

## Foreword by the Minister of Education

The purpose of the tertiary education reforms is to create a quality tertiary education system where tertiary education organisations (TEOs):

- take responsibility for, and actively work to improve, the quality of their teaching to ensure that all learners gain the best value possible from their participation in tertiary education
- ensure that learners access excellent education and training that is relevant to their needs, to those of employers and community groups and to New Zealand's broad national goals, and that learners increasingly progress to higher levels of learning and qualifications
- enable their knowledge, teaching and research activities to provide better support for innovation in all aspects of New Zealand life and the social, economic, environmental and intellectual development of New Zealand.

In parallel, the government education agencies are expected to ensure a focus on quality educational achievement for learners and for New Zealand.

The Tertiary Education Strategy 2002/07 (TES) established broad goals that set the direction for tertiary education. They provide a strategic and coherent approach to the development of a tertiary education system that better meets the needs of New Zealand and that meets the tests of excellence, relevance and access, while respecting the self-governance of TEOs and the importance of academic freedom.

Monitoring the progress of tertiary education towards the outcomes defined in the TES is important because of the critical role of the sector in helping shape our society and economy and because of the level of investment the public makes in the system.

Monitoring enables:

- TEOs to better shape their own goals and objectives in line with national goals and objectives, and through dialogue with their stakeholders
- stakeholders to be better informed about the connections between tertiary education and their own social and economic goals
- the system to achieve greater alignment with the goals and aspirations set out in the TES and make a greater contribution to the social and economic development of the country
- government to develop policies to further support the achievement of the outcomes defined in the TES.

This is the first of a series of annual monitoring reports that looks at the progress of the sector towards achieving the goals of the TES. This report focuses on a period of developing new policy, new infrastructure and new arrangements in the sector.

The evidence in the report shows that the tertiary education system is starting to respond to the directions set out in the TES. There are examples of good practice and leadership being shown in various parts of the system and stronger engagement with and between different stakeholders. However, there are still a lot of challenges and opportunities ahead for the tertiary education system to actively help drive our country forward in its social, cultural and economic development.

This report shows that participation in tertiary education is increasing — but the focus needs to be on greater excellence in teaching, learning and research that will see more students completing qualifications and achieving at a higher level.

It points out that there is still considerable scope to build more active connections with stakeholders to increase the relevance of tertiary education and research to meeting national goals.

It highlights areas where some groups of learners, including Māori, Pasifika and people with disabilities, continue to be under-represented, especially at higher levels of tertiary education. Greater efforts need to be made to increase their successful participation at higher levels of achievement.

It shows a sector that is managing its financial resources better, while being faced with an increasingly complex environment.

The priorities in the recently released Statement of Tertiary Education Priorities 2005–2007 (STEP) have been informed and reinforced by the evidence provided in this report. The STEP sets out a way forward for government agencies and TEOs to work towards further achievement of the goals set out in the TES.

I commend this report to you and encourage you to consider how your organisation can best address the issues raised in it.



**Hon Trevor Mallard**  
MINISTER OF EDUCATION

## Foreword by the Secretary for Education

*The Tertiary Education Strategy 2002/07* affirmed that:

“New Zealand needs a tertiary education system that is outwardly focused, able to meet the needs of learners and the future development needs of our nation, and which is distinctively ‘New Zealand’ in its approach.”

As we move forward into the 21st century, tertiary education is becoming an increasingly complex task. No longer is it about getting a small proportion of the population through degrees and offering trade certificates for the rest. It involves a wide range of activity from foundation education to work-based training to cutting-edge research and development. Tertiary education no longer happens just in the lecture theatre, the laboratory or workshop and the library; it is also taking place in the wharekai at the marae, in the back paddock of the farm, in the dining room at home and in the lunch room at the office. It is supported by significant investment from students, their families, employers and industry, as well as from the government.

To manage within this complexity, a clear focus on outcomes is essential. This helps build agreement on, and understanding of, what makes a successful learner. It helps inform understanding about what is the essence of effective teaching and about the capabilities and relationships needed to support an effective tertiary education system. These include understanding, supporting and encouraging the learners in their pathways from school to tertiary education, to work and adult life, and, increasingly, back to tertiary education again.

Having good information about outcomes is important to build a strong system supported by effective policies and relationships with a range of stakeholders. This information provides the focus for setting priorities and strategic dialogue at all levels of the system.

The TES is fundamentally about putting the attention on outcomes and on the contribution tertiary education makes to the lives of New Zealanders, individually and as a nation.

The monitoring project is one part of creating the focus on outcomes. It symbolises the growing emphasis in public policy on evidence and the analysis of that evidence. It raises questions about how best to articulate outcomes and how to measure them. It raises questions about what factors lie behind successful outcomes. It helps frame questions about future priorities and the strategies and relationships that might be needed to get better outcomes.

This first annual monitoring report is a step along the way in a much larger and longer journey. It brings together new information about the performance and relevance of tertiary education in New Zealand. It provides glimpses of where the system is increasingly focused on outcomes and where greater attention needs to be given.



**Howard Fancy**  
SECRETARY FOR EDUCATION



# Introduction | 1

Tertiary Education Strategy | 2002/07  
Monitoring Report 2004

## The Tertiary Education Strategy (TES)

The TES sets out the government's medium-to long-term strategy for tertiary education. It:

- articulates the broad goals for the tertiary education system
- provides vision and direction on how the tertiary education system can meet the needs of students, research users and wider stakeholders
- sets a framework to guide planning and funding.

The TES covers all aspects of post-school education including:

- courses provided by universities, polytechnics, colleges of education, wānanga, private training establishments (PTEs) and other tertiary education providers
- foundation education through to doctorates
- industry and workplace training
- employment training and second chance education
- adult and community education (ACE).

The TES is made up of six interrelated strategies:

- Raise foundation skills so that all people can participate in our knowledge society
- Develop the skills New Zealanders need for our knowledge society
- Strengthen research, knowledge creation and uptake for our knowledge society
- Te rautaki mātauranga Māori — contribute to the achievement of Māori development aspirations
- Educate for Pacific peoples' development and success
- Strengthen system capability and quality.

Across these strategies there are 35 objectives. While the objectives are presented as relating to one of the six strategies, many of them are interconnected and overlap with key concepts in other strategies.

In addition, there are nine change messages threaded through the objectives that relate to increasing the relevance, connectedness and quality of the tertiary education system, and provide a focus on the overall changes sought throughout the system. The change messages are:

- Greater alignment with national goals
- Stronger linkages with business and other external stakeholders
- Effective partnership arrangements with Māori communities
- Increased responsiveness to the needs of, and wider access for, learners
- More future-focussed strategies
- Improved global linkages
- Greater collaboration and rationalisation within the system
- Increased quality, performance, effectiveness, efficiency and transparency
- A culture of optimism and creativity.

In general, the TES focuses on improving the ability of TEOs to manage for improved outcomes, rather than setting specific outcome targets. This is to be achieved through a mix of shifting attitudes and culture and the implementation of new funding and accountability policies.

There is an expectation that the progress of the tertiary education system towards the goals of the TES will be monitored and evaluated.

## Monitoring the TES

### First annual monitoring report

This first annual monitoring report tracks the progress of the tertiary education system against the TES during the initial period of implementation of the tertiary education reforms from 2002 to 2004. It builds on the Baseline Monitoring Report<sup>1</sup>, which provided a view of the tertiary education system at the start of the TES and before implementation of the tertiary education reforms.

The emphasis in the period from 2002 to 2004 has been on developing the new infrastructure, through establishment of the Tertiary Education Commission, implementation of planning and accountability documents for all government-funded TEOs and implementation of new funding mechanisms to encourage quality in research and teaching and learning.

Therefore, this report largely focuses on implementation of the reforms and the initial response of the sector to the TES. It provides:

- updates of key indicators
- progress with implementation of key policies
- initial analysis of tertiary education institution (TEI) and industry training organisation (ITO) profiles.

The report also includes new baseline data on the quality of research (from the Performance-Based Research Fund quality evaluation) and qualification retention, completion and progression rates.

### Structure of the report

The report begins with an overview of the state of the sector two years into the implementation of the TES. This section is structured around the four key themes of the reforms — excellence, relevance, access and capability — to draw together key themes from across the TES.

This is followed by a set of cross-strategy indicators which highlights the overall changes in the sector. These indicators provide contextual information against which broader changes resulting from the TES can be monitored.

The rest of the report is structured around the six strategies of the TES. These sections provide more detailed analysis of change within the important areas of each strategy and identify key challenges for moving forward in each area.

Included in this report are specific examples of changes taking place within the sector. These examples are included as illustrations of what the overall direction of change means at a local level.

### The purpose of monitoring

The purpose of monitoring the TES is to provide ongoing, timely information on the progress of the tertiary education system against the TES. Monitoring will help make sense of the extent to which the intended changes are happening, in which areas and to what degree.

There are three main audiences for this work:

- Ministers and government — providing information on progress and highlighting any areas that may require further attention
- the tertiary education sector and its agencies — providing information that can provide a broader context for policy development and sector planning processes
- key stakeholders — helping them understand the sector's contribution and progress towards meeting national goals.

Monitoring looks at the tertiary education system as a whole, rather than assessing the performance of individual organisations. It considers the overall patterns of change and response. It specifically examines the progress of the TES and is not intended to provide monitoring of all aspects of the tertiary education system. Monitoring and evaluation of specific policy and funding changes will be undertaken separately.

Information from monitoring has informed the development of the 2005/06 STEPs. It will also inform the development of the next TES.

### The challenge of monitoring

The TES sets a direction for the sector. It aims to improve the ability of the sector to achieve better outcomes. It does not set specific, measurable goals and targets. Much of the TES is aimed at shifting the attitudes, culture and focus of the sector. The key messages of the TES are summarised in the nine change messages<sup>2</sup>. These change messages are intrinsically difficult to measure.

A narrow focus on quantitative indicators could easily miss the 'real' story. The system may be 'scoring' well on a whole range of indicators but still missing the point of the TES as set out in the change messages — or the other way around.

<sup>1</sup> Published in April 2004.

<sup>2</sup> Refer to the previous section on the Tertiary Education Strategy (p.8).

The challenge of monitoring, therefore, is to highlight the overall messages, not just report on indicators. This requires using a mix of quantitative data that can provide measures of change over time, balanced with qualitative information that can provide explanation of how and why change is or isn't occurring. The monitoring needs to examine system-wide indicators, but these are likely to be slow to show change in many areas. Therefore, there also needs to be information on examples of innovation and successful change. Some areas will require longer-term research beyond the scope of the monitoring work.

Even so, monitoring can only provide a partial and selective view of change across a system that is as complex and dynamic as tertiary education.

Over the period of the TES, monitoring will shift from summarising what is happening in relation to the TES, to making sense of how changes are contributing to the larger goals of the TES and the well-being of the country. This will require greater attention to the change messages to understand how well the tertiary education system is performing in a national and international setting.

#### **Further areas for monitoring information**

While new data has been added to this report and new indicators developed, this report can only provide a partial picture in relation to the TES. Work will continue over the next year or so to fill out the picture further. In particular:

##### ***Course retention and completion***

New information on retention and completion rates at course level will become available for analysis during 2005. This information will complement analysis of qualification completion and retention.

##### ***Research on stakeholder engagement with tertiary education***

The Ministry of Education is scoping work on how to gather information on the experiences of engagement by key stakeholder groups with the tertiary education system. This will provide an external view of the performance of the system, particularly with regard to delivering education and research that is relevant to the needs of industry, business, Māori, iwi and Pasifika communities.

The Ministry is also developing a research project on internationalisation within tertiary education, which is likely to provide insight into the international aspects of the TES.

## **Finding out more**

For detailed information and statistics on tertiary education please refer to the following sources:

### **Ministry of Education**

*New Zealand's Tertiary Education Sector: Profile and Trends 2003*

This report, and other more specific analytical reports, can be downloaded from: <http://www.minedu.govt.nz/goto/tertiaryanalysis>

### **Tertiary Education Commission**

Reports and information on specific programmes and funding can be found on the TEC website: [http://www.tec.govt.nz/about\\_tec/publications.htm](http://www.tec.govt.nz/about_tec/publications.htm)

## **List of abbreviations**

ACE	Adult and community education
CoRE	Centre of Research Excellence
CRI	Crown Research Institute
EFTS	Equivalent full-time student
GIF	Growth and Innovation Framework
ICT	Information and communications technologies
ITO	Industry training organisation
ITP	Institutes of technology and polytechnics
NZQA	New Zealand Qualifications Authority
OECD	Organisation for Economic Co-operation and Development
PBRF	Performance-Based Research Fund
PTE	Private training establishment
STAR	Secondary Tertiary Alignment Resource
STEP	Statement of Tertiary Education Priorities
TEC	Tertiary Education Commission
TEI	Tertiary education institution (a public provider of tertiary education)
TEO	Tertiary education organisation (any provider of tertiary education or an ITO)
TES	Tertiary Education Strategy

# The State of Play | 2

The tertiary education system in 2003/04

Tertiary Education Strategy | 2002/07  
Monitoring Report 2004

This report analyses the development of the tertiary education system during the initial period of the TES and tertiary education reforms. The emphasis during this period has been on developing infrastructure and implementing new policy. As such, the report considers the early indications of direction within the sector and the overall progress of policy implementation.

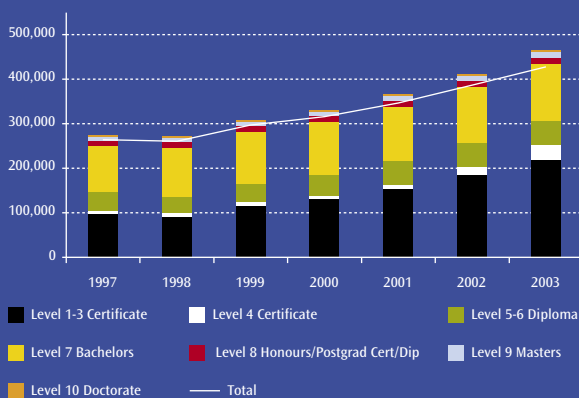
In general, this report depicts a sector which is just starting to engage with the TES as a driving influence. Some TEOs are developing new approaches in line with the TES and in many areas, the TES is supporting and encouraging the existing work of TEOs. The profiles process has required TEOs to consider their strategic priorities within the framework of the TES. The extent to which the TES is driving strategic priorities in general remains to be seen.

## General trends affecting tertiary education

### Continuing growth in participation

The tertiary education system continues to be characterised by growth in provision, especially in certificate-level qualifications. Much of this growth continues to come from people who have not previously participated in tertiary education. Around 55,000 students over the age of 25 started tertiary education for the first time in 2003. However, the rapid growth raises questions about whether quality of provision is being achieved as well as quantity.

**Figure 1: Formal domestic students by qualification level 1997–2003**

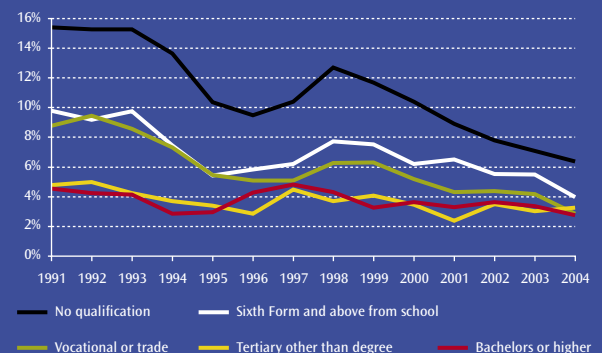


There has also been continued growth in industry training, including Modern Apprenticeships, as a result of increased government funding and employer support for this area. There were 127,000 people participating in industry training during 2003.

## Greater labour market demand for all levels of skill

A stronger labour market, and lower unemployment rates, are likely to affect future demand for tertiary education. There is likely to be greater demand for on-the-job training, and less for low-level, pre-employment training. Employer demand for both skilled and unskilled labour is increasing. There is now little difference in unemployment rates by level of tertiary qualification, but still significant advantages in income for higher-level qualifications.

**Figure 2: Unemployment rates by highest qualification 1991–2004**



Note: Numbers are for the June quarter of each year.  
Source: Statistics New Zealand, Household Labour Force Survey

## Achieving greater excellence

A key theme of the tertiary education reforms is achieving greater excellence in tertiary education and research. This involves a shift in emphasis from raising participation to the quality of teaching and research and student success. To this end, a major focus of policy development is on building excellence in tertiary education teaching and learning.

In foundation education policy, there is a strong emphasis on understanding ‘what works’ in order to support the development of improved professional resources and higher-quality provision.

The framework for key competencies in tertiary education was published in 2005. Significant aspects of the framework include developing higher levels of competence and enhancing teaching and learning.

To enhance the effectiveness of teaching and learning in tertiary education, the government has agreed to:

- accelerating the shift towards more effective teaching and learning through establishing the National Centre for Tertiary Teaching Excellence

- enhancing quality assurance and risk management practices to support and improve the effectiveness of tertiary teaching and learning
- encouraging providers to assist learners to succeed in their education through the Student Component Performance Measure, which links part of student component funding to performance in teaching and learning.

The successful implementation of the PBRF in 2003 provides greater recognition of excellence in research. The 2003 quality evaluation showed that around half the researchers who had produced sufficient quality and quantity of output in the last six years to be assessed adequately are producing work of national or international reputation, with the sciences, social sciences, humanities and law being areas of particular strength.

### Engaging with stakeholders to improve relevance

A key area for improving the relevance of tertiary education and research is increasing the engagement of TEOs with key stakeholder groups. The following analysis comes from a reading of TEI and ITO profiles. Research will be started in 2005 on the stakeholders' perspectives of engagement with the sector.

In general, this analysis shows that most TEIs and ITOs are cautiously building on existing relationships with stakeholders. Only a few are looking more widely at who they need to build relationships with to improve the relevance of their teaching and research.

### Most TEIs building on existing relationships with industry — few moving into new areas of industry

A reading of TEI profiles shows most TEIs are further developing their existing connections with industry and business. Universities are mostly connecting with stakeholders on research, improving the uptake of new knowledge and professionally oriented programmes. Most polytechnics see linking with industry to be a core part of their business and are engaging with stakeholders on the relevance of their vocational education programmes. Some are developing applied research programmes with industry.

TEIs are largely building on existing relationships and strengths and expanding the scope and range of activities. Some areas of industry may not be so well connected, particularly those dominated by small businesses.

There has been continued progress towards developing the leadership roles of ITOs in supporting skill development in their industries and strengthening the links between industry and tertiary education provision.

### Most TEIs building on existing relationships with Māori and iwi — a new area of activity for most ITOs

TEI profiles show that most TEIs are moving forward with their relationships with Māori and iwi and exploring opportunities for greater partnership. This follows a period of planning and consultation. Universities are concentrating more on research in their relationships with Māori, while polytechnics are concentrating on vocational education. The extent of relationships is varied, particularly amongst polytechnics.

Engaging with Māori and iwi is a relatively new area of activity for most ITOs. Most are working towards improving delivery of, and access to, industry training. A few are going further and supporting Māori and iwi-based developing industries.

### Engagement with Pasifika communities varied and generally in the early stages

There is generally a low level of engagement with Pasifika communities across the tertiary education system.

In general, TEIs are still in the early stages of relationship development, with the emphasis on existing linkages. The level of engagement varies between TEIs and doesn't necessarily reflect the size of the Pasifika population served by the TEI. Some who have very small Pasifika communities in their area have achieved relatively good relationships, while others in areas of higher Pasifika population are still working out how to connect with their Pasifika communities.

Most ITOs are in the very early stages of considering connections with Pasifika communities. They are formulating plans to consult and identify groups with which to build relationships.

Across both TEIs and ITOs, the main focus is on improving support for Pasifika students and trainees. There is less attention to meeting the wider aspirations of Pasifika communities.



## Providing access for under-represented groups

### Decline in movement from school to certificate-level studies as labour demand increases

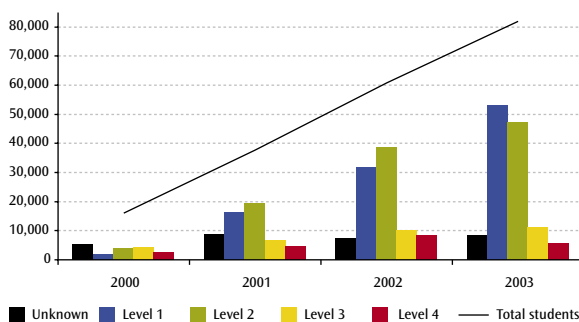
The proportion of students who left school in 2002 and were studying at certificate level in formal tertiary education as at 31 July 2003 declined in comparison with the previous year's school leavers (a decrease of 4 percentage points). While some of this shift is likely to be due to increased participation in Modern Apprenticeships, some of it will also be due to school leavers moving directly to unskilled jobs as labour demand increases. The latter trend raises concerns about the levels of foundation skills of school leavers going straight into unskilled work.

The government is putting additional resources into supporting young people to continue in education.

### Greater participation in foundation education

Participation in foundation education programmes continues to grow, particularly through wānanga and polytechnics. Growth in English-language-based foundation education has continued to expand at a similar rate to the last three years, with around 22,000 additional students each year. Growth in te reo and tikanga Māori foundation education started to level off in 2003, with just under 50,000 students participating that year.

**Figure 3: Formal domestic students in English-language-based foundation education courses by course level 2000–2003**



### Wānanga providing effective access to tertiary education

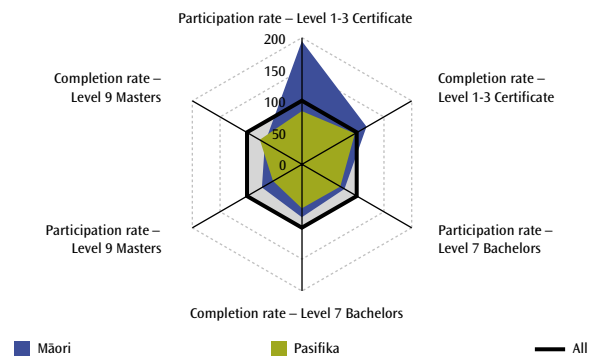
Wānanga continue to play an important role in providing access to tertiary education for Māori and other groups. The numbers of students at wānanga continue to grow, with wānanga achieving higher retention and completion rates at certificate level than other sub-sectors. Twenty-four percent of

students who completed a level 1 to 3 certificate at a wānanga in 2002 enrolled in a higher-level qualification in 2003 (compared with 29 percent for universities and 18 percent for polytechnics).

### More to be done to improve Māori participation, retention and completion in higher qualifications

Māori participation, retention and completion remain strong at certificate level. While gains are being made at higher levels, retention and completion rates of Māori in degree qualifications and above are still below those of non-Māori.

**Figure 4: Comparison of participation rates and five-year completion rates for Māori, Pasifika and all formal domestic students 2003**



Notes:

1. Rates are represented on an index for comparison, where the rate for all students is set at 100.
2. Participation rates are age-standardised for 2003.
3. Completion rates are five-year completion rates for those starting a qualification in 1999, that is, the proportion of those who started in 1999 who had completed a qualification by the end of 2003.

### More to be done to improve Pasifika participation in higher qualifications, and their retention and completion rates at all levels

While Pasifika participation is increasing at all levels, rates of participation at higher levels are still lower than for the rest of the population. Pasifika retention and completion rates at all levels are lower than for other students.

### Participation of people with disabilities levelled off

After a period of substantial growth, the proportion of students who have a reported disability has levelled off from 2002 to 2003 at 5 percent of students. This provides a very broad indicator of access for this group. More detailed work is required to understand access issues for people with different levels and types of disability.

## Building system capability

### Steady improvements in management within an increasingly complex environment

There are some indications of steady improvements in the overall management of TEOs. The financial indicators for TEIs strengthened in 2003. However, there are still significant areas of financial risk and some TEOs are showing signs of struggling to manage within the increasingly complex environment of tertiary education. There is an overall improvement in New Zealand Qualifications Authority (NZQA) audit results for PTEs. The Ministry of Education has provided training to support good governance in TEIs.

### Support for system development and collaboration

A number of strategic development funds established over the period 2001 to 2003 have continued to provide support for developing wider system capability, particularly in the areas of e-learning, innovation and collaboration.

The Centres of Research Excellence (CoREs) are making steady progress in developing cross-institutional collaborative research programmes. The Partnership for Excellence fund is supporting innovative projects developed in partnership with the private sector.

### Need to increase numbers of Māori and Pasifika staff in teaching programmes

Recent data confirms the low representation of Māori and Pasifika among tertiary teachers at degree level (6.1 percent and 1.2 percent, respectively, of staff teaching at degree level and above). This area is identified as an important aspect of capability in the TES and further attention is needed if this area is to be addressed.

### Some uncertainty around future trends in export education

The continued reliance on Asia for international students and the apparent downturn in numbers from that region pose risks for international student programmes in some parts of the sector. Some providers are developing plans for managing international enrolments in the future. Most providers appear to be complying well with the Code of Practice for the Pastoral Care of International Students.



# Overview | 3

Tertiary Education Strategy | 2002/07  
Monitoring Report 2004

## Implementation of the reforms

The TES is part of the tertiary education reforms aimed at creating a more coherent and collaborative tertiary education system. The reforms are aimed at ensuring that the system is better aligned to the nation's goals and is actively identifying and meeting the needs of the communities it serves. The reforms are intended to change the culture of both tertiary education agencies and the sector as a whole. As part of this push, the reforms create a number of regulatory and resourcing changes.

The initial focus in the reforms was on developing new processes and infrastructure, and in particular, the establishment of the TEC. This has been followed by the implementation of new planning and accountability arrangements, which are now in place for all government-funded TEOs, and the development and implementation of funding mechanisms to reward quality and excellence in research and education

### Improved planning and accountability

Charters and profiles have now been implemented for all TEOs that receive public funding.

A charter is a high-level governance document that provides a broad description of a TEO's mission and role and the type of activities it undertakes. The TEC assessed a total of 528 charters in 2003. Of these, the Minister approved 523 and declined two, while three were found not eligible for government funding.

A profile is developed annually by a TEO and sets out plans and targets for the next three years, as well as reporting on recent performance. TEOs are

required to specify the alignment of their strategic plans to the strategies and objectives of the TES, as well as specifying the activities for which they are seeking government funding through the TEC. In 2003, all TEIs and the 15 largest PTEs were required to submit an interim profile. In 2004, all government-funded TEOs were required to submit a full profile for the 2005 to 2007 period.

### The integrated funding framework

#### *Funding for teaching and learning*

A Student Component Performance Measure will come into effect from 2006 and will put attention on improving quality in the poorest performing TEOs. The measure is described in more detail in the section on *Effective teaching and learning in tertiary education* (p.58).

#### *Funding for research*

The first quality evaluation for the PBRF was undertaken in 2003. Funding under the new approach will be implemented progressively, with implementation completed in 2007. The implementation and results of the PBRF are described in the section on *Performance-Based Research Fund — implementation and quality evaluation results* (p.41).

#### *Targeted funding for strategic development*

Strategic development funding has continued in the areas of e-learning, innovation and development and partnerships for excellence. A new ITP Business Links Fund was launched in 2004 to enhance knowledge transfer from polytechnics to industry.

## Cross-strategy indicators

This section provides a set of cross-strategy indicators which provide information on the overall state of tertiary education in New Zealand in 2003/2004.

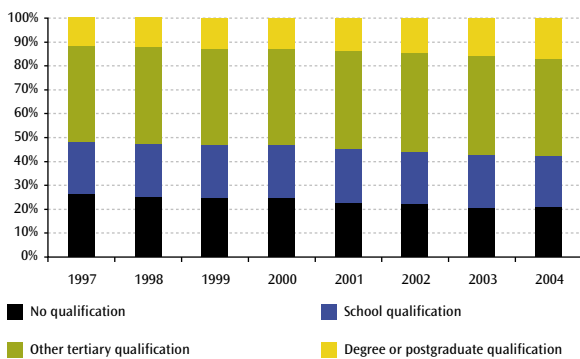
These indicators provide contextual information on the state of the tertiary education system, against which broader changes resulting from the TES can be monitored. Changes in these indicators also provide an alert to possible unintended consequences (positive and negative) of the changes implemented under the TES.

## Educational attainment in the adult population

### Continued growth in proportion of adult population with tertiary qualifications

The proportion of the population aged 25 to 64<sup>3</sup> with a tertiary qualification has continued to increase, from 52 percent in 1997 to 56 percent in 2002, and 58 percent in 2004.

**Figure 5: Distribution of the population aged 25–64 years by highest qualification 1997–2004**



Source: Statistics New Zealand, Household Labour Force Survey

The main growth in highest qualifications in the last two years has been in degree and postgraduate qualifications<sup>4</sup>. The proportion of the population with degree and postgraduate qualifications as their highest qualification has increased from 12 percent in 1997 to 14 percent in 2002, and to 17 percent in 2004.

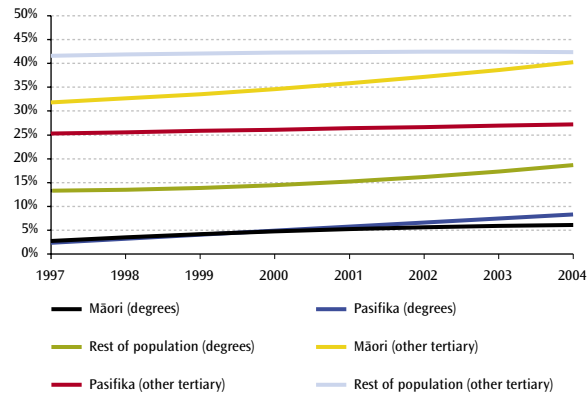
### Persisting differences between ethnic groups

For the Māori population, the main growth in qualifications has been below degree level. This is consistent with their patterns of participation in tertiary education. In 2004, the proportion of the Māori population with a highest qualification below

degree level was approaching the proportion for the rest of the population.

There has only been slow growth in the proportion of the Māori population with a bachelors or higher degree as their highest qualification and the growth rate would appear to be lower than that of the rest of the population.

**Figure 6: Estimated percentage of population aged 25–64 with a degree or other tertiary qualification as highest qualification by ethnic group 1997–2004**



Notes:

1. Survey data has been used to estimate a regression line for each population.
2. Degree includes bachelors and postgraduate qualifications.
3. Other tertiary qualification refers to qualifications below bachelors level.
4. Rest of the population refers to those who are neither Māori nor Pasifika.

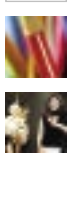
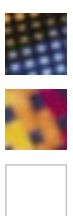
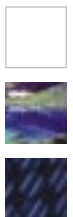
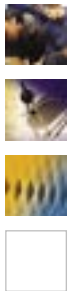
Source: Statistics New Zealand, Household Labour Force Survey

The growth in qualifications attained in the Pasifika population has been much lower. This reflects the lower completion rates of Pasifika students, as well as lower participation rates. The proportion of the Pasifika population with a highest qualification below degree level remains just over half of the proportion for the rest of the population. There has been steady growth in the proportion with degrees, but it is still substantially lower than that of the rest of the population.

## Outcomes of tertiary education

### Decline in unemployment rates greatest for those with tertiary qualifications below degree level

The improved labour market has seen a sharp decline in unemployment rates over the last two years. The key difference now is between the unemployment rates of those with a qualification (school or tertiary) and those with no qualifications at all. This situation reflects the recent increase in demand for labour at all skill levels.

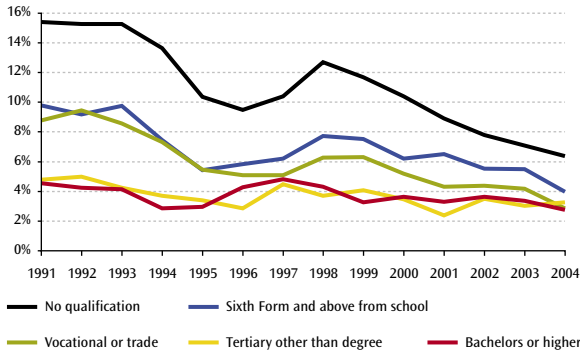


<sup>3</sup> This age group represents people who are likely to have finished their initial education and to be active in the labour force. It aligns with Organisation for Economic Co-operation and Development (OECD) indicators.

<sup>4</sup> These figures are based on highest qualifications, so they do not count the number of other tertiary qualifications held in addition to degrees and postgraduate qualifications and, therefore, undercount the number of qualifications below degree level.

The largest declines in unemployment rates have been for those with sixth form and above school qualifications and vocational and trade qualifications (1.6 and 1.5 percentage points respectively). However, over time, those with higher qualifications have had much better and more even employment outcomes than those with lower tertiary qualifications.

**Figure 7: Unemployment rates by highest qualification 1991–2004**

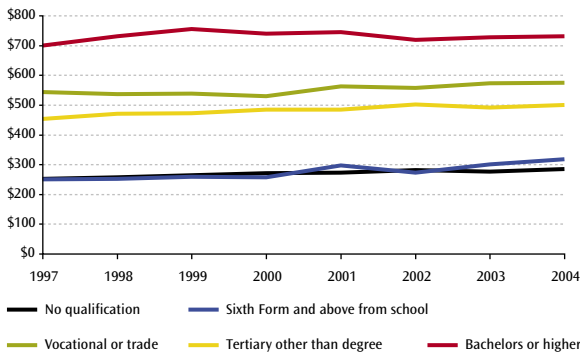


Note: Numbers are for the June quarter of each year.  
Source: Statistics New Zealand, Household Labour Force Survey

**Real income growth for those with degrees and vocational and trade qualifications**

However, there are still notable differences in incomes by level of tertiary qualification. From 2002 to 2004 there has been an increase of 2 to 3 percent in the real median weekly income<sup>5</sup> of those with degrees and vocational and trade qualifications. There has been no increase for those with other tertiary qualifications<sup>6</sup>.

**Figure 8: Median real weekly income (2004 dollars) by highest qualification 1997–2004**



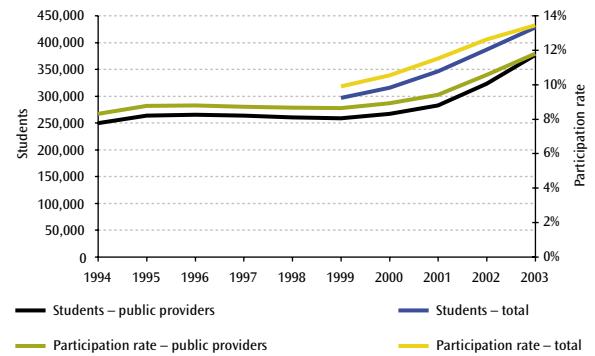
Source: Statistics New Zealand, New Zealand Income Survey

**Participation in tertiary education**

**Continuing increase in participation in tertiary education**

The rate of participation in formal tertiary education<sup>7</sup> increased from 12 percent in 2002 to 13 percent in 2003. This represented an 11 percent increase in the total number of formal students enrolled in tertiary education.

**Figure 9: Formal domestic students and participation rates 1994–2003**

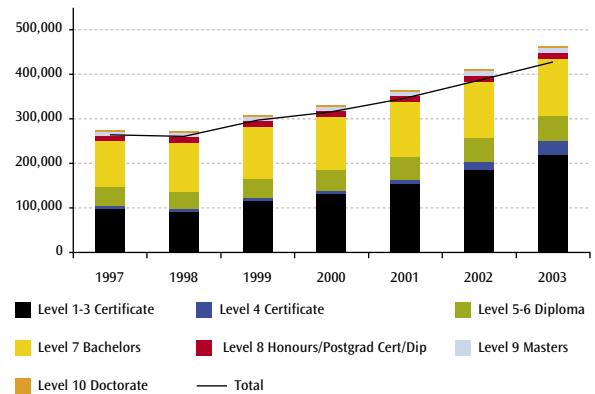


Note: Participation rates have been adjusted to account for the changing age structure of the population over time.

**Main growth still at certificate level**

The main increase in enrolments over the last year has been at certificate level, as it has been in the previous three years. The strongest growth was in level 4 certificates. There was continued steady growth in students at degree level and above.

**Figure 10: Formal domestic students by qualification level 1997–2003**

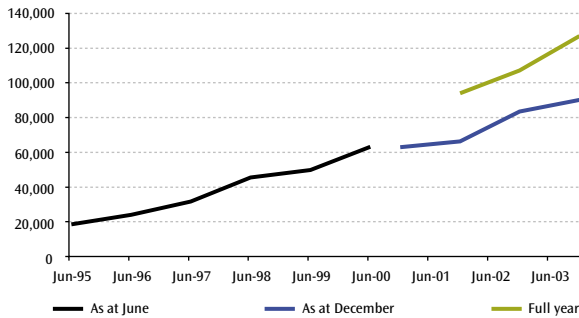


5 Real income refers to income adjusted for inflation over time, in this case adjusting to the equivalent value of income as at June 2004. Median income is an amount of income at which half of the people has a higher income and half a lower income.  
6 Other tertiary qualifications here covers those with general certificates and diplomas, as well as teaching and nursing certificates and diplomas. It does not include teaching and nursing degrees.  
7 Proportion of the population aged 15 years and over engaged in formal tertiary education, adjusted for changes in the age structure of the population over time.

### Continued growth in industry training

The number of people participating in industry training has continued to increase with just under 90,000 trainees participating at December 2003 and 127,000 over the full year of 2003.

**Figure 11: Trainees in industry training 1995–2003**



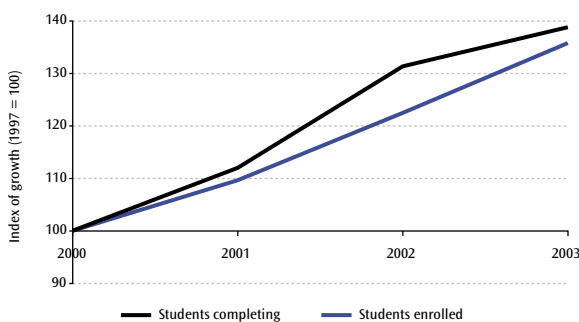
Source: Tertiary Education Commission

### Completion, retention and progression

#### Number of students completing qualifications still increasing

The overall number of students completing a qualification has grown at a similar rate to that of the overall number of enrolments. From 2000, completions have increased by 39 percent, compared with 36 percent for enrolments. In 2003, 95,339 domestic students completed a qualification, a 6 percent increase on 90,210 in 2002.

**Figure 12: Index of qualification completions and formal domestic students 2000–2003 (2000 = 100)**



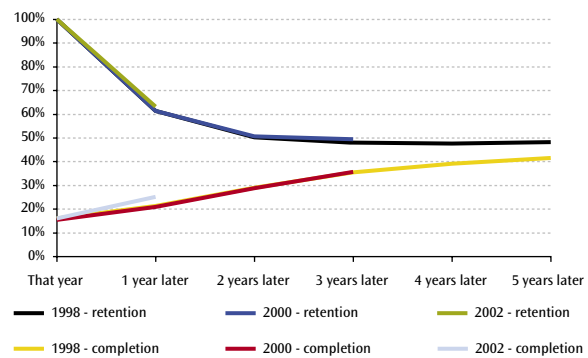
Forty-six percent of completing students in 2003 completed a level 1 to 3 certificate and 13 percent completed a level 4 certificate. The level at which there was the largest increase in completions from 2002 to 2003 was level 4 certificates (a 129 percent increase).

### Around 40 percent of students who started a qualification in 1999 had completed it by 2002

#### New baseline indicator

Forty percent of students who began a qualification in 1999 (in public providers) had completed the qualification five years later, that is by the end of 2003. A further 7 percent were still engaged in study. New Zealand qualification completion rates appear to be similar to those in Australia and Britain, using OECD-defined indicators as a means of comparison<sup>8</sup>.

**Figure 13: Completion and retention rates for formal domestic students in public providers by year started 1998–2003**



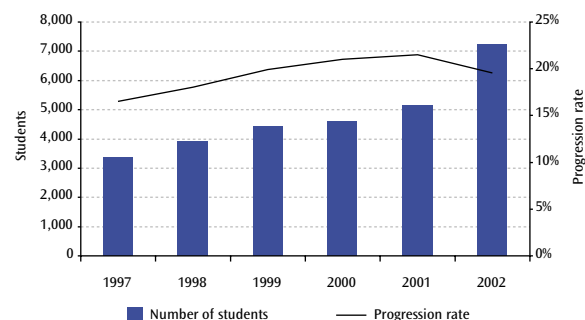
Over the last six years, retention rates have remained fairly stable. Completion rates were stable from 1998 to 2001. There was a notable increase in completion rates after two years for students starting qualifications in 2002 and completion rates after one year for students starting qualifications in 2003.

#### Progression from certificate level to higher levels

#### New baseline indicator

This indicator looks at the effectiveness of certificate-level qualifications in providing pathways to higher-level education. It looks at people who have completed a certificate in a particular year and move on to higher-level study in the following year.

**Figure 14: Progression of formal domestic students completing a level 1–4 certificate at a public provider from 1997 to 2002 to a higher-level qualification in the following year**



The rates of progression to higher levels of study after completing a certificate-level qualification rose steadily from 1997 to reach 21 percent in 2000, but have since dropped off to 20 percent of those completing in 2002. However, underlying this trend has been a significant increase in the total numbers of students who moved into higher-level study after completing a certificate-level qualification.

## Research within the tertiary education sector

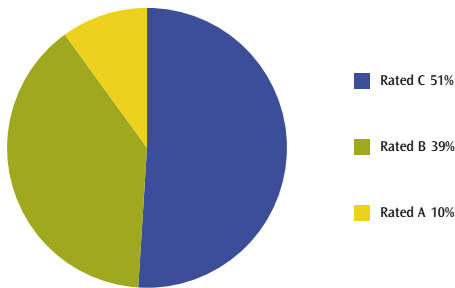
### PBRF assesses quality research in the tertiary education sector

#### *New baseline indicator*

An evaluation of the quality of research outputs of researchers in the tertiary education sector was undertaken as part of the implementation of the PBRF.

The results show that, of researchers who had produced sufficient quality and quantity of output in the previous six years to be adequately assessed (i.e. rated 'A', 'B' or 'C'), almost half produced work of national or international standing. Ten percent produced work of international standard and reputation (A rating) and a further 39 percent produced work of national standard and reputation (B rating).

**Figure 15: Distribution of research staff (in FTEs) rated 'A', 'B' or 'C' by the PBRF quality evaluation by rating 2003**



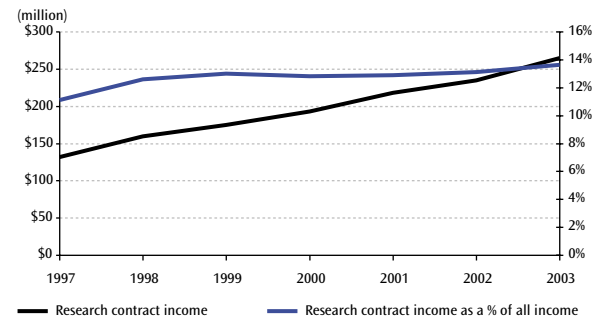
Source: Tertiary Education Commission

## Continued increase in research contract funding

An indicator of the overall relevance, quality and reputation of research in the tertiary sector is the amount of funding for research contracts.

The total funding for university research contracts has continued to increase, with funding totalling \$264 million in 2003. This represents a 13 percent increase on 2002 and accounts for 13.6 percent of all university income.

**Figure 16: University research contract income 1997–2003**

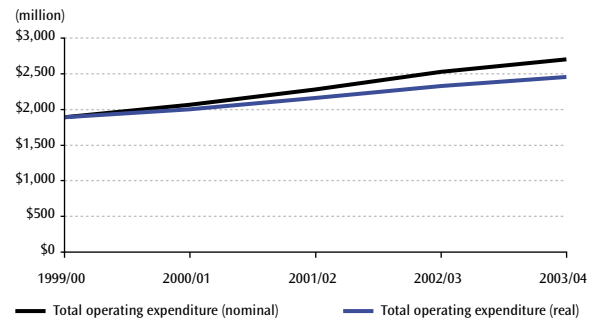


## Affordability of tertiary education

### Affordability to government

In 2003/04, the government spent \$2,701 million on tertiary education, up by 7.2 percent on the 2002/03 actual spending of \$2,519 million. In addition, the government provided \$1,020 million in capital contributions in 2003/04<sup>9</sup>, bringing the total budget for that year to \$3,721 million.

**Figure 17: Total government operating spending on tertiary education in the year to 30 June 1999/00–2003/04**



Note: Capital contributions are excluded.

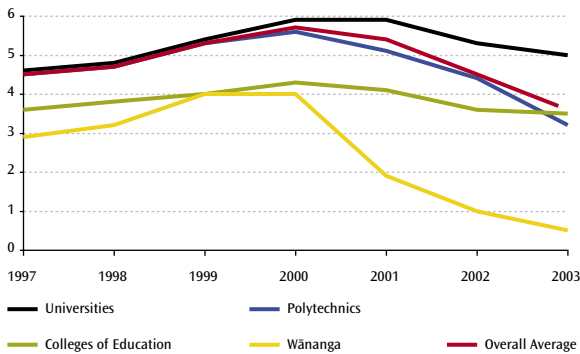
The biggest share of total government expenditure continues to be on tuition subsidies, which accounted for 48 percent of the total budget in 2003/04.

9 The majority, but not all, of this allocation is for student loans.

### Affordability to students

The graph below shows the ratio of the average fee for a domestic student at a TEI to the average weekly wage over the period 1997 to 2003. In effect, this ratio calculates, for someone with average income, how many weeks of gross earnings it would take to cover the average fee charged by a TEI.

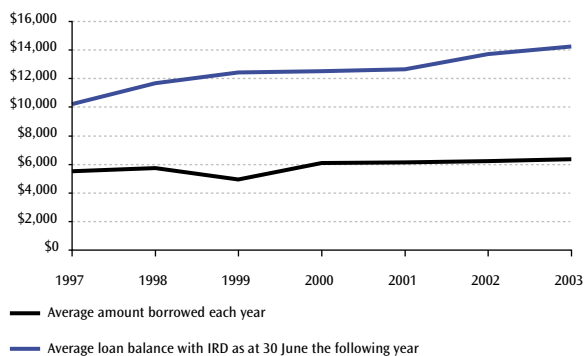
**Figure 18: Ratio of average domestic student fee at public providers to average weekly income 1997–2003**



Fees peaked in real terms in 2000, and have since declined significantly as a result of fee stabilisation policies. In 2003, universities had the highest average fees, followed by colleges of education. The average fee at wānanga was very low. This is due to the large number of enrolments in zero-fee courses in this sub-sector.

The average amount borrowed under the Student Loan Scheme in 2003 was \$6,316. This amount has not risen significantly since 2000. This figure includes borrowing for study in PTEs as well as in TEIs. Average loan balances have grown since 2002. This growth reflects the development of the loan scheme, with more people borrowing over a longer period of time, rather than increases in the cost of tertiary education.

**Figure 19: Average amount of student loans borrowed each year and average loan balance as at 30 June the following year 1997–2003**



Sources: Inland Revenue and Ministry of Social Development

