



Office of Hon Anne Tolley

MP for East Coast

Minister of Education

Minister for Tertiary Education

Minister Responsible for the
Education Review Office

28 MAY 2009

Analiese Robertson and Tracey Gayner
Co-Chairs
ACE Aotearoa
c/o 192 Tinakori Road
WELLINGTON

Dear Analiese Robertson and Tracey Gayner

Budget 2009 and our direction for tertiary education

This letter outlines the rationale for this Government's decisions taken through Budget 2009, and our strategic direction for tertiary education over the longer-term. I invite you to share this letter with your members, and for ACE Aotearoa to discuss the future of tertiary education with me.

Through Budget 2009 this Government has taken many tough but necessary decisions on how taxpayers' money can best support tertiary education. All sectors of the economy are affected by the economic situation and tertiary education is no exception. In addition, we have had to manage the impact of the previous Government's unfunded promises for tertiary education in Budget 2008, totalling \$521 million.

A priority for this Budget has been to give tertiary organisations funding certainty, by maintaining the tertiary places purchased through Investment Plans for 2008-10. In doing so, we have been forced to reprioritise to meet unfunded promises. However, some decisions should also be seen as the first moves to signal our future direction for tertiary education.

The former government's decision in relation to CPI adjustments, including the adjustment for Adult and Community Education funding, constituted the single largest item in the unfunded tertiary education package from 2008.

There will be no CPI adjustments to Adult and Community Education funding for 2010 and future years. I appreciate that this decision will be a difficult one for the ACE sector.

This Government considers that ACE can provide an important stepping stone for learners across the tertiary education system. However, our investment in this area is being reduced and refocused to areas more tightly aligned with our priorities in literacy, numeracy and foundation levels of education. The government no longer intends to subsidise hobby and personal interest courses (e.g. arts and crafts courses, home maintenance ACE etc). In the TEI sector there will be a 50 percent reduction in funding for lower priority ACE from 2011, but it is not yet determined how this reduction will be implemented.

In 2010 all school ACE funding will be replaced with a new approach that reinvests approximately 20 percent of current school-based ACE funding towards refocused priority areas, such as literacy and numeracy. It is likely that there will be only a small number of schools receiving ACE funding for 2010 and beyond. Further information on the approach and criteria to be used for 2010 ACE funding will be made available to schools in June.

Schools will still have the option to continue to deliver their existing broad range of ACE, but on a user-pays basis.

The government will maintain current funding levels for OTEPs, REAPs and community providers in 2010 (subject to there being no further CPI adjustments from 2010).

In line with Government's commitment to streamline the tertiary education system and reduce the number of funds, several smaller funds have been abolished from 2010, including the ACE Innovation and Development Fund, and the Community Learning Aotearoa New Zealand fund.

I have asked the Tertiary Education Commission to provide further information to ACE Aotearoa about the implementation of Budget 2009.

I appreciate that some of these decisions will be particularly difficult for the Adult and Community Education sector. However, in this economic climate we must move forward with a viable plan for raising New Zealand's skill levels.

I intend to consult on, and release, a new Tertiary Education Strategy later this year. This document will frame how this Government intends to raise the performance of our tertiary education system.

The ACE sector will continue to have a crucial role in the tertiary education sector, by giving New Zealanders the opportunity to engage in lifelong learning. I look forward to discussing with you how we can utilise the contribution that the ACE sector makes to tertiary education in New Zealand.

Yours sincerely



Hon Anne Tolley
Minister for Tertiary Education