

Submission to the draft Tertiary Education Strategy 2010 – 2015

The ITF is a voluntary membership-based organisation, representing all of New Zealand's 39 Industry Training Organisations (ITOs) to government and working with agencies and sector groups to improve the policy for and delivery of industry skill development and workplace learning.

Key points

1. The Strategy lacks a priority to increase the contribution of skills to labour market outcomes.
2. Developing skills isn't enough on its own. The Strategy needs to include a focus on skill use and lifting the demand for higher-level skills to avoid skill under-use.
3. A workforce that supports gains in New Zealand's productivity will not be achieved by exclusively targeting young people.
4. The active and growing role of ITOs working with schools should be acknowledged and supported.
5. Government's stated intention to move to a more decentralised decision-making structure for tertiary investments is not reflected in the Strategy.
6. A deliberate approach to developing high quality, fit-for-purpose, outcome-focused performance information must be signalled in the Strategy.
7. The ITF supports the continued strong focus on improving adult literacy and numeracy.
8. The Strategy has an overly short-term focus due to the foreshadowing of probable Government funding and regulation changes likely to be enacted in the next 12-18 months.
9. The Strategy lacks clear links with other Government strategies and objectives.

Comments

Increasing the contribution of skills to the labour market

The draft Tertiary Education Strategy (TES) includes a clear vision for tertiary education, including an expectation that the tertiary education system will:

“raise the skills and knowledge of the current and future workforce to meet labour market demand and social needs”.

Unfortunately, however, none of the priorities identified for the next 3-5 years directly address this issue. It is therefore proposed that the following additional Priority should be added to the final Tertiary Education Strategy 2010-2015:

- **Increasing the contribution of skills to workforce productivity**

This priority would be achieved under “Improving System Performance”.

New Zealand’s workforce productivity lags behind that of its international trading partners, most importantly that of Australia. The Government has recently established the 2025 Taskforce to recommend ways to improve productivity and close the income gap with Australia.

A recent Treasury report on how skills could be used to drive productivity, stated:

“The contribution of skills to productivity depends not only on the overall level of educational achievement, but on how the supply of skills is matched to changing demand (through labour market responses, responsive tertiary education and training systems, and migration) and on firms’ ability to effectively utilise workforce skills”.

Below are links to two recent discussion documents – one from the UK and one from Australia. Both underscore the extent to which the draft TES fails to make links between the tertiary education system and outcomes in the labour market. New Zealand is being left behind in this discussion by continuing to focus on the characteristics and needs of TEOs (the inputs), rather than focusing on how and what we need them to contribute to (the outcomes of tertiary education).

<http://tinyurl.com/ykstoff> (Skills Australia)

<http://www.ukces.org.uk/server.php?show=conFileDoc.167> (UK Commission for Employment and Skills)

The tertiary education system needs to improve its responsiveness to the needs of industry to ensure a greater contribution to skills that drive productivity.

This is particularly important for industry-related vocational education and training, where the link between industry demand and what is required from tertiary education and training can be most easily demonstrated.

The proposed new priority can be achieved as part of ‘Improving System Performance’ by:

- the provision of better information to individuals, enterprises, industry and the government about the match between tertiary education supply and both current and likely future labour market demand;
- a greater role for industry in the development and endorsement of industry-related qualifications;
- strengthening the role of ITOs to provide advice to government on spending on industry-related vocational education and training;
- acknowledging and supporting the activities required to maximise skill use and raise demand for higher level skills to reduce skill under-use; and
- the development of performance criteria for TEOs that reflect the need for more effective links with industry.

Problems with targeting young people only

The TES reports that research supports the finding that individuals are more likely to complete higher level qualifications if they do so as full-time students transitioning from secondary school. They are then more likely to go on to achieve higher levels of income over the course of their lifetime. This provides for a return on the investment of the individual to engage in tertiary education.

This gain to the individual does not translate automatically to improved productivity for the country (the return on the taxpayer’s investment in tertiary education). This is so for a number of reasons:

- Approximately half of tertiary enrolments are people aged over 20;
- 80% of the current workforce will still be in the workforce of 2020 – approximately half of whom currently have **no** post-school qualifications;
- Not all education and training is created equal – education and training decisions of individuals need to be connected to information about what skills the NZ economy or society needs (or already has an excess of). Personal preference may enhance the likelihood of completion, but does not guarantee wider economic or societal value (where Government investment has its interest); and
- The tertiary system must support the market demand for the levels of education and training being targeted for young people. UK and Australia both report significant ‘under-use’ of skills and qualifications in the labour market. The NZ situation is likely to be similar. The gaining of qualifications cannot simply be a credentialising exercise – we need to focus on skill use to ensure value from the taxpayer’s investment in tertiary education.

‘Increasing the number of young people moving successfully from school into tertiary education’

Achieving this priority will require much closer connections between the secondary and tertiary sector to foster smoother transitions for young people.

ITOs are currently heavily engaged with secondary schools across a range of activities, including qualifications development, support for teaching and learning resources, brokering relationships between schools and employers, professional development for teachers and support for programmes like Gateway and Youth Apprenticeships.

The demand for this type of activity and support from ITOs will only increase with the introduction of Trade Academies, Youth Guarantee and School-based Apprenticeships. ITOs have expertise in facilitating vocational education and training arrangements across the range of education settings – school, the workplace and tertiary providers.

It is increasingly acknowledged that young people need a wider range of pathways to ensure success in moving from school into tertiary. ITOs have a unique position between the world of education (secondary and tertiary) and the world of work. This role should be identified and supported in the TES in relation to the stated transition priority for young people.

Performance information that can drive the effectiveness of the tertiary education system

Performance information is needed to inform more than just funding. The TES needs to acknowledge more explicitly that Government is not the only audience for performance information. Individuals, enterprises and industry need good quality, easily accessible information on the ‘outcomes’ of tertiary education - not just provider inputs (participation) and outputs (completions). This is needed to support the Government’s stated intention to move to more decentralised decision-making in the tertiary system.

Information on outcomes will require the collation, analysis and communication of a wider range of information than the individual performance of TEOs. Labour market information and knowledge of current and future industry skill needs must be more strongly supported to inform all parts of the tertiary system – providers with regard to course development; individuals with regard to enrolment choices; and government with regard to investment decisions.

ITOs have a mandated role to provide good quality information on the current and future skill needs of their industries, across the whole industry – not just those skills for which the ITO is involved in the arrangement of training. This role needs to be actively supported by government – through support for the role, promulgation of industry

information, TEC support for linking and access to relevant data sets, translation into qualifications, and performance measures for TEOs that strengthen links with industry.

Government has a role to actively ensure that individuals, enterprises and industry all have access to objective, rigorous and fit-for-purpose information about the performance of tertiary education at system-, provider- and course-level.

Focus on adult literacy and numeracy

The ITF supports a continued strong focus on adult literacy and numeracy. Poor literacy and numeracy is not only an issue in its own right, but also a clear and recognised barrier to achievement in other forms of tertiary education and training. Failure to address the literacy and numeracy needs of the current workforce prevents the unlocking of future potential of these individuals – with resulting significant economic and social implications.

A 'strategic' focus for the TES

Much of the draft TES seems overly focused on short-term possible policy changes. Will the TES be as relevant in 3-4 years time as it will over the next 1-2 years?

At a minimum the TES needs to make more explicit links with wider Government goals and objectives. This is needed to support the removal of silos and inefficiencies between government departments. Links to wider Government aspirations also reinforces an 'outcome' focus for the tertiary education system, identifying the contribution of the outputs (completions etc) of TEOs to economic and social outcomes.

ITOs have the potential to make more direct contributions to labour market outcomes that support productivity through a stronger role in workforce development activities.

Examples include:

- using existing relationships with individual employers to identify the skills and training needs of businesses;
- supporting skill use following investment in the development of skills through pre and post-training activities with employers and employees;
- brokering individuals into work placements supported by training;
- working with individual employers and industry to review and improve job design and organisational performance; and
- engaging employers in productivity improvement projects such as the Competitive Manufacturing Initiative.

Much of this activity can be considered to contribute to wider Government goals. That is why it is imperative to link the outputs and activities of the tertiary education system with Government's wider strategies and goals. Doing more with less requires us to leverage our existing resources as much as we possibly can – not ignore their potential value because they do not fit neatly into departmental boundary lines.