BUDGET 2013 – What Does It Mean for Massey University?

The 2013 budget brought some small wins for the tertiary sector but, like last year, little in the way of increases in direct funding to compensate universities for cost inflation. So our focus to diversity our revenue base by growing non-Government revenues and continuing to make considered choices when it comes to cost remains our priority.

The largest amount of Government funding for universities comes from tuition subsidies (commonly referred to as SAC funding). For subjects other than science and engineering, these subsidies remain at the same level for the third year in a row. For science and engineering there is a 2 per cent increase which translates to a small increase to Massey’s revenue of $0.6million, insignificant when you consider that Massey’s expenses last year were $423 million. The equity funding was also increased but this is likely to be less than $50,000 for Massey, so again insignificant in financial terms.

There are concerns from universities as to further restrictions on student allowances which may affect student numbers, as access to tertiary education becomes further limited. Student allowances are being limited for those aged 40 and over to a maximum of 120 weeks, and the student loan and allowance stand-down period for permanent residents and Australian citizens is being extended. If these changes affect students whom are more likely to choose distance learning then Massey’s student numbers may be affected more than those of other universities.

The following graph, from the Tertiary Education Union’s website shows the forecast reduction in tertiary student allowances to 2017. Less access to loans and allowances usually means less students as some can no longer afford to study, so that is a concern.
On the more positive side, the Government announced $73.5 million additional funding over four years for the National Science Challenges, boosting the total to $133.5 million in new funding over the next four years. An additional $20 million was also announced for the Marsden Research Fund. Funding of $3.169 million has been set aside for the Centres of Research Excellence (CoREs), but details are yet to be announced.

International education initiatives are also to be boosted with an additional $40 million over four years for Education New Zealand to grow awareness of New Zealand as an education destination internationally and promote NZ’s education services and products abroad. If effective then increased international student numbers should result.

What is most concerning is the continued picture of tertiary education in New Zealand when the effect of this budget is put together with the effect of previous budgets on funding for tertiary education.

Another graph (shown below) from the Tertiary Education Union’s website shows the forecast tertiary education funding compared to forecast inflation. By 2015 the cut in funding to the tertiary sector since 2009 is estimated to be $1 billion.

Certainly, the continued lack of real funding to the tertiary sector is of growing concern. Recent results released by the TEC of the financial performance of universities, shows declining financial performance across the sector, as the lack of real funding starts to bite deeper and costs of the Canterbury earthquake are taken into account.

This gives you a sense of the importance of our strategies to steer through these economic times. As noted earlier, we need to grow revenue in other ways whilst controlling costs.
As you will know we are reconsidering and extending our strategy document for a further five years and we would like you to participate. Forums started last Wednesday in Manawatu (followed by forums this week in Albany and Wellington). I hope you will take the challenge of contributing to the Road to 2025 by having your say in ensure that we continue to be New Zealand’s defining university and a world leader in higher education and scholarship. Government budgets do not necessarily need to be a limiting factor to our success.

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