



Budget 2009

Private Training Establishments (PTEs)

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.

Private Training Establishments (PTEs)

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.

Budget 2009 recognises the important role private training establishments play in the tertiary education sector.

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 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 for 2010, ahead of a wider roll-out of Youth Guarantee from 2011.
- Further details will be announced shortly.

Equity Funding

- Equity funding for Māori and Pacific students will be extended to PTEs from 2010 to encourage greater achievement at diploma level and above on the National Qualifications Framework.

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) will be removed.
- Reductions in PTEs' funding allocations, related to regulatory compliance qualifications, will be based on 2008 enrolments. The TEC will be providing further information about how these changes 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).

- The Government will fund a 50% increase in the number of workplace literacy learners in 2009/10. However, planned future growth in workplace literacy has been removed. The ongoing level of the Workplace Literacy Fund will be considered in future Budgets.
- 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.

Encouraging and Supporting Innovation (ESI)

- The ESI fund is halved from 2010.

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)
- Pathfinders (from 2010)
- The ESOL Assessment Service (from 2010)
- Targeted Education and Training Grants will be disestablished from 2010. These grants are worth \$80,000 per year and are allocated

to two TEOs to fund living costs for 16-17 year olds. No further grants will be approved, but funding is available in 2010 to enable existing agreed payments to be honoured.

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.
There will be a 50% increase in learner places in the Workplace Literacy Fund in 2009/10. Further planned growth is removed and the baseline falls in 2011/12.
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.
The Pathfinders programme will be disestablished from 2010.
Targeted Education and Training Grants will be disestablished. No further grants will be made from 2010, but existing grants will be honoured.
Funding for the ESOL Assessment Service will cease from 2010.
Skill Enhancement will be disestablished from 2010.
Adult Literacy Educator Grants will be significantly reduced and reprioritised from 2010.