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On: Draft Report on New Models of Tertiary Education

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Horticulture NZ (HortNZ) is pleased to have the opportunity to submit to this phase of Commission's Inquiry into a more innovative tertiary education and training system.

The Productivity Commission (PC) has provided a comprehensive outline of the issues and HortNZ agrees with the overarching conclusion to Part 1 of the report that there is a strong case for change. We agree:

- that the NZ's tertiary education system is suffering considerable inertia, is not well positioned to respond flexibly to market need and is not good at innovating its operational delivery model.
- that systemic issues such as the level of central control through regulation and funding, the inflexibility of this system and the high cost structures constrain innovation.

The description of the tertiary system as a complex “Gordian knot” that needs to be loosened or cut through is very apt.

However there is a high emphasis on the end-user being the student and much less on the end-user being employers and business and we see this as a major gap.

Issues such as:

- tertiary education not preparing graduates well for employment
 - the need for stronger links between tertiary providers and employers and
 - providers having weak incentives to respond to employers needs and that the system is designed to focus on institutions and qualifications
- have been outlined in the main body of the report but appear to have been lost in the list of findings or recommendations.

This is reflected in Finding F12:10 *“The current tertiary education system is provider-centric from the students’ perspective and government-centric from the providers’ perspective’*. While we see this as correct it fails to account for industry’s perspective. For employers the current system is both provider-centric and government centric.

We absolutely agree that there is a need for more market-based model of tertiary education with a strong focus on outcomes rather than inputs however the question arises: who is the market? The draft report focuses highly on the market being the student as opposed to the employer however the market is employers as well as students.

In our view, the SEA approach appears to ignore the significance of the 2014 Tertiary Education Strategy priority of “delivering skills for industry” and the pivotal role businesses play on economic productivity and the social fabric of local communities. We put forward that solutions which are more industry or employer-centric have the potential to make significant step change.

In the case of horticulture, it’s rapid growth, with the Ministry for Primary Industry forecasting that for the industry to meet its targets by 2025 we need 14,900 more workers with qualifications. This is being backed up with regions like Bay of Plenty, HB, Northland and Gisborne facing severe skill shortages. Upskilling, at pace, under current tertiary models is proving to be a major challenge. See the Appendix for Horticulture NZ’s submission in Round I of the Inquiry for more detail.

Horticulture NZ does not believe that the Student Education Accounts (SEA) Scheme would likely be the game changer as the report suggests. We also see major issues that this model may bring.

For a start it would rely on student demand and young people making very good choices. It is difficult to see how 18 year old decisions primarily driving the system would make sense. Such a scheme could easily skew demand into courses

attractive to today's youth which don't necessarily have jobs at the end nor serve the best interests for NZ. We can see issues arising through uncertainty or bad choices if there was only one chance to use funding and then pay as you go. NZ's current model has negative implications for those who culturally and socially struggle with the concept of debt and SEA has the potential to be the same. And we cannot see how employer and industry needs would be catered for within this concept.

This aspect of the report raises more questions than answers and we would be open to more information and discussion around the proposed SEA model. We do so, however, on the proviso that we need a model where NZ business interests are strongly taken into account and well catered for (much more than the current model and what SEA would appear to be able to achieve).

An important fundamental for future models is the need for more robust and co-ordinated workforce and skills data and analysis (present and future). Currently workforce and skills demand and supply work is adhoc and fragmented and most work has not gone into the level of assessment required for informed decisions around skills and knowledge development.

We therefore look to the Inquiry to provide more depth of focus and analysis on:

1. improving the link and responsiveness between education and training with employers and business. (The Engineering-to-Education-to-Employment programme (E2E) is a positive initiative but the fact that it is there over and above the main system indicates a weakness in the system).
2. better incentive for providers to engage with industry / employers and vice versa.
3. more in depth and robust evidence on workforce and skills demand and supply and a more co-ordinated and comprehensive approach. One model worth exploring is the Critical Skills and Needs Analysis pilot carried out by Pipfruit NZ for their sector. We need the type of information provided in this work for all of our sectors and we are looking towards how this can be achieved. It should be noted that that interest has been signalled in this approach across a number of the primary sectors.

While HortNZ agrees with a number of the recommendations seeking to free up the system so that providers have the space and incentives to innovate we would like to see more emphasis on actual process of delivery itself.

For example business models that:

- foster more flexible, and agile learning solutions to match the pace of enterprise such as bite-sized chunks of learning, short courses and accelerated use of on-line learning,
- foster the connect between academic study and workplace learning. For example degrees aiming to provide graduates for horticulture field

positions would benefit from more emphasis on practical applications of theory. Growers seek new graduates to join their staff, not only to be able to perform basic horticulture tasks but also be able to manage, supervise and teach them. The apprenticeship degree or sandwich degree models therefore, are interesting models to explore.

- provide more incentives for businesses, working professionals and leading edge researchers (“experts”) to engage, teach and train. For example everyone agrees that internships are a good idea (for closer student-industry connect and career paths) but businesses can be reluctant to take on students preferring instead to upskill their current staff, recruit from the pool of those with existing skills or “poach”, All pose less risk. More businesses could be willing to take on interns in the middle of their studies, connect them with “experts in the business” and support transferrable skills development if there were tax break incentives.
- provide greater investment into tutors, lecturers, trainers to ensure relevant, more business and real world experience in their subject area
- encourage non-formal learning to complement the valuable quality longer term qualifications and programmes
- simplify delivery. For example consolidation of the confusing number of transition programmes Trade Academies, Gateway, Switch (3 +2) and review of how these are funded.

We would also add that there could be more recognition that behaviours and cultures also have a part to play (less siloed, less competitive and more collaborative approaches are possible).

Recommendations in the draft report that we are particularly supportive of are:

- Redesign government agency forms to reduce conflicts and improve clarity of functions (R12.1)
- The Ministry of Education (MOE) should design a new quality control regime to encourage innovation, manage risks, and enforce minimum quality standards (R12.3)
- MOE and Tertiary Education Commission (TEC) should prioritise analysis of the value-add of tertiary education (with comparisons between TEOs/types of study) and publish the data (R12.4)
- Students should be able to mix and match courses from different providers – the system should not penalise the providers involved. (R12.6)
- The MOE should reform school-based career education.(R12.9)
- The Government should consolidate and improve official information about study and career options(R12.10)
- NZ Qualifications Authority (NZQA) should reduce the timeframe for programme approval, and remove unnecessary requirements. (R12.13)
- Extend funding to students who do not wish to pursue qualifications, remove upper and lower limits on fundable course durations, and remove limits on industry training funding at L5+.(R12.22)

- Allow ITPs to deliver anywhere in NZ without TEC approval.(R12.24)
- Alter the definition of an EFTS (Equivalent Full Time Students) to allow alternatives to the “learning hour” approach. (R12.30)
- MOE should review the funding rates applicable to NZ and Managed apprenticeships, with a view to equalising them (R12.31)

In summary

- We agree there is considerable inertia within the tertiary education sector and that it is not flexible enough to respond to emerging issues and the high degree of central control stifles the ability of providers to innovate.
- A change in the current state model is required to fully cater for both the rapidly changing needs of businesses and for all New Zealander who aspire to upskill.
- We can agree with a number of the recommendations such as, prioritising analysis of value-add, reducing timeframes for programme approval, more flexible funding arrangements, equalising funding rates for NZ Apprenticeships (by ITOs and Managed Apprenticeships (by polytechnics), making it easier for students to transfer or mix & match between providers , allowing ITPs to deliver anywhere in NZ, alter the definition of EFTS , reform and consolidating career education and information, better quality control , redesigning government agency forms to reduce conflicts and improve clarity of function.
- We do not agree with the proposed game-changer of a “Student Education Accounts scheme” although we would be open to more information and conversation to be able to better assess.
- The document has a high focus on the tertiary system needing to be more student-centric but we strongly argue that that the step change opportunity that is currently missing is for the system is to be more industry/employer-centric. This has not been explored enough in the Inquiry and, in our view, needs to happen. This is our key submission point.
- In line with this we also push for more analysis and recommendations on better delivery models and processes.

We strongly agree with Minister Joyce that the Commission has more work to do and would be keen to contribute further.

HortNZ is the national grower representative body for NZ’s 5,500 commercial fruit and vegetable businesses. This submission has been written by HortNZ in consultation with our Affiliates. Horticulture is a \$ 5 billion/annum in sales with total investment in horticulture exceeding \$36.5 billion and exports to 124 countries. There are around 5,500 businesses who employ approximately 36,000 permanent New Zealanders. Another 50,000 find seasonal work in this industry. We cover a diverse range of sectors (from kiwifruit and pipfruit to asparagus and tomatoes and regional grower Associations such as in Pukekohe and Hawkes Bay.

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