

## Introduction

High quality tertiary education is central to helping New Zealand achieve its economic, social and environmental goals, and meeting the development aspirations of Māori and Pasifika peoples, and disabled people.

Government, students and their families invest significant resources in tertiary education. The Government alone invests over \$3.7 billion each year. Rising demand for tertiary study in a period of significant fiscal constraint means that Government expects our investment to be used efficiently and effectively by tertiary education organisations and students. We want to enable providers to be innovative and responsive to the needs and aspirations of all students.

The Government has identified six main structural policy drivers that will improve our economic performance and support more sustainable growth in future. These are improving the regulatory environment for business, lifting the performance of the public sector, supporting innovation and business, ensuring New Zealand has the skills it needs, improving infrastructure, and making the tax system as fair and efficient as possible. The tertiary system will play a key role in the skills driver, which is focused on improving literacy and numeracy, youth achievement, and tertiary system performance. It will also play an important part in supporting the evolution and growth of industries through the innovation and business support driver.

This draft Tertiary Education Strategy describes the Government's strategic direction for tertiary education over the next five to 10 years. It outlines Government's priorities in terms of the shifts we expect to see, and intend to do something about, over the next investment plan cycle starting in 2011.

This Strategy will revoke and replace the previous *Tertiary Education Strategy 2007 – 12*, as required by the Education Act 1989. It will guide the Tertiary Education Commission's investment decisions, to maximise tertiary education's contribution to New Zealand.

## Part One: Strategic direction

### 1.1 Over-arching education vision

Government's vision is for a world-leading education system that equips all New Zealanders with the knowledge, skills and values to be successful citizens in the 21st century.

A world-leading and inclusive education system is an important first step towards a productive and growing economy that delivers greater prosperity, security and opportunity for all New Zealanders.

### 1.2 Vision for tertiary education

Access to high-quality tertiary education enriches people's lives, increases their employment opportunities and helps to build a productive skills base to drive economic growth. Government wants relevant and efficient tertiary education provision that meets the needs of all students, the labour market and the economy.

The effectiveness of tertiary education in achieving this vision depends on the quality of provision, the choices students make, the support that students receive, and the

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**Comment:** Consistent with the emphasis on the right to education as described in the New Zealand Disability Strategy, the UN Convention on the Rights of People with Disabilities

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responsiveness of providers to students and employers. We expect the tertiary education system to:

- provide all New Zealanders with opportunities and appropriate support to access tertiary education and gain world-class skills and knowledge
- raise the skills and knowledge of the current and future workforce to meet labour market demand and social needs
- produce high quality research to build on New Zealand's knowledge base, respond to the needs of the economy and address environmental and social challenges
- enable Māori to achieve tertiary education success as Māori
- enable Pasifika students to achieve tertiary education success as Pasifika people.
- enable disabled people to achieve tertiary education success.

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### **Provide New Zealanders of all backgrounds with opportunities to gain world-class skills and knowledge**

The broad nature of New Zealand's tertiary education system reflects the wide range of learning needs and experiences of New Zealanders. Demand for tertiary education comes from young people seeking to build on the foundation they have formed at school, workers seeking additional skills to advance or change their career, and adults wanting to improve their literacy and numeracy skills.

The tertiary education sector should respond to the needs of all the groups it serves. In some cases this will mean providing extra services to create an inclusive environment, for example for students with disabilities. Groups of students with low completion rates, such as Pasifika, are likely to require additional academic and pastoral support.

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Comment: We view this as a strong and important statement. Well Done!!

### **Raise the skills and knowledge of the current and future workforce to meet labour market demand and social needs**

New Zealand faces a big challenge to overcome its historically low productivity rates and to deliver greater prosperity and opportunity for New Zealanders. Developing skills is important for our long-term productivity and future growth performance.

Higher skills increase the productivity of individuals and the productivity of others they work with. Skills underpin firms' ability to innovate and apply new ideas, and adapt to competitive challenges and new markets.

Tertiary education plays a key role in improving the skills and knowledge of the workforce and in building on New Zealand's knowledge base through research.

International students studying at New Zealand institutions are an additional source of skills and knowledge for the New Zealand labour market.

### **Produce high quality research to build on New Zealand's knowledge base, respond to the needs of the economy and address environmental and social challenges**

Researchers in tertiary institutions, particularly universities, undertake a significant proportion of new research in New Zealand. They cooperate with other research organisations and with firms to develop and apply new ideas. Research partnerships with international institutions allow New Zealand institutions to tap into a wider pool of knowledge and build our own capability.

Innovation is critically important for New Zealand's economy as a driver of productivity improvements. Research supports innovation by building New Zealand's knowledge base, developing better ways of applying existing knowledge for commercial use and to address social and environmental concerns.

Research needs to inform teaching, both in academic and applied settings. This enables the development of human capital, as tertiary education institutions play a key role in spreading knowledge and in transferring technology through teaching. Tertiary education institutions also provide nearly all the research training in New Zealand. Holders of research degrees play a particular role in the labour market, as their critical thinking skills are vital for innovation.

#### **Enable Māori to achieve educational success as Māori**

Effective transitions from school to tertiary education are critical for Māori students to reach their full potential and to complete higher level qualifications.

The strengthening of identity, culture and te reo Māori are critical ingredients for the success of Māori students in education. All tertiary providers need to improve pastoral and academic support, the learning environment, and teaching practice for Māori students. We also want to improve the delivery of credible, authentic and high quality te reo Māori provision. Improving the quality of te reo Māori in initial teacher education programmes is one among a number of important factors that have the potential to help Māori to achieve success throughout the education system. Other factors include teachers being able to tailor their teaching to Māori learners.

#### **Enable Pasifica people to achieve educational success as Pasifica people**

#### **Enable Disabled people to achieve educational success.**

Disabled people have a right to an inclusive education at all levels. Effective and appropriate support is important for disabled people to achieve their full potential and achieve at high levels. All tertiary providers need to ensure that the necessary pastoral and academic supports, learning environments, and inclusive teaching practices are in place for disabled students. Tertiary services such as the present Disability Information & Support Services at some tertiary institutions recognise that students with depression and other mental health issues, specific learning difficulties, medical conditions, temporary injuries, visual, hearing, and mobility disabilities, as well as those who are Deaf, may require additional resources or assistance while studying. Examples of such support are the provision of advocacy services for disabled students, of assessment of the built environment for access purposes, of Braille for students with vision impairments, and the provision of interpreters for Deaf students, etc.. Improving the inclusive education pedagogy in initial teacher education programmes is important to ensure that disabled students are included and achieve success throughout the regular education system and in society, generally.

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**Comment:** As we do have expertise in this area, we suggest that TEC insert a relevant paragraph here about Pasifica students.

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## **Part Two: Priorities**

The strategic direction above sets out the Government's vision for tertiary education and the long-term direction it wants the sector to take. This part of the Tertiary Education Strategy sets out the changes we are looking for in the short term to progress towards our long-term goals.

### **2.1 Government's tertiary education priorities for the next 3-5 years**

The economy has contracted significantly due to the global downturn and local recession, curtailing government income at the same time as increasing the costs of social welfare

and debt servicing. In this economic environment Government will ensure the tertiary system achieves the best return on the public's investment. We will do this by:

- increasing the number of young people (aged under 25) achieving qualifications at level four and above, particularly degrees
- assisting Māori and Pasifika people to achieve at higher levels
- assisting disabled people to achieve at higher levels
- increasing the number of all young people moving successfully from school into tertiary education
- continuing to assist all adult learners to gain the literacy, language and numeracy skills for higher level study or skilled employment
- improving the educational and financial performance of providers
- strengthening research outcomes.

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## 2.2 How the priorities will be achieved

In a tight fiscal environment, Government is unable to provide significant funding increases to meet the growing demand for tertiary education. We will need to move funding away from low-quality qualifications (such as those with low completion rates or poor educational or labour market outcomes) to fund growth in high-quality qualifications that benefit New Zealanders and contribute to economic growth. Providers will need to manage costs, continue to seek efficiency gains, ensure the qualifications they offer best meet student and employer needs and explore additional sources of revenue. A key driver to improve the efficiency of public investment in tertiary education is to improve student completion rates. Government is committed to maintaining reasonable fees for students, but will explore ways of giving providers some additional flexibility to raise revenue. Government has identified the approach we wish the sector to take to achieve our short-term priorities and long-term direction. We have decided to:

- target priority groups
- improve system performance
- support high quality research that helps to drive innovation.

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Comment: We support this, particularly in relation to disabled people

### 2.2.1 Targeting priority groups

Although we are committed to retaining broad access to tertiary education, in a constrained fiscal environment we will need to give priority to particular groups of learners and types of study. We will seek to have:

- more young people (aged under 25) achieving qualifications at level four and above, particularly degrees
- more young people moving successfully from school into tertiary education
- more adult learners gaining the literacy, language and numeracy skills for higher level study or skilled employment.

#### **More young people (aged under 25) achieving qualifications at level four and above, particularly degrees**

There is a significant wage premium for people who complete higher level study, particularly bachelors degrees. Skills are regarded as one of the Government's six key productivity drivers. For New Zealand to increase its rate of productivity growth, a change in the skill level of the working population is needed, including a higher

proportion of people with qualifications at level four or above on the National Qualifications Framework.

Increasing the number of people participating in and achieving higher level qualifications remains a key challenge. Although the number of people participating in and completing tertiary education in New Zealand has increased significantly since 2000, most of the increase in qualifications completions has been at levels one to three. The number of people completing degrees has remained largely constant since 2000.

This is particularly the case for Māori, whose participation rate in level one to three qualifications (10%) was nearly double that of the other ethnic groups in 2007. In contrast, participation rates for Māori aged 18 to 19 in degree level study remain at less than half the rate for all students, and the completion rates for Māori at bachelor level study are also lower.

While the last five years have seen a greater proportion of Pasifika people in tertiary education studying at bachelor level or above, they are still over-represented in lower level study. Completion rates for Pasifika students are lower than for any other group.

Disabled people as a group are also disadvantaged, and with low rates of participation at the Tertiary level.

Government will therefore be looking at the funding and student support settings to create incentives for participation in and completion of higher level study.

#### **More young people moving successfully from school into tertiary education**

Government wants to have more young people engaged in tertiary education.

Completing a vocational or professional qualification early in adult life has a higher return for both the individual and society. Those who enrol in tertiary education directly from school are more likely to complete a qualification than students who enter from the workforce or unemployment, largely because school leavers are more likely to study full-time and have fewer other commitments. Targeting young people can therefore improve the return on public funding.

New Zealand also has relatively low participation rates in all types of education at ages 15 to 19. Seventy-four percent of 15 to 19 year olds in New Zealand were enrolled in education in 2006 (compared to the OECD average of 81.5%). A key factor in this is low school retention rates, although in part this is offset by above average enrolment rates in post-school education. Many young people (particularly those with lower school qualification levels) fail to successfully make the transition from schooling to tertiary education. Completion rates in lower level tertiary study are also poor, and there is little progression to higher level study.

A range of factors affect the engagement of young people in tertiary education, including: how Government funds institutions and students

- school achievement levels

- the information and advice students and their families receive on study paths and options for higher education

- the learning environment at tertiary organisations, including the effectiveness of teaching, and the academic and pastoral support students receive.

We will be looking at all of these factors to identify ways to improve all young people's participation and achievement in tertiary education. As a first step, we will provide fees-

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**Comment:** What evidence is there that levels 1-3 do not contribute to assisting students to go further into higher levels or employment, or to improve their literacy? This could be discriminatory towards disabled people who sometimes entire Tertiary study at these levels. We suggest this statement should be removed, and not take from 'disabled Peter to pay for Paul'. This is also inconsistent with the section below that wishes to improve this student support settings.

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**Deleted:** In a capped funding environment, this will involve reducing government funding for some qualifications at levels one to three that do not assist students into higher-level learning or employment, or do not improve their literacy, language and numeracy skills.

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**Comment:** Can you cite the evidence for this statement? In particular, what evidence supports the idea that older students, such as women with children, with more life experience, do not complete their study or provide a "lower return" for society? This is a very important question given that the statement as written is intended to drive funding allocations. Indeed this draft statement seems inconsistent with the content of the following paragraph, which indicates that many young people are not making it to Tertiary Education.

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free tertiary study for 16 and 17 year olds through the Youth Guarantee programme. In a constrained fiscal environment, targeting more support towards young people may require Government to re-examine the level of assistance for those people who have already been supported to undertake tertiary education.

### **More adult learners gaining the literacy, language, and numeracy skills for higher level study or skilled employment**

Certificate and diploma-level tertiary education provides essential qualifications for many trades and vocations. It also offers people with low school qualifications, or with literacy and numeracy needs, the chance to re-enter the education system. Informal education provided by the adult and community education sector can play a key role in literacy, language and numeracy learning, in particular by targeting people whose initial learning was not successful. Intensive literacy training in the workplace engages hard-to-reach learners and provides productivity benefits to employers. Including literacy, language and numeracy in industry training, apprenticeships and training for unemployed people improves their success.

Informal and lower level tertiary study can be an important avenue back into education for many Māori and Pasifika learners and disabled people, who tend to have lower school qualifications.

For tertiary study to be effective for second-chance learners, the quality of teaching and learning needs to improve to raise completion rates. Students who need to improve their literacy and numeracy skills should be able to do so. Informal and lower-level certificate study needs to offer clear pathways through to higher-level tertiary study and skilled employment.

We will:

- look at how we resource and support lower-level tertiary education
- reduce the proliferation of provider qualifications
- continue to work with providers to embed literacy, language and numeracy in level one to three qualifications
- continue to support intensive literacy programmes in workplaces
- prioritise qualifications that link strongly to higher-level learning and skilled employment
- expect adult and community education providers to focus on second chance and foundation learners, including a higher proportion of Māori, Pasifika, speakers of languages other than English, and disabled people.

### **2.2.2 Improving system performance**

Government, students, and their families invest significant resources in tertiary education. They need to be sure that qualifications are high quality and relevant for their requirements.

In 2008/09, Government will spend over \$3.7 billion on tertiary education. Some \$2,764 million will be invested directly in tertiary education organisations, while the remainder, \$973 million, will be spent on student support.

Government wants to see ongoing improvements in the performance of the system. In particular, we want providers and industry training organisations to be more responsive to the demands of both students and industry and to make better use of scarce resources.

We expect to see better completion and retention rates for students as a result of higher

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**Comment:** We would not support a reduction in providers who are attempting to include disabled students, and thus who may appear to have reduced 'outcomes' as inferred in this draft strategy, i.e. skilled employment and higher level study. This would further disadvantage disabled students, and would encourage providers to 'not include' disabled students in their programmes.

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quality teaching and learning. Public tertiary providers need to ensure they are financially viable so they can provide quality education on an ongoing basis.

To improve sector performance, we need to:

— enhance quality assurance

provide better incentives for providers to respond to students and market signals, by:

- making provider level performance information publicly available
- linking funding more closely to performance

support and encourage student performance

encourage collaboration and shared resources

continue to build international linkages.

### **Enhance quality assurance**

Government will continue to put in place the new quality assurance framework for tertiary education, which focuses on providers being accountable for, and continuously improving, their educational outcomes.

The quality assurance framework must give students and industry confidence in the quality of tertiary education. Following external evaluation and review of a tertiary education organisation, the assessment of its educational performance and capability will be published, and these reports will contribute to funding decisions.

We are also taking steps to reduce the proliferation of sub-degree qualifications. The number of qualifications has increased considerably, due to individual providers developing their own qualifications. These provider qualifications have significantly increased the number of certificate and diploma qualifications in particular subject areas. We want to find ways to strengthen the role of national qualifications and to manage the growth of provider qualifications. This will ensure that students and employers have access to a simpler qualifications system with strong links between lower and higher level qualifications.

### **Provide incentives for providers to respond better to students and market signals**

We are moving, over time, to make meaningful performance information about individual providers and industry training organisations widely available. This will allow students and employers to make informed decisions about tertiary education, and create an incentive for providers and industry training organisations to improve performance.

As well as publishing the findings of external reviews of providers, we will make other provider performance information available to students, including retention and completion rates, and information on the employment outcomes of study.

At present, most performance information available to the public is at a sub-sector level, for instance comparing universities and polytechnics. Publishing performance information for individual providers can:

— strengthen the accountability of providers who receive public funding

provide information that can be used by students, prospective students, their families and their advisors

provide information to employers about the outcomes from particular qualifications.

We will also strengthen the links between funding and performance. Government wants a tertiary system that rewards successful providers who demonstrate that they meet the needs of *all* students and employers, for instance through their connections with firms.

The system will also reward providers who respond to market signals, including the changing skill needs of industries.

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**Comment:** Again, this may discourage providers from accepting disabled people into their programmes, as well as Maori and Pasifika people.

We are concerned about how will performance be measured. For example, will a tertiary institution be rewarded for showing that their programmes are inclusive of all students, including disabled students?

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**Comment:** IEAG would advocate for a broad definition of successful provider. We would argue, for example, that successful providers are those that respond to diversity in their employee population. A narrow focus on high academic or skill achievement may discriminate against disabled people

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We will move as quickly as possible to link a proportion of future funding to past performance. There are several possible ways of doing this, for instance by allocating a proportion of funding based on provider and industry training organisation performance, or only funding future roll growth when performance thresholds are met.

#### **Support and encourage student performance**

The Government wants to provide as much support as it can to *all* students who are doing well. We want students to complete the qualifications they set out to achieve as quickly as they can and students to study at the highest level they can.

We need to continue to support students to study full-time, as this is a big factor in completion rates. Providers also need to focus on the non-academic needs of students and ensure that they have a good environment in which to perform. We expect providers to create learning environments that support completions by a diverse range of students. For example, programmes are successful for Māori students when they employ Māori tikanga and pedagogies and take a holistic approach to teaching and learning.

We also expect students to take responsibility for their own performance. Government policy settings need to set clear expectations that students should gain qualifications. For example, student allowances currently have a requirement that students pass more than half of a full-time qualification in each year of assisted study. We are looking at other funding settings to see if it is possible to introduce further incentives for student performance.

#### **Continue to build international links**

Strong international linkages can improve the quality of teaching and research in New Zealand institutions. The tertiary sector has a major role in the inward and outward flow of ideas and people. New Zealand providers need to connect and collaborate with overseas institutions and to ensure that both students and academics can benefit from these global links.

The flow of international students can boost the incomes of New Zealand institutions and contribute to more diverse learning environments for New Zealand students. The Government will continue to focus on building international confidence in the New Zealand education system. We will support government-to-government relationships in areas of strategic opportunity for the growth of international students and services and broader international connections. We will review policy settings to ensure that international education can maximise its contribution to New Zealand's economic performance.

Institutions need to ensure that their international education activities are managed to ensure high quality learning for international students, education benefits for New Zealand students and greater financial viability for the institutions themselves.

### **2.2.3 Supporting quality research that helps to drive innovation**

The Government is taking a long-term perspective on research and innovation policies, and believes New Zealand must have a strong contribution to research and innovation from the tertiary education sector. Research-driven innovation will be a major factor in helping New Zealand industries to become more productive.

The Performance-Based Research Fund has been successful in promoting quality improvements, and will continue to enhance research quality. We will look at whether the Performance-Based Research Fund is working well for all parts of the sector.

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Comment: This may discriminate against disabled people who may have restrictions because of their impairment that prevent from studying full time.

As well as underpinning good teaching, high quality research is critical for economic growth. However, public investment in research on its own does not drive economic growth: it is firms that translate public research into profit. Better linkages between firms, universities and other public research organisations will inform firms of the research that may be relevant to them, and inform researchers of the research that firms want and need. We will ensure that the Performance-Based Research Fund assessment fully recognises research of direct relevance to the needs of industry and its dissemination to industry. We will also ensure there are further incentives for universities, other research organisations and firms to work together. Strong international connections can improve the quality of research in New Zealand institutions and open up opportunities for different types of research to be undertaken. New Zealand tertiary institutions have increased their international connections markedly, and we expect them to continue to foster and strengthen collaborative research.

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**Comment:** We are concerned that this statement is implying that research is all about economic growth and profit. Research also enhances peoples lives and society, generally. For example, research finds cures for diseases; shows that inadequate housing can lead to health and education problems; documents the real lives of marginalized groups such as disabled people; etc. A broader focus would be consistent with the statement on page 11 under the section, entitled Monitoring, that supports "more high quality research that meets New Zealand's economic, social, and environmental needs." (emphasis added)

## Part Three: Expectations of providers and students

### 3.1 Expectations of providers

New Zealand has a broad range of tertiary education providers to meet the varying post-school education needs of New Zealanders. Tertiary education organisations can be grouped into six subsectors – universities, polytechnics, wānanga, private training establishments, industry training organisations and other tertiary education providers. Government wants providers to offer quality education by focusing on what they do best. Due to constrained government resources, the tertiary education sector will need to do more with less.

We expect providers and industry training organisations to focus on:

- increasing the number of young people (aged under 25) achieving at level four and above, particularly degrees
- assisting Māori and Pasifika people to achieve at higher levels
- assisting disabled people to achieve at higher levels
- increasing the number of all young people moving successfully from school into tertiary education
- continuing to assist all adult learners to gain the literacy, language, and numeracy skills for higher level study or skilled employment
- improving their educational and financial performance
- strengthening research outcomes.

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To encourage efficient and high quality provision, we propose to allow more competition within each sub-sector to enable successful providers to deliver to more students. We also support specialisation by providers to offer specific qualifications.

We expect the entire sector to supply skills that are relevant to the labour market.

Tertiary providers need to make better connections with industry and ensure they are aware of the likely demand for skills.

Nancy Higgins 5/11/09 2:42 PM

**Comment:** Again, we would suggest that good and successful providers are those that respond to diversity and include disabled students.

### Universities

Universities have three core roles:

to undertake research that adds to the store of knowledge

to provide a wide range of research-led degree and post-graduate education that is of

- an international standard
- to act as sources of critical thinking and intellectual talent.

The Government expects universities to:

- enable a wide range of students to successfully complete degree and post-graduate qualifications
- undertake internationally recognised original research
- create and share new knowledge that contributes to New Zealand's economic and social development, and environmental management.

### **Polytechnics**

Polytechnics have three core roles:

- to deliver vocational education that provides skills for employment
- to undertake applied research to support vocational learning
- to assist progression to higher levels of learning or work through foundation education.

The Government expects polytechnics to:

- enable a wide range of students to complete industry-relevant certificate and diploma qualifications
- enable local access to tertiary education
- support students with low literacy, language, and numeracy skills to improve these skills and progress to higher levels of learning
- work with industry to ensure that vocational learning meets industry needs.

### **Wānanga**

Wānanga have two core roles:

- to provide quality education in accordance with kaupapa Māori philosophies, principles and approaches
- to provide teaching and to undertake research based on ahuatanga Māori (Māori tradition) in accordance with tikanga Māori (Māori custom) that is informed and embodied by mātauranga Māori (Māori knowledge).

The Government expects wānanga to:

- re-engage learners into education
- deliver qualifications that support progression to higher levels of learning and employment.

### **Private training establishments**

Private training establishments have two core roles:

- to offer flexible and responsive education programmes
- to focus on specific areas of study.

The Government expects private training establishments to:

- enable students to complete high quality qualifications that lead to employment or higher-level education
- deliver tailored learning opportunities, such as marae and iwi-based provision and Pasifika learning environments
- provide specialised qualifications and training.

## Industry training organisations

Industry training organisations have two core roles:

- to design national qualifications and run moderation systems to ensure fair, valid and consistent assessment against national standards
- to arrange for the delivery of industry training that enables trainees to attain these standards
- to provide leadership to their industries on skill and training matters.

Government expects industry training organisations to:

- enable working New Zealanders to complete nationally recognised qualifications
- create clear pathways towards advanced trade qualifications at level 4 and above
- build and maintain strong support from the industries they serve.

## Adult and community education providers

Government-funded adult and community education provision will serve learners whose first learning experience was unsuccessful, those seeking pathways into tertiary learning, and those who lack the literacy, language and numeracy skills for work and further study. Government expects adult and community education providers to:

- engage learners who have not been well served by education in the past
- increase literacy, language and numeracy skills for individuals and whānau
- contribute to the overall cohesiveness of the community.

### 3.2 Expectations of students

Government wants students to do well and to achieve the best qualifications they can. We are committed to providing student support to assist students academically, socially and financially while they study, and to improving the information that students receive to allow them to make good decisions about what and where to study.

Given the significant investment Government makes in students both through tuition subsidies and student support, students are expected to take responsibility for their own performance. While government policy settings need to set clear expectations that students should gain qualifications, students also need to work closely with providers to ensure they achieve to the best of their ability and make the most of their learning environment.

### 3.3 Monitoring

It is vital that we can see the real value of public investment in tertiary education. We will continue to monitor the broad contribution that tertiary education makes to New Zealand's economy and society. However, we recognise that it will take time for the specific goals of this Strategy to be reflected in completions and other successful study outcomes. To be able to judge how well things are going during the next five years, we need to measure key indicators to confirm that the tertiary system is moving in the right direction.

Some early indications that we are making progress toward Government's goals for tertiary education will be:

- more people aged under 25 enrolling in higher-level qualifications
- higher first year retention rates, particularly for Māori and Pasifika students

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**Comment:** This is important for disabled, Maori and Pasifika students

more young people moving from school directly into tertiary education  
more people participating in qualifications that improve their literacy, language and numeracy skills.

By the end of the period of this Strategy, we expect to see:

more people completing their qualifications across the board, and specifically:

- more people aged under 25 completing qualifications at level four and above, particularly degrees

- more Māori and Pasifika students completing higher-level qualifications

- more disabled people completing higher-level qualifications

stronger financial performance in tertiary education organisations

students in level one to three qualifications improving their literacy, language and numeracy skills

more students progressing from certificate courses into higher-level qualifications

more high-quality research that meets New Zealand's economic, social and environmental needs

more providers working with businesses to drive innovation.

## **Appendix**

### ***The global recession has had a significant impact on Government's budget***

The global recession has had a significant impact on the Government's budget. New Zealand's economic growth has been affected by contractions in investment, private consumption and trade volumes, leading to rising unemployment. Tax revenues have fallen, and the cost of social welfare and debt servicing is increasing.

After 15 years of surpluses, the Government is now facing significant deficits. This economic environment means that Government will need to exercise restraint on its spending and focus on areas where it can achieve the best results. Our ability to provide extra funding for tertiary education is limited and must be considered against priorities in other areas, such as health and social welfare spending. Government will be looking to the sector to assist by ensuring that the funding already provided is used in the most efficient and effective way possible. The global downturn is likely to persist over the next few years.

The economic recession is also raising demand for tertiary education, both in new enrolments and existing students increasing their study-load or enrolling in further study. As firms put off growth or downsize to cope with the impact of the recession, more people are seeking to enter education and training to improve their skill levels, and be in a better position to take advantage of opportunities when economic conditions improve. There will continue to be significant enrolment pressures on many providers in 2010. These factors mean that Government, our agencies and individual organisations need to make clear choices about the priorities for investment and access, and more efficient and effective use of resources.

### ***Government expenditure on tertiary education has increased significantly***

Government expenditure on tertiary education in New Zealand has increased significantly at an average rate of around 6 % a year in real terms since 2000.

In the 2009/10 financial year, the Government is forecast to spend a total of \$4,013

million on tertiary education. This represents 36% of total education expenditure. \$2,868 million will be invested directly in tertiary education organisations, while the remainder, \$1,145 million, will be spent on student support initiatives.

The most significant funds are (all figures 2009/10):

Student Achievement Component (\$1,604m)

    Tertiary Education Organisation Component: Capability Fund (\$419.5m)

    Tertiary Education Organisation Component: Performance-based Research Fund (\$242m)

    Student Loans (cost to Government: \$683m)

    Student Allowances (\$462m)

    Industry Training Fund (\$168m)

    Modern Apprenticeships (\$50m)

    Training Opportunities (\$78.5m)

    Youth Training (\$59m).

### ***Characteristics of New Zealand's tertiary education system***

New Zealand's tertiary education sector makes a wide range of learning available, from foundation skills to doctoral studies and vocational education at providers and in the workplace. Through its research activities, the sector is a major contributor to New Zealand's innovation system.

Tertiary education in New Zealand encompasses all post-school education:

certificates and diplomas

    bachelors degrees

    industry training

    literacy, language and numeracy learning

    adult and community education

    post-graduate qualifications.

Tertiary education also includes qualifications delivered in secondary schools, which are designed to strengthen the interface between the secondary and tertiary education systems.

There are three kinds of public tertiary education institutions – universities, polytechnics and wānanga. New Zealand also has some 734 private training establishments, 39 industry training organisations, 8 government training establishments and 14 other tertiary education providers. Universities are primarily concerned with advanced learning and research. Polytechnics are mainly focused on vocational training at certificate and diploma level and applied degrees. Wānanga are public tertiary institutions that provide programmes with an emphasis on the application of mātauranga Māori (Māori knowledge) regarding ahuatanga Māori (Māori traditions), according to tikanga Māori (Māori custom). Private training establishments meet a range of different education needs; some receive government funding and others are fully funded by students. Industry training organisations set national standards and manage training arrangements to enable employees to achieve these standards.

Government invests nearly \$4 billion each year in tertiary education and training; substantial investments are also made by students, their families and industry. In 2008,

more than 630,000 New Zealanders, or around 20% of the adult population, participated in formal tertiary study, including industry training.

### ***Contribution of tertiary education to New Zealand***

An effective tertiary education system will underpin New Zealand's ability to prosper economically and build a strong society into the future.

The skills and knowledge people gain through tertiary education improve their chances of employment and increase their earnings. Higher education levels have been linked to better general well-being, better health and greater social mobility. Tertiary-educated people are more involved in the community and are more likely to vote and stand for public office.

A larger supply of skilled labour allows the economy as a whole to move to a more productive footing. In New Zealand, the tertiary education system generates many of the ideas that lead to innovation: new products or services, infrastructure improvements and better ways to work. A good skills base and the capacity to innovate together allow greater and more efficient production, which raises gross domestic product, promotes economic growth and improves New Zealand's ability to compete internationally.

The tertiary education system links New Zealand to the outside world, both through the exchange of knowledge and skills and through the flow of students.

Tertiary education plays a vital role in democracy by promoting freedom of thought and expression. New Zealand's culture is enriched through tertiary education's role in theatre, dance, music, literature and art. Tertiary education helps to transmit the wider culture, including *ahuatanga Māori* and *tikanga Māori*, within society and between generations. It can serve to raise the consciousness of the population about the environment.

Tertiary education also has a direct impact on New Zealand's economy. Providers can be substantial employers of staff and their presence has a significant impact on the region in which they are located. International students are a major source of export earnings for New Zealand. Student fees significantly increase provider revenue and, together with the sale of other education goods and services, have significant spin-off benefits to the economy. In 2007, the impact of export education on New Zealand's gross domestic product was estimated at over \$2 billion.

### ***Trends***

#### **Participation in tertiary education has grown**

Tertiary education participation has expanded all over the world. At the same time tertiary education has become more international, with greater global networking, more mobile staff and students, and higher levels of international collaboration (particularly in research).

New Zealand has a high rate of participation in tertiary education, which has grown strongly since the 1990s. Until 2005, much of the growth in participation was in certificates and diplomas at providers and in industry training, and by older students. Recent years have seen a fall in enrolments at levels one to three and of older students, and increases in enrolments at degree level and above driven by the growing population of young people.

International students remain an important part of New Zealand's tertiary education

system. In 2008, the 28 public tertiary education institutions enrolled 29,127 international fee-paying students, and earned \$318 million in fees income from these students.

### **Demand for tertiary education is changing**

Demand for tertiary education in New Zealand is currently affected by the 'baby blip'. From 2007 to 2011, there will be a larger number of young people aged 15 to 19. More of these young people are leaving school with university entrance, increasing the demand for higher level tertiary study.

### **National population projections**

Source: Statistics New Zealand, *National Population Projections*, 2006 base, series 6.

The tertiary education system needs to ensure it can meet the educational needs of an increasingly diverse population. The ethnic make-up of the 15 to 39 year age group, the group most likely to participate in tertiary education, is changing due to higher proportions of Māori, Pasifika and Asian peoples of that age. Over the next 20 years, the growth in our workforce is expected to come from these young people. Completion rates indicate that tertiary education is currently not serving some groups of students well – Pasifika, for instance, have the lowest completion rates of any group.