



Budget 2009

Wānanga

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.

Wānanga

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.

Government continues to recognise the unique contribution of wānanga to the tertiary education system. This includes teaching and research that maintains, advances, and disseminates knowledge and develops intellectual independence, and assists the application of knowledge regarding ahuatanga Māori according to tikanga Māori.

Wānanga will need to continue to effectively manage their educational and financial performance. This includes a dynamic approach to business models that promote efficiencies and connect wānanga with their communities to continue delivering relevant programmes.

Wānanga are generally self-managing, self-improving autonomous institutions and the government expects the TEC's streamlined approach to reduce the compliance burden over time.

All sectors of the economy are impacted by the economic situation and tertiary education is no exception.

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.
- These changes are 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 our 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.

Other funding

- Unspent wānanga TEOC funding from 2008 has been transferred for use in 2009 and 2010, and the Government will consider options for the wānanga sector to use this funding to respond to Job Summit initiatives and enrolment pressures.
- The Government considers that wānanga 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.
- Funding for the Encouraging and Supporting Innovation fund will be halved from 2010.
- Special supplementary grants for special education will be disestablished from 2011.

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
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.
Special supplementary grants for special education will be disestablished from 2011.
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.