AN OVERVIEW

Government released New Zealand’s third tertiary education strategy in December 2009, following a consultation period held in October and November. The higher-level vision of the Tertiary Education Strategy 2010-15 is to provide all New Zealanders with world-class skills and knowledge, raise the skills and knowledge of the workforce, produce high-quality research and enable Māori to enjoy education success as Māori.

Like its predecessor, the third strategy incorporates the tertiary education priorities for the next three to five years. The priorities include having more young people (those aged under 25 years) and more Māori and Pasifika people moving successfully from school into tertiary education and enjoying success at higher qualification levels. Other priorities are to: improve the literacy, language and numeracy of students in level 1 to 3 qualifications; enhance quality assurance; provide incentives for providers to respond better to students and market signals; continue to build international links; and strengthen research outcomes. More detailed information on the strategy and the priorities is included in chapter 2.

The transformation of New Zealand’s tertiary education planning and funding systems, started in 2008, continued throughout 2009. The implementation of multi-year investment plans for all types of tertiary education organisations was completed in 2009. Funding was provided for teaching and learning through the student achievement component and for research through the Performance-Based Research Fund and the centres of research excellence.

The number of domestic students increased in 2009, reflecting, in part, the weak employment market. There were more people who took the opportunity to retrain or undertake tertiary study in order to obtain qualifications that could strengthen their position in the labour market. Young people in particular were severely affected by high unemployment rates in 2009, which continued into 2010.

Tertiary education’s contribution to national development includes the maintenance of a skilled workforce. This requires people with qualifications, who tend to have more skills than those with no qualifications and for which they earn an income premium. Even though these earnings premiums decreased from 2008 to 2009, due to the continued weakening of the labour market, people with a bachelor’s or higher qualification had a significant earnings advantage of 66 percent over those with a lower-level or no qualification.

A population bulge of 18 to 19 year-olds moving from school to tertiary education contributed substantially to the increase in tertiary education enrolments from 2008 to 2009. Additionally, international enrolments, which had been tracking downward, increased for the first time in four years.

The latest increase in domestic and international enrolments followed a three-year downward trend. A decline in level 1 to 4 certificate study by domestic students had been the main reason for this downward trend, although the falls in the number of international students also contributed. Even though level 1 to 3 certificate enrolments continued to decrease in 2009, this was offset by increased domestic enrolments in higher-level qualifications and a substantial increase in international enrolments. The number of students in formal provider-based study totalled 469,000 in 2009 compared to 460,000 in 2008 and a high of 501,000 in 2005. The number of learners in industry training continued to increase, reaching 202,000 in 2009.
2010 YEAR

In 2010, tertiary education organisations and the Tertiary Education Commission are working on the development of investment plans that will steer and fund the tertiary education system starting in 2011. From 2011 onwards, a portion of funding will be linked to performance to provide tertiary education organisations with incentives for improving teaching and pastoral care.

The government also introduced performance incentives in 2010 for students, requiring them to pass at least half of their courses each year in order to retain eligibility for a student loan. The student loan entitlement was also limited to seven equivalent full-time years, with extra entitlement provided for doctoral and postgraduate study.

Early indications from the Ministry of Education enrolments collection suggest that both domestic and international enrolments are likely to increase further in 2010. While there were decreases early in 2010 in the unemployment rate and the number of jobless people, the unemployment rate remains almost twice as high as two years ago and the number of jobless exceeds a quarter of a million. On the basis of early returns, we expect there will be a small increase in the number of domestic enrolments while international enrolments are forecast to increase by about 8 percent.

STATISTICS AND RESEARCH

Profile & Trends has an associated set of statistical tables available on the Education Counts website – www.educationcounts.govt.nz. The statistics in the web tables are used to inform the analysis in Profile & Trends. The tables provide comprehensive coverage of the key trends in the sector’s performance: resourcing, financials, human resources, research, student support, targeted training programmes, adult and community education, industry training, enrolments, participation rates, completion rates, retention rates, progression rates, and outcomes.

More tertiary education material, including information on tertiary education providers, students and other relevant material can be found on the Education Counts website and on the websites of the Ministry of Education and the Tertiary Education Commission.

The statistics in Profile & Trends 2009 are for the year ended 31 December 2009 and have been sourced from the Ministry of Education, unless otherwise stated.

Articles on the following topics are included in this year’s edition of Profile & Trends:

- Participation in post-compulsory education following decreases in New Zealand’s economic activity (chapter 3).
- What do students earn after their tertiary education? (chapter 4).
- Raising the literacy, language and numeracy of the adult population (chapter 5).
- Progression to, and success in, bachelors-level study (chapter 5).
- Adults in non-formal and formal learning (chapter 5).
- Students who had a disability (chapter 5).
Tertiary education in New Zealand

New Zealand’s tertiary education sector makes a wide range of learning available, from foundation skills to doctoral studies. Through its research activities, the sector is a major contributor to the nation’s innovation.

A key feature of the New Zealand system is the integration of funding and provision across vocational education and training, higher education, workplace training, adult and community education, and tertiary education that takes place within the senior secondary school.

Funding covers all levels of tertiary education, from second-chance education to doctoral studies. In 2009, provider-based funding of tertiary education was split into a component that supports the costs of teaching and learning and another component that supports tertiary education organisations’ capability, to enable them to focus on their core roles in the tertiary education system. From 2011 onwards, provider capability funding will be included in the student achievement component. Industry training provides workforce skills to a significant number of people. This training is designed by, and delivered in conjunction with, industry, and leads to nationally recognised qualifications. There are also targeted training funds that provide fully subsidised education and training to disadvantaged groups such as those at risk of unemployment.

The government funds such learning as foundation education, adult literacy and English for speakers of other languages. It also provides funding to adult and community education organisations.

The results of learning through tertiary education can be viewed in terms of improving competencies and attainment, or progress towards attainment, of recognised qualifications. A competency includes the skills, knowledge, attitudes and values needed to perform important tasks. The literacy, language and numeracy programmes build adults’ fluency, independence and range in language, literacy and numeracy so that they can use these competencies to participate effectively in all aspects of their lives.

The New Zealand Qualifications Framework provides a standard structure for naming and describing qualifications across levels and types of provision. It incorporates all tertiary qualifications, including the 10 levels of qualification from entry-level certificates to doctorates.

Enrolments in 2009

Following a three-year downward trend, the number of students (domestic and international) enrolled in formal tertiary study increased from 2008 to 2009. Enrolments increased by more than 5 percent at every qualification level, except lower-level certificates, which fell by 5.5 percent. Study for graduate and postgraduate certificate and diploma qualifications rose by as much as 15 percent from 2008 to 2009.

Converting the 2009 enrolments to equivalent full-time students units reveals a much larger increase. Also, in terms of equivalent full-time student units, enrolments fell to a lesser degree in 2007 and 2008. As a result, domestic students took on considerably higher study loads in 2009 for the second year in a row.

In terms of the number of students, bachelors degrees had the largest increase in domestic students from 2008 to 2009 due to a population bulge of 18 to 19 year-olds moving from school to tertiary education. There were also substantial increases in the number of students in level 5 to 7 diplomas, honours degrees and postgraduate diplomas and certificates. However, a substantial fall in level 1 to 4 certificates led to the number of domestic students in formal study increasing by only just over 1 percent overall. Government funding caps on tertiary education enrolments may also have contained the latest increase in the number of domestic students. Also, the rising demand for tertiary education associated with the weaker labour market was partially absorbed through more young people staying on at school.

International tertiary education enrolments increased by more than 9 percent in 2009. The international student trend, which had been tracking downwards, turned upward for the first time in four years.

Overall, there were 512,000 students enrolled in all types of formal tertiary qualifications at providers in 2009. Of these, 43,500 were international students, 25,400 were in targeted training programmes, 19,100 in the Secondary-Tertiary Alignment Resource programme and 20,300 students in formal study of less than one week’s duration.

There were also 202,000 learners engaged in industry-based training in 2009, including 12,100 in Modern Apprenticeships. Lower levels of economic activity in 2008 and 2009 led to a slowing down in the number of employees trained through some of the industry training organisations in 2009. On the other hand, the creation of a new industry training organisation for real estate contributed to an overall increase in the number in workplace-based study in 2009.

In 2009, there were also 10,800 school students in Gateway programmes, which are designed to help secondary school students experience work-based tertiary education and achieve outcomes such as gaining employment or achieving credits on the New Zealand Qualifications Framework. Non-formal education, such as adult and community education, attracted an estimated 236,000 enrolments in 2009. The proportion of the population aged 15 years and over participating in some form of tertiary learning with a tertiary education provider remained unchanged at 12 percent in 2009, and a further 6 percent participated in formal learning in the workplace.
For a more complete overview of learners in tertiary education, see chapter 5. This chapter also contains an article on adults in non-formal and formal learning and an article on the progression to, and success in, bachelors-level study.

Figure 1.1: Trends in formal students by level of study and setting

![Trends in formal students by level of study and setting](image)

Figure 1.2: Distribution of equivalent full-time students by level of study

![Distribution of equivalent full-time students by level of study](image)

Outcomes of tertiary education

Young people were the most severely affected by the downturn in the labour market in 2009. Of the young people aged 20 to 24 years, the proportion not in employment or formal/informal study increased substantially from 2008 to 2009. The comparable figures for 15 to 19 year-olds showed a smaller increase from 2008 to 2009. However, this is in part because more 15 to 19 year-olds remained in formal education in 2009.

For people with no qualifications, the labour force participation rate decreased in 2009 while it remained stable for those with school and tertiary qualifications. This further weakening of the labour market for people with no qualifications has widened the gap in the unemployment rate between those with no qualifications and the tertiary qualified.

The contraction of the New Zealand economy came to an end in 2009. However, the number of jobless people continued to increase throughout 2009. Despite this further weakening of the labour market, people with a bachelors or higher qualification continued to show a significant earnings advantage over those with a lower-level or no qualification. This reinforces the fact that those with higher qualifications are less likely to be adversely affected during weaker economic conditions.

The proportion of the New Zealand population with a tertiary qualification remained unchanged, at 50 percent, from 2008 to 2009. The proportion with a bachelors or higher qualification also remained stable at 17 percent. When looking further back, the figures show that New Zealand’s population has become more skilled over the last decade. In 1999, only 44 percent of people aged 15 years and over held a tertiary qualification and fewer people (10 percent) held a bachelors or higher qualification.

The proportion of Māori with a bachelors or higher qualification increased from 2.7 percent in 1999 to 7.5 percent in 2009. The comparable figures for Pasifika were 3.5 percent in 1999 and 5.9 percent in 2009. The proportion of males and females in the adult population holding a bachelors or higher qualification equalised in 2008. Males continued to be more likely than females to hold tertiary certificates and diplomas. In the younger age groups – those under 40 years of age – proportionately more women than men held a bachelors or higher qualification. On the other hand, more young men than women held a non-degree tertiary qualification, but the gap between them is closing.

An article on what students earn after their tertiary education is included in chapter 4 which covers the outcomes of tertiary education. Also included in chapter 4, is an article on raising the literacy, language and numeracy of the adult population. The Ministry of Education published an analytical report entitled Benefits of tertiary certificates and diplomas, in May 2010, and another report on Social and economic indicators of education, in August 2010.

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3. Information on the number of students who completed a qualification in 2009 will be available late August 2010.
Workplace-based learning

Government and industry aim to reduce long-term skills shortages in New Zealand’s key industries and improve labour productivity. The industry training system is an important means of achieving these goals. Supported by continuous funding increases, the number of industry trainees increased steadily between 2003 and 2008. While the weak labour market in 2009 put an end to this level of growth, the total number of learners participating in industry training continued to increase, reaching almost 202,000.

A number of industries with trainees appear to have been negatively affected by the weak labour market in 2009, but this was not the case for all industries, some of which expanded their trainee numbers. Industries where trainee participation grew rapidly include the real estate, retail and equine industries. Plastics and materials processing; sport turf; sport, fitness and recreation; community support services; social services; and community and support services industries also had more industry trainees in 2009 than in 2008.

To enter the industry training system, a person must have a job. When the New Zealand economy contracted in 2008 and early 2009, an increase in unemployment followed and this has had an impact on trainee numbers in some industries.

Industry training organisations with substantial declines in the number of trainees in 2009 include local government, building service contracting, creative trades, aviation, tourism and travel, building and construction, and engineering, food and manufacturing. A preliminary analysis of the flows of learners starting and leaving training each year shows that, while new learners entered training in 2009 at a rate comparable overall with preceding years, the proportion of learners leaving without completing their training programme was higher than in previous years. This may be because of job losses occurring during the year. Participants aged 15 to 19 years at the start of their training contract left in this way in relatively higher numbers than older learners, reflecting higher unemployment in younger age groups. The number of employers involved in industry training also fell in 2009.

The Modern Apprenticeships scheme, a part of industry training, experienced a growth plateau in 2009, following five years of strong growth. This was driven by a combination of fewer new apprentices starting training compared with the total number of apprentices active in each year, and a greater proportion leaving without completing a qualification compared with previous years. Industries were affected differently in 2009 – in most industries new starts in proportion to the total number of apprentices dropped in 2009 compared with 2008 but the retail, horticultural and extractive industries were exceptions to this. Modern apprentices leaving without completing their training programmes increased proportionally in most industries. Industries that were exceptions included aviation, tourism and travel, creative trades, electrotechnology, forest industries, and joinery. There were over 12,000 apprentices at December 2009.

Gateway, established in 2001 to broaden educational options for senior school students by offering them workplace-based learning, has continued to expand. Over 10,800 secondary school students participated in Gateway in 2009.

A number of government initiatives were in development in 2009, each with the potential to further expand the role and importance of workplace-based learning. In April 2009, the government announced an extension to the time frame for trainees to find work while still being eligible for government training subsidies, to counter some of the effects of the weak labour market. Trainees who change employers or lose their jobs can now continue their training for 12 weeks, double the previous six-week limit. This gives industry training organisations and apprenticeship coordinators greater opportunity to find trainees a new job.

The Tertiary Education Commission started a review of industry training in 2009, covering areas such as industry training organisations’ finances and the approval of industry training organisations and qualifications. Any operational changes recommended by the review are likely to be implemented progressively.

The first Youth Guarantee learners began their trades-related training during 2009. The Youth Guarantee programme aims to lift the education and skills attainment of teenagers and ensure they stay involved in the education system for longer. The programme’s goal is to see young people in education and skills training of some kind until the age of 18 years, in order to build a stronger base for ongoing learning, including through the many opportunities industry training provides.

The Ministry of Education published two analytical reports on industry training during 2009, providing further participation and completion information on both industry training and Modern Apprenticeship programmes.

Figure 1.4: Participation rates for industry training and provider-based students
Level 1 to 3 provider-based qualifications

In 2009, enrolments in level 1 to 3 qualifications represented 21 percent of all equivalent full-time student units in formal provider-based tertiary education.

Total enrolments in provider-based level 1 to 3 certificates continued to decrease from 2008 to 2009. The number of students enrolled in vocational certificates decreased, while the enrolments in foundation certificates remained stable. Participation in targeted training fell from 2008 to 2009. Enrolments in Training Opportunities decreased substantially, while there was a small decline in the number of students in Youth Training.

The decreases in enrolments at this level reflect the continued effects of tighter funding rules. The weakening of the labour market in 2009 did not result in more people studying at this level. However, the average study load of students in vocational certificates did increase in 2009. These decreases are in line with the increased emphasis on participation at higher levels, as signalled by the tertiary education strategy.

The number of international students studying at this level increased in 2009, after a period of decline. Most of this increase came from Asia, with considerable growth also from the Middle East.

In Youth Training the number of trainees aged under 16 years has continued to decrease substantially as greater restrictions are placed on early leaving exemptions from school. At the same time, there was an increase in the number of 17 year-olds in Youth Training.

Schools are making greater use of the Secondary-Tertiary Alignment Resource to purchase courses from providers. The number of students has increased substantially and the average length of courses has also increased. However, the increase in numbers mostly reflects the increased number of students at secondary school. There has only been a small increase in the proportion of students attending these courses.

Non-degree level 4 to 7 provider-based qualifications

In 2009, enrolments in non-degree level 4 to 7 qualifications represented 26 percent of all equivalent full-time student units in provider-based tertiary education.

Enrolments in level 4 to 7 provider-based non-degree study increased overall in 2009. This was at a time when the New Zealand labour market continued to weaken, leading people to undertake tertiary study to gain qualifications that could strengthen their position in the labour market. Enrolments in level 5 to 7 certificates and diplomas increased strongly from 2008 to 2009, while level 4 certificate enrolments showed only a marginal increase from 2008 to 2009. This indicates that initiatives to improve the quality and relevance of level 4 qualifications have continued in spite of the upward pressure on enrolments.

When the level 4 to 7 non-degree enrolments are converted to equivalent full-time student units, the rate of increase is considerably higher, indicating that students had increased their study loads. This is in keeping with the effects of the weaker labour market, with students not able to find full- or part-time jobs while studying.

The unemployment rates in 2009 were highest for younger people and this is reflected in enrolments by age group. Enrolments for those under 18 years of age declined substantially, indicative of more students staying on at school. Enrolments in level 4 to 7 non-degree qualifications increased most for those aged 20 to 24 years, while for the older age groups enrolments at this level increased only slightly.

In 2009, female students in level 4 to 7 non-degree study increased far more in number than male students.

Unemployment in 2009 was higher for ethnic groups other than Europeans. Enrolments in level 4 to 7 non-degree study increased substantially for Māori and Pasifika ethnic groups. Enrolments by Asians in level 4 to 7 non-degree study increased only slightly, while enrolments by European students remained at the 2008 level.

The most common field of study for level 4 to 7 non-degree qualifications was society and culture, followed by management and commerce, creative arts, education, and engineering and related technology. Enrolments increased from 2008 to 2009 in all these fields of study and together they accounted for almost 70 percent of students at this level. Enrolments in the field of society and culture increased the most and the second highest increase was for creative arts.

At wānanga, enrolments in level 4 to 7 non-degree qualifications increased strongly in 2009, in percentage terms. At polytechnics, level 4 to 7 non-degree enrolments declined from 2008 to 2009, while at universities they remained stable.
Bachelors and postgraduate qualifications

In 2009, enrolments in bachelors degrees and graduate certificates and diplomas represented 42 percent of all equivalent full-time student units in provider-based tertiary education. Those in postgraduate qualifications accounted for 11 percent.

The number of students enrolled in bachelors and postgraduate qualifications increased substantially from 2008 to 2009. An increase in enrolments by 20 to 24 year-olds was the largest contributor to the latest increase. Enrolments also increased for all other age groups, except students under 18 years of age.

When these enrolments are converted into equivalent full-time student units, the latest increase was slightly higher, indicating that the average study load has risen.

While the continuation of the weak labour market encouraged more young people to stay on at school in 2009, 7,000 more domestic students enrolled in bachelors degrees in 2009 than in 2008. There was also a substantial increase in domestic enrolments in bachelors degrees with honours and postgraduate diplomas and certificates. The largest increase in study load, in terms of equivalent full-time student units, occurred for domestic students undertaking graduate diplomas and certificates.

For international students, the number of enrolments in bachelors and higher qualifications also increased from 2008 to 2009. International bachelors-degree enrolments declined slightly from 2008 to 2009. This was, however, the only qualification level with fewer international enrolments in 2009. The number of international doctoral students has grown strongly since 2006. The year-on-year percentage increases in doctoral degrees are driven by the policy of funding international doctoral students on the same basis as domestic students – thus reducing the fees these students pay.

All provider types had increases in the number of domestic enrolments, with wānanga and private training establishments showing the greatest percentage increases. Increases at the universities and polytechnics were lower in percentage terms, and this probably reflects the impact of student enrolment caps.

There were larger increases in domestic enrolments in bachelors and higher qualifications by Māori, Pasifika and Asian students, compared with Europeans. The Māori and Pasifika populations have relatively greater numbers of younger people moving from school to tertiary education. At the same time, the weaker labour market led to higher unemployment rates for these ethnic groups.

Bachelors and postgraduate enrolments increased in all fields of study in 2009, particularly for education.

Student support

The number of student allowances recipients increased strongly from 2008 to 2009. The number of recipients has been rising since 2006 when changes were made by government to widen access to student allowances.

The number of students taking out a loan increased by 20,200 from 2008 to 2009 and now totals 199,000 students. The total amount borrowed increased to $1.39 billion. About four out of five eligible full-time students and two out of five of the eligible part-time students used the loan scheme.

The median and average amount borrowed increased slightly in 2009.

The number of New Zealanders who had a student loan balance with Inland Revenue at 30 June 2009 increased by 5.9 percent to 562,000. More than 60 percent of those with loans owed less than $15,000.
A total of $710 million in loan repayments was collected in the 2008/09 year. Of those who left study in 1992, 82 percent had fully repaid their loans by 31 March 2008. Men and women do not differ significantly in repayment times.

![Figure 1.8: Student allowances recipients and student loan borrowers](image)

Source: Ministry of Social Development.

### Research in the tertiary education sector

The research performance of the tertiary sector improved in several areas in 2009. In particular, the volume of enrolments in doctoral degrees increased significantly, continuing a trend which began in 2006. This trend has been mainly driven by a large increase in international enrolments, which occurred in response to a change in government policy in 2006 to fund international doctoral students on the same basis as domestic students. International student enrolments are now around a third of all doctoral enrolments in 2009, compared to around 13 percent in 2004. An encouraging trend has seen continued increases in enrolments of Māori and Pasifika in doctorates, although off a low base.

As a result of the increased doctoral enrolments, the supervisory load placed on academics has continued to rise, with the number of doctoral enrolments per academic staff at several universities doubling since 2004.

The surge in enrolments at the doctoral level has begun to be reflected in doctoral degree completions. In particular, there was significant growth in the number of doctoral degrees completed by international students in 2008.

In the areas of research output, the universities showed improvement in a number of areas. Overall, the amount of research contract income earned by the universities per academic staff member rose in real terms between 2008 and 2009. In addition, total research output increased in 2009 at four out of the seven universities that reported research outputs.

### Sector capability

The year 2009 saw a lift in the financial performance of New Zealand’s public tertiary education institutions. The institutions collectively met all four of the benchmarks set for prudent operation of a tertiary education institution, whereas in 2008 they had met three of the four. The aggregate operating surplus increased from 2.8 percent of revenue in 2008 to 4.4 percent, compared with the benchmark of 3 percent. The working capital ratio – which gives a snapshot of an institution’s current assets maturing within one year against its short-term obligations maturing within one year – increased from 104 percent to 121 percent, compared with the benchmark of 100 percent.

While these results suggest the institutions were in a healthy state overall in 2009, there are two cautions to consider. The first is that the 2009 results were influenced by a number of short-term revenue streams that are scheduled to be phased out in 2010. In particular, polytechnics and wānanga were supported by the Quality Reinvestment Programme, which was designed to help institutions move to a more sustainable business model.

The second caution relates to the fact that there was considerable variation among the tertiary education institutions. Only one of the 31 institutions recorded an operating deficit, compared to nine in 2008 and seven in 2007, but four other institutions had a surplus below the Tertiary Education Commission’s recommended level of 3 percent of revenue. Some institutions continued to experience uncertain financial performance.

Overall, the universities performed better in 2009. Collectively, the surplus of the eight universities was 3.3 percent of revenue, compared to 2.7 percent a year earlier and to the benchmark of 3 percent. One university reported a deficit, while one other fell short of the 3 percent benchmark. The net cash flow, the value of liquid assets and the working capital ratio of the universities also lifted in 2009.

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4. In 2009, there were 31 public tertiary education institutions. However, to allow comparisons to be made over time, the data from the colleges of education has been merged with that of the universities unless otherwise stated.

5. The Tertiary Education Commission is currently reviewing the financial reporting framework for public tertiary education institutions and it is likely that the measures used for financial monitoring and their associated benchmarks may change. However, as these changes are not yet finalised, the existing measures and benchmarks have been used here. In the analysis of industry training organisation performance, we look at the surplus as a percentage of revenue as a measure of financial health.
In the recent past, the financial performance of some polytechnics has been problematic, with seven polytechnics reporting an operating deficit in 2008. But in 2009, all of the polytechnics had an operating surplus, and 17 of the 20 met the benchmark of an operating surplus of 3 percent of revenue. There were also improvements in the polytechnics’ aggregate results on the other three benchmarks set for prudent operation. However, the financial performance of the polytechnics in the last few years was influenced by a number of short-term funds which come to an end in 2010. The effect of decisions made in Budget 2009 on the government’s funding of polytechnics was to reduce it by more than 3 percent.

Another notable feature of 2009 was the continued strong financial performance of the wānanga. All three wānanga had a surplus over the benchmark of 3 percent of revenue. In part, the healthy performance of the three wānanga was due to high earnings from interest.

The industry training organisations, however, experienced difficult conditions in 2009. Sharp increases in expenditure and a fall in revenue meant the organisations collectively had a break-even result, following a combined surplus of around $20 million in 2008. Nearly half of all industry training organisations experienced a deficit in 2009 – compared to a fifth in 2008 – while the proportion whose surplus was 3 percent of revenue or better fell from 60 percent in 2008 to 40 percent in 2009.

The number of staff employed by tertiary education institutions increased overall from 2008 to 2009. Staff numbers in private training establishments increased significantly in that period, following several years of decreases.

The number of academic staff at tertiary education institutions decreased slightly from 2008 to 2009, continuing a downward trend since 2004. The number of non-academic staff has moved in the opposite direction, averaging a small annual increase since 2004. From 2008 to 2009, the increase in the number of academic staff in private training establishments was matched by a similar size increase in the number of non-academic staff.

In wānanga, the number of teaching staff increased substantially for the first time since 2004. The number of students at wānanga increased even more strongly, raising the 2009 student to academic staff ratio to 45 to 1, compared to 42 to 1 in 2008. A decrease in the number of teaching staff at polytechnics, together with an increase in the number of students, increased the student to academic staff ratio in 2009 to 19 to 1, compared to 18 to 1 in 2008. In universities, the increase in student numbers outweighed the increase in academic staff, raising the student to academic staff ratio from 16 to 1 in 2008 to 17 to 1 in 2009.

Total expenditure on personnel in public tertiary education institutions rose from 2008 to 2009, while personnel costs as a percentage of total operating expenditure remained at 58 percent.

Investing in knowledge and skills

Total government spending on tertiary education decreased by 0.9 percent in the year ended June 2010. However, this was influenced by a fall in the operating cost of the Student Loan Scheme, which is affected by changes in the value of the scheme. By excluding student loan operating costs, a clearer picture can be obtained of the trends in tertiary education expenditure over time.

Once student loan operating costs are excluded, total expenditure increased from $4.9 billion in 2008/09 to $5.2 billion in 2009/10. This is an increase of 6.2 percent in nominal terms and 3.7 percent once we adjust for inflation. Total operating expenditure excluding student loan operating costs increased from $3.4 billion in 2008/09 to $3.6 billion in 2009/10. This represents an increase of 6.6 percent in nominal and 4.1 percent in inflation-adjusted terms. Capital expenditure increased from $1.5 billion in 2008/09 to $1.6 billion in 2009/10. This represents an increase of 5.3 percent in nominal and 2.8 percent in real terms. As a percentage of gross domestic product, total expenditure and operating expenditure remained unchanged in 2009/10. Total tertiary expenditure accounted for 2.8 percent of gross domestic product and operating expenditure, excluding the student loan operating cost, was 1.9 percent of gross domestic product in 2009/10.

In terms of the individual components of tertiary education expenditure, there were significant increases in expenditure on tuition subsidies, research and provider capability, student allowances, and capital expenditure on student loans. Although expenditure on industry training increased in 2009/10, there were decreases in expenditure on Modern Apprenticeships, Training Opportunities and Youth Training.

6. The number of staff refers to full-time equivalent staff unless otherwise stated.
The number of equivalent full-time student places funded by the Tertiary Education Commission through the student achievement component increased in 2009. Government spending on tuition subsidies also increased as a result of the increased number of student places and increases in base funding rates.

The increase in the number of unfunded students enrolled by tertiary education organisations led to over-delivery in 2009, compared with under-delivery in most sub-sectors in 2008. This reflected the impact of the weak labour market in boosting participation in student achievement component-funded courses.

The average domestic fee per equivalent full-time student increased by 5.4 percent at public tertiary education institutions. Part of this increase was due to a continued move away from enrolments in low-cost or zero-fee courses. Overall, the affordability of tertiary education declined in 2009, as the growth in average incomes slowed due to the economic downturn.

The contributions by government and industry towards industry training both increased in 2009, with the industry contribution growing at a faster rate, meaning that the government’s share fell. However, this partly reflects a one-off increase in industry contribution to one industry training organisation.

**Figure 1.11: Government spending (June years) on tertiary education**

*Excluding student loan expenditure.

**Source:** Ministry of Education, Ministry of Social Development, Inland Revenue and Tertiary Education Commission.
2009 YEAR IN BRIEF

February

The Tertiary Education Commission announces capital funding for tertiary education institutions is on hold while the new government decides on its tertiary education priorities.

Tim Fowler joins the New Zealand Qualifications Authority as deputy chief executive, Quality Assurance Division.

March

Dr Tom Ryan, senior lecturer in anthropology and labour studies at The University of Waikato, is elected president of the Tertiary Education Union.

The Ministry of Education publishes the research reports Does it really matter where you study?, Making an impact (an analysis of the bibliometric performance of New Zealand universities between 1994 and 2007) and Labour market outcomes of student support recipients. It also releases two fact sheets on the Adult Literacy and Life Skills Survey: Wellbeing and education level and How well do qualifications predict literacy and numeracy?

April

The Tertiary Education Commission announces changes in the way it works with tertiary education organisations, to be introduced from June 2009.

An agreement on cooperation in higher education between China and New Zealand is signed by representatives of the China Education Association for International Exchange and the New Zealand Vice-Chancellors' Committee.

The University of Waikato is to lead a three-year professional development programme for tertiary education tutors working on adult literacy and numeracy.

The Industry Training Federation hosts the New Zealand Vocational Education and Training Research Forum 2009.

The Student Loan Scheme (Repayment Bonus) Amendment Bill is tabled in parliament. New Zealand and overseas-based borrowers who make voluntary repayments on their student loans of $500 or more in a tax year will have an extra 10 percent of their voluntary loan repayment credited to their student loan account.

The Ministry of Education publishes data on tertiary education enrolments for 2008. The report indicates a continuing shift to higher-level and longer qualifications.


May

Budget 2009 increases funding for tertiary education from a 2008/09 baseline of $2.66 billion to $2.78 billion in 2009/10. It includes additional funding for tertiary education organisations as agreed in their investment plans, $20 million over four years for extra places for medical students, and $4 million in summer research scholarships for university students. Funding is stopped or reduced for the capability of tertiary education institutions, student scholarships and adult and community education. Some proposed industry training funding increases are cancelled.

The Ministry of Education publishes A closer look at completion in higher education in New Zealand and Skills, qualifications and wages: an analysis from the Adult Literacy and Life Skills Survey.

June

Lincoln University and the Crown research institute AgResearch call off a proposed merger and instead agree to work more closely in the future.

The Tertiary Education Commission announces that domestic status for German and French students enrolled in masters-level programmes in New Zealand will be phased out. The decision was part of the May 2009 Budget.

Industry training organisations report a small increase in industry trainee and apprenticeship numbers between December 2008 and March 2009.

Students who gained a New Zealand Scholarship Top Scholar Award are honoured at a presentation at parliament.

The Ministry of Education publishes a snapshot of tertiary education enrolments for April 2009. The data show more domestic and international students studied at higher levels and in longer qualifications compared with April 2008, and that formal enrolments increased.

Research reports published by the Ministry of Education include Advanced trade, technical and professional qualifications: trends in supply, Future demand for tertiary education in New Zealand: 2009 to 2025 and beyond and Counting the cost: an analysis of domestic tuition fees.

July

The New Zealand Qualifications Authority launches New Zealand's National Education Information Centre website to provide information for international audiences on New Zealand's education system and qualifications.

The Ministry of Education publishes tertiary-related research reports and data – Numeracy for adults: latest findings from teaching and learning research, Tertiary
September

The Tertiary Education Commission allocates Youth Guarantee places for 2010. The Youth Guarantee scheme, announced in the May 2009 Budget, will provide 2,000 free places on vocational courses for 16 and 17-year-olds at 28 polytechnics and institutes of technology and private training establishments.

A new tertiary high school is to be established at Manukau Institute of Technology. Students will be dual enrolled – at their school and the institute – and they will study at the institute for a work-related qualification.

The Student Loan Scheme (Repayment Bonus) Amendment Bill 2009 is passed by parliament.

The report Does workplace-based industry training improve earnings? is published by the Department of Labour and Statistics New Zealand. Another report on the effect of study and industry training on earnings is published by the Ministry of Education and Statistics New Zealand – What do students earn after their tertiary education?

The Ministry of Education publishes Training Opportunities: statistical profile 1999 to 2007 and Indicators live: education at a glance 2009 – results for New Zealand. Also released in September are two reports on the 2006 survey of adult literacy and life skills: The effect of first language and education on literacy, employment and income and Skills and education: how well do educational qualifications measure skills?

Top Achiever Doctoral Scholarships are awarded to 14 New Zealand students, the last group to receive the scholarships following the 2009 Budget announcement that the fund will be discontinued.

October

The government’s chief science advisor, Professor Sir Peter Gluckman, publishes his report Improving translation of publicly funded research for economic benefit.

November

Victoria University of Wellington professors James Belich and Timothy Naish are appointed to the 10-member Marsden Fund Council.

The New Zealand Universities Academic Audit Unit publishes its Cycle 4 academic audit report on Victoria University of Wellington.

December

Ministry of Education data shows an increase in international student numbers, reversing the decline in numbers from 2003 to 2008. The figures show 76,600 fee-paying international students in New Zealand in 2009, up 4,000 on the previous year.

The government announces that the income threshold at which New Zealand-based borrowers must begin repaying their student loans will remain at $19,084 for the 2010/11 tax year.


Auckland University of Technology vice-chancellor Derek McCormack is appointed for a two-year term as chair of the New Zealand Vice-Chancellors’ Committee.

The Education (Polytechnics) Amendment Bill is passed. It will see new eight-member councils for all polytechnics in place by 1 May 2010. Four members on each council will be appointed by the Minister for Tertiary Education and four by each polytechnic.

The New Zealand Qualifications Authority publishes a summary of submissions on its consultation paper Targeted review of the qualifications system, which sought views on a package of seven proposed changes to certificate and diploma-level qualifications.

The government publishes its Tertiary Education Strategy 2010-15. The strategy links funding more closely to performance and providers will report on their performance in terms of the achievements of their learners.