

Questions and Answers

1) OVERVIEW QUESTIONS

What are the tertiary reforms about?

The reforms encourage and facilitate better decision making all around. They shift the sector towards an investment mindset that will benefit New Zealanders in the widest sense, rather than one that is dictated by the choices and preferences of students and providers.

The new system shifts away from 'demand' to 'need'. That is, it moves Tertiary Education Organisations (TEOs) away from being focused on maximising student enrolments and towards being driven by achieving strong outcomes for students, business and communities.

The reforms will reduce wasteful duplication in terms of time, energy and financial resources.

Whereas the old system essentially kept funding (EFTS) separate from planning (Charters and Profiles), these will be brought together under the Investing in a Plan model.

As a result, a tertiary education organisation's total revenues will be driven by the plan it agrees with the Tertiary Education Commission (TEC) – rather than by its enrolments – and then by how it delivers in relation to its plan.

The new investment system aligns funding with the government's priorities and also ensures funding supports what tertiary education organisations need to deliver in order to meet specific student, business and community requirements.

What is being announced today?

The three initiatives being announced today include:

- Supporting the Distinctive Contribution of the ITP Sector - This initiative provides \$21.0 million of operating funding and \$55.0 million of capital funding over the next two years to support four distinct projects, established in collaboration between the ITP sub-sector and the TEC as part of the Benchmarking Project.
- Increasing funding for the Quality Reinvestment Programme - This initiative provides additional capital funding of \$35.0 million over two years for ITPs and Wananga through the Quality Reinvestment Programme.
- ITO Sector Leadership Component - Funding of \$15.8 million over four years to support the establishment of a Tertiary Education Organisation Sector Leadership Component (Sector Leadership Component) for ITOs.

Where did this funding come from?

A significant amount of new funding to support the tertiary education reforms has been appropriated through Budget 2007. On top of this, funding from the previous forecast spend from the EFTS system has been redirected into the new funding framework to drive strategic change.

Why is the government doing this?

Tertiary education is a priority for the government and the economy. That is why the government is investing so heavily to make tertiary education more affordable and accessible.

The reforms are about ensuring value for money. Funding is being re-prioritised to build long term capability in tertiary education organisations.

The government has recognised that some tertiary education organisations need to build their capacity and develop institutional strength to ensure that there is high quality, relevant tertiary education provision in New Zealand that meets the needs of students, employers and other stakeholders.

Why is the government putting more money into tertiary education?

Because the government recognises that tertiary education has a crucial role to play in driving this country's economic transformation and sustainable development, by providing answers to both productivity and environmental challenges.

When will this funding be available?

This depends on the individual initiatives:

- The \$21.0 million of operating funding and \$55.0 million of capital funding to support the distinctive contribution of the ITP sub-sector will be available from 1 July 2007, although allocation of the funding will be dependent on the readiness of the four projects.
- The \$15.8 million for the ITO Sector Leadership role (building up to \$4.5 million per annum from 2008/09) will be available for ITOs from the 2008 calendar year and will be agreed through the Plan process.
- The \$35.0 million (\$17.5 million per annum in 2007/08 and 2008/09) in capital for wananga and ITPs through the QRP will be added to the QRP process and will be available from 1 July 2007, although this will be dependent on the projects developed and agreed by the TEC with individual wananga and ITPs.

2) TERTIARY EDUCATION ORGANISATIONS

What will this mean for Institutes of Technology and Polytechnics?

The new and reprioritised funding will enable ITPs to change the way they operate. It will enable them to increase their collaboration and develop new capability in key areas such as distance learning. It will also enable them to look at ways to encourage students to go on to higher qualifications and develop better ways to measure how well the ITP sector is doing.

What does the \$76.0 million for ITPs cover?

The \$76.0 million will support the four capability development initiatives that are currently underway in the ITP sector, which are in the areas of:

- Flexible and distance delivery – looking at current arrangements within the ITP sub-sector and tertiary education sector as a whole. Developing an approach that takes advantage of past investments and aligns future decisions, in the area of flexible and distance delivery, with the network of provision approach introduced by the tertiary reforms.
- Increasing the number of students moving on to higher qualifications (diploma or above), recognising that people with more skills have more of a contribution to make in the workplace.
- Reviewing the collaboration that currently takes place in the ITP sector, understanding and addressing any barriers, and initiating new collaboration initiatives.
- Benchmarking and success measures – identifying ways of measuring performance at an individual ITP, ITP sub-sector and whole of tertiary education system level. This work will form the basis for measuring the success of ITPs in the future and helping them to improve organisational efficiency and effectiveness.

What does the \$35.0 million for the Quality Reinvestment Programme cover?

The Quality Reinvestment Programme was put in place in July 2005 to support ITPs and wananga to develop new ways of operating as the reforms started to take effect.

The Quality Reinvestment Programme has been successful – more than \$30.0 million has been provided to ITPs and wananga, and we are starting to see the results of this investment in terms of the new ways of working that are being developed – ways that will ensure the sustainability of the sector as a whole.

The additional \$35.0 million in capital will provide more scope for investment at this crucial time in the reforms.

What does this mean for wananga?

Wananga are eligible for QRP funding and will be able to seek funding for initiatives aimed at developing new ways of working and enhancing their distinctive contributions.

What does the \$15.8 million for ITOs cover?

The new funding provides \$4.5 million per annum from the 2008 calendar year to resource projects identified by ITOs in their Plans to support their wider role in the tertiary education system. Specifically, the funding will support ITOs to:

- provide leadership to their industries on skill and training matters; and
- set national qualifications on the National Qualifications Framework to reflect industry requirements.

What will this mean for Industry Training Organisations?

ITOs are expected to work with other tertiary education organisations to help them to respond effectively to industry needs, this new funding will support them in this crucial role moving forward.

Does this extra money mean that more people will be able to go on industry training?

Any extra money for participation in industry training would be announced along with other announcements in Budget 2007 on Budget day.

3) OTHER STAKEHOLDERS

What will this mean for Maori?

The tertiary education reforms will develop capability across the sector to enable it to better understand and respond to the education and training needs of Maori.

The investment announced today will be used to develop this capability.

What will this mean for Pacific People?

Similarly, the reforms will enable the tertiary education sector to develop the capability to enable it to better understand Pacific peoples' education and training needs, and in turn respond to them.

The investment announced today will enable this capability development to take place.

What will this mean for staff?

The tertiary reforms are about developing a high quality network of provision, and a key aspect of this development is ensuring that a sustainable funding model is in place for TEOs. Developing a sustainable funding model for the tertiary education system provides increased security for staff.

What will the mean for students?

The primary purpose of the reforms is improved student achievement and hence better career options etc.

What will this mean for employers and other stakeholders?

The reforms mean the government invests in tertiary education organisations on the basis of their degree of responsiveness to employers and other stakeholders, and their responsiveness to skill and knowledge requirements.

Employers and other stakeholders will be invited to take a formal role in medium to long term planning for the network of provision in their region.

How does this funding support student success?

This funding will support the tertiary education organisations in question, to develop their capability to respond to stakeholders' – in particular students, employers and community groups – education and training needs. So yes, indirectly, it does support student success by supporting capability development in the tertiary education organisations involved.

How will this affect student fees?

This funding has no impact on student fees. The Ministry of Education has been consulting on a review of Student Fees policy with final decisions to be announced in July.

4) TERTIARY REFORMS

What has the government done so far?

- **TES and STEP:** released in December last year, this is now one document that is much clearer about priorities and the shifts needed for each sub-sector
- **Investment Guidance:** this was released 13 April 2007
- **Investing in a Plan design:** much of this has been completed
- **Funding system:** Cabinet has already taken the major decisions about the funding and investment system — the move to a constrained funding system, a sub-sector approach, the Student Achievement Component (SAC) and TEO Component (TEOC), and the parameters for the TEC working with TEOs on developing and managing the Plan
- **Progress on implementing Regional Facilitation:** much of this has been completed
- **Significant agreement between the TEC and sector on approach:** by working with the sector, many of the design issues about Investing in a Plan have been worked through

What are the key changes in the tertiary reforms?

- **Government has more say:** the government has much more say under the new approach, determining the total level of funding for each sub-sector. Also, both new and reprioritised budget money can be clearly linked to priorities in the TES and STEP, with the TEC then able see this through by agreeing these shifts with TEOs via the development of their Investment Plans.
- **The system is more strategic:** the new TES and STEP – with four priority outcomes, and roles and shifts for each sub-sector – provides much clearer strategic direction. The TEC's Investment Guidance provides more detail,

and forms the basis for seeing the strategy through with via each TEO's Investment Plan.

- **The focus is on a network approach:** the focus on the network of provision will allow the TEC to work with TEOs to agree what their individual role is, and how their strengths complement those of other TEOs regionally or nationally, and then to support this through funding. Moving to a network approach strongly signals a move away from a competitive system to a much more collaborative one.
- **The distinctive contribution, sub-sector approach:** this recognises that New Zealand is a small country with limited resources. Role differentiation between the different parts of the sector will provide the critical mass and capability needed across the full spectrum of teaching and learning, from foundation education to PhDs.
- **Focus on need rather than demand:** the current system has been very successful at increasing student participation, but encourages TEOs to focus on demand rather than need. The new system encourages TEOs to think much more about need — that is both the needs of the employers and businesses in their regions (or nationally where appropriate) and the needs of communities.
- **Agreed Investment Plans:** the Investment Plan is central to the new system and quite unlike the way profiles have operated to date. Until now the funding system has been the major driver and the focus of attention, but now what is agreed in an Investment Plan and how well TEOs perform against their plan will be most important. Funding is there to support what is agreed in the Plan, and future funding will be influenced by how well the TEO delivers.
- **Funding is focused on performance and achievement:** essentially the Investment Plan (working with funding, monitoring and quality assurance) becomes a performance management system.
- **Decisions are based on evidence:** every part of the new approach that is being taken — clearer strategic directions and priorities, the network of provision, developing and agreeing Investment Plans, and monitoring performance — requires a robust evidence base. The development of Investment Plans will be strongly evidence-based, from both a TEO and TEC perspective, and the changes to the monitoring and quality assurance systems will create new evidence over time.

What happens next?

The TEC will brief the different sub-sectors over the coming weeks on the sub-sector funding and strategy. One of the key things to remember is that the government is committed to funding organisations based on the plans they develop to fulfil stakeholder needs and agree with the TEC.

Student numbers are no longer the chief determinant of how much money organisations receive. The focus is now far more strategic and on ensuring the organisations receive the money they need to meet stakeholder needs in the medium to long term.

Will growth at tertiary education organisations be capped?

Total funding for TEO sub-sectors is now set by Cabinet and is controlled. Each TEO will have an agreed Plan that sets out what the government has agreed to purchase from that organisation. The TEC will be working to individual TEOs to establish funding levels.

Will there be different rates of SAC funding in different sectors?

Yes, the size of the TEOC for each sub-sector will have an impact on the SAC funding rates in different sub-sectors. The TEC is currently working to establish the SAC rates for each sub-sector.