



Business NZ recommendations to incoming Government:

Workforce skills & tertiary education

Although the skill levels of the New Zealand workforce have increased significantly over the past twenty years, significant skill gaps remain which are constraining New Zealand's ability to grow.

Literacy and numeracy - A key skill challenge is low functional literacy, language and numeracy (LLN) skills within the adult population. Two successive international surveys have revealed that approximately 40% of adult New Zealanders have LLN skill levels below those required to function effectively. For Maori and Pacific Island peoples, the proportion of the population with numeracy gaps exceeds 70%.

In the medium term the focus of LLN strategy should be to prepare providers and other key skills organisations (e.g. Industry Training Organisations) for working directly with firms and employers themselves. In the short term, however, it makes sense for Government to continue to play a brokering role, while providers build up their capacities and while employer understanding of LLN needs and responses is low.

Management and leadership - The perceived availability of management skills in New Zealand is lower than Australia, United Kingdom and many OECD countries. Awareness among New Zealand managers of their need and opportunities to improve is low, and the quality and relevance of training and development initiatives is highly variable. Further work is needed to raise awareness and understanding of the importance of leadership and to promote better responsiveness by education providers.

Skills Strategy - The Skills Strategy should continue its work in involving major economic and training players more closely in skill policy development, focus skills development policies more clearly on areas of business and economic need, reduce duplication in Government activity, and ensure skills policy is business-friendly.

Tertiary reforms - The tertiary reforms were set up in part to provide stronger incentives for tertiary education providers to respond to the needs of key stakeholders, especially businesses and employers. This issue remains a priority. The reforms need greater transparency and stronger signals to providers if they are to achieve their goals.

The low skilled – Work to improve the situation of those with fewest skills remains a priority, especially in light of the current economic downturn. Calls for significant

increases in the minimum wage are more likely to harm than help those with fewest skills and may drive a number of them out of work. Government responses need to focus on providing opportunities for those with fewest skills workers to lift their skill levels. Literacy and numeracy development will be useful and Government may also wish to consider additional targeted assistance e.g. training vouchers for those on very low incomes.

Skills and immigration – The accredited immigration employer scheme is a positive initiative that could be improved with streamlining. More emphasis on seasonal workers with a view to encouraging those with relevant skills to seek and be granted temporary work visas would be valuable.

Business NZ recommendations:

1. Promote greater use of performance measures by tertiary education providers
2. Promote better responsiveness by education providers to management and leadership development needs
3. Continue support for the NZ Skills Strategy
4. Continue funding for workplace literacy and numeracy and expand the pool of trained literacy and numeracy tutors and providers
5. Raise awareness of literacy needs in the workforce
6. Ensure policies relating to skills are linked with productivity
7. Review the Tertiary Education Commission
8. Streamline requirements for the accredited immigration employer scheme and improve systems for temporary work visas for seasonal workers

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