

## **2018-19 New Zealand Budget Overview and Media Commentary**

This document contains the following sections:

- *2018-19 Budget*: links to Budget papers, summary of the key proposals in Vote Tertiary Education and Vote Business, Science and Innovation, and Vote Arts, Culture & Heritage and the Minister of Finance's, the Hon. Grant Robertson, Budget speech.
- *Media releases from the Departments and Universities New Zealand - Te Pōkai Tara*
- *Media Coverage*: Excerpts from media coverage of the Budget.
- *Budget Replies*: Commentary on the Budget replies from National Party.

**[2018-19 Budget](#)** (link to full Budget papers and documents)

**[Vote Tertiary Education](#)** (link to the Ministry of Education Budget Papers)

A lot of the big tertiary initiatives were announced back in December as part of the Coalition Government's 100-Day tertiary education commitment. This included the introduction of fees-free tuition for the first year of tertiary education and training for eligible students from 1 January 2018 and increasing weekly student allowance and student loan living cost payments by \$50 from 1 January 2018.

The Government has committed \$2.0 billion over 5 years from 2017/18 for Vote Tertiary Education, with the Budget 2018 providing an additional \$1.7 billion in operating investment over the next 4 years. This includes:

- \$1.57 billion over the next 4 years, to pay the first year fees of eligible students.<sup>1</sup>
- This investment increases the amount of funding in Vote Tertiary Education in 2018/19 to \$3.44 billion – up from the \$3.08 billion budgeted for 2018/19 in Budget 2017.
- Alongside the investment in Vote Tertiary Education, the Coalition Government has also delivered \$50 increases to weekly student allowance and student loan living cost payments from 1 January 2018 through Votes Social Development, Revenue and Social Housing. This involves forecast

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<sup>1</sup> This is part of the total of \$2.57 billion that was set aside in December 2017 to deliver the Coalition Government's 100-Day commitments to make tertiary education more affordable.

operating expenditure of \$716 million over the next 4 years, as at December 2017.

As part of Budget 2018, \$220.8 million of funding was reprioritised to help address cost pressures and fund other high priorities in Budget 2018. Of this, \$137.0 million of funding was reprioritised from Vote Tertiary Education.

The complete list of Vote Tertiary Education initiatives can be read [here](#).

### **[Vote Business, Science and Innovation](#) (link to Ministry of Business, Innovation & Employment Papers)**

Through Budget 2018 the Government will invest \$1.1 billion of funding over four years for Research, Science and Innovation, growing the total Government investment by 26 per cent from \$1.58 billion in 2017/18 to \$1.99 billion in 2019/20. However, there is no real increased funding for research within this Vote, especially within the HASS disciplines. Budget 2018 funding will invest in new initiatives that stimulate increased business expenditure on R&D, invest in critical research, science and innovation infrastructure, and leverage our international science relationships.

The [four initiatives](#) that received increased funding were: R&D tax credit, Measurement Standards Laboratory, National Research Information System and Science Cooperation with Singapore. These four initiatives will receive \$88.4 million in 2018/19, with a total of \$1,104 million over four years.

### **[Vote Arts, Culture and Heritage](#) (link to the Ministry of Arts, Culture and Heritage papers)**

Of interest to our sector, some new initiatives within the Vote Arts, Culture and Heritage portfolio include increased funding to Heritage New Zealand: Pouhere Taonga and for New Zealand Music Export and Development, and one-off funding (\$400,000) to mark commemorations for the Armistice Day centenary.

The New Zealand Music Commission's increase in funding (\$650,000 annually over the next four years) is for a new policy initiative to increase the support available for New Zealand musicians to tour internationally and to grow opportunities for young people to gain skills in the music sector.

## [Honorable Grant Robertson's Budget Speech](#)

The Budget Speech reiterated that the key aspects of the Budget were health, education, and housing. While the Education section of the Speech was focussed on the new initiatives for early childhood education and schools funding, the fees-free post-school training and education policy was highlighted:

In the tertiary area, we have already fully funded the first year of our fees-free post-school training and education policy. We want people from all backgrounds to be able to go on to training and education at any time. This is not just about those going on to university from high school. It's about more apprentices and more in-work training. It's about providing more opportunities for a wider range of New Zealanders to train and re-train as the world of work changes.

The arts, culture and heritage sector also got a mention in the Budget Speech, highlighting new funding for Manatū Taonga, the Ministry for Culture and Heritage, Heritage New Zealand and the New Zealand Music Commission.

## **Media releases from the Departments and Universities New Zealand - Te Pōkai Tara**

### *Ministry of Education*

There were [three media releases from Chris Hipkins, Minister for Education](#) concerning the Budget: one on early childhood education, one on school learning support, and one on the fee-free tertiary education program.

The [fee-free tertiary education program media release](#) claims that thousands are already benefitting from the program, which came into effect on 1 January 2018. "In the first three months of 2018, 25,400 fewer students have borrowed to pay for fees, which will help them repay their loans more quickly when they enter the workforce and means they can get on with their lives faster."

Evidence suggests that the program has already resulted in students taking on less debt, with the total student loan borrowing for tuition fees for Jan-Mar 2018 to be \$151 million lower than the same period in 2017.

"The Vote Tertiary Education component of this increase takes the total expenditure on post-school education and training to \$3.44 billion in 2018/19, up 11.9 per cent from the \$3.08 billion budgeted for 2018/19 by the previous Government".

### *Ministry for Culture & Heritage*

Minister for Arts, Culture and Heritage Jacinda Ardern stressed the importance of the arts and culture sector for the “wellbeing of our society” in her [media release](#) stating that the Budget lays the foundations for a significant programme of work. “Arts and culture are not a ‘nice to have’. They are an essential part of our individual, community and national identity. For too long they have been treated differently when it comes to sustainable growth, career paths and economic benefits,” says Jacinda Ardern.

She outlined her ambitions for the portfolio: “to have an environment where we no longer question the value of the arts, to have young people who consider careers in the arts as viable, and for all communities to have easy access to cultural experiences.” The Government is working on a 10-year strategy to achieve this. Among the initiatives in this Budget is the first significant funding increase to Manatū Taonga Ministry for Culture and Heritage’s baseline in a decade, providing new Budget operating funding to Heritage New Zealand and increasing funding to the New Zealand Music Commission.

The Budget also allocated one-off funding to mark commemorations for the Armistice Day centenary.

### *Ministry of Business, Innovation and Employment*

The only [media release](#) from the Government concerning research was a joint statement from Dr Megan Woods and Stuart Nash, Research, Science and Innovation Minister and Revenue Minister respectively on financing an R&D tax incentive.

### *Universities New Zealand - Te Pōkai Tara*

Given the lack of any real budgetary measures for the tertiary sector in the 2018 Budget, all that Universities New Zealand - Te Pōkai Tara could comment on in their [media release](#) was the “missed opportunity” to ensure New Zealand universities were funded appropriately. Professor Stuart McCutcheon, Chair of Universities New Zealand and Vice-Chancellor of the University of Auckland commented on the fact that successive governments over the past 20 years have focused on “lowering the cost of university education to students, rather than raising the quality” and that this trend was continued in this Budget with the Government “throwing \$600 million of taxpayers’ money at its fees-free policy while not even providing in the Budget for tertiary funding to keep up with inflation”. He states that this will “cost the universities between \$18 and \$36 million a year”.

Executive Director of Universities New Zealand Chris Whelan agreed and said that this underfunding would result in “further slippage in university rankings... struggle

to develop innovative research that benefits all New Zealanders. And it will be more difficult to attract international students to New Zealand universities.”

## Media Coverage

Overall the Budget has been seen as a very “cautious and restrained budget” with “no surprises or lightening [sic] bolts” ([The Conversation](#) Budget roundup, 17 May). Public health, education and housing have been seen as the big winners in the Budget, however, tertiary education does not really factor into the education budget initiatives and so has largely been left out of the media coverage.

The only real reference to the Vote and the sector is a throwaway statement that the fees-free tuition policy and increase in weekly student allowance has come into effect. Grant Duncan’s opinion piece on the Budget for [ABC News](#) (21 May) expressed concern that there has been “no new operational funding [for universities and polytechnics], so there's no investment in the quality of tuition”. Christopher Niesche in [The Australian](#) (23 May) also commented on this, picking up on the media release from Universities New Zealand - Te Pōkai Tara.

## Budget Replies

The tertiary sector received little acknowledgement in Simon Bridges’ [National’s Budget response](#). He did mention that the fee-free initiative had not resulted in an increase in enrolments in higher education, but that it has had the opposite effect with “hundreds fewer students going to those universities and polytechs”. The National’s Tertiary Education Spokesperson Paula Bennett’s [media release](#) from 24 May addressed the lack of funding made available for the sector in the Budget. Calling the fee-free tuition package a “failure”, “a bribe” and the “biggest waste of money in recent history”, she calls out the Government on “doing nothing about investing in the quality of our universities”. She states that the sector has estimated that the with the funding freeze tuition and research will “cost some universities around \$5 million-\$10 million next year which is equivalent to 50-100 jobs. For the university sector itself, it could cost between \$18 million and \$36 million”.