



Why don't New Zealand graduates earn more?

Not getting value for money in education is causing disadvantage for New Zealand.

Policy makers wrestle with the problem of how to ensure our education system delivers economic value, because without it our citizens will be less educated and we will fall behind other countries in making a good living.

Surveys suggest this is actually happening. OECD statistics show a strong link between tertiary education levels and GDP per capita (economic growth) in all developed countries – but not New Zealand.

Despite a large increase in tertiary education numbers, New Zealand's productivity growth is lower than that of most other OECD nations, and the earnings premium of New Zealand graduates is below the OECD average.

This suggests we are not getting the full economic benefits of our investment in education and training.

There is no doubt that New Zealand invests massively in education and we are fully invested in seeking improvements in education at all levels. So why don't New Zealand graduates earn more?

Not enough students are engaged in courses of study that are useful for productive work. Not enough students are taking maths and science at junior levels at high school, preventing them from going on to further study to qualify as technicians, technologists, engineers or scientists. As a result, not enough technicians, technologists, engineers or scientists are graduating.

In engineering - New Zealand's greatest area of skill shortage - the rate of students achieving qualification is well below the OECD average. Not enough New Zealand students are taking the opportunity to study engineering at either university or polytechnic.

Suboptimal choices are being made.

How do we help young New Zealanders understand the study choices that must be made to gain a high-paying future?

There is no shortage of work being done in this area. *Vocational Pathways, Gateway, Secondary-Tertiary Programmes, Dual Pathways, Occupational Outlook Reports, Moving on Up, Rate my Qualification, Education Performance Indicators, and Engineering Education to Employment Pipeline* are some of the many initiatives under way to more clearly signpost the study choices that must be made to enter high-paying occupations.

Industry Training Organisations work with business to ensure business skill needs are reflected in education and training opportunities.

Businesses work with many education organisations to ensure study opportunities are relevant to areas of potential economic growth.

Careers advice and information provision is being overhauled.

Work is under way to lift teacher performance in science, technology, engineering and maths.

New ICT graduate schools are now open in Auckland, Wellington and Christchurch.

From next year, all tertiary education organisations will be required to publish the employment outcomes of graduates by field of study.

UniversitiesNZ has a project to publish the 'top 25 jobs' by qualification.

There is a lot of sincere, focused work being done by Government, education organisations, businesses and others aimed at getting the right value from our education investment, and it has been going on for some years now. This work must continue further. We have to assume that it will eventually pay off and that we will see the statistics start to improve.

There are other things that could help increase the value from education investment.

More focus on the benefits of applied education in the media would be helpful.

Presenting engineers and technologists as heroes – as well as All Blacks and movie stars – could help many young people think differently about their study choices.

We should take more care of our young people during their intermediate schooling and the first year of secondary school, to ensure they don't fail that initial critical first encounter with maths and science.

And we need to talk more about the reality of earning a living in a competitive world and the need for the right kind of education to succeed.

Kirk Hope khope@businessnz.org.nz