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Chapter 17: Postscript

The year 2008 was the first year of operation for the 'investing in a plan' system for tertiary education and the implementation of a new funding system. This involved a move from almost all of an institution's government funding being based on student numbers to a system under which 70 percent of funding is based on student numbers and about 30 percent is based on funding for capability building.

Most tertiary education institutions have an investment plan approved for three years. This is intended partly to provide greater certainty of funding to institutions.

The focus of Budget 2008 for tertiary education was on maintaining and enhancing government's investment in order to ensure the ongoing integrity of the new funding system.

Government made significant investments to support a broad suite of initiatives designed to raise the language, literacy and numeracy skills of the New Zealand workforce. This represents the first major investment that will support the implementation of the Unified Skills Strategy, which was also launched during 2008.

Budget 2008 also included a significant increase in the government's contribution to student support initiatives (student loans and allowances, and student scholarships) to ensure that all New Zealanders are able to participate and achieve in tertiary education and are not prevented from this because of financial circumstances.

New information from the 2008 enrolment collections shows that the number of domestic students in formal tertiary study programmes decreased, compared to the same period a year earlier. Converting the enrolments to equivalent full-time student units revealed a lower decrease in participation in 2008. The decrease was due mainly to lower enrolments in non-degree certificate qualifications, while there were increases in the number of students enrolled in doctorates, bachelors with honours, and postgraduate certificates and postgraduate diplomas. Study at bachelors-, masters- and diploma-level remained stable.

Maintaining investment in tertiary education

2008 saw the implementation of a number of key elements of the tertiary education reform programme – the 'investing in a plan' system began with tertiary education organisations moving from charters and profiles to investment plans that identify each organisation's contribution to the tertiary education strategy and that set a number of performance indicators. Linked to the investment plans is a new funding system made up of a student achievement component and a tertiary education organisation component. A key feature of this system is that all tertiary funding is constrained. Previously if there were more students participating than were forecast the government would provide extra funding to pay for those extra students: now tertiary education organisations have to manage any growth within a constrained budget. The Tertiary Education Commission approves each tertiary education organisation's plan, which describes the mix of provision at that organisation. Plans are developed in consultation with stakeholders.

The focus for Budget 2008 was on maintaining and enhancing the government's investment in tertiary education. The most significant investment in this regard was in addressing the cost pressures faced by tertiary education organisations, by indexing funding for the student achievement component, industry training and Modern Apprenticeships and adult and community education against forecast inflation growth in 2009, 2010 and 2011. This change, which will cost \$334 million over four years, will give providers greater assurance about the level of funding available over the three-year investment cycle. While inflation adjustments were previously made to student component funding, it is the first time government has extended this approach to industry training and adult and community education.

Government also agreed to provide funding through the student achievement component at a cost of \$56.6 million for increased enrolments in universities and institutes of technology and polytechnics in priority areas – young people enrolling in degree-level study, and higher participation in trade and technical qualifications. A similar adjustment was made to the tertiary education organisation component in order to maintain proportionality with the student achievement component.

The government also announced details of its new Tertiary Education Capital Investment Fund, and an additional \$95 million over three years. This fund will provide a mechanism for the government to prioritise its capital investments in tertiary education institutions.

New Zealand Skills Strategy and Schools Plus

The New Zealand Skills Strategy was launched in April 2008. This strategy is aimed at developing a skills system that will meet the long-term needs of the New Zealand economy. It represents a unified approach by the Skill New Zealand Tripartite Forum, which is made up of representatives from government (including Ministers and officials), Business NZ, the New Zealand Council of Trade Unions and the Industry Training Federation.

One key area of focus for the skills strategy in 2008 has been on increasing the literacy, language and numeracy skills of the workforce. As part of Budget 2008, the government committed \$157 million over four years to build the supply, quality and capability of literacy and numeracy provision in the tertiary education system. A further \$9 million over four years will be allocated through the Department of Labour to support initiatives to raise employers' demand for literacy and numeracy provision.

Related to the skills strategy, but with a different focus, Schools Plus has been developed to achieve the government's goal that all young people are in education, skills development, or structured learning, relevant to their needs and abilities, until the age of 18. Schools Plus will involve changes in the senior secondary school system. It also raises a number of issues for the tertiary sector, as there will be a need to enhance learning opportunities beyond school for young people – in provider-based tertiary education, in industry training and in such targeted programmes as Youth Training.

Student support changes

During 2008, the government made a number of changes in the student support area to increase its contribution toward addressing the financial barriers to participation in tertiary education.

Two changes have been made to the student allowances scheme:

- The age at which the personal income threshold applies was lowered from 25 years to 24 years.
- The parental income threshold will increase by 10 percent from 1 January 2009.

This opened up access to student allowances to an estimated 17,000 additional recipients each year, and represents further progress past the government's goal that 50 percent of all full-time students should be eligible for student allowances. Latest estimates (as at the Budget

and Economic Fiscal Update 2008) suggest that these changes will increase uptake to 62 percent in 2009. Fifty-seven percent of full-time students were forecast to qualify for student allowances in 2007.

Government has also agreed to index the maximum student loan living costs entitlement against inflation on an annual basis from 1 April 2009, with an initial increase from \$150 to \$155 from 1 January 2009. This represents the first increase to the living costs component of the student loan since it was introduced in 1992.

Budget 2008 also provided for an increase in the number of Bonded Merit Scholarships from 1,000 new scholarships per year to 1,500. Bonded Merit Scholarships recognise and reward New Zealand's most academically capable students in their second year of study for a bachelors degree. These scholarships provide a maximum of \$3,000 per year toward course fees for up to four years.

Research

The Tertiary Education Commission commissioned a review of the Performance-Based Research Fund during 2008. The review was conducted by Jonathan Adams, a leading British expert on the assessment and measurement of research performance, and had extensive input from people in tertiary education organisations. The review report, released at the end of August 2008, highlighted the following key areas for review in 2012:

- using research groups – rather than individuals – as the unit of assessment to encourage the development of sustainable age and experience profiles
- changing the funding category weightings to ensure recognition of the best research
- changing the funding category weightings that make some subject areas more valuable than others, and
- the access to the fund of polytechnics and private training establishments.

Quality assurance

The tertiary education reforms have involved the development of a new approach to quality assurance. The New Zealand Qualifications Authority has been leading work on the new system, which will use an evaluation methodology as part of the quality assurance process. Under the new system, each tertiary education organisation will be expected to undertake self-assessment to lift the quality of teaching, learning and research. The self-assessment will be complemented by an external review under which the organisation would demonstrate the effectiveness of their work to independent reviewers. The New Zealand Qualifications Authority conducted a pilot of the new system in 2008 involving eight tertiary education organisations.

International education

In June 2008, government agencies completed the first annual work programme under the International Education Agenda 2007-2012. The agenda coordinates and drives government's activities in international education in a new direction. It lays out a range of activities that will contribute to the achievement of the following economic and social goals:

- 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 the wider economic and social benefits of international education.

Progress made in achieving these four high-level goals can only be measured over the long term. However, some key initiatives are already providing benefits to New Zealand and to international students and their tertiary education organisations.

An initial review of the 'domestic fees for international doctoral students policy', found that international doctoral enrolments rose from 693 in 2005 to 1,520 in 2007. The New Zealand Tertiary Study Abroad Awards were also successful in providing funding in 2007/08 for 239 students to study overseas as part of their undergraduate or postgraduate programme.

The appointment in April 2008 of an education counsellor to oversee New Zealand's education engagements with the Gulf States, brings the number of education counsellors at overseas posts to eight and completes New Zealand's education counsellor network.

Government committed further funding to international education in Budget 2008, by providing additional funding for education promotion abroad. This increases annual funding for promotions for 2009/10 and out-years to \$1.45 million.

2008 enrolments

Between January and August 2008, there were 417,000 students formally enrolled in study programmes at tertiary education providers. This included 35,900 international student enrolments. Compared with the same period a year earlier, there were 4.9 percent fewer domestic enrolments and 4.0 percent fewer international enrolments in 2008. In contrast, preliminary information indicates that the number of trainees engaged in work-based training is likely to be higher in 2008, compared to 2007 when the number of industry trainees totalled 186,000.

The 2008 decrease in the number of students at public tertiary education institutions was 18,200 and 5,660 at private training establishments. When the 2008 enrolments were converted to equivalent full-time student units and compared with the same period a year earlier, the decrease was considerably lower for domestic enrolments, at 1.2 percent. For international enrolments, the fall in equivalent full-time student units was 6.4 percent. In 2008, international enrolments fell for the fourth consecutive year, following strong growth from 2000 to 2004.

The latest available information shows that the decline in domestic enrolments was mainly in lower-level certificates. In the period to August 2008, 47 percent of domestic students (197,000) were enrolled in government-funded tertiary education providers in certificate-level study. This compared to 50 percent in the same period in 2007. In 2008, there were also 67,100 students (16 percent) in diploma study, 144,000 (35 percent) in bachelors-level study, and 38,400 (9.2 percent) in postgraduate study. Partially offsetting the decrease in certificate-level enrolments was an increase in study at the postgraduate level.

In terms of equivalent full-time student units, bachelors-level study had the highest participation – representing 44 percent of all enrolments in the period January to August 2008.

Compared with the same period a year earlier, the number of domestic students decreased in 2008 at universities by 1.2 percent. Also, enrolments fell at institutes of technology and polytechnics by 8.0 percent, at wānanga by 4.0 percent and by 8.4 percent at private training establishments.