

Last year's monitoring report covered the development of the tertiary education system during the initial period of the TES and tertiary education reforms. The focus at that time was on developing infrastructure and implementing new policy.

At the time of writing this report, the major infrastructural changes have been largely implemented. Charters have been approved for all government-funded providers. All providers have gone through at least two rounds of profiles. Plans are well underway for the second round of the Performance-Based Research Fund (PBRF).

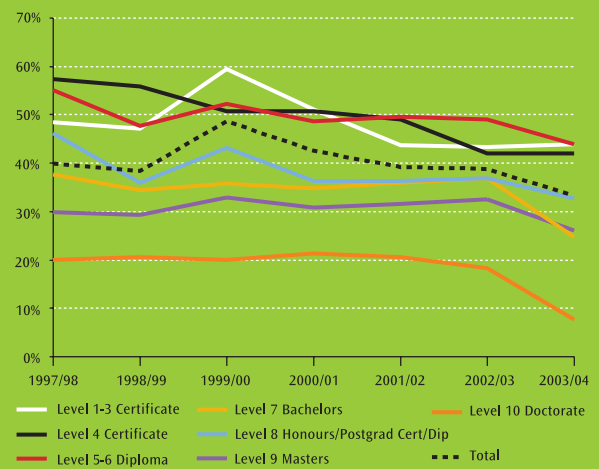
Since early 2005, a number of substantive issues have emerged. It has become evident that more substantive changes to funding for teaching and learning are required to ensure a stronger focus on quality and relevance. Some institutes of technology and polytechnics (ITPs) and wānanga had been building sub-degree provision in areas of low relevance, in some cases to subsidise financial shortfalls in areas of core provision. There is also a need to shift the quality arrangements from a focus on minimum standards to lifting quality and encouraging excellence. More coordinated management and leadership from the government agencies is required to provide integration across policy, funding and quality arrangements.

In response, the government has introduced and proposed a number of changes. A review of the education agencies has resulted in improved coordination across the agencies and clarification of agency roles. The government has established a fund to reinvest in high quality and high relevance provision in ITPs and wānanga, funded from the savings resulting from removing low-relevance provision. Government has proposed significant changes to the funding of teaching and learning to be in place in 2008. This includes plans to strengthen the profiles process by linking it to multi-year funding agreements and to reshape quality arrangements.

General trends affecting tertiary education

It appears that overall participation in tertiary education has peaked in 2005, with indications of falling enrolments in 2006. Participation remains heavily weighted towards sub-degree provision. Enrolments in short courses at certificate level have continued to grow. At the same time, retention and progression rates appear to be improving.

Figure 1: First-year attrition rates by level of study 1997/98–2003/04

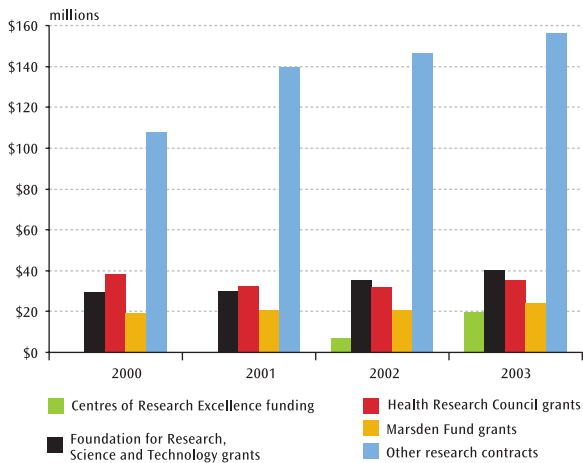


Historically high levels of employment continue to result in ongoing skill shortages, at all levels of skill. Even with the economy slowing down, skill shortages are forecast to continue. If New Zealand is to improve its standard of living, it needs to increase productivity. Increasing the quality and relevance of tertiary education is one of several factors that can contribute to increased productivity. Raising the skills of those with low levels of literacy and numeracy is also critical, both to raise productivity and ensure that more people are able to access work opportunities.

There is an ongoing challenge to ensure that New Zealand's research and development effort stays at the cutting edge of international developments. This requires attention to the research infrastructure to ensure that New Zealand researchers can access the latest facilities and techniques.

University research contract income continues to grow, with the increase mostly coming from contracts other than those funded through government research funds. The shift in the research policy environment towards supporting commercialisable knowledge has resulted in a step-change in the number of research-based spin-off companies formed by universities.

Figure 2: University research contract income by source 2000–2003



Source: Tertiary Education Commission, annual reports of universities, Royal Society of NZ, Foundation for Research, Science and Technology and Health Research Council

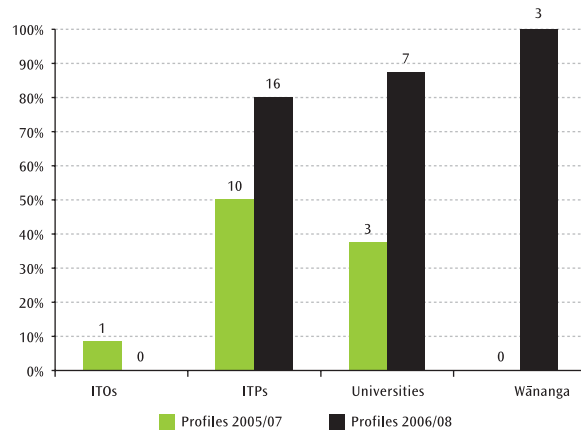
Investing in excellence in teaching, learning and research

Good progress is being made towards the establishment of a centre to promote excellence in tertiary teaching and learning - Ako Aotearoa: Tertiary Teaching for Learning Centre. There is an increased change-focus in TEO profiles on the quality of teaching and learning. This focus is shifting from infrastructural changes to supporting the professional development of teachers to provide quality teaching and learning.

There is increased investment in providing quality foundation learning opportunities. This investment continues to shift adult literacy, numeracy and language education from a semi-voluntary basis to properly recognised and supported professional provision. This includes new investment to raise foundation skills through the workplace.

The PBRF has provided a renewed focus in degree-granting institutions on developing quality research programmes. The majority of ITPs are now looking at how to develop their research programmes.

Figure 3: Percentage of TEOs with change-focused objectives relating to quality research in profiles 2005/07 – 2006/08



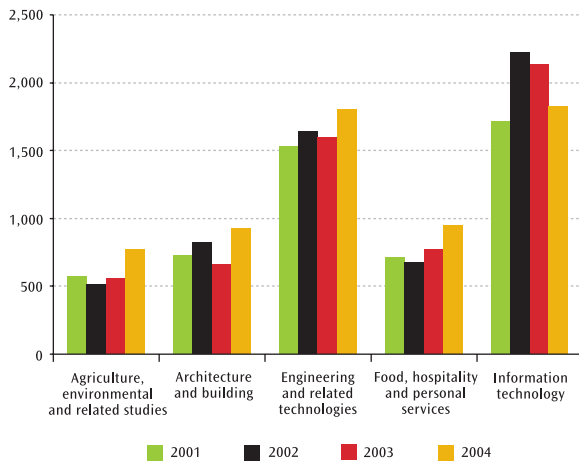
Increasing the relevance of skills and knowledge to meet national goals

ITOs continue to work with their industries to develop skill plans and to gain a better understanding of workplace needs. Several ITOs are starting to implement their plans. ITPs are also focusing on industry requirements in their qualifications development. However, industries report wide-ranging levels of engagement from ITPs and frustrations with the relative slowness of education providers to respond to immediate market needs. Disparate goals and scarce resources can also make engagement problematic. The government is providing funding through several schemes to build better linkages between industry and tertiary education.

It is not clear if there is any shift in the tertiary system towards greater focus on specialist skills, through either postgraduate study or trade and technical qualifications. The main growth in postgraduate qualifications completions has been in the area of health. Other subject areas, including those related to the government growth and innovation priorities, have been stable or growing slowly. There has been limited growth in trade and technical qualification completions, with declining completions in information technology.



Figure 4: Level 4 to 7 qualifications in trade- and technical-related fields completed by domestic students 2001 – 2004



Universities continue to contribute to new and future knowledge through basic research. However, it is difficult to trace the linkage between tertiary education research and specific national goals. In general, university and ITP profiles do not explicitly link their research programmes to national goals.

TEOs are continuing to strengthen their relationships with iwi and Māori. Objectives in TEO profiles in this area are focusing more on the outcomes to be achieved rather than just developing the processes of engagement. Māori and iwi groups view tertiary education as vital to achieving their economic and social goals, but continue to have mixed experience of engagement with providers.

Around a third of TEOs have a focus in their profiles on improving their relationships with Pasifika communities. Most of this engagement is focused on meeting the needs of Pasifika students. There is less mention of contributing to Pasifika development and almost no mention of an international perspective. Pasifika communities report varied experience of engagement with tertiary providers. Most report that the engagement is narrowly focused on student recruitment and support and not on contributing to their social goals.

Enabling students and learners to access excellent and relevant tertiary education, and progress to higher levels of study and achievement

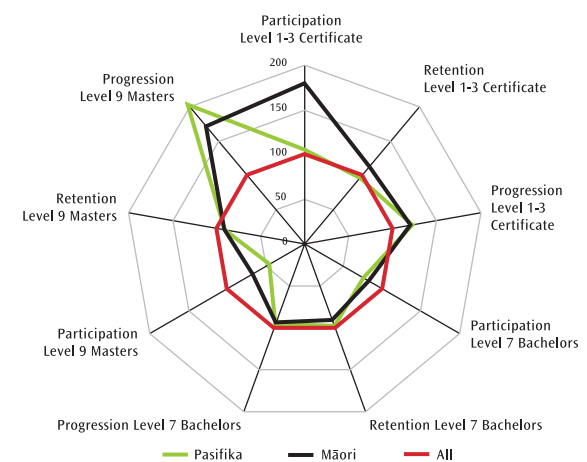
While more students are leaving school with qualifications, the proportion of school leavers going direct to tertiary study in the following year is declining. This trend probably reflects increased

work opportunities. Many ITPs are now working with schools to improve the alignment of school and tertiary curricula and of pathways from school to tertiary study. However, there appears to be little emphasis in TEIs on students who leave school without completing qualifications and enter low-paid, low-skilled work.

The number of students taking Student Component-funded foundation education courses has declined, after peaking in 2003. Much of the decline relates to decreased participation in one or two large programmes. At the same time, additional investment is being made to extend literacy, language and numeracy provision to groups that had previously not had access. This includes community and workplace provision.

Māori participation rates in level 1 to 3 certificates have decreased, after historically large participation in 2002. However, this is not as a result of increased participation at higher levels. Māori numbers at degree level are falling faster than overall degree numbers. On the positive side, Māori retention rates at diploma and degree level are improving and progression from masters to doctorate has increased significantly.

Figure 5: Comparison of participation, first-year retention and direct higher-level progression rates for Māori, Pasifika and all domestic students 2004



Notes:

1. Rates are represented on an index for comparison, where the rate for all students is set to 100.
2. Participation rates are age-standardised.
3. First-year retention rates are the proportion of those who started a qualification in 2003 who either completed in 2003 or continued study in 2004.
4. Direct-higher level progression rates are the proportion of those who completed a qualification in 2003 who went on to study towards a higher-level qualification in 2004.

Pasifika participation and achievement has shown improvement at most levels. Pasifika participation at levels 1 to 3 has increased. Their retention rates at this level are now equal to those of all students and they have higher progression rates to higher-level study. At bachelors level, Pasifika student numbers are growing at a time when overall numbers are declining and their retention rates are now similar to those of all students. At postgraduate level, participation and retention remains lower for Pasifika students than for all students. However, there has been a significant increase in progression from masters to doctorates.

The number and proportion of students with disabilities has decreased slightly in 2005, following a period of sustained growth. This may, in part, reflect falling enrolments of older students in some lower-level qualifications, where the incidence of disability is higher.

The number of first-time students aged 25 and over continued to increase in 2005, but at a lower rate than in previous years.

Most TEOs have a focus on access for under-represented groups in their profile objectives. The specific groups mentioned are Māori, Pasifika, women (in the case of ITOs) and students with disabilities (in the case of TEIs). Some TEIs are also addressing access for students in remote areas. The most common way of improving access is through student support services, particularly in the first year of study.

Enhancing capability in the tertiary system to support learning, teaching and research

Financial viability of TEIs remains an issue, particularly for ITPs. The government has signalled its intent to address certainty and sustainability of funding in its new funding arrangements. There is an overall improvement in management of PTEs. Part of this is due to a shift towards larger providers and closure of smaller, less viable providers. TEO profiles show an ongoing emphasis on continuous improvement in leadership and management.

The evidence suggests collaboration between TEOs is strengthening. However, there is more to be done to improve the quality of collaboration between TEOs and other stakeholders. This requires the development of reciprocal relationships, commitment of time and resources from both sides and a common sense of purpose.

The government is working with ITPs and wānanga to reinvest money saved from changes in sub-degree provision into the development of a sustainable and capable network of provision, with a greater focus on quality and relevance.

Previous reports have noted the under-representation of Māori and Pasifika in tertiary teaching staff, particularly at degree level. Analysis of TEO profiles shows limited emphasis on recruitment and support of Māori and Pasifika staff.

The number of international students studying in New Zealand is declining, with fewer students coming here to study from Asia. The cost of recruitment is increasing, with the need to diversify markets and offer higher-quality options to maintain numbers. Providers are generally taking a more planned approach to export education and viewing it as part of an overall package of internationalisation of education.

