TERTIARY EDUCATION UNION
TE HAUTŪ KAHURANGI

Submission of

Te Hautū Kahurangi | Tertiary Education Union

to the

Ministry of Education

on the

Consultation on 2027 Tertiary Fee Regulation Settings

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1. INTRODUCTION

1.1. Te Hautū Kahurangi | Tertiary Education Union (TEU) is the largest union and professional association representing 12,000 academic and general/allied staff in the tertiary education sector (in polytechnics, universities, wānanga, private training establishments, and rural education activities programmes).

1.2. We welcome the opportunity to respond to the Consultation for 2027 Tertiary Fee Regulation Settings.

2. TEU POSITION AND SUMMARY OF RECOMMENDATONS

2.1. TEU members believe that access to high-quality tertiary education is a fundamental right, not a privilege dependent on the ability to pay. The progressive accumulation of fees since the 1990s has steadily eroded that right, placing tertiary education out of reach for many students from low-income backgrounds, Māori and Pacific communities, and others already underrepresented in the tertiary system. In our view, the long-term trajectory of fee regulation policy must be toward the elimination of fees altogether, and that each annual AMFM decision is an opportunity either to advance or to undermine that goal. The 2027 settings, as proposed, move decisively in the wrong direction.

2.2. Our primary concern with the 2027 fee regulation settings is the proposed Annual Maximum Fee Movement (AMFM) rate of 6.0%. Applied for a third consecutive year, and in circumstances where fees-free support for tertiary learners has been withdrawn, this rate places an unacceptable and compounding cost burden on domestic students.

2.3. It is our view that the AMFM has become a mechanism for transferring the consequences of chronic government under-funding onto students, and that this is not a sustainable or equitable approach to tertiary education funding.

2.4. We make the following recommendations:

2.4.1. We recommend that the AMFM for 2027 be set at 0% – that is, that tertiary fees be frozen at 2026 levels.

2.4.2. That clause 13 be amended to limit fee increases for low or zero fee courses to the AMFM rate (and that, consistent with the above recommendation, that rate be set at 0% for 2027).

2.4.3. That the notice require TEC to publish its methodology for determining "similar courses" for the purposes of clauses 13 and 15, and to apply it consistently across providers.

2.4.4. That the fee-setting limit for new courses under clause 15 be set by reference to the median, rather than the 75th percentile, of fess charged for similar courses.

2.4.5. That the $64 per credit fee cap for micro-credentials be retained.

2.4.6. That clause 31 be amended so that joint decision-making with students or their representatives be the sole means by which TEIs may satisfy the requirements of clause 30.

3. THE ANNUAL MAXIMUM FEE MOVEMENT

3.1. The proposed AMFM rate of 6.0% fails to give adequate weight to the affordability of tertiary education for domestic students and their whānau. Furthermore, the broader policy context in which this consultation is taking place makes a rate of this magnitude unjustifiable.

3.2. The proposed 6.0% rate for 2027 would be the third consecutive year at this level, following identical settings for 2025 and 2026.[1] Compounded across three years, a domestic student faces a potential fee increase of over 19% on 2024 levels. Information pertaining to the consultation on the Ministry of Education website states that the proposed rate aims to "strike a balance between supporting providers to manage cost pressures and supporting the affordability of tertiary education [...]."[2] It is our view that this balance has not been struck. At a time when the annual rate of consumer price inflation is not yet within the Reserve Bank's 1-3% target band – data indicates CPI at 3.1% as of March 2026[3] – a proposed AMFM rate of 6.0% cannot be justified.

3.3. The affordability context has materially worsened since the 2025 and 2026 AMFM rates were set. Budget 2026 confirmed the dissolution of the final-year Fees Free scheme from the end of 2026, effectively removing $1.04 billion from the tertiary

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[1] https://www.education.govt.nz/our-work/strategies-policies-and-programmes/tertiary-and-further-education/tuition-fees-and-compulsory-course-costs
[2] https://www.education.govt.nz/have-your-say/consultation-2027-tertiary-fee-regulation-settings/details
[3] https://www.stats.govt.nz/news/annual-inflation-at-3-1-percent-in-march-2026/

sector over four years. It is our view that it is untenable to simultaneously withdraw fee subsidies and endorse an above-inflation fee increase.

3.4. Aotearoa New Zealand's total student loan debt is $16.8 billion as at March 2026, having increased 3.8% in the preceding twelve months.[4] Each successive above-inflation AMFM increase compounds these debt levels – this only extends the period over which graduates must make repayments and reduces the disposable income available to them (many of whom will be in the early years of their working lives). The Minister must consider the cumulative effect of fee increases on student debt when setting the AMFM.

3.5. We acknowledge that tertiary education institutions are operating under genuine financial pressure. However, it is our view that the appropriate response to that pressure is increased government investment in the sector, not the transfer of costs to students through the AMFM.

3.6. **We recommend that the AMFM for 2027 be set at 0% – that is, that tertiary fees be frozen at 2026 levels.**

Low or Zero Fee Courses

3.1. Clause 13 is inconsistent with the Government's stated objective of supporting the affordability of tertiary education for domestic students.

3.2. Where a TEI charges below $511.11 per EFTS – including at zero – clause 13 permits a single-step fee increase to the 75th percentile of fees for similar course, as determined by the TEC. In practical terms, a course currently offered at low or zero cost could face a fee increase of several hundred percent in a single year.

3.3. It is our view that low and zero fees are not a pricing anomaly to be corrected. They are, in many cases, a deliberate response to the financial circumstances of the learners those courses are designed to serve. Clause 13 as drafted treats affordability as a market inefficiency rather than a policy value, and risks pricing out precisely the students the fee regulation framework should protect.

3.4. **We recommend that clause 13 be amended to limit fee increases for low or zero fee courses to the AMFM rate (and that, consistent with the above recommendation, that rate be set at 0% for 2027).**

[4] https://www.ird.govt.nz/about-us/tax-statistics/statistics-on-the-student-loan-scheme/statistics-on-student-loan-balances

3.5. We also note that TEC's discretion to define "similar courses" for the purpose of calculating the 75^{th} percentile benchmark is unconstrained by the notice. No methodology is prescribed, no consultation is required, and no obligation to publish the resulting figures is imposed. This lack of transparency is of concern in a provision with such significant potential impact on student costs.

3.6. **We recommend that the notice require TEC to publish its methodology for determining "similar courses" for the purposes of clauses 13 and 15, and to apply it consistently across providers.**

4. FEE-SETTING LIMITS FOR NEW COURSES

4.1. We support the general principle that new course fees should be capped by reference to the market.

4.2. However, as with clause 13, the cap is set at the 75^{th} percentile of fees for similar courses – i.e., the upper quarter of the market. It is our view that the median, rather than the 75^{th} percentile, is a more appropriate benchmark for new course fee-setting, and would better serve the objective of keeping tertiary education affordable for domestic students.

4.3. **We recommend that the fee-setting limit for new courses under clause 15 be set by reference to the median, rather than the 75^{th} percentile, of fess charged for similar courses.**

5. FEE-CAPPING LIMITS FOR MICRO-CREDENTIALS

5.1. We support the retention of the $64 (GST inclusive) per credit fee cap for micro-credentials. Micro-credentials serve an important function as a flexible and accessible entry point for learners who may not be ready or able to commit to a full qualification programme. The cap helps ensure that this pathway remains financially accessible.

5.2. We recommend that the $64 per credit fee cap for micro-credentials be retained.

6. PROPOSED CONDITIONS – STUDENT SERVICES FEES

6.1. However, where clause 31 permits TEIs to satisfy the decision-making requirement through consultation with students "instead of undertaking a joint decision-making process," it is our view that such consultation does little to guarantee meaningful student influence over how fees are set and spent.

6.2. **We recommend that clause 31 be amended so that joint decision-making with students or their representatives be the sole means by which TEIs may satisfy the requirements of clause 30. Where a TEI cannot demonstrate a joint decision-making process, it should not be permitted to charge student service fees.**

7. CONCLUSION

7.1. We submit that the proposed 2027 fee regulation settings do not adequately protect the affordability of tertiary education for domestic students. The proposed AMFM rate of 6.0% – applied for a third consecutive year, and in circumstances where fees-free support has been withdrawn – places a compounding and unjustifiable cost burden on learners. The provisions governing low and zero fee courses and new course fee-setting compound this concern by permitting increases well in excess of inflation through mechanisms that lack transparency and accountability.

7.2. We urge the Minister to give serious weight to the recommendations set out in this submission. The decisions made through this notice determine who can afford to participate in tertiary education in Aotearoa New Zealand.

8. ABOUT TEU

8.1. The TEU actively acknowledges Te Tiriti o Waitangi as the foundation for the relationship between Māori and the Crown. We recognise the significance of specific reference to Te Tiriti in the Education Act and the emergent discourse resulting from this. We also accept the responsibilities and actions that result from our nation's signing of the UN Declaration on the Rights of Indigenous Peoples.

8.2. The TEU expresses its commitment to Te Tiriti by working to apply the four whāinga (values) from our *Te Koeke Tiriti* framework as a means to advance our TEU Te Tiriti relationship in all our work and decision-making – with members and when engaging on broader issues within the tertiary sector and beyond – such as our response to the Consultation on 2027 Tertiary Fee Regulation Settings:

> *Tū kotahi, tū kaha – We are strong and unified; we are committed to actions which will leave no-one behind; we create spaces where all people can fully participate, are fairly represented, and that foster good relationships between people.*
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> *Ngā piki, ngā heke – We endure through good times and bad; we work to minimise our impact on the environment; we foster ahikā – the interrelationship of people and the land, including supporting tūrangawaewae – a place where each has the right to stand and belong.*
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> *Awhi atu, awhi mai – We take actions that seek to improve the lives of the most vulnerable; we give and receive, acknowledging that reciprocity is fundamental to strong and equitable relationships; and we work to advance approaches that ensure quality public tertiary education for all.*
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> *Tātou, tātou e – We reach our goals through our collective strength and shared sense of purpose, which are supported through participatory democratic decision-making processes and structures.*

8.3. Our response to the Consultation on 2027 Tertiary Fee Regulation Settings stems from our commitment to the whāinga expressed above and our wish to see these enacted in the tertiary education sector and in our society and communities.