
# FINANCING TERTIARY EDUCATION:

## POLICY OPTIONS FOR SMALL ISLAND COUNTRIES OF THE COMMONWEALTH PACIFIC

COMMONWEALTH TERTIARY EDUCATION FACILITY

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# ABBREVIATIONS

| | |
|---|---|
| **ADB** | Asian Development Bank |
| **APEL** | Entry through Accreditation of Prior Experiential Learning |
| **APQN** | Asia-Pacific Quality Network |
| **APTC** | Australia-Pacific Technical College |
| **AQA** | Australian Qualifications Agency |
| **ASEAN** | Association of Southeast Asian Nations |
| **AUD** | Australian dollar |
| **AUF** | Agence Universitaire de la Francophonie |
| **AusAID** | Australian Agency for International Development |
| **AVET** | Agency for Vocational Education and Training |
| **B40** | Bottom 40 |
| **BR1M** | *Bantuan Rakyat 1Malaysia*/Malaysia people's aid scheme |
| **CATD** | Centre for Appropriate Technology and Development |
| **CAUQ** | Committee for the Accreditation of University Qualifications |
| **CEOs** | Chief Executive Officer |
| **CINEC** | Colombo International Nautical and Engineering College |
| **COL** | Commonwealth of Learning |
| **COPE** | Council of Pacific Education |
| **CTEF** | Commonwealth Tertiary Education Facility |
| **DBCVTC** | Don Bosco Creative Vocational Technical Center |
| **ECE** | Early Childhood Education |
| **ECF** | Edwards Computer Foundation |
| **EEZ** | Exclusive Economic Zones |
| **EFTS** | Equivalent Full Time Students |
| **e-Med** | e-Medical Education LLC |
| **EPF** | Employees' Providence Fund |
| **EPP6** | Entry Point Project 6 |
| **ESF** | Education Strategic Framework |
| **ETP** | Economic Transformation Programme |
| **FHEC** | Fiji Higher Education Commission |
| **FNQF** | National Qualification Framework |
| **FNU** | National University of Fiji |
| **FTE** | Full time equivalent |
| **GDP** | Gross domestic product |
| **GER** | Gross enrolment ratios |
| **GLCs** | Government Link Companies |
| **GTP** | Government Transformation Plan |
| **HCHITS** | Hospitality and Community Health Institute of Training - Samoa |
| **HEI** | Higher Education Institution |
| **HRPP** | Human Rights Protection Party |
| **ICEF** | International Consultants for Education and Fairs |
| **ICT** | Information and Communications Technology |
| **IIUM** | International Islamic University Malaysia |
| **INQAAHE GGP** | International Network for Quality Assurance Agencies in Higher Education Guidelines of Good Practice |
| **INTV** | Institut National de Technologie de Vanuatu |

| | |
|---|---|
| **IPTA** | Public Higher Education Institutions |
| **IPTS** | Private Higher Education Institutions |
| **ITM** | Institut Teknologi MARA |
| **JPA** | Public Service Department |
| **KIT** | Kiribati Institute of Technology |
| **KTC** | Kiribati Teachers' College |
| **KWAP** | Kumpulan Wang Amanah Pencen |
| **MARA** | Majlis Amanah Rakyat |
| **MCIL** | Ministry of Commerce, Industry and Labour |
| **MEdO** | Malaysia Education Online |
| **MENA** | Middle East and North Africa |
| **MESC** | Ministry of Education, Sports and Culture |
| **MHIL** | Martin Hautus Institute of Learning |
| **MLHRD** | Ministry of Labour and Human Resource Development |
| **MOE** | Ministry of Education |
| **MOF** | Ministry of Finance |
| **MOHE** | Ministry of Higher Education |
| **MOOC** | Massive Open Online Courses |
| **MPI** | Ministry of Primary Industries |
| **MQA** | Malaysian Qualification Agency |
| **MQF** | Malaysian Qualifications Framework |
| **NEP** | New Economic Policy |
| **NHEFC** | National Higher Education Fund Corporation |
| **NHESP** | National Higher Education Strategic Plan |
| **NKEA** | National Key Economic Areas |
| **NUS** | National University of Samoa |
| **NZQA** | New Zealand Qualifications Framework |
| **ODA** | Official Development Assistant |
| **OECD** | Organisation for Economic Co-operation and Development |
| **OUM** | Open University Malaysia |
| **PEDF** | Pacific Education Development Framework |
| **PhD** | Doctor of Philosophy |
| **PHEI** | Private Higher Educational Institutions |
| **PIC** | Pacific Island Countries |
| **PIF** | Pacific Island Forum |
| **PNG** | Papua New Guinea |
| **PREL** | Pacific Resources for Education and Learning |
| **PRQS** | Pacific Registry of Qualifications and Standards |
| **PSET** | Post School Education and Training |
| **PSPTN** | National Higher Education Plan |
| **PTPTN** | Perbadanan Tabung Pendidikan Tinggi Nasional/National Higher Education Fund Corporation |
| **PVTC** | Pacific Vocational Training Centre |
| **RPC** | Regional Processing Center |
| **SBD** | Solomon Islands dollar |
| **SBS** | Samoa Bureau of Statistics |
| **SIG** | Solomon Islands government |
| **SINU** | Solomon Islands National University |
| **SITESA** | Solomon Islands Tertiary Education and Skills Authority |
| **SPARTECA** | South Pacific Regional Trade and Economic Cooperation Agreement |

| | |
|---|---|
| **SPBEA** | South Pacific Board for Educational Assessment |
| **SQF** | Samoa Qualifications Framework |
| **SSPN** | *Skim Simpanan Pendidikan Nasional* |
| **STEM** | Science, Technology, Engineering, and Mathematics |
| **TAFE** | Technical and Further Education |
| **TELS** | Tertiary Education Loan Scheme |
| **TESL** | Tertiary Education Loans and Scholarship |
| **TIST** | Tonga Institute of Science and Technology |
| **TNB** | Tenaga National Berhad |
| **TNQAB** | Tonga National Qualifications and Accreditation Board |
| **TOP** | Tongan Pa'anga |
| **TVET** | Technical and Vocational Education and Training |
| **TVETSSP** | Technical and Vocational Education Training Skills Scholarships Programme |
| **UK** | United Kingdom |
| **UKM** | Universiti Kebangsaan Malaysia |
| **UN** | United Nations |
| **UNESCO** | United Nations Educational, Scientific and Cultural Organization |
| **UNICEF** | United Nations Children's Fund |
| **UNIRAZAK** | Universiti Tun Abdul Razak |
| **UoF** | University of Fiji |
| **UoG** | University of Goroka |
| **UPM** | Universiti Pertanian Malaysia |
| **UPNG** | University of Papua New Guinea |
| **USA** | United States of America |
| **USD** | United States dollar |
| **USM** | Universiti Sains Malaysia |
| **USP** | University of the South Pacific |
| **UTM** | Universiti Teknologi Malaysia |
| **UUM** | Universiti Utara Malaysia |
| **VAC** | Vanuatu Agriculture College |
| **VCNE** | Vanuatu College of Nursing Education |
| **VIT** | Vanuatu Institute of Technology |
| **VITE** | Vanuatu Institute of Teacher Education |
| **VMC** | Vanuatu Maritime College |
| **VPTC** | Vanuatu Police Training College |
| **VQA** | Vanuatu Qualifications Authority |
| **WHO** | World Health Organization |

# FOREWORD

Recent developments in higher education financing have raised significant concerns in many countries including the Commonwealth member states, of whom a majority are developing economies. The dominant roles of public institutions in higher education development in most Commonwealth countries and shrinking allocations of public funding, along with the massification of higher education, present major problems which may adversely affect the provision of quality education in teaching and learning as well as research, and further trigger problems of access and equity. As students and parents are now expected to shoulder more of the cost burden of higher education generally through loan arrangements, questions arise about whether this will affect access, especially among low-income groups. Likewise, a lack of readiness among public institutions to embark on resource diversification efforts may result in unsustainable funding; worse still, in the absence of sound governance and regulatory frameworks the consequences will be highly detrimental.

In response to these issues, the Commonwealth Tertiary Education Facility (CTEF) took the initiative to organise an Inaugural Workshop in November 2014, specifically focussing on higher education financing and involving several selected Commonwealth countries. As CTEF's main objective is to be involved in activities that encourage good practice among Commonwealth countries, therefore it is important for CTEF to be actively engaged in policy discussion and assist in policy implementation. Following the Inaugural Workshop, CTEF prepared a policy brief on 'Financing Higher Education: Policy Options for the Commonwealth Countries' which was presented at the Officials Meeting and Ministerial Meeting in the Bahamas. The outcome was that the South Pacific Commonwealth Countries were very keen for CTEF and partners to undertake work in their countries. Therefore, based on the same policy brief, CTEF embarked on a process to prepare an issues paper on 'Financing Tertiary Education: Policy Options for The Commonwealth Pacific Island Countries'. It includes the Commonwealth countries in the South Pacific, namely Fiji, Kiribati, Samoa, the Solomon Islands, Tonga, and Vanuatu. The key findings were then presented at the 20th Conference of Commonwealth Education Ministers (20CCEM) in 2018.

This publication was prepared by a research team from Malaysia discussing the experience of Malaysia in transforming its funding model, while the individual country reports were prepared by writers appointed by CTEF based on their experience and involvement with their own country's tertiary education sector. It is hope that through this sharing, certain good practices can be adopted and applied within the context of the Commonwealth countries in the South Pacific which will lead to further improvement of their current funding systems, and similarly certain flaws in implementation will serve as lessons learned.

I certainly believe that this publication will benefit all stakeholders in higher education, especially the policy makers that are involved in policy formulation related to the funding and financing of higher education particularly in the South Pacific Island Countries. Last but not least, I would like to thank everyone involved in this project, especially all the researchers and partners who have contributed directly or indirectly towards the preparation and completion of this publication.

**PROFESSOR DATO' DR. MORSHIDI SIRAT**

DIRECTOR, COMMONWEALTH TERTIARY EDUCATION FACILITY

# PREFACE

The worldwide reform of financing in higher education has demonstrated the changing pattern of national policies, moving from conventional systems of funding based on a welfare approach to emerging market-oriented approaches. Obviously, the reforms that have already taken place reflect responses to the challenges that are facing higher education, in particular the rapid expansion that requires additional capacity in the face of declining resources available from public funds, an increase in per-student costs, and the changing nature of employment that requires education providers to introduce and offer new programmes that are relevant to industries' needs. In response to financial challenges, many countries are now turning to non-governmental sources of revenue to support higher education institutions, including the introduction of 'user fees' policies in which students and parents share the cost of higher education. There are also calls for public higher education institutions to embark on other revenue diversification initiatives through business activities and partnerships with industries, philanthropy and alumni. Using internal sources of finance to cover expenses through various income generating activities will become the new norm for many public education institutions, but the challenges this brings are huge, especially for institutions in less developed countries.

Realising the importance of the funding and financing issues facing tertiary education sectors worldwide, in November 2014 an Inaugural Workshop on Higher Education Funding and Access Issues in Selected Commonwealth Countries was organised, in conjunction with a CTEF soft launch, to further deliberate these issues. Following the workshop, CTEF prepared a policy brief on 'Financing Higher Education: Policy Options for the Commonwealth Countries' which was presented at the Officials Meeting and Ministerial Meeting in the Bahamas. The deliberations on this topic received positive feedback from members from the South Pacific Commonwealth Countries. They were very keen for CTEF and our partners to undertake work in their countries. In response, CTEF set about preparing an issue paper on 'Financing Tertiary Education: Policy Options for the Commonwealth Pacific Island Countries'. In consultation with various stakeholders, meetings and discussions were held in both Malaysia and Fiji to plan for the appointment of researchers, the arrangement of the workplan, and the collection of data. Teams of researchers from Commonwealth countries in the South Pacific, including Fiji, Kiribati, Samoa, the Solomon Islands, Tonga, and Vanuatu, were appointed to write country reports to critically analyse the current state of funding models, access and equity, various income diversification activities, challenges and the way forward. The reports and presentations by the country teams were consolidated in a synthesis report that was presented at the 20$^{th}$ Conference of Commonwealth Education Ministers (20CCEM) in Fiji.

This book provides an overview of global trends in the demand for higher education and the challenges faced by tertiary or higher education institutions, in particular public institutions as per-student funding is progressively reduced. The book also discusses the experience of Malaysia in managing the increased demand for higher education in that country, and various policies have been introduced to ensure access and equity are still the main agenda as far as the expansion of the higher education sector is concerned. Discussion of the national student loans system in Malaysia provides a good example for other countries to learn about how complex the student loans system needs to be while ensuring efficiency and sustainability. In general, a student loan mechanism that strikes a balance

between fairness and efficiency should be put in place, but this is clearly challenging. The country reports from selected countries in the South Pacific provide an overview of the funding systems for tertiary or higher education in these countries, and also the issues and challenges.

The book is divided into three parts. Part 1 consists of Chapter One and Chapter Two. Chapter One focusses on the current and future trends in the demand for higher education and the impact of globalisation. Basically, an understanding of the global trends in higher education will be crucial in helping countries to deal constructively with the new sets of challenges confronting the higher education sector. Chapter Two provides an overview of the South Pacific Island Countries, their demographic and socio-economic backgrounds, and the higher education sector in this region. The chapter discusses the general characteristics of the Pacific Island Countries (PICs) and the challenges they face, including development policies for higher education. Recognising the differences in individual national capabilities but realising that they face similar challenges, it is clear that cooperation between countries via a regional platform is much needed.

Part 2 consists of Chapter Three and Chapter Four with specific focusses on the higher education system in Malaysia, issue of access and equity and the funding model. Chapter Three focusses on policies to ensure greater access and equity in education. Malaysia has opened up opportunities for those who are less fortunate by introducing initiatives such as affordable private institutions, a student loan scheme, public and private Technical and Vocational (TVET) institutions, entry through alternative pathways, online education programmes, the Bottom 40 (B40) classification, and Accreditation of Prior Experiential Learning (APEL). This has narrowed the gap between urban and rural communities, and between those of different socio-economic backgrounds. Chapter Four discusses the transformation of higher education funding and financing in Malaysia, and the national student loans system (PTPTN) is discussed in detail. Despite its successful mission in providing access to higher education to vast number of students, PTPTN faces many challenges, including high debt obligations, loan defaults, and a huge burden of subsidies.

Chapters Five and Six comprise Part Three, in which Chapter Five presents the country reports, followed by conclusions and policy recommendations in Chapter Six. From the country reports it is clear that, in general, tertiary education institutions in Commonwealth PICs are facing the same critical issues in terms of lack of funding and issues of access and equity. The fact that public institutions are highly dependent on government grants and aid from donor agencies means that the absence of any funding formula in grant allocation (by the government) to these institutions may affect their overall strategic planning. Moreover, funding for research is almost non-existent in many PICs; where there is any, the amount is insignificant. Due to the nature of economic development in most PICs where industries are represented by small-scale or micro companies, the role of industries in supporting tertiary education is rather limited. One of the policy recommendations is the potential for a regional student loan scheme in the South Pacific, which would require a firm commitment among the member countries.

# PART 1

*Worldwide Perspective on Higher Education Financing: Issues and Challenges*

## CHAPTER 1
***Realities and Emerging Issues in Higher Education***

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## CHAPTER 2
***Commonwealth Countries of The South Pacific: The Regional Context and its Implication on Future Development of Higher Education***

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*Bait Al-Amanah House of Trust*

# OVERVIEW

## INTRODUCTION

The recent trend in higher education financing has shown a major shift from public funding towards a 'user fees' policy. Many governments around the world have reduced per-student funding, which requires higher education institutions to seek other alternative sources of revenue (non-governmental revenue). In relation to non-governmental revenue, the worldwide experience shows that fees represent a substantial and continuing source of non-governmental revenue for higher education, as compared to revenues derived from other income-generating activities, and this reflects the importance of private contributions through instituting or rapidly increasing tuition fees.

However, cost recovery through a 'user fees' policy is politically difficult to implement, given that this way of redeeming funds may be perceived as depriving the poor of their right to gain access to higher education. Practically, cost recovery in this way cannot be implemented without a provision for the financial support of academically qualified poor students. In an attempt to balance the important role of private contribution through fees with issues of access for the less privileged, a general policy shift from a reliance on grants to a reliance on loans may be undertaken, offering various forms of loan arrangements. These loan arrangements or schemes vary greatly in terms of their features, such as the average level of indebtedness, types of repayment (income contingent or fixed instalment), rates of interest and rates of government subsidies (the degree to which the loans are subsidised or partial grants), the sources of funds (whether from the treasury, commercial banks, pension funds or other private sources) and the availability of loans (either only to students enrolling in public institutions, or available to those enrolling in private institutions as well).

Indisputably, loans play a significant role in providing an alternative avenue for students to have access to higher education, but the design of the loan system may have detrimental effects on the future life of graduates if they end up saddled with debts without the benefit of an educational credential that might lead to higher earnings. The international experience of other revenue diversification initiatives through business activities and industry partnerships, especially through the commercialisation of research, shows that the success of such initiatives is very much dependent on the existence of sound governance and regulatory frameworks which allow for changes in resource mobilisation, allocation and utilisation. In other words, for public higher education institutions to strategically and effectively plan for reform, they need increased management autonomy along with clearly defined performance objectives and accountability. Another related response to declining public funding for higher education is by encouraging the involvement of private players through the appropriate provision of incentives. To provide a solution on the cost side, higher education institutions around the world are now showing great interest in technologically assisted and distance learning.

From an international perspective, it is evident that a comprehensive approach combining different tools and policy initiatives can provide immediate as well as mid- and long-term

solutions to ensure financial sustainability and thus preserve the quality of higher education. Above all, the financing of a country's system of higher education must be seen in the context of the country's readiness and the nation's history, level of economic development, per capita wealth, population, demographics, degree and nature of social stratification, political system, and prevailing ideologies. Nonetheless, while national situations differ, there have been remarkable similarities in the strategies that governments have used to accommodate the explosive growth in university enrolment. Governments have generally employed a combination of strategies intended to improve system efficiency, reduce (or at least contain) public expenditure on higher education, and develop new sources of funding for higher education (Asian Development Bank, 2011).

## HIGHER EDUCATION IN THE COMMONWEALTH COUNTRIES AND FINANCING ISSUES

The Commonwealth covers almost a quarter of the world's land area, containing an estimated population of 2.3 billion or a third of the global population. It spans all the continents, and has a combined gross domestic product of over United States Dollar (USD) 9 trillion. Based on the classification of world economies by the World Bank (2013), out of 53 member states, the majority are categorised as lower middle and upper middle-income economies, also known as developing economies. As a result of dissimilarities in terms of stages of development, population, size, culture and historical background among the member states, the higher education sector in the Commonwealth is best described as diverse. Essentially, there are a small number of high-income countries that have seen fast expansion in their higher education over the past few decades; the education sectors in these countries are characterised by a massified and well-organised system of higher education. The gross enrolment ratios (GER) in some of these countries have reached the level of more than 80 percent. On the other hand, the majority of Commonwealth countries have a small but expanding higher education sector. Based on the trend of higher education expansion, Varghese (2011) had classified the Commonwealth countries into three distinct groups, namely:

- countries with an extensive higher education system and a stagnating or declining GER (e.g. Australia, Canada, South Africa, UK);
- countries where the GER is rapidly increasing (e.g. Ghana, India, Malaysia, New Zealand, Nigeria, Tanzania, although it is still extremely low in all countries except Malaysia and New Zealand);
- countries where the GER is low and expansion is relatively slow (e.g. Bangladesh, Kenya, Malawi).

Despite the diversity that characterises the higher education sectors among the member states, nevertheless the majority of them share similar features, in terms of:

- the dominant role of public institutions in higher education development
- the massification of higher education

- shrinking allocation of public funds to public tertiary education institutions, and
- lack of resource diversification efforts

It is worth mentioning that one of the pertinent issues that arises from inadequate public financing is related to access and equity. Reduced public funding entails more private contributions through fee increases, which in turn exerts economic pressure on families. Unless there is sufficient financial aid provided, poor students and underrepresented ethnic groups may be excluded. In this context tuition fees can become politically charged, constituting an ideologically resisted form of cost sharing for Commonwealth member states, the majority of which are developing economies. Even though student loans are now becoming popular as a form of financial assistance, they are nevertheless politically controversial since the intrinsic nature of loans is to shift the burden of higher education costs to students.

Conversely, inadequate public funding and low levels of resource diversification efforts may also result in the deterioration of quality. A study undertaken by the World Bank (2010) on financing higher education in Africa highlighted that governments and institutions across Africa have implemented drastic cost-cutting measures amid diminishing public contributions by freezing salaries and the recruitment of teaching staff, reducing financial aid for students and foregoing basic maintenance on infrastructure. If all these aspects are not properly attended to, will clearly be a negative impact on quality.

Another key concern in relation to reduced public funding is a decline in funding for research which will hinder the overall research capacity. Considering that the majority of Commonwealth countries are developing economies, reducing engagement in innovative research will definitely affect the future development of these countries, particularly with respect to their competitiveness and economic growth. In order to allow for more effective revenue diversification efforts to flourish, sufficient autonomy should be given to higher education institutions, and this requires sound governance structures that promote greater transparency. Given the political and socio-economic landscape of most Commonwealth countries, any move towards increased autonomy will clearly pose significant challenges.

The issue of higher education financing, especially among the less developed Commonwealth member countries, is of great concern since it will affect access and equity. In response to these concerns, CTEF took the initiative to undertake a research project focussing on this pertinent issue. This book is based on a report prepared from initial work starting in November 2014 through the inaugural workshop on Higher Education Financing in Selected Commonwealth Countries, which was held at the Universiti Sains Malaysia. Following the workshop, subsequent meetings were held in both Fiji and Malaysia involving writers and other relevant stakeholders with the objective of gathering input. The chronology of this project is shown in Table A (see Appendix A). In view of various technical and financial limitations due to the vast geographical area of the countries under study, only six countries were involved in the report, i.e. Fiji, Kiribati, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu. Two other countries, Nauru and Papua New Guinea, were not covered. The general report was prepared by the research team comprised of members from Malaysia, and the

individual country reports were prepared by writers appointed by CTEF based on their experience and involvement with their own country's tertiary education sector. Details of the research team members and the country report writers are shown in Table B and Table C (Appendix A).

# CHAPTER ONE

*REALITIES AND EMERGING ISSUES IN HIGHER EDUCATION*

## 1.1 INTRODUCTION

The role of higher education is to empower the young for a successful life in the workplace, in society, and in their personal lives. While this objective may have remained constant for decades, the world of higher education is changing drastically and beyond our imagination. Higher education has been under pressure to meet greater expectations in terms of the number of students, educational preparation, workforce needs, and/or economic development.

While these expectations are legitimate, higher educational "austerity" is becoming more prevalent, especially when the available resources are likely to decline. New financing models, an intense focus on the students' experience, and a drive for innovation and entrepreneurism are new issues that are dominating the current policy debates on higher education.

This is a time of extraordinary economic, technological and demographic changes. This chapter is especially devoted to exploring new and current trends and realities that have been transforming global higher education since the beginning of the 21st century, and how they will affect the strategic direction of higher education in the Pacific region.

## 1.2 THE RISING DEMAND FOR UNDERGRADUATE EDUCATION

The most visible reality in the higher education sector is how its growth has compelled governments around the world to address the challenge of rising demand for undergraduate education. Middle-income countries, such as Indonesia, Brazil, China and India, have experienced a surge in the growth of their younger population. Participation in post-secondary education has increased exponentially across the world in recent decades, and the number of people entering higher education in the last decade has been unprecedented.

The gross enrolment ratio for tertiary institutions was 38 percent in 2014 (World Bank, 2014). This was projected to increase at a significant rate over the following decade, despite inadequate government spending and with limited public resources. Between 2000 and 2010 the percentage of adults who went through tertiary education level worldwide rose from 19 to 29 percent (UNESCO, 2012). This growth in the tertiary school enrolment rate is expected to continue based on available estimates, especially in Asia, Africa and Latin America, while the figures for higher education enrolment around the world are projected to reach 262 million by 2025, up from 178 million in 2010 (Goddard, 2012). China and India are two countries that are expected to account for a large proportion of this growth; the rates of enrolment are projected to reach (an average rate of) 30 percent for each of these countries,

from the current 26 percent and 18 percent, respectively (UNESCO, 2012). Other countries in Asia are also anticipated to experience a dramatic increase in terms of their tertiary education enrolments.

In addition, the World Bank estimate of Asia-Pacific student enrolment was 109 million in 2014; this was three times higher than the enrolment in 2000. Further, the number of Asia-Pacific outbound students in 2013 was estimated at 1.7 million (Osawa, 2016). Similarly, the rate of enrolment has been significant in Middle East and North Africa (MENA) countries over the last decade, notwithstanding the many political and security crises that engulfed the region after the Arab Spring. In Sub-Saharan Africa (SSA) the average gross enrolment ratio was about 9 percent in 2014, but this is expected to double in the next 10 years (World Bank, 2014).

In monetary terms, the estimate of the total (global) expenditure on education was USD 4.5 trillion in 2012 (Education Sector Fact Book, 2012). This figure is likely to grow due to demographic changes, as a result of which the total global population is projected to rise to over 7.6 billion in 2020, from nearly 6.9 billion in 2010. Many emerging economies regard education as a priority, and they spend a comparatively high proportion of household income on it – 13 percent in China, 11 percent in India, and 10 percent in Brazil (Bureau of Labour Statistics, 2012). According to the OECD, the boom in higher education in developing and emerging countries is driven by efforts to transform into knowledge-based economies, and the demand for university education is likely to hold strong, having already withstood the global economic crisis (OECD, 2012).

One of the ways to address this increasing need for undergraduate education is to leverage distance education/learning. While distance education providers have significantly increased, the growth in this area is hard to estimate quantitatively. The introduction of Massive Open Online Courses (MOOCs) is another recent development aimed at providing free high-quality education to the masses. Even though MOOCs do not carry academic credits, this is a trend that reflects a “deeper stage” of the massification process. Recent outbreak of the Covid-19 pandemic has indeed changed the education landscape. The teaching and learning are undertaken remotely and on digital platform. Even though some are sceptical whether the adoption of online learning will continue after the pandemic, but we however can’t deny the fact that the pandemic has accelerated the distance/online education.

## 1.3 THE FUTURE OF GRADUATE EDUCATION

Graduate education is perceived globally as a strategic national asset. Many countries believe that their economic competitiveness and resilience hinge on their ability to produce significant numbers of graduates with advanced degrees. Postgraduate candidates are highly regarded as valuable talents, with advanced knowledge and critical-thinking abilities and able to devise solutions to grand challenges such as energy independence, affordable healthcare, climate change and others.

The reason this is strategic to the national interest is that the progress of a country is no longer directly related to its ability to accumulate wealth in terms of natural and economic resources. In the modern era, a country's most important and strategic asset is its human talent. Thus, investing in educating more of the population at the graduate level will be crucial and strategic to ensure the nation's sustainable capacity to innovate, and to secure intellectual leadership into the future.

A recent report on graduate education in the USA indicates that the projected number of jobs that require advanced degrees in the USA by 2018 was 2.5 million (Commission on the Future of Graduate Education in the United States, 2010). This global trend is gaining prominence, manifested in the introduction of national policies to increase the number of doctoral graduates in countries such as Korea, Malaysia, Indonesia, Saudi Arabia and Iran.

Globally, overall enrolment in graduate education will continue to increase, but this will be complicated by a lack of interest in pursuing higher degrees among successful undergraduates, as well as a lack of funding mechanisms. Also, the number of "non-traditional" students is predicted to grow. These are mostly mature and working adults who are engaged with work, family and university education at the same time. This is an emerging trend in knowledge-based economies and societies, where graduate education is seen as a prerequisite for greater upward mobility and career advancement.

The number of individuals returning to graduate schools on a full-time basis is on the increase. A growing number of "career changers" or laid-off workers are looking to graduate education in the hope that an advanced degree will ensure their continued employability and/or career advancement.

The growth of graduate education in the Southern Pacific is going to be full of challenges; the main issue will be the financing of graduate education. Potential graduate students must provide their own means to support their graduate education endeavours. At present, critical resources in the Southern Pacific are used in addressing issues of access and equity for undergraduate education.

For many years the Western hemisphere has been the preferred destination for international students to undertake graduate studies, but this is gradually changing. Certain countries in Asia, Latin America and the Middle East are being recognised as credible centres for graduate education. In addition, political and economic changes have emphasised the economic benefits of a highly trained workforce, leading to greater competition among countries for available students. The growing reputation of international graduate programmes means that while many renowned graduate schools have always provided the highest quality graduate education, the quality of graduate programmes offered by institutions in developing countries is also improving.

## 1.4 THE IMPACT OF GLOBALISATION

The future of higher education in the Pacific region is no longer shaped by nationalism, but by the forces of globalisation; this is a reality that must be dealt with by the region. Globalisation has resulted in an increasingly integrated world economy, a new digital world propelled by advances in information and communication technology, the democratisation of knowledge, the role of the English language as a higher education currency, and other forces beyond the control of states and their institutions. Globalisation has also intensified competition and collaboration among stakeholders in higher education. This has resulted in higher education becoming more internationalised. In fact, the internationalisation of higher education is regarded as states and institutions reacting to globalisation. These typically include sending students to study abroad, setting up branch campuses overseas, or engaging in different kinds of inter-institutional partnerships.

One of the revolutionary impacts of globalisation is how it has changed the global demography. This global demographic change, as well as rising incomes in developing countries, has increased the number of internationally mobile students. The British Council estimates that the total number of students enrolling in higher education worldwide, including those studying in their home countries, will increase by 21 million (from 178 million to 199 million) between 2011 and 2020, with a continued growth in emerging markets (World Bank, 2011). Of this estimate, about 450,000 are expected to be internationally mobile, out of which 130,000 are applicants to the major destination countries (such as the US, the UK, Australia, Canada, Germany, France and Japan).

Besides this increase in internationally mobile students, globalisation has also transformed the business of universities and higher education. Universities, no matter how traditional, are operating in an increasingly international ecosystem, and the community of academic institutions, scholars and researchers is now international. Also, the rise of English as the lingua franca of scientific communication is unprecedented, while the digital revolution has given birth to what is now known as the digital native – a generation that is confident in communicating, interacting and learning on various digital platforms. By the same token, these changes have helped to concentrate ownership of publishers, databases and other key resources into the hands of the strongest universities and some multinational companies, located almost exclusively in the developed world.

Globalisation offers exciting new opportunities for students, researchers and universities beyond their national boundaries. However, many have been sceptical; for them, this is merely another form of Western imperialism, tantamount to an assault on national culture and autonomy (Global Higher Education, 2011). There are merits in these arguments, but in reality international collaboration and cooperation are the norms of the post-modern higher education landscape. In addition, students, scholars and researchers could never be denied the opportunity to learn, discover and disseminate knowledge through international cooperation frameworks. While indigenous knowledge has its significance, its true potential has not been unleashed. Thus, the challenge is to strike a balance and to enhance national

influence in the internationalisation of higher education. The impact of globalisation on higher education has also made geographical boundaries irrelevant. The establishment of foreign campuses is now a reality that may continue to prevail. The emergence of international education hubs, such as Qatar, Singapore, Hong Kong, Malaysia and the United Arab Emirates, is a testament to how the internationalisation of higher education is a matter of national strategy for growth and competitiveness.

### GOING REGIONAL

The last decade has also seen a trend towards universities pursuing their internationalisation strategy through regionalism. This is a pragmatic national policy, and in many circumstances it is strategic. There are few better ways for a state to produce the most desirable outcome than to deal with its immediate neighbours, whom it knows and understands best.

The Bologna Process and the Lisbon Strategy in Europe are the clearest examples of international engagement at this level, with the first drawing more than 40 countries into a voluntary process of enabling a European Higher Education Area. In particular, the Bologna Process was the trigger for a series of efforts to construct regional higher education areas in various types in other parts of the world. Developments in Asia, Africa, the Persian Gulf and Latin America, albeit uneven in nature, point to the desire to frame and construct regional agendas and common frameworks. These include the Brisbane Communiqué Initiative (launched by 27 countries in the Asia-Pacific Region), the Southeast Asian Higher Education Area (launched in 2008), and the Latin American and Caribbean Higher Education Area (launched in 2009).

Any account of the forces shaping the internationalisation of the higher education sector must account for this strategy of regionalism. The Pacific region's future growth in higher education must capitalise on the value of working together as regional partners, and discard the 'silo' mentality. Academic regionalism in the Pacific would transform the pattern of human mobility and open up opportunities for education providers in the region to operate regionally.

### INEQUALITY IN ACCESS

Global systems of higher education have always been confronted with issues of equitable access. Despite the massification phenomenon, broader post-secondary participation has not benefited all sectors of society. The world's poorest countries and the most resource-deprived institutions are still struggling to find ways to address this issue of inequitable access. Many of the least developed and developing countries have found it extremely challenging and complex to establish a footing in global higher education, let alone provide equitable access.

While the challenge is enormous, a few countries have shown a high degree of commitment and registered encouraging achievements. For example, Mexico invested in the development of additional educational services in disadvantaged areas with some degree of success. It has

been observed that 90 percent of the students enrolled are the first generation to pursue higher education in their families, of whom 40 percent live in economically depressed areas. Furthermore, female enrolments increased significantly in many African countries when the governments of Ghana, Tanzania and Kenya etc. intervened by lowering admissions criteria in order to encourage female participation in higher education. In India, participation by the lower castes, Muslims, and the rural poor in higher education has been very low. This has forced the government to intervene by directing that universities reserve a percentage of their places for "socially and backward classes". Also, in Brazil the legislature has mandated universities to reserve space for disabled and Afro-Brazilian students (Altbach, Reisberg & Rumbley, 2009).

A global trend indicates that the biggest challenge that hinders equitable access is, again, student finance. Although in many publicly funded universities tuition fees are minimal, the simple cost of living is a huge obstacle to most socio-economically disadvantaged groups. While governments have introduced multifaceted measures, such as loans, bursaries, grants and vouchers, the measure of success has been subjective. Income-contingent loan schemes (where repayment plans are tied to post-graduation earnings) have gained popularity in Australia, New Zealand and South Africa, but they are still more attractive to middle and lower-middle class students.

### *INCREASED STUDENT MOBILITY*

International student mobility reflects an impact from concerted national and institutional strategies in many developed and developing countries; it is also a manifestation of individual students' choices worldwide. International student mobility has three main trends. The first is Asian students heading to higher education institutions in North America, Western Europe, Australia and New Zealand. This is now a permanent feature in international student mobility, commencing during colonial days. Overseas students who come from Asia have made a huge contribution to Western economies. This market has grown sharply in recent years, but competition from other countries is intensifying.

The second trend is students' movement within the European Higher Education Area, mainly as a result of European integration. This is quite a recent phenomenon, and it is increasing in intensity. The third trend is the movement of students from countries in Asia, Africa, the Middle East and Central Asia to Southeast Asia and East Asia, especially Singapore, Malaysia, Philippines, Japan, Hong Kong, and Korea. This is driven by various factors, including less rigorous visa regimes, more competitive costs, cultural and religious considerations, and aggressive and concerted efforts by those states to transform themselves into international education hubs.

Globally, trends in student mobility are changing from predominantly South-North and East-West directionality to a more dynamic South-South movement and movement within various geographical regions. Two important factors are driving the recent trends in international student mobility. The first is the country, and the second are the respective universities and

institutions. One good country-case is Britain, where international education, in all its forms, represents a huge opportunity for the country. This is reflected in the national policy document on "International Education: Global Growth and Prosperity" released in July 2013. This strategy sets out a determined plan by the British Government to harness international student mobility and the opportunities it represents.

Universities and academic systems have themselves developed many strategies to benefit from the new global environment and attract non-resident students. In the Asia-Pacific region, Malaysia is a classic example of how vibrant private higher educational institutions have managed to attract huge interest from international students to pursue higher education in the country. Malaysia's neighbouring country has shown similar success; the National University of Singapore (NUS) has more than 400 international collaboration programmes with various partners globally, involving thousands of undergraduate and postgraduate students. As such, while previous trends in international student and talent mobility were more skewed to North America and Europe, there is now a qualitative change in the pattern. International students and scholars are now presented with more opportunities and better choices to pursue research and higher education. However, it is clear that international student movement patterns are still most likely to benefit the wealthiest and most socially privileged students.

### *TEACHING, LEARNING AND CURRICULA*

As the higher education landscape changes with technological advancement, we grow more interconnected and the outcomes of our policy responses to all these challenges become increasingly uncertain, with many unintended consequences. So how can we prepare our younger generations to live in a world that is much more complex and unpredictable than the one we live in now?

Global trends suggest that a complete reform of the curriculum is necessary if higher education is to be made relevant to the advancement of humanity. There is a completely different set of things that younger generations need to be taught, which must go beyond the given knowledge of traditional disciplines. The new higher education system must have curricula that will provide the young with cognitive models for how to live in an integrated world, such that they can learn, be inclusive and international in their worldview, and incorporate scientific and design thinking based on creative imagination. At present, some obsolete pre-internet cognitive models are still being used to design a world for the young, who exhibit a different understanding.

There is a growing concern that creativity is being driven out in our higher education curriculum. Incorporating creativity into the current curriculum is a significant challenge, especially in the non-Western world. There is also grave concern about why many higher education systems have currently not been able to produce graduates with modern, cosmopolitan and relevant worldviews. The disconnect between teaching, learning and curricula and profound global challenges such as poverty, climate change, international

conflicts, inclusive growth and sustainability require a serious commitment to addressing these deficits. Also, there is a need to rethink how science, technology, engineering and mathematics (STEM) are being taught. Global trends have indicated that the teaching of STEM must now incorporate art and design (STEAM), which will then raise the issue of how much time and space should be dedicated to the incorporation of these subjects.

The reform of curricula will be only an academic exercise if sufficient academic support and innovative approaches to pedagogy are not put in place. The prevailing trend now is to use students' diversity and their multifaceted perspectives to enrich and influence teaching and learning in the classroom. Learning is never a one-way process; it is more transformative if professors' views are constantly being scrutinised and challenged by the students.

There is a general consensus, globally, that the mission of most higher learning institutions in many countries today is to teach less of the basic disciplines and offer more generic and cognitive development courses. The aim is to equip a modern generation of young people to live confidently in a networked society that is constantly learning.

### THE PRIVATE REVOLUTION

One area that is expanding more rapidly than any other in order to meet the growing appetite for higher education is the private sector. The growth in this area has been phenomenal, and today some 40 percent of global higher education enrolments are in private institutions. Although private provision has traditionally been the dominant force in many Asian countries, including Japan, the Republic of Korea, the Philippines, Indonesia and Malaysia, it now also represents the fastest-growing sector worldwide. Over the past 20 years the higher education provision across most of the Latin American countries has flipped from being predominantly public to mostly private. Private universities are also growing rapidly in Central and Eastern Europe, an area where public university traditions are deep-rooted. Moreover, the sector is growing at a faster rate and attracting more attention in Africa, and Middle East and North African (MENA) countries are also registering private education enrolments even though the number is relatively small.

This growth is most visible in countries with ambitious enrolment targets and public institutions than cannot meet the demand for access to higher education. Although the expansion of private institutions has attracted criticism from the community of public universities, especially related to the issue of quality, this is gradually disappearing and many people have had to accept that, in some circumstances, the private sector does it better. The typical model, especially in rapidly growing higher education systems as those in Africa and Asia, is that the private provision has been focussing more on the delivery of non-technical courses, such as business, law, accounting, and information technology. However, this trend is changing, and private universities have begun venturing into hard science subjects such as medicine, pharmacy, engineering and the applied sciences. Therefore, the future is predicted to see a more common and comprehensive offering of subjects by both public and private provisions, and the distinction between the two sectors is fast disappearing.

In some parts of the world, such as Malaysia and Indonesia, the private sector plays a vital role in the development of higher education. However, this can bring concerns about quality and standards. Global trends indicate that while the demand for such institutions is strong, concerns about quality and standards are also getting stronger. Subscribers to private higher educational institutions are therefore becoming highly selective and demanding, and any compromise on quality is being met by strong market rejection.

Although private provision also includes private non-profit institutions, any growth in this sector usually means an increase in the number of for-profit institutions. The vast potential in the private higher education market has also attracted non-traditional players into offering education services. Many conglomerates are now involved in the business of higher education and are aggressively expanding abroad, establishing campuses, purchasing existing foreign institutions and marketing their distance education offering. The traditional view of the private higher education system has been that it provides access to students who are less qualified for public institutions. It was also assumed to be less rigorous in terms of quality, and less prestigious. However, these perceptions are rapidly changing as the future of global education increasingly shifts toward private provision, where quality players are rapidly emerging.

The next challenge in higher education will be how and whether private education providers are able to transform, not only in terms of the dissemination of knowledge, but also to facilitate its creation through research and innovation.

### *ACADEMIC LEADERSHIP IN THE 21ST CENTURY*

Globally there has been a concern that the leadership sophistication and skills required to lead a more internationalised and global university have widened and increased. The issue is whether the leadership of universities should be left in the hands of academics. Do they have the right talents to lead the universities of the future, or do we need leaders who have skills that are more suited to the corporate world?

While academics have proven in the past to be very capable at managing universities, times have changed. Universities are now confronted with unprecedented challenges, such as the globalisation of higher education, austerity measures in the financing of higher education, and the massive growth of undergraduate and graduate education. These challenges demand a new approach to university leadership. There is an increasing demand by universities for leaders with a broadened skill set and strong entrepreneurial acumen; a wider range of skills is often acquired through extensive experience in the corporate and business world than in academia, although academics can also be entrepreneurial.

This trend is understandable, since many universities in the developing world are beginning to be treated as economic entities, with profit motives becoming more dominant. At the same time, austerity in higher education has forced universities to be more creative in managing their resources. Competition for talents and students, the transnational nature of their

operation and the advancement of digital technology are challenges similar to those faced by business corporations. Thus, it makes sense that leadership skills developed in the business world may also be relevant to the needs of a modern university.

A recent report on university leadership pointed out that the percentage of university presidents in the USA who came into post directly from positions outside higher education rose from 17 to 23 percent between 2007 and 2012. This trend is also very visible in the UK, where 40 percent of university leaders have "spent significant time" outside academia. The report also concludes that "[t]he universities of the future might be led by a world-class academic, a high-flying business executive, or a combination of the two. There is no single right answer, but those who stand still now risk finding themselves moving backwards before long" (Berndtson, 2013).

### THE ACADEMIC PROFESSION

Among the most affected stakeholders in the fast-changing landscape of higher education are the faculty members. As the global higher education sector has experienced phenomenal growth, the massification and expansion of higher education, particularly in developing countries, have led to shortages of qualified academics (Altbach, Reisberg & Rumbley, 2009). While demands for higher education are strong and growing, recruiting highly qualified staff is a serious challenge. This problem is exacerbated when many private providers are reluctant to pay competitive remunerations due to cost-saving measures. Although no exact figures are available, most university teachers in developing and the least developed countries only possess a Bachelor's degree. In China, UNESCO statistics from 2009 indicated that only 9 percent of faculty members are doctoral degree holders; the number were slightly higher in India, with 35 percent.

The global demand for higher education has also seen an increasing number of non-academics delivering courses on a part-time basis. This is most notable in Latin America, where up to 80 percent of professors are employed on a part-time basis. In many countries it is now a trend for professors to have affiliations with other universities, alongside their full-time tenure at their main institution. Public university academics are also helping to staff the burgeoning private higher education sector by serving on a part-time basis.

It has been a (global) consensus that remuneration packages for academics are far from competitive. Relative to the salaries of executives in other private sector businesses and multinationals, especially in developing countries, the figures are not attractive enough to lure the best and most able talents into the system.

The variation of salaries between countries is equally significant. This encourages talented academics to migrate to any country that pays more. This brain migration deprives the developing and least developed countries of the talents that are needed to enhance the credibility of their young institutions. Meanwhile, the academic labour market is becoming increasingly globalised. An increasing proportion of staff members in universities in the

Western hemisphere are nationals from other countries. This diversity reflects how the movement of talents has been skewed to the North, with thousands of academics crossing borders to take up appointments at all levels. The largest flow is South-North, with North America especially benefiting from an influx of academics, including many from Europe who are seeking higher salaries. Patterns of academic migration continue to work to the disadvantage of developing countries (Altbach, Reisberg & Rumbley, 2009).

### NEW REGIONS DRIVING GLOBAL COMPETITION IN RESEARCH

Research is inherently a global activity, with the best researchers affiliated to organisations all over the world. The most cited papers are often produced through international collaborations. While research has historically been dominated by scholars and institutions in the Western hemisphere, the other regions are fast catching up in terms of global competition for research and innovation. The number of scientific papers being produced across the world is rapidly increasing, particularly in developing countries. It is no coincidence that this is happening alongside significant increases in spending on research and development, and governments driving the establishment of world-class research universities.

Asia in particular is ploughing significant resources into research and development. For example, China, which has already spent $179 billion (£112 billion) in this area, aims to increase spending from 1.8 percent of gross domestic product to 2.5 percent by 2020, which puts it almost on a par with the US. In the same vein, South Korea plans to raise its figure to 5 percent by the end of 2012. High-spending nations, such as China, Singapore, South Korea, Taiwan and, more recently, Brazil, have begun to benefit from their investment. In China alone there has been an 80 percent increase in scientific literature over the past five years in terms of annual output (DeSutter, 2011). In this area the country was predicted to overtake the US as the world's top producer of research by 2020 (The Royal Society, 2011); in fact, this was achieved in 2018.

The trend also indicates that outstanding and transformative research quality is always associated with strong and highly reputable research establishments. China might have as much high performance and excellent research vis-à-vis higher educational institutions as the US within just two decades. The government-led Project 211 and Project 985 schemes aim at ensuring that China will have 100 or so excellent and high-performance research and higher educational institutions. It is only a matter of time until China will be on a par with the US in terms of elite research. While the average citation rate for published work coming out of China is still below the world average, this trend will likely change over time. English is being more widely used by Chinese scientists, meaning that more and more of their works will be cited. In addition, growth in new areas which China has identified as priorities, including biotechnology, nanotechnology, energy and clean energy, should also be expected.

Another important research powerhouse is India. It aspires to be among the top five global scientific powers by 2020, and the country's President has declared the 2010–2020 period as the decade of innovation. Like China, India has the talent and the potential to be a major

research power. The current trend in this country is to move the research base from research institutes into universities. If this happens, it will really drive some of the top Indian universities up the international league tables.

Globally the number of researchers within the population is increasing, and any sensible strategy for economic competitiveness must place research investment high on the agenda. Brazil instituted a very ambitious plan to realise this. Science without Borders was a Brazilian Government scholarship programme which aimed to sponsor 100,000 Brazilian students on undergraduate sandwich courses, PhD sandwich courses and full-time PhD programmes in science, technology, engineering and mathematics, as well as courses in the creative industries, at universities around the world. However, such an ambitious programme was difficult to sustain, leading the Brazilian Government to announce its termination in April 2017 (ICEF Monitor, 2017).

A number of other developing countries are also creating strategies to enhance their competitive edge in terms of research and innovation. The Brain Korea 21 plan is a testament to how serious the government is about making the country visible as a research powerhouse (Ministry of Education and Human Resource Department, Republic of Korea, n.d.). Also, Indonesia now sends 1,000 PhD candidates yearly to foreign universities. In Latin America, graduate programmes are ranked in terms of their research productivity and financed accordingly.

While expenditure on research and innovation is increasing significantly, another global trend indicates that it is strategic to concentrate this funding in a few well-resourced institutions of national importance. However, there is also a need to maintain the connection between teaching and research; this is necessary for two reasons. First, it is through teaching that researchers are able to identify future research talents from among their students. Second, researchers need to disseminate their findings through knowledge co-creation, and this is best done in collaboration with the brightest minds who are eager to learn. This will ensure that undergraduate students will continue to benefit from the best brains in their institutions.

In relation to the future research agenda, it is vital to take guidance from the 2014 Outlook on the Global Agenda, produced by the World Economic Forum (World Economic Forum, 2013). The Outlook suggests that there are six emerging issues in which development is crucial but which have yet to reach their full potential and impacts. These include the future of biotechnology, the impact of shale gas on economies and sustainability, the future of democracy, digital surveillance and its relevance to a more transparent world, the future of the Arctic and its impact on climate change, and finally, how the global economy will respond to the rise of powerful multinationals. The survey also pointed out another two important areas that will continue to be relevant to the future of mankind. The first is the new space race and how it is expected to bring new opportunities to mankind, and the second is how emerging technologies are changing the way we live our lives here on Earth.

The research function within higher education has evolved in significant ways over the last decade. Today, research is not only recognised as an important social role of the university, it

is also bestowed with responsibility to stimulate growth and development. It is regarded as a catalyst in the transformation into a knowledge-based economy. To realise this, traditional research based on academic disciplines and scientific fields has given way to more transdisciplinary research, which involves the participation of researchers from science, engineering and the social sciences.

The current trend is to allocate research funding to universities on a competitive basis. This is intended to ensure that the research agenda has strategic values, besides ensuring a more efficient use of research funds to target problem-oriented or development-oriented research programmes. This strategy is defining a new feature of a modern higher education institution. University research is now not just an arena for the production of new knowledge, but also, perhaps more importantly, an impetus for inclusive and sustainable growth and development.

### THE DIGITAL REVOLUTION

Digital technologies have also given birth to the notion of collective awareness, by allowing the vast amount of data and information available to be shared and interpreted collectively. This will give more sense to the data and the information. Besides giving sense to the information, more importantly it will also allow users to know what their peers are doing. This form of collective awareness, where all interactions and connections are generating data and knowledge in the broadest sense, will ensure that the learning process is transformed. It is expected to signal the end of consumption-based learning; collective awareness will help us to understand each other and ourselves better, and it will enhance the learning experience and democratise knowledge. Moreover, it will bring to an end the monopoly of knowledge by universities and higher learning institutions. Thus, it is expected to eliminate the silos that still exist, enhancing an ecosystem of learning and, finally, allowing innovation to flourish and prevail (World Economic Forum, 2013).

The global trend indicates that the higher education system of the future will be about building strength in education technology. A modern university is now measured by its ability to successfully marry educational excellence and tradition with technology and research to produce world-class pedagogies. Further pressure is created by the rising cost of education in many parts of the world. Thus, demand for alternatives to traditional campus college education is getting stronger. For example, global businesses are using technology platforms for employee learning and professional development. In turn, this has given rise to a number of innovations that could disrupt the education marketplace, in particular the emergence of MOOCs, the development of individualised learning, and a surge in the use of educational analytics.

On the issue of whether the digital revolution will lead to the demise of traditional universities, our response is that such an argument is unfounded, shallow and simplistic. Our position is that the greatest challenge for universities, now and in the future, is to continue to maintain their traditional role, and at the same time unleash the true potential of digital technology to

support learning and research. If this could be achieved, it will facilitate a major academic transformation in the 21st century.

While digital communication has truly revolutionised the dissemination of knowledge, it has also contributed to disparity between the "haves" and "haves-nots". The divide between universities in the global North and South, specifically in the Pacific region, is becoming ever more apparent and visible. Many parts of the Southern Pacific have remained digitally marginalised as a result of the inadequacy of state investment in digital infrastructure. Thus, more investment is required to address the infrastructural deficits in the region.

### DELIVERING QUALITY HIGHER EDUCATION

Delivering a quality educational experience is crucial to the mission of a developed higher education system. The new workforce is expected to have the cognitive ability, intellect and skills to meet the challenges of the 21st century. Qualifications agencies and quality regulators throughout the world are struggling to define a global framework that will be able deliver such outcomes while also responding to respective national cultures and learning traditions. No matter what the arguments are against globalisation, the new interdependent world, propelled by the digital revolution, has created the need for a more integrated framework and an internationally recognised quality assurance mechanism between nations.

While quality is a multi-dimensional concept, a pattern for evaluating the quality of higher education has been established in most parts of the world. The new pattern tends to rely on peers, rather than government authorities. Institutions are often evaluated against their own self-defined missions than against an institutional model defined by an agency (Altbach, Reisberg & Rumbley, 2009).

We are also witnessing a trend wherein the regulatory function of many government and state agencies has shifted to a validating role. There is an increasing focus on assessing the learning outcomes of higher education, where indicators are being enhanced to measure if students have mastered specific objectives as a result of their education (Altbach, Reisberg, & Rumbley, 2009). There is also a strong move for self-accreditation and self- regulation, especially for more established universities. For technical and skills-based courses, the trend is to subscribe to industrial certifications provided by independent, non-profit and relevant certification agencies. Similarly, another emerging trend is that quality assurance has gone regional in its approach to forging a common standard. The Bologna Process reflects enormous progress in this regard; it has created a common degree structure and qualifications frameworks, aiming to bring uniformity and quality assurance across Europe while promoting transparency, mobility, employability and student-centred learning.

Another important initiative in Europe was the establishment of the European Association for Quality Assurance in Higher Education in 2000. This initiative brought together many of the national quality assurance agencies in Europe, and created an important forum to engage member countries in transnational quality assurance projects. ASEAN is emulating the

European initiative and is currently working on the realisation of the ASEAN Quality Assurance Framework. Universities in the Maghreb and North Africa are also currently working on a similar initiative.

As higher education becomes more internationalised and many new providers emerge, utilising various methods of delivery, there is an urgent need for an international mechanism for quality assurance and standards to be developed. The trend is skewed towards a multilateral arrangement.

### SUSTAINABLE FINANCING MODEL FOR HIGHER EDUCATION

Alongside the rapid growth in the number of students, many countries facing budget constraints have introduced "austerity measures" reducing funding allocations for higher education in a significant way. Thus, there has been a shift towards funding higher education from private sources, through private research funding, the sale of university services and consultancy. In most countries, a significant proportion of this income comes from students' tuition fees.

The global trend indicates that public higher education has begun, and will continue, to take on some of the practices and characteristics of private institutions. It is also predicted that there will be an increase in the privatisation of public institutions. Tuition and other fees charged to students will increase, and countries where public institutions currently provide free education or charge minimal tuition fees are likely to increase what students must pay to study. Conversely, in countries where tuition fees are already significant, increases are also likely. The amount charged to students will vary according to the economic and political circumstances of each country, and it may also be influenced by differing social philosophies and ideologies.

This trend is justified by two compelling reasons. First, many governments are finding it hard to continue to fund the explosive growth and massification of higher education services. Second, there has been a shift in attitudes towards higher education, from the concept of higher education as a public good to its being a private good. However, it is important for governments to understand that the value of higher education comes in many forms.

There is, of course, a public value to higher education, and this is reflected in the substantial public support that is still offered. But there are private gains too, which is why it is fair to expect graduates to pay back some of their costs. Higher education is very likely to boost the earnings of graduates, and this boost does not only benefit the individual. It also means there is a boost to the long-term economic growth of the country and to the tax base, since graduates are expected pay more taxes. These public and private returns are not only economic, but also contribute to wider social and cultural gains.

The impact of fee increases will vary from country to country, but one common trend that will emerge is that it will provide an impetus for greater transparency and accountability. Students

will increasingly ask: why should we contribute more to have tuition for only part of a year, or for minimal face-to-face contact with tutors? This will force universities to seriously address the current lack of incentives for good teaching in the system. It will be a particular area of concern if institutions fail to tie the rise in students' contributions to higher education explicitly to improvements in student satisfaction and teaching excellence.

Equality in access to higher education is likely to remain a concern for many governments. Efforts to develop students' loan schemes that are funded or at least guaranteed by governments have also intensified. In Australia and the UK, students' loan repayment levels are already based on income.

There is also a growing trend to move away from a position where prestige is associated almost entirely with research performance. Of course, we must back internationally excellent research, but we cannot afford a system in which everybody tries to do everything, badly and at high cost. Research funding is already highly selective, and that is appropriate; it will become even more so. However, it should be no less prestigious to achieve world-class excellence or elite status in undergraduate teaching or in technical education, or even to develop an institution committed to serving the skills and learning needs of a local or regional economy.

One worrying trend is the likelihood that the traditional societal role and service functions of universities will be diluted and compromised as a result of a growing emphasis on income generating agendas, cost recovery, significant increases in tuition fees, and the commercialisation of research. Many universities are involved in financing publishing houses, journals, community engagements, cultural activities and many other community-related activities besides serving as key intellectual centres. These roles are particularly important in countries with weak social and cultural outlets.

### *HIGHER EDUCATION FOR INCLUSIVE GROWTH*

The greatest impact of globalisation on higher education is that it has progressively transformed the traditional societal mission of higher education. For centuries universities were central to societal development and progress; they resonated with the needs and aspirations of the society. Now, they are increasingly obliged to respond to the many new pressures described in this report. The economic role of higher education has placed considerable strain on their service mission, and the polemics on what role universities should play in mitigating the challenges of globalisation will continue. The global trend indicates that inequality among national higher education systems, as well as within countries, has increased in the past several decades, and the divide is becoming more visible in every sphere of higher education development. Many Asia-Pacific, Latin American and African universities are finding it extremely challenging and complex to respond to issues such as internationalisation, digital competencies, highly qualified academics, competitive research – the list goes on.

The future will see a more intense debate and discussion on how higher education should play a leading role in the promotion of inclusive growth. Inequality has become a global challenge that requires a wide range of policy actions at the national, regional and global levels. However, addressing this problem effectively will require time, international coordination and patience.

Inclusive growth focusses on sustained and broad-based economic growth, which is a necessary and crucial condition for poverty reduction. This does not only centre on corporations and business entities; more importantly, it also focusses on the individual as the subject of analysis. Inclusive growth is in line with the definition of pro-poor growth, and it must address disparities in income, age, gender, education, skills, access to technology, and opportunity. Therefore, issues of structural transformation for economic diversification will take centre stage. This is where the role of higher education is crucial; there will be no inclusive growth if the university is not providing access to the very poor and socio-economically disadvantaged. Poor farmers require help to improve their yield, small entrepreneurs require new business models to benefit from the digital revolution, schools need better trained teachers, and young people need the skills relevant to the 21st century workforce.

All these are the societal mission of universities, and this cannot be secondary to the sector's new economic and commercial roles. Furthermore, inclusive dividends of creativity and innovation will be limited if the university is not focussed on teaching and unleashing the talents of its students, no matter how poor and disadvantaged they are. An increase in investment in research and development is no longer the only way to create an innovative economy.

It is predicted that higher education systems in developing and the least developed countries will continue to struggle to strike a balance between meeting domestic challenges and priorities and the standards, practices and expectations that are articulated at the international level. A trend is now emerging that their research focus should be tailored more to address their local needs, rather than merely pursuing publication in international journals.

The nation's resources and universities play a key role in determining the quality and centrality of a university or academic system. It is desirable that the resources and expertise available in the higher education system should be dedicated to supporting the inclusive growth and specific needs of their own country. This will resonate well with the service mission of universities.

## 1.5 CONCLUSION

An academic revolution has taken place in higher education over the past two decades, marked by transformations that have been unprecedented in scope and diversity. Education is at the early stages of globalisation, but this is an area on which our progress and future depend. It is our belief that the role of higher education as a public good continues to be fundamentally important, and must never be compromised. However, we are also realistic about the fact that the private higher education revolution will increasingly be a force to be

reckoned with. The roles of universities are now multifaceted, but the ultimate mission of a university – to contribute to the well-being of a modern society – should prevail; the rest is secondary.

Understanding the global trends in higher education is crucial in helping the Pacific region to deal constructively with the new set of challenges confronting the higher education sector. There are enormous challenges ahead in deciding how the current higher education system will continue to support its inclusive development agenda and, at the same time, respond to a more globalised higher education trend. We are certain that a progressive higher education plan that will lead the future of the Pacific region.

# CHAPTER TWO

*COMMONWEALTH COUNTRIES OF THE SOUTH PACIFIC: THE REGIONAL CONTEXT AND ITS IMPLICATIONS FOR THE FUTURE DEVELOPMENT OF HIGHER EDUCATION*

## 2.1 INTRODUCTION

The socioeconomic and demographic structures of a particular country, and the surrounding regions, will undeniably shape the education system, its development and progress. For the small islands of the South Pacific region, restrained economic development, remoteness, small populations and frequent natural disasters certainly pose serious challenges in their quest to develop a sustainable future for higher education. To further examine their higher education system, issues and challenges, it is important to understand the national and regional contexts, which are largely influenced by their economic and demographic structures as well as their political and cultural settings. Hence, the following section will briefly discuss demographic and socioeconomic aspects in relation to the higher education sector in the Commonwealth Pacific Island Countries.

## 2.2 THE PACIFIC ISLANDS

Oceania is a geographic region that covers Australasia and the Pacific Islands. The Pacific Island Countries are countries in the Pacific Ocean that spread over three ethno-geographic groupings, i.e. Melanesia, Micronesia and Polynesia (see Figure 2.2).

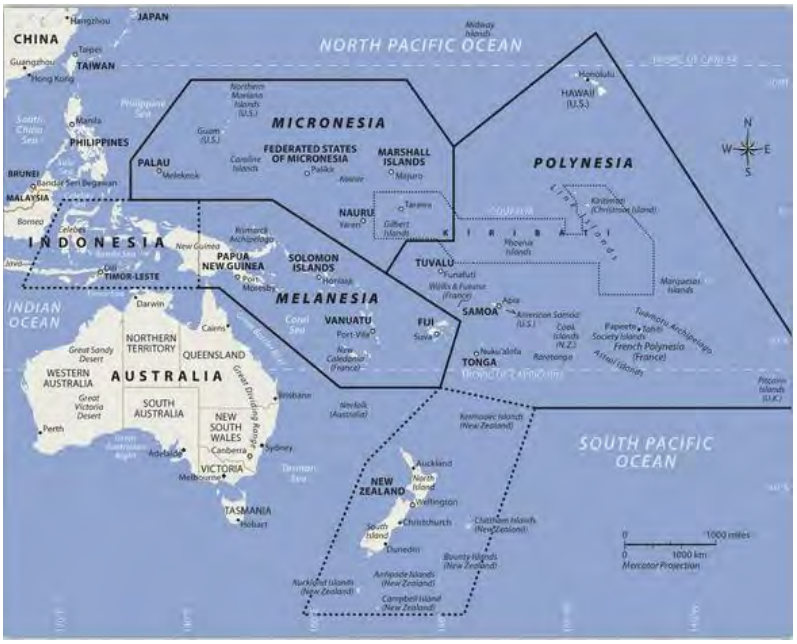


Figure 2.2: The Pacific Islands

*Note*. Retrieved from World Regional Geography: People, Places, and Globalization by Berglee, R, 2017, flatworldknowledge, v 1.0.

Conventionally the Pacific Islands do not include the neighbouring islands of Indonesia, the Philippines and the Japanese archipelagos. In total, the Pacific Islands comprise 25 nations and territories with more than 25,000 islands and islets spanning the western and central Pacific Ocean. Papua New Guinea, New Caledonia, the Torres Strait Islands, Vanuatu, Fiji and the Solomon Islands are part of the Melanesian sub-region, while the Micronesian sub-region includes Marianas, Guam, Wake Island, Palau, the Marshall Islands, Kiribati, Nauru and the Federated States of Micronesia (FSM). Finally New Zealand, the Hawaiian Islands, Rotuma, the Midway Islands, Samoa, American Samoa, Tonga, Tuvalu, the Cook Islands, French Polynesia and Easter Island are part of the Polynesian islands.

Oceania has a diverse mix of economies, from Australia and New Zealand with their highly developed and globally competitive financial markets to the much less developed economies of countries such as Kiribati and Tuvalu, with the medium-sized economies of Pacific islands such as Palau, Fiji and Tonga in between. As shown in Figure 2.2, the remoteness and sizes of the islands and islets create challenges in developing the economic and education sectors, and especially the higher education sector. The features of the Pacific islands are best described according to the Rio Earth Summit (1992), inter alia, as the following:

### *i. Smallness*

The Pacific Islands region covers 11 million square miles from the top of Australia to the Hawaiian Islands. However, the countries in the South Pacific have a combined land area of only 550,073 $km^2$ which are spread out across the world's largest ocean. The land areas in different nations vary considerably. Papua New Guinea, the largest island, is slightly larger than Japan, but most of the other countries are very small. The next biggest is Fiji. Nauru, Pitcairn, Tokelau and Tuvalu can only be described as tiny, none being larger than 27$km^2$. Eleven of the 22 countries and territories are smaller than 500$km^2$.

Populations in these islands are also small. Papua New Guinea, with slightly more than eight million people, is the most populated among the South Pacific countries. Fiji, with a population of 900,000 people, has the second-highest population. The estimated populations of Tuvalu and Nauru are around 11,000 people each. The rest of the countries also have very small populations, the lowest being just 53 in the Pitcairn Islands.

Kiribati is a good example of how small these countries are. It is the most remote and geographically-dispersed among the islands, consisting of 33 coral atolls which are spread over 3.5 $km^2$; the sea between them covers over 5,000 times the national land area.

### *ii. Isolation*

The Pacific Islands are very distant from leading countries in terms of economies, education and culture. They are simply too far from leading countries such as Japan, the United States and Europe. The closeness of Australia and New Zealand do provide some opportunities for export, but this is still constrained by their small markets and lacklustre economic performances. Moreover, they lack competitiveness in seeking international trade due to high transportation costs, which is a significant obstacle to efficient export manufacturing. Although many giant international companies have set up factories in under-developed countries to take advantage of cheap labour and materials, the remoteness of the Pacific islands does not make them attractive and profitable for the companies to explore the

possibilities. It would cost them more to ship materials into the country than to ship out the finished products.

### *iii. Dependence*

Most of these countries have been colonised and have continued to depend heavily on metropolitan countries in a number of crucial areas, including financial aid, markets to export their products, imports and technology. They also rely on other countries for opportunities for post-secondary education and military support. The Pacific Island Countries will still need assistance, especially in terms of financial aid, from economically leading countries for some years to come.

### *iv. Ecological Fragility*

Most of these countries have complex and vulnerable ecosystems. Animal and plant species have been protected in the island environments for a long period. This, combined with the geographical smallness of the islands, can easily lead to ecological disruptions and disasters.

### *v. Vulnerability to External Shocks*

Most developing Pacific Island Countries have extremely open economies. A demonstration of this feature in the Pacific Islands may be seen in an observation of their trade to GDP ratios. The trade (exports + imports) to GDP ratio was 113% in 2016 for Kiribati; for Fiji, it was about 110% as of 2010.[1] These high ratios are indicative of a high degree of openness and dependency on external markets.

These countries also depend on a very narrow range of commodities, mainly primary products, for export. With the exception of Papua New Guinea's influence in global mineral markets, most Pacific Island economies are not significant global producers. All these factors, combined with fluctuating and deteriorating prices, have made these economies extremely vulnerable to external shocks.

### *vi. Scarcity of Natural Resources*

Pacific Island Countries vary from one to another in many ways, but they share a similar dependence on finite natural resources that are continuously being exploited in the process of developing export-based industries (Fairbairn, 1994). A further expansion of trade, as an integral element of the growth process, can have far-reaching consequences for the natural environment and resources. This is largely because of the unusually high trade to GDP ratios prevailing in PICs, as previously noted, and a high level of dependence on resource-based products for export, combined with generally fragile environments. The stigma of these challenges that riddle the PICs requires that a reflective policy response be developed. This is discussed in the final part of this chapter, as it underlines the significance of higher education in mitigating the effects of the aforementioned challenges.

[1] World Bank national accounts data, and OECD National Accounts data files <https://data.worldbank.org/indicator/NE.TRD.GNFS.ZS > accessed 4 November 2017

### 2.2.1 THE SOUTH PACIFIC ISLANDS

The Pacific Islands can be subdivided into the South Pacific Islands, which are also referred to as the Pacific Islands, and Oceania. The South Pacific countries include American Samoa, the Cook and Solomon Islands**,** Fiji, Nauru, New Caledonia, Tokelau, French Polynesia, Tonga, Guam, Niue, the Northern Mariana Islands, the Federated States of Micronesia and Tuvalu, Kiribati, Palau, Vanuatu, the Republic of the Marshall Islands, Pitcairn Island and the island of Wallis and Futuna. Figure 2.2.1 shows how these islands are distributed.


Figure 2.2.1: The South Pacific Island Countries.
*Note*. Retrieved from Pacific Island Trade and Invest, 2017.

### 2.2.2 THE COMMONWEALTH PACIFIC ISLAND COUNTRIES (COMMONWEALTH PICS)

There are eleven Commonwealth member states in the Pacific region (see Figure 2.2.2). All these states are discrete island nations except for Papua New Guinea, which comprises some 600 islands, and the eastern part of the island of New Guinea. Australia and New Zealand were founding members of the Commonwealth in 1931, when their independence was recognised under the Statute of Westminster. Samoa attained independence from the United Kingdom in 1962 and joined the Commonwealth in 1970. Nauru became a member on gaining independence in 1968; Tonga in 1970; Papua New Guinea in 1975; the Solomon Islands and Tuvalu in 1978; Tuvalu in 1978; Kiribati in 1979; Vanuatu in 1980; and Fiji became a member in 1970.

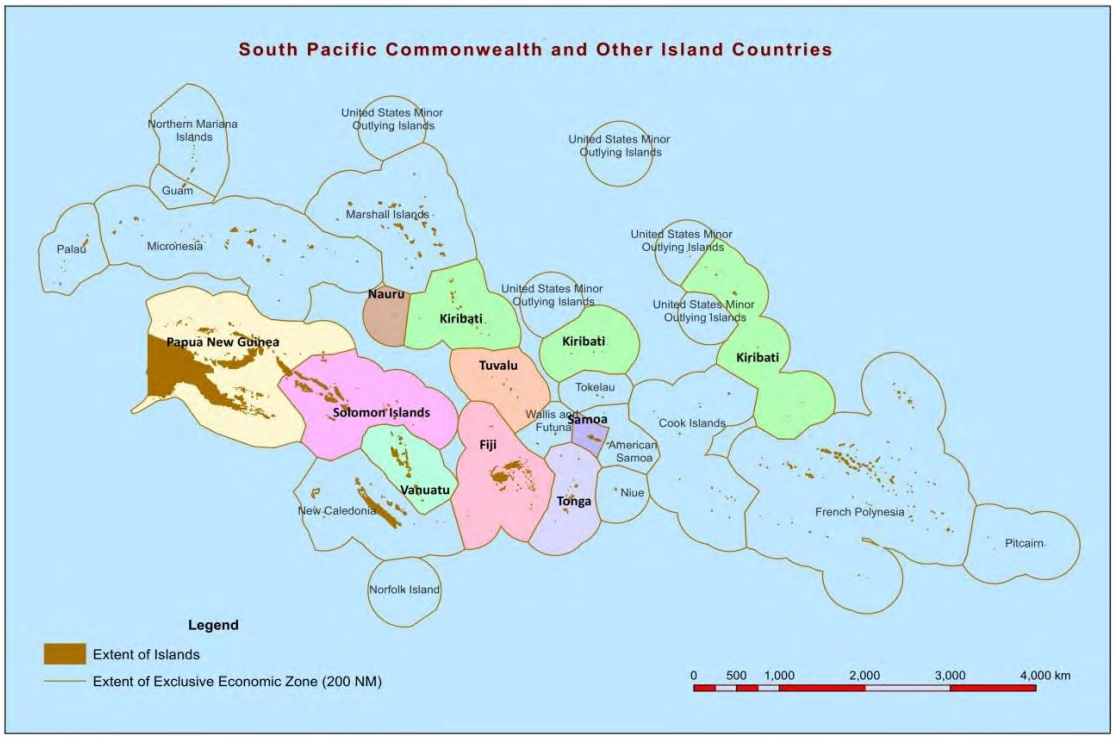


Figure 2.2.2: The South Pacific Commonwealth Island countries

## 2.3 DEMOGRAPHIC AND SOCIO-ECONOMIC BACKGROUNDS OF THE COMMONWEALTH PICS

The Commonwealth PICs[2] have a population of around 10 million people, with low density, and 90 percent of these people live in Papua New Guinea (PNG), Fiji and the Solomon Islands. Two of the countries (Tuvalu and Nauru) have a combined population of just over 20,000 people. Population growth rates vary considerably between the countries (see Table 2.3), with an increasing rate in all the islands. Their relatively small sizes discount economies of scale. Throughout the Pacific Islands, high population growth rates have led to the emigration of people from smaller outer islands to larger islands, and from rural areas to towns, especially national capitals. Declining agricultural commodity prices and livelihood opportunities, combined with insufficient rural lands to confer social standing, are also among the push factors for such migration. On the other hand, the prospect of cash employment, the availability of public services in towns, and the intrinsic excitement of urban areas are significant pull factors for moving to towns and urban centres. To sum up, the location of the islands makes the cost of transportation and raw materials higher, thereby creating difficulties in sustaining economic activities. This situation has left the islanders to endure at subsistence levels, with family, clan and community ties providing the social safety net.

[2] The total population is based on Table 2.3; the population data was retrieved from the World Bank.

Table 2.3: Total population and annual population growth

| | Land Area (sq. km) | Population (total) | | | Population Density |
|---|---|---|---|---|---|
| **Countries** | **2016** | **2008** | **2012** | **2016** | **2016** |
| Fiji | 18,273 | 843,340 | 873,596 | 898,760 | 49.2 |
| Kiribati | 811 | 98,440 | 106,613 | 114,395 | 141.2 |
| Nauru | 21 | 10,047 | 10,279 | 13,049 | 652.5 |
| Papua New Guinea | 46,2840 | 6,787,187 | 7,430,836 | 8,084,991 | 17.9 |
| Samoa | 29,35 | 183,526 | 189,194 | 195,125 | 68.9 |
| Solomon Islands | 30,407 | 504,477 | 551,531 | 599,419 | 21.4 |
| Tonga | 650 | 103,005 | 104,951 | 107,122 | 148.8 |
| Tuvalu | 26 | 10,340 | 10,725 | 11,097 | 369.9 |
| Vanuatu | 12,281 | 225,340 | 247,485 | 270,402 | 22.2 |

*Note.* Data for total population and annual population growth were retrieved from https://data.worldbank.org/indicator

In relation to economic activities, the agricultural sector remains the main employment provider in many of the Commonwealth PICs. In recent years, however, the shares of the agricultural and industrial sectors in gross domestic product (GDP) have declined, and the service sector has taken the lead. Similarly, the growth of tourism has significantly propelled the wheels of economic development. Also, the PICs have benefited from growth in Asia and the Pacific economies in the last two decades (Juswanto & Ali, 2016), the impacts of which have strengthened economies and allowed for progressive economic growth. Fiji and Nauru have by far the highest per capita GDP (see Figure 2.3). Fiji's economy is more sustainable, as it has a substantial industrial sector owing to the growth of its garment and tourism industries. This country has also gained from trade relations with Australia and New Zealand through the South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA), and in part due to the provision of tax-free zones and tax-free factories. Moreover, Papua New Guinea, the Solomon Islands and Fiji, which are all well-endowed with natural resources – agriculture, forestry, fisheries and minerals – have been able to achieve sustainable growth and have made notable progress in developing their natural resources, although not without depletion.

This was the case for Papua New Guinea, particularly concerning the mining industry. As of 1999, proceeds from the exports of crude oil, gold and copper amounted to 3.524 billion kinas, which was about 71 percent of total exports. For the decade commencing in 1990, the country exported a total of 1.65 billion tons of copper and 541 tons of gold (Bartelmus, Ernst & Schweinfurt, 1993), with both non-renewable and renewable (or potentially renewable) natural resources prone to depletion and degradation. Moreover, the environmental quality of aquatic and terrestrial ecosystems was deteriorating as a result of the depletion of natural resources in 1985, amounting to 74.1 million kina – equivalent to 31 percent of the sectoral value-added while the corresponding figures for 1990 were 180.7 million kina and 47.8

percent, indicating a substantial depletion of resources in spite of the significant profits derived from the export of metals and crude oil from PNG.

Natural resource depletion is inevitable, given their scarcity in most PICs. Even the country that the best endowed with natural resources (PNG) is suffering from depletion, and the effects of scarcity are bound to be more apparent in other PICs. Meanwhile, a less dire observation can be made concerning Nauru's economy, which is partly based on phosphate industries that offer a modest revenue stream – estimated at 3 percent of the national budget in 2016. The country has almost achieved full employment as a result of expanding economic activities (Asian Development Bank, 2016).

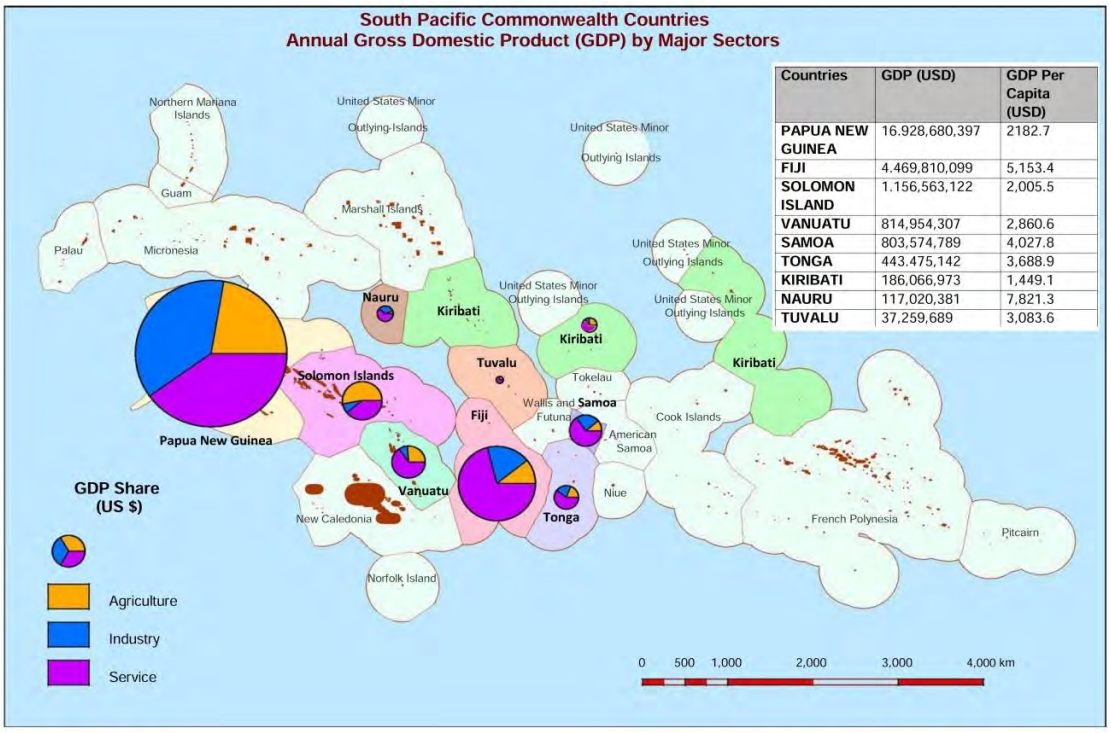


Figure 2.3: Annual Gross Domestic Product (GDP) by major sector

*Note.* Data for South Pacific Commonwealth countries' annual gross domestic product (GDP) by major sector. Retrieved from https://data.worldbank.org/indicator

Despite a very high per capita inflow of external finance in the form of both overseas aid and remittances, the Commonwealth PICs are still faced with the challenge of achieving sustainable economic growth (Gibson & Nero, n.d.). According to UNESCO (2015), the level of unemployment is rising, especially among young people, and there is increasing concern around issues of gender equality and health, among others. Migration continues to have a significant impact on socio-economic development in these countries (UNESCO, 2015). Besides migration, natural disasters can also have a tremendous impact on a country's socio-economic development.

## 2.4 HIGHER EDUCATION SECTORS IN THE COMMONWEALTH PICS

To foster inclusive growth and sustainable development across the Commonwealth PICs, their economies need to be more competitive and diversified. Regional and national development strategies in the Commonwealth PICs have therefore identified human resources and skills development as essential requirements to drive this process. Also, higher education will support enhanced economic activity in a wide range of sectors, generate higher incomes, create greater tax revenues, increase savings and investment, and lead to more entrepreneurial activities. A highly educated labour force will enable these countries to improve the business and regulatory environments, strengthen governance, and improve the quality of social services. Improved opportunities for quality higher education are equally expected to better equip the labour force to adapt to a changing economic environment. Similarly, a positive spill-over effect may be achieved by improving the skills of the population and generating greater entrepreneurial activity and job creation (Bloom, Hartley & Rosovsky, 2006). Improvement in skills also enhances the ability to generate greater employment opportunities overseas, which are beneficial to home economies through remittances or by transferring advanced knowledge and better entrepreneurial skills when people return to their home countries.

In general, higher education in the Pacific remains very limited in terms of both access and quality. According to UNESCO (2015), the Commonwealth South Pacific Island countries face huge challenges in their education systems. This is due to the rising cost of education, as a result of which many students leave school during the early years of their education, while others have inadequate basic literacy, numeracy or life skills. Hard evidence of this position can be seen in the Pacific Islands Literacy and Numeracy Assessment (PILNA) survey, conducted in 2012. The Literacy and Numeracy achievement of pupils in school, after 4- and 6-years' schooling in fourteen Pacific Island Countries (PICs), shows literacy to be in a dire state.

Only around 3 in every 10 pupils (29.2 percent after 6 years of schooling, and 30.2 percent after 4 years of schooling) are able to demonstrate the expected literacy skills, based on the Pacific Benchmarks for Literacy and Numeracy endorsed by the Forum Education Ministers' Meeting (FEdMM) in 2006. It should be noted that since the PILNA 2012, PILNA 2015 results indicated a general improvement in literacy and numeracy rate in the Pacific Island Countries; the proportion of students in the lowest proficiency levels (levels 0 to 2 in Year 4, and Levels 0 and 1 in Year 6) had decreased since 2012. Again in 2012, 43 percent of Year 4 students were in the three lowest proficiency levels, compared to 38 percent in 2015; and 16 percent of Year 6 students were in the two lowest proficiency levels in 2012 compared to 12 percent in 2015.[3]

Nevertheless, despite an emphasis on quality improvement strategies, the quality of education remains a problem. The challenges faced by the Pacific Islands in the provision of quality higher education are reported in the Summary Subsector Assessment of Higher

[3] Data retrieved from the 2015 Pacific Islands Literacy and Numeracy Assessment (PILNA) results Compiled by EQAP 2016

Education, published by the Asian Development Bank (Figure 2.4 (a)). Tertiary and higher education programmes are offered by universities and colleges. While there are a number of registered higher education institutions, only a few colleges and universities offer internationally recognised qualifications (see Figure 2.4 (b) and Table 2.4 (a)). Given the limited availability of higher education programmes in these countries, it is common for young people to attend overseas institutions (e.g. in Australia or New Zealand), or attend the regional university, the University of the South Pacific (USP).[4] As of 2016, about 27,642 students were enrolled in the USP (USP Annual Report, 2016).

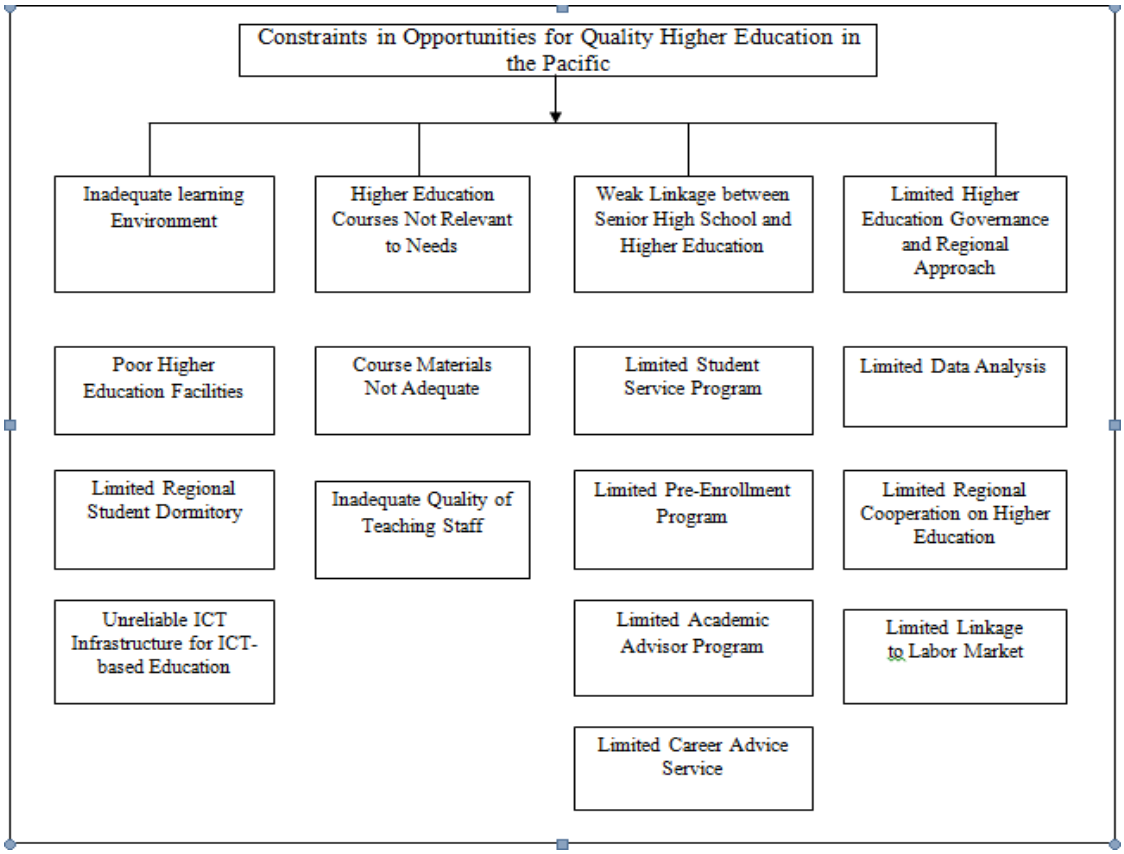


Figure 2.4 (a): Problem tree of higher education in the Pacific[5]

*Note*: Figure 2.4 (a) is retrieved from The Pacific Summary Subsector Assessment: Higher Education (2010: 9).

[4] Most of the islands are in a developing states, and cannot leverage the economies of scale that would allow for a national infrastructure of the scope required to address national sustainability needs. This has resulted in the establishment of a number of regional organisations in the Pacific with mandates for specific economic, environment, and socio-cultural areas of importance. The USP is one such regional organisation, owned and operated by 12 South Pacific Island nations.

[5] The Pacific is also referring to the South Pacific Commonwealth Island Countries.

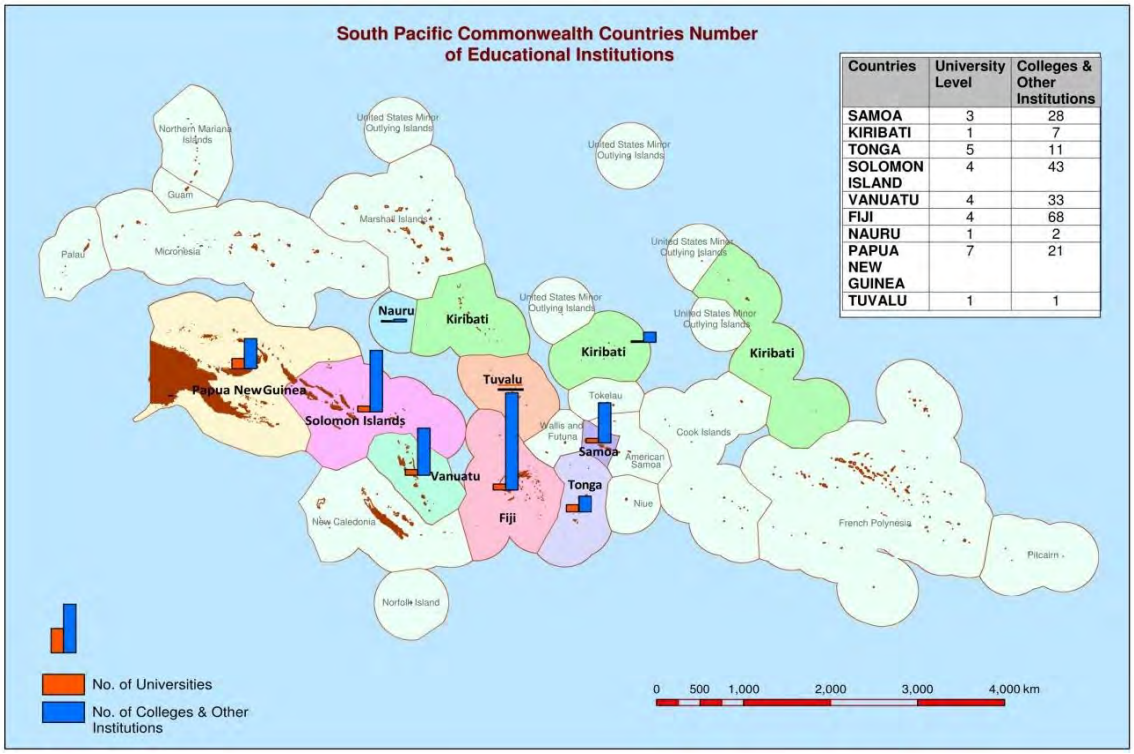


Figure 2.4 (b): Commonwealth PICs: numbers of tertiary and higher education institutions

*Note*. Data were collected from various sources[6].

[6] Retrieved from: Samoa Ministry of Education, Sport and Culture; Kiribati Ministry of Education; Tonga Department of Statistics; UIS; Trading Economics; Vanuatu National Statistics Office; Fiji Bureau of Statistics; Nauru Bureau of Statistics; Papua New Guinea Department of Education; USP; UNESCO.

Table 2.4 (a): List of higher education institutions in selected Commonwealth PICs

| Countries | Institution | No. of Institution |
|---|---|---|
| Samoa | University / Regional | 1 |
| | University / Public | 2 |
| | University / Mission | .. |
| | University / Private | .. |
| | Colleges & Others / Mission | 15 |
| | Colleges & Others / Private | 11 |
| | Colleges & Others/ Public | 1 |
| | Colleges & Others / Regional | 1 |
| Kiribati | University / Regional | 1 |
| | University / Public | .. |
| | University / Mission | .. |
| | University / Private | .. |
| | Colleges & Others / Mission | 1 |
| | Colleges & Others / Private | .. |
| | Colleges & Others/ Public | 6 |
| | Colleges & Others / Regional | .. |
| Tonga | University / Regional | 1 |
| | University / Public | 1 |
| | University / Mission | 2 |
| | University / Private | 1 |
| | Colleges & Others / Mission | 5 |
| | Colleges & Others / Private | 2 |
| | Colleges & Others/ Public | 4 |
| | Colleges & Others / Regional | .. |
| Solomon Islands | University / Regional | 3 |
| | University / Public | 1 |
| | University / Mission | .. |
| | University / Private | .. |
| | Colleges & Others / Mission | 22 |
| | Colleges & Others / Private | 26 |
| | Colleges & Others/ Public | 8 |
| | Colleges & Others / Regional | 35 |
| Vanuatu | University / Regional | 2 |
| | University / Public | 1 |
| | University / Mission | .. |
| | University / Private | 2 |
| | Colleges & Others / Mission | .. |
| | Colleges & Others / Private | 32 |
| | Colleges & Others/ Public | .. |
| | Colleges & Others / Regional | 1 |

| | | |
|---|---|---|
| Fiji | University / Regional | 2 |
| | University / Public | 1 |
| | University / Mission | .. |
| | University / Private | 1 |
| | Colleges & Others / Mission | 22 |
| | Colleges & Others / Private | 26 |
| | Colleges & Others/ Public | 13 |
| | Colleges & Others / Regional | 7 |

*Note*. Retrieved from various sources, and data is not exhaustive. Ministry of Education and Training, Government of Vanuatu, Australian Council for Educational Research (ACER), Tonga National Qualifications and Accreditation Board, Vanuatu Qualifications Authority, Samoa Qualifications Authority, USP, Fiji Higher Education Commission.

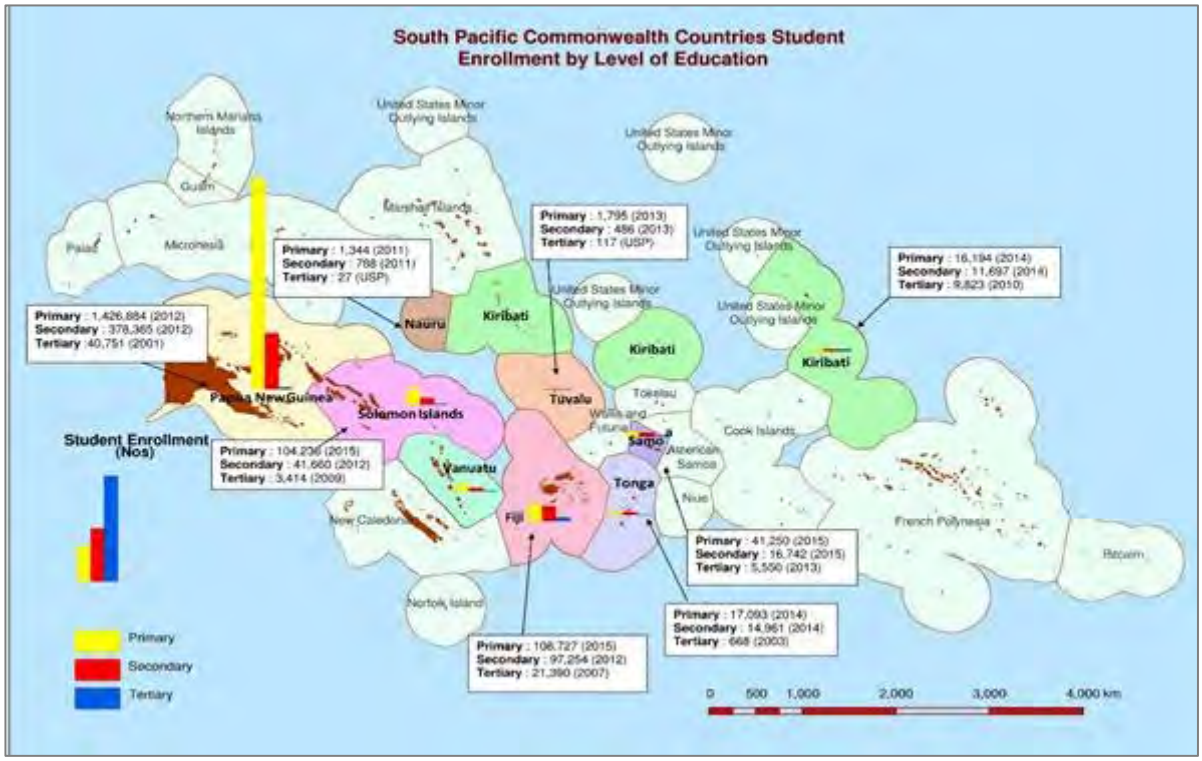


Figure 2.4 (c): Enrolment by level of education

*Note.* Data on enrolment is rather limited, and the data is collected from various sources.[7]

[7] Retrieved from Samoa Ministry of Education, Sport and Culture; Kiribati Ministry of Education; Tonga Department of Statistics; UIS; Trading Economics; Vanuatu National Statistics Office; Fiji Bureau of Statistics; Nauru Bureau of Statistics; Papua New Guinea Department of Education; USP; UNESCO.

Due to the limited availability of data, the following gross enrolment rates are drawn from Chandra (2009), which shows the gross enrolment rate in higher education for Fiji, USP Member Countries, and international comparators. Table 2.4 (b) shows that even though Fiji's level of tertiary education is high (by Pacific Islands standards), it is low by international standards – its gross participation rate stood at 15 percent in 2006. This is much lower than the 40–50 percent recommended by the World Bank as the threshold for developing countries, if they are to succeed in the new knowledge economy and society (Chandra, 2006: 7).

Table 2.4 (b): Gross enrolment rates in higher education for Fiji, USP member countries and international comparators, 2006

| Country | Country Gross Enrolment Ratio (GER) 2006 |
|---|---|
| Marshall Islands | 17 |
| Fiji | 15 |
| Tonga | 6 |
| Vanuatu | 5 |
| **International Comparators** | |
| United States of America | 82 |
| New Zealand | 80 |
| Australia | 73 |
| Barbados | 53 |
| Malaysia | 29 |
| World | 25 |
| Mauritius | 17 |
| Trinidad and Tobago | 11 |

*Note*. Retrieved from Chandra (2006: 7)

## 2.5 REGIONAL COOPERATION

The South Pacific Island Commonwealth Countries rely heavily on regional cooperation and integration to strengthen and foster their economic development. According to the Summary Subsector Assessment for the Higher Education (2012), the Pacific states, including the South Pacific Islands Commonwealth Countries, face difficulties in financing higher education through their budgets. Their economies are vulnerable to single-commodity price fluctuations and global financial crises, while the budgetary allocation to higher education varies across countries (Table 2.5 (a)). Most of these islands governments offer a limited number of scholarships to support students to attend the local or regional campuses of USP; numbers are usually determined (annually) as part of the budget processes.

Table 2.5 (a): Government expenditure on education

| Countries | Government expenditure on education (%) | Expenditure on tertiary (%) |
|---|---|---|
| Fiji | 14.0a | 22. 6a |
| Kiribati | 11.5b | 9.4c |
| Nauru | .. | .. |
| Papua New Guinea | 14.6d | 40.4h |
| Samoa | 16.1e | 33.2b |
| Solomon Islands | 17.5f | 17.5f |
| Tonga | 18.1d | 21.7d |
| Tuvalu | .. | .. |
| Vanuatu | 22.3g | 5.9e |

*Note*: a 2013; b 2001; c 1977; d 2004; e 2008; f 2010; g 2015; h 1977; data retrieved from the World Bank data series.

The growing scale of need for the development of higher education in the South Pacific Island Commonwealth Countries is attracting increased global attention. Education budgets in South Pacific Island Commonwealth countries largely rely on external funding. This comes mainly from Australia, New Zealand, the United States of America, as well as other development partners including bilateral donors (increasingly from China), development banks and United Nations (UN) agencies. The countries also rely on support and expertise from regional and international organisations and providers of technical assistance and support in education. In addition, several regional and international organisations are actively involved in the education sector in the Pacific. These include the Asian Development Bank (ADB), the Commonwealth of Learning, the Council of Pacific Education (COPE), the Oceania National Olympic Committees, the Pacific Islands Forum (PIFS), Pacific Resources for Education and Learning (PREL), the Secretariat of the Pacific Community (SPC), the United Nations Educational, Scientific and Cultural Organisation (UNESCO), the United Nations Children's Fund (UNICEF), the University of the South Pacific (USP) and the World Bank. These organisations work together with the Pacific Education Development Framework (PEDF) to ensure that national education strategies and plans are perfectly aligned with national and regional education development initiatives, through the provision of technical and financial assistance. According to UNESCO (2015), the PEDF is expected to continue its service as a regional framework for education and training, although it may evolve in response to the recent global and regional context.

Table 2.5 (b) lists the official development assistance (ODA) received and donors' contributions to the South Pacific Island countries in 2015. Papua New Guinea still ranked first among the recipients of ODA. However, the dissemination of aid is more in order when compared to the experience of the 1990s. Foreign donors range from Australia to Japan, and include some European Union (EU) institutions, International Development Associations,

Germany and others. Australia and New Zealand have been the main donors to the Pacific Islands countries and have contributed most to the development of higher education in the region.

Table 2.5 (b): List of ODA receipts and ODA donors

| **ODA receipts by recipient, net disbursement 2015** | | | **Top 10 ODA donors, net disbursement 2015** | | |
|---|---|---|---|---|---|
| Countries | USD million | Percent (%) | Countries | USD million | Percent (%) |
| Papua New Guinea | 590 | 31 % | Australia | 852 | 45 % |
| Solomon Islands | 190 | 10 % | New Zealand | 228 | 12 % |
| Vanuatu | 187 | 10 % | United States | 130 | 7 % |
| Fiji | 102 | 5 % | Japan | 112 | 6 % |
| Samoa | 94 | 5 % | EU institutions | 111 | 6 % |
| Tonga | 68 | 4 % | AsDB Special Funds | 63 | 3 % |
| Kiribati | 65 | 3 % | Global Environment facility | 32 | 3 % |

*Note*: Organisation for Economic Co-operation and Development (OECD) (2017). Official Development Assistant (ODA)

An improper co-ordination between aid donors is one of the challenges faced by these countries. The Asian Development Bank's (ADB) evaluation of its own projects in Pacific Island Countries rated less than half as "generally successful", and 22 percent as complete failures (Hughes, 1998). Aid donors, seeing that development funds are effecting little positive change, become less willing to increase their assistance to these countries. Similarly, following the break-up of the Warsaw Pact many sources of external funds – the Governments of Canada, New Zealand, the United Kingdom, and the United States – have been withdrawing support from the Pacific. However, France and Japan are increasing their assistance to the area, given that the aim of donors is that the areas become financially self-supporting in the shortest possible time.

## 2.6 PRACTICAL OBJECTIVES FOR THE DEVELOPMENT OF HIGHER EDUCATION

In examining the current state of higher education in the PICs, and to effectively develop a sustainable higher education system, there must be a clear understanding of the essential aspects of the socio-economic and demographic backgrounds that will mould the educational ecosystem in the coming years. In the earlier parts of this chapter we addressed the general characteristics of the Pacific Island Countries and the challenges they face. As such, we may conclude that the primary issue that demands the most attention is concerned with geo-economical elements in the Pacific Island Countries – including the scarcity of natural resources, size, external economic dependency, and ecosystem fragility. Therefore, it is likely

that the development of higher education in the PICs will differ from that of resource-based industries, while facilitating the economic inclination towards a service-based economy. The trends in market analytics reported in recent literature have suggested that the "service industries have become major sources of foreign exchange earnings for many Pacific island countries. Such activities are dominated by tourism, although the international tax haven facilities are important in a number of countries. For most, if not for all, of these island countries, tourism represents one of the best prospects for attaining economic growth and diversification" (Fairbairn, 2014).

The challenge in developing policies for higher education in the PICs should not be concerned with the development of facilities as much as it should be concerned with a directed focus on the development of skills. This should be the overarching objective of the educational environment, in order to ensure sustainability of human capital in the PICs. A similar objective to develop sustainable education has been demonstrated in the implementation of the Education for Sustainable Development (ESD) framework (2016), endorsed by the Pacific Ministers of Education.[8] Here, the target for community-based education underpins the necessity for developing skills among stakeholders in the educational ecosystem. Among the initiatives taken pursuant to the implementation of the ESD framework are:

a. Partnership among schools, community, and the private sector in order to develop programmes to support young people through the transition process as they leave formal education, to increase retention of skilled Pacific Islanders, address youth unemployment and build an employment base.
b. UNICEF's Pacific Life Skills Programme.

The aforementioned initiatives are focussed on fostering a robust and sustainable human capital depository in the PICs. In fact, this direction has been taken by the PICs since the inception of the ESD framework in 2006. Gong a step beyond the status quo would require the policymakers of PICs to pay heed to the geo-economical hurdles that block the pathway to a more sustainable future for higher education in PICs, and adopt and improve upon existing initiatives for the development of human capital as the prime commodity for PICs' economies. It is imperative that the PICs' geo-economic footings be independent from their inherent restrictions, in terms of scarce and finite natural resources. Similar to this is their environmental fragility, which will most certainly be regressive to the detriment of progress if harms materialise; for example, climate change leading to an increase in global sea level will adversely affect the PICs more than any other cluster of countries in the world.[9] Also included is the idea that the importance of the development of higher education, with the objective of growing human capital via skills, must be instilled in the general population in the PICs, notwithstanding the plethora of challenges that still lie in the PICs' future.

[8] UNESCO WS/ESD/2006/ME/H/1 Apia, Samoa, September 2006.
[9] The IPCC 4th assessment report identifies small island states as being the most vulnerable countries of the world to the adverse impacts of climate change. The Pacific is in fact without a doubt one of the world's most vulnerable regions when it comes to risk of disaster due to climate change.

# PART 2

*Malaysia as a Reference Country*

## CHAPTER 3
***Access and Equity in Higher Education in Malaysia***

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## CHAPTER 4
***Malaysian Higher Education Funding Model***

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# CHAPTER THREE

*ACCESS AND EQUITY IN HIGHER EDUCATION IN MALAYSIA*

## 3.1 INTRODUCTION

The population of Malaysia increased from 23 million people in 2000 to 31.7 million in 2016, with an annual growth rate of 1.5 percent and a median age of 28 years (Department of Statistics Malaysia, 2016). The country's population is projected to increase to 36.9 million by 2040. The annual population growth rate decreased from 2.3 percent in 2001 to 1.5 percent in 2016; it is expected to decrease further to 0.6 percent by 2040 due to decreases in both fertility rate and the net international migration. In terms of people of college-attending age, 28.3 percent of the population are between 15 and 29 years of age (Live Population.com, 2017). According to a UNESCO report (2015) and the World Bank, 77.57 percent of children attend secondary school, but only 26.07 percent enrol in higher education. The level of enrolment was highest in 2010, with 37.13 percent in higher education (UNESCO Institute of Statistics; World Bank Data, 2017).

The growing demand for higher education will drive the need to massify it. Scott (1995) defines the massification of higher education as a rapid increase in student enrolments. This idea of massification informed Trow's (2000) decision to provide a typology for the term massification in terms of three stages: elite, mass, and universal higher education. Elite higher education represents a national enrolment ratio of up to 15 percent, mass represents a ratio of up to 50 percent, and universal higher education is characterised by a ratio in excess of 50 percent. Based on Trow's (2000) typology, Malaysia has a mass higher education system since the ratio of participation is between 15 percent and 50 percent; however, the country targets universal higher education with participation of 50 percent or more. Working with Trow's typology, Brennan (2004) summarised the mass phase as the "transmission of skills and preparation for a broader range of technical and economic elite roles", while the universal phase was summarised as the "adaptation of the 'whole population' to a rapid social and technological change" (p. 24). In the Malaysian Education Blueprint (Higher Education) 2015–2025 (Ministry of Education, 2015), the Ministry of Education (MOE) projected that by 2025 tertiary enrolment will increase from the current 36 percent to 53 percent, and higher education enrolment would increase from 48 percent in 2012 to 70 percent, in order to bring the country up to par with the current highest enrolment levels in ASEAN.

## 3.2 THE EXPANSION OF MALAYSIAN HIGHER EDUCATION

Starting from a very modest expansion in the late 1980s, the higher education sector in Malaysia gathered rapid momentum during and since the 1990s. Since the country's independence in 1957, education has been used as an instrument of unification in the multiracial Malaysian society, as well as for human resource development. As mentioned by

Chen Li (2016), a higher attendance of students at both the primary and secondary levels creates a larger pool of qualified students to be admitted into universities. Thus, the liberalisation of higher education from the 1990s through the early 21st century was anticipated in line with the democratisation of secondary education.

Obviously, the historical development of higher education in Malaysia is closely related to the country's development process. At independence in 1957 there was no full-fledged university in Malaysia. The first public university, the University of Malaya in Kuala Lumpur, was established as an autonomous campus in 1959 and later became a full-fledged university in 1962. Even though there were some private higher educational institutions in existence at that time, they merely functioned as tutorial centres for transnational programmes that were geared towards selected skills and professional qualifications (Tham, 2013). During the First Malaysia Plan (1966–1970) the establishment of universities and colleges in the country was closely linked to national human resource requirements. Addressing the issue of the widening income gap between various races in Malaysia formed another purpose in the establishment of higher educational institutions. During this period, *Majlis Amanah Rakyat* (MARA) College/*Institut Teknologi MARA* (ITM) was established in 1967, followed by the *Universiti Sains Malaysia* (USM) in 1969.

The establishment of MARA College/ITM could be seen primarily as aimed at achieving the objective of reducing the income gap between races. During the Second Malaysia Plan (the period of the New Economic Policy (NEP)) there was a greater democratisation of higher education. Various steps were undertaken such as the strengthening of the education system in order to foster national integration and unity, as well as the development of education and training programmes in order to meet the work force requirements of the nation. The quality of education was enhanced in order to create a more progressive society geared towards knowledge in science and technology. With a greater democratisation of higher education (as envisaged in the Second Malaysia Plan), more universities were established in the 1970s. These were *Universiti Kebangsaan Malaysia* (UKM) in 1970, *Universiti Pertanian Malaysia* (UPM) in 1971, and *Universiti Teknologi Malaysia* (UTM) in 1972.

Enrolment in public universities nearly doubled during the Third Malaysia Plan (1976–1980) with a significant development of human resources especially in the professional and technical fields, which was crucial in the direction of higher education and planning in the country. Between 1980 and 1990 further expansion took place with the setting up of the International Islamic University Malaysia (IIUM) in 1983, and the *Universiti Utara Malaysia* (UUM) in 1984. Currently there are 20 public universities in Malaysia, five of which are research universities. Apart from the universities, polytechnics and community colleges were also established and placed under the aegis of the Ministry of Higher Education (MOHE). As of June 2015, there were 33 polytechnics and 92 community colleges in the country, offering various programmes. With regard to the private education sector, there were 104 private universities and university colleges, of which 10 were foreign university branch campuses. These include, among others, the University of Nottingham, Monash University, Herriot-Watt University, and Curtin University. This brought the number of private higher educational institutions to 510.

In addition, the number of international students in 2015 was 106,353; this was anticipated to rise exponentially in the following years. As such, by that year revenue from the higher education sector had contributed about 4.5 billion to the Malaysian economy, 70 percent of which was generated through the private sector. Among the main reasons which international students consider Malaysia for the pursuit of their higher education are quality (value-for-money), cost (affordability), cultural comfort, language of instruction, as well as the quality of life (UNESCO, 2014). Students have rated the country as the 12th most preferred education destination in the world, and Kuala Lumpur as the most affordable city globally. Data on the numbers of students, institutions and academics are summarised in Figure 3.2.

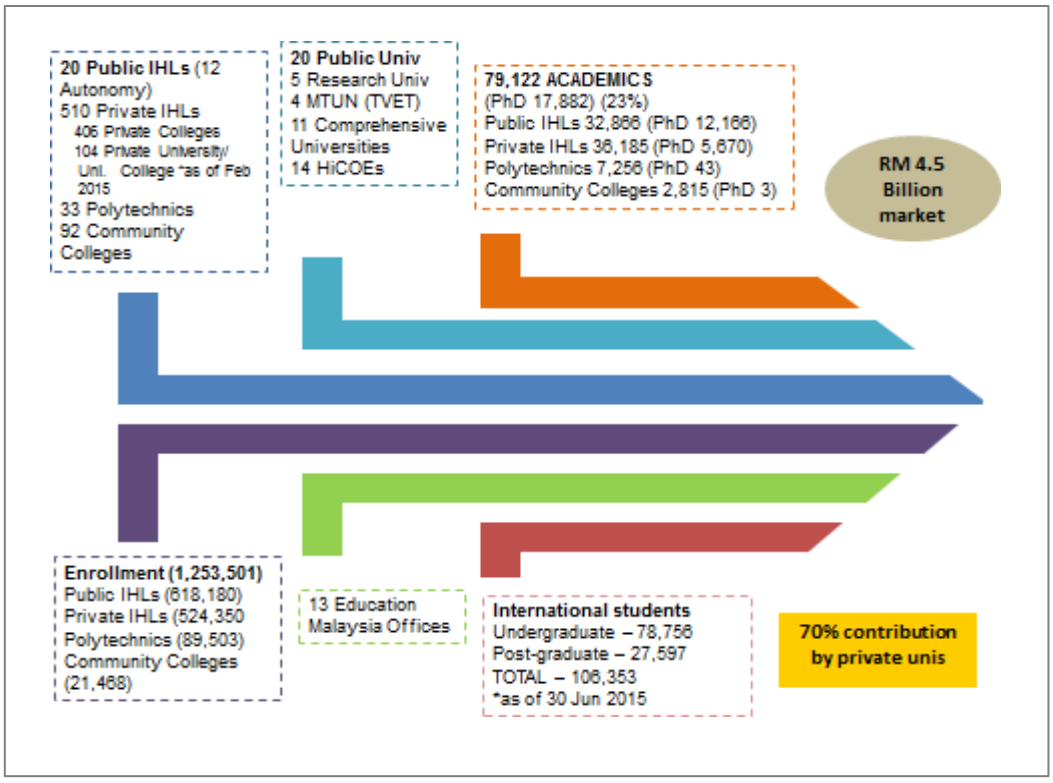



Figure 3.2: Malaysian higher education profile

*Note*. Retrieved from Malaysia Education Blueprint (Higher Education) 2015–2025, Ministry of Education, 2016, Putrajaya: Ministry of Education

## 3.3 WIDENING ACCESS AND PROMOTING EQUITY

Over five decades the Malaysian higher education sector has witnessed tremendous growth, with more than 50 percent of the age cohort enrolled in some form of post-secondary educational provision (ICEF Monitor, 2016). Worldwide experience suggests that the massification of higher education is inevitably one of the defining features of the current global higher education. Growing demand for higher education is apparently due to many important factors, such as a high upper-secondary completion rates, social mobility expectations, growing female participation, as well as democratisation and urbanisation

processes and independent movements in the developing world (Tremblay, Lalancette & Roseveare, 2012). In parallel with the worldwide experience, Malaysia has recorded a tremendous growth in student enrolment at the tertiary level. Starting with only 323 students of the first batch enrolled in the University of Malaya in 1959, the enrolment in 2016 had reached more than one million students (overall).

The soaring demand for higher education in Malaysia is predominantly attributed to the manpower needs of the country, which require the nation to be equipped with specific skills, knowledge and competencies. Subsequently, the transition of the country from a manufacturing-based to a knowledge-based economy, as set out in vision 2020, requires the government to equip more members of the population with higher educational qualifications, geared towards knowledge-intensified innovation. Similar to other countries, issues of access and equity in higher education have gained considerable attention in Malaysia. Since independence the government has formulated various policies and strategies aimed at providing more opportunities for diverse groups of people to benefit from higher education. These initiatives were carried out through various programmes, with a view to promoting social justice and inclusive development. The government acknowledges the role of education, not only in fulfilment of the manpower needs of the economy but also in the development process of the nation through the promotion of national unity in the plural Malaysian society. Despite the importance of widening access in economic growth and social development, ensuring equal opportunities to access and benefit from higher education is still a prerequisite for social justice and inclusive development. However, widening access does not necessarily ensure equity.

Many countries may have succeeded in achieving access targets through a larger percentage of enrolment at the post-secondary level, but they may have failed to include all segments of society, particularly the underprivileged. In addition, education has been used as a tool for promoting social equity. As such, the exclusion of the poorest, the most disadvantaged or economically marginalised groups from higher education will negatively affect a country's development. Given this, Malaysia has regarded education as a powerful tool to promote social equity, and it has been outlined as one of the main thrusts of the NEP. Through the NEP, an ethnic quota system was introduced. This aims at ensuring that the composition of the student body in public higher educational institutions reflects the ethnic distribution of the general population. This admission policy was basically aimed at promoting social mobility through higher education, especially for the Malays who were regarded as the poorest, most disadvantaged or economically marginalised group. Notwithstanding the mixed reactions to and criticisms of the policy, a report by the World Bank suggested that the quota system was effective because the Malay share of enrolment increased at every level. It mostly increased at the tertiary level, where their share in domestic enrolment rose from 50 percent to 65 percent between 1970 and 1975 (Young, Bussink & Parvez, 1980).

The importance of addressing the issue of access and equity was further emphasised in subsequent policies. According to the MOHE (2007), the specific emphasis on widening access and increasing equity in higher education was enacted by positioning it as the first thrust of the National Higher Education Strategic Plan (NHESP), 2007–2010. From the enrolment of a

40 percent cohort of 17-to-23-year-olds in tertiary education in the initial phase of NHESP (2007–2010), the target was to achieve enrolment by 50 percent of the cohort and to further raise the number through democratisation and global access to higher education. With properly laid out strategies the increase in enrolment was encouraging, at 48 percent in 2015.

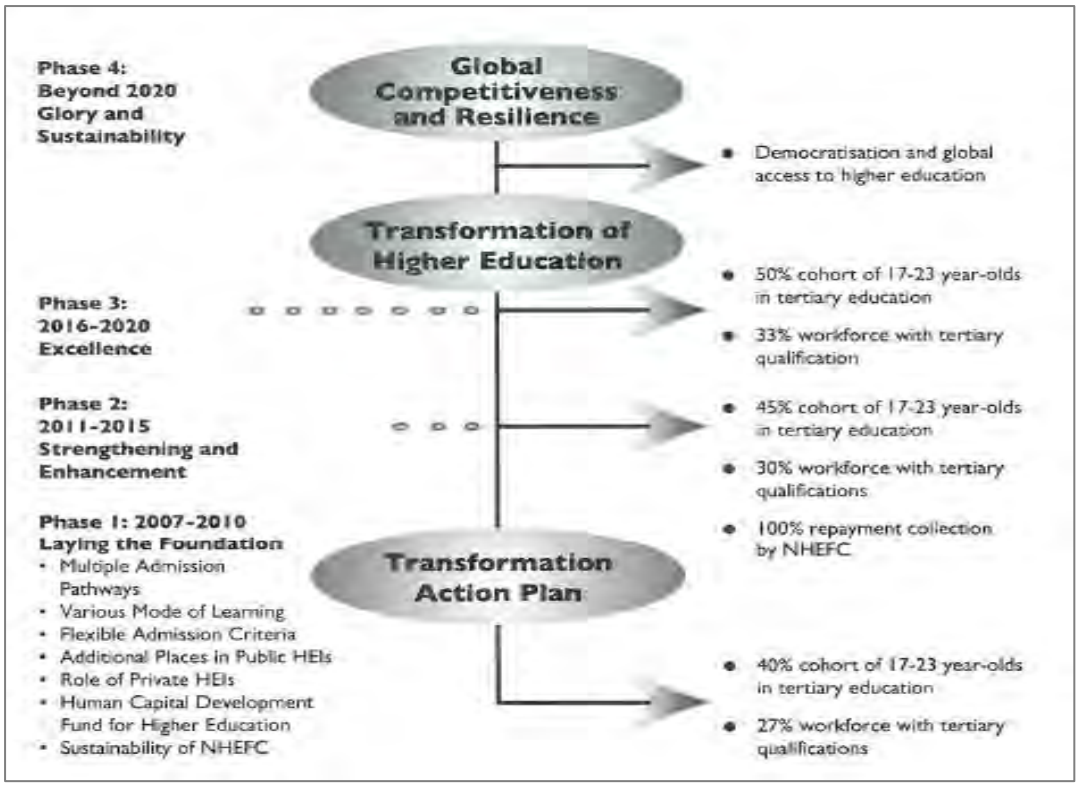
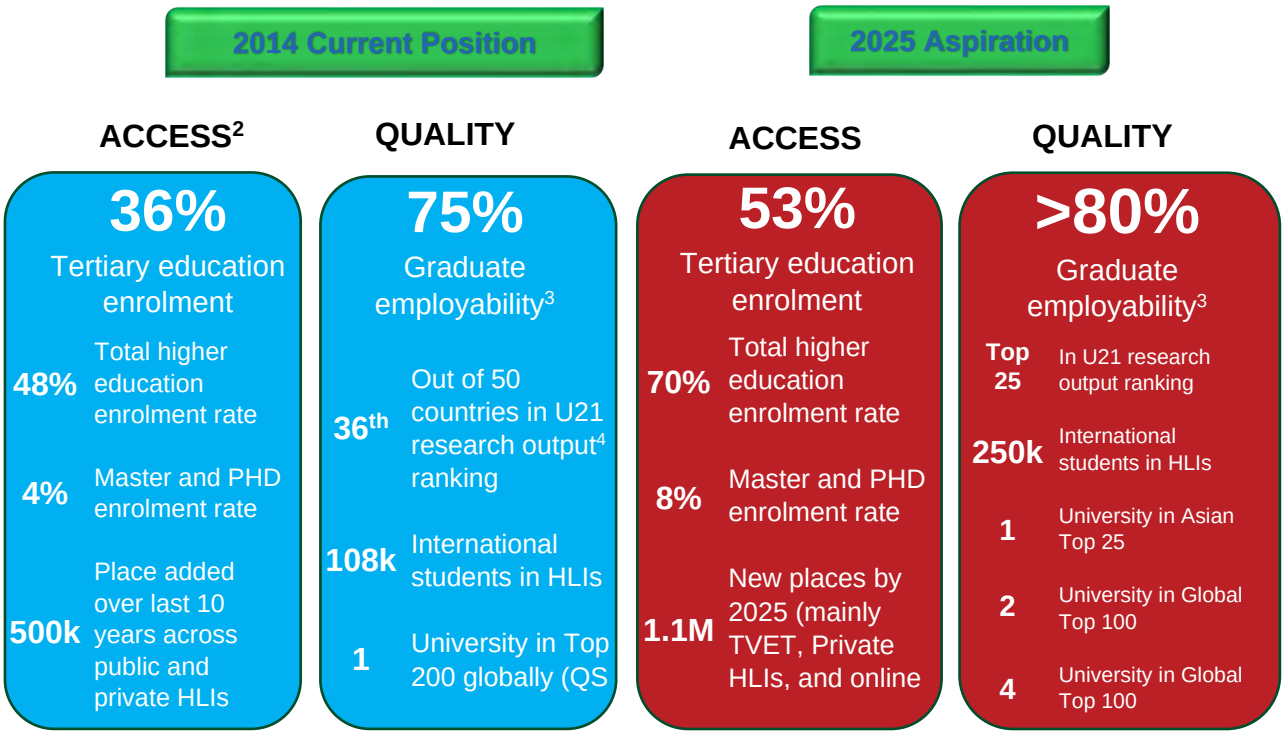



Figure 3.3 (a): Plan for increasing access and equity in higher education

*Note*. Retrieved from National higher education strategic plan (NHESP) (2007 – 2010) by Ministry of Higher Education, 2007, Putrajaya: Ministry of Higher Education.

Similarly, the issue of widening access and ensuring equity in admission was further stipulated as one of the five system aspirations in the Malaysia Education Blueprint (Higher Education) 2015–2025 (MOE, 2015). The current gross education enrolment rate of 48 percent actually represents a 70 percent increase from 2004 to 2014, with a total of 1.2 million students. By 2025 Malaysia needs to provide 1.1 million new places, mainly via Technical and Vocational Education and Training (TVET) institutions, online learning, as well as private HEIs. In the Malaysian Education Blueprint (Higher Education) 2015–2025 the country has envisioned the next phase of achievement, with a target enrolment rate of 8 percent for post-graduate students by 2025.




[2] Percentage of relevant 5-year group enrolled; 2025 aspirations include projected population growth of 1.4% p.a. (same rate as 18-22 year olds for 2009- 2012)
[3] Graduate employability has been increasing from 70% in 2006, to 75% in 2014.
[4] Research output measures: Rankings of top 3 universities, articles published, number of researchers, average article impact.

Figure 3.3 (b): Malaysia's aspiration for access and quality in higher education

*Note*. Retrieved from Malaysia Education Blueprint (Higher Education) 2015 – 2025, Ministry of Education, 2016, Putrajaya: Ministry of Education.

## 3.4 POLICIES FOR PROMOTING ACCESS AND EQUITY IN HIGHER EDUCATION

In discussing the issue of access and equity, it is important to understand and recognise that the historical and cultural contexts of a particular country will eventually shape the development of its higher education system and related strategies, including widening access and equity. This clearly applies in the context of a multiracial and multicultural society such as Malaysia, where the issue of the economic divide is very sensitive. As such, development policies must be directed towards promoting inclusiveness and reducing inequalities. As highlighted earlier, the government has placed significant emphasis on ensuring a higher participation rate at the tertiary level. The seriousness of government in developing its human capital has been shown by a huge investment allocation to higher education. The government has consistently invested about 7.7 percent of the annual national budget on higher education; this includes grants to institutions, as well as students' funding via scholarships and student loans (Ministry of Education, 2015). The policy of allocating a huge number of grants to public higher educational institutions has resulted in enormous subsidies, allowing students to enjoy low tuition fees and benefitting economically disadvantaged members of the society. However, experience from other countries that heavily rely on public funds has shown that as

the higher education sector expands, over-reliance on public funds may pose serious challenges. In discussing the issue of access and equity in Malaysia, it is imperative to consider the policies that have been introduced to achieve this objective. These are discussed in the following section.

### 3.4.1 PRIVATE HIGHER EDUCATION INSTITUTION (PHEI) ACT, 1996 (ACT 555)

The transition of Malaysia from a manufacturing-based to a knowledge-based economy, as set out in vision 2020, entails that the government targets a higher proportion of the population to enable them to achieve higher educational qualifications, geared towards knowledge-intensified innovation. As a result of scarce financial resources, however, the government has realised that the expansion potential in the public provision of higher education is limited, and therefore emphasis must be placed on the role of private higher educational institutions. As a result, in the 1990s the development of higher education in Malaysia was enhanced by the introduction of the Private Higher Educational Institutions (PHEI) Act, 1996. This Act provides a legal framework for the establishment of private universities and several other private higher educational institutions.

The provision under this Act, which provides for the arrangement of twinning programmes between local and international institutions, has eased the expansion of higher education in the country. In 1992, for example, there were only 156 PHEIs offering certificate, diploma and professional qualifications in collaboration with a university or a professional body (Lee, 2001). However, this number had increased to 510 by 2015, catering for almost 524,350 students (MOHE, 2015). The PHEI Act was later amended in 2003 to allow for the establishment and upgrade of private universities, university colleges, and branch campuses of foreign universities in Malaysia (Morshidi, 2006). In addition, the Act regulates the establishment of PHEIs with or without university, university college or foreign branch campus status, but it does not limit foreign equity participation in higher educational institutions. This means that 100 percent foreign equity may be granted to a foreign entity, although this must have the prior approval of the Minister of Higher Education.

The growth of private higher educational institutions is indispensable, given the constraints faced by the government in the expansion of public institutions. Not only are private institutions seen to play a complementary role in facilitating the exponential growth in the demand for higher education, they are also regarded as an engine of growth towards making Malaysia a regional hub for higher education. The objectives of the expansion are to reduce the loss of funds associated with the outflow of students (as Malaysian parents traditionally aspire to send their children abroad, either through government scholarships or private sources), and to raise export revenues through international students. In addition, various tax incentives have been introduced in order to accelerate the development of private higher educational institutions in the country. These include tax exemptions on imports, sales taxes, excise duties on educational materials, 100 percent investment tax allowance – for investment in technical and vocational institutions – as well as tax deductions to corporations that make cash donations to government and semi-government institutions of higher learning. Figure

3.4.1 shows the increase in the numbers for student enrolment in private higher education institutions from 1995 to 2015 – since Act 555 was introduced. The figure displays enrolments in private HEIs with university status (Malaysian), branch campuses of foreign universities, those with university college status, and those with college status.

Furthermore, the flexibility of programmes offered by PHEIs has made them more attractive to students. The more established PHEIs offer home-grown degree qualifications, twinning degree programmes (such as 2+1 and 3+0 arrangements), credit transfer programmes (such as American degree programmes or UK/Australia credit transfer programmes) and external degree programmes, leading to the award of bachelor's degrees from foreign universities.

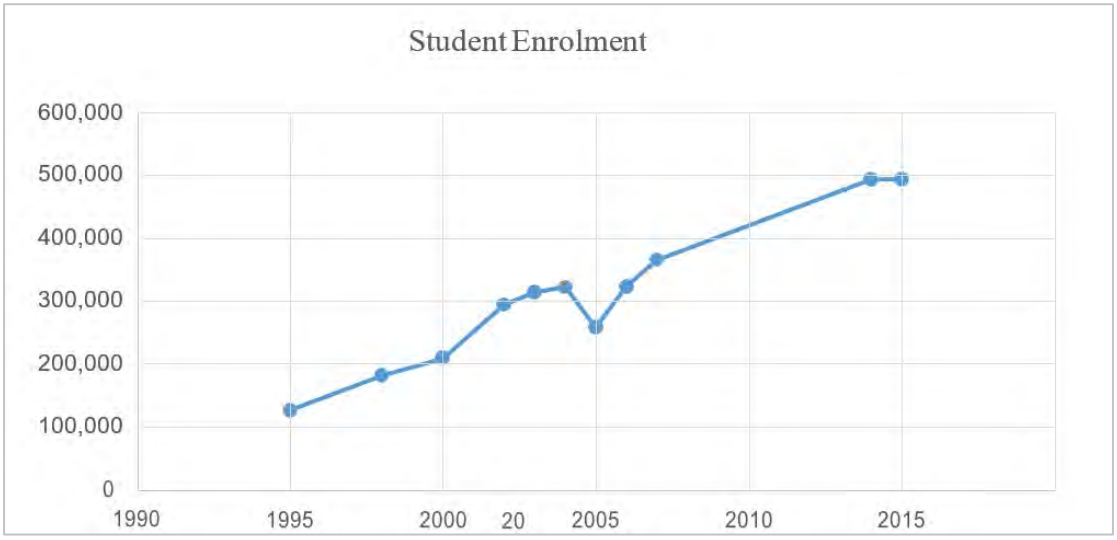



Figure 3.4.1: Student enrolment in Malaysian private higher education institutions 1995–2015

*Note*. Retrieved from Statistics of Ministry of Higher Education (1995–2015), MOHE, 2017. Data is as of 31 December 2015, comprising of enrolment in: Private HEIs With University Status; Private HEIs With University Status (Branch Campus of Foreign University); Private HEIs With University College Status; Private HEIs With College Status.

### 3.4.2 THE NATIONAL HIGHER EDUCATION FUND CORPORATION ACT (1997; ACT 566)

The introduction of the PHEI Act in 1996, which allows for the expansion of the private higher education sector in Malaysia, achieved the objective of providing more places for students to get access into higher education. However, as a result of the higher fees charged by these institutions, many eligible but financially incapable students still did not have the opportunity to further their studies. In other words, these students needed some form of financial support. Realising this, the government went on to establish the National Higher Education Fund Corporation (NHEFC), more popularly known as *Perbadanan Tabung Pendidikan Tinggi Negara* (PTPTN), in 1997.

The establishment of this corporation was achieved by the National Higher Education Fund Corporation Act (1997; Act 566). It is the major student-loan mechanism in Malaysia, which provides and manages the implementation of a student-loan scheme for students enrolling in higher educational institutions (both public and private). It is meant also to provide and manage the implementation of an education saving scheme, *Skim Simpanan Pendidikan Nasional* (SSPN), for the purpose of saving towards higher education. Since its establishment in 1997 more than two million borrowers have benefitted from the PTPTN, with a total loan disbursement of RM 53.63 billion – RM 27.795 billion and RM 25.834 billion to students in the public and the private higher educational institutions respectively. Similar to the experiences in many student-loan systems around the world, the PTPTN faces issues of sustainability due to high payment defaults and large interest subsidies. The details of the PTPTN model will be further discussed in the section on funding models.

### 3.4.3 MULTIPLE PATHWAYS TO HIGHER EDUCATION

The increasing awareness of the importance of education is a key factor in achieving a better and more comfortable life, and results in greater willingness to invest in higher education. It has been noted that the number of HEIs has increased tremendously over the last two decades, meeting the needs of the growing numbers of students who are qualified to advance to higher education. As shown by the Malaysian Qualifications Framework (Figure 3.4.3), there are different pathways to obtain a university degree. The longest path may apply to less-fortunate students, who may start by working for a certificate and then move on to obtain a diploma, which will finally qualify them to pursue an undergraduate degree.

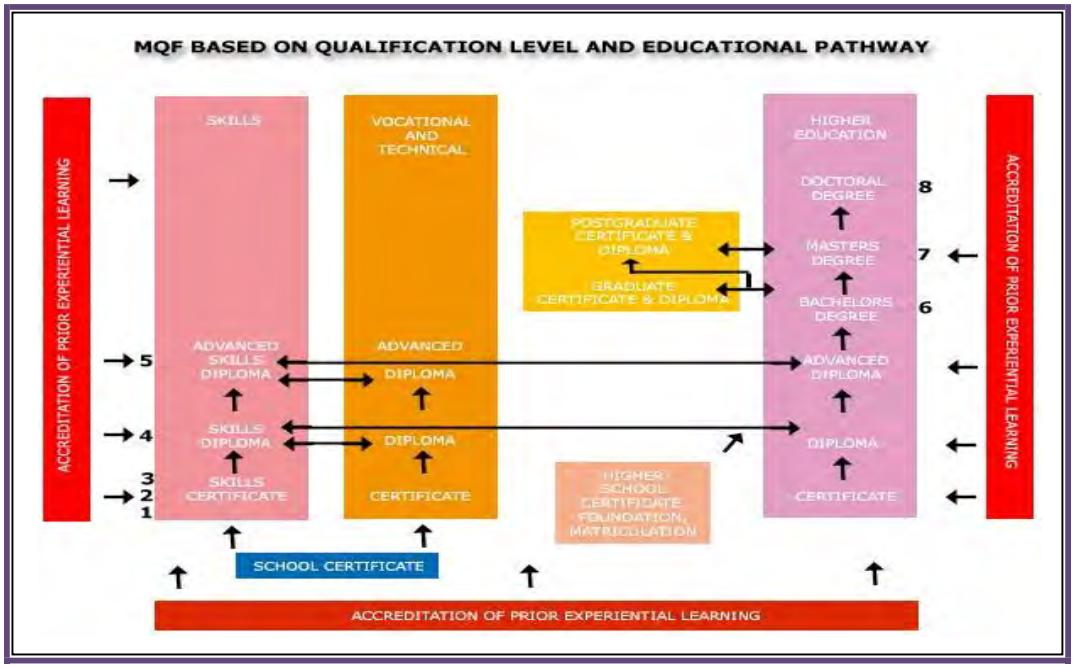



Figure 3.4.3: MQF on Qualification Level and Educational Pathway

*Note*. Retrieved from Point of Reference and Joint Understanding of Higher Education Qualification in Malaysia, by the Malaysian Qualification Framework, 2011.

Increasingly Malaysian students must undertake some pre-university education programmes before they are eligible to apply for undergraduate studies; these include matriculation, foundational and A-level programmes. Students may also opt to continue to form six education level after obtaining a high school certificate. However, the shortest route would be to attend a one-year matriculation or foundation programme, after which students may gain entry into a university by age 19. In widening access and ensuring equity, less-fortunate students, whose high school results may not be competitive enough for admittance onto one of the pre-university tracks, may pursue a certificate or skills certificate for entry into a diploma programme. With a diploma programme, they may go further to pursue an advanced diploma or Bachelor's degree.

The selection of students, especially in public HEIs, is based on academic merit. Thus, every eligible student will have an equal chance of gaining entry, regardless of gender, race or socio-economic status. In addition, the fees in public HEIs are significantly lower than those in private HEIs because of government subsidies. Public institutions have gained good reputations and are often highly recognised as providers of quality education. Also, some public institutions have as many as 85 percent of their academics with doctoral degrees; some of these institutions have been ranked in the top 1 percent in the QS World University Ranking. Nevertheless, some students prefer to enrol in private HEIs, especially at the branch campuses of reputable foreign institutions or even some of Malaysia's highly reputable private institutions.

### *ENTRY THROUGH ACCREDITATION OF PRIOR EXPERIENTIAL LEARNING (APEL)*

To provide greater access and equity, students who have work experience may use this as evidence of learning, the recognition of which may afford them the opportunity to earn a formal certificate, diploma or degree. The Malaysian Qualification Agency (MQA) has provided guidelines for admission based on the accreditation of prior experiential learning (APEL). APEL is a systematic process that involves the identification, documentation and assessment of prior experiential learning to determine the extent to which an individual has achieved the desired learning outcomes. This is equally used for access to programmes of study and/or the award of credits. APEL provides the opportunity for individuals with work experience but without the required formal academic qualifications to pursue their studies in HEIs. In general, the knowledge obtained through formal education and work experience will both be evaluated in APEL's assessment (Malaysia Qualification Agency, 2015).

### *ONLINE EDUCATION PROGRAMME*

Access to HEIs is also provided through online learning or distance learning programmes. Malaysia Education Online (MEdO) is one of the Entry Point Project 6 (EPP6) initiatives, which form part of the Malaysian Government Transformation Plan (GTP) aimed at expanding distance learning programmes. MEdO is an online learning platform delivering education programmes from Malaysian universities, colleges, polytechnics and training institutions.

MEdO is a gateway for these institutions to extend their global outreach, while each participating institution is able to maintain its identity and uniqueness. A few universities offer study programmes that are entirely online, while others conduct Distance Learning Programmes (DLPs) by offering courses that are equivalent to those pursued by full-time students on campus. The teaching materials consist of both online and printed materials. In DLPs the students may get to attend a few classes with a face-to-face mode of delivery, conducted by the course lecturer. However, for the rest of the time the students attend sessions conducted by teaching assistants at various local centres. Also, programmes conducted outside of office hours or at weekends (referred to as executive programmes) have enhanced the pursuit of higher education by working-class members of society.

#### *ENHANCING TECHNICAL AND VOCATIONAL EDUCATION*

Enrolment data from TVET institutions, which are not under the purview of the Ministry of Higher Education (MOHE), is not included in Figure 3.4.1. TVET institutions offer formal, non-formal and informal learning that equips young people with the knowledge and skills required in the world of work. In Malaysia, TVET programmes are offered at certificate, diploma and degree levels by seven ministries, including the MOHE. As stated in the Malaysian Education Blueprint (Higher Education) 2015–2025, there will be an increase in the demand for an additional 1.3 million TVET workers by 2020. This is detailed in the 12 National Key Economic Areas (NKEA) identified under the government's Economic Transformation Programme (ETP). To meet this demand, the government increased development expenditure on public TVET institutions, from RM 1.8 billion in 2010 to RM 2.1 billion in 2014. Currently, there are over 1,000 TVET institutions in Malaysia, of which 506 are public institutions. These include polytechnics, community colleges, vocational colleges, and other higher learning institutions that can accommodate about 230,000 students. The strengthening and expansion of TVET is one of the areas emphasised in the blueprint: "Malaysia needs to move from a higher education system with a primary focus on university education as the sole pathway to success, to one where academic and TVET pathways are equally valued and cultivated" (pp E-13).

All these alternative pathways to higher education may facilitate the aspiration of the Malaysian Education Blueprint (Higher Education) 2015–2025 for the total higher education enrolment rate to increase from 36 percent in 2014 to 70 percent by 2025, with 8 percent of the students pursuing post-doctoral programmes. This means that Malaysia will need to provide 1.1 million places, which is double the 2014 figure.

### *3.4.4 OPPORTUNITY FOR THE BOTTOM 40 (B40)*

The 2016 budget envisioned equal opportunity and access to higher education and skills training for the Bottom 40 (B40), in the hope that they will be able to secure stable and better jobs. The B40 comprises the 40 percent of Malaysians in the lowest income groups. This aspiration is part of the plan to elevate the B40 households to a middle-class society. In cases where a B40 applicant cannot secure admission to a university through the normal application

channels, they may be offered study places under B40 entry conditions. However, B40 places are normally in less competitive programmes, which are those programmes that do not meet their projected enrolments. Nevertheless, the B40 applicants admitted through this channel must still have the basic entry qualifications for the programme.

## 3.5 CONCLUSION

Every nation must pay special attention to in ensuring greater access and equity in education. This means that every eligible student must have equal opportunity to gain admission to higher educational institutions. Malaysia has opened up opportunities for those who are less fortunate, by introducing initiatives such as affordable private institutions, a student loan scheme, public and private TVET institutions, entry through alternative pathways, online education programmes, B40 places and APEL. This has narrowed the gap between urban and rural communities, and between those of different socio-economic backgrounds.

Apart from admission, however, there is growing concern about the attrition rate of students, especially in their first year of higher education. Thus, the completion rates of students, especially those from socio-economically disadvantaged families, must be monitored continuously and appropriate actions be taken.

# CHAPTER FOUR

*MALAYSIAN HIGHER EDUCATION FUNDING MODEL*

## 4.1 THE COST OF HIGHER EDUCATION AND ITS IMPLICATIONS FOR FUNDING

A shift towards a sustainable financing system for higher education is clearly needed, especially in the quest to prepare a knowledge-based society through the provision of accessible, equitable and quality education. As mentioned in Chapter Three, the Malaysian government has recognised the importance of widening access and promoting equity in higher education. Various policies have been introduced, and one of the policy tools is financing higher education through various programmes. Common funding is either directly allocated to institutions or arrives via students. Recent developments in higher education financing in Malaysia show a trend towards the user fees model, where students and parents are expected to share in the cost of higher education. Budget cuts for public universities, the introduction of a student loans scheme to replace scholarships, as well as the increased role of private players as providers of higher education all indicate the changing pattern of education financing towards a more market-oriented approach.

In this chapter, the discussion focusses on the financing of higher education in Malaysia, placing special emphasis on the funding model for public higher educational institutions; this includes the allocation of grants and revenue diversification activities. An addition to this is the students' loans scheme aimed at providing greater access to higher education for previously underrepresented sectors of the population. Subsequently, issues relating to the implementation and functioning of the funding system will be described, and a way forward suggested.

Globally, the cost of higher education has been on the increase as educational institutions compete to deliver quality education in line with international best practices. On the demand side, given the changes in job market requirements, there has been a rise in demand for higher education (with an increase in prices) as the quest for up-to-date knowledge increases. In Malaysia, for example, the average cost per student in public higher educational institutions rose by 7percent between 2004 and 2013 to RM20, 000 annually (Ministry of Education, 2015). A report by the Malaysian Ministry of Higher Education reveals a 13 percent annual increase in the total expenditure, from RM4.3 billion in 2004 to RM15.1 billion in 2014. This higher education expenditure, which is 7.7 percent of the country's annual budget, is considered the highest in the region compared with other developed Asian economies, namely Hong Kong, Singapore, South Korea and Japan.

While Malaysian public higher educational institutions receive various grants to meet developmental and operational expenses, the bulk of the funds for their private counterparts are obtained indirectly – through national loans provided to students. Similarly, as a result of huge government subsidies, students in public higher institutions incur lower expenses when compared those studying in private institutions. Figure 4.1 shows the annual cost of higher

education in public institutions, the subsidies obtained through grant allocations, as well as how students meet the costs. While grants allocations to public institutions ease the financial burdens on students, living expenses still have to be incurred. Students may, therefore, resort to scholarships, borrowings, private finances, or a combination of these. A similar argument may be made for private institutions, except that there are no direct government grants available to these institutions and students need to pay fees that reflect the actual cost per student.

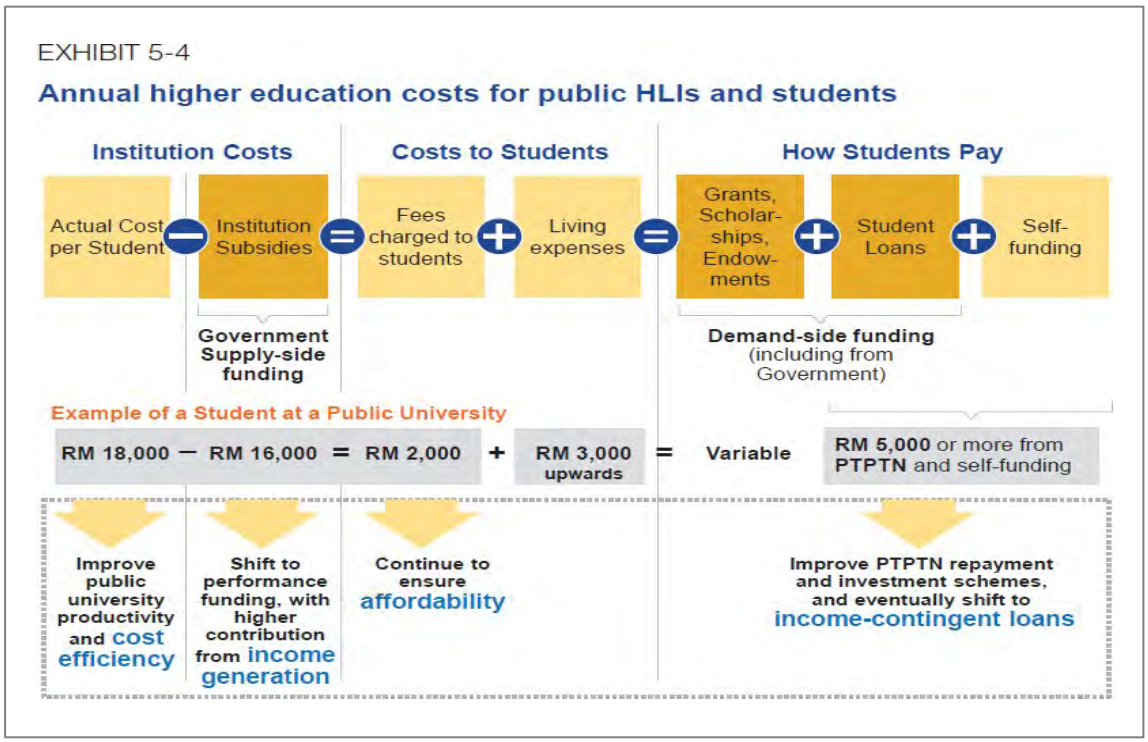



Figure 4.1: Annual higher education costs for public HLIs and students

*Note*. Retrieved from Malaysia Education Blueprint (Higher Education) 2015–2025, Ministry of Education, 2016, Putrajaya: Ministry of Education

## 4.2 MALAYSIAN HIGHER EDUCATION FINANCING MODEL

The public funding for higher education in Malaysia has gone through many phases of reform. In essence, reforms have taken place primarily due to developments in the higher education sector, in response to socioeconomic and political developments as well as global forces and trends. In effect, different funding models are applied based on these needs and circumstances. The allocation of public funds to institutions is mainly intended to cover operational expenses and for development purposes. In addition to operating and development grants, research grants are also awarded to public and private institutions based on certain allocation mechanisms.

Before the 1990s higher education in Malaysia was largely driven by public institutions, and public financing of these institutions could be considered a 'state dominance'. In general,

about 90 percent of the income accrued to public higher educational institutions is from government funds and about 10 percent is from fees, while less than 1 percent is generated through other sources. Grants to public higher educational institutions (IPTA) are disbursed by the Ministry of Finance (MOF) through the Ministry of Higher Education. Basically, the annual budget for the higher education sector is largely determined by institutions' activities and projects related to higher education. The World Bank (2007) reports that funding and resource allocation to public higher educational institutions still follows the traditional approach, based on negotiation between institutions and the Ministry of Higher Education. However, the increase in student enrolment in higher educational institutions has had profound implications for the student financing system. Alongside the financial support systems for students provided by various agencies, such as the Public Service Department (JPA), *Majlis Amanah Rakyat* (MARA), Government Link Companies (GLCs): Petronas and *Tenaga Nasional Berhad* (TNB) and other state foundations, the National Higher Education Loan Scheme (PTPTN) was introduced in 1997, rapidly becoming the main system for higher education financing in Malaysia.

In the quest to strengthen the higher education sector in Malaysia, the government outlined important strategies in the National Higher Education Plan (PSPTN) in 2007, by which higher educational institutions would generate their income. The PSPTN projected that by the year 2020 the Focused and Comprehensive Universities would generate 25 percent and 5 percent from their internal sources to finance their operating and developmental expenditures, respectively. In comparison, the Research Universities are projected to generate 30 percent and 10 percent, respectively.

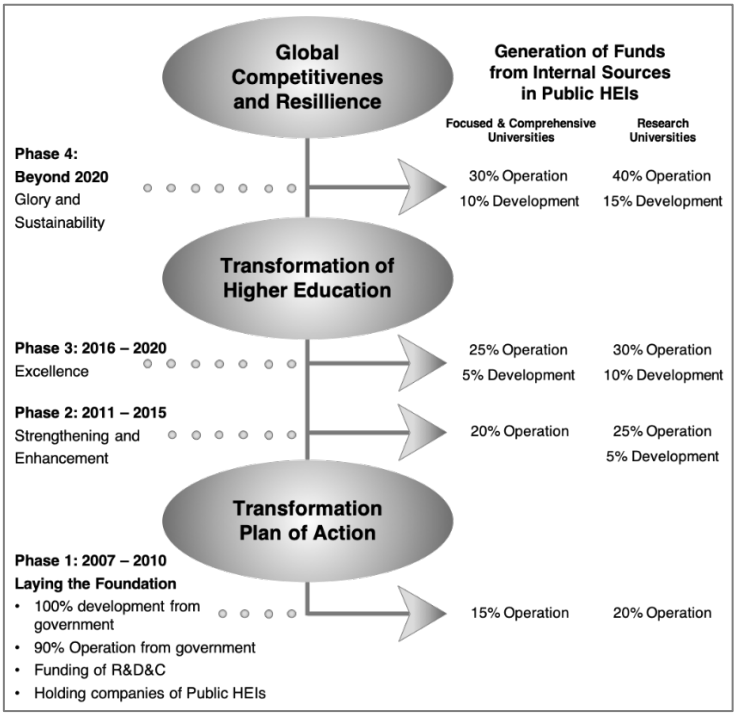



Figure 4.2 (a): Income generation by the public HEIs

*Note*. Retrieved from National Higher Education Strategic Plan (NHESP) (2007–2010) by Ministry of Higher Education, 2007, Putrajaya: Ministry of Higher Education

Public institutions are encouraged to find new sources of income through various income-generating activities; these can include contributions from alumni, business ventures and research collaboration with industries, setting up of endowment funds (*waqf)*, philanthropic gestures, as well as tuition fees.[10] The objective of enhancing financial sustainability for public higher educational institutions was reiterated in the Malaysian Education Blueprint (Higher Education) 2015–2025 through Shift # 5 – 'Financial Sustainability'. The government realised that for the public institutions to achieve financial sustainability these institutions should be empowered with greater autonomy in decision making, and this was deliberated in Shift # 6 – 'Empowered Governance'. Following the Malaysia Education Blueprint (Higher Education) 2015–2025, the Ministry of Higher Education launched a series of books identifying and codifying best practices as guidance for public institutions to embark on their transformation process.

In particular, the Green Book 'Enhancing University Board Governance and Effectiveness' and the Purple Book 'Enhancing Income Generation, Endowment and Waqf' provide guidelines for leaders and administrators at public institutions in terms of ways to enhance income generation through alternative sources. Figure 4.2 (b) shows the model of higher education financing in Malaysia.

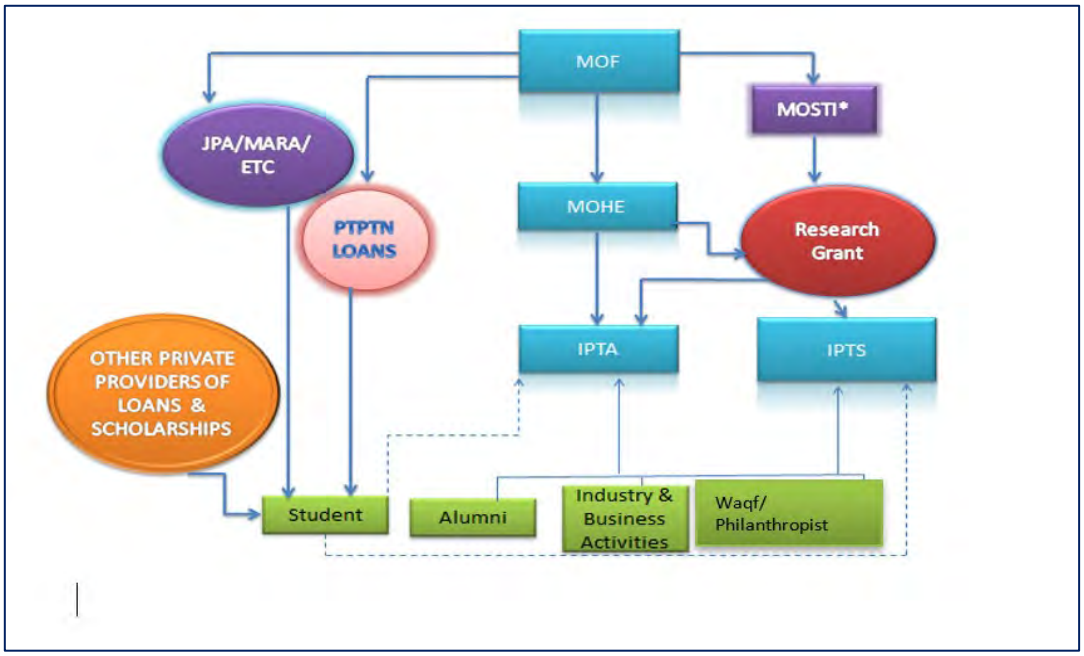



Figure 4.2 (b): Malaysian higher education financing model

In general, the model describes how public funds are disbursed to public higher education institutions (IPTA) through development and operating grants, and indirectly through student loans and scholarships. On the other hand, as highlighted earlier, private higher educational institutions (IPTS) are not entitled to government-disbursed operations and development

[10] Undergraduate tuition fees in public institutions are fixed by the government; institutions are free to set the fees for international students, postgraduate students (both local and international) and other executive programmes.

grants, but can benefit from competitive research grants[11] and indirectly through student loans and other means of public support to students.

Figure 4.2 (c) further describes the details of the funding formula for public universities and the desired transformation for future sustainability. Essentially the government aspires to gradually transform the current funding model to a new funding formula that links certain input-based criteria with performance, along with a reduction in government grants. The funding through block grants will be reduced, and will be replaced by performance funding and per student funding. In addition, public higher educational institutions are expected to self-generate income through other means to cover their operating expenses.

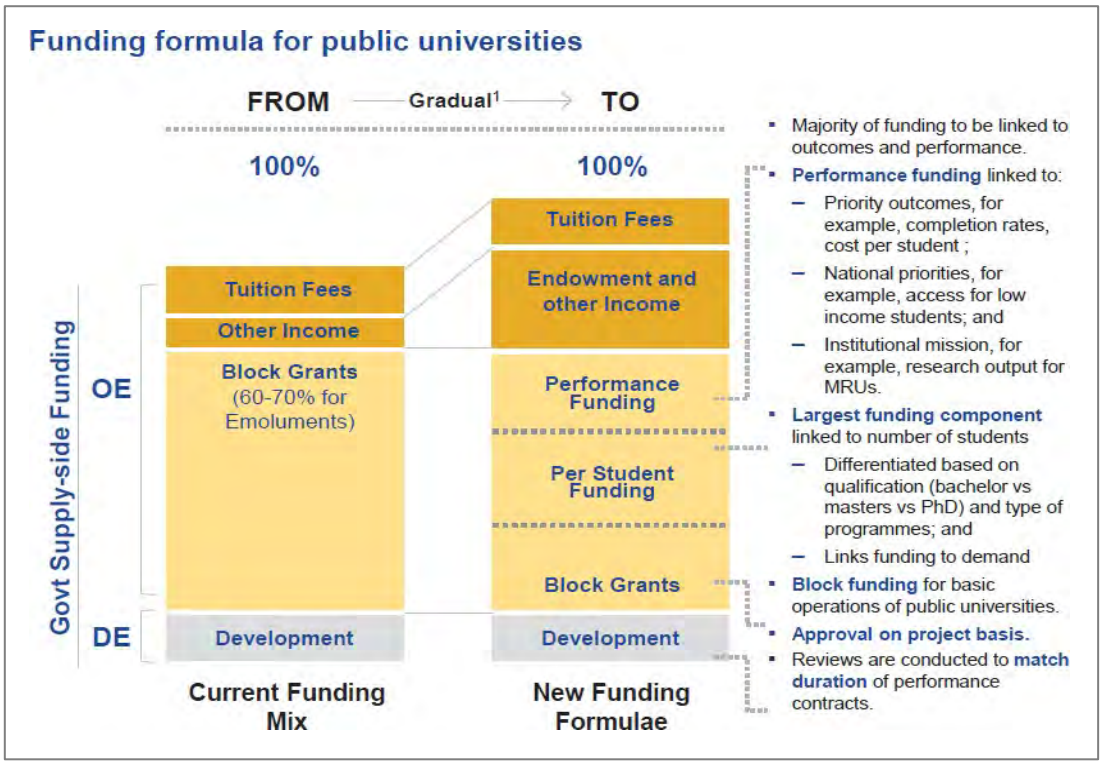



Figure 4.2 (c): Funding formula for public universities

*Note*. Retrieved from Malaysia Education Blueprint (Higher Education) 2015–2025, Ministry of Education, 2016, Putrajaya: Ministry of Education

As far as financial support for students is concerned, the establishment of the National Higher Education Loan Corporation (PTPTN) in 1997 provides avenues for students to fund their tuition fees and living costs. Since its establishment, PTPTN has allocated nearly RM54 billion

[11] Several grant schemes are allocated for research such as the Fundamental Research Grant Scheme (FRGS), Long Term Research Grant Scheme (LRGS), Exploratory Research Grant Scheme (ERGS) and Prototype Research Grant Scheme. Basically there are three types of research funding awarded under the FRGS i.e. (i) application by researchers from respective university – competitive funding, (ii) research funding through the top down process and (iii) incentive funding for selected public higher education institutions.

Malaysian-Ringgit to more than 2 million students, in both public and private institutions. As shown in Figure 4.2 (d), some RM28 billion was disbursed to students in public higher educational institutions between 1997 and 2013, while about RM26 billion was disbursed to students in private institutions within the same period.

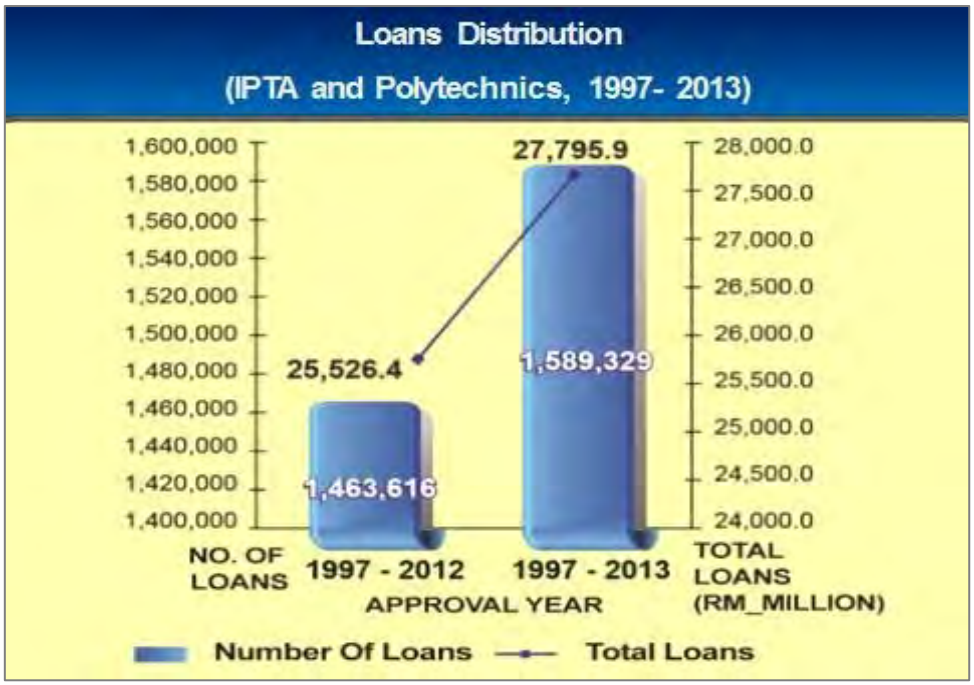



Figure 4.2 (d): Loans distribution for public higher educational institutions (1997–2013)

*Note*. Retrieved from Annual Report PTPTN, 2013, Malaysia: PTPTN


Figure 4.2 (e): Loan approval for private higher educational institutions (1997–2013)

*Note*. Retrieved from Annual Report PTPTN, 2013, Malaysia: PTPTN

Apart from providing loans, PTPTN also manages the implementation of an education saving scheme (SSPN) aimed at enhancing savings for higher education.[12] Eligibility for loans falls into three categories: i) full loan or maximum amount – students or parents who are categorised as recipients of 1-Malaysia people's aid scheme (BR1M); ii) 75 percent of the maximum amount – parental income of not more than RM8,000; and iii) 50 percent of the maximum amount – parental income of more than RM8,000). The amount of the loan for education financing depends not only on parental income but also on the type of institution, the level of study, the field of study as well as the mode of study, i.e. full- or part-time. Table 4.2 presents the maximum amount of loans disbursed, given the conditions highlighted.

Table 4.2: PTPTN loan amount (level of study, types of institution and mode of study)

| **A. Full-Time Study Programmes** | | | | |
|---|---|---|---|---|
| **Institutions** | **Level of Study** | **Loan Amount per Year** | | |
| | | **Maximum (RM)** | **75% (RM)** | **50% (RM)** |
| IPTA & Polytechnic | Diploma | 4,750 | 3,560 | 2,380 |
| | Bachelor's Degree | 3,330 | 4,990 | 3,330 |
| | Bachelor of Arts | 6,180 | 4,630 | 3,090 |
| | Master's Degree | 9,500 | 7,130 | 4,750 |
| | PhD | 24,700 | 18,530 | 12,350 |
| | Professional Course | 5,700 | 4,280 | 2,850 |
| IPTS | Foundation | 6,800 | 5,100 | 3,400 |
| | Diploma | 6,800 | 5,100 | 3,400 |
| | Diploma (Pharmacy, Dentistry and Health Science) | 12,750 | 9,560 | 6,380 |
| | Bachelor of Science (BSc) | 14,030 | 10,520 | 7,010 |
| | Bachelor of Arts (BA) | 13,600 | 10,200 | 6,800 |
| | Bachelor's Degree (Pharmacy, Dentistry and Health Science) | 17,000 | 12,750 | 8,500 |
| | Bachelor of Medicine and Bachelor of Surgery (MBBS) | 30,000 | 30,000 | 30,000 |
| **B. Part-Time** | | | | |
| **Institutions** | **Level of Study** | **Loan Amount per Year (RM)** | | |
| IPTA & Polytechnic | Diploma | 4,750 | | |
| | Bachelor's Degree | 6,180 | | |
| | Master's Degree | 9,500 | | |
| | Doctor of Philosophy (PhD) | 24,700 | | |
| | Professional course | 5,700 | | |
| IPTS | Diploma | 3,150 | | |
| | Bachelor's Degree | 3,570 | | |

[12] SSPN is a savings scheme for higher education, specially designed by PTPTN, whereby depositors appoint PTPTN to manage their deposits for investment purposes. Starting on 1 January 2012, students who wish to apply for PTPTN education financing for their studies are required to have an SSPN account with a minimum deposit as determined by the PTPTN.

*Notes*. Retrieved from PTPTN's official portal, 2017, Malaysia: PTPTN

i. The actual loan amount is determined according to the tuition fees and may not exceed the maximum amount specified.
ii. Education loans for part-time studies are only available for IPTS students of Open University Malaysia (OUM), *Universiti Tun Abdul Razak* (UNIRAZAK), UNITAR, Wawasan Open University, and Asia E-University.

The loan scheme is of a mortgage type, and repayments must be begin six months after the completion of studies or upon termination. On average, the grace period is 3.5 years. Since its establishment, few changes have been made in terms of the interest or service charge. Before June 2008 the interest charged was based on a balance reduction method. In June 2008 PTPTN introduced '*Ujrah'* (a flat-rate service charge of 1 percent yearly based on the Shariah Principle), and starting from 1 January 2004 the repayment period was determined by the size of the loan. Generally, repayment periods range from five to twenty years.

Since its inception, PTPTN has relied upon government assistance in the forms of grants and subsidies. Since 2005 PTPTN has also sourced funding from the Employees Providence Fund (EPF), *Kumpulan Wang Amanah Pencen* (KWAP) and other local banks – including CIMB, the Arab Malaysian Bank, RHB and Maybank – with interest rates charged by the funders but generally between 3.72 percent and 5.55 percent (Lim Hock-Eam, Russayani & Yusnidah, 2013). It is interesting to note that the interest rates charged by the lenders are substantially higher than the interest charged to the students (the '*ujrah*' flat rate of 1 percent), which signifies huge interest subsidies.

One of the issues related to the sustainability of PTPTN loans is that of defaults on payment. Based on PTPTN's Annual Report 2013, out of the total amount of RM10,080.69 million that should have been repaid, only RM4,968.98 million was successfully collected. With almost half of the amount due failing to be recovered, the future sustainability of PTPTN is at stake. To combat this serious issue of loan defaulting, PTPTN from time to time continues to introduce measures to address the issue, including: i) blacklisting defaulters, so that they are neither allowed to travel overseas nor borrow from other financial institutions; ii) provide incentives, such as discounts for early or full settlements; and iii) arrange for debt restructuring. Using all these measures, the records show some improvements in terms of repayment.

On the equity aspect, the latest data available on the distribution of graduates based on parental income obtained from a tracer study (Ministry of Higher Education, 2013) shows that approximately 75 percent of graduates fall into the parental income of the Bottom 40 (B40)[13] (see Figure 4.2 (f)). Given that PTPTN is the largest means of obtaining education finance among students, the available data shows that PTPTN has benefited students from poor income brackets; this results in a higher percentage of graduates from this income group.

[13] Based on the Household Income and Expenditure Survey 2014, B40 households refer to households with income up to RM3,885. Due to data limitations, the analysis use RM3,000 as the cut-off point.

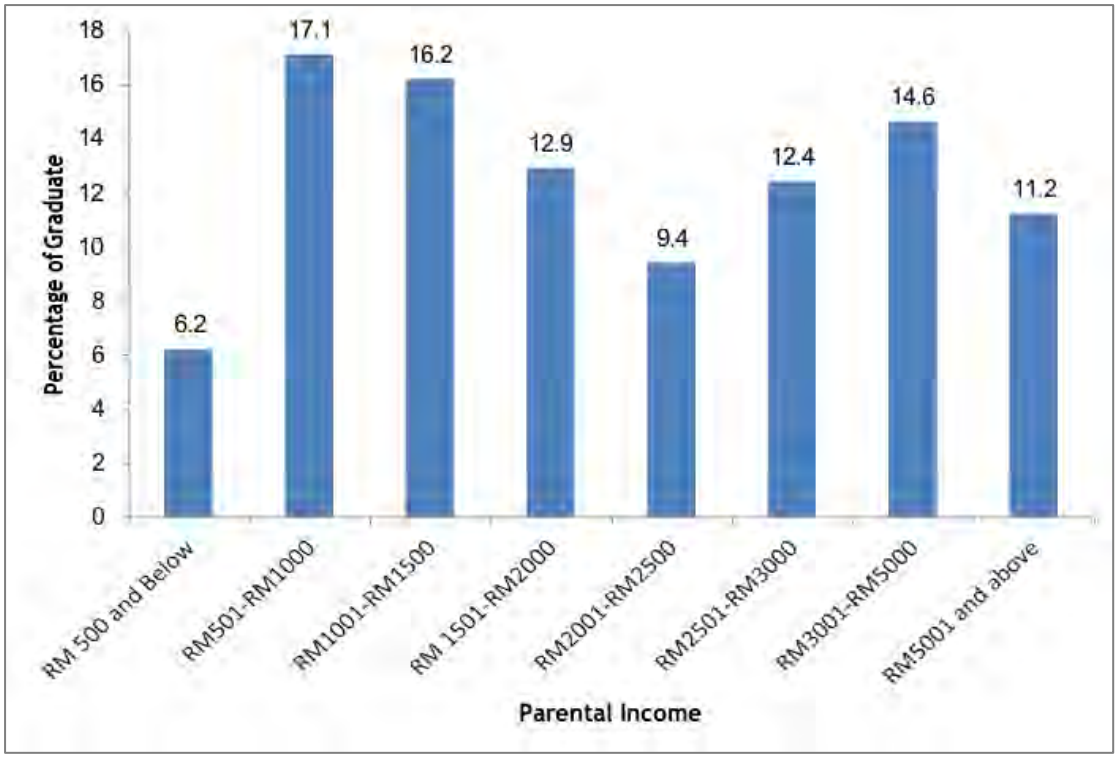



Figure 4.2 (f). Graduate distribution based on parental income

*Note*. Retrieved from Tracer Study Report, 2013, Ministry of Higher Education. Putrajaya: Ministry of Higher Education

## 4.3 CHALLENGES AND THE WAY FORWARD

The importance of enhancing financial sustainability among higher educational institutions, especially public institutions, was reinforced in the Malaysia Education Blueprint (Higher Education) 2015–2025. The blueprint outlined a number of strategic moves towards enhancing the financial sustainability of higher educational institutions. One of the measures was an improvement in funding formulae for public institutions by replacing block grants with performance-linked and per student funding. Similar to this was the implementation of a 5-year performance contracts (3+2) and the disbursement of government investments in priority areas. Also included was the provision of incentives towards the creation of endowment and *waqf*[14] funds, as well as encouraging contributions to higher education, for example through the provision of matching grants for higher educational institutions during the initial fundraising period. While the government is highly enthusiastic in its mission to reduce funding through budget cuts and encouraging institutions to seek new funding sources, some of the newly established organisations have faced challenges in meeting these expectations.

[14] Waqf is an endowment based on the Islamic tradition, which refers to the donation of either land, buildings or money which are given away as charity.

Research universities, on the other hand, are mostly well-established with a good number of postgraduate students, a reasonable amount of assets that can be monetised, good track records in research and consultancy services, as well as active involvement in general commercial activities. Therefore, drastic budget cuts to non-research universities may pose much more serious issues, potentially affecting the quality of their academic and research engagements.

Despite its successful mission in providing access to higher education for a large number of students, the PTPTN faces many challenges, including high debt obligations, loan defaults, and a huge burden of subsidies. The utilisation of borrowing comes with the inevitable cost of interest expenses. Also, as the rate of interest charged by the lenders to PTPTN ranges between 3.72 percent and 5.5 percent, levying a service charge of only 1 percent (*ujrah*) will severely affect PTPTN's financial position. Apart from this low service charge (or *ujrah*) of a 1 percent flat rate, the need for subsidies is due partly to a high default rate. In certain cases, when borrowers' incomes are low due to unfavourable labour market outcomes, the tendency for defaults by these borrowers will be very high. The mortgage-type loan mechanism that is currently in place may not be the best solution for the PTPTN, and may be unfair to graduates as it affects their ability to pay, which ultimately results in huge numbers of defaults and high repayment burdens. A thorough analysis should therefore be undertaken to look into alternative mechanisms that could provide a better solution, i.e. one that is capable of ensuring the future sustainability of the PTPTN and providing fair options for graduates. The Malaysia Education Blueprint (Higher Education) 2015–2025 outlines a few initiatives aimed at enhancing the loan system's performance and sustainability by improving repayment rates (i.e. shifting to income-contingent loans, and linking access to student loans with the performance and quality standards of higher educational institutions).

# PART 3

*Identifying Issues and Challenges: Policy Consideration for the Sustainable Financing of Higher Education*

## CHAPTER 5
***Country Report***


**Fiji**

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The expansion of higher education in many countries poses an enormous challenge, especially in the pursuit of sustainable development for the higher education sector. Increasing enrolments without additional investment will be detrimental not only to the quality of the services offered but also to the long-term sustainability of the higher education system. For the Commonwealth PICs, such an impact would be larger and more complex considering the limited availability of public resources that can be allocated for that purpose. Another difficult case is when higher education competes for public resources with other levels of education that are given more priority. The international experience provides that if enrolments at tertiary level are to increase further, public funding per student will be expected to decline at varying degrees, depending on the country's position. Thus, the following issues may be raised:

- Access, equity and diversity – especially representation from less-advantaged groups and minorities
- Faculty and personnel – recruitments, remuneration and student/faculty ratios
- Intensity and quality of research – research capacity for future development of the country
- Programme reallocations – the tendency to be more market-driven, with unpopular programmes being eliminated
- Conflicting pressures on governance and control – on the one hand, reduced public funding demands greater accountability; on the other hand, increased effort in terms of revenue diversification entails larger autonomy
- Narrowing of national missions and visions – since education is considered a tool of economic development, some of the national missions and visions related to social mobility, growth and distribution may be adversely affected

In response to those pertinent matters, it is crucial to understand the specific issues and challenges faced by these countries. Considering their cultural, social and economic diversity, it is also important to note that apart from some common issues and challenges, individual countries may face unique problems that require specific prescriptions for policy direction. The following chapter will draw upon each country's specific issues and challenges with regard to the financing of higher education, by focussing on:

- Access and equity in higher education
- Government funding to higher educational institutions
- Governance (financial and managerial autonomy) which enables public universities to engage in income-generating activities
- Financial support for students

Apart from discussing the general landscape of higher education financing for individual countries, case studies of different higher educational institutions are also presented. These country reports relate to the PICs of Fiji, Samoa, Vanuatu, Kiribati, Solomon Island, and Tonga.

# FIJI

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Photo: Fiji National University, Fiji

### 5.1.1 BRIEF OVERVIEW OF FIJIAN EDUCATION SYSTEM[15]

To understand the financing of higher education in Fiji, some knowledge of the historical background of education in the country is essential. The education system in Fiji was initially developed to train the indigenous population as junior civil servants (public system) and catechists (religious systems). It was further developed to educate the children of indentured labourers. Initially the churches led the development of the education system in the country, but the government assumed control in the early 1900s, shifting the focus to improving the standards of schools and the training of medical personnel, nurses, teachers and other necessary skilled workers. This process has been accelerated in the post-independent Fiji.

While the government owns only a small percentage of the schools, it provides operational grants to them and pays teachers' salaries.[16] The government also provides free textbooks to all students, bus fares for those whose combined parental income is less than $15,000, as well as free milk to all class one students. Government and religious agencies have initiated various programmes within the tertiary sector, and private institutions entered the sector within the last three decades.

The estimated population of Fiji in 2014 stood at 864,370, while the estimated population of children between the ages of 4 and 18 years was 242,689 for the same year. Of these, 36,553 children were between the ages of 4 and 5 years (pre-school age), 129,206 children were of primary school age (between 6 and 13 years of age), and 76,930 were in the secondary school age group (between 14 and 18 years). Other levels of population distribution include those in the 15-to-29-year category (233,357, representing 28 percent of the population) and the number enrolled in tertiary education (58,064, 25 percent of the eligible age group) (Fiji Bureau of Statistics, MOE Annual Report 2014 and FHEC Annual Report 2014).

The details of the education system in Fiji are shown in Figure 5.1.1(a), Figure 5.1.1(b), Figure (c) and Table 5.1.1 (see Appendix B).

### 5.1.2 FIJIAN HIGHER EDUCATION SECTOR AND STRUCTURE

There are three universities in Fiji (see Table 5.1.2 (a)) and over 70 higher educational institutions; the latter's enrolment figures range from about 30 to 400 students. They offer degree, diploma and certificate programmes, as well as short courses of a few days or weeks. The three universities currently operating in the country come under the auspices of the Fiji Higher Education Commission (FHEC), which was established under the Higher Education Promulgation 2008 and the Higher Education Regulations 2009. Prior to the establishment of

[15] This section will look at Fiji, and the contents will be based on work by: Dr. Richard Wah (2016), Education Consultant, Fiji; Prof. Prem Misir (2016), Vice Chancellor, UoF; and Prof. Derrick Amstrong (2016), Deputy Vice-Chancellor (Research, Innovation & International), USP.

[16] Only International Schools and a few Private Christian Schools which teach their own curriculum do not get this operational grant.

the FHEC these universities were operating under their own legal frameworks: one by Royal Charter, another by registering as a business entity, and the third via a decree of government.

The University of the South Pacific was established in 1968 as a regional institution, owned by 12 independent island states. Also, the University of Fiji (UoF) – a religious agency owned institution – was established as a business in 2005 when there was no legal framework for the establishment of universities in the country. It is a small private university that receives some government funding. In addition, the National University of Fiji (FNU) was established by the Fiji National University Decree 39 of 2009. It began operations in 2010, after a subsequent amendment (by Decree N. 58 of 2010) to incorporate what was then known as the National Training and Productivity Centre. Higher education is not explicitly defined within the various promulgations, but its meaning maybe derived from the definition of a higher educational institution found in the Higher Education Promulgation (2008). In this promulgation, "higher education institution" means an educational institution in Fiji that provides award-conferring post-secondary education, including, but not restricted to, technical and vocational education and training centres, information technology centres, secretarial schools, language schools, hospitality training centres, care-giving training providers, performing arts and sports academies, religious educational institutions, colleges and universities. Other higher educational institutions are those that are neither universities nor degree-awarding institutes of technology (FHEC Promulgation, 2008b, pp6). Table 5.1.2 (b) shows the number of institutions by category.

Table 5.1.2 (a): Universities and university colleges in Fiji

| Institution | Type of Institution | Year of Establishment |
|---|---|---|
| Fiji National University | Public | Established in 2010. Many of its original institutes were established much earlier |
| The University of the South Pacific | Multi-government owned | Established in 1968. Well established |
| University of Fiji | Private | Established in 2005. Focussed on under-privileged groups. Low tuition fees. Private faith-based institution |
| Fulton University College | Private | Established in 1897 |

*Note*. Retrieved from FHEC Annual Report, 2014, Fiji Higher Education Commission.

Table 5.1.2 (b): No. of institutions by category

| Category | Number of Institutions | Category | Number of Institutions |
|---|---|---|---|
| Universities | 3 | Business and IT | 13 |
| Beauty Therapy Spa | 3 | Care Giving | 3 |
| Theology | 25 | Forestry | 1 |
| Civil Aviation | 3 | Technical College/TVET | 5 |
| Tourism and Hospitality | 4 | Community | 4 |
| Health – Eye care | 1 | Security | 3 |
| Nursing Institution (private) | 1 | Language and Art Skills | 2 |
| Utilities Training | 1 | Industry | 1 |
| Agriculture | 1 | Leadership | 1 |
| Teacher Training | 2 | | |

*Note*. Retrieved from FHEC Annual Report, 2014, Fiji Higher Education Commission.

The higher education sector developed in Fiji before the existence of legal frameworks, policies, regulations and standards. Thus, the early institutions in this sector evolved on their own. Although the majority of these institutions were established between 10 and 25 years ago, some are more than 100 years old, while others are around 50 years old.

In an attempt to regulate the tertiary institutions operating in the country, the Fiji Higher Education Commission (FHEC) was established in 2010. By then, 99 percent of the tertiary institutions in Fiji were already in existence, and many of them had established linkages with international organisations. For example, the University of the South Pacific had links with accreditation bodies overseas and was recognised for quality assurance by some internationally renowned agencies. In addition, the country has a large number of theological schools and colleges, many of which were formally accredited by international bodies or have strong academic links with them. Others, such as Caregivers Services International, the Service Pro International Tourism and Hospitality Institute, Advanced Aviation Training (Fiji) Limited, the Fiji Electricity Authority Training Centre, the Pacific Flying School, the South Pacific Academy of Beauty Therapy and the Style Gallery (Fiji) Institute of Hairdressing, Health and Beauty Therapy, have achieved regional and international recognition. These stem from the credit earned by their graduates, who have found employment abroad and earned recognition by large reputable companies in foreign countries. This provides additional recognition for Fijian qualifications in terms of migration to Australia and New Zealand. In other words, many of the established tertiary institutions developed their quality assurance systems and standards before the existence of FHEC; the proof of this is the historical regional and international acceptance of graduates from these institutions.

However, such quality assurance systems and standards were not aligned to international practices, and the FHEC faced the huge task of introducing and implementing internationally recognised quality assurance (QA) systems as well as a National Qualification Framework (FNQF). In recognition of the existing institutions and the good work already being done, the FHEC used a soft approach rather than strong-arm compliance when introducing the QA and

FNQF. However, after five years of operation in 2015 the FHEC began adopting a stronger compliance approach, claiming that the established tertiary institutions had had enough time to align and comply with the QA and FNQF as mandated by the Fiji Higher Education Promulgations and Regulations. (Refer to Figure 5.1.2 in Appendix B for a schematic of the organisation of higher education and standards.)

All institutions are autonomous with regard to the levels and areas of study, tuition fees charged, and governance system adopted. However:

- all levels of study must be aligned to those of the FNQF (although it should be noted that only a handful of programmes of study have actually been aligned to the FNQF; insufficient resources have been allocated to the FHEC in order to carry out this mammoth task as outlined in the Fiji HE promulgations). One of the FHEC entities, the Fiji Qualifications Council, oversees the operation of the FNQF and the alignment/accreditation of institutional qualifications to the FNQF levels 1 to 6. The FHEC has established a committee for the accreditation of university qualifications (CAUQ), which oversees the alignment/accreditation of institutional qualifications to the FNQF levels 7 to 10.
- tuition fees should be reasonable, especially if government grants are provided to the institutions. From time to time the FHEC has entered into negotiation with institutions regarding government grants on fees.
- governance systems, while autonomous, need to ensure a clear divide between the ownership of the institutions and academic leadership; they must be transparent, and they must have documented and implemented staff and student grievance systems.

The universities are self-accrediting, but they have agreed to delegate this responsibility to the CAUQ. Therefore, from 2017 onwards all new programmes from levels 7 to 10 of the FNQF must be approved by CAUQ before they can be offered by any institution. Mechanisms are being worked out whereby previously established programmes of study can be accredited to the FNQF. This will lead to the acceptance of all qualifications above undergraduate degree being recognised by all the institutions in Fiji.

### QUALITY OF TERTIARY EDUCATION

As mentioned earlier, all higher educational institutions in Fiji must be recognised and registered by the FHEC, and their programmes of study must be accredited by the FNQF. During and after these processes the institutions need to be aligned to the FHEC's QA systems, but they eventually develop their internal QA systems which are then audited by either the FHEC or other QA agencies. These are the first stages in the process being implemented by the FHEC in order to improve the quality of higher education in the country. Also included in this first stage is the development of the Fiji national qualification certificates by the FHEC, in consultation with industries in the country. These certificates are pre-set at particular levels

of the FNQF and developed against those standards. Institutions can then apply to offer these national qualifications, if they adhere to certain standards.

The second stage in improving the quality of tertiary education in Fiji is by international linkages, via accreditation and membership of professional associations. The universities in the country have already embarked on this stage. Examples include working on developing membership of the Washington Accord, the Australian Computer Society, the International Marine Organisation, various medical colleges and so on. Also included are auditing by Australian and New Zealand academic auditing agencies, as well as linkages with universities in these two (and other) countries.

### QUALITY OF OPERATIONS WITHIN HEIS AND THE FHEC

The quality assurance office in the FHEC is primarily responsible for quality assurance matters in the FHEC; as an agency (internal) and higher education institute (HEI) (external) in Fiji. The quality assurance processes are evidence-based, aimed at ensuring that goals are being achieved and that policies and practices are under ongoing review as part of overall continuous improvement and quality enhancement. The FHEC is a member of the APQN, and its internal practices are benchmarked against the International Network for Quality Assurance Agencies in Higher Education Guidelines of Good Practice (INQAAHE GGP), as well as the Asia Pacific Quality Network (APQN) criteria. The QA unit ensures that a mandatory cyclical external review of the FHEC's activities is carried out at least once every five years.

(i) The FHEC was the first organisation in the world to be successfully audited by APQN.
(ii) The FHEC has also been regionally audited by the only regional quality assurance agency, the Pacific Registry of Qualifications and Standards (PRQS).
(iii) Preliminary discussions have started with the Commonwealth of Learning's (COL) transnational qualifications framework, New Zealand qualifications framework (NZQA), the Australian Qualifications Agency (AQA) and the Malaysian Qualifications Agency for the technical referencing of the FNQF to be done against their qualifications frameworks.
(iv) The FHEC has developed its own QA systems, which are being introduced into its HEIs. Once these HEIs develop their own internal QAs, the FHEC will then audit their systems using its external quality assurance systems. These QA systems of the FHEC have already been developed.

### PROGRAMME QUALITY

(i) FQC for levels 1 to 6, using the national qualifications as minimum benchmarks for Fijian Qualifications;
(ii) CAUQ for programme quality at levels 7 to 10. This is a committee of Vice Chancellors of the three universities in Fiji.

(iii) As mentioned earlier, there are numerous institutionally developed quality systems, either based on internal quality systems or external local or international systems.

### 5.1.3 GOVERNMENT ALLOCATION TO HIGHER EDUCATIONAL INSTITUTIONS (HEIS)

There exists a document that clearly illustrates how Fiji's higher educational institutions should be funded. Grants to higher educational institutions are specifically allocated to those that are qualified for funding from the government, according to the funding model approved by the cabinet. These are institutions that have been fully accredited with the Fiji Higher Education Commission, and which have charitable trust status. The system developed was based on international practices but simplified for implementation in Fiji. In July 2013 the FHEC was asked to implement the grants allocation for 2014 in an attempt to bring about some equity in government grants to tertiary institutions. Prior to this, there were allocations of government grants to various government tertiary institutions and selected faith-based universities and institutions for their operation (e.g. the Fiji Institute of Technology, the Fiji College of Advanced Education, Lautoka Teachers' College, the Fiji College of Agriculture, the Fiji School of Medicine, the Fiji School of Nursing, the Fiji National Training Council – Training and Productivity Authority of Fiji, various departmental training schools, the Centre for Appropriate Technology and Development, Corpus Christi Teachers' Training College and Montfort Boys Town, the University of the South Pacific, as well as the University of Fiji).

There were also other grants via scholarships and loan schemes, capital grants, and special grants. Many of these forms of grants were only known to the FHEC in 2015, for the 2016 allocations. In return for these grants, the government has very high expectations from these institutions to develop governance structures that will improve the quality of education of children, and plug that into the nation's development efforts. Any shortfall in the operations of these tertiary institutions must be obtained from fees charged directly to students. In 2014 nine institutions received grants in the sum proposed by FHEC; none of the proposed institutions was left out in the disbursements. However, five of the institutions that benefitted from these grants did not fulfil the requirements; they were only considered for historic and political reasons. Also, all the other institutions which did not benefit from government grants had to source funding themselves (the theological schools and colleges sourced funding from their churches and tuition fees, whereas private institutions obtained all their funding from the fees charged to students).

As a result of the time limitations in the implementation of the funding model, a transitional funding model was presented to the Fijian cabinet in late 2013 and approved for selected institutions in 2014. Also, there was a huge gap in the data required by the FHEC in allocating funds to institutions. Based on available data and previous funding levels, the allocations below were presented to the government and were accepted. It is pertinent to note that in some cases the criteria for recognition and registration were ignored by the FHEC, in line with government directives. The analysis and implementation were principally carried out by the executive chair of the FHEC.

A sum of $600,000 was set aside to enable a world-renowned maritime school, the Colombo International Nautical and Engineering College (CINEC) in Sri Lanka, to manage the FNU's maritime school in order to ensure that it met international standards, while also improving the quality of available courses. For the 2015 allocations the FHEC had an additional half a million dollars and more time to prepare for funding allocation, and it was able to begin working with institutions in order to provide the required data. However, the institutions did not obtain some of the required data, and nor were staff specifically allocated to such work; once again, datasets had huge gaps. The data that was required from HEIs included: the numbers of equivalent full-time students (EFTS) for Fijian and non-Fijian students; the costs of conducting each programme that was eligible for funding (self-financing programmes or pre-degree programmes were not eligible); the uniqueness factor of the institution (institutions needed to explain how their operations were unique in Fiji); remoteness (the institutions were to explain how they provide service to remote areas; this was a priority of the government); the quality of lecturers (qualification levels); the quality of lecture rooms, libraries and internet access; and the QA systems implemented and graduate acceptance in employment (by interviewing human resources managers in selected employers in Fiji). In this allocation, the FHEC attempted to:

5.1.3.1 enforce the recognition and registration criteria, but this was not agreed to in the case of FNU, the Centre for Appropriate Technology and Development (CATD), and Corpus Christi Teachers' Training College. This arose from the government's feelings that these institutions had been funded in the past and their students would be affected if government grants could not be accessed.

5.1.3.2 increase the number of institutions that would receive government grants by:

5.1.3.2.1 including the recognised and registered theological schools and colleges – given that these institutions provided much necessary morale and training required for the youth of the country. However, this was declined by the government.

5.1.3.2.2 including the recognised and registered privately owned institutions. This was also rejected by the government as they were deemed to be operating for profit.

5.1.3.3 reduce the inequities in the funding model, as previously applied.

In 2015 only 9 institutions received grants, out of a total of 17 institutions proposed by the FHEC. Of these 9, 5 did not fulfil the criteria set out, but were considered for historical and political reasons. In the same year 3 new technical colleges were set up, with an additional 10 to be established in 2016 and a total funding provision of $7 million. To support tertiary education, the government continued with the tertiary education loan scheme (TELS) the provided a full scholarship under the Toppers scheme. This also included some low interest loans to all students who secured admission to tertiary institutions: $52.5 million was allocated for TELS, plus $15.7 million to cater for students under the previous scholarship schemes.

For the 2016 allocations, the new government, elected in late 2014, advised the FHEC in early 2015 that it wanted the allocation to be based on levels and areas of study. The FHEC used

the data on costs for all levels and areas of study in the three universities to calculate cost bands based on levels and areas of study. Another factor in the 2016 allocations was the Fiji Technical Colleges. These colleges were offering level 1 and 2 certificates on the FNQF, and should therefore have been classified as higher educational institutions. However, they were categorised by the government as institutions to be administered by the Ministry of Education, and not by the FHEC. Also, funding support of $13.9 million was provided in the 2016–2017 national budget in order to cover the operating grants of 11 technical colleges.

In its presentation to the cabinet's sub-committee on budget in 2015, the FHEC presented three models: the approved model, based on the EFTS and other level-playing-field factors; Model 2-1, based on full cost bands for 15 institutions; and Model 2-2, based on full cost bands only for three universities. This submission contained the statement: "*Funding for higher education institutions in Fiji has been somewhat flawed due to inequitable funding from the government. The four types of funding from the government to the HEIs include the: (i) operating grants administered by the commission; (ii) capital grants – allocated by strategic planning, but monitored for impact by the commission; (iii) special grants allocated by different government departments, e.g. the Ministry of Health's (MoH) and the Ministry of Primary Industries' (MPI) contributions to FNU; and (iv) TELS funding. All government institutions may receive all the four types of funding, whereas other registered institutions either receive none from government or just one or two from the sources identified; this is inequitable funding*."

In 2016 only the same 9 institutions received grants, out of a total of 15 proposed by the FHEC. Again, however, 3 of those institutions that received grants did not fulfil the set criteria but were considered for historical and political reasons.

### 5.1.4 FEE DETERMINATION

#### STUDENTS' ABILITY TO PAY

Only 55 percent of the children from the poorest 30 percent of the population reach upper secondary school, compared to 73 percent from the top 30 percent of the population. Furthermore, only 27 percent of the children from the poorest 30 percent of the population reach tertiary institutions, compared to 44 percent from the top 30 percent of the population (Fiji Islands Bureau of Statistics, 2003).

#### STUDENT FUNDING

Access to education with regard to tuition fees is available to all those who express an interest in it. There is tuition-free education from year 1 to year 13 in the formal school system. In the higher education/tertiary sector, students have access to tertiary education loans and scholarship systems, private scholarships, and scholarships from donor agencies (Australian

Aid Scholarships, New Zealand Aid Scholarships, World Health Organization (WHO) scholarships, various other bilateral scholarships from nations friendly to Fiji, private company scholarships etc.). There are also other supports available in the form of grants to help with clothing, stationary etc. from such organisations as banks, churches, provincial councils and so on.

### OVERVIEW AND HISTORY OF CURRENT STUDENT FUNDING (SCHOLARSHIPS, LOANS)

The current government loan and scholarship scheme is referred to as the Tertiary Education Loan and Scholarship (TELS) scheme, which was implemented in 2014 as a replacement for the previous governments' scholarship and loan schemes. The previous schemes were based on a principle of positive discrimination for indigenous people. However, the current TELS system is based on a system of 'one Fiji' and equity in loans and scholarships, without any positive discrimination for or against any ethnic group. In addition, the scholarship scheme is based on the academic achievements of recipients, not on socio-economic status or ethnicity. The TESL began in 2014; in 2013, 5,434 students were studying at various tertiary institutions through i-Taukei scholarships, multi-ethnic affairs and PSC scholarships. Under the new scheme, 12,943 students are supported to attend tertiary institutions (Fiji National University, 2015).

While the data requested for the analysis of loans and scholarships were not made available to the FHEC in 2016, it may be noted that the TELS scheme is only available at the following institutions nominated by the government: the Centre for Appropriate Technology and Development, Corpus Christi Teachers' College, Fulton College, Fiji National University, the Sangam Institute of Nursing, the University of Fiji, the University of the South Pacific, as well as Fiji Technical Colleges. However, some of these institutions have not undergone the FHEC registration processes.

### SUSTAINABILITY OF THE CURRENT STUDENT FUNDING

The current funding system does not appear to be sustainable under the current budgetary allocations over the last five years. Since the current scheme only began in 2014, repayments have not yet started. However, due to higher unemployment rated among graduates, as shown by the figures from the National Employment Centre (NEC), repayment processes may be slow since they only come into effect when graduates are employed.

### EFFICIENCY OF STUDENT FUNDING

There were a lot of hiccups in the establishment of the TELS scheme, although these are being reduced. The selection criteria were neither well known nor established by the staff of the TELS, eligible institutions, or even the public. Only seconded members of staff were used, and the systems were not well-established. Even though permanent members of staff are being hired, the resources are still not sufficient. Also, an appropriate database has not been

established, and therefore data are not readily available. However, the systems have slowly improved with fewer problems, although issues of payment delays from TELS and a lack of understanding of eligible programmes among TELS staff continue to be major concerns as regards the level of efficiency.

### ISSUES AND CHALLENGES RELATED TO STUDENT FUNDING

Previously, scholarships and loans were available for postgraduate studies; under the current scheme, postgraduate students are not eligible. Also, while some of the institutions currently have access to all four forms of government funding, others have access to only some, and many of the institutions do not have access to any of them. Each institution has its own niche and students are being enrolled in it. Given this inequitable distribution of government funds, some institutions are more advantaged over others, as a result of which some good institutions may close down. For example, in 2016 Vivekandand Technical College (VTC) proposed a shutdown (to the government) as a result of the funding process, which made it less competitive in comparison with government colleges. While the latter receive operating grants and their students can apply for loans, the former could not get students with TELS checks.

### EQUITY AND ACCESS FROM THE ASPECT OF STUDENT FUNDING

The current implementation of the TELS scheme may create problems in Fiji in terms of the ethnic distribution of leaders across all sectors. The data from TELS is only made available to the public. However, if trends in school academic achievements in previous years continue, scholarships under the TELS scheme will predominantly be awarded to students of Indo-Fijian origin, while indigenous people will have no other option than to apply for loans under TELS. In the past, under positive discrimination people from the indigenous population, who are known to be slower developers, were often able to get scholarships and later achieve leadership roles without the burden of a loan hanging over their heads. On the other hand, Indo-Fijians, who are more able to pay their school fees, use loans under the TELS scheme as well as their available funds to improve their living standards, thereby increasing the economic and social divide between the Indo-Fijians and the *i-Taukei*.

Another issue that the government needs to respond to in rural Fiji is that of access by these students to scholarships. An analysis using student data from 2012 shows that rural students have virtually no chance of being awarded a scholarship. The implications of this on teachers' performances and students' efforts devoted to their studies need to be carefully analysed. Similarly, data on those who are beneficiaries of scholarships or loans are not available, even though the FHEC has requested the same from the TELS Board via the Prime Minister's office. Moreover, the issue of access to such funding among poor but academically gifted students needs to be examined against the backdrop of the educational profiles of different ethnic and socio-economic groups in the country. In spite of much lower population numbers, Indo-Fijians make up a higher proportion of the students in tertiary institutions in Fiji. However,

this anecdotal evidence cannot be disproved, as the TELS board refuses to provide data on scholarships and loans to students, and information from higher educational institutions is no longer desegregated by ethnicity as it was in the past. Also, academic brilliance is a measure that has changed in Fiji, moving from a norm-referenced assessment system to one based on unstandardised raw marks across subjects. As such, categorising academically gifted students or providing scholarships on a merit basis is flawed.

The other problem with using academic performance as a measure is that rural students in the country are deemed to be academically poor, and the greater majority of them are from an indigenous background. The availability of data or better research will either support or dispel these notions of inequity in the scholarships and loans systems.

### 5.1.5 CASE STUDY: UNIVERSITY OF FIJI

#### OVERVIEW OF THE UNIVERSITY OF FIJI

The University of Fiji (UoF) was established in December 2004 in Saweni, Lautoka by the Arya Pratinidhi Sabha of Fiji. The aim is to provide quality and affordable higher education to many students who cannot afford to attend the tertiary institutions in Suva. From its modest beginning, the UoF now provides students with the opportunity to study in a wide range of programmes, from undergraduate to postgraduate levels. The UoF was officially dedicated to the people of Fiji in March 2006 by the Prime Minister, the Honourable Laisenia Qarase. During this ceremony the late Dr. Umanand Prasad committed the sum of FJ $1 million towards the proposed School of Medicine in the university; this resulted in the establishment of the Umanand Prasad School of Medicine (UPSM) in 2008. The University of Fiji is on a journey to providing the university community with an excellence agenda – excellence in learning and teaching, research, student experience, partnerships, environment, as well as leadership and governance. The journey has been an exciting one, as the strategic plan provides the university with a defined route for far-reaching progress, expansion and, most importantly, the envisioned future of the institution. Table 5.1.5. (a) provides information on the growth of the student population over the last few years.

Table 5.1.5 (a): The growth of the student population

| Number of Students (EFTS) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Year | Schools | | | | | | | | Total |
| | SoHA | SoBE | SoST | FOU | SoL | UPSM | CIRA | U/C | |
| 2013 | 362 | 243 | 132 | 77 | 208 | 219 | 58 | 62 | 1361 |
| 2014 | 428 | 280 | 96 | 76 | 231 | 286 | 31 | 80 | 1508 |
| 2015 | 535 | 346 | 184 | 73 | 244 | 367 | 62 | 84 | 1895 |
| 2016 | 666 | 489 | 408 | 163 | 433 | 543 | 44 | 180 | 3024* |

**(including i-Taukei students)*

*Note:*

| | | | |
|---|---|---|---|
| **SoHA** | School of Humanities and Arts | **SoL** | School of Law |
| **SoBE** | School of Business and Economics | **UPSM** | Umanand Prasad School of Medicine |
| **SoST** | School of Science and Technology | **CIRA** | Centre for International Relations Affairs |
| **FOU** | Foundation | | |

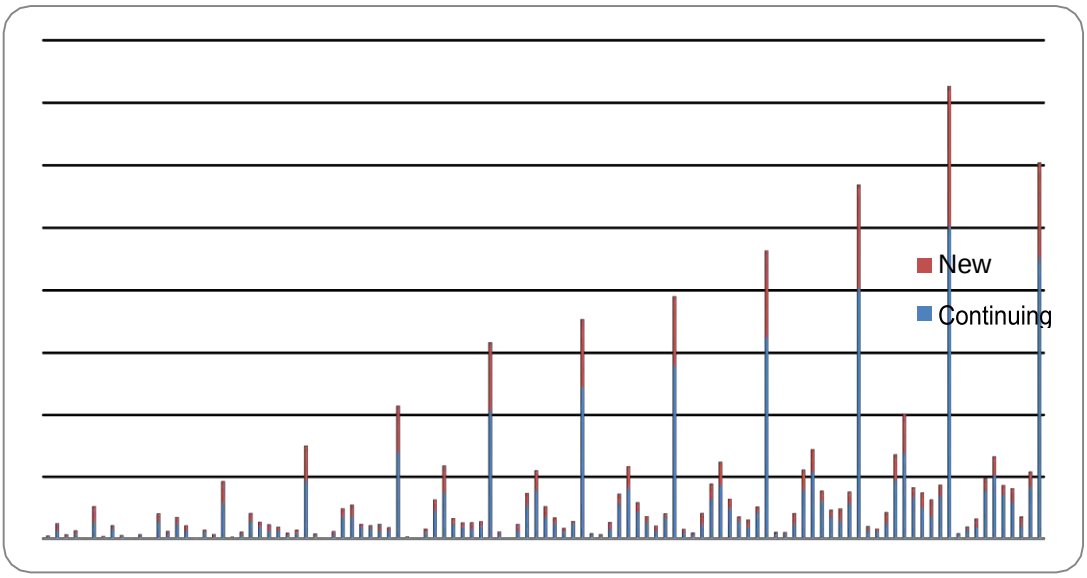



Figure 5.1.5 (a): University of Fiji undergraduate students' growth forecast

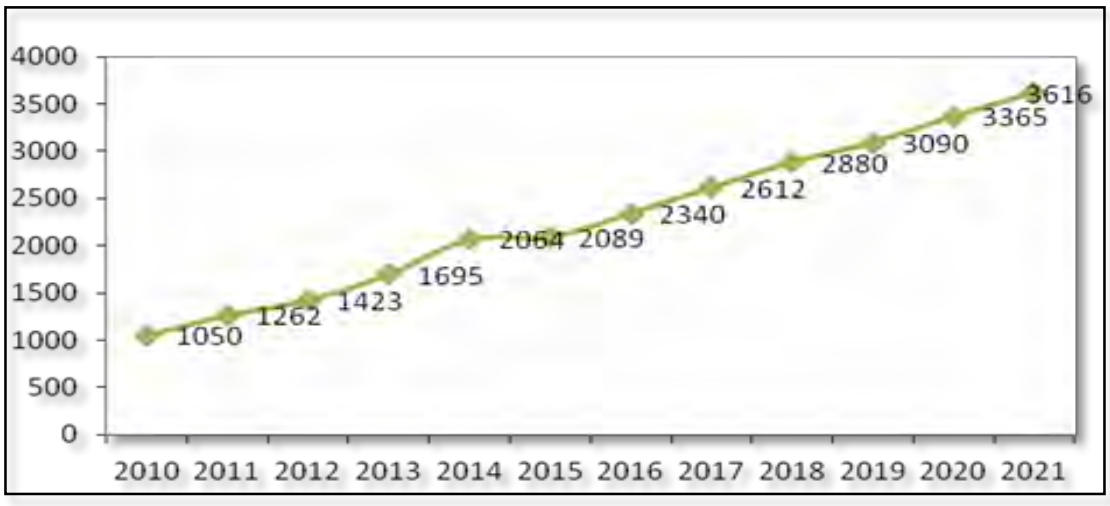



Figure 5.1.5 (b): University of Fiji students' growth forecast

Furthermore, the objective of the UoF is to serve the post-secondary educational needs of the communities in Fiji, and any other global communities that may wish to benefit from advanced education. The university has (approximately) 187 members of staff at its Saweni and Samabula campuses. It has equally made arrangements for cooperation and collaboration

with a number of universities overseas, as well as other institutions involved in higher education. Moreover, the university has been a recipient of the government's annual subvention since 2009.

The UoF Decree 2011, Part 1 – Preliminary – 2 states: "The objective of this Decree is to bring the University of Fiji, which hitherto had been operating through Shiksha (Fiji) Ltd. under the Companies Act (Cap. 247), under a Decree, to serve the post-secondary educational needs of the communities of Fiji and any other global communities that may wish to receive tertiary education at the University." On 13 November 2014 the Fiji Higher Education Commission (FHEC) granted the University of Fiji a provisional registration (RGN0020/11), expiring on November 13 2016. However, the university satisfied the FHEC requirements and attained full registration on 25 April 2016 as a local university. Also, the National Toppers Scheme and Tertiary Scholarship and Loans Scheme (TSLS) has become tenable at the university since 2014.

The University of Fiji's Strategic Plan (2017–2021) is an investment-driven change plan, which expresses its strategic intent over the succeeding five years as follows:

- developing the university's standing and influence so that it becomes the first choice for a differentiated socioeconomic group of students, staff and partners.
- bringing about progress and a step change to improve performance, requiring the abandonment of the safe confines of existing comfort zones – a new mindset within a new dispensation.
- tracking an excellence agenda, where quality and the pursuit of excellence are the trademarks of a healthy organisational culture, and which would become implanted in the university's core values. Quality and excellence would be pursued in the areas of learning and teaching, research, student experience, delivery of service, partnerships, the environment, as well as leadership and governance.

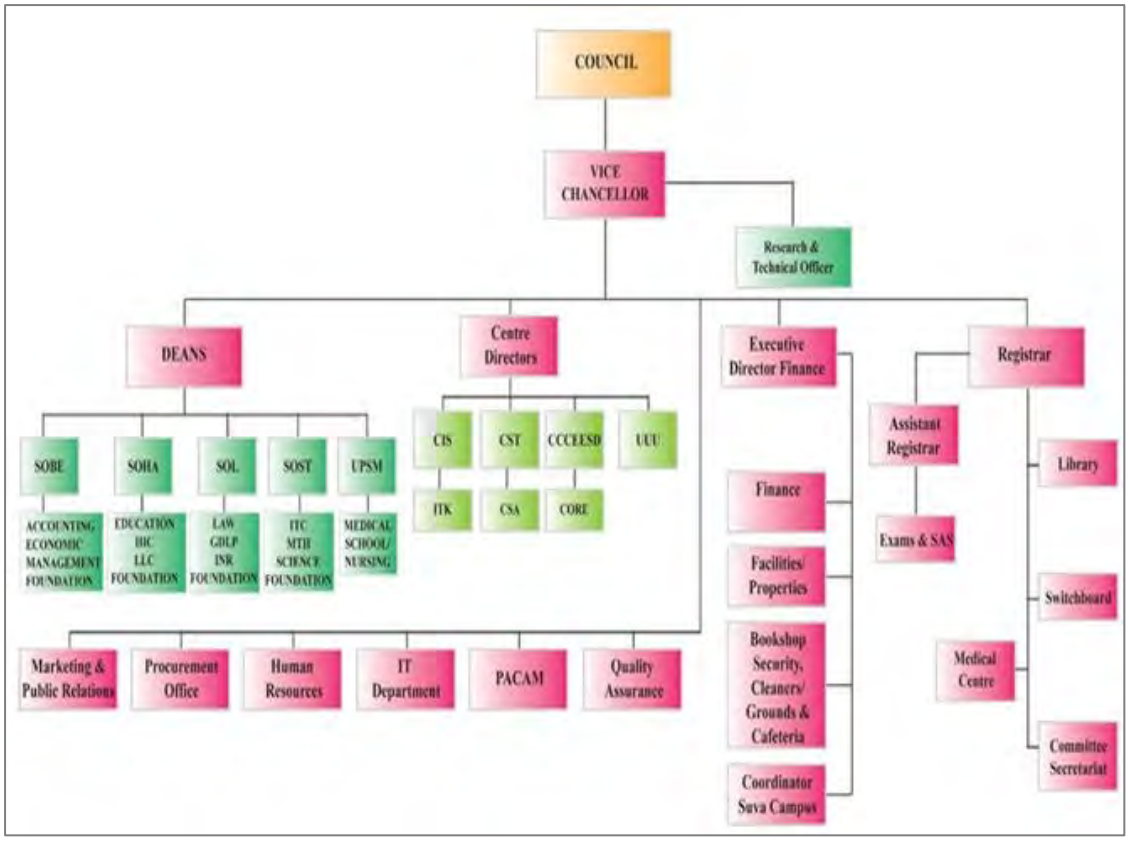



Figure 5.1.5 (c): The Organisational Chart, University of Fiji

### AUTONOMY OF INSTITUTIONS IN THE USE OF TUITION FEES

There are no restrictions from the government of Fiji pertaining to how the UoF uses tuition fees, either paid from the government or through private contributions. The university utilises these funds to manage both operational and capital projects. However, the government's subvention carries specific limitations, wherein the government stipulates the areas where the university can use this funding for operational expenditure. In addition, the principles of the university shore up its decisions and actions in terms of intra-university and inter-university relations, inclusive of international partnerships, in order to fulfil the mission and achieve the vision of the institution.

### VISION

The University of Fiji will gain international recognition for academic excellence in its production of new knowledge and innovation through its transformative impact on society.

### MISSION

- To provide lifelong learning opportunities to all, through a student-friendly environment with creative thinking and innovative values, in order to advance knowledge-based development.
- To offer quality, research-based, relevant, disciplinary, interdisciplinary and transdisciplinary learning and teaching in order to provide new knowledge and innovation in problem-solving.
- To create and advance public engagement with the local community, industry, governmental agencies and international bodies for collaborative and partnership-type research projects and research-based education.
- To value academic freedom and foster the University of Fiji's role as a critic and conscience of society.
- To be a model employer, showing respect to staff and promoting their welfare and development.
- To strive for the best possible international governance practices in order to enhance transparency and accountability in policy formulation and implementation on academia, finance, human resources, information technology services, local and international students' experiences and facilities.

### THE PRINCIPLES OF THE UNIVERSITY OF FIJI ARE AS FOLLOWS:

- Innovativeness – The University of Fiji supports innovation and reforms that will fulfil its mission, advance its vision, and integrate its values by encouraging personalised learning and pedagogy, which recognise living and learning in a technology-rich world.
- Flexibility – The university also promotes flexibility in the pursuit of theoretical and practical knowledge, while encouraging a life well-lived – a lifelong philosophy of informed, creative thinking in order to meet the evolving challenges and opportunities.
- Affordability – UoF is considerate of the socio-economic status of its students and offers an affordable learning environment. It demonstrates this commitment by sustaining low tuition fees and allowing structured payment plans.
- Contemporary – The University of Fiji is contemporary in nature and offers exciting programmes aimed at equipping students with the skills, knowledge and experience to support the next generation of children and young people.
- Futuristic – The university is futuristic in scope and endeavours to integrate technologies, engage students in ways not previously conceivable, create new learning and teaching possibilities, enhance achievement, and extend interactions with local and global communities.

### REVENUE DIVERSIFICATION EFFORT

There is little that the UoF can achieve in terms of revenue diversification, arising from several policies laid down by the founder. However, the UoF is beginning to collaborate with corporate business organisations and build trust, contributing to developing a knowledge society. Also, the university has initiated a number of activities relating to academic-industry collaboration, aimed at addressing both the academic and financial aspects of the UoF.

Table 5.1.5 (b): Income generated by the University of Fiji

| Year | 2013 | 2014 | 2015 | 2016 | Total ($) |
|---|---|---|---|---|---|
| **Fees** | 5,749,572.00 | 9,960,942.00 | 7,459,342.00 | 7,500,000.00 | 27,321,788.00 |
| **Donations** | 188,927.00 | 36,645.00 | 15,000.00 | 20,000.00 | 260,572.00 |
| **Government Grants** | 3,000,000.00 | 3,530,000.00 | 2,500,000.00 | 2,334,862.00 | 11,364,862.00 |
| **Other Income** | 77,443.00 | 24,755.00 | 100,000.00 | 122,615.00 | 324,813.00 |
| **APS Funding** | 445,000.00 | 750,000.00 | 50,000.00 | 250,000.00 | 1,495,000.00 |
| **Bank Loans** | 500,000.00 | 750,000.00 | 3,375,000.00 | 3,570,000.00 | 8,195,000.00 |
| **Total ($)** | 9,960,942.00 | 11,704,274.00 | 13,499,342.00 | 13,797,477.00 | 48,962,035.00 |

### PARTNERSHIPS WITH INDUSTRY

The UoF has collaborations and partnerships with relevant stakeholders for the physical and financial safety of students and staff.

1. **Collaboration with Trent University, Canada** – Negotiations are ongoing for a possible collaboration with Trent University on biomaterials research.
2. **Collaboration with FNU** on proposed EU funding for an Erasmus project of 1,000,000 Euros.
3. **USAID Pacific-American** – The United States Agency for International Development (USAID) PACAM awarded a grant of US $404,729 from April 2015 to April 2018 to the Centre for Climate Change, Energy, Environment and Sustainable Development, in partnership with University of South Florida, to conduct mapping and monitoring of the reefs of Fiji.
4. **The Rabindranath Tagore Centre** – The Government of India has approved the establishment of a Rabindranath Tagore Centre at the UoF.
5. **United Nation Academic Impact** – UoF is now a member of the United Nations Academic Impact (UNAI).

### RESTRICTIONS AND CONDITIONS WHEN SEEKING AND USING OTHER PRIVATE FUNDS AND PARTNERSHIPS

One of the features of the Fiji education system is freedom of education. There is the freedom to establish schools and run them using a group's own resources, with some funding from the Fiji government. A range of services can be obtained from private funding for teacher training, facility improvement, management and curriculum design, as well as a portion from government funding for students' education in order to defray operating expenses. The government of Fiji and good international financial management practices require internal audits to ensure that finances are used for designated purposes, public transparency, meeting obligations and timely payments. Also, the university aims to establish a Pro-Vice Chancellor for Research, who will support major funding bids in key areas where Fiji is likely to attract funding from global organisations.

### PUBLIC INCENTIVES TO SEEK PRIVATE FUNDING

The government of Fiji has been on board since 2008 with the provision of grants to the UoF in the following amounts:


The government has also been providing tuition fees to students since 2008, making all scholarships and the loan scheme available to them.

Table 5.1.5 (c): Scholarship and loan scheme

| Year | MEA | PSC Loan | PSC | ITaukei | TELS | NTS | TSLB | In service | Total |
|---|---|---|---|---|---|---|---|---|---|
| 2005 | 15 | | | | | | | | **15** |
| 2006 | 15 | | | | | | | | **15** |
| 2007 | 15 | | | | | | | | **15** |
| 2008 | 30 | 17 | 9 | 6 | | | | | **62** |
| 2009 | 30 | 23 | 36 | 11 | | | | | **100** |
| 2010 | 28 | 37 | 71 | 33 | | | | | **169** |
| 2011 | 23 | 28 | 78 | 23 | | | | | **152** |
| 2012 | 24 | 19 | 87 | 15 | | | | | **145** |
| 2013 | 34 | 19 | 91 | 34 | 44 | | | | **222** |
| 2014 | 19 | 17 | 55 | 18 | 35 | 12 | 166 | | **322** |
| 2015 | 15 | 15 | 32 | 18 | 31 | 58 | 261 | 10 | **440** |
| 2016 | 3 | 8 | 16 | 8 | 24 | 93 | 454 | 1 | **607** |

*Note:*

**MEA** Multi-Ethnic Affairs
**PSC** Public Service Commission
**TELS** Tertiary Education Loan Scheme
**NTS** National Toppers Scheme
**TSLB** Tertiary Scholarship and Loans Board

### ACCOUNTABILITY

The goal of an accountability framework is to ensure the academic and financial sustainability of all programmes and relevant departments, through systematic review of both the internal and external audit processes. Financial accountability will adhere to the Accountability Cycle and the reports will be timely and transparent. The accountability framework helps to enhance the university's reputation for financial transparency and responsibility. This is a requisite in assessing funding from government subventions, and for assuring NGOs and international research agencies that their funds would be well managed and used appropriately. The UoF ensures appropriate measures for funding level volatility.

### CHALLENGES IN RAISING PRIVATE FUNDS

Education not only empowers individuals to live a better life, but also makes an enormous contribution to the development of a country by reducing the level of illiteracy. Funding has been among the most commonly reported problems by private schools in South Pacific Countries. In developing countries such as Fiji, the general expectation is that the government will fund higher education. As such, any expansion in higher education in developing countries becomes a critical issue in terms of its financial impact, which draws upon very limited resources. One way to expand higher education is investing in the knowledge economy in order to increase education attainment levels in society.

One of the major challenges that the UoF currently faces lies in obtaining funding for academic operations and research, in order to sustain the quality of education. Sufficient financial resources can produce a high-quality university; such resources are sourced from tuition fees, government funding, and other sources such as private donations, grants and gifts. In addition, the university tries to mobilise its own resources via reductions in operating costs and the winning of more grants/projects from different funding agencies. On the other hand, increasing tuition and other fees remains a sensitive issue due to the poor socioeconomic conditions of the people.

In the present situation, especially when it comes to fund allocation, there seems to be very little headway that may be expected; this is an indication that the educational system will continue to lean heavily on private schools. As a result of the financial structure of the private educational system, wherein student fees constitute the primary source of financing, quality has generally been sacrificed for quantity. Low-cost programmes, such as teacher education, are commonly instituted instead of high-cost programmes such as medicine, and admission policies are often liberalised to assure a large number of enrolments. Such a heavy reliance on student fees leads to quality breakdown, which results in uneven educational standards and unequal educational opportunities.

Table 5.1.5 (d): Estimated costs of the strategic plan 2017–2021

| Key Priorities | Type of Cost | 2017 Cost | 2018 Cost | 2019 Cost | 2020 Cost | 2021 Cost | Total Cost |
|---|---|---|---|---|---|---|---|
| Learning and Teaching | Operating | 125,000 | 240,000 | 250,000 | 260,000 | 270,000 | **$1,145,000** |
| | Capital | 100,000 | 150,000 | 170,000 | 200,000 | 220,000 | **840,000** |
| | **Total** | **225,000** | **390,000** | **420,000** | **460,000** | **490,000** | **1,985,000** |
| Student Services | Operating | 150,000 | 150,000 | 180,000 | 200,000 | 220,000 | **900,000** |
| | Capital | 150,000 | 500,000 | 200,000 | 250,000 | 250,000 | **1,350,000** |
| | **Total** | **300,000** | **650,000** | **380,000** | **450,000** | **470,000** | **2,250,000** |
| Research | Operating | 100,000 | 250,000 | 250,000 | 260,000 | 270,000 | **1,130,000** |
| | Capital | 80,000 | 150,000 | 200,000 | 200,000 | 220,000 | **850,000** |
| | **Total** | **180,000** | **400,000** | **450,000** | **460,000** | **490,000** | **1,980,000** |
| Environmental and Social Responsibilities | Operating | 70,000 | 100,000 | 150,000 | 160,000 | 170,000 | **650,000** |
| | Capital | 40,000 | 50,000 | 70,000 | 80,000 | 100,000 | **340,000** |
| | **Total** | **110,000** | **150,000** | **220,000** | **240,000** | **270,000** | **990,000** |
| Governance and Financial Sustainability | Operating | 100,000 | 200,000 | 250,000 | 280,000 | 300,000 | **1,130,000** |
| | Capital | 100,000 | 120,000 | 150,000 | 180,000 | 200,000 | **750,000** |
| | **Total** | **200,000** | **320,000** | **400,000** | **460,000** | **500,000** | **1,880,000** |
| Infrastructure and Systems | Operating | 120,000 | 150,000 | 160,000 | 170,000 | 200,000 | **800,000** |
| | Capital | 150,000 | 200,000 | 300,000 | 330,000 | 350,000 | **1,330,000** |
| | **Total** | **270,000** | **350,000** | **460,000** | **500,000** | **550,000** | **2,130,000** |
| Risk Management | Operating | 50,000 | 100,000 | 100,000 | 150,000 | 200,000 | **600,000** |
| | Capital | 90,000 | 100,000 | 200,000 | 350,000 | 380,000 | **1,120,000** |
| | **Total** | **140,000** | **200,000** | **300,000** | **500,000** | **580,000** | **1,720,000** |
| Total Cost | Operating | **715,000** | **1,190,000** | **1,340,000** | **1,480,000** | **1,630,000** | **6,355,000** |
| | Capital | **710,000** | **1,270,000** | **1,290,000** | **1,590,000** | **1,720,000** | **6,580,000** |
| | **Total** | **1,425,000** | **2,460,000** | **2,630,000** | **3,070,000** | **3,350,000** | **12,935,000** |

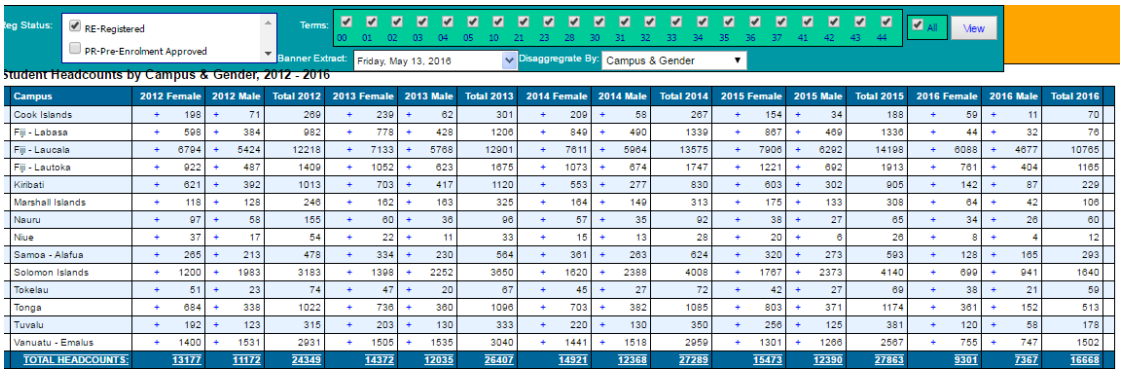
*Note.* Costs for the Key Priorities include the Accountability Framework

### 5.1.6 CASE STUDY: UNIVERSITY OF THE SOUTH PACIFIC

#### OVERVIEW OF THE UNIVERSITY OF THE SOUTH PACIFIC

The University of the South Pacific (USP) was founded by Royal Charter in 1968. It serves 12 Pacific Island countries[17] spanning over 33 million square kilometres of ocean. It is a culturally diverse region, with a wealth of natural resources. However, the Pacific nations face several economic development challenges, including low GDP and high poverty head count ratios, where between one-fifth and one-third of the population is estimated to be living below the poverty line.[18]

The Pacific region has a young population; more than half of its total population is younger than 24 years of age. Education is therefore a key focus for improving the livelihood and wellbeing of the people. However, the region's participation rate in tertiary education is low at less than 5 percent. The enrolment rate at the USP across the 12 member countries shows that Fiji sends the highest number of students, followed by the Solomon Islands and then Vanuatu. The variability in size of the Pacific countries, and therefore the rate of enrolment, is illustrated by the significant range in enrolment data, with Niue having the smallest number of enrolled students with only 12 students in 2016.


Reg Status: RE-Registered; PR-Pre-Enrolment Approved
Terms: 00 01 02 03 04 05 10 21 23 28 30 31 32 33 34 35 36 37 41 42 43 44 All View
Banner Extract: Friday, May 13, 2016 Disaggregate By: Campus & Gender

Student Headcounts by Campus & Gender, 2012 - 2016

| Campus | 2012 Female | 2012 Male | Total 2012 | 2013 Female | 2013 Male | Total 2013 | 2014 Female | 2014 Male | Total 2014 | 2015 Female | 2015 Male | Total 2015 | 2016 Female | 2016 Male | Total 2016 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cook Islands | + 198 | + 71 | 269 | + 239 | + 62 | 301 | + 209 | + 58 | 267 | + 154 | + 34 | 188 | + 59 | + 11 | 70 |
| Fiji - Labasa | + 598 | + 384 | 982 | + 778 | + 428 | 1206 | + 849 | + 490 | 1339 | + 867 | + 469 | 1336 | + 44 | + 32 | 76 |
| Fiji - Laucala | + 6794 | + 5424 | 12218 | + 7133 | + 5768 | 12901 | + 7611 | + 5964 | 13575 | + 7906 | + 6292 | 14198 | + 6088 | + 4677 | 10765 |
| Fiji - Lautoka | + 922 | + 487 | 1409 | + 1052 | + 623 | 1675 | + 1073 | + 674 | 1747 | + 1221 | + 692 | 1913 | + 761 | + 404 | 1165 |
| Kiribati | + 621 | + 392 | 1013 | + 703 | + 417 | 1120 | + 553 | + 277 | 830 | + 603 | + 302 | 905 | + 142 | + 87 | 229 |
| Marshall Islands | + 118 | + 128 | 246 | + 162 | + 163 | 325 | + 164 | + 149 | 313 | + 175 | + 133 | 308 | + 64 | + 42 | 106 |
| Nauru | + 97 | + 58 | 155 | + 60 | + 36 | 96 | + 57 | + 35 | 92 | + 38 | + 27 | 65 | + 34 | + 26 | 60 |
| Niue | + 37 | + 17 | 54 | + 22 | + 11 | 33 | + 15 | + 13 | 28 | + 20 | + 6 | 26 | + 8 | + 4 | 12 |
| Samoa - Alafua | + 265 | + 213 | 478 | + 334 | + 230 | 564 | + 361 | + 263 | 624 | + 320 | + 273 | 593 | + 128 | + 165 | 293 |
| Solomon Islands | + 1200 | + 1983 | 3183 | + 1398 | + 2252 | 3650 | + 1620 | + 2388 | 4008 | + 1767 | + 2373 | 4140 | + 699 | + 941 | 1640 |
| Tokelau | + 51 | + 23 | 74 | + 47 | + 20 | 67 | + 45 | + 27 | 72 | + 42 | + 27 | 69 | + 38 | + 21 | 59 |
| Tonga | + 684 | + 338 | 1022 | + 736 | + 360 | 1096 | + 703 | + 382 | 1085 | + 803 | + 371 | 1174 | + 361 | + 152 | 513 |
| Tuvalu | + 192 | + 123 | 315 | + 203 | + 130 | 333 | + 220 | + 130 | 350 | + 256 | + 125 | 381 | + 120 | + 58 | 178 |
| Vanuatu - Emalus | + 1400 | + 1531 | 2931 | + 1505 | + 1535 | 3040 | + 1441 | + 1518 | 2959 | + 1301 | + 1266 | 2567 | + 755 | + 747 | 1502 |
| TOTAL HEADCOUNTS: | 13177 | 11172 | 24349 | 14372 | 12035 | 26407 | 14921 | 12368 | 27289 | 15473 | 12390 | 27863 | 9301 | 7367 | 16668 |

Figure 5.1.6 (a): USP enrolments by member country

Many Pacific Island countries lack adequate ICT infrastructure and have small and weak private sectors. A key mission for USP, therefore, is to expand from being primarily an education provider to become an economic multiplier in the region. This is being achieved by improvements in the quality of education, research and services to member countries and their peoples. It is equally being achieved by working across all sections of Pacific societies in order to foster greater understanding, tolerance and stronger capacities.

[17] Cook Islands, Fiji, Kiribati, Marshall Islands, Nauru, Niue, Samoa, the Solomon Islands, Tokelau, Tonga, Tuvalu, Vanuatu.

[18] Economic and Social Commission for Asia and the Pacific (ESCAP) (2010) "Sustainable Development in the Pacific: Progress and Challenges", Suva, Fiji: ESCAP Sub-regional Office for the Pacific.

In addressing these challenges, the USP has focussed on quality and standards in education, relevance and Pacific priorities for research, and developing a stronger focus on cost effectiveness and efficiency, including cost-sharing of higher education between governments, students and industries.

The university's current strategic plan 2013–2018 (USP) sets out 7 themes:

1. Pacific Cultures and Societies
2. Pacific Oceans and Natural Resources
3. Environment, Sustainable Development and Climate Change
4. Human Capacity Building and Leadership
5. Economic Growth, Regional Cooperation and Integration for Sustainable Pacific Economies
6. ICT and the Knowledge Economy
7. Government, Public Policy and Social Cohesion

The performance of the university against these 7 strategic themes is measured against Key Performance Measures associated with each one.

### PUBLIC FUNDS ALLOCATED TO USP

The principal sources of funding for USP are contributions from the member countries, student fees, and contributions from Development Partners, the chief of these being Australia and New Zealand. Table 5.1.6 (a) describes the relative contributions from these sources, together with other significant sources of income, from 2013 to 2016. Thus, the three major component contributions to the university funds in 2016 are member countries (29 percent), tuition fees (27 percent), and development assistance (25 percent).

The university is highly dependent on limited sources of revenue, as a result of which particular issues arise in relation to each of these dependencies. The member countries in the region are under considerable financial pressure. Although their contributions (in 2016) increased by Fj$4million, as approved by the University Grants Committee, this increase did not keep pace with the growth in student enrolments and the associated costs of education and related university activities. The increase in student enrolments does bring additional tuition fee income, as well as additional contributions from member countries. In addition, the tuition fee income was projected to increase (in 2016) by $6.5 million (or 15 percent from AP 2015), whereas the 2015 fee income was 7 percent above that of 2014. Moreover, enrolment levels were projected to rise by 5 percent in 2016, including the enrolment of international students. A 2 percent increase in tuition fees has also been introduced to counter the effects of inflation. However, the effects of potential over-enrolment are a risk, in that it may lead to a reduction in the total resources available per student to support their education. In the case of Development Partners' contributions, there is a projected decrease arising from unfavourable exchange rate movements of the currencies of both the major development partners (Australia and New Zealand) against the Fiji dollar.

Table 5.1.6 (a): USP sources of income 2013–2016 across all member countries (all amounts in $'000)

| | Actual 2013 | Actual 2014 | Actual 2015 | Annual Plan 2016 |
|---|---|---|---|---|
| Government Grants | 47,946 | 49,565 | 49,516 | 54,371 |
| Tuition Fees | 39,265 | 43,915 | 53,997 | 50,660 |
| Development Assistance | 51,083 | 51,336 | 50,393 | 47,391 |
| Trading Activities | 18,458 | 18,935 | 17,753 | 18,107 |
| Consultancy Income | 1,534 | 1,662 | 3,134 | 1,993 |
| Other Income | 8,993 | 9,981 | 7,547 | 10,300 |
| Release of Deferred Revenue | 4,633 | 4,834 | 5,066 | 4,894 |
| Interest Income | 760 | 760 | 661 | 800 |
| Unrealised exchange rate gain/(loss) | | (481) | 11,848 | |
| **Total Income** | **172,672** | **180,507** | **199,915** | **188,516** |

### AUTONOMY OF USP IN THE USE OF FUNDS

The USP was founded under a Royal Charter, which is the principal governance document of the university. It exercises all powers conferred on the university by the charter, subject to the powers, duties and functions conferred upon it by the statutes. The council has general control over the conduct of the affairs of the university; it is ultimately responsible for the management and administration of the revenue and property of the university. Although any changes to the charter must be approved by the Privy Council with the assent of the Queen, the council can make ordinances to direct and regulate the university and its members. The membership of the University Council comprises representatives from the USP's member countries and senior officers of the university. Also, the council has appointed an Executive Committee, which has been conferred with powers to make financial commitments up to Fj$10 million (as recommended by the Council Finance and Investments Committee).

The Council of Finance and Investments Committee is responsible for overseeing and monitoring the university's financial systems and processes, the approval of financial policies, the review of all significant financial proposals that may be brought forward for their consideration, and for ensuring the financial sustainability of the university. The University Tender Board is a sub-committee of the FIC and reports on all tenders awarded. Moreover, the management of the university is led by the Vice Chancellor, who is appointed by the council, and his senior management team comprising the Deputy Vice Chancellors, Vice Presidents, Faculty Deans and the Executive Director of Finance. The academic policies of the university are made by the University Senate, comprising senior members of staff and elected members. This senate makes policies within the framework of the charter and ordinances of the university, subject to council approval where the same is required by the charter and ordinances. The financial delegations of the members of the senior management, and other university staff, are established by the council. They are subject to review and audit by FIC and

the council, as well as operationally through the financial procedures and audit requirements of the university administration.

The autonomy of financial decision-making and the use of funds are entirely free from external control within the very stringent framework of these governance arrangements. However, there are a number of aspects which interplay with this in terms of the allocation of funds to the university, as well as the use of those funds. For instance, the major development partners, Australia and New Zealand, have each entered into a partnership agreement with the university. These agreements set out the major strategic priorities and intentions of each partner. Once the agreement has been signed, the university is allocated funds which are entirely under its control. However, the partnership is subject to regular reviews. These reviews are collaborative, allowing for the possibility of feedback to inform future decision-making and practices. They are also important in that they inform future funding agreements under the partnership, or the possibility of the partnership not being continued beyond the existing period of the agreement. Another example is the Triennium Review of the Strategic Plan. The outcomes of this review, undertaken by members appointed by and reporting to the Finance Ministers of the member countries as well as development partners, inform decisions about the three-year funding allocation envelope that then frames annual budget discussions. The annual budget still needs to be approved by the council each year, but the decisions by the Finance Ministers that follow the Triennium Review have the effect of providing much greater security for a planning framework, for both the Council and the Senior Management. This is more than as is sometimes the case for universities elsewhere in the world, who may be dependent on annual planning and sector allocations by national governments.

### *REVENUE DIVERSIFICATION*

The assumptions made while formulating the financial plan for the triennium 2016–2018 serve as a starting point in the university's plans for revenue diversification. The assumptions in the plan are that the members' contributions will remain at the 2016 level of $38.4 million. Also, growth in enrolment will take place at 5 percent, with a 2 percent increase in tuition fees across the board in order to account for inflation, alongside a selected increase in such programmes as Engineering and Computing so as to reflect the costs of accreditations. Development assistance income is assumed to remain at the same level as 2016; projections for commercial income dropped slightly due to changes in the Book Centre business; staff costs will be funded at 95 percent but no provision has been made for salary adjustments. In addition, the sum of $2 million has been set aside for deferred maintenance and to address regional campus upgrades. Furthermore, savings have been put in place based on the targets for each section and by expense type; a contingency fund at the 2016 level has equally been set aside for unknown occurrences; and the capital programme includes the development of a new campus on the Solomon Islands, with an additional 400 beds at the students' accommodation hostels on Laucala campus, planned to commence from mid-2017.

Table 5.1.6 (b): Targets for the 2017 annual plan

| Institutional Targets | Sectional Targets |
|---|---|
| • Increase the operating surplus percentage towards the benchmark of 5 percent.<br>• Exceed cash margin of 16 percent.<br>• Generate enough cash from operating activities to pay for capex of $11m.<br>• Add to unencumbered (cash reserve) balance and move it towards UGC approved level of two months of operating expenditures. | • Spend within approved budget.<br>• All commercial and Institutes to contribute 20 percent of their total expenditure to the university's Recurrent Fund.<br>• All self-funding programmes like MBA, Pacific TAFE to contribute 25 percent of their total expenditure to the Recurrent Fund.<br>• All self-funding units (except institutes) to pay 5 percent of revenue as "royalty" to USP recurrent fund.<br>• All non-recurrent USP activities, other than project funds, will each generate a 3 percent surplus (surplus over total income) after the required overhead recovery and royalty payments to the recurrent fund. |

Revenue diversification is identified as a Strategic Plan Objective; at present, however, the revenue from commercial activity is very limited. In fact, commercial income in 2016 was projected to decrease by $2.1 million or 12 percent compared to the 2015 value. This is mainly the result of a reduction in the sale of textbooks arising from the removal of government-sponsored textbooks, which reflects the availability of course materials online. The business model for the university's commercial operations, which includes both student and staff housing, among other activities, is currently under review with the intention of significantly boosting this source of income in the future.

In addition, the income from consultancy was projected to increase only slightly in 2016, by $0.015 or 6 percent compared to the 2015 figure. However, more emphasis was placed on consultancy as a commercial activity. This was particularly the case in respect of the University's Institutes and Centres, which underwent a major policy review and management re-organisation in 2015. This was aimed at enhancing their focus upon research-based consultancies, as well as the delivery of regional services on a self-funded basis, together with the introduction of more flexible operational arrangements particularly in relation to financial management, procurement and human resources.

Furthermore, a review of research funding policy led to the establishment, in 2016, of a Strategic Research Theme funding programme (linked directly to the seven priority areas identified in the University Strategic Plan). This programme allocates up to $1.5 million of internal research funding grants on the basis of partnership with regional collaborators – government, non-government and private sector – and is linked to co-contributions to research by partners.

The university generates a significant amount of revenue from development partners through externally funded projects. This funding is in addition to the core funding provided by the major development partners. For example, the European Union approved EUR 1.9 million for the commencement, in 2017, of the second phase of the Support to the Global Climate Change Alliance (GCCA), through capacity building, community engagement and applied research in the Pacific over 16 months. This first phase of this project was to be completed on 13 January 2017. Also, Government and Development Bank loans play an important part in the financing of the major infrastructure projects at the university. For example, the construction of the USP Solomon Islands campus in Honiara was anticipated to be a key priority project for the university in 2017. Working with the Solomon Islands Ministry of Finance and Treasury (MoFT), the university has submitted a Business Case to the Solomon Islands Government for the provision of a sovereign guarantee for USP's loan of USD 15.4 million for the new campus development. A grant of USD 1.5 million from the ADB-administered Clean Energy Financing Partnership Facility (CEFPF) was also approved. This was aimed at meeting the costs of installing solar panel photovoltaic systems that were expected to cater for 75 percent of the energy needs at the new campus. This expected commencement date of the work was early 2017, projected to continue until the end of 2018.

The Resource Mobilisation Paper was presented to the Finance and Investment Committee (FIC) on 21 April 2015; this was noted by the committee in order that the university would pursue strategies for resource mobilisation. It reviewed both the current and prospective sources of income (other than tuition fee income) to the university. The strategies included enhancing partnership for increased levels of support from traditional development partners such as Australia, New Zealand, Japan and the EU, while also exploring non-traditional partners. In 2016 the university made substantial efforts and commitments towards mobilising resources from non-traditional development partners, including other governments and development partners. Thus, a significant effort will be made to develop and sustain relationships with China, India, South Korea, Northern European Countries, and the PNG for contributions towards project and core funding.

Similarly, the university is working towards raising funds from foundations, organisations and individuals, including members of the Alumni Association. In 2017 the forum of development partners, alongside the key stakeholders in the university, planned to continue to ensure all partners are duly informed of the university's initiatives and are able to ascertain the level of future support in areas that intersect with their respective priorities.

The income from tuition fees increased by $6.3 million (or 9 percent) from AP2016. Enrolments were projected to increase by 5 percent in 2017, including those of international students. A 2 percent increase in the tuition fee was proposed in order to absorb inflation; this was also a reflection of a major increase in enrolments for the Pacific TAFE and College of Foundation Studies programme. While the proposed increase in tuition fees would make the USP programmes more expensive in Fiji compared to the other two universities in the country, it is a correct reflection of the delivery costs for USP – as a regional, not national, institution – and the quality of the programmes. Other incomes account for about $12 million; these are from various sources, including miscellaneous student fees (such as health service fees, library

fines etc.), administrative cost recovery from projects, course material and textbook sales, and faculty and support unit income. They also comprise the ITS domain name registration, laboratory income, publication sales, insurance proceeds, and departmental trading income and space chargers from trading, departments and institutes. The forecast for 2017 was based on the submitted budget and the actual income received in 2016.

Investment income consists of interest received on bank deposits; the forecast for the 2016 level is low, reflecting the general market position.

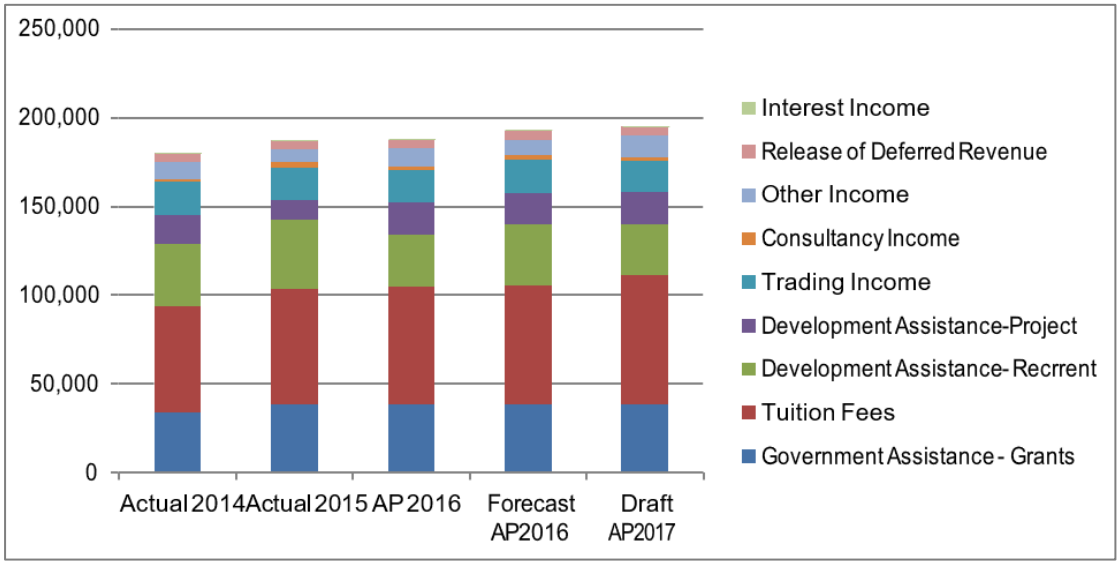



Figure 5.1.6 (b): Actual and projected commercial revenue

### FINANCIAL PERFORMANCE

The Operating Margin indicates the level of retained earnings the university can generate to meet its investment needs. The current benchmark is 5 percent, and the university planned to move towards achieving this benchmark by 2018; 3 percent was budgeted in 2017.

Almost all the universities in the world are faced with funding challenges in the context of the global financial situation, the changing demand of students, and the higher education environment. The university is limited in its ability to grow its income substantially, and therefore it needs to adjust its cost structure in order to respond to changes more quickly. While the current surplus margin is below the prudent benchmark, it is worth noting that the institution is performing comparably better than some other universities.

- **Liquidity Ratio:** This ratio reflects the ability of the university to pay its short-term liabilities using liquid assets – easily convertible to cash. The benchmark was 16 percent, while this plan was projecting it to be 22 percent.
- **Financial Sustainability**: This measures the ability of the USP to sustain a robust and viable financial performance in the long term. Two important ratios are:

- **Debt to Equity (Gearing) ratio** – measures the proportion of total debt over total equity. The projection towards the end of 2017 was 12 percent, which was above the benchmark of 5 percent.
- **Interest coverage ratio** – measures the ability of the university to generate enough (net) revenues to meet its interest payments. The projection towards the end of 2017 was 31, above the benchmark requirement of 3.

- **Capital Expenditure Borrowing:** In 2013 the university signed a loan agreement with the ADB to build the $5.6 million Kiribati Campus; this was completed in 2015. The loan was for 32 years, with interest-only payments at 1 percent for the first eight years, and a rate of 1.5 percent (with the repayment of the principal amount) for the remaining 24 years.

In August 2013 additional borrowing was secured from the Fiji National Provident Fund (FNPF). The sum of this loan was $10.3 million, and it was to build a student accommodation block on the Laucala campus (for $3.6 million) and a new Lautoka campus (for $6.7 million). The student accommodation block (11th Hall) has been built, and interest and principal repayments have commenced. The Lautoka project has been deferred, and the loan component has been approved by the Executive Committee for the building of the first 48 beds for international accommodation. Further loans will be sought to provide more student accommodation on the university campus at Laucala. The loan spanned over 15 years, with an interest rate fixed at 3.5 percent over the first five years. The rate to be set for every five-year period thereafter was 0.5 percent below the FDL rate applicable at the beginning of the new five-year period.

The university will continue to pursue the Public and Private Partnership (PPP) option to build student hostels, staff accommodation and commercial buildings. A call for expressions of interest was made in 2016 and is currently being assessed. The university is aware of the implications of this option, and all these projects will go through due diligence and normal approval processes by the university through to the completion of business cases.

The projected debt at the end of 2017 was $32.9 million, secured by government guarantees (for the ADB loan), while the FNPF loan was secured through mortgages over the Statham and Lower campuses. The cost of borrowing was expected to be less than 0.05 percent over the course of 2017, and the majority of the interest expense for the period would be capitalised.

### PARTNERSHIPS WITH INDUSTRY

Industry partnerships are limited by the fact that local industry tends to be operate at a very small scale. However, a recent initiative by the USP has been to focus attention on innovation. In this respect, the university is seeking a leadership role in fostering university-industry partnerships. Going forward, the university has been awarded two patents for inventions that are designed to improve aspects of well-being and sustainable energy. Furthermore, in 2016 the university launched its Innovation Strategic Research Project Fund, which promotes research with private sector partners. Some 10 projects were funded, each of which received co-contributions and/or in-kind funding from industry partners. The university is also

preparing an Innovation Strategy to cover all aspects of industry partnership, the commercialisation of research, intellectual property and patents. One aspect of this strategy is the development of high-level training at Master's and PhD levels, with a focus on support for private sector innovation, research and development.

The main source of funding for external partnerships in the Pacific is development agency projects. In this respect, the USP is playing an increasingly prominent role. Major projects involve climate change adaptation and disaster (risk) management projects, funded principally by the European Union. This work takes place in partnership with development and non-government agencies, rather than private sector partners.

### RESTRICTIONS AND CONDITIONS WHEN SEEKING AND USING PRIVATE FUNDS AND PARTNERSHIP

There are two main areas in which opportunities for private funding exist. The first of these is international student revenue. At present, this is fairly limited because of the restricted amount of accommodation available for international students on the main Laucala campus. This will, in part, be addressed as the new students' accommodation project that was rolled out in 2017. In addition, the university is in discussion with developers about the possibility of leasing commercial housing in order to accommodate the growing numbers of international students. There has recently been strong support from the Ministry of Education (of Fiji) of the USP's targeted significant growth in the enrolment of international students, while the university is making vigorous efforts to increase its numbers of international and post-graduate students.

The second area of planned growth, in partnership with the private sector, is related to the proposed commercial developments at the Laucala campus, which are expected to generate significant commercial revenues in the future. In line with this, a Resource Mobilisation Plan was developed, with full implementation expected from 2017. In addition, the university's policy on the use of accumulated surplus (or retained earnings) has been recently reviewed to encourage revenue generation and innovation, so as to successfully implement the Alumni Strategy and develop a winning team of fundraisers.

### PUBLIC INCENTIVES TO SEEK PRIVATE FUNDING

There are no specific public incentives to seek private funding.

### ACCOUNTABILITY

Accountability takes place at many different levels in the university. Of utmost importance are the formal structures of governance, which were detailed earlier in this case study. The University Charter, Statutes, Ordinances, Policies and Regulations provide the overarching framework of accountability for all decision-making within the university. These also establish the powers of officers of the university, and the processes of review and oversight by various

university committees. These have been described in greater detail elsewhere, so nothing further will be said about them at this point.

### RISKS AND MITIGATION STRATEGIES

In the current environment there are key risks that may impact on the university's attainment of financial targets. These involve both short-term operational risks and risks to longer term Strategic Plan objectives, and they could affect the university's financial sustainability. Accountability around the management of risk in the university becomes, therefore, a critical factor in relation to sustainability, including long-term and short-term financial sustainability.

In relation to financial risks, the USP recognises the importance of risk management and has an enterprise-wide appropriate risk culture that ensures financial risks are managed with strong governance principles, practices and systems. The effective management of risk requires both top-down oversight and bottom-up involvement and understanding, in order to develop a strong risk culture.

Table 5.1.6 (c): Risk to financial targets

| The Risk | Risk Impact | Risk Mitigation |
|---|---|---|
| **Member country contributions** | | |
| - Changes proposed to Fiji FHEC funding and effects on other members<br>- Ability to honour commitments and timely payments from member countries | - Reduction in per capita student funding<br>- Reduction in income and liquidity | - VC engagement with Fiji Govt over funding model<br>- VC engagement with member countries<br>- Frequent monitoring of payments and timeliness |
| **Development assistance** | | |
| Political changes and variations to funding levels committed or in future | - Reduction in income and liquidity<br>- Delay and/or ceasing of some strategic initiatives | - Continued engagement with development assistance partners<br>- Monitoring any political and fiscal changes |
| **Tuition fees** | | |
| - Student volumes not achieved<br>- Loss of students to competing Pacific HE institutions | - Reduction in income and impact on liquidity | - Regular monitoring to manage enrolment levels<br>- Maintain quality competitiveness of course offerings |
| **Underperformance** | | |
| - From commercial activities, Institutes and Centres | - Reduced income and increased risk if deficits in these areas | - Comprehensive and frequent monitoring of these areas to mitigate impacts early. Close non-performing activities |
| **Staff costs** | | |
| - Affordability to USP and Budget areas | - Increased expenditure and potential loss of staff<br>- Ability to attract excellent staff to support Strategic Plan | - Implement iPerform system and reward outstanding performers<br>- Frequent monitoring for all budget areas |
| **Operating costs** | | |
| - Inflation increases above that budgeted<br>- Budget areas do not absorb inflation as planned<br>- Fraud and litigation cases, and their impact on the reputation of the University | - Increased operating costs<br>- Budget areas incur deficit positions<br>- Increase costs and creates reputational risks | - Monitor on a frequent basis and manage expenditure<br>- Comprehensive reporting and monitoring for all budget areas |

| | | |
|---|---|---|
| | | - Ongoing monitoring of risk exposure areas, strengthen internal audit and ensure insurance protection in place |
| **Liquidity** | | |
| - Income cash receipting below planned levels<br>- Expenditure incurred earlier than planned | - Liquidity benchmarks not achieved<br>- Delay in payments to creditors<br>- Solvency risk for USP | - All income streams frequently monitored for collection and risk<br>- Debt collection across students' fees and commercial/Institute income enforced consistently and frequently<br>- Procurement processes monitored for compliance and meeting agreed terms |
| **Capital programme** | | |
| - Financial performance below planned level<br>- Ineffective management of major projects<br>- Delays in project schedule | - Delay in and/or potential decrease in level of capital projects<br>- Results in major cost overruns<br>- Strategic Plan targets | - Comprehensive monitoring and management of financial performance<br>- Proper Service Level Agreements with contractors and regular reviews performed during project period |
| **Other risks** | | |
| - Exposure to currency fluctuations for member contributions, student fees, development assistance and expenditures with operations across 12 member countries<br>- Natural disasters could cause infrastructure damage or failure | - Foreign exchange gains/losses impacting on financial performance and liquidity<br>- Implications for business continuity and financial costs of re-establishment | - Currency maintained in local country for expenditure incurred in same currency<br>- Forex management tools used as appropriate<br>- Proper disaster awareness and preparedness<br>- Appropriate levels of insurance in place. |

### MONITORING AND EVALUATION MECHANISMS

The Senior Management Team (SMT) – comprising the Vice Chancellor, Deputy Vice Chancellors, Vice Presidents, Executive Director of Finance and Faculty Deans – is responsible for the full implementation, monitoring and evaluation of the university's strategic plan, performance outcomes, and risk. The following reporting and monitoring structures are in place:

- The Finance Section prepares and distributes Monthly Management Accounts to the SMT, Heads of Schools and other Heads of Departments.
- The Finance Section prepares and submits Financial Reports to the Finance and Investments Committee of the Council, at each of its meetings.
- The Finance Section, through the Finance and Investments Committee, prepares and submits an externally audited 6-monthly financial report to the University Council.
- The Finance and Planning, and Quality Offices work in coordination to compile progress reports, which are presented to SMT on a monthly basis.
- Monitoring of performance takes place by the Planning Office's online system enterprise monitoring system (SPOMS 2).
- The CAPEX Progress Review Group monitors the quarterly progress of spending on capital budget

### CHALLENGES IN RAISING PRIVATE FUNDS

Private funding is a very small part of the overall budget of the university. In fact it may be described as an insignificant part, because of the limited development of the commercial sector in the Pacific compared to the other parts of the world. Nonetheless, economic conditions for investment in Fiji, and elsewhere in the Pacific, are undoubtedly improving and there are growing opportunities for public-private partnerships. In addition, the university has been able to avail itself of specific development assistance for infrastructure, as well as low cost loans, from both development partners and development banks.

### LONG-TERM SUSTAINABILITY AND THE GROWTH OF NATIONAL UNIVERSITIES

The face of higher education across the Pacific is beginning to change with the establishment of national universities in Fiji, Samoa and the Solomon Islands. These institutions are funded by the national governments, who in part are seeking to open up greater opportunities for tertiary education in their countries, while also recognising the significance of the higher education sector to economic development. Undoubtedly, these institutions represent a degree of competition for the University of the South Pacific. While they are complementary in many respects, there are significant opportunities for collaboration and partnership. For example, the USP is active in the upgrade of these national universities through higher tertiary education qualifications at Master's and PhD levels. The USP is also strengthening its focus at

the postgraduate level and in research. Its leadership of the Pacific Islands Universities Research Network (PIURN) is one example of how the USP's ability to mobilise high-level research leadership and research is supporting regional governments in solution-focussed capacity building.

The extensive cross-Pacific network that the USP has developed over its 50 years of existence is evident in its role as a CROP agency. This has region-wide reach and capacity in the delivery of major projects, be they in climate change and disaster risk management or in ICT, among many other areas. Nonetheless, a reliance on donor funding and the relatively high cost-base of a region-wide university does require careful management of resources. Budget efficiency and innovation in modes of programme delivery, through online and blended learning, are one side of this. The other is an increasing focus on the development of alternative streams of income. Across all its operations, a major emphasis has been on 'quality', as demonstrated by international accreditation. The university is also leading developments in the Pacific on alternative educational pathways. This includes a closer integration of tertiary education at the higher and technical levels, through the expansion of its technical arm: the Pacific TAFE, which is providing significant leadership in the achievement of international accreditations.

# SAMOA

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### 5.2.1 BACKGROUND: THE NATIONAL CONTEXT

The Samoa Population and Housing Census (2011) recorded the total number of Samoans at 187,820, comprised of 96,990 males and 90,830 females; this was a 3.9 percent increase from the previous census in 2006 (SBS, 2012). Samoa has a relatively youthful population; more than 38 percent of Samoans are under the age of 14, and the median age is 20.3. Also, the record shows that the majority of the population (76 percent) live on the island of Upolu, and about 20 percent reside in the capital city of Apia. The remaining, and relatively larger, share of the population are located in Northwest Upolu (33 percent), the areas outside urban and northwest Upolu (24 percent), and on the island of Savaii (24 percent) in small coastal villages. The North West Upolu region in particular has grown as a share of the total population over the last three decades. There are approximately 67 people per square kilometre (SBS, 2012).

#### THE ECONOMY

Samoa's economy is largely dependent on agricultural export, development aid and private remittances from overseas. It is largely semi-subsistent, with the majority of villagers depended on their surroundings for a living. Being geographically distant from the focal economic centres of the world, Samoa's principal trading partners are its close neighbours – New Zealand, Fiji, Australia, American Samoa and the United States.

The country's GDP growth ranged from -5.4 percent to 4.3 percent over the past five years, with exports accounting for about one-third of the GDP; this makes it one of the fastest growth rates among all the Pacific Islands over the past three decades. Moreover, the industries behind these exports (agriculture, forestry and fishing) employ nearly two-thirds of the labour force and produce 17 percent of the GDP. The key export products include fish, beer, mechanical parts (Yazaki EDS manufacturing), nonu juice and taro. New Zealand, being Samoa's principal trading partner, purchases 45–50 percent of these exports while providing 35–40 percent of imports with goods such as food, beverages, industrial supplies and fuel (SBS, 2012). Although export represents a great gain for the Samoan economy, it creates an imbalance in foreign trade, given that the majority of export commodities are derived from the agricultural sector, with relatively little value-added or processing of raw materials.

Other driving industries behind Samoa's economy include manufacturing and construction, which accounted for 24 percent of the GDP in 2011. The manufacturing industry accounts for over one-quarter of GDP, while employing less than 6 percent of the work force. The largest industrial venture is Yazaki Samoa, a Japanese-owned company that processes automotive wires for export to Australia under a concessional market-access arrangement. Employing more than 2,000 workers, Yazaki makes up over 20 percent of the manufacturing industry's total output. The net receipts range from $1.5 million and $3.03 million annually, even though shipments from Yazaki are counted as services (export processing), meaning that they do not officially appear as merchandise exports.

There are more than 100,000 Samoans living abroad, who have contributed about $12.1 million per year in recent times and account for more than half of all tourist visits. Workers' remittances comprise around 25 percent of GDP, making Samoa one of the highest recipients of remittances in the world. The flow of remittances through private and official transfers and the revenue stream from tourism help to cover the foreign trade imbalance, as discussed earlier. Even though Samoa progressed from a least developed to a developing country in 2014, it is still largely supported by official development assistance from donors, comprising around 15 percent of the GDP each year. These aid donors include Australia, New Zealand, China, Japan and the European Union.

Despite the many milestones the country has achieved in progressing its economy, there is no social security insurance or benefits, except for a statutory National Provident Fund Contribution for all wage earners, as well as a Pension Scheme for retirees at the age of 65.

### THE LABOUR MARKET

The population census conducted in 2011 estimated the country's labour force at 47,927, which is 26 percent of the total population. Also, the estimated labour force participation rate is 41.5 percent (SBS, 2012); about 36 percent of the population is over the age of 15 and not engaged in the formal labour force. A further 24 percent of the population is engaged in employment, of whom 9 percent are employed as subsistence workers. This indicates that the other 15 percent accounts for persons who have qualifications from higher education or TVET.

The agricultural sector employs 66 percent of the labour force but contributed just 12 percent to the GDP. The remaining 34 percent of the labour force is employed mainly in two main sectors; industry, which is mostly agro-processing, manufacturing and construction, and the service sector, mostly tourism and hotel services. Not only is the agricultural sector the largest employer of labour, it also has a minimal educational requirement with only around 1 percent of the workers in the sector holding formal or informal qualifications. In addition, a large proportion of excess labour is absorbed by the subsistence sector, which makes the measurement of an official 'unemployment rate' a problem.

The supply of employment in the formal economy, across the public and private sectors, is straining to meet the demands of the booming youth population. When school leavers attempt to join the labour force each year they largely seek white-collar professional employment, opportunities for which are very limited. Moreover, the employment system in the formal sector – professional occupations where a large proportion of qualified individuals are employed – exerts greater pressure on job seekers to hold advanced-level qualifications.

There is also a considerable gender gap among those in the labour force, which stems from such factors as structural barriers in the job market, as well as traditional obligations in Samoan society.

### EDUCATION AND TRAINING

Education is one of the key priority areas in the country's national plan. Samoa's education system ranges from Early Childhood through to Post School Education and Training. There are four levels in the education system: Early Childhood Education (ECE), Primary Education, Secondary and College Education, and Post School Education and Training (PSET). The Ministry of Education, Sports and Culture (MESC) is the regulatory body for Early Childhood, Primary and Secondary schools, while SQA's scope of work is Post School Education and Training, including Higher Education.

Total enrolment for all the schools in Samoa in 2015 was 57,992, an increase of 320 students compared to the figure of 57,672 in 2014. There were 41,250 students (71 percent) enrolled in primary schools, and 16,742 students (29 percent) enrolled in secondary schools. Primary school enrolment showed an increase of 2 percent (715 students), from 40,535 students in 2014 to 41,250 students in 2015. However, secondary enrolment experienced a decline of 2 percent (395 students), from 17,137 students in 2014 to 16,742 students in 2015.

### DROPOUT RATE

At the primary education level, the dropout rate across the years (besides Year 1 to 2 and Year 8 to 9) is historically low, partly due to the internal efficiency of the education system. Primary school drop-out rates have remained low in recent years, except in the 2010–2011 period when the rate was very high. Among the factors that accounted for the increase in the 2010–2011 rate was the tsunami of late 2009.

Table 5.2.1 (a): Dropout rates (percentages) for primary education

| | Year Levels | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Year | 1–2 | 2–3 | 3–4 | 4–5 | 5–6 | 6–7 | 7–8 | 8–9 |
| 2006–2007 | 6 | 0 | 0 | 0 | 2 | 1 | 5 | 9 |
| 2007–2008 | 5 | 1 | 0 | 2 | 2 | 2 | 2 | 10 |
| 2008–2009 | 6 | 0 | 0 | 1 | 1 | 1 | 3 | 9 |
| 2009–2010 | 1 | 0 | 0 | 0 | 1 | 0 | 1 | 0 |
| 2010–2011 | 11 | 5 | 1 | 4 | 4 | 6 | 4 | 12 |
| 2011–2012 | 5 | 1 | 0 | 3 | 2 | 2 | 1 | 12 |
| 2012–2013 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

*Note*. Retrieved from Manumea Database by Government of Samoa, no date, MESC: Apia, Samoa

At the secondary education level, the dropout rates increase as students enter and progress through the secondary school cycle. Table 5.2.1 (b) shows that around 70 percent of children leave primary school and enter Year 9. Throughout the secondary cycle, as shown in the table,

the drop-out rate is significant; however, a slight decline in the rate is evident over the long term. The highest dropout unsurprisingly occurs between the years 12 and 13, when a highly selective assessment (the Senior Secondary Certificate) restricts entry for many students.

Table 5.2.1 (b): Dropout rates (percentages) by year level, 1995–2013

| | Year Levels | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Year | 1–2 | 2–3 | 3–4 | 4–5 | 5–6 | 6–7 | 7–8 | 8–9 | 9–10 | 10–11 | 11–12 | 12–13 |
| 1994–1995 | 6 | 0 | 0* | 1 | 0* | 2 | 0* | 16 | 9 | 5 | 39 | 42 |
| 1995–1996 | 9 | 1 | 0 | 3 | 5 | 4 | 0* | 20 | 15 | 9 | 38 | 49 |
| 1996–1997 | 10 | 2 | 1 | 2 | 2 | 2 | 0* | 17 | 5 | 8 | 15 | 49 |
| 1997–1998 | 9 | 1 | 0 | 5 | 1 | 5 | 0* | 16 | 10 | 9 | 25 | 42 |
| 1998–1999 | 8 | 2 | 2 | 3 | 2 | 7 | 0* | 15 | 6 | 8 | 17 | 42 |
| 1999–2000 | 6 | 0* | 1 | 3 | 2 | 5 | 0* | 11 | 10 | 12 | 17 | 47 |
| 2000–2001 | 5 | 1 | 0 | 1 | 0* | 2 | 0* | 11 | 10 | 13 | 10 | 44 |
| 2001–2002 | 7 | 0* | 0* | 2 | 0* | 1 | 2 | 10 | 9 | 15 | 6 | 39 |
| 2002–2003 | 5 | 1 | 0 | 4 | 1 | 3 | 2 | 9 | 4 | 12 | 4 | 38 |
| 2003–2004 | 8 | 0 | 0 | 1 | 2 | 3 | 3 | 9 | 11 | 14 | 15 | 31 |
| 2004–2005 | 7 | 2 | 3 | 2 | 2 | 2 | 4 | 10 | 9 | 13 | 8 | 39 |
| 2005–2006 | 8 | 4 | 1 | 2 | 4 | 2 | 5 | 9 | 9 | 18 | 3 | 41 |
| 2006–2007 | 6 | 0 | 0 | 0 | 2 | 1 | 5 | 9 | 8 | 19 | 4 | 39 |
| 2007–2008 | 5 | 1 | 0* | 2 | 2 | 2 | 2 | 10 | 9 | 20 | 6 | 40 |
| 2008–2009 | 6 | 0* | 0* | 1 | 1 | 1 | 3 | 9 | 9 | 18 | 4 | 39 |
| 2009–2010 | 1 | 0* | 0 | 0 | 1 | 0* | 1 | 9 | 9 | 15 | 6 | 35 |
| 2010–2011 | 11 | 5 | 1 | 4 | 4 | 6 | 4 | 12 | 11 | 17 | 12 | 27 |
| 2011–2012 | 5 | 1 | 0 | 3 | 2 | 2 | 1 | 12 | 11 | 17 | 5 | 25 |
| 2012–2013 | 0 | 0* | 0* | 0 | 0 | 0 | 0* | 10 | 5 | 13 | 7 | 31 |

*Note*. Retrieved from MESC Statistical Digest, 2013. MESC: Apia, Samoa

The Samoa Qualifications Authority PSET Statistical Bulletin (2015) classified PSET in Samoa according to whether they were public, private or regional PSET providers. This includes the National University of Samoa (NUS) as the sole government provider, providing both higher education and TVET, as well as the Oceania University of Medicine as a privately-owned university specialising in medical education. The University of the South Pacific, which is a regional university, is another provider of higher education. Apart from the named universities, there are three (3) theological colleges from the mainstream churches, including the Malua Theological College under the Congregational Christian Church of Samoa, the Moamoa Theological College of the Catholic Church, and the Piula Theological College governed by the Methodist Church of Samoa.

Since 2007 an overall increase in enrolments has been noted for formal PSET, with the highest count recorded during the academic year 2014 when 5,902 students enrolled.

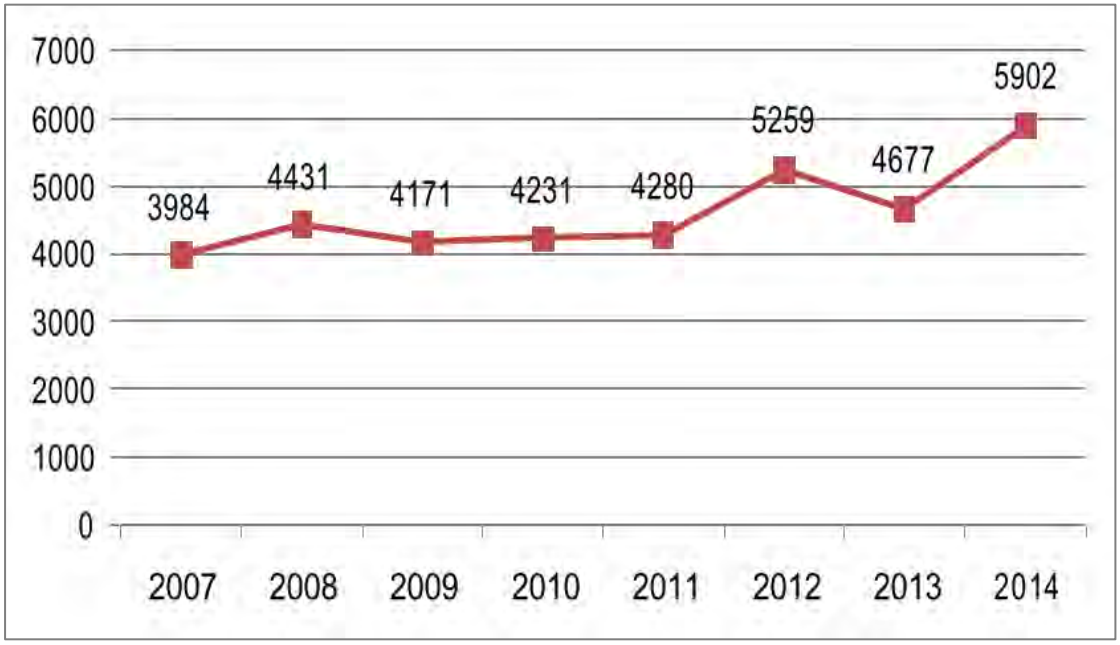


Figure 5.2.1 (a): Total PSET formal providers' enrolments (2007–2014)

*Note*. Retrieved from PSET Statistical Bulletin by Samoa Qualification Authority, 2015, Samoa: Samoa Qualifications Authority

- Reported data indicates that government-funded providers are the main suppliers of PSET in Samoa, enrolling up to twice the number of students in 2014 as compared to the Regional Providers (which is the second highest supplier group of PSET). Enrolments across all provider types increased in 2014 relative to the previous year.
- In 2014 5,902 students enrolled at PSET formal providers, a 26 percent increase from 2013. The main reason for the change in enrolment figures was due to increased reporting through the new providers (the Don Bosco Creative Vocational Technical Center (DBCVTC), the Martin Hautus Institute of Learning (MHIL) and the Hospitality and Community Health Institute of Training-Samoa (HCHITS)), as well as providers who did not respond in the previous year such as the Australia-Pacific Technical College (APTC).
- Every year during the period 2007–2014, one in two students who attended PSET were female.

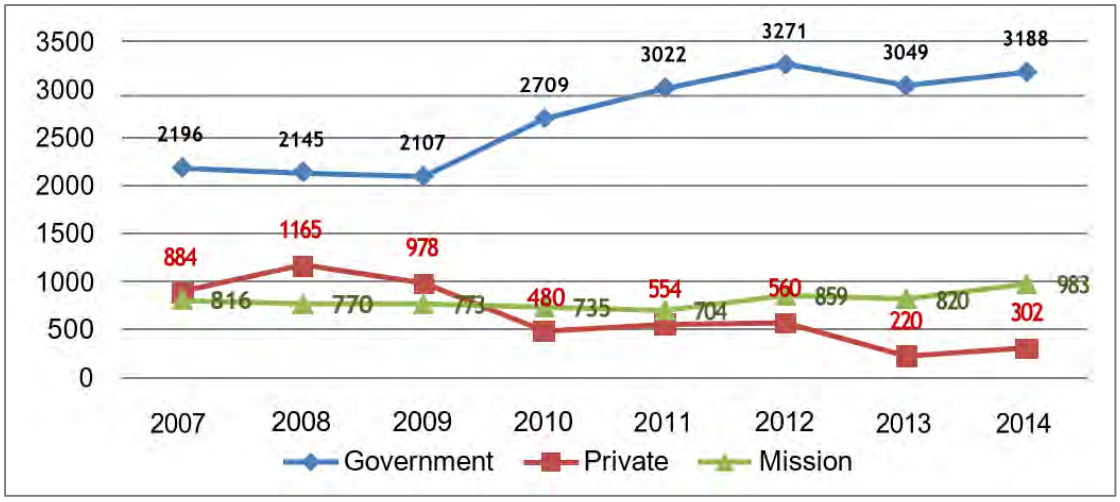


Figure 5.2.1 (b): Total PSET formal provider enrolments by provider type (2007–2014)

*Note.* Retrieved from PSET Statistical Bulletin by Samoa Qualification Authority, 2015, Samoa: Samoa Qualifications Authority.

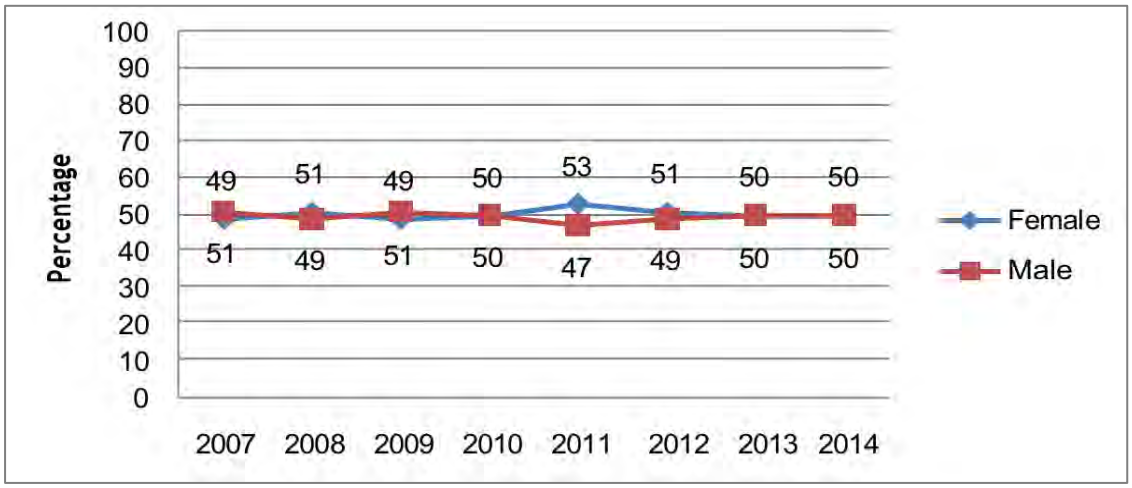


Figure 5.2.1 (c): Total PSET enrolments by gender (2007–2014)

*Note*. Retrieved from PSET Statistical Bulletin by Samoa Qualification Authority, 2015, Samoa: Samoa Qualifications Authority

## CULTURE AND SOCIETY

Samoa was the first country in the Pacific to become independent in 1962. The system of government is stable as a democratic country under the Westminster style, with a unicameral system of legislative assembly comprising 49 Members of Parliament. The 1960 Samoa Constitution recognises the separation of powers (legislature, judiciary and executive), which blends traditional and democratic processes. It provides for Samoa to have a Head of State, a Prime Minister and a Cabinet of Ministers, as well as a Legislative Assembly. The 49-member government is elected by Samoan citizens aged 21 and above; the last election was held in

March 2016. There are two political parties in the country; the Human Rights Protection Party (HRPP) has been in power for more than 35 years. The most recent election in 2016 again saw a massive win of 94 percent of the parliamentary seats by the ruling HRPP party.

Religion and culture go together in the *faasamoa* or Samoan way of life. The *faasamoa* is dominant in managing Samoan culture from within the family, as well as in wider society. Samoa is a Christian country, based on teachings and values. The most common denominations are Catholicism, the Congregational Christian Church and the Methodist Church, as well as the Latter-Day Saints.

The family structure has the *matai* (or chief) as the head of the extended family (*Aiga Potopoto*). The *matai* may be either male or a female, although the majority of *matais* are male. Also, the *matai* system is the central foundation of village administration, with a legal system that recognises the role of the *matais* in maintaining law and order in rural areas. The *matai* is responsible for keeping the family and maintaining its unit, prestige, administration, as well as assets such as land and the *matai* titles. The values and norms of society are based on respect for the elderly and for *matais*, as well as the teachings of Christianity. Whenever there are disputes, the *matais* solve the problems.

In the *faasamoa,* families are at the average level of income in their village when they have plantations, pigs and cattle to feed. However, this has slowly changed, with some families now heavily dependent on remittances sent by relatives from abroad. In addition, traditional systems of financial support are increasingly competing with generational factors such as migration and communication. As such, the costs of cultural and church obligations, such as weddings, funerals and title bestowals, create further financial pressure for households.

### 5.2.2 EQUITY AND ACCESS

On gaining independence in 1962, Samoa recognised that nation-building required more access to post-secondary education and training than what was already in place and what had been created by the previous colonial powers. Among the first developments was the establishment of the University of the South Pacific (USP) in 1968, in order to accommodate the needs of the 12 Pacific islands that have shares in the university. While the USP was available to the whole region, individual countries also realised that a significant proof of independence and self-determination was to have domestic higher educational institutions. In addition, setting up post-school education training would to serve an important purpose, namely to tailor education to specific national needs.

The recognition of this aim for Samoa led to approval by the cabinet, through a Ministerial Paper, for a Samoan university to be established in 1983. The country needed adequate provision to cater for the needs of the population, because of problems faced by Samoan students undertaking tertiary education overseas. This led to the birth of the NUS, which was officially established by an Act of Parliament in 1984. Changes were made to the Act in 1997,

particularly the replacement of overseas members of the Council with local members appointed by the Head of State.

The higher education system evolved beyond these two universities – the USP and the NUS established by Acts of Parliament – when the Oceania University of Medicine (OUM) was added to the list, having also been founded by an Act of Parliament (the OUM Act 2002). The OUM is an autonomous statutory corporation, operating under a charter executed by the Government of Samoa granting e-Medical Education LLC a 40-year renewable exclusive contract to operate the school. e-Medical Education LLC (e-Med) is a Miami-based company, which operates the medical institution under a Memorandum of Understanding with the Government of Samoa. It was founded by Taff Gould, an American businesswoman, educator and philanthropist, with a view to making medical education globally accessible. Other higher education providers include the Theological Colleges of Malua, established in 1844, the Piula Theological College, established in 1859, and the Moamoa Theological College, established in 1972.

The Government of Samoa is committed to sectoral planning and using a sector-wide approach for development purposes. In this regard, education and development for the period 2012–2016 used this approach. This led to the education sector plan determining its goals from the Strategy of the Development of Samoa, therefore including goals on the quality of education, enhanced education access and opportunities for all, enhanced relevance, improved sector coordination, and the establishment of sustainable and efficient management for all.

- Student type – 93 percent of those enrolled in PSET in 2014 were domestic students. The remaining 7 percent (426 students) of the total enrolments were international students – the highest count since 2011. The majority (47 percent) of the international students enrolled in the field of engineering and related technologies, and many more enrolled in programmes in the fields of society and culture (20 percent). Also, most of the international students enrolled in 2014 for qualifications at the Certificate (62 percent) and Bachelor's (18 percent) levels.

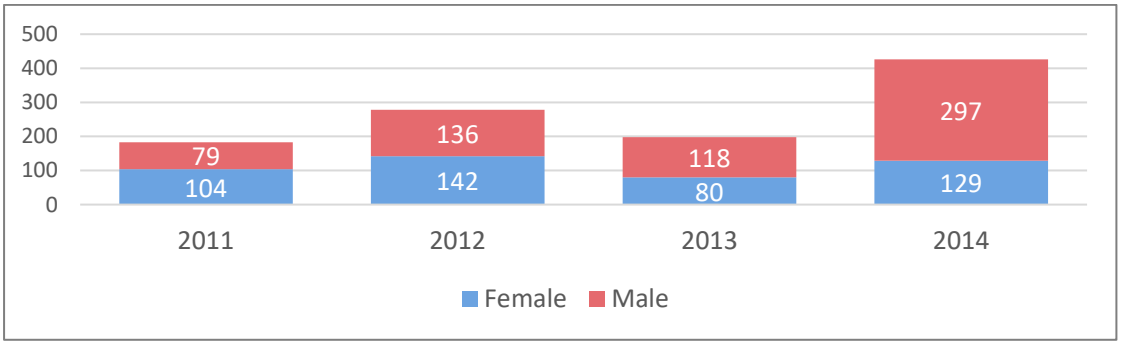


Figure 5.2.2 (a): International students enrolled in PSET (2011–2014)

*Note.* Retrieved from PSET Statistical Bulletin by Samoa Qualification Authority, 2015, Samoa: Samoa Qualifications Authority.

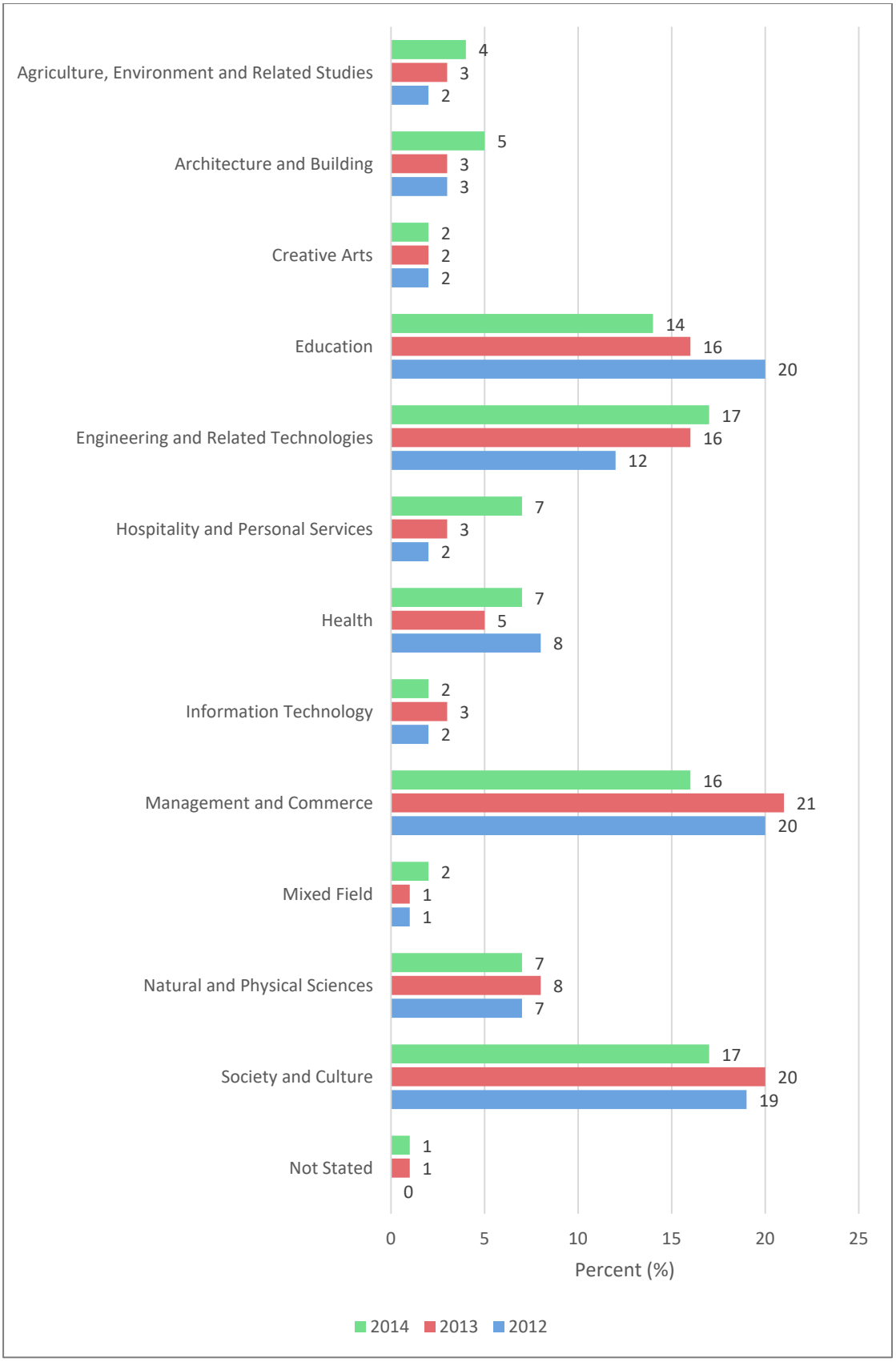


Figure 5.2.2 (b): Enrolments by field of study (2012–2014)

*Note*. Retrieved from PSET Statistical Bulletin by Samoa Qualification Authority, 2015, Samoa: Samoa Qualifications Authority.

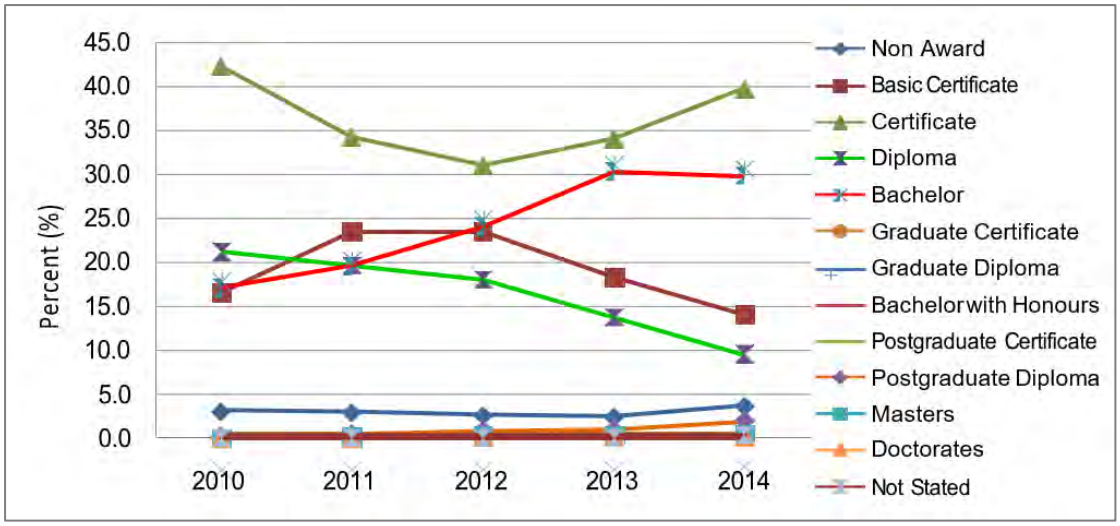


Figure 5.2.2 (c): Enrolments by programme level (2010–2014)

*Note*. Retrieved from PSET Statistical Bulletin by Samoa Qualification Authority, 2015, Samoa: Samoa Qualifications Authority.

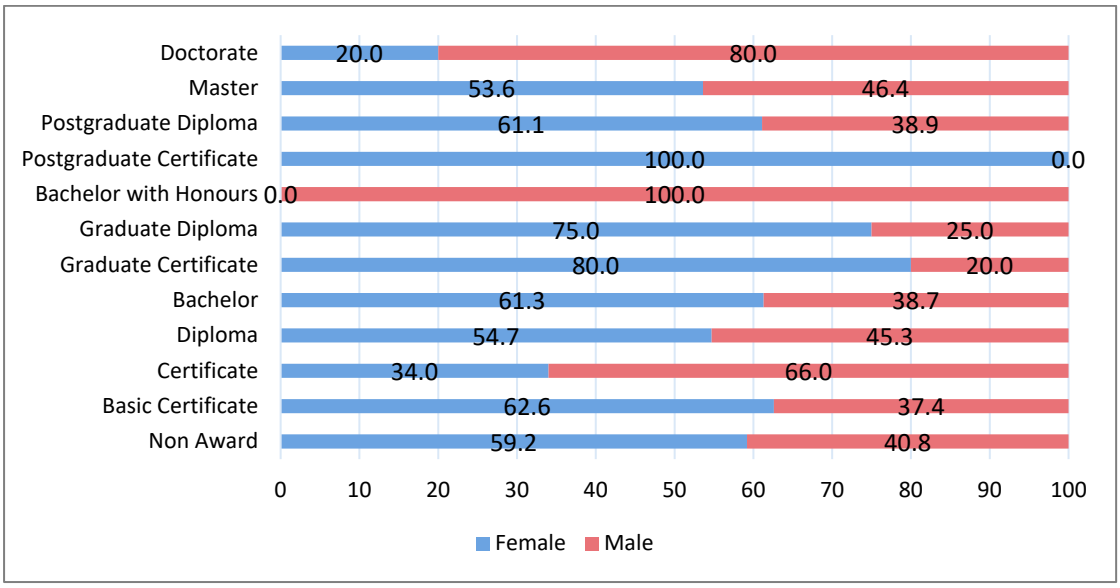


Figure 5.2.2 (d): Programme level by gender (%) 2014

*Note*. Retrieved from PSET Statistical Bulletin by Samoa Qualification Authority, 2015, Samoa: Samoa Qualifications Authority.

### 5.2.3 HIGHER EDUCATION FINANCING MODELS

National and sectoral planning is facilitated and led by the Ministry of Finance. The planning budget cycle for Samoa has been based on the output-based budgeting model since the 1990s. The development and planning of the budget, on the other hand, is currently based on sectoral plans linked to the budget appropriations of all implementing agencies. In Samoa,

there is no budget allocated to Higher Educational Institutions, except for the NUS where the government is the sole provider. Moreover, the NUS, as a state-owned enterprise in Samoa, has to follow this planning cycle, considering that it is 100 percent funded by the government.

In addition, the output-based budgeting system allows the line ministries and agencies to assess and allocate resources based on their internal allocation mechanisms. Hence, the university has more financial flexibility and greater discretion in the disbursement of budget funds. A major development in terms of budget planning commenced in the 2016/2017 financial year (FY), for both the locals and the donors, fund will be channelled to and be distributed among the sectors. For the education sector, the implementing partners are the MESC, the SQA and the NUS. In this approach it is important that sectoral plans and budgeting have a greater influence on appropriations. These agencies make up the education sector in the country: the Ministry of Education, Sports and Culture is responsible for the ECE, primary and secondary education; the Samoa Qualifications Authority is responsible for Post School Education and Training; and the last partner is the NUS. While it comes under the scope of PSET, which the SQA looks after, the NUS has been and continues to operate under a grant from the government. In addition, the NUS is a public body under the Public Bodies Act, thereby making it accountable to government.

Before the new approach on sectoral planning and budgeting was initiated, and besides the local government budget, Samoa was leveraging funding in order to encourage registered providers to offer either the Samoan-developed qualifications and/or accredited providers' programmes. During the period 2012–2015 the SQA was fortunate to have access to AusAID funding under the TVET programme, which benefitted higher education under the SQA remit. Also, those providers who responded were rewarded in kind, through professional development programmes for their staff and support to finance additional consumables, as well as contributions towards utility costs in their respective institutions. Access grants were equally applied in order to encourage both formal and non-formal training delivery in community and workplace settings. In addition, the recognition of non-formal learning was emphasised so as to improve access for women and disabled people to either accredited qualifications or non-formal learning, which may be recognised as a passport to credit in the formal setting. Other than these forms of financial assistance available from the SQA to providers, the providers themselves are also exploring other sources of funding.

### 5.2.4 GOVERNANCE STRUCTURE

#### STRUCTURE OF HIGHER EDUCATION INSTITUTIONS

Under the Constitution of Samoa, the Minister of Education and Culture is responsible for the management of higher education. The SQA Act (2010) has provisions on the use of protected terms such as 'University', 'Samoa', 'Samoan' or 'National' to: (a) use such words for the purpose of naming a provider, or (b) use such words for the purpose of naming a qualification to be awarded by a provider.

Subsection (2) of the SQA Act also states that where a provider is established by an Act of Parliament, this provider shall not be required to seek consent for the purpose of naming the provider.

The providers of higher education in Samoa include:

- The National University of Samoa (NUS) – the sole government provider of TVET
- The University of the South Pacific (a regional provider)
- The Oceania University of Medicine (used to be semi-government but now privately owned)
- Three theological colleges

As indicated earlier, each of the universities was established by its own Act of Parliament. The governance and systems for strategy and operations of the universities are stipulated under their respective Acts. In addition, the governance of the National University is made up of a council, which is composed of the Pro Vice Chancellor, a Deputy Chairperson, the Vice Chancellor and the President, as well as the Chief Executive Officers (CEOs) of the Ministry of Women, Community and Social Development and the Ministry of Education, Sports and Culture, the Vice Chancellor's Nominee/All Staff Representative, a Student Representative and Co-opted Members.

There is also a university committee, as well as the Vice Chancellor's committee that are responsible for the academic and general affairs of the university. The senate is where all academic programmes are approved.

### GENDER

- There were equal proportions of female and male students enrolled in PSET in 2014 (50 percent each).
- Male students were more likely than females to enrol in certificate programmes.
- Enrolments in traditional TVET trade fields, such as architecture and building as well as engineering and related technologies, were predominantly male. Female students were more likely to enrol in management and commerce, health and education-related programmes in 2014.

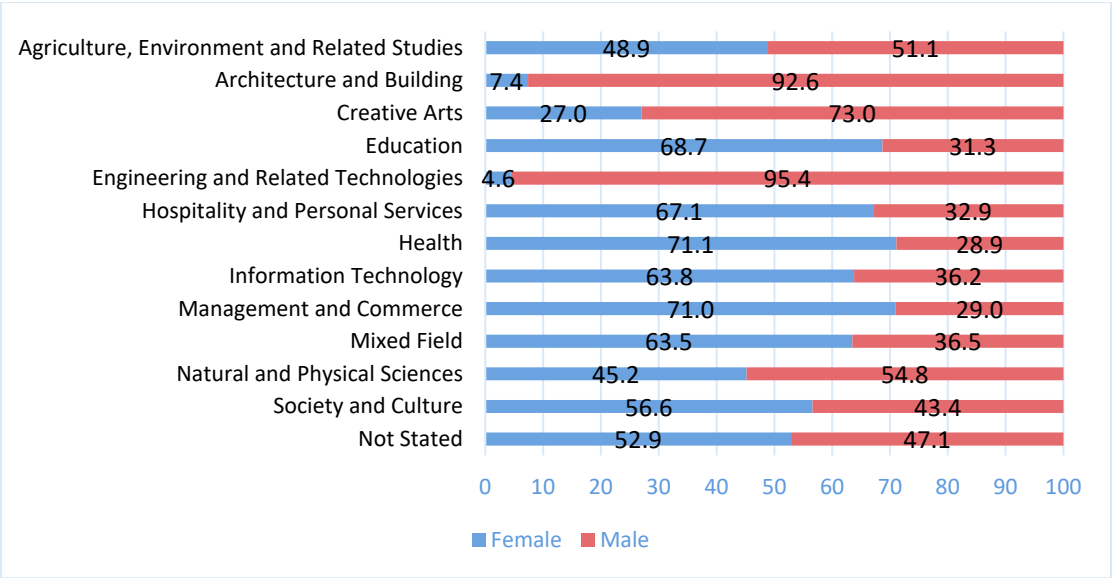


Figure 5.2.4 (a): Field of study by gender (%) 2014

*Note.* Retrieved from PSET Statistical Bulletin by Samoa Qualification Authority, 2015, Samoa: Samoa Qualifications Authority

### QUALITY OF HIGHER EDUCATION

Since the mid-1990s the government has been developing a more enterprise-based and competitively structured economy, aimed at sustained and sustainable economic growth. Key to this strategy is a focus on human resource development, in order to ensure a sufficiently well qualified population to take advantage of the new opportunities created by reforms in the public and private sectors of the economy. It has always been the government's belief that economic prosperity is premised upon a well-educated population.

The government's intention is for Samoa to have a Post School Education and Training (PSET) sector comprising higher education, theological and religious instructions that are well coordinated with adequate provision. This will meet the needs of society and individuals through the development of the necessary skills and knowledge to improve national economic and social development. Dovetailed into the maintenance of quality education and training is the need to maintain international comparability. In setting up the SQA, the government demonstrated its intention to strengthen post school education and training through the introduction of quality standards and criteria for providers and their teaching programmes. Moreover, SQA coordinates post school education and training activities across the whole PSET subsector. As a result, enormous developments have taken place in the quality assurance of TVET in the last decade. A Quality Assurance System is now in place for Samoa, with the SQA as the key coordinating quality assurance structure.

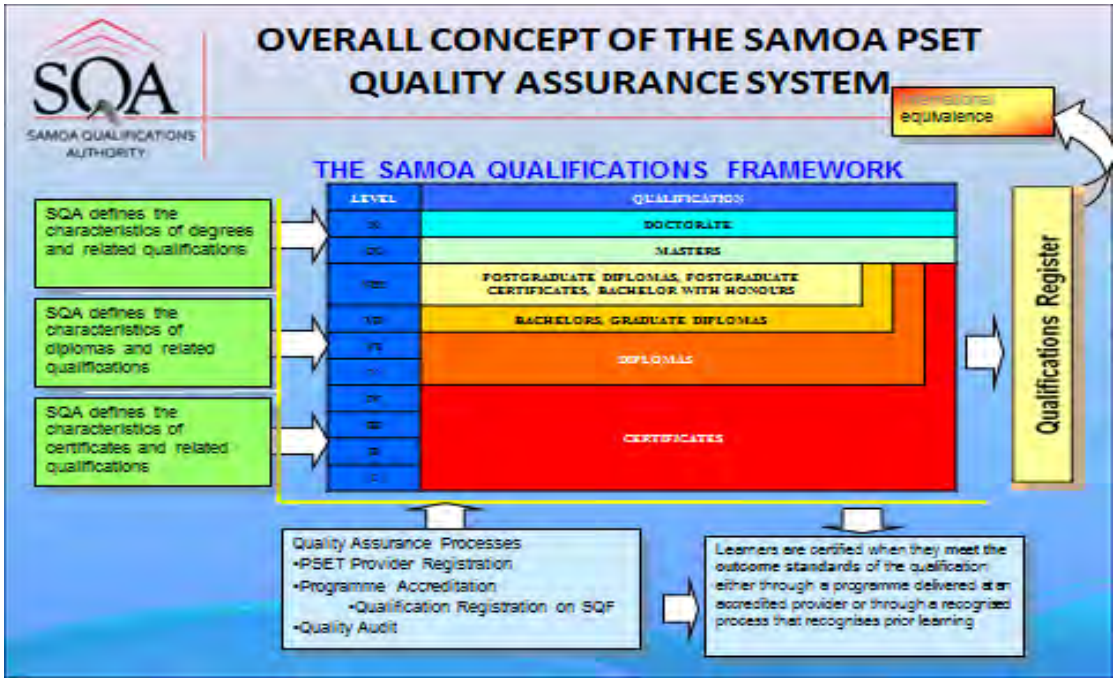


Figure 5.2.4 (b): Samoa PSET quality assurance system

*Note*. Retrieved from the revised Quality Assurance Policies, 2013, Samoa: Samoa Qualification Authority

To complement quality assurance systems, associated policies are now in place for several processes, namely: Provider Registration, Programme Accreditation, Quality Audit, and Recognition of Non-Formal Learning. In addition, Samoa has implemented the Samoa Qualifications Framework (SQF).

Aside from the development of Quality Assurance with the SQA, the Ministry of Commerce, Industry and Labour (MCIL) is another government agency that is responsible for the management of the country's apprenticeship programme. The University of the South Pacific, which has been a major provider for higher education in the region, has been subject to external reviews. This ensures that the quality that is overseen by its internal quality assurance is of international standards. Also, the Agriculture Campus of the University of the South Pacific, at the Alafua Campus in Samoa, has been registered with the SQA, having met all the criteria and requirements of the Provider Registration process.

For the NUS, even though it was established by its own Act, it is well specified under the Samoa Qualifications Act 2010 as one of the main post school education and training providers. University education is included in the scope of PSET, and thus the NUS is subject to external quality assurance, which is a mandated function of the SQA. In this regard, the NUS has to meet quality standards, and in doing so it has to meet the criteria and requirements of the SQA processes. These processes include provider registration, programme accreditation and quality audit. Like the USP, the NUS has been registered with the SQA, having met all the requirements and criteria for provider registration. Some of the NUS TVET programmes have

also been accredited with the SQA, after having gone through the programme accreditation process.

### 5.2.5 AUTONOMY

Academic freedom for the University of Samoa is well specified under Part 6 of the NUS Act, 2006: 'It shall be the responsibility of the university to ensure that the principles of academic freedom are preserved and enhanced'. Section 2 of Part 6 then lists the principles of academic freedom, which include:

5.2.5.1 The freedom of academic and teaching staff and students within the law to question existing knowledge and theories, to put forward new ideas, and to state controversial or unpopular opinions

5.2.5.2 The freedom of academic and teaching staff, and students where appropriate, to engage in research

5.2.5.3 The freedom of the university to appoint and retain its own staff

5.2.5.4 Subject to the Act and to the Corporate Plan:

- 5.2.5.4.1 The freedom of the university to regulate the courses, and the subject-matter of courses, taught at the university; and the
- 5.2.5.4.2 Freedom of the university to teach and assess students in the manner it considers best promotes learning

### 5.2.6 ISSUES AND RECOMMENDATIONS

With higher education funding an important aspect in the operation of higher education, from research conducted it has been concluded that there are issues in higher education that need to be understood and possible solutions developed in order to improve the funding of higher education in Samoa.

Table 5.2.6: Issues and recommendations for higher education in Samoa

| Issue | Recommendation |
|---|---|
| No clear sense of higher education system. There are universities and mission/private providers of higher education that should make up a strong higher education system in Samoa. In relation to this, there is a lack of clear ministerial responsibility for higher education, no clear core terrain, except that the National University of Samoa is the centre of higher education as the only government provider | - Establish a clear sense of a higher education system to include all higher education providers<br>- Clear ministerial portfolios |
| There is no unified higher education funding Model | - Establish a unified funding model/system for higher education in order to reduce fragmentation and improve the efficiency of resources |
| No higher education strategy for donors etc. | - Unified higher education strategy for donors<br>- Diversify sources of funding |
| Assistance to the sector lacks cohesion | - Higher education to be a strong sub-sector for assistance |
| Financing data for higher education has limitations | - A need for better documentation and evidence to inform policies and strategies for funding |

## 5.2.7 CASE STUDY: NATIONAL UNIVERSITY OF SAMOA

### OVERVIEW OF THE NATIONAL UNIVERSITY OF SAMOA

From its humble beginnings in 1984 (45 students in the early class, the University Preparatory Year), the NUS has developed significantly. Its first degree was Bachelor of Education in 1987. The Bachelor of Arts was the second; the first graduates in both programmes were awarded their degrees in 1990. Shortly after, existing business-related night classes, administered by the Samoa Society of Accountants, came under the umbrella of the university. Later this became the Faculty of Commerce, and the Faculty of Science was also established. The existing School of Nursing of the National Health Department amalgamated with the university in 1993, becoming the Faculty of Nursing.

Furthermore, the Samoa Teachers' College amalgamated with the university in 1997, becoming the Faculty of Education. In the same year the University of Education moved from its compound in Malifa to a new location at Le Papaigalagala in Vaivase, which was built with

assistance from the government of Japan. The Institute of Samoa Studies was established in 1999, and the Faculty of Medicine was the most recent faculty to be added to the university.

In addition, the University of Samoa used to comprise not only the University Preparatory Year programme, but also five full-fledged faculties as well as the Institute of Samoan Studies. All the faculties offered programmes leading to Bachelor's degrees. The UPY programme later became the foundation year with streams offered by the six faculties, as well as a general programme. In addition, the Samoa Polytechnic was established in 1993 by an Act of the Fono, as the successor to the Samoa Trade School incorporating the Maritime Training School. It offered certificate and diploma programmes through Schools of Business and General Studies, Engineering, and Maritime Training. In March 2006 the National University of Samoa and the Samoa Polytechnic were merged into the newly constituted National University of Samoa. This was the culmination of merger plans for tertiary education that were set out by the government of Samoa in 2001.

The new NUS Act (2006) came into force on 1 June 2006, and on 10 November in the same year the government of Japan officially handed over the new Institute of Technology campus to the government of Samoa. The new NUS is made up of the Institutes of Technology and Higher Education, the Centre for Samoan Studies, and the Oloamanu Centre for Professional Development and Continuing Education. This provides over 60 academic vocational and professional development programmes, including the Master of Samoan Studies and the Master of Development Studies. In March 2011 the council approved the integration of the Institute of Technology and the Institute of Higher Education under a unified faculty system. Despite a number of problems associated with this change, the integration was successfully completed in the financial year 2013/2014.

Another major development arose in 2014, with the establishment of the Faculty of Medicine under the National University. This was in accordance with a cabinet directive under the NUS, in order to support the shortage of medical doctors in Samoa.

## UNIVERSITY GOVERNANCE

### *University Council*

Part 4 (13) of the NUS Act (2006) defines the council as the governing body, who acts in the name of, or on behalf of, with the authority of, or as a delegate of the university, and its actions shall be deemed to have been done by the university. Mandated by the NUS Act, its membership is representative of both local and international expertise in the areas of university administration, strategic leadership, as well as encompassing relevant perspectives from the students, the community and industry. These individuals play a key role in strategically guiding and overseeing the direction of the NUS. The functions, duties and powers of the council are also stipulated under the NUS Act 2006.

In addition to the council, the NUS Statues, Regulations and Policies provide a framework that facilitates the implementation of all academic and vocational programmes/courses, as stipulated in the NUS Act 2006. The NUS policies provide the framework that guides the implementation of the administrative and management functions of the university. Part 5 of the NUS Act 2006 – Committees of Council (21) – stipulates that the council may appoint committees, boards or other bodies consisting of persons, whether or not they are members of the council (as they so determine), to exercise such powers as are delegated to them under section 19 of the Act (or are conferred on them by statute). The Vice Chancellor is a member of all committees, boards and bodies established by the council.

The council shall establish a senate, consisting of the Vice Chancellor, Deputy Vice Chancellor, a representative of the Centre for Samoan Studies, and members of the staff and students of the Institute of Higher Education, as provided in the relevant statute.

Also, in terms of statutes and regulations the council may make such statutes (not inconsistent with the NUS Act 2006) as may, in its opinion, be necessary or expedient for the administration of the affairs of the university regulations. A statute may empower the council, any committee of the council, or any officer of the university to make rules providing for the regulation of any matter with respect to which a statute may be made.

### *STRUCTURE OF THE UNIVERSITY*

The Vice Chancellor is the Chief Executive Officer and President of the university. S/he is responsible to the council for the management of academic and administrative affairs of the university. The National University of Samoa Council referred hereafter as the Council is the governing body and Board of the University, as stipulated in the National University of Samoa Act 2006. The National University of Samoa (NUS) Council are as follows:

- The Pro Chancellor who is the Chairperson;
- The Vice-Chancellor & President;
- A member of the Senate;
- A member of the academic or teaching staff nominated by the Vice-Chancellor;
- A student of the University who is not a member of the University staff;
- The Chief Executive Officer of the Ministry of Education, Sports and Culture or nominee;
- Up to six persons who are not full time members of the staff or full time students of the University, appointed by the Head of State, acting on the advice of the Minister after consultations with the Executive Committee or Council; and
- Up to four persons co – opted by the Council at its discretion.
- The current Council has twelve (12) local members and four (4) international members.

The NUS Council is the governing body of the National University of Samoa. The sixteen members are a mixture of elected staff, a student rep, graduates and outside appointees.

- 7 Head of State appointments
- 2 Ex-officio members
- 4 co-opted members
- 3 representative appointments

The NUS Act 2006, section 13 establishes the Council, like all boards of public bodies in Samoa, as the governing body of the University. Under the Act, Council has the full legal power and authority to manage and control the affairs of the University.

### 5.2.8 CASE STUDY: MALUA THEOLOGICAL COLLEGE

The Malua Theological College (MaTC) was established on 24 September 1844 by Rev. George Turner and Rev. Charles Hardie of the London Missionary Society, with a permanent location at Maluapapa, also known as Malua, which is a sub-village in Saleimoa.[19] The essential nature of the college, since its establishment, remains the preparation of its students with the knowledge and skills required to strengthen the church and its values to the world ('For Jesus and His Church'). MaTC is responsible to the Board of Malua Theological College, which reports to the Elders' Committee of the General Assembly of the Church (or the Supreme Council). The appointment of the principal of the college to oversee the provider, for a term of five years, is carried out by the Board of MaTC. MaTC aims to:

a) equip students with the knowledge and skills necessary for an effective ministry of the church, and other denominations, in the Pacific and the world at large;
b) enable its students to recognise and undertake a ministry within the constraints of political, economic and cultural structures, and to be inevitably affected by the changes occurring thereto;
c) promote a national and international role, by fostering and developing close links with other tertiary institutions – by means of staff/student interchange, sharing standards of excellence in spheres of specialisation;
d) promote the participation of its faculty members and students in developing and pursuing its objectives, as well as the principles of equity and equal opportunity in theological education.[20]

#### GOVERNANCE

The General Assembly is the Supreme Council of the Church, and therefore this is also the governing authority of the theological college. While the constitutional authority to make resolutions pertaining to general matters affecting the Church and its different institutions (such as the college) is vested in the General Assembly, the implementation of those resolutions rests with the various committees of the Church. In the case of Malua Theological College, it is vested in the Elders' Committee.

[19] MaTC QMS 2016, pg 10
[20] MaTC QMS 2016, pg 11.

### BOARD OF MALUA THEOLOGICAL COLLEGE

Below the Elders' Committee is the Board of the Malua Theological College, which is the executive and advisory body that oversees its management. As a sub-committee of the Elders' Committee, the Board is under the authority of, and accountable to, the former, but with some degrees of independence in the running of the college.

### COLLEGE FACILITIES/PHYSICAL RESOURCES

#### *Student Housing*

The college relies on Church District houses to provide accommodation for students. Normally students will stay in these houses upon acceptance into the college. The Principal is responsible for allocating the relevant Church District houses, whose selection is dependent on the number of people within the student's family unit.

#### *Staff Housing*

All the teaching staff are required to reside in the College environment, particularly during the academic year. This in no way prohibits the staff from owning private homes elsewhere or staying with family and/or friends during the school holidays.

#### *Enrolment*

Students at Malua Theological College are enrolled in a four-year programme, leading to the completion of a degree.

Table 5.2.8: 2016 intake

| Year | No. of intake |
|---|---|
| 1 | 24 |
| 2 | 19 |
| 3 | 15 |
| 4 | 18 |

#### *Teaching Staff*

Currently there are 21 staff members who are also teaching personnel for the college.

#### *Funding*

The funding for the college is primarily provided by the Congregational Christian Church (CCC). All salaries pertaining to the teaching staff are paid for by the Church, directly into individual teachers' nominated bank accounts. Sufficient funds are provided in order to ensure the

proper running of the college. Also, all the basic requirements for the housing of students and staff and the maintenance of the college facilities are provided.

### *Sources of Funding: Student Fees*

Student fees are used primarily to maintain the school and the buildings, as well as to fund other development programmes that do not fall under the expenses normally paid for by the Church. The school projects (or developments) where such funds are used are normally agreed upon by the Principal and other members of staff during their meetings. These funds are utilised for the development of the college and its compound. Examples of such projects are the building of a new chapel for the school, as in the case of the Jubilee Church, and the Principal's house. Lawn mowers for the maintenance of the college's playing fields and vehicles are also paid for out of these funds.

### *Contributions from the Congregational Christian Church of Samoa*

The college's operational costs are fully funded by the Church. However, the bulk of these funds, is used in the payments of teachers' and administrative staff's salaries. Electricity and water bills are also paid out of the money provided by the Church, with minimal contribution made by the students.

### *Others*

Some funding for other college projects in and around the compound is also sourced from annual donations by (normally) final year students. Ex-students also make occasional contributions.

# VANUATU

**Mr. David Lambukly**
*Vanuatu Qualifications Authority*

Photo: Library building at the University of South Pacific Emalus Campus, Vanuatu

### 5.3.1 BACKGROUND[21]

#### THE OVERALL BACKGROUND OF POST-SCHOOL EDUCATION AND TRAINING

Post-school education and training (PSET) is defined in Vanuatu as the "educational level following the completion of a school providing a secondary education, and includes universities as well as institutions that teach specific capacities of higher learning, such as colleges, technical training institutes, community colleges, nursing schools, research laboratories and distance learning centres." The interpretation of PSET in the Vanuatu Qualifications Authority (VQA) Act clearly indicates that PSET includes TVET, as well as higher education.

Thus, this chapter explores the evolution of PSET in Vanuatu and how the sector is funded.

#### *Evolution of Post-School Education and Training*

Since the country gained independence from Britain and France in 1980, the Vanuatu Government has concentrated its efforts in developing, from the Anglo-Franco schooling systems that were established in 1906, a unified school system that delivers academic teaching in English or French.

PSET in Vanuatu is a relatively small sector; it is largely administered by individuals, communities and church-based organisations. The *Institut National de Technologie de Vanuatu* (INTV) [now known as Vanuatu Institute of Technology (VIT)] and the Vanuatu Institute of Teacher Education (VITE) are the predominant PSET providers established during the condominium era, which deliver teacher training, technical and vocational programmes. Other state-run PSET providers established after 1980 are the Vanuatu Agriculture College (VAC), the Vanuatu Maritime College (VMC), the Vanuatu College of Nursing Education (VCNE), and the Vanuatu Police Training College (VPTC). Recently two private PSET providers, Edwards Computer Foundation (ECF) and the Pacific Vocational Training Centre (PVTC), were established. Also, the Australia-Pacific Technical College (APTC), the idea for which was mooted by the Australian government in order to prepare Pacific islanders for employment in Australia, was established. The above providers have helped in the provision of technical and vocational education, from the certificate level up to advanced diploma level.

However, higher level studies (Bachelor's and post-graduate degrees) are offered in Vanuatu by the USP. The USP has established campuses or sub-centres in each of its member countries. In Vanuatu, the USP established the Emalus campus in Vanuatu's capital city, Port Vila, and sub-centres in the provinces. In addition, the University of Toulouse, through *Agence Universitaire de la Francophonie* (AUF) in Port Vila, offers a Bachelor's programme (Bachelor of Administration, Economic and Social – AES) in Vanuatu, while Revans University also

[21] The content in this section on Vanuatu is based on work by David Lambukly (2016), Chief Executive Officer, Vanuatu Qualifications Authority.

operates in Port Vila, specialising in degree programmes in management and marketing for graduates and post-graduates.

Nevertheless, to develop its human resources, the Vanuatu Government is sending Ni-Vanuatu[22] to study in overseas universities (in the Asia-Pacific region and in other parts of the world) through its scholarship programme.

Table 5.3.1: Vanuatu government scholarship awardees (2015)

| Continuing awardees | New awardees |
|---|---|
| 377 | 141 |

However, with a high and increasing cost of sending Ni-Vanuatu to study overseas, and in order to raise the profile of national providers, the government (through the Ministry of Education and Training) is planning to merge the existing government PSET providers under a single administration, to be named the Institute of Higher Education, which will later become Vanuatu National University.

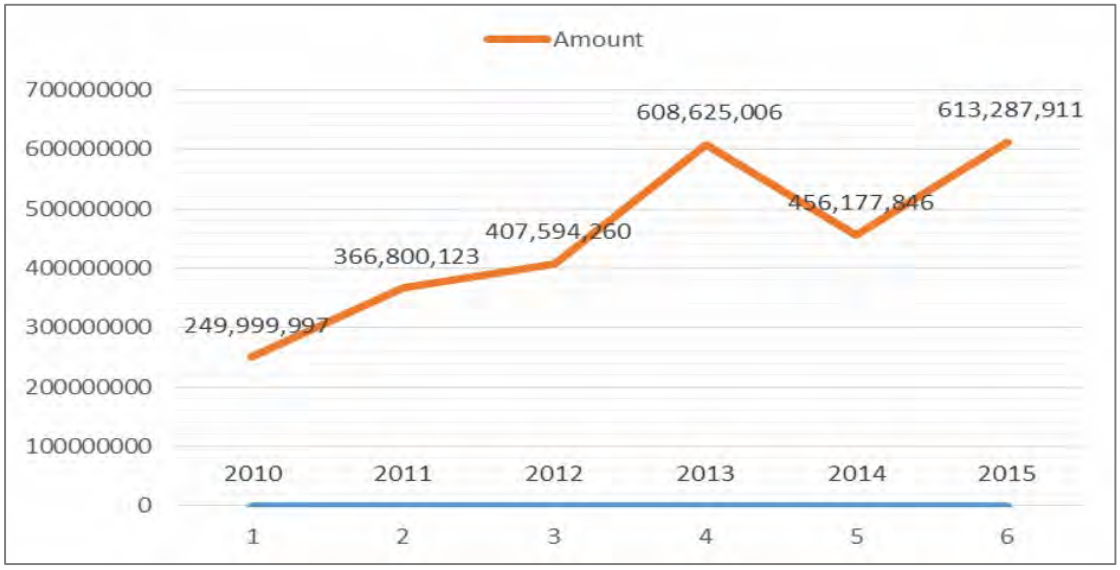


Figure 5.3.1: Trend in Vanuatu Government scholarship fund (in million VuV)
*Note*. From Vanuatu Ministry of Education and Training Finance Department (https://moet.gov.vu/)

[22] Ni-Vanuatu refers to citizen of the Republic of Vanuatu defined by the Constitution of the Republic of Vanuatu.

### *The Post-School Education and Training System*

The Education Act of 2001, and its 2014 amendment, only caters for ECCE – schooling at primary and secondary levels. However, the national PSET policy (2016–2020) caters for post-school education and training, and it will lead to the development of a PSET Management Act. As mentioned earlier, the post-school education and training sector in Vanuatu comprises higher education, as well as technical and vocational education and training. The higher education subsector is primarily delivered by the USP's Emalus campus, and TVET is delivered by the Churches or community-based rural training centres. Also, VIT is the principal provider of TVET, but other government-established and private providers deliver sector-specific programmes in areas such as maritime, agriculture, nursing, policing, computing, electrical, refrigeration, and air conditioning.

In the past the governance of higher education and TVET was separated between two ministries. The Ministry of Youth Development, Sports and Training (MYDST) managed the TVET subsector, while the higher education subsector was managed by the Ministry of Education together with the school subsector. However, little attention was given to the development of higher education, even though Vanuatu continued to send its citizens to pursue higher education abroad.

Commencing in 2009, discussions to move TVET from the MYDST to MoE took place. This was because of a proposition (by the Vanuatu government) that if the school, TVET and higher education sectors could be managed under one ministry, there would be clear pathways between the three subsectors (from school, through TVET and higher education) and the perception of TVET as a second cousin to higher education would fade away. In 2014 the then Honourable Prime Minister issued an instrument to move the governance of TVET from MYDST to the Ministry of Education. A new structure was developed to manage that change, which saw the establishment of a PSET directorate that administers TVET and higher education. In addition, the MoE has changed its name to the MoET and MYDST changed to MYDS, while the two subsectors (TVET and HE) were placed under the umbrella name Post-School Education and Training (PSET). Following these changes, the Vanuatu National Training Council (VNTC) was established in 1999 by an Act of Parliament, in order to assure the quality of TVET provision; this Act was subsequently repealed and replaced by the Vanuatu Qualifications Authority (VQA) Act No.1 of 2014. The VQA assures the quality of PSET delivery; it develops and implements the Vanuatu qualifications framework, as well as the Vanuatu quality assurance framework for PSET.

In 2015, the national TVET policy (2011–2016) was reviewed and a PSET policy (2016–2020) was developed with the vision to achieve "a sustainable, well-coordinated and inclusive PSET system that maximises access to relevant and quality assured qualifications, which lead to improved economic, social and cultural development opportunities for all".[23] To achieve this vision, the Vanuatu government, through the MoET, will develop and grow institutions and processes that facilitate access to a PSET system that is qualitative, well-coordinated, dynamic, efficient, with outcome-based funding, recognised internationally, and flexible in its delivery.

[23] Post – School Education and Training Policy 2016 – 2020.

### 5.3.2 EQUITY AND ACCESS

#### *Policy on Equity and Access*

The Vanuatu Education Sector Strategy (VESS) identifies three policy areas, namely access, quality and management. These policy priorities focus specifically on primary and secondary education. More so, the Ministry of Education and Training is planning to review the VESS, with an added responsibility over the PSET sector such that the new VESS is anticipated to cover the whole education and training sector. The newly developed PSET policies have some mentions of equity and access, such as objective 4 which aims to 'ensure efficiency and equity in funding' (PSET policy 2016: p20).

### 5.3.3 HIGHER EDUCATION FINANCING MODELS

#### *Overview*

Funding for the PSET sector comes from the government, as well as other sources including foreign governments that have multilateral or bilateral agreements with the Vanuatu government. The Vanuatu government allocates annual funding to government/public institutions. Donors' funds are allocated towards specific projects, and to support scholarships. The primary donor partners for Vanuatu are the Australian Department of Foreign Affairs and Trade (DFAT) and the New Zealand Ministry of Foreign Affairs and Trades (MFAT).

#### *Government Allocation to Higher Education Institutions*

The bulk of the funds received by public institutions comes from the national government. In data obtained from two public institutions surveyed, 63 percent of the funds received by the institutions comes from the government. Private institutions are not funded by the government.

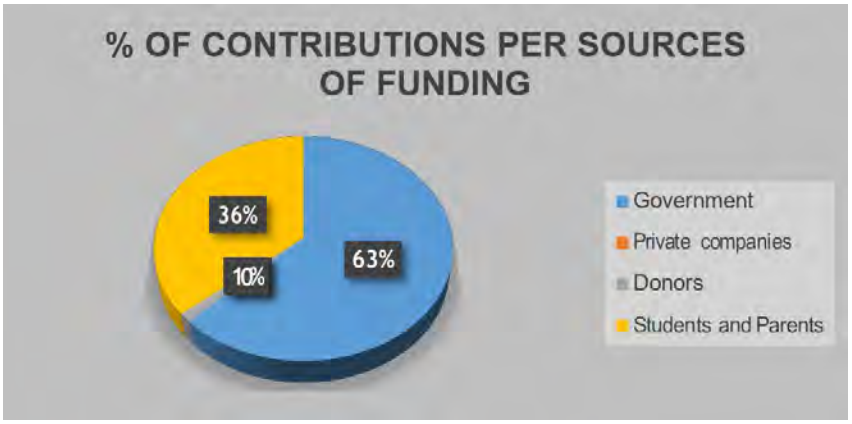


Figure 5.3.3 (a): The contributions per sources of funding (in percent), 2016

*Note.* Data collected from two public institutions surveyed

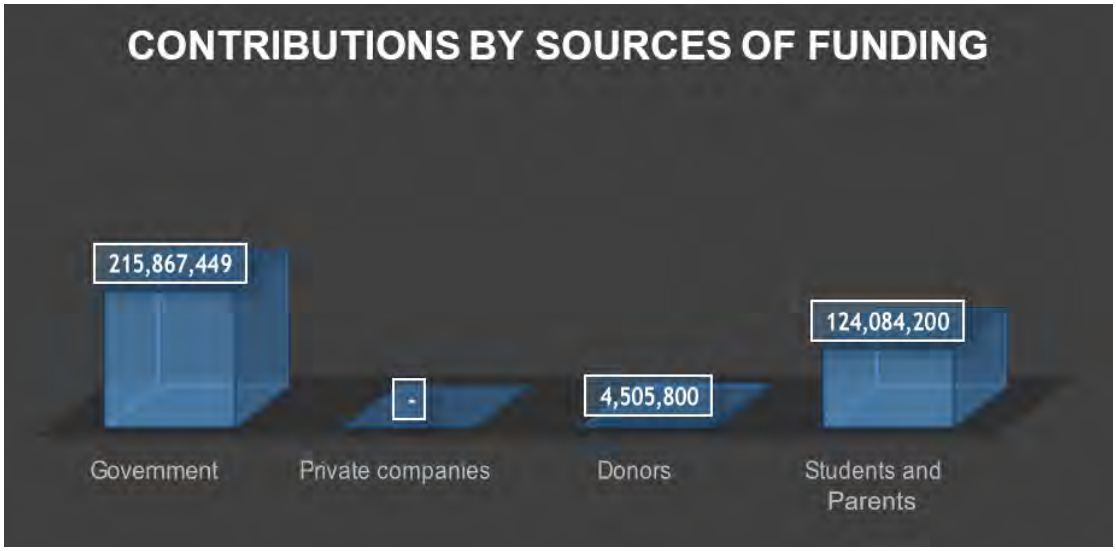


Figure 5.3.3 (b): The amount allocated by sources of funding, 2016

*Note*. Data collected from two public institutions

### *Mechanism Used for the Allocations*

The allocation of government funding to institutions is two-fold; some institutions, such as the Vanuatu Agriculture College and the Vanuatu Maritime College, receive their funding directly from the Ministry of Finance and Economic Management (MoFEM). For others, the MoFEM allocates funding to the Ministry responsible for the institutions, who in turn allocates it to the institutions. For instance, the funding allocated to the VCNE is first allocated to the Ministry of Health, and the MoH then disburses it to the VCNE. This is the same with the VPTC, VITE, and VIT; VPTC funds are allocated to the Ministry of Internal Affairs before they are allocated to the VPTC, while VITE and VIT funds are allocated to the Ministry of Education and Training before they are allocated to the two institutions. Regardless of how the funds are allocated, there is a traditional practice that institutions have to submit to the MoFEM (or their responsible ministry) an audited financial report for the previous year. This is expected before any institution can receive the first tranche of its funding, while the second tranche will be paid upon submission of an unaudited financial report, as well as activity reports for the first quarter of the year to the MoFEM (or the responsible ministry).

### *Revenue and Diversification Effort*

None of the PSET providers rely solely on government funds; they also create other sources of revenue, such as tuition fees, sales of products produced, or services provided. The table below shows the items from which revenues are sourced.

Table 5.3.3: Alternative sources of funding and amount

| Alternative Sources of Revenue | Amount Collected (in Millions of VuV annually) |
|---|---|
| Hiring of facilities | 8,019,600 |
| Staff Renting | 2,559,000 |
| Photocopying | 100,000 |
| Sales of products | 12,972,379 |
| Short courses | 4,922,373 |
| Miscellaneous | 1,424,149 |
| Restaurant/events | 600,000 |
| **Total** | **30,597,501** |

*Note*. Data collected from two public institutions surveyed

### 5.3.3 FEE DETERMINATION

#### *Students' Ability to Pay*

Tuition fees in Vanuatu are paid by students' parents, and the ability to pay these fees depends on whether or not the parents are in active employment. Working-class parents may be categorised as having higher or lower wage rates; parents with lower wage rates face more difficulty than those with higher wage rates in paying their children's fees. However, institutions may make arrangements for parents to settle tuition bills by instalments, often setting rules that students who do not complete their payment upon graduation may have their award withheld until the sum is paid. The government also sponsors students undertaking studies in higher educational institutions abroad. There will be more discussion of these students in the next section.

#### *Student Funding*

For students studying in local/national private or public institutions, there is no funding allocation to assist them in the payment of their tuition fees. Students studying at national institutions are privately sponsored by parents, as described above. However, some financial institutions, such as commercial banks and the Vanuatu National Provident Fund, have created lending instruments that allow parents to borrow money in order to assist them in the payment of their children's fees at PSET institutions. Those who study overseas (at foreign universities or polytechnics) are financed by the Vanuatu government and other donor agencies. The Vanuatu government alone spent VT 613,287,911 in 2015 to sponsor 518 scholarship awardees, of whom 377 were continuing awardees and 141 were new awardees (2015 Vanuatu Government Funded Scholarship Programme Awardee Analysis).

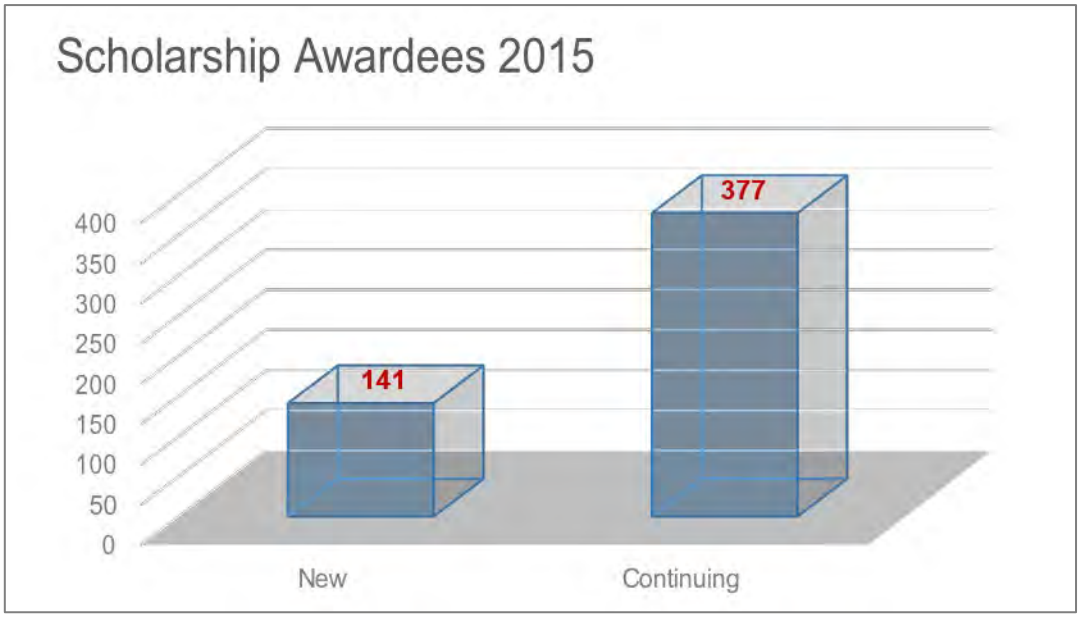


Figure 5.3.4 (a): Vanuatu government scholarship awardees, 2015

*Note*. Training and Scholarship Coordination Unit, 2015 VanGov funded Scholarship Programme – Awardee Analysis.

These government scholarship awardees study in higher educational institutions in Fiji, Papua New Guinea, Samoa (at the USP Alafoa Campus), New Zealand or Australia. An addition to this are the Australian and New Zealand funded scholarships for students to study in Fiji (at the USP Laucala Campus), Australia and New Zealand. In 2006, New Zealand funded 42 students, 18 of whom are under the New Zealand Pacific Scholarship and 24 are funded under the New Zealand Regional Development Programme, with a total cost of VuV 347,162,323 (New Zealand High Commission in Vanuatu, 2016). In addition, in 2015 the Australian government funded 114 awardees, including 18 new intakes, at a cost of VuV 276,228.616 (Australia High Commission in Vanuatu, 2016). Other multilateral donor partners are also sponsoring Ni-Vanuatu to study in their respective countries.

Table 5.3.4: Number of scholarship awards by countries with bilateral agreements with the Vanuatu Government

| Countries | Number of awards |
|---|---|
| China | 50 since 2013 |
| Turkey | 3 |
| Papua New Guinea | 40 |
| Georgia | 3 |
| Thailand | 1 |

*Note.* Training and Scholarships Unit, Vanuatu

### *Overview and History of Students' Funding (Scholarships and Loans)*

Student funding through scholarships started in the early 1980s, and it has gradually increased over the years as demand for higher education has increased. These demands will continue to exert pressure on government funding. Because of this pressure, the National Scholarship Board, through the MoET, is looking for alternative ways to maximise the number of awardees with limited government funds through a partial funding approach. A policy on (scholarship) partial funding is currently being developed by the TSCU for public consultation, as well as for NSB and MoET approval.

In terms of student funding through loans, Vanuatu has not established a formal lending scheme for students to study at higher educational institutions. Even though some financial have offered a lending scheme for that purpose, parents rather than students are still burdened with repayment of the loans after graduation. This is currently part of the NSB and MoET agenda, to continually support human resources development in Vanuatu.

## 5.3.4 GOVERNANCE STRUCTURE

### *Structure of the Post-School Education and Training governance*

The PSET has been governed by the MoET since 2014. However, as mentioned earlier, the PSET sector components, which are TVET and higher education, were governed separately. The TVET subsector was governed by the then MYDST, while the higher education subsector is governed by the then MoE, together with the school subsector.

Although the MoET governs the PSET sector and develops its national policy, some PSET providers are governed by other ministries. For instance, the governance of Vanuatu College of Nursing Education (VCNE) is under the Ministry of Health; Vanuatu Maritime College (VMC) is governed by the Ministry of Infrastructure and Public Utilities; the Vanuatu Police Training College (VPTC) is under the Ministry of Internal Affairs; while the Ministry of Agriculture, Fisheries, Forestry, Livestock and Bio-Security governs the Vanuatu Agricultural College (VAC). In addition, these providers are governed under different legislations. For example, the VAC is governed by its own Act, VMC is governed under the Maritime Act, VPTC is governed under the Police Act, and VCNE is governed under the Nursing Council Act. Although VITE and VIT are under the MoET, they are governed separately by their own Acts. Also, each of the providers governed under an Act has a board of governance or council.

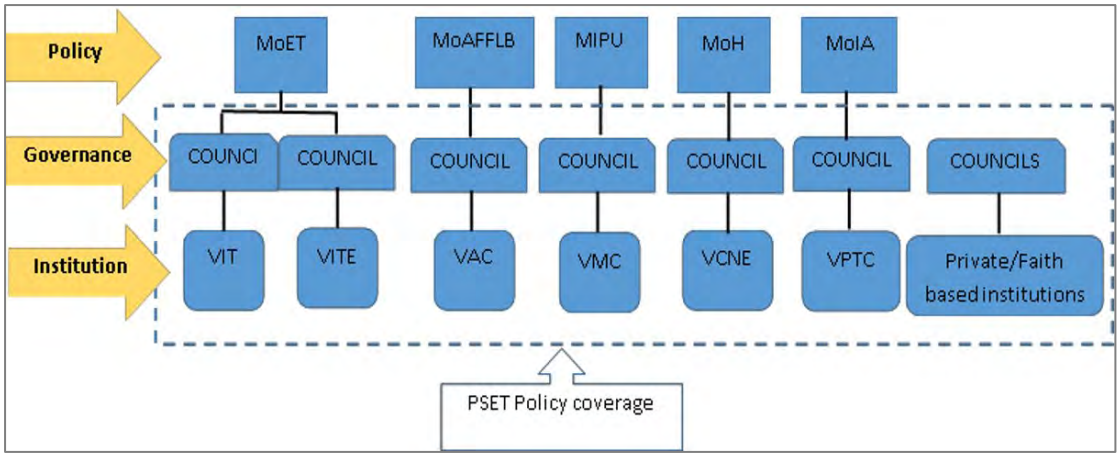


Figure 5.3.4 (b): Governing structure of the PSET sector in Vanuatu

Moreover, VAC, VMC, VCNE and VPTC were established under different ministries in order to respond to the education and training needs of the sector governed by each ministry. However, the overall policy direction of the PSET is given by the MoET; under the new policy direction, the administration of PSET providers is under the directorate of PSET.

### 5.3.5 AUTONOMY

The Act that governs each institution gives it the power to function autonomously through the assistance of a council. Institutions have autonomy to make decisions regarding academic issues. However, these institutions are not self-accrediting, and any decisions taken to resolve academic issues need to comply with the regulatory requirements set by the VQA Act. In addition, with the assistance of their governing councils institutions have the autonomy to administer and manage their daily affairs. In terms of financial autonomy, PSET institutions have the autonomy to use their funds, either from the government, tuition fees, and/or other alternative sources of funding.

### 5.3.6 ISSUES

#### *Issues and Challenges Related to Equity and Access*

The biggest challenge in terms of equity and access is funding support for students to enrol in higher education programmes. However, with the absence of an equity and access policy in PSET that also includes higher education, there is a clear imbalance between male and female enrolments. For example, in 2015 only 45 percent of scholarships to study at higher educational institutions were given to women, and women were under-represented in non-traditional study areas such as engineering, information technology/systems, administration/HRD and agriculture (2015 Vanuatu Government Funded Scholarship Awardee Analysis). In addition, according to data on the 2015 enrolments collected from the three

institutions surveyed, only 40.5 percent of new enrolees and 44 percent of continuing students were females.

### 5.3.7 CASE STUDY: VANUATU INSTITUTE OF TEACHER EDUCATION

#### *Overview*

The Vanuatu Institute of Teacher Education (VITE) is a government-owned and the only teacher-training provider in Vanuatu. It was established in 1962 by the British condominium administration, and it initially trained English primary school teachers at certificate level. During that same period (in 1964), the France condominium administration established the Ecole Normal to train French speaking primary school teachers. In 1981 the English and French teachers' programmes began to be delivered together under the Vanuatu Teachers' College.

The college has gone through various changes; by 2001 it had its own Act and a governing council, as well as a new name – the Vanuatu Institute of Teacher Education (VITE). Now VITE offers the following programmes at Diploma level:

- Diploma of Primary Teacher Education (in service)
- Diploma of Primary Teacher Education (Pre-Service)
- Diploma of Secondary Teacher Education (Arts)
- Diploma of Secondary Teacher Education (Sciences)

The institute plans to offer Bachelor level programmes beginning from 2018.

#### *Public Fund Allocation to Institution*

VITE is a government-owned institution and 74 percent of its budget comes from the national government; 3 percent of its funds come from donor countries and agencies, especially DFAT and MFAT under the Vanuatu Education Sector Project/Programme.

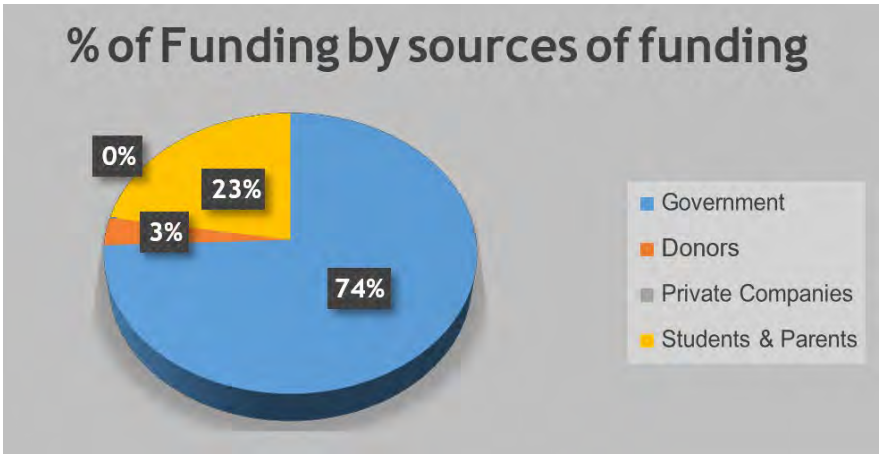


Figure 5.3.7 (a): Percentage of funds allocated to VITE by sources of funding

*Note*. Vanuatu Institute of Teachers Education,

Table 5.3.7 (a): Funding allocated to VITE by sources of funding

| Sources of funding | Amount (VuV) |
|---|---|
| Government | 104,628,710 |
| Donors | 4,505,800 |
| Private Companies | 0 |
| Students and Parents | 31,522,200 |
| **Total** | **140,656,710** |

*Note*. Vanuatu Institute of Teachers Education

It should be noted that of the VuV 104,628,710, VuV 20,000,000 is a grant allocation to the institution annually by the government, while VuV 82,628,710 is teachers' salaries and entitlements paid by the government through the Teaching Services Commission.

### *Autonomy of Institution in the Use of Tuition Fees*

Under the VITE Act of 2001, the institution, under the direction of the principal and the council, has autonomy in the spending of the funding sourced from the government and that received through tuition fees collected from students. From Figure 5.3.2 (a) above, 23 percent of the institute's budget is constituted by tuition fees paid by students. Students' contributions to VITE pay for their tuition, boarding, caution and insurance fees, as highlighted in the graph below.

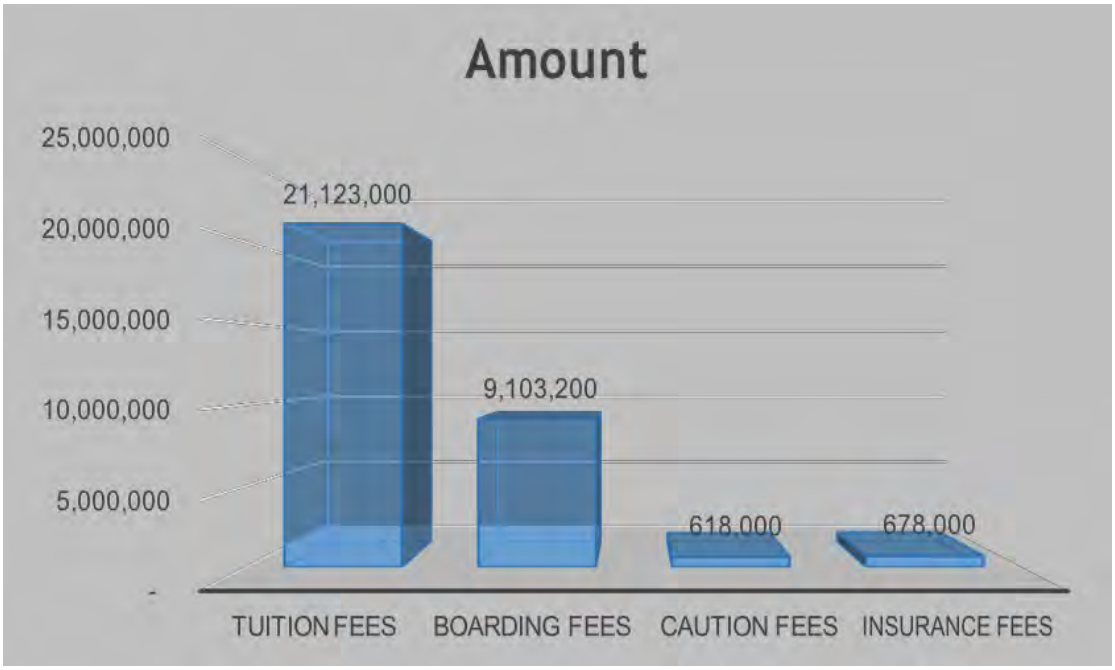


Figure 5.3.7 (b): Types of contribution by students and parents to the institution,2001
*Note*. Vanuatu Institute of Teacher Education

### *Revenue and Diversification Efforts*

Possibly because of its academic nature, the institute has only a few alternative sources of revenue, as specified in the table below.

Table 5.3.7 (b): Alternative sources of revenue

| Alternative sources of revenue | Amount (VuV) |
|---|---|
| Hiring of Facilities | 200,000 |
| Staff House Rent | 2,002,000 |
| Photocopying | 100,000 |
| **Total** | **2,302,000** |

*Note.* Vanuatu Institute of Teacher Education

### *Partnership with Industries*

Opportunities for partnership between industry and institutions are very limited in Vanuatu, due to the country's small industrial sector. However, VITE maintains a partnership with industries that provide telecommunication and other services, which are mainly its suppliers. In addition, it has set up partnerships with sporting associations in order to provide the students with sporting activities.

### *Restrictions and Conditions When Seeking Other Private Funds and Partnership*

VITE receives funding from the French Embassy through the Pacific Fund, Agence Universitaire Francophone through IT support, as well as volunteer support from Japan International Cooperation Assistance volunteers, US Peace Corps Volunteers, VESP funding support for curriculum development, Australian Business Volunteers, and scholarship opportunities fully funded under STETTIN funding. The first time VITE has sought private funding is through the Pacific Fund, where it has applied to engage two partner institutions for its course alignment exercise – namely the University of New Caledonia and the University of the South Pacific. Under this partnership, institutions are required to contribute to the project, usually in lecturer time, in Vanuatu.

### *Accountability*

All the money received by the VITE, from students' fees, public and/or private sources, must be accounted for in line with the requirements of the MFEM Act. Also, the VITE Act requires that the institutions' accounts be audited annually by the Auditor-General.

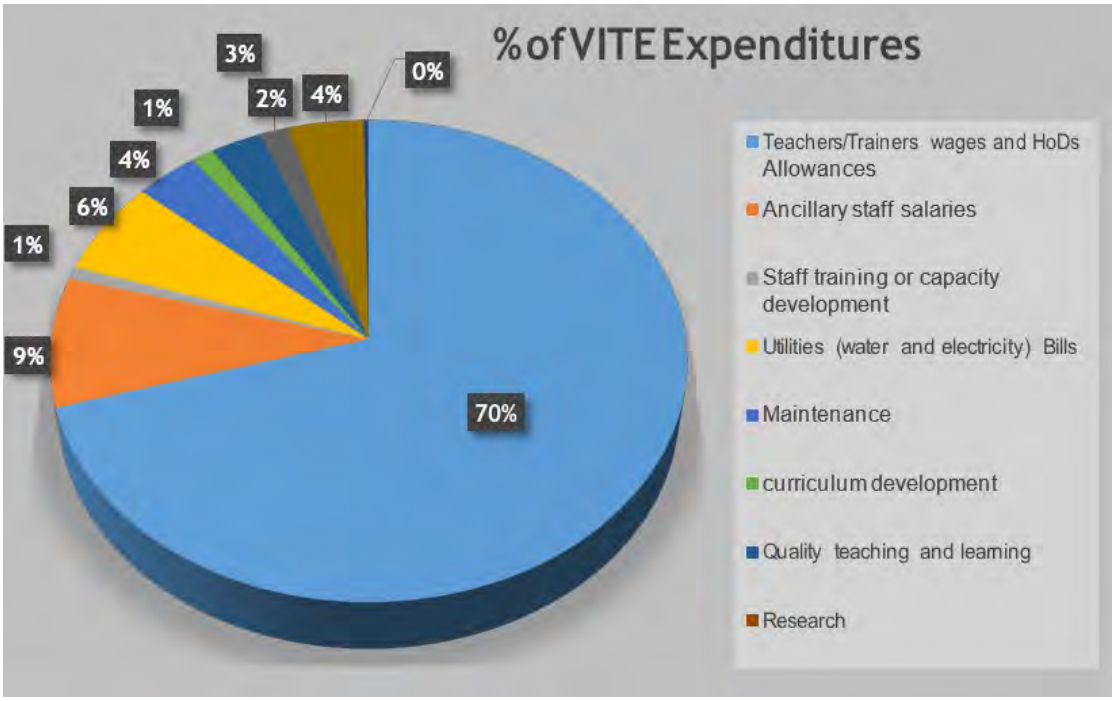


Figure 5.3.7 (c): Annual expenditures per expended item (in percent)

*Note.* VITE budget; the above graph gives the percentages of total annual budget for VITE for each expense item. Staff wages consume 70 percent of the total budget.

### *Challenges in Raising Private Funds*

It appears that VITE does not face any challenges in seeking private funding, since these funds are required to fund the priorities identified by the institution.

## 5.3.8 CASE STUDY: VANUATU INSTITUTE OF TECHNOLOGY

### *Overview*

The Vanuatu Institute of Technology was formerly known as the *Institut National de Technology de Vanuatu* (INTV). INTV was first established in the mid-1970s during the New Hebrides condominium period. From its inception in the mid-1970s until the early 1990s, INTV offered business, trade and arts and crafts programmes in French. In 2001 an Act of Parliament was promulgated to formally establish the Vanuatu Institute of Technology. In 1997 INTV secured a seven-year institutional strengthening programme/project funded by the then Australian Agency for International Development (AusAID) until 2005, when the VIT Act of 2001 was promulgated. During that period the VIT offered certificate-level qualifications in trades (automotive, electrical and mechanical, joinery and carpentry, as well as building construction), business and finance, information technology, tourism and hospitality.

VIT enrols over 700 students annually. In 2016, however, it only enrolled continuing students, following policy direction from the Ministry of Education and Training, which stopped new intakes in 2016. The new intake, shown in the graph, are students enrolled in tourism and hospitality programmes.

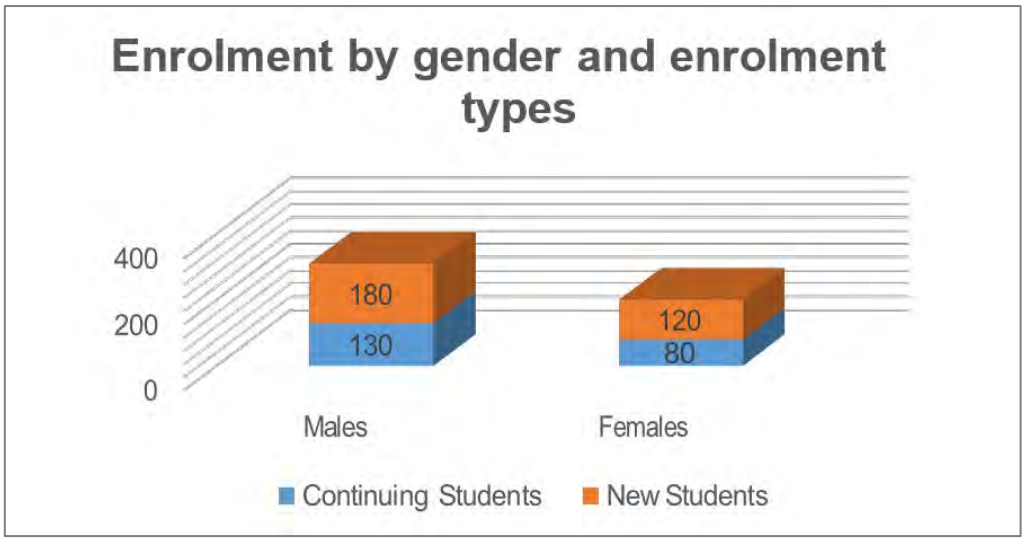


Figure 5.3.8 (a): Enrolment by gender and enrolment types, 2015

*Note.* Vanuatu Institute of Technology

### *Public Funds Allocation to Institution*

As a government institution, VIT receives public funding from the government for its teachers' salaries, and receives operational costs as grants.

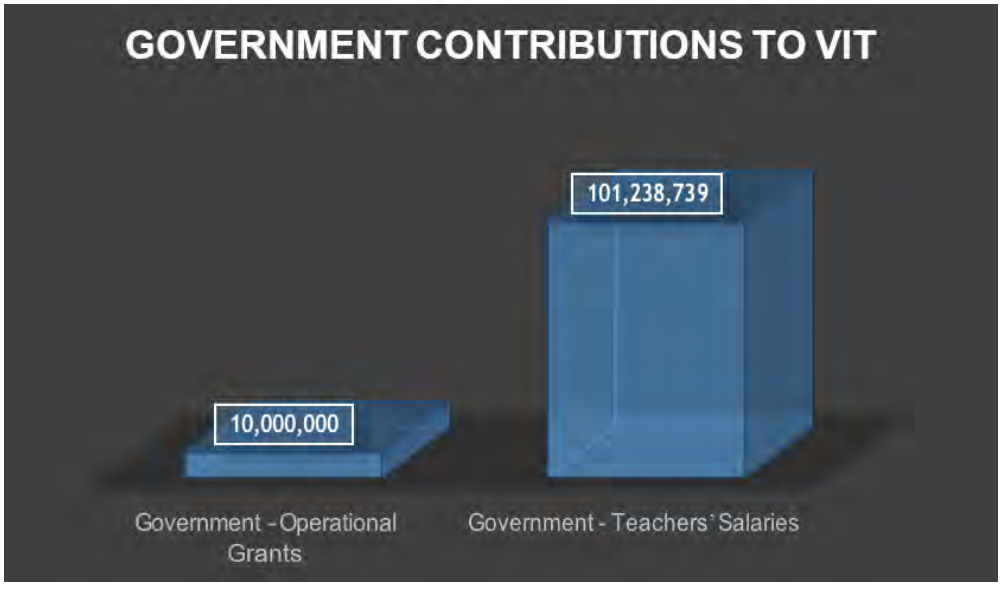


Figure 5.3.8 (b): Government contribution to VIT, 2015

*Note.* MoET Budget

### *Autonomy of Institution in the Use of Tuition Fees*

According to the Act of 2001, VIT can autonomously use the money it receives, either from the government, from the sales of products or services, or via tuition fees. The tuition fees paid by the students contribute 39 percent of the VIT's annual budget.

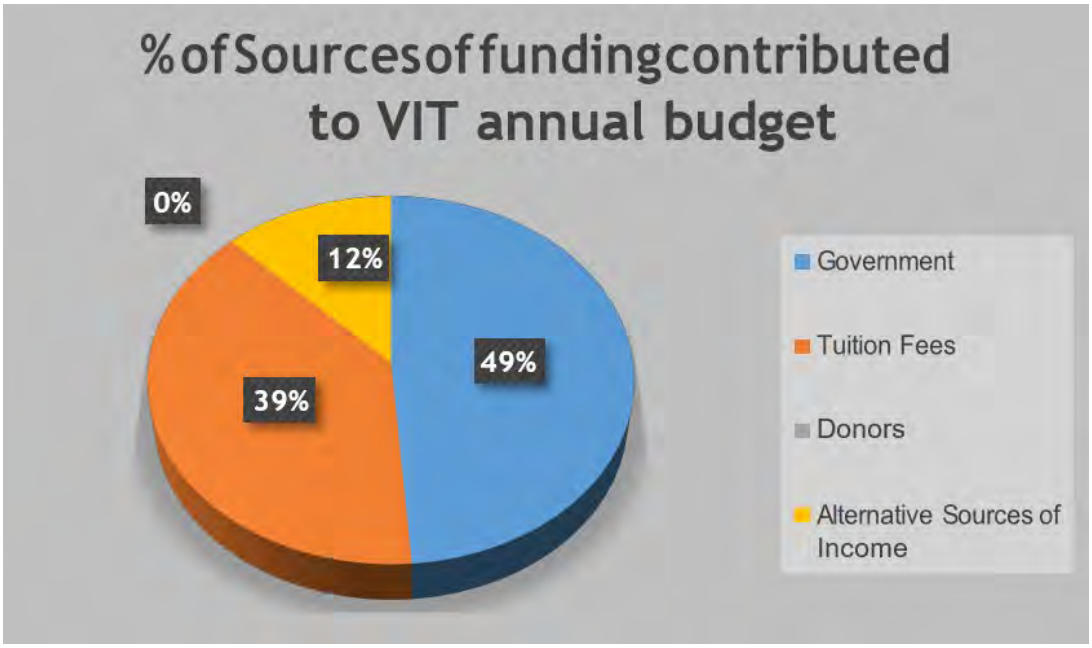


Figure 5.3.8 (c): Percentage of contributions for sources' funding to VIT's annual budget

*Note*. Vanuatu Institute of Technology 2015 budget

The table below shows that the students' contribution to VIT's annual budget through tuition fees amounts to VuV 88,580,000.

Table 5.3.8: VIT's sources of funding

| Sources of funding | Amount |
|---|---|
| Government | 111,238,739 |
| Tuition Fees | 88,580,000 |
| Donors | - |
| Alternative Sources of Income | 28,315,501 |

*Note.* 2015 Vanuatu Institute of Technology's Budget

### *Revenue and Diversification Efforts*

As a TVET institution, VIT supports its annual budget with products and services produced at the institution. The sales of products and services contribute 12 percent of VIT's annual budget.

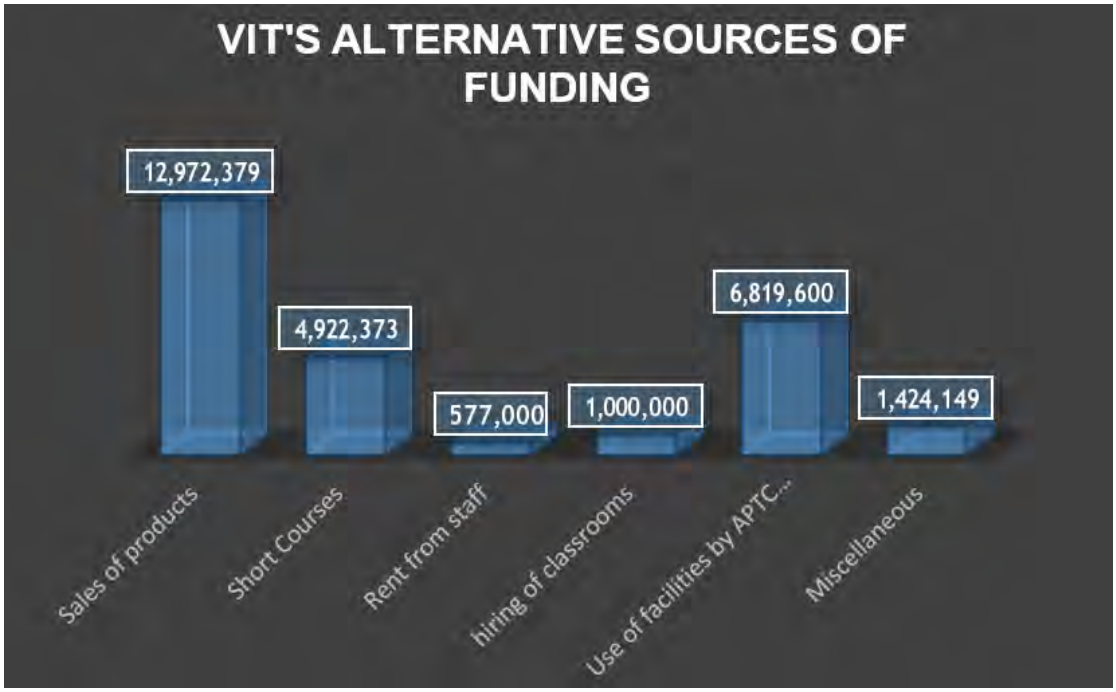


Figure 5.3.8 (d): Alternative sources of funding, 2015
*Note*. Vanuatu Institute of Technology

However, VIT would be able to collect more funds through maximising the use of its workshop facilities and classrooms. A survey shows that VIT has 36 classrooms and 5 workshop facilities (automotive, electrical, mechanical, joinery and hospitality). The classrooms are not used after normal working hours (7:30 am – 4:30 pm) in order to promote lifelong learning opportunities for people already employed, or unemployed young people. In addition, the short courses are training activities contracted and funded under the Skills for Economic Growth programme, funded by the Australia Department of Foreign Affairs and Trade.

### *Partnership with Industries*

In terms of partnership with industries, VIT has no established written agreement, but it has friendly ad hoc working relationships with different industries and different government departments in Port Vila; this is to facilitate practical work attachments for students. In addition, VIT has working relationships with industries, in order for them to have input into VIT's proposed new courses/programmes as required by the VQA. This is to address the relevance of the training delivered by the institution, and to respond to and minimise the gap between the supply of and the demand for training.

Furthermore, VIT has a funding arrangement, as per an agreement entered into with APTC, for rental of the VIT premises and workshops. In this agreement, a portion of the fund caters for upskilling trainers/lecturers and the refurbishment of facilities. In addition, VIT has entered into a long-term financial commitment with a local bank (NBV) for a commercial undertaking in the purchase a hotel or motel complex. This is to be used to complement its hospitality and

tourism school, but has been currently turned into an office facility to accommodate the Prime Minister's office, so as to respond to the bank's financial requirements.

### *Restrictions and Conditions When Seeking Other Private Funds and Partnership*

For any agreement made with any organisation, the conditions and responsibilities of both parties under the agreement are always stated. The agreement between the VIT and APTC is a memorandum of understanding for the VIT to accommodate APTC in its premises, and APTC in turn will rent the VIT facilities it uses, with no conditions for VIT to meet. However, the agreement with NBV is a lending agreement and VIT must comply with all the terms and conditions of the loan.

### *Accountability*

As a government institution, VIT is obliged to comply with the MoFEM and the General Auditor's Acts, as well as its own Act, in terms of accountability in the use of public and private funds allocated to it.

### *Challenges in Raising Private Funds*

It appears that the challenges in raising private funds are minimal, especially for government-owned institutions; the only challenge that may be encountered is the need for timely payments.

## 5.3.9 CASE STUDY: EDWARD COMPUTER FOUNDATION

### *Overview*

The Edward Computer Foundation is a Ni-Vanuatu private institution established in early 2000. It offers information technology programmes to junior secondary school leavers (grade 10/form 4), high school leavers (especially form 6 and 7), and already employed individuals. The owner also established the ECF alongside his Computer Network Services (CNS) business that sells IT equipment and devices and engages in computer repairs. The ECF provides certificate and diploma programmes on software, hardware, information systems and programming.

### *Public Funds Allocation to Institution*

ECF receives no funding from the government or from donors.

### *Autonomy of Institution in the Use of Tuition Fees*

The main source of funding for ECF is student fees. Annually, ECF collects about VuV 15,000,000 in tuition fees.

### *Revenue and Diversification Efforts*

ECF does not have any source of revenue other than the tuition fees paid by students.

### *Partnership with Industries*

In the past ECF has tried to establish relationships with industries, but this has proved to be difficult. Currently, it has established relationships with industries in order to assist in the re-development of its programmes, as per the VQA requirements. ECF also has partnership arrangements with other institutions outside Vanuatu, including in the Philippines and Indonesia. The Indonesian government assists ECF in the provision of computers.

### *Challenges in Raising Private Funds*

A challenge faced by ECF when requesting private funds, either from the industries or individual donors, lies in the belief that ECF is a profitable organisation. As such, assistance may not be extended to it by donors. Another challenge is that many of the requests made by ECF do not receive any feedback.

# REPUBLIC OF KIRIBATI

**Ms. Felicity Kaiuea**
*Ministry of Education, Republic of Kiribati*


Photo: University of South Pacific Kiribati, Republic of Kiribati

### 5.4.1 BACKGROUND[24]

This report aims to provide information on higher education in Kiribati, using case studies of the Kiribati Teachers' College and the Kiribati Institute of Technology. In terms of the national context, Kiribati is a democratic state where the government is the major employer. According to a National Statistics Office report, public service comprises almost 50 percent of the labour market, while the rest is provided by private companies and non-government organisations that are involved in the provision of employment opportunities in the country (Ministry of Finance and Economic Planning Kiribati, 2015). Since the labour market is very much linked to the education system – in terms of the formation of career pathways, the development of policies to enhance labour and learners' mobility; among others – it is important to study how the school system in Kiribati operates in order to fit into such an interrelated system and create employment opportunities.

The school system in Kiribati is made up of different levels of education, just like school systems in other parts of the world – although it has followed the Western style since the colonial period. Nonetheless, there have been changes in the structure of education in the country since Kiribati became independent in 1979. During the tenure of the country's first President, Leremia Taabwai, the Ministry of Education, Training and Culture was made up of different departments including the Tarawa Technical Institute (now known as the Kiribati Institute of Technology), the Youth and Sports departments and so on. The ministry was renamed the Ministry of Education, Youth and Sports Development in Tito's administration, and then the Ministry of Education during Tong's government (Teabo, 2016).

The syllabus has also followed changes imposed by the government of the day. For instance, the curriculum was based on the Cambridge teaching framework since the colonial period until the mid to late 1980s, when New Zealand's syllabus was introduced. In 1989 the secretariat of the Pacific Board for Educational Assessment became the examinations provider for Form 6, while those in Form 5 sat the Kiribati National Certificate examination. In 2015 the Ministry of Education introduced National Certificates for Forms 5 and 6. When students completed Form 6 they could choose whether to proceed to Form 7 with the South Pacific Board for Educational Assessment (SPBEA)'s programmes or enrol in foundation studies with the University of the South Pacific (Kum-On, Personal communication,2016). Those who did not make it into Form 7, or who had dropped out of school at lower levels, could find placements at the Kiribati Institute of Technology, the Nursing School, or the Kiribati Teachers' College depending on their interests; otherwise they would become members of the community. In the past, graduates of Forms 3, 5 and 6 could easily get jobs in civil offices; however, nowadays this has become much more difficult, given the increase in the numbers of Form 7 graduates and USP students who have graduated with Bachelor's degrees but without permanent jobs.

[24] This section will look on Republic of Kiribati and the content will be based on the writing by Felicity Kaiuea (2016), Ministry of Education, Republic of Kiribati.

The organisation of higher education and direction to career pathways is quite complicated. Currently, the Kiribati Teachers' College is under the Ministry of Education, while the Kiribati Institute of Technology and the Kiribati Nursing School have merged and are under the Ministry of Labour and Human Resource Development (MLHRD). In the 1970s, as stated by Dr. Mackenzie, the Tarawa Technical Institute and the Marine Training School were under the Ministry of Education, Training and Culture. The University of the South Pacific Kiribati campus is independent and only accepts students with a pass in Form 5 for preliminary studies (equivalent to Form 6), while those who have passed Form 6 are accepted for foundation studies. There are other non-academic programmes that are offered, including studies in hospitality, early childhood education certificates, and some TVET-recognised certificates. All the aforementioned are different in terms of accreditation, governance and autonomy, management and administration, financing models, how fees are determined and used for quality education, and so on. For instance, the Kiribati Teachers' College (KTC) will soon be accredited with the education quality and assurance project, which owns the Pacific register of qualifications and standards.

On the other hand, the Kiribati Institute of Technology is an Australian qualifications provider accredited with TAFE Australia. The University of the South Pacific Kiribati campus is entirely controlled by the main campus in Suva, even though it has its own Director. Also, the recognised qualifications at USP are accredited differently. For example, as explained by Dr. Mackenzie, the Bachelor of Science in Professional Computing is accredited with the Australian Computing Society and the Professional Engineering Degree programme is accredited with the Institute of Professional Engineers, New Zealand, among others. In addition, the tuition fees at the USP Kiribati campus are determined by the senior management team, with the university taking part in the decisions. While a free education policy is being adopted at the Kiribati Teachers' College, the tuition fee at the Kiribati Institute of Technology (KIT) is relatively cheap and affordable, at AUD300 per semester, while the tuition fees at USP campus are very expensive. In terms of a national qualifications framework for Kiribati, it is clear that this is yet to be organised in a consistent way so as to ensure that job applicants, and those who seek higher education admissions, are assessed fairly.

### 5.4.2 THE STRUCTURE OF HIGHER EDUCATION AND AUTONOMY IN KIRIBATI

The KTC and KIT are the same in terms of the legal framework within which they operate. USP is a regional institution; it is more autonomous from government prerogatives, even though it reports to the Minister of Education. It also ensures that all its new in-country qualifications are delivered, especially in its continuing education programme, and that they align with the strategic plans of the USP. In addition, it gives reference to the academic plan of the campus, and ensures it is in line with the Kiribati Development Plans (Mackenzie, personal communication, 2016). KIT, on the other hand, is a department in the Ministry of Labour and Human Resources Development, which has been looked after, and financially assisted, by either AusAID, the Technical and Vocational Education Training Skills Scholarships Programme (TVETSSP), or the Australian Project – also known as the Technical Vocational Education and Training Sector Strengthening Programme.

All KIT qualifications are accredited by Technical and Further Education (TAFE) Australia, and lecturers are required ensure that quality education is delivered. Ongoing assessment for quality assurance is carried out by TAFE Australia, in collaboration with TVETSSP and the MLHRD (Ministry of Labour and Human Resource Development). Moreover, all decisions on the delivery of quality education are to be aligned with the Australian Vocational Education and Training Quality Framework (Agency for Vocational and Training Education (AVET) – Quality Framework), as stated by the Deputy Director (Teororo, 2016. Provided the control of the institution's budget rests with the secretary of the MLHRD, KIT may propose initiatives that may be deemed appropriate for cabinet's approval, and may have to utilise its budget, subject to the approval of the SRO/secretary. There have been ongoing debates on the need for tuition fee revenue to be kept in a separate account with the KIT. However, so far nothing has changed, and this income has remained in government account outside the institution's direct control.

Lastly, the Kiribati Teachers' College, being one of the Education Ministry's departments, has full authority to devise various activities in line with the education sector strategic plan and the Kiribati development plan. The college may independently decide on the operational needs of the school. However, it must stick to the government's budgetary allocation, which is a 3 percent increase on the ministry's overall budget every year. Unlike KIT and USP, KTC is a free-education institute.

The analytical study of KTC and KIT, discussed in more detail below, will highlight how the two higher educational institutions are similar to, or different form, the USP Kiribati campus, in terms of structure, channels of communication, governance and autonomy, financing model, accreditation of qualifications, and so forth.

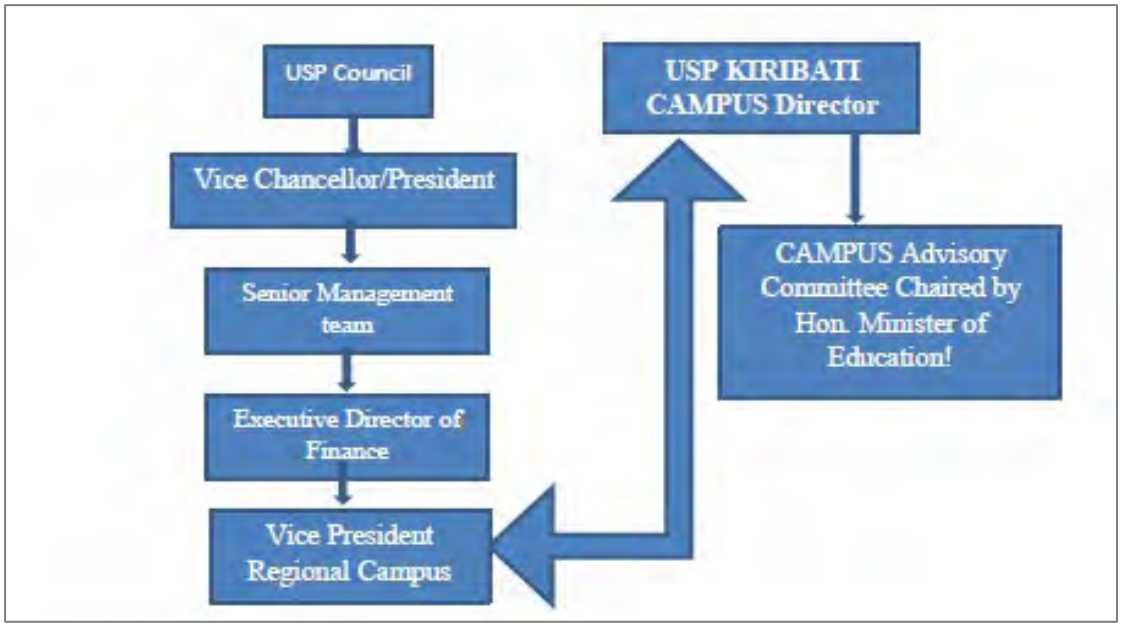


Figure 5.4.2 (a): Structure of USP Kiribati campus
*Note*. Retrieved from USP Kiribati

The USP Kiribati campus has 3 main forms of budget: (1) the recurrent budget; (2) the trading budget; and (3) the capital expenditure (CAPEX) budget. The campus has direct control over its trading budget; however, it has to utilise its recurrent expenditure according to the appropriate measures that are in place. The CAPEX budget is for capital investments, whereby the local campus is expected to develop while also submitting its business case to the Vice President of the regional campus. This business case highlights the viability of projects for the approval of payments of capital that is not funded under the recurrent budget (Mackenzie, personal communication, 2016).

In addition, the only legislation that governs the assurance of quality education in Kiribati is the Education Act of 2013. This Act is a general law that regulates and focusses mainly on the right of all children to education, but the Act does not have much to say about higher education. There are no other Acts besides this in the Ministry of Education, and in particular there is nothing to provide a legal framework for higher education in the country. Therefore, the higher education system is rather disorganised at the current time.

Based on the foregoing, there are different qualification frameworks that the KIT, KTC and USP operate within, and therefore awards are inconsistent, and it is difficult to get an understanding of whether or not competencies (or skill sets) and the number of credits used to deliver similar qualifications are matched. The lack of a national qualification and accreditation agency contributes significantly to this problem, but developing such an agency would be a significant project costing thousands of dollars. Furthermore, entry to higher education in Kiribati, in particular to the USP and KIT which require students to pay tuition fees, has become easier since the introduction of a loan scheme policy by the Ministry of Education in 2015. Those who are eligible to apply for this loan scheme are considered fortunate, including students with working parents or family members to support them and provide security (under the Kiribati Provident Fund) for their loan.

The diagram below clearly shows the links between the basic school system and higher education in Kiribati. It also shows the direction of career pathways for school children, from kindergarten to universities and other tertiary educations in Kiribati and abroad, provided that Kiribati does not have a national university of its own.

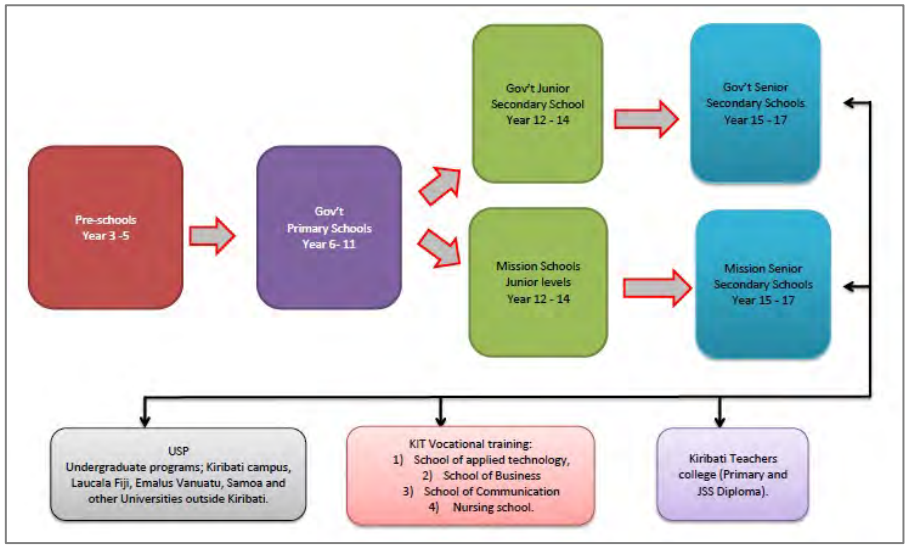


Figure 5.4.2 (b): Basic school system and higher education in Kiribati

### 5.4.3 CASE STUDY: KIRIBATI TEACHERS' COLLEGE

This case study of the KTC focusses mainly on the following areas:

i) the evolution of the KTC
ii) facilities, infrastructure and human resources development
iii) the structure and system of KTC as the only higher education under the Ministry of Education
iv) the governance system under which KTC lies
v) a strategic approach to quality education, equity, inclusiveness and access
vi) the financing model and budget cycle that is involved in funding the KTC

The information used in this report was collected from the responses of twenty-six interviewees, who are all teachers and former trainees of the KTC. Some published government reports were also used in the writing of this section. The selection of interviewees was non-random, with the ages of respondents varying from 18 to 87 years. Among the 26 interviewees were 16 females, 6 males and 4 who did not disclose their gender on the questionnaires. Other former and current senior officials of the KTC were also interviewed, and the responses are summarised.

#### BACKGROUND

##### *The Evolution of the Kiribati Teachers' College (KTC)*

KTC was first established in 1953, when was known as the Tarawa Teachers' College until the new name of the Kiribati Teacher's College was adopted. It started off with only 10 teacher-

trainees, among whom 3 were female and the rest were male. There was no suitable accommodation for KTC trainees; the male trainees were accommodated at the King George V secondary school, while the females stayed with KGV teachers. Their training took place in the school classroom. The government recognised the need for the college's development in 1957, and two Kiribati housing grade C houses, which were situated in Bikenibeu and had previously been used by health workers, were turned into classrooms for the KTC trainees. The houses were used for some months until a newly constructed and established teacher training campus (which is still in use) was opened in 1958. It is not clear how the construction was funded.

The merger of the Catholic Teachers' College in Tabwiroa Abaiang with the TTC took place in 1965, with the promise that the government would take in teachers from the Catholic college to be lecturers at the newly established TTC, based on the requirement that the trainees at the Catholic college passed the entry examination to TTC (KTC). In 1964 the Catholic Teachers' College was closed down and all its teachers, among whom several were nuns – Sr de Montfort (Sheila Molloy), Sr Juliette Baker, Sr Berness Claxton and Sr Francis Xavier (Margret Sullivan, Personal communication, 2016) – became trainers for teachers at the TTC during the 1960s and 1970s. The OLSH nuns remained at TTC until 1979, when they lost their flat to be converted into a classroom. (Margret Sullivan, Personal communication, 2016).
KTC is now known as a qualification provider for both pre-service teachers (newly trained teachers) and in-service teachers (upgrading teachers). Most of its activities are locally funded by the government, but some are co-funded with the Kiribati Education Facility (KEF), an administrator of the Kiribati Education Improvement Project.

### *FACILITIES AND HUMAN RESOURCES*

Since 1957 there has been a slow facelift and renovation process under way at the college, based on government budget constraints and prerogatives. From the interviewees' information, it is clear that there has been little attention paid to improvement programmes for KTC facilities, except that the government has prioritised spending on the living and training expenses of the trainees – including free food and drink, training programmes, and accommodation. In addition, teachers were sent overseas (e.g. to Australia or Hong Kong), either for training in areas where KTC lacks expertise (such as the Sciences) or because of the absence of proper facilities and equipment – this was the practice from the 1970s until the early 1980s. Those trainees whose programmes could be taught in the country remained with the KTC, which was manned at that time by expatriate lecturers, mostly from Australia, and the Catholic mission teachers' college in Abaiang, which merged with TTC in 1965.

The teaching qualification offered by KTC was a two-year certificate programme for primary school teachers only. Upon graduation, the trainees were recognised as Grade 4 primary school teachers. These teachers were able to go back to the college after some years teaching in primary schools in order to be upgraded to Grade 3 primary school teachers after a further one-year course. This qualification was offered until 2000, when a newly developed three-year primary school diploma programme was introduced. Also, unqualified and unrecognised

monitors who had been teaching in primary schools could be automatically enrolled into KTC for a two-year training programme, in order to become certified primary school teachers. The last cohort of these trainees graduated in 2006.

Expatriate teachers and overseas training for KTC trainees dominated until the late 1950s, when more locally qualified people began joining the teaching profession. This started with two very capable and talented (local) young men by the names of Mose Oma and Loteba Tetoa, who became lecturers in the school. Since then, more locally qualified lecturers have joined and local personnel have thus begun taking up managerial positions (KTC Operations Manual, 2009).

In the 1980s there was a need to increase the trainee roll so as to fulfil the need for more teachers at the primary school level, in response to the increased numbers in class rolls from 1 to 6 and in class 9. However, the interviewees noted that there were no extensions of the living quarters during that time, besides the establishment of a new dormitory to replace the old one in the early 1980s.

A new era began in 1997, when the government established the Junior Secondary School (JSS). The demand for teachers to take up vacancies at this school level was very high. Unfortunately, there was no plan to prepare and train enough teachers to fill this demand, and hence many of the senior primary school teachers were automatically taken to fill the posts, while the first ever (newly) recruited JSS trainees were also employed. Ten of these, among whom were some energetic and capable young men and women, were trained at this teaching level and graduated (in 2000) with a certificate in teaching at the JSS. Later on, these JSS graduates were sent back to KTC again to complete their diploma in JSS teaching.

While there was a need for more teachers to staff both the primary schools and the JSS, the Ministry of Education maintained silent, and there were no projects for the development of facilities at KTC.

Table 5.4.3 (a): Renovation, facelifts and construction of new facilities at KTC

| Year | Facility/infrastructure development | Funding provider | Amount in AUD$ |
|---|---|---|---|
| 1953 | Dormitories | Kiribati government | No record |
| 1960s | | | |
| 1880s | New Dormitories (60+ bedrooms) to replace the old ones | | No record |
| 1990s | | | |
| 2007 | Lecture hall | United States | Less than $ 50,000 |
| 2009 | Old science lab was renovated and transformed into the new fully equipped computer lab for students (internet connectivity etc.) | Kiribati government | |
| 2010 | • Renovation of old 1st floor building to one English Resource centre<br>• Renovation of old classroom block (2 rooms) into a Staff Room and Student Support Centre | | |
| 2015 | • New fencing<br>• Renovation of old classroom into a new fully furnished, air conditioned and convenient meeting room | Shared between KEF (Kiribati Education Facility project) and MoE (saving from recurrent budget) | Around $ 40,000 |
| 2016 to date | Mainly for maintenance work in buildings | | |

*Note:* Sourced from interview responses in 2016

The major challenge to facilities development is that the allocated budget for the construction and maintenance work for every ministry, including the MoE, falls under the remit of the Ministry of Public Works and Utilities (MPWU). So if there is the need for maintenance at KTC, the MPWU must be consulted for a final decision. If the MPWU agrees with the need for the maintenance in line with its policies, the work will be carried out; otherwise, the relevant ministry may need to find other options to satisfy the need.

In terms of infrastructure and facilities development at KTC, human resource development is another major concern for the MoE. This is related to the qualifications of lecturers, who are expected to train the teachers of future leaders in Kiribati, and to ensure that every student is provided with quality education. The table below shows the qualifications of KTC lecturers, including those at the most senior levels.

Table 5.4.3 (b): The qualifications of KTC lecturers

| Positions | Minimum qualification requirement | Post holder |
|---|---|---|
| Principal | Master of Education | Bachelor of Education and Post-grad Certificate in Public Management |
| 2 Deputy Principal | Degree in Education/Tertiary Teaching with 3 years' relevant work experience | Both the incumbents have Bachelor's degrees in technical areas other than Education |
| 2 Senior Lecturers | Degree in Education or Tertiary Teaching with relevant work experience | Qualified teachers with education backgrounds |
| 25 Lecturers | Degree in Education or Tertiary Teaching | Almost half of the lecturers do not hold a degree qualification but are qualified and experienced teachers who are previous graduates from KTC |

The major challenges faced by KTC lecturers are as follows;

- Limited opportunities for capacity building.
- Emotional or self-confidence issues affecting the performance of some lecturers who are not qualified with a degree or a post-graduate degree, in line with the post qualification requirements. These teachers' self-esteem can be negatively affected, especially when they are teaching in a Diploma programme, since their qualifications are equivalent to those provided in the programme they are teaching.

### *GOVERNANCE AND AUTONOMY*

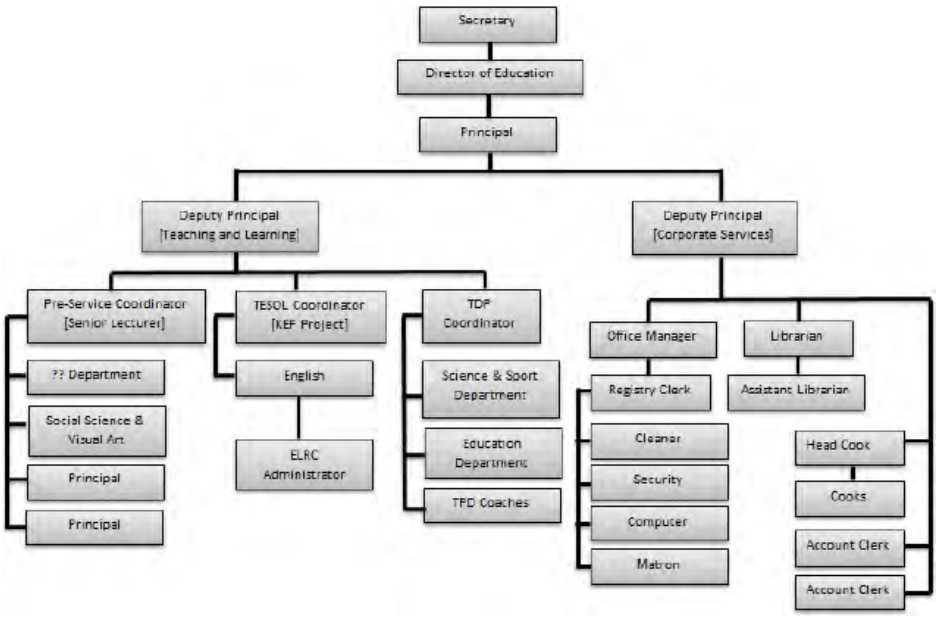


Figure 5.4.3 (a): The structure of KTC

For a long period the KTC was not accredited since its establishment in 1953, but nevertheless it has been operating to address the needs of the government for teachers. However, the Ministry of Education, in collaboration with EQAP, has been working to ensure that KTC receives accreditation as a teachers' qualification provider, in line with the Pacific Qualifications Framework. This project was undertaken with 2017 as the projected completion period.

The KTC Principal has the authority to make decisions that are considered necessary for the smooth and successful operation of the college. This is done in consultation with the Director of Education who reports directly to the Secretary of the MoE, in whom the cabinet's trust is vested regarding the adherence to and implementation of the Kiribati Development Plan – the Ministry's budget, and national policies. Also, the Principal has no authority over the budget, and cannot approve payments with respect to the needs of the college. However, all procurements must have budgetary allocations, otherwise no payment may be made. In addition, only the administrative officers and the directors are authorised to sign and approve the release of funds for the operation of the KTC.

In terms of how the KTC ensures the quality of education, the Principal may offer recommendations to the Director of Education, but the final decision is to be made by the Secretary prior to being passed to the Minister. Thus, if the Secretary agrees with an initiative, it will be discussed with the Minister to receive his or her agreement, after which a policy paper will be developed and submitted for the cabinet's final endorsement. Otherwise the initiative will be turned down; this is commonly known as 'bottom-up decision making'. An example of 'top-down decision making' would be when the Minister suggests an initiative or policy to be considered for approval by the cabinet, usually in the best interest of the government.

Hence, the administrative team at the KTC is responsible for ensuring that all the paperwork on initiatives is completed as soon as possible. In terms of recruitment and selection procedures, which contribute to the delivery of quality education, the enrolment of qualified people to become competent teachers is usually carried out before the end of the college's calendar year. An open competition is announced to the public as the initial stage in the recruitment and selection of trainees. The minimum qualification requirement for trainees for the year 2017 is detailed below;

Table 5.4.3 (c): The minimum qualification requirement for trainees

| Program | Minimum qualification | Duration of programme |
|---|---|---|
| Primary Diploma | Form 6 (with good pass in Maths and English) | 3 years |
| JSS Diploma | Form 6 (with good pass in Maths and English) | 3 years |

From 2011 the intake of pre-service student teachers was suspended for three years, on account of the estimate that excess trainees had been recruited in previous years. This was later shown to be incorrect when the KTC devised a project to maintain the supply of qualified

teachers, with the financial and technical assistance of the Kiribati Education Improvement Project (KEIP). A committee of professionals called the Teachers Supply Needs Working Group (TSNW), was set up in 2012 in order to create an option paper focussing on how the supply of qualified teachers should be determined. The following method (see Table 5.4.3 (d)) was used to ensure that the supply of teachers would be sufficient. This is based on the principle that quality education may only be achieved if one teacher teaches 27 students (1:27) in a class, together with other variables to be considered in the projection of the supply of quality teachers. Thus, the TSNW group came up with the formula below:

Table 5.4.3 (d): Formula for quality teacher projection

| | **2014** | **2015** | **2016** | **2017** |
|---|---|---|---|---|
| Student Pop proj | 18,862 | 19,427 | 20,019 | 20,623 |
| Annual % Pop proj | 3.0% | 3.0% | 3.0% | 3.0% |
| **Leavers** | **109** | **107** | **94** | **94** |
| Study by KTC (in-service) | 60 | 50 | 40 | 40 |
| Study at USP | 3 | 3 | 3 | 3 |
| Retired | 16 | 24 | 21 | 21 |
| Resigned (average) | 5 | 5 | 5 | 5 |
| Transferred to MoE HQ | 1 | 1 | 1 | 1 |
| Long-term leave, e.g. maternity/sickness, LWP | 2 | 2 | 2 | 2 |
| Deceased (average) | 2 | 2 | 2 | 2 |
| Monitors | 5 | 5 | 5 | 5 |
| Contract/temporary (average) | 15 | 15 | 15 | 15 |
| **Additions** | **80** | **80** | **70** | **90** |
| Graduates (KTC and others) | 0 | 0 | 0 | 30 |
| Contracts – retired teachers (average) | 15 | 15 | 15 | 15 |
| Returning teachers (in-service + leave) | 65 | 65 | 55 | 45 |
| Monitors | 0 | 0 | 0 | 0 |
| **Actual number of teachers required** | | | | |
| Est. required teachers based on current PTR 1:27 | 691 | 712 | 734 | 756 |
| Number of teachers available based on flow | | | | |
| Number of teachers available PTR 1:27 | 642 | 664 | 688 | 730 |
| **Gap** | | | | |
| No. of additional teachers required PTR 1:27 | 49 | 48 | 46 | 26 |

*Note*. Retrieved from Qualified Teachers Option Paper, 2012

All the activities and policies of KTC are aligned to the ministry's strategic plan, referred to as the Education Sector Strategic Plan (ESSP, 2016–2019). The ESSP is a four-year plan aimed at matching and implementing the prioritised activities that are specified in the Kiribati Development Plan (2016–2019). In every activity, approved recurrent and development budgets are allocated to meet the financial needs involved in implementing the strategic activities in a given year.

### A STRATEGIC APPROACH TO QUALITY EDUCATION, EQUITY, INCLUSIVENESS AND ACCESS


Figure 5.4.3 (b): KTC's autonomy to develop its DOP in line with the ESSP, KDP and the MOP

### BUDGET

The theme for the ESSP (2016–2019) is 'Education is Everyone's Business'; its mission is 'Working Together, We are Building a Better Future for all Children in Kiribati'. Some of the important underpinning principles in the development of the ESSP (2016–2019) are as follows:

- to reflect and support national policy priorities for human resource development specified in the Kiribati Development Plan (2016–2019)
- to bring in a strategic imperative to improve:
  - equity and access
  - literacy and numeracy
  - English language acquisition

In addition, planned activities with possible desirable outputs are clearly explained in the KTC's divisional operational plan (2016–2019). Nonetheless, KTC is very much involved in the second goal of the ESSP, which is to 'Develop a Committed, Competent and Effective Education Workforce'.

Some of the indicated priority areas to achieving this goal are as follows:

- teachers' registration, in order to ensure they are qualified and meet all the necessary requirements as teachers
- restructure the academic programmes of KTC to conform to international standards
- KTC facilities refurbished
- accreditation of KTC with EQAP to meet international requirements, etc.

The authority of the KTC's Principal, in consultation with his/her professional management staff, includes the following:

- to develop the college's strategic plan, highlighting its priority targets and the activities involved
- to develop the college's budget estimates for the final approval of the Secretary
- to decide on what mechanisms will be adopted in order to ensure the delivery of quality education – but the final decision will be made by the Secretary and the Minister of Education

### *ISSUES AND CHALLENGES RELATING TO EQUITY AND ACCESS*

With the ratification of the Education Act, 2013 and the government's top priority of supporting human rights, inclusiveness and gender equity have become the focus and main concern in all the schools' policies – including the intake of students, enrolment, attendance in classes, seating arrangements in examinations, and scholarship opportunities. This was not a significant concern in the recruitment and selection of the college's trainees in the past years, since the candidates have to compete for entry into the KTC in the context of a belief that teaching is more suitable for women than men. However, the current system is more focussed on considering gender balance for future intakes into KTC (Tebitaki, personal communication, 2016). In terms of scholarship awards to public servants, including KTC employees, the importance of fairness and equity in gender-based selection for scholarship awards is considered extremely important. This policy applies to pre-service open scholarships as well as in-service awards that are also based on merit, in line with the National Human Resource Development Plan.

KTC's trainees and qualified teachers can both apply for the open equity scholarships which are offered in very limited seats (usually one or two awards per year) for pre-service training. However, there are more places available in the in-service scholarship scheme for which KTC lecturers/staff can apply, but this is also very competitive given the high demands for study scholarships in the context of a growing population.

In light of the fact that the MoE's workforce consists mostly of female employees, equity and fair access to KTC as a qualification provider for over one thousand teachers remains an issue.

This is very much related to a recent study of school children's performance, which found that girls are doing much better than boys.

Last but not least, KTC's campus setting is not inclusive because there are no access paths for people with special needs to allow them to access offices, classrooms and toilets. Thus, significant funding is required to finance the KTC infrastructure's development for a more enabling, fairer and more inclusive environment.

### THE FINANCING MODEL

There are 2 types of budget allocations, known as:

1. Recurrent Budget
2. Development Budget

As shown in the following diagram, the budget process involves the preparation of budget estimates by all divisions or departments. Once the budget proposal is ready, it should be brought to the Administration division, in particular the Deputy Secretary, whose role is to ensure sound and effective implementation of the budget to meet the ESSP goals.

The Deputy Secretary should work with the Account Division to complete the ministry's Recurrent Budget. This is the first stage in the scrutiny of a division's proposed budget. The total estimate can either be accepted in its entirety, or amendments may be made based on the ministry's priorities and the desired zero budget change.

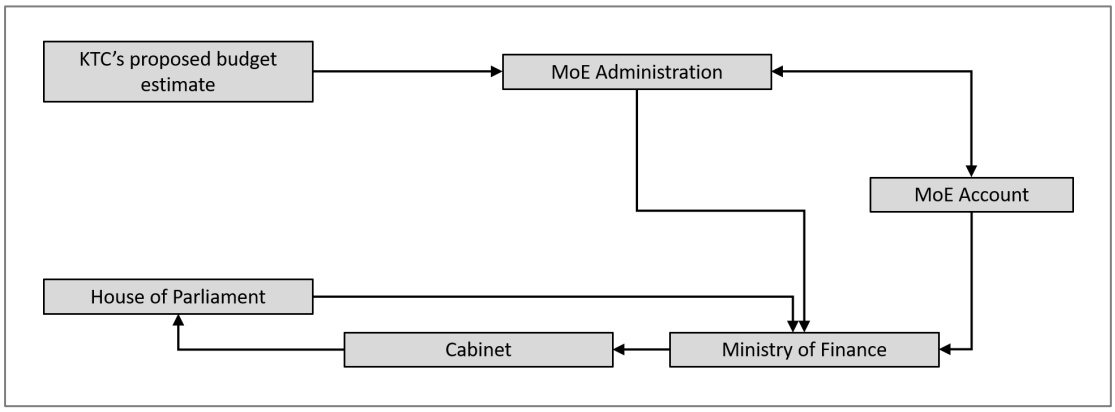


Figure 5.4.3 (c): The Ministry's budget cycle diagram

The divisions' budget proposals are compiled to produce the MoE's Budget Estimate, and this is forwarded to the Ministry of Finance and Economic Development (MFED) for the cabinet's endorsement. Before the Budget Estimate is submitted to the cabinet, the MFED has to make sure that the proposed Budget Estimate is not hugely different from the previous year's revised budget.

Unless there is urgent need to accept the proposal, especially additional bids, the MFED can approve an increase in the Budget, but the final decision is again with the cabinet. When the cabinet agrees to the proposed Budget Estimates they can be brought up to Parliament as a bill for final approval.

Usually the Budget Estimate is discussed and proposed for endorsement in a Parliamentary sitting, and once passed it goes back to the MFED as a warrant to meet all the proposed expenditures highlighted in the Ministry's Revised Budget.

The table below highlights the MoE's budget allocations for Kiribati Teachers' College:

Table 5.4.3 (e): MoE budget for Kiribati Teachers' College

| Year | Revised Budget (AUD$) | Difference | Comments |
|---|---|---|---|
| 2014 | 834,492.00 | - | - |
| 2015 | 836,866.00 | 2,374.00 | - |
| 2016 | 1,073,587 | 236,721.00 | The difference is the additional bids for local training and accommodations which had been suspended for the last 3 years. The difference is also a result of the increase in salaries of over $200,000. |

In addition to the budget process, proposed expenditures that were not accepted or could not be financed within the recurrent budget but are necessary for funding subject to the MFED Secretary's decision have to be included in the Local Contribution Development Fund or the Development Budget. Funds under the LCDF are provided by Development Partners who use the Central Government's financial system – in other words, they have to deposit the amount of money required into the Government's bank account, to be processed in line with the Financial Regulation Act and other important Laws and national policies.

On the other hand, the Development Budget (Local Contribution Development Fund 2016–19) does not finance any projects for KTC, but the following projects are funded by other development partners who are independent of the financial system and who mostly have a base or office in the capital, South Tarawa. The following are the current development projects which are independent of the government's financial system:

- Multi-grade education funded by UNICEF
- Teacher Code of Ethics funded by UNICEF
- WASH Modules Development funded by UNICEF

### MECHANISM USED FOR THE ALLOCATIONS (FUNDING FORMULA, PERFORMANCE CONTRACT, RESEARCH GRANTS)

KTC is known as a free teachers' training college that relies heavily on the financial support of the Government and taxpayers' money. All the 44 positions within KTC, including the 27 Lecturers' posts, are permanently established. There are also contracted employees, but these are hired officers to fill vacant permanent positions in a given contract employment period, as approved by the Public Service Commission in line with the Public Service Act and the National Conditions of Service 2012 (NCS).

In addition there is no real mechanism in place for allocation, in particular a funding formula for KTC's budget. In past years the budget allocations for KTC were determined based on the revised budget figures for the previous year; if necessary, additional bids of an urgent nature could also be considered, but these would be scrutinised and finalised by the Secretary of the Ministry of Finance before they could be taken up to Parliament.

Furthermore, KTC is currently undertaking projects to come up with the actual amount of funding required for the operation of the college on a yearly basis. This includes a computer programme to predict reliable budgetary figures to be allocated every year, but this project is still in the pipeline. There is no research unit for the College, but the MoE has highlighted the need to have such a department and is now working on plans to address it. Therefore, it is hoped that in years to come and based on the funding available for such projects, the KTC will be at a better position and will have a more reliable, true and realistic figure of its budget.

### COMMERCIALISATION OF KTC PRE-SERVICE TRAINING

The Ministry of Education is currently working on its commercialisation project for the KTC pre-service training (Kiribati Teachers' College, 2015). The reasons behind this initiative are as follows:

- There had been complaints from the public about the system of recruitment and selection adopted, which led to an inability by the MoE to fulfil its mandate and meet the current demand for quality, confident and committed teachers.
- The demand for teachers, especially at the Primary level where there are increasing numbers of teachers reaching retirement age, is very high. However, the KTC can only recruit trainees up to what government can afford to pay.
- The number of school leavers entering the labour market keeps increasing, but not all will be able to find employment in either the public or the private sectors.
- Teachers' performance may be compromised if they did not pay for their training and therefore may not be committed or work hard.
- Problems with married teacher trainees are increasing, but trainees tend to prioritise their personal problems more than their study, only aiming to achieve a pass at the end of the course rather than competing to be the best.

- The current system at the KTC is not cost-effective, since government finances almost everything such as accommodation, transport, training materials, electricity, food, $30 per fortnight for each trainee's transport, and so forth.

### PUBLIC IMPACTS

As stated in the report, there are positive as well as negative reasons to go ahead with the project for the commercialisation of the KTC pre-service training, such as the following:

#### *Positive Impacts*

- There will be an increase in the number of well-trained, qualified and committed teachers in Kiribati. Teachers will be committed to being the best they can, which will strengthen and preserve the high quality of education in Kiribati.
- The supply of teachers will be enough to cover for those on training or study leave, sick leave, leave without pay etc.
- Better and more selective recruitment procedures will be in place, and the MoE will have more choices available to select teachers from the increasing pool of qualified teachers in Kiribati.
- There will be more opportunities for high school leavers to be trained at the KTC, in order to become committed, confident and competent teachers.

#### *Negative Impacts*

- Public opposition to the change from free education to commercial pre-service training.
- The non-boarding fee of $3,460 per year ($10,380 for 3 years) and the boarding fee of $5,023 per year ($15,729 for 3 years) will be too much for many potential trainees/students, given the nationally low income levels and the high costs of living.
- Inequality in access to education at the KTC will still be a problem, based on the fact that those with money will have more options to study at the KTC.
- Those who can afford to pay will become teachers at both the Primary and Junior Secondary schools, given that once they have graduated from the KTC they will be automatically posted to vacant positions at these school levels. This will be very unfair to those who are also capable but cannot afford the tuition fees to be trained at KTC.

These are seen as some of the potential consequences of the KTC's reform related commercialising its pre-service training. A cabinet paper had been tabled but the proposal was deferred.

### 5.4.4 CASE STUDY: KIRIBATI INSTITUTE OF TECHNOLOGY

#### BRIEF HISTORICAL BACKGROUND

The Kiribati Institute of Technology, also known as KIT, is a government-owned higher education provider which is under the portfolio of the Secretary, Ministry of Labour and Human Resources Development.

KIT used to be called the Tarawa Technical Institute and was established in 1970 (Teororo, personal communication, 2016) under the Ministry of Education, Training and Culture. In 2006 the TTI was taken over by the Ministry of Labour and Human Resource Development and became KIT to provide training for adults over the age of 18 years who need to upgrade their qualifications in trade fields, accounting etc. The name Kiribati Institute of Technology was adopted so that the whole of Kiribati could take ownership of the school.

There used to be only a few students enrolled at the institute, even though the tuition fee was very affordable. Today, with the ever-growing population especially in the younger age groups, KIT has become one of the biggest tertiary educations in Kiribati with a fixed tuition fee of $300 per semester.

KIT is currently funded by the Technical Vocational Education Sector Strengthening Project (TVETSSP), and the post of its Director had never been localised since the TVETSSP was introduced in 2010, four years after the transfer of this institution from the Ministry of Education to Ministry of Labour and Human Resources Development.

#### GOVERNANCE AND STRUCTURE OF KIT

KIT is similar to the KTC in the following ways:

- It is a government division, which means that all of its financial activities have to follow national financial regulations and procedures.
- The Director of KIT is the Head of the School, who is able to make some decisions on how the institute should operate. However, for any initiative which involves costs to the Recurrent Budget, the Director needs to seek the approval of the Secretary.
- The institute is under the direction of the Minister for Labour and Human Resource Development.
- Like other government departments, KIT is fully funded by the government, and TVETSSP provides funding that is not included in the Recurrent Budget.

# TONGA

**Ms. Pauline Moa**
*Tonga National Qualifications and Accreditation Board*

### 5.5.1 BACKGROUND[25]

#### EVOLUTION OF HIGHER EDUCATION

Literacy was first introduced to Tonga not through formal schooling but through contact with missionaries during the early 1800s. The missionaries made an alphabet for the Tongan language and taught the locals how to read the Bible. Since the Bible was the only piece of written material available in Tongan at the time, education was closely linked to religion and the Christianisation of Tonga. From 1828 to 1881 the missionaries focussed on promoting basic literacy, numeracy and the skills and knowledge considered necessary by the missionaries for the appropriation of 'civilised' habits.

When the Tonga government became more involved in education, emphases expanded beyond these aims. In the first half of the 20th century the focus shifted to the provision of universal primary education, the development of secondary and vocational education, and the acquisition of English.

The third Ruler of Tonga, Queen Salote Tupou III, implemented the Education Act of 1927, which aimed to improve the quality of education at all levels in the country. Queen Salote's Education Act was a first step towards allowing Tongans access to education internationally. The major innovation of the Education Act was the provision of scholarships for Tongans to study overseas at both secondary and tertiary level, which was a major breakthrough for Tongan education.

Concerns about the quality of education were brought to a head by a student revolt in Tonga College in 1931. After this, an education commission was appointed to enquire into and make recommendations on the entire structure of education in Tonga. However, funding was key to making these changes, and financial obstacles hindered further progress. However, the commission found much wastage in the existing system, and concluded that it could be made much more efficient. For example, there was a duplication of resources as most villages had one mission school and one government school. The mission schools were generally better quality than the government schools. Therefore, the commission recommended that primary education be left entirely to the missions, to be assisted by grants from the government. Although this measure was approved, nothing was done.

The next significant attempt at educational reform was initiated in1965 by King Tupou IV, who prioritised health and education for development. Technical education specifically was emphasised towards the goal of creating a commercial and industrial economy in which subsistence agriculture would survive as a supplementary activity. One example of the need for reform was the fact that the increased prosperity of Tongans after World War II was spent on consumer goods and not on new enterprise or investment. Through education, Tongan

[25] This section will look at Tonga, and the content will be based on work by Pauline Moa (2016), Acting Chief Executive Officer, Tonga National Qualifications and Accreditation Board, Tonga.

attitudes would have to be made more amenable to enterprise and investment activities if they were to participate in the aim of developing Tonga's economy. With the help of foreign aid and donations, further advancements in education ensued.

### 5.5.2 EQUITY AND ACCESS

#### POLICY ON EQUITY AND ACCESS

In Tonga, it is an objective of the Ministry of Education in its Education Framework that there must be equivalent opportunities for people at lower and higher income levels to access to basic education and higher education; this is also a matter of national interest. However, it seems that there are always high numbers of students who apply to enter institutions, but only a few qualify for entry after interview.

To illustrate using one public institution, the number of applicants to the Nursing School (Queen Salote School of Nursing) in 2012 was shortlisted to 79 (obviously the number of applicants exceeded this number). However, only 40 were selected to enter the institute after interviews. A similar trend was observed for the same institute in subsequent years. There is no financial assistance offered by public institutions to their students while they are studying. However, the government has development funding available via the Tonga Development Bank, which students in both private and public institutions can apply for if they have financial difficulties and struggle to afford tuition fees.

With private providers entry is more lenient, since private providers wish to enrol more students because this means more funds from government grants. This is shown in the high number of recruitments by privately owned providers, as shown in the table below:

Table 5.5.2: Recruitment by private providers

| Name of Private Provider | Year | No. of applicants recruited | No. accepted for entry |
|---|---|---|---|
| **'Unuaki o Tonga Royal Institute*** | 2011 | 269 | 269 |
| | 2012 | 228 | 228 |
| | 2013 | 255 | 255 |
| | 2014 | 252 | 252 |
| | 2016 | 27 | 27 |

*Note*. It is specially requested that the private provider's name is not disclosed publicly.

This provider recruits dropouts and unfortunate individuals who did not have the chance to continue education due to social and economic problems. Tuition fees are arranged so that students can work and study, and school fees are deducted from the salaries they earn. Moreover, some students can pay their school fees with commodities such as piglets or

traditional Tongan fine mats, which are useful for the owner's tourism training and business. This funding model enable students to access higher education or continue education and promotes equity and access among students, especially among poor but academically talented students. However, there was a significant drop in the number of recruitments by this provider in 2016. This was due to the owner's engagement with other commitments, particularly as a Member of Parliament, which resulted in a marked reduction in recruitment.

A similar practice may be observed in other private providers owned by religious organisations. The large numbers enrolled by this provider show that poorer people definitely need financial help.

Public institutions receive funding predominantly from the government in the form of a budget. This is a reliable source of funds as it is ongoing from year to year. Higher education institutions are expected to prepare budget proposals detailing their activities and expenses, and submit these to the Accounts division at the Head Office of the Ministry of Education and Training. These budget proposals are based on target activities and operational expenses, and are developed during budget consultation. There is no policy on how much a public higher institution should receive from the government budget. When the budget for public higher institutions was examined in the financial year 2014/15, there was no equal distribution in the budgetary allocations for all higher institutions; the amount depends on the expected activities and operational expenses during the financial year.

Once the overall budget of the Ministry has been approved by government, the higher institution has less influence over the budget it proposed. Public institutions can submit requisitions for resources to be funded from the budget, but there are always long delays in decisions due to the many layers of approval that are required to release the fund. At times, higher institutions may not get to utilise all of their proposed or allocated budget.

### ISSUES AND CHALLENGES RELATED TO EQUITY AND ACCESS

There are problems within the Ministry of Education and Training's internal systems, which can be very slow, especially in processing financial payments. In terms of procurement requirements, there are several capacity challenges. There are not enough staff to do the job in a timely way, and this can create long delays in procurement. Moreover, there are many levels of approval that procurement requests must go through, which causes delays in the acquisition of resources. As a result, a period of six months to a year might pass while waiting for documents to be signed and approved, even though the donor might have a deadline to spend the funds.

### 5.5.3 HIGHER EDUCATION FINANCIAL MODEL

#### OVERVIEW OF THE BACKGROUND OF HIGHER EDUCATION FUNDING

In the past, higher education in Tonga has relied on student fees to fund its operations. Private higher education institutions are managed by religious organisations which supports them financially. Public higher education relies on government support and budgets to operate.

Recently, public and private higher institutions have increasingly relied heavily on donors to finance their physical, learning and teaching resources in order to maintain suitable training and programmes of study. In recent years the Ministry of Education budget expenditure on grants and transfers has been on an increasing trend, from Tongan Pa'anga (TOP) 10,439,377.00 in 2013/14 to TOP 17,038,900.00 in 2015/16. These grants were in the form of cash and in kind.

#### GOVERNMENT'S ALLOCATION TO THE HIGHER EDUCATION INSTITUTIONS (HEIS)

Government annual budget allocations are the responsibility of the Ministry of Finance and National Planning. The main sources of funds for the government budget are the Government of Tonga Fund, Local Community and Confirmed Budget Support, and overseas donor funding in cash and in kind. The table below shows the government's budget allocation to the Ministry of Education.

Table 5.5.3: Government budget for the Ministry of Education

| Fiscal Year | 2013/14 | 2014/15 | 2015/16 |
|---|---|---|---|
| **Budget** | 41,745,998.00 | 48,464,300.00 | 60,914,500.00 |
| **% allocated to Higher Education** | 8% | 16% | 30% |

The Government of Tonga's budget allocation to the Ministry of Education and Training has increased over the years. The Ministry of Education and Training's budget allocation to public higher education institutions also gradually increased over the years. This increasing trend shows that the government supports the role of higher education in Tonga, and is giving more financial support to help this sector achieve its educational objectives.

#### MECHANISMS USED FOR ALLOCATION (FUNDING FORMULA, PERFORMANCE CONTRACTS, RESEARCH GRANTS)

The funding of higher education in Tonga is mainly for Technical Vocational Education and Training (TVET). The requirement for eligibility for this fund is that the TVET provider must be a registered provider with the Tonga National Qualifications and Accreditation Board (TNQAB). The formula used relates to Full Time Equivalent (FTE) students. For part-year and part-time students, amounts are calculated based on the previous year (2 semesters).

The government, through the Ministry of Education and Training, allocates an annual rate of $1200.00 per student enrolled in TVET providers that have been quality assured by the national quality assurance agency, the TNQAB. There is increasing interest in this fund, and most TVET providers have been registered with TNQAB.

#### REVENUE AND DIVERSIFICATION EFFORTS (ALUMNI, BUSINESS PARTNERSHIPS, DONATIONS)

Private higher educations also receive funds from sales of the products and services from students' activities, which are kept within the institutions rather than at the Head Office. Moreover, both public and private higher education alumni raise funds for school anniversaries and other celebrations. The church, communities and parents are also involved in raising funds for the institutions to cover expenses such as students' Identification Numbers, photocopying, transport and electricity. Some of these costs should be borne by the Ministry of Education and Training.

### 5.5.4 FEE DETERMINATION

Setting school fees in Tonga is the responsibility of each education system. The fees for public higher education are determined by the Ministry of Education and Training, who also has the responsibility to recommend a revision of such fees. However, for private providers it is the responsibility of governing bodies to determine the fees for their training institutions.

The public higher education is known to be more affordable in terms of fees than private higher education providers in Tonga. However, the Tonga Development Bank offers students loan support to fund them while they are studying in both public and private higher educations. This is a government development fund to assist students get into higher education. It is hoped that this scheme will enable students to access higher education without financial constraints. Parents are obligated to make the loan repayments while the student is studying, and this system has been operating well for the past two years. There is no other organisation that offers loans to students to pay school fees other than the banks; commercial banks such as the Bank of the South Pacific and ANZ Bank can also agree personal loans to pay school fees.

Moreover, other local and foreign organisations such as the country of New Zealand offer in-country scholarships to students wishing to pursue higher education in both public and private providers. However, these higher education providers must be quality assured by the national

agency for quality assurance, TNQAB, and their programmes of study must be accredited before the students are eligible to apply for in-country scholarships. This system will continue as long as sponsors continue to offer scholarships.

Another issue related to student funding has to do with parents assuming the burden of debt repayment while the student is still studying. This does not seem fair, since the burden falls upon the parents but not upon the student. This may cause the student not to take his/her study, seriously since she/he may not be obligated to pay the load back when he/she graduates. Nevertheless, there are equal opportunities for both male and female students to have access to the student loan programmes offered by the Tonga Development Bank and other sponsoring organisations.

### 5.5.5 GOVERNANCE STRUCTURE

#### STRUCTURE OF PUBLIC HIGHER EDUCATION GOVERNANCE

The Minister of Education is responsible for overseeing the establishment and development of higher education institutions in Tonga. The Minister may establish a body or commission to provide policy advice for the establishment, development and advancement of higher education institutions in Tonga. Rules governing the establishment of a body or commission under this subsection shall be promulgated under regulations endorsed by the Minister and approved by Cabinet. The Higher Education Commission shall not affect the responsibility of the Tonga National Qualifications and Accreditation Board to register and accredit post compulsory education providers pursuant to the Tonga National Qualifications and Accreditation Board Act.

The organisation structure of the Ministry of Education and Training is shown below, where the governance of public higher institutions is under the Deputy Director of Higher Education.

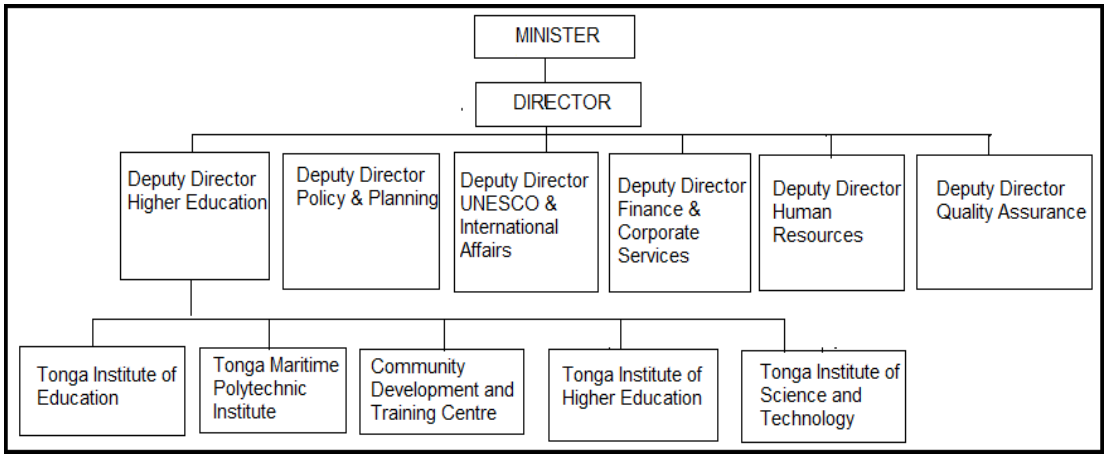


Figure 5.5.5 (a): Organisational structure of the Ministry of Education and Training

#### STRUCTURE OF PRIVATE HIGHER EDUCATION SYSTEM

The structures of private higher education institutions are determined by their owners. As an example, the structure of Ahopanilolo Technical Institute is governed by the Education Board of the Catholic Education system. The organization structure below shows how lines of reporting for the institute and its governing body.

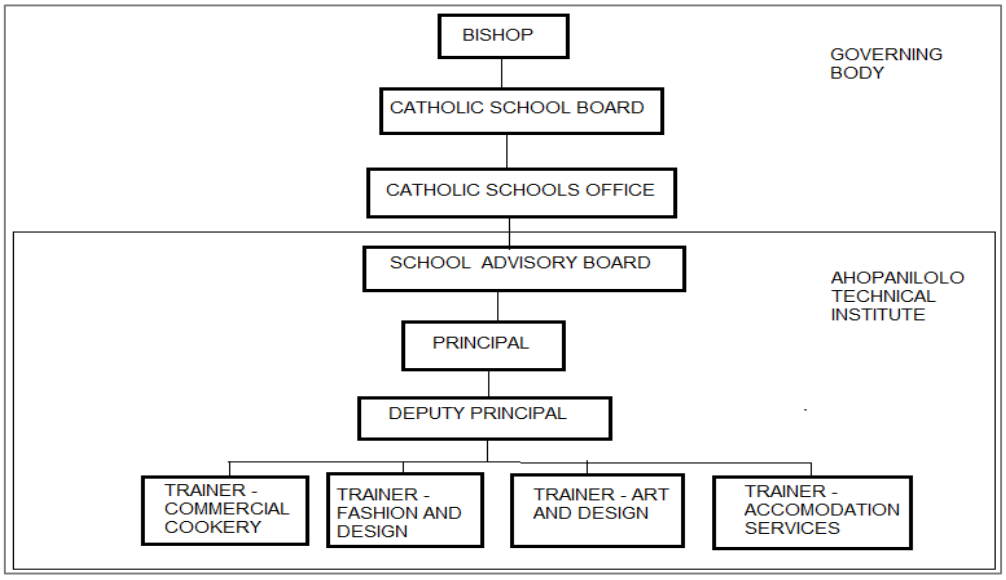


Figure 5.5.5 (b): Ahopanilolo Technical Institute and Education Board of the Catholic Education system structure

### 5.5.6 AUTONOMY

#### AUTONOMY OF HIGHER INSTITUTIONS

Autonomy is being able to undertake activities without seeking permission from a controlling body. This concept is not fully implemented in public institutions in Tonga, because the Ministry of Education makes all the final decisions on students' entry, staff recruitment and transfers, financing and curriculum development.

In terms of academic autonomy, there is evidence of higher education having some degree of freedom to decide academic issues like curriculums, instructional material, pedagogy, techniques for student evaluation and so on. However, all qualification awards must be approved and signed off by either the Chief Executive Officer Minister or the Minister of Education. All the training offered by the public institutions is the result of the Ministry of Education's response to the government's strategic plans and national training priorities.

Administrative autonomy is established to some extent in public institutions. They have more freedom to manage their daily affairs in such a way that they are able to stimulate and

encourage initiative and the development of individuals working in the institutions, as well as the institution itself.

Financial autonomy is expected to provide a better framework through a decentralised management culture. However, this sort of autonomy has not yet been achieved in public institutions in Tonga. Even though public institutions have a budget allocation in the Ministry of Education's annual budget, this does not guarantee that the higher institution will be able to spend all its budget allocation. This is because the budget is controlled centrally by the Finance division of the Ministry of Education. Thus, the Finance division can conduct virement of vote for higher institutions and use it for other expenses without the consent of the management of higher institutions. This practice has been going on for some years.

### 5.5.7 CASE STUDY: TONGA INSTITUTE OF SCIENCE AND TECHNOLOGY

#### OVERVIEW OF TONGA INSTITUTE OF SCIENCE AND TECHNOLOGY

The Tonga Institute of Science and Technology (TIST) is a government-owned institution which operates under the Ministry of Education and Training. Within the past five years it operated under the Ministry of Training, Employment, Youth and Sports, but after a government reform all training institutions were moved back under the control of the Ministry of Education except the Nursing School and the Police Training College.

TIST was originally started with the help of the German government as Fokololo 'o e Hau or the Tonga Maritime Polytechnic Institute (TMPI). The Senior Management Team consists of the Deputy Director, the Principal and the Deputy Principal, who oversee a staff of 12 and about 270 trainees. TIST offer the following programmes of study:

- Certificate in Carpentry Level 4
- Certificate in Electrical Engineering Level 4
- Certificate in Automotive Engineering Level 4
- Certificate in Fitting and Machining Level 4
- Certificate in Vocational Studies Level 2
- Certificate in Plumbing
- Certificate in Panel Beating

### PUBLIC FUNDS ALLOCATED TO TIST

TIST is the main public higher education provider, and it has upgraded its facilities to provide adequate training for its students. It also relies on employers or the industry to provide suitable workplace training for its trade students.

TIST received a very small proportion of the Ministry of Education and Training's budget in 2013/14. In the following year this was only raised by 1 percent, and this remained the same in 2015/16. This represents a very small proportion of the Ministry of Education and Training's budget allocated to TIST each year.

Table 5.5.7: Budget allocation for TIST

| | 2013/14 | 2014/15 | 2015/16 |
|---|---|---|---|
| **TIST Budget** | 613,374 | 1,039,300 | 1,110,500 |
| **Total MET Budget** | 48,973,356 | 53,273,852 | 54,214,500 |
| **Percentage (%)** | 1% | 2% | 2% |

### AUTONOMY OF TIST IN THE USE OF TUITION FEES

TIST is funded by the government through the Ministry of Education's recurrent budget. In the financial year 2015/16 the Ministry of Education allocated a budget of TOP1,110,500 for the institution.

Even though there is a public fund allocated for the institution, the institution is not in charge of the public funds it receives. When the institution needs to purchase equipment or teaching and learning resources, the institution must prepare the necessary paperwork including invoices, purchase orders and signed approval by the Deputy Director for TIST. The payment is made from the amount allocated to TIST in the Ministry's budget.

### REVENUE DIVERSIFICATION EFFORT

It is not easy for TIST to find other sources of revenue to supplement its budget. Apparently, personnel costs are the largest expenditure item in the Ministry of Education and Training's budget. The imperative to meet these costs puts pressures on other areas of expenditure such as equipment and training materials. Hence TIST must also seek support from a range of local stakeholders thought it is not easy for TIST to do this.

One example of this is the Church of Jesus Christ and Latter-Day Saints, who do not donate money but instead provide equipment and training facilities, training resources and pay consultants or trainers. This kind of donation has been proposed and submitted to the Ministry of Education for procurement process and approval. However, this effort to diversify

revenue is hindered by the lengthy period of time it takes to go through procurement and approval. The Parent Teacher Associations (PTAs) raise funds to help the institution meet other costs. Other overseas stakeholders such as the Japanese government have contributed to upgrading the teaching facilities.

### PARTNERSHIP WITH THE INDUSTRY

There is no industry law in Tonga to enforce the institution's partnership with relevant industries. However, the institution's own ambitions and proactivity have prompted it to engage with industry, despite the absence of any law to make this engagement legal.

Therefore, it is a great risk for the provider to engage its students in workplace training where there is no insurance cover, as most workplaces only cover their own employees in their insurance policies.

TIST has developed partnerships with certain industries where the trainings they offer are relevant to the institution, and has forged relationships with industry associations in trade areas such as Automotive Mechanics, Welding, Electrical, Panel Beating and Spraying. These professional associations provide technical advice, conduct moderation and professional reviews of the courses being offered. TIST has signed a Memorandum of Understanding with some of these industry associations, as well as some of the industries that have adequate resources relevant to the course for workplace trainings.

### RESTRICTIONS AND CONDITIONS WHEN SEEKING AND USING OTHER PRIVATE FUNDS AND PARTNERSHIPS

To enter into a partnership with an overseas institution, TIST has to get the approval of the Ministry of Education and Training. This is a formal process to ensure that there will be mutual benefits from such a partnership. Since TIST is under the control of a government ministry, it has to go through the Ministry of Education and Training for approval to seek private funding. However, these restrictions are negotiable.

The use of private funds by public institutions is restricted by the Ministry of Finance and National Planning, such that all private funds collected by public institutions are deposited into the national public fund. This was made clear to TIST management by a recent visit to the campus by the Minister of Education and Training.

### PUBLIC INCENTIVES TO SEEK PRIVATE FUNDING

Although there are private funds that TIST could apply for, there are no public incentives for TIST to seek private funding. TIST is eligible to apply for private funds, but sometimes the donors need a commitment from the Ministry in terms of money and milestones to fulfil. Sometimes, TIST gives up on applying for private funds where commitments from the Ministry

are required. However, there are some donors who do not require such commitments related to money which TIST has applied for.

### ACCOUNTABILITY

1. The institution is required or expected to submit an acquittal report to justify how it spends government funds.
2. The institution is required or expected to submit an acquittal report to justify how it spends private funds,

For public funds, when TIST submits its budget to the Ministry of Education it must be accompanied by a corporate plan. In its Quarterly Report, TIST has to report on how it spends the money and what parts of the corporate plan were achieved.

For private funds, there are certain milestones agreed upon by TIST and the donor before the fund is received. At the end of the project, these milestones must be met.

### CHALLENGES IN RAISING PRIVATE FUNDS

One of the challenges in raising private funds is the different sizes of funds available. TIST would need a substantial amount of money for a project, but the private funds it can apply for may be limited to a certain amount. Nevertheless, TIST has sought private funds from the following organisations:

- World Bank
- Japan, through JICA
- New Zealand government
- Australian government, through Nautilus Mineral Tonga
- Manukau Institute of Technology, NZ
- Government of Germany
- Tongan government
- Tonga Development Bank

The funds donated are in different amounts. Organisations may donate resources, facilities, consultants or training.

It is also a challenge when the institution has only a limited amount of influence on the decision-making process. The donor may already have a purpose for their funds, and hence TIST has to adhere to the purpose the fund is released for, and cannot decide to use it for any other purpose of its own. Due to changing priorities, the continuation of support is hard to predict. This poses a risk and a challenge for any provider that relies on private funds for

resources, consultants and training. Moreover, private funding covers only project costs and not indirect costs.

### 5.5.8 CASE STUDY: AHOPANILOLO TECHNICAL INSTITUTE

#### OVERVIEW OF AHOPANILOLO TECHNICAL INSTITUTE (ATI)

Ahopanilolo Technical Institute, formerly known as Ahopanilolo Technical College, was established in 1969 under the Diocese of Tonga. It was administered by the Missionary Sisters of the Society of Mary. ATI is owned by the Catholic Diocese of Tonga and Niue, and is governed by the Board of Directors of the Catholic Education System. The Bishop is the proprietor of the Institute, and is also the head of the Catholic Diocese of Tonga. The Catholic Schools Board reports to and advises the Bishop on policy setting, monitoring and decisions, appointments, finance and resources.

The Catholic Schools Office reports to the Board on services related to religious education, human resources, professional development, finance, administration and facilities. The School Advisory Board works together with the Catholic Schools Office to implement and administer policies to Catholic schools. Catholic schools, of which ATI is one, then report to the Catholic Schools Office and the School Advisory Board, and provide Catholic culture, educational programmes, management and personnel.

ATI provides relevant practical training for both male and female students in the following qualifications:

- Certificate in Hospitality (Catering and Cookery) Level 4
- Certificate in Hospitality (Accommodation) Level 4
- Certificate in Tourism (Fashion and Design) Level 4

Today, it has increased from only a few students to 173 students with a staff of 15.

#### PUBLIC FUNDS ALLOCATED TO THE INSTITUTION

The Institute has been granted several types of assistance from both the Government of Tonga and foreign aid donors, due to its contribution in providing employment-ready students to enter the labour force and promote economic growth in Tonga.

The current public grant from the government is a TVET grant amounting to TOP1200.00 per student at enrolment. The TVET grants to non-government schools in 2010 are summarised in the following table.

Table 5.5.8: TVET grants to non-government school

| School System/Ownership | Provider | Amount (TOP) |
|---|---|---|
| Free Wesleyan Education System | Tupou Tertiary Institute | 447,600 |
| | Hango Agriculture College | 18,600 |
| | Pouono Campus | 53,400 |
| Tokaikolo Christian Fellowship | Lavengamalie Christian University | 36,000 |
| Unuaki o Tonga Royal Institute | Unuaki o Tonga Royal Institute | 140,000 |
| Atenisi Institute | Atenisi Institute | 25,800 |
| Catholic Education System | Montfort Technical Institute | 57,600 |
| | Ahopanilolo Technical Institute | 84,000 |
| | St Joseph Business College | 90,600 |
| | **TOTAL** | **954,000** |

### AUTONOMY OF INSTITUTIONS IN THE USE OF TUITION FEES

In terms of autonomy, Ahopanilolo Technical Institute is not in full charge of the tuition fees it receives. The fees are collected by the Main Office of the Catholic Education System and deposited into one common account into which all the Catholic school fees, both secondary and tertiary, are deposited. This fund is used to supplement the salaries of staff at all the Catholic schools in Tonga, including ATI.

All staff recruitment and transfers are the responsibility of the Catholic Education System, along with the development of policies and staff regulations. In terms of academic autonomy, ATI consults with its advisory board on any new course that it plans to introduce. The advisory board will consider the capability of the institute in terms of staff and the resources available to deliver the new course.

### REVENUE DIVERSIFICATION EFFORT

ATI doesn't operate alone, but works together with the parish and church community, alumni and the Parent Teacher Association (PTA). ATI relies on registration and PTA fees as well as fundraising activities to assist with meeting expenses such as photocopying and electricity bills. It also relies on the diocese to 'top up line item budgets to make-up shortfalls'. It also has the capacity to fundraise for capital works.

All students are encouraged to develop the mindset that all the knowledge and skills they receive from ATI will help them with their career pathways, so as to enable them to secure solid employment and a better standard of living. In the last few years, the institute has operated with an average student fee of TOP15,000.00 contributes by the student body each year. The additional contributions made by the student body come from T$60 paid by each student, in which T$15 is the enrolment fee, T$5 is for the annual school magazine, T$20 is a school experience fee, and the remaining T$20 is a textbook fee.

### PARTNERSHIP WITH THE INDUSTRY

ATI does not have any formal partnerships with industry, nor any signed contracts or memorandums of understanding. However, ATI has maintained a good relationship with the tourism and hospitality industry over many years, and the industry has the expectation that ATI will send trainees to work in that sector. As such, trainees can receive practical training at this industry upon request from the school, and some have been able to secure employment due to their competence being recognised by employers in terms of their performance.

### RESTRICTIONS AND CONDITIONS WHEN SEEKING AND USING OTHER PRIVATE FUNDS AND PARTNERSHIP

There are no restrictions and conditions imposed on ATI when it seeks other private funds and partnerships. ATI has sought private funds from the Japanese government to construct a new laundry for its accommodation services training.

### PUBLIC INCENTIVES TO SEEK PRIVATE FUNDING

ATI finds it challenging to meet the standards for accreditation in terms of resource acquisition for training programmes. Hence, this has become a driving force for the institution to seek private funding, so that it can purchase the necessary resources required for programme accreditation. Moreover, the national agency for quality assurance (TNQAB) has set a deadline for delivering unaccredited courses, with the consequence that all providers feel the urge to seek private funding in addition to any government grants they receive.

### ACCOUNTABILITY

ATI is accountable for the public funds it receives, and therefore it is required to provide an acquittal report on how it spends government grant money as well as private funding. It has been a valuable experience for the institute to provide the acquittal report.

### CHALLENGES IN RAISING PRIVATE FUNDS

Private funds sometimes involve a lot of paperwork requirements which need to be included in the application, and it can be a lot of work for the institute to prepare these.

### CONCLUSION

It is apparent that autonomy is relative in public institutions in Tonga, rather than absolute. It should not be misused, but should be exercised with a sense of responsibility and accountability that will lead to excellence in academics, governance and the financial management of institutions. Both private and public institutions are accountable for the

public and private funding they receive, and hence there is a need for good management to facilitate transactions and ensure accurate record keeping for reporting purposes.

With the opportunities available for private funding, both private and public higher institutions should exploit these opportunities to benefit their learners, as they are the future of our country. With access to good resources such as trained and experienced staff using up-to-date resources, good quality outcomes may be expected from these training institutions, thereby contributing to the economic development of the country.

# SOLOMON ISLANDS

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Photo: University of South Pacific Solomon Islands, Solomon Islands

### 5.6.1 BACKGROUND[26]

Higher education in the Solomon Islands, similar to other Pacific Island Countries, remains very limited in terms of access and quality. The gross enrolment ratio in higher education is estimated at an average of 5 percent in the Solomon Islands (Peddle, Personal Communication, 2016). With the limited availability to access higher education programmes in the country, students often seek overseas institutions for further tertiary studies.

The Solomon Islands education system consists of formal and non-formal sectors. The formal sector comprises of four levels (see Figure 5.6.1):

1. Early childhood education (3 to 5 years of age);
2. Primary education (6 to 11 years of age);
3. Secondary education (including junior [levels 7 to 11] and senior levels [levels 12 to 13); and
4. Tertiary

Vocational rural training centres are considered as non-formal education providers. However, 40 out of 48 of these training centres have defined formal learning outcomes, which could be considered formal training. These 40 centres are registered with the Ministry of Education and receive government funding support for teachers' salaries and school grants. It is evident from current policy documents that training undertaken outside university contexts is not recognised as formal education and training, hence the development of the Solomon Islands Tertiary Education and Skills Policy 2016. The policy defines the tertiary sector as comprising higher education and vocational training. Higher education is delivered principally through:

- The Solomon Islands National University (SINU);
- The University of the South Pacific (USP);
- The University of Papua New Guinea (UPNG); and
- The University of Goroka (UoG)

Vocational skills' training is mainly provided by:

- The Solomon Islands National University;
- Vocational and rural training centres;
- Line ministries or organisations, such as professional and continuing education essentially provided to public servants through IPAM; and
- Private providers and NGOs

[26] This section will look at the Solomon Islands, with content based on work by Ali Zareqe Kiko (2016), Manager of the Education Authority Coordination and Improvement Unit, Ministry of Education And Human Resource Development, Solomon Islands. The discussion is based on the Solomon Islands National University.

Non formal training is provided through community learning centres (Draft Tertiary Education and Skills Policy 2016, p.56).

Figure 5.6.1 outlines the entry points to SINU (higher education) and vocational training. SINU offers "Technical Vocational Education Training (TVET) certificate or diploma programmes to students who enter after form 3 or form 6" (Draft Tertiary Education and Skills Policy 2016, p.56). SINU receives government funding support through sponsorships and support grants.

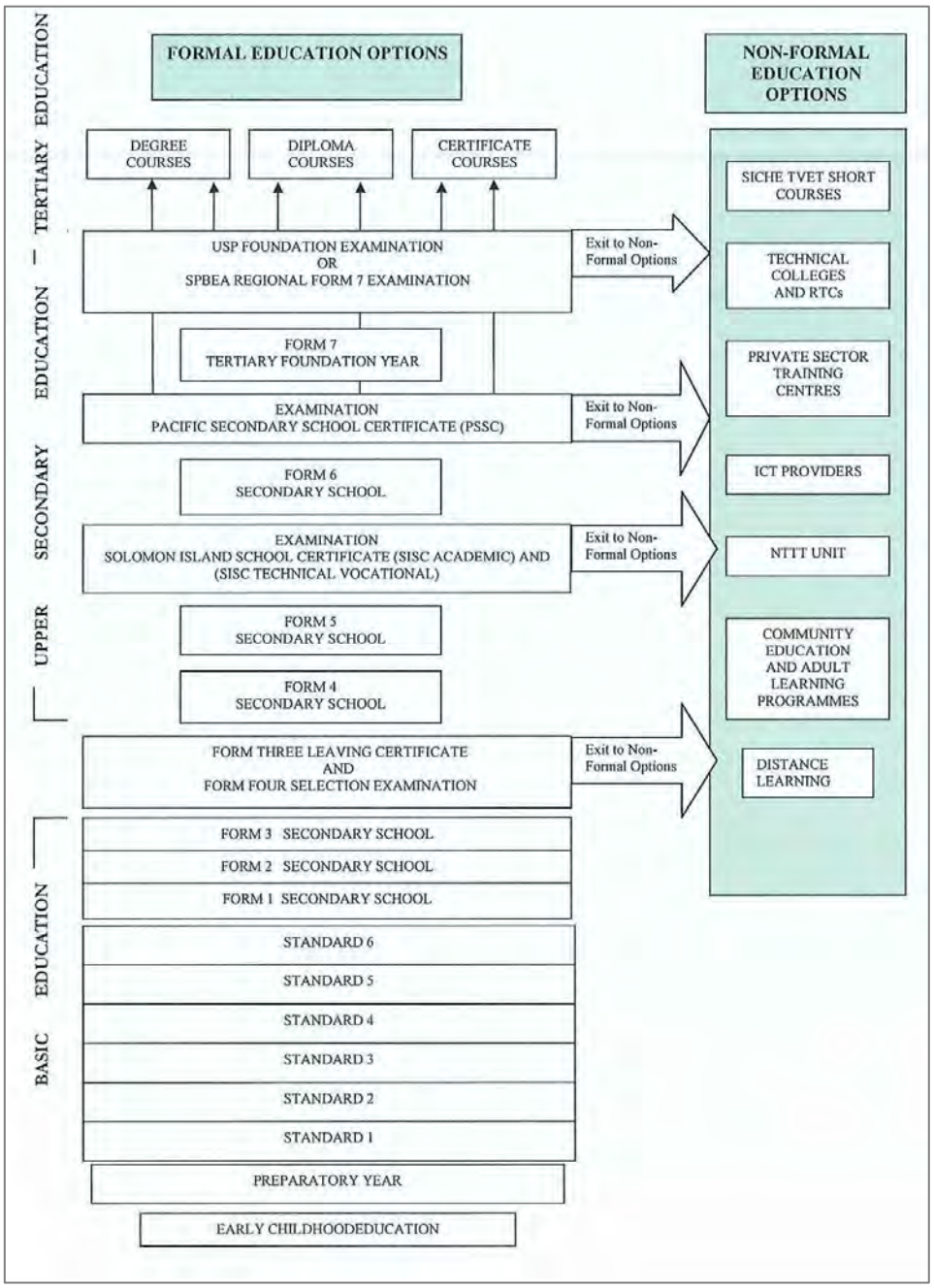


Figure 5.6.1: Structure of the formal and non-formal education system

*Note*. Retrieved from Education Strategic Framework, 2007–2015, by Ministry of Education and Human Resources Development, p.70. Solomon Island: Solomon Islands Government

Students leaving form 3 or form 6 also have the opportunity to access TVET training in their own provinces through vocational and rural training centres. These centres, "if registered with the MEHRD are provided with a per capita student grant and per capita student boarding grant", and teachers' salaries are also for paid by the government (Draft Tertiary Education and Skills Policy 2016, p.56).

### 5.6.2 EQUITY AND ACCESS

#### POLICY IN EQUITY AND ACCESS

The Solomon Islands Education Strategic Framework (ESF) 2016–2030 sets the direction for post-school education by establishing a clear direction for the tertiary skills development sector (embracing technical, vocational education and training and higher education). The new Education Sector Framework and the National Action Plan highlight the importance of ensuring that all Solomon Islanders have access to equitable and quality education. The new targets for the next 15 years are highlighted below:

- By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university
- By 2030, substantially increase the number of young people and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship
- By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations
- By 2030, ensure that all young people and adults, both men and women, achieve literacy and numeracy
- By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship, and appreciation of cultural diversity and of culture's contribution to sustainable development

The above targets are well reflected in the newly drafted Tertiary Education and Skills Policy and the Draft Solomon Islands Tertiary Education and Skills Authority (SITESA) Bill 2016. Strongly highlighted is the importance to ensure an integrated tertiary sector, that advocates the provision of access to tertiary education and skills training available equally to all irrespective of gender, disability, age and geographic location. The new arrangement will attempt to remove barriers to access and enable the completion of qualifications through supportive and flexible delivery strategies. Mechanisms will be put in place to ensure that

economic and social development opportunities arising from post school education and training are shared equally (Draft Tertiary Education and Skills Policy, 2016).

### 5.6.3 HIGHER EDUCATION FINANCIAL MODEL

#### OVERVIEW OF THE BACKGROUND OF HIGHER EDUCATION FUNDING

The Solomon Islands Government is committed to supporting the tertiary sector through more flexible and responsive funding approaches that will, in time, see less reliance on donor support, greater levels of private sector investment and expanded opportunities for tertiary skill provider revenue generation and fee support (Draft Tertiary Education and Skills Policy, 2016). Through incentive-based funding, providers will be encouraged to develop and provide programmes to meet industry needs or to encourage linkages and pathways with other programme providers. In addition, funding incentives will encourage improved provider performance in areas such as completion rates, employment rates of graduates and gender equity ratios (Draft Tertiary Education and Skills Policy, 2016).

Under the Tertiary Act, SITESA would have the capacity to manage incentive-based funding for programme delivery. This could extend to SITESA "purchasing" training provision based on annual labour market studies which are published through an annual tertiary skills plan (Draft Tertiary Education and Skills Policy, 2016).

Through SITESA's research mandate, research options will be facilitated for the establishment of a national training fund and the introduction of training levies and tax incentives or tax rebates for companies that offer or participate in formal work attachments or structured work place learning and assessment, sponsorship or apprenticeship schemes (Draft Tertiary Education and Skills Policy, 2016).

#### GOVERNMENT'S ALLOCATION TO THE HIGHER EDUCATION INSTITUTIONS

The 2015 MEHRD budget allocated an estimated Solomon Islands dollar (SBD) 75 million to SINU. This is 8 percent of the MEHRD's 2015 total budget. Of the SBD75 million, SBD60 million was for development and expansion support and SBD15 million for recurrent (operational) costs of the university. See Figure 5.6.3 (a) (source: MEHRD Budget Report 2015).

In terms of student scholarship support, MEHRD allocated SBD209 million in 2015. The budget covers both external and internal scholarship awards under the following budget lines:

1. Subscriptions/Memberships to Overseas Bodies
2. Office Rent
3. Training – Other (This allocation covers in-country student scholarships for students in local institutions)

4. Training – Overseas
5. Others – Overseas Fares
6. Others – Overseas Other Costs
7. MP Scholarships Award Grant

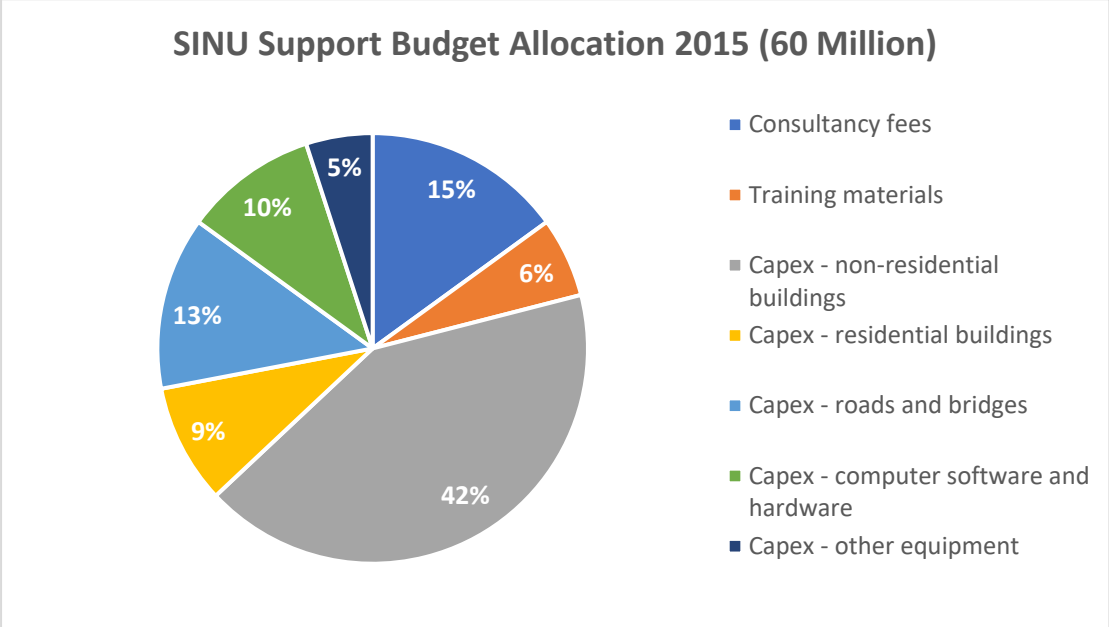


Figure 5.6.3 (a): MEHRD's budget support to SINU (2015)

*Note*. Retrieved from Budget Report by MEHRD, 2015, Solomon Islands: MEHRD

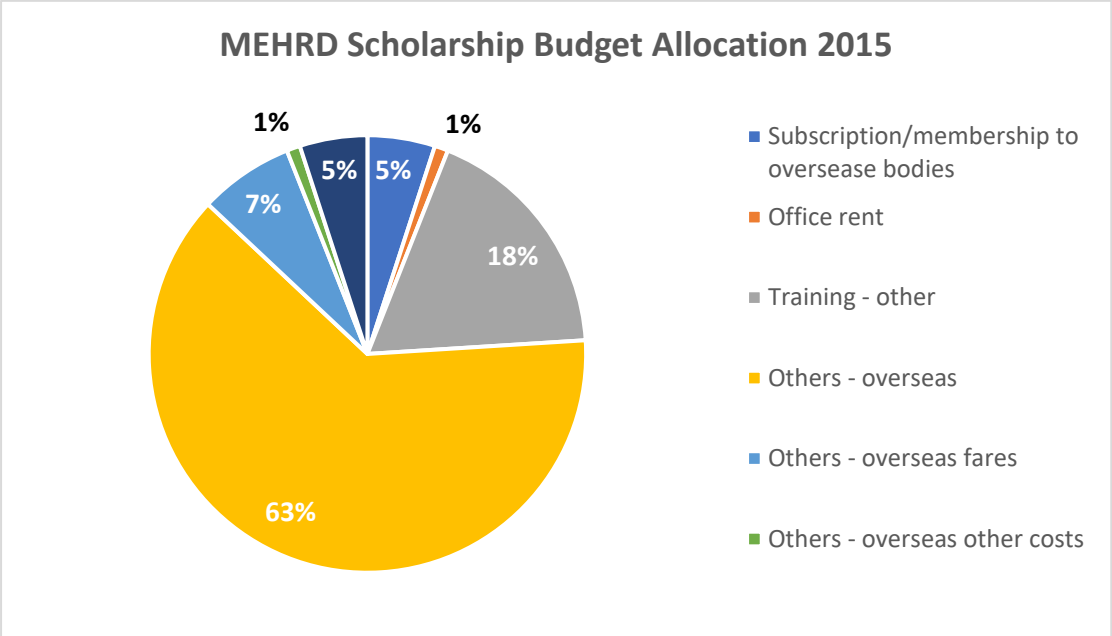


Figure 5.6.3 (b): MEHRD's scholarship budget allocation (2015)

*Note*. Retrieved from Budget Report by MEHRD, 2015, Solomon Island: MEHRD

### *HOW THE ALLOCATION IS DECIDED FOR HIGHER EDUCATION INSTITUTIONS*

Table 5.6.3 (a) below explains the budget development cycle in the Solomon Islands. The allocation of funds to higher education institutions is decided and negotiated through the process outlined below under the budget line of the Ministry of Education and Human Resource Development.

Submissions of work plans are usually required from the institutions (in this case, the Solomon Island National University) to negotiate the allocations for recurrent and development budgets.

Table 5.6.3 (a): Budget cycle in the Solomon Islands

| Step | Description | Date |
|---|---|---|
| Budget launch | The budget launch outlines the approved budget strategy, process, consultations with line ministries and timeline. It covers: (a) recurrent budgets; (b) development budgets (appropriated and non-appropriated); and (c) payroll (establishment), processes and timeline.<br>A Finance Circular is issued that outlines the budget preparation process.<br><br>Following the launch, Ministries collect:<br>(i) Baselines<br>(ii) Templates<br>(iii) Bid proformas<br>required to be submitted for the consolidated budget including non-appropriated development budget proposals. | July |
| Ministry consultations | Over a fortnight period, Ministry consultations are held with the Budget Unit and MDPAC to discuss any issues they may have with "making the case" for their budget. | June and July |
| Submission of budget bids | All budget bids are submitted to MOFT and MDPAC and are to include establishment proposals and recurrent and development elements proposals. | August |
| Collation of budget bids | Budget bids are collated by MOFT and MDPAC to ensure all bids are complete and able to be assessed as submitted. Bids are allocated to Recurrent (MOFT) or Development (MDPAC) budgets for appraisal. | August |
| Review and appraisal of budget bids | All bids are reviewed in terms of their consistency with budget strategy and the MDTP, e.g.:<br>- Meets Government priorities<br>- Contributes to MTDP<br>- Rate of return and cost-effectiveness<br>- Transparency and credibility<br>- Capacity to be implemented<br>Revenue Estimates for 2016–2020 are updated. Draft Budget Proposals are proposed by MOFT and MDPAC. | Late August to early September |

| | | |
|---|---|---|
| Central Agency consultations | The Central Agency reviews Ministry proposals and draft budget revenue and budget expenditure proposals recommended by MOFT and MDPAC with an aim to develop a jointly agreed position on all bids and the associated advice to Government. | Mid-September |
| Initial review by the Government | Central Agency draft proposals to be considered by key Ministers. | Mid-September |
| Feedback to Ministries | Following review of the draft budget proposals by key Ministers, Ministries receive feedback on the position in relation to bids and baselines for agreed positions that will be recommended to full Cabinet.<br><br>Explanations of success or rejection of particular bids will be discussed in terms of their fit to agreed criteria for the budget and Medium-Term Development Plan.<br><br>This stage also provides a basis for Ministry Permanent Secretaries to brief their Minister on recommendations being made to Cabinet | Late September |
| Final position to Cabinet | The Final Budget Strategy Submission includes:<br>(i) Final fiscal envelop<br>(ii) Revenue and expenditure<br>(iii) Summary budget for each head and development project | Early October |
| Budget considered by Cabinet | Budget decisions on recurrent and development projects are tracked and updated as decisions are made. | Mid October |
| Draft budgets to Public Accounts Committee | Draft Cabinet Approved Budget is considered by the Public Accounts Committee. | Late October |
| Budget papers preparation and presentation to Parliament | All budget papers are prepared and printed. Following the 2nd Reading or 'Budget' Speech, the papers are tabled in Parliament and considered by the Supply Committee. | Early November to mid-December |
| Warrant of release | Following Royal Assent, warrant releases to Ministries by MOFT.<br><br>The warrant means that line ministries can plan and commit their approved budgets with time horizons of close to a year for recurrent expenditure.<br><br>In the case of development budgets, line ministries can commit expenditures once MDPAC has approved their work plans. | Late December |

*Note*. Retrieved from Ministry of Education and Human Resource Development analytical note (draft) by MEHRD, 2013, Honiara: Solomon Island Government.

According to the funding support data from 2011 and 2012, the following shows the income for SINU and other TVET provisions in the country.

Table 5.6.3 (b): Summary of funding of TVET provisions 2011–2012 (SBD million)

| | Provision | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2011 | | | | 2012 | | | |
| **Funding Source** | **SINU** | **VRTCs** | **Private Provider** | **NTTT** | **SINU** | **VRTCs** | **Private Provider** | **NTTT** |
| Government grant | 20,798,593 | 1,507,770 | 0 | 0 | 22,494,086 | 1,582,062 | 0 | 2,5000,000 |
| Government salaries | n.p | 10,487,236 | n.p | n.p | n.p | 12,169,576 | n.p | n.p |
| Donors | 0 | 1,760,286 | 0 | 0 | 0 | 2,180,568 | 0 | 0 |
| Church/Mission | 0 | 1,488,244 | 0 | 0 | 0 | 302,550 | 0 | 0 |
| EU Grants | 0 | | 0 | 0 | 0 | 7,321,132 | 0 | 0 |
| Education authorities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Student fees | 36,862,929 | 2,187,814 | 211,476 | 9,870 | 29,142,471 | 2,616,994 | | 6,279 |
| Other student related revenue | 437,317 | 0 | 0 | 0 | 779,687 | | 0 | 0 |
| Sale of services | 0 | 1,405,557 | 0 | 0 | 0 | 567,520 | 0 | 0 |
| Other income | 364,931 | 511,431 | 0 | 0 | 1,689,500 | 850,524 | 0 | 0 |
| Capital income | 0 | 0 | 0 | 0 | 0 | 508,310 | 0 | 0 |
| **Total** | **58,463,770** | **19,348,338** | **211,476** | **9,870** | **54,105,744** | **28,045,236** | **169,825** | **2,506,279** |

*Note*. Retrieved from Ministry of Education and Human Resource Development analytical note (draft) by MEHRD, 2013, Honiara: Solomon Island Government.

### *MECHANISMS USED FOR THE ALLOCATION*

The MEHRD supports TVET and higher education through the provision of annual grants. There are no conditions attached to this budget support. Institutions have a full mandate to utilise the funds and are only required to provide annual financial reports on the expenditure of the funds. At present, the government does not require vocational skills development providers such as VRTCs, private providers, licensing or testing bodies to meet implicit or explicit quality standards or performance targets, nor does it provide financial or non-financial incentives for provider performance. University providers are not subjected to external performance reviews initiated by the MEHRD (Draft Tertiary Education and Skills Policy, 2016). There are no standard formulae by which funding is allocated and disbursed to institutions, since there is only one National University supported by the government.

Funding allocation is determined based on the proposals submitted by the institution and government funding availability. The concept of adequacy in terms of funds allocated to the

institution cannot be satisfied as institutions still indicate that funds are not adequate. The budget support from the MEHRD does not include an allocation for conducting research work. The Solomon Islands government does not fund research opportunities for universities.

In many countries, targeted funding is provided to universities as governments recognise the contribution of science and research towards driving innovation and addressing the social, economic, technological and environmental challenges confronted by communities. Without government support, SINU has signed memorandums of understanding with line ministries and overseas universities to secure research grants for targeted research projects. Partnerships with institutions for research support are yet to be established to strengthen the researching capacity of the university.

### *REVENUE AND DIVERSIFICATION EFFORT (ALUMNI, BUSINESS PARTNERSHIPS, DONATIONS)*

The only significant source of income of Solomon Islands National University is the operating grant provided by the Solomon Islands government (SIG) to support operating costs for schools and departments in the university. Direct revenue includes student tuition fees, application fees, enrolment and registration fees and board and lodging costs. Minimal revenue incomes are generated from the sales of textbooks, course materials and printing, photocopying and internet services. Miscellaneous income comes from hire of premises and facilities, hire of vehicles, consultancy, and income from the sale of fixed assets. Other sources of income are the delivery of short courses and entrepreneurial activities offered to business houses, government ministries and individuals. SINU's revenue sources for 2009–2012 are highlighted in Table 5.6.3 (c).

Table 5.6.3 (c): SINU Revenue sources, 2009–2012

| Revenue Resource | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|
| Grants | | | | |
| *SIG Grant* | 17,827,674 | 20,798,953 | 20,798,593 | 22,494,086 |
| *NZAID Grant* | 10,800,000 | | | |
| *Commonwealth Youth Programme* | | 42,476 | | |
| Direct Revenue | 10,857,778 | 23,939,862 | 36,862,929 | 29,142,471 |
| Other Student-related Revenue | 71,676 | 68,207 | 437,317 | 779,687 |
| Miscellaneous Income | 429,677 | 385,401 | 342,160 | 912,830 |
| Revenue from Other Activities | | | 22,771 | 776,670 |
| **Total SINU Revenues** | **39,986,805** | **45,234,899** | **58,463,770** | **54,105,744** |

*Note*. Retrieved from Ministry of Education and Human Resource Development analytical note (draft) by MEHRD, 2013, Honiara: Solomon Island Government.

### 5.6.4 FEE DETERMINATION

#### STUDENTS' ABILITY TO PAY

Most students who attend higher education through local, regional and international institutions receive government scholarship funding support. Privately-sponsored students receive funding either through the Members of Parliament scholarship scheme or family support. In Solomon Islands the low level of gross family income is a contributing factor to the poor affordability of higher education. This is reflected in the 2015 World Bank report which estimated that 12.7 percent of the total population are classed as poor, a problem that is further compounded by 87 percent of the population living in rural areas (World Bank, 2015).

#### STUDENT FUNDING

The Solomon Islands higher education sector does not have any mechanisms that provide loans to students. There will be a study to investigate the possibility of a loan scheme, to be organised soon. This study will inform the government on a viable method by which student loans may be arranged.

Scholarship awards from the government are the commonest form of student funding support to enable access to higher education in the country. However, the number of awards may still not be able to meet the demand for scholarship. Most scholarship awards are given to students studying in overseas institutions, but there has been a growing number of in-country scholarships since the establishment of the SINU.

#### OVERVIEW AND HISTORY OF CURRENT STUDENT FUNDING (SCHOLARSHIPS, LOANS)

Solomon Islands institutions do not offer student loans. Students are enrolled into higher education either through government scholarship awards, other development partner scholarships (NZAID and AusAID), companies or self-sponsorship.

Australia allocated AUD$4.6 million (SBD$32 million) in 2016 to scholarships for Solomon Islanders, reinforcing a major investment in both education and the future of the Solomon Islands.

Under the discretion of Member of Parliaments in each of the 50 constituencies, students are able to receive educational funding support. Each Member of Parliament is given a substantial amount of funds to support education within their constituencies annually. Unfortunately, these funds are disbursed at the discretion of individual Members of Parliament, and the methods of administration and disbursal to students are not clear since different Members of Parliament use different criteria. However, a large number of students have now utilised this opportunity.

According to 2015 scholarship data, out of the 1983 scholarships offered overseas and locally, only 697 females were awarded scholarships compared to the 1289 scholarships offered to males.

### 5.6.5 GOVERNANCE STRUCTURE

#### STRUCTURE OF HIGHER EDUCATION GOVERNANCE

The governance of the tertiary education sector, as set out in the newly drafted SITESA act 2016, is highlighted in Figure 5.6.5 (a) below. SITESA will be a "statutory corporation with a direct line of accountability to the Minister MEHRD. The SITESA Chair, a recognized leader within the Solomon Islands private sector will be appointed by the Minister as will be other Board members. The Board will be comprised of the Permanent Secretary MEHRD together with equivalent level representatives from the private sector and other Government Departments/Agencies that have an economic development role" (Draft Tertiary Education and Skills Policy, 2016, p.22).

A "SITESA Chief Executive Officer (CEO) appointed by the Board will be responsible for the day to day operations of SITESA in accordance with its Act and associated policies, regulations and procedures. The CEO will have a direct line of accountability to the SITESA Chair" (Draft Tertiary Education and Skills Policy, 2016, p.22).

At the outset it was envisaged that SITESA would have four functional areas of responsibility and accountability:

1. Strategy, Planning and Performance
2. Qualifications and Standards
3. Quality Assurance
4. National Scholarships

The SITESA board will have the capacity to commission committees, sub-committees and subject matter experts to assist in undertaking its functions, including regulatory decision making. For specific roles and responsibilities, please refer to Appendix F.

Figures 5.6.5 (a) to 5.6.5 (c) outline the profile of SITESA and its interrelationships with other bodies, donors and stakeholders within the context of workforce development (Draft Tertiary Education and Skills Policy, 2016, p.23).

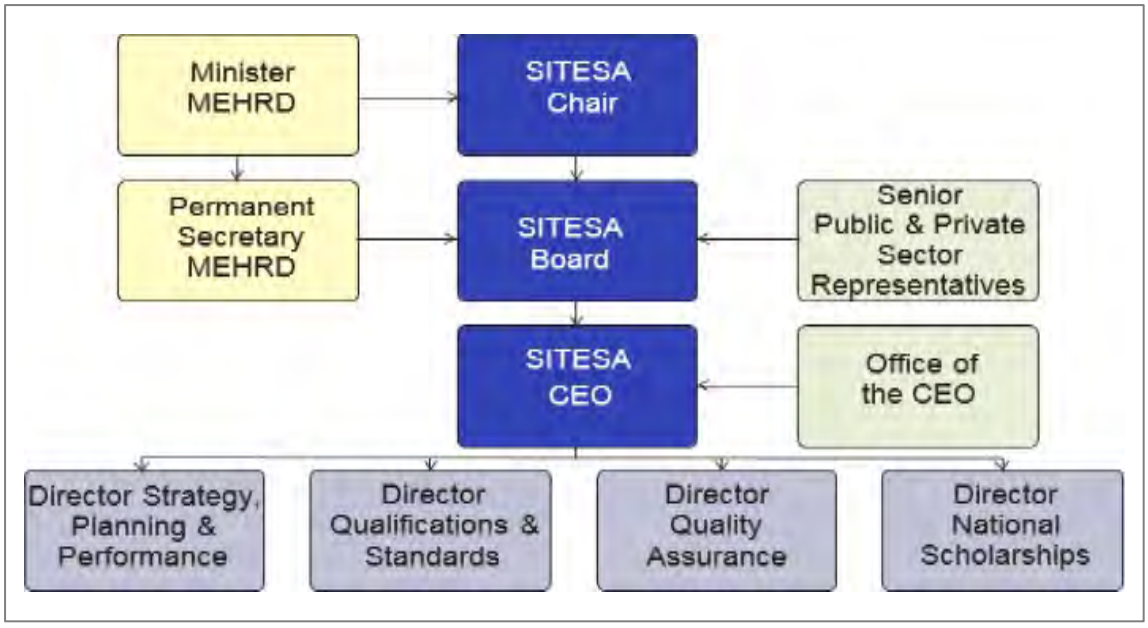


Figure 5.6.5 (a): The SITESA organisational structure

*Note*. Retrieved from Solomon Islands Draft Tertiary Education and Skills Policy by MEHRD, 2016, p.22

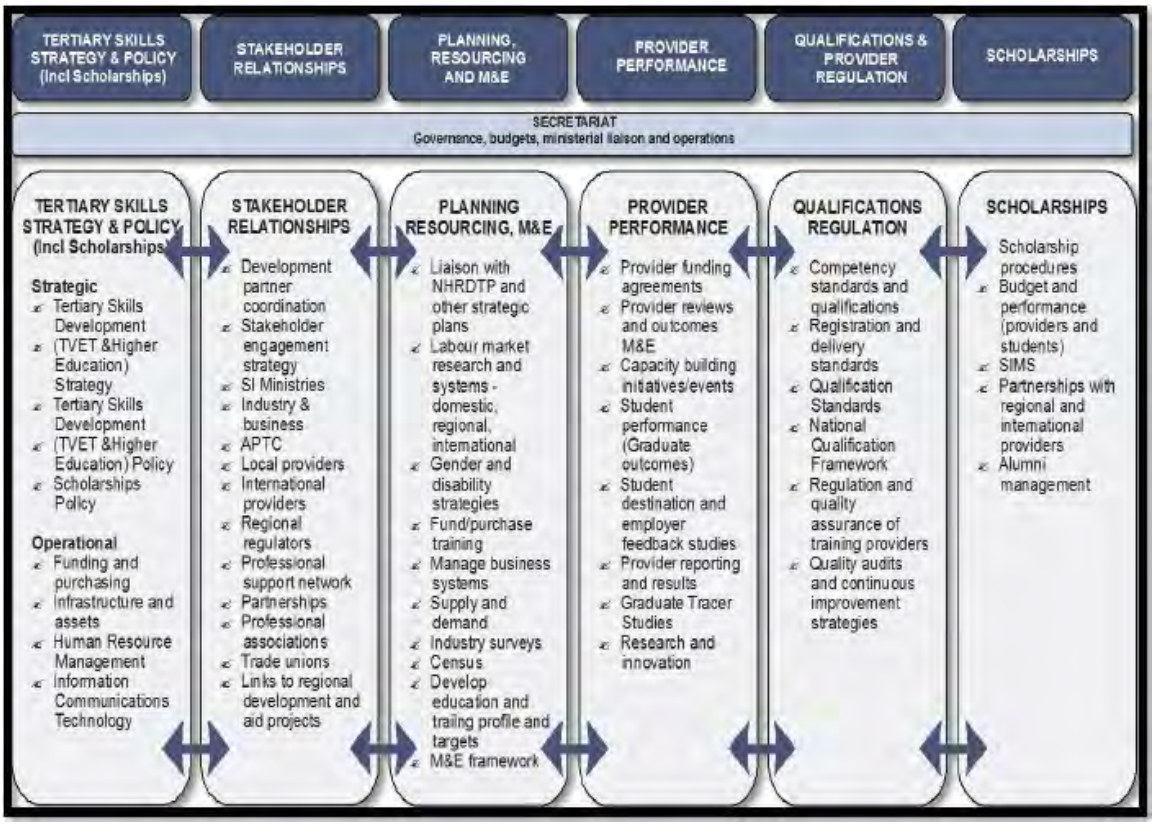


Figure 5.6.5 (b): SITESA framework

*Note*. Retrieved from Solomon Islands Draft Tertiary Education and Skills Policy by MEHRD, 2016, p.22


Figure 5.6.5 (c): SITESA and its interrelationships with other bodies

*Note*. Retrieved from Solomon Islands Draft Tertiary Education and Skills Policy by MEHRD, 2016, p.22

The following legislations provide underpinning authority for tertiary education in the Solomon Islands:

- The Education Act 1978
- The Solomon Islands National University Act 2012
- The Constitution (Amendment Act) 1978
- The Public Finance and Audit Act 1978
- The Research Act 1984.51
- Draft tertiary bill 2016

## 5.6.6 AUTONOMY

### AUTONOMY OF SINU IN THE USE OF TUITION FEES

The Solomon Islands National University has autonomy in the determination of its fees, based on the university's financial regulation for the rates on tuition, accommodation and catering etc. There is no government regulatory mechanism, and hence the university regulates the mechanism for accountability and transparency in the use of such funds. Decisions about the use of funds lies with the university council and the SINU management, guided by the university's financial regulations. Tuition fees received by SINU are used mainly for recurrent operational costs, the purchase and maintenance of equipment and teaching and learning resources, and utility costs.

Figure 5.6.6 explains the autonomous powers of the council. The council has the power in manage the academic, financial and human resources of the university.

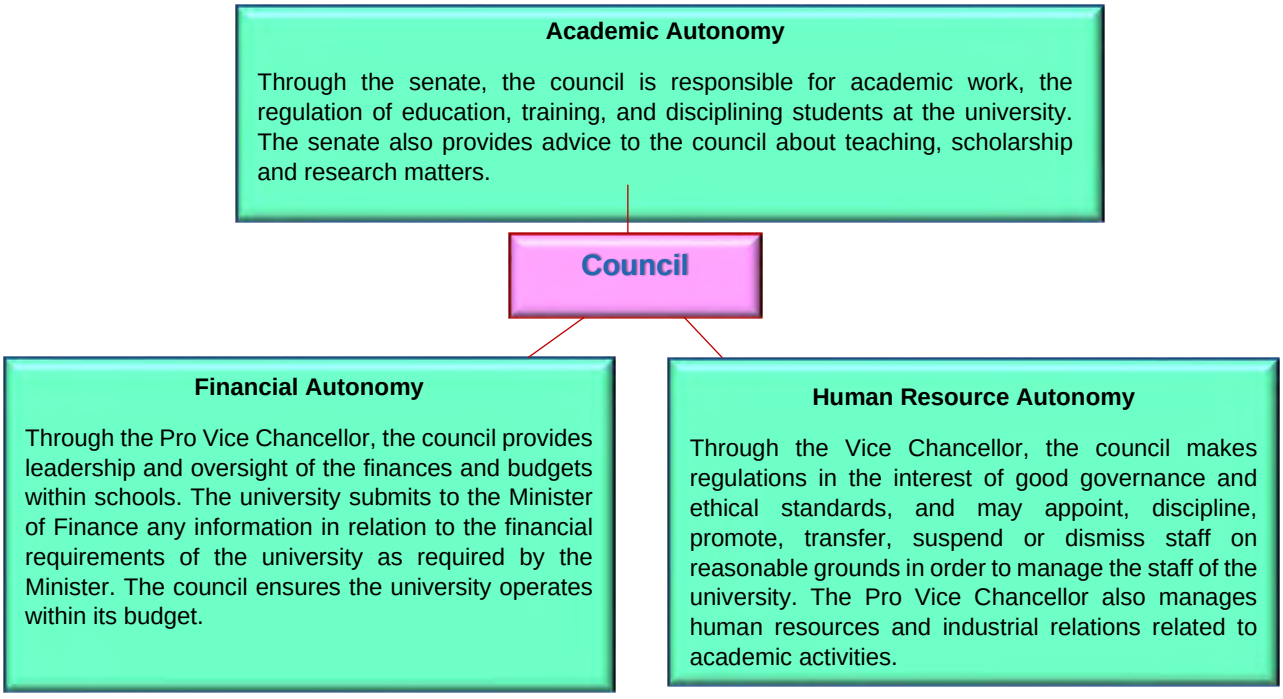


Figure 5.6.6: SINU autonomy framework

The council consists of:

a) 6 official members
b) 5 appointed members
c) 8 elected members
d) Not more than 3 co-opted members

The official members consist of the Pro Chancellor (as the chairman of the council), the Vice Chancellor, the Pro Vice Chancellor, the Permanent Secretary of Tertiary Education and the Permanent Secretary of Finance. The official members can hold a post on the council for as long as they continue to occupy their positions.

The appointed members are decided by the Minister of Education and cover a representative sample of the university, with members from the following fields of study:

a) Natural resources
b) Health and medicine
c) Education and training
d) Business and tourism
e) Industry and technology

The elected members consist of two school Deans, two members of the university's full-time staff, one member of the university's full-time professorial staff, one representative of the university's graduates and one general staff member of the university.
The co-opted members are persons of commercial, academic or professional eminence. They are appointed by the council.

The council has full autonomy and power in the whole management of the university (see diagram below). The council delegates powers to the members and bodies of the university to manage the functions of the council. The bodies report and advice to the council on the status of the management of the delegated functions.

The council ensures that academic freedom is preserved and enhanced within the university. Academic freedom under the SINU Act means the freedom of the university, within the laws, including the best traditions of academia and the highest ethical standards:

a) To employ and to determine the terms and conditions of its staff
b) To regulate the content of courses and the modes by which subjects are taught at the university
c) For the staff and students to question and test received wisdom, to put forward new ideas and to state controversial and unpopular opinions within the best tradition of advancing such ideas, and to engage in research and publication

### *AUTONOMY IN ACADEMIC*

Subject to the powers, duties and functions of the council under the SINU Act 2012, the senate is responsible for teaching, research and all the academic work of the university and the regulation and superintendence of the education, training and discipline of the students of the university. In the course of discharging these responsibilities, the senate will:

a) Advise the council about teaching and scholarships and research matters concerning the university
b) Formulate proposals for academic polices of the university
c) Monitor the academic activities of the university
d) Promote and encourage scholarship and research at the university

The senate also establishes academic boards of the university, faculties and schools to regulate the academic affairs of the respective faculty and school and to advise the council on academic affairs. The senate comprises of:

a) The Vice Chancellor, as the chairperson
b) All officers of the university responsible for academic affairs of the university and who are above the Deans of schools
c) All heads of university faculties, divisions, schools, centres and institutions
d) All professors of the university for a period of 6 years from commencement of the Act

#### AUTONOMY IN FINANCE

The Vice Chancellor is the accounting officer of the university. The university liaises with the Minister of Finance, who pays the university in each financial year such grants as are deemed appropriate for the purpose of enabling the university to adequately perform and discharge its functions and duties according to the Act.

The university can also borrow money from outside the institution for the purpose of performing its function and ensuring financial viability. The Public Finance Audit Act (Cap.210) will apply to the guarantee of the repayment of loans borrowed by the university. The council adopts a budget for the university each year for the next year. The financial year is 1 January to 31 December each year. The council ensures that proper accounts of the financial affairs of the university are maintained, and appoints an auditor to carry out annual auditing of its accounts. The council submits annual reports on 31 March each year to the Minister, who lays out the report to Parliament. The council is fully responsible for the fees charged by the university for admission to any course of study or training in the university.

#### AUTONOMY IN HUMAN RESOURCE MANAGEMENT

The university employs, sustains and dismisses its staff under the terms of the Act. Human resource management autonomy is the full responsibility of the council.

### 5.6.7 ISSUES

#### ISSUES AND CHALLENGES RELATED TO EQUITY AND ACCESS

Like other Pacific Island Countries, the Solomon Islands face similar challenges in opportunities for quality higher education, based on the following:

- Inadequate learning environment and limited higher education facilities. The Solomon Islands National University is a newly transitioned university from the previous Solomon Islands College of Higher Education. There is still a need for more computer labs and specialised technical facilities. There is no ICT infrastructure for ICT-based education. The capacity to absorb more enrolment may be enhanced through a distance learning mode that is ICT based.
- Higher education courses are not aligned to current labour market needs. There is a mismatch between the programmes offered in the institutions and the workforce requirement in different industries or the public sector. This is partly due to a smaller number of qualified academics (lecturers) who can develop and teach these programmes. The SITESA was developed to ensure there is a link between the public and private sector job market and the types of programmes offered in institutions (Guimon, 2013).

- The Solomon Islands has limited pathways available for vocational skills opportunities for students to progress to other types of programmes, including higher education programmes; parts of the education system are still disconnected, and there have been no significant system-wide efforts to facilitate the recognition of prior formal, non-formal or informal learning.

### CHALLENGES IN RAISING PRIVATE FUNDS

The Solomon Islands National University is yet to venture into raising private funds; however, there is potential to develop mechanisms for raising funds through a proposed university business centre. SINU could also learn from the challenges encountered by European higher education institutions in raising private funds as compared to the USA, as noted by Mora and Nugent (1998). In comparison with the USA, there were eight significant difficulties for the increase of private funding in European institutions, including:

1. Lack of tax incentives – the laws do not allow universities to own properties
2. Philanthropic spirit is less compared to the USA – voluntary support has not been traditionally strengthened/encouraged
3. Lack of differentiation between universities – most universities does not differentiate themselves from others
4. Universities do not actively treat their students as clients – not identified as clients by their universities
5. Little attention to their graduates and alumni
6. Lack of developmental offices and institutional fundraising – as future contributors and philanthropic donors to institutions
7. Academic distrust towards businesses and industries – leads to less provision of services to communities
8. Lack of organised university sports

# PART 4

*Regional Synthesis*

## CHAPTER 6
***Regional Synthesis***

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# CHAPTER SIX

*REGIONAL SYNTHESIS*

## 6.1 INTRODUCTION

Financing for tertiary and higher education is always a challenge, regardless of the stage of economic development of a country, especially in cases where public funds are limited and there are other sectors competing for resources. Even within the education sector, more pressing demands for limited resources may come from the primary and secondary education sub-sectors. There are two aspects of funding for tertiary education that pose significant challenges, namely how much public funding should be allocated to the sector, and the complexity of determining an appropriate financing model that can address issues of access, equity, efficiency and sustainability. In terms of the financing of tertiary education in the Commonwealth PICs, the challenges are manifold, considering that their tertiary education system is developing and their economic base is less diversified. Furthermore, these islands are geographically prone to natural disasters, and physical accessibility is seriously constrained.

All these factors greatly impede educational progress. It is important to note that strategic planning requires good and complete data. In the case of the Commonwealth PICs, however, good and reliable data are very scarce because not many aspects have been documented and researched. Based on the country reports presented in Chapter Five, involving Fiji, Samoa, Vanuatu, Tonga, Kiribati and the Solomon Islands, this chapter will synthesise the issues and challenges of financing tertiary education across the Commonwealth PICs. Drawing upon the experience of Malaysia in developing her financing model, some critical evaluations will be put forth with the intention of sharing good practices, while some weaknesses in policy strategies and implementation may serve as lessons learned.

In general, tertiary education institutions across the Commonwealth PICs are facing the same critical issues, in terms of lack of funding and issues of access and equity. As highlighted in the Fijian case, there still exists a clear discrepancy between the total enrolment of students among the poorest 30 percent of the population and the wealthiest 30 percent. It was quoted that only 27 percent of students from the poorest 30 percent of the population reach tertiary institutions, compared with 44 percent of the wealthiest 30 percent of the population. In Fiji, access and equity are centred around matters relating to the distribution of student enrolments along the lines of economic status. The case for Vanuatu takes a different standpoint, in that it is gender based. The report cited that in 2015 only 45 percent of female applicants were allocated scholarships at higher educational institutions, and they were under-represented in non-traditional areas including engineering, information technology/systems, administration/human resources and agricultural studies. For the Solomon Islands, on the other hand, issues of access and equity are rooted in limited places and the inadequacy of learning facilities. Even though the Solomon Islands Education Strategic Framework (ESF) 2016–2030 has set new targets to eliminate gender disparities and increase

the enrolment in TVET, these goals are yet to be realised. Not only are high tuition fees and limited scholarships contributing to the problem of access in the Solomon Islands, but the geographical challenges presented by a country composed of scattered islands make access impossible without a proper set up of distance learning facilities.

Despite the fact that public institutions are highly dependent on government grants and aid from donor agencies, the absence of any funding formula in grant allocation (by the government) to these institutions may affect their overall strategic planning. This is because they are unsure of what amount they can expect to receive for their next budget year. Moreover, the funding for research is almost non-existent in many PICs; where there is any at all, the amount is insignificant. Due to the stage of economic development in most PICs, where the industrial sector is represented by small-scale or micro industries, the role of industry in supporting tertiary education is rather limited. The country reports highlighted that university-industry collaboration is restricted due to a lack of established companies to work with. In contrast to public institutions, private tertiary institutions in most PICs are dependent on tuition fees and donations from churches and foreign aid donors. Nonetheless, in a country such as Fiji, for example, there exist some grants from government in support of private universities, as in the case of the University of Fiji. As far as student funding is concerned, some scholarships for high achievers are available, although they are limited in number. These scholarships are either provided by the government or by foreign countries and Development Banks, including Australian Aid Scholarships, New Zealand Aid Scholarships and WHO Scholarships.

None of the countries under study seemed to have any national student loan system, except for Fiji's Tertiary Education Loans and Scholarship (TESL) scheme that was implemented in 2014. From the country-specific reports it is evident that the issue of access remains an important one to be resolved, partly because of the capacity of public institutions to expand, high tuition fees, and lack of (or insufficient) financial support for students to pay for their fees and living expenses. The absence of this support may affect the representation of students from poor family backgrounds, thereby creating inequity in tertiary education. Also, the issue of access is not only rooted in the country's economic trajectory; limited pathways for vocational skills opportunities for students to progress to other types of academic programme are another issue of concern.

More detailed discussion of the issues and challenges related to funding that are facing the Commonwealth PICs are further elaborated in the following section.

### *i. Absence of proper funding allocation mechanism*

While the University of the South Pacific (USP) receives continuous funding from member countries in the region, as well as development assistance from Australia and New Zealand, there is no specific funding allocation mechanism to public tertiary institutions in most of the countries under study, except for Fiji and Tonga. In 2013 the Fiji Higher Education Commission was instructed by the Fijian Government to implement an approved funding model, based on certain criteria and tied to performance and quality measures. In terms of its implementation,

the funding model was far from perfect, partly due to incomplete data and political intervention. It was mentioned in the report that there were institutions that did not fulfil the criteria set out, but which were given grants for historical and political reasons.

To a certain extent, the allocation of funds to TVET training institutions in Tonga is linked to the quality of the education provided. To be eligible for funding, these institutions must gain accreditation for their academic programmes and register with the Tonga National Quality Assurance Board (TNQAB). The allocation is based on per student funding, whereby these training providers are allocated funds equivalent to $1200 per student, provided that they have been accredited by TNQAB. In the case of Vanuatu, the allocation mechanism is not centralised in the sense that different tertiary institutions come under the purview of different ministries. The Vanuatu Agriculture College and Vanuatu Maritime College are both funded directly by the Ministry of Finance and Economic Management, but in the case of other institutions, funds are allocated through the Ministry of Health, the Ministry of Internal Affairs or the Ministry of Education and Training.

As for the Solomon Islands, no conditions are attached to the budget support for TVET providers, and there is no standard formula according to which funding is allocated to the only national university, the Solomon Islands National University, besides a consideration of the proposal submitted by the university as well as fund availability. Drawing also upon the example of fund allocation to Kiribati Teachers' College by the Kiribati Ministry of Education, it is evident that funding allocation often is still based on the traditional approach of negotiation between the government and the institution.

### *ii. Lack of funding for capacity building and infrastructure*

In many PICs, there is a foreseeable need for capacity building to support the advancement of tertiary education. Many qualified and trained local academics are required to take up vacancies, rather than continuously depending on expatriates. The current practice of sending students to more developed countries for further study, such as Australia and New Zealand, has resulted in brain drain and contributed to series of problems related to shortages of qualified local talents. Well-planned talent management is important to ensure the future sustainability of tertiary education in these countries.

Apart from capacity building, a number of institutions also suffer from inadequate facilities for learning. While these institutions desperately need to build their human capital and infrastructural capacity, the amount of funding they receive is generally not adequate to fund those commitments. An example drawn from the Vanuatu experience shows that an inappropriate funding level for PSET providers has impacted the quality of teaching and learning. A similar pattern may be observed in Kiribati, where inadequate funding has reduced institutions' ability to prepare their human resources for capacity building or improve on facilities and equipment. Interestingly, an excerpt from Kiribati's report on Kiribati Teachers' College highlights this issue:

> "*The weird feeling is affecting the performance of some lecturers who are not qualified with a Degree/Post graduate degree, in line with the Post Qualification Requirement. These teachers' self-esteem is affected negatively, especially when they are teaching the class in a Diploma program, based on the fact that their qualification is equivalent to the qualification provided in that program*."

Another example from the Solomon Islands shows that lack of funding has impacted institutions' abilities to provide basic facilities, such as computer labs and specialised technical facilities, which in turn affects their ability to offer ICT-based education, in particular distance learning.

### *iii. Under-developed Student Loans Scheme*

As indicated earlier, apart from insufficient places to cater for increasing demand for tertiary education, economic background and high fees are two important factors that also deter students from accessing tertiary education in the Commonwealth PICs. In order to overcome these issues, some forms of student financial support must be put in place. Since it is not feasible to continue giving scholarships due to the high numbers of students, other mechanisms should be introduced. In many countries, scholarships have been replaced by student loans in order to help students pay for fees and living expenses, although there have been some negative reactions in terms of the possible adverse effects of student loans.

Among the Commonwealth PICs, a few countries have introduced student loans with different arrangements and mechanisms. Out of the six countries in this report, only Fiji seems to have a National Student Loans system, i.e. the Tertiary Education Loans and Scholarship Schemes (TELS) that was established in 2014 as a replacement for the previous government's scholarship and loan scheme. In contrast to the earlier loan arrangement, which was discriminatory in relation to ethnic groupings, TESL is open to all undergraduate students at institutions nominated by the government, based on the spirit of 'One Fiji'; however, the scholarships are only available to academically good students. As TESL was only introduced in 2014 and repayment has not yet started, it is difficult to ascertain its achievement at present. However, early reports have suggested that there is a possibility of low repayment rates, based on current data showing high unemployment among graduates. Other issues relating to the implementation of the loan system in Fiji include a lack of transparency in the selection of students for loan approval (despite published criteria), inadequate resources (especially permanent staff), and poor data management. In addition, the criteria for the eligibility of institutions for student loans are vague, as some institutions have managed to get approval without undergoing the registration process with the Fiji Higher Education Commission (FHEC). In a country such as Fiji, where ethnic divides in terms of economic status are a concern, the failure to design an equitable system of student supports may lead to serious issues which will subsequently have a significant impact on nation building.

In the case of Vanuatu, there is no national student loan scheme in place. However, some financial institutions and commercial banks do provide loans for tertiary education. Apart from this, the Vanuatu National Provident Fund has created lending instruments that allow

parents to borrow money to assist them to pay for their children's education. For Tonga, the government has development funding available at the Tonga Development Bank, where students at public and private tertiary educational institutions can apply for loans to help them to meet their tuition fee obligations. Furthermore, parents are obligated to make loan repayments while the students are still studying. By and large, a lack of data and discussion of student loan arrangements and the mechanisms being adopted by individual countries limit the possibility of further synthesis.

#### *iv. Limited Opportunity for Revenue Diversification Activities*

Regardless of the type of tertiary institution (private or public), the capacity of these institutions to generate income has proved to be restricted, mainly because (traditionally) they rely on government funds or donor aid, and the nature of the local industrial sector (made up of businesses that are mostly micro or small-scale) does not provide much opportunity for collaboration with tertiary institutions. The revenue from commercial activities is minimal, even for a regional university such as the USP, which has a business model identifying revenue diversification as one of its strategic plans. For the USP, the major income from business activities is derived from trading and consultancy projects, along with some forms of partnership with industries, particularly in relation to hospitality and tourism as well as information technology. In the case of Kiribati Teachers' College (KTC), there is a move towards commercialising pre-service training. This discussion is still ongoing, as the government is weighing its impact on the public.

In the case of Vanuatu, all the PSET providers are encouraged to seek other sources of income, through either the sale of products or other types of services. These may include renting out facilities, providing training for short courses, as well as income from restaurant business. For example, the Vanuatu Institute of Technology (VIT) raises proceeds from the sales of products and services contributing around 12 percent to the total annual income of this institution. Furthermore, the VIT has no established (written) agreement with any industry. However, it has established working relationships with certain private companies and government agencies for students' practical attachments, discussions of proposed new courses or programmes, and sharing of facilities. In the case of Tonga Institute of Science and Technology (TIST), its revenue diversification effort focusses more on getting donations (equipment, training facilities and resources) from churches and other overseas stakeholders. It has been highlighted, however, that the process is not easy, and the outcome is uncertain.

## 6.2 CONCLUSION AND RECOMMENDATIONS

From the country reports, it is obvious that soon after gaining independence from the colonial powers, most countries realised the need for nation building through the development of manpower, and therefore the necessity to develop their post-secondary education and training. Based on the review of funding models and their relation to access and equity among these six countries of the Commonwealth PICs, some common issues and challenges have been identified. All the countries have demonstrated an expanding trend in their post-

secondary or tertiary education sectors, even though access and equity remain an issue due to inadequate funding for institutions and absence of alternative modes of student financing. The vulnerabilities and constraints of remoteness, small populations and narrow resource-bases, coupled with significant challenges posed by climate change in recent times, have further exacerbated these difficulties. As shown in the report, the limited scale of the economic resources available to each government to address its challenges independently suggests that regional cooperation and integration will offer great potential and new possibilities for the expansion of higher education in these countries. While a good deal remains to be achieved, Pacific Island leaders and planners have long acknowledged the importance of regional cooperation in empowering their countries to develop an improved level of tertiary education. The establishment of the USP to cater for the 12 PICs has provided a significant and valuable opportunity for these countries. As declared by the Asian Development Bank (2005), the establishment of the USP has brought many advantages, including a wider degree of shared knowledge, a higher level of service at a reduced cost, and greater efficiency.

For the Commonwealth PICs, it is timely to examine the potential for a regional fund, in order to address the issue of funding and financing higher education based on South Pacific initiatives. For the future sustainability of higher education in the Commonwealth PICs, a continuing reliance on international bodies to support their higher education sectors may not produce effective solutions. This is partly because global economic volatility in recent years has induced significant constraints on global development funds. For instance, there is an estimated annual shortfall of $2.5 trillion from the total investment needed to achieve the United Nations' Sustainable Development Goals (State of Pacific Regionalism Report, 2017). This has far-reaching implications for the Pacific region, which is significantly dependent on the economies and goodwill of others (State of Pacific Regionalism Report, 2017, p.8). Furthermore, experience in other parts of the world has shown that international bodies inevitably have their own agendas, which may not completely match those of the small island states concerned.

All in all, these regional funds should be designed on a cost-sharing basis, with the understanding that the support from each national government might diminish over time, and that public-private partnerships are the beginning of the solution to sustainability in higher education financing. The forum leaders of the framework for Pacific regionalism aptly noted that collective action needs to be adaptable, innovative and inclusive to ensure it continues serving the people across the Pacific (State of Pacific Regionalism Report, 2017). To ensure the success of this regional fund, it will be crucial to effectively manage governance arrangements and shareholder expectations. In other words, governance arrangements should actively promote national ownership of regional providers and agreement among all stakeholders in terms of common objectives and strategic choices. Another significant criterion will be the level of external support from donors and member governments. In terms of support from member governments, Fiji can take the lead in pushing the idea of a regional fund, as it did with the establishment of the USP. Based on this report, the Fijian government has shown significant commitment to the funding of tertiary education in the country, especially through its willingness to contribute a high proportion of its education budget to tertiary education.

Furthermore, the country has exerted continuous efforts to develop a funding and financing model for higher education. This is reflected through various strategic plans that have been put in place, mainly the funding formula for institutions and the transformation of the student loans scheme.

In order to specifically address the issue of access and equity, it is suggested that appropriate student (financial) support be established. This is important considering that in most Commonwealth PICs economic activities are still largely reliant on informal occupations, as a result of which the ability of parents to pay for their children's education is limited. In the event of scarce resources and a significant increase in student enrolments, the provision of scholarships may not be a feasible solution, as it may not reach a large proportion of students that need such (financial) support. Hence, student loans would provide a better alternative in the longer term, as the funds will be rolled back into the system on the assumption that the loan system is properly designed. The report on the implementation of PTPTN in Malaysia and the issues surrounding the loan system mechanism, particularly the default problem and the interest subsidy, may provide some facts as a reference.

Considering that there are student loan schemes currently available in different forms in certain Commonwealth PICs, some improvements could be made by targeting the provision of better solutions for both students and loan providers. Given that the issue of funding is one of the biggest challenges facing these Commonwealth PICs (indeed, some countries are too small to have their own national loan schemes), it is recommended that a regional loan scheme be established. This will form part of the proposed regional funds from which the initial outlays will be drawn.

In terms of research on the potential of a regional student loan scheme in the South Pacific, very little analysis has been done in this regard. Taking Australia as a case study, Tewarie (2011) and Noonan (2015) both support that idea that fee increases are not likely to deter participation in tertiary institutions, if there is easy availability of income contingent loans. The benefit of a loan system is that it shifts the burden of payment on the student from the point of consumption to after graduation, when s/he is more likely to be earning income (Tewarie, 2011). Tewarie (2011) also emphasises that loans will only become attractive to students if they are tied to income (in other words, if they are income-contingent). Wint (2006) supports this idea by stating that an income contingent loan system in a small economy is likely to support access, as well as equity, citing evidence from island states in the Caribbean.

To ensure wider access to higher education, a regional student loan scheme is truly the way forward. Noonan (2015) reports that living costs, as well as the associated study and transport costs, are major factors affecting initial and ongoing participation for many university students. These include students from lower income backgrounds, those without parental or family support, and students from rural areas. In addition, some governments are facing the negative repercussions of a massive brain drain. Connell (2008) asserts that Palau, the Federated States of Micronesia and the Marshall Islands are becoming increasingly similar to other island states across the South Pacific, with a recurring outflow and growth in relatively permanent urban communities overseas. The trend towards migration does not seem to be decelerating across

this region; this is evident in the example given in the country report on Samoa. The highlights reveal that around 100,000 Samoans living abroad contribute around 25 percent of the country's GDP through remittances, making the country one of the highest recipients of remittances in the world. As such, a regional loan scheme will potentially attract the best brains to study locally, thus nipping the issue of brain drain in the bud.

As the proposed regional fund is expected to require firm commitments from the member countries, with serious repercussions for the future development of higher education in the region, a detailed study of its analysis and impact should be carried out to determine the feasibility of the proposed fund. This includes studying the most effective and sustainable method to pull resources together across the island nations, and determining the right mechanism. Hence, in summary, it is imperative for such a study to:

i) examine the feasibility and potential of a regional fund specially focussed on higher education, in order to overcome critical challenges arising from geographical distance, limited resources, and small populations across the South Pacific nations. This includes a cost-benefit analysis of the regional fund.
ii) explore the best structure and model for this regional fund, in terms of the contribution of each participating country and the allocations towards various aspects of higher education development. This includes infrastructure investment, human capital development and academic research.
iii) examine whether a trust fund or an endowment fund would be the best solution for the funding of higher education in the South Pacific nations. Further details, such as terms of reference, the purpose of the fund, who is responsible for the fund, expenditure guidelines and reporting requirements, need to be mutually agreed by all parties involved.
iv) analyse the possibility of establishing a regional student loan scheme for higher education, as an alternative to the current framework of university-student bursaries and scholarships provided individually by member governments and donor countries. However, there needs to be agreement about the stewardship of the regional fund and the disbursement policy, in order to ensure that each member country benefits equally from the scheme. From the country reports, it is clear that student enrolment across countries varies significantly. As in the Malaysian case, the amount of loan approved should depend on several factors, including the level of degree sought, the field of study (critical or non-critical), the income of parents (which should take into account the number of dependents still in school), and the type of institution attended (private or public).

In analysing the criteria for successful cooperation and collaboration across sovereign nations, the economic theory of clubs offers several important lessons:

a) a club must be self-sustaining. By pooling financial resources together to develop a student loan scheme across the South Pacific countries, will this regional fund be able to sustainably sponsor local students in the pursuit of their higher education? How

many cohorts of students will this fund be able to benefit in the long run? Will all students be able to gain funding for the entire duration of their study?

b) to ensure the success of the regional fund, a comprehensive analysis of the benefits and costs needs to be carried out, ensuring that the former exceeds the latter.
c) this regional fund would be highly advantageous if the market cannot provide a similar financial service, especially when there are significant net benefits which outweigh the national provisions.
d) the costs of collective action, specifically diseconomies of isolation, in the large Pacific area might offset the benefits of pooling productive capacities. These include high costs of transporting students and educational services to, and from, the very remote countries in the region.
e) as a result of diseconomies of isolation, which are a particular issue in the Pacific, would a sub-regional fund be more sustainable instead? Research should be carried out on the possibility of pooling funds from a certain number of countries that are closer to one another, in what is termed an 'optimal club'.
f) Consideration of a closer partnership (or collaboration) between businesses and education providers – systematically developed to increase avenues for private-public partnership in enlarging the potentials of the regional fund.

In a nutshell, learning lessons from regionalism in the past, it is apparent that sharing institutions and resources, especially financial resources, between sovereign states is a complex process. However, to ensure the sustainability of the regional fund proposed and to continuously improve the quality of higher education in the South Pacific, it may be more sensible to concentrate on developing a few of the already well-established institutions. This idea may be devastating and damaging to some institutions, but it will ensure the sustainability of higher education in the South Pacific. It may call for mergers of a few institutions or even closing down some small and under-enrolled institutions, but it would mean that the best professors could be recruited, facilities could be shared, bigger budgets could be allocated to improve facilities and infrastructure, and more and bigger research grants could be allocated. It may also guarantee that all students would be eligible to obtain a study loan or even a scholarship.

Often, a clear strategic vision genuinely and actively supported by all stakeholders is crucial in ensuring that the impact of cooperation is not only positive, but also inclusively successful. This vision needs to encapsulate where the benefits accrue, with a fair and efficient mechanism of cost sharing. Drawing upon past experiences of nation-states in the Pacific related to regional cooperation, the proposed regional fund for higher education is a promising idea.

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# APPENDICES

## APPENDIX A

*Table A: The chronology of the project (Appendix A)*

| | |
|---|---|
| Nov 2014 | • CTEF organised inaugural workshop at IPPTN USM Malaysia, focussing on HE Financing in selected Commonwealth countries (Malaysia, Fiji, Australia, Jamaica, South Africa, Nigeria, Singapore) |
| June 2015 | • CTEF presented a policy brief on "Financing Higher Education: Policy Options for the Commonwealth Countries" at the Officials Meeting and Ministerial Meeting at the 19th Conference of Commonwealth Education Ministers (CCEM) which took place in the Bahamas.<br>• Outcome: the South Pacific Commonwealth Countries were very keen for CTEF and partners to undertake work in their countries.<br>• In response, CTEF planned to prepare an issues paper on 'Financing Higher Education and Access Issues in the South Pacific Islands '. |
| Feb 2016 | • Focus group discussion with higher education stakeholders and Fiji Higher Education Commission (FHEC), held in Suva.<br>• Visits to University of South Pacific, University of Fiji and Fiji National University |
| April 2016 | • Roundtable discussion held in Malaysia: discussed the overall work plan and deliverables. |
| Aug 2016 | • Interim report presentation based on first draft Country Reports. |
| Mar 2017 | • Pre-workshop: reviewed second draft country reports. |
| Apr 2017 | • Workshop with HE stakeholders from South Pacific Region and country report writers held at the FHEC in Suva. |
| Sept 2017 | • Final draft of issues paper |
| 2018 | • Issues paper presentation at the 20th Conference of Commonwealth Education Ministers (CCEM) in Fiji |

*Table B: Research team members from Malaysia (Appendix A)*

| NAME | ORGANISATION |
|---|---|
| Prof. Dato' Dr. Morshidi Sirat (Director) | Commonwealth Tertiary Education Facility (CTEF) |
| Prof. Dr. Russayani Ismail | School of Economics, Finance and Banking, Universiti Utara Malaysia (UUM) |
| Prof. Dr. Aida Suraya Md. Yunus | Faculty of Educational Studies, Universiti Putra Malaysia (UPM) |
| Assoc. Prof. Dr. Shazida Jan Mohd Khan | School of Economics, Finance and Banking, Universiti Utara Malaysia (UUM) |
| Dr. Abdul Razak Ahmad | Bait Al-Amanah House of Trust |
| Mr. Sri Jeyanthirar Subramaniam (Research officer) | Commonwealth Tertiary Education Facility (CTEF) |

*Table C: Country Report Writers (Appendix A)*

| NAME | ORGANIZATION |
|---|---|
| Dr. Richard Wah | Education Consultant |
| Prof. Dr. Prem Misir | University of Fiji (UoF) |
| Prof. Dr. Derrick Armstrong | University of South Pacific (USP) |
| Ms. Melesete Lino-Mariner | Samoa Qualifications Authority |
| Mr. David Lambukly | Vanuatu Qualifications Authority |
| Ms. Felicity Kaiuea | Ministry of Education, Republic of Kiribati |
| Ms. Pauline Moa | Tonga National Qualifications and Accreditation Board |
| Mr. Ali Zareqe Kiko | Ministry of Education and Human Resource Development, Solomon Islands |

## APPENDIX B: FIJI

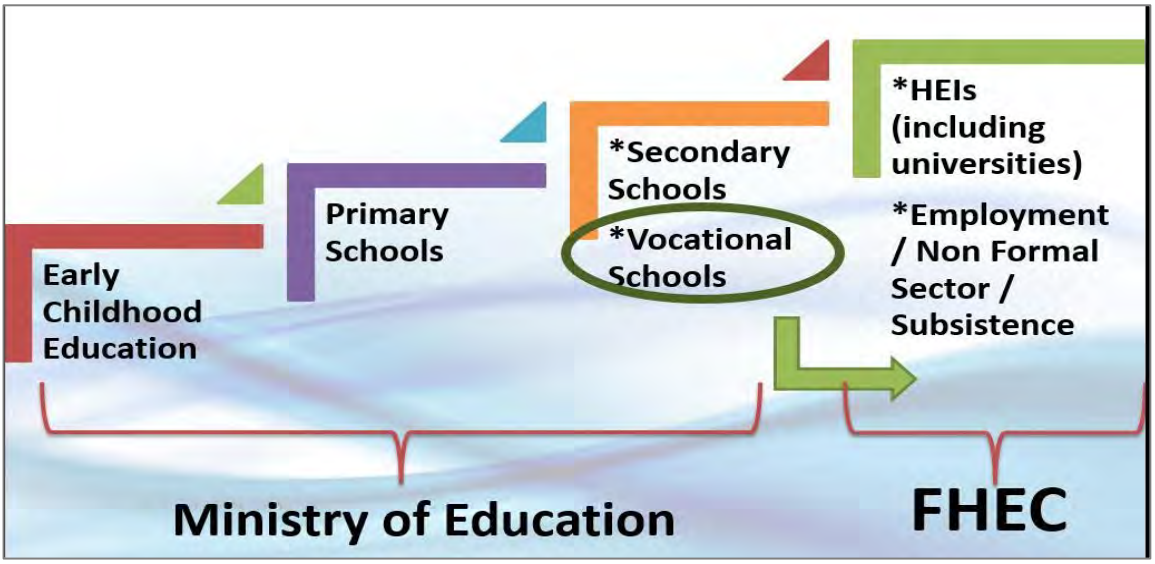


Figure 5.1.1 (a): The education system in Fiji (Appendix B)

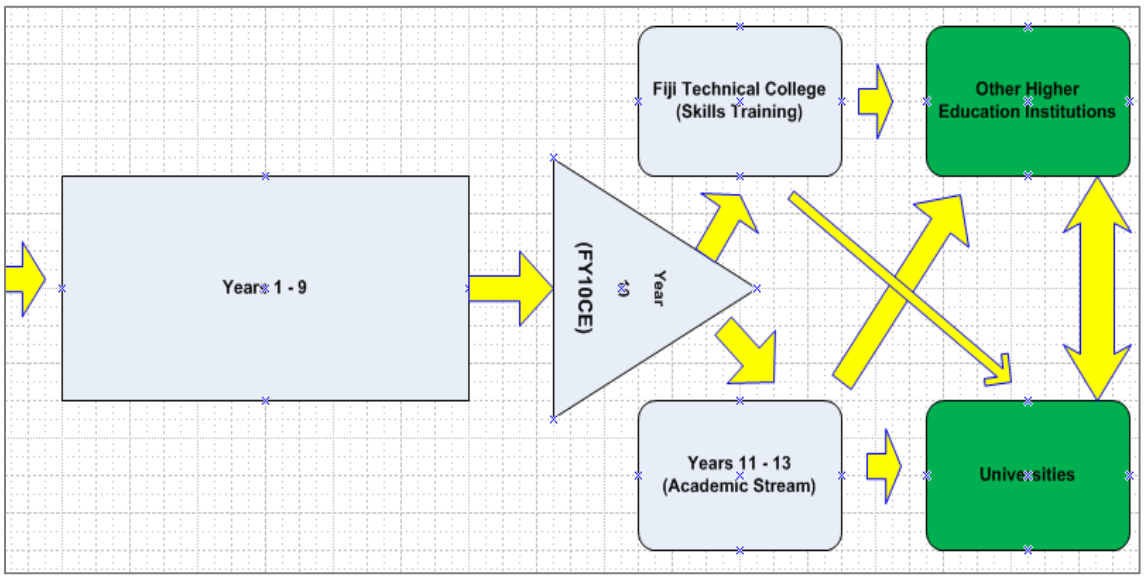


Figure 5.1.1 (b): Schematic diagram of students' movement through Fijian education system (Appendix B)

Table 5.1.1: Tabular presentation of the Fijian Education System (Appendix B)

| AGE | CLASSES | LEVEL | EXAMINATIONS/COMMENTS |
|---|---|---|---|
| 4 ≥ 6 | Preschool year | Early Childhood Education | This is currently an area of development in Fiji |
| 6 ≥ 13 | 1 – 8 | Primary School | Fiji Year 6 Examinations<br>Fiji Year 8 Examinations |
| 14 ≥ 18 | 9 – 13 | Secondary School<br>Vocational School<br>Technical College of Fiji | Fiji Year 9 Final Exams<br>Fiji Year 10 Certificate Exams<br>Fiji Year 11 Examinations<br>Fiji Year 12 Certificate Exams<br>Fiji Year 13 Certificate Exams |
| ≥ 18 | All certificate-awarding institutions. | Higher Education Institutions | Certificates, diplomas, undergraduate and postgraduate degrees in various fields. |
| > 14 | | Non formal education | Mainly offer certificates of participation |

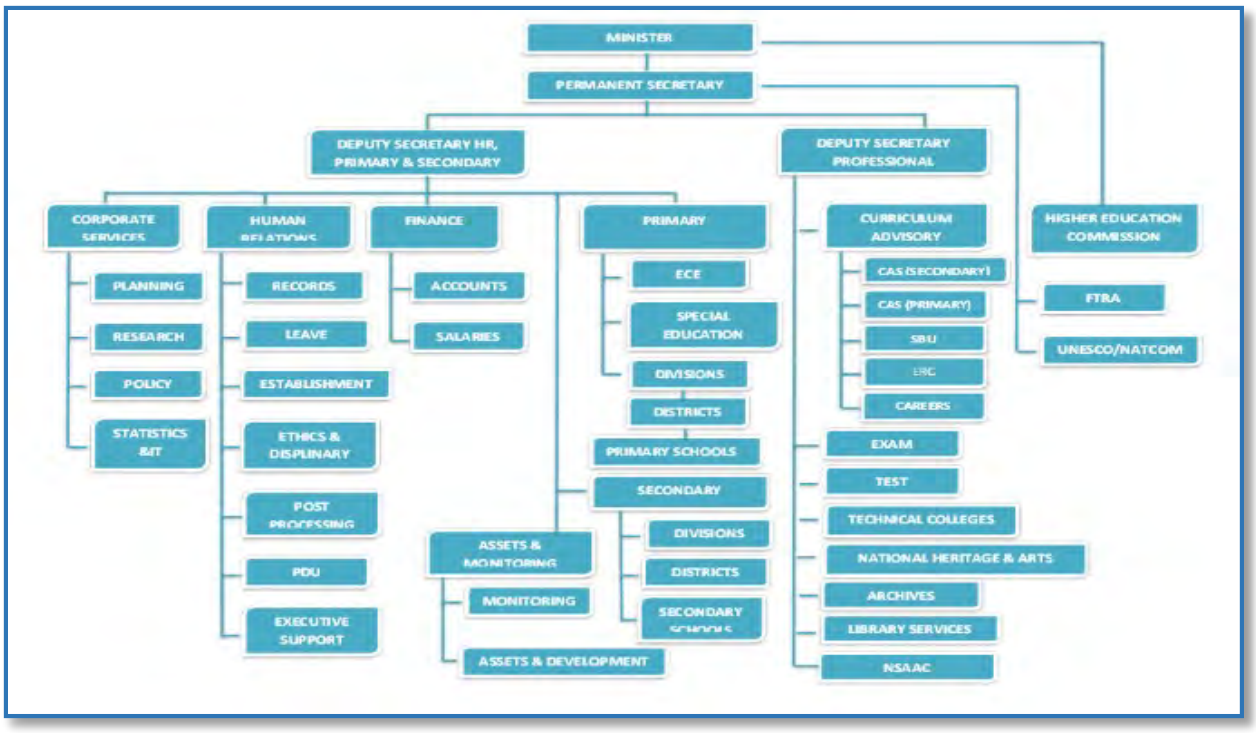


Figure 5.1.1 (c): Governance system of the Fiji Ministry of Education (Appendix B)

Note. Retrieved from Fiji Ministry of Education

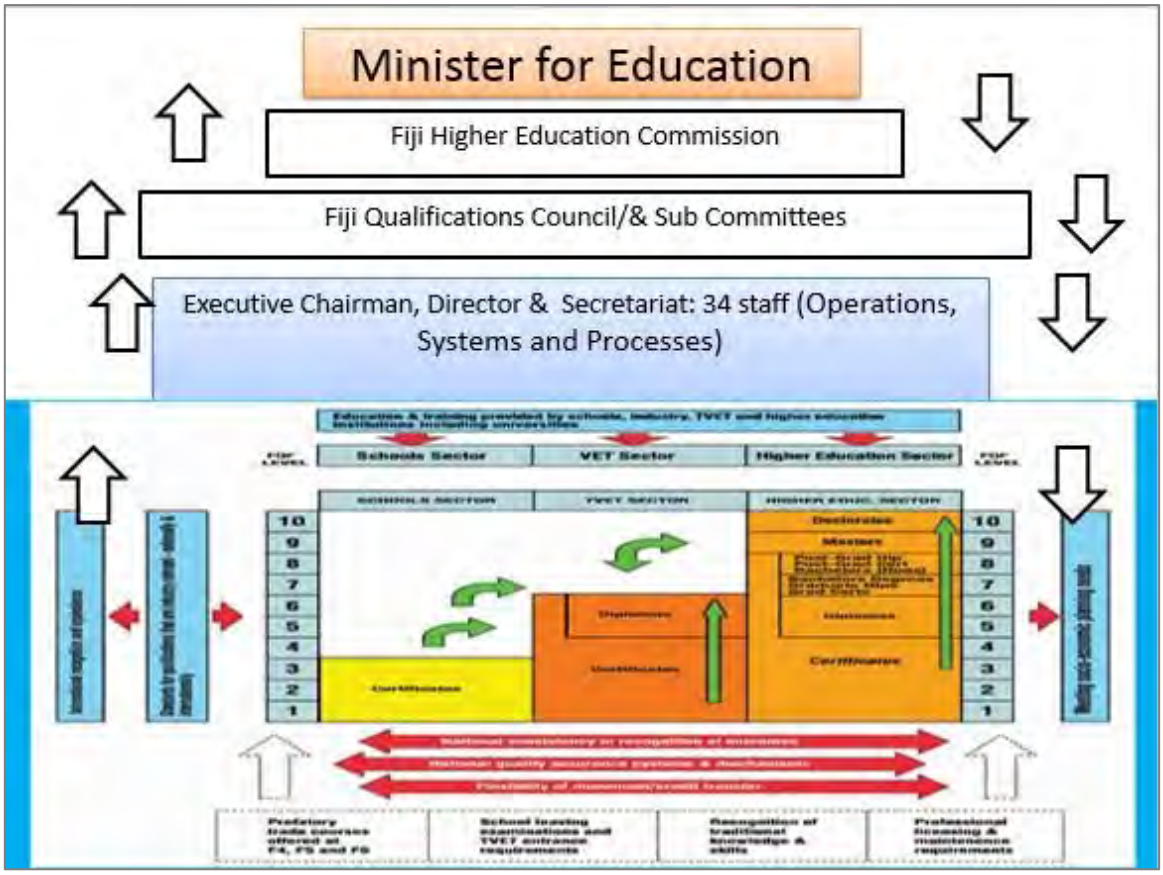


Figure 5.1.2: Schematic of the Fiji Higher Education Organisation and Standards (Appendix B)
Note: Retrieved from FHEC annual report, 2014.

Table 5.1.2 (c): Higher education legislations (Appendix B)

| |
|---|
| Promulgation 24 – Higher Education Promulgation 2008 |
| Promulgation 24 – Higher Education Regulations 2009 |
| Promulgation 24 – Higher Education (Qualifications) Regulations 2010 |
| Promulgation 24 Higher Education (Qualifications) (Amendment) Regulation 2013 |
| Crimes Decree 2009 |
| Employment Relations Promulgation 2009 |

Table 5.1.3 (a): Government allocations for 2014 (Appendix B)

| INSTITUTIONS | AMOUNT |
|---|---|
| **Operating Grants** | |
| Fiji National University | $ 38,587,000 |
| University of the South Pacific | $ 36,597,202 |
| University of Fiji | $ 3,530,000 |
| Centre for Appropriate Technology and Development | $ 755,000 |
| Monfort Boys Town Savusavu | $ 400,000 |
| Monfort Boys Town Veisari | $ 300,000 |
| Sangam Institute of Technology | $ 275,000 |
| Vivekananda Technical Centre | $ 150,000 |
| Corpus Christi | $ 150,000 |
| Fulton College | $ 50,000 |
| **Capital Grants** | |
| Fiji National University: Navua Campus | $ 2,500,000 |
| Fiji National University: Labasa Campus | $ 2,000,000 |

Table 5.1.3 (b): Government allocations for 2015 (Appendix B)

| INSTITUTIONS | AMOUNT |
|---|---|
| **Operating Grants** | |
| Fiji National University | $ 38,587,000 |
| University of the South Pacific | $ 36,597,202 |
| University of Fiji | $ 3,530,000 |
| Centre for Appropriate Technology and Development | $ 755,000 |
| Monfort Boys Town Savusavu | $ 400,000 |
| Monfort Boys Town Veisari | $ 300,000 |
| Sangam Institute of Technology | $ 275,000 |
| Vivekananda Technical Centre | $ 150,000 |
| Corpus Christi | $ 150,000 |
| Fulton College | $ 50,000 |
| **Capital Grants** | |
| Fiji National University: Navua Campus | $ 2,500,000 |
| Fiji National University: Labasa Campus | $ 2,000,000 |

*Note*.

i. Government provided $85.7 million for operating
ii. The 2015 Budget has allocated about $560 million to the education sector, representing about 16.8 percent of the total budget

Table 5.1.3 (c): Government allocations for 2016–2017 financial year (Appendix B)

| INSTITUTIONS | AMOUNT |
|---|---|
| **Operating Grants** | |
| Fiji National University | $ 45,072,521 |
| University of the South Pacific | $ 30,217,468 |
| University of Fiji | $ 2,334,862 |
| Centre for Appropriate Technology and Development | $ 736,009 |
| Monfort Boys Town Savusavu | $ 387,615 |
| Monfort Boys Town Veisari | $ 287,202 |
| Sangam Institute of Technology | $ 250,000 |
| Vivekananda Technical Centre | $ 143,394 |
| Corpus Christi | $ 140,092 |
| Fulton College | $ 50,000 |
| **Capital Grants** | |
| Fiji National University: Labasa Campus | $ 6,500,000 |
| Veterinary Laboratory, Hospital and Instructional Livestock Shed | $ 4,747,944 |
| Fiji Maritime Academy | $ 2,489,199 |

*Note*. The total funding of $93.4 million is provided as grants to registered Higher Education Institutions for the 2016–2017 financial year

Table 5.1.3 (d): Government allocations for 2016 Table (Appendix B)

| | Prior to funding model | Funding Model period | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Grants to HEIs | Actual 2013 ($) | Proposed 2014 ($) | Actual 2014 (S) | Proposed 2015 ($) | Actual 2015 ($) | Proposed 2016 ($) | Actual 2016 ($) | Actual 2016–2017 ($) |
| ACTS | - | - | - | 54,343 | - | - | | |
| CATD | - | 755,000 | 755,000 | 685,842 | 755,000 | 541,813 | 736,009 | 736,009 |
| CGTC | 150,000 | 150,000 | 150,000 | 151,678 | 150,000 | 268,514 | 140,092 | 140,092 |
| CG | - | - | - | 62,955 | - | - | | |
| DBC | - | - | - | 46,818 | - | - | | |
| DTC | - | - | - | | - | 91,821 | | |
| FC | - | 50,000 | 50,000 | 170,567 | 50,000 | 226,892 | 50,000 | 50,000 |
| FNU | 24,000,000 | 38,587,000 | 38,587,000 | 39,695,172 | 38,587,000 | 52,422,711 | 36,038,134 | 45,072,521 |
| KBEI | - | - | - | 46,477 | - | 45,568 | | |
| MBT & MTI | 780,000 | 700,000 | 700,000 | 895,416 | 700,000 | 799,595 | 845,163 | 845,163 |
| PRS | - | - | - | 60,455 | - | 74,512 | | |
| PTC | - | - | - | | - | 341,032 | | |
| SG | - | - | - | 65,670 | - | - | | |
| SIT | - | 275,000 | 275,000 | 230,898 | 250,000 | 100,455 | 250,000 | 250,000 |
| SPABT | - | - | - | 65,114 | - | 54,091 | | |
| SPBC | - | - | - | 53,566 | - | - | | |
| SPTHI | - | - | - | 75,588 | - | 74041 | | |
| UOF | 3,000,000 | 3,530,000 | 3,530,000 | 5,460,943 | 2,500,000 | 2,491,819 | 2,334,862 | 2,334,862 |
| USP | 36,597,202 | 36,597,202 | 36,597,202 | 36,625,000 | 36,597,202 | 31,096,955 | 30,217,468 | 30,217,468 |
| VTC | - | 150,000 | 150,000 | 182,292 | 150,000 | 200,674 | 143,394 | 143,394 |
| **Total** | **64,527,202** | **80,794,202** | **80,794,202** | **84,628,794** | **79,739,202** | **88,830,493** | **70,755,122** | **79,789,509** |

*Source.* FHEC

*Note.* Red – proposal for funding of fully registered institutions not supported. Some of these were private operators.

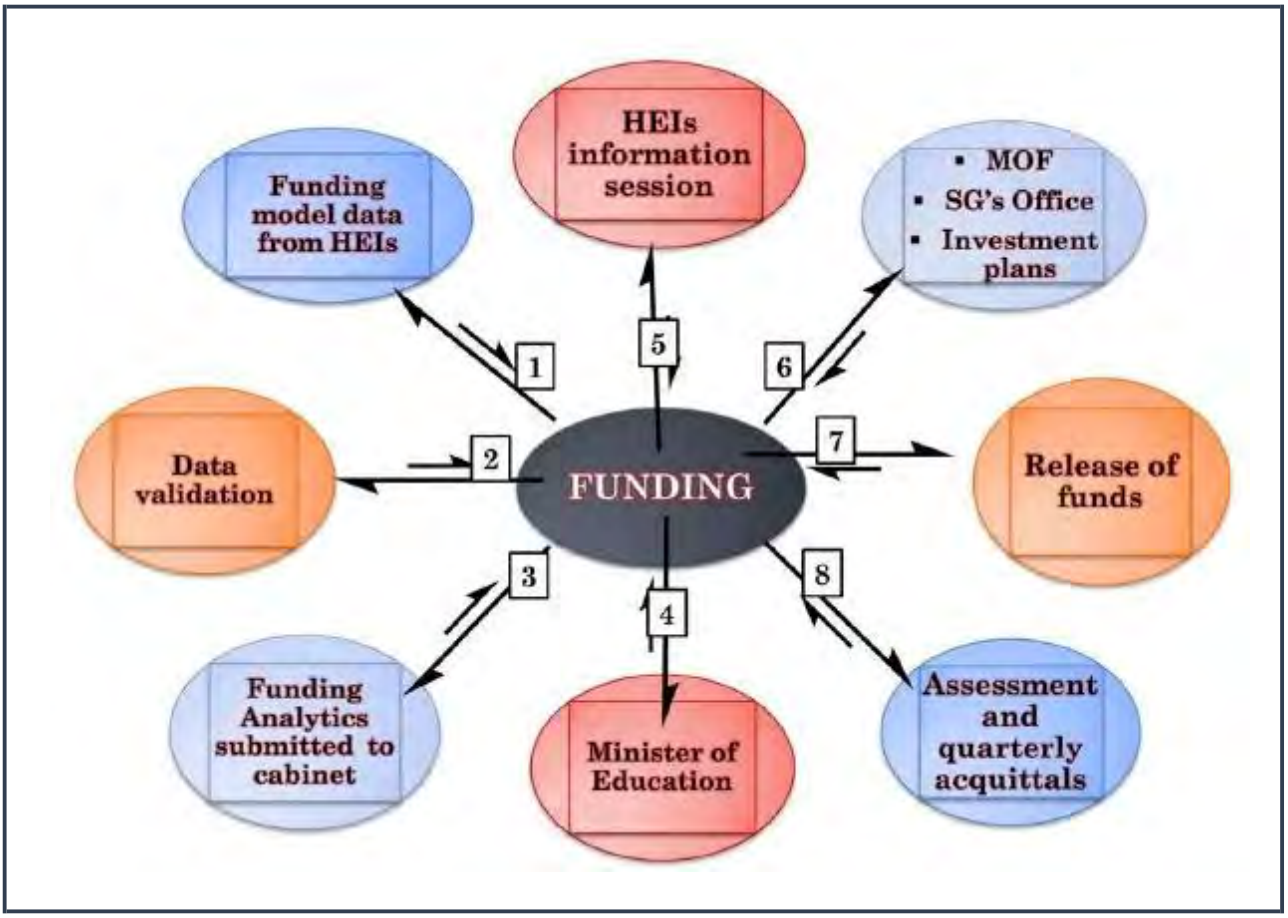


Figure 5.1.3: Summary of the funding process of the FHEC (Appendix B)

*Note.* Retrieved from FHEC

## APPENDIX C: SAMOA

### Methodology

The methodology used in this Country Report was mainly desktop research of:

- Existing studies, research findings and tracer studies that are available within and outside the SQA.
- SQA, as the regulator of Quality Assurance in higher education in Samoa. Working directly with SQA was beneficial; accessing and being knowledgeable about all the SQA policies, systems and standards did not require the writer to obtain any further information in this regard
- NUS, the sole government provider of higher education in Samoa. NUS as a provider under the scope of PSETSQA provided relevant information pertaining to the study
- Interviews held with the Director of Finance of the National University of Samoa
- Interview held with the Administration Officer/Secretary of the Malua Theological College

### Sectors of the Education System in Samoa

| SECTORS | AGE GROUP | PROVIDERS | FUNDING |
|---|---|---|---|
| **1. Early Childhood Education (ECE)** | Non-compulsory Ages 3–4 | - Private individuals, church groups and community-based<br>- Administered by the National Council of Early Childhood Education in Samoa | - Privately funded<br>- Grants by government channelled through the Ministry of Education, Sports and Culture |
| **2. Primary Education** | Compulsory Age 5–13 for Years 1–8 | Total number of Primary Schools is 209:<br>- 166 village schools<br>- 10 private schools; and<br>- 33 mission schools | - Government grants andtuition fees<br>- School Fee Grant Scheme funding supported by AusAID/NZAID |
| **3. Secondary & College Education** | Non-compulsory Ages 14–18 | - 24 government schools<br>- 11 mission schools; and<br>- 1 private school | - Grants and tuition fees<br>- MESC appoints and pays salaries of staff |
| **4. Post School Education and Training** | Non-compulsory Age after Secondary | - A total of 30 formal providers:<br>o 2 government inst.,<br>o 10 private inst.<br>o 16 mission inst.; and<br>o 2 regional inst.<br>- Non-formal providers<br>- Apprenticeship scheme | - Privately funded<br>- Government grant<br>- Tuitions |

*NUS: Table of Fees*

| | $ LOCAL | $ INTERNATIONAL |
|---|---|---|
| **ADMISSION FEES** | | |
| Enrolment package *paid once annually* | 55 | 55 |
| Registration fee *paid each semester* | 182 | 182 |
| Students' Association (NUSSA) *paid once annually* | 55 | 55 |
| Penalty for late enrolment | 116 | 116 |
| TUITION FEES – all tuition fees are per course unless otherwise stated | | |
| *Notes:* | | |
| *i. Absolutely no tuition fees will be accepted after the fee deadline – the end of week* | | |
| *ii. Students who have not fully paid their fees by that date will have their enrolment deregistered and any partial payments they have made will be refunded.* | | |
| *iii. International students are charged higher, non-subsidised tuition fees (at rates between 350 percent to 450 percent of the fees charged to Samoan citizens). Please contact Financial Services for more information.* | | |
| **OCEANSIDE PROGRAMMES** | | |
| *Course codes start with T (fee per course)* | | |

| DISCIPLINE/AREA OF STUDY | YEAR | $ LOCAL | $ INTERNATIONAL |
|---|---|---|---|
| Applied Mathematics | 1 | 138 | 481 |
| | 2 | 198 | 693 |
| Automotive Engineering | 1 | 171 | 597 |
| | 2 | 253 | 886 |
| Business Studies | 1 | 407 | 1425 |
| | 2 | 237 | 828 |
| Communication Skills | | 242 | 847 |
| Computer Operating | | 286 | 1,001 |
| Construction and Joinery | 1 | 143 | 501 |
| | 2 | 176 | 616 |
| Cookery | | 248 | 866 |
| Electrical Engineering | 1 | 215 | 751 |
| | 2 | 264 | 924 |
| Fitting and Machining | 1 | 231 | 809 |
| | 2 | 193 | 674 |
| Food and Beverage Service | | 248 | 866 |
| Front Office and Accommodation | | 187 | 655 |
| Horticulture | | 220 | 770 |
| Journalism | 1 | 215 | 751 |
| | 2 | 253 | 886 |
| Office Management | 1 | 204 | 712 |
| | 2 | 473 | 1,656 |
| Panel-beating amd Spray Painting | | 154 | 539 |
| Plumbing and Sheetmetal | 1 | 176 | 616 |

| | | | |
|---|---|---|---|
| | 2 | 220 | 770 |
| Radio and Electronics | 1 | 325 | 1,136 |
| | 2 | 215 | 751 |
| Refrigeration and Air Conditioning | 1 | 176 | 616 |
| | 2 | 270 | 943 |
| Technical Drawing | 1 | 154 | 539 |
| | 2 | 220 | 770 |
| Tour Guiding | | 248 | 866 |
| Tourism and Hospitality | | 242 | 847 |
| Tourism Studies | 1 | 330 | 1,155 |
| | 2 | 314 | 1,097 |
| Trade Preparatory Year (TPY) | | 138 | ? |
| Welding and Metal Fabrication | 1 | 231 | 809 |
| | 2 | 220 | 770 |
| Work Experience | | 182 | 635 |
| **MARITIME PROGRAMMES (*fee per course*)** | | | |
| Certificate II: Maritime Training | | 220 | 770 |
| Certificate III: Able Seafarer (Deck) | | 182 | 635 |
| Certificate III: Able Seafarer (Engine) | | 182 | 635 |
| Certificate IV: Marine Engineer (Class 5) | | 385 | 1,348 |
| Certificate IV: Master (Class 5) | | 193 | 674 |
| Certificate Qualified Fishing Deckhand | | ? | ? |
| **MOUNTAINSIDE UNDERGRADUATE PROGRAMMES** | | | |
| *Course code start with H (fee per course)* | | | |
| Bridging and Foundation level courses, except HCS | | 314 | 1,097 |
| 100-, 200- and 300-level courses, except HCS | | 314 | 1,097 |
| Computing (HCS) courses (all levels) | | 385 | 1,348 |
| **POSTGRADUATE PROGRAMME (*fee per programme or course*)** | | | |
| Bachelor of Commerce (Honours) Thesis | | 1,540 | 6,930 |
| Bachelor of Commerce (Honours) *(per course)* | | 385 | 1,733 |
| Graduate Diplomas *(per course)* | | 385 | 1,733 |
| MBBS *(per annum)* | | 12,000 | ? |
| PGCert. in Pacific Health Leadership and Mgt. Dev. *(per programme)* | | 1,645 | 7,400 |
| Postgraduate Diploma *(per course)* | | 385 | 1,733 |
| Master's degrees Thesis | | 2,640 | 11,880 |
| Master's degrees Coursework (*per course*) | | 440 | 1,980 |
| Doctoral Programmes (PhD) (*per year*) | | 7,700 | 34,650 |
| **MISCELLANEOUS FEES** | | | |
| Invoice reprint | | 6 | 6 |

| | | |
|---|---|---|
| Replacement ID card | 28 | 28 |
| Temporary ID slip (*per exam*) | 11 | 11 |
| Exam recount | 88 | 88 |
| Confirmation letter (*3-day notice*) | 11 | 11 |
| Confirmation letter (*1-day notice*) | 22 | 22 |
| Confirmation of Exam Timetable | 11 | 11 |
| First confirmation of programme completion (*10-day notice*) | 0 | 0 |
| Second confirmation of programme completion (*3-day notice*) | 22 | 22 |
| Second confirmation of programme completion (*1-day notice*) | 44 | 44 |
| Copy of academic result slip (*per slip*) | 11 | 11 |
| Unofficial academic transcript | 11 | 11 |
| Official academic transcript (*3-day notice*) | 22 | 22 |
| Official academic transcript (*1-day notice*) | 44 | 44 |
| Verification of documents (*per sheet*) | 8 | 8 |
| Application for Special Examination | 50 | 50 |
| Graduation application fee | 39 | 39 |
| Penalty for late application for graduation | 50 | 50 |
| Hire deposit for graduation gown only | 165 | 165 |
| Hire deposit for graduation gown, hood and cap | 275 | 275 |
| **REFUNDS** | | |
| Change of between 1–5 marks after exam recount | 17 | 17 |
| Change of more than 5 marks after exam recount | 83 | 83 |
| Return of graduation gown | 83 | 83 |
| Return of graduation gown, hood and cap | 110 | 110 |
| **PENALTIES** | | |
| Penalty fee for late submission of enrolment form | 50 | 50 |
| Penalty fee for late payment of tuition fee | 10% additional fee on remaining balance as of week 8 | 10% additional fee on remaining balance as of week 8 |

## Nus Financial Position

National University of Samoa
Statement of Financial Position
As at 30 June 2016

| | Notes | 2016 $ | 2015 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **Non Current assets** | | | |
| Property, plant and equipment | 10 | 68,882,517 | 50,405,087 |
| **Total non current assets** | | 68,882,517 | 50,405,087 |
| **Current Assets** | | | |
| Other receivables and prepayments | 13 | 2,124,463 | 1,916,150 |
| Bookshop inventory | 14 | 93,942 | 63,494 |
| Term deposits | 15 | 3,598,416 | 2,525,411 |
| Cash on hand and cash equivalent | 16 | 1,511,540 | 630,953 |
| **Total Current Assets** | | 7,328,361 | 5,136,008 |
| **TOTAL ASSETS** | | **76,210,878** | **55,541,095** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Capital | | 29,997,837 | 29,997,837 |
| Accumulated losses | | (2,468,034) | (4,656,211) |
| **Total Equity** | | 27,529,803 | 25,341,626 |
| **Non current liabilities** | | | |
| Deferred income | 4 | 42,033,817 | 24,324,484 |
| Long service leave | | 2,020,752 | 1,824,336 |
| **Total non current liabilities** | | 44,054,569 | 26,148,820 |
| **Current Liabilities** | | | |
| Deferred income | 4 | 1,303,168 | 815,668 |
| Annual and sick leave | | 1,016,101 | 1,018,154 |
| Other Payables and accruals | 17 | 1,322,991 | 1,317,897 |
| Project funds and others | 18 | 984,246 | 898,931 |
| **Total Current Liabilities** | | 4,626,506 | 4,050,650 |
| **TOTAL EQUITY AND LIABILITIES** | | **76,210,878** | **55,541,095** |

Signed on behalf of the Council:

Pro-Chancellor
28-10-16
Dated

Vice-Chancellor
28-10-2016
Dated

The accompanying notes form an integral part of the above financial statement

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## APPENDIX D: TONGA

### ANNEX 1: QUESTIONNAIRE[27]

| **Question 1**: Public funds allocated to the institution | Yes | No |
|---|---|---|
| 1. There is an allocation of public funds to the institution | | |
| 2. The institution is in charge of the public funds it receives | | |
| 3. The public funds are the institute's main source of funding | | |
| 4. The institution is involved in deciding how much funding it receives | | |
| *Comments:* | | |
| **Question 2**: Autonomy of institutions in the use of tuition fees | Yes | No |
| 1. The institution collects tuition fees | | |
| 2. The institution receipts to students the tuition fees | | |
| 3. The institution deposits tuition fees to public funds | | |
| 4. The institution has autonomy in the use of tuition fees | | |
| *Comments:* | | |
| **Question 3**: Revenue diversification effort | Yes | No |
| 1. The institution has alternate sources of revenue | | |
| 2. It is easy to find alternate sources of revenue | | |
| 3. The institution's efforts to diversify revenue are hindered by law | | |
| 4. The institution relies entirely on public funds as its source of revenue | | |
| *Comments:* | | |
| **Question 4**: Partnerships with industry | Yes | No |
| 1. The institution has partnerships with industry | | |
| 2. The institution has a Memorandum of Understanding with industry | | |
| 3. There is mutual benefit in engaging with industry | | |
| 4. The industry has adequate resources relevant for the course | | |
| *Comments:* | | |
| **Question 5**: Restrictions and conditions when seeking and using other private funds and partnerships | Yes | No |
| 1. There are other private funds available which the institution is eligible for | | |
| 2. There is law governing the use of other private funds | | |
| 3. There is law governing institutions having partnerships with industry | | |
| 4. The restrictions and conditions are negotiable | | |
| *Comments:* | | |
| **Question 6**: Public incentives to seek private funding | Yes | No |
| 1. There is private funding available for the institution to apply for | | |
| 2. The government has set up incentives to seek private funding | | |
| 3. The institution is fully eligible to apply for private funding | | |
| *Comments:* | | |

[27] Drawn from Tonga Report by Pauline Moa (2016), Acting Chief Executive Officer, Tonga National Qualifications and Accreditation Board, Tonga.

| **Question 7**: Accountability | Yes | No |
|---|---|---|
| 1. The institution is required or expected to submit an acquittal report to justify how it spends government funds | | |
| 2. The institution is required or expected to submit an acquittal report to justify how it spends private funds | | |
| *Comments:* | | |
| **Question 8**: Challenges in raising private funds | Yes | No |
| 1. The size is smaller than public funds | | |
| 2. The institution has limited influence on the decision-making process | | |
| 3. Continuation of support is hard to predict due to changing priorities | | |
| 4. Covers project costs and not indirect costs | | |
| *Comments:* | | |

## APPENDIX F: SOLOMON ISLAND

*Figure 2: SITESA's Roles and Responsibilities (2016) (Appendix F)*

SITESA will be adequately staffed through a secretariat to undertake the following roles:

- Set national tertiary strategy and high-level policy through engagement with stakeholders, including development partners in the formulation of policy and strategy;
- Monitor and report to the Solomon Islands government and tertiary sector stakeholders on the activities, overall resourcing and performance of the tertiary sector in relation to national strategic goals for social, economic and cultural development;
- Negotiate with the Ministry of Finance and Treasury for funding allocations to the sector;
- Liaise with industry for strategic labour market intelligence, sponsorships and funding support;
- Determine funding appropriations for incentivised, contestable and other tendered training programmes aligned to the national education and training plan;
- Monitor and report on funded provider contract performance and verify funded training and assessment activity;
- Develop an annual education and training plan;
- Governance and management responsibility for the prioritisation and allocation of all Solomon Islands government scholarships aligned strategically to national economic and social development priorities;
- Develop, implement and maintain a national qualifications framework, the SIQF; develop, implement and maintain the associated quality assurance framework for the accreditation of programmes under the remit of the SIQF;
- Promote links and pathways between the tertiary sector and other education sectors;
- Promote links and engagement with international agencies in relation to the SIQF and related quality assurance framework;
- Promote linkages with relevant national, regional and international stakeholders and agencies to facilitate the international recognition of the Solomon Islands' qualifications and to provide for the recognition of international qualifications;
- Ensure education and training services meet industry needs (i.e. training verification)

Commission Industry Skills Advisory Groups are required to provide advice in relation to:

- Labour market demand;
- Annual skills plan;
- Workplace learning;
- Training verification

These groups are also involved in the following activities:

- Development and review of national achievement standards, e.g. national competency standards, national skill sets or national qualifications;
- Approve registration of tertiary institutions, monitor and audit institutions, sanction poor practice (including suspension and cancellation of registration);
- Provide policy, guidelines or advice in relation to quality assurance issues related to accredited programmes, including setting any fees, work attachments/structured workplace learning, audit, assessment and moderation processes;
- Accredit and monitor programmes developed by tertiary skills institutions;
- Establish, recognise and develop workplace training and assessment so that it becomes a normal and integral part of vocational skills development;
- Develop, implement and maintain the associated quality assurance framework for recognition of providers of non-formal learning;
- Monitor quality education and training and assessment provision, including audit and moderation processes;
- Maintain registers of registered tertiary providers and accredited programmes;
- Maintain (with input from tertiary skills providers) a labour market information system for qualifications achieved;
- Sponsor tertiary enhancement projects from time to time;
- Research options to fund or incentivise education and training, such as training levies/funds, loan schemes, bond schemes and tax incentives or tax rebates to support targeted workforce development, education and training;
- Liaise with the National Education Board on educational and quality matters, particularly those relating to senior secondary schooling and the tertiary sector and their relationship to meeting workforce needs;
- Work with Ministry of Commerce, Industry, Labour and Immigration including in relation to apprentices, the apprenticeship scheme, trade testing and licensing and research international practices on apprenticeship schemes and recommend improved management options;
- Report to the Solomon Islands government and tertiary sector stakeholders on the findings of research, monitoring and evaluations conducted.

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