



CHAPTER SEVENTEEN

POSTSCRIPT: THE YEAR 2007 // 204-208

Overview // 205

Tertiary system changes – distinctive contributions // 205

Tertiary system changes – investing in a plan // 206

Workforce skills and labour productivity // 207

Research and innovation // 207

Student support changes // 207

International education // 208

2007 Tertiary education enrolments // 208

AN OVERVIEW

Following the government's release of New Zealand's second tertiary education strategy in December 2006, tertiary education organisations and government have undertaken a considerable amount of work over 2007 to ensure that the new system is successfully implemented. The Tertiary Education Strategy 2007-12 and the Statement of Tertiary Education Priorities 2008-10 define government's view of the contribution New Zealand's tertiary education system can make to national priorities. During 2007, there has been much work done on significant reforms to systems for the steering and funding of tertiary education and on the approach to quality assurance and monitoring. New funding, steering and monitoring arrangements will be in place from 1 January 2008.

For tertiary education, the key focus of Budget 2007 was to support the new tertiary reforms, through making strategic investments in each sub-sector that will support them in meeting their distinctive contributions within the tertiary system.

Budget 2007 also included investment to increase the participation in industry training and access to student allowances and scholarships. In addition, funding was committed to the development of a national assessment tool to enable more effective teaching of literacy, numeracy and language skills for adults.

In August 2007, the government launched an international education agenda for New Zealand. A number of funding initiatives made in 2007 supported the implementation of the international agenda including: increasing funding for the strategic promotion of New Zealand's international education sector; expansion of education diplomacy activities in the Gulf region; and enhancing international education quality assurance and qualifications recognition.

New information from the 2007 enrolment collections shows that the number of students in formal tertiary study programmes increased between January and August 2007, compared to the same period a year earlier. Converting the enrolments to equivalent full-time student units revealed a lower increase in participation in 2007. The increase was due mainly to higher enrolments at certificate and postgraduate level, while the number studying at bachelors level remained stable. In contrast, there were fewer students studying for diplomas.

TERTIARY SYSTEM CHANGES – DISTINCTIVE CONTRIBUTIONS

The key tertiary education focus of Budget 2007 was to support the successful implementation of the system reforms announced in April 2006. The three key areas for reform identified by the Minister at that time – better definition of the roles and distinctive contributions of tertiary education organisations, government investment in institutions based on plans, and the development of an outcome-focused quality assurance and monitoring system – have been integrated with the Tertiary Education Strategy 2007-12 and the statement of tertiary education priorities for the years 2008 to 2010. In 2007, government committed funding to support different sub-sectors – universities, institutes of technology and polytechnics, wānanga, industry training organisations, private training establishments and other tertiary education providers – to meet their distinctive contributions within the new tertiary education system.

Universities

The government's focus has been to support universities to focus on quality, capability and international competitiveness, and to promote further differentiation and collaboration among universities. Strengthening the international competitiveness of universities is a key contributor to the government's economic transformation agenda and is aimed at enhancing New Zealand's position in the global economy.

An investment of \$89 million over four years to strengthen universities' capability to deliver excellence in tertiary education and research has been provided. This funding will be allocated to all universities to support them in attracting and retaining academic staff and to develop and maintain a world-class research and teaching infrastructure. This builds on the government's 2006 budget commitment of \$117 million over four years.

Government also invested a further \$40 million over four years to support strategic change in universities that aligns them with the directions of the tertiary education strategy and the priority outcomes. This initiative provides additional funding through the university tertiary education organisation component to be allocated on a case-by-case basis in discussion with each university as part of the 'investing in a plan' process.

Further funding was also provided for research and innovation initiatives through the Performance-Based Research Fund and centres of research excellence. This funding is largely allocated to universities, and is discussed later on in this chapter.

Institutes of technology and polytechnics

For the institutes of technology and polytechnics, the focus is on building the capability and sustainability of the current network of providers and to reinforce its distinctive contribution. Government invested \$76 million over two years in 2007 to support four projects that together signal a new collaborative approach to achieving strategic change within the sub-sector. The projects focus on:

- flexible and distance delivery – looking at current arrangements within the institutes of technology and polytechnic sub-sector and the tertiary education sector as a whole
- increasing the number of students moving on to higher qualifications (diploma or above), recognising that people with higher-level skills have a greater contribution to make in the workplace
- reviewing the collaboration that currently takes place in the polytechnic sector, understanding and addressing any barriers, and instigating new collaboration initiatives, and
- benchmarking and success measures – identifying ways of measuring performance at an individual polytechnic level, in the sub-sector and across the whole of the tertiary education system.

The government has also added \$35 million of capital funding over the next two years into the Quality Reinvestment Programme. This funding will support polytechnics and wānanga in managing the transition into their distinctive contributions within the reformed tertiary system.

Wānanga

Government has invested \$6 million over four years to support wānanga in addressing the shift in focus toward higher-level teaching and learning, and building academic research capability, particularly in the areas of wānanga specialisation – mātauranga Māori. This funding will be allocated to all wānanga as part of the ‘investing in a plan’ process.

Wānanga are also eligible to apply for capital funding through the tertiary education organisation component of the new funding system to manage the transition to the new system.

Industry training

Government has invested \$15.8 million over four years to establish a sector leadership component for industry training organisations that

will better support them in performing their sector leadership and national standard-setting roles within the tertiary system. This will enable industry training organisations to better meet their distinctive contribution, by being able to resource activities that align with these roles.

TERTIARY SYSTEM CHANGES – INVESTING IN A PLAN

Another key focus for 2007 was on finalising the new funding and planning system underpinning the new investment system envisaged through the reforms. At the centre of the new system is the ‘investing in a plan’ process that will enable government to invest in plans developed by tertiary education organisations that meet stakeholder needs and that will give effect to the tertiary education strategy and the priority outcomes. The new investment system will enable the Tertiary Education Commission to make informed decisions across the network of tertiary provision. During 2007, universities, polytechnics, wānanga, industry training organisations, large private training establishments and a number of other tertiary education providers were all required to work on their investment plans for their 2008 funding in collaboration with the Tertiary Education Commission. Other parts of the tertiary sector will move to the ‘plan’ system for funding in 2009. The Tertiary Education Commission will ensure that the investment plan requirements are tailored to the needs of each type of organisation.

To support the new investment approach from 2008 onwards, significant changes have now been made to the funding system. The new funding mechanism moves beyond the single, bulk grant triggered by student enrolments, which was the student component funding system, to an environment where funding will support the activities approved for funding in investment plans. It will have two elements:

- a tertiary education organisation component to provide the government contribution to costs that enable providers to focus on their specific and distinctive role in the network, and
- a student achievement component to provide the government contribution to the costs of teaching and learning and other costs driven by student numbers.

The introduction of the tertiary education organisation component from 2008 onwards will allow a proportion of funding to be used to maintain and develop tertiary education organisations’ capability to deliver quality provision, to strengthen the focus on their core roles and to facilitate change and innovation in the tertiary sector.

In order to streamline the administration of the tertiary education system and better support the tertiary education reforms, the Education (Tertiary Reforms) Amendment Bill was presented before the House in May 2007, and it is expected that it will be enacted by the end of the year.

WORKFORCE SKILLS AND LABOUR PRODUCTIVITY

Industry training

Industry training provides employers with access to structured training arrangements, both on-job and off-job, linked to the National Qualifications Framework. Industry training provides a key means of increasing the level of skills in the workforce.

Additional funding of \$53 million over four years was appropriated by government in 2007 to increase participation in industry training. This will provide for an increase in participation to 220,000 by 2011, and makes significant progress toward the government's target of 250,000 trainees participating in structured workplace training.

Upskilling the Workforce

Upskilling the Workforce is a project to lower the proportion of working-age adults in New Zealand who do not have the literacy, language and numeracy skills necessary for sustained employment and active participation in society. During 2007, a number of actions were taken across government to progress the objectives of this project. These actions included: upskilling partnerships led by the Department of Labour; a series of industry training organisation pilots that embed literacy, numeracy and language into existing industry training qualifications and programmes of study; and the development of a medium-term strategic approach to upskilling the workforce. Further government funding was provided to support the development of a national assessment tool that will underpin more effective teaching and learning of literacy, language and numeracy skills for adults.

RESEARCH AND INNOVATION

The Performance-Based Research Fund allocates funding to tertiary education organisations on the basis of its research performance. Its primary focus is on rewarding and encouraging excellence in tertiary education research.

Government completed the second quality evaluation of the Performance-Based Research Fund in 2006 with the results published in June 2007. This evaluation provided evidence of positive shifts that align with tertiary education strategy goals of increasing the quality of research to drive innovation. For example, there were significant increases in the percentage of researchers assessed in the 'A' and 'B' categories.

Funding of \$14 million over four years was provided in 2007, which will increase the current value of the fund to \$234.8 million in 2010. This makes progress on the government's commitment to increase the Performance-Based Research Fund to a total value of \$250 million by that time.

Centres of research excellence – the 2006/07 selection round

Centres of research excellence support leading-edge, international standard innovative research that fosters excellence and contributes both to New Zealand's national goals and to knowledge transfer.

On 2 June 2007, the government announced the results of the third selection round, which included the reselection of six of the seven existing centres and the establishment of a new one – The Riddet Centre – advancing knowledge in foods and biologicals, hosted by Massey University.

In total, the centres will receive \$31.4 million of operating funds per annum over the next six years and a one-off capital funding of \$20 million.

STUDENT SUPPORT CHANGES

Student allowances

The government made two changes to the student allowances scheme as part of the 2007 budget round:

- The parental income threshold will increase by 10 percent from \$40,303.12 per annum to \$44,333.64 from 1 January 2008.
- The personal income abatement threshold will be adjusted by the rate of inflation on an annual basis from 1 April 2008.

Step Up Scholarships

The Step Up Scholarships pilot was introduced in 2004 to assist capable young New Zealanders to enter degree-level study in human and

animal health science and, since 2006, in science and technology qualifications.

The government committed additional funding to expand the volume of new Step Up Scholarship awards by 50 percent from 1 January 2008, which will allow for 180 additional awards each year.

Funding was also provided to support the redesign of the Step Up Scholarships pilot to increase access for students from low-income backgrounds, by retargeting the scholarships to two new streams:

Stream A – all subject areas for first-time tertiary students, with weightings for areas of skill shortage, and

Stream B – targeted science, technology and engineering qualifications for students moving into degree-level study from lower-level tertiary study.

INTERNATIONAL EDUCATION

The Minister for Tertiary Education launched an international education agenda in August 2007. This initiative sets out an integrated, sustainable and forward-thinking approach to international education, which goes well beyond the traditional ‘export education’ focus. The agenda sets four goals for international education that will contribute to government’s overarching goals of economic transformation and national identity. The goals of the agenda are:

Goal 1 – New Zealand students are equipped to thrive in an interconnected world.

Goal 2 – International students are enriched by their education and living experiences in New Zealand.

Goal 3 – Domestic education providers are strengthened academically and financially through international linkages.

Goal 4 – New Zealand receives wider economic and social benefits.

Government committed funding in 2007 to support the implementation of the international education agenda through the following initiatives:

- the development and implementation, over 2007/08 and 2008/09, of the ‘*New Zealand Educated*’ brand strategy for the international education sector, and an ongoing increase to the budget for generic international education promotion activities (\$3.96 million over four years)

- the establishment of a new education counsellor position in the Gulf region to support strengthened bilateral education and the growing export education activities of providers in the region (\$2.4 million over four years). This will extend the existing network of education counsellors New Zealand has in Brussels, Washington DC, Santiago, Beijing, New Delhi and Kuala Lumpur, and
- the enhancement of the New Zealand Qualifications Authority’s capacity to perform its international education quality assurance and qualifications recognition activities (\$3.4 million over four years).

2007 TERTIARY ENROLMENTS

Between January and August 2007, there were 438,000 students enrolled in formal study programmes at tertiary education providers. Thirty-seven thousand of these were international students. Between January and August 2007, 9,650 more people studied at tertiary education providers, compared to the same period in 2006. In the same period a year earlier enrolments had decreased. Before the decrease in 2006, participation in tertiary education had risen steadily over the past 10 years. Enrolments were 2.4 percent higher between January and August 2007, compared to the same period in 2006, and when this number is converted to equivalent full-time student units, the rise is considerably lower, at 0.4 percent. Between January and August 2006, the equivalent full-time student unit count decreased by 3.5 percent, compared to the same period in 2005. Enrolments of international students fell in 2007 for the third consecutive year, following strong growth from 2000 to 2004. Between January and August 2007, there were just over 3,320 fewer international student enrolments, down by 8.2 percent on the same period in 2006.

The latest available information shows that 220,000 students, or 50 percent, enrolled in government-funded tertiary education providers participated in certificate-level study, compared with 66,800, or 15 percent, in diploma study, 147,000, or 34 percent, in bachelors-level study, and 36,000, or 8.2 percent, in postgraduate study. However, when converted to equivalent full-time student units, then bachelors-level study had the highest participation at 44 percent. The increase in the number of people studying from January to August 2007 was at both certificate and postgraduate level. Study at bachelors level remained stable as a result of the increase in the number of domestic students aged 17 to 20 years enrolling in bachelor degrees, offsetting the decline in enrolments by international students and older students – those aged 25 years and over. The increase in younger students enrolling in bachelors degrees is consistent with the ‘baby blip’ that has begun to move into tertiary education and which is predicted to peak in 2007 and 2008. Study at diploma level declined over the period from January to August 2007.