



**Submission**  
**to the Productivity Commission**  
**on the**  
**New Models of Tertiary Education**  
**(Issues Paper)**

**Date: 4 May 2016**

The Tourism Industry Association New Zealand (TIA) wishes to provide comment to the Productivity Commission on their issues paper 'New Models of Tertiary Education'.

#### EXECUTIVE SUMMARY

1. TIA has been an active voice in the area of people and skills for many years, exercising our tourism industry leadership role through a series of papers and forums.
2. In our response to this Issues Paper, we are responding directly to four of the questions. There is also an additional section on issues we believe need to be considered that are currently not. These issues are research, career promotion and ongoing professional development.
3. The strength of the voice of the employer within the current tertiary system needs to be a lot stronger than it currently is. We are concerned that the Issues Paper does not go far enough in recognising this as a significant issue.
4. Employers need confidence that the tertiary sector is taking a coordinated approach to addressing labour and skill deficits, and the employer voice needs to be central to this.
5. *Work readiness* - There is a gap in the view of work readiness between employers and tertiary providers. Course programmes that involve a work-experience component are often more highly valued by employers due to the experiences and on-job skill development those graduates gain during a work-experience component.
6. *Research* - TIA believes that the research capability within the tertiary sector can be better utilised for the benefit of the tourism industry.
7. *Career promotion* - If tertiary providers are investing public funds into attracting people to their programmes, it needs a coordinated approach and as such, the Issues Paper should consider issues around career promotion.
8. *Ongoing professional development* – Short-duration courses are important for ongoing professional development. The Issues Paper does not pay enough attention to the low levels of funding for short-duration courses and the vagaries of industry uptake.

#### RECOMMENDATIONS

9. The strength of the voice of the employer within the current tertiary system needs to be strengthened. Employers need confidence that the tertiary sector is taking a coordinated approach to addressing labour and skill deficits.
10. The research capability within the tertiary sector can be better utilised for the benefit of the tourism industry.
11. The Issues Paper should consider issues around career promotion.

12. The Issues Paper should pay more attention to the low levels of funding for short-duration courses and the vagaries of industry uptake.
13. The Issues Paper should recognise the value and desirability of programmes that include a work-experience component.

## INTRODUCTION

14. The Tourism Industry Association New Zealand (TIA) is the peak body for the tourism industry in New Zealand. With over 1,500 members, TIA represents a range of tourism-related activities including hospitality, accommodation, adventure and activities, attractions and retail, airports and airlines, as well as related tourism services.
15. The primary role of TIA is to be the voice of the tourism industry. This includes working for members on advocacy, policy, communication, events, membership and business capability. The team is based in Wellington and is led by Chief Executive, Chris Roberts.
16. Any enquiries relating to this paper should in the first instance be referred to Steve Hanrahan, TIA Advocacy Manager at [steve.hanrahan@tiaz.org.nz](mailto:steve.hanrahan@tiaz.org.nz) or by phone on 027 912 2624.

## COMMENT

### Tourism 2025

17. Tourism 2025 ([www.tourism2025.org.nz](http://www.tourism2025.org.nz)), an industry-led, government supported economic growth framework was launched in New Zealand in 2014 and has set an aspirational goal of reaching \$41 billion in annual tourism revenues by 2025. The industry's focus is on growing value faster than volume.
18. The Tourism 2025 framework is based around five key themes which are:
  - Insight - this is at the core of the framework recognising that having timely, accessible and relevant insight is what will help tourism businesses with the information they need to support operational and strategic decision making.
  - Connectivity - focusing on growing sustainable air connectivity is critical for an island nation that relies on 95% of its visitors arriving on a commercial aircraft.
  - Productivity - making more money from the investments we already have but finding new solutions to seasonality (the tourism industry's perennial challenge) and regional dispersal.
  - Visitor experience - we can derive more value by creating outstanding visitor experiences that meet the needs of a changing visitor mix and recognising the end to end visitor experience, the need to improve facilitation and be measuring dissatisfaction.
  - Target for Value - the identification of targeted opportunities that, if taken up, will deliver the greatest economic benefit.

## Our understanding of the situation

19. We understand that the Government has asked the Productivity Commission to investigate how trends in technology, internationalisation, population, tuition costs and demand for skills may drive changes in models of tertiary education.
20. The Commission will consider the extent to which new models could improve the quality of tertiary education to the benefit of students, the economy and wider society, and improve access, participation and achievement in tertiary education. They will take a whole-of-system perspective, focussing on New Zealand's universities, polytechnics, wānanga and private tertiary providers and seeking input from a wide range of organisations and people with a stake in tertiary education here and overseas.
21. The Commission has released its 'issues paper' that outlines the approach to the inquiry, the context for the inquiry and the matters the Commission is seeking comment and information on. The paper identifies a broad range of issues, leading to a set of 78 questions for submitters to consider and respond to.
22. A draft report will then be released in September 2016, with submissions on this report closing November 2016. The final report will go to the Government in February 2017.
23. In our response to this Issues Paper, we are responding directly to four of the questions. There is also an additional section on issues we believe need to be considered that are currently not.

## TIA relationship with tertiary education

24. TIA has been an active voice in the area of people and skills for many years, exercising our industry leadership role through a series of papers and forums. In 2006, TIA led the development of the *Tourism and Hospitality Workforce Strategy*, identifying a range of workforce issues and required responses. In 2013, TIA commissioned a report titled *Educating & Informing about Careers in Tourism* aimed at addressing the challenges in attracting the right tourism workforce.
25. This 2013 report was a trigger into a fuller strategic review of people and skills needs through to 2025 which resulted in the development of the report titled *People and Skills 2025* (<http://www.tourism2025.org.nz/assets/Uploads/People-Skills-2025.pdf>). This report includes a demand and supply framework for assessing people and skills issues, plus a 24-point action plan of current priorities.
26. Seven of these actions are closely aligned to the Commission's review:

Item	Action
2	Actively promote tourism jobs and opportunities to secondary and tertiary students
8	Work with the tertiary sector to develop and deliver a national set of upskilling options including just-in-time training

Item	Action
9	Work with qualification developers to ensure new/emerging skills are captured in qualification reviews
19	Form closer relationships between employers and training providers
22	Investigate what a high-performing education sector might look like in terms of benefits to industry
23	Advocate for policy changes, e.g. advocate for tourism to be a qualifying subject for University entrance
24	Partner with the provider sector to create access to high-level executive training to build the industry leadership

27. Supporting our leadership role in the tourism industry, TIA is also actively involved in industry advisory groups in the tertiary sector. There are more than 50 tertiary providers offering tourism and hospitality courses in New Zealand. TIA sits on advisory groups including Service IQ (industry training organisation), Victoria University Tourism Management Programme and Pacific International Hotel Management School (PTE).

### **New models of tertiary education**

*Q17 – Are there practical ways to encourage employers to have greater or more productive involvement in the tertiary education system? Q19 – What makes for a successful ITO in terms of meeting the needs of firms for skilled staff? Q20 – How effective is the ITO model in meeting the needs of learners and firms?*

28. The strength of the voice of the employer within the current tertiary system needs to be a lot stronger than it currently is. We are concerned that the Issues Paper does not go far enough in recognising this as a significant issue.

29. Employers collectively are the largest provider of education and training in New Zealand. This needs to be recognised.

30. The connections between the tourism industry and tertiary education providers at a national level have often been tenuous at best. While many tertiary education providers can demonstrate strong relationships with local tourism operators, the engagement is usually regionalised and likely to focus on employment outcomes and programme content.

31. A significant gap exists in the bigger picture of employers influencing the tertiary environment, particularly in the supply of training places. For example, there have been shortages of chefs for many years. The role has become a permanent fixture on the government's Long-term Skill Shortage List. While there is insight into how many extra chefs are required (NZIER's report for TIA in May 2015, *Assessing tourism labour market needs*, identifies an extra 6213 chefs will be required by 2025), there is no strategy or process that drives how this will be achieved. Employers need confidence that the tertiary sector is taking a coordinated approach to addressing labour and skill deficits, and the employer voice needs to be central to this.

32. TIA believes there needs to be stronger leadership coming from the tourism industry and tertiary sector in how they will work together to provide sufficient places of the right training for the future. We believe the organisation best placed to lead this is the Industry Training Organisation (ITO). An ITO already has a strong mandate to work with employers, are governed by employers, and employers are their end user.
33. TIA agrees with Service IQ's submission saying *'ITOs have not been given enough prominence in the issues paper and ITOs should have a central role in the next NZPC's draft report due for release in September 2016'*.

*Q32 – To what extent are graduates meeting employers' expectations with respect to skills?*

34. It is not surprising to see the gap between the view of work readiness between employers and tertiary providers. It is a historical issue, partly driven by unrealistic employer expectations about graduate's capability at the end of a course of learning. However, it is also influenced by the changing delivery nature of programmes and courses. Many programmes in hospitality and tourism do not currently require a work-experience component in the industry.
35. It is fair to say that the programmes that involve a work-experience component are generally more highly valued by employers due to the experiences and on-job skill development those graduates gain during a work-experience component.
36. As Service IQ points out in their submission: *A key requirement for employers hiring staff is that they are work-ready. However, employers also need staff that have the right attitude and aptitude for work. One benefit of on-job vocational education is that trainees gain valuable people skills, in addition to technical or vocational skills which are developed through working with experienced colleagues.*

### **Other Issues for Consideration**

#### *Research*

37. There is a belief that the research capability within the tertiary sector can be better utilised for the benefit of the tourism industry. TIA currently has a research relationship with Lincoln University and is well served by that. However, there are a number of universities offering tourism qualifications and we assume have a research requirement attached to that. It would make sense that employers have a national view of the research capability of these universities and there is a coordinated approach to the research delivery. This would ensure research undertaken is relevant to employer needs and secondly, the public dollars invested into research are used productively and research is not repeated for the sake of a university outcome.

### *Career Promotion*

38. In 2013, TIA commissioned a report titled *Educating & Informing about Careers in Tourism*. Tertiary providers play a critical role in attracting entrants to the industry and the report identifies that approximately NZ\$2m p.a. is spent by tertiary establishments in promoting tourism careers in New Zealand.
39. However, the industry does not have a single go-to point for tourism careers e.g. a tourism career website. You might argue that this is an industry issue to resolve and outside the scope of this work. We disagree. If tertiary providers are investing public funds into attracting people to their programmes, it needs a coordinated approach. The Issues Paper should consider issues around career promotion. These issues should be in-scope of this paper.

### *Ongoing Professional Development*

40. Tertiary providers play an important part in providing short-course development programmes for people employed in the tourism industry. Tertiary providers are struggling to make a profit on these short-course development programmes, due to low levels of funding for short-duration courses and the vagaries of industry uptake. It is an area that should receive more attention as an issue.
41. The funding mechanisms and tertiary education policies encourage providers to deliver courses with a long(er) duration. We would argue that the productivity gain from e.g. NZ\$3000 invested into a short-course for a middle manager employed in a tourism business is likely to be greater than NZ\$5000 invested into someone potentially tyre-kicking career options. We acknowledge it is a complicated funding choice, but we feel that the current funding structures disincentive short course training. It is an issue and should be addressed via this review.

### ENDORSEMENT OF SERVICE IQ SUBMISSION

42. TIA generally supports and endorses Service IQ's submission on the '*New models of tertiary education issues paper*'. We agree with the recommendations and general contents of this submission. We urge the New Zealand Productivity Commission to give careful consideration of the recommendations in the Service IQ submission and to implement them in an orderly manner.

### FOLLOW-UP PROCESS

43. TIA and/or tourism industry representatives would welcome the opportunity to participate further in any follow-up process, including any formal meetings, to ensure that the potential impacts on tourism are adequately understood and constructive feedback provided.

### BACKGROUND

44. Tourism for New Zealand is big business as the country's largest export sector. It is a major contributor to the New Zealand economy that will always be here and won't easily go offshore. Tourism takes the lead in promoting New Zealand to the world. The brand positioning built by a vibrant tourism industry has become an important source of national confidence and identity

and a front window for “Brand New Zealand”. Indeed, the clean and pure offer that is synonymous with New Zealand tourism has been widely adopted and used to promote New Zealand exports in a range of other industries as well.

45. The tourism industry delivers the following value to New Zealand’s economy:

- Tourism in New Zealand is an \$81.6 million per day and \$29.8 billion a year industry.
- The tourism industry directly and indirectly supports 12.1% of the total number of people employed in New Zealand. That means 295,908 people – one in eight – are working in the visitor economy.
- Tourism is one of New Zealand’s biggest export industries, earning \$11.8 billion or 17.4% of New Zealand’s foreign exchange earnings (year ended March 2015).

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