



TERTIARY
EDUCATION
STRATEGY 2010–15



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MINISTER'S FOREWORD



I AM PLEASED TO PRESENT THE TERTIARY EDUCATION STRATEGY 2010-15. IN THE NEXT FIVE YEARS, WE ARE LOOKING FOR TERTIARY EDUCATION TO DO MORE TO HELP SET OUR COUNTRY ON A STRONG COURSE FOR THE FUTURE.

We are taking a long-term view of our investment in tertiary education. The Strategy therefore emphasises this Government's focus on helping young people to achieve to their highest potential. Forecasts show that the Government will not be able to draw on new money for some time. This means that we face difficult choices about where to focus our efforts.

The financial outlook also means that we will have to do better with what we have. We want to lift the performance of the tertiary education sector so that more people complete qualifications and go on to find good employment. The skills they gain in tertiary education are crucial to lifting our productivity as a nation. We want research in tertiary institutions to deliver the knowledge New Zealand needs to meet the challenges of the future. New ideas will be a driving force behind helping our businesses to compete on the global stage.

Over the next five years, you will see further changes to the system as we continue our efforts to make tertiary education more relevant and more efficient, so that it meets the needs of students, the labour market and the economy. I am committed to working with everyone in the sector to achieve our vision of a world-leading system.

Anne Tolley

Minister for Tertiary Education

INTRODUCTION

HIGH-QUALITY TERTIARY EDUCATION IS CENTRAL TO HELPING NEW ZEALAND ACHIEVE ITS ECONOMIC, SOCIAL, CULTURAL AND ENVIRONMENTAL GOALS.

The Government, students, their families, whānau, iwi and communities invest significant resources in tertiary education. The Government alone invests around \$4 billion each year. Rising demand for tertiary study in a period of significant fiscal constraint means that we expect 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 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 Tertiary Education Strategy describes the Government's strategic direction for tertiary education over the next five to 10 years. It outlines the 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 guides the Tertiary Education Commission's investment decisions, to maximise tertiary education's contribution to New Zealand.





THE GOVERNMENT'S VISION

PART ONE: STRATEGIC DIRECTION

1.1 OVERARCHING EDUCATION VISION

The 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 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. The Government wants relevant and efficient tertiary education provision that meets the needs of students, the labour market and the economy. We will continue work to develop and implement changes to how the system is funded, regulated and administered.

The effectiveness of tertiary education in achieving this vision depends on the quality of provision, the choices students make and the responsiveness of providers and industry training organisations (ITOs) to students and employers. We expect the tertiary education system to:

- provide New Zealanders of all backgrounds with opportunities to 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 enjoy education success as Māori.

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 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 diverse needs of all the groups it serves. In some cases, this will mean providing targeted services to create an inclusive environment for a diverse student body that includes, for example, students with disabilities. Groups of students with low completion rates, such as Pasifika, are likely to require tailored support to ensure success in tertiary education.

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.

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 but also polytechnics and wānanga, undertake a significant proportion of research in New Zealand. They cooperate with other research organisations, firms, iwi and communities to develop and apply new ideas. International research partnerships allow New Zealand institutions to tap into a wider pool of knowledge and build our capability.

Innovation is critically important for New Zealand's economy as a driver of productivity growth. Research supports innovation by building New Zealand's knowledge base, developing better ways of applying existing knowledge for commercial use and addressing social and environmental concerns. Tertiary institutions need to work more closely with business to ensure that research meets the needs of the economy.

Research needs to inform teaching, both in academic and applied settings. This enables the development of human, social and cultural capital, as tertiary education institutions play a key role in spreading knowledge and in transferring technology through teaching.

Tertiary education institutions provide nearly all the research training in New Zealand. Postgraduate students also undertake a significant amount of research at tertiary education institutions. Holders of research degrees play a particular role in the labour market, as their critical thinking skills are vital for innovation.

ENABLE MĀORI TO ENJOY EDUCATION SUCCESS AS MĀORI

Māori have a unique place as tangata whenua and partners to the Treaty of Waitangi. Tertiary education has a particular responsibility to maintain and develop Māori language and culture to support Māori living as Māori in both Te Ao Māori and in wider society.

Māori business and development are making a major contribution to New Zealand's economy and society. The tertiary education system assists Māori learners to gain the knowledge and skills to lead social, cultural and economic development, manage Māori assets and grow Māori innovation and creativity. In particular, tertiary education plays a major part in promoting the revitalisation of te reo Māori.

The tertiary education system helps to develop the skills, competencies and knowledge needed for Māori to participate in the economy and in society. Evidence shows that acknowledging and advancing Māori language, culture and identity is important in providing a basis for Māori success in all forms of education. Given that one in five tertiary students are Māori, outcomes for Māori students are a critical measure of quality for all tertiary education providers and the success of this Strategy. Effective transitions into tertiary education are critical for Māori students to reach their full potential.

Tertiary sector research, particularly by wānanga, will help to support development of the knowledge base needed to manage cultural and economic assets and to maintain strong and prospering whānau, hapū and iwi.





CHANGES WE ARE LOOKING FOR
IN THE SHORT TERM TO PROGRESS
TOWARDS OUR LONG-TERM GOALS

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 THE GOVERNMENT'S TERTIARY EDUCATION PRIORITIES FOR THE NEXT THREE TO FIVE 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. The recession is also raising demand for tertiary education. In this economic environment, the 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 levels four and above, particularly degrees

- increasing the number of Māori students enjoying success at higher levels
- increasing the number of Pasifika students achieving at higher levels
- increasing the number of young people moving successfully from school into tertiary education
- improving literacy, language, and numeracy and skills outcomes from levels one to three study
- improving the educational and financial performance of providers
- strengthening research outcomes.

2.2 HOW THE PRIORITIES WILL BE ACHIEVED

In a tight fiscal environment, the 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 course and qualification completion rates.

The Government is committed to maintaining reasonable fees for students, but will explore ways of giving providers some additional flexibility to raise revenue.

The 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.

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 the following groups of learners and types of study.

MORE YOUNG PEOPLE (AGED UNDER 25) ACHIEVING QUALIFICATIONS AT LEVELS FOUR AND ABOVE, PARTICULARLY DEGREES

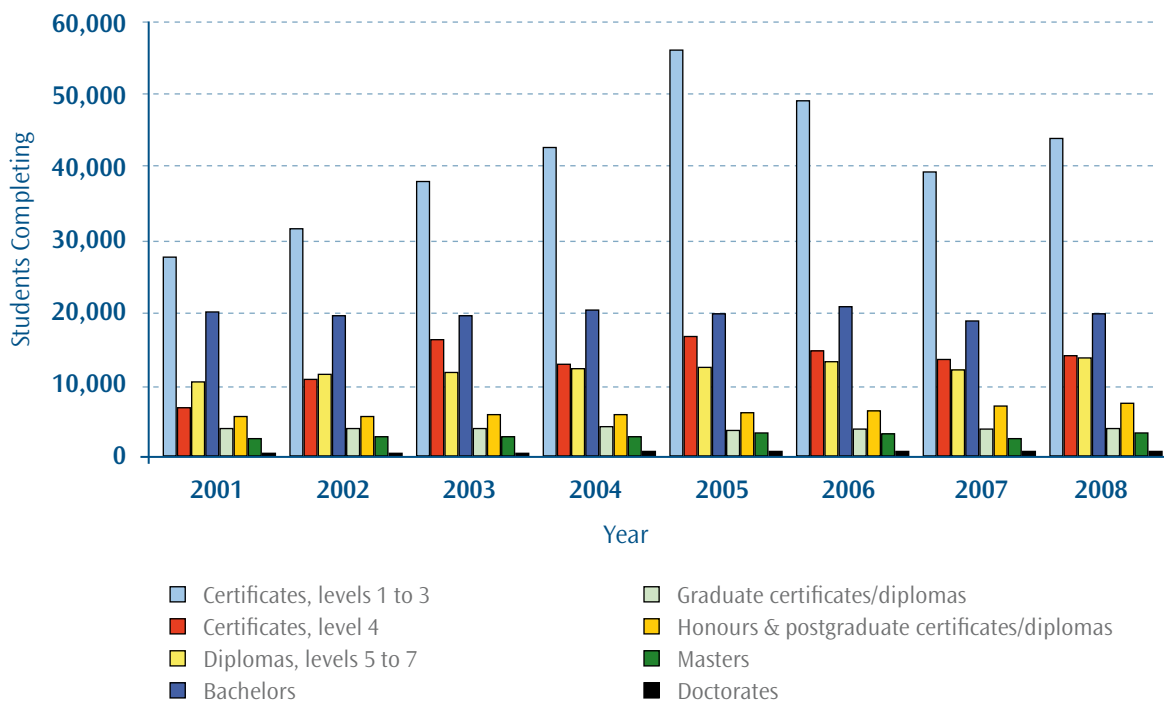
There is a significant wage premium for people who complete higher-level study, particularly bachelors degrees. Skills are regarded as one of the Government's six key productivity drivers. For New Zealand to increase its rate of productivity growth, a change in the skill level of the working population is needed. We need more people completing degrees (including applied degrees) and advanced trade qualifications (typically at levels four to six).

Increasing the number of people achieving higher-level qualifications remains a key challenge.

Although the number of people 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.

The Government will therefore be looking at funding settings to create incentives for more young people to achieve qualifications at levels four and above. 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.

QUALIFICATION COMPLETIONS BY LEVEL, 2001 – 2008



MORE MĀORI STUDENTS ENJOYING SUCCESS AT HIGHER LEVELS

All tertiary education organisations need to take responsibility for strengthening Māori education, creative activity and research outcomes.

The participation rate for Māori students in levels one to three qualifications (10%) was nearly double that of the other ethnic groups in 2007. By 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 bachelors level are also lower.

Tertiary providers and ITOs need to focus on improving their pastoral and academic support and the learning environment, and must adopt teaching practices that are culturally responsive to Māori students. Particular emphasis is needed to improve progression to, and achievement at, higher levels of study.

We also want to strengthen the delivery of high-quality te reo Māori provision. Improving the quality of te reo Māori in initial teacher education programmes will be important in helping Māori to achieve success throughout the education system.

MORE PASIFIKA STUDENTS ACHIEVING AT HIGHER LEVELS

The tertiary education sector can also play a key role in meeting the development needs and aspirations of Pasifika peoples in New Zealand.

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.

Tertiary education providers and ITOs need to focus on how they can assist Pasifika students to progress to and achieve at higher levels of study. This will involve working with Pasifika community groups and improving pastoral and academic support, learning environments, and pathways into tertiary education.

MORE YOUNG PEOPLE MOVING SUCCESSFULLY FROM SCHOOL INTO TERTIARY EDUCATION

The Government wants to have more young people engaged in and successfully completing 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 per cent 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 the 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 young people's engagement and achievement in tertiary education. As a first step, we are providing fees-free tertiary study for some 16 and 17 year olds through the Youth Guarantee programme. In a constrained fiscal environment, targeting more support towards young people may require the Government to re-examine the level of assistance for those people who have already been supported to undertake tertiary education.

IMPROVE LITERACY, LANGUAGE, AND NUMERACY AND SKILLS OUTCOMES FROM LEVELS ONE TO THREE STUDY

Many level three certificates are essential qualifications for trades and vocations, and offer the people in the workforce the opportunity to upskill. Level one and two certificates offer people with low school qualifications, or with literacy, language and numeracy needs, the chance to re-enter the education system. Improving literacy, language and numeracy skills is a priority as they provide a foundation for further study or employment.

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 education in industry training, apprenticeships and training for unemployed people improves their success.

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, language 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 and ITOs to embed literacy, language and numeracy in levels one to three qualifications
- continue to support intensive literacy programmes in workplaces
- prioritise qualifications that link strongly to higher-level learning and skilled employment.

2.2.2 IMPROVING SYSTEM PERFORMANCE

The 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 the 2009/10 financial year, the Government is forecast to spend over \$4 billion on tertiary education. Some \$2.9 billion will be invested directly in tertiary education organisations, while the remainder, \$1.1 billion, will be spent on student support.

The 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 course and qualification completion and progression rates for students as a result of higher-quality teaching and learning, and more effective and culturally responsive pastoral care. 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
- strengthen collaboration and shared resources for greater efficiency
- continue to build international linkages.

ENHANCE QUALITY ASSURANCE

The 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. Reports on the external evaluation and review of a tertiary education organisation will be published, and 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 will strengthen the role of national qualifications and 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 ITOs widely available. This will allow students and employers to make informed decisions about tertiary education, and create an incentive for providers and ITOs to improve performance.

As well as publishing the findings of external reviews of providers, we will make other quantitative and qualitative performance information about providers available to students. This information will include 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 tertiary education organisations can:

- strengthen the accountability of providers and ITOs who receive public funding
- provide information that can be used by students, prospective students, their parents, families, whānau and their advisors
- provide information to employers about the outcomes from particular qualifications.

The Government wants a tertiary system that rewards successful providers who demonstrate that they meet the needs of 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.

Funding allocations to tertiary education organisations will be linked to their past performance. Initially this will be focussed on results achieved by students but will include outcomes, such as post-study employment, as this information becomes available.

STRENGTHEN COLLABORATION AND SHARED RESOURCES FOR GREATER EFFICIENCY

For students to successfully progress from lower to higher-level study, it will often make sense for them to transfer from one provider type to another. For example, a student might move from a polytechnic to a university, from a polytechnic to an ITO or from a university to a wānanga.

Better enabling students to transfer among the different sub-sectors is both beneficial for students and a more efficient use of resources, as it reduces the need for students to repeat prior learning. Providers and ITOs should therefore work together to create integrated pathways for students, including shared delivery of qualifications.

Providers and ITOs should also explore opportunities to share services where such sharing has the potential to deliver benefits for students and greater efficiency for providers.

SUPPORT AND ENCOURAGE STUDENT PERFORMANCE

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

We need to continue to support students to study full time, as evidence shows 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 progression and completion by a diverse range of students. For example, programmes are successful for Māori students when they employ culturally responsive pedagogies and take a teaching approach that is relevant to experiences of Māori students.

We also expect students to take responsibility for their own performance. Government policy settings will 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 and ITOs need to connect and collaborate with overseas institutions and 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, services and broader international connections. We will review policy settings to maximise the contribution of international education to New Zealand's economic performance.

Institutions should ensure that their international education activities are managed to achieve high-quality learning for international students, education benefits for New Zealand students and greater financial viability for the institution.

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 in universities, including increasing the number of research degree students, and will continue to enhance research quality. We need to do further work on how best to support research in other tertiary institutions.

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' use of research that increases productivity and improves economic performance. We need better linkages

between firms, tertiary institutions (particularly universities) and Crown Research Institutes in order to increase the economic returns of publicly funded research.

Research in universities needs to combine excellence with impact. In particular, we will ensure that the Performance-Based Research Fund recognises research of direct relevance to the needs of firms and its dissemination to them. We will also ensure there are further incentives for tertiary education organisations, 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.



UNIVERSITIES, POLYTECHNICS,
WĀNANGA, PRIVATE TRAINING
ESTABLISHMENTS, INDUSTRY
TRAINING ORGANISATIONS, OTHER
TERTIARY EDUCATION PROVIDERS

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 sub-sectors – universities, polytechnics, wānanga, private training establishments, industry training organisations and other tertiary education providers.

The Government wants providers and ITOs to offer quality education by focusing on what they do best. We support specialisation by providers to offer specific qualifications.

Due to constrained government resources, the tertiary education sector will need to live within its means and do more with less. To encourage efficient and high-quality provision, high-performing providers will attract more resources, particularly through performance-linked funding.

We expect providers and industry training organisations to focus on:

- increasing the number of young people (aged under 25) achieving at levels four and above, particularly degrees
- increasing the number of Māori students enjoying success at higher levels
- increasing the number of Pasifika students achieving at higher levels
- increasing the number of young people moving successfully from school into tertiary education
- improving literacy, language, and numeracy and skills outcomes from levels one to three study
- improving their educational and financial performance
- strengthening research outcomes.

People with disabilities are less likely to participate in tertiary education. They also tend to study at lower levels and are generally older. The Government expects all providers to offer an inclusive education environment that caters to the needs of students with disabilities to improve participation and achievement, particularly at higher levels.

We expect that all providers and ITOs will strengthen their engagement with iwi and Māori communities. The sector also needs to be responsive to Pasifika communities.

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. They should draw on work undertaken by ITOs to identify industry skill demands as part of their industry leadership role.

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 postgraduate 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 postgraduate 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 that supports vocational learning and technology transfer
- 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, diploma and applied degree qualifications
- enable local access to appropriate 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 three core roles:

- to provide quality education in accordance with kaupapa Māori philosophies, principles and approaches
- to undertake teaching and research that maintains, advances and disseminates knowledge, develops intellectual independence, and assists the application of knowledge regarding āhuetanga Māori according to tikanga Māori
- to contribute towards the survival and well-being of Māori as a people.

The Government expects wānanga to:

- create and share new Māori knowledge that contributes to whānau, hapū and iwi prosperity and New Zealand's economic, social, cultural and environmental development
- make an increasing contribution to sector-wide leadership through advancing mātauranga Māori at all qualification levels and across all fields of study
- enable students to complete a range of sub-degree, degree and postgraduate qualifications, with clear study paths to higher levels of learning through a Māori paradigm.

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 three 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, identify current and future skill needs, and work with employers and employees to meet those needs.

The Government expects industry training organisations to:

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

ADULT AND COMMUNITY EDUCATION

Adult and community education has three core roles:

- to serve learners whose first learning experience was unsuccessful
- to assist those seeking pathways into tertiary learning
- to assist people who lack the literacy, language and numeracy skills for work and further study.

The Government expects adult and community education to:

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

3.2 EXPECTATIONS OF STUDENTS

The Government wants students to do well and to achieve the best qualifications they can. We are committed to providing student support to assist students 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 the 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.



TERTIARY CONTRIBUTION TO
NEW ZEALAND SOCIETY

MONITORING

It is vital that we can see the real value of the public investment in tertiary education. We will continue to undertake system-level monitoring that assesses the broad contribution that tertiary education makes to New Zealand's economy and society.

We recognise, however, that it will take time for the strategic direction set out in the Strategy to be realised and for the specific goals 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 will 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 towards the 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
- 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 levels four and above, particularly degrees
 - more Māori students enjoying success at higher levels
 - more Pasifika students achieving at higher levels
 - more disabled people completing higher-level qualifications
- stronger financial performance in tertiary education organisations
- students in levels 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.

In the long term, we would expect that shifts in these indicators would lead to innovation and productivity improvements that drive economic growth.

APPENDIX: CONTEXT AND TRENDS

THE GLOBAL RECESSION HAS HAD A SIGNIFICANT IMPACT ON THE 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 the 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. The 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 the 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 billion on tertiary education. This represents 36% of total education expenditure. \$2.8 billion will be invested directly in tertiary education organisations, while the remainder, \$1.1 billion, will be spent on student support initiatives.

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

- Student Achievement Component (\$1.604 billion)
- Tertiary Education Organisation Component: Capability Fund (\$419.5 million)
- Tertiary Education Organisation Component: Performance-based Research Fund (\$242 million)
- Student Loans (cost to Government): (\$683 million)
- Student Allowances (\$462 million)
- Industry Training Fund (\$168 million)
- Modern Apprenticeships (\$50 million)
- Training Opportunities (\$78.5 million)
- Youth Training (\$59 million).

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
- postgraduate 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 over 700 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 regarding āhuatanga Māori, according to tikanga Māori. 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.

The 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 āhuatanga 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 contribution of export education to 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).

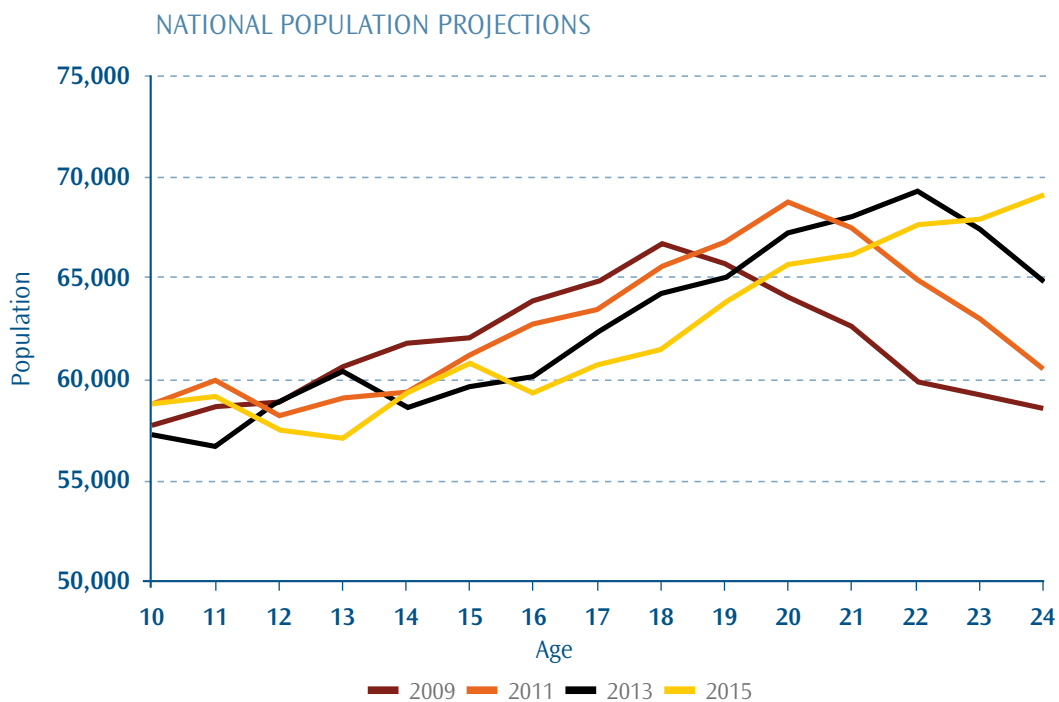
New Zealand has a high rate of participation in tertiary education, which has grown strongly since the 1990s. Until 2005, much of the growth in participation was in certificate and diploma-level study at providers and in industry training, and by older students. Recent years have seen a fall in enrolments 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.

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.



Source: Statistics New Zealand, National Population Projections, 2009 Base, series 6.

New Zealand Government