

Budget kills off private trainers

by Brijesh Sethi

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In six months, thousands of students lose their eligibility to student loans and because of that 50 training providers are likely to close and another 90 suffer heavily, with many of their owners facing financial ruin.



And all because of an ill-thought-out, seemingly uninformed and biased Budget initiative.

From January, the government will no longer give loans and allowances to students at private training establishments (PTEs) for qualifications that are not subsidised by the government.

I am a managing director of New Zealand School of Education, a PTE specialising in Information and Communication Technology (ICT) training. Our students will not stay with us when they can't get loans to cover their costs. They will have to go to institutions with courses eligible for loans.

In effect, they will have to go to institutions that the government – by directing funding to specific qualifications

– says they can go to. The government is stripping away students' ability to choose where and what they study.

That will make things particularly difficult for our students, as we are the only private or public provider in West Auckland offering high-level IT training aligned to international certifications and the only PTE in the whole of New Zealand approved by NZQA for the whole ICT field up to level 6.

Our students choose us because we offer the type and quality of training they want. We teach from nine in the morning until nine at night and so are popular with workers wanting to retrain or upskill. We also specialise in helping the unemployed and under-qualified get into the workforce.

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We charge about \$3250 for a six-month course (0.5 EFTS). The government gives us nothing and students cover the cost with a student loan. Most of our courses are fast track so the government also saves the student allowance money in our case.

PTEs that have applied for government subsidies usually have higher fees, as most IT qualifications have exemptions

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from Fee Maxima for funded courses. This cost is generally covered by a student loan. In addition, the funded PTEs receive around \$3800 of taxpayers' money per student enrolled in a similar course.

If 1000 full time students studied for a year at our school (or a similar non-funded institution) it would cost \$6.5 million in student loans. If the same 1000 took a funded course (if available), it could cost up to \$20.6 million (\$13 million in student loans and \$7.6 million of government funding).

Alternatively, if our unemployed and second-chance students decide that the trip in from West Auckland to other institutions is too long or too expensive, or they do not like the funded courses, the government will again be forking out extra money with increased dole payments.

Because of these holes in the policy, it looks simply to be a move by a government that can't hide its anti-private-sector education bias.

The government is currently undertaking its strategic relevance assessment. Only qualifications deemed to meet the criteria will be eligible for student loans. In its wisdom, the government decided that non-subsidised PTEs, such as New Zealand School of Education, would not even be assessed for relevancy.

That is not surprising given that it has decided to take away our main source of income.

The IT sector has one of this country's biggest skills shortages. Our graduates get jobs with all sorts of firms. And, in our part of the country, no-one else is doing quite what we do. New Zealand School of Education is so strategically relevant it is not funny.

There has been no consultation over what courses are offered by affected PTEs, or regarding institutions' quality. We simply received a letter from Wellington bureaucrats saying that in six months our students would lose their eligibility for student loans.

In our two years of operation we have had two audits from the NZQA and have received glowing reports back from them. NZQA has recently shifted us to a longer audit cycle; such is its confidence in our education standards. The Minister of Tertiary Education does not seem to share that confidence, but for no good reason.

I am passionate about education. Over the last two years we have put all our money into building a training enterprise at which 400 students have enrolled and which is helping New Zealand fill a critical skills shortage area.

With one quick signature to the bottom of his Budget document, and a mere six months' lead in time, Dr Cullen will destroy all that, and for no gain whatsoever.

This article does not necessarily reflect the views of the Education Forum

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