



Budget 2009

Institutes of Technology and Polytechnics (ITPs)

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.

Institutes of Technology and Polytechnics (ITPs)

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.

The Government's strategic direction and funding of tertiary education are likely to have an impact on institutes of technology and polytechnics (ITPs). In addition, funding streams such as the Quality Reinvestment Fund and the \$20m ITP regional network funding (part of the TEI Base Investment) are currently scheduled to end in 2010.

As public institutions, ITPs continue to have a core role in providing vocational pathways, including delivery of the trades and technical skills required in the modern economy.

Over the coming months the Minister for Tertiary Education and the TEC will engage in a dialogue with ITPs and their communities about the future roles and expectations of ITPs.

Budget 2009 ensures that Investment Plan funding commitments for ITPs remain in place for the coming year. This time should be used to plan for funding reductions that will take place in 2011.

CPI Adjustments

- The previous decision in relation to CPI adjustments constituted the single largest item in the unfunded tertiary education package from 2008.
- CPI adjustments in the SAC and TEOC (TEI Base Investment) will be 1.95% in 2010 (2.5% was previously forecast). No CPI adjustments are budgeted for 2011 and outyears, but these will be considered as part of Budget 2010.
- The Fee and Course Costs Maxima (FCCM) will also be adjusted by 1.95% in 2010.

Youth Guarantee

- Youth Guarantee will be accelerated in 2010 to provide a range of alternative educational pathways for 16 and 17 year olds in tertiary education who are most at risk of unemployment during the recession.
- We expect to purchase a limited range of Youth Guarantee programmes in 2010, ahead of a wider roll-out of Youth Guarantee from 2011.
- Further details will be announced shortly.

Regulatory compliance and health and safety qualifications

- Government considers that industry should meet the costs of regulatory compliance and health and safety certificates in the future.
- From 2011, all SAC and TEOC funding for regulatory compliance and health and safety qualifications (including embedded courses) is removed.
- Reductions in ITPs' funding allocations will be based on 2008 enrolments. The TEC will be providing further information about how these changes will be implemented.

Adult and Community Education (ACE)

- Government considers that ACE can provide an important stepping stone for learners across the tertiary education system.
- However, its investment in this area is being reduced and refocused to areas more tightly aligned with its priorities in literacy, numeracy and foundation levels of education.
- Government no longer intends to subsidise hobby and personal interest courses (e.g. arts and crafts courses, home maintenance ACE, etc).
- From 2011, ACE funding for TEIs will be reduced by 50% for lower priority ACE. It is not yet determined how this reduction will be implemented.

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 savings were required in this area (mostly by removing planned funding growth in outyears).

- Funding for LLN embedded in mainstream ITP provision increases in 2009/10 but future baseline growth is removed.
- There will be a decrease in the existing baseline for Intensive Literacy and Numeracy Provision (previously Foundation Learning Pool) from 2009/10 as well as a reduction in planned baseline growth in outyears.
- Adult Literacy Educator Grants will be significantly reduced and reprioritised from 2010.
- There will be a 50% increase in the number of workplace literacy learners in 2009/10 above 2008/09 levels. The ongoing level of the Workplace Literacy Fund will be considered in future Budgets.

Small Funds

In line with Government's commitment to streamline the tertiary education sector and reduce the number of funds, there are changes to several smaller funds. The following funds will be disestablished:

- Skill Enhancement (from 2010)
- Refugee Study Grants (from 2011)
- Special Education Special Supplementary Grants (from 2011)
- Bilingual Tutor Grants (from 2010)
- Targeted Education and Training Grants (from 2010, but existing grants will be honoured).

Other funding

- ITP SAC funding unspent from 2008 will be transferred to support additional enrolments to assist in meeting demand for high priority courses associated with the current recession.
- The ESI fund (Encouraging and Supporting Innovation) is halved from 2010.
- German and French citizens studying Master programmes no longer qualify for domestic status from 2010.
- The Government considers that ITPs are responsible for their own capital investment and management. The capital fund has been removed with immediate effect. The Minister intends to discuss potential policy changes that better support institutions to manage their capital assets effectively, for example in areas of asset disposal.

Summary of changes
CPI adjustments in the SAC and TEOC (TEI Base Investment) will be 1.95% in 2010 (2.5% was previously forecast). No CPI adjustments are budgeted for 2011 and outyears, but these will be considered as part of Budget 2010.
From 2011, funding will be discontinued for short regulatory compliance and health and safety courses.
Funding for the Encouraging and Supporting Innovation element will be halved from 2010
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.
LLN embedded in mainstream ITP provision increases in 2009/10 but further baseline growth is removed.
ACE funding for TEIs will be reduced by 50% for lower priority ACE from 2011. It is not yet determined how this reduction will be implemented.
Targeted Education and Training Grants will be disestablished. No further grants will be made from 2010, but existing grants will be honoured.
Special supplementary grants for special education will be disestablished from 2011.
Bilingual Tutor Grants will be disestablished from 2010.
Refugee Study Grants will be disestablished from 2011
Skill Enhancement will be disestablished from 2010.
The tertiary education capital investment fund is disestablished with immediate effect.
Funding to implement the youth guarantee has been brought forward to allow implementation from 2010. Further details are to be announced.
Adult Literacy Educator Grants will be significantly reduced and reprioritised from 2010.