

*Submission*

by

Business|NZ

to the

**Honourable Steve Maharey, Associate  
Minister of Education (Tertiary)**

on the

**Draft Tertiary Education Strategy**

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## Draft Tertiary Education Strategy

### 1. Introduction

- 1.1. This submission is made on behalf of Business New Zealand, incorporating regional employers' and manufacturers' organisations. The regional organisations consist of the Employers' and Manufacturers' Association (Northern), the Employers' and Manufacturers' Association (Central), Canterbury Manufacturers' Association, Canterbury Employers Chambers of Commerce, and the Otago-Southland Employers' Association. Business New Zealand represents business and employer interests in all matters affecting the business and employment sectors.
- 1.2. One of Business New Zealand's key goals is to see the implementation of policies that would see New Zealand retain a first world national income and regain a place in the top ten of the OECD in per capita GDP terms. This is a goal that is shared by the Government. It is widely acknowledged that consistent, sustainable growth in real GDP per capita of well in excess of 4% per annum (and probably closer to 7-8%) would be required to achieve this goal. Continued growth of around 2% (our long-run average) would only continue New Zealand's relative decline.
- 1.3. The effective use of the \$1.5 billion dollars expended on post-compulsory education and training is a critical part of achieving these objectives. Achieving consistently high growth rates will require significant improvements in productivity. Improving the skill levels of the existing workforce, and those entering it, is likely to be the most critical factor in this. This submission is made in this light.

## 2. Summary of recommendations

2.1. Business New Zealand recommends the addition of the following strategic objectives:

- a) “Increase the proportion of post-compulsory education and training taking place in partnership with industry” (under Strategy 1);
- b) “Develop greater levels of business management skill for Maori” (under Strategy 2);
- c) “Improve linkages and transition between compulsory and post-compulsory education and training” (under Strategy 3);
- d) “Improve and lift in priority the provision of literacy and numeracy programmes in the workplace and beyond, with appropriate funding aimed at reducing the proportion of the population with IALS Level 1 skills to less than 5% by 2010” (under Strategy 3);
- e) “Improve the co-ordination of literacy and numeracy programmes, both in the workplace and beyond, and facilitate employer partnerships in improving literacy” (under Strategy 3);
- f) “Develop greater levels of business management skill for Pacific peoples” (under Strategy 4);
- g) “Improve stakeholder participation in the governance and review of post-compulsory education and training” (under Strategy 6); and
- h) “Improve the effectiveness, transparency and independence of the quality assurance system for post-compulsory education and training” (under Strategy 6).

2.2. Business New Zealand recommends the amendment of the following strategic objectives:

- i) “Improve information available to governors, managers and stakeholders about the performance of individual organisations and the system as a whole” (under Strategy 6).

## **3. Content of the Strategy**

3.1. Business New Zealand commends the Government for the general orientation of the draft strategy which is clearly towards a post-compulsory education system focused on outcomes and, in particular, on supporting improvements in productivity, growth and the standard of living of New Zealanders.

### **Strategy 1 – Develop the skills and knowledge New Zealanders need**

3.2. This strategy is the key to achieving improvements our national standard of living. The skills and knowledge of our population are a critical component of economic performance and social well-being. If we are to attain the improvements in productivity required in order to sustain higher growth rates, we need to significantly increase the skill levels of our existing workforce and population.

3.3. Business New Zealand is supportive of the strategic objectives outlined under this strategy. In particular we support the following:

- improved collection and dissemination of skills forecasting information;
- the development of closer relationships between employers and education providers;
- the development of relevant and informative measures that effectively signal the generic capabilities gained by graduates;

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- the provision of quality, timely careers and learning advice and information about education and training opportunities that help individuals make good educational decisions; and
  - the encouragement of complementary investments by students, employers, and the Government to ensure the best possible match of learners, learning opportunities and employment.
- 3.4. While we believe that generic skills are vitally important, we are mindful of the fact that generic skills are often developed in the context of programmes with an ostensibly specific skill focus, and that for many learners (particularly those with low skill levels) a programme of learning which has an identifiable outcome is often likely to prove an important aspect of motivation. Therefore, while we support indicators that seek to capture information about generic skill development, we would caution against this being seen as requiring 'generic skills programmes'. We strongly support further work on improving the ways in which the generic skills gained by graduates are measured and signaled, both at the level of individual skills and in respect of qualifications.
- 3.5. One of the key objectives of the overall strategy is the development of lifelong learning and developing greater connections between the worlds of work and learning. Business New Zealand submits that the achievement of this objective will require greater levels of partnership and joint-delivery between providers, enterprises and industries. This is recognised in a number of the proposed indicators, but not explicitly in any of the strategic objectives.
- 3.6. Business New Zealand therefore recommends the addition of a new strategic objective under this strategy:
- "Increase the proportion of post-compulsory education and training taking place in partnership with industry".
- 3.7. What is envisaged by this objective is something more than a 'closer relationship' between enterprises and education and training providers. It is

an active partnership between the two – including a significant element of joint or co-operative delivery, improved transition between learning and work (and vice-versa), and indeed an increasingly seamless relationship between institutional and on-job learning.

## **Strategy 2 – Ensure learning and research for Maori development**

- 3.8. Improving educational outcomes for Maori is critical to New Zealand’s future. Demographic trends indicate Maori will form an increasingly significant proportion of New Zealand’s population, particularly its youth population, over the next few decades. At present, the achievement of Maori within the education system is not good when compared to the rest of the population. For both social and economic reasons, New Zealand cannot afford to have a significant minority of its population alienated from learning and work.
- 3.9. There are undoubtedly many factors affecting the achievement of Maori within the education system, including the post-compulsory education system. It is clear, however, that a very significant factor is the socio-economic status of many Maori and their families.
- 3.10. Improving Maori social and economic outcomes is most likely to come from Maori developing their own profitable enterprises. In this respect the development of business management skills amongst the wider Maori population is critical. The development of business management skills will enable Maori to harness the potential of existing and new resources (including Treaty settlements) within the Maori community.
- 3.11. Business New Zealand therefore recommends the addition of a new strategic objective under this strategy:
- “Develop greater levels of business management skill for Maori”.

## **Strategy 3 – Raise foundation skills so that all people can participate**

- 3.12. Business New Zealand places a very high priority on raising the skill levels of those with the lowest skills, particularly on improving the literacy and numeracy skills of the population. New Zealand's education system produces some of the most talented individuals in the world – but it also leaves far too many behind. While this Strategy cannot address the wide range of difficulties facing the compulsory education system, it is essential that there be improved linkages and transition arrangements between compulsory and post-compulsory education for those at risk of alienation from learning and or work.
- 3.13. Business New Zealand therefore recommends the addition of a new strategic objective under this strategy:
- “Improve linkages and transition between compulsory and post-compulsory education and training”.
- 3.14. As noted above, Business New Zealand perceives the low literacy and numeracy skills of the bottom 20% of our population to be a major barrier to improving productivity and growth. The Government has begun to take steps to improve the focus on this area, but a clear target should be set to reduce dramatically the number of people in the population and workforce with low levels of literacy and numeracy.
- 3.15. Business New Zealand therefore recommends the addition of the following strategic objective under this strategy:
- “Improve and lift in priority the provision of literacy and numeracy programmes in the workplace and beyond, with appropriate funding aimed at reducing the proportion of the population with IALS Level 1 skills to less than 5% by 2010.”
- 3.16. The Adult Literacy Strategy sets out a range of objectives, which include improving co-ordination of the range of literacy initiatives. A key need is to

ensure that employer participation in the process of improving literacy and numeracy is made as easy as possible, and this should be the focus of any strategy in this area.

3.17. Business New Zealand therefore recommends the addition of the following strategic objective under this strategy:

- “Improve the co-ordination of literacy and numeracy programmes, both in the workplace and beyond, and facilitate employer partnerships in improving literacy”.

#### **Strategy 4 – Ensure for Pacific people’s inclusion and development**

3.18. Pacific people resident in New Zealand are another significant set of groups whose achievement in the education system is not as good as it should be. While the social and economic factors facing these communities differ from those faced by Maori, there is nevertheless a common concern with the low socio-economic status of many Pacific people and their families.

3.19. Business New Zealand therefore recommends the addition of a new strategic objective under this strategy:

- “Develop greater levels of business management skill for Pacific peoples”.

#### **Strategy 5 – Strengthen research, knowledge creation and uptake**

3.20. Strengthening our application and utilisation of research, creativity and technology are critical to achieving our growth targets. While Business New Zealand supports Strategy 5, it is vital that there be a strong focus on ‘uptake’ and application of research, as opposed to simply its creation. New Zealand has a record of developing innovative research ideas but not being able to exploit those ideas for the benefit of New Zealanders.

3.21. Business New Zealand supports the development of incentives for research excellence – but this should not be the only focus of the funding system for

research by tertiary institutions. Equally, if not more important, is the provision of incentives for the transfer of research into the private sector.

- 3.22. Similarly, while the establishment of a number of world-class clusters of specialisation is important, so is a nation-wide network for the distribution and transfer of knowledge, particularly one which supports the application and development of research by small and medium-sized businesses. Such a network would ideally be a partnership between the public and private sectors.
- 3.23. Business New Zealand strongly supports, as a priority, the strategic objective of “ensuring knowledge uptake by increasing connectivity with those that apply new knowledge and improve the management and commercialisation of knowledge products”, including the development, management and use of patents and related intellectual property.

## **Strategy 6 – Strengthen system capability and quality**

- 3.24. Business New Zealand supports the improvement of the governance and management of post-compulsory education and training organisations, whether in respect of public institutions, private providers or industry training organisations. It also supports improved accountability of these organisations – particularly in respect of their stakeholders.
- 3.25. Achieving the objectives outlined above, of improved partnerships between post-compulsory education and training organisations and enterprises, will require improvements and changes in the relationship between these organisations and those enterprises. As noted in the recent report of the Charters and Profiles working group, there is a need for greater engagement and participation by stakeholders in post-compulsory education and training, if the system is to be responsive to the needs of those stakeholders.
- 3.26. There is a need for improved stakeholder participation in the governance and review of the performance of post-compulsory education and training provision, at both the national and local levels. This would require the

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governing bodies of education and training organisations to be focused on meeting the needs of their clients and stakeholders, rather than on the management of provision.

3.27. Business New Zealand recommends the addition of a new strategic objective under this strategy:

- “Improve stakeholder participation in the governance and review of post-compulsory education and training”.

3.28. Business New Zealand also recommends that the strategic objective under this strategy relating to information be amended to state:

- “Improve information available to governors, managers and stakeholders about the performance of individual organisations and the system as a whole”.

3.29. An essential part of improving the quality of information for governors, managers and stakeholders will be improving the transparency and independence of the quality assurance system for post-compulsory education and training. Business New Zealand therefore recommends the addition of the following strategic objective under this strategy:

- “Improve the effectiveness, transparency and independence of the quality assurance system for post-compulsory education and training”.

## **4. Implementation of the Strategy**

- 4.1. The means by which the Strategy is implemented will be just as important as its content. It will be vital that the Strategy is implemented at a range of levels, and through a variety of mechanisms.
- 4.2. Business New Zealand recommends that the over-riding approach to implementing the strategy be a focus on individual providers and their stakeholders working to achieve the outcomes outlined in the Strategy. Government and central agencies' role should focus on providing information, examples of best practice and monitoring performance against these outcomes.
- 4.3. Where Government seeks to provide strategic direction for the whole of the system, it should do so in partnership with, and on the basis of input from, stakeholders. Such interventions should generally be focused on a small number of areas or issues of critical importance, rather than a general approach to the achievement of the Strategy.
- 4.4. There will be a need, however, for incentives and mechanisms which encourage providers to work with stakeholders to achieve the objectives of the Strategy. Funding is only one of these. Other important approaches will be the promulgation of examples of best practice, facilitating participation and input by stakeholders in processes such as the development of Charters and Profiles, and the measures relating to governance noted above.

## **5. Review of the Strategy**

- 5.1. The ongoing review of the Strategy will be critical to its success. Although the draft Strategy has a five-year time horizon, the fact that it is the first ever such strategy suggests it would be prudent to review it in 2003, and to continue to closely monitor its implementation.
- 5.2. It will be equally important that stakeholders are an integral part of the process of reviewing the Strategy and its implementation, at both a national and local level.

## **6. Conclusion**

- 6.1. Business New Zealand supports the development of an outcomes focused strategy for post-compulsory education and training, which clearly identifies the importance of education, training and skills to the growth, development and well-being of New Zealand and New Zealanders. This strategy will need to be implemented, in the main, through the actions of individual providers and stakeholder organisations, although there is a role for central agencies in clearly defined areas, working in partnership with stakeholders. The strategy will need careful monitoring and review, and stakeholder involvement in this process will be critical to its success.