

Industry training discussion document – our feedback

It's a time of change for vocational education. And the Government has signalled there is more change to come, including

- Encouraging ITO mergers
- Addressing structural issues that hamper co-operation between on-the-job and off-the-job training
- Allowing schools to provide similar courses to Polytechnics with similar teachers

The discussion paper on the key roles in industry training systems includes issues which are already being addressed, before the effect of change has been embedded. There is a danger that a multi-pronged approach to change will not be cumulative but will in fact dilute the end result.

We believe the answer to the issues the discussion paper raises does not lie in **who** does what but rather who is **funded** to do what.

And a sensible funding structure could be used to both drive overarching Government strategy as well as delivering the skills needed by companies and learners.

Let's start with Question 1.

The discussion paper states that specific funding for the leadership function was available to ITOs - but with the change to outcomes funding, TEC is fast withdrawing or limiting this support to focus on the development of high level qualifications. We see skills leadership as a valuable function for ITOs: if you explore high level government documents (Growth Strategy and the DOLs Skills Challenge Report for example) the disconnect between the big picture and the skills needs of industry at grass-roots level is apparent. ITOs, by understanding the needs of their industries, have the potential to be the link between micro and macro skills needs. And, they have the ability to develop and implement qualifications and standards to deliver on this potential.

The way skills strategies can be developed and implemented effectively is to fund ITOs to do so – using their links with industry, and the skills already within the ITO sector.

Question 2.

The discussion paper explores the options for the development of skills standards for industry: government, provider, industry body, consortia of industry organisation and providers. Under the current system, government has the ultimate control – through the role of NZQA. NZQA has the power to register or not a qualification and the description of the skills set that makes up that qualification. And, under the Targeted Review of Qualifications (TRoQ) qualification recognition requires collaboration from all impacted parties.

Providers, by their very function, are conflicted in setting standards, as the Wolf Report points out. Qualifications and courses are too easily based on provider capability, capacity and regional demands rather than industry need.

Interestingly, the consortia model is not discussed and yet it is a consortia approach that is currently in use. ITOs, over the past 20 years, have become quite good at the process of consultation for the development of skills standards. It takes time to build the skills and the networks to effectively broker the setting of

standards – to meet industry needs, learners’ needs and the needs of NZ Inc. We would like to see this model continue and be strengthened.

Question 3

Does not take into account the work taking place under the TRoQ. The proliferation of qualifications was driven not by ITOs but by ITPs and PTEs driving their business models – on a regional basis. It’s no wonder rationalisation is needed. The process NZQA has put in place forces collaboration, but with leadership for industry training largely sitting with ITOs. Although it’s a process all parties – ITOs, providers, industry and NZQA - are learning how best to implement, it is working.

The development of qualifications is an expensive business and the number of people using a qualification can vary enormously. We might need 600 new hairdressing apprentices each year but the 20 Heating, Ventilation and Air Conditioning apprentices are essential for the needs of NZ Inc. A funding allocation for industry training qualifications development led by ITOs would ensure the needs of industry are met and help drive broader government economic and labour market objectives – without growing regional courses that do not lead to employment.

Question 4

The discussion paper makes much of the tensions between the standards setting and qualification development roles of ITOs and their role in arranging the delivery of workplace training. The implication is that these tensions will be removed if the two functions are separated.

There are two aspects to this tension: the danger that qualifications are developed that favour one delivery method (on-the-job vs off-job) and the funding tensions that arise because funding is either in STMs for on-the-job or SACs for off-job - and the two are not equal.

Separating the standards setting and qualifications development from arranging training functions could remove the inherently positive tension required to ensure an efficient and cost-effective system of on-job and off-job delivery. The TRoQ and recent NZQA reforms ensure an appropriate balance between off-job and on-job delivery – the system ensures that neither the on-job arranger nor the off-job provider has undue influence. The tension ensures neither party dominates the argument whilst ensuring the needs of industry are at the core of a negotiated solution.

So in fact, the tension around the development of qualifications has been recognized and mitigated by NZQA through the TRoQ, the new requirements for listing qualifications on the NZQF and the requirements for approval of programmes of study and training. Further steps to remove this tension are not necessary.

The funding tension, however, still exists. We have proposed in our document *Better value, better outcomes, better lives* that this tension could be removed by loading funding to reflect the task being contracted to deliver. If an off-job component was required in an industry training qualification, it should be funded at off-job (SAC) rates. On-the-job training should be funded at on-the-job (STM) rates. This would allow training to be arranged in the most appropriate manner – and a manner which could be afforded.

And cost, inefficiency and confusion can be removed from the system by funding ITOs to be Modern Apprenticeship Coordinators (MACs), a function they could then deliver in the best way for their learners and industry. Currently, many industries have as many adult apprentices as Modern Apprentices and all apprentices need to be supported in the workplace. ITOs have ensured this support has been delivered on a

nationally consistent basis - if ITOs were MACs, arguably as the law intended, accountability would sit in one place, even if delivery was contracted out.

ITOs have no financial gain from the arranging of training. ITOs are national, have the systems in place to ensure industry input and buy in, and are backed by an NZQA system that ensures the best options for learners. We would like to see the arranging of training function remaining with ITOs, with their highly developed support for learners in the workplace intact, but with an appropriate funding model.

Question 5.

Quality, quality, quality – it should be the mantra of any standard setting body. As the Wolf Report states: In every vocational system, teachers and administrators agree that the key source of quality assurance is the employer. ITOs are instrumental in ensuring the employer has a say in the standards learners are to reach. Without this, the disconnect between employer and what the learner is taught can mean learning does not lead to employment – the end goal of any sensible system.

The NZQA External Evaluation Review reports evaluate the quality of performance of tertiary institutions and this reality check is welcomed. However, to ensure quality is the mantra, the quality assurance role of ITOs need to be recognised and retained so that all aspects of industry training are to the standard industry expects – and so that the nation’s skills sets match its economic objectives.

Other comments

There is currently a lot of change in the tertiary education sector and the Review needs to take this into account. The funding levers introduced by TEC and the NZQA Targeted Review of Qualifications have had, and will continue to have, a major impact on ITOs and need time to bed down.

Put the learner first

Without a learner, there would be no discussion on the key roles in industry training systems. Put learners first and the roles of different organisations should be designed to support that learner to achieve a meaningful and productive qualification. We see ITOs as a pivotal organisation in a learner’s journey.

ITOs need to be financially and intellectually strong enough to:

- Provide over-sight of a vocational pathway for a learner – reaching from school to lifelong learning
- Pool their in-depth knowledge of industry skills needs with the macro economic planning of government – aligning strategies will benefit all
- Be invited to the table when government departments discuss labour force, tertiary education and social goals
- Take the lead in standard setting for their industries - from school to lifelong learning.
- Enforce standards through a robust system of moderation without being financially penalised. Failure must be allowed for.
- Improve penetration into their industries to encourage more companies to take on learners
- Be charged with the matching of apprentices to workplaces, particularly for the under 25s
- Be a reduced number (through Government intervention) so that stakeholders can talk directly to an ITO “council” rather than to ITOs through a third party
- Attract the highest calibre representatives, truly reflecting their industries, to their boards

The currency of employment is an individual's skills set – developing skills needs to be a national priority, especially in areas aligned to economic growth. But it requires appropriate investment from both government and employers to ensure the system meets learners' needs.

And the review needs to take into account that with the advent of sector pathways, the learner's voyage to employment starts in school. Students can complete what is basically the first year of an apprenticeship before they leave school – but only if it meets industry standards: standards supported and moderated by ITOs. The discussion document ignores this development and yet we view it as a critical advantage for employers, learners and the government. ITOs need to be funded to ensure the investment in sector pathways, trade academies and Gateway programmes are not wasted – that the end goal really is employment.

To reiterate, we believe the issue does not lie in **who** does what but rather who is **funded** to do what. And, changing the funding model could provide better value for government, as well as benefitting learners and industry. We have explored the issue in some detail in our two papers, *Making the system make sense* and *Better value, better outcomes, better lives*.

ITOs are the glue that holds industry, learners, educational institutions and government together. Properly funded, the system can deliver on the broader economic, labour force, tertiary education and social goals of government while providing industry the quality skills and learners a fulfilling and brighter future. With the expertise now within ITOs we would welcome delivering on these objectives.

Case study

It should be remembered that ITOs are used to the process of collaboration and have a history of successful collaboration with providers and a strong track record of delivering industry-optimised solutions that stretches back well before the advent of the TRoQ. As an example, the National Engineering Education Plan (NEEP) Project, a collaborative venture between providers, ITOs and the engineering profession, jointly developed a unified system for engineering diplomas.

Within this system, the roles of each organization, the appropriate split between on-job and off-job learning, assessment methodologies, national quality assurance and industry governance were all negotiated and agreed across the entire engineering sector, removing a proliferation of local and national programmes. It should be noted that the Diploma Lead Group was chaired jointly by an ITO and ITP employee.

It is also worth noting that the unified system has resulted in the registration of two separate qualifications, as the present funding system **will not** appropriately fund qualifications that require significant components of both on-job and off-job delivery. Rather, it is designed to fund either / or. The tension here was entirely due to funding policy, not structural weakness in the sector. ITOs and ITPs demonstrated their ability to collaborate to meet the needs of New Zealand industry **despite** the funding regime, not because of some structural arrangement. It is also worth noting that this type of initiative requires some up front government investment, as there is no guarantee of a subsequent income stream for the parties involved.