

6 June 2008

Unified Skills Strategy Programme Office
c/o Department of Labour
PO Box 3705
Wellington

Email: skills@dol.govt.nz

Dear Sir/Madam

New Zealand Skills Strategy 2008 – Submission

Background

The New Zealand Manufacturers and Exporters Association (NZMEA) represents the interests of manufacturers and exporters throughout New Zealand.

The NZMEA is New Zealand's only focused, independent voice for manufacturers and exporters. NZMEA members make over \$2.0 billion in sales and have an export value of around \$1.0 billion. The Association can trace its beginning to the early history of New Zealand. As a legacy of the hard work and careful financial management of the past, we have a significant asset base that enables our independence and extends our activity.

The New Zealand Manufacturers and Exporters Association would welcome the opportunity to speak regarding this submission.

The members of the New Zealand Manufacturers and Exporters Association (NZMEA) talked about three areas of skills acquisition and training:

1. Fundamental skills of literacy, numeracy and communications – state-provided in the earlier stages of life.
2. Extended skills acquired in full education over 16 years.
3. Whole of life skills acquired whilst in, or absent from, full time employment.

Consultation Questions – Goal 1

1. *Do you agree that staff retention is a problem?*
 - For those companies that do not work hard at retention, or cannot match the offers of other companies, retention can be a problem.

2. *If yes, can you think of ways to improve staff retention?*

- Companies can recognise that they can do more to retain staff; they can then acquire the skills to do so via Type 3 learning. Another is simply higher wages, which results from higher productivity – without these competitive wages more capable people will leave for Australia. Skills alone do not lead to productivity; more effective plant, better 'work organisation' and 'leadership competence' are necessary; these follow largely from Type 3 learning.

3. *Do you agree that often workers' skills are not fully used?*

- This is a daft question with an obvious answer; a better question is “are all the skills available in the workforce necessary for the requirements of the firm?” The obvious answer is ‘no’.

4. *If yes, why do you think workers' skills are not fully used?*

- In a specific workplace the skills may not be needed to further the goals of that workplace.

5. *What else could we do make sure that we use workers' skills?*

- Up-skilling needs to be focused on the needs of the particular workplace and then as sure as “night follows day”, the skills will be utilised. The key issue here is that skills development must be applicable if they are to be applied.

Consultation Questions – Goal 2

6. *Do you agree that there is a need to improve the way that employers and workers think about workplace learning?*

- Workplace learning is the same as life-long learning. It breaks into vocational and non-vocational applications, and vocational learning further sub-divides into applicable and non-applicable in a particular workplace. For example, I might be an electrical engineer capable of electrical engineering but if I'm employed as a policy analyst, I won't be doing much engineering.

7. *If yes, can you think of things that could be done?*

- This is just a nonsensical question. If you want to apply the specific skills for which you have been trained then you must do that specific thing.

8. *What do you think are the key barriers to workplace learning?*

- There are two barriers - both employers and employees do not invest in learning. In particular, the investment in generally applicable skills is minimal. Skills like: problem solving, communications and rational behaviour get scant attention, if any at all, and stands behind specific skills training.

Consultation Questions – Goal 3

9. *Do you agree that we need to improve the way that firms and workers influence the supply of workplace learning?*

- Yes, the quality of learning available in the market place is extremely variable. Learning touted around the place, whether NZQA approved or not, in some cases is little more than 'snake-oil' and yet others are of a very high quality. The 'snake-oil' is sold to consumers who don't really understand it and get little from it other than a bill.

10. *If yes, can you think about things that can be done?*

- PTE capture, ITO capture. ITO's should be the quality assurance force in the market place.
- Companies spending on training and skills development could be incentivised to do so by tax credits, similar to those applied to research and development. Providers would contract directly to the companies and be required to be approved by a competent third party, but not necessarily NZQA approved, as to the quality of content and delivery.
- Think about teams learning, not just individuals. See the attached proposal, "Accelerating Technology Diffusion" that went nowhere – the content did not fit the framework or preconceptions of what should be done. This proposal was based on a FoRST funded pilot programme that had been shown to be effective – but it all became too hard. Also see the attached report "Innovation Acceleration in SME's" on the pilot programme.

Consultation Questions – Goal 4

11. *Do you agree that there is a need to develop a shared way of describing and measuring skills?*

- This was supposed to be an outcome of Unit Standards, but the problem has not been Unit Standards per se, rather interpretation of them and their variable assessment, leading to variable competence outcomes in the eyes of skill users, i.e. employers and business owners.
- If the consumers, employers and learners had control of payments then delivery would improve. Getting better performance standards around ITOs, and close consumer measured surveillance of PTP performance, would be pressure for improvement.

12. *Do you agree that there is a need for a broader way of describing and measuring skills that takes into account skills that are developed informally?*

- Informal skills are the greatest part of an individual's performance capability. This will manifest itself through on the job performance, and presumably by any formal or informal appraisal process. Extending the formality of 'qualifications' does little except build expensive bureaucracies steeped in the jargon of educationalist nonsense – please don't go there!

13. *If yes, what sorts of skills do you think should be measured?*

- See above.

Consultation Questions

14. *Which of these priorities do you think is most important?*

- These questions relate to delivery. Fundamental skills must be delivered and tested by the fulltime education system. Failure by the fulltime system will be evidenced in what happens in the workplace.
- Whole of life learning follows from encouraging appropriate learning in the workplace, as noted above. However by definition learning in the workplace will largely be applicable skills. By the age of 16, the focus should be on delivering to everyone in society adequate literacy, language and numeracy skills that form the basis for future learning.
- Given the basis exists, the economy will respond to the right behavioural incentives to further enhance those basic individual skills.
- There is no need to focus on anything other than the provision of those fundamental skills and the right incentives into the workplace.

15. *What other priorities would be necessary to achieve our goals?*

- Focus on the provision of the fundamental skills; the basics, not the fluff and nonsense around media studies, drama and the like.

16. *If you do have suggestions about other priorities, please briefly describe the actions that we might take to achieve them.*

- Stop trying to do too and much focus on the provision of basic literacy, numeracy and communication skills; along with problem solving techniques and broader learning strategies.

Consultation Questions – Priority 1

17. *We would welcome your views on the implementation of these actions including any examples of relevant initiatives that you have been involved with.*

- If you really want to build demand you need to incentivise the behaviour, the rest will follow.

18. *Are there any other actions or specific tasks that you would want to see included?*

- Stop networking, stop championing and start incentivising the behaviour that supports learning in the workplace.

Discussion Questions – Priority 2

19. *Have you been involved in any similar initiatives? If so, what was your experience/lessons learned?*

- Stop supporting and start incentivising.

- It's been our experience that all of the efforts that sit around Growth and Innovation, and Workplace Productivity create talk with no outcomes. With the right incentives employers in the workplace will take action in this space without intervention, or other "injections" from outside agencies.

20. *Are there any other actions or specific tasks that you would want to see included?*

- Use the tax system to incentivise a greater uptake of skills development in the workplace

Discussion Questions – Priority 3

21. *We would welcome your views on the implementation of these actions including any examples of relevant initiatives that you have been involved with.*

- Matching needs is almost doomed to failure – the needs of the workplace will change quickly, and unless the economy can resonate with the skills provision and training the resulting miss match will see trainees disillusioned, and the economy ill-served. There is little point in ensuring we train lots of builders when the number of housing starts crashes as we face economic problems.

22. *Are there any other actions or specific tasks that you would want to see included?*

- The focus of centrally planned and centrally delivered education and training must be aimed at the fundamental and extended areas of training and skills development. Whole of life skills flow from short-term economic pressures and need to be associated with, and in the control of, particular firms and activities.

Discussion Questions – Priority 4

23. *We would welcome your views on the implementation of these actions including any examples of relevant initiatives that you have been involved with.*

- Once in the workforce individuals and firms carry the responsibility to upgrade their performance, again, the right tax code incentives, delivered via the firm, would encourage a greater uptake of skills development. The more highly skilled the individual, the greater will be their number of life choices.

24. *Are there any other actions or specific tasks that you would want to see included?*

- Pass incentives directly to employers to implement skills and training initiatives.

Yours sincerely



John Walley
Chief Executive