

## **2017-18 New Zealand Budget Overview and Media Commentary**

This document contains the following sections:

- *2017-18 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. Steven Joyce, 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 Labour and the Greens.

**[2017-18 Budget](#)** (link to full Budget papers and documents)

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

The Government's total additional expenditure on tertiary education for the next four years is forecast to be approximately \$132.1 million. This is part of the overall Innovative New Zealand package, which has \$372.8 million invested over the next four years.

There were four budget initiatives for the sector announced:

1. Performance-Based Research Fund Increase
2. Tuition Subsidy Increase
3. International Education – Supporting Sustainable Growth
4. Workplace Literacy and Numeracy Fund

The four year total funding of \$52,500 million provides an increase to the Performance-Based Research Fund (PBRF). The PBRF rewards research performance and supports research-led teaching in tertiary education.

Over \$69 million is being allocated to increase tuition subsidy rates at qualification Level 3 and above. The increase will support tertiary education providers to maintain quality and innovate when student demand is falling due to the strong

economy. This funding kicks in from 1 January 2018, so the 2017/18 funding listed in the budget papers is half annual funding increase.

The \$6.8 million funding to international education will enable Education New Zealand to continue its current level of activity in three core areas:

- the Regional Partnership Programme to grow and support international education in New Zealand's regions;
- marketing New Zealand as a destination for quality education; and
- improving the international student experience.

The \$3.5 million for the Workplace Literacy and Numeracy Fund is to meet increased demand for workplace literacy and numeracy programmes in 2018. Funding for this initiative comes from investing 2016/17 underspends from elsewhere in Vote Tertiary Education.

\$4 million from investing 2016/17 underspends from elsewhere in the Vote has been placed in contingency to support the integration of Careers New Zealand's functions into the Tertiary Education Commission (TEC) to develop a refocused and more effective careers information service.

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

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

Continuing on from the \$761.4 million investment made through the Innovative New Zealand programme in Budget 2016, an additional \$372.8 million will be invested over the next four years in science, skills, tertiary education, and economic development initiatives to build a stronger economic future for New Zealand.

As well as the initiatives outlined above in the Vote Tertiary section, Innovative New Zealand has increased funding to a number of research and R&D initiatives. There is little in this package of initiatives directly for HASS researchers, however, the increase of funding by \$81.9 million over four years to the Endeavour Fund (funding excellent research with the potential for long-term, transformative impact in areas of future value, growth or critical need for New Zealand) could be of benefit. This boosts the total amount of available to \$878.6 million over four years. Funding decisions are made in accordance with the investment signals in the [Endeavour Fund Investment Plan](#), and other considerations such as the combination and calibre of proposals. The investment signals for 2016 to 2019 identify proportions of around 70 per cent for economic, 25 per cent for environment and 5 per cent for society.

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

Of interest to our sector, within the Vote Arts, Culture and Heritage portfolio was increased funding to the New Zealand film industry. The film industry was allocated \$303.9 million to support the continuation of the New Zealand screen industry production grants, both globally and domestically. This includes \$222 million over four years and \$18 million in 2016/17 for the International Screen Production Grant to bring international productions to New Zealand. Up to \$63.9 million over four years remains available to ensure the domestic component of the grant continues.

## **[Honorable Steven Joyce's Budget Speech](#)**

The Budget Speech's was very light in regard to the tertiary education sector and research as a whole. Whereas the 2016 Budget had the launch of the Innovative New Zealand package as one of its cornerstone budgetary measures, the allocation of the second round of funding for the package only warranted a passing comment early on in the speech, announcing funding that includes "\$82 million for the Government's pre-eminent applied science fund – the Endeavour fund; \$132 million for Tertiary Education to ensure young New Zealanders obtain the skills we need; and \$75 million for Callaghan Innovation's R&D grants to help our tech companies succeed".

Unlike in 2016, there was little mention of STEM or science (no mention of STEM, and only two of science), while research was not mentioned once in the speech, apart from in the quote above.

### *The Arts*

The New Zealand film industry was the big arts winner in this year's Budget. It was allocated \$304 million towards the sector's ongoing development. There was no further reference to the sector in the Budget Speech.

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

There were no media releases from the Ministry of Education concerning the Budget. This appears to be left to Minister for Tertiary Education, Skills and Employment, Minister of Science and Innovation, and Minister for Regulatory Reform Paul Goldsmith to highlight the tertiary education and research initiatives in the Budget (see the Minister's [Releases webpage](#)). Paul Goldsmith's 25 May release "[\\$132.1m investment in tertiary education](#)" outlines the Vote Tertiary Education "investments" funded in the Budget, but is not really noteworthy. Similarly, the release "[\\$81.9m for excellent high impact science](#)" highlights the increased funding to the Endeavour Fund.

The Economic Development Minister Simon Bridges and Arts, Culture and Heritage Minister Maggie Barry did a [joint release](#) announcing the additional funding for New Zealand Screen Grants. They stressed the importance of this investment and the knock-on effects for other industries, in particular in health with technology developed for film and special effects being utilised, and tourism. They announced that a full evaluation of the both the International and the New Zealand screen grants will be completed this year.

With the lack of any real budgetary measures for the tertiary sector in the 2017 Budget, there has only been one [media release](#) from Universities New Zealand - Te Pūkai Tara. Chair of Universities New Zealand, Professor Stuart McCutcheon, lamented that though there were a number of increases to research funding in the Budget, there was no real commitment to the country's universities. Of the tuition subsidy increase, he remarked, "The 1% increase across-the-board tuition subsidy increase announced today is below the expected Consumer Price Index of 2.2%. So university funding isn't even keeping up with cost increases."

Universities New Zealand Executive Director, Chris Whelan, agreed with Professor Stuart McCutcheon, adding that the increase does little to help ease pressures on the university sector. "The key issue is that New Zealand's universities continue to be underfunded for the tuition they provide. Our universities now receive just 95% of the OECD average per student. That puts our funding at the same level as countries like Slovenia, Spain, and Estonia..."

"Earlier this month, the respected Universitas 21 comparison of 50 university systems, singled out the government when attributing the fall in New Zealand's resourcing rankings to "the reduction in government funding as a share of GDP". Today, the government again failed to seize the opportunity to put this right and to enable us to create the truly great institutions that competitor countries have and New Zealand needs."

## Media Coverage

There has been next to no coverage of the tertiary education budget initiatives. At best, there is a mention of the 1 per cent increase to the subsidies tertiary institutions receive for each student they enroll and that students will receive an extra \$20 a week for accommodation costs (Adele Redmond, [StuffNZ](#), 25 May; [Radio NZ](#), 25 May; Nicholas Jones, [NZ Herald](#), 25 May; Simon Collins, [NZ Herald](#), 25 May).

## Budget Replies

As is customary, Andrew Little, leader of the New Zealand Labour Party, moved a no confidence motion on the Government's budget. While there was a bit in his [reply](#) on education, the focus was primarily on school education, with a policy



announcement around apprenticeships. There was no mention of tertiary education or tertiary education policy in his reply. Likewise the Greens opposed the Budget but did not make mention of the tertiary sector.