \$15k

**We are not a school in crisis:**

- NZQA upgraded us from a Category 2 provider to a Category 1 provider in 2017; they are highly confident in the school.
- Our completion rates are consistently high.
- Our graduates get employment in dance: our employment statistics have been consistently high and we reported graduate employment of our diploma students of 79% (2017), 100% (2016) and 92% (2015).

s9(2)(ba)(i)

