

Submission

By



To the

**Education and Science Select
Committee**

On the

**Education (Polytechnics) Amendment
Bill**

24 September 2009

PO Box 1925
Wellington
Ph: 04 496 6555
Fax: 04 496 6550

SUBMISSION BY BUSINESS NEW ZEALAND¹ ON THE EDUCATION (POLYTECHNIC) AMENDMENT BILL

24 SEPTEMBER 2009

1. INTRODUCTION

- 1.1. Business New Zealand welcomes the opportunity to comment on Education (Polytechnics) Amendment Bill (referred to as the 'Bill').
- 1.2. Business New Zealand's members collectively employ around 80% of the private sector workforce. As such, we have a strong interest in education, training and other policies that affect the quality and level of skills in the current and future labour market.
- 1.3. A productive and competitive business sector needs strong polytechnics to equip people with the skills and knowledge necessary to contribute to individual well-being and New Zealand's long term social and economic success.
- 1.4. Business New Zealand welcomes moves to increase the responsiveness of the tertiary education system to industry and business needs. As such, Business New Zealand supports this effort to enhance polytechnic council effectiveness to deliver on the education and training needs of the employers, industry and the economy.
- 1.5. It would therefore seem to make sense to focus on the knowledge, skills and competencies that support council effectiveness to deliver on the education and training needs of community, employers, industry and the economy.
- 1.6. Experience suggests that without strong results based accountability mechanisms the proposed changes may be relatively ineffective for changing the behaviour of polytechnics so that the sector is sustainable and more effective and efficient in meeting the needs of individuals, employers and the economy.
- 1.7. In our view a strong accountability framework requires clear statements of roles and responsibilities, including about the relationships between polytechnic councils, the Tertiary Education Commission, and the Minister. Further work needs to be undertaken to establish as transparently as possible who is accountable for what and when (e.g. establishing clear boundaries).
- 1.8. In clarifying roles and responsibilities, the Minister and the Tertiary Education Commission need to determine what their role is relative to the council. This links to governance because their roles have to have

¹ Background information about Business New Zealand is attached as Appendix 1

some boundaries where the Tertiary Education Commission will drive policies and programmes. It is also increasingly important in an environment where greater cooperation and inter-dependence needs to be encouraged rather than parochial and unhelpful competitive forces.

1.9. Business New Zealand does, however, have several reservations about aspects of the Bill. These relate to:

1.9.1. The level of transparency and rigour around the ministerial and polytechnic council recruitment, screening and appointment process.

1.9.2. The lack of clarity and criteria around the knowledge, skills and experiences necessary to fulfil individual duties as members of the council and the functions, duties, and responsibilities of the council.

1.9.3. The need for clear and easily understood accountability mechanisms that allow institutions, students, employers and the community to monitor progress towards key outcomes and goals, including meeting the needs of labour market and economy.

1.9.4. The need to balance institutional autonomy and crown ownership to enable the council to fulfil its responsibilities consistently with its mission and key outcomes and goals.

1.9.5. The need to strengthen the relationship between business and polytechnics in which employers' needs and polytechnic outcomes are aligned. This is necessary if New Zealand is to have a productive and competitive economy, built on skills and knowledge. In our view polytechnics should develop and report on their mechanisms for employer interaction at the governance level.

2. SUMMARY OF RECOMMENDATIONS

2.1. Business New Zealand makes the following recommendations with regard to the proposed Bill, namely that:

2.1.1. the Education (Polytechnic) Amendment Bill proceed but amended as below.

Clause 15 Inserting new part 15A Special provisions relating to polytechnics

Clause 15

Specialist help

2.1.2. section 222A(2)(a) be inserted to say "the evidence or argument that a polytechnic, or the education performance of students at a polytechnic, is at risk."

2.1.3. existing section 222A(2)(a) and 222A(2)(b) be renamed as 222A(2)(b) and 222A(2)(c) respectively, as a consequence.

Clause 16 Polytechnic councils

Matters to be considered when appointments made

2.1.4. section 222AC(3)(b) be amended by removing the words “likely to be,” to say “are able to fulfil their individual duties as members of the council and the functions, duties and responsibilities of the council.”

Voluntary combination of councils

2.1.5. section 222AJ(1) be amended to include new clause (c) “he or she is satisfied that the combination of the councils will improve the performance or the education performance of the students at the polytechnics.”

2.1.6. section 222AJ(2) be amended to include new clause (a) saying “contain a statement on how the combination of the councils will improve the performance or education performance of the students at the polytechnics.”

2.1.7. section 222AJ(2) be amended to include new clause (b) saying “contain a statement on a variety of mechanisms for stakeholder interaction at the governance level to ensure ongoing engagement with the community, students, employers, and industries the polytechnic serves.”

2.1.8. existing section 222AJ(2)(a) and 222AJ(2)(b) be renamed 222AJ(2)(c) and 222AJ(2)(d) respectively.

Constitution of combined councils

2.1.9. section 222AK(2)(b) be replaced by the following: “a combined council must have the appropriate mix of knowledge, skills and experiences to fulfil their individual duties as members of the council and the functions, duties, and responsibilities of the council.”

2.1.10. section 222AK(2) existing clauses (b) through (e) be reworded accordingly.

2.2. We recommend that all transitional arrangements must take care to minimize unacceptable levels of risk around the capacity of the governing council to undertake its functions and duties.

3. COMMENTARY ON THE BILL

Clause 15 Inserting new Part 15A: Special provisions relating to polytechnics

Section 222A Specialist help

- 3.1. This section outlines Business New Zealand's views on the Bill's proposed special provisions relating to polytechnics.
- 3.2. Ensuring institutions are effectively governed is a key priority so that the sector is sustainable and more effective and efficient in meeting the needs of individuals, employers and the economy. Business, the public, and students expect that institutions will not only deliver quality and relevant education outcomes, but that they will be properly organised to make the best use of scarce resources.
- 3.3. As a general principle, the Tertiary Education Commission should leave councils to carry out their business when things are going well and get involved only when they genuinely need to.
- 3.4. An intervention framework requires clear information about the roles and responsibilities of the Crown and the council, and the nature of the relationship between the two parties is also important. In our view, good relationships between the Tertiary Education Commission and councils are important. Good professional relationships are significant in identifying and managing risks early.
- 3.5. The Tertiary Education Commission must have a clear and documented understanding of its role in the intervention framework for each council and its responsibilities in fulfilling this role. In our view, documenting when and how the Tertiary Education Commission needs to be involved with a council is imperative and provides transparency around the intervention framework.
- 3.6. The intervention framework should seek to support councils to carry out their functions and duties in relation to the outcomes and objectives of the institution, including meeting their obligations.
- 3.7. We would **recommend** that the Committee consider inserting a new section 222A(2)(a): "the evidence or argument that a polytechnic, or the education performance of students at a polytechnic, is at risk."
- 3.8. We would **recommend** that existing section 222A(2)(a) and 222A(2)(a) be renamed as 222A(2)(b) and 222A(2)(c) respectively, as a consequence.

Clause 16 Polytechnic councils

Section 222AC Matters to be considered when appointments made

- 3.9. This section outlines Business New Zealand's views on the Bill's proposed governance arrangements for polytechnics.
- 3.10. While Business New Zealand, has several concerns on the proposed governance arrangements, in general it supports the proposed changes. It is fundamentally important for a productive and competitive business sector to have polytechnics that equip people with the skills and knowledge necessary to contribute to individual well-being and New Zealand's long term social and economic success.
- 3.11. Under the current Act [s171 (2) (i) refers] the central organisation of employers (Business New Zealand) is able to appoint one person in accordance with the polytechnic constitution.
- 3.12. The Business New Zealand family has taken this responsibility seriously, often with careful consideration of the knowledge, skills and competencies that will support council effectiveness and complement sitting council members' skill and knowledge sets.
- 3.13. From our perspective, what is needed is a high level of transparency and rigour around both the ministerial and polytechnic council screening and appointment process. Further, a formalised process to recruit, screen and appoint candidates to council is essential if polytechnics are to be high performing organisations.
- 3.14. An open, transparent and rigorous screening and appointment process provides clarity and confidence to the public that those appointed have the knowledge, skills and competencies that support effective governance and can deliver on the education and training needs of the community, employers, industry and the economy. This has the additional benefit of minimising the likelihood of inappropriate ministerial and council appointments, or appointments made based on political connections and/or patronage.
- 3.15. Business New Zealand is concerned that the lack of an open, transparent and rigorous recruitment, screening and appointment process, one in which the criteria for the level of experience, knowledge, skills and competences are clearly articulated, may adversely impact on the integrity of appointments and on the overall quality of the governance of an institution.
- 3.16. The Government has stated that its priority is to have relevant and efficient tertiary education provision that meets the needs of students and the labour market. That is, the needs of students and the economy should drive the provision of tertiary education. This is a goal that Business New Zealand wholeheartedly supports, and one which in our view must sit at the heart of all policy considerations.
- 3.17. We note that our focus on the proposed governance changes in the Bill has concentrated on effective governance rather than representational governance. Nonetheless, we remain committed to

exploring options to strengthen the level of engagement between polytechnics and business in which employers' needs and polytechnic outcomes are aligned. In our view, this is necessary if New Zealand is to have a productive and competitive economy, built on skills and knowledge.

- 3.18. The Minister and polytechnics should explore the use of a nominations sub-committee comprising a majority of external members, to proactively manage the recruitment, screening and recommendation process for the Minister and polytechnics. In our view this would add another layer of transparency.
- 3.19. The creation of an advisory or nominations committee to recruit, screen and recommend candidates to the Minister could add another layer of transparency to the screening and appointment process.
- 3.20. We would **recommend** that section 222AC(3)(b) be amended by removing the words "likely to be," to say "are able to fulfil their individual duties as members of the council and the functions, duties and responsibilities of the council."

Section 222AJ Voluntary combination of councils

Section 222AK Constitution of combined councils

- 3.21. This section outlines Business New Zealand's views on the Bill's proposals around the combination of polytechnic councils.
- 3.22. The issue of a lack of suitably qualified nominees putting themselves forward for appointment to councils, particularly in regional areas, may be addressed through provision enabling polytechnic councils to combine. When combining polytechnic councils, consideration should be given to the mechanisms in place to ensure that the education and training needs of the communities, students, employers, and industries most affected continue to be effectively and efficiently met.
- 3.23. We **recommend** that section 222AJ(1) be amended to include a new clause (c) "he or she is satisfied that the combination of the councils will improve the performance or the education performance of the students at the polytechnics."
- 3.24. We **recommend** that section 222AJ(2) is amended to include a new clause (a) saying "contain a statement on how the combination of the councils will improve the performance or education performance of the students at the polytechnics."
- 3.25. We **recommend** that section 222AJ(2) is amended to include new clause (b) saying "contain a statement on a variety of mechanisms for stakeholder interaction at the governance level to

ensure ongoing engagement with the community, students, employers, and industries the polytechnic serves.”

3.26. We **recommend** that existing section 222AJ(2)(a) and 222AJ(2)(b) be renamed 222AJ(2)(c) and 222AJ(2)(d) respectively.

3.27. We **recommend** that section 222AK(2)(b) be replaced with the following: “a combined council must have the appropriate mix of knowledge, skills and experiences to fulfil their individual duties as members of the council and the functions, duties, and responsibilities of the council.”

3.28. We **recommend** that section 222AK(2) existing clauses (b) through (e) be reworded accordingly.

4. *Transitional matters*

4.1. This section outlines Business New Zealand’s views on the Bill’s proposals around transitional matters.

4.2. Ensuring that polytechnics are well governed is a key priority for their ongoing viability to meet the needs of individuals, employers and the economy.

4.3. All transitional arrangements must take care to minimise unacceptable levels of risk around the capacity of the governing body to undertake its functions and duties.

APPENDIX 1

Background Information on Business New Zealand

Business New Zealand is New Zealand's largest business advocacy organisation.

Through its four founding member organisations – EMA Northern, EMA Central, Canterbury Employers' Chamber of Commerce and the Otago-Southland Employers' Association – and 70 affiliated trade and industry associations, Business NZ represents the views of over 76,000 employers and businesses, ranging from the smallest to the largest and reflecting the make-up of the New Zealand economy.

In addition to advocacy on behalf of enterprise, Business NZ contributes to Governmental and tripartite working parties and international bodies including the International Labour Organisation, the International Organisation of Employers and the Business and Industry Advisory Council to the Organisation for Economic Cooperation and Development.