



Submission to Productivity Commission on Draft Report on New Models of Tertiary Education

28 November 2016



ONE HUNDRED YEARS OF TRUST

Dear Sir / Madam

Submission: NZ Productivity Commission Draft Report on New Models of Tertiary Education

This submission is from:	The contact person in respect of this submission is:
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MTA congratulates the Productivity Commission on a very detailed and thorough review of the tertiary education sector. MTA is pleased to respond to the request for feedback on the “New models of tertiary education – Draft report”.

In reviewing the report, MTA’s starting point is a desire to see a system in place that:

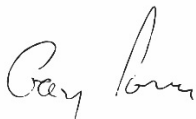
- will provide the automotive industry with the quality and volume of apprenticeship candidates required to renew and refresh the workforce;
- supports modular lifelong learning for our business owners and their staff; and
- is sufficiently flexible to balance candidate choice with business and economic demand.

We have had the benefit of seeing drafts of submissions from Business NZ, MITO, and the ITF, and we are broadly in concurrence with those groups.

We are interested in working with the Commission and Government on any developments that arise from the final report presentation to the Minister.

We are happy to discuss any aspects of this response and any recommendations with the commissioners or inquiry team.

Yours sincerely,



Craig Pomare
Chief Executive

Introduction

The Motor Trade Association Incorporated (MTA) was founded in 1917 to represent the interests of an industry with a well-defined obligation to provide quality service to the public. One of the founding maxims of the organisation is to do nothing that is contrary to the principles of “Safety First and Always”.

MTA currently represents approximately 3,700 businesses within the New Zealand automotive industry and its allied services. Members of our association operate businesses including automotive repairers (both heavy and light vehicle), collision repairers, service stations, vehicle importers and distributors and vehicle sales. In total MTA members employ in excess of 40,000 staff across New Zealand.

In early 2016, MTA commissioned a survey of its General Repair and Collision Repair members to determine the extent of the skills shortage facing MTA members and, by extension, the wider industry. The results of that survey showed:

- Among MTA members, there are approximately 1,500 vacancies for skilled technicians
- Nearly two thirds of vacancies are for automotive technicians
- The main drivers for the shortage appear to be a lack of suitably qualified people in the marketplace and a concern with the number of apprentices coming through
- One third of members felt they could take on more work if they could get more technical training for staff and almost half are aiming to expand over the next 5 years

We also asked members about apprentice training and learnt:

- Businesses are less likely now to take on an apprentice than they were 10 years ago (only 51% of respondents currently employ an apprentice, down 11% from a comparable survey in 2006)
- Among the reasons for not taking on an apprentice were such factors as:
 - Lack of suitable prospects – candidates either did not have the right attitude or the right skills to start training
 - Cost – in terms of fees, materials, equipment, apprentice and supervisory staff wages, etc
 - Lack of time to supervise – either supervision from the business owner or from qualified senior staff (bearing in mind that over 80% of businesses in the automotive sector have around 5 staff or less).

We appreciate the opportunity to make the following comments.

General Comment

The single largest issue facing the automotive industry, which is reflected across many trade based sectors, is the volume of both quality qualified technicians and the volume and quality of candidates coming into the apprentice funnel.

We see a fairly well established framework in the apprentice space with ITOs finding their feet and offering quality pathways for people to develop through an apprenticeship. Of the MTA members surveyed about taking on an apprentice, a majority indicated that they would engage with the ITO to do so.

The area that could immediately be improved on the back of the commission review is creating support for innovation that increases volume of quality candidates into the apprentice funnel.

The commission has commented that the current system effectively prevents real innovation and that innovation is likely to develop from new operators in the system.

MTA supports this view and asks the commission to look for ways to support pre-apprentice innovation to bring volume into the front end of the automotive and other industries.

If providers were incentivised to accelerate the development of capable candidates and to be rewarded or in the very least not disadvantaged financially we could see a significant growth in volume of quality candidates young and mature entering the industry - straight into paid employment and apprenticeships.

International Skills Migration is often touted as a solution to bringing qualified candidates to NZ. We do not see this as the solution to the volume required for our industry skills shortages. However, it would be helpful for employers if there were a simpler way of understanding and comparing foreign qualifications to our own.

MTA recognises the special value place on education by society, and thus we are sympathetic to the tension that arises between those that wish to see education as a market and those that see it as a system.

Comments on Sections of the report

Student Education Account (or similar outcome)

MTA supports the principles and intentions behind the proposal for a Student Education Account (SEA). We agree with how the proposed SEA would provide learners with the ability to choose the education that they feel is best for them at a high level. That said, we acknowledge the concerns raised in the ITF submission regarding how the SEA might be utilised by school leavers and mid-career learners.

If not the SEA, then MTA urges consideration of a mechanism that achieves similar outcomes – it is not MTA's area of expertise to suggest what that might be.

The devil will be in the details and, as with some of the other findings and recommendations from the draft report, there will need to be a great amount of work done to ensure good information is available to all parties concerned to ensure that quality levels remain high.

Students will need to be sure of the educational/career outcomes that they are signing up to, and employers will need to be able to understand what a student has learnt and thus what skills and competencies that students would be bringing to their business.

If implementation meets the vision, then

- students should have more choice,
- providers will be better incentivised to innovate and/or specialise on delivery and differentiate on quality service,
- industry training will need to more clearly show the career prospects and returns to the student from training
- employers will need good information and advice on how to decipher or translate a student's education purchases to ensure that the student has the competencies and skills the employer is seeking.

Core outcomes sought

- *Student and employer choice*
- *Quality information*
- *Clear outcomes and pathways*
- *Innovation in delivery*

The SEA (or similar) may provide opportunity for innovation by decoupling current funding rules and enabling providers to benefit from faster quality provision than the current system allows.

This in turn would benefit industry by supplying greater volumes of incoming quality apprenticeship candidates beyond current available volumes. This is a critical point of contention for the automotive and other vocational industries.

It could reward providers by delivering funding for outcomes that enables them to support capable candidates to complete more than the current notional 1 EFT per year.

In principle, there can and should be innovation in delivery and service quality. Employers will need to be assured that the education being delivered (in whatever fashion is chosen) is producing a graduate with the skills and competencies needed by the employer.

In many situations, the content of the education cannot or should not be “innovated” or altered; for example, a motor mechanic must come out of training understanding the principles and practicalities of vehicle repair and service.

The tertiary education system is increasingly oriented towards full-time study, towards younger students (under 25 years) and away from extra-mural study.

MTA welcomes the Commission’s finding on this point. It illuminates the difficulties we have faced in considering how we support the provision of quality, effective, and attractive education not only to pre-qualified students but also to the owners and staff of our members.

- Structuring education around modules or outcomes rather than “time” of study would be most beneficial.
- Business owners need **short** courses (often they have only a few hours available at a time, not a few days, weeks, or months).
- A formal qualification is not always the desired outcome, part qualifications can be sufficient.
- *However*, a system that acknowledges when enough credits are accumulated to justify the award of a formal qualification is also welcome.
- In line with the need for short periods of study, it is preferable that learners (of whatever age or career point) can access that knowledge locally or on-line.

Decisions about entering tertiary education and the influences on prospective students are complex. The arrangement and delivery of careers services including in schools, and government provision of information to prospective tertiary students, is fragmented and operating poorly.

MTA would be happy to assist with developing information about careers in the automotive industry that can be made available to students and their advisers (friends, family, teachers, etc). Previous efforts at doing this have been hampered by a lack of clarity about who to contact in the careers advisory sector, and with the difficulty of describing a clear qualification path due to over-diversity of study options (and the lack of seamless movement between some of those).

Government has established numerous initiatives that seek to improve coordination and links between the tertiary education sector and employers. The need for such initiatives is symptomatic of a system that often fails to respond to employer needs.

MTA supports this finding and notes that having numerous initiatives is not necessarily helpful for employers.

Core outcomes sought

- *Increased numbers entering training*
- *Faster delivery (innovation)*
- *Content quality maintained*

Small business owners are “time poor” and do not have the time to work through all the options available to see if one is applicable to their situation.

The education sector – like most specialist sectors – is immersed in jargon and technical terminology that can be difficult for small business owners to decipher.

Clear and simple options are needed for learners and employers alike.

Coordination & simplification of contact points is required. In the trades training arena elements of training can be addressed by TEC, MBIE, NZQA, MITO, Ministry of Education, or WINZ/MSD. It is at times difficult for industry and students alike to know with whom they should speak.

MTA suggests that consideration be given to establishing a “one stop shop” of tertiary training advice that can provide employers and learners with guidance on the best contact point for any particular issue relating to training. As a pilot project, an advisory service for small businesses regarding trades training would be useful.

Tertiary education qualifications that equip graduates with transferable skills are desirable in that they retain their relevance in a changing job market. Several providers noted they are focusing on developing transferable skills; however, in some cases, these skills are poorly integrated into assessment processes.

It is disappointing that there is a widespread concern about the need to train “transferable skills” once a learner has left the primary and secondary education system. It should be a given that the school system produces people who have sufficient literacy and numeracy skills to allow them to engage productively in the work-force.

Funding for industry training is predominantly restricted to provision at levels 1 to 4 on the NZQF. This limits the ability of the industry training subsector to respond to demand for higher-level training, and inhibits the adoption of new models such as degree apprenticeships.

MTA agrees with this finding and has noted that there may be benefit for industry productivity as a whole if more business skills were incorporated into trades training. Many tradespeople aim for business ownership and yet they do not have any formal training in how to run a business. Lifting the qualification level of trades training will also make it a more attractive option to school leavers and those changing careers or coming to training later in life. Because of the restriction, management training through ITOs, while valuable, can only go so far (level 4).

Tertiary providers apply for government funding through an investment plan process whereby they forecast their volume and mix of provision. TEC’s approval criteria for investment plans restricts the ability of ITPs to deliver outside their own region, and the confirmation of funding allocations is often granted very late in the year – giving providers little time to plan and prepare.

MTA agrees that this method of bulk funding on an annual basis is a barrier to the development of learning solutions for small business owners and apprentices. Thought should be given to different funding models, such as multi-year funding on a cohort or programme, module basis. It is unclear why ITPs should be restricted in their region of delivery.

Students should be able to mix and match courses from different providers. The funding and regulatory system should not penalise providers for participating in such arrangements.

A full qualification may not always be necessary or the desired outcome. Diversity and choice are needed to allow people to learn what they need at the time they need it. If, however, their studies

accumulate enough elements or credits to meet the criteria of a recognised programme of learning (eg a Bachelor of Arts), then the award of that qualification should be possible.

At present, the requirement seems to be that a learner must choose a programme of study at a particular institution and then risk considering themselves a “failure” if they do not complete that particular programme. In contrast, someone who learns specific skills and knowledge needed for their career aspirations at any particular point in their career will be pleasantly surprised if the sum total of their learning leads to a formal qualification (even if this had not been their initial aim/goal).

CONCLUSION

MTA would like to see support given to real innovation that increases the volume and quality of candidates presenting as work-ready for apprenticeships in the automotive sector.

We advocate for the drive towards accountability and flexibility for industry, providers, and candidates alike.

We support the notion of a student education account in so far as it allows flexibility for lifelong learning.

We are interested in working with any developments that arise from the final report presentation to the Minister.

We are happy to discuss any aspects of this response and any recommendations with the commissioners or inquiry team.

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