

TERTIARY EDUCATION

Building a Stronger Economy



Better value for students and taxpayers

Tertiary education is a passport to higher skills, higher wages, higher productivity and higher growth for our economy.

National will continue improving tertiary education, lifting achievement, and focusing on better outcomes for students and taxpayers to achieve these results.

Improving tertiary performance

Under Labour, there were large increases in funding, but little accountability and even less improvement in results.

National is improving value-for-money and the relevance and quality of tertiary courses.

We've funded more student places at universities, polytechs, and private training providers. The sector is now providing a record number of student places in tertiary education.

A simpler qualifications system will give students and employers confidence about the quality of their qualifications and the opportunities available with their new skills.

Our changes to student loans are encouraging greater accountability of borrowers, getting costs under control, and driving better value for taxpayers. We are reinvesting much of the savings in more places at tertiary institutions.

We are focusing the Government's support of the \$2.3 billion international education industry to drive better performance and earnings for our economy.

“National will link funding to educational performance, publish employment data for graduates of each qualification, and simplify the number of qualifications on offer. We'll maintain interest-free student loans and aggressively chase overseas-based borrowers to repay their loans.”

Key facts

- Lifted performance at tertiary institutions.
- Retained interest-free student loans.
- Made student loan borrowers more responsible for completing and repaying their loans, requiring students to meet their responsibilities to the taxpayer.
- Boosted international education.
- Four times as many students as in 2008 are accessing literacy and numeracy in foundation education courses.
- 12,000 more core tertiary student places.
- Higher course achievement and completion.

Related policies

→ Skills Training

→ Education in Schools

National has...

Lifted performance at tertiary institutions

- ✓ Funded more student places at universities, polytechnics, and private training providers than ever before.
- ✓ Reduced funding for low-level and short hobby courses that don't provide marketable skills for students.
- ✓ Published tertiary institution performance information.
- ✓ Set up performance-linked funding so institutions will be funded on the results they achieve, rather than raw enrolment numbers.

Started simplifying the qualifications framework

- ✓ Focused on course quality and nationally-recognised qualifications to make them simpler for employers and students to understand.
- ✓ Reduced by half the number of low-volume qualifications.

Boosted international education

- ✓ Launched a single, focused government agency for export education – Education New Zealand – to drive better performance and earnings in this \$2.3 billion industry.
- ✓ Increased promotional funding for international education by \$10 million a year.

Encouraged literacy and numeracy

- ✓ Embedded literacy and numeracy into much more lower-level foundation education.

Supported Canterbury

- ✓ Reopened tertiary institutions promptly after the February 22 earthquake.
- ✓ Provided \$42 million in Budget 2011 for 1500 new places towards 4500 construction-related training places for Canterbury.
- ✓ Maintained funding for tertiary institutions, despite a reduction in students.

Enhanced the student loan scheme

Retained interest-free student loans

- ✓ Retained interest-free student loans, as promised in our 2008 policy.

Encouraged greater accountability

- ✓ Required students to pass 50 per cent of their full-time courses over two years to be eligible for further student loan support.
- ✓ Limited borrowing to seven full-time studying years. The standard undergraduate degree takes only three years of full-time study, a medical degree takes six.

Incentivised early repayment

- ✓ Put in place a 10 per cent student-loan repayment bonus for voluntary payments of \$500 or more.

Enhanced borrower responsibilities

- ✓ Stopping loan eligibility for those in arrears – by at least \$500 for more than a year – on their student loan repayments.
- ✓ Actively chasing overdue borrowers in Australia and Britain.
- ✓ Shortened the repayment holiday for overseas-based borrowers from three years to one.
- ✓ Required every new loan application to include a New Zealand-based contact person.
- ✓ Put in place a two-year stand-down for Australians and new permanent residents.
- ✓ Restricted borrowing for people aged 55 and over to tuition fees only.
- ✓ Started broadening the definition of income for student-loan repayment purposes.
- ✓ Hold the loan repayment threshold at \$19,084 until 1 April 2015.

Our results so far...

More tertiary places

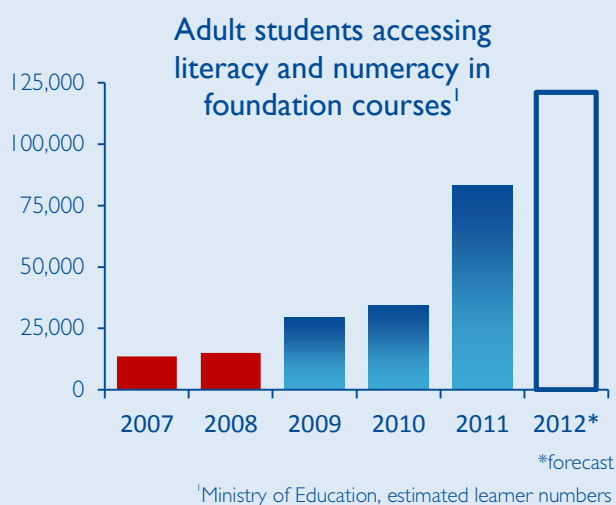
- 12,000 more core full-time tertiary places funded in 2012 than in 2008 without increasing the tertiary budget, by delivering better value-for-money from investment in tertiary education and the student loan scheme.

Better courses and higher completion rates

- Cut the number of poor quality courses by at least 15%. Around three in four courses are now at certificate 4 level or above.
- Six Institutes of Technology and Polytechnics (ITPs) had course completion rates of 78 per cent or more in 2010, compared with just one ITP in 2009.

More adult students gaining literacy and numeracy skills

- Over 83,000 adults are accessing literacy and numeracy in foundation courses in 2011. This is four times as many as in 2008.



Better value from the student loan scheme

- Reducing the write-down on new student loans from 47.4 cents in the dollar (2010) to 44.7 (projected for 2012), saving \$42 million.
- Recovered \$4.7 million in overdue debt through a successful pilot programme aimed at 1000 Australian-based loan holders.

Judgement day for defaulting students

– *Dominion Post* editorial, 3 Oct, 2011

- Have recently expanded the debt recovery programme to 50,000 debtors in Australia and Britain. An estimated \$289 million is overdue from people living overseas.

Less bureaucracy

- Reduced staff numbers at the Tertiary Education Commission to 224, down from 355 in December 2008.

What we will do next...

1. Keep driving better outcomes for students from tertiary education

- Link funding to educational performance outcomes from 2012.

Performance-linked funding will improve educational outcomes for students and employers and improve value for money.

Five per cent of a tertiary provider's tuition funding will be at risk each year, based on their performance against four clearly defined achievement indicators.

- Collect and publish employment data for graduates of each qualification.

Making this information public will help students decide which avenues of study are more likely to lead to the careers they want.

- Continue to reform the qualifications system, with a target of around 1,200 qualifications by 2014, down from over 6000 in 2008.

Employers and industry have told us they want a simplified system that allows qualifications to be recognised more readily nationwide.

- Limit Level 1 and 2 tertiary provision to those who haven't previously achieved Level 1 and 2 qualifications at school or at tertiary level – with the exception of ESOL and Maori-language courses.

2. Build stronger tertiary institutions

- Continue to invest available additional funds in higher-quality, higher-level study and research.

We want to ensure younger New Zealanders are prepared with the best possible skills to achieve in the modern world.

- Work to continue to improve the governance and operations of publicly-owned tertiary institutions.

- Continue to remove differences in funding treatment between public and private providers.

National will ensure funding is prioritised at all times to the results achieved, rather than towards who owns the tertiary institution.

- Investigate, as the focus on quality and outcomes improves performance, the possibility of relaxing funding caps for high-quality providers and allowing them more flexibility to adjust their offerings and grow their institutions.

3. Support literacy and numeracy

- Embed literacy and numeracy in every level 1 and 2 foundation course across the tertiary system.

Building fundamental skills in literacy and numeracy is a core of our education system.

What we will do next...(continued)

4. Boost international education

- Work to double the value of export education services to New Zealand to \$5 billion over the next 15 years.

We will use the new Crown Agency, Education New Zealand, and its additional \$40 million budget to work alongside schools, tertiary institutions, and service providers to lift our income from export education.

- Ensure robust monitoring and accountability of international providers.

National is determined to protect the value of the New Zealand education brand in the world marketplace.

5. Further enhance student loans

- Maintain interest-free student loans.

National wants to help students get the qualifications they need to succeed, make the most of their opportunities, and play their part in growing our economy.

- Enforce borrower responsibilities and ramp up our campaign to seek repayment of overdue student debt from New Zealanders living overseas.

70 per cent of overdue debt is owed by those now living overseas – even though they only represent 15 per cent of borrowers. We estimate savings of \$38 million over four years.

It's only fair that those living and working overseas who have a student loan pay back their overdue debt to help make the scheme more sustainable for the next generation of students.

- Ensure students who borrow from the scheme are working towards qualifications that can attract an income that allows them to pay back the loan.

It doesn't make sense to let students get into debt if they are unlikely to obtain a qualification that allows them to earn enough to pay that debt back.

- Prevent students who borrow for tuition fees from signing up to a course of study that exceeds 2-2.5 equivalent full-time students (EFTS) in one year.

Some students are borrowing for very large course loads in one academic year. In many cases, they are changing their minds about what they will study more than once within that year.

National will consult on, and institute a limit of between 2 and 2.5 EFTS per year. This will prevent taxpayer money being wasted in this way, and prevent borrowers building up big loans for no benefit to them.

Labour would take New Zealand backwards

Under Labour:

No accountability for money spent

- ✘ Huge amounts of money were wasted in tertiary education.
- ✘ Success was determined by how much was spent, not whether it got results.
- ✘ There was no accountability for the taxpayer subsidies paid to tertiary providers.

Too many courses and unacceptably low completion rates

- ✘ The number of degree-level graduates did not improve between 2000 and 2008, despite huge increases in funding.
- ✘ A bloated qualifications register caused confusion for students and employers. When National took office, there were more than 120 tourism certificate courses on offer around the country.

Poor quality control in international education

- ✘ Quality in the international education sector was ignored. The result was a rollercoaster in enrolments that damaged the tertiary sector and cost New Zealand hundreds of millions of dollars.

The student loan scheme became unsustainable

- ✘ Almost no conditions were imposed on students taking out a loan.
- ✘ The costs of student debt, and the loan scheme, were allowed to balloon unchecked.
- ✘ Failing students were allowed to become trapped in debt, without gaining the qualifications they needed to afford repayments.

We can't afford another dose of Labour.