

1 KEY FINDINGS AND THE YEAR 2008 IN BRIEF

AN OVERVIEW

A change of government in October 2008 led to a shift in direction for the tertiary education system. The new National-led Government initiated changes to the system in order to meet its priorities to: simplify the tertiary education funding system; reduce central administration; strengthen quality and accountability; support and encourage students; and improve the interface between schools and tertiary education institutions. The government's new strategic direction was also articulated in a draft of New Zealand's third tertiary education strategy, published in September 2009. More information on the development of the strategy is included in chapter 2.

In 2008, New Zealand's *Household Labour Force Survey* indicated that 5 out of 10 New Zealanders aged 15 years or over held a tertiary qualification. This compared with just over 4 out of 10 New Zealanders in 1998. The proportion with a bachelors-level qualification almost doubled over the last 10 years to 17 percent of the population aged 15 years and over. This means that New Zealanders with only a school qualification and the proportion who have no qualification have been getting smaller – down from about 30 percent in 1998 to about 25 percent in 2008.

From a peak of well over 500,000 enrolments, the number of students in formal provider-based study¹ has fallen since 2005. However, in terms of equivalent full-time student units, the fall has been less pronounced. The main contributor to the fall in enrolments in recent years has been a decline in level 1 to 4 certificate study by domestic students, although falls in the number of international students have also contributed. A number of reviews of the provision of non-degree qualifications were the main drivers for the decline in student enrolments. In the meantime, the number of learners in industry training has continued to grow strongly, reaching 195,000 in 2008.

Work on the reforms to the systems that steer and fund our tertiary education system progressed during 2008. The Tertiary Education Commission finalised multi-year investment and funding plans during 2008 with tertiary education organisations.

1. Students in formal qualifications of more than one week's duration, excluding those in targeted training programmes and the Secondary-Tertiary Alignment Resource programme.

2009 YEAR

In September 2009, the Minister for Tertiary Education released a draft of New Zealand's third tertiary education strategy. Following this release public consultations took place in October 2009. The government is working on the finalisation of the strategy, which is expected to be published late in 2009. The new tertiary education strategy will take effect from 2010.

The government's expectation for the tertiary education sector is to contribute to New Zealand's economic and social performance. Demand for tertiary education is growing during a time when New Zealand's economic position is deteriorating. The government aims to strengthen the incentives for providers to respond to student and employer needs, while managing government's limited capacity to fund increased participation.

In setting its direction for the tertiary education system, the new government is continuing the implementation of the new quality assurance system, publishing provider-level performance information, linking funding more strongly to performance and simplifying the planning system. A more detailed account of the tertiary education strategy development work is provided in chapter 2, which covers the tertiary education system.

Articles on the following topics are included in this year's edition of *Profile & Trends*:

- Recent changes to higher education policy and funding in Australia and Scotland (chapter 2)
- Trends in the demand for tertiary education (chapter 3)
- Trends in fields of study of bachelors degree graduates (chapter 5)
- New Zealand's industry training data (chapter 6)

STATISTICS AND RESEARCH

Profile & Trends has an associated set of statistical tables available on the Education Counts website – www.educationcounts.govt.nz. The statistics in the web tables are used to inform the analysis in *Profile & Trends*. The tables provide comprehensive coverage of the key trends in the sector's performance: resourcing, financials, human resources, research, student support, targeted training programmes, adult and community education, industry training, enrolments, participation rates, completion rates, retention rates, progression rates, and outcomes.

More tertiary education material, including information on tertiary education providers, students and other relevant material can be found on the Education Counts website and on the websites of the Ministry of Education and the Tertiary Education Commission.

The statistics in *Profile & Trends 2008* are for the year ended 31 December 2008 and have been sourced from the Ministry of Education, unless otherwise stated.

Tertiary education in New Zealand

New Zealand's tertiary education sector makes a wide range of learning available, from foundation skills to doctoral studies. Through its research activities, the sector is a major contributor to the nation's innovation.

A key feature of the New Zealand system is the integration of funding and provision across vocational education and training, higher education, workplace training, adult and community education, and tertiary education that takes place within the senior secondary school.

Funding covers all levels of tertiary education, from second-chance education to doctoral studies. Provider-based funding of tertiary education is split into a component that supports the costs of teaching and learning and another component that supports tertiary education organisations' capability to enable them to focus on their core roles in the tertiary education system. Industry training provides workforce skills to a significant number of people. This training is designed by, and delivered in conjunction with, industry and leads to nationally recognised qualifications. There are also targeted training funds that provide fully subsidised education and training to disadvantaged groups such as those at risk of unemployment.

The government funds such learning as foundation education, adult literacy and English for speakers of other languages. It also provides funding to adult and community education organisations.

The results of learning through tertiary education can be viewed in terms of improving competencies and attainment, or progress towards attainment, of recognised qualifications. A competency includes the skills, knowledge, attitudes and values needed to perform important tasks. The literacy, language and numeracy programmes build adults' fluency, independence and range in language, literacy and numeracy so that they can use these competencies to participate effectively in all aspects of their lives.

The New Zealand Register of Quality Assured Qualifications incorporates all tertiary qualifications. It provides a standard structure for naming and describing qualifications across levels and types of provision. It includes 10 levels of qualification from entry-level certificates to doctorates.

Enrolments in 2008

There were 502,000 students enrolled in all types of formal tertiary qualifications at providers in 2008. Of these, 39,800 were international students, 27,100 were in targeted training programmes and 38,800 were students in courses of less than one week's duration.² In addition, 195,000 learners were engaged in workplace-based training, including 12,100 modern apprentices.

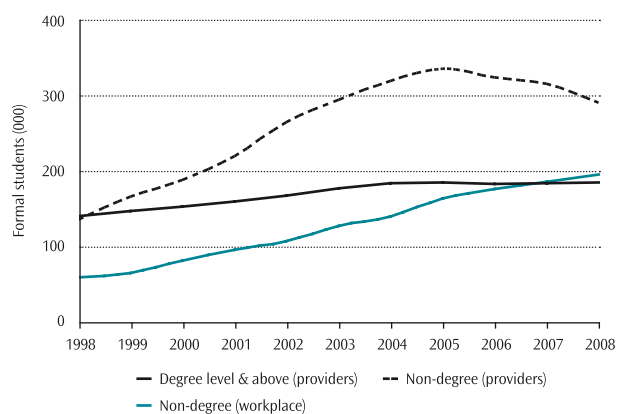
There were also 9,690 school students in Gateway programmes, which are designed to help secondary school students experience tertiary education and achieve outcomes such as gaining employment or achieving credits on the National Qualifications Framework. Non-formal education, such as adult and community education, attracted an estimated 223,000 enrolments.

During 2008, 12 percent of the population aged 15 years and over participated in some form of formal learning with a tertiary education provider and a further 5.8 percent were undertaking formal learning in the workplace.

The number of students formally enrolled at tertiary education institutions in courses of more than one week's duration fell in 2008. Since 2005, fewer domestic enrolments in level 1 to 4 certificate courses has been the main factor decreasing formal enrolments. Also, in recent years, there have been significantly fewer international enrolments at bachelors level and in level 5 to 7 diplomas. Before 2005, the number of students had grown strongly for many years.

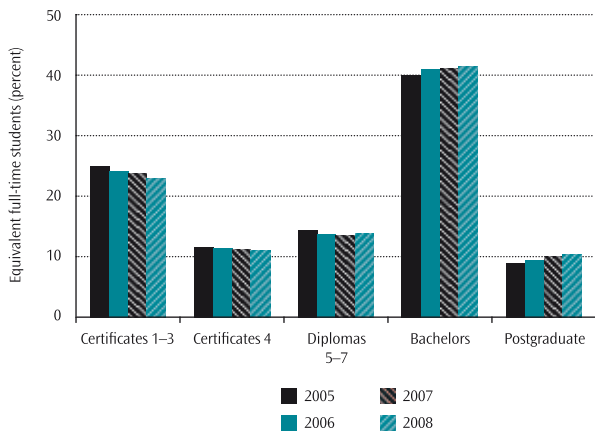
The introduction in 2003 of funding caps on provider-based enrolments, and the subsequent reviews of non-degree qualifications, occurred at a time when the unemployment rate was falling steadily, and this led to more young people entering the workforce rather than entering tertiary education study. The declines in domestic provider-based enrolments also need to be seen against the significant rises in workplace-based learning (Figure 1.1). In 2008, workplace-based study continued to increase. This strong growth has led to an increase in the proportion of the population aged 15 years and over in industry training in recent years.

Figure 1.1: Trends in formal students by level of study and setting



2. Enrolments in courses of less than one week's duration decreased by 64 percent from 2007 to 2008 due to a fall in the provision of occupational health and safety courses.

Figure 1.2: Distribution of equivalent full-time students by level of study



Partially offsetting the decreases in domestic certificate enrolments were increases in 2007 and 2008 in the number of students in bachelors degrees as the 'birth blip' (those born between 1989 and 1993) continued to move from school into tertiary education. There were also more 20 to 24 year-olds enrolled in bachelors degrees in 2008. In fact, when converting the number of people in formal study to equivalent full-time students, study by domestic students at providers fell by less than 1 percent in 2008. This was due to more students studying higher-level and longer qualifications in 2008 – domestic equivalent full-time student units increased by over 2 percent at each of bachelors level, honours degrees, postgraduate certificates and postgraduate diplomas (level 8 qualifications), and doctorate level (Figure 1.2).

The decrease in international equivalent full-time student units in 2008 was bigger than that for domestic students, due to the significant decrease in international enrolments in bachelors degrees and a small decrease in honours degrees and postgraduate certificates and diplomas. At every other qualification level, there were considerable increases in international equivalent full-time student units in 2008. The underlying trend in international enrolments appears to be moving upwards as the number of international first-year students increased by 4.4 percent in 2007 and 8.6 percent in 2008. In terms of equivalent full-time students, international formal provider-based students represented 11 percent of all enrolments in 2008 and in 2007.

In 2008, 230,000 domestic students, or 55 percent of all domestic students enrolled in government-funded tertiary education organisations, participated in certificate-level study. This compared to 58 percent of domestic enrolments at certificate level in 2007 and 61 percent in 2005. The number enrolled in diplomas was 63,500, or 15 percent of domestic enrolments, while 128,000, or 30 percent, undertook bachelors-level study, and 35,400, or 8.4 percent, were enrolled in postgraduate study. However, when converted to equivalent full-time student units, bachelors-level study had the highest proportion at 41 percent.

In 2008, a total of 112,000 students completed 122,000 formally recognised qualifications at tertiary education providers. Of these, 99,900 were domestic students who completed 110,000 qualifications,

up 7.0 percent on the previous year. Nearly 70 percent of full-time domestic students who started their bachelors degree in 2003 had completed it by 2008. Fifty-six percent of full-time domestic students enrolled in a certificate had completed this after one year and 53 percent of those who started a diploma had completed this after two years. Doctoral students, in general, took a little longer to complete. Around 60 percent of doctoral students had completed their doctorate after eight years.

Qualification completion rates for part-time students are lower than those for full-time students. Part-time students not only take longer to complete a qualification, they are more likely to cease study, and they are more likely to enrol with course-based, rather than qualification-based intentions, for example, older already qualified students return to study for vocational upskilling. Nearly 50 percent of part-time bachelors students had gained a degree after 8 years, while close to 40 percent of part-time certificate and diploma students had completed a qualification after eight years.

An article covering some of the findings from a Ministry of Education report containing new information on the fields of study of bachelors graduates is included in chapter 5.

Outcomes of tertiary education

Fifty percent of the New Zealand population aged 15 years and over held a tertiary qualification in 2008, with one in six people holding a bachelors or higher qualification. Comparing 2008 with 1998 shows that the New Zealand population has become more highly qualified. In 1998, only 44 percent of those aged 15 years and over held a tertiary qualification and fewer people – one in ten – held a bachelors or higher-level qualification.

The proportions of Māori and Pasifika holding a bachelors or higher qualification doubled over the last 10 years, although these groups remain considerably lower qualified than other groups, at less than half the national average. The proportion of males and females in the adult population holding a bachelors or higher qualification were equal in 2008, however, males are still more likely to hold 'other' tertiary qualifications than females.³ In the younger age groups – those under 40 years of age – proportionately more women than men held a bachelors or higher qualification. On the other hand, more young men than women held a non-degree tertiary qualification, but the gap between them has narrowed between 2007 and 2008 to just over one percentage point.

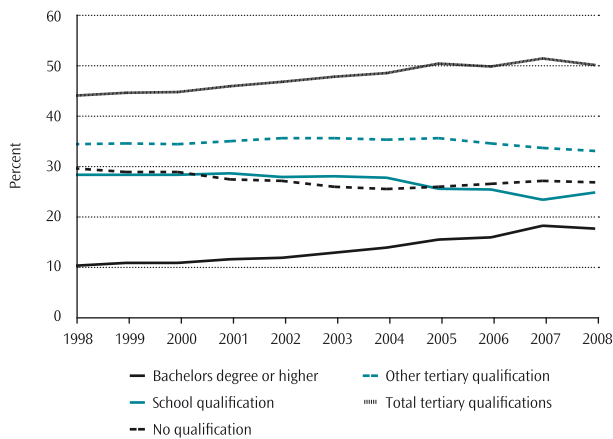
In the year ended June 2008, the labour force participation rate decreased slightly for those with only a school qualification or other tertiary qualifications, but increased for those with no qualifications and those with bachelors and higher tertiary qualifications. This suggests that the contracting economy in 2008 had begun to weaken the labour markets, further increasing the gap in the unemployment rate between people with bachelors and higher qualifications and non-degree tertiary qualifications.

3. This refers to the *Household Labour Force Survey* definition of 'other tertiary' qualifications (see chapter 4, footnote 2).

People with higher-level tertiary qualifications continued to show a significant earnings advantage over those with a lower-level qualification or no qualification. From 2007 to 2008, the median hourly earnings premium increased only for those with bachelors or higher qualifications. This suggested a weakening of the labour market for people with lower qualifications compared with those with tertiary qualifications.

The proportion of youth not in employment or formal and informal study decreased slightly for those aged 15 to 24 years, when comparing the June 2008 quarter with the June 2007 quarter.

Figure 1.3: Population aged 15 years and over (June quarter) by highest qualification



Workplace-based learning

The number of learners in industry training reached nearly 200,000 in 2008. Reducing long-term skills shortages in New Zealand’s key industries and improving our labour productivity has been a goal of government and industry for a number of years. Supported by continuous funding increases, the number of industry trainees has increased over the last five years by 8.1 percent, on average, per year.

While the latest increase in the number of learners in industry training was smaller than in previous years, it was still significant and occurred at a time when domestic student enrolments in equivalent provider-based study declined. This growth also surpassed the increase in workers in the labour force, so that the proportion of workers involved in industry training, at 9.0 percent, was higher in 2008 than in 2007.

The Modern Apprenticeships scheme, a part of industry training, increased strongly in 2008. There are now more than 12,000 apprentices.

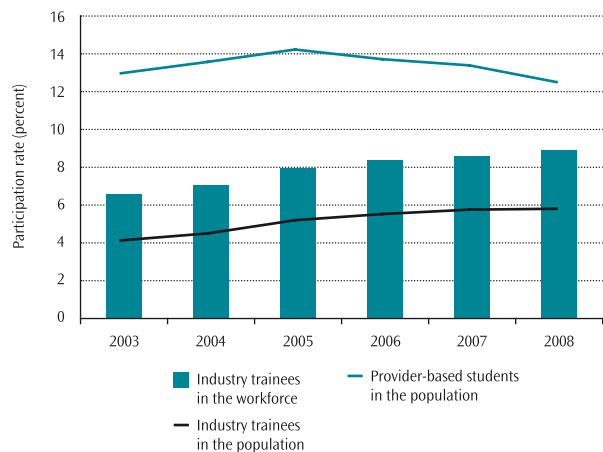
Gateway, established in 2001 to broaden educational options for senior secondary school students by offering them workplace-based learning, has continued to expand. Over 9,690 secondary school students participated in Gateway in 2008, the year in which it was scheduled to expand to all decile 7 to 10 integrated and state secondary schools.

Industry training, Modern Apprenticeships and Gateway programmes are all linked to the National Qualifications Framework. This means that participants earn credits towards national qualifications and, in the case of Modern Apprenticeships and the majority of industry training programmes, participation is linked to the completion of national certificates and diplomas. Learners in industry training can gain credits through flexible limited credit programmes and supplementary credit programmes, or study towards national qualifications such as national certificates, national diplomas and, less frequently these days, trade certificates.

All three programmes saw increases in credit achievement over 2008, with the number of credits attained in industry training increasing to over 3.8 million for the year, after a consolidation year in 2007. National certificate attainment increased to 36,000, following a drop in the number of national certificates awarded in 2007.

The Ministry of Education published two analytical reports on industry training in 2008, providing further participation and attainment information on both industry training and Modern Apprenticeships programmes. An extract article from *Industry training – exploring the data* is included in chapter 6. It summarises the findings on the importance of various demographic, programme and provider variables of the likelihood of success in workplace-based training, as measured by programme completion.

Figure 1.4: Participation rates for industry training and provider-based students



Level 1 to 3 provider-based qualifications

In 2008, enrolments in level 1 to 3 qualifications represented 23 percent of all equivalent full-time student units in formal provider-based tertiary education.

Level 1 to 3 qualifications cover provision funded in a range of ways. Most provision at these levels is funded through the student achievement component and includes enrolments in level 1 to 3 certificate courses at polytechnics, wānanga and private training establishments. These courses can be divided into those that cover vocational certificates, which focus on work-related skills, and foundation certificates, which focus on general skills, literacy and language. For people who are disadvantaged in the labour market, the government provides targeted training programmes through Training Opportunities and Youth Training. In addition, schools purchase courses at levels 1 to 3 from tertiary education providers through the Secondary-Tertiary Alignment Resource (STAR). Not many international students study at this level.

Enrolments in provider-based level 1 to 3 certificates have continued to decrease since 2005. The number of students in vocational certificates decreased from 2007 to 2008 by 12 percent and in foundation certificates by 14 percent. Over the same period, the number of students in Youth Training decreased by 2.8 percent. Contrary to this trend, the number of students in Training Opportunities increased by 3.1 percent from 2007 to 2008.

The decreases in certificate-level enrolments reflect the continued effects of policy and funding changes introduced in 2005 as well as improvements in the labour market in the period up to the middle of 2008. This was before the employment effects of the current recession had begun to be felt. Most people enrolled in level 1 to 3 certificates were already in employment and the strong labour market at that time made work more attractive than continuing in study. This is also evident in the decreasing retention, completion and progression rates for students in level 1 to 3 certificates. The decrease in Youth Training numbers is also due to tighter restrictions on gaining exemptions from school, which can be seen most clearly in the reduced number of under-16-year-olds on the programme.

The decreased participation has also been the result of the full implementation of reviews of quality and relevance of provision at this level, as described in the 2006 edition of *Profile & Trends*. This has had an impact on the number of students in foundation certificates and in courses of less than one week. The outcomes of these reviews were carried through into the agreements made for the 2008 to 2011 investment plans of tertiary education organisations.

Figure 1.5: Students in level 1 to 3 provider-based qualifications



Non-degree level 4 to 7 provider-based qualifications

In 2008, enrolments in non-degree level 4 to 7 qualifications represented 25 percent of all equivalent full-time student units in provider-based tertiary education.

Enrolments in level 4 to 7 provider-based non-degree study declined overall in 2008. The decline was mainly in level 4 certificate enrolments. This was an effect of initiatives to improve the relevance of qualifications overall, including the phasing out of some programmes. Enrolments in level 5 to 7 certificates and diplomas were down slightly.

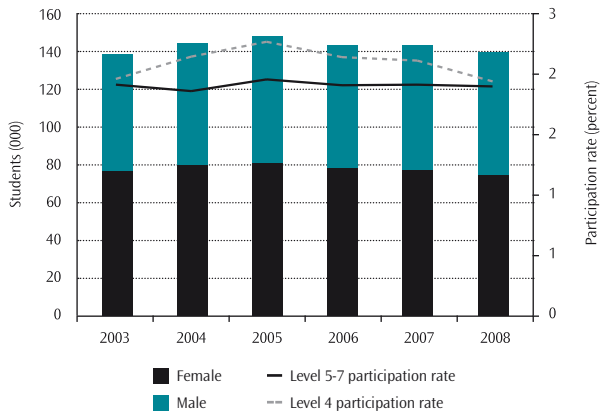
Enrolments were down in management and commerce courses and in architecture and building, and society and culture. Enrolments were also down for most age groups. Within this overall picture of a decline, there were some cases where level 4 to 7 non-degree enrolments increased. Enrolments made by international students increased and so did those by Pasifika students. Enrolments by students aged 18 to 24 years were also up slightly. The number of students enrolled in engineering and related technologies – a field of study identified as having shortages – increased overall.

There were above average declines in enrolments at universities, for people aged 40 years and over, in management and commerce courses and in architecture and building, and for Asian students.

The number of students completing a level 4 to 7 non-degree qualification increased in 2008. This was almost entirely due to increases in the number of students completing level 5 to 7 certificates and diplomas. Level 4 certificate completions in 2008 were essentially the same as in 2007.

Enrolments in Skill Enhancement programmes by young Māori and Pasifika people also fell in 2008. In terms of outcomes, the proportion of students who gained employment after completing a Skill Enhancement programme has been increasing over the past few years, and increased again in 2008, reflecting a stronger labour market in recent years.

Figure 1.6: Participation in non-degree level 4 to 7 provider-based qualifications by gender



Bachelors and postgraduate qualifications

In 2008, enrolments in bachelors degrees and graduate certificates and diplomas represented 41 percent of all equivalent full-time student units in provider-based tertiary education. Those in postgraduate qualifications accounted for 11 percent.

The number of students in bachelors and higher study increased slightly overall in 2008. Domestic enrolments increased for bachelors degrees, honours degrees, postgraduate certificates and diplomas and at doctoral level, while there were fewer domestic enrolments at masters level and in graduate certificates and diplomas. In 2008, there were fewer enrolments by international students overall.

The downward movement in international enrolments was due to a significant decrease at bachelors level, which was mainly due to cohort effects – smaller intakes in multi-year qualifications in the last few years are still having an effect on overall numbers. While international enrolments decreased overall, there were strong increases in international enrolments at doctorate and masters level and in graduate certificates and diplomas. The large percentage increase from 2007 to 2008 in doctoral degrees was driven by the change to funding international doctorate students on the same basis as domestic students – thus reducing the fees these students pay. The underlying trend in international enrolments appears to be moving in an upward direction, with international first-year enrolments increasing in 2007 and 2008.

All provider types had increases in the number of domestic enrolments apart from wānanga. While the number of enrolments at wānanga declined at postgraduate level, bachelors-level study at wānanga increased. The largest overall percentage increase in enrolments at this level of study in 2008, as in 2007, was in private training establishments.

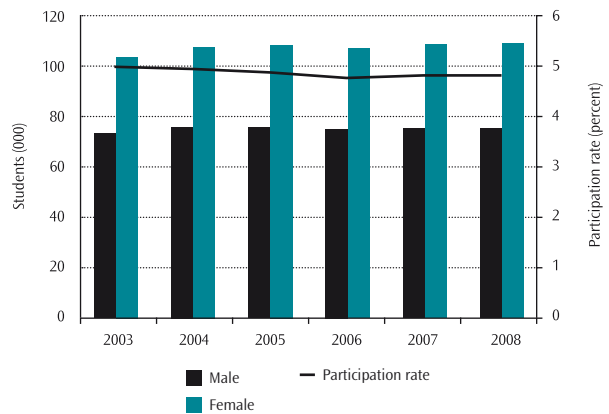
Domestic enrolments in bachelors-level and higher qualifications by students identifying with the European, Asian and Pasifika ethnic groups were higher in 2008. Māori enrolments at these levels declined slightly. Most enrolments were by European students, followed by Asian students.

Across all age groups, domestic enrolments declined, except for students aged 18 to 24 years.

First-year retention rates in bachelors or higher study were generally higher in 2008 compared with five years earlier. The five-year retention rates were highest for students identifying with the European and Asian ethnic groups.

More domestic students completed a bachelors or higher qualification in 2008 than in 2007. The qualification completion rates were slightly higher than reported last year at bachelors and masters level with a stronger increase for postgraduate certificates and diplomas. At doctorate level, the completion rate remained stable from 2007 to 2008.

Figure 1.7: Participation in bachelors and higher qualifications by gender



Student support

The number of student allowances recipients increased in 2008, continuing a trend of rising uptake since 2006. This trend was in response to changes made by government designed to widen access to allowances.

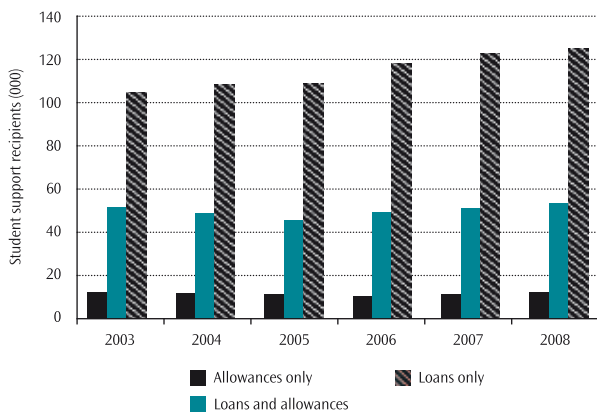
In 2008, the number of students taking out a loan increased to 179,000 and the total amount borrowed increased to \$1.2 billion. About four out of five eligible full-time students, and one in three of the eligible part-time students, used the loan scheme.

The median and average amount borrowed increased in 2008, continuing an upward trend that started in 2004.

The number of New Zealanders who had a student loan balance with Inland Revenue at 30 June 2009 increased by 5.9 percent to 562,000. More than 60 percent of those with loans owed less than \$15,000.

A total of \$710 million in loan repayments was collected in the 2008/09 year. Of those who left study in 1992, 82 percent had fully repaid their loans by 31 March 2008. Men and women do not differ significantly in repayment times.

Figure 1.8: Student allowances recipients and student loan borrowers



Source: Ministry of Social Development.

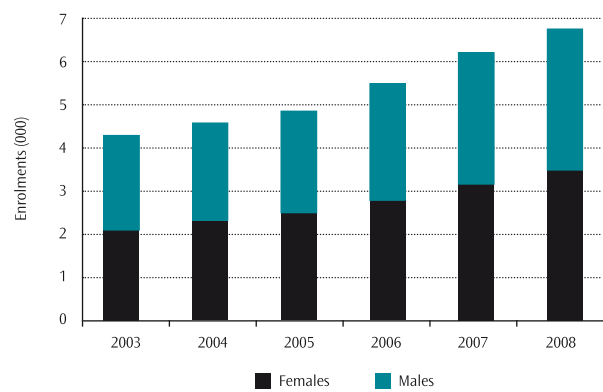
Research in the tertiary education sector

The research performance of the tertiary sector improved in several areas in 2008. In the area of research training, enrolments in doctoral degrees increased substantially. The amount of study at doctoral level, in terms of equivalent full-time student units, accounted for 2.4 percent of all tertiary education enrolments in 2008. The latest increase in doctoral study was driven by a significant increase in international enrolments, which occurred in response to a change in government policy in 2006 to fund international doctoral students on the same basis as domestic students.

The amount of research contract income earned by the universities per academic staff member rose in real terms between 2007 and 2008.

Total research output increased at five out of the six universities that reported research output in 2008. The academic impact of research by the New Zealand universities relative to the world average increased between 1998 to 2002 and 2003 to 2007 in eight out of the 10 broad subjects monitored. Three subject areas – health, medicine and public health; mathematics; and information sciences and technology – had an academic impact above the world average in 2003 to 2007.

Figure 1.9: Participation in doctoral study by gender



Sector capability

In 2008, the financial performance of the public tertiary education institutions⁴ was similar to that achieved in 2007. The institutions collectively met three out of four benchmarks set for prudent operation of a tertiary education institution, compared to four in 2007. The aggregate operating surplus decreased from 3.4 percent of revenue to 2.8 percent – slightly below the benchmark of 3 percent. Net cash flow also declined slightly from 17 percent to 16 percent but was above the benchmark of 11 percent. The working capital ratio – which gives a snapshot of an institution's current assets maturing within one year against its short-term obligations maturing within one year – increased from 103 percent to 104 percent, compared to a benchmark of 100 percent. The liquid assets measure – liquid funds as a percentage of annual operating cash outgoings – also rose to 20 percent, compared to a benchmark of 9 percent.

This result was achieved despite a difficult operating environment. The reduction in international student enrolments continued while institutions faced increases in costs. The government provided additional support for polytechnics and wānanga through the Quality Reinvestment Programme, which was designed to help institutions move to a more sustainable business model.

There was considerable variation among the tertiary education institutions, with some recording very strong performance, while nine of the 31 institutions had an operating deficit in 2008, compared to seven in 2007 and none in 2003.

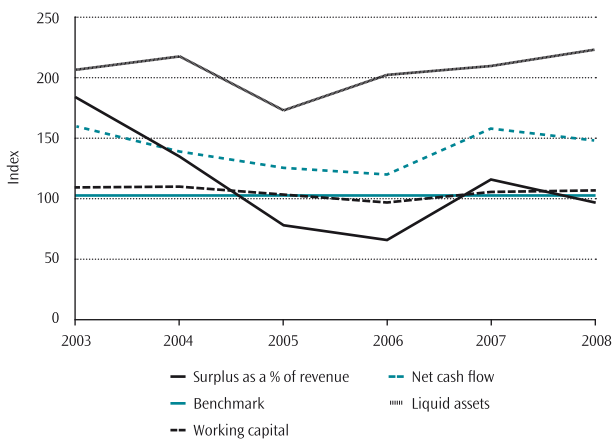
Overall, the universities experienced a slight decline in financial performance in 2008. For the first time since 2001, two universities recorded an operating deficit. Collectively, the surplus of the eight universities was 2.7 percent of revenue, compared to 3.7 percent a year earlier and to the benchmark of 3 percent. The net cash flow and working capital ratio of the universities also declined in 2008, while the value of liquid assets rose.

4. In 2008, there were 31 public tertiary education institutions. However, to allow comparisons to be made over time, the data from the colleges of education has been merged with that of the universities in this chapter unless otherwise stated. In January 2007, the last two colleges of education, the Christchurch and Dunedin Colleges of Education, merged with the University of Canterbury and the University of Otago, respectively.

The financial performance of the polytechnics in 2008 was very similar to that achieved in 2007. Among the polytechnics, financial performance was helped by funding provided through the Quality Reinvestment Programme. There was a slight improvement in the value of liquid assets, the working capital ratio and net cash flow, while the operating surplus declined slightly. The largest operating surplus, 13 percent of revenue, was reported by the Southern Institute of Technology, while the largest operating deficit, 12 percent, was reported by Tairāwhiti Polytechnic. Seven of the 20 polytechnics recorded an operating deficit, compared to four in 2007.

Another notable feature of 2008 was the continued improvement in financial performance of the wānanga after several years of declining performance. In particular, Te Wānanga o Aotearoa has improved its performance significantly since 2004. This institution recorded a surplus of 4 percent of revenue in 2008, compared to an operating deficit of 13 percent in 2006. In part, the healthy performance of the three wānanga was due to high earnings from interest.

Figure 1.10: Strategic financial position of tertiary education institutions



Source: Ministry of Education and Tertiary Education Commission.

In 2008, the total number of staff employed by tertiary education institutions remained virtually unchanged compared with the previous year. Staff numbers in private training establishments decreased for the third consecutive year.

There was a slight decrease from 2007 to 2008 in the number of academic staff at tertiary education institutions and a slightly larger increase in the non-academic staff. Over the same period, the percentage decrease in the number of academic staff in private training establishments was matched by a similar size fall in the number of non-academic staff.

In wānanga, the number of teaching staff fell significantly while the number of students increased, raising the 2008 student to academic staff ratio to 42 to 1, compared to 34 to 1 in 2007. An increase in the number of teaching staff at polytechnics, together with a decrease in the number of students, lowered the student to academic staff ratio in 2008 from 19 to 1, compared to 18 to 1 in 2007. In universities, the student to academic staff ratio remained virtually unchanged.

Total expenditure on personnel in public tertiary education institutions rose from 2007 to 2008, while personnel costs as a percentage of total operating expenditure increased by one percentage point to 58 percent in 2008.

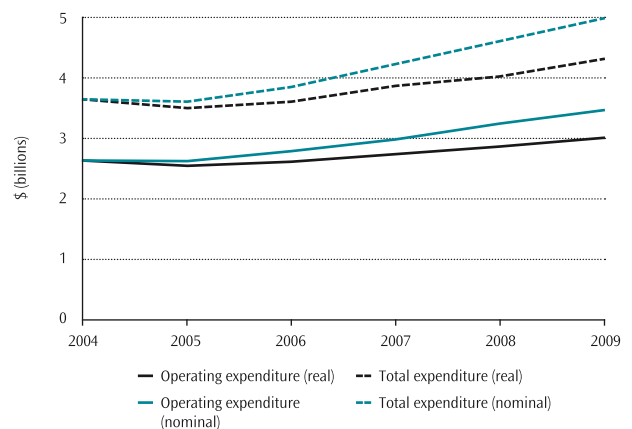
Investing in knowledge and skills

Government spending on tertiary education increased by 9.3 percent in the year ended June 2009. Total government spending on tertiary education, including operating costs and capital expenditure, was \$5.0 billion in 2009, compared to \$4.6 billion in 2008. As a percentage of gross domestic product, both total expenditure and operating expenditure increased in 2009. Total tertiary expenditure accounted for 2.8 percent of gross domestic product. The main difference between the operating and total expenditure was the amount of Student Loan Scheme lending that was treated as a capital expense.

The number of equivalent full-time student places funded by the Tertiary Education Commission increased in 2008. Government spending on tuition subsidies also increased as a result of the increased student places and increases in base funding rates.

The average domestic fee per equivalent full-time student increased by 6.8 percent at public tertiary education institutions. Part of this increase was due to a continued move away from enrolments in low-cost or zero-fee courses.

Figure 1.11: Government spending (June years) on tertiary education



Source: Ministry of Education, Ministry of Social Development, Inland Revenue and Tertiary Education Commission.

THE YEAR 2008 IN BRIEF

January

Dr Richard Ede is appointed Unitec New Zealand's chief executive officer following the retirement of Dr John Webster at the end of 2007.

A Skills Strategy forum is announced comprising government, business and industry representatives to implement a workforce skills strategy for New Zealand.

The Ministry of Education publishes the research report *Changes in student allowances in 2006*.

February

The Tertiary Education Commission announces an independent expert review of the \$230 million Performance-Based Research Fund as part of the government's commitment to evaluate the policy after three years. It also announces that it is establishing a sector reference group to prepare for the 2012 Performance-Based Research Fund quality evaluation, to be chaired by Professor John Hattie of the University of Auckland.

An independent expert advisory group chaired by Victoria University's Professor Gary Hawke supports proposed changes to quality assurance for tertiary education organisations. The new approach is to include institutional self-assessment and external evaluation and review.

The Ministry of Education publishes the research reports *Monitoring research: a synthesis of Ministry of Education analyses of tertiary education research 2004 to 2008*; *Pasifika peoples in tertiary education in New Zealand (2006)*; and *How the Performance-Based Research Fund has shifted research funding*.

March

Additional government funding is announced for research and development in New Zealand's pastoral and food industries. The new initiative, called Fast Forward, will match government funding with industry funding.

Turkey and New Zealand reach an agreement to promote stronger education links between the two countries.

Top Achiever Doctoral Scholarships are awarded to 42 New Zealand doctoral students.

The Tertiary Education Commission awards 29 projects a total of \$18.8 million in funding over three years through the Encouraging and Supporting Innovation Fund.

The New Zealand Qualifications Authority consults with the tertiary education sector on a proposal to simplify the National Qualifications Framework credit registration fee.

The Tertiary Education Commission announces membership of the Performance-Based Research Fund sector reference group.

The Ministry of Education publishes the reports *Research project on international student exchanges – sending our students overseas (2008)*; *University objectives: an analysis of university annual reports 2002 to 2006*; and *The Adult Literacy and Life Skills (ALL) Survey: overview and international comparisons*.

April

Government funding is announced for a new European Union/New Zealand exchange programme to support academic and tertiary student exchanges.

Murray Strong is reappointed as Crown Commissioner for Taranaki's Western Institute of Technology for a further six months.

The Ministry of Education publishes the report *Tertiary education enrolments – 2007*.

The Skills Strategy forum, comprising government, business and industry representatives, publishes a Skills Strategy discussion document.

Education New Zealand reports the first increase for some years in new enrolments from international students from China.

The Ministry of Education publishes the reports *Students' transition between school and tertiary education: 2nd edition* and *Tertiary Education Strategy 2007-12 – a framework for monitoring*.

The Association of University Staff and the Association of Staff in Tertiary Education announce they are to amalgamate to form the New Zealand Tertiary Education Union from 1 January 2009.

May

The Ministry of Education publishes the research report *The experiences of international students in New Zealand: report on the results of the national survey 2007*.

Budget 2008 initiatives for tertiary education include a student support package valued at \$130.8 million in operating funding and \$24.4 million in capital funding over four years. Initiatives include:

- a 10 percent increase in the parental income threshold for a full student allowance from 1 January 2009
- lowering the age limit for student allowances parental income testing to age 24 years, and lifting the maximum rate of student allowances for those aged 24 years to the level for students aged 25 years and above
- indexing the student loan living cost component to inflation from 1 April 2009, following a one-off increase from \$150 per week to \$155 per week on 1 January 2009, and
- an expansion of the Bonded Merit Scholarship Scheme.

Budget 2008 also includes funding for:

- literacy, language and numeracy as part of the government's Skills Strategy
- the University Tripartite Forum to support recruitment and retention initiatives and to help align the sector with the tertiary education strategy priorities
- the institutes of technology and polytechnics to support increased collaboration and develop capability in areas such as distance learning
- a Quality Reinvestment Programme for institutes of technology and polytechnics and wānanga

- the industry training organisation strategic leadership role, and
- a Tertiary Education Capital Investment Fund.

The Ministry of Education publishes several research reports: *Advanced trade, technical and professional qualifications – identifying demand; How does achievement at school affect achievement in tertiary education?; Post-school choices: how well does academic achievement predict the tertiary education choices of school leavers?; and Research par excellence: the factors associated with higher research quality in New Zealand tertiary education organisations*.

The Deloitte Report on university academic salaries is published. The report *A comparison of New Zealand and selected international (Australia, Canada, England, USA) data* was commissioned by the New Zealand Vice-Chancellors' Committee on behalf of the Tripartite Forum Working Group.

June

The Tertiary Education Minister proposes a 2.6 percent increase for the fee and course cost maxima rates for 2009.

The British Government confirms current visa-free access provisions for academics will remain. The British Government had been considering reducing the period of visa-free entry to the United Kingdom from 12 to three months for academic visitors.

The New Zealand Qualifications Authority board announces it will introduce a single fee for registering credits on the National Qualifications Framework.

The Ministry of Education publishes the reports *Hei titiro anō i te whāinga: Māori achievement in bachelors degrees revisited; Post-school choices: additional short analysis; and Trends in measured research quality: an analysis of Performance-Based Research Fund quality evaluation results*.

National salary bargaining for academic and general staff begins in universities.

July

The Tertiary Teaching Excellence awards are announced, with the supreme award going to Massey University senior lecturer Dr Lisa Emerson.

The Nelson Marlborough Institute of Technology is to receive a capital injection of \$8 million to build a new arts and media block, and Whitireia Community Polytechnic announces it is developing a \$25 million trades training centre.

The government announces a review of tertiary education in the greater Auckland region, along with a \$25 million capital injection for the Auckland University of Technology to establish a Manukau campus.

Ministry of Education tertiary-related research publications include the following three reports: *Advanced trade, technical and professional qualifications – matching supply to demand; Different tracks – a look at the different ways New Zealanders get tertiary qualifications; and Educational achievements of student support recipients*.

In the 2008 research investment round of the Foundation for Research, Science and Technology, \$93.6 million is approved in university contracts.

A scholarship arrangement allowing Chilean students to study in New Zealand is signed in Wellington.

The Tertiary Education Commission announces its new Māori Strategy Directorate will be led by Brendon Puketapu.

August

The vice-chancellor of the University of Canterbury, Dr Roy Sharp, takes up the position of chief executive of the Tertiary Education Commission, replacing Janice Shiner, who completed her three-year term in July.

A new benchmarking system is established by the Tertiary Education Commission to help institutes of technology and polytechnics compare their efficiency and effectiveness to boost student outcomes.

The Tertiary Education Minister appoints Deirdre Dale as a commissioner of the Tertiary Education Commission, while Dr Bill Rosenberg is reappointed.

Tertiary Education Minister Pete Hodgson announces the Western Institute of Technology at Taranaki council is to be re-established in October and its Crown debt written off over a five-year period. The polytechnic's council had been replaced by a commissioner in December 2006.

Top Achiever Doctoral Scholarships are awarded to 31 New Zealand doctoral students.

The Adams Report, a review of the Performance-Based Research Fund commissioned by the Tertiary Education Commission and written by Dr Jonathan Adams of the United Kingdom, is published.

A proposal to change the way private training establishments' registration is regulated is announced by the New Zealand Qualifications Authority.

Government funding of \$8 million is announced for NorthTec's future trades project in Whangarei.

The Tertiary Education Commission launches a literacy and numeracy action plan.

September

The Ministry of Education publishes the research report *Measuring up – how does the New Zealand tertiary education system compare?*

At the end of the March 2008 quarter, more than 16,000 modern apprentices are part-way through or have completed their apprenticeships.

The Organisation for Economic Co-operation and Development publishes its 2008 edition of *Education at a glance*.

The Tertiary Education Commission announces that an adult literacy and numeracy assessment tool is to be developed by the Commission and the New Zealand Council for Educational Research.

October

Parliament is dissolved for the general election.

A new student exchange programme is announced which will involve up to 30 New Zealand students working on climate change study in Europe.

Dr Rod Carr is appointed as the University of Canterbury vice-chancellor, to start in 2009.

The Hon Steve Maharey takes up the post of Massey University vice-chancellor after New Zealand's first female vice-chancellor, Professor Judith Kinnear, had completed her term in February.

New collective employment agreements are ratified for academic and general staff at four New Zealand universities (Massey, Canterbury, Lincoln and Otago) and for academic staff at the University of Waikato.

November

The Tertiary Education Union holds its inaugural conference. The union, an amalgamation of the Association of University Staff and the Association of Staff in Tertiary Education, will become fully operational in January 2009.

The newly elected National-led Government announces its Cabinet, with Anne Tolley as Education and Tertiary Education Minister and Dr Wayne Mapp as Research, Science and Technology Minister and Associate Minister for Tertiary Education.

December

The Tertiary Education Minister, Anne Tolley, releases the *Briefing to the Incoming Minister* from the Tertiary Education Commission and the Ministry of Education.

The Ministry of Education publishes the research report *Changes in student allowances in 2007*.

The Tertiary Education Commission agrees to fund students from the Auckland University of Technology's new law school, New Zealand's sixth law school.

Sharn Riggs, national secretary of the Association of Staff in Tertiary Education, is appointed national secretary of the new Tertiary Education Union, which will be formally operational in January 2009.

The New Zealand Universities Academic Audit Unit publishes *Massey University: te kunenga ki pūrehuroa academic audit report cycle 4*. This is the first report of the fourth cycle of academic audits for the period 2008 to 2012.

The *2008 Student Loan Scheme annual report*, prepared by the Ministry of Education with assistance from Inland Revenue, the Ministry of Social Development and Statistics New Zealand, is published.