29 April 2016

Judy Kavanagh
New Models of Tertiary Education Inquiry
New Zealand Productivity Commission
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Dear Judy

Further to the presentation made by the ITP sector to the Productivity Commission on Thursday, 21 April, the ITP sector, comprising the 16 Institutes of Technology and Polytechnics in New Zealand (NZITP and the Metros) are pleased to provide a response to the Issues Paper on New Models of Tertiary Education.

The submission comprises two documents: first a thematic paper which draws out some of the key issues of concern to the ITP sector in New Zealand; and second a response to a number of the questions posed in the issues paper.

We will be also, separately, be providing a number of case studies to supplement this work together with some statistics regarding the size and success of the ITP sector.

Please do not hesitate to contact us if you have any questions relating to this submission.

Yours sincerely

Mark Flowers
Chair Metro Group

Professor Margaret Noble
Chair NZITP

SUBMISSION TO NEW ZEALAND PRODUCTIVITY COMMISSION ENQUIRY INTO NEW MODELS OF TERTIARY EDUCATION

EXECUTIVE SUMMARY

The ITP (Institutes of Technology and Polytechnics) sector welcomes the Productivity Commission's enquiry into the tertiary education system.

The Commission has asked about the ability of the system in New Zealand (both individual institutions and central government agencies) to respond innovatively to major trends in employer demand, costs, technology, and internationalization.

Effective responses will come only as a result of a move away from a supplier-driven tertiary education system organized around what institutions do, towards a customer-centred system organized around what business and what learners need.

This submission notes that the ITP sector is successful in responding to the needs and priorities of both employers and learners; and that ITPs contribute very effectively to the Government's Business Growth Agenda.

However there are problems arising from central agencies' perception of ITPs; limited understanding of ITPs' contribution to tertiary provision and the distinctiveness of their business model; a lack of enabling policies and funding incentives for innovation and collaboration; and system rigidities which prevent ITPs from designing and implementing the responsive qualifications and delivery methodologies that will be best suited to deliver a high skill workforce.

INTRODUCTION

The mission of a tertiary education system is to produce people who can contribute effectively to the economy and society through their knowledge and skills.

Only 50 years ago, tertiary education was for the very few. The prevailing pedagogical approaches and the selection of disciplines regarded as appropriate for higher level study meant that the system was ill-suited to catering for the demands of the 21st century.

In 2016, participation in post-school education is virtually a universal expectation. Participation rates in New Zealand are high and comparable with other OECD countries.

The New Zealand Government is committed to support a world class tertiary education system, recognizing that not only do the economy and society benefit, but that in the context of fast-moving global change, governments need to continually set the bar, resource, and lay out national expectations of the system.

Current changes in the global economy have been labelled "the fourth industrial revolution", characterized by the fusion of technologies and a blurring of the lines between physical, digital and biological systems. Advances in technology are transforming every part of everyone's lives, from how people work to how they build, travel, communicate, entertain, provide and access services, along with what those services are.

Tertiary graduates in this new economy need skillsets that include knowledge and technical facility but take these to a higher level, including social intelligence and the ability to work in teams; sense-making, adaptive thinking and problem solving; creativity; trans-disciplinarity; computational thinking and a design mind-set; cross-cultural competency and the ability to collaborate, face to face and virtually. Sometimes labelled "soft skills", these are sophisticated skills that fundamentally challenge the old dichotomy between "theoretical" and "practical" learning that was associated with, respectively, Universities and ITPs. In fact, ITPs have a distinctive business model that combines theoretical and practical learning in an applied context.

Graduates in the new economy need qualifications that are relevant, tailored, current, verified by work experience and underpinned by applied research.

In this environment, the tertiary education system faces two additional challenges: to deal with the potential inequality that will arise where unskilled and many formerly skilled jobs are disappearing; and to deliver employable graduates with enough speed to meet industry's rising expectations. Currently regional growth studies recognize also the importance of intermediate level skills to underpin the growing strength of the regional and national economy.

The ITP sector is that part of the tertiary system best-placed to meet both challenges.

However the ITP sector is held back by its image in a society which has inherited the outmoded dichotomy that differentiates "theoretical" and "practical" knowledge and that ranks the former above the latter and which lacks full understanding of the distinctive learning model provided by ITPs. This creates unequal perception and esteem which consciously and unconsciously shapes central agencies' policies, strategy, regulation and interventions. This paper identifies seven issues around our ability to drive learning and skill development for the global economy and for a thriving and equal domestic environment. It needs to be said that in all seven areas the underlying problem of how the tertiary vocational and professional education sector is perceived and assessed within an outdated taxonomy of the "value" of types of competency complicates and exacerbates the particular issue.

ISSUE ONE: WHAT DOES IT MEAN TO BE BUSINESS/INDUSTRY-LED?

The ITP business model is strongly driven by industry. Learning and teaching are immersed in the industry/workplace environment. Teaching staff are recruited primarily for their industry experience and credibility; learning takes place within either real or simulated workplace environments and especially at the higher levels is project-based, where students learn by

solving real-life problems, often with real profits or penalties at risk. Research is predominantly applied and closely relevant to the practical needs of SMEs. And larger businesses.

Unlike Universities whose major source of students is school-leavers, ITPs source over 50% on average from already-employed or mid-career adults seeking to upskill or retrain in the course of their working lives. Very many enrol part-time so they are continually framing their study purpose in the context of their industry's or profession's requirements.

At a system-wide level the existence of Industry Training Organisations in the tertiary vocational education and training landscape is sometimes a source of confusion for employers. Both ITOs and ITPs can benefit from the existence of the other, but government agency signals lack clarity as to whether collaboration and flexible shared provision is sought or valued. There is also an underlying lack of clarity as to the role of ITOs and a resultant blurring of the boundaries between the facilitation and the provision of training.

As well as local interactions between employers and ITPs, recent examples of national or wide region workforce development initiatives that have drawn employers and providers together in new partnership arrangements include the rebuilding of Christchurch; the development of Auckland's infrastructure; and the drive to expand the number of engineering graduates (E2E). Common threads running through all of these arrangements at local, regional, and national level include:

- industry involvement in both defining the problem and designing the solution, including curriculum and qualification design

- a problem that is larger than any individual player could resolve working alone

- a strong commitment by all parties to the agreed outcomes of the project

- coordinated effort across all providers rather than each responding individually

- decisions primarily made by and with the parties concerned rather than imposed from the outside.

ISSUE TWO: SECONDARY-TERTIARY PATHWAYS

ITPs have a remarkable track record of providing a high support environment for a wide cross-section of school leavers, from the intellectually most able, through those who know their preferred career path and want to get started as fast as possible, to those who have enjoyed minimal success in the compulsory school system and who need a combination of support and the autonomy due to their age and maturity.

The New Zealand education system, almost uniquely worldwide, suffers from a very long "tail" of disengagement and underachievement. This problem will become unacceptably worse in an economy which is lifting the bar exponentially. ITPs are the most successful sector at providing an open door and a learning pathway to success to students who have not felt at home in the compulsory or the academic environment. Achievement and retention levels for Maori and Pasifika students are very high and ITPs have developed an innovative range of programmes to engage and support priority learners.

Examples and case studies of collaboration will be provided to the Commission in a separate paper. Nationally, Trades Academies in particular have achieved remarkable results from a variety of partnership arrangements between secondary schools and ITPs enabling students to achieve both NCEA Level 2/3 credits and vocational qualifications.

It is unfortunate that in terms of the perceived pathway from secondary to tertiary, while the school to University route is well-marked and clearly understood by school and career advisers as well as by most families, school-based advisors in general regard the ITP as a destination for less able and successful leavers.   This flavour has come through Ministry of Education communications and guidance as well. We acknowledge that the problem is widespread and that it will take input from all players to solve. The ITP sector is willing, and keen, to contribute to finding solutions.

ISSUE THREE: FUNDING MODELS AND SIGNALS

The ITP sector has welcomed the Tertiary Education Commission's announcements in late-2015 heralding a stronger investment focus for funding decisions, including movement "away from reliance on funding based on inputs and outputs to outcomes that focus more on broader social and economic outcomes for New Zealand". At this point in the process of discussion, the detail of any changes is not clear. However the schematic that has been published on the TEC website does not specify the scope of the outcomes, apart from stating a commitment to lifelong learning opportunity for individuals; and the stated commitment to "build partnerships" appears to refer only to partnership between the TEC itself and players in the system. Nevertheless the spirit and the intent of the TEC's commitment to change is welcome, especially the commitment to data-led analysis.

The underlying themes of the tertiary funding system – that it favours the largest number of fulltime students enrolled for the longest period and by individual institutions; and that it is long on penalties for failure and short on incentives for collaboration or for thoughtful risk-taking – are both potentially inimical to what the ITP sector sees as appropriate responses to the changing global economy.

The sector is aware that a responsible agency needs to maintain a high level of vigilance to guard against gaming of the funding system, and that various tertiary providers have been responsible for a variety of mistakes and bad practices over the years. However we argue that the TEC's penalty-focussed monitoring is now disproportionate especially in light of the paucity of incentives for innovation, collaboration, or for future thinking that goes out further than the current one-year funding horizon.

The Crown's allocation mechanism for capital funding for ITPs has very few levers and there are major difficulties for ITPs wishing to make a case for funding of assets. There is no clear sense, for example, that the central agencies are able to evaluate a case for flexible use of proposed new facilities over a medium term future, including use by a variety of players alongside an ITP, e.g. private providers or industry partners.

The funding of collaborative investment initiatives by more than one tertiary partner is not easily encouraged within current settings. Because of this, similar projects which overlap tend to be developed and self-funded by individual institutions, potentially leading to inefficient use of resources.

ISSUE FOUR: INTERNATIONALISATION

The global economy and the shrinking distance between the countries of the world present both an imperative and positive opportunities for New Zealand institutions to see the possibilities of operating beyond New Zealand's shores.

Under the leadership of the Minister for Tertiary Education, Skills and Employment, Education New Zealand has a far-reaching vision and strategy for the entire tertiary sector, including both the attraction of international students to study in New Zealand, and the operation of New Zealand delivery and qualification granting in a range of overseas countries. The tertiary vocational education sector has a uniquely valuable offer, owing to the strong relationships with industry that have been developed, and the quality of how workplace standards and requirements are factored into the delivery of learning. There is strong evidence that overseas students are strongly attracted by the practical, applied and workplace-infused learning offered by the ITP sector's vocational and professional programmes.

The importance of a strong international profile for New Zealand institutes goes beyond earning revenue. It is significant for students, teaching staff, and for business/industry. It enables the New Zealand institutes to enlarge their cultural understanding, exposing New Zealand students to a valuable range of worldviews and relationships. It also opens the door to new learning environments and the valuable sharing of ideas and philosophies about learning as well as collaborative curriculum development and research.

However, the development of this very important arena tends to meet inconsistent responses among central agencies, and, within agencies, apparent mismatch between the attitude to risk, and attitude to innovation. NZQA precludes the offering of NZ qualifications offshore in any than the three official languages of New Zealand, which is an example of a significant barrier to developing scale in offshore provision.

In light of the critical importance of international education, these apparent inconsistencies within government are worthy of serious and urgent consideration.

ISSUE FIVE: TECHNOLOGY-MEDIATED BLENDED LEARNING

The Commission has asked for views on "what features of the tertiary education system currently encourage or discourage innovation, where the balance of risk lies for different actors in the system and what might happen if system settings were changed to shift that balance" (p. 80).

In the context of our needed international reach as providers, and also of the revamp of the national qualifications that is now concluding, it is timely for the New Zealand system to adopt a coherent and collaborative approach to designing a technology-mediated learning system which can be accessed when and where learners wish, including from workplaces, from home, and at any time, backed and supported by face to face interaction with teachers, learning experts and industry practitioners.

 The biggest hurdle to realizing this goal is the need to answer the question of ownership – of qualifications, curricula, and of students. These issues are expanded on in the next section.

ISSUE SIX: QUALIFICATIONS FOR THE FUTURE

The tertiary system has traditionally exhibited a strong ownership culture around qualifications. For example, they are still regarded as one of the most important value propositions of Universities, in some cases carrying a "pedigree" bestowed by leading minds and reflecting research and scholarship achievements.

For ITPs, the qualifications we offer ideally have many parents: business, local communities, our strongly industry-respected and experienced teaching staff, pedagogy experts, and

especially, the students themselves, who know what matters most to them and when they might need any particular part to focus on.

While every qualification contains its appropriate content of information, knowledge and skill fitting with its discipline and framework level, to be truly relevant, it needs to be open to modification in response to its context, whether that be the workplace, opportunities for putting into practice; the learner's circumstances etc. This is particularly so for learners who are not school-leavers, and who make up at least 50% of the ITP student body.

This raises a number of areas where the current accreditation, recognition, and funding systems are not as flexible as wished. Micro-qualifications are subject to unhelpful rules; recognition of prior learning is not funded despite being hugely desirable for thousands of learners; recognition of and credit for workplace experience is clunky and expensive for all concerned; Educational Performance Indicators (EPIs) militate against institutions which seek to recognize student achievement in less than entire qualifications. Related to this is a need to understand the complex journeys of many learners, particularly those accessing tertiary education for the first time.

Recent divergences between TEC and NZQA on the nature and relevance of "hours of learning" vs "hours of teaching", and the gap opened up between the NZQA's recognition of quality delivery and the TEC's recognition for funding purposes suggest there is need for policy review. The growing recognition of the effectiveness of Blended Learning makes such a review imperative.

ISSUE SEVEN: THE ARCHITECTURE OF GOVERNMENT AGENCIES FOR TERTIARY EDUCATION

As the Commission's own analysis (p.22) shows, there are at least nine agencies involved in monitoring, funding, reporting on, and directing New Zealand's tertiary providers. The system architecture exhibits "strong elements of top-down control", with its accompanying "strengths and weaknesses" (p.23). This complex and challenging situation is made more complicated by in some cases diverging and inconsistent signals from different agencies within the system and, in many areas, an absence of empowering incentivisation.

A critically important point is that the system and its rules work very differently for ITPs and for Universities. As a sector, Universities have a high degree of autonomy and self-regulation, with very different latitudes available to them with respect to regulatory, quality assurance, academic audit, and programme approval. While this situation may have been appropriate in the early 1990s, in today's environment where some ITPs are larger than some Universities, where they are able to provide the full gamut of qualifications including doctorates, these differences are no longer tenable and risk being seen as discriminatory.

As noted in the Introduction, at the heart of the problem is an issue of perception, itself a legacy of outmoded thinking about the pre-eminence of "thinking" over "doing". As observed in the Introduction to our submission, the skillsets that will need to be developed and taught for the future encompass both thinking and doing and lift both to a new level of competence and adaptability. New Zealand urgently needs to reset the preconditions that will optimize the efficiency and the contribution of ITPs to meeting our desired economic and social goals.

Writing in "Foreign Affairs" (January 2016) about the "fourth industrial revolution", Klaus Schwab notes:

"Current systems of public policy and decision-making evolved alongside the Second Industrial Revolution, when decision makers had time to study a specific issue and develop the

necessary response or appropriate framework. The whole process was designed to be linear and mechanistic, following a strict top-down approach. (…) Regulators must [now] continuously adapt to a new, fast-changing environment, reinventing themselves. (…) To do so, governments and regulatory agencies will need to collaborate closely with business and civil society".

The ITP sector fully supports collaborative dialogue between themselves, business, and central government in order to ensure the system is capable of meeting the needs of the future.

Chief Executives of Institutes of Technology and Polytechnics
May 4, 2016

New models of tertiary education

New Zealand Productivity Commission
Te Kōmihana Whai Hua o Aotearoa[1]

The Commission – an independent Crown entity – completes in-depth inquiry reports on topics selected by the Government, carries out productivity-related research, and promotes understanding of productivity issues. The Commission aims to provide insightful, well-informed and accessible advice that leads to the best possible improvement in the wellbeing of New Zealanders. The New Zealand Productivity Commission Act 2010 guides and binds the Commission.

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[1] The Commission that pursues abundance for New Zealand.

About this document

The Government has asked the Productivity Commission to carry out an inquiry into "new models of tertiary education"

The Commission has published an **issues paper** on its website to assist individuals and organisations to participate in the inquiry. The issues paper outlines the background to the inquiry, the Commission's intended approach, and the matters about which the Commission is seeking comment and information. It also contains 78 specific questions to which responses are invited.

This document sets out **just the 78 questions from the issues paper.** Submitters are welcome to use this document as the basis of their submissions. Submissions are also welcome in many other forms, as outlined in the issues paper.

Making a submission via this document

All submissions should include the submitter's name and contact details, and the details of any organisation represented. This information can be entered below.

Submitter information	
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Submissions may be lodged at www.productivity.govt.nz or emailed to info@productivity.govt.nz. Word or searchable PDF format is preferred. Submissions may also be posted. Please email an electronic copy as well, if possible.

The Commission will not accept submissions that, in its opinion, contain inappropriate or defamatory content.

What the Commission will do with submissions

The Commission seeks to have as much information as possible on the public record. Submissions will become publicly available documents on the Commission's website shortly after receipt unless accompanied by a request to delay release for a short period.

The Commission is subject to the Official Information Act 1982, and can accept material in confidence only under special circumstances. Please contact the Commission before submitting such material.

Key inquiry dates

Receipt of terms of reference: 3 November 2015

Due date for initial submissions: 4 May 2016

Release of draft report: September 2016

Draft report submissions due: November 2016

Final report to Government: 28 February 2017

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Questions

Below are the 78 questions contained in the issues paper? These questions are not intended to limit comment. The Commission welcomes information and comment on all issues that participants consider relevant to the inquiry's terms of reference.

Submitters should choose which (if any) questions are relevant to them, and leave or delete those they do not wish to answer. Many questions will not make sense without the accompanying discussion provided in the issues paper; submitters should refer to the issues paper to clarify the meaning of the question.

Question number	Question text	Where the question appears
Q1	**What are the advantages and disadvantages of administering multiple types of post-compulsory education as a single system?**	**Page 3**

The situation in NZ is in contrast to the situation found in many countries where lower level education and higher education is split between two funding bodies. However for the ITP sector having one system clearly presents an advantage and dividing it would be likely to create some difficulties. ITP institutions offer a wide range of qualifications from level 1-10 on the NZQF, offering learners a distinctive pedagogy throughout this qualification range, and to have funding split for different levels of programme would add undue complexity to the system.

Q2	**Do prospective students have good enough information to enable them to make informed choices about providers and courses? What additional information should be provided? Who should provide it?**	**Page 8**

One of the challenges facing the ITP sector is that it is broad e.g. the Issues Paper, in describing the characteristics of tertiary providers, does not explicitly recognise that many ITPs offer an extensive and wide ranging provision from foundation to post graduate level study. The lack of awareness and knowledge requires the raising awareness of the focus and range of provision provided by the ITP sector. Schools, for example, through both Careers counsellors and teachers have the potential to provide an informed and non-biased approach for students, parents and care givers about the important provision made by the ITP sector and the choices provided through their vocational and professional education offer. The branding and perception work being undertaken by the ITP sector, a presentation to, and copy of which has been made to the Productivity commission should assist in this regard.

 The government is encouraging institutions to provide key information sets, to enable learners to make informed choices about programmes and institutions which will complement information available through other avenues such as Schools. Provision of such information will enable institutions to provide a wide range of data to students but it will be important for institutions to also add contextual data so that meaningful comparisons can be drawn between institutions with a different demographic and located in different regions. A case in point is the need to provide careful use of information about salaries as these can vary widely between regions and between urban and rural areas.

While the information that will be provided in the Key Information sets may be useful, evidence from other countries would suggest that many students make limited use of such information. Research shows that it may be more likely to be used by students who are first in the family to enter tertiary education. Many students make the pragmatic choice of nearest location of study, area of interest, affordability, and ease of access and therefore the key information set may be more limited in utility for the ITP Sector.

In looking at the tertiary system the Issues Paper seems to suggest that there is a differentiation between the metropolitan ITPs and regional ITPs; arguably this is not a useful distinction to make and one which should not feature in the Productivity Commission's communication due to the commonality of the business model. The programmes offered by all ITP institutions show similar characteristics based on a distinctive pedagogy aimed at reaching a wide range of learners who require a practice based supportive learning environment. All ITPs similarly face a range of similar issues e.g. challenges in access, supporting 'priority' learners, maintainingo geographical reach, irrespective of location.

The ITP sector has developed and agreed on a set of consistent messages about the distinctiveness and the particular contribution made by ITPs to the tertiary landscape and to the national and regional economies. These presentations have been made available to the Productivity Commission.

Q3	**Is the business model of universities published by Universities New Zealand a good characterisation? Are there aspects of the business model of universities that it does not explain?**	**Page 11**

Q4	**What is the business model of ITPs? Do the business models of ITPs vary significantly? In what ways?**	**Page 12**

The ITP sector has a distinctive Business model which is fairly consistent across the sector.

Work-based vocational and professional education is arguably the most distinctive part of ITP provision through (i) the strongly applied integration of work into all aspects of learning, through work placement, simulation and work experience, and (ii) the provision of contemporary vocational learning environments on campus such as sawmills, nursing wards, automotive and constructions workshops, state of the art kitchens, restaurants, beauty salons and engineering workshops.

The business model for ITPs includes a client base that is distinctive. ITPs work with a wide range of learners from foundation through to post graduate level and from 15 and 16 years olds studying in schools through to those in the third age. The distinctiveness of the client base is important in understanding the distinctive contribution that the ITP sector makes to the provision of tertiary education in New Zealand. Many of the learners accessing tertiary education are first time learners and first in the family to enter tertiary education. Many, particularly at the lower levels, have few if any qualifications and thus a distinctive part of the ITPs role is to prepare these learners for further study and/or employment. Furthermore, the behaviour of many of these learners is also very different in that they do no often take the traditional learning journey of entering and completing the intended qualification in the minimum time allowed, due to the complexity of many lives, the lower socio economic backgrounds of many students. Many students

will dip in and out of learning moving between learning and employment and learning and home life and my take longer to complete their qualification that might be the case, for example, in the university sector. It is important therefore that there is a good understanding of learners and those that need to be reached by the ITP sector.

ITPs also play an important and distinctive role in reginal and community provision through delivering programmes through regional campuses and other diverse delivery locations in communities. Regional communities will only survive if they have an adequate skills base and the ITP sector has a key role to play in ensuring this, through programmes which meet industry requirements, keep populations in the region and skill up the regional workforce.

One of the ways in which the ITP sector is enabled to help learners succeed is through the strong process of personal and pastoral support and wrap around support that is provided to learners. Many learners are those who traditionally have not been in education, employment or training, many live in deprived areas characterised by indices of multiple deprivation and low decile schools, many also live in remote geographical areas with financial backgrounds limiting the opportunities to embark on tertiary education. This distinctiveness plays an important role in contributing to the needs of the New Zealand economy and means that often ITPs work with learners in difficult circumstances and difficult and challenging locations and it is important that this distinctiveness is recognised. There is strong evidence to suggest that if learners can be supported locally to begin or even to complete their learning journey they are more likely to stay within their locations and contribute to the growth of the regional economy.

The ITP business model involves a significant reliance on government funding and the importance of international activity and full cost activity in enabling institutions to deliver high quality education.

| **Q5** | **What are the business models of the three wānanga?** | **Page 12** |

| **Q6** | **Do the business models of PTEs have common characteristics?** | **Page 12** |

| **Q7** | **What are the implications of economies of scale in teaching (and the government funding of student numbers) for the delivery of tertiary education in different types of providers and for different types of courses and subjects?** | **Page 12** |

This is an important factor because for many ITPs, and in particular for those serving dispersed geographical communities, or where new subjects are being introduced in response to economic priorities, economies of scale are often challenging. In many cases not only do ITPs lead the development of new training for industry but they also lead the development of demand- Aquaculture is a good example of this. Equally in some industry areas private business develops and trains its own workforce, under Government funding, but arguably should and could give attention to the requirements of other industry player needs – an example would be Air NZ and Aviation Engineering training.

It is suggested that there should be more recognition of the costs of working in a regional area or in a new subject areas, where it is more difficult to get economies of scale. A case in point would be forestry and agriculture where for health and safety reasons it is not possible to have large numbers of students studying in one particular class. Another example relates to engineering where introducing the new BEngTech as a new applied qualification has a long lead in time to achieve the economies of scale sought.

Economies of scale and optimal use of digital technologies, staff development and change are critical but they alone are often not enough. Staff development and investment in staff training is absolutely essential in supporting a sea change in delivery that may achieve greater economies of scale. Productivity in NZ is arguably at a state where it has the same people doing the same things in an increasingly competitive environment and thus changed practice is essential.

Arguably there maybe too many ITPs and a need to seek greater consolidation and indeed recent developments such as the coming together of EIT and Tairawhiti, the merger of Christchurch Polytechnic Institute of Technology and Aoraki Polytechnic and the recent combination of Bay of Plenty Polytechnic and Waiariki Institute of Technology to create a new tertiary institution for the Bay of Plenty region are examples of where structural changes are taking place in the sector. Of interest is the fact that two of these resulted in the traditional model of a weaker and struggling ITP being taken over or merged with a larger institution, but more recently in the case of Bay of Plenty Polytechnic and Waiariki Institute for Technology the merger of two robust and financially sound intuitions. In this case the institutions have seen the potential to effectively combine and deploy resources to reach a larger number of learners in the region and to create a level of scale which enables to increase the influence of vocational and professional education within the regional economy. There are a range of other models that have been tried in tertiary education including 'hub and spoke' models to develop and facilitate the growth of specialist provision often aligned to regional economic needs and to encourage collaboration but avoid duplication.

In seeking collaboration or any changes in the sector it is important to recognise the importance of maintaining regional and local provision, connected to local communities, industries and businesses. While scale gives the ability to survive in a new world there needs to be special consideration of the protection of regional and locally available provision. Could rationalisation, for example, adversely impact on the capability of getting provision into the regions? This is arguably unique too much of the ITP sector and cannot be lost and any rationalisation based on economic grounds alone will be unlikely to underline the developing growth of the regional policy. There needs to be a number of key principles underlying the development of institutions including maintaining access, reaching out to local and regional communities and ensuring that learners are able to commence their journeys locally in a supportive environment.

While there has been much discussion of a hub and spoke environment this is unlikely to work in the distinctive landscape of the ITP sector. In a perfect world TEIs might all be in the order of 5,000 or more efts but in reality in a country with the small population which is geographically dispersed this is unlikely to happen. There is thus a need to consider the complexity of the environment and the sustainability of institutions.

Q8   **How does competition for student enrolments influence provider   Page 12
behaviour? Over what attributes do providers compete? Do
New Zealand providers compete with one another more or less
than in other countries?**

Competition is a universal factor and the element of competition is influenced, in particular, by the current declining demographic (of 18-24 year-olds in particular) and the need to seek EFTS in as many locations as possible. There is no real evidence to suggest that New Zealand TEIs compete more than those in other countries but it can be argued that there are too many providers in NZ chasing too few domestic students and that collaboration which avoids unnecessary duplication offers some opportunities. At the domestic level the main competition is for EFTS but at the international level significant competition takes place on price in terms of fees and commission paid to agents with the main competition being faced by the ITP sector coming from PTES many of whom have much lower fixed overhead costs. Such competition is not always healthy and can lead to a compromising of quality and an associated NZ Inc. reputational risk.

Q9   **What are the implications of fixed capital costs for the business   Page 13
of tertiary education? Do differences in the capital structure of
different tertiary institutions have important implications for the
delivery of tertiary education?**

The Issues Paper has an implicit view that there is arguably too much money in fixed capital costs and there could be more flexibility in delivery. Yet probably compared to the university sector ITPs have much lower capital values and the balance of investment is arguably right; indeed many would argue there needs to be greater investment in capital to improve the facilities and premises for students. Views have been expressed that the potential to increase the level of wholly-on-line learning will be both 'cheaper' to develop and produce and will not require an element of capital investment in facilities and infrastructure; however such developments are likely to see a significant weakening of ITPs ability to deliver the skills and training needed for the future which will require at the very least the adoption of blended approaches.

ITPs need to ensure their learning spaces remain relevant to a dynamic and changing industrial landscape across the country. Modernising ITP learning spaces does not therefore directly imply a reduction in the total capital investment required in the sector. In particular, ITPs need to ensure their vocational learning spaces reflect (if not lead) the workplaces these students will move into. So the increased capital deepening assumed (in most studies of national productivity) to be needed in New Zealand's business sector needs similarly to occur in the ITP sector.

Q10   **What are the implications of the multiple activities of tertiary   Page 13
education for its delivery? What outputs are best produced
together? What outputs are best produced separately?**

<table>
<tr><td>**Q11**</td><td>**What are the benefits and disadvantages, in terms of students' learning outcomes, of bundling together research and teaching at universities in New Zealand?**</td><td>**Page 14**</td></tr>
</table>

<table>
<tr><td>**Q12**</td><td>**What value is attached to excellence in teaching compared to excellence in research when universities recruit or promote staff?**</td><td>**Page 14**</td></tr>
</table>

<table>
<tr><td>**Q13**</td><td>**Do New Zealand TEIs cross-subsidise research with teaching income?**</td><td>**Page 14**</td></tr>
</table>

This is common in all models of tertiary education across many jurisdictions. Clearly this has to happen, particularly if institutions are not in the PBRF, and also for some institutions who are small the overall level of funding in the ITP sector for research is not high. The generally limited amount of research funding allocated to ITPs means that any attempt to develop research will require the allocation of funding from other parts of the tertiary education sector. For many institutions the growth of international student fee income has made some funding available.

<table>
<tr><td>**Q14**</td><td>**What other evidence is there about what makes for effective teaching in a tertiary environment? Is it different for different types of learning or student? How can teaching effectiveness be best measured and improved?**</td><td>**Page 17**</td></tr>
</table>

This is a broad ranging question and one that is of central importance to the ITP sector due to the need for high quality teaching and learning to meet the needs of many students who are first time entrants into tertiary education. Teaching effectiveness is measured in a range of ways; by EPIs, although these are arguably rather crude measures, by the 'distance travelled' of a student in comparing qualification on entry with those that they achieve, student satisfaction surveys, and through feedback and scores provided through external evaluation methods, such as, monitoring and moderators reports and the External Evaluation and Review process, and through employer feedback and surveys. Effective teaching requires that teaching be adapted to the needs of individual students and this is an areas where ITPs arguably excel through, for example, the focus on using flexible forms of delivery e.g. using the marae, the integration of work place learning as a distinctive part of the curriculum, combinations of blended learning and having a culturally sensitive curriculum.

The distinctive pedagogy employed in the professional and vocational education sector is a key aspect in enabling learners to succeed that sets provision apart from that of the university sector. This is achieved through work integrated learning and a distinctive educational delivery model. ITP students develop their bodies of knowledge and skills by early exposure to practical application and by guided and socially interactive learning. This can come about through a variety of circumstances – first time tertiary learners, developing

learning confidence and learning style – but what really differentiates the ITP sector is the sector's educational delivery models. Even in the on-line space, ITP learners will require a different sequencing of learning and different support from what will be offered by universities.

Q15 **How do tertiary providers assess, recognise and reward teaching quality in recruitment and career progression? To what extent do tertiary providers support the professional learning of teachers?** **Page 19**

 For all ITPs this is an area which is at the forefront with considerable investment made in supporting staff to gain higher qualifications and increasingly ensuring that staff are recruited with the right level of qualification on entry to the institution. At Waiariki Institute of Technology, for example, annual promotion rounds provide opportunities for staff to progress in both teaching careers and those based on research and are important as a key part of underpinning the professional development of teachers. One of the issues in the current funding model is that there is little 'headroom' to achieve the best extent of how institutions can invest and re-invest in staff that allows ITPs to remain ahead of the changes in pedagogy, meet the requirements of technology, up-skill staff and create an enduring technical currency by staff.

Q16 **How do New Zealand tertiary providers use student evaluations? How does this influence provider behaviour?** **Page 19**

Within all ITPs there has been a growing emphasis on student evaluation and this is important in providing feedback and enabling the institution to assess the quality of its education. Using the best evaluation instruments and closing the loop are clearly issues and areas where there is scope for considerable improvement.

Q17 **In what ways and to what extent do employers interact with tertiary providers in New Zealand? Are there practical ways to encourage employers to have greater or more productive involvement in the tertiary education system?** **Page 21**

This is at the forefront of much of what the ITP sector does through, for example, the establishment of local advisory committees which provide employers with the opportunity to influence and advise on the design of courses and qualifications. Such committees and links with employers play an important role in provision of work placements and in monitoring and review of programmes. There is already significant interaction through, for example, sharing employer feedback surveys, ensuring that programmes meet the needs of the regional economy and setting active dialogue. The challenge of maintaining this level of interaction cannot be underestimated as New Zealand has a large number of small and medium size enterprise and indeed micro businesses; for many of them the time available to contribute to the tertiary education system is limited and many of them may question if they have the knowledge to provide the input requested.

The Tertiary Intentions Strategy produced for the Bay of Plenty region is a good example of employer involvement where through establishing a number of sectoral and cross geographical groups views were sought from over 250 employers on the future for tertiary education in the region. This type of analysis is important in enabling institutions to respond to, and shape, their education offer to meet employer needs.

While industry training is considered in the issues paper there is some misconception in the report in that ITOs do not provide training in themselves; in fact ITO's are heavily involved in education and training and this creates some challenges for the ITP sector. Arguably there needs to be a much clearer divide between the facilitation of learning and the delivery of learning.

| **Q18** | **What are the similarities and differences among ITOs, or between ITOs and other tertiary subsectors, in how they operate?** | **Page 21** |

| **Q19** | **What makes for a successful ITO in terms of meeting the needs of firms for skilled staff?** | **Page 21** |

| **Q20** | **How effective is the ITO model in meeting the needs of learners and firms?** | **Page 21** |

| **Q21** | **What arrangements for arranging workplace training and apprenticeships in other countries could New Zealand usefully learn from?** | **Page 21** |

There are some interesting models of graduate apprenticeships operating in other countries. For example in the UK the University Vocational Awards Council (UVAC) has actively promoted graduate apprenticeships. It would also be useful to learn from the extensive Work based Learning Schemes operating in other countries that focus on work based training and education at degree and postgraduate level. The work of Middlesex University and Derby and Teesside universities would be good case studies of the development of work based training at higher levels of tertiary education.

| **Q22** | **Is the current architecture a good fit for a tertiary education system? What are its advantages and disadvantages? Are there good alternatives?** | **Page 24** |

The current architecture provides a framework in which tertiary education sits and a policy context that outlines priorities. There are a number of key players, MOE, TEC and MBIE and arguably this adds a level of complexity which is not always helpful. The top down approach arguably results in a focus on compliance as opposed to innovation and creativity and at times provides constraints on the ability of ITPs to respond to local and business need and particular circumstances. The ITP sector has identified its contribution in the three distinct areas of   creating a highly skilled and employable workforce, highly productive business and individual social and wellbeing. Within these three areas there is arguably need for recognition that institutions may place differential emphasis on the elements that contribute to each of these, viz. teaching and learning, access and inclusion, business enterprise and research. While needing to work on each of these elements within the three areas an ITP's key areas of focus may individually, or in different temporal and locational contexts, seek to place differential emphasis on contributing elements. Recognition of the need for such diversity and the ability of the system to foster responsiveness and innovation within an overall framework for the provision of vocational and professional education is thus a necessary element of system architecture.

Q23	**How effective is the TES instrument at giving government education agencies direction about prioritising resources and making trade-offs in carrying out their roles? What are the benefits and risks, in terms of fostering an innovative system, of a more or less directive TES?**	**Page 24**

Whether the TES actually fosters an innovative system is a difficult question to answer without looking at the wider funding and context; arguably the TES does not really foster innovation at the present time. The recently produced VET outcomes document is relevant here and a copy has been provided to the Productivity Commission.

Q24	**How do other instruments (e.g., funding mechanisms, letters of expectation, budget initiatives) influence government agencies' behaviour? How do these align with the TES instrument?**	**Page 24**

Arguably the system is far too rigid and formulaic to enable ITPs to really respond in the way that they want and there is a need to have much greater flexibility and responsiveness in the different measures that are used.

Q25	**When do the TEC's independent funding role and its Crown monitoring role align, and when are they in tension?**	**Page 25**

There is an inherent tension between the funding role seeking cost efficiencies and the monitoring role seeking to strengthen the performance and viability of organisations. Furthermore, the TEC's funding role extends wider than its Crown monitoring role. So funding decisions made on the one hand could undermine the Crown's ownership interest on the other.

Currently, it appears that TEC applies its funding 'lever' in preference to its monitoring 'lever' to influence sector 'landscape' and structure of the tertiary education sector. The 'monitoring' appears to come along behind, sometimes dealing with the consequences of funding decisions.

Ideally, the TEC should hold a coherent view of the intended performance of the tertiary sector overall, and apply its funding and monitoring roles together to achieve the desired outcomes.

There has been considerable focus and discussion within the ITP sector about the appropriateness of some of the quality assurance systems, which many consider too restrictive rather than being permissive, and whether the systems such as the categorisation in EER ratings have some unintended consequences. Comparing New Zealand with QA systems in other jurisdictions the reasons for the granularity seen in the NZ grading system as it pertains to ITPs is not immediately evident and has led to the ITP sector raising concerns about issues of subjectivity and lack of objectivity in assessments made.

At an international level there is a focus on international education and the role of Education New Zealand. Arguably many would see the work of the agency as rather remote form the day to day activities of TEIs and the need, therefore, to ensure that the system is more integrated and proactive, enabling institutions to respond to the needs of the international market.

This is an area that has been well addressed by most ITPs through their International and Internationalisation Strategies; typically they provide   recognition of the value that the mixing of cultures provides within tertiary education and the way in which student learning can be enhanced by having global perspectives on learning. For most ITPs the global perspective is an integral part of provision and internationalisation has been identified as the key underlying aspect of the curriculum.

Internationalisation is an area that supports the sustainability of the ITP sector with international students while bringing revenue and significant contribution to regional and local economies also enrich an institution's student experience

There is a wide range of research showing the benefits that tertiary education have for economy and society and in most OECD countries there is a growing proportion of people accessing tertiary education. There are expectations that there should be direct links with productivity in an advanced economy where education is a key driver of economic growth but many would consider that NZ has a poor track record in productivity as many people with higher qualifications are still working in less productive roles.

The failure to see a productivity 'dividend' from the increased tertiary education participation and qualifications could reflect (i) businesses failing to make effective use of more highly qualified staff (e.g. through lack of complementary capital investment and/or product/service development) to drive innovation , and/or (ii) the attainment of skills and qualifications not being seen or valued by some companies, especially SMEs and micro businesses, as relevant to the needs of their business. There is thus a need for greater recognition by many companies, particularly where SMEs comprise a significant proportion of economy in New Zealand,   that education and skill development is of central importance to underpinning all aspects of economic activity.

| Q30 | What are the best measures to determine whether the tertiary education system is working well? | Page 36 |

 It is known that some of the measures used such as the EPIs are now past their 'sell by date' and considerable work has been undertaken by the ITP sector to demonstrate this. The argument is that there should be a much broader range of ways of measuring system performance which cannot be based on the traditional university model of assuming that students enter an institution and exit some 3 years later with a qualification. The Issues Paper recognises the challenge of measuring graduate outcomes and in particular the challenge faced in New Zealand where income premia resulting from tertiary education are probably much lower than in other OECD countries. This may be due in part to the largely regional nature of tertiary education provision, but is also linked to the overall development of the economy. It is noted, for example, that for Maori and Pasifika the rate of engagement in tertiary education occurs largely in sub degree study and the challenge, which has been identified by ITPs, is to encourage more students to progress on and into higher levels of study.

| Q31 | What other evidence is there about the influence of tertiary education system performance on graduate income premia in New Zealand? | Page 38 |

| Q32 | To what extent are graduates meeting employers' expectations with respect to hard or technical skills? What about soft skills and capabilities? | Page 47 |

Such questions have been posed for many decades and in many respects the concern of employers with soft skills is nothing new. This is part of a wider debate as to how explicit or implicit the development of such skills should be within tertiary education courses as it is clearly important that students are made aware of the soft skills that they are developing. It could be argued, however, that some of the recent developments through the targeted review of qualifications (TROQ) provide less of an opportunity for institutions to incorporate such skills as an explicit part of the curriculum due to the tightness of the specification of the detailed technical skills and knowledge that should be gained.

There is at least anecdotal evidence that many employers view the role of the publicly-funded tertiary education sector to produce graduates that are 'work-ready' and 'fit-for-purpose'. However, there is increasing international evidence (e.g. OECD) that the worlds of learning and work are inter-dependent and inter-twined. While enabling learning in a work-connected context is central to the ITP business model, it is also critical that businesses/employers are actively engaged in course/programme development and (potentially) delivery. In

addition, businesses/employers could invest more in continuous up-skilling of their work-force, through on-going interactions with TEIs (rather than assuming the graduates they employ are 'fully educated').

Q33	**What are the significant trends in employer demand for tertiary-educated employees, and in student demand for tertiary education? How is the system responding?**	**Page 50**

It is generally the case that the signalling power of a bachelor's degree has now weakened and that for many students having, for example, a conjoint degree or master's degree would be particularly important in gaining acceleration within the labour market.

 For several decades employers have continued to emphasise the importance of 'soft skills' and graduates with the right aptitude and attitude for employment as well as the significance of graduates with work or work related experience; such skills are an integral aspect of all ITP provision. The transferable skills sought by employers are a growing part of all ITP provision and a hierarchy of transferable skills, starting with literacy, numeracy and communication, working through areas like STEM, problem solving, analysis and decision making and moving up to areas like accountability, entrepreneurship, research, internationalisation and leadership have strongly emerged. Despite several decades of debating transferable or soft skills there is arguably still no consensus about what constitutes the required transferable skills. It would be useful to have a common understanding of the requirements to avoid what could be seen as random integration of local understandings into programmes.

It is clear that many students, both domestic and international, want work based learning as an integral part of programmes and this is an areas which is an undoubted strength of the ITP sector and one which arguably needs to be more widely recognised.

Q34	**What is being done to develop, assess and certify non-cognitive skills in tertiary education in New Zealand? Do approaches vary across provider types, or between higher, vocational, and foundation education?**	**Page 51**

There is a need to provide much more information to the Productivity Commission about the key role that the ITP sector plays in developing work ready skills through combining cognitive development with practical on the job skills and a can do and work ready attitude. It is suggested that it may be useful to provide examples of some of the key strategies that have been undertaken.

Q35	**What are the implications of new technologies that are predicted to make many currently valuable skills obsolete? Will this change the role of the tertiary education system?**	**Page 53**

The relevance of ITP education depends on ensuring learning/teaching spaces reflect contemporary workplaces and therefore must include opportunities to experience modern equipment and work practices. This requires regular updating of the technology used in ITP education and clearly it is important for institutions to be able to keep up to date with contemporary developments in the economy. Within ITPs there are many examples of this across a broad spectrum of vocational areas from engineering to nursing and primary industries such as forestry. While it could be argued that there are views that technology will change skill and programme demands in faster timescales than actually occur, there are many disruptive technologies that are being, and will have to be, embraced to aid productivity. Owned approaches to knowledge availability and development are essential. (Suggest insert some examples here) The strength of the ITP system is in its

flexibility and ability to respond to changing requirements. This necessitates that the regulatory and approval systems are able to embrace this need for agility in provision.

Q36 | **What challenges and opportunities do demographic changes present for the tertiary education system?** | **Page 55**

This is an important area as the short term nature of much education funding has the potential to damage the long term trend in tertiary education. It could be argued that it is important to take a longitudinal view of the tertiary education system, including, for example, forecast future skill demands and the way in which there is a potential to move to other segments of the adult workforce. For example, in the current demographic downturn should greater emphasis be put on part-time learning opportunities due to the growing number of people in the workforce who we know, if there is an economic downturn, will require skills at least at level 4 and above to avoid future dependency on the state?

Q37 | **What evidence is there on the effect of tuition fees on student access to, or the demand for, tertiary education in New Zealand?** | **Page 60**

Evidence from the ITP sector would suggest that fees do have an impact on demand which is why so many institutions are offering fee discounts or no fees to attract students. The funding rules for study loans where funding is only available for 4 years has an impact and students need to make very careful choices about the number of years and loans that they can take in tertiary education particularly if the economic return is not as evident. The downside of running low fee regimes is that there is evidence to suggest that many students do not value education as much if fees are free; it is important, therefore, that the sector is able to achieve a balance between fee levels and encouraging entry and attainment within tertiary education.

 Provide examples here of fees schemes e.g. SIT

Q38 | **What are the likely impacts of domestic student fees increasing faster than inflation?** | **Page 60**

While research has shown that fees are not the major determinant of choice it is clear that fees, especially for mature students and for those from lower socio-economic backgrounds have an impact. There are examples of tertiary education moving to a fees only systems, as evidence by developments in the UK in recent years. In a situation where're there has been no increase to core funding levels for six years there are few options other than to increase fees faster than inflation to ensure that institution are able to offer the quality learning environments and students experience demanded by a user pays system. Research would evidence that students are prepared to pay if they are accessing a quality system which strong graduate outcomes and good rates of return. There is some suggestion that this is easier for the university rather than the ITP sector where typically students may have less ability to pay higher levels and may questions the returns that will result.

Q39 | **What impact has the pattern of government spending on tertiary education had on the tertiary education provided?** | **Page 61**

It is widely known that there has been an increased squeeze on tertiary education, especially for the ITP sector, which has in turn impacted on the ability to innovate. Six years of no increase in government funding and only a modest increase in fees have meant that greater efficiencies have been sought. While clearly there was a need for this in the tertiary education sector it could be argued that failing to keep spending in line with CPI increases as a minimum is having an adverse impact on tertiary education and a need to consider the effect to which this adversely impacts on innovation and investment..

The ITPs have set out clearly that there are some issues within funding and a need to move away from the one size fits all to recognise the distinctive model of ITPs and how there may be more appropriate ways in which to fund and support learners and to support innovation in tertiary education provision. Some of the arguments and potential solutions have been set out in the Funding solutions paper developed by the sector and provided to the Productivity Commission.

| Q40 | **How have providers' input costs and revenue changed over time? What are the implications of these changes?** | **Page 62** |

| Q41 | **How might Baumol's cost disease or Bowen's law (discussion of which tends to focus on providers like universities) apply in other parts of the tertiary education system?** | **Page 64** |

| Q42 | **What specific technologies should the inquiry investigate? Why?** | **Page 67** |

| Q43 | **What parts of the tertiary education system are challenged by ongoing technological change? What parts can exploit the opportunities created?** | **Page 67** |

For institutes of technology and polytechnic's, the greater use of technology presents both opportunities and challenges. Technology plays a key role in supporting learners on their journey although it is argued that it cannot completely replace the need for face to face learning. The role that technology plays can at times be different for learners at the various stages in their learning journeys and at different levels in the educational framework. Generally learners at lower levels require more face to face support because here the emphasis is on learning how to learn and enabling people to commence their learning journey where individual support and personal and pastoral wrap around support is often desirable in greater amounts. Furthermore for many learners at the lower level programmes on the NQF the is about developing work

skills and the right attitude, which means things like getting up in the morning and turning up on time and understanding the demands of contemporary employment. Technology has a key role to play and there is strong evidence globally that technology can be a powerful incentive to encourage engagement in learning; for many students there is a need to focus on 'learning how to learn' and how technology can aide this. In all professional and vocational learning technology is an important part of students' lives, and plays an important integral and supplemental role in providing people with the capability to use technology to support career and work aspirations.

There is evidence to suggest that use of mobile technologies can be important in both stimulating and supporting learning this regard, but one of the challenges faced is the ability of students to finance such access to online learning as well as to connectivity in some locations. For ITPs serving wide geographical regions with dispersed populations accessibility to technology can present challenges, In many parts of some rural regions, for example, connectivity can be poor and many students furthermore do not have access to mobile technologies or the finance to take advantage of these when connectivity is available; accessibility, therefore, in terms of both finance and location is important.

| **Q44** | **How has internationalisation affected New Zealand's tertiary education system? What are the ongoing challenges and opportunities from internationalisation of the tertiary education system?** | **Page 71** |

International revenue has become of growing importance from tertiary education, brining much needed income but also and importantly has enabled the internationalisation of the curriculum and has created positive impact for both students and staff. While to date the focus has primarily been on recruitment of students to study on-shore offshore education provides particular opportunity and yet there needs to be more enabling systems in place within New Zealand to facilitate this.

| **Q45** | **Is the "New Zealand" brand an important part of international competition for students, staff, and education products and services? What should providers and government do to manage or enhance this brand?** | **Page 71** |

The quality of the education system and the brand is significant but New Zealand faces competition from more well-known brands of the UK, USA, Canada and Australia. The international market for education is increasingly competitive particularly with the growth of educational hubs in areas such as Malaysia, Singapore and the Middle East and the growth of offshore education. There is a need to sell the advantages of the New Zealand brand, the affordability of education and the policies that support inward migration. The work undertaken by the ITP sector on branding and perception provides a powerful example of key messages. Arguably there is a need to focus away from inbound activity to also focus on offshore markets and delivery; this will require more enabling quality assurance systems.

Many institutions have, however, been able to promote the New Zealand brand effectively and it will be important to learning from the key determinants of success.

Q46   **What other trends provide challenges and opportunities for the tertiary education system?**   **Page 71**

Q47   **What trends are likely to be most influential for the tertiary education system over the next 20 years?**   **Page 71**

Q48   **Are there other important types of new model that should be included within the scope of this inquiry?**   **Page 74**

Q49   **What new models of tertiary education are being implemented in universities, ITPs, PTEs and wānanga? How successful have they been?**   **Page 74**

ITPs have some good examples that could be provided, for example, through marae based delivery, the nga kete o te wānanga programme, and the way in which locally available provision provides stair casing into higher level learning etc.

Q50   **Are current quality assurance and accountability arrangements robust enough to support a wide range of new models?**   **Page 75**

It could be argued that the answer to this is probably **no.** The focus tends to be on the inputs to, rather than the outputs of, learning and within the ITP sector the fairly bureaucratic regime arguably does not encourage the development of new models. The quality and funding system relies heavily on input measures – leading to questions about effectiveness, relevance and responsiveness. On the other hand systems that rely heavily on outcome measures are likely to suffer from imbalance in the portfolio (as e.g. delivery of the easiest, most cost effective programmes is incentivised) and minimal reinvestment. A balance between input and outcome measures which allows these to be flexibly applied should be the aspiration for the tertiary sector.

There is clearly a need to look at potential models in more detail and to ask the questions as to what quality assurance and accountability arrangements are most appropriate.

Q51   **How might new models of tertiary education affect the New Zealand brand in the international market for tertiary educations, students, education products and services?**

Q52   **What can be learnt from the tertiary education systems of other countries? Are there models that could be usefully applied here?**   **Page 77**

It is clear that there are a range of developments which have been implemented overseas and that these could be taken and adapted for use. However, there is arguably a need for some funding to support pilot schemes, the lack of any strategic investment fund by the Tertiary Education Commission arguably constrains the development and introduction of new models in an economically constrained environment. Innovation requires an element of risk and the current EPI funding performance driven model does not encourage innovation because if a new model of delivery is tried and there are not high rates of learner success this could have adverse financial consequences for institutions.

Q53   **What measures have been successful in improving access, participation, achievement and outcomes for Māori? What measures have been less successful? Why?**   **Page 78**

It is suggested that ITPs could provide a range of models of some of its successful delivery to enhance access which is ably demonstrated through e.g. youth guarantee programmes, marae based delivery, regional campus provision, partnership with iwi and specific marae based initiatives. A number of case studies will be provided to complement this response to the report.

Q54   **What measures have been successful in improving access, participation, achievement and outcomes for Pasifika? What measures have been less successful? Why?**   **Page 79**

Some case studies will be provided.

<table>
<tr><td>**Q55**</td><td>**What measures have been successful in improving access, participation, achievement and outcomes for at-risk youth? What measures have been less successful? Why?**</td><td>**Page 79**</td></tr>
</table>

As above

<table>
<tr><td>**Q56**</td><td>**What measures have been successful in improving access, participation, achievement and outcomes for those with limited access to traditional campus-based provision? What measures have been less successful? Why?**</td><td>**Page 79**</td></tr>
</table>

As above

<table>
<tr><td>**Q57**</td><td>**What measures have been successful in improving access, participation, achievement and outcomes for people with disabilities? What measures have been less successful? Why?**</td><td>**Page 79**</td></tr>
</table>

As above

<table>
<tr><td>**Q58**</td><td>**What measures have been successful in improving access, participation, achievement and outcomes for adults with low levels of literacy or numeracy? What measures have been less successful? Why?**</td><td>**Page 79**</td></tr>
</table>

<table>
<tr><td>**Q59**</td><td>**How innovative do you consider the New Zealand tertiary education system is? Do you agree that there is "considerable inertia" in the system compared to other countries? If so, in what way and why?**</td><td>**Page 81**</td></tr>
</table>

The current policy setting is clearly of significance, as when new developments have been introduced there is often insufficient time given for embedding. A good case and point would be engineering provision and an ITP is expected to launch a new programme, recruit students and see success within the year; if this is not attained then the funding can be withdrawn. Many innovations take a long time, they require upfront investment and a permissive system in which institutions are not penalised for failure. It could be argued that within the ITP sector the strict application of the performance funding rules do not encourage innovation because if targets are failed to be reached in terms of recruitment, or if student attainment is less than expected, this means that money can be recovered and withdrawn. There need to be innovative solutions for dealing with this, possibly through the establishment of an investment fund. There also needs to be recognition that a longer term funding horizon is

needed that enables institutions to achieve results over e.g. a 2 to 3 year period, and not to be expected to turn around results within a very small period of time.

The report does recognise that the government can purchase innovative activity and support experimentation; if such funds are introduced it is important that there is a requirement that there is a sharing of effective practice and consideration of issues of sustainability. Some evidence from overseas suggests that where innovation funding has been provided the impact has not always been felt outside the immediate institution and furthermore when funding ends that the innovation stops; there is therefore a need to take a longer term view of this.

Q60	**What are the factors associated with successful innovation in the tertiary education system?**	**Page 81**

Q61	**What are the benefits to innovators in the tertiary education system? What challenges do they face in capturing these benefits?**	**Page 81**

Q62	**What are the barriers to innovation in the tertiary education system? What might happen if those barriers are lowered?**	**Page 81**

As noted above (Q59), a major barrier to innovation is the nature of the funding and – perhaps more critically – the way it is applied. In particular, TEIs facing a risk of future funding cuts if current delivery targets are not met are less willing to take risks developing new approaches and programmes where results may take 2-4 years to achieve. Furthermore, quality assurance and evaluation processes also focus on current delivery rather than innovative pedagogy and/or programme development, and this compounds the pressure on TEIs to fulfil current delivery expectations (rather than develop new approaches or solutions).

A further barrier to innovation is the implicit reliance of most TEIs on public funding for educating 18-24 year-olds. As businesses and workplaces change (and increasingly rapidly), there is a growing need to reposition tertiary education (and perhaps especially ITP education within the overlapping worlds of learning and work. Businesses/employers may need to step up their level of engagement (and investment) to facilitate such innovation (rather than relying so strongly on public funding and regulatory institutions that are inherently risk-averse).

Q63	**How well do innovations spread in the tertiary education system? What helps or hinders their diffusion?**	**Page 81**

Q64   **How successful was the Encouraging and Supporting Innovation fund in promoting innovation in the tertiary sector? What evidence supports your view?**   **Page 83**

Q65   **Are there examples where the New Zealand Government has directly purchased innovation or innovative capacity in tertiary education? If so, was it successful?**   **Page 83**

Q66   **How easy or hard is it for a new provider or ITO to access TEC funding?**   **Page 84**

Q67   **Does the programme or qualification approval process via NZQA or CUAP enable or hinder innovation? Why?**   **Page 85**

Arguably the rather bureaucratic approach can hinder innovation through the length of the timescales involved. The chapter discusses whether government should reward performance by redistributing resources. However, such an approach to supporting innovation can be socially counterproductive because if new developments have taken place and have not immediately been successful then funding can be removed.

Q68   **What impact has Performance-Linked Funding had on providers' incentives to innovate?**   **Page 86**

For the reasons outlined it could be argued that in many respects it has had an adverse impact as taking risks with new groups of learners or new programmes can result in a failure to achieve targets. Institutions are concerned about undertaking initiatives in new subject areas or locations where there may be lower numbers than expected potential high rates of attrition or low levels of performance. Such results may be due to innovation in delivery or innovation in terms of the learners that are being recruited. There needs to be some

way in which innovation can be trialled without penalty. It may be better to do this through some project methodology funding approach rather than through the standard SAC system.

The report looks at how government can reward performance including through redistributing resources away from those institutions that are less productive towards those that are more so. However, this raises some issues as how this will work for institutions serving challenging groups of learners or indeed institutions in more remote regions where it is hard to get the economies of scale that might be needed

Q69	**How much does funding shift between PTEs based on assessments of performance? Whose assessments are they, and what are they based on?**	**Page 88**

Q70	**How much does funding shift inside a TEI (e.g., between courses, academics, or faculties) based on assessments of performance? Whose assessments are they, and what are they based on?**	**Page 89**

Q71	**What influences tertiary providers towards offering a broad or narrow range of course offerings? What are the advantages and disadvantages (for providers, students, and the sector as a whole) of a relatively homogenous system?**	**Page 89**

Influences are in part all linked to funding; if an institution takes a risk averse and cautious approach then naturally it will be more appropriate to offer a narrower range of courses. However, ITPs are expected to be comprehensive, to meet the needs of a wide diversity of leaners and to often serve large regions. This in itself brings challenges because there may be a need to offer programmes in subjects that might not attract large numbers. Furthermore, for many ITPs in a period of more challenging recruitment, offering a diverse range of programmes has been a way in which the overall funding totals can be achieved.

Q72	**Do New Zealand's tertiary policy and regulatory frameworks enable or hinder innovation? What might happen if existing constraints are loosened?**	**Page 90**

Clearly in a more flexible system there will be a possibility of piloting delivery in new subject areas or locations and   introducing new programmes without the constraints of time and funding that currently impact on institutions. The TRoQ, for example, has tied up a significant amount of resources in most institutions and the funding which has been allocated to redesigning programmes is therefore not available to be used in other areas.

It is suggested in the Issues Paper that the government manages TEI risk through monitoring tight specifications of contracts, regulation and appointing risk averse or safe individuals to governance positions and argues that this might not be conducive to innovation. It is hard for institutions to take risks, in the context of a constrained funding environment, the need to return a surplus and the absence of any innovation

funding. Furthermore, the 'one size fits all' nature of funding means that undertaking innovations with more challenging groups of learners or in more challenging locations is difficult as the same rate of funding is applied across the whole sector.

Q73 **How do intellectual property protections in tertiary education foster or hinder innovation? Are the effects different in different parts of the system or for different kinds of provider?** **Page 91**

Q74 **How does the Crown's approach to its ownership role affect TEI behaviour? Is it conducive to innovation?** **Page 92**

The Crown's ownership role appears to focus primarily on monitoring performance, rather than on developing future capability and capacity. In practice, this rather narrow ownership focus does not encourage (and indeed may be discouraging) innovation within and amongst TEIs.

An alternative approach could be to ensure complementary ownership roles for monitoring and development. Monitoring could have a primary focus on understanding and managing risk, while the complementary development role could have an explicit focus on facilitating TEIs to focus on future needs and how they can adapt or respond to these.

Q75 **Do regulatory or funding settings encourage or discourage providers from engaging in joint ventures? If so, how?** **Page 93**

It could be argued that they are actually discouraging. Although TEIs are encouraged to collaborate the funding mechanisms are based on individual institutions and therefore it is difficult to share provision and to allocate the achievements that have been made across a partnership; the recent rules for the contestable funding process for levels 1 and 2 are a case in point.

Collaboration has been an integral part of much of ITPs working and has been a distinctive aspect of recent and developing work, this is evidenced through the work of NZITP, the Metro Group and TANZ and other collective groups that have come together to undertake specific projects. There are many examples of joint curriculum development, particularly with the advent of the Targeted Review of Qualifications with the Deans of Engineering, for example, meeting regularly including through the E2E project and collaborative work in developing new qualifications in forestry and agriculture and in hospitality and culinary arts. Collaboration is also evident through the work with local government, close relationships with economic development agencies. ITPs are in tune with needs of the region and have been involved in a range of studies to look at regional developments such as the Tertiary Intentions Strategy for the Bay of Plenty and the Toi Moana Growth Strategy and the Northland study. There are a number of other aspects of collaboration which are important including the Trades Academy through close collaboration between the Ministry of Education, Schools and ITPs

It could be observed that there is far too much latency within government departments, a moving of individuals between different roles in different departments and therefore a lack of entry of new individuals and associated innovative ideas that might help to move the tertiary education system forward.