



CHAPTER TWO

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AN OVERVIEW

One of the main events affecting the tertiary education system in 2006 was the release of New Zealand's second tertiary education strategy. Following a consultation process that started in August 2006, the *Tertiary Education Strategy 2007-12* was released in December 2006. The strategy also incorporates the statement of tertiary education priorities for the years 2008 to 2010. The new strategy identifies three areas in which the tertiary system can make its contribution to national goals: contributing to the success of all New Zealanders through lifelong learning; innovation; and the strengthening of connections between tertiary education organisations and the communities they serve.

There are four priorities: ensuring more young people achieve qualifications at level 4 and above of the New Zealand Register of Quality Assured Qualifications; increasing the literacy and numeracy of the workforce; meeting regional and industry needs for trade, technical and professional qualifications; and improving research connections and linkages to create economic opportunities. Future funding decisions are also expected to focus on the distinctive contribution of each type of tertiary education organisation.

The government has signalled significant changes to the way in which organisations plan and to the approach to allocating resourcing. Under the proposed new system, investments in organisations will be based on multi-year plans developed by organisations and assessed by the Tertiary Education Commission. The intention of the plans is to ensure that tertiary education provision gives effect to government's priorities and meets the needs of stakeholders. The new arrangements are expected to start in 2008.

The second round of the quality evaluations for the Performance-Based Research Fund was started in September 2006. Distributions under the fund began in 2004 with the system being phased in over a three-year period.

To enable the financial performance of all tertiary education institutions to be monitored by one government agency, the government transferred the Ministry of Education's Tertiary Advisory Monitoring Unit to the Tertiary Education Commission on 1 September 2006.

THE 2007 YEAR

The Organisation for Economic Co-operation and Development released a report in January 2007 on the New Zealand tertiary education system. The purpose of the review was to examine how the organisation, management and delivery of tertiary education can help countries to achieve their economic and social objectives. For more information see: www.educationcounts.edcentre.govt.nz/publications/tertiary/oeecd-thematic-review.html

The government introduced the Education (Tertiary Reforms) Amendment Bill in May 2007 to enable the implementation of the new tertiary education planning and resourcing systems in 2008.

Also in May 2007, the Tertiary Education Commission released the results of the 2006 Performance-Based Research Fund quality evaluation. Among the findings of the quality evaluation were: an increase in the number of staff whose evidence portfolios were assigned to a funded quality category; and improvements by all universities (and most other providers participating in the fund) in research quality since 2003, the year of the first quality evaluation.

The Ministry of Health published the report *Reshaping medical education and training to meet the challenges of the 21st century: a report to the Ministers of Health and for Tertiary Education from the Workforce Taskforce*. The government announced that it will seek cabinet approval to establish a Training Board – one of the taskforce's main recommendations – aimed at providing leadership of and direction for a sustainable medical education and training programme.

In June 2007, a new centre of research excellence was established – The Riddet Centre. The centre is hosted by Massey University in partnership with the University of Auckland and the University of Otago. The Riddet Centre focuses on bringing innovative solutions to the food industry and its vision is '*creating strategic opportunities by advancing knowledge in foods and biologicals*'. Government also agreed to extend funding for six of the existing centres.

The government announced that the New Zealand School of Music – a joint venture between Victoria University of Wellington and Massey University – will receive a one-off capital injection for a purpose-built facility in Wellington. The funding is contingent on a new business case and performance commitments.

Tertiary Education in New Zealand

Tertiary education includes all post-school education:

- foundation education, such as adult literacy and education for those with low qualifications who are looking for employment
- certificates and diplomas
- bachelors degrees
- industry training, including Modern Apprenticeships
- adult community education, and
- postgraduate qualifications, many of them requiring students to conduct substantial original research.

Tertiary education also includes programmes delivered in secondary schools, such as Gateway and the Secondary-Tertiary Alignment Resource (STAR).

Tertiary education makes a unique and invaluable contribution to New Zealand's national development in all dimensions – social, economic and environmental. It 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. The diversity of the tertiary education sector is evident in the mix of organisations that make it up: public tertiary education institutions, private training establishments, industry training organisations, adult and community education providers, and others. In addition, employers provide industry-related training and training in the workplace.

There are four kinds of public tertiary education institutions – universities, institutes of technology and polytechnics, colleges of education, and wānanga. Another 16 tertiary education providers, known as 'other' tertiary education providers, also deliver programmes of national significance and receive government funding. In addition, there are 756 registered private training establishments that cater for a range of learners.

DISTINCTIVE CONTRIBUTIONS OF DIFFERENT TYPES OF TERTIARY EDUCATION ORGANISATIONS

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 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 spread throughout New Zealand. In 2006, the eight universities collectively enrolled 166,000 students, including 25,900 international students. These enrolments represented 125,000 equivalent full-time students.

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 over the past 16 years to meet the increasingly diverse needs of learners and the economy. 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. Institutes of technology and polytechnics offer regional tertiary education; there are 20 polytechnics spread across the country. The number of students enrolled in 2006 was 214,000, including 9,770 international students. These enrolments represented 76,000 equivalent full-time students.

Wānanga – Māori centres of tertiary learning

Wānanga were formally recognised as public tertiary education institutions in the last decade. They offer study at all levels, from foundation education to postgraduate study and research, where ahuatanga Māori (Māori tradition) and tikanga Māori (Māori custom) are an integral part

of the programme. 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 public wānanga. Wānanga had 48,800 students or 23,700 equivalent full-time students in 2006.

Colleges of education

The number of colleges of education has reduced over the past decade, from six in the early 1990s to two in 2005, as they have merged with nearby universities. At the beginning of 2007, the last two remaining colleges of education merged with their neighbouring universities. The Christchurch College of Education merged with the University of Canterbury and the Dunedin College of Education with the University of Otago.

The function of the colleges of education – to provide training and research mostly related to early childhood, compulsory and post-compulsory education – is now carried out by the universities. In 2006, before the latest mergers, there were 6,910 students at colleges of education, or 3,760 equivalent full-time students.

Private training establishments

The distinctive contribution of private training establishments is to support the government's investment decisions in tertiary education. Some offer training for specific employers on a full cost-recovery basis. Others are funded by the government for the delivery of targeted training programmes and some have arrangements with industry training organisations to deliver programmes funded through the industry training fund. Private training establishments may also receive tuition subsidies through the student component of the Integrated Funding Framework, while some receive no Crown funding at all. Many of those that receive no funding are English language schools that cater to full-fee-paying international students.

Registered private training establishments must meet financial, educational and management quality requirements set by the New Zealand Qualifications Authority to provide safeguards for learners. They must also meet financial and management requirements set by the Tertiary Education Commission.

In 2006, some 210 private training establishments received government funding through the student component, while about 410 received funding through Youth Training and Training

Opportunities, the two largest targeted training programmes funded by the Tertiary Education Commission.

Government training establishments

There are eight government agencies that provide training, including the Armed Services and Police. These are recognised as government training establishments.

Workplace learning

There is also considerable formal training activity in the workplace. Some of this is funded through the Industry Training Fund (which includes Modern Apprenticeships), while the rest is supported by business. Workplace learning facilitates lifelong learning for employees that counts towards a qualification and, for employers, it provides productivity gains. Industry training is facilitated through industry training organisations. At the end of 2006, there were 40 industry training organisations in New Zealand, established by particular industries or groups of industries and recognised by the Minister of Education under the Industry Training Act 1992.

Industry training organisations facilitate workplace learning in employment, by:

- setting national skill standards for their industry
- developing appropriate training arrangements for their industry that will lead to qualifications recognised on the National 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.

Industry training raises the workforce skill levels and boosts competitive advantage for business. Its delivery is flexible. Industry 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 is jointly funded by the government through the Industry Training Fund and by industry through financial and in-kind contributions. In 2006, industry contributed \$60.5 million in cash to industry training, representing 27 percent of the total cost.

THE TERTIARY EDUCATION STRATEGY

Following the consultation and development process of the second tertiary education strategy in the latter part of 2006, the government decided to streamline the direction-setting for the tertiary sector by combining the strategy and the priorities in one document. The Tertiary Education Strategy 2007-12, released in December 2006, incorporated the statement of tertiary education priorities for the years 2008 to 2010.

The government's expectations and priorities for New Zealand's tertiary education system will be used to guide the Tertiary Education Commission's investment decisions in order to maximise the sector's contribution to our national goals.

Strategic contributions

The strategy identifies three areas where the New Zealand tertiary education sector is expected to make a significant contribution:

1. Success for all New Zealanders through lifelong learning.

Within the period of the strategy there are five areas of focus for improved levels of achievement and continuation of learning:

- ensuring maximum educational opportunity for all New Zealanders
- strong foundation skills
- successful transitions from schooling: ensuring the 'baby blip' generation achieves its potential
- building relevant skills and competencies for productivity and innovation, and
- building skills and competencies for social and cultural development.

2. Creating and applying knowledge to drive innovation.

The three areas of focus below aim to improve the alignment of our research efforts with national goals:

- supporting links between research, scholarship and teaching
- focusing resources for greatest effect, and
- improving research connections and linkages.

3. Strong connections between tertiary education organisations and the communities they serve.

There are three areas of focus for strong connections between the tertiary education system and the communities it serves. These connections are to:

- improve quality and relevance of education and knowledge
- support economic transformation, and
- support social, cultural and environmental outcomes.

Priority outcomes

The strategy outlines four priority outcomes where government believes there should be increased effort in order to achieve a shift in the system.

The priority outcomes are:

1. increasing educational success for young New Zealanders – with more achieving qualifications at level 4 and above by age 25
2. increasing literacy and numeracy levels for the workforce
3. increasing the achievement of advanced trade, technical and professional qualifications to meet regional and industry needs, and
4. improving research connections and linkages to create economic opportunities.

The Tertiary Education Commission will use these priority outcomes to guide its investment discussions with tertiary education organisations. Within the overall control on funding, the commission will continue to invest in a broad range of relevant and quality education and in research that fits within tertiary education organisations' distinctive contributions.

THE LEGISLATION RELATING TO TERTIARY EDUCATION

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.

The government introduced the Education (Tertiary Reforms) Amendment Bill in May 2007 to provide the mechanisms for the tertiary education reforms to be implemented in 2008. The bill implements the government's reform of the system for planning, funding and monitoring the provision of tertiary education. The objective of the bill 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.

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 GOVERNMENT AGENCIES RESPONSIBLE FOR TERTIARY EDUCATION

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 Career Services Rapuara. During 2005, the State Services Commission led a review of how the government's main tertiary education agencies – the Ministry of Education, the Tertiary Education Commission and the New Zealand Qualifications Authority – work together. This review made proposals for improvements in how the agencies interact and coordinate their work. To address the review's recommendations, the agencies are now collaborating on a strategic work programme.

The Ministry of Education

The Ministry of Education – Te Tāhuhu o te Mātauranga – is the government department responsible for developing the broad policy framework for tertiary education and for advising Ministers on the development of the tertiary education strategy and the statement of tertiary education priorities. 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 Tertiary Education Commission

The Tertiary Education Commission – Te Amorangi Mātauranga Matua – is a Crown agency. The Commission is made up of a board of six to nine commissioners appointed by the Minister. From 2008, the commission's responsibilities are expected to be as follows:

- giving effect to the tertiary education strategy
- allocating the government's tertiary education funding to tertiary education organisations according to funding mechanisms determined by the Minister
- advising government on the tertiary education strategy, tertiary education priorities, sector activities and the performance of the sector
- monitoring the performance of tertiary education institutions
- providing advice to the Minister on tertiary education policy
- work with tertiary education organisations on the development of their multi-year plans to steer the tertiary education system, and
- conducting research and monitoring in support of its roles.

The New Zealand Qualifications Authority

The New Zealand Qualifications Authority is also a Crown agency. Like the commission, it has a board appointed by the Minister. Its functions are to:

- provide an overarching quality assurance role for the tertiary sector
- develop and quality assure national qualifications
- administer the National Qualifications Framework
- register private training establishments
- conduct quality assurance at private training establishments, wānanga and Unitec New Zealand

- establish and maintain the New Zealand Register of Quality Assured Qualifications
- administer the trade, vocational and school sector qualifications system, and
- evaluate overseas qualifications for immigration and employment purposes.

New Zealand Career Services Rapuara

New Zealand Career Services Rapuara provides information, advice and guidance services that are 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.

Career Services' 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, Career Services has developed three vehicles for delivery – via the internet, by telephone and face-to-face. This allows individuals to access Career Services 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.

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. StudyLink is responsible for the administration and delivery of student loans, student allowances and other income support to students while they are studying, and income support for 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 Te Tari Taake

Inland Revenue 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 Student Loan Scheme Act 1992 and the annual regulations made under that Act which set the interest rates for borrowers overseas and the repayment threshold.

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 a great deal of 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

The New Zealand tertiary education system is designed to work around four main elements:

- quality assurance
- investment and funding decisions – from 2008 onwards, multi-year plans developed by tertiary education organisations in collaboration with the Tertiary Education Commission are expected to steer government funding in tertiary education and align funding with the government's tertiary education strategy
- provision of government funding, and
- monitoring of the performance of tertiary education organisations and of the sector as a whole.

Quality assurance

High-quality qualifications and study programmes are a key requirement for students in the tertiary education sector.

Quality assurance of tertiary education in New Zealand is intended to provide a minimum standard for the quality of the learning outcomes for students. It focuses on the systems and processes that support delivery of learning by tertiary education organisations.

Quality assurance agencies decide whether providers, qualification developers and the programmes they deliver meet appropriate quality standards. There are currently two quality assurance agencies:

- the New Zealand Qualifications Authority, and
- the New Zealand Vice-Chancellors' Committee.

The New Zealand Qualifications Authority

The New Zealand Qualifications Authority has an overarching responsibility for the system of quality assurance in tertiary education. It has delegated some of its powers to the Institutes of Technology and Polytechnics of New Zealand and this organisation has created a quality assurance body, ITP Quality, to give effect to that delegation and to manage the quality assurance processes for polytechnics' qualifications at the undergraduate level.

The institutes of technology and polytechnics approvals are exercised by ITP Quality. As the delegating authority, the New Zealand Qualifications Authority has responsibility to audit ITP Quality's quality assurance systems. The New Zealand Qualifications Authority retains responsibility for course approval and accreditation for all qualifications offered by providers, other than universities and polytechnics, and for postgraduate qualifications offered by polytechnics.

New Zealand Register of Quality Assured Qualifications

One of the mechanisms for managing quality is the New Zealand Register of Quality Assured Qualifications. The register imposes certain 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 register. The register is further described in chapter 3.

ITP Quality

The Board of ITP Quality operates as a quality assurance body under the authority delegated to the Institutes of Technology and Polytechnics of New Zealand by the New Zealand Qualifications Authority under section 260 of the Education Act 1989. ITP Quality was established in 1991 and has been operating the delegation independently since January 1993.

ITP Quality is responsible for approving polytechnic programmes at undergraduate degree level and below and for accreditation of institutes of technology and polytechnics to deliver approved programmes. ITP Quality has also been granted the authority from the New Zealand Qualifications Authority to audit institutes of technology and polytechnics for compliance and effectiveness against academic standards. A polytechnic that successfully meets the standards may be awarded 'quality assured' status for a period of four years.

The New Zealand Vice-Chancellors' Committee

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 Universities Academic Audit Unit carries out quality audits of the eight universities.

The Committee on University Academic Programmes

This committee is a standing committee of the New Zealand Vice-Chancellors' Committee that considers academic matters across the university system. These include: inter-university course approval and moderation procedures; advice and comment on academic developments; the encouragement of the coherent and balanced development of curricula; and the facilitation of credit transfer between qualifications.

Within policy determined by the New Zealand Qualifications Authority, the committee sets criteria for validating and monitoring university qualifications. It approves new qualifications in the university system. It also has responsibility for oversight of inter-university subject conferences. Its membership includes representation of other tertiary education interests and the student body.

Quality assurance in tertiary education in New Zealand

Only those tertiary education courses, qualifications and providers that have been quality assured by a *quality assurance body* are able to access government funding, industry training funding, student loans and allowances, and Training Opportunities, Youth Training and Skill Enhancement funding.

The New Zealand Qualifications Authority's audit requirements are aimed at improving the quality of providers and courses. While those audited to date have found the process challenging, they generally recognise that it has the potential to lift quality standards and identify problems more quickly. A number of potential academic and financial risks have been identified through the audit process. As a result, the New Zealand Qualifications Authority and the Tertiary Education Commission have carried out monitoring and auditing of academic quality, student record operations and financial viability.

A sub-committee on university entrance coordinates advice on the common standard of entrance to universities. The sub-committee also regulates discretionary entrance and coordinates the evaluation of overseas qualifications for the purposes of admission to university.

The New Zealand Universities Academic Audit Unit

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.

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 all the quality assurance oversight bodies – the New Zealand Qualifications Authority, the Vice-Chancellors' Committee and the Institutes of Technology and Polytechnics of New Zealand. 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 Register of Quality Assured Qualifications and credit recognition and transfer.

Investing in tertiary education

The government has published a tertiary education strategy that spells out the contributions it 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 is expected to use from 2008 onwards for managing these responsibilities is multi-year plans developed with tertiary education organisations.

Multi-year plans

Multi-year plans are intended to replace the current system of charters and profiles from 2008 onwards. The plans will set out a three-year funding path. In developing a plan with a tertiary education organisation, the Tertiary Education Commission will be looking for evidence of alignment with distinctive contributions, and to the priority outcomes of the Tertiary Education Strategy 2007-12. The plans are expected to define the role of the tertiary education organisations in the network of provision and the range and scale of provisions the government will fund. The plan also describes the organisation's engagement with other providers and

stakeholders. An approved plan will become a prerequisite for eligibility for public funding for quality-assured providers. The multi-year plans will be assessed by the Tertiary Education Commission.

In setting the amount of funding available the government will take account of inflation pressures, expected demographic change, student demand and competing priorities within and outside the education sector. The new investment-based approach will expect and reward high performance. An assessment of the organisation's performance, and assurance of its quality, will increasingly inform investment. The quality assurance and performance monitoring system will have an increased focus on outcomes. There will be 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 available to students and the public.

A significant focus of the new system is expected to be on supporting the development of capability. There will be an explicit funding of capability through the tertiary education organisation component. The new system will also include a student achievement component.

Tertiary education organisations report on their performance and financial targets in an annual statement of service performance. The Tertiary Education Commission, the New Zealand Qualifications Authority and the Ministry of Education also carry out a range of other monitoring activities.

How funding works

The tertiary education system funding framework is intended to complement the tertiary education reforms and 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 a responsive and innovative way. It has three broad elements:

- funding for the teaching and learning of domestic students
- funding for research (through centres of research excellence funding and the Performance-Based Research Fund), and
- funding to build tertiary education organisation capability.

The framework as a whole has the following general features:

- Funding will be delivered to tertiary providers and industry training organisations as a bulk grant.
- No funding will be delivered until the Tertiary Education Commission approves part or all of the provider's plan for funding purposes.

Under the tertiary education reforms there will be stronger links between funding and the priority outcomes for the system through the use of detailed plans, negotiated by tertiary

Evaluating New Zealand's first tertiary education strategy

An evaluation of the impact of the first strategy found that it has provided people with a sense of there being a tertiary education system that encompasses and connects all post-school learning. The strategy has also brought about a greater focus on quality of education and research. The evaluation considered that the broad nature of the strategy allowed tertiary education organisations to focus on aspects that best fitted their own strategies. There was evidence that some tertiary education organisations retrofitted their plans to the strategy. Where the strategy was explicitly linked to funding, there were more apparent shifts towards outcomes sought in the strategy. For more information on the evaluation of the strategy refer to *Getting started – the report on stage one of the evaluation of the Tertiary Education Strategy 2002/07*. The report describes the results of interviews held with a range of people from tertiary education organisations and stakeholder groups on the usefulness and usability of the tertiary education strategy. The report also draws from other information such as the tertiary education strategy monitoring reports, research on stakeholder engagement with tertiary education providers and an analysis of tertiary education organisation profiles. For a copy of the report see: www.educationcounts.edcentre.govt.nz/publications/homepages/tes/index.html

education organisations with government, that ensure funding is invested in the highest-priority areas. Funding will not only be more closely linked to the quality and relevance of a tertiary education organisation's provision but investment decisions will increasingly consider the extent to which a provider's plan is linked to stakeholders' needs. Funding in the future will also be linked to the distinctive contribution the organisation makes to the system. And from 2008, funding will generally be determined in a three-year funding path – rather than the current annual funding.

Funding for research

Before 2004, 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. This system of funding is being phased out over the period 2004 to 2007 as the new Performance-Based Research Fund is introduced. 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.

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 existing centres and in May 2007 the government announced that the centres will receive \$31.4 million of operating funding in addition to a one-off capital funding of \$20 million. All but one of the existing centres have been given extended funding. The one whose funding is to be phased out is the New Zealand Institute of Mathematics and its Applications. Its loss of recognition as a centre relates to the extent to which it meets the criteria of centres of excellence and it does not reflect the quality of its research. The appointment of a new centre – The Riddet Centre – was also announced in 2007. The seven centres of research excellence are:

- 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 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
- **Nga Pae o te Maramatanga – Horizons of Insight** (hosted by the University of Auckland) – The National Institute of Research Excellence for Māori Development and Advancement, and
- **The Riddet Centre** (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 Vote Research, Science and Technology. 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.

The research funding system, and how its components relate to each other, is explained more fully in chapters 13 and 16 of this report.