

SUBMISSION TO THE
MINISTRY OF EDUCATION
ON THE
DRAFT TERTIARY EDUCATION STRATEGY:
2010-2015

FROM

NZ ITP

*(A peak body working for 14 Institutes of Technology and
Polytechnics)*

6 NOVEMBER 2009

A. SUMMARY

1. NZ ITP – a peak body providing advocacy services for 14 Institutes of Technology and Polytechnics (ITPs) – generally supports the Government’s vision for tertiary education and the broad directions outlined in the draft Tertiary Education Strategy:2010-2015. We recognise the Government faces significant challenges achieving its vision for tertiary education, given the economic, demographic and educational setting within which the Tertiary Education Strategy: 2010-2015 will be set.
2. ITPs are strongly committed to contributing actively to the Strategy’s priorities. We are accessible – so New Zealanders of all backgrounds can gain world-class skills and knowledge. We focus on skills for employment – raising skills and knowledge of the current and future workforce to meet labour market demand and social needs. We work closely with industry – providing skills, knowledge and applied research, to respond to the needs of the economy and address environmental and social challenges. And we have good links with Maori and Pacific communities – helping them achieve tertiary education success.
3. We believe the draft Strategy could be strengthened in three key areas. It should:
 - **Include core leadership expectations.** Strong leadership across the sector will be vital for delivering the required changes. Successful implementation of the substantial changes in the tertiary education sector implied by the draft Strategy will hinge on strong leadership in TEIs. We believe ITP leaders working collaboratively with the Government could drive more innovative and cost-effective changes in the ITP sector, than if such change is imposed from outside.
 - **Commit to developing and implementing better measures of educational and economic value.** While fully supporting the objective of increasing value for money, current performance measures paint only a limited picture of education and economic value. We therefore recommend developing (over time) more robust and comprehensive measures for guiding investment and monitoring processes.
 - **Ensure alignment with actual skills needed in the labour market as a whole.** We are concerned that the increased focus on higher-level qualifications and young people might detract from the on-going need to lift skills right across the economy and labour market. New Zealand’s low median wage and average productivity highlight the need for increased skills across the board.
4. Our submission elaborates on these issues, before responding directly to the questions posed by the Minister when releasing the draft Strategy. We also include information about NZ ITP (Annex 1) and a general comment on the educational and economic value of ITPs (Annex 2).

B. STRONG LEADERSHIP NEEDED TO DELIVER REQUIRED CHANGES

The draft Strategy signals significant change to the tertiary education sector

5. We suggest the Strategy should include leadership expectations for the tertiary education sector, linked to the significant changes signalled in the draft Strategy.
6. We are encouraged that the Government regards tertiary education as central to helping New Zealand achieve its economic, environmental and social goals, and meeting the development aspirations of Maori and Pacific people. The Government's over-arching goal of increasing value created through its tertiary education investment, and focusing this investment on ensuring New Zealand has the skills it needs, is therefore worthy.
7. We endorse the goal of increasing the value created through the Government's tertiary education investment, and appreciate the imperative for high performance from ITPs. The draft Strategy draws together several strands that have been extensively signalled by the Government during the last year. ITPs are therefore already aware of Government expectations about doing more with less resource, helping more young people and other target groups achieve higher level qualifications, and improving educational and financial performance.
8. The Strategy will sit alongside other significant initiatives, including governance, qualifications, funding and monitoring. Together, they represent substantial change for the tertiary education system. Achieving these changes successfully in a tight fiscal environment simply adds to the complexity of the challenge.

ITP leaders want to contribute constructively to the changes required

9. We want to work constructively with the Government to design and implement the processes needed to achieve the changes sought.
10. Change processes are typically complex and risky. Consistent long-term goals and objectives, supported by coherent policies, are vital. Sector leaders need clarity and confidence to lead and integrate the range of changes needed to systemically lift value across the ITP sector, especially given the economic, demographic and educational context within which this sector must operate over the next five years.
11. There is a lot of leadership capability distributed throughout the ITP sector that can contribute constructively to the changes needed. This includes:
 - Industry links – working with industry partners to ensure programmes offered are relevant to current and future skill needs;
 - Academic quality – collaborating across the sector to ensure high-quality and cost-effective design of courses that meet the needs of students, employers and the economy;

- Flexible and responsive delivery – ensuring students and employers have cost-effective access to relevant and high-quality courses that provide them with the skills they need to be more productive;
 - Organisational efficiency – cost-effective management of resources needed to support relevant and high-quality provision of vocational and applied education.
12. Constructive engagement with ITP sector leaders will help create more value through ensuring skills for employment, local access to tertiary education, programmes relevant to industry, and applied research that supports vocational learning and improves productivity.

C. INVESTMENT AND MONITORING SHOULD BE GUIDED BY MEASURES OF EDUCATIONAL AND ECONOMIC VALUE

Value should reflect contributions to productivity and economic growth

13. We submit that performance measures for guiding investment and monitoring should be based mainly on contributions to productivity and economic growth.
14. We endorse the recognition, in the draft Strategy's vision, that tertiary education helps build a productive skills base to drive economic growth. This ultimate outcome links closely to increased employment opportunities and enriched lives. It is supported by outputs of relevant and efficient tertiary education provision that meets the needs of students, the labour market and the economy.
15. Performance measures should align to value creation from the tertiary education sector as a whole, rather than focusing narrowly on areas where change is sought. The draft Strategy reflects key areas where the Government wants changes and improved overall performance, so measuring progress in such areas is sensible. But it would be wrong to focus exclusively on areas of change – to the detriment of measuring and incentivising performance across the system as a whole.
16. We therefore believe the “early indicators of progress” outlined in the draft Strategy should form only part of a broader performance measurement system, capturing both progress in areas where change is sought and outcomes from the tertiary education system as a whole.

A hierarchy of outcome and output measures

17. Measures of the value created through tertiary education investment need to represent outcomes as the contribution of higher skills to productivity and economic growth. This will require complex measurement and analysis.
18. While individuals certainly accrue greater private value (i.e. higher earnings) from higher-level qualifications¹, public value from the tertiary education investment depends on productivity gains realised through higher skills. In practice, adding a skilled worker to the workforce generates a remarkably constant increment of public value, regardless of the level of skill². Measurement and analysis of public value must therefore overcome limitations of superficial proxies.
19. For example:

¹ Scott, D. 2009. What do students earn after their tertiary education? *Ministry of Education and Statistics New Zealand*.

² Sanderson, K., Stroombergen, A., Leung-Wai, J. & Nana, G. 2006. Tertiary sector future context, shape and funding. Tertiary Accord of New Zealand.

- Employment – need to isolate the direct impact of tertiary study on gaining employment, particularly in terms of skills needed in the job;
 - Income – need to differentiate productivity gains directly associated with higher skills from market recognition of recruitment/retention difficulties.
20. The vision for tertiary education outlined in the draft Strategy should therefore remain the primary basis for performance measurement. The Strategy should recognise the need for more work on defining intermediate measures that contribute to the ultimate outcome of increased productivity and economic growth. Progress should be assessed in terms of relevant and efficient provision (meeting needs of students, the labour market and the economy), building a productive skills base to drive economic growth, and enabling access to high-quality tertiary education (to enrich people’s lives and increase their employment opportunities).
21. We want to work with the Government to assist the development of outcome measures, which in turn can enable a more critical approach to investment and monitoring. This work should focus on how increased skills contribute to productivity outcomes. The contribution of intermediate outcomes such as industry and firm competitiveness, workforce composition, education-industry alignment and education adaptation can then be assessed. Over time, shorter-term performance measures based on quality and efficiency can be aligned to longer-term measures of value.

D. THE ECONOMY AND LABOUR MARKET NEED A BROAD RANGE OF SKILLS

Skills are needed at all levels in the labour market

22. We submit that the proposed emphasis on more young people achieving higher qualifications, and helping adult learners gain foundation skills needed for higher-level study or skilled employment, should be in addition to (and not at the expense of) continued broad investment in increasing skills across the entire workforce.
23. Skills development should be focused on the needs of industry and the economy. Recent modelling of economic impacts of skills on economic growth³ suggests that labour is required at all skill levels as the economy grows. This finding suggests policy should be demand-driven aimed at responding to genuine skill needs, rather than focusing on high skills alone. Additional benefits may accrue where productivity improvements accompany the increased provision of skilled workers, so any policies targeting particular skill categories should be directed to those skills that have significant potential to improve overall productivity.
24. The Tertiary Education Strategy should therefore ensure tertiary education investment addresses core needs in New Zealand's labour market. It should recognise:
- Productivity and the median wage (currently only \$19.47 per hour) in New Zealand are low by international standards;
 - Many people in, or entering the labour market have relatively low skills, as reflected by the high numbers currently enrolled in lower level courses (36% of EFTS in the ITP sector in 2008 were at Levels 1-3) and the relatively high proportion of the adult population (about 15%) lacking functional literacy;
 - Value will depend on increasing skills and productivity across the entire labour market, so a balanced approach to lifting skill levels (spanning foundation skills needed to get a job, vocational and applied skills needed for technical and specialist roles, as well as higher-level skills) is therefore critical.
25. While we recognise that a focus on young people will have a sustained, long-term impact, lifting the performance of the labour market as a whole will depend on improving skills across all the workforce. 80% of our current workforce will still be in the workforce in 2020.⁴ These people need to continue learning, so they can adapt to changing workplace needs, and contribute effectively to increasing productivity and economic competitiveness.
26. It is therefore critical that further support for helping young people achieve higher qualifications does not inadvertently detract from the on-going need to lift skills across the labour market. We recognise that tight fiscal conditions in coming years means that funding

³ Nana, Ganesh; Sanderson, Kel; & Hodgson, Rob; 2009. Economic impacts of immigration: Scenarios using a computable general equilibrium model of the New Zealand economy. Department of Labour.

⁴ New Zealand Skills Strategy 2008: Discussion paper.

will need to be rationed. Such rationing should concentrate on achieving successful learning outcomes for all students enrolled, rather than arbitrarily limiting the nature or level of courses that TEIs offer.

Investment priorities should reflect current and future demand for skills

27. We submit that the investment priorities in the Tertiary Education Strategy should reflect current and future demand for skills in the labour market.
28. The value of building a productive skills base to drive economic growth depends strongly on increasing demand for higher skills in New Zealand workplaces. Formal qualifications should reflect the skills needed in jobs for which they are designed, and managers must support workers to work to the best of their ability and potential.
29. Official analyses of skills in the labour market⁵ provide commentary on recent changes in labour market conditions (e.g. easing of skill shortages during the recent recession), but little detailed forecasting of future skill needs. Official lists of skills shortages⁶ are not designed mainly to inform tertiary education priorities, and are not referenced widely or regularly as ITPs negotiate their investment plans with the TEC.
30. There is much room for improvement. Few industry groups carry out rigorous analyses of medium-term skill demands (typically focusing instead on current recruitment difficulties). One exception is the food and beverage sector, which released a skills strategy in 2006⁷, including objectives for increasing foundation skills, encouragement for relevant vocational qualifications, differentiating between genuine skill shortages and recruitment/retention difficulties, and increased collaboration between TEIs, ITOs and government agencies.
31. We wish to work with the Government and industry groups, to better align course design and delivery to future skill needs. Through their links with industry groups, ITPs are well placed to do this. We expect this would include analysis of:
 - Medium-term demand for skills – so ITPs can design and implement plans to supply such skills and attract students into relevant programmes;
 - Employer support for up-skilling – so ITPs can work with employers to design and implement programmes that fit the needs of both students and their employers;
 - Productivity outcomes – so students and employers better recognise where the value of investing and participating in tertiary education is greatest.

⁵ Department of Labour, 2009. Skills in the Labour Market Outlook.

⁶ The Department of Labour compiles an *Immediate Skills Shortage List* and a *Long-term Skills Shortage List* to inform immigration priorities and processes.

⁷ Food and Beverage Skills Working Group, 2006. Skills Action Plan for the Food and Beverage Sector – Towards a high skill, high wage, high value economy.

32. In the meantime, we are concerned about risks associated with investment plans and associated monitoring relying excessively on superficial targets for higher skills.

Vocational and applied education plays a critical role

33. The Tertiary Education Strategy should explicitly recognise the distinctive value of vocational and applied education. For many students, the learning environment in ITPs is critical to success and progression. Learning closely associated with work, with personalised support, contributes hugely to gaining skills through successful course and qualification completion.
34. International research⁸ suggests that recent changes in industry, the labour market and work organisation are leading to:
- A shift in focus of educational policy and practice from institutions to learners and from teaching to learning;
 - A greater focus on work and workplaces as significant sites for learning;
 - Increased emphasis on vocational outcomes that move beyond the acquisition of technical skills and competencies to outcomes that change the ways people engage with work; and
 - Increased emphasis on the role of vocational and applied education in developing people.
35. ITPs include delivery of degrees and post-graduate qualifications within their overall portfolios, reflecting the demand from students and employers – who value the learning style provided through vocational and applied education (not simply the level of qualification attained).
36. The vocational and applied education provided by ITPs also supports “just in time” learning, that is often valued highly by employers and students. This approach allows businesses to implement efficiently new technology, business processes and strategies. At the same time, students are able to blend learning and employment through part-time study, while also retaining a practical context for their learning. And for many, specific courses, rather than complete qualifications, provide the most value.
37. By providing accessible and flexible learning opportunities for second-chance learners, people who lack functional literacy skills, and those seeking a pathway into tertiary learning, regional and distance-learning ITPs play a valuable role in continuing to assist adult learners gain skills needed for employment or higher level study. They also help the Government meet its obligation (under the UN Convention Against Discrimination in Education) to ensure higher education is equally accessible to all on the basis of individual capacity.

⁸ Oval Research, 2003; Changing pedagogy: Contemporary vocational learning. Oval Research Working Paper 03-12.

E. RESPONSES TO THE MINISTER'S KEY QUESTIONS

Will the proposed approach to targeting, improving system performance, and supporting high quality research help realise the Government's 3-5 year priorities?

38. The priorities should be treated as a “package”. Realising them will depend critically on aligning interests of all involved – government agencies, providers, students and employers.

Increasing the number of young people (aged under 25) achieving qualifications at level four and above, particularly degrees

39. This priority must be in addition to – not instead of – cost-effective delivery of Levels 1-3. Getting more people to achieve modest skills (e.g. Levels 1-3) remains a valuable outcome.

Assisting Maori and Pacific people to achieve at higher levels

40. We strongly endorse this priority, particularly as Maori and Pacific people will make up an increasing share of New Zealand's workforce over the next 10-20 years.

Increasing the number of young people moving successfully from school to tertiary education

41. We support this priority, but employers should also play a key role in encouraging young people to transition from school to tertiary education. Currently, a major factor discouraging many young people from tertiary study is the demand for relatively low-skilled labour. Without further study, many of these people remain restricted to low-skilled and low paid employment.
42. Young people are likely to be more interested in tertiary education where employers demand and reward higher skill levels (linked to increased productivity). This may mean changed recruitment practices (e.g. requiring higher skill levels in the people they appoint), or training practices (e.g. encouraging staff to undertake more in-work training). While the recent recession has led to a rise in the numbers of people studying at ITPs, this may be a only temporary response (to reduced employment opportunities) rather than a systemic change to the value placed on higher skills by employers.

Continuing to assist adult learners to gain literacy, language and numeracy skills

43. We support this priority, but it should take a broader view of continuing education for adults. Retaining a focus on adults lifting their skill levels is critical, as about 80% of the 2020 workforce is already in work. As skills needed to thrive at work continue to change, New Zealand's economic performance will depend critically on all workers up-grading their skills.

Improving the educational and financial performance of providers

44. We endorse this priority. Meeting the rising demand for vocational and applied education in a period of significant fiscal constraint will require innovative and flexible responses from TEIs, to ensure efficient use of Government investment.

45. This priority needs to be supported by robust, transparent and stable performance standards and measures. More work is needed to develop such measures before ITPs can be fully confident with and committed to the practical implementation of Strategy. For example:
- Financial surplus – This arbitrary measure says little about the cost-efficiency of resources employed. Financial performance measures should focus more strategically on the structure of balance sheets and the long-term value of capital employed.
 - Course/qualification completions – These measures do not recognise different learning intentions and potential of students. We are concerned with the explicit bias towards full-time study in the draft Strategy, as this is not a universally appropriate approach for all students. Those studying part-time or for short periods to acquire specific job-linked skills may not want to complete multi-year qualifications. Students with poor achievement at school are likely to have more difficulty completing courses (at least initially).
46. We urge the Government to consult thoroughly as performance measures are identified and applied, to avoid misrepresenting actual performance on the basis of poorly designed measures.

Strengthening research outcomes

47. This priority should be amended to:
- *Supporting quality research that helps to drive innovation and industry learning.*
48. ITPs engage in applied research to support vocational and applied education. This research is usually carried out with, and part-funded by, industry partners, and makes an important contribution to the nature and value of key programmes at some ITPs (e.g. Viticulture at EIT). ITPs want to ensure that funding models for ITPs recognise the value such research.

Do the Government's expectations of its ITPs accurately and fully reflect the contribution they can make to realising this strategy?

49. We generally support the more differentiated roles for ITPs, other classes of TEI, ITOs, and other tertiary education providers. However, this differentiation should not be applied so rigidly as to mean students face arbitrary barriers in their learning pathways, and employers have to deal with multiple providers to address their skill needs.

Enable a wide range of students to complete industry-relevant certificate and diploma qualifications

50. This expectation should be amended to:
- *Enable a wide range of students to participate in industry-relevant vocational and applied education.*
51. ITPs working more closely with industry partners will improve the quality and relevance of course content as well as the employability of students. But we believe the focus on

completing certificate and diploma qualifications is unnecessarily rigid . The bulk of ITP programmes will typically focus on certificate and diploma qualifications, but students should not be denied opportunities to study at both higher and lower levels. Nor should employers be denied the chance to employ people with practical skills across a broad range, acquired through vocational and applied education.

Enable local access to tertiary education

52. This expectation should be amended to:

- *Enable local access to tertiary education through regional provision and distance learning.*

53. We strongly support the focus on local access to tertiary education, as it makes it easier for people to study with more support and less disruption. Local access also means employers can influence the content of course and qualifications and provide practical learning opportunities.

54. Local access is relevant to both regional provision and distance learning. Regional ITPs will generally have close links with their local communities – both students and employers. Similarly for distance learning, close links with national industries and flexible delivery mean that students can fit study around the rest of their lives – e.g. work or parenting.

Support students with low literacy, language, and numeracy skills to improve these skills and progress to higher levels of learning

55. This expectation should be amended to:

- *Support people with low literacy, language, and numeracy skills to participate in tertiary education, improve these skills and progress to higher levels of learning.*

56. ITPs take very seriously their responsibility for helping people with low literacy, language and numeracy skills to engage in tertiary education. This help delivers immediate value – they will be better able to get a job, function effectively at work, move onto more skilled and higher paid jobs, and continue learning.

Work with industry to ensure that vocational learning meets industry needs

57. We support this expectation. Lifting productivity and economic value across all New Zealand workplaces will depend on lifting the skills across the whole workforce. Leadership on skill and training matters will be vital for encouraging and supporting employers.

58. We remain concerned with continued confusion at the interface of industry-relevant vocational and applied education provided by ITPs and in-work industry training facilitated by ITOs (the “overlapping provision” issue). We want to work with ITOs and industry groups to build a better appreciation of the value of skills for productivity and business growth.

Will the early indicators of progress provide an accurate indication as to whether or not the system is making progress towards Government’s goals for tertiary education?

59. Performance measures motivate achievement and success – “what gets measured gets done”. There is a risk that focusing on the “easy to measure” can distort behaviour and limit progress.

More people aged under 25 enrolling in higher-level qualifications

60. We generally support this early indicator but it should record the additional impact on under-25s enrolling in higher-level qualifications.

Higher first year retention rates, particularly for Maori and Pacific students

61. We generally support this measure, but it should be amended to:
- *Higher first year retention rates, particularly for Maori and Pacific students and others with low school achievement.*
62. First year retention rates are likely to correlate closely with school achievement, so need to be calibrated for the level of school achievement (or other prior learning) of students enrolled.

More young people moving from school directly into tertiary education

63. We generally support this measure, but it should be amended to:
- *More young people moving into tertiary education within two years of leaving school.*
64. For some people, a period in the workforce immediately after school strengthens their appreciation of industry-relevant skills. This measure should be applied in a way that encourages people already in the workforce to engage in tertiary education – either for the first time or to increase their skills.

More people participating in qualifications that improve their literacy, language and numeracy skills

65. We generally support this measure. Improving foundation skills is a critical issue for a significant share (about 15%) of New Zealand’s working age population.

Other measures

66. The suggested early indicators of progress focus quite narrowly on young people and people with very low skills. The Strategy should include an additional early indicator of progress:
- *More people in employment increasing their industry-relevant skills.*
67. This proposed indicator recognises the significant value of up-skilling throughout a person’s working life. It complements measures focused on young and/or poorly skilled people. It reinforces industry-relevance, thereby encouraging industry involvement in tertiary education.

ANNEX ONE – FURTHER INFORMATION ON NZ ITP

NZ ITP is the trading name of Skills for NZ Ltd

NZ ITP is the trading name of Skills for NZ Ltd, a company established to provide advocacy services for 14 institutes of technology and polytechnics (ITPs). These ITPs are:

Aoraki Polytechnic, Bay of Plenty Polytechnic, Eastern Institute of Technology, Nelson Marlborough Institute of Technology, NorthTec, Southern Institute of Technology, Tai Poutini Polytechnic, Tairāwhiti Polytechnic, Telford Rural Polytechnic, The Open Polytechnic of New Zealand, Universal College of Learning, Waiariki Institute of Technology, Western Institute of Technology at Taranaki, Whitireia Community Polytechnic.

The company structure provides clear authority for operations and accountability to shareholders. NZ ITP has a Board of five directors – James Buwalda (Independent Chair), Pim Borren (CEO, Waiariki Institute of Technology), Paul McElroy (CEO, Universal College of Learning), Dennis Sharman (Chair, Whitireia Community Polytechnic) and Penny Simmonds (CEO, Southern Institute of Technology).

NZ ITP does not represent all ITPs

NZ ITP provides advocacy services to 14 of New Zealand's 20 ITPs. As such it is the largest peak body carrying out advocacy for the ITP sector.

In June 2009, the 20 ITPs split into two groups for advocacy purposes. The group of 14 represented by NZ ITP have continued to work collectively on a range of issues related to the quality, value-for-money and relevance of vocational education and training across New Zealand. This group has chosen to work through a formal structure, including a constitution and annual subscriptions.

All 20 ITPs continue to work together on quality assurance

All 20 ITPs continue to work collaboratively on quality assurance.

ANNEX TWO – THE EDUCATIONAL AND ECONOMIC VALUE OF ITPS

The educational and economic challenge for ITPs

ITPs contribute to economic performance and sustainable growth by helping ensure New Zealand has the skills it needs.

Lifting skills in the New Zealand workforce is a critical part of achieving higher economic growth rate and prosperity. The median wage in New Zealand – currently \$19.47 per hour⁹ - reflects not only New Zealanders' overall prosperity, but also the value employers place on work carried out in their workplaces. Increasing wages will depend on increasing productivity, which in turn will depend on increasing skills. This should happen right across the workforce, especially as about 80% of the people who'll be working in New Zealand in 2020 are already in the workforce now.

New Zealand's economic performance is also being held back by skill shortages. Employers who can't get people with the skills needed to drive higher productivity, resort to employing more lower-skilled people to work longer hours and/or limiting their business to lower value products and services. New Zealand has immediate and long-term skill shortages¹⁰ across a wide range of industries, including healthcare, building and construction, agriculture, automotive, and hospitality and tourism.

ITPs specialise in vocational and applied education – learning closely associated with work and New Zealand's workplaces. We recognise the big challenge in building skills and productivity in a period of significant fiscal constraint. We are committed to delivering high quality, relevant, accessible and cost-effective applied and vocational education. We are ready to drive more efficient, innovative and flexible operations, so students, employers and the Government get more value for the money invested and New Zealand benefits through a more skilled and productive work-force.

The changes needed will be complex and far-reaching. Better links with schools to support transitions to tertiary education, streamlined and higher level qualifications, more flexible and cost-effective delivery, stronger links with industry, and better value from capital investment are just some of the areas where performance must be lifted to better deal with the educational and economic challenges facing the ITP sector. High quality leadership, from Councils and staff right across the ITP sector, will be vital.

ITPs focus on skills for employment

ITPs specialise in vocational and applied education and training, helping people get the skills needed to gain employment and lift productivity in New Zealand's workplaces. ITPs do this by equipping students with the skills needed to develop strong careers, not just job-specific skills. ITPs account for the majority of tertiary-trained graduates across many areas of skill shortage in New Zealand (e.g. nurse, IT professional, trades, farm manager, chef).

⁹ Statistics New Zealand, 2009. New Zealand Income Survey: June 2009 quarter.

¹⁰ Department of Labour, 2009. *Immediate skill shortage list*, and *Long-term skill shortage list*.

New Zealand's recent economic performance is characterised by low (by international standards) productivity levels and productivity growth rates. Furthermore, new technologies and business models both require and drive the demand for higher skills. New Zealand needs a workforce that is more flexible and resilient, with improved workers' skills at all levels and in all areas of the economy.

Increasing the productivity of the workforce should include developing the skills of new entrants as well as boosting the skills of the existing workforce, so the right skills are developed at the right time. Recent research¹¹ shows that, on average, a person's earnings increase with the level of tertiary qualification they attain. Three years after completing study, students who completed diplomas earned 16% more, and those who completed degrees, earned 51% more than those who completed Level 1-3 Certificates. These private benefits from tertiary education show that it makes good sense for people to gain higher qualifications.

For the country as a whole, the value of investing in tertiary education comes from increasing economic output (GDP – gross domestic product). Research¹² has shown that the return to the New Zealand economy from more people with skills is high, irrespective of whether the skill is a low level one, or a higher professional or managerial skill. Indeed, the increase in GDP, in addition to the average wage, from employing one more skilled person is relatively similar for trades, professional, or service workers – about \$35,000-\$50,000 per year.

Vocational education and training will be particularly important for boosting economic growth in industries with growing demand for skilled workers. More recent analysis¹³ indicates continuing strong demand in health and community services (due to an ageing population, continued demand for childcare services, and on-going growth of community and home-based services), property and business services (particularly managers, finance and sales associates), and education (due to both population growth and increasing participation in education and training).

ITPs therefore contribute directly to economic development and growth, in the regions and sectors with whom they work. This contribution results from the increasing productivity as workers' skills are lifted, and from vocational and applied research carried out with industry partners.

ITPs are accessible

With more than 200,000 New Zealanders enrolled, ITPs are the most popular place for adults to learn. ITPs give students of all ages opportunities to enhance their productivity in the workplace and to develop new skills and knowledge to apply to real-life situations. They specialise in strong links between study and work – including studying part-time while employed, taking short breaks from work to up-skill, or up-skilling to get into work or move into a different job.

¹¹ Scott, D. 2009. What do students earn after their tertiary education? *Ministry of Education and Statistics New Zealand*.

¹² Sanderson, K., Stroombergen, A., Leung-Wai, J. & Nana, G. 2006. Tertiary sector future context, shape and funding. Tertiary Accord of New Zealand.

¹³ Department of Labour 2009. Skills in the Labour Market.

ITPs have strong links with their communities and regions. They are open to all – providing access to those new to tertiary education and customised training to those seeking to top up their skills. Students can study at sites from Kataia to Invercargill, or through distance learning.

Flexible delivery (including distance learning), small classes, convenient locations and a diverse student body make ITPs approachable and accessible. Students can access vocational and applied education at all levels – from Certificate to post-graduate, all at an international standard. They can gain foundation skills needed to get a job, technical skills needed in a particular industry, or up-skill to boost productivity with new technologies or business processes. In 2006, 62% of students at ITPs successfully completed all their courses.

Education provided by ITPs is usually directly related to an occupation, trade or vocation. Students therefore learn in a practical environment, and can readily apply their enhanced skills to more productive and rewarding jobs. Nearly two-thirds of students at ITPs have been in employment before they study, and more than one-quarter have no prior qualification. ITPs are the prime location for students to develop foundation skills to open up future employment opportunities.

Through their links with industry sectors, regions and communities, ITPs have strong links with employers, giving students access to work experience opportunities and industry-standard equipment. ITPs are the top option for employees to keep learning – nearly 60% of all those people employed before entering tertiary education choose to study at an ITP.

Industry links also give tutors on-going access to industry practice. ITPs work with industry associations, business groups and individual employers to ensure the programmes they offer students are relevant and high-quality. Major areas of enrolment include business, engineering, health, construction, agriculture and horticulture, creative and design, information technology, tourism and hospitality, and social and community services.