



Summary

Tertiary education institutions: 2019 audit results and what we saw in 2020

This report summarises the main findings of our 2019 audits of the 27 public tertiary education institutions (TEIs). These consist of eight universities, three wānanga, and 16 institutes of technology and polytechnics. We also comment on the tertiary education sector's operating environment in 2020, including the effects of the reforms of vocational education and Covid-19, and what this might mean for the sector in 2021.

Reform of vocational education

On 1 April 2020, the 16 institutes of technology and polytechnics became Crown entity subsidiary companies of Te Pūkenga – New Zealand Institute of Skills and Technology. This is part of an overall programme of reforms that is far from finished.

The subsidiary companies will be in place until 31 December 2022, when they will merge with Te Pūkenga to form one organisation. This is a longer transition period than the Government originally consulted on.

Financial challenges for tertiary education institutions

Many institutes of technology and polytechnics had been experiencing increased financial difficulty for

several years before Covid-19. This is because domestic student enrolments had declined from the levels they had been at after the global financial crisis in 2008.

By 2019, only four out of 16 institutes of technology and polytechnics finished the year in surplus and in a sound cash position. There are indicators that most, if not all, financial measures of performance for what are now the Te Pūkenga subsidiaries will have worsened in 2020.

Universities generally ended 2019 in a better financial position than 2018. However, Covid-19 has brought significant financial challenges for universities. In 2020, universities have had lower revenue from international students, research, commercial operations, and charitable donations.

Although they are still uncertain, the immediate effects of Covid-19 on wānanga are less obvious than those for institutes of technology and polytechnics or universities. The border closure did not affect their revenue in 2020 because wānanga do not have many, or any, international students. However, other economic factors related to Covid-19 might affect enrolments at wānanga in the future.



Initial responses to Covid-19

In their initial response to Covid-19, TEIs appear to have provided good levels of support for the well-being of students. The Government has announced further investment in mental health services for all domestic students studying at TEIs for 2021.

TEIs worked to adjust the nature, timing, and frequency of student assessments, and they published policies about how they would adjust assessment grades to take account of Covid-19.

Students were most concerned about the change from face-to-face teaching to online teaching. Many TEIs were reasonably well prepared for providing

courses online. For others, moving to online courses was an emergency response, and this was more stressful for staff and students.

Sensitive expenditure

This report includes findings from reviews we carried out into sensitive expenditure by two TEIs. Although TEIs have more autonomy, they are subject to the same expectations about spending public money as other public organisations. I expect all TEIs to have robust sensitive expenditure policies. Those policies must be supported by a strong “tone from the top” on what is and what is not appropriate when spending public money.

Financial and enrolment results at a glance

Total revenue

\$5.6 billion

up \$200 million from 2018.

Surpluses and deficits



All universities and wānanga ended the year with surpluses, but 11 out of the 16 ITPs made a combined loss of \$55.8 million (2018:10 ITPs/\$82.5 million loss)

Total assets

\$16.3 billion

up \$1.6 billion from 2018.

Total liabilities

\$2.6 billion

up \$240 million from 2018.

Equivalent full-time students



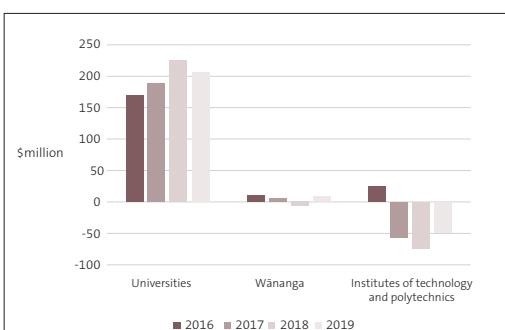
229,974

(2018: 232,274)

Overall, universities saw increases in domestic and international students, but numbers fell at other TEIs.

32,302 of the total were international equivalent full-time students (2018: 31,489).

Group surpluses and deficits, by type of tertiary education institution, 2016 to 2019



Equivalent full-time students (EFTS): 229,974

Universities



138,805 EFTS
(2018: 136,044)
Including 21,572
international EFTS
(15.5%)

Wānanga



22,186 EFTS
(2018: 23,490)
Including 15
international EFTS

Institutes of technology and polytechnics



68,983 EFTS
(2018: 72,740)
Including 10,715
international EFTS
(15.5%)