Budget 2012

Budget 2012 rebalances the Government’s investment in tertiary education between expenditure on student support and investment in tuition and research. Reinvestment across the wider tertiary education system over the next four years will total $263.1 million. This will be funded by making changes to student support which save between $65 and $74 million per year.

Approximately $42 million will be invested over four years to increase the tuition subsidy paid for selected engineering courses, and a further $17 million over the same period will lift the tuition subsidy paid for science courses by 2%.

Budget 2012 will also improve vocational and foundation education provision by providing more opportunities for young people to enter tertiary education and refocusing lower level provision to target those in greatest need.

Government is investing a further $37.736 million over the next four years to boost fees-free tertiary education places under the [Youth Guarantee programme](https://www.tec.govt.nz/Funding/Fund-finder/Youth-Guarantee/?id=179). This is part of the ongoing commitment to improving educational opportunities and achievement for 16 and 17 year olds, and will provide up to 3000 more Youth Guarantee places over the next four years by making existing tertiary places fees-free.

In addition Budget 2012 funds a series of initiatives intended to ensure that funding and provision in the lower levels of the tertiary system is targeted to those most in need. These include changes to Level 1 and 2 provision, support for students with special education needs and changes to [Adult and Community Education](https://www.tec.govt.nz/Funding/Fund-finder/ACE/?id=23).

Ministry of Education Budget 2012 information:

* [Ministry of Education](http://www.minedu.govt.nz/theMinistry/Budget/Budget2012.aspx)

Beehive Budget 2012 information:

* [$29.5m to stimulate competitive innovation in tertiary sector](http://beehive.govt.nz/release/295m-stimulate-competitive-innovation-tertiary-sector)
* [Tertiary savings fund new investment](http://beehive.govt.nz/release/tertiary-savings-fund-new-investment)
* [$159m to strengthen higher-level tertiary education](http://beehive.govt.nz/release/159m-strengthen-higher-level-tertiary-education)
* [3,000 more Youth Guarantee places funded](http://beehive.govt.nz/release/3000-more-youth-guarantee-places-funded)

# Private Training Establishments

Budget 2012 rebalances the Government’s investment in tertiary education between expenditure on student support and investment in tuition and research. Reinvestment across the wider tertiary education system over the next four years will total $263.1 million. This will be funded by making changes to student support which save between $65 and $74 million per year.

The Government is also committed to creating a fairer tertiary education system that rewards high performance and contributes to innovation.

The Government is investing a further $29.503 million in the Private Training Establishment (PTE) sector over four years. This increases the funding rates for private training providers in line with the Government’s promise to treat them more equitably with public providers. The resulting funding difference is now half of what it was previously.

PTEs will also be able to compete for funding for provision at levels 1 and 2 as part of a newly separate [Student Achievement Component](https://www.tec.govt.nz/Funding/Fund-finder/Student-Achievement-Component/?id=169) (SAC) Fund for provision at this level. More details about how the new funding pool will operate will be announced when they are available.

In addition, changes to the structure of the remaining SAC fund mean up to 10 percent of subsector SAC funding for level 3 and above can be used to fund programmes in any subsector based on relevance and performance and to advance the goals of the [Tertiary Education Strategy](https://www.tec.govt.nz/Tertiary-Sector/Tertiary-Education-Strategy/?id=721).

Budget 2012 invests a further $37.736 million over the next four years to boost fees-free tertiary education places under the [Youth Guarantee programme](https://www.tec.govt.nz/Funding/Fund-finder/Youth-Guarantee/?id=179). This is part of the ongoing commitment to improving educational opportunities and achievement for 16 and 17 year olds, and will provide up to 3000 more Youth Guarantee places over the next four years by making existing tertiary places fees-free.

Budget 2012 addresses the large debts taken on by many trainee pilots, by capping the amount that may be borrowed under the student loan scheme. This is important because employment outcomes for pilots are relatively poor. At the same time, Budget 2012 increases the tuition subsidy paid to providers for pilot training, because pilot training currently receives a lower portion of its government funding from tuition subsidies than many other fields of study with high delivery costs.

### Key points for PTEs

* $29.503 million invested in the PTE sector over the next four years – a 4.75% increase in the Student Achievement Component funding rate for PTEs from 2013.
* An additional $37.736 million over the next four years to boost fees-free tertiary education places to 16 and 17 years olds, by up to 3000 places, under the Youth Guarantee programme.
* 8.8% increase in the tuition subsidy for selected engineering courses that lead to professional engineering qualifications, an additional $42 million over four years.
* An additional $17 million over four years to increase the funding rate for science courses by 2%.
* PTEs will be eligible to compete for funding from a separate Student Achievement Component fund for levels 1 and 2 provision.
* Up to 10% of SAC funding for level 3 and above will no longer be attached to particular subsectors.
* $2.2 million over four years for Adult and Community Education in communities.
* 4% proposed Annual Maximum Fee Movement for 2013 subject to consultation.
* Approximately $35 million retained in contingency for Skills for Canterbury funding in 2013 to assist with the Canterbury rebuild as demand for skills training increases.
* $100 million over four years to increase the [Performance-Based Research Fund](https://www.tec.govt.nz/Funding/Fund-finder/Performance-Based-Research-Fund-PBRF-/?id=163) to $300 million per annum in 2016.
* Increasing the tuition subsidy for aviation provision by 19.9% in 2013.
* Limiting the amount a student pilot can borrow for fees under the student loan scheme to $35,000 per EFTS from 2013.

### Student support

* Increasing the student loan repayment rate for all New Zealand-based borrowers over the repayment threshold from 10 cents to 12 cents in the dollar.
* Broadening the definition of income for student loan repayment purposes.
* Removing the voluntary repayment bonus for student loans.
* Implementing information matching between Inland Revenue and the New Zealand Customs Service to identify borrowers in serious default.
* Limiting the number of courses students can borrow for in one year to two equivalent full time students (EFTS).
* Keeping the parental income threshold at current rates until 31 March 2016.
* Removing eligibility for student allowances for post graduate study (except bachelor degrees with honours), and enforcing the 200 week limit, from 2013.

Further information about student support changes at Budget 2012 can be found on the [StudyLink website](http://www.studylink.govt.nz/about-studylink/media-releases/2012/changes-to-student-loans-and-allowances-budget-2012.html).

# Industry Training Organisations

Budget 2012 rebalances the Government’s investment in tertiary education between expenditure on student support and investment in trades skills, tertiary tuition and research. Reinvestment across the wider tertiary education system over the next four years will total $263.1 million. This will be funded by making changes to student support which save between $65 and $74 million per year.

Budget 2012 is underpinned by a commitment to ensuring that investment focuses on those areas vital for improving New Zealand’s economic growth.

The Government is holding investment steady for industry training for 2013 despite comparatively low current demand.

The Government is confident that demand for industry training will pick up as the economy recovers and the Canterbury rebuild gets underway. Budget 2012 also retains approximately $35 million in contingency in 2013 to assist with likely increased demand for skills training in the tertiary system for the Canterbury rebuild.

However a fiscally neutral transfer of industry training underspends from 2011 that would otherwise be returned to the centre will be made to fund university demand in 2013.

# Institutes of Technology and Polytechnics

Budget 2012 rebalances the Government’s investment in tertiary education between expenditure on student support and investment in tuition and research. Reinvestment across the wider tertiary education system over the next four years will total $263.1 million. This will be funded by making changes to student support which save between $65 and $74 million per year.

Budget 2012 is underpinned by a commitment to ensuring that investment focuses on those areas vital for improving New Zealand’s economic growth.

This budget invests in priority areas such as science and engineering, and in research, to boost the quality of the Government’s spend in tertiary education and to increase the numbers of graduates with the skills required to grow the economy.

Approximately $42 million will be invested over four years to increase the tuition subsidy paid for selected engineering courses, and a further $17 million over the same period will lift the tuition subsidy paid for science courses by 2%.

Budget 2012 invests a further $37.736 million over the next four years to boost fees-free tertiary education places under the [Youth Guarantee programme](https://www.tec.govt.nz/Funding/Fund-finder/Youth-Guarantee/?id=179). This is part of the ongoing commitment to improving educational opportunities and achievement for 16 and 17 year olds, and will provide up to 3000 more Youth Guarantee places over the next four years by making existing tertiary places fees-free.

This budget creates a separate [Student Achievement Component](https://www.tec.govt.nz/Funding/Fund-finder/Student-Achievement-Component/?id=169) (SAC) funding pool for levels 1 and 2 provision. Institutes of Technology and Polytechnics (ITPs) will be able to access funding from this pool as part of a contestable process aligned to the 2013 investment plan process. More details about how the new funding pool will operate will be announced when they are available.

In addition, changes to the structure of the remaining SAC fund mean up to 10 percent of subsector SAC funding for level 3 and above can be used to fund programmes in any subsector based on relevance and performance and to advance the goals of the [Tertiary Education Strategy](https://www.tec.govt.nz/Tertiary-Sector/Tertiary-Education-Strategy/?id=721).

The government is satisfied that work carried out within Wānanga and Institutes of Technology and Polytechnics to embed literacy and numeracy at levels 1 to 3 courses should now become business as usual, and Budget 2012 ends the short term funding provided for this purpose from 2013.

At the same time, Budget 2012 proposes a 4% Annual Maximum Fee Movement for 2013, subject to the normal consultation process for setting Annual Maximum Fee Movements.

The Performance-Based Research Fund will also be boosted by an additional $100 million over four years to bring the fund to $300 million per annum in 2016.

Budget 2012 addresses the large debts taken on by many trainee pilots, by capping the amount that may be borrowed under the student loan scheme. This is important because employment outcomes for pilots are relatively poor. At the same time, Budget 2012 increases the tuition subsidy paid to providers for pilot training, because pilot training currently receives a lower portion of its government funding from tuition subsidies than many other fields of study with high delivery costs.

Furthermore, the Government is taking steps to ensure all Tertiary Education Institutions (TEIs) participate in the New Zealand Benchmarking Tool (NZBT) as this will give providers comparable and relevant data to help them improve performance. Participation in the NZBT will be a condition of funding for all TEIs from 2013.

### Key Points for ITPs

* Around $37.736 million over the next four years to boost fees-free tertiary education places to 16 and 17 years olds under the Youth Guarantee programme an increase of up to 3000 places.
* ITPs will be able to access funding from a separate Student Achievement Component fund for levels 1 and 2 provision via a contestable process.
* Up to 10% of SAC funding for level 3 and above will be allocated based on performance and alignment to the TES regardless of subsector.
* 8.8% increase in the tuition subsidy for selected engineering courses that lead to professional engineering qualifications, an additional $42 million over four years.
* An additional $17 million over four years to increase the funding rate for science courses by 2%.
* Approximately $2.6 million over four years for additional tutor support for vocational education for people with special needs.
* 4% Annual Maximum Fee Movement proposed for 2013 subject to consultation.
* Approximately $35 million retained in contingency for Skills for Canterbury funding in 2013 to assist with the Canterbury rebuild as demand for skills training increases.
* An additional $100 million over four years to increase the Performance-Based Research Fund to $300 million per annum in 2016.
* Approximately $1.2 million to extend the contract to support the New Zealand Benchmarking Tool, participation in which will be compulsory for all Tertiary Education Institutes from 2013.
* Ending short term funding for embedding literacy and numeracy in levels 1 to 3 qualifications and courses at ITPs and Wānanga from 2013.
* Limiting the amount a student pilot can borrow for fees under the student loan scheme to $35,000 per effective full time equivalents (EFTS) from 2013.
* Increasing the tuition subsidy for aviation provision by 19.9% per EFTS from 2013.

#### Student Support

* Increasing the student loan repayment rate for all New Zealand-based borrowers over the repayment threshold from 10 cents to 12 cents in the dollar.
* Broadening the definition of income for student loan repayment purposes.
* Removing the voluntary repayment bonus for student loans.
* Implementing information matching between Inland Revenue and the New Zealand Customs Service to identify borrowers in serious default
* Limiting the number of courses students can borrow for in one year to two effective full time equivalents (EFTS).
* Keeping the parental income threshold at current rates until 31 March 2016.
* Removing eligibility for student allowances for post graduate study (except bachelor’s degrees with honours), and enforcing the 200 week limit, from 2013.

Further information about student support changes at Budget 2012 can be found on the [StudyLink website](http://www.studylink.govt.nz/about-studylink/media-releases/2012/changes-to-student-loans-and-allowances-budget-2012.html).

# Universities

Budget 2012 rebalances the Government’s investment in tertiary education between expenditure on student support and investment in tuition and research. Reinvestment across the wider tertiary education system over the next four years will total $263.1 million. This will be funded by making changes to student support which save between $65 and $74 million per year.

Underpinning Budget expenditure is a commitment to ensuring that investment focuses on those areas vital for improving New Zealand’s economic growth.

The Government is looking to universities to further contribute to New Zealand’s wider economic priorities. This budget invests in priority areas such as science and engineering, and in research, to boost the quality of the government’s spend in tertiary education and to increase the numbers of graduates with the skills required to grow the economy.

Approximately $42 million will be invested over four years to increase the tuition subsidy paid for selected engineering courses by 8.8%, and a further $17 million over the same period will lift the tuition subsidy paid for science courses by 2%.

The [Performance-Based Research Fund](https://www.tec.govt.nz/Funding/Fund-finder/Performance-Based-Research-Fund-PBRF-/?id=163) will also be boosted by an additional $100 million over four years to bring the fund to $300 million per annum in 2016.

The Government expects universities to focus on degree level and above qualifications. Funding for [Adult and Community Education](https://www.tec.govt.nz/Funding/Fund-finder/ACE/?id=23) (ACE) in universities will no longer be available from 2013. ACE in communities funding will receive an increase of $2.2 million to focus on engaging and supporting learners who have not previously had success.

Universities will receive an increase of approximately $8.9 million for 2013 to meet forecast demand of up to 900 effective full time equivalents (EFTS) above the Budget 2011 funded baseline. This funding is made possible by reduced demand in industry training in 2011.

At the same time, Budget 2012 proposes a 4% Annual Maximum Fee Movement for 2013, subject to consultation.

The combined effect of funding increases in research, engineering and science, and additional fee revenue available to universities under the proposed settings for the Annual Maximum Fee Movements, will provide universities with an estimated $50 million in additional revenue in 2013, and an estimated $170 million over the next four years.

Budget 2012 continues the Government’s focus on improving educational performance and student outcomes in tertiary education. The Government is creating greater flexibility for the TEC to allocate funding based on performance and in line with the tertiary education strategy, regardless of provider type. Changes to the structure of the Student Achievement Component (SAC) fund mean up to 10 percent of SAC funding for level 3 and above can be used to fund programmes in any subsector based solely on relevance and performance, and to advance the goals of the Tertiary Education Strategy.

Furthermore, the Government is taking steps to ensure all Tertiary Education Institutions (TEIs) participate in the New Zealand Benchmarking Tool (NZBT) as this will give providers comparable and relevant data to help them improve performance. Participation in the NZBT will be a condition of funding for all TEIs from 2013.

### Key Points for Universities

* 8.8% increase in the tuition subsidy for selected engineering courses that lead to professional engineering qualifications, an additional $42 million over four years.
* An additional $17 million over four years to increase the funding rate for science courses by 2%.
* $100 million over four years to increase the Performance-Based Research Fund to $300 million per annum in 2016.
* Around $8.9 million for 2013 to fund an estimated 900 places at universities above Budget 2011 baselines.
* 4% proposed Annual Maximum Fee Movement for 2013, subject to consultation.
* Approximately $35 million retained in contingency for Skills for Canterbury funding in 2013 to assist with the Canterbury rebuild as demand for skills training increases.
* Up to 10% of SAC funding for level 3 and above to be allocated based on performance and alignment to the TES regardless of subsector.
* Around $1.2 million to extend the contract to support the New Zealand Benchmarking Tool, participation in which will be compulsory for all Tertiary Education Institutes from 2013.
* Limiting the amount a student pilot can borrow for fees under the student loan scheme to $35,000 per EFTS from 2013.
* Increasing the tuition subsidy for aviation provision by 19.9% from 2013.
* Removal of funding for Adult and Community Education in universities from 2013.

#### Student Support

* Increasing the student loan repayment rate for all New Zealand-based borrowers over the repayment threshold from 10 cents to 12 cents in the dollar.
* Broadening the definition of income for student loan repayment purposes.
* Removing the voluntary repayment bonus for student loans.
* Implementing information matching between Inland Revenue and the New Zealand Customs Service to identify borrowers in serious default
* Limiting the number of courses students can borrow for in one year to two effective full time equivalents (EFTS).
* Keeping the parental income threshold at current rates until 31 March 2016.
* Removing eligibility for student allowances for post graduate study (except bachelor’s degrees with honours), and enforcing the 200 week limit, from 2013.

Further information about student support changes at Budget 2012 can be found on the [StudyLink website](http://www.studylink.govt.nz/about-studylink/media-releases/2012/changes-to-student-loans-and-allowances-budget-2012.html).

# Wānanga

Budget 2012 rebalances the Government’s investment in tertiary education between expenditure on student support and investment in tuition and research. Reinvestment across the wider tertiary education system over the next four years will total $263.1 million. This will be funded by making changes to student support which save between $65 and $74 million per year.

Budget 2012 is underpinned by a commitment to ensuring that investment focuses on those areas vital for improving New Zealand’s economic growth.

This budget invests in priority areas such as science and engineering and in research to boost the quality of the Government’s spend in tertiary education and to increase the numbers of graduates with the skills required to grow the economy.

This budget creates a separate [Student Achievement Component](https://www.tec.govt.nz/Funding/Fund-finder/Student-Achievement-Component/?id=169) (SAC) funding pool for levels 1 and 2 provision. Wānanga will be able to access funding from this pool as part of a contestable process aligned to the 2013 investment plan process. More details about how the new funding pool will operate will be announced when they are available.

In addition, changes to the structure of the remaining SAC fund mean up to 10 percent of subsector SAC funding for level 3 and above can be used to fund programmes in any subsector based on relevance and performance and to advance the goals of the [Tertiary Education Strategy](https://www.tec.govt.nz/Tertiary-Sector/Tertiary-Education-Strategy/?id=721) (TES).

Budget 2012 invests a further $37.736 million over the next four years to boost fees-free tertiary education places under the [Youth Guarantee programme](https://www.tec.govt.nz/Funding/Fund-finder/Youth-Guarantee/?id=179). This is part of the ongoing commitment to improving educational opportunities and achievement for 16 and 17 year olds, and will provide up to 3000 more Youth Guarantee places over the next four years.

The [Performance-Based Research Fund](https://www.tec.govt.nz/Funding/Fund-finder/Performance-Based-Research-Fund-PBRF-/?id=163) will also be boosted by an additional $100 million over four years to bring the fund to $300 million per annum in 2016.

The government is satisfied that work carried out within Wānanga and Institutes of Technology and Polytechnics to embed literacy and numeracy at levels 1 to 3 courses should now become business as usual, and Budget 2012 ends the short-term funding provided for this purpose from 2013.

Furthermore, the Government is taking steps to ensure all Tertiary Education Institutions (TEIs) participate in the New Zealand Benchmarking Tool (NZBT) as this will give providers comparable and relevant data to help them improve performance. Participation in the NZBT will be a condition of funding for all TEIs from 2013.

### Key Points for Wānanga

* Wānanga will be able to access funding from a separate Student Achievement Component fund for levels 1 and 2 provision via a contestable process.
* Up to 10% of SAC funding for level 3 and above will be allocated based on performance and alignment to the TES regardless of subsector.
* Around $37.736 million over the next four years to boost fees-free tertiary education places to 16 and 17 years olds under the Youth Guarantee programme an increase of up to 3000 places.
* An additional $17 million over four years to increase the funding rate for science courses by 2%.
* 4% proposed Annual Maximum Fee Movement for 2013, subject to consultation.
* Approximately $35 million retained in contingency for Skills for Canterbury funding in 2013 to assist with the Canterbury rebuild as demand for skills training increases.
* An additional $100 million over four years to increase the Performance-Based Research Fund to $300 million per annum in 2016.
* Approximately $1.2 million to extend the contract to support the New Zealand Benchmarking Tool, participation in which will be compulsory for all Tertiary Education Institutions from 2013.
* Ending extra funding for embedding literacy and numeracy in levels 1 to 3 qualifications and courses at ITPs and Wānanga from 2013.

#### Student Support

* Increasing the student loan repayment rate for all New Zealand-based borrowers over the repayment threshold from 10 cents to 12 cents in the dollar.
* Broadening the definition of income for student loan repayment purposes.
* Removing the voluntary repayment bonus for student loans.
* Implementing information matching between Inland Revenue and the New Zealand Customs Service to identify borrowers in serious default
* Limiting the number of courses students can borrow for in one year to two effective full time equivalents (EFTS).
* Keeping the parental income threshold at current rates until 31 March 2016.
* Removing eligibility for student allowances for post graduate study (except bachelor’s degrees with honours), and enforcing the 200 week limit, from 2013.

Further information about student support changes at Budget 2012 can be found on the [StudyLink website](http://www.studylink.govt.nz/about-studylink/media-releases/2012/changes-to-student-loans-and-allowances-budget-2012.html).