Tertiary education in New Zealand

Tertiary education in New Zealand includes all post-school education. This means that tertiary programmes delivered in secondary schools such as Gateway, the Secondary-Tertiary Alignment Resource (STAR) and trades academies are also included in the tertiary education system.

Some tertiary education may be referred to as further education. An example is foundation education which provides adult literacy and education for those with low-level qualifications who are looking for employment. Other examples include non-degree certificate and diploma qualifications, learners undertaking industry training, including younger people in apprenticeships, adult and community education and other non-formal adult education.

Tertiary education study at bachelors-degree level and postgraduate level is referred to as ‘higher’ education.

The many forms of tertiary education make a unique and invaluable contribution to New Zealand’s social, economic and environmental development. Tertiary education passes on skills needed in the workforce, gives people the opportunity to build careers, contributes to social cohesion and is responsible for much of the country’s innovation and knowledge creation.

Overview

This chapter describes the organisations that make up the tertiary education sector; the legislation relating to tertiary education; the government agencies responsible for tertiary education; and how the tertiary education system works. Some of the most recent changes to the tertiary education system are separately summarised in the section on system changes in 2011.

New Zealand’s third tertiary education strategy was released in December 2009 and, in 2010, tertiary education organisations developed new investment plans based on the goals and priorities of the Tertiary Education Strategy 2010-15.

The New Zealand Qualifications Framework was established in 2010. The new framework covers all qualifications of 40 credits or more, including those developed by universities, polytechnics, wānanga, private training establishments and government training establishments. Information on how the framework contributes to the quality assurance of tertiary education in New Zealand is included in the section on how the tertiary education system works.

Monitoring of government-funded tertiary education providers and industry training organisations was expanded in 2010 to include measures of performance against a set of common education performance indicators. The measures provide an annual snapshot – a summary of performance – covering course pass rates, the completion of qualifications, the retention of students in study and their progression to higher-level tertiary study.

In 2010, tertiary education organisations known as ‘other tertiary education providers’ became funded on the same basis as private training establishments.¹

¹ Some other tertiary education providers have been funded under Section 321 of the Education Act which covers funding of programmes of national interest.
Tertiary education organisations

The diversity of the tertiary education sector is evident in the mix of organisations that make it up. There are three kinds of public tertiary education institutions – universities, polytechnics, and wānanga. In addition, there were just under 700 registered private training establishments in 2010 and eight government training establishments. The Education Act also provides for tertiary education providers with special national roles and these are known as ‘other tertiary education providers’.

All tertiary education organisations that receive government funding must meet financial, educational and management quality requirements set by the New Zealand Qualifications Authority to provide safeguards for learners.

UNIVERSITIES

Universities are primarily concerned with advanced learning, and offer the opportunity to pursue disciplines from the undergraduate level to advanced postgraduate study and research. Universities develop new knowledge that underpins their teaching and they undertake research in a wide range of fields. They are expected to have well-established international links and to meet international standards of scholarship.

There are eight universities, which in 2010 collectively enrolled 179,000 students, including 22,900 international students. These enrolments represented 137,000 equivalent full-time student units.

INSTITUTES OF TECHNOLOGY AND POLYTECHNICS

Institutes of technology and polytechnics are mainly focused on vocational training at certificate and diploma level, especially in trades and other applied areas, although this role has expanded to meet the increasingly diverse needs of learners and the economy. Polytechnics often have arrangements with industry training organisations to deliver programmes. Many polytechnics offer applied degree-level education and are involved in research activities, particularly applied research and research in technological areas. They provide pathways into tertiary education for adult learners and for learners with low prior qualifications, preparing them to achieve at higher levels.

Polytechnics offer regional tertiary education; there are 18 polytechnics spread throughout New Zealand. The number of students enrolled at polytechnics in 2010 was 187,000, including 12,400 international students. These enrolments represented 80,800 equivalent full-time student units.

WĀNANGA – MĀORI CENTRES OF TERTIARY LEARNING

Wānanga provide Māori-centred tertiary education that supports te ao Māori, provide pathways for Māori learners into other tertiary education institutions and promote the development of kaupapa Māori provision.

There are three wānanga which offer study at all levels, from foundation education to postgraduate study and research, where āhuatanga Māori (Māori tradition) and tikanga Māori (Māori custom) are an integral part of the programme. In 2010, wānanga had 42,300 students or 25,800 equivalent full-time student units.

PRIVATE TRAINING ESTABLISHMENTS

Private training establishments offer a range of training. This includes training for specific employers on a full cost-recovery basis, while others are funded by the government for the delivery of, for example, targeted training programmes. Like public tertiary education institutions, some private training establishments have arrangements with industry training organisations to deliver programmes. Some private training establishments may also receive tuition subsidies through the student achievement component, while some receive no Crown funding at all. A substantial number of those that receive no funding are English language schools that cater to full-fee-paying international students.

In 2010, 369 of the 689 registered private training establishments received government funding through the student achievement component or Training Opportunities and Youth Training, the two largest targeted training programmes funded by the Tertiary Education Commission.

The number of students enrolled at private training establishments in 2010 was 75,900, including 10,900 international students. These enrolments represented 42,700 equivalent full-time student units.
GOVERNMENT TRAINING ESTABLISHMENTS
Eight government agencies provide training, including the New Zealand Armed Services and New Zealand Police. They are each recognised as a government department or a Crown entity, approved by the Minister for Tertiary Education and registered by the New Zealand Qualifications Authority as a tertiary education provider. Government training establishments offer training, subject to the approval and accreditation requirements of the Education Act 1989.

WORKPLACE-BASED LEARNING
Considerable formal training takes place in the workplace. Some of this is funded through the Industry Training Fund (which includes Modern Apprenticeships), while most of the rest is supported by industry. Workplace-based learning increases the skills of employees.

Workplace-based learning is facilitated by industry training organisations. At the end of 2010, there were 38 industry training organisations in New Zealand, established by particular industries or groups of industries and recognised by the Minister for Tertiary Education under the Industry Training Act 1992.

Industry training organisations facilitate workplace-based learning, by:
▲ setting national skill standards for their industry
▲ developing appropriate training arrangements for their industry that will lead to qualifications recognised on the New Zealand Qualifications Framework and arranging for the delivery of the training
▲ moderating the assessment of training within their industry against the established national standards
▲ monitoring training quality
▲ providing leadership to industry on skill and training needs, and
▲ providing information and advice to employees and their employers.

Workplace-based training aims to raise the workforce skill levels and boost competitive advantage for business. Its delivery is flexible. The training can be conducted on-job, off-job, through a registered training provider, through training provided by other staff in the workplace, or a combination of these. On-job training can take a number of forms. The learning can be self-paced, or the training can be delivered by an experienced staff member or an external trainer. Some businesses run formal training sessions, while others train staff through their workplace tasks. Often, the relevant industry training organisation will provide training guides and resources. Industry training organisations also have arrangements with tertiary education institutions and private training establishments to deliver programmes.

Workplace-based training is jointly funded by the government through the Industry Training Fund and by industry through financial and in-kind contributions. In 2010, industry contributed $88 million in cash to workplace-based training, representing 34 percent of the total cost.

NON-FORMAL EDUCATION PROVIDERS
Non-formal learning does not contribute towards gaining a qualification registered on the New Zealand Qualifications Framework.

Government-funded adult and community education is provided by community groups, secondary schools and tertiary education providers. Other non-formal adult learning, which covers any form of intentional organised learning provided by an external body, may be provided by employers, tertiary education providers, schools, clubs or individuals, such as skiing or gym instructors. Government-funded adult and community education is directed to priorities established by government. Some adult and community education programmes do not attract government funding with the costs being met entirely by the learners.

Information from the Adult Literacy and Life Skills Survey showed that 48 percent of New Zealanders aged 25 to 65 years were in some form of study in 2006. Thirty-four percent participated in non-formal study (excluding short seminars), 20 percent were in formal study and 6 percent did both. A further 27 percent engaged in non-formal learning that involved attendance at short seminars, lectures, workshops or special talks that were not part of a course. On average, adults attending courses spent 47 hours in non-formal courses during the year.
The tertiary education strategy

The government released New Zealand’s third tertiary education strategy in December 2009, following a period of consultation in October and November. The Tertiary Education Strategy 2010-15 identified four national goals:

▲ provide New Zealanders of all backgrounds with opportunities to gain world-class skills and knowledge

▲ raise the skills and knowledge of the current and future workforce to meet labour market demand and social needs

▲ produce high-quality research to build on New Zealand’s knowledge base, respond to the needs of the economy and address environmental and social challenges, and

▲ enable Māori to enjoy education success as Māori.

The strategy identifies seven priorities:

▲ increasing the number of young people (those aged under 25 years) achieving qualifications at level 4 and above, particularly degrees

▲ increasing the number of Māori students enjoying success at higher qualification levels

▲ increasing the number of Pasifika students achieving at higher qualification levels

▲ increasing the number of young people moving successfully from school into tertiary education

▲ improving the literacy, language and numeracy and skills outcomes from level 1 to 3 study

▲ improving the educational and financial performance of providers, and

▲ strengthening research outcomes.

In 2010, new investment plans were developed with tertiary education organisations based on the goals and priorities of New Zealand’s third tertiary education strategy. In most cases, these plans covered the period 2011 to 2012.

The Tertiary Education Strategy 2010-15 also contains a number of expectations of providers and students. For each type of tertiary education provider, the strategy lists three core roles and a number of expectations as follows:

UNIVERSITIES ARE TO:

▲ undertake research that adds to the store of knowledge

▲ provide a wide range of research-led degree and postgraduate education that is of an international standard, and

▲ act as sources of critical thinking and intellectual talent.

The government expects universities to:

▲ enable a wide range of students to successfully complete degree and postgraduate qualifications

▲ undertake internationally recognised original research, and

▲ create and share new knowledge that contributes to New Zealand’s economic and social development and environmental management.

POLYTECHNICS ARE TO:

▲ deliver vocational education that provides skills for employment

▲ undertake applied research that supports vocational learning and technology transfer, and

▲ assist progression to higher levels of learning or work through foundation education.

The government expects polytechnics to:

▲ enable a wide range of students to complete industry-relevant certificate, diploma and applied degree qualifications

▲ enable local access to appropriate tertiary education

▲ support students with low literacy, language and numeracy to improve these skills and progress to higher levels of learning, and

▲ work with industry to ensure that vocational learning meets industry needs.

WĀNANGA ARE TO:

▲ provide quality education in accordance with kaupapa Māori philosophies, principles and approaches

▲ undertake teaching and research that maintains, advances and disseminates knowledge, develops intellectual independence, and assists the application of knowledge regarding āhuatanga Māori according to tikanga Māori, and
▲ contribute towards the survival and wellbeing of Māori as a people.

The government expects wānanga to:

▲ create and share new Māori knowledge that contributes to whānau, hapū and iwi prosperity and New Zealand’s economic, social, cultural and environmental development

▲ make an increasing contribution to sector-wide leadership through advancing mātauranga Māori at all qualification levels and across all fields of study, and

▲ enable students to complete a range of non-degree, degree and postgraduate qualifications, with clear study paths to higher levels of learning through a Māori paradigm.

PRIVATE TRAINING ESTABLISHMENTS ARE TO:

▲ offer flexible and responsive education programmes, and

▲ focus on specific areas of study.

The government expects private training establishments to:

▲ enable students to complete high-quality qualifications that lead to employment or higher-level education

▲ deliver tailored learning opportunities, such as marae- and iwi-based provision and Pasifika learning environments, and

▲ provide specialised qualifications and training.

INDUSTRY TRAINING ORGANISATIONS ARE TO:

▲ design national qualifications and run moderation systems to ensure fair, valid and consistent assessment against national standards

▲ arrange for the delivery of industry training that enables trainees to attain these standards, and

▲ provide leadership to their industries on skill and training matters, identify current and future skill needs, and work with employers and employees to meet those needs.

The government expects industry training organisations to:

▲ enable working New Zealanders to complete nationally recognised qualifications

▲ create clear pathways towards advanced trade qualifications at level 4 and above, and

▲ build and maintain strong support from the industries they serve.

ADULT AND COMMUNITY EDUCATION IS TO:

▲ serve learners whose first learning experience was unsuccessful

▲ assist those seeking pathways into tertiary learning, and

▲ assist people who lack the literacy, language and numeracy skills for work and further study.

The government expects adult and community education to:

▲ engage learners who have not been well served by education in the past

▲ improve the literacy, language and numeracy of individuals and whānau, and

▲ contribute to the overall cohesiveness of the community.

EXPECTATIONS OF STUDENTS:

▲ The government wants students to do well and achieve the best qualifications they can. Government is committed to providing support to assist students financially while they study and it intends to improve the information that students receive to allow them to make good decisions about what and where to study.

▲ Given the significant investment by government in tuition subsidies and student support, students are expected to take responsibility for their own performance. While government policy settings need to set clear expectations that students should gain qualifications, students also need to work closely with providers to ensure they achieve to the best of their ability and make the most of their learning environment.

The Tertiary Education Commission used the priority outcomes of the second tertiary education strategy to guide its investment discussions with tertiary education organisations as they developed investment plans for the 2011 to 2012 period.2

In June 2010, the Tertiary Education Commission published guidance for tertiary education organisations on developing their next investment plans. Funding for 2011 and 2012 was approved by the Tertiary Education Commission late in 2010.

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2 To consult the strategy itself use the link: www.minedu.govt.nz/theMinistry/PolicyAndStrategy/TertiaryEducationStrategy.aspx.
The main piece of legislation on tertiary education is the Education Act 1989. Among other things, this Act:

▲ sets up the government’s tertiary education agencies and defines their roles and responsibilities
▲ gives the authority for the tertiary education strategy
▲ describes the basis for the funding of tertiary education, and
▲ defines the constitution and functions of different types of public tertiary education institutions.

In 2007, the Education Act was amended to provide the mechanisms for changes to the administration of tertiary education implemented in 2008. The amendment gave effect to a new system for planning, funding and monitoring the provision of tertiary education. The objective of the amendment was to ensure that the tertiary education sector contributes towards tertiary education outcomes that are more closely aligned with the social, economic and environmental interests of New Zealand.

In 2009, the Act was again amended, this time to enable the implementation of new governance arrangements for institutes of technology and polytechnics. These arrangements aim to improve the capability and effectiveness of polytechnic councils and to allow the government to respond more quickly if polytechnics pose educational or financial performance risks.

There are other pieces of legislation that also apply in tertiary education. In particular, the Industry Training Act 1992 and the Modern Apprenticeship Training Act 2000 cover parts of the system, while aspects of the operation of tertiary education institutions are governed by the State Sector Act 1988, the Crown Entities Act 2004 and the Public Finance Act 1989.

The main government agencies with a responsibility for tertiary education are the Ministry of Education, the Tertiary Education Commission, the New Zealand Qualifications Authority and Careers New Zealand.

### THE MINISTRY OF EDUCATION

The Ministry of Education is the government department responsible for developing the policy framework for tertiary education and for advising ministers on the development of the tertiary education strategy. It is also responsible for monitoring the success of the strategy, collecting and managing data on tertiary education, and monitoring the performance of the overall system. The Ministry of Education also works with the Ministry of Social Development and Inland Revenue on the system for financial support of students.

### THE TERTIARY EDUCATION COMMISSION

The Tertiary Education Commission, Te Amorangi Mātauranga Matua, is a Crown agent. The Commission is made up of a board of six to nine commissioners appointed by the responsible Minister. The Commission’s responsibilities are as follows:

▲ giving effect to the tertiary education strategy
▲ advising government on the implementation of the tertiary education strategy, tertiary education priorities, sector activities and the performance of the sector
▲ allocating the government’s tertiary education funding to tertiary education organisations according to funding mechanisms determined by the Minister
▲ assessing investment plans and approving funding to steer the tertiary education system
▲ monitoring the performance of government-funded tertiary education providers, and
▲ conducting research and monitoring in support of its roles.

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3 The minister responsible for a Crown agent may appoint and remove its board members. A Crown agent must give effect to policy when directed by its minister and it also must give effect to directions from the Ministers of State Services and Finance.
THE NEW ZEALAND QUALIFICATIONS AUTHORITY

The New Zealand Qualifications Authority is also a Crown agent. Like the Tertiary Education Commission, it has a board appointed by the responsible Minister. In 2011, an amendment to the Education Act was passed that updated and strengthened the New Zealand Qualifications Authority’s legal powers. In tertiary education, its responsibilities are to:

▲ oversee the setting of qualification standards
▲ monitor and regularly review qualification standards
▲ maintaining a record of qualifications gained and standards met
▲ maintain the New Zealand Qualifications Framework and Directory of Assessment Standards, including making rules
▲ ensure that programmes or training schemes have assessment and moderation procedures that are fair, equitable and consistent
▲ promote and monitor the delivery of inter-institutional programmes and training schemes
▲ maintain liaison with overseas certifying and validating bodies and ensure that post-school educational and vocational qualifications maintain international comparability, and
▲ evaluate overseas qualifications for immigration and employment purposes.

CAREERS NEW ZEALAND

Careers New Zealand is a Crown agent that provides information, advice and guidance services designed to help people make informed career choices. Effective career information, advice and guidance provide a link between education, the labour market and the skills, interests and abilities of New Zealanders.

Careers New Zealand’s work includes:

▲ developing and providing career information
▲ providing individuals with advice on how best to use career information
▲ providing career guidance services, and
▲ developing and enhancing the skills of individuals and organisations that facilitate career information, advice and guidance for others.

To enhance access to career information, advice and guidance, Careers New Zealand has a range of delivery channels – the internet, telephone, texting, and face to face (for individuals and groups). This allows individuals to access Careers New Zealand in a manner that best matches their needs.

As well as these bodies, there are a number of other government agencies that have an involvement with tertiary education.

THE MINISTRY OF SOCIAL DEVELOPMENT

The Ministry of Social Development is responsible for providing leadership in the areas of social development and social policy, and the delivery of social services, particularly income support.

Financial support is provided to students by StudyLink, a service of the Ministry of Social Development. StudyLink is responsible for the administration and delivery of student loans and student allowances and income support for some students unable to find employment during vacation breaks. This includes assessing entitlements, making payments, and maintaining partnerships with key stakeholders, including other government agencies, tertiary education providers and student groups.

INLAND REVENUE

Inland Revenue, Te Tari Taake, is responsible for the assessment and collection of student loan repayments once loans have been transferred for collection. Inland Revenue also determines entitlement to interest write-offs for borrowers.

In addition, Inland Revenue is responsible for the implementation of the Student Loan Scheme Act 2011.

THE DEPARTMENT OF LABOUR

The Department of Labour is the agency that advises the government on all matters to do with New Zealand’s labour force. As part of that role, the department collects and analyses information about the skills needed in the labour market and about how the tertiary education system interacts with the labour market.
How the tertiary education system works

Government’s goals for the tertiary education system is to have people equipped with the skills required by the New Zealand economy and to have the system play an important part in supporting industry through innovation. The strategic direction for tertiary education is articulated in the Tertiary Education Strategy 2010-15 (a detailed description of the strategy is provided earlier in this chapter). To enable the implementation of tertiary education priorities, the system is designed to work around four main elements:

▲ quality assurance
▲ provision of government funding
▲ investment and funding decisions – investment plans developed by tertiary education organisations in collaboration with the Tertiary Education Commission steer government funding in tertiary education and align funding with the government’s tertiary education strategy, and
▲ monitoring of the performance of government-funded tertiary education providers and of the sector as a whole.

QUALITY ASSURANCE IN TERTIARY EDUCATION IN NEW ZEALAND

Only those tertiary education components, qualifications and providers that have been quality assured by a quality assurance body attract government funding. This applies, for instance, to student achievement component funding, industry training funding, student loans and allowances, Youth Guarantee, Training Opportunities and trades academy funding.

QUALITY ASSURANCE

High-quality qualifications and study programmes are a key requirement for students in the tertiary education sector. The tertiary education quality assurance framework has four components:

▲ programme approval and accreditation for all government-funded tertiary education providers and initial entry processes of registration of private training establishments
▲ self-assessment by government-funded tertiary education providers
▲ external evaluation and review by the New Zealand Qualifications Authority, or audit by the New Zealand Universities Academic Audit Unit, and
▲ compliance with statutory requirements.

In addition, the Tertiary Education Commission monitors the performance of government-funded tertiary education providers against its performance targets and against a set of common educational performance indicators.

The quality assurance framework ensures that:

▲ New Zealand qualifications are regarded as credible and robust, both nationally and internationally
▲ learners are achieving quality educational outcomes, and
▲ tertiary education organisations are continually strengthening and improving educational outcomes through the use of ongoing organisational self-assessment.

The quality assurance framework recently underwent a major reform. The focus on systems and processes that support delivery of learning by tertiary education organisations has continued. The new system began to be implemented in late 2009.

New Zealand Qualifications Authority

The New Zealand Qualifications Authority has an overarching responsibility for the system of quality assurance in tertiary education.

The New Zealand Qualifications Authority has the responsibility for approving and accrediting all qualifications offered by providers, other than for the universities.

One of the mechanisms for managing quality is the New Zealand Qualifications Framework.5 The framework imposes common standards on qualification development and nomenclature. Each qualification has: an assigned level (1 to 10); an outcome statement for the whole qualification and each of its components; a credit value (120 credits is equivalent to one year of full-time study); and a title consistent with other qualifications on the framework. (For a description of the framework go to chapter 3.)

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5 The New Zealand Qualifications Framework replaces the National Qualifications Framework and the New Zealand Register of Quality Assured Qualifications.
New Zealand Vice-Chancellors’ Committee (also known as Universities New Zealand)

The New Zealand Vice-Chancellors’ Committee derives its authority from the Education Act 1989. It provides quality assurance for university qualifications through its Committee on University Academic Programmes.

The New Zealand Vice-Chancellors’ Committee established the New Zealand Universities Academic Audit Unit to carry out academic quality audits of the eight universities. The unit also identifies and disseminates information on good practice in developing and maintaining quality in higher education and publishes reports and monographs. The unit maintains professional relationships with all quality assurance bodies working in tertiary education in New Zealand, and with similar agencies internationally.

Quality Assurance Consultative Group (also known as the Inter-Institutional Quality Assurance Bodies Consultative Group)

Established by the New Zealand Qualifications Authority as a forum for quality assurance bodies, this group brings together the quality assurance oversight bodies – the New Zealand Qualifications Authority, Universities New Zealand, and the Sector Relationship Manager of the Institutes of Technology and Polytechnics. The aim is to provide a system-wide focus on the quality of tertiary education provision and qualifications.

The group provides a forum for quality assurance bodies. It also provides a mechanism for cross-sector initiatives. In the past, these have included establishing working groups to provide input into the policy development relating to the New Zealand Qualifications Framework and credit recognition and transfer.

QUALITY IMPROVEMENT FOCUS

The Ministry of Education is responsible for monitoring the progress of the tertiary education sector towards the goals of the Tertiary Education Strategy 2010-15. The first monitoring report since the publication of the new strategy was published in the second half of 2010.

The Ministry has developed a monitoring framework and, over the life of the strategy, will publish a series of monitoring reports and undertake some evaluation of the effect of the strategy.

The Ministry works in close collaboration with the Tertiary Education Commission and the New Zealand Qualifications Authority to ensure that the monitoring of the tertiary education system gathers information and intelligence from the activities of those agencies.

Monitoring provides information that will help provide insight into the extent to which the intended changes are happening. The monitoring information enables understanding of:

▲ the contribution of tertiary education to government goals
▲ the general direction and trends in tertiary education in relation to the focus areas of the strategy, and
▲ overall progress towards the priority outcomes.

The monitoring project:

▲ assesses the improvements in outcomes relating to the strategy
▲ informs ministers of the overall progress being made against the strategy
▲ provides a detailed view of the overall health of the tertiary education system, using a set of enduring indicators against which broader changes can be monitored
▲ provides system-level contextual information to inform planning and the decisions of tertiary education organisations and the Tertiary Education Commission
▲ provides context for the monitoring of the education Crown entities
▲ provides alerts to any possible need to reconsider the policy mix
▲ informs the next set of tertiary education priorities and future investment plans, and
▲ feeds into developing the next strategy.
HOW FUNDING WORKS
The tertiary education system funding framework complements the tertiary education strategy. Its purpose is to resource and steer the tertiary education system, while providing tertiary education organisations with the flexibility to operate in responsive and innovative ways. The two largest funding components cover the teaching and learning of domestic students, and research (through centres of research excellence funding and the Performance-Based Research Fund).

Funding for student achievement
Student achievement component funding provides the government’s contribution to the costs of teaching and learning and other costs related directly to student numbers. The volume of provision and the types of qualifications and programmes funded through the student achievement component are approved by the Tertiary Education Commission after assessment of each tertiary education organisation’s investment plan.

The student achievement component rates are differentiated by discipline to reflect the costs associated with different types of study. For example, the funding rates for arts courses are lower than those for science courses. These funding categories were last reviewed in 2005. The Tertiary Education Commission calculates and publishes revised funding rates annually.

Funding for research
The main funding for the research conducted by tertiary education organisations comes through the Performance-Based Research Fund. Under this fund, providers are allocated funding on the basis of their research performance, using a set of performance indicators, complemented by peer assessment of the quality of their research. Before the introduction of the Performance-Based Research Fund, the main funding for the research activities of tertiary education organisations was delivered as part of the student component funding for degree and postgraduate enrolments. The former system of funding research was phased out over the period 2004 to 2006.

In 2002 and 2003, the government invited bids from tertiary education organisations to host centres of research excellence – inter-institutional research networks focused on areas of established research excellence of importance to New Zealand. Seven centres were funded, each for a period of six years. In 2006, bids were invited for extension of the programme and in May 2007 the government announced that the centres would receive $31.4 million of operating funding in addition to a one-off capital funding of $20 million. The following centres were given funding:

▲ the Allan Wilson Centre for Molecular Ecology and Evolution (hosted by Massey University) – studying topics ranging from molecular rates of evolution and biodiversity, through to molecular anthropology
▲ the Maurice Wilkins Centre for Molecular Biodiscovery (hosted by the University of Auckland) – extracting new knowledge from genomic and proteomic (protein) data
▲ The MacDiarmid Institute for Advanced Materials and Nanotechnology (hosted by Victoria University of Wellington) – covering the spectrum from fundamental science to applied technology and combining expertise in chemistry, physics and engineering to discover and understand new materials and technologies
▲ the National Centre for Advanced Bio-Protection Technologies (hosted by Lincoln University) – pursuing multidisciplinary research and development to meet the biosecurity and pest management needs of New Zealand
▲ the National Research Centre for Growth and Development (hosted by the University of Auckland) – concentrating on the biology of early development and its lifelong consequences for health and disease
▲ Ngā Pae o te Māramatanga or ‘horizons of insight’ (hosted by the University of Auckland) has 16 partner research entities and conducts research of relevance to Māori communities, and
▲ Riddet Institute (hosted by Massey University) – advancing knowledge in foods and biologicals.

In addition to these sources of research funding, tertiary education organisations active in research are expected to raise additional research revenue through the contestable science funds supported by the government through the Ministry of Science and Innovation. Tertiary education organisations also bid for contracts to provide research for firms and other organisations that want research reports for the purposes of their businesses.

See chapters 13 and 16 of Profile & Trends 2010 for more explanations of the research funding system and how its components relate to each other.
INVESTING IN TERTIARY EDUCATION

The tertiary education strategy spells out the contributions the government expects the tertiary education system to make to national goals. The Tertiary Education Commission’s role includes giving effect to the government’s tertiary education strategy. The Tertiary Education Commission is also responsible for operating the government’s funding mechanisms – allocating funding to tertiary education organisations. The key instrument the Tertiary Education Commission uses for managing these responsibilities is the assessment of investment plans developed by tertiary education organisations.

Investment plans

Developing an investment plan is the first prerequisite for eligibility for public funding for quality-assured providers. The investment plan sets targets for outcomes, and describes the provision aimed at achieving those outcomes and how success will be measured.

In assessing a plan, the Tertiary Education Commission looks for evidence of the tertiary education provider’s alignment with its core roles and priority outcomes outlined in the tertiary education strategy. It also takes account of the past performance of the organisation in meeting its targets. The Tertiary Education Commission approves the funding level for each tertiary education provider and the range and scale of provision the government expects.

In setting the total amount of funding available, the government takes account of cost pressures, expected demographic change, student demand and competing priorities within and outside the education sector. Quality assurance and performance monitoring now has an increased focus on outcomes. There is greater transparency in the performance of the tertiary education system, and of tertiary education organisations within the system, as the quality of performance information improves and is made more widely available to students and the public. Part of each tertiary education organisation’s funding will be linked to its performance against educational performance indicators from 2012.

When the Tertiary Education Commission works with tertiary education organisations as they develop their investment plans, a set of output indicators is integrated into plans. These output indicators developed by the Tertiary Education Commission provide an annual snapshot of the educational performance of each provider. They cover course completion rates, qualification completions and the progression and retention of students in study. The investment plan of each tertiary education provider also states how their engagement with other providers and stakeholders informs their plan.

Tertiary education organisations report on their performance and financial targets in an annual statement of service performance included in their annual reports.

The Tertiary Education Commission, the New Zealand Qualifications Authority and the Ministry of Education also carry out a range of other monitoring activities. This includes monitoring of financial and educational performance against the commitments set out in investment plans.

System changes in 2011

In January 2011, two polytechnics merged with other tertiary education institutions. Telford Rural Polytechnic merged with Lincoln University and Tairawhiti Polytechnic merged with the Eastern Institute of Technology. Similarly, four industry training organisations (Local Government, Real Estate, Tranzqual and Social Services) have amalgamated with other industry training organisations during 2011.

In 2011, an amendment to the Education Act was passed that updated and strengthened the New Zealand Qualifications Authority’s legal powers, established the new Crown agency, Education New Zealand, and provided for the regulation of compulsory student services fees. It also made minor technical amendments to the Education Act 1989, in relation to international education, and the administration of student loans and allowances by the Ministry of Social Development.

The Ministry provided advice and assistance to the Education and Science Select Committee on the Education (Freedom of Association) Amendment Bill, a private members’ bill which made membership of students associations voluntary, instead of compulsory.

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* A Crown agency responsible for New Zealand’s international education promotion and representation worldwide.