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Up Front Investment (UFI) Tertiary Policy

INVESTING IN OUR FUTURE

Policy Statement

New Zealand First will get rid of the student loan for Kiwi students staying and working in New Zealand once their studies are finished.
The only requirement is that you work for the same number of years as you have studied. So three years in tertiary education requires three years in the workforce – five years means five years in the workforce.
But if you leave for your big OE and decide to work overseas you will have to pay back some of the cost of your tertiary education.
For those with current student debt then the system changes to New Zealand First's dollar for dollar and "work in the regions" policy. We will introduce a universal student allowance which is not subject to parental means testing.

Cost of Current system

$4,183 million

Equivalent to 1.67% of GDP**

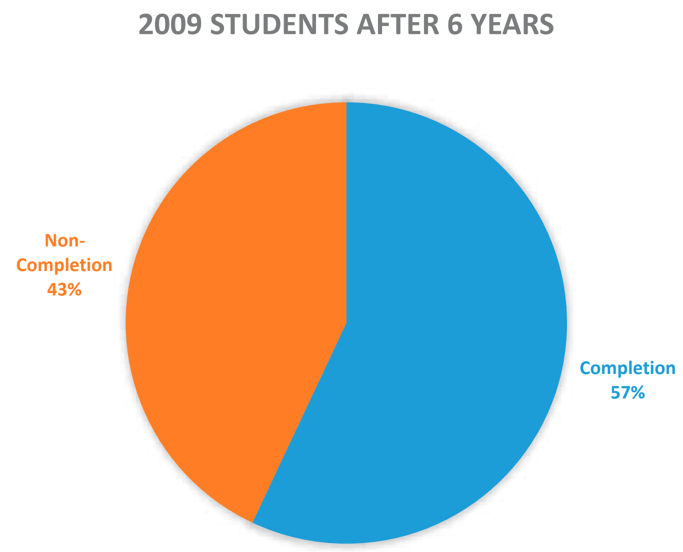
Student Allowances:	$ 496 million
Crown Subsidies of Fees:	$ 2,465 million
Student Loan Operating Costs:	$ 719 million
Other Tertiary Funding*:	$ 503 million

Previously tertiary education spend was well over 2% of GDP***
New Zealand First's target is to deliver Up Front Investment to Tertiary Education under 2% of GDP

* Admin, 281 million for PBRF, overall tertiary not Student Loan
*** 2009/2010 Tertiary Spend was 2.9% GDP

Source : The Treasury Budget Economic and Fiscal Update 2016. Table 6.7

Qualification Completion Rates



Source: Ministry of Education (2016) Qualification Completion Rates for Domestic Students 2005-2014.

Cost of New Zealand First Policy

$4,638 million

Equivalent to 1.86% of GDP**

Universal Student Allowance:	$ 1,433 million
Up Front Investment:	$ 3,003 million
Other Tertiary Funding:	$ 222 million
International Student Levy:	($ 20 million)

All figures shown are predictive after 25% cost savings from higher completion rates, reduced horizontal shift and stronger use of inwork training provision.

"Other tertiary funding" is reduced as Performance Based Research Funding is transferred to science and research budget.

****The Gross Domestic Product (GDP) in New Zealand was NZ$250 billion June 2016.**

Policy Levers for Success

Workforce Planning (WFP)

- Reinstate the leadership role for workforce planning development by Industry Training Organisations. Require all Government Ministries, where the state provides the majority of services, to establish and participate in planning leadership eg MOE, MOH, MSD, Corrections etc.
- Amend the Tertiary Education Commission funding model to be a control mechanism when requiring ITOs to develop workforce plans for 5 years, with a forecast for 20 years.
- Only the required number of identified industry places would be fully funded. Include a 5% to 10% buffer for natural attrition.
- Students would compete for these places at point of educational entry ensuring greater fit between the student and the field of study.
- Introduce key markers during the period of study and the ability to transfer from one line of study to another would be a feature of the overall policy.
- Widen apprenticeship scheme to include non-traditional areas to minimise skill shortage and unemployment rates, ie truck drivers, carers.

Career and Vocational Support

- Upskill and development Career Advisors, tag funding specifically for release time to facilitate both general staff professional development and individual student consultations. Identify and spread best practice.
- Build on recent absorption of Careers NZ into TEC to create closer links with real life work force planning. Inform and enhance the Careers NZ website with greater forward projections.
- Strengthen and modify career/vocational advice from Y7 to Y13 as per New Zealand Curriculum.
- Provide greater resourcing and widen the scope of the Gateway Programme to better facilitate short term internship/work experience to gain a realistic understanding of employment areas.
- Combine with New Zealand First policy to pay job seekers benefit to approved employers who gains on the job qualifications to further apprentice who gains on the job qualifications to further support Small and Medium size enterprises, employment growth and enhanced productivity.
- Lift apprenticeship completion rates to 80%.

Transfer to skill debt

- Upfront Investment would be recorded with IRD using the individuals NSN (National Student Number).
- Year for year reduction of debt – for every year studied there is an expectation of one year skill exchange. Each year worked in New Zealand would reduce skill debt by a year.
- Use of bonding system models for certain industries e.g. teacher, nurses, doctors, police along with other industries would accelerate skill debt reduction.
- For those who wish/need to go overseas to gain further international knowledge, industry lead groups e.g. Medical Council, would be required to find a similarly qualified person to come to New Zealand for the period our citizen is out of the country. This person would count toward the year for year repayment.
- If individual left New Zealand, without replacement and did not return, IRD would convert the skill debt into a dollar debt which would be pursued under current interest charging conditions.

Universal Student Allowance

- Introduce a universal living allowance which is not subject to parental means testing as a priority for all full-time students.
- Remove the deduction regime currently in place if a student earns over a certain dollar value per individual to an income cap yet to be established.
- Reverse recent amendments to the Social Services Act which shut out full time students from accessing the accommodation supplement when they fit the appropriate criteria.

What about current $15 billion dollars of student debt?

- Dollar for dollar student repayment. For every year they remain in New Zealand and pay off a dollar we will match this with a dollar write-down.
- For individuals who spend 5 years working in identified essential service areas in selected regions there would be a complete debt write-off.
- IRD will still pursue repayment but will shift to a stop at the border "upon entry" not "arrest upon exit".