

The Tertiary Education Strategy: Questions and Answers

What is the Tertiary Education Strategy?

The Tertiary Education Strategy (TES) is the document setting out the government's expectations and priorities for how the tertiary education sector will contribute to the government goals for economic transformation, families young and old, and national identity.

This Strategy incorporates the Statement of Tertiary Education Priorities (STEP) with the TES so that there is now one document setting out government's expectations and priorities.

How was the Strategy developed?

A discussion document was released in late August that set out a proposed direction and priorities based on an analysis of the current and future challenges and opportunities for tertiary education and the ability of the tertiary education sector to meet these.

Feedback on the discussion document came from a large number of individuals and organisations from across the tertiary education sector, business, Māori, Pasifika peoples, unions, community groups and local government responded to the discussion document. Between late August and late October, 50 formal consultation meetings were conducted across the country with an estimated audience in excess of 1,600 people. By November, 175 unique written submissions had been received. Feedback from the public consultation confirmed a broad level of support for the proposed direction and priorities.

Who uses the TES and what for?

Tertiary education organisations use this TES to inform their planning; the Tertiary Education Commission (TEC) uses it to guide its investment decisions. The new Strategy means that the TEC and tertiary education organisations can take these into account when developing and negotiating plans for the 2008-2010 academic years.

What does the TES mean for tertiary education organisations?

Government expenditure on tertiary education will no longer be 'demand driven', but instead will be set as a three-year funding path. This aims to give greater funding certainty to the government and organisations.

Organisations will receive funding on the basis of a negotiated three-year plan. In negotiating the plan, the TEC will be looking for evidence that the plan meets the distinctive contributions for the type organisation as described the Strategy, and to the priority outcomes of the Strategy.

The TEC will set out detailed expectations in its investment guidance document which organisations will use to develop their plans. The TEC will issue investment guidance early next year that will describe how these changes are to occur, and how tertiary education organisations are expected to take account of the Strategy in their planning.

What does the TES mean for other stakeholders?

- Students should have confidence that they are gaining skills, competencies and knowledge that will help them become productive and effective members of the workforce and society.
- The Strategy expects that tertiary education organisations will work closely with Maori and Pasifika peoples to ensure that the education and research they provide contribute to their success.

- The Strategy outlines government's priority to work closely with industry to meet business needs to increase the number of highly skilled workforce, more highly skilled management.

What are the differences between this TES and the previous TES and STEP?

The current TES and STEP expire in 2007. The previous TES took a broad and inclusive approach to cover the diversity of tertiary education. The previous STEPs focused on building the infrastructure of the tertiary education reforms and the capability of tertiary education organisations.

The new Strategy focuses on what the government expects the tertiary education system to contribute and the priority outcomes for action in the immediate future. Unlike the previous TES, the Strategy does not have specific strategy strands or targets rather it indicates areas where improvement is needed (e.g. increasing the number of New Zealanders achieving at level 4 and above before the age of 25).

What evidence is there to support the need for more young New Zealanders to achieve qualifications at level four and above by age 25?

Successful completion of a tertiary qualification early in adult life provides a strong foundation for participation in the workforce, in society and life-long learning.¹ The economic and labour market returns for qualifications below level four however are low.² Encouraging achievement at level four and above is likely to provide young people with a good platform for both career development and lifelong learning.

Compared with other OECD countries, New Zealand has a lower level of participation in tertiary education for those aged 15 to 19.³ The increase in participation by students aged 18 to 24 over the last six years has been mostly in level one to four certificates.⁴ Notable disparities have also been identified in participation and completion rates between ethnic groups within this age range, with Maori and Pasifika students more likely to be studying at low levels, and less likely to complete a qualification when they are enrolled at higher levels.⁵

What evidence is there to support the need to increase literacy and numeracy levels for the workforce?

Having adequate skills in literacy and numeracy is becoming more critical for all workers in order to maintain New Zealand's economic competitiveness and continuing to improve productivity.

Research shows that nearly half of the New Zealand workforce has literacy and numeracy skills that are below the level required to participate fully in the modern workplace, and that around one in five have significant problems with literacy and numeracy.⁶ It is important then, that within a tight labour market, the tertiary education sector works effectively, and flexibly to increase the literacy and numeracy skills of those in the workforce.

¹ For example, people completing a degree following school have nearly twice the return on investment than those starting a degree at age 40 (OECD, [Education at a Glance 2006](#))

² Jamie Hyatt and Roger Smyth (2006), [How do graduate earnings change over time?](#) Ministry of Education

³ OECD, [Education at a Glance 2006](#)

⁴ Ministry of Education statistics

⁵ Ministry of Education statistics

⁶ International Adult Literacy Survey 1996; Niki Culligan, Frank Sligo, Greg Arnold and Alasdair Noble (2005), [Analysis of New Zealand Data from the International Literacy Survey – demographic predictors of low literacy proficiency](#), report for the Ministry of Education

What evidence is there to support the need to increase the achievement of advanced trade, technical and professional qualifications to meet regional and industry needs?

New Zealand needs a skilled workforce to maintain its economic competitiveness and continued growth. It also needs a steady supply of highly skilled professionals to support high standards of provision across health, education and social services.

Shortages of skilled workers have been a barrier to industry expansion in a number of areas. Shortages in some trade and technical occupations have been severe for several years. Shortages in professional occupations also appear to be increasing.⁷

While tertiary education alone cannot solve skill shortages, it does have a critical role in working with industry to identify, plan and provide for future skill needs.

What evidence is there to support the need to increase research connections and linkages to create economic opportunities?

To be internationally competitive, New Zealand industries need to continually improve their products and services and be ready to take advantage of new opportunities. This requires increased application of research within industry.

Changes in research funding over the last three years have provided greater focus on the quality of research within the tertiary education sector.⁸ The amount of research being conducted for industry by universities has increased.⁹ A greater focus is now needed on increasing the connections and linkages to ensure maximum value from the research.

Why is there no specific Treaty of Waitangi reference?

Both feedback on the previous Strategy and consultation on discussion document supported a sharper and clearer Strategy that focused on New Zealand's needs from the tertiary education sector. The Strategy therefore outlines the operational and outcome expectations of tertiary education organisations. Within the broad national framework however, the Strategy explicitly recognises the responsibility that tertiary education has for contributing to the achievement of Maori aspirations and development. The Strategy requires all tertiary education organisations to work with Maori to ensure that education and research supports the development of skills and knowledge that Maori require to manage cultural and economic assets.

How do distinctive contributions shape responses to the Strategy?

Distinctive contributions strengthen the sector by identifying the areas where each type of tertiary education organisation has particular advantages, experience and opportunities. The Tertiary Education Commission will provide more information about the distinctive contributions in the investment guidance released next year.

Each of the priorities expressed within the Strategy provide a challenge for the whole tertiary sector, though the response that is needed from each type of tertiary education organisation will differ. How each tertiary education organisation plans to meet the

⁷ Department of Labour (December 2005), [Skill shortages in New Zealand](#); key findings from the Survey of Employers who have Recently Advertised 2005

⁸ Ministry of Education (2006) *The System in Change* – [Tertiary Education Strategy 2002-2007 Monitoring Report 2005](#)

⁹ Ministry of Education statistical analysis

requirements of the Strategy will be informed by both its distinctive contribution and its role within the network of provision.

Are there any legislation requirements?

The Education Act 1989 (as amended) requires the Minister responsible for tertiary education to release a Tertiary Education Strategy (TES) and Statement of Tertiary Education Priorities (STEP). Government recently announced that there would be changes to the current legislation in order to streamline planning and reporting requirements for tertiary education organisations.

Does a new Strategy mean funding changes for tertiary education?

No. A new Strategy does not in itself change funding arrangements for tertiary education. The development of a new investment system is being progressed through the tertiary reforms (see below for links to the reforms).

What does this mean for international education?

The Strategy sets out the government's continued commitment to work with the sector to strengthen the international quality and reputation of all aspects of New Zealand's tertiary education system. The Strategy also highlights the contribution that the tertiary education sector can make to help New Zealand and New Zealanders compete internationally.

What other developments will we see over the next year?

The Tertiary Education Commission will issue investment guidance early next year, which will describe how these changes are to occur, and how tertiary education organisations are expected to take account of the Strategy in their planning.

From April 2007 tertiary education organisations will prepare and develop Plans in consultation with stakeholders and the Tertiary Education Commission.

During 2007 amendments will be made to the Education Act (1989) to give effect to government decisions on steering instruments, as part of the tertiary reforms and the role of the Tertiary Education Commission in implementing the new system. The changes to the legislation will come into effect 1 January 2008.

In 2008 tertiary education organisation Plans will come into effect and begin their first year of the three-year funding cycle.