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Chapter 2

AN OVERVIEW

Early in 2005, New Zealand’s third statement of tertiary education priorities was released by the government. The statement set the priorities for the tertiary education system for 2005/07, in line with the current tertiary education strategy. Its focus is to ensure that funding will target the provision of education that is of a high quality and relevant to New Zealand’s needs. The statement also looks towards the achievement of greater collaboration within the sector.

The profiles developed by tertiary education organisations in 2005 for the period 2006 to 2008 described how they will give effect to the latest statement of priorities and the tertiary education strategy. A recent study examining the influence of the strategy on profiles shows that three strategies stand out as being consistently addressed by providers:

– Skills for our knowledge society
– Te rautaki mātauranga Māori – contribute to the achievement of Māori development aspirations, and
– Capability and quality.

During 2005, the State Services Commission led a review of how the main tertiary education agencies work together. To address the review recommendations, the agencies are now collaborating on a strategic work programme.

LOOKING TO 2006

The Minister for Tertiary Education announced proposals in April 2006 to take further steps in the tertiary education reforms. His announcement included three themes designed to improve the system’s contribution to New Zealand’s goals including those of economic transformation, families and national identity:

– a clearer focus on the distinctive contribution of each type of tertiary education organisation
– a shift in funding towards an investment approach, with multi-year funding provided on the basis of plans, and
– strengthening quality assurance across the sector.

Work has also started on developing the second tertiary education strategy. The strategy will set the government’s goals and priorities for the tertiary education system for 2007/12. The Education Act 1989 also requires the strategy to address the economic, social and environmental contexts and the development aspirations of Māori and other population groups.

Tertiary education in New Zealand

Tertiary education includes:

– 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
– postgraduate qualifications, many of them requiring students to conduct substantial original research, and
– programmes delivered in secondary schools, such as Gateway and the Secondary-Tertiary Alignment Resource (STAR).

UNIQUE CONTRIBUTION

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, 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. 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 (for example, the New Zealand School of Dance), also deliver programmes of national significance and receive government funding. In addition, there are 850 registered private training establishments that cater for a range of learners.
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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 2005, the eight universities collectively enrolled 168,000 students, including 140,000 domestic students. These enrolments represented 128,000 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 2005 was 214,000, including 202,000 domestic students. These enrolments represented 79,500 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, pathways for Māori learners into other tertiary education institutions and promote the development of kaupapa Māori provision. There are three wānanga. Wānanga had 62,200 students or 30,900 equivalent full-time students in 2005.

Colleges of education
Colleges of education provide training and research mostly related to early childhood, compulsory and post-compulsory education. 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 2005, there were discussions between the two colleges and neighbouring universities about mergers, leading to formal public consultation on the possible mergers. During 2006, the government agreed to merge the Christchurch College of Education with the University of Canterbury and the Dunedin College of Education with the University of Otago. In 2005, there were 6,990 students at colleges of education, or 3,930 equivalent full-time students.

Private training establishments
Registered private training establishments must meet financial, educational and management quality requirements set by the New Zealand Qualifications Authority to provide some safeguards for learners. They must also meet the financial and management requirements set by the Tertiary Education Commission. Some are funded by the government for the delivery of targeted training programmes and others have arrangements with industry training organisations to deliver programmes funded through the industry training fund. Some private training establishments receive tuition subsidies through the student component of the Integrated Funding Framework, and some receive no Crown funding at all. In all, some 220 private training establishments received government funding in 2005 through the Student Component, while about 400 received funding through Youth Training and Training Opportunities, the two largest targeted training programmes funded by the Tertiary Education Commission. Many of those that receive no funding are English language schools that cater to full-fee-paying international students. Others offer training for specific employers on a full cost-recovery basis.

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 2005 there were 41 organisations in New Zealand, established by particular industries or groups of industries.

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 or off-job 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 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 2005, industry contributed $55.5 million in cash to industry training, representing 29 percent of the total cost.

THE TERTIARY EDUCATION STRATEGY

The government’s goals for tertiary education are set out in the tertiary education strategy. 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. During 2006, the government released a discussion document leading to the creation of the strategy for 2007 to 2012.

The current tertiary education strategy covers the period 2002 to 2007 and lists six national goals:

1. Economic transformation
2. Social development
3. Māori development
4. Environmental sustainability
5. Infrastructural development, and

The Tertiary Education Strategy 2002/07 is based around six main strategies, each of which includes a number of subordinate and more detailed objectives.

1. Strengthen system capability and quality
2. Te rautaki mātauranga Māori – contribute to the achievement of Māori development aspirations
3. Raise foundation skills so that all people can participate in our knowledge society
4. Develop the skills New Zealanders need for our knowledge society
5. Educate for Pacific peoples’ development and success, and
6. Strengthen research, knowledge creation and uptake for our knowledge society.

More detailed guidance about achieving the goals and objectives of the strategy comes from the statement of tertiary education priorities that the Minister of Education releases every one to three years. The development of each new statement incorporates the priorities sought by government from the goals of the tertiary education strategy. Its development follows extensive consultation with the 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 Statement of Tertiary Education Priorities 2005/07 focuses on four major connected themes:

1. Investing in excellence in teaching, learning and research
2. Increasing the relevance of skills and knowledge to meet national goals
3. Enabling students and learners to access excellent and relevant tertiary education, and progress to higher levels of study and achievement, and
4. 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 tertiary education strategy and the statement of tertiary education priorities
– describes the basis for the funding of tertiary education, and
– defines the constitution and functions of different types of public tertiary education institutions.

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 co-ordinate their work. To address the review recommendations, the agencies are now collaborating on a strategic work programme.

The Ministry of Education

The Ministry of Education 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

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. The commission is responsible for:

– giving effect to the statement of tertiary education priorities
– 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 and the statement of tertiary education priorities, sector activities and the performance of the sector
– providing advice to the Minister on tertiary education policy
– 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

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, Unitec New Zealand and colleges of education
– 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.

Career Services rapuara
New Zealand Career Services 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.

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 interest write-off entitlements for borrowers.

In addition, Inland Revenue is responsible for the administration of 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
– steering the system – using the assessment of charters and profiles to improve alignment between the work of tertiary education organisations and the government’s strategic goals for tertiary education
– 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:
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The New Zealand Qualifications Authority
The New Zealand Qualifications Authority 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. Its approval and accreditation functions are exercised by its Approvals, Accreditation and Audit group.

The 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, including programmes based on unit standards registered on the National Qualifications Framework. ITP Quality has also been granted the authority from the New Zealand Qualifications Authority to audit institutes of technology and polytechnics and, in 2005, it completed the second round of audits of the polytechnics for compliance and effectiveness against academic standards. An institute 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.

A 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

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.

Steering the tertiary education system

The Tertiary Education Commission’s role includes giving effect to the government’s statement of tertiary education priorities. The Tertiary Education Commission is also responsible for operating the government’s funding mechanisms – allocating funding to tertiary education organisations. The key instruments the Tertiary Education Commission uses in managing these responsibilities are charters and profiles.

Charters

Charters are public documents that illustrate an organisation’s contribution to the tertiary education strategy 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 industry training organisation’s mission and role in the tertiary education system. The charter indicates the type of education and other activities that the provider or industry training organisation will position itself to deliver and it describes the organisation’s engagement with other providers and 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 Tertiary Education Commission.

Profiles

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 tertiary education organisations, unless exempt. The Tertiary Education Commission 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 tertiary education organisation is making a suitable contribution to the tertiary education strategy, the commission 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 government has announced its intention to strengthen the profile system substantially. The profile of a tertiary education organisation will become more closely linked to funding. It will provide a plan that will be the basis on which the Tertiary
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The study looked at two sets of profiles developed by tertiary education institutions and industry training organisations covering the periods 2005 to 2007 and 2006 to 2008. It found that there was a considerable uniformity of response to the tertiary education strategy. Of the 27 theme areas used to analyse the profiles, 10 themes were reported on for both periods by tertiary education organisations. There were also six areas that had a very low response with only 5 percent of tertiary education organisations responding to these themes. For more information on this study see: http://educationcounts.edcentre.govt.nz/publications/homepages/tes/index.html

How funding works

The tertiary education system has an integrated funding framework. This 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 (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 and other foundation education)
- funding for research (through centres of research excellence funding and the Performance-Based Research Fund), 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 industry training organisations as a bulk grant.
- No funding is delivered until the Tertiary Education Commission approves part or all of the provider’s profile for funding purposes.

The government has signalled its intention to strengthen the funding system so as to link funding more closely with its strategy for the system. Funding will be closely linked to the quality and relevance of a tertiary education organisation’s provision through the investing in a plan process – where
investments will be made in provider plans that are closely linked to stakeholders’ needs and government priorities. 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 for longer periods – rather than the current annual funding.

Funding for research

Until 2005, 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 2005 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, the government decided that it will continue to fund centres of research excellence beyond 2008. An additional $10 million in operating funding and a one-off capital injection of $20 million has also been allocated for the 2007/08 year. In 2006, bids will be invited for extension of existing centres and/or the possible addition of two more centres of research excellence.

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 are explained more fully in chapters 12 and 15 of this report.

The strategic development component

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

– Special Supplementary Grants – Tertiary Students with Disabilities

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

– Partnerships for Excellence

This fund enables public tertiary education institutions 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, polytechnics negotiate with the Tertiary Education Commission an industry engagement plan that explains how they intend to engage or expand their connections with business and industry groups. The polytechnics 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 tertiary education institutions 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.
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