



Budget 2009

Industry Training Organisations (ITOs)

Government priorities for tertiary education

Tertiary education is critical to New Zealand's economic and social wellbeing.

Our tertiary education system is a key national strategic asset which plays a vital role in building the skills of New Zealanders to help them meet the challenges of the 21st century.

This Government believes the needs of students and economy should drive the provision of tertiary education.

Budget 2009 should be seen as Government taking the first steps towards its new tertiary education strategy, which it will release later this year. These include decisions to focus investment on higher-value provision.

Budget 2009 lays the foundations for simplifying the funding system, lowering compliance costs and reducing central planning.

There will be less emphasis on central control, and greater responsibility for tertiary education organisations to manage the quality and delivery of tertiary education.

Increasingly, future tertiary education funding will be strongly linked to performance. Student choice will be informed by the publication of tertiary education organisations' performance information.

Government is simplifying tertiary education funding by reducing the number of funds while, in most cases, maintaining the number of tertiary student places agreed in Investment Plans.

Industry Training Organisations (ITOs)

Budget 2009 requires tertiary education organisations to give effect to the government's tertiary education priorities within a funding environment constrained by the current global economic challenges.

CPI Adjustments

- The previous decision in relation to CPI adjustments constituted the single largest item in the unfunded tertiary education package from 2008. Future CPI adjustments for the Industry Training Fund and Modern Apprenticeships are removed from 2010.

ITO Strategic Leadership

- The Government wishes to continue to support ITOs' role in the development and maintenance of national qualifications.
- However, due to the current global economic challenges and the Government's longer-term intention to move away from soft 'capability funding' across the tertiary sector, funding for the ITO strategic leadership component will be halved from 2011.

Literacy, Language, and Numeracy

- The Government remains committed to raising literacy, language and numeracy (LLN) skills within the workforce. However, due to the current economic climate, some planned growth in literacy funding in Industry Training will be removed.
- Planned baseline growth for Intensive Literacy and Numeracy Provision (previously Foundation Learning Pool) will be removed, as well as a decrease in the existing baseline from 2009/10.

Summary of changes

Future CPI adjustments will be removed from 2010 for the Industry Training Fund and Modern Apprenticeships

Funding for the ITO strategic leadership component will be halved from 2011

Some planned growth in literacy funding in Industry Training will be removed.