

Competenz Submission:

New Zealand Productivity Commission:

New Models of Tertiary Education – Issues Paper February 2016

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Competenz welcomes the New Zealand Productivity Commission's issues paper on *New Models of Tertiary Education*. We support the commission's search for new models in tertiary education that foster innovation and increase productivity. It is our belief that a pan-tertiary sector approach, that recognizes the role of industry training alongside the other academic models, will facilitate a better educational framework, to respond effectively and efficiently to business needs.

Competenz recognises the relationship of this review to a number of previous government's initiatives to re-shape the tertiary education system such as the *Learning for Life* (Minister of Education, 1989), *Education for the 21st century* (Minister of Education, 1994), and more recently with the *Increasing the number of apprenticeships in New Zealand and improving the quality of industry training* (Minister of Tertiary Education, Skills and Employment, 2013).

We agree with and are party to the submissions made by the Auckland Alliance and the ITF on behalf of Industry Training Organisations. We also support the submission made by Business NZ. This submission supports the principles of a fit-for-purpose education framework and provides examples of what adhering to those principles would mean in practice. We have not attempted to respond to the 78 questions asked in the issues paper but rather summarise key areas for consideration.

Principles

We live in an era of rapid technological transformation. Digitisation has disrupted well established business models and has changed the landscape within which tertiary education can be provided.

However, despite the increased number of graduates, employers claim they cannot find staff with the right set of skills. A recent study by Deloitte (2012) found that up to 83% of employers claimed there was a mismatch between the desired skills and graduate pool. Without proper investments in skills, people will find it difficult to quickly find productive placements and technological progress cannot translate into economic growth (OECD, 2012). New Zealand has high levels of qualified people when compared internationally, yet we currently show as having one of the lowest levels of productivity of the OECD countries. With this in mind, Competenz's submission will focus on the following four key issues:

- **The role of ITO's**
- **Lifelong learning**
- **Whole of system approach**
- **The Future of Learning**

The role of ITO's (Questions 18-21)

Worldwide, there is a disconnect between the demand-side and the supply-side of skills. Even in the peak of the Global Financial Crisis (GFC), employers found it difficult to hire people with the right skills (OECD, 2012). There is little understanding of whether government policy initiatives will address this mismatch between supply and demand (Quintini, 2011).

ITO's are clearly focused on the demand side of skill development. All ITO learners develop skills while employed in the workplace and learning on the job. ITO's address the skills imbalance of industry and directly support New Zealand enterprise by ensuring that training:

- directly supports the needs of business
- improves business productivity through relevantly skilled employees
- builds a succession pipeline to account for staff turnover

ITO's hold a very unique position within our tertiary education system, in that they offer work based learning and are the conduit between learners, employers, industry, training providers and Government. An ITO is unique in its value proposition - it offers several advantages as:

- a dynamic agent of training for the industry
- a provider of the most wanted skills for the business
- a vehicle to boost productivity in New Zealand.
- a cost effective delivery model by utilising the workplace as the classroom

The legislated role of the ITO is as a standard setting body and arranger of training for the industries they represent. As such ITO's have a very close relationship with industry to ensure that the qualifications available continue to be fit for purpose, in the ever changing environment of industry requirements. Work-based learning includes:

- apprenticeships
- formal and informal learning on the job
- work placements that form part of formal vocational qualifications
- internships of various types.

One of the suggestions made by the OECD (2014) is that all professional education and training programs should include work-based learning components as a condition of receiving government funding. Work-based learning should be also systematic, quality-assured and credit-bearing. Work-based learning is critical to enhance youth employability and to improve the transition from education to work (OECD, 2015). This is precisely the model ITO's use to provide their services to industry through workplace learning programs and assessment.

The proposition of work-based learning as a mandatory element of education programs often finds resistance. However, there is strong international evidence throughout Europe and the UK that supports this.

We also believe ITO's should have the opportunity to explore the development of advanced apprenticeships within their industries at levels 5 to 7. The recent work through the Engineering E2E initiative and the work commissioned through this identify Apprenticeships as a valid and high quality model for delivering higher level qualifications. International research from the UK and US also support this as a highly regarded pathway. ITO's specialize in apprenticeship delivery; the expansion of this beyond level 4 is a natural progression.

Recommendation: ITO's have a unique and valuable role within the future of Tertiary education sector that should be recognized more broadly in this review

Lifelong learning (questions 35, 36, 43)

The "job for life" no longer exists and people will change careers several times in their lifetime ([Alboher, 2007](#)). In a future labour market where interpersonal skills, creative

problem solving and deep domain expertise will be the required skills, continuous learning will be a 'must' to stay relevant and employable ([Roos, 2015](#)).

Businesses are currently faced with two significant challenges related to maintaining a skilled workforce a) their existing employees don't have the necessary skills to do the work and b) they are finding it difficult to recruit people from the external market with the skills to complete the work.

Therefore it is imperative to see learning as part of a continuum that can be developed and enhanced during an individual's lifetime. It is no longer the domain of the younger generation and is now more relevant than ever - given our aging population and greater numbers of mature workers remaining in the workplace for longer, combined with the diminishing number of young people coming out of school. Skills development is not only affected by genes and the environment, but also by inputs from families, schools and the community ([OECD, 2015b](#)).

Education is now extending beyond a narrower stage in school or university to an ongoing lifelong learning journey. A good formal education is no longer a guarantee in securing a job, and the skills obtained when an individual first enters the workforce are no longer enough to carry them through their entire careers. With changes in technology and automation ever increasing, so too is the level of skills required in the workplace and the speed at which skill needs are changing. Employers are responsible for up-skilling workers in the workplace, but the onus increasingly falls on the employee to keep his/her skills updated, in order to remain employable.

Our tertiary education system needs to be much more flexible to accommodate the need for continual learning and allow people, currently in the workforce, to build on their existing qualifications. This "flexi-learning" is essential for those with qualifications who need to maintain their current competency or upskill in new and emerging technology and innovation. This may not result in a formal qualification - it may be that nationally recognized modules of learning could build to a qualification, but also be valued as a stand-alone module. Flexibility is also required to enable those without qualifications to work towards them in modular, "bite-sized chunks" - meeting the needs of employers as well as themselves.

Recommendation: Build flexibility into the framework to accommodate development of youth and adult learners through recognition of current competency and modular learning

Whole of system approach

To meet the productivity gains for New Zealand that we want as a country we need to provide New Zealanders with a 'whole of system' approach to tertiary education working on principles that:

- focus on the collective gain of learners and New Zealand industry
- provide all New Zealanders with ongoing opportunities to ensure that their skills are current and in demand.
- future proof New Zealand industry in anticipation of new digital and technical innovations
- foster collaboration between the different tertiary education participants and industry

New Zealand is currently experiencing skills shortages in many of our industries. To alleviate this, the Productivity Commission paper has outlined its aim to improve the link between tertiary education and businesses, and to improve skills for the industry.

Competenz proposes that including work-based learning in all the tertiary education providers' programs (ITOs, PTE, Wanaga and universities) will assist in reducing the skill gap between formal education and the workplaces requirements.

ITOs have a critical role to play, as this is precisely the model they utilise. They are much more dynamic agents of change: they are cost-effective, demand-driven, closely connected to the needs of their industries and develop their own training and assessment material to support the learners on the job.

Collaboration between ITOs and Institutes of Technology or Polytechnics (ITPs) is essential because both share the obligation to prepare people to be successful in the workplace. However, the current funding model does not support such collaboration. The current

funding model requires that a single provider 'owns' and receives payment and recognition for each enrolment and completion within their own institution. This funding model drives competition between providers rather than placing the best interests of the learner and industry at the centre. We need a funding model that drives collaboration between providers to prepare people to be successful in the workplace and utilises the unique strengths of all parties.

Recent examples of attempts to do this include Auckland Building and Construction Alliance and the Auckland Airport Skills Exchange, Maori and Pasifika Trades training such as AMPTI. However the existing policy and funding mechanisms do not make this easy to do. We need to rethink how the learner and industry needs are the key driver and the system has the flexibility to be the enabler.

**Recommendation: Create a system that fosters collaboration
between ITOs, ITPs and industry**

The future of learning (question 59)

Sixty five percent of children entering primary school today will ultimately end up working in completely new job types that don't yet exist ([World Economic Forum, 2016](#)). Such an evolving employment landscape puts significant pressure on the content and quality of qualifications. Digital learning is now commonly adopted in primary schools across New Zealand and embedded into a daily blended learning approach.

Our way of learning and developing new skills is changing. The rapid adoption of technology as a delivery mechanism is creating instant access to "just-in-time" learning - anywhere, anytime and for anyone who wants or needs it. We no longer need to forego jobs and careers to be full time students, we are able to continue our educational journey throughout our working lives.

Access to online education such as MOOC's continues to grow, students are able to source more and more of their education at the touch of a button in the comfort of their own homes - classrooms, lecture theatres and large infrastructure environments will potentially be

irrelevant in the future. We need to rethink how we prioritise educational funding to ensure that we are investing in our future skill development and in the delivery models that will meet the future needs of our students.

ITO's such as Competenz are already adopting mobile learning as a way of providing blended learning, using mobile devices in combination with on-the-job training. Mobile learning supports the learner with access to online education and forums enabling learners anywhere anytime access and the ability to apply their learning on the job instantly.

Mobile learning can also aid the development of literacy skills with recent research conducted in Canada and UK using mobile devices in adult literacy programs reporting extremely positive outcomes. In New Zealand Pathways Awarua is another example of modularized, interactive and online learning supporting both numeracy and literacy outcomes.

Recommendation:

Rethink how we are investing in our future skill development and in delivery models that will meet the future needs of students.

Conclusion

ITO's are uniquely positioned within our tertiary education system, in offering work based learning and bridging the void between learners, employers, industry, training providers and Government. We are able to act as dynamic agents of training for the industry and provide the most relevant skills for the business, thus boosting productivity in New Zealand.

Competenz proposes that including a component of work-based learning in all the tertiary education providers' programs will narrow the skill gaps in New Zealand. The current funding model drives competition rather than collaboration between tertiary education providers, as it only incentivises course completion under one provider. We need a funding model that

encourages collaboration between providers to enable successful outcomes for learners in the workplace.

Lifelong learning is a core component of the future of education. Rethinking how we fund and recognize learning throughout the lifetime of someone's career and through smaller modules of learning is essential.

With the adoption of disruptive digital technologies including MOOCs and Mobile Learning, the way New Zealanders expect to access education is quickly evolving. We believe that educational funding should be invested to ensure future skill development as a priority - not in supporting expensive legacy infrastructure with the potential to become obsolete.

Thank you for the opportunity to provide input into the review. We look forward to further discussions with the productivity commission and the release of the draft report in September.

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