



New Zealand Chambers of Commerce (Inc)

Submission to the Ministry of Education

Draft Tertiary Education Strategy 2010 – 2015

October 2009

Introduction

The New Zealand Chambers of Commerce (Inc), 'NZCCI', is an umbrella organisation serving the interests of 30 Chambers of Commerce nationwide. These, in turn, represent over 24,000 businesses around the country. While many of our members are in the SME category our membership includes most of the largest corporations in New Zealand.

We welcome this opportunity to provide input into the Draft Tertiary Education Strategy 2010 – 2015.

This submission focuses on the role that the tertiary education sector plays in the achievement of economic growth and the government's goal of economic transformation, and how the Tertiary Education Strategy should reflect that.

Economic Growth

We are pleased to see the document's recognition of the importance of economic growth and the tertiary education's important contribution to that.

More developed skills across the New Zealand workforce will be a major driver of the improved productivity that is needed to achieve higher levels of economic growth that both business and the government want. Tertiary education will be crucial in providing those skills and addressing the shortage that New Zealand is still suffering from.

The Role of Business and Innovation

We are pleased to see the position of business within the tertiary education system and the importance of innovation to New Zealand's productivity referred to in the strategy.

Business is integral in the government's achievement of its economic goals and tertiary education has a crucial role to play in the success or otherwise of New Zealand business. As stated in the document, 'tertiary education plays a key role in improving

the skills and knowledge of the workforce' it also helps to develop business leaders with the entrepreneurial and management capabilities to make New Zealand firms grow.

Businesses need a highly skilled workforce that is sufficiently trained to meet their needs. Notwithstanding the important, wider role tertiary education plays in New Zealand, the sector needs to be more flexible and 'relevant' to the needs of employers in providing them with the workforce they requires.

Engagement with Business

The best way to ensure this relevance is through direct and meaningful engagement between the business and tertiary education sectors. There is much that the tertiary education and business sectors can learn from each other and increased linkages between the two should be encouraged

Notwithstanding the important work of government agencies, tertiary education institutions and students should be the key decision makers in determining tertiary education outputs. For this reason the dialogue should be directly between business and the institutions themselves.

The document discusses the importance of providers' engagement with business. It acknowledges that providers should respond to the demands of industry and the market. Increasing the accountability of tertiary providers through the publication of their employment outcomes and linking their performance in meeting the need of employers with funding levels are good steps towards a greater level of engagement between tertiary providers and business. However, NZCCI feels that more emphasis could be placed on this issue in the strategy.

With its network of chambers across New Zealand and membership covering across all sectors of the business community, NZCCI would be happy to help facilitate such engagement where appropriate.

A Competitive Education System

A strong degree of competition (including competition between public providers) is healthy. Competition drives improved performance and customer service and should be further encouraged in the strategy. A more competitive and more decentralised tertiary education system is in the interests of both students and employers.

NZCCI considers the proposal to increase the accountability of tertiary education providers through the publication of performance information will be beneficial to competition and is likely to improve the performance of tertiary providers.

Private Providers

Private training establishments (PTEs) are an increasingly significant component of the tertiary sector. As well as being important in their own right they provide a valuable source of competition to public providers.

There is some evidence that PTEs have been more responsive to the needs of business than have state-owned polytechnics and universities. Surveys show PTEs, together with

in-house training and Industry Training Organisations (ITOs), rank higher than schools, universities, institutes of technology and polytechnics in this regard.

The strategy needs to address the relative standing of public owned tertiary education providers in the eyes of employers – at least in the sense of meeting their workforce needs. It also needs to recognise the role of private providers of education and ensure they are not unduly discriminated.

International Students

The significant contribution of international students to the economy and the value of improving the strength of international links in terms of both international students and overseas institutions are acknowledged in the document. New Zealand has one of the highest proportions of international students in the OECD. There is a competitive global market for those students and so the New Zealand system needs to be geared to continue attracting them and meeting their needs.

Other points

The strategy emphasises the importance of literacy, numeracy and language. This is welcome as these are crucial skills and competencies for the needs of business. NZCCI notes this is an issue for the education sector as a whole not just the tertiary sector.

It is important that the university sector is not 'dumbed down'. The Chamber notes that the education priorities outlined in the strategy are not weighted. NZCCI considers that the priorities of improving the performance of providers and strengthening research outcomes should be given precedence. Without achieving these priorities there will be little or reduced benefit from increasing the number of people attending tertiary institutions.

It is also important to maintain the status of all tertiary institutions in the eyes of potential students. This is necessary to avoid a disproportion in the number of university graduates relative to graduates from other tertiary providers such as polytechnics. This will also help to ensure that there are sufficiently skilled graduates to cover all areas of the workforce. For example, there is often a skills shortage in trades and maintaining the status of polytechnics will help address this issue.