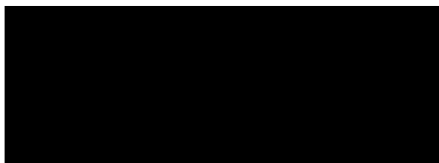– 4 APR 2018

███████████████████████

Dear ████

Thank you for your email to the Minister of Education of 27 February 2018 requesting the following information:

[A]n electronic copy of the Education Report received by you on 21 December 2017 entitled Review of Vocational Education and Training.

Your request was transferred to the Ministry of Education in accordance with section 14(b)(ii) of the Official Information Act 1982 (the Act), and has been considered under the Act.

The Education Report you requested has 4 Annexes:

- Annex 1: *Industry training organisations – purpose and performance.*
- Annex 2: *Government programme sequencing – VET related work programme.*
- Annex 3: *Employers, industry training and the labour market.*
- Annex 4: *New Zealand's workplace-based learners.*

I am releasing the Education Report and Annexes 1 and 2 to you with the following information withheld:

- Two cell phone numbers withheld under section 9(2)(a) of the Act, to protect the privacy of natural persons.
- A small amount of information withheld from Annex 1 under section 9(2)(g)(i) of the Act, to maintain the effective conduct of public affairs through the free and frank expression of opinions by officials.
- Information for Budget discussion withheld from Annex 2 under section 9(2)(f)(iv) of the Act, to protect the confidentiality of advice tendered by officials.

Annex 3 is chapter 4 from an inquiry report on new models of tertiary education. I am refusing this part of your request under section 18(d) of the Act as the report is publicly available on the New Zealand Productivity Commission website:

www.productivity.govt.nz/sites/default/files/New%20models%20of%20tertiary%20education%20FINAL.pdf

Annex 4 is part three of a series of six reports to be published in the *Profile and Trends 2016* series, an annual series on the tertiary education sector. I am refusing this part of your request under section 18(d) of the Act as the information is publicly available on the Education Counts website:

www.educationcounts.govt.nz/publications/series/2531/profile-and-trends-2016-new-zealands-workplace-based-learners-part-3-of-6
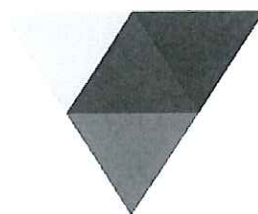
You have the right to ask an Ombudsman to review my response. You can do this by writing to info@ombudsman.parliament.nz or Office of the Ombudsman, PO Box 10152, Wellington 6143.

Yours sincerely

Andy Jackson
Acting Deputy Secretary
Graduate Achievement, Vocation and Careers

Encl.

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MINISTRY OF EDUCATION
TE TĀHUHU O TE MĀTAURANGA

Education Report: Review of vocational education and training

To:	Minister Hipkins		
Date:	21 December 2017	**Priority:**	Medium
Security Level:	In Confidence	**METIS No:**	1098631
Drafter:	Vic Johns	**DDI:**	▮▮▮ s 9(2)(a) OIA
Key Contact:	Claire Douglas	**DDI:**	▮▮▮
Messaging seen by Communications team:	No	**Round Robin:**	No

Purpose of Report

The purpose of this paper is for you to:

- **Consider** the proposed approach to the review of vocational education.

- **Agree** to discuss the proposed approach with officials in the New Year.

Summary

1   You have requested some Christmas reading on vocational education and training (VET). This report provides ideas about the approach to a review of vocational education, and how the work could sequence specific vocational education changes that are already planned for the coming year. We propose a strategy session to discuss the approach to the review.

2   Following our earlier discussion with you about Institutes of Technology and Polytechnics (ITP) sustainability, we propose a fundamental review of VET, starting with a broad discussion at the Education Summit about the service offering for VET – what should be available to New Zealanders, and how should government go about supporting that?

3   Having created this foundation, the work could progress to a strategy for system change, addressing institutional, funding, quality and information levers. At this point there would be choices about the scope and pace of change. One option is to signal a longer term strategy through the Tertiary Education Strategy, with measured changes over a number of years.

4   We also provide some background reading, largely about industry training, to complement the TEC's information about ITPs.

Recommended Actions

The Ministry of Education recommends you:

a.   **consider** the proposed approach to the review of vocational education

                                                                    Noted

b.   **agree** to discuss the proposed approach with officials in the New Year.

                                                        Agree / Disagree

Claire Douglas
Deputy Secretary
Graduate Achievement, Vocations & Careers

21/12/2017

Hon Chris Hipkins
Minister of Education

___/___/___

Background

1.   You have requested some Christmas reading on the vocational education sector. This briefing outlines how we could approach a review of vocational education and training (VET), and how this would sequence with other vocational education policy changes.

2.   We have also attached information about industry training and the wider labour market. We have selected papers to complement the TEC's information about Institutes of Technology and Polytechnics (ITPs). We have attached:

    a.   Industry training organisations – purpose and performance (Annex 1).

    b.   "Employers, industry training and the labour market" from *New models of tertiary education* by the Productivity Commission (Annex 3).

    c.   "New Zealand's Workplace-based Learners", part 3 of *Profiles and Trends 2016* (published September 2017) (Annex 4).

3.   We would ideally have provided you with more New Zealand-specific reading on vocational education as a whole, rather than separate material on ITPs and industry training. The limited availability of such material reflects the need for a VET review – we don't tend to put the VET picture together.

Approach to a review of vocational education and training

4.   This section sets out some initial thoughts on a VET review. It has been worked through with TEC, but we have not discussed it more widely – in particular, NZQA, MBIE and the Treasury will have an interest in this review.

Problem definition and objectives

5.   We want a VET system that supports the changing needs of a dynamic labour market. As described in the Future of Work report, VET needs to be considered as part of a lifelong learning system, able to adapt and reach people in a variety of situations.

6.   Our current arrangements have some strengths, but also some limitations:

    a.   We have high overall participation in work-based learning, and TEOs that are sometimes highly responsive to market and government incentives.

    b.   But earnings outcomes for learners, and productivity outcomes for New Zealand, are less than we would expect for the level of education attained. There is also considerable diversity of outcomes for learners, and an opportunity to use VET more to address previous educational under-achievement and/or labour market vulnerabilities.

    c.   And – as in every economy worldwide - employers continue to report unmet demand, and raise concerns about the skills of their recruits.

    d.   The cyclical nature of demand for VET (i.e. the counter-cyclical relationship between off-job training and the health of the labour market) creates an unstable business for provider-based training, leading to a variety of problems including uneven delivery across regions and inefficient use of capital.

    e.   Our policy settings for VET have been layered over time, driven by similar goals, but different views about how to achieve them – with the result that TEOs

can face conflicting incentives and signals for the delivery of VET (e.g. whether they should seek to provide a comprehensive regional service; whether the overlaps between ITO and ITP delivery should be minimised or treated as part of a healthy competitive system); whether they should aim to progress students rapidly through the education system and into the workplace, or hold onto them as long as possible; whether ITPs should deliver to people in work, and if so whether that delivery should be during business hours (work-integrated), or only via evening or weekend classes. We also lack clarity about how responsibility for forecasting workforce training needs lies across ITPs, ITOs, employers or industry bodies, and government agencies; and what training government expects employers to arrange without public funding.

7.   This is a complex network of issues, and to work through it we need to review VET as a system. The review should aim to articulate what a 'learning for life' system would offer, and identify what a coherent VET 'offer' would look like. It should start from a focus on the needs of learners and employers, but also consider the requirements to support healthy TEOs that can effectively meet those needs.

Alternative scopes

8.   There are a number of choices about the scope of this review.

VET versus further education

9.   VET programmes support study for a specific occupation. VET is delivered at all qualification levels, from pre-trades through to degree-level qualifications such as law, engineering and medicine.

10.   Some countries have focussed on further education as a system. The exact meaning of this differs across countries, but it typically relates to vocational education below degree level, foundation learning, and community education.

11.   Considering further education as a system is interesting in that it relates more closely to a set of programmes that would be expected to be available regionally, and for which responsibilities are shared across ITPs and schools. The inclusion of community education gives it a broader approach to lifelong learning.

12.   Whilst there are some benefits to a focus on further education, on balance we think a focus on VET would be more effective. Further education is a more complex topic, because of the different frameworks and learner needs to be considered for foundation learning and community education (in addition to VET). Also, a separate work programme on secondary transitions will consider foundation learning settings (METIS 1086911 refers). We can manage across these two programmes of work to align as necessary.

Institutes of Technology and Polytechnics

13.   We considered focussing the review on ITPs, to ensure that the work directly addresses the policy issues aligned to TEC's project, ITP Roadmap 2030.

14.   However, we do not recommend this focus. Whilst the narrower scope would be more manageable, it would be difficult to resolve the fundamental roles in the system without looking at the other parts of the VET system. A focus on one TEO type would also tend to drive us away from a learner and employer focus, towards ITP-based solutions.

Efficient use of capital

15. We also considered a review that focussed directly on the efficient use of capital in public institutions. A review with this focus would look at institutional settings, and the funds that drive those institutional roles – e.g. how VET is managed between providers and ITOs. This review could also be extended to consider the role of schools, although we would need to provide further advice on the implications of that if this option is to be pursued.

16. The use of capital would also be part of the VET review (the next section discusses what we would cover in the review), to be covered in the later stages. The main advantage of focussing the review on capital alone is that it would be a more tractable question – it would be a shorter review, opening up a narrower range of questions to answer.

17. In contrast, a review addressing all VET would be a more ambitious project, providing an opportunity to think through the fundamentals of what New Zealand needs and how government supports it.

Proposed work programme for the VET review

18. This section sketches a work programme for the VET review. This is very much a conversation starter, setting out one way to approach the work.

19. We have attached an A3 which sets out the current VET-related parts of the education work programme, laid against the proposed phasing of the VET review (see Annex 2). As the timing and scope of the VET review is confirmed, decisions will also be required on those Manifesto items that should be included within the review, and those which should proceed on a faster track.

Phase 1: Direction setting and issues paper

20. This phase would seek to get to our underlying aims and vision for VET. It is intended to provoke new thinking, by asking basic questions about what we want for New Zealanders, and taking a fresh look at the role of government in delivering that.

21. It would lead to a discussion document at the Education Summit in early May.

22. There are three blocks of work in this phase:

   1. **Descriptive work** – a background piece that explains what VET is, providing a rich picture of what we have now. Part of this would be data-driven, putting together provider-based and ITO-based figures to understand the scale and effectiveness of our VET sector. Part of it would be descriptive, helping people understand what it 'looks' like – that it is more than the traditional trades; VET reaches throughout the economy and is part of supporting a dynamic labour market.

   2. **Identify the 'service offering'** for VET. It will be useful to discuss the VET services that should be available to New Zealanders, and how this varies for different circumstances. We propose that the service offering should be expressed as principles – e.g. what kinds of VET should learners have to travel to do, and what should be available to them locally; should younger learners receive priority or additional support? This work should address the following questions:

- How does the offering differ by learner? Or doesn't it?
- How do we respond to employers' needs? And what do they have to contribute?
- What should be available regionally? Nationally?
- What should be available pre-employment versus in work? For all, as part of lifelong learning?
- What are the outcomes we want? Just economic? Social/ environmental/cultural? Short-term vs long-term (i.e. emphasis on progression)?
- A future focus – what are the 21st century skills NZ needs; what are the implications of skill-biased technological change.

3. **Define how we think about the system** to deliver the service offering, and the role of government in that system. To do this we could:

- Explore our basic assumptions about how the system works – competitive models versus collaborative versus planned models; the role of social partners.
- Investigate models in different countries, and seek to understand their strengths and weaknesses.
- Investigate industry policy and skills ecosystem ideas (e.g. agglomeration effects; skills policies alongside economic development and innovation policies).
- A future focus – how do we equip the system to change as the needs of the economy change?

23. Much of this work could be desk-based, drawing on the expertise of officials. The Education Summit would be an excellent opportunity to draw on a broad variety of experiences, to test what we have found.

24. There is a judgement to make about the extent to which we engage with key stakeholders in the early development stages (i.e. to test our ideas as we shape up the discussion paper for the Education Summit). There are benefits from such engagement, but also risks that we would appear to open up policy options before you have had a proper opportunity to consider them.

Phase 2: High-level system changes

25. In this phase, the work would shift to a more conventional strategy development phase. The key question is "how do we change our VET levers in light of the service offering we are seeking and government's role in VET?"

26. It would lead to decisions about where change is needed, and the broad nature of those changes. This could provide key content for the TES.

27. The scale of the change and level of detail in the decisions will determine the pace of this stage, but we are currently proposing that this stage should be completed around October.

28. We envisage structuring the work around standard policy levers. Some examples of the questions to be addressed are set out below.

- Institutions:

- What roles and responsibilities do we set for TEO types, and how are we seeking to influence the structure of provision?
- How can we drive efficiencies in the use of capital and other infrastructure? Is there a role for schools in this?
- Do the roles of institutions differ for areas with low populations?
- Funding:
  - Revise funds/incentives to support the new service offering, considering sustainability as an intermediate outcome, and how that could be in tension with responsiveness.
  - Consider allocation methods (i.e. how does TEC allocate funds and is there an element of regional planning and/or tripartite skills planning).
  - Address (which could mean deliberately retain) overlapping provision.
- Quality:
  - What quality assurance will support the service offering?
  - Do we want to develop quality assurance that has some elements of the checks used for VET in other countries (e.g. teacher/trainer qualifications, classroom observations)?
  - Do we want some required curriculum components (e.g. literacy and numeracy, minimum theoretical content)?
- Information: What information do learners, employers, and TEOs need, and how should it be delivered? (This would need to be managed in close collaboration with other work on careers information on advice).

29. The aim of the work would be to treat VET as a system, maintaining an overview of the combined effect of the different levers.

Phase 3: Policy advice on each area of system change

30. The end product of phase 2 will be a set of high level system changes. Some of these will be clear enough to move to implementation, but many will need further policy development. This would occur in phase 3.

31. It would include consideration of any VET-related Manifesto commitments that have not already been addressed through separate work programmes.

32. The duration of this phase is uncertain – phase two will require decisions on the scale and pace of change. Options are likely to include an immediate, big, system change, or a more gradual but purposeful shift, given long term direction through the TES.

Risks

33. The main risks for this work are generic risks for any policy process.

34. Firstly, that by embarking on a broad review of VET we raise expectations in the sector and the community that cannot be met – e.g. to raise ITO subsidy rates to the same level as ITPs. It could also distract ITPs from the hard work required to consider their operating model, as part of TEC's ITP Roadmap 2030 project. This can be managed through the way we position this review publicly, and through the timing and nature of engagement with stakeholders.

35. The second risk is a policy delivery risk. This is a significant review, attempting to engage with the VET system in a way we have not considered since the early 1990s when the ITOs and TEIs were established in largely their current form. We can manage this by resourcing the work appropriately – with enough experienced policy, analytical, and delivery staff. Careful work at phase one will also be important, because this will ensure we get the vision and our fundamental approach right before we move onto the more familiar work.

Conclusion

36. This note has sketched out an approach to a review of VET, and identified some options in terms of scope and timing. This is very much for the purposes of supporting a discussion with you about the best approach – there are many ways we could conduct this work. We have proposed a strategy session to discuss these choices.

Annexes

Annex 1:   Industry training organisations – purpose and performance

Annex 2:   Government programme sequencing – VET related work programme

Annex 3:   Employers, industry training and the labour market

Annex 4:   New Zealand's workplace-based learners

Annex 1: Industry training organisations – purpose and performance

Industry training is a form of workplace-based vocational training

1. Industry training is structured workplace-based training, supported by government-approved industry training organisations (ITOs). As industry training requires employment and provider-based training usually means fulltime study, demand tends to shift between provider-based and industry training depending on employment trends.

2. Industry training programmes include:

    *   New Zealand Apprenticeships (NZA), which lead to a Level 4 qualification on the New Zealand Qualifications Framework (NZQF) and meet other requirements that enhance their value – funded at a higher rate of $5,200 per standard training measure (STM, equivalent to 120 credits)

    *   traineeships that lead to qualifications on the NZQF (the Ministry of Education counts traineeships that lead to a Level 4 qualification of 120+ credits as apprenticeships) – funded at $3,200 per STM

    *   Limited Credit Programmes (to encourage entry to a full qualification) and Supplementary Credit Programmes (to provide post-qualification skill development) of between 20 and 70 credits.

3. Table 1 compares ITOs with funded vocational education providers:

**Table 1: Comparing industry training organisations and vocational education providers**

ITOs	Vocational education providers
11 funded ITOs	16 polytechnics, plus wānanga and many Private Training Establishments (PTEs)
Approved to cover specified industries	May cover any field approved by the New Zealand Qualifications Authority (NZQA) and the TEC
Owned and governed by their industries to ensure relevance	Often have industry advisory boards, and some PTEs are owned by industry
Design qualifications and programmes, set standards	Design qualifications, programmes, and programme components,
Arrange training (including assessment), but may not deliver it	Involved in the delivery and assessment of education and training
Co-funded by government and industry (most apprentices also contribute)	Co-funded by government and students (some students sponsored by an employer)

4. Unlike provider-based education, industry training is inherently work-integrated. Practical skills are consolidated through repetition, and net costs are, in principle, lower than for providers as workers 'earn while they learn' and employers pay a share of the costs. On the other hand, as learning is not the sole focus, on-job learning tends to take longer and be more sporadic, and it can be less comprehensive – particularly in terms of the integration of theory into practice. Industry training policy and operations are intended to deal with these issues.

Participation

5.   As shown in Figure 2, apprentice numbers fell in the late-2000s. This was largely due to lower employment.[1]

6.   A large fall in traineeships in 2011 also reflected the removal of many 'inactive' trainees and the development of operational funding rules to ensure quality provision. Much of the recent growth in traineeships has been in service industries like aged care and tourism.

7.   Apprenticeships began to recover in 2013 with growing construction and infrastructure employment. Continued demand in these fields, new apprenticeships and increasing wages in aged care, and our predictive modelling based on population and unemployment trends, suggest continued moderate growth.

**Figure 1: Annual participation in apprenticeships and traineeships**
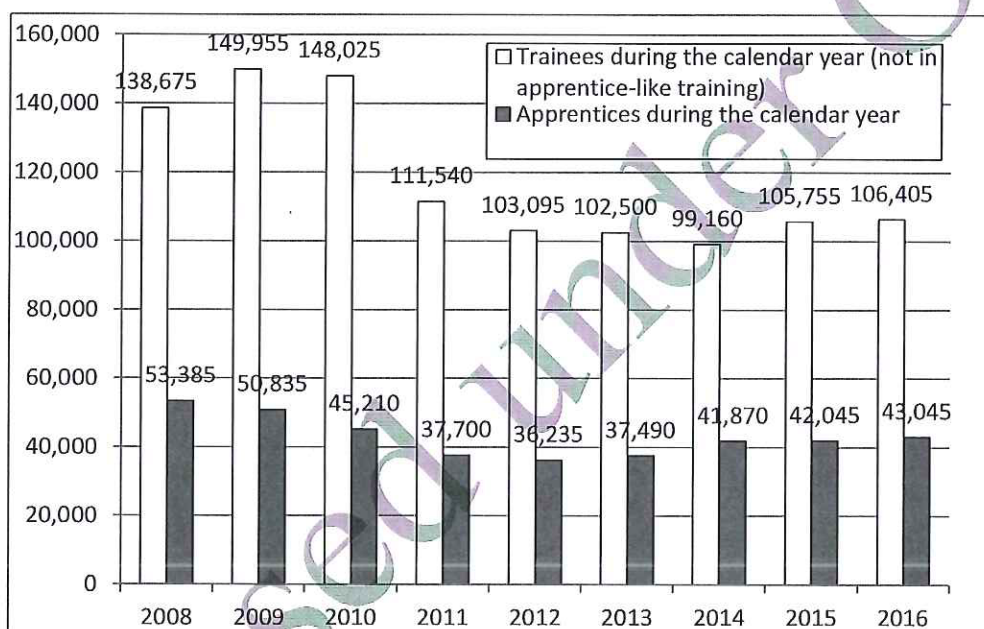
Budget

8.   As shown in Figure 2, funding has been budgeted for growth through to 2019/20, dropping back slightly in 2021/22. We consider this funding adequate to absorb growth due to the fees-free policy.

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[1] Including traineeships of at least 120 credits leading to a level 4 or higher qualification on the New Zealand Qualifications Framework.

Figure 2: Funding budgeted for industry training
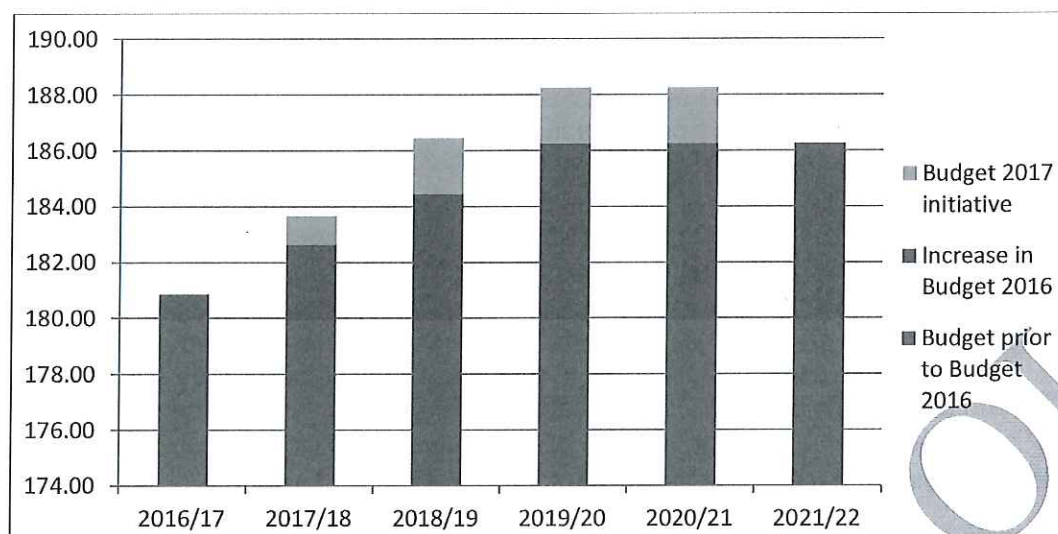
The rationale for subsidising industry training

9. The rationale for subsidising industry training rests on spillover benefits for consumers, government and other firms, and the cost-effectiveness of this spending.

10. The subsidy is intended to increase the amount of structured training that workers undertake. Some of this may not have an immediate and obvious benefit to the current employer, and the employer has to accept the risk that the employee will leave them for another job. The subsidy also enables ITOs to develop and review skill standards and qualifications.

11. Initial wages for trainees and apprentices can be lower than for unskilled labourers. Learner commitment is encouraged by promises of:

   - improved skills
   - increasing wages as their skills grow
   - a qualification accepted by the industry, and in some cases
   - occupational registration.

Recent reforms of industry training

12. An operational review in 2010 and a policy review in 2011-2013 led to a number of reforms that aimed to improve value for the government's investment in industry training. The reforms affected, among other things, performance management, apprenticeship arrangements, and access by older apprentices. Starting around the same time, a Targeted Review of Qualifications (TRoQ) addressed a proliferation of similar qualifications and emphasised the need for industry support for new qualifications.

13. The reforms retained the principles of the system, but with stronger performance monitoring and more-capable ITOs. Mergers reduced the number of funded ITOs from 40 in 2009 to 11 by 2015, providing economies of scale. ITOs are investing in new programmes, research, and marketing and work with industry associations on workforce planning.

14. Changes to the industry training funding determination from 1 January 2018, agreed earlier this year by the former Minister for Tertiary Education, Skills and Employment, include:

- Transitional rules allowing some NZAs to include multiple qualifications (including at Level 3) have been made more robust, and have been made permanent to retain flexibility in programme design
- A cap on spending on ITOs' joint ventures and amalgamation projects has been increased from $1 million to $3.5 million (although we expect the TEC to limit project spending given high demand for training)
- The Strategic Leadership Fund has been placed in a separate funding determination, re-named the Level 1-6 Qualification Development Fund, and opened up to non-ITO qualification developers (this enables industries that have no ITO to access funding for qualification development).

Is the reformed system performing as Cabinet intended?

15. We have considered whether industry training has the 'desired characteristics' identified through the Industry Training Review [CBC Min (13) 1/5 refers].

> Desired characteristic: **Delivers value for money for employers and the Government:** A high proportion of people complete their training and gain qualifications.

16. Overall, industry training provides reasonable value for money, ███████████████ **s 9(2)(g)(i) OIA** ████████████████████████. It helps learners gain qualifications while earning and paying tax, without the financial support available to fulltime students. Funding per credit[2] is much less for ITOs than for providers. The subsidies are less than those for apprenticeships in several countries considered in the Industry Training Review (2011-2013), although international comparisons are not straightforward.

17. As shown Figures 3–6, there have been improvements in completion and achievement rates, suggesting improved value for money. However, below-average achievement among Māori suggests further improvement is possible.

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[2] A credit represents 10 notional learning hours for a learner in a qualification's target group. It is intended to include activities such as being tutored on a task or studying learning materials.
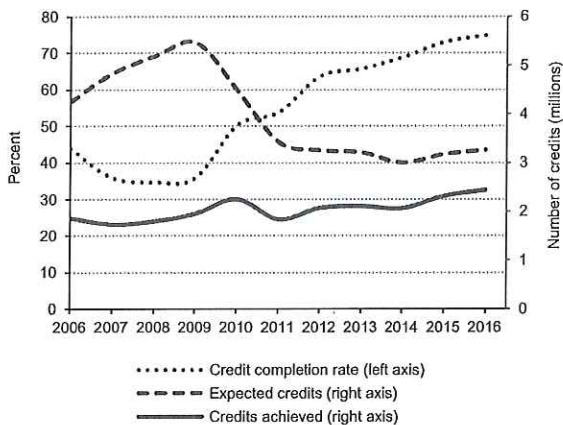
Figure 3: Credit completion rates of trainees
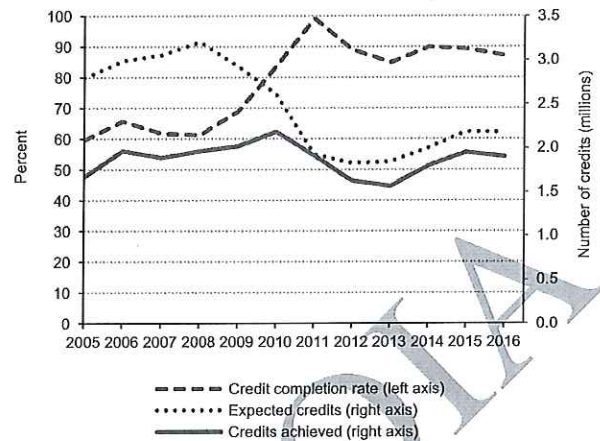

- Credit completion rate (left axis)
- Expected credits (right axis)
- Credits achieved (right axis)

Figure 4: Credit completion rates of apprentices

- Credit completion rate (left axis)
- Expected credits (right axis)
- Credits achieved (right axis)

Figure 5: Five-year qualification completion rates of trainees

Fifth year after commencement

- Any qualification level
- Intended qualification level
- Lower-level qualification only
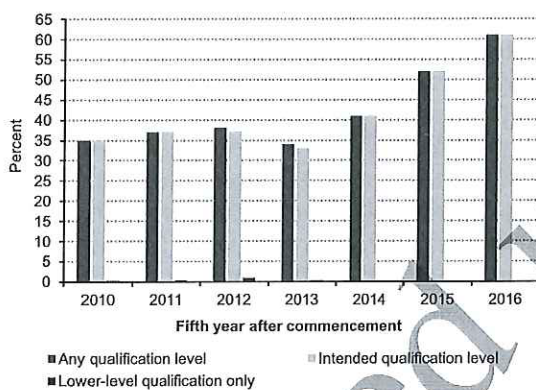
Figure 6: Five-year completion rates of apprentices

Five years after commencement

- Any qualification level
- Intended qualification level
- Lower qualification level
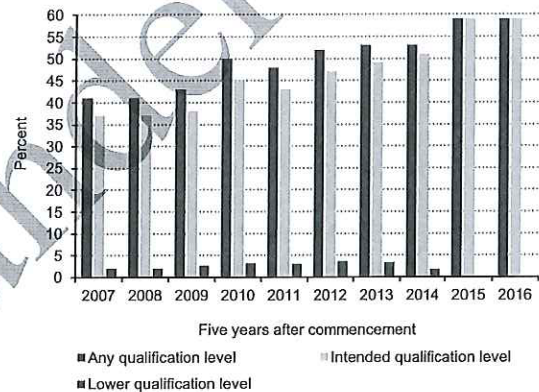
18.   These figures partly reflect higher prior qualifications of trainees and apprentices, and this may not be entirely positive. The proportion of trainees gaining a higher qualification than they held on entry reduced from 48% in 2011 to 34% in 2015. This may merit further investigation. For apprentices this figure reduced from 77% to 61%. There is also evidence of increasing lack of uptake of apprenticeships by younger people.

19.   The Direct Funding Scheme, introduced as a result of the Industry Training Review, directly funds employers to arrange training for their own employees. The funding rate is 10% less than that for ITOs as the employers do not have standard-setting responsibilities. The Scheme is intended to support training that is better tailored to employer needs and to provide some competition with ITOs. The Scheme has added little competitive pressure – several participating employers pay ITOs for related services.

20.   As shown in Figure 7, the proportion of budgeted funding being used has significantly increased since 2012/13. This is due mainly to the replacement of some traineeships with NZAs (with their higher rate of subsidy), the lack of an age-limit on the NZA rate, and growth in demand for NZAs. NZAs now account for about half of the Fund. Funding recovered due to under-delivery and penalties has declined (helped by a stronger economy).

Figure 7: Funding for apprenticeships and traineeships ($m, excluding funding available for industry training-related projects)
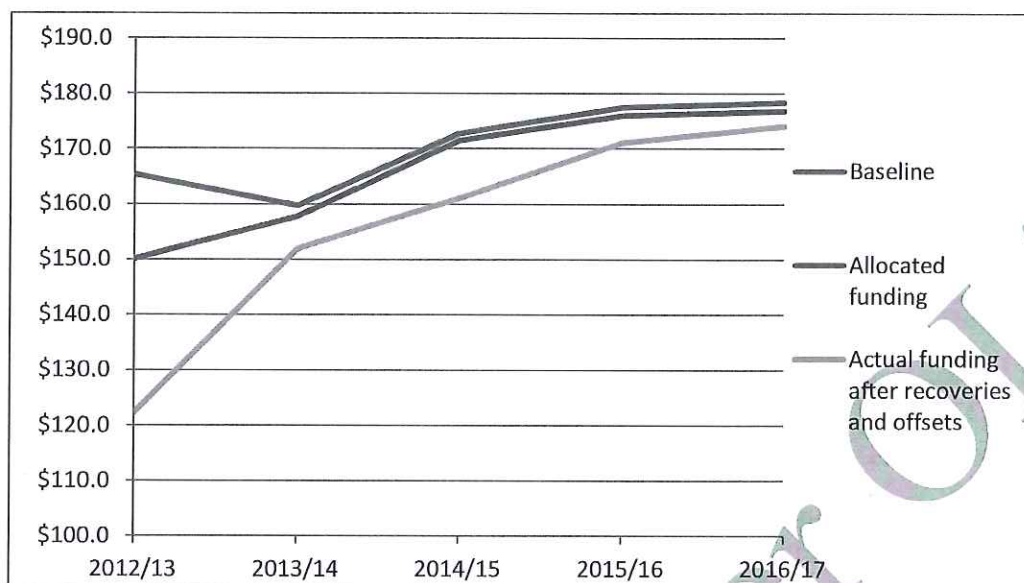
21. Ministry of Education analysis of apprentices who began between 2005 and 2008 suggested some managed apprenticeships arranged by polytechnics provided as much value for money as industry training because of their higher completion rate, but that overall the average cost per completion of a managed apprenticeship was higher than for an ITO-based apprenticeship (*What is a managed apprenticeship?*, March 2015). Managed apprenticeships provide competition for ITOs, enabling industry organisations like New Zealand Certified Builders (competing with the Master Builders Association) to offer an alternative pathway into a trade. The services provided seem to differ. However, this issue warrants further consideration.

Desired characteristic: **Educationally sound:** *Trainees should gain transferable skills that enable them to adapt to changing technology and apply knowledge in different situations. The skills they gain should be useful throughout their careers.*

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22. Recent NZQA evaluations of ITOs suggest the training is generally educationally sound (see Table 3). However, research for the Industry Training Federation and Ako Aotearoa suggests there are opportunities to improve industry training completion rates (*Learning, life and work: Understanding non-completion of industry qualifications*, Heathrose Research Ltd, 2016).

23. The research highlights how demanding industry training can be on learners, and suggests that industry training organisation (ITO) learning materials and the level of support from employers are sometimes not adequate. ITOs and employers sometimes rely too much on learners working through ITO learning materials and that employers do not always provide adequate training time and support for learners.

24. ITOs must embed literacy and numeracy training in Level 1 and 2 training, and they broker access to specialised training in these fields when needed. Lower level work-based qualifications are largely practical in nature with limited development of literacy and numeracy skills.

Table 2: Most-recent NZQA Education Evaluation and Review reports on ITOs funded by the TEC

ITO	Confidence in ITO performance / Confidence in capability in self assessment (date of publication)
Competenz	C/HC (October 2014)
HITO	C/C (May 2016)
ServiceIQ	C/NYC (July 2016)
Connexis (Infrastructure ITO)	HC/HC (August 2016)
The Skills Organisation	HC/C (October 2016)
MITO	HC/HC (December 2016)
Primary Industry Training Organisation	C/C (December 2016)
BCITO	HC/C (March 2017)
Skills Active Aotearoa Limited	HC/HC (September 2017)
Careerforce	HC/HC (November 2017)
NZ Marine and Composites Industry Training Organisation	C/C (August 2017)

HC = Highly confident   C = Confident   NC = Not confident   NYC = Not yet confident

> Desired characteristic: **Well-connected to industry with high employer buy-in:** Qualifications embody skills that are valued by industry and useful for employees. The services employers can expect should be clear and timely.

25. Changes in qualifications regulation following the TRoQ mean more industry consultation and regular qualification reviews. Increased participation in industry training since 2014 shows a reasonable level of employer support, but is mainly driven by a larger workforce.

> Desired characteristic: **Coherent with the wider tertiary system:** Learners should be able to transfer between different sectors of the system (eg from industry training to provider-based training) with a minimum of repeated learning, and qualifications gained in different ways should have equivalent learning outcomes.

26. The coherence of industry training and provider-based training warrants further attention, as signalled by the Productivity Commission (*New models of tertiary education*, March 2017).

27. Ideally, learners could transfer seamlessly from a provider to a traineeship or apprenticeship leading to the same qualification without duplicating learning. In practice, challenges determining when training in different modes is equivalent may be increasing as more provision is not based on ITO standards (due to both provider and ITO decisions). Some providers question the credit values of some ITO standards and qualifications. We see value in exploring these issues further.

DRAFT

KEY: ($) For Budget discussion | Very complex | Moderately complex | Not complex

Timeline: 100 day milestone | Budget 18 | Budget 19 | Budget 20

2017	2018				2019				2020			
Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4

Activities:

- Vocational Education and Training (VET) Review: Direction setting and issues paper for Education Summit
- VET Review: confirm high-level system changes
- VET Review: Policy advice on each area of system-change
- Potential sector change (dependent on outcome of the review)
- Network of provision approach to funding, incl. strong ITPs to meet skill needs of regions
- Sector change through TEC investment decisions
- Sector change through influence on investment planning
- Reinstate Skills Leadership Group & support NZ Skills Strategy
- Change for sector
- ($) s 9(2)(f)(iv) OIA
- Life-long learning: pathways between provider & work-based learning
- Changes for sector: revised education performance indicators to avoid penalising providers for students entering industry training
- VET: Support joint working across polytechnics & industry training – curriculum, qualifications, pathways
- ($) Post-Budget announcement, operational policy and selection process
- ($) s 9(2)(f)(iv) OIA
- VET: Restore skills leadership role to ITOs - legislation
- Changes for apprentices/employers
- Change for sector
- Enable ITOs to offer NZQF Level5
- Changes for sector

Tertiary education sector key dates

- TEC issues Investment Plan Guidance for 2018
- TEC announcement on Careers in Jan
- TEC confirms funding for 1-3 year investment plans
- TEC issues investment guidance for 2020 decisions
- TEC confirms funding for some TEOs
- TEC confirms funding for 1-3 year investment plans