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Submission

Submission on new models of tertiary education  
May 2016

11 May 2016

New models of tertiary education inquiry  
New Zealand Productivity Commission  
PO Box 8036  
The Terrace  
Wellington 6143

To whom it may concern,

**New models of tertiary education – Submission (May 2016)**

Please accept the following letter and attachments as the McGuinness Institute's submission on new models of tertiary education.

I would appreciate the opportunity to be heard in support of this submission.

Kind regards,



Wendy McGuinness  
Chief Executive  
McGuinness Institute

Attachments:

1. *Think Piece 25: The changing purpose of tertiary education* (May 2016)
2. *Working Paper 2016/02: History of education in New Zealand* [Tertiary education chapter] (2016 draft)
3. *Timeline of significant events in the history of education in New Zealand* (April 2016)

### **About the McGuinness Institute**

The McGuinness Institute was founded in 2004. The McGuinness Institute is a non-partisan think tank working towards a sustainable future, contributing strategic foresight through evidence-based research and policy analysis. *Project 2058* is the Institute's flagship project, which includes a research programme that aims to explore New Zealand's long-term future. In preparing this submission the Institute drew largely on the McGuinness Institute's overarching project, *Project 2058*. In more recent years this has included the Institute undertaking public policy workshops with participants between the ages of 18 and 25 years.

### **About the Chief Executive**

Wendy McGuinness wrote the report *Implementation of Accrual Accounting in Government Departments* for the Treasury in 1988. She founded McGuinness & Associates, a consultancy firm providing services to the public sector during the transition from cash to accrual accounting. From 2003–2004 she was Chair of the NZICA Sustainable Development Reporting Committee. In 2004 she established the Institute in order to contribute to a more integrated discussion on New Zealand's long-term future. In 2009 she became a fellow chartered accountant (FCA).

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The following is a list of our publications relevant to this submission:

- May 2016: Excerpt from *Working Paper 2016/02: History of education in New Zealand*
- April 2016: *Timeline of significant events in the history of education in New Zealand*
- April 2016: *Timeline of strategy stewardship in the New Zealand public service, 1980–2016*
- April/May 2016: *TalentNZ Newsletter – Issue 14*
- March 2016: *Think Piece 24: Self-aware cities*
- December 2015: *Submission on Update of the Education Act 1989*
- December 2015: *TacklingPovertyNZ: Exploring ways to reduce poverty in New Zealand*
- December 2015: *Think Piece 23: The Future of Talent: Reflections from the World Future Society Conference*
- April 2015: *Think Piece 21: Strategy Stewardship Matters: Utilising the Government Department Strategies Index*
- June 2014: *The TalentNZ Menu of Initiatives*
- November 2014: *LocalNZ: A Youth Statement on Regional Goals*
- December 2013: *LivingStandardsNZ: 2013 Youth Living Standards Framework for New Zealand*
- November 2013: *The 2013 TalentNZ Journal*
- 2013: *Working Paper 2013/03: Exploring Talent*
- December 2012: *LongTermNZ: Youth Statement on New Zealand's Long-term Fiscal Position*
- August 2012: *EmpowerNZ: A Draft Constitution for the 21st Century*
- March 2011: *StrategyNZ: Mapping Our Future*

Workshops hosted:

1. April 2016: *ForesightNZ: Untangling New Zealand's long-term future*
2. December 2015: *TacklingPovertyNZ: Exploring ways to reduce poverty in New Zealand*
3. November 2015: *The Civics and Media Project Workshop 3*
4. November 2014: *LocalNZ: Connecting youth committed to local government*
5. December 2013: *LivingStandardsNZ: Aligning public policy with the way we want to live*
6. December 2012: *LongtermNZ: Exploring our long-term fiscal position*
7. March 2011: *StrategyNZ: Mapping Our Future*

## Introduction

In preparing this submission the Institute draws largely on the McGuinness Institute's overarching project, *Project 2058*, and in particular our seven workshops and three of our projects: *Project Civics*, *Project StrategyNZ* and *Project TalentNZ*.

Given the number of questions put forward in this invitation for submissions, the Institute has not endeavored to answer all of them. Instead we have revisited past research, outlined some observations from current research and put forward some suggestions on potential new models.

The attachments hold the main points of our submission, while below are some supporting recommendations. The core of our submission is *Think Piece 25: The changing purpose of tertiary education* as it was published specifically to support this submission. We are currently in the final stages of our *Working Paper 2016/02: History of education in New Zealand*, and have attached the relevant chapter on tertiary education. Accompanying this working paper is a timeline of *Significant Events in the History of Education in New Zealand*. This timeline tracks the history of change across each of the education sectors: early childhood, primary, secondary and tertiary.

The late Sir Paul Callaghan's vision for New Zealand to be 'a place where talent wants to live' continues to guide the Institute's work programme. His vision suggests a way forward for New Zealand to be successful in the 21st century. Sir Paul Callaghan was the keynote speaker at the Institute's *StrategyNZ workshop*. You can watch Sir Paul Callaghan's address here, where he shared this vision and called for action (his 20 minute video has almost 50, 000 views).

We consider this inquiry to be very important, and would like to support the Productivity Commission in this endeavor. If you have any questions or queries, please do not hesitate to contact us.

## Four recommendations

The following four recommendations have been prepared for those undertaking this inquiry at the Productivity Commission.

### 1. **Think in terms of a linear pathway and work forwards**

The tertiary education system is part of the wider education ecosystem that encompasses pre-school, primary and secondary, and in some cases other tertiary experiences. The system is linear. This means a student coming to tertiary education brings with them the skills, attitudes, work habits, civics and academic knowledge from their previous education institutions. In undertaking this inquiry, we recommend that you look beyond the tertiary sector and take a deeper look at where earlier aspects of the system are failing and where they are enabling young people to succeed in the tertiary sector.

Civics education needs to occur before tertiary education. For this reason, we need stronger collaboration between primary, secondary and tertiary teaching to ensure that young people are well-equipped with critical thinking skills and civic knowledge.

Together with the Royal Society of New Zealand, the McGuinness Institute ran the third of three workshops that made up *The Civics and Media Project*. The purpose of the project was to inform and encourage public discourse and engagement regarding civics and media, with the ultimate aim of informing decisions by individuals, industry and institutions across society.

Workshop discussions illustrated a change in the perception of the overall purpose of civics. We have moved away from a fixed curriculum in which civics is taught at school (i.e. teaching the rights and duties of New Zealand citizens and the role of government) and at church (the importance of God and country). Instead we are seeing a move towards a broader purpose: enabling choice, empowering youth, embracing diversity and experiencing civics.

Concerns expressed at the *Civics and Media* workshops included the lack of a baseline curriculum for young New Zealanders, the failure to provide a linear civics pathway from three to 18 years of age, and the inability to ensure that civics education is meaningful and relevant to those living in the 21st century. In addition, our failure to provide effective civics education for immigrants, refugees and former prisoners was also of concern.

In November 2013 the Constitutional Advisory Panel recommended that ‘the Government develops a national strategy for civics and citizenship education in schools and in the community.’<sup>1</sup> Although civics and citizenship education is arguably in harmony with the principles, values and key competencies of the 2010 New Zealand school curriculum, civics education is not prescribed.<sup>2</sup> *Think Piece 25* (attached) discusses the role of schools in teaching civics.

## **2. Understand what alternative pathways exist for young people and track their journey**

There is a failure in the current tertiary education system in that at age 18, young people are obligated to decide what they want to do in the future. This decision can be risky monetarily, confining tertiary education to those who have the ability to take that risk. We suggest that the Government devise a lower-risk option for young people coming out of compulsory education so that the decision to continue onto higher education is not limited by financial resources. Instead, at 18, young people should be able to study loan-free for the first year of their tertiary education, enabling them to try out different options that they may not have considered viable. This lower-risk option will make both talent and education equitable for everyone. However, such an initiative should not take away from the importance of financial literacy. Young people need to be equipped with financial advice and literacy so that they can make informed and considered choices. More attention needs to be paid by the Government and tertiary institutions to inform people of the financial implications of education, and the consequences of debt.

Under the Government’s 2009 Youth Guarantee initiative, eligible students are provided with two years of fee-free learning in tertiary institutions for certain programmes of learning.<sup>3</sup> Why can we not adopt a similar approach and apply it to the tertiary education system at large? The Youth Guarantee scheme has been successful in its aim to provide more relevant learning contexts, more choice about what and where to learn and more relevant learning programmes, so why can we not structure the tertiary education system to provide learners with new opportunities to engage in higher education, providing the first year for free?

Switzerland’s tertiary education system is an example of successful model building connections between different parts of the education system. Switzerland is one of several European countries with a ‘dual’ vocational education and training (VET) system through which students combine learning in school with

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<sup>1</sup> Constitutional Advisory Panel. (2013). *New Zealand’s Constitution: A report on a conversation*, p. 16. Wellington, New Zealand: New Zealand Government. Retrieved May 2, 2016 from [http://www.ourconstitution.org.nz/store/doc/FR\\_Full\\_Report.pdf](http://www.ourconstitution.org.nz/store/doc/FR_Full_Report.pdf)

<sup>2</sup> Bolstad, R. (2012). *Participating and contributing? The role of school and community in supporting civic and citizenship education*, p. 9. Wellington, New Zealand: Ministry of Education. Retrieved May 3, 2016 from [https://www.educationcounts.govt.nz/\\_data/assets/pdf\\_file/0017/110177/Participating-and-Contributing-The-Role-of-School-and-Community.pdf](https://www.educationcounts.govt.nz/_data/assets/pdf_file/0017/110177/Participating-and-Contributing-The-Role-of-School-and-Community.pdf)

<sup>3</sup> Crawford, R. (2016). *History of tertiary education reforms in New Zealand*, p. 10. Retrieved March 17, 2016 from <http://www.productivity.govt.nz/sites/default/files/nzpc-rn-2016-1-history-of-tertiary-education-reforms.pdf>

learning in workplace settings. In Switzerland (and in Germany, Austria, Denmark and Norway) between 30 and 70% of students in upper secondary school partake in such systems.<sup>4</sup> VET prepares a wide cross-section of students for careers in a range of occupations. The system experiences strong support from Swiss employers, who credit it with being a major contributor to the continuing strength of the Swiss economy. One measure of the strength of that economy is that Switzerland has a very low youth unemployment rate. About 30% of Swiss companies participate in this ‘educational employment’. Students rotate among three learning sites – workplace, intercompany courses, and school – in different proportions over the three- or four-year period of their apprenticeship. Learning during this period is personalised – students are encouraged to pursue their interests and talents, and options for further study and changes to their courses are encouraged. In return, the Swiss have a ‘talent pipeline of young professionals’, youth unemployment is low and Switzerland has a highly skilled and adaptable workforce. The Swiss VET system is well supported by employers who see it as their obligation to help prepare young people for productive and meaningful employment. Apprenticeships also make economic sense for employers, providing them with an incentive to continue to participate in the system. The apprenticeships provide hands-on and applied learning opportunities, giving students real work responsibilities with coaching and adult support. Switzerland draws a distinction between vocational education and training (VET) programmes at upper-secondary level, and professional education and training (PET) programmes. In 2007, more than half of the Swiss population aged 25 to 64 had a VET or PET qualification as their highest level of education. These pathways enable people to shift from one part of the education system to another.

The Swiss system intentionally provides a number of points of transfer to allow students to move easily between academic and vocational studies, as well as move from VET on to higher education. This feature helps motivate students to keep pursuing further education and advanced qualifications. The Swiss tertiary education system is an example that New Zealand can draw upon when building pathways between, and options within, the current education system. The tertiary education system in New Zealand needs to be flexible so that people can make flexible decisions about the future of their education and their ability to ‘learn for life’.

### **3. Focus on a talent-based economy and work backwards**

Sir Paul Callaghan argued that we need to understand what works best for New Zealand – how we can develop a tertiary education system that suits New Zealand, is self-aware and able to understand, analyse and respond to emerging trends. *Project TalentNZ* is our response to Sir Paul Callaghan’s address and aims to build on his vision for New Zealand to be a ‘place where talent wants to live.’

The Institute believes that a focus on a talent-based economy will deliver better outcomes than a focus on jobs, innovation or specific areas such as agriculture. What we focus on (or decide not to focus on) will deliver different outcomes. A focus on jobs is likely to lead us down a path of quantity of jobs over quality of jobs. A focus on innovation is likely to lead us down a path of new ways of doing old things rather than new things. A focus on agriculture is likely to lead us down a path of more dependence on agriculture and therefore more economic vulnerability to overseas economies. Critically, it is not that jobs, innovation or agriculture are not important in themselves (they are), but rather that a focus on talent will deliver value to all three. It will also provide us with a more secure future through the creation of a dynamic, flexible and empowered workforce that is connected, engaged and committed to our country’s long-term future. New Zealand came on to the world stage as an economy based on natural resources,

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<sup>4</sup> Hoffman, N., & Schwartz, R. (2015). *Gold Standard: The Swiss Vocational Education and Training System – International Comparative Study of Vocational Education System: March 2015*. Retrieved May 5, 2016 from <http://www.ncee.org/wp-content/uploads/2015/03/SWISSVETMarch11.pdf>

which then evolved into an agriculture-based economy. This is how most developed countries started, but most then went on to develop economies based on services and intellectual property. New Zealand has arguably not yet made this leap and would benefit from a more diverse and creative economic base.

To make progress towards a talent-based economy, four key work-streams have become apparent: *grow*, *attract*, *retain* and *connect* talent. These four work-streams evolved from the 30 interviewees in the 2013 *TalentNZ Journal* forming the *TalentNZ Ecosystem*. Each work-stream requires a combination of stakeholders to enable progress towards the goal of a talent-based economy, but interestingly each work-stream has a key enabler: *Grow* (the Ministry of Education), *Attract* (organisations), *Retain* (organisations) and *Connect* (cities). Interestingly, the four work-streams align quite closely with the *Global Talent Competitiveness Index 2013*. This index was published late 2013 by a collaboration of the INSEAD, the Human Capital Leadership Institute and Adecco Group.

The mismatch between supply and demand of talent is increasing both nationally and globally (see *Global Talent Competitiveness Index 2013*). In very general terms, human talent has only been recognised and studied in relation to organisations, leading to human resources departments in most large organisations. Early this century the mismatch of talent supply and talent demand has become apparent, creating a broader discussion over talent mismatches between countries. What is surprising is that there is little research on the role of cities as creators of talent-based economies. Countries, cities and regions will all need to work hard to grow, attract, retain and connect talent; those that do not will struggle. Talent is the new currency just as programming is the new language. Countries that understand this new currency will get a first mover advantage. New Zealand could and should be one of these countries.

Our recent *ForesightNZ* workshop participants were faced with questions about New Zealand's futures: what role will robots play? How will automated cars affect us? What are the implications for our privacy? In preparation for this workshop we asked participants to consider a range of resources to explore New Zealand's possible, probable and preferred futures. This list of resources continues to be added to by speakers and participants and therefore might provide a useful insight into emerging trends and technologies.<sup>5</sup>

#### **4. Look for what is working and what is not – and then ask why**

New Zealand's education system needs to operate as an ecosystem, enabling different aspects of the system to feed and develop off each other, working in harmony to produce considered and well-informed citizens. This requires an education system that is self-aware; evolving in response to the needs of our young people but sufficiently rigid to build respect for each other, enabling citizens to work individually or together towards shared goals. Alignment, equity and flexibility are therefore key aspects of a successful system.

The Productivity Commission has a unique opportunity to review and assess the current model, but most importantly it must look further – it must explore new models. This requires a move away from a 'tweak approach' to a 'trailblazing approach'. The current system is full of institutions that uphold the status quo due to self-interest. If you are not creating real discomfort, you will not be doing the task asked of you. In order for New Zealand to be a dynamic and creative country tomorrow it needs a dynamic and creative tertiary sector today. This means all options should be explored, assessed and debated.

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<sup>5</sup> These resources are available to view at [www.foresightnz.org/resources](http://www.foresightnz.org/resources)