

**Submission by Aviation New Zealand to  
The Ministry of Education and Ministry of  
Business, Employment and Innovation**

**On the**

**Draft Tertiary Education strategy**

**November 2013**

**Introduction**

We are writing this in support of an as an adjunct to the submission of Business New Zealand and place our comments in the context of the aviation industry in this country.

To put this sector in context it employs over 23,000 FTE's with a GDP contribution per FTE of \$138,534<sup>1</sup>. Average salaries are in excess of \$80,000 and approximately 1300 businesses are engaged in the sector ranging from high technology companies to specialised manufacturing, training, airline and general aviation operations plus aviation infrastructure providers such as Airways and airports.

The sectors contribution to GDP is around 3% and the growth potential is assessed at 6-6.5% CAGR for the domestic sector and over 10% CAGR for the export sector.

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<sup>1</sup> BERL regional data for year to March 2012



We put these figures into our submission because they are important external metrics of wealth generation and potential wealth generation that are useful in terms of the way government thinks about the contribution of various sectors and the investment decisions government makes.

Aviation New Zealand is the voice of the commercial aviation industry in this country representing 98% of the volume of commercial flying in this country. We have around 350 plus business members.

## **2. Proposed long term Focus areas**

### **Building international linkages that contribute to improved competitiveness – Strongly AGREE**

There needs to be three or four specific action items with deliverables and time frames against each one.

To develop these deliverables there needs to be a government led industry engaged small working party of those sectors which build and create the largest networks and then an examination of the issues which undermine international competitiveness.

From our perspective there are three things undermining our competitiveness :

- GST on educational services exports – none of our competitors impose GST on their educational export product.
- Immigration rules and the inconsistency of their application in some markets
- Lack of alignment with international qualifications and standards.

### **2.2 Support business and innovation through development of relevant skills and research – Agree**

This is a very strategic issue as there needs to be a framework within which business communicates with education. It is very challenging to get us talking the language that we both understand.



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## 2.3 Improve outcomes for all – Agree

### For Industry our PTE's and aviation related TEI's

**1. Two regulatory regimes** – one preferred. In our sector the sector skills specific issues are quite well known and because of long planning time frames ie out to 2032 relatively easy to quantify. However what we find challenging is essentially we are dealing with two regulatory regimes – the NZQA regime and the CAA international licensing regime. We would like to see much great efficiency in this area as enormous amounts of money and time are consumed translating one regime into another.

**2. One audit instead of three or four** We would like to see one audit as opposed to multiple and overlapping audits between agencies. As an industry we consider we can provide one audit and that would more than satisfy the MoE, TEC and NZQA requirements however we are subject from time to time to three or four audits and we estimate the transactional costs to this industry to be over \$500 K

**3. Recognition that the academic year and funding model adversely impacts on sector productivity** – we have clear evidence from our surveys that:

- Internationally benchmarked qualifications such as Commercial Pilot's licenses (AKA Diploma in Aviation (Pilots) take on average 12-18 months to complete we are now anywhere between 2.2 and 2.5 years.
- Training is to prescribed credits which has little semblance to cash flow. The differential value of credits adversely impacts on supply/demand for pilots

### For students

One of the key issues is the difficulties associated with progression from completion of tertiary training into employment. Career pathways are being defined and made transparently available but there is little incentive to ensure a smooth transition into work once tertiary training is completed. The exception to this would be the apprenticeship programmes.

This is something we consider has been seriously eroded as TEI's and PTE's are no longer required or no longer have an imperative to be linked to actual employment although we note one of the



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measurement metrics for funding has been employment outcomes . We point to TEI's and PTE's only because it would seem that universities have never had a strong imperative to link students to jobs.

With student loans we think a strong employment imperative goes hand in hand with funding. For some years we have tried to get agreement with both TEC and MoE as to what employment outcomes they want measured across an industry and how we incentivise funding to go to those organisation's that have demonstrably strong links directly to employment.

If anything because of the lack of alignment between the two regulatory regimes (education and civil aviation) we have lost a number of those regional and sector wide employment linkages. We wish to see these restored as a metric for funding.

### **Continue to improve the quality and relevance of tertiary education and research -Agree**

We have one of the foremost global qualifications in aviation management however there doesn't appear to be strong linkages between the students (who may be foreign) and the industry.

We would like to see:

- Professional networks between students and industry fostered – this we think is a sector responsibility
- Greater transparency around research taking place – its just not that obvious to us nor are the areas of excellence within Universities
- There appears to be in our sector no link between research areas and industry. For us it is difficult to establish those linkages and networks because Universities can be quite difficult to penetrate ie perhaps there should be a metric which requires sector specific training to have a clear and meaningful dialogue with industry

### **Do you think tertiary education should have any additional or different focus areas?**

No we think it is moving more in right direction than wrong although we note that there is still far more money going into



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universities than the technical training sectors – we do however appreciate that it is a balance

## **4. Strategic Directions and key priorities**

### **4.1 Delivering Skills for Industry – strongly agree**

We struggle with the language educationalist use as it is not always easy to translate this into business terminology. On the other hand as a sector we are not always that clear in terms of our needs and this comes down to our own resources and capabilities to analyse our needs as access to the right data is challenging.

### **4.2 Getting young people at Risk into a career – agree**

We appreciate the emphasis on “at Risk” however we think its quite challenging for any young person to get into a career.

### **4.3 Boosting achievement of Maori and Pasifika**

As a sector we think we need to step up much more in this area but we don’t necessarily have the tools to do this. Our ITO has been helpful in this area particularly in terms of identifying the macro trends and opportunities.

Our experience in the application of this metric is that it needs to be more fine tuned. It is difficult for our PTE’s to meet some of the “quota” requirements as Maori and Pasifika people are more concentrated in the North than South Island’s yet the expectations for filling the “quota” are the same. Perhaps there needs to be regional differentials.

There needs to be improved engagement strategies ie in some regions Maori and Pasifika peoples are not that organisaed and it is challenging to have a dialogue. Our view is that its as much about exposure to the opportunity as it is about boosting achievement.

### **4.4 Improving adult literacy and numeracy – agreed**

**4.5 Strengthening research based institutions – agreed** refer comments above

**4.6 Growing international linkages – strongly AGREE** refer bullet point two



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## **5. Should there be any additional priorities**

Yes develop better sector specific performance metrics combined with meaningful benchmarking and transparent information

## **6. Systems expectations of student's providers and industry**

Strongly support Business NZ's comments

## **7 Delivery of the strategy**

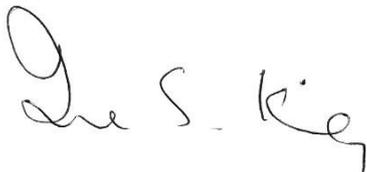
There is an implicit assumption that business and sectors understand their skill requirements, future needs and shortfalls. However our experience is that this is far from the case. Most employers are very focused on immediate skill demands/requirements. A number have the capability and capacity to be forward focused but most SME's are not and so for groups such as ourselves we find it increasingly challenging to provide both the MoE and MBIE with the type of advice required as we too are not funded in such a way as to provide that.

## **8. Any other comments**

The strategy is clearly an important component of the overall productivity enhancements essential to New Zealand's future well-being yet the strategy doesn't appear to embody any metrics or analysis around this issue.

If the objective is to raise productivity then identify those sectors whose productivity levels are high and directing more and more investment and funding in that direction appears to be one element missing.

Yours sincerely



Irene King

Chief Executive



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