AN OVERVIEW

In 2010, a new planning round for the provision of tertiary education commenced. Tertiary education organisations and the Tertiary Education Commission are working to develop investment plans which are expected to closely align with the government’s tertiary education priorities. The plans will take effect from 2011 and the current planning round includes a focus on changes to the funding system that will link a portion of funding to performance.

The focus for Budget 2010 was on enhancing the relevance of tertiary education expenditure by shifting funding from lower priorities to per student funding, including providing higher tuition subsidies and funding additional places to respond to the increased demand for tertiary education. The Budget also provided incentives, through the Student Loan Scheme, for students to perform, increased the loan establishment fee and introduced an administration fee to recover more of the scheme’s administration costs.

The Youth Guarantee initiative began in 2010 offering access to fee-free tertiary study to 2,000 school leavers aged 16 to 17 years. A further 500 places will be available from 2011.

From 1 May 2010, new governance arrangements will commence at institutes of technology and polytechnics. The new arrangements reduce the size of the councils to eight appointees – four ministerial appointees and four members appointed by the council.

Information from the 2010 enrolment collections, covering the period from January to April, shows that the number of students in formal tertiary study programmes increased overall, compared with the same period in 2009. The increase was due to higher enrolments in level 4 certificates, level 5 to 7 diplomas, bachelors level and postgraduate qualifications. These increases were partially offset by lower enrolments in level 1 to 3 certificates, which fell for the fifth consecutive year. Converting the enrolments to equivalent full-time student units reveals an increase of nearly 5 percent.

Preliminary information from the Ministry of Education enrolments collection indicates that the number of international students will increase in 2010, following a substantial rise in 2009.
Continuing the new direction for the tertiary education system

The priorities from the Tertiary Education Strategy 2010-15, released in December 2009, will shape government’s funding decisions through the investment plan system. In 2010, tertiary education organisations are working with the Tertiary Education Commission to create new investment plans which will take effect from 2011. The current funding system, which is based on plans, began in 2008 and covered the investment period from 2008 to 2010.

As part of the new planning round, engagement with tertiary education organisations will focus on the changes to the funding system that will link a portion of funding to performance (to provide incentives for improving teaching and pastoral care). In a constrained fiscal environment, it is expected that the tertiary education provision in investment plans will be closely aligned with government’s seven tertiary education priorities. These are:

- increasing the number of young people (those aged under 25 years) achieving qualifications at level 4 and above, particularly degrees
- increasing the number of Māori students enjoying success at higher qualification levels
- increasing the number of Pasifika students enjoying success at higher qualification levels
- increasing the number of young people moving successfully from school into tertiary education
- improving the literacy, language and numeracy of students in level 1 to 3 qualifications
- improving the educational and financial performance of providers, and
- strengthening research outcomes.

For more information on the tertiary education strategy see chapter 2 and the booklet New Zealand’s tertiary education system on Education Counts (use the link www.educationcounts.govt.nz/publications/series/profile-and-trends), or consult the strategy itself at www.minedu.govt.nz/theMinistry/PolicyAndStrategy/TertiaryEducationStrategy.aspx.

Improving the value of tertiary education expenditure

Budget 2010 continued the work begun in 2009 to align tertiary education expenditure more closely with government priorities by moving funding to areas of high relevance and away from lower-priority programmes. The weaker economic conditions have increased the demand for tertiary education and this is forecast to continue. The 2010 tertiary education budget rebalances the tertiary spend, moving funding away from low-priority areas and providing additional places to respond to increased demand.

The open access to student loans, introduced in 1992, has markedly increased participation in tertiary education. Government currently spends over $4 billion on tertiary education each year. This amounts to approximately 2.3 percent of gross domestic product. Budget 2010 aims to increase the relevance of tertiary education expenditure by aligning it more closely with government priorities. It does this by:

- removing capability funds from lower-priority areas, and redirecting this funding back to per student funding
- setting incentives through the Student Loan Scheme for students to perform and to commit to New Zealand
- recovering a greater share of the government’s loan administration costs by increasing the student loan establishment fee charged by StudyLink for new lending, and introducing an ongoing administration fee for loans held by Inland Revenue
- funding additional places at institutes of technology and polytechnics, and universities, to respond to increased demand for tertiary education.
• providing higher tuition subsidies per student, and
• simplifying fee regulation policy by combining the maxima and the annual fee movement limit to create a single annual maximum fee movement.

Youth Guarantee and other tertiary education initiatives for young people

The first Youth Guarantee places were offered in 2010. Youth Guarantee allows school leavers aged 16 and 17 years with low qualifications to access fee-free tertiary study. There are currently 2,000 Youth Guarantee places available, with a further 500 places available from 2011.

The government is also looking to establish 12 trades academies by the end of 2010, to be operational in 2011. Trades academies will provide senior secondary students with access to trades training while still at school.

New governance arrangements at institutes of technology and polytechnics

In late 2009, the Education (Polytechnics) Amendment Act 2009 was passed, which has resulted in smaller councils at institutes of technology and polytechnics. From 1 May 2010, the councils of the 20 institutes of technology and polytechnics will comprise four ministerial appointees and four members appointed by the council. The smaller council size will mean polytechnics are better placed to respond to the challenges faced by the sector in the tight fiscal environment.

April 2010 enrolments

Over the period from January to April 2010, the number of students enrolled in formal study at tertiary education providers increased by 4.5 percent, compared with the same period in 2009. This latest increase in enrolments comprised a rise in domestic enrolments of 4.1 percent and a rise in international enrolments of 7.8 percent. In contrast, preliminary information indicates that the number of trainees engaged in work-based training has decreased in 2010. This is the first decrease in industry training numbers for many years. The trend in industry training numbers had been rising strongly before the weakening of the labour market in 2009.

The 2010 increase in the number of provider-based students occurred across all types of tertiary education providers. At universities the increase in the number of students was 4.0 percent, at polytechnics 3.4 percent and at wānanga the increase was more substantial at 13 percent. There were also 3.2 percent more students enrolled at private training establishments over the period from January to April 2010 compared with the same period in 2009.

When the 2010 enrolments are converted to equivalent full-time student units, and compared with the same period a year earlier, the increase was higher for domestic students at 4.9 percent. This means that the average study load of domestic students has risen for the fourth consecutive year, although the increase was smaller than those for the last two years.

Figure 18.1: Percentage change in the number of students by qualification level (April 2010 compared with April 2009)

1. The April snapshot represents about three-quarters of the annual enrolments collection and needs to be interpreted as provisional information that is subject to change when the final data comes available in 2011.

2. Study in formal qualifications of more than one week’s duration.
The latest available information from January to April 2010 shows that domestic enrolments increased at level 4 and above. Sixteen percent of equivalent full-time student units were enrolled in level 1 to 3 certificate study, down from 18 percent in 2009. The proportions in level 5 to 7 diplomas and bachelors-level study each increased by one percentage point in 2010, while at postgraduate level the proportion remained the same as in 2009. In terms of equivalent full-time student units, the proportions for the period from January to April 2010 were: level 4 certificates 10 percent, level 5 to 7 diplomas 13 percent, bachelors level 45 percent and postgraduate study 13 percent.

**International education**

Information for the 2009 calendar year shows that the overall number of enrolments by international fee-paying students rose by 5.6 percent, compared with 2008. In 2009, New Zealand’s international education sector enrolled a total of 93,505 international fee-paying students, an increase from the 88,574 recorded for the 2008 year.

About 50 percent of the international students enrolled in 2009 came from the three North Asian countries of China, Japan and South Korea, with another 11 percent from Europe. Over half of international students enrolled with education providers were located in Auckland (58 percent), followed by Canterbury (15 percent), Waikato, Wellington and Otago (5 percent each).

In 2009, 33,700 international students were enrolled in public tertiary education institutions and 44,900 with private training establishments (including English language schools). International enrolments at tertiary education institutions declined from 2004 to 2008 due to the outflow of many Chinese graduates who enrolled from 2000 to 2003. But in 2009, these institutions saw an increase of 6.7 percent in the number of international students.

There has been a marked increase in enrolments of international doctoral students at New Zealand universities, rising from 692 students in 2005 to 2,405 in 2009. This increase is driven by the ‘domestic fees for new international doctoral students’ policy, introduced from 2006.

Government’s investment in general promotions for the international education sector totals $3.45 million for 2009/10 and out-years.