

## Post-compulsory education and training policy Principles & Priorities

This paper sets out Business New Zealand's views of the principles and priorities that should guide policy for post-compulsory education and training. Business New Zealand defines post-compulsory education and training broadly, with a heavy emphasis on ongoing lifelong learning, much of which will necessarily take place within the context of work.

### Key priorities

Business New Zealand has identified three key priorities in post-compulsory education and training:

- Increase skill levels in the current workforce, by increasing the number of people involved in formal industry training from 80,000 to 160,000 per annum, and significantly increasing the number of people with industry skill standards, by 2005.
- Eliminate 'very poor' literacy and numeracy in the population (i.e. reduce the number of people with IALS Level 1 literacy to fewer than a statistical margin of 5%), by 2010.
- Improve the relevance of post-compulsory education, by more rigorous quality assurance, greater partnership with business, and a greater proportion of learning taking place within industry and on-the-job, by 2005.

Business New Zealand has a further priority in the area of education and skills, which while focussed on compulsory education, has implications for post-compulsory education and training:

- Improve the outcomes of compulsory education, so that all completing compulsory education achieve basic literacy and numeracy standards, and attain at least NCEA Level 1, by 2005.

### Critical facts

These priorities have been determined in response to a number of critical facts:

- 20% of the NZ population have 'very poor' literacy and numeracy skills<sup>1</sup>; and
- 25% of the NZ population aged 25-64 have no qualifications at all; only 35% have a post-school qualification<sup>2</sup>;
- 32% of the NZ workforce is employed by 260,000 enterprises that have fewer than 10 employees<sup>3</sup>;
- 80% of the NZ workforce of 2010, and 60% of the workforce of 2020 are already in the workforce<sup>4</sup>.

All of this means NZ has a large number of people in the population with low skills, and / or low recognition of their skills, many of whom work for businesses with limited capacity to respond to skills gaps – and we cannot rely on the compulsory education system to redress the problem.

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<sup>1</sup> OECD (2000), *Literacy in the Information Age*.

<sup>2</sup> Statistics New Zealand (2001), *2001 Census – National Summary*, Table 21.

<sup>3</sup> Statistics New Zealand (2001), *NZ Business Demographic Statistics*, Table 1.

<sup>4</sup> Statistics New Zealand (2001), *HLFS December 2001*, Table 4 (Total People Employed, Unemployed and Not In Labour Force); and Statistics New Zealand (2001), *Demographic Trends 2001*, Table 8.02 (Projected Resident Population, 1999(Base)-2101, Series 5).

## Key principles

In developing policies to achieve these priorities, Business New Zealand have identified a number of key principles which in its view are essential to effective post-compulsory education and training policy. These principles are:

### **Stakeholder relevance and participation**

Post-compulsory education and training must be relevant to its stakeholders, including learners and enterprises, and clearly identify their needs. As an ongoing process, it requires stakeholder participation to ensure relevance and successful outcomes.

### **Strategic direction and responsiveness**

Post-compulsory education and training should be explicitly linked to a strategy of improving the growth rate of the economy into the top 10 of the OECD. Key elements of achieving this strategic goal are improving labour productivity, particularly of those already in the workforce, and improved transfer and application of research and technology. Such a strategic direction should be principally achieved through education and training organisations responding to learner, enterprise and community needs.

### **Choice and innovation**

Post-compulsory education and training should allow for choice by learners, enterprises and other partners, and should enable innovation in modes of learning, recognition of learning, research and the application of research.

### **Outcomes and linkages**

The focus of post-compulsory education and training policy should be on outcomes, rather than on regulation or control of inputs, processes, or providers. The outcomes of post-compulsory education and training should be linked to skills required in work. A critical component of long-term outcomes is ensuring effective transitions and linkages between aspects of post-compulsory education and training, and with work.

### **Incentives and accountability**

Achieving outcomes in post-compulsory education and training requires clear incentives and accountability for performance. This is particularly important in respect of outcomes, but financial incentives and accountability are also critical.

### **Quality and information**

Good decision making, whether by learners, enterprises, or government agencies, requires information about the relevance, linkages, outcomes and quality of post-compulsory education and training. Quality assurance should focus on outcomes, and be valid, reliable and independent.

### **Cost effectiveness and efficiency**

Post-compulsory education and training is a major investment for learners, enterprises and the nation. These investments must be cost effective and both allocatively and technically efficient.

## Possible Policy Responses

The priorities and principles outlined above can be used to identify a number of possible policies that would advance those priorities and promote those principles. These include:

### **Greater focus on workplace learning**

The great proportion of existing funding and policy focus in post-compulsory education and training is on institutional and pre-employment education and training, as opposed to ongoing learning within the workplace. Increasing the focus on workplace learning would involve a combination of increased resourcing for industry training, requiring a greater proportion of institutionally-funded programmes to be delivered in partnership with employers and/or in the workplace, and the provision of an improved and simplified support infrastructure for small and medium enterprises to enable their involvement in workplace learning.

### **Greater focus on literacy and numeracy, and other generic skills**

There is an urgent need for substantial improvements in basic levels of literacy and numeracy, and other key generic skills, in the population and workforce. There are currently very poor measures for the recognition of literacy and numeracy skills, and other generic skills. The level of expenditure on this area is low in comparison to the overall spend in post-compulsory education and training.

### **Greater focus on recognition of skills**

Much of the focus of current post-compulsory education and training policy is on the delivery of education and training – as opposed to the recognition of existing skills. Recognising existing skills has three major benefits – it improves the motivation of workers, it provides a basis for ongoing skill development, and it reduces wasted duplication of training. At present there is little or no funding available specifically for the recognition of existing skills.

### **Greater linkage between skills and business & industry development**

The development of skills in the large number of small and medium sized enterprises will require a greater linkage and integration between policies which promote business development and skills development. A greater focus on building the capability of businesses to engage in workplace learning is needed.

### **Improved information and guidance for learners and employers**

Businesses and learners need better, more independent and more objective information about the services and programmes offered by post-compulsory education and training providers. For example, all learners (and employers) should be informed of the expected rate of return on their investment in a particular education or training programme. A much greater investment is required in 'learning career' planning for young people, particularly those considering taking out student loans. Financial and career planning should be a pre-requisite to borrowing.

### **Greater choice and diversity of provision**

The funding and regulatory system for post-compulsory education and training needs to promote greater choice and diversity of provision, particularly provision which enables workplace learning, and learning which better integrates with work. There will be a need for a wide range of providers, both public and private, to meet the diverse needs of the 260,000 small and medium enterprises and their employees.