The tertiary education sector is made up of a variety of organisations, agencies and individuals each with a special role and contribution to make to the overall outcome of tertiary education. From the minister responsible for tertiary education to the first-year student, individuals contribute to or benefit from the activities of the sector. From the Ministry of Education to the smallest private training establishment, the goals are similar – to offer opportunities to those who wish, for whatever reason, to increase their knowledge.

This section sets the context for the rest of this report by describing the agencies and organisations that make up the sector.
INTRODUCTION

This chapter gives an overview of the tertiary education system in New Zealand. It explains what we mean by the term ‘tertiary education’, outlines the variety of tertiary education providers (TEPs) in this country, and explains what types of tertiary education there are, who provides tertiary education and how the system is managed. This chapter also looks at the contributions made by national agencies in supporting the quality of tertiary education and training in New Zealand, including the work of quality assurance agencies and government agencies.

THE TERTIARY EDUCATION SYSTEM IN NEW ZEALAND

The New Zealand tertiary education system makes a unique and invaluable contribution to the country's national development in all dimensions – social, economic and environmental. It passes on skills needed in the workforce, it gives people the opportunity to build careers, it contributes to social cohesion and it is responsible for much of the country’s innovation and knowledge creation.

Tertiary education in New Zealand includes all post-school education. It includes:

• foundation education, such as adult literacy and second-chance education for those with low qualifications who are looking for employment
• certificates and diplomas
• bachelors degrees
• industry training, including Modern Apprenticeships
• Adult and Community Education (ACE), and
• postgraduate qualifications, many of them requiring students to conduct substantial original research.

The diversity of the tertiary education sector is evident in the mix of organisations that make it up: public tertiary education institutions (TEIs), private training establishments (PTEs), industry training organisations (ITOs), ACE providers and others. In addition, employers provide industry-related training and training in the workplace.

There are four kinds of TEIs – universities, institutes of technology and polytechnics (ITPs), colleges of education (CoEs) and wānanga.

Another 16 tertiary education providers, known as 'other' tertiary education providers (O艏Ps), also deliver programmes of national significance and receive government funding.

• 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, undertake research in a wide range of fields and provide pathways into higher levels of tertiary education from lower levels. 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 2004, the eight universities collectively enrolled 165,000 students, including 136,000 domestic students. These enrolments represented 125,000 equivalent full-time students (EFTS).
• ITPs 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 15 years to meet the increasingly diverse needs of learners and the economy. Many ITPs offer applied degree-level education and are involved in research activities, particularly applied research and research in technological areas. ITPs provide pathways into tertiary education for adult learners and for learners with low prior qualifications, preparing them to achieve at higher levels. ITPs offer regional tertiary education; there are 20 ITPs spread across the country. The number of students enrolled at ITPs in 2004 was 214,000 or 78,000 EFTS.
• CoEs provide training and research mostly related to early childhood, compulsory and post-compulsory education. These colleges also offer other programmes in addition to teacher education, for instance business and social work qualifications. The number of colleges has reduced over the past decade, from six in the early 1990s to two in 2005, as they have merged with nearby universities. In 2004, there were 14,500 students at CoEs, or 8,000 EFTS.
• Wānanga – Māori centres of tertiary learning – were formally recognised as TEIs 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, provides pathways for Māori learners into
The tertiary education sector

other TEIs and promotes the development of kaupapa Māori provision. There are three such wānanga. The three had 70,000 students or 32,000 EFTS in 2004.

There are nearly 900 registered PTEs which cater for a range of learners. Registered PTEs must meet financial, educational and management quality requirements set by the New Zealand Qualifications Authority (NZQA) to provide some safeguards for learners. They must also meet the financial and management requirements set by the Tertiary Education Commission (TEC). Some PTEs are funded by the government for the delivery of targeted training programmes and some have arrangements with ITOs to deliver industry training, funded through the Industry Training Fund while others receive tuition subsidies through the Student Component of the Integrated Funding Framework, and some receive no Crown funding at all. In all, nearly 250 PTEs received government funding in 2004 through the Student Component, while about 300 received funding through Youth Training and Training Opportunities, the two largest targeted training programmes funded by the TEC. Many of those that receive no funding are English language schools that cater for full-fee-paying international students. Others offer training for specific employers on a full cost-recovery basis.

There is also considerable formalised training activity in the workplace. Some of this is funded through the Industry Training Fund, while the rest is supported by business.

Industry training (including Modern Apprenticeships) is facilitated through ITOs. At the end of 2004 there were 41 ITOs around the country, established by particular industries or groups of industries.

ITOs facilitate workplace learning for trainees in employment by:
• setting national skill standards for their industry
• developing appropriate training arrangements for their industry which will lead to qualifications recognised on the National Qualifications Framework (NZQF)
• 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 trainees and their employers.

Industry training provides education and training opportunities to the workforce to raise skill levels and boost competitive advantage for business. The delivery of industry training is flexible and can be on-job training or off-job training, through a registered training provider, or a combination of both. 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 on the job. Often, the relevant ITO 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 2004, industry contributed $46.6 million in cash to industry training, representing 28 percent of the total cost.

THE GOVERNMENT’S GOALS FOR TERTIARY EDUCATION – THE TERTIARY EDUCATION STRATEGY

The government’s goals for tertiary education are set out in the Tertiary Education Strategy 2002/07 (TES). This is a high-level strategy that articulates the key goals and targets for New Zealand’s tertiary education system and defines how the system will help give effect to the government’s vision and goals for New Zealand.

The TES lists six national goals:
• economic transformation
• social development
• Māori development
• environmental sustainability
• infrastructural development, and
• innovation.

The TES then outlines a number of key changes for the system that the government considers important if the sector is to make a real contribution to those six national goals:
• greater alignment within the system with the government’s national goals
• improving linkages between tertiary education organisations (TEOs) and business and other external stakeholders
• creating effective partnerships between TEOs and Māori communities
• greater responsiveness in the sector to the needs of learners
• more future-focused strategies in TEOs
• wider global linkages
• increased collaboration and rationalisation within the system
• higher quality, performance, effectiveness, efficiency and transparency, and
• a culture of optimism and creativity in the sector.

The TES is based around six main strategies, each of which includes a number of subordinate and more detailed objectives. The six main strategies are:
• Strengthen system capability and quality
• Te Rautaki Mātauranga Māori – Contribute to the achievement of Māori development aspirations
• Raise foundation skills so that all people can participate in our knowledge society
• Develop the skills New Zealanders need for our knowledge society
• Educate for Pacific peoples’ development and success, and
• Strengthen research, knowledge creation and uptake for our knowledge society.

More detailed guidance about achieving the goals and objectives of the TES comes from the Statement of Tertiary Education Priorities (STEP) which the Minister of Education releases every one to three years. The development of each new STEP incorporates the priorities sought by government from the goals of the TES. Its development follows extensive consultation with the tertiary education sector, government agencies and other key stakeholders. It applies across the entire tertiary education system, and sets out the government’s immediate priorities for the performance of the system. The current STEP (2005-07) focuses on four major connected themes:
• Investing in excellence in teaching, learning and research.
• Increasing the relevance of skills and knowledge to meet national goals.
• Enabling students and learners to access excellent and relevant tertiary education, and progress to higher levels of study and achievement.
• Enhancing capability and information quality in the tertiary system to support learning, teaching and research.

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 TES and the STEP
• describes the basis for the funding of tertiary education, and
• defines the constitution and functions of different types of TEI.

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 TEIs are governed by the State Sector Act 1988 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 TEC, NZQA and Career Services rapuara.

The Ministry of Education is the government department responsible for developing the policy framework for tertiary education and advising Ministers on the development of the TES and the STEP. It advises Ministers on the broad parameters of the funding system and how tertiary education policy might be shaped to improve outcomes for learners. It is also responsible for monitoring the success of the TES, collecting and managing data on tertiary education, and monitoring the performance of the overall system. The Ministry of Education is also responsible for monitoring the financial performance of TEIs.

The Tertiary Education Commission Te Amorangi Mātauranga Mauta (TEC) is a Crown agency. The Commission is made up of a board of six to nine commissioners appointed by the Minister.

The TEC is responsible for:
• giving effect to the STEP
• allocating the government’s tertiary education funding to TEOs according to the Integrated Funding Framework for tertiary education.
The tertiary education sector

- advising government on the TES and the STEP, sector activities and the performance of the sector
- negotiating a system of charters and profiles to steer the tertiary education system, and
- conducting research and monitoring in support of its roles.

The New Zealand Qualifications Authority (NZQA), like the TEC, is a Crown agency. Like the TEC, 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 NZQF
- register PTEs and conduct quality assurance
- establish and maintain the New Zealand Register of Quality Assured Qualifications
- administer the trade, vocational and school sector assessments, and
- evaluate overseas qualifications for immigration and employment purposes.

Career Services rāpapa 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 to use career information to best effect
- 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, 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.

The New Zealand Teachers' Council

The New Zealand Teachers' Council is a Crown entity responsible for, among other things, providing professional leadership in teaching and promoting best practice and professional development. These roles mean that the Teachers' Council is involved in the approval and monitoring of teacher training and teacher education qualifications offered in the tertiary education sector. All programmes leading to registration as a teacher must meet the criteria of the New Zealand Teachers' Council in addition to meeting the general approval and accreditation criteria.

Ministry of Social Development

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

Financial support is provided to students by StudyLink, a service of MSD. 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 providers and student groups.

Inland Revenue Te Tari Taake

Inland Revenue (IRD) is responsible for the assessment and collection of student loan repayments once loans have been transferred for collection. IRD also determines entitlement to interest write-offs.

In addition, IRD is responsible for the Student Loan Scheme Act 1992 and the annual regulations made under that Act which set the interest rates, the full interest write-off threshold for low-income students and the repayment threshold.
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 around three main elements:

• quality assurance
• steering the system – using the assessment of charters and profiles to improve alignment between the work of TEOs and the government’s strategic goals for tertiary education, and
• provision of government funding.

Quality assurance is required before a TEO can be registered to offer qualifications. It is also a prerequisite for access to any government funding. The assessment of charters and profiles is intended to help ensure that each TEO that receives government funding will make a contribution to the achievement of the goals of the TES. Having an approved charter and profile is also a prerequisite for access to funding.

This section also looks at how the funding system works and how funding is provided.

Quality assurance in tertiary education in New Zealand

High-quality qualifications and study programmes are a key requirement for students in the tertiary education sector. This section looks at the central role of national quality assurance agencies in tertiary education.

Key components of the current quality assurance system

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 TEPs.

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

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

• NZQA, and
• the New Zealand Vice-Chancellors’ Committee (NZVCC).

NZQA has delegated some of its powers to the Institutes of Technology and Polytechnics of New Zealand (ITP New Zealand) and to the Association of Colleges of Education in New Zealand (ACENZ).

These organisations have created quality assurance bodies to give effect to that delegation and to manage the quality assurance processes. ITP New Zealand approvals are exercised by ITP Quality, while ACENZ has established the Colleges of Education Accreditation Committee (CEAC). As the delegating authority, NZQA has responsibility to audit ITP Quality’s and CEAC’s quality assurance systems. NZQA retains responsibility for course approval and accreditation of qualifications offered by wānanga and PTEs and for all degree qualifications offered by providers other than universities and polytechnics. Its approval and accreditation functions are exercised by its Approvals, Accreditation and Audit (AAA) group.

NZQA has a quality audit requirement in place 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, NZQA and the TEC have
carried out monitoring and auditing of academic quality, student record operations and financial viability.

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 5.

**Institutes of Technology and Polytechnics**

**Quality (ITP Quality)**

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

ITP Quality is responsible for approving polytechnic programmes at undergraduate degree level and below and for accreditation of ITPs to deliver approved programmes, including programmes based on unit standards registered on the NQF. ITP Quality has also been granted the authority from NZQA to audit ITPs and is currently nearing the end of the second round of audits of ITPs for compliance and effectiveness against academic standards. An ITP that successfully meets the standards may be awarded ‘quality assured’ status for a period of four years.

**Colleges of Education Accreditation Committee (CEAC)**

The Association of Colleges of Education in New Zealand (ACENZ) holds delegated authority from NZQA for the approval and accreditation of non-degree programmes offered by CoEs. CEAC carries out this function for the association.

Colleges are required to have in place a quality management system which documents the policies, procedures and review mechanisms for the ongoing oversight, maintenance, development and delivery of their academic work.

The committee's approval and accreditation processes are based on the quality management systems of the colleges and their capacity to deliver their programmes and qualifications.

CEAC's systems for its operation as a delegated authority are audited by NZQA.

**New Zealand Vice-Chancellors’ Committee (NZVCC)**

NZVCC derives its authority from the Education Act 1989. It provides quality assurance for university qualifications through its Committee on University Academic Programmes (CUAP).

The New Zealand Universities Academic Audit Unit (NZU AAU) carries out quality audits of the eight universities.

**The Committee on University Academic Programmes (CUAP)**

CUAP is a standing committee of the NZVCC 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 NZQA, 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.

The CUAP's sub-committee on university entrance co-ordinates advice on the common standard of entrance to universities. The sub-committee also regulates discretionary entrance and co-ordinates the evaluation of overseas qualifications for the purposes of admission to university.
The New Zealand Universities Academic Audit Unit (NZU AAU)

NZU AAU was established by the NZVCC to carry out academic quality audits of all the 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 other quality assurance bodies working in tertiary education in New Zealand, and with similar agencies internationally.

Inter-Institutional Quality Assurance Bodies Consultative Group (IIQABCG)

The IIQABCC has been established by NZQA as a forum for quality assurance bodies. This group brings together all the quality assurance oversight bodies of NZQA, the NZVCC, ITP New Zealand and ACENZ. 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.

Steering the tertiary education system

The TEC’s role includes giving effect to the government’s tertiary education priorities, set out in the STEP. The TEC is also responsible for operating the government’s funding mechanisms – allocating funding to TEOs. The key instruments that the TEC uses in managing these responsibilities are charters and profiles.

Charters are public documents that illustrate an organisation’s contribution to the TES and to the wider tertiary education system and its stakeholders. They are high-level governance documents providing a broad description of the provider’s or ITO’s mission and role in the tertiary education system. The charter indicates the type of education and other activities that the provider or ITO will position itself to deliver and the organisation’s engagement with other providers and/or stakeholders. Charter approval is the first prerequisite for eligibility for public funding for quality-assured providers. Charters are approved by the Minister, on the advice of the TEC and, in the case of TEIs, the Ministry of Education.

The annual profile describes in greater detail the organisation’s strategic direction, activities, policies and performance targets for the next three years. Profiles have to be submitted each year by all publicly-funded TEOs. The TEC is responsible for assessing profiles and, if necessary, suggesting and discussing changes in the profile. When it is satisfied, on the evidence in the profile, that the TEO is making a suitable contribution to the TES, the TEC will approve the profile – thereby providing access to funding. The profile contributes to a more detailed map of the tertiary education sector and establishes more consistent monitoring, reporting and accountability for publicly-funded organisations.

The TEC uses an assessment of the strategic relevance of courses and qualifications to determine which TEOs gain approval for access to public funding or to pursue particular initiatives. The TEC’s assessment complements quality assurance and the performance monitoring and accountability requirements established through profiles.

TEOs report on the performance and financial targets set out in their profiles in an annual Statement of Service Performance. The TEC, NZQA and the Ministry of Education also carry out a range of other monitoring activities.
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THE TERTIARY EDUCATION SYSTEM

NEW ZEALAND’S NATIONAL DEVELOPMENT GOALS

TERTIARY EDUCATION STRATEGY
Sets tertiary education system priorities including links for other relevant government strategies
• National goals
• Key changes
• Specific strategies

STATEMENT OF TERTIARY EDUCATION PRIORITIES

ASSESSMENT OF STRATEGIC RELEVANCE
• Defines assessment criteria for charter and profile approval and for considering structural decisions
• Forms framework for the TEC’s negotiations

CHARTERS AND PROFILES
• Gather from tertiary organisations information on their strategic direction and activities
• Charters reflect an organisation’s strategic direction with respect to the Tertiary Education Strategy
• Profiles reflect how an organisation will give effect to the charter, and will include performance indicators

ASSESSES

MONITORING AND EVALUATION
Measuring system-wide progress to inform future STEPs and strategies and other evaluation activities that inform future directions

FUNDING: ALIGNS WITH KEY DIRECTIONS IN THE STRATEGY
Student Component, Industry Training, Training Opportunities and Youth Training, Research, Student Support, Adult and Community Education

FUNDING

Tertiary education system and organisational capability that reflect New Zealand’s national goals

Research that supports New Zealand’s national goals and develops the capability of our researchers

Equips New Zealanders with the skills and knowledge they and the nation need to prosper
How funding works

The tertiary education system has an Integrated Funding Framework. This framework is intended to complement the tertiary education reforms and the TES. Its purpose is to resource and steer the tertiary education system, while providing TEOs 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 (through the Student Component, the Industry Training Fund, Modern Apprenticeships, Training Opportunities and Youth Training, Gateway, Adult Literacy, Community Education, English for Speakers of Other Languages (ESOL) and other foundation education)
- funding for research (through Centres of Research Excellence (CoREs) funding and the Performance-Based Research Fund (PBRF)), and
- targeted funding, through a Strategic Development Component.

The framework as a whole has the following general features:

- Funding is delivered to tertiary providers and ITOs as a bulk grant.
- No funding is delivered until the TEC approves part or all of the TEO’s profile for funding purposes.
- Over time, the funding framework is being moved to greater alignment with the goals of the Tertiary Education Strategy 2002/07.

While it is up to the government to set the total amount of funding available for tertiary education and to define the broad funding policies, the TEC is responsible for setting the operational rules for funding and for allocating funding to TEOs.

Funding for teaching and learning

Funding for industry training and Modern Apprenticeships and for targeted funds such as Training Opportunities is delivered through funding contracts between the TEC and TEOs. These contracts specify the number of learners and other performance measures. With industry training and Modern Apprenticeships, it is expected that government funding will be complemented by a contribution from the trainee’s employer to the costs of the training. That contribution may be in cash or it may take the form of a contribution in kind.

The level of funding under the Student Component – by far the largest of the teaching and learning funding streams – is determined by the number of EFTS places for each TEO, calculated from their enrolments. Each course is assigned to a course classification, with each course classification allocated to a funding category that recognises the costs of teaching in the subject area covered by that classification. The funding category carries with it a funding rate per EFTS.

The Student Component is a subsidy – it is not intended to cover all of the cost of education – with the learner expected to pay a tuition fee to help meet the costs incurred by the provider. The policy on the Student Component also allows for a system of fee and course costs maxima (FCCM) that limit the extent to which TEOs can raise the fees they charge their students. The FCCM policy is designed to enhance the affordability of tertiary education for New Zealanders while allowing TEOs some flexibility in the raising of revenue.

The number of EFTS that can be funded each year through the Student Component is subject to some limits. For instance, the government has established a limit to the number of EFTS that can be funded in PTEs. And there are limits to the extent to which increases in a provider’s EFTS will be funded; if, in any year, there is an increase in a provider’s domestic EFTS of more than 15 percent or 1,000 EFTS (whichever is the greater), then the places over that limit will not qualify for funding.1

International students do not generate teaching and learning funding2 and providers are expected to charge fees for international students to cover the full cost of their learning.

A fuller description of the funds can be found in Chapter 5 of this report. Also, Chapter 6 provides information on the funding allocated for teaching and learning, including information on fees.

Funding for research

Until 2004, the main funding for the research activities of TEOs was delivered as a component 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 PBRF is introduced. Under the PBRF, funding is allocated to

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1 In 2005, further limits on growth in enrolments at the certificate and diploma levels were applied.

2 There are two exceptions to this statement. The first is in relation to international students enrolled in wholly research courses. Those students generate some funding in recognition of the contribution they make to the country’s research effort. The second exception relates to international students enrolled for a doctoral degree; from 2006, such students will generate funding in some circumstances.
The tertiary education sector

providers 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, the government invited bids from TEOs to host CoREs, inter-institutional research networks focused on areas of established research excellence of importance to New Zealand. Seven CoREs were funded, each for a period of six years.

In addition to these sources of research funding, TEOs active in research are expected to raise additional research revenue through the contestable science funds funded by the government through Vote Research, Science and Technology. TEOs 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 are explained more fully in Chapters 14 and 15 of this report.

The strategic development component

The strategic development component contains a number of funds intended to help TEOs align their offerings with the TES. Among the funds included in this component are:

*Special Supplementary Grants – Tertiary Students with Disabilities*

This fund provides funding for TEIs to help them provide support that will enable those with disabilities to participate and achieve in tertiary education.

*Partnerships for Excellence*

This fund enables TEIs to seek funding to support major strategic initiatives. Government funding under this scheme is to be matched by contributions from the private sector.

*ITP Business Links Fund*

Under this initiative, ITPs negotiate with the TEC an industry engagement plan that explains how they intend to engage or expand their connections with business and industry groups. The ITPs receive funding on the basis of achieving agreed milestones under these plans.

Among other funds within this component are the *Innovation Development Fund*, intended to help TEIs develop initiatives that will support their strategies, and the *e-Learning Collaborative Development Fund*, which funds projects in which providers work together on innovative e-learning projects.