



MINISTRY OF EDUCATION

Te Tāhuhu o te Mātauranga

Tertiary Funding in New Zealand

John Scott



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OVERVIEW

- Description of funding system
- Recent changes & future directions
- Some trends through the 1990s
- Covers all post-school Government funded training



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GOALS OF FUNDING SYSTEM

- Increase participation
- Increase innovation
- Increase efficiency in sector
- Operate within fiscal limits



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1999/00 TERTIARY EXPENDITURE

- Equivalent Full-time Students (EFTS) Tuition subsidies (57%)
- Income contingent loans (9%)
- Means-tested student allowances (18%)
- Designated groups (industry training, skill enhancement programmes) - (6%)
- Other (10%)



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DESCRIPTION OF TUITION SUBSIDIES

- Neutrality* of funding (public and private)
- Subsidy differentiated by cost category, level
- Demand-driven, student choice model
- Fee setting rests with providers
- Bulk funding, fund on (part) enrolment
- Covers research, operating & capital costs



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STUDENT LOAN SCHEME

- Loans available to full and part-time students
- Repayments 10% of income > threshold
- Near-market interest rate
- Interest write-offs during, and after, study
- Loan debt cannot increase in real terms



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RESEARCH FUNDING

- Research funding through tuition subsidies
- Non-contestable, underpinning research
- Can, and do, contest other funds



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DESCRIPTION OF SYSTEM

- 8 Universities
- 23 Polytechnics
- 4 Colleges of Education
- 3 Wananga
- Over 220 Private Providers accessing EFTS-based funding



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INTERNATIONAL COMPARISONS

- Indicative tertiary participation rates for the OECD rank New Zealand 9th overall
- New Zealand ranked 12th in Expenditure on Tertiary Institutions as a percentage of GDP



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RECENT CHANGES - GENERAL

- Extension of full funding to private providers
- Affordability to students - loan changes
- Affordability to students - fee stabilisation
- Funding on margins (Gaps, disabilities)
- Increased funding for research-based P-G
- Not all changes by this Government



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RECENT CHANGES - LIFELONG LEARNING

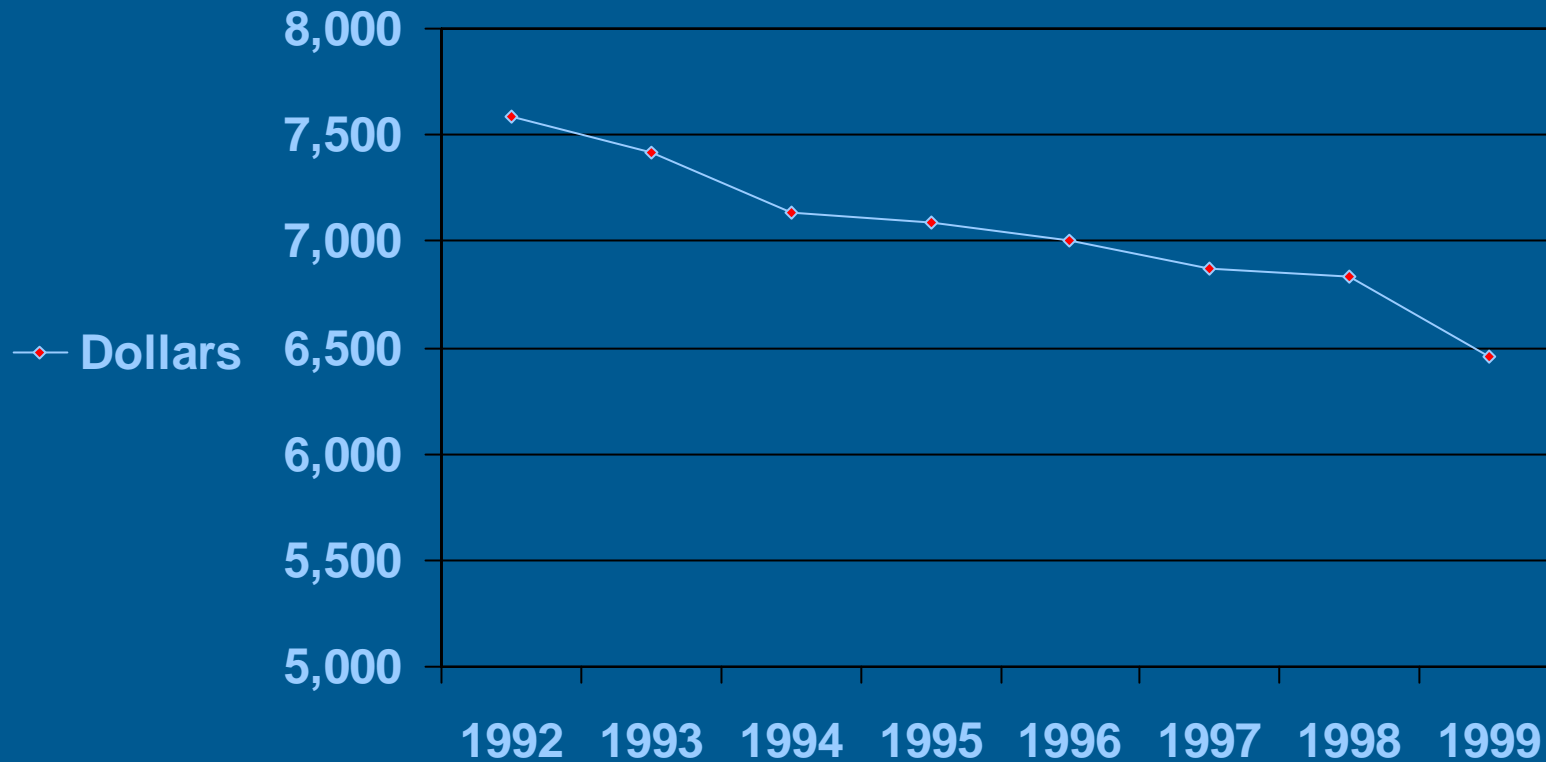
- Move to demand-driven system
- Phase-out of distance learning cost category
- Phase-out of Study Right differential
- Extension of full funding to private providers - has a geographic dimension
- Strengthening of industry training



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TUITION SUBSIDY PER EFTS (nominal)

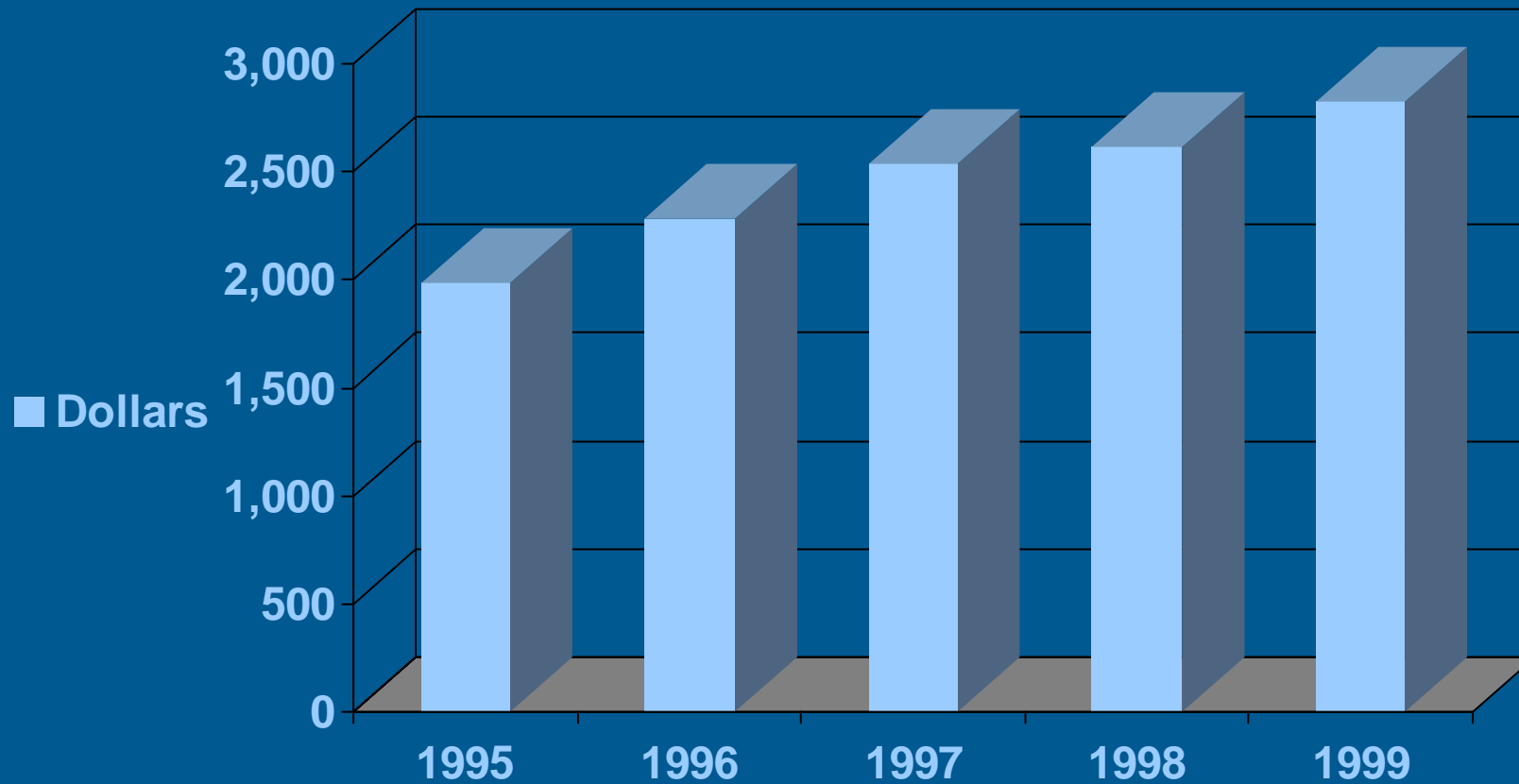




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FEES PER EFTS (nominal)

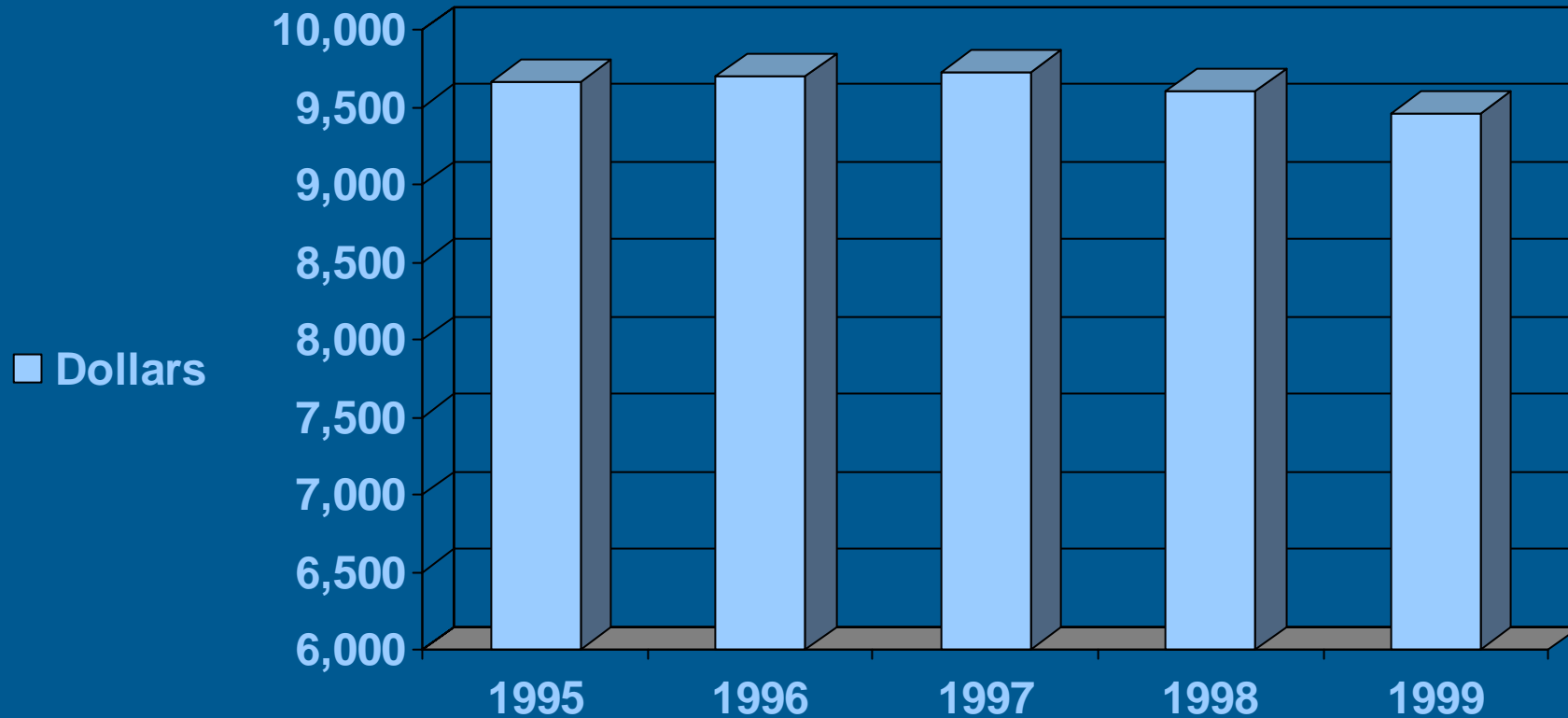




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FEE AND SUBSIDY INCOME PER EFTS (Real)





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ANNUAL AVERAGE AMOUNT BORROWED

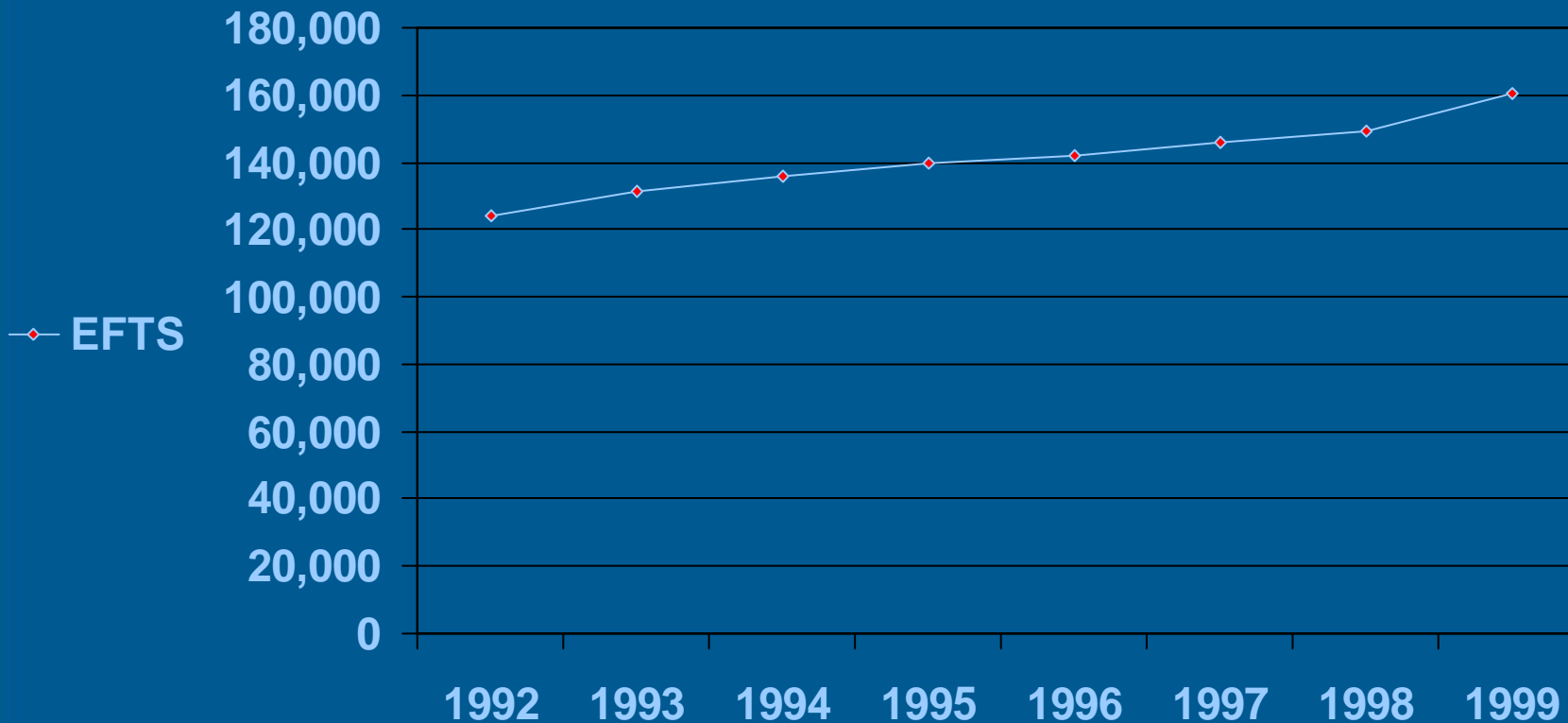
	1992	1995	1997	1999
Total	\$3,600	\$4,400	\$5,500	\$4,900



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TRENDS IN EFTS





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Where is the Growth?

- Growth since 1990 largely been in older ages
- 18-24 year olds make up 51% of students (was 57%)
- 24-39 year olds make up 32% (was 28%)
- 40 and older make up 17% (was 11%)



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PARTICIPATION IN TERTIARY BY AGE

Age	Students %		
	1990	1995	1999
18-24 yrs old	20.5	27.2	32.1
25 yrs +	2.7	4.2	5.2



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NZ LIFELONG LEARNING STRATEGY

- Support of distance learning
- Cultural appropriateness
- Encourage responsiveness from providers
- Removal of barriers through funding system



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FUTURE DIRECTIONS AND DRIVERS

- Financial viability of providers, quality
- Level and role of research
- Differentiation within sector, role of competition
- Affordability to students, access
- Building the knowledge society (essential skills)
- Tertiary Education Advisory Commission



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