

New models of tertiary education  
New Zealand Productivity Commission  
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## **New Models of Tertiary Education – Draft Report**

This submission is written on behalf of the full Institutes of Technology and Polytechnics sub-sector. This includes the Metro Group and NZITP. All members of these groups have considered this submission and agree its contents.

We are grateful for the opportunity to comment on the Draft Report issued on 29 September, and for the opportunities we had to contribute to the Commission's deliberations on this study as the report was being prepared. We hope that we can continue this engagement as the report is finalised. These comments should be read as a supplement to the submission we made to the team writing your draft report. We attach this again for ease of reference. We were grateful for the obvious serious consideration given to this initial submission and those from individual ITPs in the preparation of the Draft Report.

We feel that it is unfortunate that much of the public comment on the Draft Report has focused on the recommendations on interest free student loans and the creation of a student education account rather than many of the other matters covered in the report. It would be unfortunate if the final report were shelved because it contains a few recommendations that prove politically unpalatable.

Putting the issue of fees to one side, our sector is firmly of the view that change is needed in the Government's tertiary education policy settings to reflect the needs of the modern economy. We need to improve the pathways between the secondary and tertiary sectors (a boundary that is rather blurred in places). We need to emphasise more the importance of vocational education relevant for business for the economy, and the need for those in the workforce to be able to re-train as the nature of the job markets change. Our current settings are too much focused on the 18-25 paradigm. We need to end the prejudice that exists against qualifications in the ITP sector and that sees preference given to the University sub-sector. We need to have more coherent policy signals from Government in the international space. And we need a Government agency infrastructure that is designed to reflect the needs of the sector.

There is much in the draft report that we agree with and which addresses the needs we note in the paragraph above.

The draft report is a long one. We could comment on every page. However, to simplify this process we have chosen to focus on the findings and recommendations and to comment on these. Rather than go finding by finding

or recommendation by recommendation we have arranged our comments as themes.

**Maori and Pasifika** We concur with the findings relevant to Maori, Pasifika and other disadvantaged groups. We are firmly of the view that Government should be encouraging us in this work as such success with Maori and Pasifika students is of growing importance to society and the economy in the future. As the report notes there is a disconnect between Government goals for disadvantaged groups including Maori and Pasifika students and actual performance of parts of the sector. We note that ITPs are the most successful sector at providing an open door and a learning pathway to success to students who have struggled in the compulsory or academic environment. Achievement and retention levels for Maori and Pasifika students are high and ITPs have developed an innovative range of programmes to engage and support priority learners.

**Is the system oriented to the right students and are students getting good advice about where and what to study?** We agree that the system is increasingly oriented towards full time study and towards students under 25 years of age. This orientation is not appropriate for the needs of the modern economy which will see employees increasingly required to re-train and develop new skill sets throughout their careers. We note also that the age profile of those studying in the ITP sector is older (over 50% of our students are not school leavers) than most other areas of Tertiary Education and that we are well equipped to meet the needs of these seeking career long learning. As we noted in our original submission we are concerned about the advice being given to students by Government and other careers services about future study options.

**Relations with employers, industry training and labour market.** We too are concerned at the lack of connection between parts of the sector and the business community. We note that the ITP business model is strongly driven by industry and it why much of the ITP offering appears directly relevant to the needs of the new economy.

**Funding models and other Government signals** As we noted in our original submission our view is that the existing funding model needs change. It favours the largest number of fulltime students enrolled for the longest period and by individual institutions. It is long on penalties for failure and short on incentives for collaboration, innovation and for thoughtful risk-taking. The focus on a one-year funding horizon also acts as a disincentive for future-thinking. The ITP sub-sector believes that a changed funding paradigm is needed if we are to be able to respond to the changing global economy. We welcome the proposal from the TEC to change the funding system to one that is focused “more on broader social and economic outcomes for New Zealand.” But we remain concerned that there does not yet seem to be much substance to the TEC plans. Rather than spend more time arguing about a change to the student funding model (which do not look as though they have any chance of success) we suggest that the Final Report from the Commission focus on what a new “investment model” from the TEC might look like if it is to indeed to cater for a need for life long learning, and the

need for education and training that is capable of meeting the needs of an increasingly dynamic labour market.

The Draft Report does not emphasise enough the need for the Government agencies working on Tertiary Education to work more closely together and to be more coherent in their policy approach and messaging. We welcome some of the specific recommendations on how some of the Agencies might operate in the future. However, our view is that there needs to be a more fundamental change.

The basic problem is that inside Government we do not see a coherent strategy being formulated for the sector. Some years ago the responsibility for strategy was taken from the TEC and given to the Ministry of Education. Your report is written with the assumption that the Ministry of Education is performing this role. We would argue that the performance of the Ministry is poor in this space. The focus on the formal education sector seems to have absorbed all strategic capability from the Ministry. In the absence of strong strategic thought leadership from the Ministry all strategy seems to be emanating from the Minister's office. This is not sustainable into the long term. We do not see Treasury or MBIE contributing nearly enough strategic thinking on Tertiary Education either. Creating a group of highly capable people capable of providing strategic thought leadership and ensuring coherence across Government agencies is essential for the sector. It is a theme that could usefully be developed further in your final report.

Overall, we look forward to a world where we have Government policy settings that are enabling, where funding is channeled to those areas that will have the greatest impacts on society and the economy, and where the role of Government is essentially one that monitors and ensures high quality education is delivered by the sector. Your recommendations only go some of the way to delivering this vision.

**Teaching and Research** We would be the last group to challenge the need for pure academic research for our economy. But we feel strongly that the emphasis on this in our current system does come at a cost in terms of the amount of money available for applied research and on the need to improve teaching skills at tertiary institutions. We largely agree with your findings.

We were particularly pleased at the emphasis given in your Draft Report to the importance of soft skills to employers. This is an area where the ITP sub-sector is already giving priority.

**Competition** The ITP sector operates in a highly competitive market. Not only are we to, an extent, competing with each other, we compete with multiple private providers and, in some ways, with the Industry Training Organisations. This is a good thing. It makes up better operators and encourages innovation. Unfortunately not all the sector is open to such competition. And because of the heavy hand of Government we are not able to respond fully to competitive pressures. We therefore welcome some of the findings the Draft Report makes relevant to these issues. These include the impacts of fee caps, our ability to

specialize and operate outside of our home geographies, the impact of the incredibly slow NZQA approvals process. We also welcome the Commissions recommendations to free up a TEOs ability to make decisions around capital funding and give them autonomy to act without reference to central Government. If competitive bidding is to continue then Crown owned institutions must be given the latitude to manage their revenues and costs more effectively.

**International** This was given prominence in our initial submission. We don't think that your Draft Report gives this enough attention. International students studying in New Zealand are critical to our funding and our internationalization strategies. But these students are highly vulnerable to policy settings by the immigration service and others. We are in a highly competitive global market. We need to be nimble and ensure our offerings are those that the international market needs. Yet our qualification approvals process and our qualification recognition processes are far from nimble.

There are enormous opportunities for our sector outside New Zealand. We are being encouraged by the Minister and Education New Zealand to realise these opportunities. Yet the NZQA system and the messaging from the TEC discourage us from doing all we could in this space. Decisions by the Immigration Service also have huge impact on our sector. It is critical that all decisions by the Service are well thought through and consulted on. Impacts on the sector need to be well understood before decisions are taken.

We feel that your Draft Report could have spent more time looking at these factors and recommending improvements. Those that you do make relevant to these challenges we welcome.

**Technology** We continue to press for New Zealand to develop a coherent and collaborative approach to designing a technology-mediated learning system which can be assessed 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.

We encourage you to give further thought to this issue in your deliberations. Your Draft Report has some useful coverage of technological related issues but the importance of technology and the opportunities it offers to facilitate delivery of even better education outcomes deserves greater attention.

**Qualifications** We welcome the findings in the qualifications space but again feel this area needs greater attention. There are a number of areas where the current accreditation, recognition and funding systems are not sufficiently flexible. Micro-qualifications (possibly the area of greatest potential demand in the modern global workplace) 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; Education Performance Indicators 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.

We strongly support the case for quality providers being able to self-certify the courses and qualifications they chose to develop and teach.

**Asset Ownership** We were interested in the findings on asset ownership and in principle support these.

### **Recommendations**

We welcome recommendations 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 19, 20, 21, 22, 23, 24, 25, 26, 27, 30, 31, 33.

We thank you again for the opportunity to comment on the Draft Report. We would welcome the opportunity to meet again with the Commissioners to discuss our comments should you find this useful. All the ITP CEOs are meeting in Wellington on 8 December and we would be delighted to allocate time that day for such a meeting.