

New Government = New Policies: The Introduction of Fees Free Policy in New Zealand and the Effect on a Polytechnic and a University

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Background

- On 19 October 2017 a new government formed in New Zealand with the Labour Party and NZ First Party in coalition with the Green Party as partners.
- Labour campaigned on several policies related to post-school education and training
 - “We need more apprentices, people with specialist industry certifications and more university graduates.”
- The coalition announced its first 100 days plan. The first two items on the plan were
 - Make the first year of tertiary education or training fees free from January 1, 2018.
 - “This isn't just for university students. It's also to cover the costs for students in apprenticeships, industry training or studying at a polytechnic.”
 - Increase student allowances and living cost loans by \$50 a week from January 1, 2018.
- In the case of allowances, it was clear who was responsible and how it would be implemented. Not so the case with fees free.
- There was less than two months to get the policy finalised and a process for implementing it in place and students had already been enrolling for programmes in 2019 for several weeks.

Other complications

- Not only new Minister of Education but no Minister of Tertiary Education, Skills and Employment any longer.
- Capped funding environment since the mid-2000s.
- Fee increases are constrained by the Minister.
- Although it was introduced to increase participation, no increase in funding to the tertiary sector was included.
- Work to implement policy would not just affect central government – each institution would have additional requirements but volume and intensity unknown.

Its complicated and work intensive




- Learner must not have undertaken more than ½ year or full time tertiary education (0.5 EFTS or 60 credits) at level 3 or above in any country
- Capped at \$12 000 per learner
- Only for study at level 3 and above for qualifications registered on the New Zealand Qualifications Framework
- Learners can carry forward remaining fees free entitlement is they use less than the \$12 000 in one year
- Does not cover course material fees and student association fees
- Industry training learners who are eligible can have their fees paid for the first 24 months of the training programme

Other complications

- No way of predicting whether there would be a trickle or a waterfall in 2018 or for that matter would all sectors benefit.
- Ministry of Education demand forecasts show that there was unlikely to be increased demand in the sector until 2021

New Zealand Tertiary Education Demand Forecast (May 2018)

Actual and Forecast EFTS

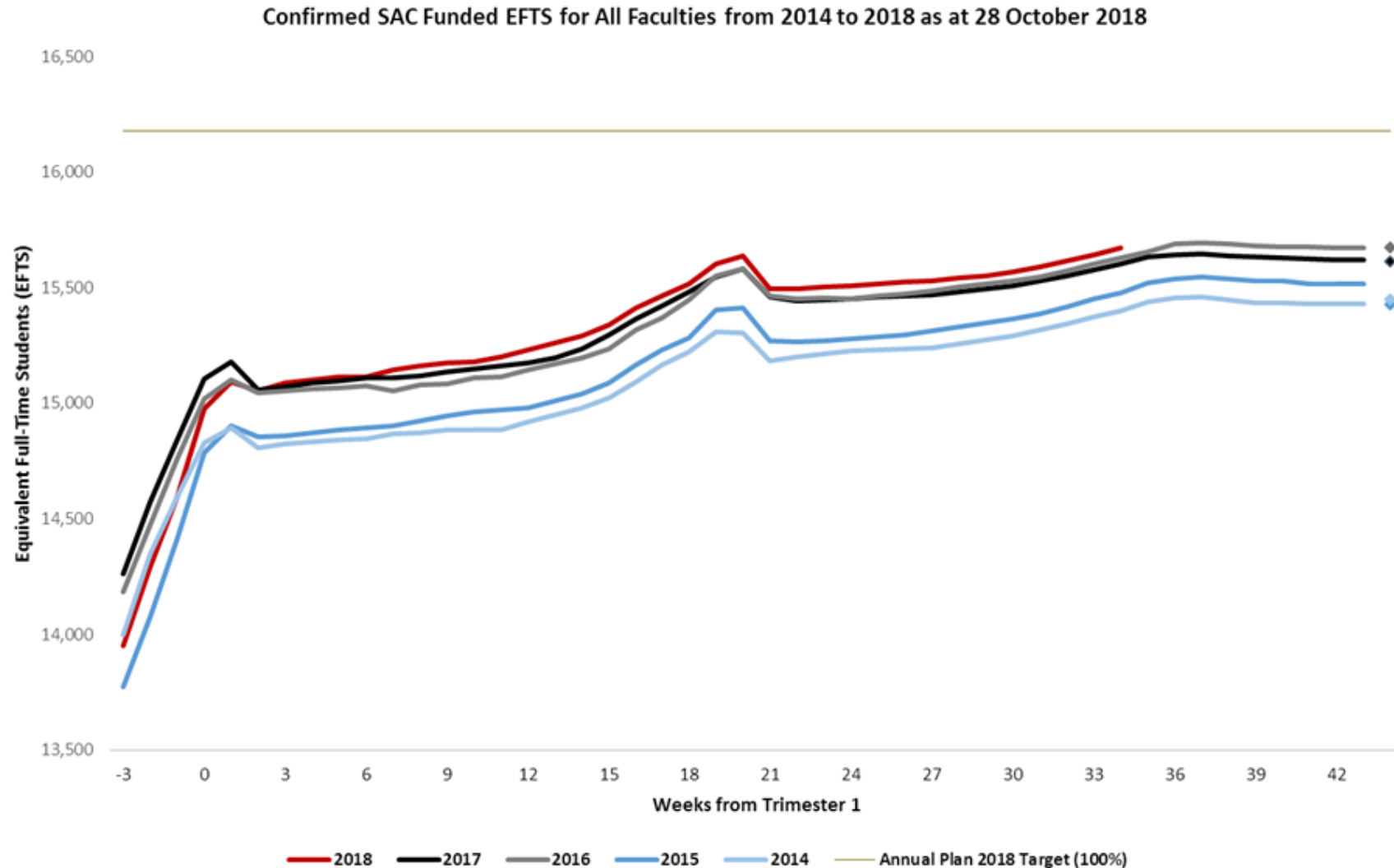
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Trend
Total Level 3 and above	216,390	214,120	209,460	209,360	204,050	200,630 (±5,610)	197,450 (±5,730)	196,890 (±5,650)	196,830 (±5,510)	198,710 (±5,270)	
Universities	116,170	115,670	114,860	115,350	114,230	112,940 (±2,790)	111,590 (±2,880)	111,140 (±2,840)	110,770 (±2,770)	111,140 (±2,630)	
<i>% of Sector</i>	53.7	54.0	54.8	55.1	56.0	56.3	56.5	56.4	56.3	55.9	
Polytechnics	56,850	55,200	54,450	53,590	51,120	49,800 (±2,960)	48,610 (±3,050)	48,470 (±3,010)	48,560 (±2,910)	49,390 (±2,750)	
<i>% of Sector</i>	26.3	25.8	26.0	25.6	25.1	24.8	24.6	24.6	24.7	24.9	

So what happened?

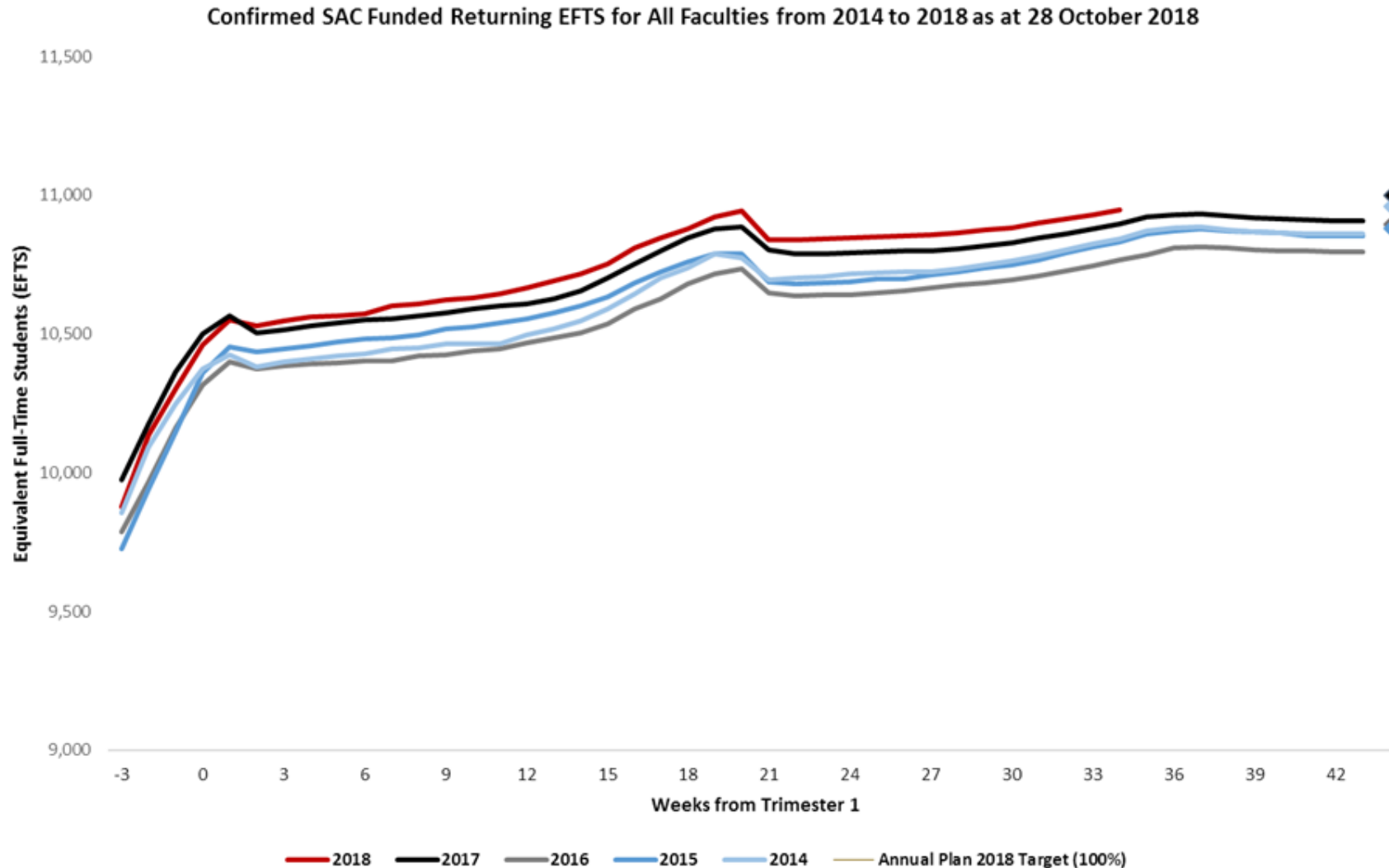


- Victoria University of Wellington
 - Expecting a downturn in enrolments unless we could increase our market share.
 - The lateness of the introduction of the policy was unlikely to have any real effect on decision making – we have found that decisions are already made much earlier in the year.
 - The one year nature of the award meant that students who intend to complete a 3 year degree would have to self-fund in future.
 - Concern that students who were already marginal might be encouraged to attempt study when it was ill-advised.

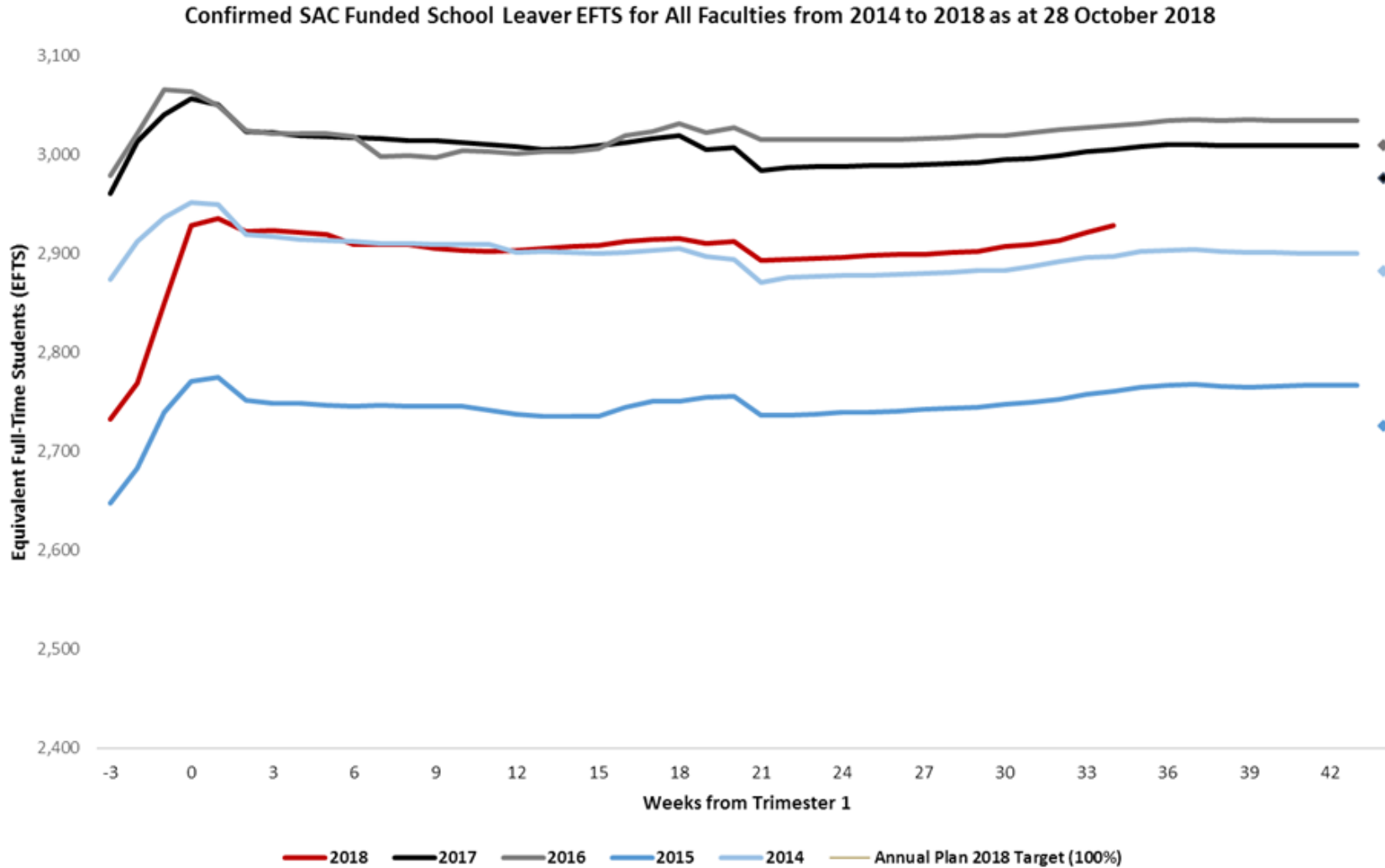
So what happened? Victoria University of Wellington



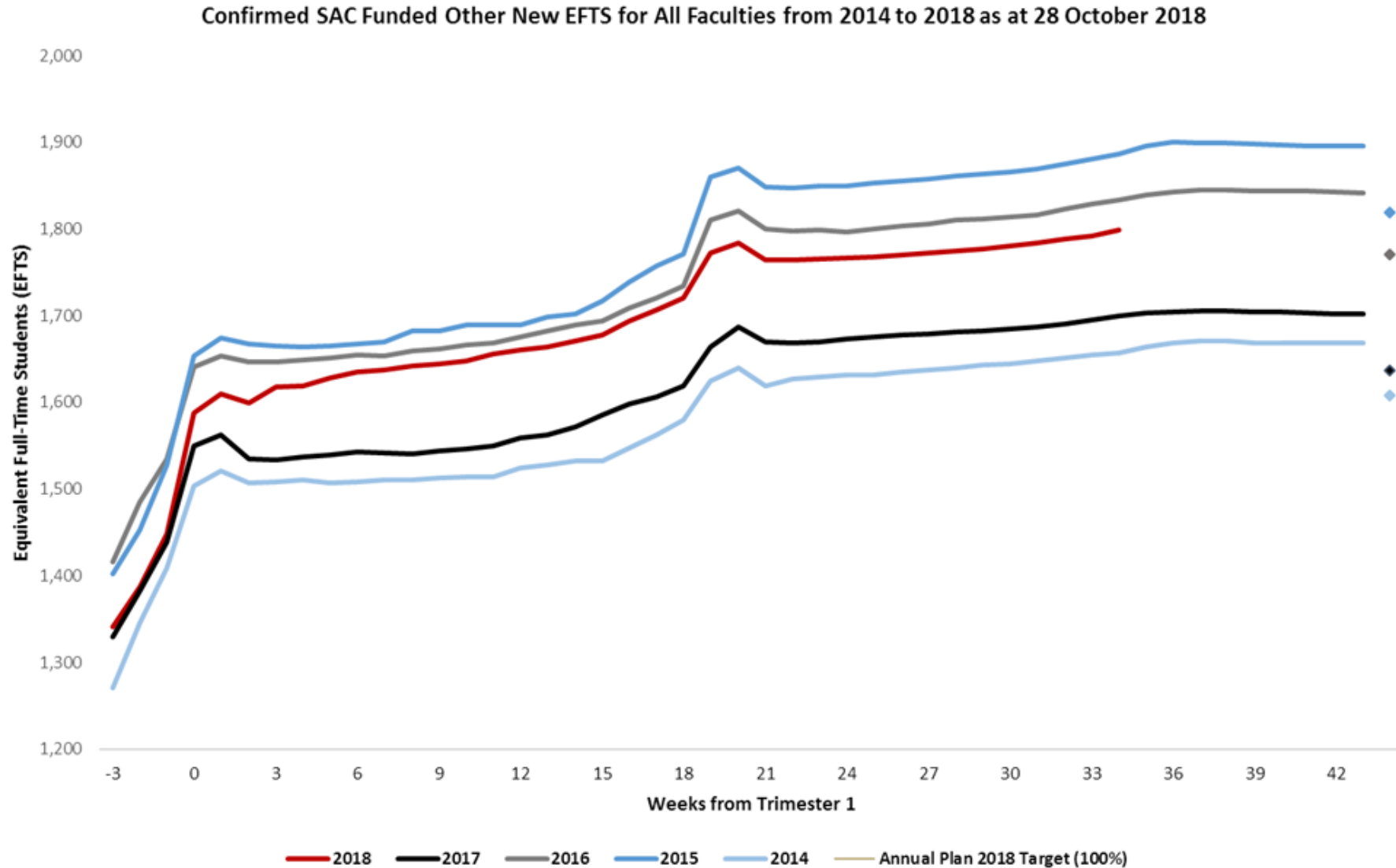
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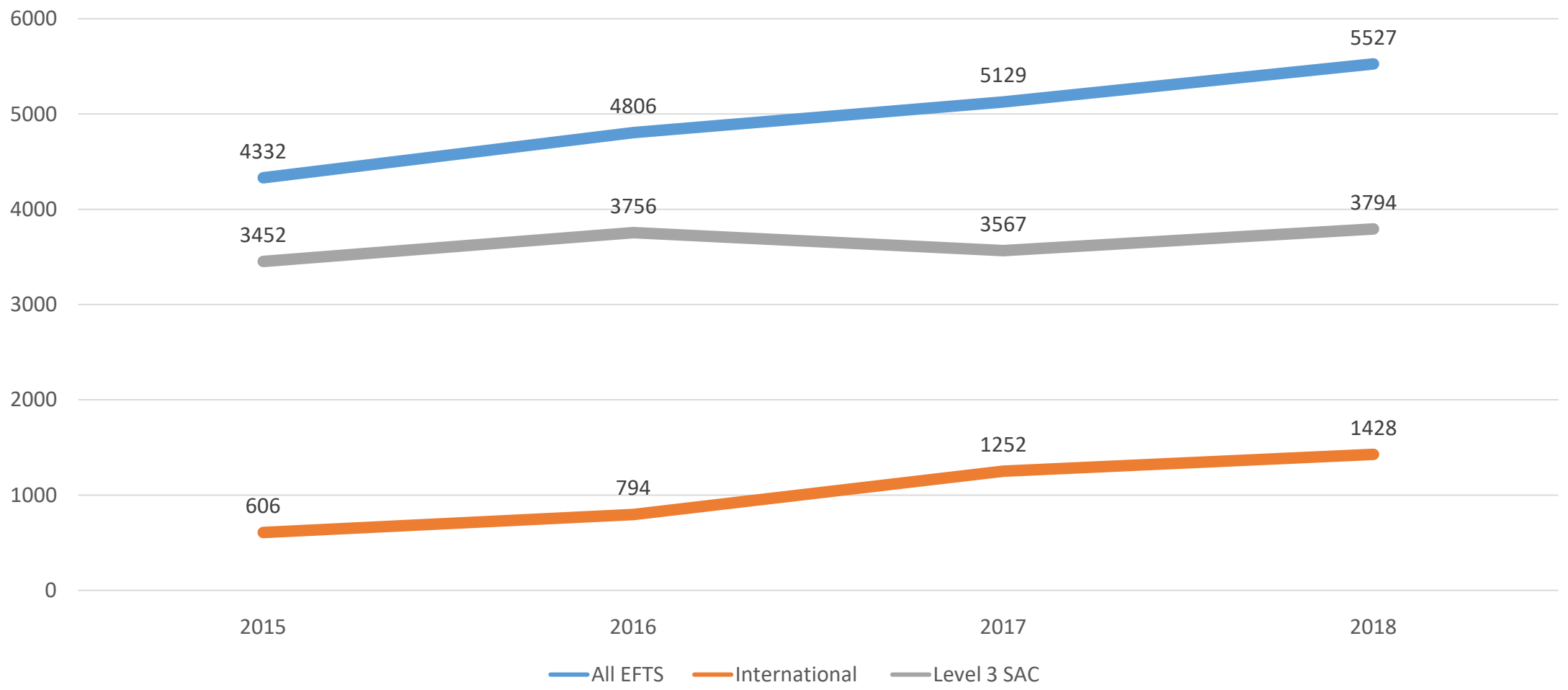


- As the above shows it appears that the increase was in Other New students
- Analysis of the Other New cohort shows:
 - Headcount is up slightly but EFTS have increased more
 - The demographic mix of the students hasn't really changed e.g. age groups similar
 - If comparing to the mix of Other New that might be eligible versus those that were – no change
 - Difference appears to be that those eligible have taken a higher workload than those who are not eligible e.g. those not eligible for fees free have the same workload

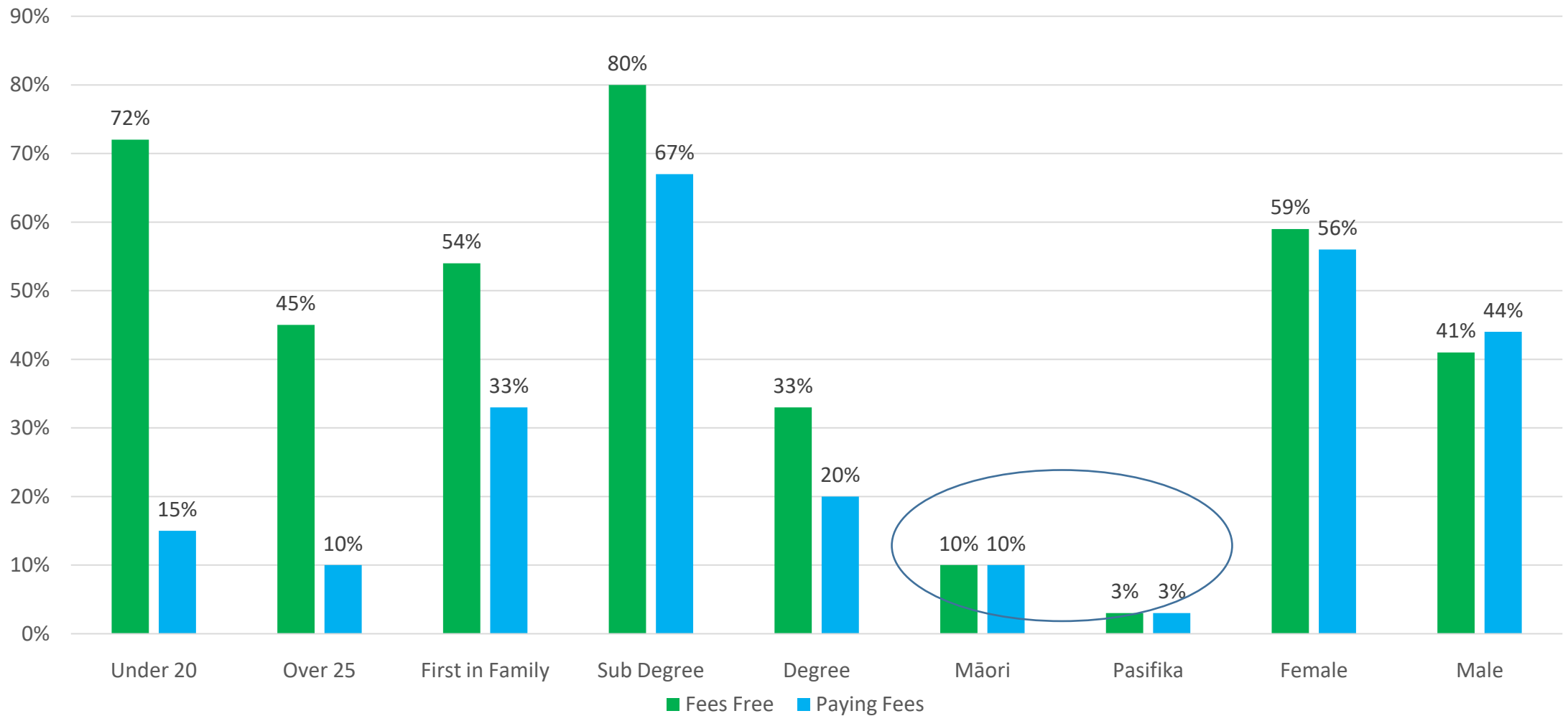
So what happened? Otago Polytechnic

- 2018 enrolments are up 8.2% from 2017
- Applications and enrolments were already up on 2017 before the free fees policy was announced
- Only 25% of Otago Polytechnic first year students were entitled to claim free fees
- Enrolments at 6 Polytechnics increased between 3 and 57% in the second semester, however, there is yet no clear evidence that free fees is a contributing factor.

EFTS Trends 2015 to 2018



Who received fees free at Otago Polytechnic?



So what happened? Otago Polytechnic

- Total enrolments and Level 3 and above enrolments have increased since 2014 with the exception of 2017
- Enrolments are up due to other factors independent of free fee such as subcontracting arrangements and increase in international enrolments
- Some anecdotal evidence free fees has removed a finance barrier for students from out of the city to study at Otago Polytechnic or University of Otago
- The demographic mix of the students hasn't really changed e.g. Māori, Pasifika, gender or age groups
- Free fees has generated significant workload to meet compliance and reporting

Conclusion

Questions?

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