# Budget 2011

Budget 2011 continues the Government’s commitment to a high performing tertiary education system in a way that acknowledges the challenges of the current economic climate and anticipated resource needs to support the Christchurch rebuild.

The focus of Budget 2010 was on creating a more streamlined, simplified funding system and shifting investment from low-performing, low-demand training and education into areas of greater value and demand for students, industry and the economy.

Budget 2011 balances the need to provide a greater number of places in areas of high demand with supporting providers to meet costs. The Budget continues the Government’s focus on getting the best value from the spending in tertiary education by identifying savings from changes in industry training, aviation, and student support funding. A new, expanded Youth Guarantee programme will provide up to 7,500 places from 2012.

A significant contingency fund will support the training needs associated with the rebuild in Christchurch, allowing for up to 1500 additional trades training places if required, as part of the wider [Skills for Canterbury](http://beehive.govt.nz/release/budget-2011-canterbury-trades-training-boost) package.

The initiatives in Budget 2011 will help to keep our tertiary education system internationally competitive and set clear incentives for both students and organisations to continue their drive for excellence.

**Additional information on the Beehive website**

* [Budget focuses on success in tertiary education](http://beehive.govt.nz/release/budget-focuses-success-tertiary-education)
* [Student loans – better value for taxpayers](http://beehive.govt.nz/release/student-loans-%E2%80%93-better-value-taxpayers)

**Treasury information**

* [Information supporting the Estimates of Appropriations](http://www.treasury.govt.nz/budget/2011/ise/v2/ise11-v2-pia-tered.pdf)

**Private Training Establishments**

Budget 2011 acknowledges the challenges of the current economic climate and the need to support the Christchurch rebuild, and strikes a balance between providing places and meeting higher costs.

It continues the Government’s drive for high perArformance, value for money and flexibility in responding to demand. It shifts funding away from areas of low demand to provide more places in high-demand, high-value areas and sets clear incentives for both students and organisations to continue their drive for excellence.

As part of Budget 2011, the Government is funding an additional 750 places from 2012 for high performing private training establishments. In addition, the Government is investing $17.5m million over four years to create new places for refugees and migrants to learn English in New Zealand. This Budget creates a new, expanded Youth Guarantee programme, by combining existing Youth Training and Youth Guarantee funding. This will result in up to 7,500 Youth Guarantee places being made available from 2012.

Budget 2011 also acknowledges the impacts of the February 22 earthquake and incorporates a $42m trades-training contingency fund as part of the [Skills for Canterbury](http://beehive.govt.nz/release/budget-2011-canterbury-trades-training-boost) package to support the Christchurch rebuild with more trades training places, if required.

Targeted subsidy increases are the single biggest dollar value item in the 2011 tertiary education Budget. Budget 2011 provides a 2% targeted subsidy increase for degree and post-graduate study. It also increases the funding rates for post-graduate study. In addition, tertiary education providers will be able to increase fees for all Government-funded courses by up to 4% in 2012 under the Annual Maximum Fee Movement.

Recognising that international education contributes $2.3 billion to our economy, Budget 2011 also increases the funding for international promotion of New Zealand education by $10m a year, from $3.45m to $13.45m.

This year’s Budget also continues the focus on getting the best value for the Government’s spending in tertiary education. It addresses imbalances in the current approach to the funding of aviation training, where we are currently producing highly qualified pilots with high loans and little prospect of employment. It sets a new maximum fee limit of $39,273 for pilot training from 2012, and removes the ability for people to use the student loan scheme to fund solo flying hours for their Private Pilots and Commercial Pilots Licence requirements.

Budget 2011 also makes a number of changes in the student loan system, intended to help make the tertiary system more responsive to changes in demand and enable government to better manage the cost of the scheme.

Key points for PTEs:

* Funding for 750 additional places from 2012, to be allocated to high performing PTEs
* Combining Youth Training and Youth Guarantee into a new programme, Youth Guarantee, with up to 7,500 places from 2012
* $42m in contingency funding to provide up to 1500 additional trades training places to support the Christchurch rebuild
* Around 700 additional intensive ESOL places a year for refugees and migrants with low levels of English, which will be free to participants. There is also funding for up to 400 refugees to study towards an ESOL qualification
* Postgraduate funding rates increased from 2012. Post-graduate funding rates for PTEs will now attract the same top-up rate in dollar terms as do Tertiary Education Institutions (universities, polytechnics and wānanga)
* 2% increase in the subsidy rate for degree and post-graduate courses
* The Annual Maximum Fee Movement will allow tertiary education providers to increase fees for all Government-funded courses by up to 4% in 2012
* Funding for international promotion increased by $10m a year
* A maximum fee limit of $39,273 (excl. GST) per EFTS for pilot training programmes funded by the Tertiary Education Commission, from 2012
* Removal of access to student loan borrowing for solo flying hours as part of Private Pilots and Commercial Pilots Licence requirements
* Removing the entitlement for part-time full-year students to borrow course-related costs
* Restricting borrowing for those 55 years and over to cover tuition fees only
* Restricted loan eligibility for borrowers with overdue repayment obligations of $500 or more for one or more years

Universities

Budget 2011 acknowledges the challenges of the current economic climate and the need to support the Christchurch rebuild, and strikes a balance between providing places and meeting higher costs.

It continues the Government’s drive for high performance, value for money and flexibility in responding to demand. It shifts funding away from areas of low demand to provide more places in high-demand, high-value areas and sets clear incentives for both students and organisations to continue their drive for excellence.

Budget 2011 adds a further 40 first year undergraduate medical places, building on the increases of previous years and raising the number of available places to 485 from January 2012. There is also funding for up to 400 refugees to study towards ESOL qualifications in mainstream tertiary education.

Targeted subsidy increases are the single biggest dollar value item in the 2011 tertiary education Budget. Budget 2011 provides a 2% targeted subsidy increase for degree and post-graduate study. In addition, tertiary education providers will be able to increase fees for all Government-funded courses by up to 4% in 2012 under the Annual Maximum Fee Movement.

Recognising that international education contributes $2.3 billion to our economy, Budget 2011 also increases the funding for international promotion of New Zealand education by $10m a year, from $3.45m to $13.45m.

This year’s Budget also continues the focus on getting the best value for the Government’s spending in tertiary education. It addresses imbalances in the current approach to the funding of aviation training, where we are currently producing highly qualified pilots with high loans and little prospect of employment. It sets a new maximum fee limit of $39,273 for pilot training from 2012, and removes the ability for people to use the student loan scheme to fund solo flying hours for their Private Pilots and Commercial Pilots Licence requirements.

Budget 2011 also makes a number of changes in the student loan system, intended to help make the tertiary system more responsive to changes in demand and enable government to better manage the cost of the scheme.

Key points for Universities:

* A further 40 first-year undergraduate medical places
* Funding for up to 400 refugees to study towards an ESOL qualification
* 2% increase in the subsidy rate for degree and post-graduate courses
* The Annual Maximum Fee Movement will allow tertiary education providers to increase fees for all Government-funded courses by up to 4% in 2012
* Funding for international promotion increased by $10m a year
* A maximum fee limit of $39,273 (excl. GST) per EFTS for pilot training programmes funded by the Tertiary Education Commission, from 2012
* Removal of access to student loan borrowing for solo flying hours as part of Private Pilots and Commercial Pilots Licence requirements
* Removing the entitlement for part-time full-year students to borrow course-related costs
* Restricting borrowing for those 55 years and over to cover tuition fees only
* Restricted loan eligibility for borrowers with overdue repayment obligations of $500 or more for one or more years.

# Wānanga

Budget 2011 acknowledges the challenges of the current economic climate and the need to support the Christchurch rebuild, and strikes a balance between providing places and meeting higher costs.

It continues the Government’s drive for high performance, value for money and flexibility in responding to demand. It shifts funding away from areas of low demand to provide more places in high-demand, high-value areas and sets clear incentives for both students and organisations to continue their drive for excellence.

Budget 2011 further raises the number of places under the Youth Guarantee, by combining existing Youth Training and Youth Guarantee places. This will result in up to 7,500 Youth Guarantee places being made available from 2012.

Budget 2011 also recognises the impacts of the February 22 earthquake and incorporates a $42m trades-training contingency fund as part of the [Skills for Canterbury](http://beehive.govt.nz/release/budget-2011-canterbury-trades-training-boost) package to support the Christchurch rebuild with more trades training places, if required.

Targeted subsidy increases are the single biggest dollar value item in the 2011 tertiary education Budget. Budget 2011 provides a 2% targeted subsidy increase for degree and post-graduate study. It also equalises the funding rates for post-graduate study across polytechnics, wānanga and universities. In addition, tertiary education providers will be able to increase fees for all Government-funded courses by up to 4% in 2012 under the Annual Maximum Fee Movement.

Budget 2011 also makes a number of changes in the student loan system, intended to help make the tertiary system more responsive to changes in demand and enable government to better manage the cost of the scheme.

Key points for Wānanga:

* Combining Youth Training and Youth Guarantee into a new programme, Youth Guarantee, with up to 7,500 places from 2012
* $42m in contingency funding to provide up to 1500 additional trades training places to support the Christchurch rebuild
* Funding rates for postgraduate study equalised across universities, polytechnics and wānanga
* 2% increase in the subsidy rate for degree and post-graduate courses
* The Annual Maximum Fee Movement will allow tertiary education providers to increase fees for all Government-funded courses by up to 4% in 2012
* Removing the entitlement for part-time full-year students to borrow course-related costs
* Restricting borrowing for those 55 years and over to cover tuition fees only
* Restricted loan eligibility for borrowers with overdue repayment obligations of $500 or more for one or more years.

# Institutes of technology and polytechnics

Budget 2011 acknowledges the challenges of the current economic climate and the need to support the Christchurch rebuild, and strikes a balance between providing places and meeting higher costs.

It continues the Government’s drive for high performance, value for money and flexibility in responding to demand. It shifts funding away from areas of low demand to provide more places in high-demand, high-value areas and sets clear incentives for both students and organisations to continue their drive for excellence.

Budget 2011 creates a new, expanded Youth Guarantee programme, by combining existing Youth Training and Youth Guarantee funding. This will result in up to 7,500 Youth Guarantee places being made available from 2012. There is also funding for up to 400 refugees to study towards ESOL qualifications in mainstream tertiary education.

Budget 2011 also acknowledges the impacts of the February 22 earthquake and incorporates a $42m trades-training contingency fund as part of the [Skills for Canterbury](http://beehive.govt.nz/release/budget-2011-canterbury-trades-training-boost) package to support the Christchurch rebuild with more trades training places, if required.

Targeted subsidy increases are the single biggest dollar value item in the 2011 tertiary education Budget. Budget 2011 provides a 2% targeted subsidy increase for degree and post-graduate study. It also equalises the funding rates for post-graduate study across polytechnics, wānanga and universities. In addition, tertiary education providers will be able to increase fees for all Government-funded courses by up to 4% in 2012 under the Annual Maximum Fee Movement.

Recognising that international education contributes $2.3 billion to our economy, Budget 2011 also increases the funding for international promotion of New Zealand education by $10m a year, from $3.45m to $13.45m.

This year’s Budget also continues the focus on getting the best value for the Government’s spending in tertiary education. It addresses imbalances in the current approach to the funding of aviation training, where we are currently producing highly qualified pilots with high loans and little prospect of employment. It sets a new maximum fee limit of $39,273 for pilot training from 2012, and removes the ability for people to use the student loan scheme to fund solo flying hours for their Private Pilots and Commercial Pilots Licence requirements.

Budget 2011 also makes a number of changes in the student loan system, intended to help make the tertiary system more responsive to changes in demand and enable government to better manage the cost of the scheme.

Key points for ITPs:

* Combining Youth Training and Youth Guarantee into a new programme, Youth Guarantee, with up to 7,500 places from 2012
* $42m in contingency funding to provide up to 1500 additional trades training places to support the Christchurch rebuild
* Funding for up to 400 refugees to study towards an ESOL qualification
* Funding rates for postgraduate study equalised across universities, polytechnics and wānanga
* 2% increase in the subsidy rate for degree and post-graduate courses
* The Annual Maximum Fee Movement will allow tertiary education providers to increase fees for all Government-funded courses by up to 4% in 2012
* Funding for international promotion increased by $10m a year
* A maximum fee limit of $39,273 (excl. GST) per EFTS for pilot training programmes funded by the Tertiary Education Commission, from 2012
* Removal of access to student loan borrowing for solo flying hours as part of Private Pilots and Commercial Pilots Licence requirements
* Removing the entitlement for part-time full-year students to borrow course-related costs
* Restricting borrowing for those 55 years and over to cover tuition fees only
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# Industry Training Organisations

Budget 2011 acknowledges the challenges of the current economic climate and the need to support the Christchurch rebuild, and strikes a balance between providing places and meeting higher costs.

It continues the Government’s drive for high performance, value for money and flexibility in responding to demand. It shifts funding away from areas of low demand to provide more places in high-demand, high-value areas and sets clear incentives for both students and organisations to continue their drive for excellence.

In Budget 2011, the Government is reducing the size of the Industry Training Fund from 2013 because the current level of funding is not required to meet demand for substantive, high-quality industry training in New Zealand. From 2013, the Industry Training Fund (excluding literacy and numeracy funding) will be $139 million per year.

The reduction in the industry training fund is unlikely to result in reductions of trainees that are actively undertaking substantive qualifications. This is because the new level of the fund is set at the estimated level to meet future training numbers in quality provision.

Budget 2011 also acknowledges the impacts of the February 22 earthquake. Funding is being set aside for up to 1500 additional training places as part of a comprehensive cross-agency response to meet additional demand for labour for the reconstruction programme called [Skills for Canterbury](http://beehive.govt.nz/release/budget-2011-canterbury-trades-training-boost). $42m is available for additional funded places at polytechnics, private training establishments and ITOs if required.

Finally, as has already been signalled, this Budget shifts the responsibility for regulatory compliance training onto employers and industry, in line with other sectors, from 2012.

The reductions in the Industry Training Fund do not affect Modern Apprenticeships, trainees who are completing substantive qualifications, or literacy and numeracy training.

Key points for ITOs:

* Funding for industry training will reduce by $57.7m over 4 years ($11.5 million in 2012/13 and $23.1 million in 2013/14 and outyears) in response to a decline in demand, under-delivery and the TEC’s operational review.
* From 2013, the funding for industry training will be $139 million per year (not including literacy and numeracy funding).
* None of these changes affect literacy and numeracy training, trainees currently completing substantive qualifications, or Modern Apprenticeships.
* From 2012, industry training funding will no longer be available for short duration health and safety and regulatory compliance programmes that are the normal responsibility of the employer in providing a safe workplace.
* $42m in contingency funding to provide up to 1500 additional trades training places to support the Christchurch rebuild.