

How do we decide what matters?

- ▶ Does it have a large effect on private returns?
- ▶ Does it reduce equity or efficiency?
- ▶ Would policy intervention increase welfare?

Filtering the influences

Influences	Effect on tertiary returns?	Efficiency or equity concern?	Potential policy lever?
Capital per worker	✓✓	-	✓
Mix of Type A/Type B qualifications	✓✓✓	-	✓✓
High proportion of immigrants	✓✓	✓	✓✓✓
Supply of graduates	✓✓	✓	✓✓✓
Industry of employment	✓✓	-	-
Subject of study	✓✓	✓	✓✓
Mismatch of field or qualification	✓	✓	✓
Firm size	✓✓	✓	✓
Innovation	✓✓	✓	✓
Taxation	✓✓	✓	✓✓✓

Implications

- ▶ Problems are not obvious and may require more investigation
- ▶ Unclear that policy would help
- ▶ Distributional considerations may be more important than difference in averages
- ▶ Investigation of public returns is necessary to identify where policy can achieve the most

Future Directions...

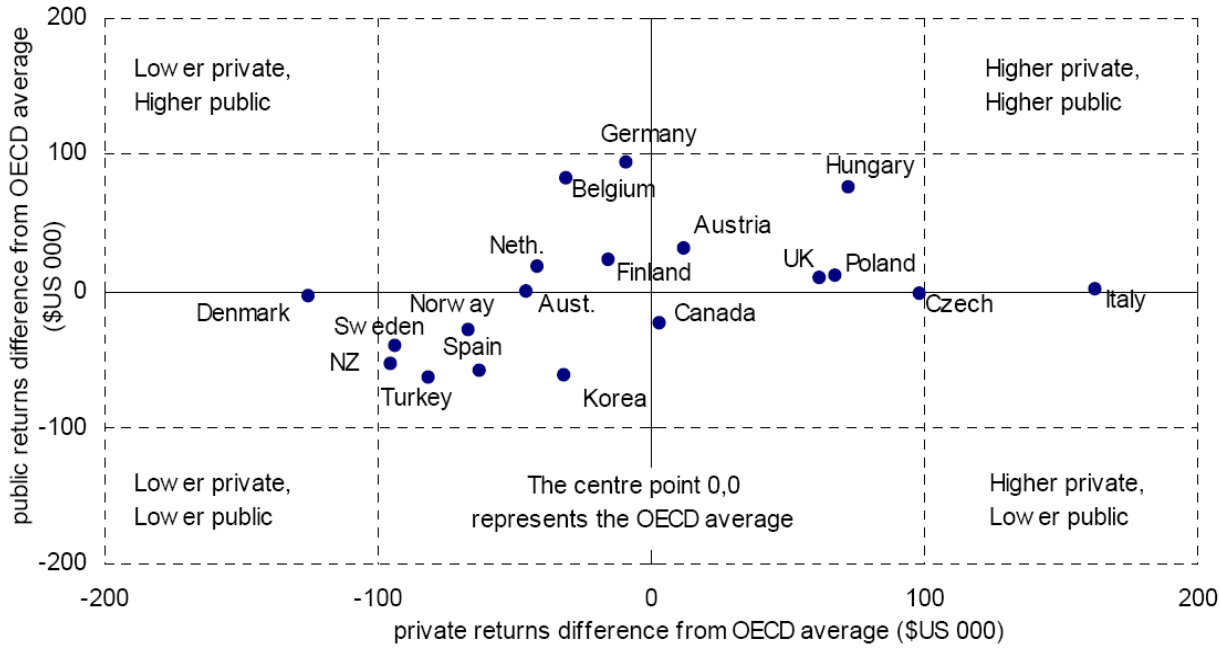
Treasury's Briefing to the Incoming Minister -

“reform the education system to improve attainment at a lower cost”

One potential mechanism is exploring the balance of public and private benefits in tertiary qualifications....

...but we need good NZ-based evidence on both private and public returns.

Universities NZ commissioned work on public returns and there is some evidence from the OECD:



We need some analysis on public returns similar to the study on private benefits to make valid comparisons

Some key areas for further study on private benefits that could be worthwhile pursuing:

- the value of post-graduate qualifications to the economy
- investigating information issues that employers may have in seeking to hire immigrants, or issues around mutual recognition of qualifications, and
- whether there are systemic issues with under- or over-valuing of qualifications in individual industries