



NEW ZEALAND QUALIFICATIONS AUTHORITY  
MANA TOHU MĀTAURANGA O AOTEAROA

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## Aide-Memoire: New Zealand Institute of Technical Training Limited

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<b>To:</b>	Hon Chris Hipkins, Minister of Education
<b>From:</b>	Dr Karen Poutasi, Chief Executive, New Zealand Qualifications Authority
<b>Copies to:</b>	Hon Iain Lees-Galloway, Minister of Immigration
<b>Date:</b>	13 March 2019
<b>Reference:</b>	CR18827

### Purpose

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1. This Aide-Memoire provides an update on New Zealand Institute of Technical Training Limited (NITT), a private training establishment (PTE) shortly to be advised that NZQA is withdrawing accreditation for its Level 5 and Level 6 Business Diplomas.
2. This paper sets out the background to the situation, the next steps, and outlines the possibility of a claim on the Export Education Levy (EEL) once accreditation is withdrawn and if NITT has not reimbursed the students.
3. NZQA does not recommend the proactive release of this briefing under s 6(c) of the Official Information Act as this case is currently an active investigation.

### Background

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4. NZQA carried out monitoring of NITT's Business Diplomas in July 2018 including moderation of marked learner work.
5. The monitoring report was finalised on 2 November 2018. It found that although the programme design itself had some strengths, NITT's system for assessment and moderation was not effective and the majority of student work did not meet the level expected for New Zealand business qualifications at Level 5 and Level 6.
6. On 3 December 2018, NZQA met with NITT to discuss the monitoring report and the moderation findings. NITT assured NZQA that it had already taken action that would result in much improved results if NZQA moderated further assessment materials.

### Conditions imposed

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7. On 19 December 2018, NZQA, with NITT's agreement, imposed conditions on NITT's accreditation to deliver the Business Diplomas stopping new enrolments, and requiring NITT to provide to NZQA by 21 January 2019 a list of all assessments that had been marked as 'Achieved' in the final term of 2018.

8. The list subsequently provided to NZQA showed that NITT's assessors had marked 79 assessments as 'Achieved'. However, NITT's internal post-moderator (the Programme Leader) had agreed with the 'Achieved' mark for only 10 of these; she overturned the original assessors' marking in relation to the other 69 assessments.
9. This raised ongoing concern about the capability of NITT's assessors to make appropriate assessment decisions. The very high failure rate of students also raises questions about students' preparedness for assessment and the quality of the teaching that they have received at NITT.
10. NITT's internal post-moderator/Programme Leader resigned from her role in late January, raising new concerns for NZQA about NITT's educational capability.

## **Withdrawal of accreditation for Business Diplomas**

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11. In light of these results, on 25 January 2019 NZQA suggested to NITT that it voluntarily close the course and give students a full refund of their tuition fees. NITT declined to do so, stating it should be given further time to improve its performance.
12. Accordingly, on 30 January 2019 NZQA issued a notice of intention to withdraw accreditation to provide the Business Diplomas. On the same day NZQA also issued a compliance notice directing NITT to cease releasing assessment results to students or awarding the Business Diplomas.
13. NZQA has finalised its analysis of NITT's submission in response to the 30 January 2019 notice. In light of the seriousness of the quality concerns identified, and NITT's inability to provide convincing information about how it might turn around its performance, NZQA has decided to withdraw NITT's accreditation to provide the Business Diplomas.
14. NZQA will shortly be advising NITT that it has withdrawn its accreditation to deliver the Business Diplomas.
15. In NZQA's view the students have gained no tangible value from their enrolment with NITT and will be unable to receive any credits or be awarded a qualification. Thus, NZQA believes it is reasonable for the students to receive a full refund of the fees paid to NITT for enrolment in the programmes.

## **Provider liability for costs associated with course closure**

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16. Under Rule 5.1.3(i) of the Private Training Establishment Registration Rules 2018, NITT is required to "meet all relevant and reasonable costs relating to those students associated with the cessation of the course".
17. This Rule came into effect in August 2018. The new Rule is intended to hold providers accountable for costs in relation to course closures if they intend to remain in operation. This is the situation with NITT, as, after the withdrawal of accreditation of the Business Diplomas it will still be operational as it offers English language training.
18. Before this Rule was introduced, two situations had required EEL claims for course closures where the provider remained operational despite refusing to cover the costs associated with the course closure.
19. At the same time NZQA notifies NITT that it is withdrawing its accreditation, NZQA will issue NITT with a Compliance Notice requiring NITT to deposit sufficient top-up funds into the Public Trust to allow students to be given a full refund of their full tuition fees. These costs are considered to be "relevant and reasonable costs" within the definition of the new Rule.

## Consequences of failure to comply with a compliance notice

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20. If NITT fails to comply with the Compliance Notice, section 255(7)(a) of the Education Act 1989 (the Act) allows NZQA to immediately cancel NITT's registration. NZQA would thus proceed to cancel NITT's registration as a PTE.
21. If NITT's registration as a PTE is cancelled, the English language/Foundation programme students (approximately 13 students) would receive a refund of the fees remaining in their trust account. There is a range of alternative English language providers that these students can transfer to.

## Implications for the Export Education Levy

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22. If NITT fails to deposit the required funds into the Public Trust account by the date specified in the Compliance Notice, funding for the students' refunds will need to be provided by the EEL.
23. NZQA is working to quantify the likely cost to provide the Business students with a full refund of their tuition fees, over and above the remaining monies in their individual trust accounts. The current estimate is around \$350,000.
24. NZQA will liaise with the Ministry of Education, as agency responsible for administration of the EEL, in regard to making a claim against the EEL under section 238I(1B)(a) of the Act to reimburse students, if required.
25. There may be other relatively small costs incurred by NZQA in managing the provider closure. If necessary, NZQA will liaise with the Ministry of Education about making a claim for reimbursement from the EEL under section 238I(1B)(c)(ii) of the Act, and seek your required agreement.
26. The Ministry of Education, in consultation with NZQA, will provide you with advice on this matter.

## Student numbers

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27. Student numbers at NITT are as follows:

English/Foundation programme	13
NZ Diploma in Business - Level 5 and 6	67
<b>Total</b>	<b>80</b>

28. The majority (87%) of students are from India. The remainder are from Fiji (8%) and the Philippines (5%).
29. All students are based at NITT's site in Auckland.

## Next steps

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30. NZQA will notify NITT that its accreditation to deliver the Business Diplomas has been withdrawn. At the same time NZQA will issue the Compliance Notice directing NITT to top up the Public Trust account so students can receive a full refund of their tuition fees.
31. Students will then be advised that NITT's accreditation has been withdrawn and that their course is closed. NZQA will also advise students that it considers a refund of their full fees is a necessary and appropriate result in the circumstances.

32. When NZQA meets with students they will need to be given assurance that they will receive a refund and given an indicative timeframe for payment of their refunds.
33. NZQA and Immigration New Zealand (INZ) will work together to advise students of the next steps. NZQA and Public Trust will also work together to ensure that all students' funds held in trust are appropriately managed.
34. Estimated timings for these steps is as follows:

<i>Action</i>	<i>Timing</i>
Notify NITT of withdrawal of accreditation and direct NITT (by way of a compliance notice) to deposit funds for student refunds in the Public Trust within 10 working days	Thursday 14 March
Email students with an invitation to attend a student meeting	Friday 15 March
Conduct student meeting and inform students of the decision to close their course, and give them the indicative date of their refund	Monday 18 March
Deadline for NITT to deposit funds in Public Trust	Thursday 28 March
If NITT has deposited funds into the Public Trust account, the Public Trust can begin processing and issuing the refunds to students	From Friday 29 March
If NITT has not deposited the funds into the Public Trust account NZQA cancels NITT's registration as a PTE	Monday 1 April
If NITT has not deposited funds in the Public Trust account EEL funds are then transferred into the Public Trust	Tuesday 2 April
Public Trust can begin processing and issuing the refunds to students	From Wednesday 3 April

## **Consultation**

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35. NZQA has consulted the Ministry of Education in preparing this Aide-Memoire.

## **Communication**

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36. NZQA will communicate directly with students, including inviting them to a meeting in Auckland with representatives from NZQA, Immigration New Zealand (INZ) and Public Trust to advise them of the course closure and the next steps. Students will be provided with information sheets and contact details relevant to their particular situations.
37. Students affected will be advised at the student meeting that they are entitled to a full refund of their tuition fees and that NZQA has directed NITT to refund students' tuition fees.

38. A reactive media statement will be prepared in the event that information on the closure is obtained by the media prior to students being advised, or if students approach the media after the meeting.
39. NZQA's communications approach will be shared with other agencies to ensure consistency of messaging. Key stakeholders such as the Indian High Commissioner will also be advised.
40. NZQA and Immigration New Zealand (INZ) will work together to advise students of the next steps.
41. NZQA and Public Trust will work together to ensure that all students' funds held in trust are appropriately managed.

## **Potential impacts and consequences to be managed**

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42. There is the possibility that the provider could challenge the legality of the Compliance Notice and delay the cancellation of registration.
43. Any delays in the expected timing between hearing of the course closure and receiving their refund will cause students stress and uncertainty about their future.
44. Students will not be in a position to seek enrolment with a new provider and apply for a new visa until they have received their refunds and received a new offer of place.
45. Some students' visas expire at the end of March 2019.
46. If students are concerned about aspects of the process, or delays with receiving their refunds, they may approach the media or other stakeholders with their concerns.
47. Relevant High Commissions/Embassies will want assurance that the students affected by the closure are not being disadvantaged because of the provider's failure to deliver quality education.

## **Recommendations**

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48. It is recommended that you:
  - a) Note the contents of this paper;
  - b) Note that the Ministry of Education, in consultation with NZQA, will provide you with advice on accessing the Export Education Levy for the reimbursement of students and NZQA, if required.
  - c) Agree to forward this report to the Minister of Immigration.



Karen Poutasi (Dr)  
Chief Executive  
13 March 2019

NOTED/AGREED

**Hon Chris Hipkins**  
Minister of Education  
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