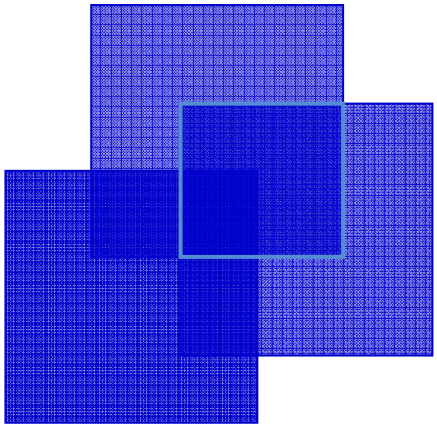

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The implementation and impact of the New Zealand National Qualifications Framework

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The Skills and Employability Department's e-versions of country studies on NQFs are designed to disseminate its main findings of research initiatives, which are intended to encourage exchange of ideas and to stimulate debate. The views expressed are the responsibility of the author(s) and do not necessarily represent those of the ILO.

Foreword

According to an ILO survey, some 70 countries are in the process of developing or implementing some kind of a qualifications framework. A framework is intended to improve understanding of qualifications (degrees, certificates, or recognition of experiential-based learning) in terms of the information they convey to an employer about prospective workers' competencies. Frameworks are also intended to explain how qualifications relate to each other and thus can be combined to build pathways within and across occupations and education and training sectors. Many countries are trying to improve the relevance, quality and flexibility of their education and training systems, and many of them are looking to qualification frameworks as a tool for bringing about this reform. Development of national qualification frameworks (NQFs) are also motivated by the emergence of regional frameworks, such as in Europe or in the Caribbean, which aim to help employers and institutions of higher education recognize the equivalency of qualifications earned in different countries. With these goals in mind, the development of NQFs has been widely supported by multilateral and bilateral agencies.

However, very little has been documented about the effectiveness of NQFs in bringing about change in skills development systems or about their actual use by employers, workers, and training providers. In 2009, the ILO's Skills and Employability Department launched its Qualifications Framework Research Project to study the impact and implementation of NQFs in developing countries to help fill this knowledge gap and to be able to provide more evidence-based advice to member States.

The research programme, comprising some 16 country case studies and a review of academic literature on the NQFs, provides an international comparison of the design and purpose of NQFs in developing countries and an empirical analysis of their use and impact based on the experience of those involved in their design and use. The study aims to understand to what extent establishing an NQF is the best strategy for achieving a country's desired policy objectives, what approaches to qualifications frameworks and their implementation are most appropriate in which contexts and for which purposes, what level of resources (human and other) and what complimentary policies might be required to achieve the policy objectives associated with them, and what might be a realistic assessment of the likely outcomes.

This paper is one of five case studies conducted as part of the research and appears as a chapter in Employment Working Paper No. 45 done in 2009, *Learning from the first qualifications frameworks*, which consisted of: Chapter 1 on the National Vocational Qualifications in England, Northern Ireland and Wales, written by Professor Michael Young (Emeritus Professor at the Institute of Education, University of London); Chapter 2 on the NQF in Scotland, written by David Raffe (Professor of Sociology of Education, University of Edinburgh); Chapter 3 on the NQF in New Zealand, written by Dr. Rob Strathdee (Head of School of Education Policy and Implementation at the University of Wellington); Chapter 4, written by Leesa Wheelahan (Senior Lecturer in Adult and Vocational Education, Griffith University); and Chapter 5, written by Stephanie Allais (now postdoctoral fellow at the University of Edinburgh). A companion Working Paper (No. 44) (Allais et al. 2009), *Researching NQFs: Some conceptual issues*, addresses some of the fundamental conceptual issues involved in research on NQFs in order to broaden the debate about their role in skills systems. A full analysis of the new case studies and the policy lessons derived from them was published in 2010 as *The implementation and impact of National Qualifications Frameworks: Report of a study in 16 countries*, which, along with other background reports and publications, can be found on the Skills and Employability Department website's theme of ILO research programme on

implementation and impact of NQFs at: http://www.ilo.org/skills/what/projects/lang--en/WCMS_126588/index.htm.

As a Research Associate in the Skills and Employability Department in 2009, Dr. Stephanie Allais has led the development of the research and overseen the country studies. Professor Michael Young has served as senior research advisor, and Professor David Raffe gave advice and support to the project. The research programme has been carried out in cooperation with the European Training Foundation. I would also like to thank Jo-Ann Bakker for preparing the manuscript for publication.

Christine Evans-Klock
Director
Skills and Employability Department

Acronyms and abbreviations

GIF	Growth and Innovation Framework
ITF	Industry Training Federation
ITOs	Industry Training Organisations
NCEA	National Certificate of Educational Achievement
NQFs	national qualifications frameworks
NZQA	New Zealand Qualifications Authority
PCET	Post Compulsory Education and Training
QCA	Qualifications and Curriculum Authority
TEAC	Tertiary Education Advisory Commission
TEC	Tertiary Education Commission

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The implementation and impact of the New Zealand NQF

1. Introduction

This paper outlines some of the major factors leading to the introduction of the New Zealand NQF. It also describes the NQF's design, outlines changes that were introduced following its introduction in 1991, and explores its impact to date.

The New Zealand case is potentially interesting, as the agency responsible for the implementation of the NQF, the New Zealand Qualifications Authority (NZQA), attempted to introduce a unified qualifications framework. The idea was that *all* forms of education and training that were funded by the State (and those that were not) would adopt a common system of measuring and recording learning. It was argued that this would create a seamless system of education and training. Accordingly, learners would be able to move with ease between different providers of education and training as they built their human capital. However, as described more fully throughout this paper, a number of factors conspired against the NZQA as it attempted to implement its original vision, including resistance from universities and from other groups and individuals. It is also reasonable to assert that the NQF gained political traction for its more ambitious proposal during a period when New Zealand was undertaking widespread and rapid reform of many different aspects of public policy. Subsequent administrations, which had different objectives, were less supportive of the NZQA's original vision.

Assessing the impact of the NQF with precision is not always easy. In terms of the academic literature, much of what exists can be described as critical policy studies. This literature is primarily concerned with raising critical *questions* about the NQF, rather than providing firm empirical answers to important questions (e.g. Black 2001; Irwin et al. 1995; Jordan and Strathdee 2001; QCA 2005; Roberts 1997; Robson 1994; Sako 1999; Strathdee 2003, 2004, 2005a, 2006). However, as described in more detail below, there exist a growing number of empirical research papers that have been published on the impact of the NQF.

Structure of the paper

Section 2 describes the New Zealand context. Section 3 devotes attention to describing the NZQA's vision for the reform. Section 4 then describes the implementation of the NQF, highlighting changes that have been introduced over time. Although it may have started out as a relatively simple reform, accommodations and modifications mean that the current NQF is very different to that envisaged in the 1980s.

2. New Zealand's social, political and economic context

New Zealand is a small country in the South Pacific. Its population is slightly over four million (the third lowest in the OECD) and it has the fourth smallest economy of the 30 OECD countries (larger only than Iceland, Luxembourg and the Slovak Republic). New Zealand's population is projected to grow from 4.06 million in 2004 to 4.73 million in 2026 and 5.05 million in 2051 (Statistics New Zealand 2005). The majority of New Zealanders are of European descent. However, a significant proportion of the population is Māori (New Zealand's indigenous people) and Pasifika (immigrants from the Pacific Islands). The proportion of the population that is of Māori and Pasifika descent is likely to increase, leading to even greater ethnic diversity in New Zealand; the European sector of the population is therefore predicted to fall from 79 per cent in 2001 to 70 per cent in 2021.

The dominant language in New Zealand is English, but in recent years there has been a concerted effort to increase the number of speakers of *te reo Māori*. There is a vibrant network of schools where the main language of instruction is *te reo Māori*, and a bilingual television station has been launched.

Perhaps unsurprisingly, given its small size, New Zealand operates under a unicameral political system and this has meant that the Government has been able to make changes with ease. However, the introduction of a system of proportional representation has served to limit the ability of governments to act without consultation with other political parties.

The political landscape is dominated by two main parties: the National Party and the Labour Party. The National Party can be compared to the Conservative Party in England. Like the Conservative Party, the National Party has continued to support neo-liberal and neo-conservative values (that is, committed to creating a small strong State that supports free markets). However, the recently-elected National Government shows signs of adopting a more centrist position. By contrast, the Labour Party, which apart from a period when it was captured by the New Right (see below for further detail), has remained social democratic in orientation. As noted above, the introduction of proportional representation has increased the power of minor parties to influence decision making through forming coalition governments. The following table is designed to aid readers' understanding of the position of different governments towards the NQF. (Note: This table needs to be read in conjunction with the material that follows.)

Table 1. Governments of New Zealand and the NQF

Period	Name	Orientation	Contribution to the NQF
1984 - 1990	Labour Governments	Neo-liberal/Neo-Conservative	Enacted legislation to establish original vision of NQF. Created markets in education and training by allowing private providers of training greater access to State funds.
1990 - 1999	National Governments	Neo-liberal/Neo-Conservative	Pushed ahead with the creation markets in education and training. Would not force all providers to adopt original vision of NQF. Believed that traditional examination system should be preserved. As a result: ▪ old examination systems remained and operated along NQF (e.g., the School Certificate and University Entrance examinations) ▪ universities remained separate from NQF
1999 - 2008	Labour-led Governments	Modern Social Democratic	Introduced 'broadened' NQF. As a result: ▪ new qualification for senior school students introduced (National Certificate of Educational Achievement, which is offered at levels 1 to 3 of the NQF) ▪ introduced Scholarship qualification for brightest secondary school students (offered at level 4) ▪ achievement standards introduced in 'academic areas' of school ▪ created register of quality assured qualifications – ALL qualifications that receive State funding must be registered. However, registration falls well short of the vision of the NQF. Argued market-led training system had failed, but supportive of NQF. Moved to 'investment approach' in which Government purchased training outcomes rather than allowed 'market forces' to determine outcomes.
2008	National-led Administration	Pragmatic, but supportive of free enterprise	Unclear, but unlikely to change NQF. Most change will be to curb costs by reducing provision of sub-degree training (for example, this which occurs at sub-degree level in Adult and Community Education). Signaled a move away from the previous administration's 'investment approach'.

Because New Zealand is a small, isolated country with a low population density, it is heavily dependent for its economic progress on exports. During the 1960s and early 1970s, high export prices for agricultural produce delivered to New Zealanders a relatively high standard of living. At the time, it was generally possible for young people to leave school at the earliest possible moment and gain relatively good jobs. However, from the mid-1970s, returns from agriculture declined (though the recent boom in dairy prices is a notable exception to this trend). As a result, from the late 1970s New Zealand's unemployment rate, or the number of unemployed

persons expressed as a percentage of the labour force, increased peaking at 11 per cent in 1992. As is usually the case, unemployment was particularly high amongst those most vulnerable, i.e., youth and ethnic minorities. In the early 1980s, New Zealand had an unemployment rate of about 17 per cent for young people aged between 15 and 19 years. More recently, high economic growth (and other changes in social welfare) led to full employment and skill shortages (though unemployment is currently on the rise once more).[1]

Over time, the areas of the labour market in which New Zealanders work have changed. Perhaps the most important change is the increase in the size of the service sector. In the past, the majority of New Zealanders worked in industries related to agriculture. While, agriculture remains important, new sectors have assumed increased importance (for example, finance, tourism, health services, and other service sector occupations).

In an attempt to help individuals meet the demands for new forms of skill, successive governments have invested in skill development and learning (of which the NQF is an important component). However, while successive governments have each been committed to skill development, they differ in how they believe the NQF can contribute to this. For neo-liberal interests, the value of the NQF is that it created a market in education and training in which the voice of employers was increased. For example, through various mechanisms, the skills required by employers are, in theory, better identified (Strathdee 2003).

The bulk of accredited learning occurs in New Zealand's compulsory schooling sector (schooling is compulsory and free between the ages of 5 and 16 years, although the Minister of Education has the power to allow students to leave school earlier than this), and in New Zealand's major providers of tertiary education. In 2007, about 5 per cent (2,834) of students left the compulsory school sector with few or no qualifications (New Zealand Ministry of Education 2007a), and 1,930 students left with early exemptions (ibid. 2007b). Exemptions are usually only granted where there is evidence that the young person is moving on to other accredited training, for example, an apprenticeship.

The performance of New Zealanders academically remains high compared to other OECD nations. However, there continues to be concern about the achievement of some groups in society. For example, like many other western nations, the Government of New Zealand is concerned about the low levels of literacy skills held by individuals in school and in the workforce. Also, at a post-school level, New Zealand performed poorly compared to other OECD nations. For example, results of the 1997 International Adult Literacy Survey (ibid. 1999) showed that only about 20 per cent of New Zealanders were operating at a highly-effective level of literacy and able to manage abstract concepts and employ specialized knowledge in interpreting information. However, as international experience has shown, lower levels of literacy were found to be concentrated with ethnic minority

[1] All figures produced by Statistics New Zealand http://www.stats.govt.nz/products-and-services/table-builder/table-builder-labour-market.htm [10 June 2009].

groups and the unemployed. To help reverse this, the Government introduced the Adult Literacy and Numeracy Strategy.[2]

When considering these comments, it is important to remember that New Zealand has produced some of the highest literacy rates for OECD nations. For example, New Zealand 15 year-old students performed very strongly in reading literacy in the PISA (Programme for International Student Assessment) 2000 assessment (Sturrock and May 2002).

3. The original vision for the NQF

As was the case in many other nations, the NQF has its immediate origins in the political and economic crisis that was manifest in the rise of neo-liberalism as an approach to political and economic management in the 1980s. In the 1980s and 1990s in New Zealand (and earlier in other nations), there was significant economic restructuring and moves towards a less-regulated economy. These moves were designed to improve efficiency and promote enterprise.

Although it is not widely understood, the introduction of the NQF was an important part of a broader neo-liberal policy response to New Zealand's economic problems of the 1980s. This response found expression in a series of reports that identified a need to improve competitiveness in global markets; a need to reduce educational inequality; a need to create a modern education system that would encourage lifelong learning; and a need to increase skill levels in the labour force. As part of the overall strategy, it was argued that all forms of knowledge were of equal value and that distinctions between academic and vocational knowledge reflected outdated class-based prejudices. Indeed, it was argued that markets are best placed to determine the value of knowledge. If the nature of the labour market has changed, then, according to social democrats, what is taught in New Zealand's educational institutions and how this learning is assessed should also change (Strathdee 2005b).

The NQF was designed to achieve this change. Thus, the NQF was deemed necessary to increase participation, create a lifelong learning culture, increase overall levels of achievement, and align the status of vocational and academic learning (NZQA 1991). In effect, where previously educational policy intervention was designed to push learners out of education and training and into work as quickly as possible, proponents of the NQF claimed that obtaining and retaining a place in the post-Fordist economy (or high wage/high skill economy) required that learners remain in education and training for longer periods to learn different skills.

However, improving the integrative function of education also required that assessment practices change from merely ranking learners against one another to telling employers what students can actually do. As former Director-General of Education, Bill Renwick stated in relation to secondary school education in New Zealand:

[2] See http://www.tki.org.nz/r/literacy_numeracy/litnum_stra_e.php [10 June 2009].

> The function of education of sorting and grading is much less central to the educational responsibilities of teachers than it was a generation ago. Public education is now looked upon less as a scarce commodity to be rationed and more as a service which all members of the public will need to make use of in various ways at different points in their lives and for many reasons. ... If the renewed interest in education for working life has done one thing it has directed attention to the inadequacies of School Certificate and University Entrance result cards as providers of useful information about potential employees. Employers now want to know more about a prospective employee than the examination result card can tell them. (Renwick 1981, p. 10)

Poor information flows are also believed to have contributed to credential inflation, particularly during periods of high unemployment. This has occurred because credentials have tended to serve as simple selection devices rather than indicating exactly what skills potential recruits have obtained. In addition, the NZQA argued that the lack of useful information reduced the level of trust employers had in educational qualifications. One result is that employers demanded credentials far beyond those that were necessary for particular jobs in the hope that recruits would have the actual skills they want (Strathdee, 2005b). To improve the provision of information, the NZQA proposed providing all learners with an individual record of their learning, which would show clearly what learners had achieved and could do.

Finally, as the argument of the day went, students who did not perform well in one-off, norm-referenced examinations were seen to be locked into assessment systems which promoted their failure. This contributed to educational inequality of opportunity:

> ... when secondary education became the right of all children in New Zealand the present system was seen as a means of ensuring equality of opportunity, irrespective of background. The system was meant to be fair to all. It was argued that any child born with ability would succeed. Unfortunately, experience has shown children do not have equal opportunity. Race, class, and income are more likely to determine success than innate ability. The emphasis on written examinations has ... meant that ability has been recognised only within a narrow range of intellectual skills. Practical and creative skills, for example, go unrecognised in such a system. (Hood 1986)

The unstated assumption with the then assessment system – norm-referenced assessment – according to NZQA's former Policy and Development Manager, Alan Barker (Barker 1995), is that only some people can learn. In order to adequately prepare all learners for the demands of the post-industrial economy, and maintain economic competitiveness in the face of increased globalization of the world economy, it is thought to be vital that all learners, regardless of their social-class, race or gender, learn new skills and develop a love for lifelong learning.

However, it is not only new forms of assessing and recording learning which were required to meet the challenges posed by the ‘new’ economy; new forms of curriculum were also required. Here the claim was that the curriculum had not kept pace with changing demands in the labour market. One reason for the mismatch between the skills demanded by employers and those provided by schools was that traditional approaches to curriculum development evolved from social democratic models which involved a wide range of groups – employers, teachers, state officials and others who all had an interest in such matters – collectively deciding what constituted valuable knowledge (Jesson 1995). However, rapid and recent technological change had rendered this method

impotent as it limited the ability of educational systems to respond quickly to technological change.

According to David Hood (1986), who went on to head the New Zealand Qualifications Authority, the answer to these and other goals lay in State intervention designed to extend internal assessment and increase the involvement of employers in curriculum development. At the time there existed the political will in New Zealand to work towards these ends, and in 1987, a Board of Studies was established by the then Labour Government and relevant legislation was enacted to enable the Board to extend internal assessment to other areas of the schooling system. This allowed policy-makers to begin consultation with interested parties and to begin formulating the required changes.

However, the political circumstances were changing. Although Labour was re-elected in 1987 (having been elected to office in the 1984 election), by this stage the administration of education was dramatically different and consultation came to be seen as a way of deferring important decisions. Indeed, interested groups such as teachers were increasingly considered to have "captured" policy-making. As a result, the Board was seen to serve the interests of those on it. Similarly, the view that the debate over assessment should be expanded to include the tertiary sector emerged and this required a broader focus. The Board of Studies was abolished soon after it was established (Selwood 1991).

It is important to note at this juncture that unsurprisingly, given its small size, New Zealand operates under a unicameral political system. Up until 1996, election to office was determined using a ‘first past the post’ system. This increased political stability because political parties were able to establish with ease majorities in the House of Representatives. This helps explain why New Zealand governments have been able to advance reforms that are radical. For example, it is widely acknowledged that New Zealand’s version of neo-liberalism went much further than such movements elsewhere. Although it remains a question for further empirical investigation, arguably the same factor lies behind the attempt to introduce a unitary framework. In the absence of effective systems of political opposition, governments in New Zealand were able to make decisions without compromise (Palmer 1979). In response to the perceived misuse of power (particularly that which led to the introduction of the New Zealand experiment (or New Zealand’s radical application of neo-liberalism) (Kelsey 1997), in 1996, a system of proportional representation was introduced. As a result, most governments now rule in coalition with minor parties and it is more difficult for administrations to act with impunity.

The NQF was set up by the Labour Government under Section 253 of the July 1990 Education Amendment Act, and, as noted, its origins are in a series of educational reviews and reports which date well back into the 1970s. The most influential of these was the *Report of the Working Group on Post Compulsory Education and Training* (Hawke 1988). In his report to the Cabinet Social Equity Committee, the convenor, Gary Hawke, stated that, “New Zealand’s post compulsory education and training system, like other parts of our society, could contribute more to both economic efficiency and social equity”. (ibid., p. 6)

This paper recommended the establishment of a centralized educational authority designed to bring together a range of distinct educational bodies. The report also suggested the creation of a seamless education system. The key recommendations in relation to the NQF were:

- that PCET (Post Compulsory Education and Training) should be reformed in line with improvements in the public sector finance management such as greater provider accountability and greater user pays.
- that a system of national qualifications be established with an across the portfolio approach to qualifications which would help to reduce barriers to access and movement between institutions (idem).

The *Report of the Working Group on Post Compulsory Education and Training* (1988) provided the basis for the publication of *Learning for life* (New Zealand Office of the Minister of Education 1989). *Learning for life* was a statement of the Government's intent in the area of post-compulsory education. After a number of working groups had discussed and responded to *Learning for life*, the Government released some of its policy decisions regarding reform of post-compulsory education. These were reported in *Learning for life: Two* (ibid. 1990). Essentially, the education system was seen to be too fragmented and inefficient. Reflecting the language of neo-liberalism, which dominated policy directives at the time, one reason offered is that the system was seen to be governed by rules and regulations that confused and frustrated consumers. According to official accounts, this meant that the system was vulnerable to pressure group politics and created few incentives for educational institutions to manage their resources efficiently. It was also seen to lead to institutions being slow to respond to changing demand within the labour market for workers with particular skills.

To improve participation and achievement, the Government wanted to make education more accessible. This, it suggested, could be achieved by reducing the selective function of education. At the same time, the Government signalled that there were important reasons why it should continue to fund post-school education, but that there was also a need to develop a broader base of funding. In other words, learners were required to make a greater contribution to the cost of their education.

The desire to achieve these aims provided the context for the development of the NZQA. It was assigned the function of interpreting and implementing the original legislation. One of its principal functions was to develop a framework for national qualifications in secondary schools and in post-school education and training in which:

> All qualifications (including pre-vocational courses provided under the Access Training Scheme) have a purpose and a relationship to each other that students and the public can understand; and there is a flexible system for the gaining of qualifications with recognition of competency already achieved. (Government of New Zealand 1995, p. 242)

As noted, in contrast to the approach adopted by other nations, in the original vision the NQF was designed to replace *all* existing qualifications with a series of new certificates, diplomas, and degrees, registered at various levels on a unified qualifications framework. In order to meet these goals, the NZQA decided to overhaul assessment practices by developing standards-based assessment as a replacement for all other forms of assessment. A major feature of standards-based assessment is that responsibility for assessing learning outcomes is devolved away from central bodies over to teachers and others who must assess whether or not learners have met predetermined levels of achievement. In the past, norm-referenced national examinations were established and administered by central bodies such as the Ministry of Education and the Vice

Chancellors' Committee. However, under the NQF, as initially conceived and developed, the NZQA was to oversee all assessment practices. This included accrediting providers, registering all qualifications on one framework and ensuring that systems of moderation (to ensure consistency in assessor judgements) were in place and were effective.

The NQF was designed to promote the development of a modular curriculum based on units of learning (unit standards). To create these units, the NQZA established a number of bodies to set standards in all areas of learning. These were known as National Standard Bodies (NSBs) (and included Industry Training Organisations (ITOs)).

Unit standards are perceived as a collection of predetermined, clearly-defined learning outcomes. They are established at a particular level of the NQF and are published by the NZQA. They are a measure of learning that allow combinations to assist in the creation of diverse qualifications.

Closely related to the NQF was the Industry Training Strategy, introduced in 1992. It aimed to lift the quantity and quality of workplace learning. The Strategy provided the process for industry to control the development, implementation and management of industry training programmes, including the setting of skill standards (which are registered on the NQF and set by ITOs).

Most of the training overseen by ITOs is at levels 1 to 4 of the NQF. ITOs do not necessarily provide training themselves, but make arrangements for workplace assessment and off-job delivery of training, such as purchase of training at an institute of technology or polytechnic or private training establishment (and they set the standards of achievement required to gain unit standards and, ultimately, whole qualifications).

It was intended that ITOs would represent directly the needs and wishes of the employers for whom they act. Thus, the aim was that the development of learning outcomes (and the related standards of achievement) would be driven by those who use the skills produced by the New Zealand industry training system – namely, employers. Once learning outcomes are registered, any provider who has been quality assured, can offer training in the area. Thus, through specifying standards, ITOs have the ability to help drive the development of national curricula.

ITOs and other National Standards Bodies (NSBs) were also given responsibility for developing complete qualifications, while the providers of qualifications – the schools, polytechnics and other educational institutions (and tutors working in workplaces) – had ownership of the delivery or teaching methods. Unit standards were designed so that they varied in size depending on the amount of work needed to complete them and they were subsequently placed on the NQF at varying levels depending on their difficulty. There were eight levels of learning on the original NQF:

- National Certificates are awarded at levels 1 to 4;
- National Diplomas are awarded at levels 5 and 6;
- Undergraduate degrees are awarded at level 7;
- Other degrees and higher certificates are awarded at level 8.

While theoretically there is no minimum standard for level 1 unit standards, these are thought to equate to an average ability Year 11 student (about 15 years old).

The original vision promoted the view of a seamless education system with students gaining qualifications from a variety of providers. For secondary school students, enacting this vision to its fullest implied that schools would lose their custodial function. In addition to the national certificates designed by industry, it was envisaged that school students would study towards national certificates of educational achievement (although the precise details were not provided).

As will be outlined in more detail and critically evaluated below, the official view of New Zealand's NQF was that it *would* achieve the following aims:

- to create a single, coordinated framework of qualifications;
- to provide a consistent basis for the recognition of educational achievement wherever that achievement occurs;
- to extend recognition to a wide range of achievements;
- to encourage the integration of 'academic skills' with applied skills, and to bring together theory and practice;
- to enable and encourage diversity among providers of education and training, and to recognize academic freedom;
- to reform assessment practices in education and training;
- to raise progressively the standards of educational achievement;
- to shift the practice of teaching to student-centred learning;
- to provide quality assurance for qualifications;
- to enable qualifications to evolve and develop;
- to recognize the principles of the Treaty of Waitangi;
- to provide a rational system of nomenclature for qualifications;
- to provide a system of credit accumulation and transfer;
- to enable qualifications that are flexible;
- to encourage a wider range of educational settings; and
- to provide incentives to increase individual and collective investment in education and training. (NZQA 1996)

Even accounting for the fact that this is the official view, it is an impressive list of promises. At the time, the NZQA had adopted an activist approach in which it was trying to revolutionize New Zealand's education and training sector. And, as noted, it was introduced during a period when the dominant view in Government was that policy changes in all areas needed to be made swiftly – something that was possible under New Zealand's system of government of the day.

One of the difficulties was that many of these aims remained visions, which were primarily used to 'sell' the NQF to the community. Many were not buttressed by concrete strategies, or funding needed to realize them. Also the election of a National administration (i.e., conservative) in 1990 indicated that the

political terrain was changing. As detailed in the next section, this led to a number of problems for the NZQA.

Implementing the NQF

The NQF was launched in 1991. However, it did not take long before it ran into difficulty. Looking first at vocational areas – progress was made in some areas (but not all) in developing unit standards and creating new qualifications. In *some* areas NQF qualifications were taking hold; however, in many others they struggled to win the hearts and minds of users. Based on NQF figures, the Industry Training Federation (ITF) (2006) reported this growth in the numbers of registered trainees (from 81,343 in 2001 to 161,676 in 2005) as confirmation of industry training achievements. In other evidence, the Tertiary Education Commission (TEC) records that industry training had grown substantially from 16,711 trainees in 1992 to 176,064 in 2006 (TEC 2006). In part, this increase reflected the impact of new interventions such as the Modern Apprenticeship Scheme. This was introduced in 2002 by a Labour Government, which had reinvented itself as a modern social democratic administration, partly in response to concerns that the Industry Training Strategy itself was not having the desired impact. It is also possible that it took longer than expected for the market-led industry training system to yield its full effect. However, as was the case in the United Kingdom, despite being 'employer-led' there was little solid evidence early on that employers as a group were embracing the new training arrangements (and, hence, the need for the new Investment Approach, which is described below). For example, one report argued that employers appeared to be 'ambivalent' about the NQF in general, and ITOs in particular (Long et al. 2000). At the time, less than 10 per cent of young people aged 15 to 19 years received training linked to the NQF (hence, the introduction of the modern apprenticeship scheme). In contrast, 35 per cent of those aged 50 years and over received training. The amount of training varied markedly across different industries in New Zealand. Although the figures are dated, approximately 30 per cent of trainees were in the Building Services and Contractors ITOs whilst other industries were not represented at all (New Zealand Office of the Prime Minister 2002). In addition, despite being employer-led, 45 per cent of all employees in New Zealand were not covered by an ITO. Explanations for reluctance of employers to adopt the Industry Training Strategy include a belief that the ITO model did not meet the employer/occupational group needs. In addition, it was argued that the qualifications and necessary entry requirements had already been established through other means – for example via the university system. Finally, there continues to be a reluctance on the part of industry to be involved in training that may lead employees to demand increased remuneration (Strathdee 2005b).

Although the numbers of trainees engaged in training linked to the NQF continues to increase, the patterns set early have remained with coverage uneven. This means that some qualifications remain underutilized. Indeed, some Industry Training Organizations have relatively large numbers of trainees (for example, Competenz, New Zealand Engineering, Food and Manufacturing ITOs), while others have relatively few (for example, New Zealand Enquine ITOs), and others (for example, the ITO that supported the banking sector), have fallen over for want of support.

The poor uptake of the NQF in some areas raises questions about the validity of the post-Fordist thesis. Briefly, the post-Fordist posits work as

becoming increasingly skilled and hence individuals need more training. However, it is far from clear that this theory holds for all areas of the labour market. For example, as argued in more detail elsewhere (Strathdee 2003), many areas of the labour market do not require workers to have high levels of skill and expertise, and in a few areas skill is only a small part of a firm's competitive strategy. Initially at least, the NZQA tended to argue that although post-Fordism has yet to make an impact on some areas, competing in global economic ways that created high wage/high skill employment means that New Zealand will eventually need to modernize its labour force or it will face ever-declining incomes. More recently, the NZQA has had less to say about the possibilities for the NQF in these terms and has set about servicing the scheme that currently exists. The point is important because it goes to the heart of employers' motivations to invest in upskilling. If their competitive strategies do not encompass a need to increase skill levels, it is unlikely that they will embrace the opportunities created by the NQF. Indeed, as described more fully below, in many areas of the labour market employers do not see a need to embrace the opportunities and, despite making just such a promise at one point, the Government did not force them to.

While questions remain about the impact of the NQF on employers, it is clear that, by increasing the number of providers that can offer accredited learning, the NQF has had an impact on New Zealand's education and training sector. The NQF has helped create markets in education and training, particularly through providing a means by which competing providers can offer accredited training.

First, the NZQA accreditation processes have allowed numerous new providers to offer accredited (and State subsidized) training. As a result, a training market emerged with new training providers competing with traditional providers for students (however, as described below, recent developments in policy have curtailed this). The main driver here was the availability of significant State funding to private providers of education. Prior to the reforms, New Zealand had a good number of private training providers. These went from offering second chance training under contract to the State, to becoming fully-fledged training providers that recruited their own students and offered courses they thought would be of interest to students just like any other provider of training.

Second, the NQF aimed to increase the involvement of the employers in deciding what constitutes valuable knowledge and, as is the case wherever NQFs have been introduced (Young and Allais 2009), to provide them with information that they can trust. As part of this process, NQFs aspire to reduce 'reputational effects' in education which see employers (and other groups) favouring graduates from elite institutions because they are perceived to have good reputations (Strathdee 2009b). While attempting to create open competitions for advancement is clearly a worthwhile ambition, unfortunately, there is little evidence that employers as a group trust NQF qualifications more than previous qualifications, or if 'traditional' recruitment methods (for example, through social networks) provide a more reliable and trustworthy source of information about new recruits. If this reasoning is accurate, then it suggests a nuanced approach to understanding the connection between trust and the implementation of outcomes-based systems of assessment is required (Young and Allais 2009).

Third, increasing the involvement of employers in decisions about what constitutes valuable knowledge was designed to address concerns about the

relevancy of knowledge produced and taught by New Zealand's training system. The attempt to increase employer voice (Hirschman 1970) is most apparent in the system of ITOs. The creation of ITOs has helped to ease concerns expressed by neo-liberal interests about the inefficiencies in the provision of economically-relevant qualifications. Nevertheless, it remains unclear whether or not users of qualifications (for example, employers, other providers and students) use NQF qualifications in the manner desired by policy-makers.

Recent work suggests that the relationship between employment, qualifications, and the labour market is likely to be mitigated by field effects (Strathdee 2009b). In some fields, NQF qualifications are likely to signal capacities employers are interested in and to provide trustworthy information. In such instances, employers are likely to value NQF qualifications. In other fields, the rules are likely to differ. For their part, universities have used the National Certificate of Educational Achievement (NCEA) as a basis for selection into tertiary education. This has meant that the qualification has status with schools. However, changes in government policy (described below) mean that the NCEA is now less useful and new ways of limiting participation are being sought, for example, by converting NCEA results to grade point averages (Strathdee 2009a).

Fourth, the Framework has contributed to the creation of an educational market by providing a common qualification currency in those sectors that have adopted the unit standard format. This common currency, like money in an economy, facilitates greater competition between the providers of educational qualifications because many institutions are recognizing and rewarding learning in the same way. This enhances the creation of markets in education and training through promoting exit (Strathdee 2003). Thus, the creation of a common educational currency increases consumer choice and, as the official argument proceeds, creates new pathways in education and training, and on to the labour market. In theory, this meant that students could choose between different providers offering the same programme, and therefore choose those they saw as the best.

However, resistance from a range of groups continued to limit the impact of the NQF in other areas. Critically, the NZQA could not convince the universities to adopt the unit standard model and the then Government would not force them to. Specifically, in 1994, following the release of a report critical of the NQF (New Zealand Vice Chancellors' Committee 1994), the New Zealand Vice-Chancellors' Committee withdrew the university sector from the NQF. The universities were concerned that standards-based assessment would be demotivating for students; that they could not adequately identify 'excellence' (which is the essence of university education); and that they did not adequately reflect that kind of teaching and learning that occurred in universities. Fears were also expressed at the time of their development that their introduction would lead to a fragmentation of knowledge and learning, and that advanced university qualifications could not simply be broken down into small unit standards.

However, it was not just the universities that had problems with the adoption of New Zealand's radical new framework. At the time of the NQF's launch, the political terrain had shifted once more, and the then national administration was in favour of selective assessment (that is, norm-referenced assessment) and was elected, in part, on a standards agenda in education. The irony here is of course that the NQF was also legitimated on the basis that it would increase standards in education (indicating the flexibility of the term in political discourses). The NQF was controversial and was seen as reducing

standards in education. For example, concern was expressed by conservative schools (which were keen to preserve their status and which threatened to use international examinations instead of the NQF); aspirational parents (who were probably worried about the advancement of their own children), and other groups. Like the universities, these individuals and groups were fearful that the proposed changes would reduce student motivation to achieve and would close off opportunities for social mobility. In addition, although there is a paucity of empirical evidence, it is reasonable to assert that despite the efforts of the NZQA, in general parents and their children did not really understand the measure (Strathdee and Hughes 2001). At the time a system of dual assessment had emerged with students in some subjects having their learning assessed through norm-referenced assessment and others through standards-based assessment. And, in some instances, students were being graded by both norm-referenced assessment and standards-based assessment. As a result, teacher workloads increased dramatically as they tried to implement a new system as well as maintain the existing one (idem). In addition, there was little movement of learners between schools and other providers, e.g. polytechnics. In part, this possibly reflects difficulties in splitting the funding between different providers. Whatever the reason, in practice, most students remained in school at least until they reached the then minimum leaving age of 15 years and there was little, if any, movement between different providers.

Problems also existed within Government, which further hampered the introduction of the NQF. Critically, the Ministry of Education had concerns about the applicability of unit standards to some school subjects. The specific concern was that assessment against unit standards was inappropriate for traditional school subjects. This was problematic for the NZQA because the Ministry had responsibility for developing school-level curriculum. Without its support, the NZQA could not progress its reform in 'conventional school subjects' in the compulsory school sector. Unit standards were implemented in some areas of the school curriculum.

The policy context that developed following the withdrawal of the universities from the NQF is complex (and requires further research). Nevertheless, it is clear that by the mid-1990s, a stalemate had developed between various agencies involved in the implementation of the NQF. As a result, progress implementing the NQF was limited, as the National Government failed to act. In 1999, the Government changed back to Labour. To its credit, Labour confronted the problem facing the NQF. Its solution to the stalemate was to release a White Paper in 1999, which signalled the development of a broadened NQF. The details of this shift are complex. However, as described in more detail below, arguably the changes reflected a victory for conservative interests because they effectively ensured that traditional pathways were maintained and the universities could continue to operate as they had traditionally done. As a result of the White Paper, the NZQA was forced to develop an NQF that was 'inclusive', but which did not force the universities to adopt the unit standard model. The actual strategy adopted to broaden the NQF was to create a register of quality assured qualifications ('the Register'). The Register, launched in 2001, provides the structure which brings together all approved qualifications available in New Zealand tertiary institutions (universities, institutes of technology and polytechnics, *wānanga* and private training establishments) and secondary schools. In other words, although university qualifications are on the Register of quality-assured qualifications, the universities were able to continue to set their own curricula and to assess learning outcomes in traditional ways. In turn, this helped preserve their status as

the elite, even though other providers were able to gain accreditation to offer degrees.

All approved qualifications must be described in terms of course objectives and learning profiles and they are registered on the Framework. However, they are not necessarily defined by NQF standards (see below). In addition, the NZQA has delegated the universities (and other providers) responsibility to assure the quality of their own qualifications; this task being undertaken by a sub-committee of the New Zealand Vice-Chancellors' Committee, the Committee on University Academic Programmes.[3]

It is worth pausing at this juncture to reiterate the following points.

1. All qualifications on the Register have been approved by a recognized body (for example, an Industry Training Organization (ITO), or the New Zealand Vice Chancellors' Committee) and are delivered by an accredited education or training organization (for example, a university).

2. Qualifications that recognize learning through achievement standards and unit standards are a subset of the qualifications registered.

3. All qualifications must be described in terms of course objectives and learning profiles.

4. Responsibility to quality assure qualifications has been vested in other agencies such as the New Zealand Vice Chancellors' Committee.

Returning to the reform process, at a school-level, the White Paper signalled the advancement of the long-awaited National Certificate of Educational Achievement (NCEA), to replace existing school qualifications. An important aspect of the change is that, under the NCEA, the way in which learning can be assessed against standards in conventional school subject areas has been broadened. In the case of approved curriculum-related school subjects, learning is assessed against predetermined standards in one of three ways.

1. First, a new measure known as achievement standards has been developed by panels of subject experts (that is, Standards Setting Bodies, which in the case of conventional school subjects appear to be appointed by the Ministry of Education). Achievement standards are similar to unit standards in that they clearly specify the standards students are required to obtain in each subject area in order to receive credit towards the NCEA. However, unlike unit standards, they have been designed so that satisfactory work, good work, and excellent work can be recognized with 'credit', 'merit', and 'excellence' grades. The inclusion of graded assessments has gone some way to appease the concerns of those who felt that the original pass/fail system of assessment would be demotivating for students.

School students typically aim to achieve NCEA level 1 in Year 11 (when they are aged about 14), NCEA level 2 in Year 12 (when they are aged about

[3] http://www.nzvcc.ac.nz/aboutus/sc/cuap [10 June 2009].

15), and NCEA level 3 in Year 13 (when they are aged about 16). Another new qualification, the national diploma, was placed at levels 5 to 7; initial degrees at level 7; and advanced degrees at level 8. The eighth level originally covered all postgraduate qualifications, including those developed by universities. In response to concerns that the top levels of the NQF did not recognize advanced post-graduate levels of learning, an additional two levels were added to the NQF. In addition, a new award, known as Scholarship (at level 4 of the NQF) has been introduced at the senior secondary school level to recognize the achievement of the very brightest.

2. Second, assessment against unit standards continues, where appropriate, and credit will continue to be awarded on a 'has reached standard/has yet to reach standard' basis.
3. Third, other examinations or qualifications can be used to obtain credits. In an attempt to ensure the new qualifications have rigour, the Government has insisted that external examinations be used to determine at least 60 per cent of the final grade in most conventional subject areas.

It remains a 'credit' model, but made up of a complex mix of achievement standards and unit standards.

National Certificate of Educational Achievement (NCEA) levels

Level 1

- Required: 80 or more credits at level 1 or higher, you have gained NCEA level 1. Eight of these credits must be from numeracy standards and eight credits from literacy standards. Literacy can be assessed in English or in *te reo Māori*.

Level 2

- Required: 60 or more credits at level 2 or above and 20 credits at any other level. Credits can be used for more than one qualification; so some of your NCEA level 1 credits can count towards NCEA level 2. At level 2 there are no specific literacy or numeracy requirements.

Level 3

- Required: 80 credits or more, of which 60 must be at level 3 or above and 20 at level 2 or above.

Rewarding achievement

- Students can now gain NCEA certificates with merit or excellence. To gain excellence, 50 or more of the required 80 credits must be awarded at excellence level. If 50 or more credits are gained at merit level (or a mix of merit and excellence), an NCEA with merit will be awarded.

As noted, there were concerns about the impact that modularization of the curriculum would have on the quality of education senior secondary students would receive. However, recent studies have shown that the predictive validity of the NCEA on subsequent performance in higher education is high in mathematics (James et al. 2008) and overall (Shulruf et al. 2008). However, as Shulruf et al. (2008) noted, recent research had shown that students have emphasized the accumulation of credits (Mayer et al. 2006). As they point out, if NCEA candidates aspire to succeed at university, it may be appropriate to shift this emphasis from minimum passes in more credits to higher achievement in fewer credits.

Overall, there is little evidence that assessment against standards is any more motivating for students than the old system, or that students who have performed poorly in traditional forms of assessment are doing better under the new. Of course, to have their full effect, it is necessary for the new qualifications both to be more motivating and for employers to trust them as signals of competency. Unfortunately, for proponents of the NQF, there is little evidence that either have occurred. Similarly, proponents of the NQF hoped to create parity of esteem between vocational and academic qualifications. Small-scale research has shown that students value most university qualifications (and those qualifications they need to gain entrance to university) (Strathdee and Hughes 2001), but it remains unclear how they have been received by employers. However, credential inflation and the tendency for larger cohorts of students to progress to higher levels of education and training means that this issue is of declining importance.

There is also evidence that completion rates in some areas of New Zealand's tertiary education system remain lower than desirable, suggesting that the NQF has yet to achieve one of its key objectives. For example, a recent Ministry of Education report[4] showed that New Zealand has one of the lowest higher education qualification completion rates in the OECD – just 58 per cent, compared to Australia's 72 per cent.

Although the NCEA is widely accepted as the terminal school qualification (as it provides access to university), it continues to create controversy. For example, the award of scholarship in some subjects has varied from year to year. In mathematics, for example, in 2002, more than 5,000 candidates were graded 'excellent' in a mathematics standard, but in 2003, only 70 (following a controversy). Each year when the results are released there are usually concerns expressed about standards of achievement. This year proved to be no different.[5] Such controversies have forced changes in the NZQA (which itself has been subject to three external reviews, and there have been several changes of CEO).

However, there are other problems. As noted above, the Ministry of Education has responsibility for developing curriculum, and according to the NZQA, the Ministry of Education also has (if NZQA's documentation is to be believed) ultimate responsibility for developing achievement standards (via its Standards Setting Bodies). Unfortunately, the process of curriculum development and standards setting has not always gone hand in hand and it seems that the NZQA still has some responsibility to set the achievement standards. In the case of senior secondary school history, for example, achievement standards were produced by the Standards Setting Body in time for the introduction of the NCEA in 2002. It is unclear how this was achieved and how much consultation with stakeholders took place. However, since then, the Ministry has introduced a new history curriculum across the schooling sector and this must be aligned with

[4] http://www.educationcounts.govt.nz/publications/tertiary_education/42059 [10 June 2009].

[5] For example, see http://www.stuff.co.nz/sunday-star-times/news/2417397/National Certificate of Educational Achievement-credits-for-reading-Wikipedia-sending-emails [10 June 2009].

achievement standards (at Years 11-13). The new curriculum document has been released, but the achievement standards (which will be used to assess student learning) have yet to be developed. The issue is complicated and confusing. For example, information from the Ministry of Education suggests that it has joint responsibility with the NZQA to develop the standards, yet the curriculum seems to have been released without any consideration of how learning in the area might be assessed in terms of achievement standards. To make matters worse, in the interim, a National-led Government has been elected and developments in senior secondary history, at least, seem to have come to a standstill.

However, of relevance to this paper is the Labour Government's response to other failings of the NQF. In 1999, when it was first elected, the Labour Government maintained that the NQF (and particularly, the market-led education system of which it was a central component) had failed to deliver the promised social and economic objectives. Controversies in the funding of some providers sharpened the Government's thinking in the area (Strathdee 2009a). The administration maintained that the tertiary education system did not reflect the needs of employers; incomes had not be increased as promised; and that many of the courses on offer were of low quality. In its view, it would be better if the Government invested in areas of strategic priority. It took almost six years to bring about change. By 2005, a new funding and planning system was in place cutting across the key aims of the original NQF, which was to create markets in education and training in the hope that this would make skill development employer-led. This is considered more fully in the following section.

New investment approach

As noted above, the market-led post-compulsory education system was based on a number of key principles. These are well understood and are only noted here.

- First, State funding should reflect student choice.
- Second, the same level of State funding should be awarded to different types of providers that offer the same kind of training on the grounds that favouring one kind of institution ahead of another would distort the market.
- Third, students should pay for the cost of their tuition.
- Fourth, providers had no monopoly on provision. This meant that there was no reason, for example, that universities would be the only institutions to offer degrees.

Policies enacted to support the first two of these principles had the effect of dramatically increasing participation in tertiary education. Much of this expansion was in private training establishments, which had emerged to take advantage of increased access to funding that had been enabled by the introduction of the NQF and which had to only be available to public sector providers and in *wānanga*, these institutions focusing upon increasing their rolls as a way to gain increased funding.

Expansion was encouraged further by an unwillingness on the part of successive administrations to support fully principle three above. In no small measure, this reflects the continuing influence of social democracy in State intervention. Over time, fees were gradually increased to 25 per cent of course costs. However, the State continued to pay the lion's share of the costs.

Moreover, to prevent those from poorer backgrounds missing out on the opportunity to participate, loans to students to cover the cost of their tuition and some of their living expenses were provided on easy terms. Progress was made towards achieving principle four, with universities losing their monopoly on the provision of degree-level training. In addition, one former polytechnic gained university status.

The upshot of these policies was the creation of a tertiary sector that was shaped by a mixture of policies and which suited no group. Social democrats could take heart from the introduction of policies that increased access, such as broadening the range of providers that could confer degrees, and those that limited the impact of neo-liberalism on students, such as the provision of student loans and the limitation placed on the level at which the users could be charged for their use of tertiary education. Neo-liberal interests could take some heart from moves to increase consumer choice. However, the absence of strong price mechanisms meant that student choices need not reflect demand for skill in the labour market. Thus, a 'market' of the sort originally envisioned by creators of the NQF did not exist. There was little for conservatives to celebrate in the reforms. Access to higher education had become open to virtually all who completed secondary school, and universities and other providers of NQF-registered qualifications were offering new programmes designed to attract students rather than to preserve elite forms of knowledge. In addition, working-class groups were not disadvantaged in gaining access to any greater extent than they were under previous regimes as most gained the qualifications needed to enter university in New Zealand (Hughes and Pearce 2003; Strathdee and Hughes 2007).

The Labour-led Coalition was not happy either. Although these measures increased enrolments dramatically, the outcomes from this were seen by them as unsatisfactory in terms of the quality of training delivered and the appropriateness of the skills produced. Again the irony here is that the NQF was originally enacted by a Labour Government for just these reasons. Thus, despite the systems of ITOs, which were supposed to represent employers' interests in skill, two key problems persisted. First, there was no strong evidence that employers as a group were embracing the NQF. Second, there was evidence that learners were making decisions about training at some distance from the labour market. For their part, providers of training linked to the NQF were offering training that was attractive to students irrespective of the value in the labour market of the qualifications on offer. For example, some providers offered inducements for courses that had little relevance to the labour market, for example, 'twilight golf' (Strathdee 2009a). To make things worse, there was little evidence that the students who were enrolled in the courses actually made use of the opportunities by attending class. These and other problems had contributed to falling incomes (New Zealand Office of the Prime Minister 2002). Indeed, the Labour Government argued that the previous administration's voluntary, or 'neo-liberal', approach to training (which Labour had actually introduced) had put the country at economic and social risk because employers were not investing sufficiently in education and training (Strathdee 2005a)

Upon election, the Labour-led Government embarked on a major tertiary education system. At a strategic level, it began by establishing the Tertiary Education Advisory Commission (TEAC). This Commission was charged with the task of developing, amongst other things, a more cooperative and collaborative tertiary education sector and a sector where there was a greater sense of partnership. The Government's overall stated aim was to end market-

based provision and to direct its investment in tertiary-level training into areas of strategic relevance.

It is important to note that, in theory, the changes do not impact directy upon the NQF, as it remains primarily a method of recognizing and rewarding achievement. However, the changes will have an important impact upon the uptake of various kinds of learning recognized by the NQF.

Although the Labour-led Coalition identified the problems in the provision of tertiary education and training in 1999, and was taking steps to reform the system, change was slow and the state was poorly placed to meet the challenges presented. By mid-2002, the Tertiary Education Strategy had been established, and in 2003 the Tertiary Education Commission (TEC) was created to execute it. Under the rules that were created when the NQF was enacted, institutions were allowed to grow their enrolments as they desired, with market forces determining supply and demand of training. However, as cost escalated, the Government capped enrolments.

While the TEC enacted some measures to curb costs, in general, it struggled to manage the changes and in its first two years was subjected to three significant reviews, covering structure, governance and its role in the broader education sector. Other problems also emerged, which limited the State's ability to manage the provision of education and training. For example, the Government found that the legislation meant it could not refuse to fund providers once students had enrolled, nor could it recover funds when courses were not actually offered or completed. Another issue was that administrative control of the sector was split between the TEC (which approved courses for payment) and the NZQA (which was responsible for approving courses for quality). Neither organization was in complete control. Indeed, the NZQA had delegated quality assurance to some providers (for example, the *wānanga* and the New Zealand Vice-Chancellors' Committee). In one case, a provider of mainly second chance education gained more revenue from the Government than the University of Auckland, New Zealand's largest university (Strathdee 2009a).

As part of its solution to this problem, the Labour-led Government developed a growth strategy expressed in its Growth and Innovation Framework (GIF). The GIF identified three areas of activity as critical to national economic growth – biotechnology, information and communications technology, and design – and created a number of strategies aimed at improving economic performance. In contrast to the market-led system of provision that characterized the earlier period, in the contemporary period a new Centre-Left Government (1999-2008) adopted a new approach to tertiary education. This is referred to as the "investment approach". The overarching principle was that investment in education would reflect regional and national priorities. As part of establishing the new funding model, by 2006 all providers of tertiary education and training were subjected to tests of relevance. In contrast to the earlier approach, where providers could offer any qualifications registered on the NQF, the Government now only funds programmes deemed relevant to the strategic direction it had set itself. To establish relevance, each Tertiary Education Organization must have an approved Charter and Profile in which training is linked to the NQF. Although there are important differences between the two documents, Charters and Profiles are negotiated between the TEC (which oversees the funding of tertiary education) and individual providers of tertiary education, and are intended to provide the State with a way to monitor the quality and direction of the tertiary sector.

In general, the TEC assesses the activities of providers against four areas of strategic priority: excellence (raising the quality of teaching, learning and research to equip learners with the skill and competencies they require); relevance (ensuring a Tertiary Education Organization's activities contribute to the key national economic and social goals as set out in the Tertiary Education Strategy and the Government Tertiary Education Priorities); access (ensuring equity of access and opportunity for students, particularly for Māori and Pacific people); and capability (raising organization and system capability). As part of the process of determining funding priorities and encouraging providers to deliver on these, the Tertiary Education Commission employed agents in the regions to develop linkages between providers and employers.

Through funding providers according to their profile and limited growth, the then Government hoped to direct more effectively its investment in tertiary education and training. The idea was to create a network of provision in which providers of tertiary education did not compete with each other and work closely with employers in their regions to increase the relevance of the training linked to the NQF they provide. Indeed, in the place of competition, cooperation was stressed.

Essentially, New Zealand now operates under a system where all qualifications must be described in terms of course objectives and learning profiles and they must be registered on the Framework. However, institutions do not have to adopt assessment against standards in the way these were first envisioned, and the NZQA delegates the responsibilities for accrediting programmes to different agencies such as the New Zealand Vice-Chancellors' Committee. The introduction of the investment approach means that providers must gain additional approval before they can offer training, and this must be consistent with their charters and profiles. Also, providers are not funded on the basis of the number of students that turn up. Rather, funding levels are predetermined by the Government. This latter development has created difficulties because National Certificate of Educational Achievement results do not provide an easy method for selecting students. (Vlaardingerbroek 2006)

Finally, at the point of writing this paper, the new National Government, which was elected at the end of 2008, has signalled that it does not want to continue with the former Government's investment approach. Quite what this will mean in policy remains to be seen. In relation to the NQF, one idea that has been raised is that the terminology of unit standards and achievement standards will be abandoned in favour of the term 'standards'. However, this is likely to be problematic, as the achievement standards and unit standards are constructed in different ways.

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