Affordability of tertiary education

Average affordability for domestic students relatively stable in 2017

Average affordability of tertiary education at universities, polytechnics and wānanga has remained relatively stable between 2015 and 2017. Before this, average affordability had generally been decreasing since 2003.

At universities and wānanga, average affordability for domestic students remained unchanged from 2016 to 2017, while it decreased slightly at polytechnics.

Indicator Description

The ratio of average domestic tuition fees to the average weekly earnings for a full-time employed person. If average tuition fees increase faster than average earnings, this will cause the ratio to increase, reflecting that affordability has declined. When the ratio decreases, this means that affordability has improved. This indicator also looks at changes in the median annual amount borrowed by students and the median student loan leaving balance.

Ratio of domestic tuition fees to weekly earnings relatively stable

From 2015 to 2017, average domestic tuition fees were 4.7 times the average weekly earnings for a full-time employed person. In 2017, the combined average cost of fees for domestic students in universities, polytechnics and wānanga was estimated at $5,410 for one equivalent full-time year of study.

Relative to average earnings, the tuition costs of attending university were highest, and the tuition costs of attending wānanga were lowest.
Since 2003, the average affordability of tertiary education has decreased in universities. At polytechnics, average affordability decreased from 2003 to 2011 and, since then, it has generally improved. Average affordability has remained relatively stable in wānanga.

Overall, the 2017 ratio of average domestic fee to average weekly earnings remains below that in 2000, when the average cost of domestic student fees was equal to 5.5 times the average weekly earnings for an employed person.

There was a large increase in affordability from 2000 to 2003 and this was most pronounced at wānanga. The most dramatic improvement occurred in 2001 through the introduction of zero-fees policies for many courses in wānanga. In addition, between 2001 and 2003 the government introduced a fee stabilisation policy which allocated additional funding for providers that agreed to freeze their fees. While fee increases have been restricted by government regulation since 2004, since then average affordability has decreased overall.

These results must be interpreted in light of the fact that in New Zealand, highly subsidised government student loans enable eligible students to borrow the full amount of their fees. In 2017, 80 percent of full-time students and 37 percent of part-time students used the Student Loan Scheme. Income is also supplemented for those low-income students and their families who are eligible for student allowances.
In 2017, the median amount borrowed by each student was $8,270 (excluding administration fees). In 2016, the median amount borrowed was $8,090. Between 2000 and 2005, the median amount borrowed was about $5,400, but since then it has followed an upward trend.

The median leaving balance has also increased in recent years. From 2006 to 2016, the median leaving balance increased by 83% to $18,700.

As the government's fees-free policy was only introduced at the start of 2018, this is yet to impact on the affordability and student loan borrowing data presented here.

Figure 2: Median annual amount borrowed and median student loan leaving balance


Where to find out more

Information from this indicator should be read alongside the following indicators in order to consider the possible impact of changes in affordability and about the benefits and returns to investment in tertiary education for individuals:

- School leavers with NCEA Level 3 or above
- Participation rates in tertiary education
- Earnings premiums by qualification level
References