**The New Zealand Qualifications Authority**

# The Role of National Qualifications Systems

# in Promoting Lifelong Learning
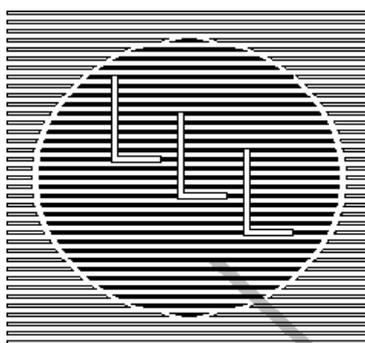


## Background Report for New Zealand

**September 2004**

# New Zealand Background Country Report - The Role of National Qualifications Systems in Lifelong Learning

A report prepared for the Organisation for Economic Co-operation and Development by the New Zealand Qualifications Authority

September 2004

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## Abbreviations Used in this Report

| | |
|---|---|
| Association of Colleges of Education in New Zealand | ACENZ |
| Colleges of Education Accreditation Committee | CEAC |
| Committee on University Academic Programmes | CUAP |
| Community Support Services Industry Training Organisation | CSSITO |
| Council of Trade Unions | CTU |
| Education Review Office | ERO |
| English for Speakers of Other Languages | ESOL |
| Equivalent full-time student | EFTS |
| General Agreement on Trade in Services | GATS |
| Industry Training Federation | ITF |
| Industry Training Organisation | ITO |
| Institutes of Technology and Polytechnics New Zealand | ITPNZ |
| Institutes of Technology and Polytechnics Quality | ITPQ |
| Māori Provider Development and Support | MPDS |
| Māori Qualifications Service | MQS |
| Ministry of Education | MOE |
| National Certificate of Educational Achievement | NCEA |
| National Educational Qualifications Authority | NEQA |
| National Qualifications Framework | NQF |
| National standards bodies | NSB |
| National Student Index | NSI |
| National Vocations Qualifications Board | NVQB |
| New Zealand Qualifications Authority | NZQA |
| New Zealand Vice Chancellors' Committee | NZVCC |
| New Zealand Universities Academic Audit Unit | NZUAAU |
| Occupational safety and health | OSH |
| Personal computer | PC |
| Private training establishments | PTEs |
| Provider Development and Support | PDS |
| Quality assurance bodies | QABs |
| Qualifications Evaluation Service | QES |
| Record of Learning | ROL |
| Recognition of prior learning | RPL |
| Rural Education Activities Programme | REAP |
| Scottish Vocational Education Council | SCOTVEC |
| South Pacific Board for Educational Assessment | SPBEA |
| Statement of Tertiary Education Priorities | STEP |
| Tertiary Education Advisory Commission | TEAC |
| Tertiary Education Commission | TEC |
| Tertiary Education Institution | TEI |
| Tertiary Education Organisation | TEO |
| Tertiary Education Strategy | TES |

# Component 1 Description of National Qualification Systems, Participation and Outcomes

'Lifelong learning is the lifeblood of a knowledge economy and society'[1]

## Background and Context

*Origins of the National Qualifications System*

1       The education system in New Zealand has evolved from a centralised system into one with increased autonomy for education providers, where individual providers exercise responsibility for their own governance and management, within a framework established by the central government. Since 1990, New Zealand has been developing and implementing a national qualifications system. The New Zealand Qualifications Authority (NZQA) is the body responsible for overseeing this development, which it does in conjunction with other educational organisations and government agencies in New Zealand and other countries.

2       Two streams of development in the 1980s led towards the creation of a national qualifications system. One source of this development was the radical restructuring of the state and economy carried out in the second half of the 1980s by the fourth Labour government (1984-1990). New Zealand needed to find solutions to the problems posed by its relative geographical isolation, low population base, and an economy traditionally reliant on primary production. Accompanying the agenda of state sector reform was a series of official reports on the need to develop New Zealand's human resources. These reports saw the evolution of ideas for addressing long standing concerns about a post-compulsory education and training system that was failing to keep pace with economic and social change.

3       In 1986, one third of students were leaving school with no formal qualifications. For these students the traditional senior curriculum with its emphasis on preparation for university was inappropriate. Economic contraction and rising unemployment had increased the proportion of students staying in secondary schooling. It also increased pressure on the polytechnics and other sources of vocational training, which had undergone little change since the 1960s. A number of recurring themes were noted in a draft Green Paper on vocational education and training prepared by the Departments of Labour and Education:

> If New Zealand was to survive in an increasingly competitive world economy it needed a highly skilled, flexible workforce, and a more responsive and efficient vocational education and training system; if

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[1] Tertiary Education Advisory Committee, *Shaping the Funding Framework*, Summary Report, Ministers Foreword, Hon Steve Maharey, Associate Minister of Education, November 2001, p.1.

> New Zealand and New Zealanders were to cope with the increasing pace of economic and technological change they must develop a culture of 'lifelong learning'.[2]

4      Scotland was a key influence on developments. In 1985, a New Zealand delegation visited the United Kingdom and investigated Scotland's '16+ Action Plan'. This was a new system of vocational education being introduced by the Scottish Vocational Education Council (SCOTVEC).[3] SCOTVEC was designing a modular system of vocational education based on units of study building towards a single national certificate. The essential components of the SCOTVEC model were its:
- student-centred approach;
- criterion referenced assessment; and
- learning outcomes focus.

5      On 29 October 1986, the ad hoc Cabinet Committee on Employment and Training agreed that a single national validation authority should be established, and that management and control of continuing education should be decentralised. This committee also endorsed achievement-based assessment, and decided that delivery of these goals was to be the responsibility of the Minister of Education. A ministerial working party then reviewed options for all post-compulsory education. This review led to the Probine-Fargher report in March 1987. This report stated that the two central reasons for comprehensive qualifications reform were:

> New Zealand's low rate of participation in post-compulsory education and training in comparison with other OECD countries; and the confused and uncoordinated state of its vocational education and training system, in which a 'bewildering array' of organisations had some responsibility for qualifications[4]

6      The Probine-Fargher report noted that learners were locked into a narrow educational or career path and a perception of 'one qualification for life', so that ongoing learning was not encouraged. The report made recommendations for changes to the structure of New Zealand education, including:
- a National Validation Authority;
- a more flexible system of credit transfer; and
- recognition of prior learning.

7      The process of reform in the late 1980s was both swift and complex. Only the main points relating to the development of the national qualifications system

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[2] Department of Labour and Ministry of Education, *Qualified Success: A History of the New Zealand Qualifications Authority*, 1996, p.5.

[3] An influential two and a half week visit in March 1987 by Tom McCool, the Chief Executive of SCOTVEC, was crucial in bringing together the various interests on the issue of national qualifications, and helped create enthusiasm for the modular system.

[4] Department of Labour and Ministry of Education, *Qualified Success: A History of the New Zealand Qualifications Authority*, 1996, p.7. There were over 50 examining or registering bodies, 28 industry training boards, and 30 apprenticeship committees.

will be covered in this background country report. In September 1987, the Achievement Post-School Planning Committee made firm recommendations to develop a national system of certification for vocational education based on modules prepared to a standard format, leading to a national certificate. It was proposed that any accredited institution could offer modules, and students would receive a cumulative record of modules completed. In November 1987, a Department of Education officials working group report recommended the establishment of a National Vocations Qualifications Board (NVQB), 'to promote and maintain quality standards of vocational education and training'.[5] Following this was the Picot Report, *Tomorrow's schools*, in April 1988. This report supported the concept of a single, national validation authority for non-degree courses.

8       The Hawke working group, appointed in March 1988, was made responsible for redesigning the post-compulsory education and training system into a more managerial system. The Hawke report proposed a National Educational Qualifications Authority (NEQA), which would co-ordinate three other boards: the NQVB; a Secondary Educational Qualifications Board; and a National Academic Awards Board (tertiary). The NEQA concept supplanted the more modest NVQB proposal.

9       The Cabinet's *Learning for Life* policy documents in 1989 elaborated on the functions but not the structure of NEQA, confirming its 'across-the-board' coverage. *Learning for Life* defined some key principles for curriculum and assessment policy: NEQA would be based on student-centred, competency-based learning and assessment, and would accelerate moves towards modular curricula. A NEQA working party abandoned the tripartite, federal structure of the Hawke report for a single body. NEQA was to be a stand-alone agency, responsible to the Minister of Education.

10      The Education Amendment Act that would establish a qualifications authority was introduced to Parliament on 29 March 1990. The universities were strongly critical of the proposed NEQA reforms and the bill was heavily amended: the NEQA powers of entry to tertiary institutions to inspect documents were removed; the definition of academic freedom was strengthened; and statutory protection was extended to the terms 'university' and 'degree'. The NEQA was also renamed and became known as the NZQA. The legislation establishing the NZQA commenced on 23 July 1990.

*Development of the National Qualifications Framework*

11      The National Qualifications Framework (NQF) was developed through a two-year process of policy development and public consultation. The guiding principle of the NQF was that all learning achievement should be recognised. The aims of the NQF include:
        • clear learning and career pathways;
        • relevant and flexible learning;

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[5] Department of Labour and Ministry of Education, *Qualified Success: A History of the New Zealand Qualifications Authority*, 1996, p.11.

- access to learning and portability of recognition;
- quality assured provision and assessment; and
- skilled New Zealanders equipped and committed to lifelong learning.

12    In 1991 the government decided there was to be a national certificate. Qualifications would be based on 'units of learning' - a term that evolved into 'unit standards' - with a standard format, and a national catalogue. In 2001, the NQF was further developed to allow the registration of achievement standards for school curriculum standards.[6] The NQF was intended to lead to the development of unit standards and qualifications for sectors and disciplines that previously had no qualifications. Most sub-degree qualifications have been redeveloped to fit into the framework. Initially the NZQA decided there would be eight levels of achievement, following the Australian National Training Board's standards framework. The NQF was extended from eight to ten levels in 2001 in order to accommodate postgraduate qualifications.

13    A record of learning (ROL) was to be kept for all learners, with the NZQA being responsible for maintaining the ROL in a central computer database. The multiplicity of existing nomenclature was replaced by three terms for registration on the framework: national certificate; national diploma; and national degree. Although the framework was envisaged as encompassing all qualifications available in New Zealand, there are qualifications that are not registered in the framework, such as university qualifications, and local qualifications in polytechnics, colleges of education, wānanga, and private training establishments (PTEs). The New Zealand Vice-Chancellors' Committee (NZVCC) withdrew the university sector from the NQF before its development was complete. Degrees provided by universities are described in terms of course objectives and learning profiles, but are not defined by unit standards.

*The Key Structural Elements of the Qualifications System*

14    In the New Zealand qualifications system, education providers make the key decisions concerning courses and qualifications that they will offer to learners. A quality assurance body (QAB) then approves these courses and qualifications. Government funding can then be made available to accredited providers offering approved courses, and learners undertaking those courses. The glue that binds the qualifications system together is trust, backed up with moderation of assessment and the auditing of quality management systems in providers by the different QABs. The key structural elements of the system that ensure this are that:
- providers (or other education organisations) are accredited;
- accredited providers offer approved courses; and
- approved courses are monitored through auditing of the providers.

15    In the university sector, in lieu of the NZQA under the Education Act (1989), the qualifications system functions are carried out by the NZVCC. The

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[6] See p.11 for an explanation of unit and achievement standards.

accreditation and approval function is delegated by the NZVCC to the Committee on University Academic Programmes (CUAP). The New Zealand Universities Academic Audit Unit (NZUAAU), an independent body, carries out the audit functions in the university sector.

16      For the remainder of the tertiary sector, and the senior secondary sector, the NZQA oversees approvals, accreditations and audits. The NZQA is also responsible for the registration of PTEs. The NZQA has also delegated its powers in some areas to other inter-institutional QABs. For the colleges of education, these functions have been delegated to the Colleges of Education Academic Committee (CEAC) through the Association of Colleges of Education in New Zealand (ACENZ). For the polytechnics, these functions have been delegated to the Institutes of Technology and Polytechnics Quality (ITPQ) through the Institutes of Technology and Polytechnics New Zealand (ITPNZ).

17      A more consistent approach to the NQF has been developed over the last 12 years in the education sector and with stakeholders. Recognition of the NQF by stakeholders has come through industry involvement in the design of standards and qualifications on the NQF via the creation of industry training organisations (ITOs) and national standards bodies (NSBs) for developing standards in areas of the NQF outside the scope of specific industries.

18      The qualifications system is now being made more coherent with the development of the New Zealand Register of Quality Assured Qualifications ('the Register'). This will increase the comparability of all quality assured qualifications in New Zealand, and especially bring the NQF and university sector qualifications closer together. The Register is possible because of the existing commonalities in the education sector. In 2002 an agreed set of criteria and hierarchy of qualifications was developed.

19      The qualification system has opened new pathways to learning, and learners are using these pathways. This development was assisted by changes to the funding system in the early 1990s that promote a student centred system. New pathways have also been encouraged with the creation of new forms of tertiary education organisations (TEOs), such as PTEs, wānanga, and ITOs, and through permitting polytechnics to offer degree level qualifications from the NQF.

**Figure 1 - Key Elements of the Qualifications System**
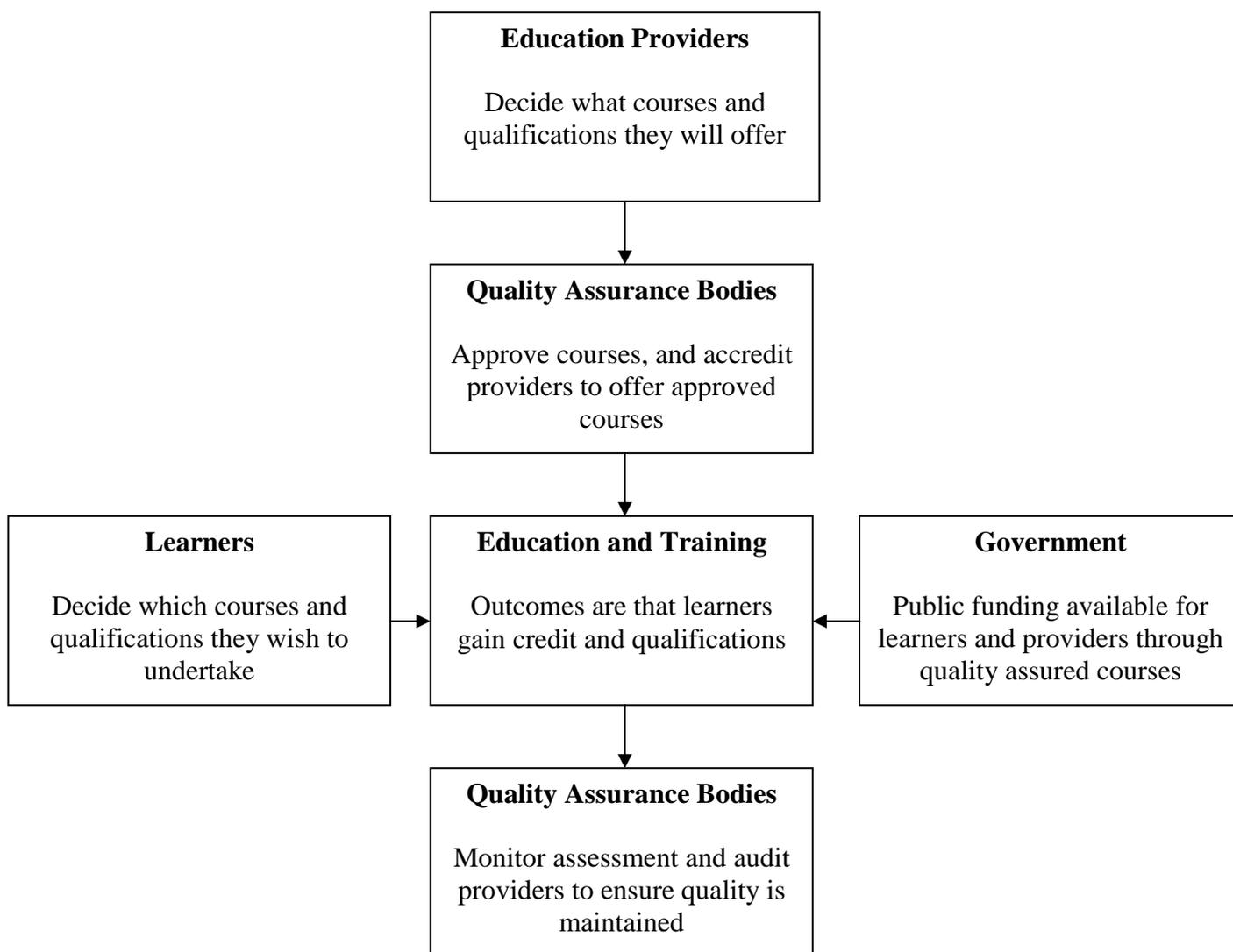


Table 1 - Key Elements of the Qualifications System and the Responsible QABs

| | Accreditation | Course Approval | Auditing |
|---|---|---|---|
| Secondary schools | NZQA | NZQA | NZQA |
| ITOs, Wānanga, Government training organisations and PTEs | NZQA | NZQA | NZQA |
| Polytechnics (sub-degree level) | ITPQ | ITPQ | ITPQ |
| Polytechnics (undergraduate degree level only) | NZQA* | NZQA* | NZQA† |
| Colleges of Education (sub-degree level) | CEAC | CEAC | CEAC |
| Colleges of Education (degree level only) | NZQA | NZQA | NZQA |
| Universities | CUAP | CUAP | NZUAAU |
| * From July 2003 this role will be performed by the ITPQ<br>†From January 2004 this role will be performed by ITPQ | | | |

*The Development of Unit Standards*

20    The development of unit standards caused some controversy and the terminology involved was extensively debated. Fears were expressed that the introduction of unit standards would lead to a fragmentation of knowledge and learning. A unit standard is now defined as a nationally registered, coherent set of learning outcomes and associated performance criteria, together with technical and management information that supports delivery and assessment.

21    Unit standards took time to develop and implement. ITOs developed unit standards for industries, while NSBs developed unit standards for generic skills, and the National Qualification Service (NQS), which is part of the NZQA, develops unit standards in those areas not covered by an ITO or a NSB. The first 118 unit standards were registered in 1993. By the end of 1996, 6,067 unit standards were registered, and 620 providers were accredited to assess against these standards. Unit standards were initially trialled in some secondary schools and are now used to supplement traditional school subjects. The situation today is summarised in the table below.

Table 2 - Registered Standards and Qualifications on the National Qualifications Framework as at September 2003

|  | 1 January 2000 | 31 December 2002 | 30 September 2003 |
|---|---|---|---|
| Registered qualifications | 662 | 870 | 905 |
| Registered unit standards | 15,098 | 16,745 | 17,156 |
| Registered achievement standards | 0 | 487 | 497 |

*The Further Development of the NQF in Secondary Schools*

22    New technology and changes in employment conditions require people who are more highly skilled and better qualified. Schools in New Zealand have moved to equip students to meet these challenges. The qualifications system, however, that reported students' achievement did not change until the National Certificate of Educational Achievement (NCEA) was introduced in 2002. Specifically, the new NCEA has been introduced because of:
- the need for young New Zealanders to be able to gain a qualification that recognises and reports on the full range of their learning, and in a level of detail that is meaningful to users;
- the inflexibility of the traditional award system especially insofar as it provides no recognition of important learning that cannot be measured in external examinations;
- long standing dissatisfaction with Sixth Form Certificate; and
- the incompatibility of the traditional secondary awards and the standards-based NQF.[7]

23    The first stage of the NCEA, was implemented in 2002, followed by level 2 in 2003 and level 3 in 2004. The NCEA will have full integration with the

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[7] Ministry of Education, *Archived National Certificate of Educational Achievement: Frequently Asked Questions,* December 2001.

standards based NQF, using 'achievement standards' developed for the school curriculum and unit standards from the NQF. Achievement standards differ from unit standards in that they have four different grades of achievement (not achieved, achieved, merit, and excellence), and in some cases are externally assessed. Reporting will provide greater detail of the learning achieved within a curriculum area. For example, a learner studying Mathematics might gain results of achieved at using 'geometric reasoning to solve problems', and merit at using 'straightforward statistical methods to explore data' - compared to '53%' for Mathematics, currently. Such things as laboratory work, oral and communication skills will also be reported through internally assessed achievement or unit standards. Reporting will recognise actual achievement rather than rank order only.

24 One important debate in the introduction of NCEA was the role to be played by external exams. The government decided on 50% external assessment in response to the workload and manageability issues raised by teachers. The general public, and very many teachers, rightly or wrongly, have greater faith in the objectivity of external examinations than with internal assessments. For these reasons it has been decided that any outcome that can be validly assessed by external examination will be. Internal assessment will only be used to assess outcomes that cannot be validly assessed in an external examination.

*The New Zealand Register of Quality Assured Qualifications*

25 The Register is being developed and will be fully implemented by 1 August 2006. The comprehensive listing of the Register will be a powerful tool for learners and employers. The NQF will form one subset of this register. All qualifications, including university qualifications, will be represented on the register in terms of title, levels, credits, outcome statements and subject classification. A clear set of common definitions will assist understanding of the Register. The Register aims to:
- show the relationship between qualifications more clearly for learners and the public;
- facilitate learners' ability to transfer credit;
- clearly identify all quality assured qualifications; and
- assist in the international recognition of New Zealand qualifications.

26 The following information will be held in the databases supporting the Register and will be publicly available:
- the title of the qualification;
- the level at which the qualification is registered;
- the outcome statement attached to the qualification;
- the credit requirements of the qualification;
- the subject classification; and
- qualification developer and provider details.

**Qualification System Recognition Arrangements**

27      The NQF is designed to provide nationally recognised, consistent standards, qualifications recognition, and credit for all learning of knowledge and skills. Administered by the NZQA, the NQF is a way of structuring qualifications. The NQF qualifications are quality assured and nationally recognised. There are few university qualifications on the NQF and the traditional universities have not built qualifications out of unit standards.[8] Polytechnics, colleges of education and wānanga construct some of their qualifications out of unit standards and also offer any national certificates and Diplomas for which they have been accredited. Before offering any NQF standards a provider must be accredited to do so by the NZQA.

28      Over 17,000 unit and achievement standards have been registered and packaged into a range of national certificates, national diplomas and other qualifications. Each standard describes what a learner needs to know or must be able to achieve. Standards are registered for all areas of learning, including conventional secondary school subjects. There are two types of standards:
   * unit standards - developed by experts in their fields, for each industry and general learning area; and
   * achievement standards - currently used only in school curriculum subjects, for the NCEA.

29      Each registered standard has a credit value and is registered on one of the NQF's ten levels. As standards are achieved, credits are listed on the learner's ROL. The ROL is held on a national database by NZQA. A wide range of evidence may be used to compare a candidate's performance against a standard as part of the assessment process. As well as traditional tests, an assessor can use evidence of prior achievements or evidence from the candidate's workplace to assess performance against a standard.

30      Every learner gaining credits on the NQF receives a copy of their ROL that lists all credits from unit and achievement standards, and any national certificates and national diplomas achieved in the previous year. From 2002, the ROL was also made available to each learner over the internet. When a learner enrols in a programme that leads to NQF credits, their details and registration fee are forwarded to NZQA. They are registered for the NQF and given a unique learner identification number. Learners can accumulate NQF credits over a number of years and from many providers until they have completed a qualification.

31      In January 2003 there were 1,163 TEOs, including: 884 PTEs, nine government training establishments, 189 registered Māori training establishments, eight universities, 20 polytechnics, four colleges of education, three public wānanga, and 46 ITOs. The large number of education providers

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[8] University qualifications are now included on the New Zealand Register of Quality Assured Qualifications. The universities with NQF qualifications are Auckland University of Technology, formerly the Auckland Institute of Technology, and Massey University, which incorporated the Wellington Polytechnic in 1999.

means that they offer a wide array of courses of education and training with a good degree of flexibility in delivery and assessment. Some providers target Māori learners, while others are positioned to help students interested in post-school foundation learning.[9]

32      Distance education is an integral part of the New Zealand education system with one polytechnic (The Open Polytechnic of New Zealand) and one secondary school (the Correspondence School) dedicated solely to distance education and many other providers actively involved in distance education. This is crucial in a country with a small population spread over a relatively large distance.

*Arrangements for the Recognition of Non-formal and Informal Learning across the Main Sets of Qualifications*

33      Non-formal and informal learning are not terms used in New Zealand, but procedures do exist for the recognition of prior learning (RPL). An important principle of the NQF is that skills, knowledge and understanding gained outside formal education or training will be recognised. In a sense, the assessment of prior learning is no longer a special case. All assessment has benefited from the development of RPL practices. All NQF assessment can have the flexibility that was once unique to assessment of prior learning. While the universities have procedures for dealing with RPL applications, they are rarely applied.

34      Assessment for RPL credit on the NQF involves the collection of evidence of what learners know, understand and can do. That evidence is then judged against criteria expressed in unit or achievement standards. The NQF assessment is about achieving standards rather than performance in a set task or over a whole course, so evidence can be collected from a variety of sources. This will depend on the requirements of the standard, the situation of the assessor and the circumstances of the learner. Some evidence will come from formal tests and tasks. Some evidence will come from ongoing work or learning activities. Some evidence will come from outside a formal learning or work environment.

35      The process that has been known as RPL actually uses all of these sources of evidence. Some learners are assessed on the basis of attested prior performance, using evidence they bring with them from previous jobs for example. Others are assessed on the spot without completing a course of learning. Many are assessed by a combination of the two: evidence the learner brings with them is taken into account but further assessment tasks are needed to cover all the skills and knowledge required. Some learners have to undertake further learning and assessment in order to complete a qualification. NQF

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[9] The NQF was expected to be responsive to Mäori, enabling recognition for learning that has been historically undervalued by the formal education system. There are now 160 Mäori providers with NQF accreditation, and 24% of the Mäori population are registered learners, compared with 19% of the entire population of New Zealand. The development of Mäori unit standards and qualifications has occurred in areas such as Te Reo Māori (Māori language), whakairo (carving), putaiao (science) and tikanga (customary practices).

assessors judge all evidence against unit standards, regardless of where the evidence came from. So the overall approach to assessment embraces the philosophies and practices developed by advocates of RPL assessment.

36      The NZQA does not require any special registration or accreditation for RPL assessment. The same organisations and assessors that are accredited to assess within learning programmes or in the workplace can assess prior learning. The NZQA oversees the registration of standards and monitors standards of achievement. It does this through accreditation, audit and moderation. Accredited organisations organise the actual assessment to suit their own circumstances and their learners.

37      Standards that have been written to recognise the skills of assessors do not specifically mention assessment using RPL evidence.[10] Instead, the unit standards for all assessors make reference to using diverse sources of evidence. Accredited organisations may require their assessors to have achieved these assessor standards, but the NZQA does not set these requirements.

38      Many polytechnics are developing procedures to guide learners towards assessment of their existing skills and knowledge before enrolling them in programmes. This involves two steps: facilitation to help the learner to prepare for assessment, and assessment to make judgements about the learner's skills and knowledge.

## Qualification System Governance and Systematic Characteristics

*Funding Qualifications*

39      The government is the primary source of funding for compulsory education in New Zealand. In 2001/2002 the government budget for compulsory school education in New Zealand was $NZ 3.73 billion out of a total vote Education budget of $NZ 7.01 billion. A mixture of government, individual and employer contribution funds post-compulsory education. In the 2001/2002 financial year the budget for post-compulsory education was $NZ 1.7 billion.

40      Secondary education is publicly funded. In theory secondary education is 'free', but in practice there are some activity fees charged by schools and by the NZQA for secondary qualifications, with provision for rebates on assessment fees for children from low-income families.

41      In post-compulsory education and training, the government invests funds through a number of strategies and delivery organisations. There is a distinction between purchasing agencies and delivery sites. For example, Skill New Zealand was a purchasing agency that purchased post-school foundation education and training, linked to the NQF, from PTEs, polytechnics, other TEOs, and industry training through ITOs.[11]

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[10] Three RPL unit standards were written and registered on the NQF, and were later deregistered.

[11] From 1 January 2003 Skill New Zealand and the roles it played were incorporated into the Tertiary Education Commission. Skill New Zealand was a Crown agency operating at the interface between

42    The cost of industry training is met through a partnership between government, industry and learners. The government invested $NZ 13 million toward industry training in 1993, this has increased steadily with $NZ 71 million being allocated in 2001. Industry has also steadily increased its contribution, with both cash and in-kind contributions. In 2001, industry contributed $NZ 30 million in cash toward industry training. All qualifications gained through government funded industry training must be registered on the NQF.

43    PTEs have to register with the NZQA in order to offer national qualifications, or for their students to be eligible for government funding. In 2001 a moratorium preventing any new PTE from obtaining government funding was introduced. From 2003 this changed to a cap on EFTS funding for PTEs, with an individual provider cap based on its 2001 numbers. The government has created an additional pool of funding for the PTE sector. It is designed to focus new provision and growth in equivalent full-time students (EFTS) funding for 2003 into areas aligned with the Tertiary Education Strategy (TES).[12]

44    Developing and implementing the NQF was costly, but the ongoing operational cost is only about a quarter of the initial development and implementation cost. Providers meet the cost of the accreditation process. Access to government subsidies - funding for EFTS, student loans and living allowances for students while studying - is linked to the quality assurance processes of the NQF so that quality assurance is a prerequisite for government funding.

45    Since 1990 an increasing portion of the cost of post-compulsory education has been borne by individuals. The primary mechanism for funding the cost to individuals of tertiary education is the Student Loan Scheme, which can be used to borrow funds to cover fees, living costs, and course costs. In 1999 over $NZ 3 billion was owed in student loans, rising to over $NZ 4.7 billion at 30 June 2002. Some students are able to draw an allowance provided by the government to cover their living costs while studying. Scholarships cover part of the cost of education for some students, mostly in postgraduate education.

46    There is public concern that the cost of tertiary education, including the cost of student loans, may act as a disincentive to post-compulsory study. The universal access to the Student Loan Scheme granted to New Zealanders, however, has helped increase participation rates in post-compulsory education among sections of society that were previously not well represented in higher education. The 2002 budget included provision for fee stabilisation, where there was an increase in government funding in exchange for a tertiary institution or PTE not increasing fees to its students that year. From 2004 the government has limited the fee/course costs paid by domestic students for non-degree and undergraduate courses, except where an exemption is granted.[13]

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education and the labour market. The central role of Skill New Zealand was to contribute to raising the skill levels of the New Zealand workforce and people wishing to join the workforce.

[12] The Tertiary Education Strategy is discussed further on pages 19-20, and 63-64.

[13] See further discussion on page 43.

*Features of Participation in Education*

47      Participation in tertiary education has been growing in New Zealand. In 2001, over 77,000 new students entered tertiary education. Only 35.7% of those entering were school leavers. Nearly half of the formal students enrolled in tertiary education in 2001 were aged 25 or over, while those over 40 years are a rapidly growing subset of the total student population. Also of note has been the increase in the numbers of international students undergoing education in New Zealand. Students from low decile secondary schools remain under-represented in tertiary education.[14]

48      For Māori, participation in tertiary education is mixed, but improving. In 2001, the rate of Māori participation in tertiary education rose above that of non-Māori for the first time. Māori are, however, less likely to study at university during the core tertiary age years of 18-24. The number of Māori qualifications completions has almost doubled from 6,491 in 1997 to 12,739 in 2001. For Pacific peoples participation in tertiary education has increased strongly in the last five years. The number of Pacific students completing qualifications at public tertiary institutions has increased by 42% since 1997, from 1,702 in 1997 to 2,409 in 2001. Māori and Pacific women are both more likely to enrol in tertiary education, and more likely to complete a qualification than Māori and Pacific men.

49      One long-standing disparity has been reversed. Women were once less likely than men to be involved in tertiary study, but the trend has been for increasing numbers of women to participate in tertiary education. Overall, women represented 58% of enrolments in tertiary education at 31 July 2002.

50      There is evidence to suggest that New Zealand is making solid progress towards becoming a knowledge society with learning opportunities for all. Based on current rates of participation, it is now estimated that 85% of the population will enroll with a tertiary education provider by the time they reach 25 years of age.

*Main Goals and Principles of the Qualifications System*

51      In the early 1990s work towards the design of the NQF was based on the following ten principles which required that qualifications:
- are fit for purpose;
- have national and international credibility;
- are able to respond to the rapidly changing needs and diversity of New Zealand society and its economy;
- take account of changing knowledge, technology and occupational structures;

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[14] A school's decile indicates the extent to which the school draws its students from low socio-economic communities. Decile 1 schools are the 10% of schools with the highest proportion of students from low socio-economic communities, whereas decile 10 schools are the 10% of schools with the lowest proportion of these students. A school's decile does not indicate the overall socio-economic mix of the school.

- may be gained flexibly and at any age, and recognise skills, knowledge, attitudes and values learnt in ways other than through formal education;
- provide clear career and learning pathways;
- recognise the importance of generic and portable, transferable skills
- are sufficiently flexible to meet national needs as well as specific regional and local needs;
- include a Māori dimension where that is appropriate; and
- include a mix of compulsory, core and optional standards, as appropriate.

52    The NQF itself was designed to achieve a range of inter-linked objectives:
- to create a single, co-ordinated framework of qualifications;
- to provide a consistent basis for the recognition of educational achievement wherever that achievement occurs;
- to encourage the integration of 'academic skills' with applied skills, and to bring together theory and practice;
- to reform assessment practices in education and training;
- to provide quality assurance for qualifications;
- to recognise the principles of the Treaty of Waitangi;
- to encourage a wider range of educational settings; and
- to provide incentives to increase individual and collective investment in education and training.[15]

53    These goals contribute to lifelong learning in the following areas:
- overcoming traditional boundaries that caused problems of credit transfer for learners;
- recognition of learning outside of traditional education programmes; and
- encouraging flexible courses of study and training leading to qualifications.

54    The universities stand outside the NQF, although they acknowledge its achievements in bringing a rational structure to vocational qualifications and enabling learners to gain recognition for different types of learning. The universities are also working to ensure that all of their qualifications will comply with the requirements of the Register by the deadline date of August 2006. The number of qualifications in the universities has increased dramatically in the last years of the 20th century and the early years of the 21st. Student numbers are increasing more slowly but the universities are providing more employment-related educational opportunities than in the past, rather than simply expecting students to pursue knowledge for its own sake.

55    The university entrance standard is set in accordance with the Education Act (1989) by NZQA in consultation with the universities. This prescribes a minimum standard of academic achievement, which includes requirements in literacy and numeracy that a school-leaver must attain before being eligible to enrol at a university.[16] The universities set the criteria for provisional entrance

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[15] Sir Neil Waters (Board Chair), *The Vision for the National Qualifications Framework*, July 1996, pp.2-4.
[16] See the NCEA university entrance requirements on pages 50-51.

and for admission *ad eundem statum* at entrance level (*ad eundem statum* meaning 'at the same level'). From the age of 20, however, any New Zealand citizen or permanent resident may enrol at a university and embark on, or continue along, the path of lifelong learning.

**Organisations Responsible for the Development, Accreditation, Management and Award of Qualifications and the Recognition of Learning in New Zealand[17]**

*Ministry of Education*

56    The Ministry of Education (MOE) gives policy advice, implements policies, develops curriculum statements, allocates resources and monitors effectiveness across the early childhood and compulsory schooling sectors. The Ministry's role in tertiary education is focused on the strategic dimensions of policy formation, analysis, advice and monitoring. It is responsible to the Minister of Education and acts as the agent for the Minister in negotiating a purchase agreement with NZQA for the services NZQA provides.

*Education Review Office*

57    The Education Review Office (ERO) also reports to the Minister of Education and is the government department responsible for evaluating and reporting on education in all schools, all early childhood services, and all other forms of pre-tertiary education in New Zealand.

*The New Zealand Qualifications Authority*

58    The NZQA is a Crown agency reporting directly to the Minister of Education. The NZQA is responsible for implementing and maintaining a comprehensive framework of qualifications in post-compulsory education and training, and senior secondary schooling. The NZQA is responsible for granting permission for an institution to use protected terms in qualifications such as 'degree', 'national' or 'New Zealand'. The Minister of Education is also required to consent to the use of the terms 'polytechnic', 'college of education', 'university', and 'wānanga'.[18] The NZQA is required by law to work with the NZVCC on matters directly concerning universities. In other areas the NZQA has delegated powers and functions to the ITPNZ and the ACENZ.

*Tertiary Education Commission*

59    The Tertiary Education Advisory Commission (TEAC) was established by the Government in April 2000 to provide advice on the future strategic direction of New Zealand's tertiary education system. As a result, a TES has been

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[17] See Appendix II for a diagram of the relationship structure between these organisations.

[18] A wānanga is characterised by teaching and research that maintains, advances, and disseminates knowledge and develops intellectual independence, and assists the application of knowledge regarding ahuatanga Māori (Māori tradition) according to tikanga Māori (Māori custom).

developed for 2002-2007 and a permanent Tertiary Education Commission (TEC) was established as a Crown entity at the start of 2003.

60      The TES is an overarching strategy that seeks a more connected, relevant and strategic tertiary sector, with government funded education and training linked to the wider economic and social goals of New Zealand. Complementing the TES is the Statement of Tertiary Education Priorities (STEP), which outlines the government's short and medium-term priorities for tertiary education. The TEC will seek to co-ordinate and align tertiary education provision with the TES and the current STEP.

61      The TEC is responsible for the whole tertiary sector, including: vocational education and training, foundation skills, adult and community education, industry training, universities, polytechnics, colleges of education, wānanga, PTEs and other tertiary providers. The TEC incorporates what was Skill New Zealand and the Tertiary Resourcing Division of the MOE. The TEC is to work closely with all stakeholders and is responsible for:
- advancing the TES goals;
- giving effect to the STEP;
- allocating funding to tertiary education and training organisations according to a new integrated funding framework;
- building the capability and capacity of tertiary education and training organisations to contribute to national goals;
- advising government on the TES, STEP and the activities and performance of the sector generally;
- negotiating a new system of charters and profiles to steer the tertiary education system.

*New Zealand Vice-Chancellors' Committee*

62      In 1990, the NZVCC assumed some of the functions of the former University Grants Committee at the interface between the government and the universities. The NZVCC works through a permanent secretariat based in Wellington and has delegated a number of functions to a range of standing committees generally consisting of a representative from each university. The NZQA consults with the NZVCC to determine criteria for validating and monitoring university qualifications. The NZVCC nominates university representatives to panels convened by the NZQA for the evaluation of non-university degrees.

*The Committee on University Academic Programmes*

63      The CUAP is the standing committee of the NZVCC that considers academic matters across the university system. These include inter-university course approval and moderation procedures, advice and comment on academic developments, the encouragement of the coherent and balanced development of curricula and the facilitation of cross-crediting between qualifications. The CUAP also has responsibility for oversight of inter-university subject conferences. Its membership includes representation of other tertiary education interests and the student body. A sub-committee of the CUAP deals with

matters relating to entrance to universities, although the NZQA has a statutory role as the final body for appeals on university entrance matters.[19]

*Institutes of Technology and Polytechnics Quality*

64      The ITPQ is a committee of the ITPNZ. The ITPQ operates the authority delegated to the ITPNZ by the NZQA under the Education Act (1989). The ITPQ is responsible for approving polytechnic programmes and accreditation of polytechnics to deliver approved programmes and programmes based on unit standards registered on the NQF up to undergraduate level. The ITPQ undertakes quality audits polytechnics to ensure ongoing compliance and effectiveness. From July 2003 the ITPQ will approve and accredit all degrees, graduate diplomas and certificates in polytechnics, and from 2004 the ITPQ will take over monitoring of all undergraduate degrees in polytechnics.

*Colleges of Education Accreditation Committee*

65      The ACENZ holds the delegated authority from the NZQA under the Education Act (1989) for the approval and accreditation of non-degree programmes offered within the colleges of education. The CEAC carries out this function for the ACENZ, and ensures monitoring of programmes is in place. The ACENZ seeks to promote exemplary academic quality assurance through the operation of the CEAC.

*Role of Social Partners in the Qualifications System*

66      Government bodies consult with social partners where appropriate, including unions, employer and education bodies, such as Business New Zealand and the Council of Trade Unions.[20] These bodies are supportive of the concept of lifelong learning, for example, the President of the Council of Trade Unions (CTU) wrote that 'the CTU vision for tertiary education in this country is that life-long learning will be a reality for all.'[21]

67      The NZQA has a Board of eight to ten members reflective, rather than representative, of education, industry and employer interest groups. The Minister of Education appoints the NZQA Board. The councils of public education institutions are required to include representatives of general and academic staff, students, employers, workers and professional bodies. It is desirable for a council to also be reflective of the ethnic and socio-economic diversity of the communities they serve, and the fact that half the population is female and half is male.

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[19] See also the New Zealand Universities Academic Audit Unit on page 24.

[20] In New Zealand 'social partners' are often referred to as stakeholders.

[21] Ross Wilson, *Working Together the Way to Grow*, The Dominion Post, 31 March 2003.

*The Industry Training Federation*

68     The Industry Training Federation (ITF) is a membership-based organisation, representing ITOs. The ITF works with other agencies and sector groups to improve the policy for and delivery of industry training. The ITF has a national office in Wellington. There are currently 42 ITOs, all of which are members of the ITF. The ITF's key objectives are to:
  - promote and support the continuous improvement of ITO performance within a quality culture;
  - lead the development of policy advice, research and evaluation into all key vocational education and training policies including industry training; and
  - influence government, government agencies and key sector groups to improve the policy for and delivery of industry training.

*Industry Training Organisations*

69     ITOs are organisations created under the provisions of the Industry Training Act (1992). In 1999, 76% of the workforce was covered by an ITO, rising to 80% in 2001. Some important areas, such as information technology, finance and insurance, health, education, business, management, and law do not participate in industry training. The enabling legislation was updated in 2002, so that ITOs are to provide leadership within industry on matters relating to skill and training needs. This is in addition to the two main roles ITOs had in the original Act:
  - developing and maintaining national industry education and training standards; and
  - making arrangements for the delivery of industry training that meets the current and emerging needs of industry.

70     All industry training can lead to credit and qualifications on the NQF. ITOs do not deliver industry training, but rather arrange training for employers and employees in their industries. Industry-based training is delivered by individual enterprises. The training is delivered predominantly on the job, often in conjunction with components of off job learning delivered by tertiary education providers. ITOs manage the quality assurance of industry-based training in conjunction with the NZQA by developing unit standards for registration, registering employees as work-place assessors, monitoring training and assessment, and managing learning and reporting systems. 41 of the ITOs are accredited to register assessors.

71     Employers are key participants in ITOs, helping to build industry ownership of training and training infrastructure. The representation of social organisations, such as unions, varies according to the ITO. However, the new provisions in the legislation require ITOs to develop arrangements for the collective representation of employees in the governance of the ITO.

**Authorities Responsible for Integration and Linkage between Qualifications**

72      Under the Education Act (1989), the NZQA is responsible for a consistent approach to the recognition of qualifications in academic and vocational areas, ensuring that all qualifications have a purpose and relationship to each other that students and the public can understand. The NZQA consults with the NZVCC and other bodies in developing its policies. The NZQA and the MOE are starting to carry out this role beyond the NQF through the development of the Register.

73      The TEAC published several reports in 2001 to devise a long-term strategic direction for the tertiary education system. The overall aim of the strategy is to make New Zealand a world-leading knowledge society by providing all New Zealanders with opportunities for lifelong learning. *Shaping a Shared Vision*, TEAC's first report, set out the new directions for the tertiary education system. It argued that the challenge of ensuring all New Zealanders have access to lifelong learning in a knowledge society will require new ways of organising, delivering, and recognising tertiary education and learning.[22] The demands that the knowledge society makes on individuals, business, industry, whānau, hapu, iwi,[23] Māori and the wider community will necessitate New Zealand becoming very serious about lifelong learning.[24]

74      In 2002/2003 the government is funding the Skills Information Action Plan to improve the quality and range of labour market information, especially about skill shortages. One of the initiatives is the investigation of the education and employment outcomes of all forms of tertiary education. A report should be finalised by the end of March 2003. The key stakeholders in the report process are the Department of Labour, MOE, TEC, Statistics New Zealand, and Career Services.

*Quality Assurance for Qualifications*

75      The NZQA sets the overarching policy for the quality assurance of qualifications in consultation with NZVCC through the gazetting of course approval and accreditation requirements. The NZQA is directly responsible for the quality assurance of all national qualifications and the delivery of education and training outside universities. The NZQA delegates quality assurance functions relating to delivery and local course approval in polytechnics (up to undergraduate level) and colleges of education (to the sub-degree level) to the ACENZ, ITPNZ, ITPQ and CEAC bodies.[25]

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[22] Tertiary Education Advisory Committee, *Shaping a Shared Vision*, July 2000, Conclusion 5, p.12.

[23] See glossary for a definition of these terms.

[24] Tertiary Education Advisory Committee, *Shaping a Shared Vision*, July 2000, p.11.

[25] There is no direct university involvement so far in this system - although there some universities may engage with it indirectly through a PTE or ITO.

76    Non-formal and informal learning covered by the RPL process is subject to quality assurance, but is not influenced directly by lifelong learning objectives or policies. The NZQA verifies the quality of a provider's education programmes by carrying out an external check of their quality systems and their effectiveness as a provider. It operates on a cost-recovery basis - providers are charged for all quality assurance activities.

77    The NQF is a three-pronged quality system:
- national standards and national qualifications are evaluated and registered by NZQA, NQF standards expire and are subject to review;
- these standards and qualifications are used by accredited organisations that are subject to regular audits, while initial accreditation involves a capacity evaluation of a provider's systems; and
- a moderation system ensures national consistency of assessment against the NQF standards.

78    Delivery of national qualifications in secondary schools is quality assured by ERO and NZQA in combination. ITOs and the NZQA run external moderation for national standards. The NZQA has an overarching role of ensuring that the total NQF external moderation system is working.

79    The local course approval is a three-pronged quality system:
- local courses are evaluated and approved by NZQA (or its delegated agent) or CUAP;
- these are used by organisations accredited to offer an approved course; and
- accredited organisations are regularly audited.

80    Quality assurance for the universities is carried out by the CUAP of the NZVCC. In addition the universities have an independent unit, the NZUAAU, to carry out audits of their quality assurance processes and to provide advice and assistance with regard to the maintenance and enhancement of national academic standards. The unit liaises with the NZQA to ensure that the unit's operation enables the NZQA to meet its legislative obligations in respect of New Zealand universities.

81    The NZQA assures the quality of local qualifications offered in secondary schools. The delivery of local courses in secondary schools is quality assured by the ERO.

82    Changes to the Education Act (1989), which came into force from 1 January 2003, allow for the NZQA to apply conditions on course approval, accreditation, and registration. Previously the NZQA was only able to cancel the registration of under-performing providers. Now the NZQA can issue compliance notices to providers to enforce requirements.

*Formal Credit Arrangements between Qualifications*

83    Credit transfer is a process whereby credit already achieved is recognised towards a new qualification, or for entry and selection to courses. This may occur on a case-by-case basis between providers, qualifications developers and

individuals, or as a structured agreement between two or more organisations or providers. Recognition of prior learning and credit transfer are not new concepts; both occur currently. The current emphases on lifelong learning, the knowledge society, and export education are, however, proving to be catalysts for seeking to enhance ways in which learners are able to obtain formal recognition for their achievements.

84      Improving credit transfer is one of the objectives of the NQF. The centralised ROL allows automatic credit accumulation towards competency based national qualifications. Credit transfer decisions in relation to other qualifications are the responsibility of the provider. All providers are required to have clear guidelines about their own credit transfer processes. The NCEA includes credit transfer arrangements for secondary schools. Following the publication of the *Supporting Learning Pathways: Credit Recognition and Transfer Policy* paper, in December 2002, consultation is currently in progress about credit transfer arrangements for the tertiary sector and how they will be implemented. Recognition of prior learning and recognition of current competency are both important ways in which credit may be generated towards qualifications. Credit awarded as a result of either recognition of prior learning or recognition of current competency is of equal standing to credit awarded through other forms of assessment.

85      Credit recognition and transfer are the test of confidence in the quality assurance arrangements for education in New Zealand. Appropriate credit recognition and transfer are critical to support learners along the most appropriate learning pathway and consequently are a core part of education and training provision.[26]

*Linkage Systems between Qualifications*

86      Standards on the NQF are used in qualifications such as the national certificates and Diplomas. The NQF is not referenced to an international classification system or qualifications framework. A proposal to incorporate Australian competency standards on the NQF is currently being investigated. There is a Ministerial declaration of confidence in the equivalent standing of the vocational and educational qualifications systems of Australia and New Zealand.[27] This enables the recognition of the vocational qualifications between Australia and New Zealand for the purposes of employment and further education. New Zealand standards for university entrance are recognised and accepted for entrance purposes to foreign universities.

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[26] New Zealand Qualifications Authority, *Supporting Learning Pathways: Credit Recognition and Transfer Policy*, December 2002, p.3.

[27] Commonwealth of Australia and the New Zealand Qualifications Authority, *Australia and New Zealand Mutual Recognition of Vocational Education and Training*, August 1998, http://www.dest.gov.au/archive/publications/6220tref.pdf.

*Qualifications Evaluation Service*

87    The Qualifications Evaluation Service (QES) of the NZQA is the body in New
      Zealand that is responsible for assessing qualifications for the purposes of
      immigration, employment, professional registration and further study. The
      QES will establish what level the foreign qualification is equivalent to in New
      Zealand. This is a user-pays service in which the individual deals directly with
      the QES. The focus is on the qualification and not the competence of an
      individual. The QES also checks that the qualification has been awarded by a
      recognised foreign institution and that documents submitted by applicants are
      not fraudulent. The QES does not assess individuals' eligibility to undertake
      further academic study. That is a matter for the education providers and
      professional bodies to whom applications are made.

*Effectiveness of the Credit and Linkage Systems*

88    Benefits to learners of the NQF credit system include:
      • greater choice and flexibility in selecting a learning style appropriate to
        their needs;
      • greater opportunity to learn what is relevant and responsive to the needs of
        industries and professions;
      • easier access to national qualifications; and
      • increased opportunities to add to their education and training throughout
        their life.

89    Benefits to industry and enterprise of the NQF credit system include:
      • ability to assess training on site to a national standard - without loss in
        production whilst worker is off site for training and assessment;
      • better targeting of training budgets - assessment against standards enables
        targeted training to close performance gaps;
      • benchmarks to judge effectiveness of training;
      • better qualified and skilled workforce;
      • increased worker motivation and commitment; and
      • improved mutual recognition and bench marking.[28]

90    One barrier to the effectiveness of the NQF credit transfer system is the
      difficulty in transferring credit between different parts of the tertiary education
      sector. The National Student Index (NSI) will be of use in the future for
      improving the effectiveness of credit transfer as more learners will exit
      secondary schooling hooked on to the NSI. The ability of providers to deny
      credit transfer can be seen as a problem by students, but is seen as necessary in
      some circumstances for providers to be able to ensure quality. Providers must
      have an appeals process, and learners can appeal to the NZQA or the
      Ombudsmen if not satisfied. There is ongoing work on creating a transparent
      system of transferable credit. One part of the debate on this issue is an attempt

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[28] John Hamill, *The New Zealand Qualifications Framework 1990-2001: A Country Characterisation
Report*, March 2001, p.16.

to define exactly what a credit is, as there is a tension between the concept that a credit is equivalent to a notional 'ten hours' of effort and the idea that a credit is awarded when a standard is achieved.

*National Information and Advice on the Qualification System*

91      A number of agencies are currently active in the provision of information and advice about the qualification systems in New Zealand. The NZQA maintains a set of central informational databases and publications. This includes information on learner attainment, unit standards, and national qualifications. Career Services is a Crown entity that is a leading provider of career information, advice and guidance. Career Services promotes the importance of career planning throughout a person's lifetime. It is responsible for the KiwiCareers web page and operates 16 Career Centres around New Zealand and CareerPoint, a free career information and advice phone line.

92      There is a lack of information available on pathways between and from qualification systems in New Zealand. Steps are being taken to improve this situation. The Register will be the key tool for information about pathways between the systems. Every qualification on the Register will have information about its level, credits and outcomes - key tools for acknowledging and demonstrating pathways. Other projects include a whole-of-government approach to developing a web portal, and a data integration project that will allow longitudinal analysis of educational data, income data, and student loan data.

# Component 2 The Impact of Qualification Systems

93      This component will cover the impact of qualifications systems in New Zealand from the 1990s onwards, as this is the time period in which the NQF has been implemented, and several other major changes to the New Zealand qualifications systems have been introduced. The key highlights of the impact of qualifications systems in New Zealand in the 1990s have been:

- growth in all education sectors;
- rapid growth in PTEs;
- growth in industry training;
- increase in education retention rates in the 15-19 age cohort;
- growth of people over the age of 25 in education and training; and
- growth in the participation of women and Māori.

94      The main difficulty for this component is that while possession of a particular qualification can sometimes be linked to a particular outcome, it is difficult to directly link the impact of the qualifications system with more general outcomes. For example, possession by an individual of an appropriate tertiary qualification may allow them to gain employment in a particular career, but it is difficult to assess the impact of tertiary qualifications in general on national employment. It is difficult to isolate the effect of the qualifications system, or of qualifications per se, on any of the aspects of interest over other policy initiatives or wider developments. It is possible, in some cases, that the 'good' outcomes are in spite of the qualifications system and the 'poor' outcomes are because of the qualifications system.

**Outcomes: Evaluations**

95      There is a need for a long term perspective in analysing evaluations of outcomes from education, as changes will often take many years to become visible. Most of the available measures are proxies based on educational attainment in terms of qualification levels. Qualifications are a limited measure of human capital in that they do not directly measure the skills and knowledge acquired, and they do not take into account the contribution of experience, informal training, and social and recreational activity to human capital formation.[29] It is important to note that New Zealand tertiary participation figures differ from OECD figures because they include study towards qualifications at the sub-degree level that are not counted towards OECD tertiary figures. This accounts for ~25% of tertiary study in New Zealand.[30]

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[29] Statistics New Zealand, *Monitoring Progress Towards a Sustainable New Zealand*, August 2002, p.61.

[30] Ministry of Education, *Tertiary Education Participation Report*, 08/2002.

*Impact of Qualifications Systems on Learning*

96    One impact of the current qualifications system on learning is that national exams are not required for NQF courses. Individual providers can carry out the assessment, and in some cases assessment has devolved to the workplace. Some old national tertiary examinations remain for pre-NQF qualifications, but the general trend has been one of atrophy of national examinations in the tertiary education sector. National exams are difficult for competency based standards because consistent national assessment is difficult to achieve.

97    New Zealand is at the end of a transition phase for its senior secondary school qualifications. The NCEA has replaced School Certificate (Year 11), the Sixth Form Certificate (Year 12) and the New Zealand University Entrance Bursary Scholarship exams (NZUEBS) (Year 13). Qualifications policy changes, resulting in the development of the NCEA, were initiated in response to concerns regarding the ability of the previous qualifications to respond to the changing needs of students and society. Qualifications in the senior secondary school have for many years been considered less than ideal by many users and other stakeholders. Critics claim that traditional awards did not meet the learning and certification needs of some students or the requirements of the economy and society in general. They left too many students with a sense of failure, did not fully extend the more able and did not recognise the skills needed for an information age.

98    As the NCEA was only fully implemented in 2004 it is too soon to tell what the full impact of this new qualification will be. It is anticipated that there will be a significant positive impact on learning from the NCEA. The rest of this component will concentrate mainly on evaluating the impact of the qualifications system in the tertiary education sector.

*Improved Access to Learning*

99    The long term trend in New Zealand has been one of improved access to learning. Improved access to learning can not be entirely attributed to the qualifications system, as this may have occurred in response to a multitude of factors. These factors include:
- changes in the labour market;
- changes in income support (welfare);
- changes in funding tertiary education that make it more demand driven;
- diversity of education provision; and
- cultural shifts promoting more post-compulsory education.

100    The skill requirements of many industries have changed, calling for higher skill levels. This increases employer expectations of the skill levels required in the work force they employ. Higher levels of unemployment among those with no qualifications, or only a low level of secondary school qualifications, may also have contributed to tertiary education becoming an increasingly important goal for school leavers.

101    One strategy that has had a significant impact on this has been industry training. Industry training had 66,225 trainees at 31 December 2001 and 78,240 trainees at 30 June 2002. Industry training has been successful because of government and industry funding, widespread stakeholder support, and the relevance and demonstrable value of industry driven training and national qualifications.[31]

102    Access to learning by traditionally disadvantaged groups, such as Māori, Pacific peoples and women, improved in the 1990s. The numbers of students enrolled in tertiary education increased during the 1990s. The percentage of the population aged 18-24 enrolled at public tertiary providers rose between 1990 and 2001 from 20.5% to 30.2%, while the percentage of the population aged 25 and over enrolled rose from 2.7% to 4.8% over the same period. Including PTEs, the percentage of the population in 2001 enrolled in tertiary education was 34.8% (18-24 year olds) and 5.9% (25 plus). In 2001, New Zealand's 76% net entry rate into theoretically oriented university level education, was the highest in the OECD.[32]

103    Of the population aged 15+, 13.2% were in tertiary study at some time during 2001, an increase of 21% from the participation rate during 1999. Around two in five 18-24 year olds participated in tertiary education during 2001, compared to one in six 25-39 year olds, one in six 15-17 year olds and one in 20 people aged 40 or over. Students aged 25 and over made up 54% of all students in 2001.[33]

104    Females participate at a higher rate than males both for Māori and non-Māori, and across all age groups and provider types. In particular, nearly a quarter (23.4%) of all Māori females aged 15+ participated in tertiary education at some time during 2001 compared to 14.2% for Māori males, 13.1% for non-Māori females and 11.5% for non-Māori males.

105    Participation rates in part-time study have risen sharply since 2000 after falling during 1997-1999. Over 75% of the growth in enrolments in 2001 was in part-time study, making it more popular than full-time study again.

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[31] Skill New Zealand, *Brief to the Incoming Minister of Education*, August 2002.

[32] See Table C2.1 in *Education At A Glance: OECD Indicators*, OECD Centre for Educational Research and Innovation, Paris 2003. The mean figure among the countries surveyed was 49%. The net entry rates given represent the proportion of persons of a synthetic age cohort who enter a certain level of tertiary education at one point during their lives. The net entry rate is defined as the sum of net entry rates for single ages. The total net entry rate is therefore the sum of the proportions of new entrants to tertiary type A and B aged *i* to the total population aged *i*, at all ages.

[33] Ministry of Education, *Tertiary Education Participation Report*, 08/2002, pp.2-3. Although there are no specifically 'adult' qualifications, in July 2001 49.8% of the students formally enrolled in TEIs were aged 25 and over. Ministry of Education, *New Zealand's Tertiary Education Sector: Profile and Trends 2001,* 2002, p.153.

Table 3 - Student Enrolments and Participation: 1994-2002[34]

|  | Year | Students | Annual growth in students % | Participation rate |
|---|---|---|---|---|
| As at July 31 | | | | |
| Public providers | 1994 | 196,979 | -5.9% | 7.1% |
| | 1995 | 210,932 | 7.1% | 7.5% |
| | 1996 | 213,632 | 1.3% | 7.5% |
| | 1997 | 218,003 | 2.0% | 7.5% |
| | 1998 | 222,317 | 2.0% | 7.6% |
| | 1999 | 220,709 | -0.7% | 7.5% |
| | 2000 | 225,180 | 2.0% | 7.6% |
| | 2001 | 235,795 | 4.7% | 7.9% |
| | 2002 | 266,501 | 13.0% | 8.7% |
| Private and other tertiary providers | 1999 | 26,504 | | 0.9% |
| | 2000 | 39,173 | 47.8% | 1.3% |
| | 2001 | 51,666 | 31.9% | 1.7% |
| | 2002 | 53,385 | 3.3% | 1.7% |
| Total during year | | | | |
| Public providers | 1994 | 247,640 | - | 9.1% |
| | 1995 | 269,270 | 8.7% | 9.8% |
| | 1996 | 272,440 | 1.2% | 9.7% |
| | 1997 | 271,620 | -0.3% | 9.6% |
| | 1998 | 272,230 | 0.2% | 9.5% |
| | 1999 | 273,290 | 0.4% | 9.5% |
| | 2000 | 287,400 | 5.2% | 10.0% |
| | 2001 | 311,270 | 8.3% | 10.7% |
| | 2002 | 354,410 | 13.9% | 11.9% |
| Private and other tertiary providers | 1999 | 40,010 | - | 1.3% |
| | 2000 | 55,940 | 39.8% | 1.8% |
| | 2001 | 78,040 | 39.5% | 2.4% |
| | 2002 | 81,330 | 4.2% | 2.4% |
|  | Year | Students | Annual growth in students % | Participation rate |

106    At public providers (excluding wānanga) there has been a marked trend
towards higher level study, but when recent growth in sub-degree level study at
private providers and wānanga is considered, sub-degree study as a proportion
of all enrolments has risen. University was still the most popular place overall
to study in 2001 with 37% of all students attending at university during 2001.
However, its share has fallen from 44% during 1999, in part due to rising
attendance at private and other tertiary education providers. In 1999 there were
279,522 students enrolled at public providers, and 40,319 students enrolled at
private and other providers (or 12.6% of all students), while by 2001 there
were 316,627 students enrolled at public providers, and 76,582 students

[34] Ministry of Education, *Participation in Tertiary Education*, 2003. All participation rates relate to the
population aged 15 and over. 2002 total year data is provisional. All total year figures have been
rounded to the nearest 10. Data before 1999 applies to public providers only. Total year data has been
adjusted so that students enrolled with more than one provider during the year are only counted once.
31 July data is not adjusted for this.

enrolled at private and other providers (or 19.5% of all students, an increase of 6.9%).

107    International students represented 6.8% of all students during 2001, up from 2.3% in 1994. Most of this growth has occurred since 2000. International students are now seen as a vital part of the New Zealand education system, contributing to the globalisation of the campus, an important source of revenue for individual education providers, and as a contributor to the national economy - estimated at $NZ 1.5 billion in 2001, about 1.4% of GDP.[35]

*More Students Staying at School*

108    One notable change since the mid-1980s has been the increased participation of students at secondary schools beyond the compulsory age, despite a slight drop in recent years. While participation increased over the period 1984-2001, it did not increase after 1993, despite the raising of the minimum school leaving age to 16 years at the beginning of 1993.

Table 4 - Estimated Proportion of Students Staying on at School by Age 1984-2001[36]

| Retention by age (ie. age X enrolments as a proportion of age 14 enrolments Y years ago) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Year | Male | | | Female | | | All | | |
| | 16 | 17 | 18 | 16 | 17 | 18 | 16 | 17 | 18 |
| 1984 | 67.3 | | | 71.1 | | | 69.2 | | |
| 1985 | 64.3 | 31.2 | | 68.8 | 30.3 | | 66.5 | 30.8 | |
| 1986 | 66.6 | 34.3 | 6.9 | 69.3 | 32.8 | 5.3 | 67.9 | 33.6 | 6.1 |
| 1987 | 66.6 | 38.4 | 7.8 | 69.4 | 36.3 | 5.7 | 68.0 | 37.4 | 6.8 |
| 1988 | 72.5 | 41.0 | 9.0 | 76.8 | 39.4 | 7.0 | 74.6 | 40.3 | 8.0 |
| 1989 | 77.2 | 48.0 | 10.3 | 79.0 | 48.0 | 8.7 | 78.1 | 48.0 | 9.5 |
| 1990 | 78.6 | 48.5 | 11.1 | 80.9 | 50.3 | 9.1 | 79.7 | 49.4 | 10.1 |
| 1991 | 84.7 | 53.9 | 12.6 | 87.8 | 55.3 | 10.4 | 86.2 | 54.6 | 11.5 |
| 1992 | 86.9 | 60.7 | 15.6 | 87.8 | 63.8 | 12.7 | 87.3 | 62.2 | 14.2 |
| 1993 | 83.5 | 61.0 | 16.7 | 87.2 | 62.8 | 14.0 | 85.3 | 61.9 | 15.4 |
| 1994 | 81.9 | 58.0 | 16.7 | 86.2 | 62.6 | 14.2 | 84.0 | 60.3 | 15.4 |
| 1995 | 80.9 | 56.0 | 14.9 | 84.7 | 60.9 | 13.9 | 82.8 | 58.4 | 14.4 |
| 1996 | 81.7 | 57.3 | 16.1 | 85.8 | 61.4 | 13.6 | 83.7 | 59.3 | 14.9 |
| 1997 | 80.9 | 57.7 | 16.2 | 86.6 | 62.6 | 14.1 | 83.7 | 60.1 | 15.2 |
| 1998 | 83.6 | 59.2 | 17.0 | 88.6 | 65.2 | 15.2 | 86.0 | 62.1 | 16.1 |
| 1999 | 82.1 | 59.6 | 16.8 | 87.2 | 66.7 | 14.7 | 84.6 | 63.1 | 15.8 |
| 2000 | 79.7 | 56.3 | 14.7 | 85.0 | 63.4 | 13.8 | 82.3 | 59.8 | 14.2 |
| 2001 | 76.5 | 54.2 | 13.3 | 83.2 | 61.1 | 12.6 | 79.8 | 57.6 | 13.0 |
| 2002 | 76.5 | 52.5 | 13.3 | 83.3 | 61.6 | 12.9 | 79.8 | 56.9 | 13.1 |
| 2003 | 78.6 | 53.9 | 13.7 | 85.5 | 62.4 | 13.5 | 81.9 | 58.1 | 13.6 |

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[35] Ministry of Education, *Developing Export Education: The Export Education Industry Development Fund and Levy: Discussion Document*, October 2002, p.3. The GDP figure comes from Statistics New Zealand.

[36] Ministry of Education, *Secondary School Retention in 2003*, December 2003. Excludes foreign fee paying and Ministry of Foreign Affairs and Trade students.

109 Increasing participation may be a reflection of declining employment opportunities for those without higher qualifications. The reduced retention in recent years may also reflect that programmes such as Training Opportunities and Youth Training and Modern Apprenticeships may be more attractive pathways than staying on at school for some learners. The lower unemployment rate in recent years also means that students leaving school are more likely to gain employment.

110 The long term trend has been for increasing flows of school leavers into tertiary education. Of those students who finished school in 1981, around 20% were enrolled in a TEI in July of the following year, compared with 53% of school leavers in 2000.

*Increasing Numbers of Qualifications and Recognition of Learning*

111 At the time of the 2001 Census, nearly 1.8 million people, or 72.4% of the population aged 15 years and older, held educational qualifications. This is an increase from the 1996 Census when 61.9% of the population aged 15 years and older (1.75 million people) held qualifications. The increase in those with qualifications has been driven by a significant growth in those with school qualifications. In the 2001 Census, 995,895 people had school qualifications, (40.1% of the total population), an increase of 35.0% since the 1996 Census when 737,796 people had school qualifications. In particular, there has been a notable increase in the number of people with foreign school qualifications, possibly due to immigration.

112 Also contributing to the overall growth in those with qualifications is an increase in those with post-school qualifications, up 11.4% from 1996. Although there has been a decline in the number of people with skilled vocational qualifications, such as trade certificates and apprenticeships, there were offsetting increases in the numbers of people with bachelor and higher degrees.[37] In 2001 45.6% of the completed qualifications were awarded at the certificate level, 14.2% at the diploma level, 28.8% at the degree level, and 11.3% at the post-graduate level.[38]

Table 5 - Number and Percentage Growth of Students and Awards 1996-2002[39]

| Year | Students | % Growth | Awards | % Growth |
|---|---|---|---|---|
| 1996 | 47,623 | | 49,589 | |
| 1997 | 54,325 | 14.1% | 56,000 | 12.9% |
| 1998 | 57,594 | 6.0% | 59,465 | 6.2% |
| 1999 | 60,098 | 4.3% | 62,711 | 5.5% |
| 2000 | 60,645 | 0.9% | 63,487 | 1.2% |
| 2001 | 64,408 | 6.2% | 67,796 | 6.8% |
| 2002 | 78,447 | 21.8% | 82,376 | 21.5% |

[37] Statistics New Zealand, *2001 Census, Education (2001) - Reference Reports*, 20 September 2002.

[38] Ministry of Education, *New Zealand's Tertiary Education Sector: Profiles and Trends: 2001*, 2002, page 163.

[39] Ministry of Education, *Graduates and Qualifications Completed 2002*, January 2004.

Table 6 - Number of Students Completing Qualifications at Tertiary Education Institutions 1997-2002 (does not include PTEs)

| Number of completions 1997-2002[40] | | | | | | | % change |
|---|---|---|---|---|---|---|---|
| Award group | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2001-2002 |
| Doctorate | 363 | 407 | 476 | 464 | 487 | 521 | +6.98% |
| Masters / Honours | 4,059 | 4,720 | 5,304 | 5,093 | 4,585 | 4,838 | +5.52% |
| Post-Grad. Dip./Cert. | 3,171 | 3,388 | 3,491 | 3,814 | 3,851 | 4,191 | +8.83% |
| Bachelors / Advanced Diploma | 20,864 | 21,514 | 23,677 | 24117 | 25,389 | 25,072 | -1.25% |
| Diploma | 6,736 | 7,866 | 7,019 | 7,169 | 7,919 | 12,061 | +52.3% |
| Certificate | 20,807 | 21,570 | 22,744 | 22,830 | 25,565 | 35,693 | +39.62% |
| TOTAL | 56,000 | 59,465 | 62,711 | 63,487 | 67,796 | 82,376 | +21.5% |

*Benefits to Individuals of the Recognition of Learning*

113   Although school leavers represent a large group of new entrants to tertiary education, the majority of students who enter tertiary education for the first time are not school leavers. In 2001, ~56% of new entrants were older students who had left school and then returned to study. A significant number of new entrants to tertiary education work for a few years after leaving school, or receive income support while unemployed for a year or two before returning to study. They then enrol in tertiary education, generally to gain a qualification in order to enter a job or career of their choice.[41]

114   The new NCEA qualification provides a broad range of pathways, allowing credit to be gained in non-traditional subjects, while at the same time emphasising skills desired by employers such as basic literacy, language skills and numeracy. Traditionally the main pathway out of the secondary school qualification system led to university education for a small proportion of the population, but now there are pathways to many other forms of education and training. There will still be a university entrance requirement based on NCEA achievement that will maintain a similar standard to that used in the past, but the Education Act (1989) also allows New Zealanders who are 20 years or older a right to enrol in a course of study or training at universities.[42]

115   From 1993 to 2000, over 220,000 young people aged 16 to 24 years have enrolled in Skill New Zealand pre-employment programmes.[43] The vast majority (between 93-97%) of these young people had no more than two School Certificate passes. Skill New Zealand has recorded an increase in the proportion of learners aged 16 to 24 years who have progressed into further training or employment two months after leaving training. Of learners who left

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[40] Ibid.

[41] Ministry of Education, *New Zealand's Tertiary Education Sector: Profiles and Trends: 2001*, 2002, pp.36-39.

[42] Section 224 (3) of the Education Act (1989).

[43] Statistics New Zealand, *School Leavers with No Qualifications: Skill New Zealand Training Programmes 1993-2000*, December 2001.

Training Opportunities[44] in 2001, 50% gained employment and 13% progressed to further training outside the programme. In the same year, 44% of young people leaving Youth Training[45] found employment, while another 24% went on to train with institutions such as polytechnics, universities and PTEs or to another Skill New Zealand programme, or industry training, or back to school in the case of Youth Training.[46]

116     Each year from 1994 to 2000, 5-6% of all students aged under 25, who were enrolled at TEIs, possessed no secondary qualifications. At least 90% of these students were enrolled at polytechnics.

*Other Outcomes*

117     Portable qualifications are important in New Zealand, because a significant proportion of the population emigrates or spends a part of their working lives in foreign countries.[47] New Zealand professionals in many fields are actively recruited for work in foreign countries. The Register is expected to improve international recognition of New Zealand qualifications. An existing mutual recognition agreement with Australia, allows most registered New Zealand occupations to practice in Australia, for example real estate agents. Traditional secondary school qualifications and the new NCEA qualification are acceptable for university entrance requirements in other countries.[48]

118     One development in the New Zealand qualifications system has been the recognition of indigenous knowledge. The NQF includes a classification field for Māori qualifications and unit standards. For NCEA, school pupils can now be assessed in kapa haka (Māori performing arts), in the same ways that European performing arts have been assessed in the past.

119     The existing qualifications system was not designed to meet the needs of all learners. MOE data recorded that between 16-19% of school leavers from 1991 to 2000 had no qualifications (about 9,000-10,000 per year). The number of exemptions granted to the early leaving age has increased from 314 in 1993 to 3,416 in 2001. In 2001 0.6% of the school roll was suspended for disobedience

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[44] Training Opportunities is a programme is targeted towards job seekers, usually aged 18 years or more, long-term unemployed with low qualifications, people with disabilities, certain benefit recipients, refugees, ex-prisoners, or Work and Income New Zealand priority clients.

[45] Youth Training is a programme aimed at people who are seventeen years old or younger, and who left school with low qualifications.

[46] Skill New Zealand, *Training Opportunities Update, 2001* and *Youth Training Update, 2001*.

[47] In 1991 there 41,000 New Zealand-born residents in the United Kingdom. In 2000 there were 375,000 New Zealand-born resident in Australia. Australia and the United Kingdom are the two main destinations of New Zealand citizens. In 2002 the estimated total New Zealand [resident] population is (3,950,000). People commonly leave New Zealand aged 20 to 24 (6,000 in 2000), returning in their late 20s. Statistics New Zealand, *Tourism and Migration 2000*, December 2001.

[48] The NCEA is accepted in Australia. Recognition arrangements between New Zealand and Australia tend to be more formal than those between New Zealand and other countries, due to the geographical proximity and systems integration. The NZQA also writes a section on New Zealand qualifications in a book published in the United Kingdom by the Universities and Colleges Admissions Service.

and other reasons, with 72% of all suspensions occurring in the 13-15 age group.[49]

120    Between 30-40% of young people aged 15-24 years who receive an unemployment benefit are without any school qualifications. Approximately 55-60% of domestic purposes beneficiaries[50] aged between 15-24 years do not have any formal school qualifications. As unemployment rates for the 15-19 age group began to fall from 1994, the annual rate of school leavers with no qualifications rose from 16% in 1994 to 19% in 1996.[51]

*Learning and Skill Needs*

121    The labour market has changed significantly in recent times with education lasting longer, more women working in paid employment for longer periods and a labour force that has increased mobility and flexibility. In addition, work requiring few skills is less common, the duration of the working week has decreased and there is greater variety in the pattern of working hours. Full time paid employment is no longer as easy to get as it was. Over the last two decades unemployment has become an increasingly visible feature of New Zealand society, and growing numbers have found themselves trapped in long-term unemployment.[52] The trend is currently reversing, so that in 2002 the rate of unemployment reached 5.1%, a record 14 year low. The unadjusted unemployment rates in the June 2002 quarter stood at 11.0% for Māori, 9.7% for Pacific peoples, 8.5% for the 'Other' ethnic group and 3.7% for Europeans. This order has remained the same for most of the past four years.[53]

Table 7 - New Zealand Unemployment Rate 1991-June 2003

| New Zealand unemployment rate 1991-June 2003 | | | | | | | | | | | | |
|------|-------|-------|------|------|------|------|------|------|------|------|------|------|
| 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
| 8.4% | 10.6% | 10.1% | 9.3% | 7.5% | 6.2% | 6.2% | 6.8% | 7.5% | 6.6% | 5.7% | 5.1% | 4.7% |

122    The 1996 Census showed that there are now more students combining study and employment. The proportion of full-time students aged 16-25 (secondary and tertiary) not in the labour force decreased from 66.4% in 1986 to 46.8% in 1996. Conversely, the proportion of students employed part time rose

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[49] Ministry of Education, *Suspensions, Stand-downs, and Early Leaving Exemptions*, 30 July 2002.

[50] The domestic purposes benefit (DPB) may be paid to a parent caring for children without the support of a partner, to a person caring for someone at home who needs constant care, and in some cases to an older woman alone. The unemployment benefit and other forms of assistance that fall under the heading of 'income support' are handled by the Ministry of Social Development. http://www.workandincome.govt.nz/

[51] Statistics New Zealand, *School Leavers with No Qualifications,* Tertiary Students Under 25 with no School Qualifications*, 1994-2000*, December 2001.

[52] In New Zealand, long term unemployment is defined as being unemployment lasting longer than 26 weeks. In 2001, 31% of the surveyed unemployed were unemployed for a continuous period of six months or more. This was higher than 22% in 1986 but significantly lower than the peak of 53% in 1992/93. Ministry of Social Development, *The Social Report 2002*, 2002.

[53] Statistics New Zealand, *Household Labour Force Survey*, June 2002 Quarter.

markedly from 13.4% to 37.2%. This coincided with an increase in fees for tertiary education, suggesting that many students are working part-time to pay for their studies. Tertiary fees increased by over 50% between March 1993 and March 1996.[54] Tertiary students without any school qualifications are more likely to opt for part-time study than other students, with between 35-40% enrolling part time between 1994 and 2000.

*Employers' use of Qualifications*

123     Meeting the skill needs of businesses and industries is not easy, because every business or enterprise is different, and so are the skills needed by those businesses and enterprises. Given the variability, not only between enterprises, but in the changing nature of work, employers are looking for people with the following common set of attributes:
- people with the right attitude;
- people who are adaptable; and
- people who are willing and able to learn.[55]

124     In addition, employers are looking for people with specific skills relevant to their business or industry. Some professions, such as law and medicine, have long-standing qualification requirements, while other professions, such as health practitioners and early childhood education, are acquiring minimum qualification requirements. Where people currently employed in these professions lack formal qualifications, assessment of prior learning should be an alternative to extensive retraining.

125     Many industries have specified exactly the skills they want for their industry through national skill standards and qualifications developed by ITOs. Transferable skills are also important. One survey conducted in 2000 and 2003 suggests the top ten skills or attributes wanted by employers are:[56]

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[54] Statistics New Zealand, *Work and Study for Tertiary Students*. See also page 14-15.

[55] Jeremy Baker (Business New Zealand), in Department of Labour, *workINSIGHT,* November 2002, p.6.

[56] http://www.vuw.ac.nz/st_services/careers/job_hunting/employer_skills_2003.pdf

Table 8 - Skills Desired by Employers 2000/2003

| | 2000 | 2003 |
|---|---|---|
| 1 | Strong Verbal and Interpersonal Communication Skills | Strong Verbal and Interpersonal Communication Skills |
| 2 | Problem Solving Skills | Self-Motivated/Self-Management /Self-Starter |
| 3 | Sound Academic Achievement | Team Player |
| 4 | Self-Motivated/Self-Management/Self-Starter | Sound Academic Achievement |
| 5 | Analytical and Conceptual Skills | Analytical and Conceptual Skills |
| 6 | Flexible and Adaptable "Can Do" Attitude | Strong Written Communication Skills |
| 7 | Team Player | Flexible and Adaptable "Can Do" Attitude |
| 8 | Strong Written Communication Skills | Problem Solving Skills |
| 9 | Energy and Enthusiasm | Energy and Enthusiasm |
| 10 | Creative/Innovative | Professional Ethics |

126     It is difficult to determine the exact extent to which employers are using qualifications to meet skill needs. Although there are other ways to demonstrate skills, the main process for certifying knowledge and skills is through the formal qualification system. Traditional school qualifications gave little indication of the skills that an employer would find desirable. The results for the new NCEA qualification provide greater detail on the areas in which learners are skilled. Anecdotal evidence suggests that employers refer to the on-line ROL during recruitment to prove that an interviewee has the standards and qualifications that they claim to hold. A ROL provides an employer with a profile of a learner's achievements. Other credentials are still checked, such as result notices, and tertiary provider transcripts.

127     Where the workforce has traditionally lacked the skills now required in the modern workplace, industry training is often required. Through industry training, NQF qualifications are being used to meet the skill needs of employers. ITOs design and maintain qualifications to ensure they meet the needs of industry. The Government currently subsidises approximately 70% of industry training, and industry contributes approximately 30%. As workplace training costs industry and individual businesses money, it can be assumed that they believe the qualifications are relevant and necessary. Evidence suggests that once industry training is implemented in a workplace, and is assessed against unit standards on the NQF, then people often begin to work towards

completing NQF qualifications. In 2001, 9,498 national certificates were completed, up 52% on 2000, with 80% of the qualifications at level 3-4.[57]

128    One new programme in this area is 'Modern Apprenticeships' work-based initiative for young people aged 16-21, who are in paid work and training towards national qualifications. One difference between Modern Apprenticeships and traditional apprenticeships is in the level of support offered to employers in the form of co-ordinators who provide mentoring for apprentices to ensure high qualification completion, and various types of support for employers. The number of Modern Apprentices is over 4,300 and increasing. Modern Apprenticeships has expanded out of traditional apprenticeships areas into new industries, such as office administration, tourism, and hospitality.

*Qualifications and Mobility*

129    The search for qualifications often sees movement by people to a preferred education provider. People often move from rural to urban areas in search of education and employment when young. New Zealand has also seen strong growth in foreign students attending New Zealand primary, secondary and tertiary education throughout the 1990s. For immigration purposes, qualifications are often important as they can contribute towards meeting the requirements for residency in New Zealand. Qualifications are evaluated by the NZQA, but immigration is handled by the New Zealand Immigration Service (NZIS).

130    New Zealand qualifications are of a world class standard. New Zealanders often achieve a top-ranking career anywhere in the world. A first class honours degree from a New Zealand university allows students to apply for doctoral programmes at foreign universities. People in New Zealand holding professional qualifications in fields such as nursing, teaching, and information technology are actively recruited for employment elsewhere in the world. Other factors also assist mobility, such as the ability for New Zealanders to work in Australia, or to gain a two-year holiday work visa for the United Kingdom if aged 18 to 28.

131    Direct entry from education and training into employment is not common in New Zealand. The increase in industry training and Modern Apprenticeships, where people will already be working when the qualification is gained, may change this.

## Outcomes: Returns to Qualifications

132    Analysis of the census results from 1981 to 1996 shows that the return to both secondary and tertiary education is significant.[58] One exception in 1996 was that the return to a bachelors degree had stabilised or decreased in comparison

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[57] Skill New Zealand, *Brief to the Incoming Minister*, *August* 2002.

[58] Sholeh Maani, *Private and Public Returns to Investment in Secondary and Higher Education in New Zealand Over Time: 1981-1996*, Treasury Working Paper 99/2, 1999, pp.31-34.

with secondary school qualifications and postgraduate degrees in the 1996 census. This may reflect the effect of increased tertiary fees and increased numbers of immigrants with bachelors qualifications.

133    Results from the 2001 Census confirmed that the level of income an individual receives is related to their level of qualifications. Those people whose highest qualification was a bachelor degree or higher were most likely to receive an income above $NZ 40,000 (42.3% and 55.2% respectively). Furthermore, 11.5% of those who had a higher degree and 8.1% of those who had a bachelor degree received an income in excess of $NZ 100,000. Of those with no qualifications only 8.2% had an annual income in excess of $NZ 40,000 and 0.9% had an annual income above $NZ 100,000, while 55.0% of these people received an annual income of $NZ 15,000 or less.[59]

134    There is also an indication that returns on education for women, Māori and Pacific peoples are significant, even though the returns are still lower than those for men or Pakeha (European New Zealanders). There is some evidence of the 'sheepskin effect' in New Zealand, where the income returns on completed educational credentials are greater than those just to accumulated years of education.[60] It is not clear if this is because the completed qualification represents a greater level of skill, or if the completed qualification signals ability to the employer.

135    The higher people's qualifications are, the more likely they are to be employed. In 2001, 12.7% of people aged 25-34 with no qualifications were unemployed, while those with a year 11 qualification as their highest qualification had an unemployment rate of 5.2%, those with a year 12 or 13 qualification as their highest qualification had an unemployment rate of 3.2%, those with a degree qualification as their highest qualification had an unemployment rate of 1.6%, and those with another tertiary qualification as their highest qualification had an unemployment rate of 3.8%.[61]

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[59] Statistics New Zealand, *2001 Census, Incomes (2001)*, August 2002.

[60] John Gibson, *Sheepskin Effects and the Returns to Education in New Zealand: Do they Differ by Ethnic Groups?* New Zealand Economic Papers, 34 (2), 2000, pp.201-220.

[61] Ministry of Education, *New Zealand's Tertiary Education Sector: Profiles and Trends: 2001*, 2002, p.170.

Table 9 - Average Weekly Income ($NZ) for all people aged 15 years and over 1998-2003[62]

| Average weekly income ($NZ) for all people aged 15 years and over 1998-2003 | | | | | | |
|---|---|---|---|---|---|---|
| **Highest qualification** | 1998 | 1999 | 2000 | June 2001 | June 2002 | June 2003 |
| No qualification | 301 | 307 | 313 | 325 | 369 | 364 |
| School Certificate qualification | 349 | 383 | 384 | 394 | 426 | 438 |
| Sixth Form qualification | 352 | 390 | 395 | 424 | 470 | 487 |
| Higher school qualification | 295 | 286 | 280 | 301 | 319 | 341 |
| Other school qualification | 298 | 334 | 305 | 332 | 355 | 329 |
| Vocational or trade qualification | 519 | 522 | 533 | 570 | 615 | 642 |
| Bachelor or higher Degree | 734 | 778 | 792 | 822 | 871 | 934 |
| Other post-school qualification | 516 | 493 | 506 | 497 | 551 | 576 |
| Total[(1) includes not specified] | 425 | 441 | 447 | 474 | 518 | 539 |

136    There are few examples of collective agreements based on qualifications in New Zealand. The most prominent one at the current time is that for secondary school teachers, where pay for all teachers is adjusted in a manner that recognises differences in qualifications.

*Non-pecuniary Rewards for the Recognition of Formal and Informal Learning*

137    It is difficult to measure the sense of personal satisfaction gained by being awarded a qualification. There is evidence that suggests that when parents gain their first qualification, there is a beneficial effect on the learning of their children. For example, parents find it easier to help their children with their homework.

138    A major reason for the high rate of student participation in tertiary education is the increasing expectation of students, families and employers that individuals need a tertiary education in order to enter and make progress in the career of their choice. Tertiary education has become the norm for many groups in New Zealand society, rather than a choice only for the most academically qualified students.

139    Since 1997 there has been a 14% increase in students entering post-graduate study. In 2001 94% of post-graduates were enrolled at universities, 5% at polytechnics and 2% at wānanga and colleges of education.[63]

140    The increasing value placed on tertiary qualifications possibly reflects changes in the wider society and economy in New Zealand. Technological change, globalisation and the need to acquire new skills and expertise throughout a working career have all contributed to the need for tertiary qualifications. As a result, secondary school students are more likely to enrol with a tertiary

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[62] Statistics New Zealand, *New Zealand Income Survey,* June Quarter, 1998, 1999, 2000, 2001, 2002, and 2003.

[63] Figures have been rounded up. Ministry of Education, *New Zealand's Tertiary Education Sector Report: Profiles and Trends: 2001*, 2002.

education provider when they leave school. Adult students are increasingly likely to return to tertiary education to gain higher qualifications or a wider range of skills while working, or after raising a family, or when made redundant.

141 The development of human capital is believed to generate a positive feedback loop that can generate increasing returns to the individual and to wider society. Among other things increased learning is expected to lead to healthier lifestyles, lower propensity to commit crimes, higher levels of trust, richer social networks, and greater participation in volunteer organisations and democratic institutions.[64] Such diffuse impacts are extremely difficult to measure accurately.

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[64] The Treasury, *Human Capital and the Inclusive Economy*, Treasury Working Paper 01/16, 2001, p3.

# Component 3 Pressures and Initiatives

## Overview

*Changes in the Education and Training System*

142    In the 1980s and 1990s there were widespread state sector reforms in New Zealand, including reform of the education sector.[65] These changes presented both challenges and opportunities for education providers in New Zealand, with some institutions adapting better than others. Increasing numbers of people began to access tertiary education, in part due to the Student Loan Scheme, leading to what has been called the 'massification of education' in New Zealand.

143    Public funding of tertiary education has been predominantly based on volume of EFTS enrolled at an institution, rather than the quality of teaching or research, or the number of completed qualifications. This gives an apparent incentive for education providers to maximise their revenue from public funding by encouraging learners to engage in lengthy full-time courses rather than recognising prior learning, or engaging in more customised and creatively delivered courses. The competitive nature of the education reforms, however, has encouraged most providers to liberalise credit transfer rules, and there has been an expansion in credit transfer and RPL. The EFTS system did successfully contribute to increasing the numbers of learners engaged in tertiary education and training. As awareness of the demand for shorter courses has grown providers have begun delivering more tailored short courses. Changes in credit recognition arrangements should also lead to improved efficiency in matching learner needs with course delivery.[66]

144    The change in government in 1999 led the policy direction away from market policies and back towards a greater measure of government intervention. A new TES has been developed, and the government will now play a greater role in steering education activities and resources through the establishment of the TEC from 2003. One element of these changes is a review of the funding framework for tertiary education. One part of the new funding framework will be the 'Performance Based Research Fund', an element of which will reward those education providers that have better rates of post-graduate research degree completion. The EFTS system will also be replaced by a 'Student Component'. While the Student Component will continue to be substantially volume driven, it will include a performance element that will be phased in over time. A strategic development fund will enable the government to target funding to areas of priority. A fee maxima system will ensure tertiary education remains affordable for students.

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[65] See pages pp.5-12.

[66] New Zealand Qualifications Authority, *Supporting Learning Pathways – Credit Recognition and Transfer Policy*, December 2002.

*Global Social and Economic Changes*

145     A variety of factors make New Zealand exposed to global social and economic changes, including its geographical isolation, low population, and reliance on wealth created through land-based industries. Since the mid-1960s New Zealand has been diversifying its markets away from its previous partners, to include the Asia-Pacific and South American regions. New Zealand is committed to trade liberalisation, and has supported regional and global efforts that promote free trade. Examples of this include Australia New Zealand Closer Economic Relations Trade Agreement, the Agreement between New Zealand and Singapore on a Closer Economic Partnership, and the Asia Pacific Economic Co-operation agreement.

146     In respect of education services under the General Agreement on Trade in Services (GATS), in 1994 New Zealand agreed to make commitments in primary, secondary, and tertiary education in private institutions. There are no limitations on market access or national treatment for private educational institutions, except in the movement of natural persons. New Zealand has horizontal reservations that affect the education sector, such as that on foreign investment or treatment of Māori.

147     Many of the international trends in education are reflected in New Zealand, such as the development of vendor owned qualifications, international delivery of education, and the impact on learning of the internet. Export education has grown significantly over the last decade. It was estimated to have contribute $NZ 1.7 billion to the New Zealand GDP in 2002. The industry is, however, highly competitive, and can be affected by shifts in the global economy. The Asian economic downturn in 1997 led to a short-term drop in the numbers of international students in New Zealand, but numbers have risen sharply since 1999.

148     There is a global skills shortage due to the changing skill requirements of modern technology, combined with a changing demographic structure that is seeing a reduction in the numbers of young workers trained in new technology. This is especially notable in information technology, but also in areas such as teaching and nursing. This increases the opportunities for New Zealanders with appropriate qualifications to work in foreign countries. The relative decline in New Zealand's standard of living compared with other OECD countries in the 1970s and 1980s, means that other countries are now able to offer New Zealand graduates greater rewards. Change is almost essential for New Zealand to achieve the constant GDP growth of 4% or more considered necessary to catch up with other countries in the OECD.

149     Graduates are also likely to leave New Zealand because the opportunities for world class careers available in other countries are greater than those available in a geographically isolated country of only 3.9 million residents. Research suggests, however, that New Zealand is experiencing more of a 'brain exchange' rather than a 'brain drain', as net outflows of New Zealand citizens are replaced by inflows of non-New Zealand citizens. Migrant losses to Australia are representative of the populace, a 'same drain', possibly a result of

the common labour market.[67] This is a complex issue due to a variety of factors, and migration trends are difficult to predict. For example, following the terrorist attacks on September 11 2001 some New Zealanders living in foreign countries have chosen to return to New Zealand.

*National Social and Economic Changes*

150    New Zealand is experiencing significant demographic changes as its population ages, with the median age expected to rise from 35 in 2001 to 45 in 2051.[68] An increasing proportion of the population is Māori, Pacific peoples, or recent immigrants from a non-European source. The Māori and Pacific peoples ethnic groups have traditionally experienced poorer outcomes in the New Zealand education system, when compared with other ethnic groups. Turning this situation around is a major challenge for the future. Successive governments have put in place programmes and opportunities to increase participation, in part with a 'life-long learning' goal. A social development approach has been taken across health, education and welfare.

151    New Zealand's small economy is heavily dependent on overseas trade. Traditionally, a large proportion of New Zealand's exports, mainly land-based products, went to the United Kingdom. In the past 30 years, however, New Zealand has adapted to a changing world so that Asia is now more dominant. Our largest merchandise export markets are Australia, the United States and Japan. New Zealand has developed its agriculture and manufacturing industries to suit the needs of niche markets. Dairy and meat exports still make a large contribution to New Zealand's economy. However, industries such as forestry, horticulture, fishing, manufacturing and tourism, have become increasingly significant.[69] A recent period of strong economic growth and a reduction in the rate of unemployment has led to a situation where New Zealand is experiencing a skills shortage in some industries[70]:

> The next major economic challenge New Zealand faces is how to retrain the remaining 101,000 unemployed New Zealanders to meet the serious skills shortages that are now a major obstacle to even more

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[67] Hayden Glass and Wai Kin Choy, Treasury Working Paper 01/22, *Brain Drain or Brain Exchange?*, 2001.

[68] Compared with many OECD countries, New Zealand has a relatively young populace. As better educated younger cohorts replace older cohorts of workers, New Zealand is well placed to improve overall levels of education in its workforce. The Treasury, *Human Capital and the Inclusive Economy*, Treasury Working Paper 01/16, 2001, p.5.

[69] Statistics New Zealand, *Quick Facts - Economy*, 10 September 2002.

[70] Labour Market Policy Group, Department of Labour, *Skill Shortages - December 2002 Quarter*, 2002, There are no objective measures or direct indicators of skill shortages in New Zealand. The indirect indicators show that shortages are evident in the cultural and recreational, manufacturing, forestry and mining, and construction industries. (p.1.) In the short term, the increased participation in education and training may exacerbate skill shortages as it may divert people from participating in the labour market. …. However, education and training is a medium to long term strategy for alleviating skill shortages. (p.11).

> rapid economic growth. Having a 'shortage' of skills is, however, a much more pleasant challenge than a desperate shortage of jobs.[71]

152 Technological change has also affected New Zealand. Improved communications have reduced the effect of geographical isolation - what has been called 'the tyranny of distance'. The internet has facilitated growth in distance education, and it has also changed the delivery of education in classrooms. Modern business must strive to retain a competitive edge, with the acquisition of new machinery that requires a literate and computer literate workforce. Where the necessary skills are lacking, then either new workers must be recruited,[72] or existing workers trained in new skills.

*Vendor Owned Qualifications*

153 The construction of the NQF was done so that bodies developing standards and qualifications were not allowed to act as gatekeepers to individual qualifications and unit standards. The mechanism for achieving this was to make unit standards generic in their requirements, avoiding a level of specificity that would lock learners into particular providers. This is an important principle in ensuring equitable access to qualifications by learners.

154 The 'corporate universities', specialising in business management and technology, that can be found in the United States, are not a feature of education and training in New Zealand. One reason for this is that there are few large corporations in New Zealand that can afford to establish such institutions. Another reason is that the ITOs fill part of this training role for most industries in New Zealand.

155 Globally active companies can offer training in New Zealand for a qualification that can be globally recognised as key for their industries, but which may not be on the NQF. The delivery of vendor owned qualifications varies in New Zealand; some companies adjust to the NQF structure, while others have yet to engage with it. The McDonald's and Microsoft corporations provide two contrasting examples.

156 In New Zealand, McDonald's offers employees training that can lead to certificates and diplomas registered on the NQF, rather than offering its own qualifications.[73] One reason for McDonald's operating within the NQF is its role as a 'first employer' that needs to offer training that will be recognised within New Zealand by future employers of its current staff.

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[71] Jim Anderton, *Regions growth welcome news says Regional Development Minister*, 22 October 2002.

[72] The New Zealand Immigration Service maintains an Occupational Shortages List to enhance and streamline the processing of work permits and visas and approvals in principle for work permits or visas where there is a known regional labour market skills shortage. See http://www.immigration.govt.nz/forms/pdf/Occupational-Shortage-List.pdf.

[73] McDonald's is unable to establish one of its 'Hamburger Universities' in New Zealand because of the legal restrictions in New Zealand regarding the use of the term 'University'. McDonald's could not award a bachelors degree in New Zealand as 'degree' and 'bachelor' are protected terms, and the McDonald's course does not meet the requirements for a bachelors degree in New Zealand.

157     Microsoft is a company that has internationally developed qualifications, and it has certified tertiary institutions and private providers to deliver these qualifications in New Zealand. Microsoft undertakes an annual audit and quarterly review of each Certified Technical Education Centres provider. Assessments towards the qualifications are undertaken by independent assessment agencies. Monitoring of tertiary institutions is less intensive and Microsoft relies on existing quality assurance arrangements for public providers.

158     Despite these quality assurance measures, these qualifications are not conducive to being placed on the NQF due to the level of specificity in their technical requirements, but they could eventually be placed on the Register.[74] This will depend on the outcome of a review of the PTE funding mechanism. Pragmatically, the NZQA needs to recognise quality assured qualifications in New Zealand, and the principles of this are to be resolved with the establishment of the Register and its full implementation by August 2006.

*International Qualifications*

159     International qualifications raise important issues of recognition, benchmarking, evaluation, quality assurance and jurisdiction. This involves a two way set of pressures, with qualifications from other countries establishing a presence in New Zealand, and with the potential for New Zealand qualifications to be provided in foreign countries. This will be a major issue in the future, with a trend towards education being treated as a service in international agreements such as GATS.

160     In 2001 the enabling legislation was amended to clarify the role that the NZQA can play in assisting foreign governments and agencies of those governments. The NZQA is starting to engage more closely with the Australian qualifications system through a pilot project to use Australian standards on parts of the NQF.

161     One problem area in international qualifications is that of fraudulent qualifications. The use of fraudulent qualifications, often obtained from 'diploma mills', can cause problems with people seeking residency, employment, or education in New Zealand. Incidents of fraud are a reminder of the importance of quality assurance. International qualifications can be evaluated by QES, but not all employers or education providers choose to use this service.[75] Jurisdictional issues also arise from the provision of international qualifications in New Zealand when this provision breaches New Zealand statutory requirements, for example by the use of a protected term such as 'degree' or 'masters'.

162     Foreign education providers have indicated an interest in delivering education and training in New Zealand, and some have established operations in New

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[74] See pages 12.

[75] See pages 26 for more information on QES.

Zealand. Procedures for dealing with this interest have not been fully developed and applications are dealt with on a case by case basis. In a similar way, it is difficult for New Zealand providers to be accredited to offer New Zealand approved courses in foreign countries, as the distance involves increases the costs and difficulties of moderation, assessment, and audit. Many institutions have, however, engaged in joint ventures, exchange programmes or 'twinning' arrangements to help establish a presence in foreign markets.

163     New Zealand does have a constitutional link to the qualifications systems of some South Pacific nations, such as the Cook Islands, which have used the New Zealand qualification system in their secondary school systems and are updating to include the NCEA. New Zealand is also assisting in the development of regional qualifications through the assistance that it gives to the South Pacific Board for Educational Assessment (SPBEA).

164     Some New Zealand secondary schools are offering international secondary qualifications, such as the Cambridge International Examinations or the International Baccalaureate, in addition to the NCEA and other New Zealand secondary school qualifications. These are not quality assured qualifications in New Zealand, although they do have widespread international recognition for purposes such as university entrance.

*Export Education*

165     There are increasing numbers of foreign fee paying students studying in New Zealand. Empowered by provisions within the Education Act (1989), tertiary institutions, and subsequently schools, have set about actively recruiting full fee-paying students from foreign countries. While there is an immediate gain to the education industry and the country as a whole from the fees paid by foreign students and their living costs while here, there are also some long-term benefits. It is stimulating for the education system, brings a wider integration of New Zealand into global affairs, and creates a pool of people around the world with a favourable connection to New Zealand.

166     Export education is not a significant contributor to lifelong learning in the sense of 'adult education', as it is concentrated in the senior secondary, first degrees and post-graduate degrees, along with smaller numbers in primary and early secondary education. One major component of export education is the English language schools. Proficiency in the English language is an important gateway to further education in New Zealand for most foreign fee paying students, although not all students will continue their education in New Zealand. These schools can also play a role in lifelong learning, in that they can teach the English language to immigrants to New Zealand.[76]

167     The rapid growth in export education has the potential to place undue pressure on parts of the New Zealand education system. The New Zealand government has introduced an export education levy that will be used for an export

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[76] This role can also be carried out in the community through adult education.

education industry development fund.[77] The levy takes the form of 0.45% of the gross tuition fee income and a flat fee of $NZ 185 for each foreign fee paying student. The levy will be used to ensure that growth in export education is balanced and sustainable, and that New Zealand maintains its reputation in education.

168    The government has increased the attention paid to providers of short courses of less than three months duration that previously did not have to meet quality assurance requirements. The government wishes to avoid quality assurance problems and to encourage sustainable growth in the export education industry.

*Off-shore Education*

169    In 2001, the MOE conducted a stock take of offshore education provision by public tertiary providers in New Zealand and found that almost half of providers were offering services offshore in some form, with 63 offshore programmes and approximately 2,200 students. Programmes were primarily delivered in South-East Asia and the Pacific, with the largest number in Malaysia, and with China and North Asia generally increasing in importance.[78] Offshore education constitutes an increasingly significant proportion of the international education industry, and offshore enrolments are growing faster than onshore international student enrolments in comparable education-exporting countries, such as Australia.

170    The rapid expansion of offshore education provision by our competitor countries has involved financial and reputational risks. As a result, some governments are exercising more scrutiny over offshore programs, primarily in terms of quality assurance and financial auditing processes. There are considerable management and quality assurance issues with the delivery of off-shore education. Compared with some competitor countries, New Zealand providers have adopted a generally sound but cautious approach to offshore development and made modest commitments.[79]

171    New Zealand providers have an opportunity to 'leapfrog' their international rivals in offshore education by avoiding the costly trial-and-error approach of earlier entrants to offshore markets, and instead emulate international best-practice from the outset.

*Electronic Learning*

172    The expansion of the world wide web in the 1990s introduced the critical technology for the provision of internet based distance education. Electronic learning (or e-learning) has opened up new options and approaches for the

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[77] Ministry of Education, *Developing Export Education - The Export Education Industry Development Fund and Levy*, 18 October 2002.

[78] Ministry of Education, *Education Beyond Our Shores - Defining the Way Forward*, Workshop Report, October 2002.

[79] The NZQA requirements for delivering qualifications overseas can be found at: http://www.nzqa.govt.nz/for-providers/aaa/overseas.html.

delivery of distance learning, and a new method for delivering learning in the classroom or on-campus. It is an area of fierce international competition. E-learning allows foreign education providers to reach into New Zealand, and New Zealand education providers to extend themselves both in New Zealand and off-shore in ways that they have not been able to do in the past.[80] There are high expectations for benefits from e-learning.

173    E-learning is a potentially useful tool for lifelong learning due to factors such as the ability to start at any time, to study part-time, and to only study particular courses of interest. E-learning also faces a large number of potential difficulties, such as the isolation of students, problems in obtaining feedback on progress, difficulty in clarifying course requirements, frustration with technical problems, issues with access to computers and course requirements for prior experience with computers or particular software.[81] E-learning is another pathway to lifelong learning; but expectations of its benefits need to be realistic - e-learning is not a panacea for problems with existing pathways. The very nature of the electronic medium makes it difficult to track learners. A lack of firm data prevents an assessment of the scale of e-learning in New Zealand, although 39% of providers responding to a 2001 survey indicated that they had collaborative e-learning arrangements with other providers internationally.[82]

*Impact of Demand for Lifelong Learning*

174    The growing awareness of the need for lifelong learning is driving changes in the education system that the qualifications system needs to be able to respond to. As one Minister commented recently:

> In this society, learning will be seen as a lifelong activity, not a rite of passage from teenage years to adulthood. There will be diverse opportunities to go on acquiring new skills and knowledge for people from all walks of life.[83]

175    In New Zealand secondary education, steps are being taken to prepare people for an environment of lifelong learning. This requires an infusion of positive attitudes towards lifelong learning among students so that they attach a value to education, plus the foundation skills necessary to engage in learning beyond school. The requirements for the NCEA level 1 include 8 credits in numeracy and 8 credits in literacy, out of a total of 80 credits. From 2004 the university entrance requirements will include at least 14 credits in mathematics at level 1,

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[80] See the Report of the E-Learning Advisory Group, *Highways and Pathways: Exploring New Zealand's E-Learning Opportunities,* March 2002.

[81] An estimated 46.6% of New Zealand households have a mains operated home computer with a keyboard. Statistics New Zealand, *Household Spending (Year Ended 30 June 2001) Standard Tables*, Table 25.

[82] Report of the E-Learning Advisory Group, *Highways and Pathways: Exploring New Zealand's E-Learning Opportunities,* March 2002, Appendix 2.

[83] Steve Maharey, *Promise of a New Day*, 13 February 2003, Comments at the Launch of the Tertiary Education Commission.

and at least 8 credits in English or Te Reo Māori[84] at level 2 or higher (at least 4 in reading and 4 in writing).

176    The skills shortage environment that New Zealand appears to be in will change the nature of learning, as there will be a greater need for people to be trained while in employment, rather than while they are unemployed or between jobs. This can be seen to some extent in the increasing proportion of tertiary enrolments from people over the age of 24, from 43.6% in 1994 to 49.8% in 2001.[85] Shifts have occurred away from traditional pedagogical methods to new forms of education delivery, such as shorter courses, continuing education, and more flexible delivery. Proactive providers have established outreach programmes, and are working with communities to improve pathways to learning. Bridging or foundation courses are often needed to enable people to enter tertiary education and succeed, especially when they come from a background lacking in prior success with education, or lacking in English language proficiency.

177    The increasing amount of training organised through the ITOs has had an impact, as providers have to be flexible in order to meet the demands of business. Traditional block courses of long duration at fixed campus sites are not capable of satisfying all of the demand for lifelong learning. Learners may be interested only in specific courses or unit standards, rather than entire qualifications. For example, a fishing company might require training for the crew of a ship, with the crew only being available for a few days when their ship is in port, and the provider may only get a few days warning of when the ship will be in port, and the provider will have to be able to work through public holidays.

178    The provision of short courses by public providers has been influenced by competition from private providers offering 'just in time' education courses. Universities are now establishing partnerships with other education providers. For example, Auckland University of Technology delivers short courses in business management through polytechnics and other providers. The universities have also been establishing commercial trading arms since the early 1990s, usually as wholly owned subsidiaries, to maximise the commercial potential of research and other university activities.

179    The New Zealand positive ageing strategy noted that 'more emphasis must be given to life-long learning for workers of all ages, so that they maintain and increase their skills and productivity as they grow older.'[86] Education for older learners requires adaptations in marketing and provision of education. Mature students often balance study with work and family commitments. Non-formal adult and community education is an important way to learn later in life.

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[84] Te Reo Māori is the Māori language. This was declared to be an official language of New Zealand in 1987, and can be used in any legal proceedings. Use of the language in education assessment is growing.

[85] Ministry of Education, *New Zealand's Tertiary Education Sector: Trends and Profiles: 2001*, 2002 p.153.

[86] Ministry of Social Policy, *The New Zealand Positive Ageing Strategy*, April 2001, p.10.

Programmes outside the compulsory school system and the formal processes of tertiary education are provided to more than 250,000 learners each year. This education tends to be learner- or community-driven, with a short duration.[87] Examples include the Rural Education Activities Programme (REAP), University of the Third Age, SeniorNet, and community learning in schools and TEIs.

180    The concept of the 'university of the third age' for learning by retired people is established in New Zealand, with an estimated 50 groups active around the country. The term 'third-age' refers to the post-retirement period of life. This is an international movement for the education of seniors, for whom the lack of work and family pressures, gives greater opportunity for learning. This example of lifelong learning is driven less by the need for training for employment, and more from insatiable curiosity and the desire to remain mentally active. Most of this learning is informal, occurring in members' homes with minimal structure and costs.

**Future Developments**

181    In the guidelines for this report, a summary of changes in the qualifications systems in the last decade was requested. Because the current qualifications system in New Zealand was mainly designed in the last decade, and this has been covered in the first part of this report, the focus of this section will be on future developments and anticipated changes.

*Past Initiatives in Qualifications and Qualifications Systems*

182    The following is a partial list of the major initiatives in New Zealand relating to qualifications and the qualifications system over the last decade:
- establishment of the New Zealand Qualifications Authority;
- development of the NQF;
- development of unit standards;
- development of achievement standards (from 2002);
- the Industry Training Act (1992) and the development of the ITOs;
- establishment of ETSA (later Skill New Zealand and subsequently incorporated into the TEC);
- the TEAC; and
- recognition of indigenous learning;

183    These initiatives have only indirectly had a goal of improving lifelong learning. From the mid-1980s lifelong learning has emerged as an increasingly important goal, because it is seen as a means of attaining other educational, social or economic objectives. That over half of tertiary students are now aged 25 or older is perceived as a success for the education system in advancing lifelong learning.

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[87] Ministry of Social Development, *Positive Ageing in New Zealand: Diversity, Participation and Change, Status Report 2001*, October 2001, pp.105-107.

184    The first TEAC report *Shaping a Shared Vision*, argued that the challenge of ensuring all New Zealanders have access to lifelong learning in a knowledge society would require new ways of organising, delivering and recognising tertiary education and learning.[88] This was in part due to the fragmentation of the education sector at the end of the 1990s, with its lack of strategic direction and inadequate cooperation and collaboration.[89]

*Current Initiatives in Qualifications and Qualifications Systems*

185    The following is a list of the current initiatives in New Zealand relating to qualifications and the qualifications system:
- the National Certificate of Educational Achievement;
- the Tertiary Education Commission (established 1 January 2003);
- the TES and the Statement of Tertiary Education Priorities
- the Register, to be implemented by 2006;
- international benchmarking and mutual recognition agreements;
- the adult literacy strategy;
- development and enhancement of policy, funding and delivery of foundation education;
- the creation of a strategy for adult and community education (ACE);
- Modern Apprenticeships;
- credit recognition and credit transfer arrangements; and
- programmes for Māori and Pacific peoples.

186    Some of the initiatives listed above have been discussed earlier in this report, and other initiatives are at a rudimentary stage of development, so this section will only examine adult literacy and foundation education, and credit recognition and transfer in detail.

*Foundation Education and Adult Literacy*

187    One of the six main strategies of the TES is to raise foundation skills so that all people can participate in our knowledge society. This includes the following objectives:
- significantly improved adult foundation skill levels, achieved through increased access to foundation education in a range of learning contexts;
- clearer accountability for quality and outcomes within foundation education, including a greater focus on assessment;
- a common understanding of the definition of foundation skills and of best practice teaching in this area; and
- improved linkages between secondary and tertiary education, and improved staircasing for learners within tertiary education.

188    There is a growing recognition that some foundation skills are required for lifelong learning - especially literacy, computer familiarity, and numeracy

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[88] Tertiary Education Advisory Commission, *Shaping a Shared Vision*, July, 2000, p.4 and p.12.

[89] Ministry of Education, *Excellence, Relevance and Access: An Introduction to the New Tertiary Education System,* p.1, May 2002.

skills. Foundation skills are those skills that underpin the ability to learn and to keep learning. Without foundation skills people will find it difficult to succeed in modern life and work. A higher level of literacy and numeracy skills is now demanded in many 'factory floor' jobs in order to meet international quality and safety standards.

189     From the disparate provision that typified the foundation education sector in 2002, there will be a greater integration of foundation skill programmes with the wider tertiary education system. Previously a little recognised sector, reliant on volunteers, benevolent employers and a small number of talented tutors, it is hoped that foundation education will grow into a respected and recognised sector. By 2007, New Zealand will have an assessment system that identifies and defines foundation skills critical to participation in society and the labour market, and acknowledges learner progress in these skill areas through the NQF. It is acknowledged that foundation skills can be acquired by learners without that learning being recognised by qualifications.

190     A key area for the development of foundation skills is in the area of adult literacy. The 1996 International Adult Literacy Survey found that one in five adult New Zealanders have very poor literacy skills. Strong communication skills are also the underpinning for families, from whom the next generation of successful learners comes.[90] In 2001 a coherent adult literacy strategy was introduced with the goals of increasing opportunities for adult literacy learning, developing capacity in the adult literacy teaching sector and improving the quality of adult literacy programmes. One example of implementing this strategy was Skill New Zealand's Workplace Literacy Fund, which has demonstrated benefits to the individual learners, their employers, and in the learner's family environment.[91]

*Credit Recognition and Transfer*

191     One of the objectives of the TES is a coherent and reliable system of qualifications, including recognition and credit transfer. Credit recognition and transfer is important to lifelong learning because they are the litmus test of confidence in the quality assurance arrangements for education in New Zealand. Appropriate credit recognition and transfer are critical to support learners along the most appropriate learning pathway and consequently are a core part of education and training provision. Credit recognition and transfer decisions should support the mobile learner of the 21st century through quality assurance, information provision and management and use of technology.

192     The credit recognition and transfer policy is predicated on quality assurance requirements under the Education Act (1989) and applies within the New Zealand domestic context. The implementation of the principles, objectives, outcomes, and operational strategies is the responsibility of the relevant QABs and will be undertaken as part of their official approval, accreditation and

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[90] Ministry of Education, *More than Words: The New Zealand Adult Literacy Strategy*, Tertiary Education Policy, May 2001.

[91] Skill New Zealand, *Workplace Literacy Fund Interim Evaluation Report*, September 2002.

quality assurance roles. The Register provides a common credit currency, a levels system, learning outcomes and subject classification system for all qualifications quality assured in New Zealand. The Register therefore provides a basis for credit recognition and transfer, building on the success of changes in the 1990s.

193 The following principles (both overarching and operational) have been outlined in Supporting Learning Pathways: Credit Recognition and Transfer Policy, and are intended to apply across sectors and cultures and complement government obligations to Māori under the Treaty of Waitangi:

- qualification, course, and programme development and design should promote and facilitate credit recognition and transfer;
- the key focus of credit transfer decisions should be on the benefit for learners and supporting effective learning pathways;
- transparency in credit recognition and transfer decision-making across the education system is a critical factor in supporting and encouraging the ongoing involvement of learners in education and training;
- credit transfer and recognition should be able to operate across different cultures and national borders and robust policies and procedures need to be in place to support this; and
- credit awarded as a result of either recognition of prior learning or recognition of current competency is of equal standing to credit awarded through other forms of assessment and should be able to be carried with the learner once awarded.

194 The new credit transfer and recognition system now has to be implemented. Further work is required on cross-border and international credit transfer arrangements. The anticipated outcomes of the system include:

- credit will be granted for recorded success, whether or not it forms part or all of a complete qualification;
- credit will be granted at the highest level consistent with the learner's demonstrated level of competence;
- credit transfer arrangements will recognise the distinctive characteristics of qualifications;
- where credit is not granted, providers will provide clear reasons for the decision;
- each institution will have procedures in place to enable learners to seek a review of initial decisions on credit transfer matters; and
- information about credit transfer arrangements will be readily available to all learners.

## Constraints on Reforms and Innovations

195 New Zealand faces several constraints in its attempts to develop a 'knowledge society' including:

- competing demands on qualifications;
- quality assurance requirements;
- costs and management; and
- transparency and portability.

*Competing Demands on Qualifications*

196    The demands placed on qualifications by both individuals and society are part of the debate over the weighting of private and public good derived from a qualification. This has a flow on effect to the funding of tertiary education. In New Zealand publicly funded education, government funding only provides part of course costs while tuition fees make up most the shortfall. With students paying a significant amount of their course costs (about 30%), they have strong concerns about the quality of the education they are receiving. On rare occasions students have taken tertiary institutions to court when their complaints have not been addressed to their satisfaction. These cases have so far ended with out of court settlements.

197    Although there is a high value attached to education and the attainment of formal qualifications, it will always be difficult to prove the impact of qualifications on individual outcomes or a qualification systems contribution to economic growth. It is a common assumption that if some education and training is good, then more education and training is better. Current evidence supports the notion that there are financial incentives to gain qualifications in New Zealand.[92]

198    Qualifications are used by people to find employment, and are also used by employers to help select employees. The new NCEA is intended to provide learners and employees with more information about what a person has actually learnt from education. The NCEA provides a more complex picture of achievement by reporting achievement against standards for each component element of the qualification, than the qualifications that it is replacing, which means that more work must be done to help employers understand and use it. The public response in early 2003 has been mixed, as people begin to analyse the results and start to identify where improvements can be made in teaching and learning.[93]

199    The achievement standards of NCEA allow recognition of different levels of achievement, in contrast to unit standards. Additional challenges for advanced learners will be implemented with the introduction of levels 2-3 and New Zealand Scholarship in 2003 and 2004, which will allow learners to select more challenging standards. Increased familiarity with standards based education should make it easier for secondary students to undertake NQF qualifications. Credits from the NCEA will be able to be used as foundation credits for specialised NQF qualifications, making the transition from secondary to certain forms of tertiary education more seamless.

200    Qualifications are used for selection to further levels of education and training. Examples of this include:

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[92] See pages 39-41.

[93] National and individual secondary school statistics for NQF results are available from: http://www.nzqa.govt.nz/qualifications/ssq/statistics/index.html.

- the use of senior secondary qualifications in determining university entrance for people under the age of 20 years;
- entrance to courses where demand outweighs supply, such as medicine and law; and
- entrance to higher levels of tertiary education, such as graduate and postgraduate courses.

*Quality Assurance Requirements*

201    There is a tension between the demand that as many people as possible should have qualifications, and the demand that those qualifications should also be of high standards. As the New Zealand tertiary education system has expanded into a mass education system, with increased participation and greater numbers of qualifications being awarded, greater attention has been focused on the quality of the education being received.

202    Providers are hesitant about accepting new government regulations and their commensurate compliance costs. At the same time most providers are interested in maintaining a reputation for quality. The costs imposed on providers could be reduced, especially by using new technology creatively. Quality assurance has to be more than a paper process, however. Moderation and audits are expensive, but are vital external checks. The NZQA's powers to impose conditions on the providers it is responsible for has been increased by recent legislation. These powers are sufficiently flexible to allow a degree of fine precision in their application.

203    One area in which a reputation for quality is very important is the export education sector. The experience of international students currently engaged with New Zealand education providers is important to the long-term viability of the export education industry. The international recognition that export education can provide for the New Zealand qualifications system itself contributes to the sustainability of the export education industry. A sustainable export education sector will also increase the recognition of New Zealand qualifications in foreign countries.

204    While growth in industry training has been steady, large increases in industry training are sought by the government over the next few years. Care needs to be taken when increasing the number of trainees, that the quality of the training does not suffer. Further expansion will require ITOs to work with many more small and medium-sized enterprises. In addition, some ITOs will need to move into new geographical areas and into gaps or niches not yet identified.[94]

*Costs and Management*

205    The costs and management of the qualification system are divided primarily among government agencies, individual providers, and the QABs. They include:
- compliance costs for providers;

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[94] Skill New Zealand, *Brief to the Incoming Minister*, August 2002.

- cost of providing courses;
- cost of the QABs;
- cost of programmes supported by the government;
- other costs absorbed by the government; and
- costs borne by learners.

206  The cost of complying with the requirements of government regulations can be high for educational organisations. Understanding the requirements of new legislation and training staff in compliance is a significant cost for educational organisations. The government recognises this and requires new policies to be explicit about anticipated compliance costs.[95] For many education programmes there are attempts to reduce costs by avoiding duplication of data requirements. There was a trial project for helping to introduce the charters and profiles to identify areas where duplication can be avoided. The Ministers of Education have commissioned a stock take of tertiary education data collections.

207  The government cap on funding for new PTEs, and the 'fee stabilisation' for providers wishing to have access to increases in government funding, have acted as a constraint on new and existing providers. The fee stabilisation policy was in part a response to the level of attention that the student loans issue attracted during the 1999 election campaign. Although this has stabilised student fees, it was always intended as an interim measure while the new funding framework was developed and implemented.

208  Resource limits will always act to constrain the ambitions of any qualifications system. For example, the workplace literacy programme, which works on a co-funding model where the government grant is an important spur to employers, is a small-scale project involving only 220 learners.[96] Skill New Zealand contributed $NZ 323,000, ITOs contributed $NZ 146,000, and employers contributed $NZ 116,000. In 2002/3 this has risen to over 500 learners with over $NZ 600,000 committed. It is also difficult for small enterprises to engage in such projects, as the employer can lack the capacity to engage in a government programme, and may feel they are unable to afford any short-term loss of productivity caused by training.

*Transparency and Portability*

209  The transparency and portability of qualifications within New Zealand should be greatly improved with the implementation of the Register. The Register will make quality assured qualifications and their stated outcomes more directly comparable by learners and providers. The associated changes to regulations for credit recognition and transfer will also improve the portability of credit between providers and qualifications.

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[95] Ministry of Economic Development is responsible for minimising compliance costs and has a Business Compliance Cost Unit http://www.med.govt.nz/buslt/compliance.html.

[96] Skill New Zealand, *Workplace Literacy Fund: Interim Evaluation Report*, September 2002.

210 As with other national qualifications systems, the New Zealand qualification system is bounded by its national borders. A few exceptions exist with regard to the Pacific Islands with historic and constitutional links to New Zealand and its education system. International transparency and portability of qualifications are hindered by differences between qualifications systems, regulatory environments, and jurisdiction issues. Establishing and maintaining an understanding of comparability between different qualifications and qualifications systems requires significant resources. A growing issue for New Zealand is the provision in foreign countries of New Zealand qualifications and educational courses, and foreign providers seeking to deliver their courses and qualifications in New Zealand, or to have their delivery by a New Zealand provider recognised.

211 It is difficult for national agencies to follow national education providers into foreign countries. Coordinating with agencies between different governments is difficult. The strongest links that New Zealand has are with Australia, and this is an area where a deeper relationship is being sought in the education sector. A major driver behind this is the common labour market between the two countries, and the importance this places on people having recognised qualifications. The existing Trans-Tasman Mutual Recognition Arrangement provides for automatic recognition of most professional occupations, and there is also a Ministerial declaration of confidence in the equivalent standing of the vocational and educational qualifications systems of Australia and New Zealand. One problem at the moment is in the area of transferability of quality assurance - providers in New Zealand or Australia wishing to establish a presence in the other country have to pass the quality assurance requirements of the new country - often a duplication of work already done in the home country.

212 There is a need for more formal international recognition arrangements for qualifications. This will be an increasing source of pressure on the regulatory framework in the next few years.

## Case Studies

*The Development of Field Māori*

213 The interests of Māori learners and providers have been an explicit concern of the NZQA from its inception. Among the important principles for the development of the NQF and unit standards were that they had to be in accord with the Treaty of Waitangi, to be accessible to all, recognise all forms of knowledge, and include a Māori dimension where appropriate. One method for achieving these objectives has been through the development of field Māori in the NQF. Field Māori is one of 17 fields on the NQF, catering for Māori pedagogy, knowledge and skills. Field Māori 'houses' a dozen Māori qualifications and approximately 600 Māori unit standards.

214 Field Māori qualifications and unit standards are developed to give national recognition to Māori pedagogy (principles and practices of teaching), knowledge and skills. Through field Māori, Māori expertise is recognised as

being on par with mainstream and or non-Māori expertise. New Zealand was one of the first countries in the world to recognise indigenous knowledge on a national qualifications framework.

215    The priority for representing and creating opportunities for participation by Māori was initially recognised structurally in the creation of the Whānau unit, Te Tari o Te Pou, and subsequently through the Māori Qualifications Service (MQS) and Māori Provider Development and Support (MPDS) units. This commitment is reflected in the key accountability documents of the NZQA. The MPDS is now known as Provider Development and Support (PDS).

216    The MPDS unit was set up in recognition of the important role Māori training and education providers play in educating and upskilling Māori. The unit assists 164 Māori education and training providers with their quality management systems and programme delivery. It also provides support for three public wānanga. The unit and its regional facilitators have established strong working relationships with Māori providers throughout New Zealand. These providers offer new pathways for learners that complement other TEOs. Through the quality assurance procedures of the qualifications system, learners can have confidence that learning achieved through Māori training and education providers is equal to learning achieved through other providers.

217    The MQS is responsible for the development, maintenance and promotion of unit standards and qualifications that recognise Māori knowledge and skills for field Māori. Māori, like all ethnic groups, demonstrate and practise a range of unique behaviours. For Māori these include a common way of learning, including how a specific body of knowledge is developed and tested, how it is passed on, and how it is acquired by the learner.

218    In 2002 kapa haka (the Māori performing arts) was included in level 1 NCEA. In some quarters people were sceptical about the recognition extended to Māori knowledge, and there was criticism of kapa haka being given status equal to maths and science. In this example kapa haka is on par with the European cultural art forms, such as art, drama, dance and music, which have been assessed for qualifications for years. Maths and English still have a high status due to the literacy and numeracy requirements for university entrance, but the Māori equivalents can also be used.

219    The key factors that influenced the development of field Māori included:
   • a flexible system for providers;
   • recognition of Māori pedagogy and learning styles;
   • the wider background of the Māori renaissance; and
   • course delivery in Te Reo Māori (the Māori language).

220    The success of MQS and PDS has been recognised through adaptation of the concept to support Pacific peoples. The Pacific Island Provider Development and Support unit has been established and the NZQA provides advice and support to Pacific Island providers on a range of quality assurance matters and liaises with community groups on the development of Pacific-specific standards and qualifications.

Table 10 - Māori Outcomes under the NQF

| Accumulated registrations and results | January 2000 | January 2003 |
|---|---|---|
| Registered Māori training establishments | 176 | 189 |
| Māori providers with NQF accreditation | 156 | 170 |
| Māori learners registered | 91,858 | 156,524 |
| Credits recorded for Māori learners | 2,479,011 | 6,583,296 |
| Qualifications awarded to Māori learners | 5,318 | 16,587 |

*The Impact of Private Training Establishments*

221    In New Zealand, private education works within the qualifications system to deliver qualifications to learners. The growth of PTEs is an example of an education reform initiative linked to the qualifications system by providing a new form of delivering qualifications to learners. The Education Act (1989) allowed private provision of tertiary education, and established a mechanism for use of public funds. PTEs have to be a corporate body with goals and purposes that relate primarily to education and/or training. Some PTEs have been established for profit, but not all PTEs are profit-driven. For example, some PTEs are established to serve the interests of local community groups. In 2001, the NZQA estimated that 64% of PTEs were limited liability companies, 14% were trusts and 22% were incorporated societies.[97] After initial rapid growth PTEs in the early 1990s, the number of PTEs has stabilised, with slow growth except for English language schools.

222    PTEs have to be registered with the NZQA, which is the body responsible for approving courses developed by PTEs and accrediting PTEs to deliver approved courses and national qualifications. Unlike other education sectors, the NZQA does not delegate its powers in respect of PTEs to an inter-institutional QAB. Registration alone is not sufficient for government funding, but PTEs that meet the requirements can apply to qualify for government funding, e.g. through student loans for students and government subsidies on course costs. PTEs have to meet many of the same requirements as public education and training providers, such as in their relations with students. The accreditation, approval, and audit elements of the qualification system help to assure the quality of education and training provided through PTEs.

223    Most learners attending PTEs are engaged in education and training after compulsory education, but for some senior secondary learners PTEs offer an alternative education to secondary schools. The impact that a PTE will have on lifelong learning depends on the goal of a particular PTE and the courses that it is delivering. English language schools are useful for migrants and international students undertaking further education and training in New Zealand. Anecdotal evidence suggests that adult learners who were not successful in school can find PTEs a useful stepping stone to further education and training.

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[97] Education Directions Ltd, *A Statistical Profile of the PTE Sector: A Report for the Tertiary Advisory Commission*, 25 September 2001.

224　Many PTEs are quite small in the number of enrolled learners, allowing them to be flexible and filling a niche role in education in regions not able to sustain a larger TEI. In 2001 it was estimated that 19% of PTEs have a Māori focus, and 4% have a Pacific peoples focus. These institutions tend to attract a higher than average proportion of Māori and Pacific students. Other categories of PTE include:

- vocational;
- corporate;
- employment preparation;
- Christian;
- academic;
- English as a second language; and
- employer-based.

225　There are 884 PTEs registered with NZQA as at January 2003. Of these PTEs, 654 are accredited for the NQF. At July 2001, there were 51,666 formally enrolled students at the 462 PTEs with formally enrolled students. This represented an increase of 80.7% in enrolments from 1997.[98] There is no complete data picture available of the private training sector and the data that are available in relation to non-publicly funded PTEs are limited when compared to those available for the publicly funded tertiary sector.

226　A significant proportion of PTEs are English language schools. The full number of English language providers is unknown. There have been many unregistered English language schools, because prior to 2003 legislation did not require courses of less than three months duration to be approved. Criteria are now being developed to determine which sub-three month courses will need to be approved.

227　An estimated 30,000 foreign fee paying students were enrolled in New Zealand PTEs during 2001, including English Language schools, up from 20,000 in 2000. For 2002 the number of foreign fee paying students is estimated to be 40-45,000. For the year ended March 2001, Statistics New Zealand estimates that the total education expenditure of international students studying in New Zealand was $568,175,000. The total estimate of the expenditure of international students studying in New Zealand English language schools to $200,919,472 for the year ended March 2001.

228　In 2000, 13,747 students at PTEs completed qualifications, and in 2001 this increased by 48.9% to 20,470.[99] Most of these qualifications were at the certificate and diploma level.

229　Restraints exist on the growth of PTEs. Not all PTEs have access to government funding. PTEs have to register with the NZQA in order to offer

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[98] Ministry of Education, *New Zealand's Tertiary Education Sector Report: Profile and Trends: 2001*, 2002, table 5 and 6 p.151. Formal students are studying towards an approved qualification or award in a course with an EFTS weighting of 0.3 or greater.

[99] Ministry of Education, *New Zealand's Tertiary Education Sector Report: Profile and Trends: 2001*, 2002, table 28 p.163.

national qualifications, to be accredited to offer approved courses, or for their students to be eligible for government funding. For small providers the cost of complying with the requirements for registration can be demanding. Through changes in the funding regime, the government can cause structural change in the PTE sector. One example of this is the pool of strategic priority funding created by the government as an incentive for PTEs to offer courses in areas of strategic relevance.

230    Despite some 'market failures' and quality problems most PTEs have been successful, although some financial analysis shows that a significant proportion of PTEs have negative working capital. The success of PTEs in the qualifications system is in part because of their ability to:
- focus on niche markets, such as Māori learning;
- offer a variety of courses up to and including degree level;
- flexibility in decision-making and smaller size when compared to public institutions allow for rapid adjustments to meet market needs;
- be flexible in decision-making and make rapid adjustments to meet market needs due to smaller size when compared to public institutions;
- meet quality assurance requirements and access government funding;
- exploit national competitive advantages, such as the English language or low value of the New Zealand dollar; and
- exploit regional advantages, such as facilities for training in tourist activities.

## National Debates

*Views of Key Stakeholder Groups*

231    Comments from the non-government stakeholders consulted in the preparation of this report have been supportive of the views expressed in this report.

*Underlying Tensions and Demands on the Qualifications System*

232    The 1990s were an era of reform and change in New Zealand tertiary education. Market reforms along with other factors led to a rapid increase in the number of learners accessing tertiary education and training. This in turn led to an increase in the number of private education providers and the number and nature of education programmes available in New Zealand. Changes in the qualifications systems are continuing, but the focus is now more on implementation and consolidation of the qualifications system rather than further radical change. Important national debates at the current time include:
- the TES;
- the NCEA; and
- the international dimension of education.

*The Tertiary Education Strategy*

233    The 2002-2007 TES provides a five-year blueprint for a more collaborative and cooperative tertiary system, contributing to New Zealand's national goals

and more closely connected to enterprise and local communities. There is a shift away from the policies that focused on increasing participation, towards a policy that will improve the capacity of the tertiary education sector. The TES attempts to move towards a tertiary education sector model that rewards collaboration rather than competition, with an emphasis on access, relevance, and excellence. The strategy will be aligned with broader government policy goals, such as those outlined for employment, growth and innovation.

234     The passing of the Education (Tertiary Reform) Amendment Act (2002) through Parliament has allowed the establishment of the TEC. The TEC is responsible for overseeing the TES, and for allocating funding of approximately $NZ 1.9 billion to public and private providers of tertiary education and training and building the capability and capacity of tertiary education and training to contribute to national economic and social goals.

235     One of the mechanisms for achieving this will be the introduction of charters and profiles for all tertiary organisations. Charters will articulate the strategic direction and profiles the activities of providers and show how they contribute to the capability of the education system as a whole. These will be negotiated with the TEC, which through an assessment of strategic relevance will then determine the alignment of the charter and profile with the TES, and thus funding approval. Strategic relevance is developed in relation to the STEP. Initial assessments for strategic relevance will probably create tension with some providers due to compliance costs and the uncertainty of the consequences to funding.

236     The development of charters and profiles is an unfamiliar exercise for the PTEs and ITOs, although other education organisations have had to prepare charters in the past. One reason for the shift towards greater collaboration is a concern that for a small country like New Zealand the educational effort was being fragmented, and the provision of programmes needed to be balanced. This could lead to an amalgamation of some education programmes to form a critical mass that will ensure quality.

237     The government has placed an emphasis on industry training. The ITOs and ITF wish to be seen as an integral part of tertiary education, with equivalent status with the traditional TEOs.

*The National Certificate of Educational Achievement*

238     In secondary education the new NCEA is now being implemented, with level 1 (Year 11) introduced in 2002. Secondary teachers lobbied for a delayed implementation of level 2 to 2004 and level 3 to 2006. The government, however, has proceeded with level 2 (year 12) in 2003 and level 3 (year 13) in 2004. Sixth form certificate was last offered as a transitional award in 2003 for those schools that were unable to implement level 2 NCEA.

239     There is ongoing public debate over the impact and implications of the NCEA. One common sentiment is that with additional funding and time for training, the initial implementation of NCEA could have been smoother. It is difficult,

however, to be sure of the extent to which the problems of implementing NCEA have been exaggerated during the secondary teacher pay negotiations and industrial action during 2002. An estimated 95% of secondary schools have signed up to implement level 2 of NCEA in 2003.

240    Assessment towards qualifications at three levels of secondary schooling is unusual internationally. The NCEA is more flexible than the qualifications it is replacing and secondary school learners will have more choice about the level of 'exit qualification' they want to aim for. Standards achieved towards the NCEA can contribute towards other national certificates on the NQF, such as the National Certificate in Employment Skills, Te Waharoa and the National Certificate in Computing. As the different levels of NCEA are introduced in 2003-2004, students will be able to focus more on the exit qualification that they want to achieve. A full assessment of the impact of NCEA is some years away.

*The International Dimension*

241    One growing point of demand on the qualification system is for international recognition of qualifications and qualification systems. This will be an important issue for the NZQA to address in the future. New Zealand currently has a limited number of formal qualification recognition agreements with other countries, mainly with Australia. Many qualifications rely on traditional informal recognition arrangements for purposes like university entrance, and occupational registration. Some New Zealand ITOs are now seeking to use Australian standards in the New Zealand NQF.

242    The export education sector is also placing demands on the New Zealand qualification system. The industry has expanded enormously over the last decade, and now makes a significant contribution to the economy. Balancing this are a variety of concerns related to quality assurance, future capacity of the industry, pastoral care, and immigration issues. Quality assurance is a concern because many of the courses undertaken by foreign students have been of the sub-three month variety that have not previously needed NZQA approval. Capacity is an issue because the strong growth in numbers has been concentrated in a few regions, such as the cities of Auckland, Wellington and Christchurch, and there are concerns for infrastructure. Immigration is a related national political issue, with concerns about student visa exploitation and the large number of foreign students now in New Zealand.

243    A current international issue is the 'Doha' round of GATS negotiations. In the New Zealand education sector there is a divergence of views concerning the prospect of liberalisation in trade in services, including education. Some groups, including many education unions, are not only opposed to the possibility of the New Zealand government making new GATS commitments, but are also seeking for existing commitments in education to be removed. Other groups, including some providers involved in export or off-shore education, welcome the prospect of greater liberalisation of trade in services.

244 New Zealand's existing education commitment limits GATS coverage to primary, secondary and tertiary education in private institutions. Some sectors of the public are concerned that GATS will put pressure on the government to privatise education services, to change funding regulations, or to lower quality standards. The New Zealand government has publicly stated as part of its ten principles for the GATS negotiations:

- that the government will make no initial offer that would limit the government's right to provide, fund, or regulate public services, such as health or education;
- the government will make no initial offer involving privatisation of public services or public entities; and
- New Zealand's offer will not require a lowering of any of New Zealand's quality standards in any area.

*Lifelong Learning - No Debating of its Importance*

245 The concept of lifelong learning is recognised as an important one in New Zealand. References to lifelong learning are often articulated at the highest levels. There is a tendency to value lifelong learning because of the potential economic return from developing human capital so that New Zealand can be transformed into a modern 'knowledge society'. The biggest gains are expected to come from concentrating on the unemployed, young people, and workers who lack foundation skills. One concern in New Zealand is over how the 'tail' of educational achievement can be improved. The best achievers in New Zealand are equal to the best in the world, but the large number of low achievers is a problem. More attention, however, could be paid to the lifelong learning needs of middle aged and retired people in light of the ageing population.

# Component 4 Conclusions

**Programme One: Workplace Literacy**

246    Workplace literacy programme delivered in one learning site, a residential aged care facility in Auckland, the Mercy Parklands Hospital and Retirement Home Ltd.[100]

*Background*

247    This programme started in 1998 and initially sought to develop the English language, reading, writing, maths and critical thinking skills of a group of 30 caregivers to more adequately cope with the increasing literacy demands of the workplace. In particular caregivers were now being required to read and complete resident care plans, read extensive policies and procedures, report incidents (both orally and in writing) and at shift changeover report on each resident's physical and mental condition including fluid and food intake. All this was in addition to meeting the ongoing physical demands of a number of residents who suffer from a range of age related physical and mental disabilities. At the outset the programme sought to address the business needs of the employer where occupational safety and health (OSH), quality certification and other compliance issues were key drivers.

248    The learners were all women, mostly Pacific peoples and Māori with no school qualifications and in some cases limited schooling, beyond primary school. While initially from an external viewpoint the programme could be seen as providing opportunities for a group who had had limited participation in learning, internally it was clear that for this group of women who had been involved in ongoing informal learning all their lives, this was a programme that expanded their learning experiences into a more formal learning environment.

249    All caregivers worked a range of shifts to provide seven day 24 hour a day coverage. In addition learners were also looking after children and grandchildren and were working 'opposite' shifts from their partners to provide care for school aged and younger dependents.

250    This group earn relatively low wages and because of the nature of their work and the fixed timing for the programme were often required to attend the programme in their own time (they were paid by their employer) and were required to undertake significant work at home.

*How Qualifications System Assisted Practitioners and Learners in Organisation, Delivery and Achievement of Learning*

251    Initially learning objectives were to meet the increasing literacy demands of the workplace. However in the second year of the programme Workbase

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[100] Susan Reid, of Workbase, provided both of the case study examples of qualifications and learning at the level and practice of users.

introduced Mercy Parklands to the Community Support Services ITO (CSSITO) who agreed to provide training subsidies, and all caregivers were signed up to training agreements in relation to the level 1 National Certificate in Support of the Older Person. At this level the qualification was appropriate and adequate for the needs of the learners in terms of their existing English language and literacy skills. The qualification involved assessment against a range of on the job unit standards (in house assessor) and other core generic (time and stress management) communications and first aid unit standards.

252    The initial programme involved caregivers meeting with the Workbase tutor (individually or in small groups) one day per week. Workbase designed workbooks and learning activities accessible for the learners which they could work on in their own time. Learners were encouraged to work together to work to their individual strengths and to develop other skill areas. For example some learners with more schooling had better reading and writing skills while others had better numeracy skills developed in more practical contexts. Some learners were native speakers of English and were able to assist those who had English as their second or third language.

253    For the level 1 qualification the assessment, quality assurance and other requirements of the qualification were appropriate. There was a degree of flexibility in the course delivery (face to face and self paced learner driven) but e-learning would not have been possible because learners' literacy skills would have prevented them accessing material. In addition this group of low income learners do not have access (either at work or at home) to computers to enable e-learning.

254    This qualification (and its level 3 successor) are not specifically linked to other courses and programmes such as nursing courses. This lack reflects the hierarchical nature of the profession which traditionally does not see a pathway from caregiver to registered nurse. However specific programmes are in place to assist Pacific peoples and Māori into nursing programmes and during the programme two Pacific peoples women were selected for pre-nursing programmes on the basis of the Mercy Parklands' learning programme.

255    The qualification was valued by the employer Mercy Parklands because it assisted them to achieve higher quality accreditation status through increasing the number of qualified staff. In addition Mercy Parklands was keen to promote learning among its staff because the organisation which is owned by the Sisters of Mercy seeks to address employees' community as well as work needs and this programme achieved this on a number of levels.

256    The level 1 qualification's structure did allow for previous learning (e.g. in house training) to be recognised in relation to on the job unit standards but it was much more difficult to allow for this in relation to the communication and other unit standards. This was because the requirements of the unit standards were so specific and did not reflect the realities of this particular workplace (e.g. requirement for learners to respond in writing to written enquiries that did not exist in the workplace) which required simulations which Workbase does not prefer as assessment options.

257 A considerable change to the programme occurred - when the level 1 qualification was replaced by a level 3 National Certificate in Support of the Older Person. While the lower level certificate could have been completed by the caregivers, CSSITO heavily promoted the newer qualification and there was a sense that learners were being patronised in some way by not being given the opportunity to complete the higher level qualification. Learners themselves were keen to complete the higher level qualification without being aware of considerable amount of additional work that would be required.

258 The industry specific unit standards developed for the level 3 qualification required learners to learn the theory as well as management of age related diseases including dementia and Alzheimer's. These requirements were appropriate for this learner group but the breadth and depth of the outcomes described in the unit standards were significant and required a very marked increase in the scope and scale of the learning programme.

259 With the development of the level 3 qualification, CSSITO produced a unit standard aligned workbook and assessment materials. These workbooks were not accessible for the Mercy Parklands' learners because of readability issues. It was questionable whether the developers of the material had considered the profile of potential learners in this group.

260 It proved almost impossible to use the workbooks without considerable adaptation and rewriting of material. Registered nurses who worked as buddies with caregivers during this part of the programme commented that the content of the workbooks in some cases went beyond their own nursing theory and knowledge. Workbase was involved in ongoing negotiation with CSSITO in relation to the required assessment activities (written closed book, lengthy essay type responses) to negotiate more appropriate assessment activities which specifically assessed skills in more authentic ways directly related to the workplace, such as open book, written tabular type questions and oral questions and answers.

261 In this particular case the 'qualification systems' - development by industry for industry were followed but did not specifically address the needs of this group of learners who are a significant group within the caregiver population in New Zealand.

262 In the qualification development process CSSITO need to specifically address accessibility of the qualification for existing industry employees.

263 This same process needed to be carried out in relation to the development of learning materials and assessment activities and the developers or CSSITO should have been required to develop a learner profile and establish focus groups representing the range of learners to ensure extensive trialling of all materials and alignment of assessment tasks to assessment realities.

264 We were left with a very strong impression that this qualification and support materials had been developed to be delivered in full time pre employment

programmes and little consideration had been given to delivery in workplace settings.

265    Recent legislative changes will require ITOs to identify and plan to strategically address skills shortages within their industries. Literacy skills are a significant issue for a number of industry sectors. The qualification system needs to ensure that before new qualifications are introduced that satisfactory evidence is supplied of appropriate data collection, results of analysis and action plans to address such issues within the qualification process.

266    For the 13 caregivers who completed the programme the impact of achieving the level 3 qualification was significant. So many spoke of a new concept for them - life long learning - and others spoke of learning alongside their children and grandchildren and the impact that had. For all the caregivers this was their first formal qualification and a number expressed interest in continuing with learning but there are no pathways to related qualifications in this sector. For those learners who wanted to do some other learning they had to access this outside work time and they acknowledged that this would make it much more difficult.

267    The fact that this programme mostly occurred during paid work time conferred significant status on the learners and ensured easier access to learning which is not the case with community based learning opportunities.

268    Having a qualification as one of the outcomes of a learning programme meant that there was always a goal, such as completing a number of unit standards and now there are only so many more to go.

269    This ensured ongoing commitment from learners, and the employer who was reluctant to end the programme and deprive the learners of their opportunity to complete the qualification even though financially it was an ongoing stretch for the employer.

270    For the provider it was vital to ensure that the qualification was seen as just one of the outcomes, meeting business needs is another critical one as well as ensuring that learners' skills are developed not only for the workplace context to ensure their ongoing employment but also for transfer into their other family and community roles.

**Programme Two: Adult Education Programme**

271    Adult education programme delivered in one learning site, a pulp and paper mill in Kawerau Bay of Plenty, operated by Norske Skog Tasman and Carter Holt Harvey Tasman.

*Background*

272    As part of the learning opportunities offered at Te Whare Ako (The House of Learning) an on-site open learning centre run by Workbase, employees in both companies are offered the opportunity to complete the level 2 National

Certificate in Pulp and Paper Managing. All employees are able to access this qualification on a skills for pay basis. They are expected to complete it in their own time but a large number manage to complete assignments during quiet times on shift.

273    The certificate is an entry level qualification for the industry and both the employers and unions are supportive of employees completing it to further understanding of the industry, ensure employability and to build skills and knowledge. In New Zealand only 6% of Norske Skog employees hold a pulp and paper qualification compared with 100% of Norske Skog's Norwegian employees.

274    Employees who access the qualification range from operators, to maintenance personnel to testers and environmental technicians and other support groups including cleaners, drivers and security personnel.

275    The aim of the qualification is to develop theory and knowledge of the paper industry, key issues (quality, health and safety) for the industry, and products and raw materials, resources and processes used in pulp and paper managing. There are four more generic compulsory unit standards and then a component of credits which can come from a large range of domains within the NQF.

*How Qualifications System Assisted Practitioners and Learners in Organisation, Delivery and Achievement of Learning*

276    Forest Industries Training sought advice before developing this qualification to ensure it would be accessible to the range of learners within the pulp and paper industry. The learner profile includes a significant group of long service employees employed when manual labour was the norm and before technology removed a significant amount of the repetitive manual processes previously used in the industry.

277    A large number of learners have little schooling, no qualifications, low literacy skills (because they were never developed or lost because not required) and significant numbers have Te Reo Māori as their first language.

278    Qualification development balanced the base requirements of industry, ensured wide access by learners and ability to deliver in the workplace as well as a pre employment programme. In fact the qualification is almost entirely delivered in workplaces.

279    Initially Forest Industries Training purchased learning materials for the industry theory component from the Boxhill College of TAFE in Australia and there have been ongoing issues about this material (Australian based, level of readability etc.) but Forestry Industries Training have worked on a continuous basis to replace this material with New Zealand developed material.

280    The four compulsory unit standards were designed to meet basic industry requirements (employment issues, team work, communication and electrical safeguards). At Norske Skog Tasman two of these are delivered and assessed

using external providers and the others are delivered and assessed by Workbase.

281 The other 'open' component enables learning programmes to be developed to match learners' needs and goals, such as with maths, reading, writing, oral communication, computing, first aid and specific health and safety requirements.

282 The flexibility of the qualification ensures easy access for most learners and recognition of prior learning experiences. For learners who have literacy issues (reading is a significant issue for a number of learners) the development of specific reading skills (skimming, scanning, predicting, inferring and thorough reading) occurs within the context of the learning material.

283 The programme is sufficiently flexible to allow for the potential of e-learning and at Norske Skog Tasman all learners have access to personal computers (PCs) at work and the majority would have access to PCs at home.

284 The level 2 National Certificate is the start of a learning pathway leading on to other national certificates and Diplomas for operating personnel only as the level 3 and higher level qualifications require candidates to be assessed against a significant number of operating unit standards.

285 Because the programme is self paced (and notwithstanding that learners are paid for achieving the qualification) it is necessary to provide ongoing follow up support, encouragement and motivation. In particular when learners are undertaking assignments in relation to parts of the process which are outside their work area it is necessary to provide them with a list of personnel to contact.

286 Because Forest Industries Training took an analytical approach to the establishment and ongoing development of the qualification the only real improvement that could be made to the qualification would be to accelerate the development of New Zealand based resources. Forestry Industries Training has also considered the impact of the qualification on the learner by providing an extremely well attended national awards ceremony where learners receive recognition of their achievements.

287 Additional information about both programmes is available on Workbase's website www.workbase.org.nz - Publications Te Whare Ako Case Study.

**Conclusions and Lessons from the New Zealand Experience**

288 As New Zealand develops a pathway towards becoming a 'knowledge society', its qualifications system has been an important tool in encouraging lifelong learning. From the wider reforms of the 1980s, and the more focused changes to the education sector in the 1990s, an effective qualifications system has been developed and implemented. A good start has been made to address the need that was identified in the mid-1980s for New Zealand to develop a culture of lifelong learning. The volume of learning has increased, the distribution of

learning has become more flexible, and the quality of the learning has been maintained.

289    The qualifications system promotes lifelong learning by devolving responsibility for the key decisions in learning to education providers and learners. Providers determine, within the quality assurance framework of accredited providers, approved courses, and audit, what qualifications will be offered. Learners then choose what education and training they will undertake. These decisions can then lead to public funding of tertiary education, which along with a learner contribution covers the costs of education and training.

290    An increasing number of New Zealanders possess qualifications, and these qualifications are being gained at higher levels. There is evidence to suggest that New Zealanders are engaging in further education and training beyond their first qualification. Attribution of this directly to the qualifications system is difficult, as a number of other factors impact on learning in New Zealand, such as general economic conditions and changing cultural attitudes towards education. As well as the more intangible benefits of possessing a qualification, people with qualifications in New Zealand enjoy higher rates of employment and higher levels of income. People with completed tertiary education qualifications also appear to enjoy better returns on their education than people with only a secondary level qualification.

291    A number of specific factors have notably contributed to the improvement in lifelong learning in New Zealand, including recognition of learning, flexible assessment practices, new learning pathways, and maintaining the currency of standards. Standards are subject to review, and standards that are not keeping pace with economic, technological and social changes can be expired and replaced with a new or updated standard. It is reasonable to assume that NQF qualifications are relevant to industry, because industry bodies are directly involved in standard setting processes. New pathways to learning have been created and used by learners to access education and training, notably through the rapid growth in PTE numbers in the 1990s, but also through the creation of wānanga and government training initiatives such as Youth Opportunities, Gateway, and Modern Apprenticeships. Flexible assessment methods help in the process of recognising all learning, such as RPL and the ability to assess standards in the workplace without needing national exams. Credit can be gained in different courses over time and eventually assembled into a full qualification, without always requiring extensive time away from work on training courses.

292    The qualifications system is now being consolidated and expanded. From the lessons learned in the 1990s improvements will be made. The key policy instruments that the New Zealand government can use to enhance lifelong learning relate to funding of education and learning, and quality assurance. Both of these policy levers can be used to steer the qualifications system towards achieving the strategic aims of the government.

293    Policy relating to funding of tertiary education and training is extremely important in the signals it sends to TEOs and learners, providing them with

incentives to align themselves in the strategic direction desired by the government.

294    The TES outlines the strategies and objectives desired from the education sector from 2002 to 2007. Some of the TES objectives are related to areas of importance to lifelong learning, such as foundation skills and literacy. The TES seeks a greater alignment between national goals and the activities of TEOs. All tertiary organisations will develop charters and profiles describing the strategic direction and activities of providers and how they contribute to the education system as a whole. This in turn will be linked to funding approval, through the assessment of strategic relevance to determine charter and profile alignment with the TES.

295    The role of quality assurance will be highlighted by the implementation of the Register by 2006. The NZQA also has new powers to assist its quality assurance role, allowing it to apply conditions in respect of accreditation, course approval, and audits. The NZQA continues to broadly ensure the overarching quality of qualifications in conjunction with the other QABs.

*Main Demands on the Qualifications System*

296    There have been many demands placed on the New Zealand qualifications system during its development and implementation.[101] The focus for the past decade has been on developing the NQF, building relevant standards and qualifications, improving access to education and training, and assuring the quality of the standards and qualifications. As time passes the emphasis placed on these areas has shifted.

297    The development of the NQF led to the creation of unit standards and national qualifications. These enabled qualifications that were relevant to the needs of employers and employees to be assembled by industry bodies and NSBs. In the future it can be expected that new demands will arise from the requirements to deal with skill shortages, the need for work based training and courses, and qualifications appropriate for learners beyond their first tertiary qualification.

298    While quality assurance will continue to be a primary goal of the qualifications system, there is also a new emphasis on recognising excellence in the education sector. It is no longer sufficient that courses and qualifications reflect the skills and knowledge needed to remain broadly competitive with the global economy, there is also a desire for New Zealand to be seen as a world leader in areas of strategic relevance to New Zealand.

299    Participation in tertiary education has increased, and with the goal of improving access to education comes the goal of improving the outcomes achieved by the learners participating in education. Developments in credit recognition and transfer will be important here, as the development of different pathways will lead to a blurring of traditional academic and vocational distinctions in education and training. This integration may help fulfil one of

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[101] See pages 17-18.

the goals of the NQF, the bringing together of theory and practice. New government initiatives, such as the Performance Based Research Fund, will reward the completion of qualifications by learners.

*How the Key Elements of the Qualifications System Promote and Hinder Lifelong Learning*

300    The promotion or hindrance of lifelong learning through the qualifications system occurs as an indirect result of the key structural elements of the qualifications system. Because of the devolved and flexible nature of the system, with providers and learners being responsible for making important decisions, there is no guarantee that education providers and learners will make the right decisions to ensure the outcomes that they desire. Through the NQF, the NZQA, in conjunction with other bodies, has attempted to develop and improve standards and qualifications that will be relevant to lifelong learning and teaching needs. In balance, however, the qualifications system works. The QABs and other government agencies act to ensure that identified problems in the provision of learning are corrected.

301    In the past, the division between NQF unit standards and qualifications, and other non-NQF courses and qualifications made recognition of all learning difficult. The 1990s saw improvement in the recognition of prior learning and credit transfer arrangements between education providers, as there was an advantage to doing so in the competitive environment. With the development of the Register and the implementation of the new criteria for credit recognition and transfer, however, recognition of learning between different sections of the education sector should further improve. The NQF qualifications will become one subset of a broader system of quality assured qualifications.

302    In the future, government policy will encourage greater alignment between courses and qualifications, and the strategic goals and objectives of the TES. Currently there is a focus on the areas where the greatest value can be added to a learner's educational attainment, such as through foundation skills and basic literacy. This is currently funded through Adult and Community Education, EFTS, Training Opportunities, Youth Training and other providers such as English for Speakers of Other Languages (ESOL) Home Tutors, at-risk youth programmes and some work-based initiatives, but in the future, funding policy could encourage lifelong learning by assisting providers willing to offer more customised and creatively delivered education and training for parents, and people in mid-career or early retirement stages of life.

*Tensions between Objectives and Means of Reconciling*

303    Improving lifelong learning is a feature common to several of the goals of the TES, but not directly to all of the goals and strategies. The availability of resources is always a limit on the extent of funding. Budgets are dependent on the health of the general economy. The government has made significant commitments to funding initiatives such as the Centres of Research Excellence, industry training, and adult literacy.

304    There may be a tension between achieving excellence in a few areas of strategic interest, and maintaining quality of all parts of the qualifications system. Although the benchmarks used in standard setting in the qualifications system are reviewed and updated so that quality improves, there is a desire among providers and learners to demonstrate that they have exceeded the minimum requirements in teaching and learning. For providers, recognition of excellence can be a vital promotion in a competitive education market, and one government initiative in this area is the Tertiary Teaching Excellence Awards. Equally for learners there are scholarships and other awards to recognise achievement.

305    The Government is committed to increasing participation in industry training to 150,000 trainees in 2005, and 250,000 in 2007. Government, the Industry Training Federation and ITOs are working together to achieve this goal.

*Gaps in Knowledge and Approach*

306    As the qualifications system has been developed, gaps in knowledge have been revealed as experience in using the system leads to the generation of new perspectives and questions about the system. For example, although the Student Loan Scheme plays an important role in providing access for students to tertiary education and training, there is uncertainty about the exact role that it plays in learners' decisions to engage in education, and about the long term consequences of the scheme. Also, data collection on some aspects of education and training delivered through PTEs has not been as comprehensive as that delivered through public education providers, making comparability difficult. In response to these problems, more information is being collected, or combined from existing sources.

307    The NCEA qualification will be a valuable tool for analysing teaching and learning in secondary schools, although in the short term the lack of comparability with past achievement statistics will be a disadvantage. It will be interesting to see what the flow on effects to tertiary education of a better understanding of the secondary learning achievements in different areas of learning.

308    The NQF has its limitations, although the development of the Register will help reduce these. The actual number of levels in a system, and the credits involved, is not important, so long as the approach taken is consistent, that it is understood across the education sector, and comparability is possible with qualifications frameworks used in other countries.

309    The simple pass/fail system of unit standards does not always reflect the full extent of learning, and achievement standards were developed in response to this. While unit standards reflect achievement of a standard of competency, they do not ft well with areas that require competency to be maintained and tested on a regular basis, such as with first aid standards.

310     The development of national qualifications in some industry areas has not been strong for a variety of reasons, such as the pre-eminence of existing professional qualifications like medicine and law. It takes time to develop degree level programmes in New Zealand because a high standard is required in research. The existence of Australian qualifications in cross-Tasman industries that have adopted the Australian standards and qualifications for their employees, is an example of how the international dimension of education and training can hinder a purely national approach to a qualifications system. A closer engagement of the New Zealand and Australian qualifications systems could be of value to both countries.

*Participating in this Activity*

311     The NZQA considered this activity to be a useful opportunity to inform other countries about the New Zealand qualifications system, for the NZQA to display leadership in the quality assurance field, and to gain comparative information from other countries that will enable NZQA to benchmark best practices in managing qualifications systems.

312     The NZQA also hopes that stronger links will be made with other OECD countries and the relevant national bodies that deal with qualifications and qualification systems, which should prove useful to improving international recognition of New Zealand qualifications.

*Priorities for Future Research and Development*

313     In 2005, the NZQA will be analysing the information from the first three years of NCEA results, seeking to improve delivery of the NCEA. The NZQA will also be implementing the Register over the 2003-2006 period. The NZQA is also involved with efforts to develop foundation and literacy skills projects in conjunction with other sector bodies. Other areas of research and development are likely to include:
- improving policy in relation to the delivery of foreign qualifications in New Zealand;
- promoting international recognition of New Zealand qualifications;
- supporting Pacific education providers to grow their capacity; and
- development of the NQF to support key government goals such as the development of Māori and Pacific qualifications, and foundation, generic, and specialist skills.

## Opportunities and Challenges for the Qualifications System to Promote Lifelong Learning

314     There are a number of significant opportunities and challenges in the future for the qualifications system in promoting lifelong learning. One of the main opportunities is the implementation of the Register, which in tandem with the developments of new arrangements to facilitate credit recognition and transfer, will improve the information available to learners and providers about qualifications and the available pathways to learning. This should improve

learners' ability to engage flexibly in learning and build the qualifications that they need.

315    The TES will promote lifelong learning through its broader strategies and objectives that will influence the working of the qualifications system, especially through the impact of funding decisions made by the TEC. Specific goals in the TES that relate directly to lifelong learning include improving foundation and high-level generic skills, and concentrating on Māori and Pacific peoples' development aspirations.

316    Among the major challenges that New Zealand faces in using its qualifications system to promote lifelong learning are the international dimensions of qualifications, implementation of new initiatives in the qualification system, and improving outcomes for the least able.

317    The international dimension is an area that will continue to grow and put pressure on the qualifications system. The international dimension also provides opportunities for the sharing of best practices that will allow the qualifications system to adapt to the advantage of learners. One facet of this is the need to continue to develop courses and qualifications that are relevant to the skills and knowledge required to participate in the global economy. The university sector plays an important role in research and keeping New Zealand abreast of changes in the world. The role of the qualifications system in assuring the quality of qualifications is also important to the export education and off-shore education sectors. One major challenge will be in managing the delivery of education and training by foreign providers that wish to operate commercially in New Zealand.

318    Targeting the least able in society, those that have achieved the least in the current education system, is both a challenge and a significant opportunity to improve outcomes. Although the top achievers in New Zealand are of a world class standard, there is a wide dispersion of achievement and concern about the lack of ability in the 'tail end' of achievement in education. As one recent report put it:

> There have been improvements in New Zealanders' qualification levels, but we still need to focus on young people who leave school without qualifications and are at risk of unemployment. The Government has reaffirmed its commitment to improve youth transitions from school-to-work. We have set ourselves the goal that 'by 2007, all 15-19 year olds will be engaged in appropriate education, training, work or other options, which will lead to long-term economic independence and well-being'.[102]

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[102] Department of Labour, *Employment Strategy: Progress to Date, July 2001-December 2002*, March 2003.

## Powerful Influences on Lifelong Learning in New Zealand

319    In New Zealand, the most powerful influences upon lifelong learning are
       related to broad economic, demographic, cultural and political factors.

320    Economic influences can be seen in the importance of technological change as
       a factor in creating skill gaps and shortages and fresh opportunities for those
       willing to gain new skills, and in requiring the new skills to be more
       sophisticated than the old skills. There is an increased awareness in industry of
       the importance of training staff to improve profitability, meet international
       quality standards, and to improve staff retention.

321    One important demographic factor in New Zealand is that it has an ageing
       population. This means that there are more older people who could potentially
       be engaged in learning, whether from a desire to maintain current competency
       in their skills or to work promotion, or other material gains such as salary
       increases. With advances in modern health care, people can also expect to be
       working later in their lives than has previously been the case. The proportion
       of the population that is of Māori or Pacific descent is also increasing. As these
       groups have been disadvantaged in education outcomes in the past, it is
       important to improve their outcomes in the future.

322    Cultural factors are also important in determining attitudes towards lifelong
       learning. There is an increased awareness of education as an important factor
       in economic growth, and personal success, and a belief that access to education
       should improve social outcomes for people from disadvantaged groups.
       Technological change also leads to social change, as the decline in manual or
       low-skill work requires new skills and management practices. The
       commitment of New Zealanders to the concept of lifelong learning may be
       growing, but people still tend to engage in learning one step at a time.

323    The New Zealand government's desire to develop a knowledge society that
       equips New Zealanders with the skills and knowledge they and the nation need
       to prosper is creating a set of political factors that will promote lifelong
       learning. This is articulated through the TES and its strategies and objectives.
       These will then be implemented in tandem between government agencies,
       private organisations and learners.

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# Appendix I Level Descriptors for Qualifications

| Level | Process | Learning Demand | Responsibility |
|---|---|---|---|
| 1 | **Carry out processes that:** <br> - are moderate in range <br> - are established and familiar <br> - offer a clear choice of routine responses | **Employing:** <br> - basic operational knowledge <br> - readily available information <br> - known solutions to familiar problems <br> - little generation of new ideas | **Applied:** <br> - in directed activity <br> - under general supervision and quality control <br> - with some responsibility for quantity and quality <br> - with possible responsibility for guiding others |
| 2 | **Carry out processes that:** <br> - are limited in range <br> - are repetitive and familiar <br> - are employed within closely defined contexts | **Employing:** <br> - recall <br> - a narrow range of knowledge and cognitive skills <br> - no generation of new ideas | **Applied:** <br> - in directed activity <br> - under close supervision <br> - with no responsibility for the work or learning of others |
| 3 | **Carry out processes that:** <br> - require a range of well developed skills <br> - offer a significant choice of procedures <br> - are employed within a range of familiar contexts | **Employing:** <br> - some relevant theoretical knowledge <br> - interpretation of available information <br> - discretion and judgement <br> - a range of known responses to familiar problems | **Applied:** <br> - in directed activity with some autonomy <br> - under general supervision and quality checking <br> - with significant responsibility for the quantity and quality of output <br> - with possible responsibility for the output of others |
| 4 | **Carry out processes that:** <br> - require a wide range of technical or scholastic skills <br> - offer a considerable choice of procedures <br> - are employed in a variety of familiar and unfamiliar contexts | **Employing:** <br> - a broad knowledge base incorporating some theoretical concepts <br> - analytical interpretation of information <br> - informed judgement <br> - a range of sometimes innovative responses to concrete but often unfamiliar problems | **Applied:** <br> - in self-directed activity <br> - under broad guidance and evaluation <br> - with complete responsibility for quantity and quality of output <br> - with possible responsibility for the quantity and quality of the output of others |
| 5 | **Carry out processes that:** <br> - require a wide range of specialised technical or scholastic skills <br> - involve a wide choice of standard and non-standard procedures <br> - are employed in a variety of routine and non-routine contexts | **Employing:** <br> - a broad knowledge base with substantial depth in some areas <br> - analytical interpretation of a wide range of data <br> - the determination of appropriate methods and procedures in response to a range of concrete problems with some theoretical elements | **Applied:** <br> - in self-directed and sometimes directive activity <br> - within broad general guidelines or functions <br> - with full responsibility for the nature, quantity and quality of outcomes <br> - with possible responsibility for the achievement of group outcome |

| Level | Process | Learning Demand | Responsibility |
|---|---|---|---|
| 6 | **Carry out processes that:**<br>- require a command of wide ranging highly specialised technical or scholastic skills<br>- involve a wide choice of standard and non-standard procedures, often in non-standard combinations<br>- are employed in highly variable routine and non-routine contexts | **Employing:**<br>- specialised knowledge with depth in more than one area<br>- the analysis, reformatting and evaluation of a wide range of information<br>- the formulation of appropriate responses to resolve both concrete and abstract problems | **Applied:**<br>- in managing processes<br>- within broad parameters for defined activities<br>- with complete accountability for determining and achieving personal and/or group outcomes |
| 7 | **Carry out processes that:**<br>- require a command of highly specialised technical or scholastic and basic research skills across a major discipline<br>- involve the full range of procedures in a major discipline<br>- are applied in complex, variable and specialised contexts | **Requiring:**<br>- knowledge of a major discipline with areas of specialisation in depth<br>- the analysis, transformation and evaluation of abstract data and concepts<br>- the creation of appropriate responses to resolve given or contextual abstract problems | **Applied:**<br>- in planning, resourcing and managing processes<br>- within broad parameters and functions<br>- with complete accountability for determining, achieving and evaluating personal and/or group outcomes |
| 8 | **Involves skills and knowledge that enable a learner to:**<br>- provide a systematic and coherent account of the key principles of a subject area; and<br>- undertake self-directed study, research and scholarship in a subject area, demonstrating intellectual independence, analytic rigour and sound communication. | | |
| 9 | **Involves knowledge and skills that enable a learner to:**<br>- demonstrate mastery of a subject area; and<br>- plan and carry out - to internationally recognised standards - an original scholarship or research project. Demonstrated by:<br>- The completion of a substantial research paper, dissertation or in some cases a series of papers. | | |
| 10 | **Involves knowledge and skill that enable a learner to:**<br>- Provide an original contribution to knowledge through research or scholarship, as judged by independent experts applying international standards. | | |

## Levels and Names of Registered Qualifications

| Level | Naming Sequence | |
|---|---|---|
| **10** | Doctorates | |
| **9** | Masters | |
| **8** | Postgraduate Diplomas, Postgraduate Certificates, and Bachelors Degrees with Honours | |
| **7** | Bachelors Degrees, and Graduate Diplomas | |
| **6** | Graduate Certificates | |
| **5** | Diplomas | |
| **4** | New Zealand Scholarship (from 2004) | Certificates |
| **3** | NCEA Level 3 (from 2004) | |
| **2** | NCEA Level 2 (from 2003) | |
| **1** | NCEA Level 1 (from 2002) | |

The register will include both NQF and non-NQF qualifications.

# Appendix II Relationship Structure

**Figure 2 - Relationship Structure for the New Zealand Qualifications System**

# Appendix III Glossary

*College of Education:* A college of education is characterised by teaching and research required for the pre-school, compulsory and post-compulsory sectors of education, and for associated social and educational service roles.

*Credit*: is the agreed measure of the amount of learning (estimated by a provider or developer) typically required in gaining a qualification. This estimate of learning time includes direct time spent with teachers, time spent preparing for and doing assignments and time spent in assessment. Credit is awarded when achievement is assessed and meets meet specified standards. Evidence of achievement can be collected from a variety of sources.

*Credit Transfer:* is a process whereby credit already achieved is recognised towards a new qualification. This may occur on a case by case basis between providers/qualifications developers and individuals or as a structured agreement between two or more organisations or providers.

*Hapu:* clan, sub-tribe.

*Iwi:* folk, people, tribes.

*Mäori:* the indigenous inhabitants of New Zealand.

*Pakeha*: New Zealand citizen of European descent.

*Polytechnic:* A polytechnic is characterised by a wide diversity of continuing education, including vocational training, that contributes to the maintenance, advancement, and dissemination of knowledge and expertise and promotes community learning, and by research, particularly applied and technological research, that aids development.

*Private training establishment:* means an establishment, other than an college of education, polytechnic, university, or wänanga, that provides post-school education or vocational training.

*Te Reo Māori:* The Māori language.

*Tertiary education institution:* a publicly funded education provider, such as a college of education, polytechnic, university, or wänanga.

*Tertiary education organisation:* a term used to encompass a wide range of organisations involved with tertiary education, including both public and private providers, and ITOs.

*University:* A university is characterised by a wide diversity of teaching and research, especially at a higher level, that maintains, advances, disseminates, and assists the

application of, knowledge, develops intellectual independence, and promotes community learning.

*Wänanga:* A wänanga is characterised by teaching and research that maintains, advances, and disseminates knowledge and develops intellectual independence, and assists the application of knowledge regarding ahuatanga Māori (Māori tradition) according to tikanga Māori (Māori custom).

*Whānau:* family.

# Appendix IV Retention, Completion, and Progression

In March 2004 the Ministry of Education published the first comprehensive cohort-based analysis on the rates of qualification completion, retention, and progression of students in formal tertiary study in New Zealand. This report covered students studying between 1998 and 2002. The full report, *Retention, Completion and Progression in Tertiary Education 2003*, is available on the Ministry of Education's web site www.minedu.govt.nz.

For those domestic students at TEIs starting any qualification in 1998,[103] by the end of 2002 (five years later):
- 40% have successfully completed;
- 9% are still studying; and
- 51% have not completed and are not studying.

Table 11 - Retention, Completion and Progression by Qualification level

| Domestic Students Starting a Qualification at Public Providers in 1998 by Qualification Level | By end of 2002 (5 years later) percentage that | | |
|---|---|---|---|
| | Successfully Complete | Still be studying towards completion | Leave without Completing |
| Certificates | 30% | 4% | 66% |
| Diplomas | 32% | 4% | 64% |
| Degrees | 46% | 7% | 47% |
| Postgraduate Certificates/Diploma | 49% | 1% | 50% |
| Honours/Masters | 59% | 2% | 39% |
| Doctorates (5-year – 1998 students) | 26% | 23% | 51% |
| Doctorates (estimated long-term) | 54%-57% | 0% | 43%-46% |
| All Levels | 40% | 9% | 51% |
| *All Levels* include students who change qualification level whereas rates for individual levels do not. | | | |

Students complete sooner at private providers, but more students eventually complete at public providers. Private providers tend to have shorter qualifications and more full-time study than public providers. For all domestic students starting any qualification in 2000, the three-year rates for completion and retention after 2002 are:

Table 12 - Completion and Retention after 2002 of Domestic Students starting in 2000

| After 2002 | Public start 2000 | Private start 2000 |
|---|---|---|
| Successfully completed | 27% | 32% |
| Still studying | 19% | 3% |
| Left without completing | 54% | 65% |

Qualification completion and attrition need to be viewed in context. Students complete courses at a higher rate than qualifications. New Zealand's open access to enrolment and student support will mean trade-offs of access with drop-out and completion rates. Students will enroll in a qualification, but leave with a few courses completed, once they have met their objectives of:

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[103] Five-year rates are not yet available for PTEs.

- employment;
- particular course passes; or
- just to 'try it out'.

For all students completing any qualification in 2001, progression in 2002 was:
- higher level study                    15%
- study at same or lower level          24%
- left study                            62%

Table 13 - Progression to Higher Study by Level

| Qualification Completed in 2001 | % Enrolment in Higher Level Study in 2002 |
|---|---|
| Certificates | 17% |
| Diplomas | 13% |
| Degrees | 15% |
| Postgraduate Diplomas & Certificates | 13% |
| Honours/Masters | 6% |
| All levels | 15% |

Students under the age of 25 have higher completion rates across all levels. The difference is less for diploma qualifications, both undergraduate and postgraduate. Older students are more likely to be engaged in part-time study. The completion rates for women are higher than that for men across all levels, but at higher levels the gap lessens. Progression rates for men and women are similar.