

10 May 2007 – Minister’s speech to universities

Questions and Answers

What is the \$40 million over four years for?

This money will be used by universities to fund change-focused initiatives that further align the university sector with the Tertiary Education Strategy/Statement of Tertiary Education Priorities. In particular, initiatives that recognise the different strengths of the different universities and allow them to develop those strengths, while at the same time supporting a more collaborative approach across the whole sector.

The additional funding of \$10 million a year will form part of universities’ Tertiary Education Organisation Component in the new funding system. It will be managed as part of the Investing in a Plan process.

Expected outcomes of initiatives in the areas of differentiation and collaboration are greater opportunities for students to progress to higher levels of study and greater achievement by under-represented groups.

What is the \$89 million over four years for?

This money is for universities to use to increase their competitiveness through recruitment and retention strategies in an international labour market.

It builds on the government’s 2006 commitment of \$117 million over four years and is the second investment by government in the Universities’ Tripartite Forum process.

An internationally competitive university sector provides support for New Zealand’s position in the global economy, and is crucial to this country’s economic transformation and sustainable development.

Strengthening the performance of the university sector will enable it to compete internationally on the quality of its higher education and research.

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.

When will this funding be available?

This depends on the individual initiatives:

- The \$40 million over four years (\$10 million per annum from 2007/08) will be incorporated into the Tertiary Education Organisation Component (TEOC) for universities and will be available from calendar year 2008.

This funding will be managed through the Investing in a Plan process.

- The \$89 million over four years to strengthen the international competitiveness of the university sector is linked to the Universities' Tripartite Forum Process.

How is the Tripartite money being divided? Will each university get an equal amount?

In 2006, funding through the Universities' Tripartite Forum Process was allocated to universities through postgraduate funding rates and this process is likely to be followed again. Moving forward, the mechanism for allocating additional funding would depend on the opportunities identified and strategies established through the Universities' Tripartite Forum Process.

What is the Tripartite Forum process?

The Tripartite Forum is a commitment by government, union representatives (including the Association of University Staff (AUS), the Association of Staff in Tertiary Education (ASTE), and the Public Service Association (PSA)), and the eight universities (coordinated through the New Zealand Vice-Chancellors' Committee (NZVCC) to find ways of addressing issues affecting the sustainability and effectiveness of the university sector.

The forum's initial brief was to look at salaries, staffing and other resourcing issues but that has been widened in the context of the reforms and TES/STEP.

What does this funding mean for research funding?

This funding is not directly targeted at research, which is funded via the Performance Based Research Fund (PBRF).

The results of the 2006 PBRF Quality Evaluation were announced on 4 May 2007.

What is the \$199.5 million over four years for?

In 2005 government agreed to increase Student Component funding rates for the whole tertiary education sector by the rate of forecast CPI inflation on a rolling triennium. This additional funding through Budget 2007 fulfils this agreement and increases the base Student Component rates by 2.2% for the 2008 calendar year. This funding also provides the final round of increases in line with previous Funding Category Review decisions.

When and how will the funding be available?

The funding will be available from calendar year 2008. The funding will be added to 2008 Student Component funding as a first step in calculating the new Student Achievement Component (SAC) rates for the different sub-sectors.

How does this announcement fit with the 30 April announcement?

Today's announcement to universities is the second of two announcements the Minister is making on tertiary education reform progress – the other was

on 30 April to an ITP, ITO and wananga audience – in the lead up to Budget 2007 on 17 May.

What does this money mean for students?

This money will be used by universities to enhance the relevance, quality and international competitiveness of the courses on offer.

What does this money mean for staff?

Staff will benefit as there will be additional opportunities for them to develop their careers. The three year investment system will also offer staff and institutions more certainty.

What does this money mean for employers and industries?

Employers and industry will benefit indirectly from this new funding, which will build capability in the university sector and ensure graduates are equipped with the skills and knowledge needed in the workplace – today and in the future.

Amendments to the Education Act

What is the purpose of the legislation?

The Education (Tertiary Reforms) Amendment Bill will amend the Education Act 1989 to enable the government to implement the tertiary education reforms. The legislation will simplify and streamline the relationship between tertiary education organisations and the Government. Tertiary education organisations will no longer need to produce a charter or annual profiles. Instead they will produce a Plan that will apply for up to three years, aligned to national and regional priorities. Once the Plan is approved, the organisation will be allocated funding to implement the Plan.

The new investment system will align planning, funding, quality assurance and monitoring in a way which will ensure the system delivers for stakeholders – especially students, employers, communities and regions – and produces the skilled graduates in needed areas, with taxpayers getting greater value for its investment in tertiary education.

What are the major changes?

The major policy change is the shift from an unconstrained funding system based primarily on the number of students attending an institution to a system whereby institutions develop a three-year Plan and work towards outcomes for which they are funded. The Bill provides the instruments to support the new investment approach, by legislating for the new three-year planning process, setting out how funding will be approved, and providing for the monitoring of tertiary education organisations by the Tertiary Education Commission.

How will the Plan process work?

Currently, tertiary education organisations produce a charter and annual profiles in response to the Government's Tertiary Education Strategy and Statement of Tertiary Education Priorities.

Under the new system:

- The Government will produce a single Tertiary Education Strategy which sets out the longer term strategic direction and the short to medium term priorities.
- The TEC issues investment guidance based on the Tertiary Education Strategy and which provides a basis on which the TEC assesses tertiary education organisations' Plans. The investment guidance explains how tertiary education organisations can be supported collaboratively in the development of their plans.
- Universities and wananga, institutes of technology and polytechnics, industry training organisations, other tertiary education providers, and private training establishments will prepare a plan, consulting with their stakeholders – local industry, local councils, students, and their communities - on how they intend to contribute to the Tertiary Education Strategy. Organisations will produce a single three-year investment Plan in collaboration with the TEC.

This new process will significantly reduce compliance costs for tertiary education organisations. It will also reduce the administrative load on TEC and the Minister.

Who approves the Plans?

Having developed a Plan in collaboration with the TEC, an organisation will then present it to the TEC for approval for funding purposes. Plans will need to set out:

- Context for planning, which integrates government and stakeholder priorities and needs.
- The mission, role, and three-year outlook of the organisation, and initiatives to achieve that role and outlook.
- Overview of what the organisation undertakes to deliver and the funding sought.
- What outcomes the Plan is intended to achieve and how performance will be measured.

The Plan's details will be worked through in collaboration with the TEC who will then approve it for funding purposes.

Plans can be appropriate in size and scope for the organisation in question so that compliance can be kept to the minimum necessary level.