



tourism  
INDUSTRY  
ASSOCIATION NEW ZEALAND

**Tertiary Education Reforms – The Next Steps  
Submission**

12 May 2006

## **Introduction**

1. This submission is from the Tourism Industry Association of New Zealand (TIA), located at level 4, Travel and Tourism House, 79 Boulcott Street, Wellington.
2. Attached as Appendix 1 are details about our organisation and who we represent.
3. If you wish to contact us regarding this submission, in the first instance, please telephone Simon Wallace, Policy Manager on 04 494 1842 or e-mail him at [simon.wallace@tianza.org.nz](mailto:simon.wallace@tianza.org.nz) We would be happy to support this submission at a future oral hearing.
4. The TIA submission comments on the preliminary announcements made on 4 April 2006 by the Minister for Tertiary Education, Dr Michael Cullen and should be read alongside the submission you will have received from the Aviation, Tourism and Travel Training Organisation (ATTTO).

## **Comment**

5. Our association broadly supports the new direction for tertiary education reform as outlined by Dr Cullen in his speech and media statement of 4 April 2006. A move to a system focused on quality, relevance and outcomes is a move in the right direction. Funding linked to quality outcomes is important while an emphasis on relevant and high quality courses will ensure New Zealand is producing the skilled graduates the country needs to sustain a growing, higher wage, knowledge based economy. A move from supply to demand driven courses is welcomed.
6. In moving to relevancy in the tertiary sector, TIA seeks clarification as to the role the Tertiary Education Commission (TEC) will play in deciding which courses should be funded. We believe that business engagement is essential and consultation on a regular basis is necessary to ensure course programme and content is meeting the needs of industry. The current “snatch and grab” regime where providers are paid solely on the numbers of students enrolled has encouraged a plethora of low value and low relevance courses and led to a “dumbing” down of the tertiary sector. In our industry, this has resulted in the situation where an unknown number of Private Training Establishments (PTEs) offer tourism and travel courses of an equally unknown relevance and quality.

## **Multiyear Funding**

7. The plan to move to multi-year funding is supported by TIA as it will result in a greater amount of certainty for providers allowing them to plan more strategically, invest in quality programmes and guarantee continuity for students. However, a multi-year funding approach needs to be supported by a robust and regular performance tracking system that will identify at an early stage if results are not being met. A mechanism must exist to ensure accountability and delivery on outcomes with stringent timeframes set in order to improve performance.

### **Distinctive Contributions**

8. TIA welcomes the new concept of distinctive contributions provided it results in more clarity and better differentiation for Tertiary Education Organisations (TEOs) as well as improved collaboration between them. At the same time, a balance is sought between the needs of government, industry and students. We make the following comments on the role of the respective TEOs.

#### ***Institutes of Technology and Polytechnics***

9. We support continued government investment in Institutes of Technology and Polytechnics (ITPs), as they remain the appropriate institution to provide vocational skill needs at a regional level. ITPs should be providing a qualifications framework that is mandated by industry at a national level, so graduates can move from place to place in response to employment opportunities. We are concerned the current proposal overplays regional hubs when emphasis should be placed on the mobility of labour and skills to meet demand around the country where it is required. TIA also values the role ITPs play in equipping their students with the relevant skills to move easily into employment on completion of their courses, as long as government investment is matched to the country's economic needs.

#### ***Universities***

10. TIA sees universities as institutions which will continue to be centres of excellence offering courses in specialist areas at both under-graduate and post-graduate level. In line with these reforms, funding in universities must meet the future needs of the economy. In addition, we believe that research programmes should be relevant to industry demands while business engagement is equally important between business and universities as it is with any other TEO.

#### ***Private Training Establishments***

11. PTEs are valued by employers, since they provide education and training that is focused and relevant to employment needs. Our concern with the current proposals is the statement that PTEs offer "niche education and training that augments the provision of public providers". We believe the quality of courses provided by PTEs is such that they should have the opportunity to compete alongside public providers for funding opportunities.

#### ***Industry Training Organisations***

12. The current proliferation of Industry Training Organisations (ITOs) is of particular concern to TIA. From a tourism perspective, we believe rationalisation is needed in the sector. There are currently five tourism-related ITOs, the Aviation, Tourism and Travel Training Organisation (ATTTO), the Sport, Fitness and Recreation Training Organisation (SFRITO), the Hospitality Standards Institute (HSI), Competenz and the New Zealand Road Transport and Logistics Industry Training Organisation (NZRT&L ITO). There is overlap between the first three in particular and a rationalisation of these ITOs into one larger industry training organisation for the tourism and hospitality sector is an opportunity for a more

effective and visible organisation able to represent the training needs of the industry as a whole.

13. TIA believes that increased recognition of the strategic leadership and legislated role of ITOs should also be considered. Many ITOs are currently being ignored in the decision-making and approval process that exists around programme content and provider funding. There is no point having ITOs working closely with industry if TEOs ignore them.
14. Both ITOs and industry would benefit from guidance and templates on how best to engage and determine the training needs of industry sectors. This is a large and complex task but one which the industry believes would be worth pursuing.

### **Conclusion**

15. Overall, TIA:

- welcomes the next stages in tertiary reform with the move to quality and relevance and a move from supply to demand driven courses;
- supports the concept of a differentiated tertiary system;
- supports multi-year funding providing it is tightly monitored;
- supports the current TEO models with some reform of the ITO sector;  
and
- seeks TEC endorsement of a formal mechanism for business engagement in the reform process.

## Appendix 1

### Background Information on the Tourism Industry Association of New Zealand (TIA)

1. The Tourism Industry Association New Zealand (TIA) advocates for the interests of the tourism industry in New Zealand. The businesses we represent generate more than 85% of New Zealand's tourism-related revenue.
2. Tourism is a \$17.2 billion industry (\$7.4b from international and \$9.8 from domestic tourism) with international tourist expenditure accounting for 18.5% of New Zealand's total export earnings.<sup>1</sup> The industry, directly and indirectly, employs 1 in 10 New Zealanders in a diverse range of businesses – the majority of which are small and medium sized enterprises. Not only is tourism important because of its size, representing 9.4% of New Zealand's GDP, it is:
  - Highly employment intensive;
  - Regionally disparate; and
  - Very diverse - ranging from large stock exchange listed companies to small cottage industries.
3. These businesses cover a range of tourism-related activities – hospitality, transport, adventure and activities, attractions and retail and related tourism services. In many cases, regional tourism businesses have developed around regional assets divested by other industries and have revitalised those assets and the communities that depend on them.
4. The tourism industry in New Zealand consists of more than 8,000 small and medium sized businesses. Of these businesses, most employ less than five people.
5. New Zealand welcomes more than two million overseas visitors to its shores every year. The domestic tourism industry is also important in helping to sustain a vibrant tourism industry. TIA estimates that over 75 million visitor nights are spent by New Zealanders every year.

*Tourism Industry Association New Zealand (TIA)*  
*April 2006*

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<sup>1</sup> "Key Tourism Statistics – March 2006", Ministry of Tourism website