

# chapter twelve

POSTSCRIPT: THE YEAR 2004

## INTRODUCTION

The tertiary education reforms are being implemented progressively over several years. This chapter outlines some of the tertiary education initiatives and reforms that are being, or will be, introduced as a result of decisions made in 2004.

The overall goal of the new tertiary education system is to create a more connected system, that is, a system that is more responsive to the needs of communities, business, iwi and students. It is also important that New Zealand has a tertiary system that can make a valuable contribution to the nation's development goals by producing the skills and knowledge the country needs to be successful.

There are three critical interrelated elements to which the tertiary education system intends to direct its focus in order to achieve its overall goal:

- excellence – because increased skills, knowledge and research alone are not sufficient without a focus on improving quality
- relevance – because without a focus on New Zealand's needs, tertiary education will not be able to make an effective contribution to the country's development, and

- access – because to maintain progress both socially and economically New Zealand must make the most of its people's potential.

The Tertiary Education Strategy 2002/07 (TES), published in May 2002, is the cornerstone of the reforms. It sets the government's medium-term strategy and articulates its goals for tertiary education. The TES is designed to ensure that the actions and decisions of tertiary education providers, industry training organisations (ITOs) and central agencies are aligned to the government's goals for the system and to national development priorities. The Statement of Tertiary Education Priorities (STEP) sets out the areas of the Strategy that are to be a particular focus for agencies and tertiary education organisations (TEOs) in the short to medium term. Each TEO is required to establish a charter, setting out its broad strategic goals and a profile that explains how it intends to advance the strategies, objectives and priorities of the TES and STEP. The charters and profiles processes are key mechanisms for helping to bring greater alignment between national goals and the plans and strategies of TEOs.



## ENHANCING QUALITY IN TERTIARY EDUCATION

The Ministry of Education is coordinating a project to enhance the quality of teaching and learning in tertiary education. The Enhancing Quality Project is linked to the first strategy in the TES, that is, 'enhance system capability and quality'.

The Enhancing Quality Project will:

- consider how quality tertiary teaching and learning can be supported and developed through building a culture of quality, including enhancing peer review and self-review, and through quality assurance arrangements which can be used to improve the quality of teaching and learning in tertiary education, and
- clarify the roles and responsibilities of educators and TEOs, quality assurance bodies, including the New Zealand Vice-Chancellors' Committee (NZVCC)<sup>1</sup> and the New Zealand Qualifications Authority (NZQA)<sup>2</sup> and other government agencies to improve the coordination of quality systems.

The Enhancing Quality Project contains two stages:

- a scoping exercise to establish the framework for the project to enhance the quality of teaching and learning in tertiary education, and to identify the key issues to be addressed, and
- the project itself, undertaken by a working group, followed by consultation with the tertiary education sector and stakeholders.

## THE PERFORMANCE MEASURE IN THE STUDENT COMPONENT

The government has signalled that it wishes to allocate a portion of the Student Component of the funding system on the basis of the performance of providers against a range of performance measures.

In 2003, it established a technical working group, comprising experienced staff from TEOs, to develop some performance measures on which to base this element of funding. The group's report, published in early 2004, proposed a small number of performance indicators to underpin the performance element. The indicators included retention measures together with a measure of the satisfaction of students with their education. Targets would be set for each of these dimensions, while providers would also be expected to meet targets for sub-groups of the student population, such as Māori and Pasifika.

The working group's proposals were evaluated and refined during 2004 by a sector reference group.

## PERFORMANCE-BASED RESEARCH FUND

The government developed the Performance-Based Research Fund (PBRF) after extensive consultation with the sector, as a means of aligning research funding to research performance of providers.

In separating research funding from tuition funding, the government has created a system that rewards research excellence, and will, therefore, serve to enhance the sector's research capability and, over time, its performance.

The first quality evaluation was held in 2003 and the results of this exercise were released in April 2004 in the report *Performance-Based Research Fund: Evaluating Research Excellence – the 2003 Assessment*. The results of the first quality evaluation reveal areas of both strength and weakness in research capability. For example, there are a substantial number of staff members in TEOs undertaking research of world-class standard, but there are differences in the research performance of the participating TEOs. Overall, the performance of the eight universities was superior to that of the other 14 participating TEOs.

A key component of the shift to the PBRF is an independent evaluation of the initial implementation and impacts of the PBRF. The first phase of the evaluation was published in September 2004. The TEC will draw on the independent evaluation findings as it works on any necessary redesign work before the next quality evaluation, which is scheduled for 2006.

<sup>1</sup> NZVCC has established two bodies with responsibility for approvals and quality assurance: the Committee on University Academic Programmes (CUAP) and the New Zealand Universities Academic Audit Unit (NZUAAU).

<sup>2</sup> NZQA delegates some quality assurance functions to Institutes of Technology and Polytechnics Quality (ITP Quality) and the Colleges of Education Accreditation Committee (CEAC).



## DEVELOPING A WELL-RESOURCED QUALITY SECTOR

The following tertiary education initiatives were announced in the 2004 Budget.

### STUDENT COMPONENT FUNDING RATE CHANGES 2007

The Student Component is the largest part of the Integrated Funding Framework. Increases in funding for learning and teaching are linked to the goals of maintaining affordability for students, maintaining the quality of tertiary education provided and giving providers certainty of future funding.

Introducing the Integrated Funding Framework in 2002, the government signalled an intention to shift to a rolling funding triennium, where funding would be set three years in advance. As a part of this approach, the 2004 Student Component funding rates were set and indicative rates for 2005 and 2006 were announced in Budget 2003, while in Budget 2004 the government announced firm funding rates for 2005 and indicative rates for 2006 and 2007. The overall level of funding within the Student Component is being increased annually in order to ensure that government funding for the sector keeps pace with cost increases and also rises in real terms. The Budget 2004 Student Component increase involved an expenditure of \$99.4 million over four years.

### ADJUSTMENTS TO COMMUNITY EDUCATION FUNDING

The government has introduced a new funding policy for community education delivered by TEIs and funded under course classification 5.1 of the Student Component. The new policy has been determined following consideration of the input of sector groups.

A new funding category has been created for community education courses, with a reduction of the funding rate from \$5,707 per equivalent full-time student (EFTS) in 2004 to \$5,000 for 2005.

A cap has been introduced on the total number of places funded in course classification 5.1 over the 2004 to 2006 period, with a total of 43,500 EFTS available. This is a reduction from anticipated numbers of approximately 60,000 EFTS over that same timeframe. The places will be allocated through a notional allocation of EFTS to each institution, with some additional EFTS to be made available on the basis of alignment to the TES and to the government's priorities for ACE.

Notional allocation EFTS will not be guaranteed, but will be subject to a test of alignment to the TES and ACE as providers' profiles are assessed. Providers, in negotiation with the TEC, will have some flexibility in how they distribute their notional allocation over the 2004 to 2006 period.

Approximately 3,000 EFTS will be available for allocation by the TEC through the assessment of institutions' profiles process on a prioritised basis. The reason for the priority pool is that it will allow providers that have not traditionally provided many course classification 5.1 EFTS to gain funding in the future for community education that meets the government's priorities.

### QUALITY ASSURANCE AND PERFORMANCE IN ADULT COMMUNITY EDUCATION (ACE)

\$16 million has been committed by the government to support ACE providers as they move towards implementing quality assurance requirements. Part of the funding is for the New Zealand Qualifications Authority to discharge its responsibilities for ACE, and for the Education Review Office (ERO) to provide quality assurance for schools that provide ACE.

The budget initiative will enhance the quality of ACE provision by:

- funding for the implementation of quality assurance requirements
- developing the capability of the ACE sector to deliver quality performance, including funding 'umbrella' providers to improve quality in ACE provision by community organisations, and
- funding for previously unfunded ACE providers that perform well in the ACE priority areas.

### STRATEGIC REVIEW AND PLAN FOR THE TERTIARY EDUCATION WORKFORCE – PHASE 2

The government has committed \$452,000 through Budget 2004 for a strategic review and plan for the tertiary education workforce to be undertaken from July 2005. This review is designed to contribute to the development of a workforce that will enable TEOs to provide relevant and high-quality education and research. This should also help the tertiary education system to contribute to New Zealand's knowledge society.



Other changes include:

- reducing the course-load limit for students who want to take out a student loan for tuition fees for part-time, part-year study under certain conditions
- simplifying the administration of the Student Allowances Scheme, and
- providing extra funding for Student Job Search to help it improve its capability.

Further information on these changes to the student support system is outlined in a guide that can be found on the Ministry of Education and StudyLink websites.

#### **WORKFORCE SKILLS TRAINING INITIATIVES**

Funding has also been set aside for a range of initiatives that will improve the effectiveness and responsiveness of workforce skills training. These include funding for:

- The expansion of the **Gateway** scheme. Gateway is a programme that integrates structured workplace learning with senior secondary students' classroom-based learning. Students achieve credits in the workplace, which they can use towards qualifications on the National Qualifications Framework. Gateway will be expanded to all decile 1 to 6 schools by 2008. The new funding should see Gateway opportunities available to over 6,000 senior school students in approximately 160 schools in 2005.
- **Moving towards a single funding rate for industry training of \$3,200 per Standard Training Measure (STM)**. The move to a single STM rate in 2007 will provide certainty and stability for ITOs, providing them with a solid basis for their strategic and business planning. The level of government contribution also maintains the need for an industry contribution. The transition to a single STM rate will occur between 2005 and 2007. Growth in numbers of industry training will be maintained during this period. The transition to a single STM rate represents the final stage of the implementation of the funding recommendations of the Industry Training Funding Category Review that began in 2002. The initiative will cost \$25 million over four years.
- **Additional funding for Modern Apprenticeships** to fund an additional 500 apprentices by June 2006, taking the total at that date to 8,000. This initiative will help improve skills in industries and has been allocated approximately \$11 million over four years.
- **Skill New Zealand Learning Champions** which is an expansion of the tripartite Skill New Zealand initiative designed to create greater awareness of industry training and workplace learning. The parties to the Skill New Zealand initiative are the New Zealand Council of Trade Unions, Business New Zealand and the Associate Minister of Education (Tertiary Education). The TEC is providing support to the initiative. A two-year pilot will commence in 2005 to identify and train 100 Learning Champions from worksites to encourage and facilitate further education and training in the workplace. This initiative will cost \$1 million over four years.
- **Skills Development in the Textiles, Carpet, Footwear and Clothing Industries (TCFC)**. The TEC will lead a project designed to enhance the education and training opportunities within the TCFC sector. The TEC will coordinate the relationship between government agencies, Textiles New Zealand and the sector. It will work with Textiles New Zealand and the Apparel and Textiles Industry Training Organisation to develop education and training that will provide the skills needed for the future of the industry. The cost of this initiative will be \$150,000 in 2004/05 and 2005/06.
- **Government Forestry Industry Partnership: Labour and Skills**. This initiative is designed to encourage investment in the forestry sector. The Budget 2004 funding supports the ongoing development of facilities at the National Centre of Excellence in Wood Processing at Waiariki Institute of Technology in Rotorua. Budget 2004 provided capital funding of \$5 million over five years.

