



TEU

**TERTIARY EDUCATION UNION
TE HAUTŪ KAHURANGI**

Submission of

Te Hautū Kahurangi | Tertiary Education Union

to the

New Zealand Productivity Commission

on

**Draft Reports 3, 4, and 5 in its inquiry into
Technological Change, Disruption, and the Future
of Work**

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1. Introduction

- 1.1. Te Hautū Kahurangi | Tertiary Education Union (TEU) welcomes this opportunity to respond to Draft Report 3, *Training New Zealand's workforce*, Draft Report 4, *Educating New Zealand's future workforce*, and Draft Report 5, *Technology adoption by firms*, as prepared by the New Zealand Productivity Commission.
- 1.2. The TEU is the largest union and professional association representing nearly 10,000 academic and general/allied staff in the tertiary education sector (in universities, institutes of technology/polytechnics, wānanga, private training establishments, and REAPs).
- 1.3. The TEU actively acknowledges Te Tiriti o Waitangi as the foundation for the relationship between Māori and the Crown. We recognise the significance of specific reference to Te Tiriti o Waitangi in the Education Act and the emergent discourse resulting from this. We also accept the responsibilities and actions that result from our nation's signing of the UN Declaration on the Rights of Indigenous Peoples.
- 1.4. The TEU expresses its commitment to Te Tiriti o Waitangi by working to apply the four whāinga (values) from our *Te Koeke Tiriti* framework as a means to advance our TEU Tiriti relationship in all our work and decision-making – with members and when engaging on broader issues within the tertiary sector and beyond – such as our response to Draft Reports 3, 4, and 5:

Tū kotahi, tū kaha: We are strong and unified; we are committed to actions which will leave no-one behind; we create spaces where all people can fully participate, are fairly represented, and that foster good relationships between people.

Ngā piki, ngā heke: We endure through good times and bad; we work to minimise our impact on the environment; we foster ahikā – the interrelationship of people and the land, including supporting tūrangawaewae – a place where each has the right to stand and belong.

Awhi atu, awhi mai: We take actions that seek to improve the lives of the most vulnerable; we give and receive, acknowledging that reciprocity is

fundamental to strong and equitable relationships; and we work to advance approaches that ensure quality public tertiary education for all.

Tātou, tātou e: We reach our goals through our collective strength and shared sense of purpose, which are supported through participatory democratic decision-making processes and structures.

- 1.5. Our response to Draft Reports 3, 4, and 5 stems from our commitment to the whāinga expressed above and our wish to see these enacted in the tertiary education sector and in our society and communities.

2. CTU policy

- 2.1. The TEU is an affiliate of the Te Kauae Kaimahi | New Zealand Council of Trade Unions (CTU) and therefore strongly supports the CTU's submission on Draft Reports 3, 4, and 5.
- 2.2. However, with regard to Draft Report 3, our submission includes comments on Finding 3.5, and Recommendations 3.4, 3.5, and 3.6 – these issues are not directly addressed in the CTU submission.
- 2.3. This submission should be read in conjunction with our submission on Draft Reports 1 and 2.

3. Draft Report 3: *Training New Zealand's workforce*

- 3.1. It is unfortunate that Draft Report 3 dismisses the options outlined in Appendix B as way to facilitate the ongoing education and training of workers by reducing financial- and time-related barriers. If the uptake of options such as those outlined in Appendix B is to increase, a range of factors – i.e. sufficient training leave, financial assistance, and wages which reflect increased qualifications and skills – need to be available in conjunction with one another. Current conversations being held across New Zealand on the reform of the vocational education sector are evidence of how important it is to address the financial barriers for both workers who are wanting to learn and employers seeking to support employees in life-long learning and who are prepared to engage with the formal education system to do so. It is urgent for the country to address

these issues both for the sake of employers who want to increase productivity and for the success of the Reform of Vocational Education.

- 3.2. In Appendix B, the Commission notes that Individual Learning Accounts (ILAs) are prone to abuse and lacking in value for money. Here, we submit that the Commission should look at the benefits of extending standard subsidised and fees-free tuition to ensure increased equity in access to education and training.
- 3.3. Box 2.1 of the Report notes that some vocational skills are poorly rewarded in New Zealand. This is a symptom of New Zealand's weak wage-setting system. Improved collective bargaining is a way in which this issue can be addressed. Improving rewards for vocational skills, and ongoing upskilling by employees, is crucial as many workers will not want to pursue ongoing education and training if there are no wage incentives; and those that do could well be better off securing work overseas.
- 3.4. With regard to New Zealand's rates of work-related education and training, we agree with the CTU that there are potential inconsistencies in the methodology of the Report. As such, we submit that any examination of rates of "formal" and "non-formal" training need also to include more robust information pertaining to the *quality* of education that is taking place in New Zealand workplaces. We also urge the Commission to look at the proposed changes in the vocational education sector which are aimed at increasing the engagement of both workers and employers in on-job, on-campus, and online learning.

Employment status of work-based trainees

- 3.5. We do not support Recommendation 3.1:

R3.1: In implementing its reforms of the vocational education and training system, the Government should widen access to work-based education and training to all people in the workforce and to volunteers, rather than restricting access based on employment status. Where apprenticeships or other training programmes need long-term ongoing relationships between trainees and their work-based supervisors, this should be specified in programme requirements, rather than through a legal definition of "trainee."

- 3.6. We submit that the implications of Recommendation 3.1 will compromise the employee protections of work-based trainees. Work-based trainees – especially young trainees – are in a particularly vulnerable relationship with the firm training them. If the relationship breaks down, trainees will be at risk of losing not only their employment, but also their prospects for a qualification. This would clearly have negative consequences in terms of both their immediate circumstances and future opportunities. They will therefore be doubly reluctant to take action against poor behaviour by the training firm and are thereby open to exploitation. For example, as an employee, a worker-trainee has protections against unfair dismissal; yet, as a contractor or self-employed person, there would be no such protection. Additionally, there are further implications surrounding lack of entitlements to the minimum wage and – because the trainee would have to learn how to run a business whilst also learning a trade – administrative costs relating to GST, ACC levies, as well as no provisions for sick leave and holidays. Also, they would not be in a position to benefit from collective bargaining.
- 3.7. We agree with the CTU that the solution to providing training opportunities to the self-employed lies in designing new training schemes that suit the circumstances of the self-employed (for example, expecting a much higher degree of self-guided learning) and which do not place other trainees and apprentices at risk.

New immigrant entitlements

- 3.8. We support Recommendation 3.2:

R3.2: In implementing its reforms of the vocational education and training system, the Government should ensure that people legally entitled to work in New Zealand will be eligible for both work-based and provider-based vocational education and training that is connected to their work, regardless of their visa status or length of residency.

- 3.9. However, we submit that people who are legally entitled to work in New Zealand should also have access to critical literacy and numeracy training in their places of work. Such provisions may lead to better employment outcomes, higher productivity, and more secure visa status arrangements for migrants.

Micro-credentials

- 3.10. We do not support Finding 3.5, or Recommendations 3.4 and 3.5:

F3.5: “Stacked” micro-credentials are more valuable to workers, as they can build a qualification over time. Being unable to stack could discourage workers from embarking on study. Concerns that the stacking of micro-credentials could lead to duplication, fragmentation of qualifications, and employer confusion do not outweigh the benefits of stacked micro-credentials for workers and for labour-market dynamism.

R3.4: The Government should extend funding eligibility to providers for students who do not intend to pursue full qualifications, and remove specifications that limit the provision of short courses.

R3.5: The Minister of Education should, under section 159L of the Education Act 1989, issue a determination of funding mechanisms for student achievement component funding that removes a 5% cap on the delivery of micro-credentials, subject to providers demonstrating sufficient resources, capability and internal processes.

- 3.11. We agree with the Report in its recognition that people’s career and learning pathways are not always linear, and that micro-credentials offer portability across industries which, by extension, facilitates labour-market dynamism.
- 3.12. However, it is our view that the vocational education and training sector is primarily about life-long learning and education as a public good. As such, the system should be designed in a way which facilitates ākonga/learners and their acquisition of coherent sets of skills and knowledge.
- 3.13. Despite the potential for micro-credentials to facilitate labour-market dynamism, the tendency, in practice, is that they often come to be taken up as a cheap means to obtain ‘just-in-time’ skills. The result is that ākonga/learners obtain only fragmented knowledge which lacks cohesion and depth of understanding.

- 3.14. Therefore, we submit that increased micro-credentialing is not advisable if our vocational education system is to facilitate life-long learning and the acquisition of knowledge and skills that extend beyond those linked solely to the workplace and labour-market dynamism.

Recognition of prior learning

- 3.15. We support Recommendation 3.6:

R3.6: To encourage providers to offer recognition of prior learning, the Tertiary Education Commission should remove any reference to inputs (e.g., learning hours) in its definition of an equivalent full-time student.

Funding objectives of tertiary providers

- 3.16. The new funding model needs to have more inclusive and appropriate measures of both success and quality. These measures need to be worked out through collaboration between academics and employers.
- 3.17. In some cases, the mastery of skills and knowledge requires there to be set numbers of hours in training; in others, proof through a capstone or matriculation examination may be suitable.
- 3.18. As such, we do not agree with Finding 3.7:

F3.7: The lack of significant funding reallocation between tertiary providers over time has led to inertia and conservatism. It has dampened incentives for providers to innovate and to be responsive to student and employer needs. It is important that the proposed unified funding system does not result in more inertia and conservatism.

- 3.19. It is our view that competitive funding actually undermines the type of innovation that is required to facilitate positive educational (and social) outcomes and life-long learning.
- 3.20. Indeed, competition undermines collaboration and sustainability, both of which are factors vital for a well-functioning vocational education system. Competition inevitably forces TEIs, private providers, and ITOs into short-term planning and decision-making in order to retain their place in the system.

- 3.21. Against Finding 3.7, we think that addressing the competitiveness that has permeated the vocational education system is likely the single biggest lever for affecting positive change across all levels of the tertiary education sector. Additionally, working towards the creation of a truly collaborative vocational education system will also contribute to re-establishing tertiary education as a public good where its role in civil society is recognised as being greater than its contribution to labour-market dynamism.
- 3.22. The funding model should promote access and participation for anyone who wishes to study in the vocational education sector. Adequately funding vocational education is an investment in the future wellbeing of people throughout Aotearoa New Zealand.
- 3.23. Additionally, the funding model must allow staff working in the vocational education and training space the time to reflect, innovate, and collaborate as part of core business. This includes allowing time to engage in refresher leave and professional development in the trades, professions, and vocations from which they are drawn.

4. Draft Report 4: *Educating New Zealand's future workforce*

- 4.1. We agree with Draft Report 4 and its recognition of the insufficient resourcing, lack of provisions for professional development, and unrealistic workloads which currently permeate the education sector.
- 4.2. We support the CTU's submission on the remaining aspects of Draft Report 4.

5. Draft Report 5: *Technology adoption by firms*

- 5.1. The CTU submission includes detailed analysis and observations on Draft Report 5. We support the CTU's submission.

6. Conclusion

- 6.1. The TEU thanks the Commission for the opportunity to respond to Draft Reports 3, 4, and 5.
- 6.2. We strongly support the CTU's views and recommendations as outlined in their submission on Draft Reports 3, 4, and 5.

- 6.3. Additionally, we submit that further increased micro-credentialing is unadvisable as it leads to ākonga/learners acquiring fragmented skills and knowledge, thereby undermining primary aims of the tertiary education sector which are to facilitate life-long learning and education as a public good.