Overview

Budget 2011 continued the government’s focus on getting better value from spending in tertiary education, by shifting funding from areas of low demand to priority areas, and responding to the demand for tertiary education. The budget also included changes aimed at getting better value for taxpayers from the Student Loan Scheme.

The Youth Guarantee programme was broadened in 2011. Fees-free tertiary places for 16 and 17 year-olds were increased from 2,000 in 2010 to 2,500 in 2011. Eight trades academies, which provide senior secondary students access to trade training while still at school, opened in 2011 and more academies are planned for 2012. As a further part of Youth Guarantee, the government is developing a range of vocational pathways linked to the National Certificate of Educational Achievement.

Information from the 2011 enrolment collections, covering the period from January to August, shows that the number of students in formal tertiary study programmes decreased overall by 7.8 percent, compared with the same period in 2010. Converting the enrolments to equivalent full-time student units revealed a smaller overall decrease of 3.3 percent. The decrease was due to fewer domestic enrolments while international student numbers increased. Overall, enrolments in certificates and diplomas decreased from 2010 to 2011, while the number of masters and doctoral students increased. The number of students in bachelor degrees fell by less than one percent, while the total amount of study at this level actually increased.

In 2011, the government passed legislation to establish Education New Zealand, the new Crown agency set up to support and grow New Zealand’s export education sector. The number of international students is expected to increase in 2011, following increases in 2009 and 2010. The legislation also strengthened the powers of the New Zealand Qualifications Authority to regulate the sector.

Improving the value of tertiary education expenditure

In 2011/12, the government’s total expenditure on tertiary education (including student support) is forecast to be $4,270 million (2.0 percent of gross domestic product). This compares to an expenditure of $4,210 million for the 2010/11 year.

Budget 2011 continued to align tertiary education expenditure more closely with government priorities by moving funding to areas such as degree and postgraduate study and away from areas of falling demand. Budget 2011 also included changes to the Student Loan Scheme to encourage personal responsibility for student loans and getting better value for taxpayers.

Key initiatives announced as part of Budget 2011 include:

▲ up to 750 additional funded places in new and high-performing private training establishments
▲ funding of $17.5 million over four years for English as a second language courses for refugees and migrants
▲ incorporating Youth Training into the Youth Guarantee programme, bringing the total up to 7,500 places in 2012
▲ a 2.0 percent increase in the funding rate for all degree and postgraduate courses
▲ postgraduate funding rates for polytechnics, wānanga and private training establishments now attracting the same funding rate in dollar terms as the universities
▲ increased funding of $40 million over four years to raise the profile of New Zealand education overseas
▲ 40 additional medical places from 2012, and
▲ changes to ensure that student loan lending is good value by reducing lending to those who do not meet their obligations and increasing personal responsibility for student loans by encouraging repayments.

Information about the performance of tertiary providers and industry training organisations is now published online each year to improve transparency and the accountability for public expenditure on tertiary education. Additionally, some of providers’ funding will be linked from 2012 onwards to performance measures.
August 2011 enrolments

Over the period from January to August 2011, the number of students enrolled in formal study at tertiary education providers decreased by 7.8 percent, compared with the same period in 2010. This latest decrease in enrolments comprised a decrease in domestic enrolments of 8.9 percent and an increase in international enrolments of 3.2 percent. Information on the number of trainees engaged in work-based training is not available for 2011 due to changes in the method of collecting this data.

The 2011 decrease in the number of provider-based students was greatest at the polytechnics and wānanga. At polytechnics, the decrease was 16 percent, at wānanga 10 percent and at universities the decrease was less substantial at 2.8 percent. There were also 0.8 percent fewer students enrolled at private training establishments over the period from January to April 2011 compared with the same period in 2010.

Looking at the latest change in provider-based enrolments by qualification level shows that the number of domestic students decreased at every level except for masters degrees. The most substantial decreases occurred at non-degree level and for graduate certificates/diplomas. The number of domestic students in bachelors degrees decreased only slightly and the amount of study at this level actually increased.

Enrolments by international students increased at every qualification level except for level 4 certificates and masters degrees. There were 3.7 percent more international students studying bachelors degrees in 2011 than in 2010 and the increase at this level in equivalent full-time students was higher at 4.5 percent. From 2010 to 2011, the number of international students increased substantially at doctoral level (up 17 percent) and for level 5 to 7 diplomas (up 5.1 percent).

Christchurch earthquake

The government has closely monitored the impact that the Christchurch earthquake has had on tertiary education providers and on students. After the February 2011 Canterbury earthquake, emergency arrangements were put in place to protect students. These included:

- support for students, and their families, who were injured or killed in the earthquake
- changes in tertiary funding and student support rules to allow domestic students to continue their studies at other institutions, and
- changes to immigration and international education policies to allow international students to change their study arrangements.

As expected, the number of people studying in Christchurch reduced in 2011. Domestic equivalent full-time student units in Christchurch were more than 15 percent lower in the January to August period in 2011 than in 2010. The number of international students studying in Christchurch has also reduced dramatically.

As Christchurch continues to recover from the earthquake, an increase in demand for trades training is expected. The government established a contingency in Budget 2011 of $42 million (operating) and $6 million (capital) to fund any increase in demand as and when it occurs.
Two polytechnic mergers
In January 2011, Lincoln University and Telford Rural Polytechnic merged to increase their collaboration in education and research to support land-based industries. Also, in January 2011, Tairawhiti Polytechnic merged with the Eastern Institute of Technology to form a single institution to serve the area of Gisborne, Wairoa, Hastings and Napier as well as the surrounding towns and areas from Hicks Bay to Dannevirke. The merger will provide students living in Gisborne with new study options such as bachelors degrees in applied social sciences, the arts (Māori) and nursing. Other qualifications now available in Gisborne include diplomas in mental health and certificates in fashion apparel, health and fitness, and tourism and travel.

Industry training
In 2011, the Tertiary Education Commission’s new operational policies have had financial implications for industry training organisations. Organisations have been working to ensure that they can operate effectively within this new environment.

The new operational policies have resulted in further mergers, with the number of industry training organisations reducing from 38 in 2010 to 34 in 2011. In 2011, the following mergers took place:

▲ Learning State now covers public sector and local government employees through the merger with Local Government Industry Training Organisation
▲ ETITO Industry Training Organisation now covers electronic manufacturing, telecommunications, call centres, security, financial services and real estate services through the merger with REAL Industry Training Organisation
▲ Careerforce now covers health, disability, community support, social services and youth work through the merger with the Social Services Industry Training Organisation, and
▲ NZ Motor Industry Organisation (MITO) now covers motor trade, canvas fabrication, motor trimming and sail making, truck transport, bus and coach, taxi, courier, logistics, distribution, warehousing, ports and stevedores through the merger with Transport and Logistics Industry Training Organisation (Tranzqual).

In July 2011, the Minister for Tertiary Education released the terms of reference for a broader review of industry training which is led by the Ministry of Education. The objective of the review is to consider the extent to which the industry training system delivers the skills to maximise the productive potential of New Zealand industries and the employment and earnings of people in the workforce. The review will provide advice on possible directions for change to improve the value of government’s investment in industry training.

Youth Guarantee
Youth Guarantee aims to raise the educational achievement of 16 and 17 year-olds, with the goal of all students achieving at least NCEA level 2 or an equivalent tertiary qualification.

A key part of the initiative is to provide fees-free tertiary study for 16 and 17 year-olds at levels 1 to 3. In 2010, government established 2,000 fees-free tertiary places and this increased to 2,500 places in 2011. There will be up to 7,500 Youth Guarantee places available from 2012 as all Youth Training places are being reallocated to the Youth Guarantee programme.

Eight trades academies were established in 2011, providing over 700 places for 16 and 17 year-olds. The academies allow students to earn both NCEA credits and a tertiary qualification, while gaining practical skills in the workplace. The initiative operates through partnerships between schools, tertiary institutions, industry training organisations and employers. A further 13 trades academies are expected to open in 2012, providing at least 2,000 places.

As part of Youth Guarantee, the government is working in partnership with clusters of industry training organisations to develop a range of vocational pathways. From 2012, schools, tertiary providers and trades academies will be able to use these pathways to assist students to achieve NCEA qualifications endorsed with manufacturing and technology; construction and infrastructure; primary industries; social and community services; and service industries.

International tertiary education
Data from the Export Education Levy shows there has been a 4.9 percent increase in the number of international fee-paying students enrolled in public and private tertiary education during the 2010 calendar year, rising from 40,300 to 42,200 enrolments.

The number of international fee-paying students enrolled in tertiary education was 1.6 percent higher during the 1 January to 30 April 2011 period than for the same period in 2010.
In 2010, 31,400 international students were enrolled in the public tertiary education institutions and 10,800 with government-funded private training establishments.

From 2009 to 2010, there was continued significant growth in the numbers of fee-paying tertiary students from India (up 14 percent), Germany (up 20 percent) and Japan (up 5.2 percent). Tertiary student numbers from the much larger market of China were largely unchanged during the year, and enrolments from Thailand declined by 3.4 percent.

On 1 September 2011, the government established Education New Zealand – a new Crown agency to support and grow New Zealand’s export education sector. The agency combines the government-funded promotional, representational and other functions and activities which were previously spread across the Ministry of Education, Education New Zealand Trust and New Zealand Trade and Enterprise. Budget 2011 included an additional $10 million a year to raise the profile of New Zealand education overseas, bringing the total Crown and Export Education Levy funding for international promotions to $14.5 million.