

Proposal on roles of providers and industry bodies

Technical discussion document

Thank you for taking an interest in the Reform of Vocational Education. The Government wants to hear your views on these proposals. The changes being proposed are complex, and they need the detailed knowledge and the different perspectives of people across New Zealand to get them right.

This technical discussion document is a companion document to the Reform of Vocational Education consultation discussion document, which is published here:

<https://conversation.education.govt.nz/conversations/reform-of-vocational-education/> .

The consultation discussion document is the official statement of the Government's three proposals for the Reform of Vocational Education, signed off by the Minister of Education. The technical discussion documents go beyond the Government's formal proposals, to set out some possible ways in which the features of these proposal might be implemented in practice. They should not be regarded as a statement of the Government's position, but rather initial thoughts from officials from the Ministry of Education and the Tertiary Education Commission.

This technical discussion document looks at Government's proposals on the roles of providers and industry bodies. Please read the main consultation document before reading this technical document, so that you understand the wider context for the proposal discussed here.

Within this document are questions seeking your input to help inform Government decisions about the proposal to establish a unified funding system. These questions are also available in the consultation's online survey.

The document includes ideas or indicates the way things might work for detailed aspects of the proposals should they proceed following consultation. These ideas and suggestions are *not Government policy or a view from the Government* about these details, and we are open to any suggestions you may have on these topics

A vision for NZ

A strong, unified vocational education system that is sustainable and fit for the future of work, delivering what learners, employers and communities need to be successful.

Have your say

The Government is seeking feedback on the proposals for the Reform of Vocational Education by Wednesday 27 March 2019. The link above will also take you to the online survey where you can respond to the questions posed and more.

You can also provide feedback by attending a face-to-face consultation event. Details on these events are available at <https://conversation.education.govt.nz/conversations/reform-of-vocational-education/>

Overview of the Government’s proposal on roles of providers and industry bodies

Current problems and opportunities

Our current system faces challenges in meeting the changing needs of learners, industry and employers, especially in the regions, and it falls well short of our vision for the future. Vocational education is too fragmented: it is difficult for organisations to collaborate, and for learners move between or combine on-job and off-job education and training. Industry and employers need to be given, and must take on, a stronger leadership role in building more effective partnerships with education specialists, so that people in the current and future workforce benefit from on-job training, and high quality teaching and support.

The system needs to increase the amount of vocational learning that takes place in the workplace, and it needs to suit learners from diverse cultural and socioeconomic backgrounds. Shorter blocks of training via micro-credentials will increasingly be used to ensure skills remain relevant in variable, fast-paced and highly technological work environments. We want to make sure that our vocational education system enables transitions between, and combinations of work and training, in order to best facilitate the needs of both learners and industry.

These reforms are an opportunity to create a system where:

- » Organisational roles are clear and do not overlap.
- » Industry provides real leadership to the system.
- » All provision is relevant to learners and employers.

Overview of the formal proposal and how it would benefit learners and employers

In the Government’s proposed vocational education system, industry, employers and education providers would each have clear and complementary roles to play in ensuring learners, employers and communities get what they need. This proposal would clarify their roles and minimise overlapping responsibilities, so they are positioned to act collaboratively. The key components of the proposal are to:

- » extend the leadership role of industry and employers across all vocational education, including provider-based vocational education, through new “Industry Skills Bodies”;
- » transfer to vocational education providers the industry training organisations’ (ITOs’) current role of supporting workplace learning and assessment for work-based vocational education; and
- » provide industry with a purchase role across all vocational education, through advice to the Tertiary Education Commission (TEC), which TEC must give regard to.

The table below describes the proposed changes to current organisations’ roles and responsibilities in more detail, followed by further explanation of the key elements.

Detail of proposal	Rationale and further details
Industry Skills Bodies provide advice to TEC on industry needs. TEC would purchase all vocational education, acting on advice from Industry Skills Bodies.	TEC considers a range of economic, social and network objectives when making investment decisions. Industry Skills Bodies advise on industry need. The Government proposes to consult on how the interaction between TEC and Industry Skills Bodies could work best.
Providers would be responsible for all vocational education provision, including supporting workplace training.	Work-based learners would be more supported in their learning and pastoral needs. Alignment between on-job and off-job provision would be strengthened.

Alongside the New Zealand Qualifications Authority (NZQA), Industry Skills Bodies would approve all vocational education programmes.	Ensures learners gain the skills and competencies they need to work in a particular industry.
Industry Skills Bodies would ensure industry needs are met by: <ul style="list-style-type: none"> » setting standards across all vocational education; » moderating end of study assessments; and » contributing to curriculum development. 	Industry Skills Bodies would largely act as “bookends” to the vocational education system by setting expectations at the outset about what learners need to achieve, and then ensuring learners have acquired the skills and competencies employers need.
Centres of Vocational Excellence would support programme and curriculum development.	Ensures consistency of core programme content and qualifications.

The Government believes that this proposal would remove counter-productive tensions between industry bodies and vocational education providers, and reverse the current separation between provider-based and workplace-based learning

The benefits that result from clarification of roles would be felt by:

- » Learners currently enrolled at providers, who would have more work-based learning opportunities, and an earlier entry to work.
- » Apprentices and trainees in the workplace, who would have access to improved tutor support and pastoral care. In particular, this would allow for more tailored support to different types of apprentices and trainees.
- » Employers, who would find it easier to recruit people with the right skills, including learners currently enrolled at providers; as well as easier to access high quality fit-for-purpose vocational education in their region.
- » Everyone, through a higher performing vocational education system which improves New Zealand’s ability to respond to economic and social change.

A clear role for industry and employers in identifying and describing their skill needs

In place of existing ITOs, the Government is proposing to recognise and fund “Industry Skills Bodies”.

To give industry and employers a stronger voice, these new Industry Skills Bodies would:

- » provide skills leadership, coordinating industry efforts to identify and plan to address future skills needs;
- » set skill standards and approve programmes in vocational education across the entire vocational education and training system;
- » set or moderate end of study assessments;
- » support high-quality programmes, core curricula, and teaching and learning resources, working with Centres of Vocational Excellence (see below) where appropriate; and
- » advise and guide the TEC’s priorities for purchasing vocational education

Vocational education providers would be required to adhere to the relevant skills standards. This could potentially take the form of an approved nationwide core vocational programme. The Industry Skills Bodies would have new powers to set standards and co-approve programmes with the NZQA for all vocational education and training.

Industry Skills Bodies could also administer “capstone” assessments (exit assessments for graduates at the end of programmes), if they chose.

We envisage that Industry Skills Bodies would collectively set standards for all vocational skill areas, and would progressively include areas that have no ITO coverage at the moment (for example, Information and Communications Technology).

Instead of purchasing provider-based components of work-based training programmes for employers, as ITOs currently do, Industry Skills Bodies would have a formal role in advising the TEC about where investment is best

utilised. Industry Skills Bodies could also significantly contribute to curricula design in partnership with Centres of Vocational Excellence (which are addressed later in this document), where appropriate.

We propose that Industry Skills Bodies be industry-led organisations, similar to ITOs. Industry groups would apply to the Minister of Education for recognition. Initially, some industries and cross-industry qualifications would lack coverage. Approximately two-thirds of vocational education has ITO coverage at present. In the short term, current arrangements are adequate to cover the gaps. Over time, Government would facilitate the Industry Skills Bodies to fill these gaps if necessary.

Supporting workplace training currently accounts for much of the work of ITOs. We anticipate some current ITO employees who support workplace learning and assessment would take up similar roles at providers (particularly the new Institute).

A clear role for education providers

In the Government's proposed future state, vocational education providers would be responsible for delivering and supporting all vocational education and training, whether it took place at a provider's facilities on campus or in a workplace.

For providers, the biggest change would be taking on the role of supporting work-place learning. This change would promote better alignment between on- and off-job education and training, and stabilise provision of vocational education across the economic cycle. Providers would take responsibility for approximately 140,000 trainees and apprentices in addition to the approximately 110,000 vocational education learners they already serve (based on 2017 Ministry of Education figures). This would require increased capability and capacity.

Workplace learning would become part of the core business of vocational education providers, putting them in day-to-day contact with employers.

Over time, programmes that integrate structured learning with the workplace would become the norm, making it easy for learners to transfer between providers and between on-job and off-job training throughout their programme of study. More vocational education could resemble apprenticeships, with education providers and employers working together to help a learner meet industry skill standards via a mix of work-based learning occurring in the course of doing a job, and structured learning supported by a provider off-job where needed – regardless of whether the learner is employed.

The changes set out above would require significant change processes for providers and ITOs. If these changes proceed, Government will need to provide support for the change processes to ensure they are smooth and effective, including supporting existing trainees and apprentices and their employers to easily shift training arrangements.

The funding system would need to change to support more work-integrated learning and Industry Skills Bodies. See the technical discussion document on "A unified funding system".

Collaboration through Centres of Vocational Excellence

The Government envisages that the New Zealand Institute of Skills & Technology, and perhaps also wānanga, would host Centres of Vocational Excellence focused on teaching and learning, and possibly applied research, in areas of study of particular importance to New Zealand.

Centres of Vocational Excellence would cover key sectors and industries, which could be broad (eg, agriculture) or specific (eg., viticulture). They could potentially also cover key types of educational delivery or activity, for example kaupapa Māori delivery. We envision these would be located across the country, including in regional New Zealand. Centres of Vocational Excellence would bring together a critical mass of knowledge and expertise in their areas, helping drive innovation and lift quality, and improve links to industries and communities.

Expert educators at Centres of Vocational Excellence would work closely with Industry Skills Bodies to develop and maintain high-quality programmes, curricula and teaching and learning resources. This would also occur in areas not covered by Centres of Vocational Excellence – the system realises greatest benefit when education providers and industry, businesses and employers work together to build skills pipelines that meet workforce needs.

Reform of Vocational Education

The special role of wānanga

We are committed to working in partnership with wānanga to determine how the proposals could best support their aspirations, and whether there are alternative approaches that should be considered for their sector. In particular, we need to ensure that we acknowledge the unique role of the wānanga throughout any vocational education reforms.

The Government wants to work with wānanga to understand where the biggest opportunities for them and their learners lie in these proposals, and what adaptations might be needed to reflect their unique role in the system. There are opportunities for wānanga to strengthen their connections with employers and work-place vocational education, and to provide nationwide leadership in developing high quality teaching and learning that meets the needs of Māori learners, their whānau, hapū, and iwi. Wānanga may wish to adopt, adapt and contribute to national qualifications and vocational programmes so that they are appropriate and effective for unique local contexts.

Brokerage and advisory services for employers

Many employers will, from time to time, want advice from an impartial source about training options for their staff, before they decide where and when to invest. It can be costly and difficult for employers to gather this information for themselves and to know who to contact to learn more.

In the proposed future state, impartial training advisory and brokerage services for employers could potentially be provided by Industry Skills Bodies, by wānanga, or by the skills and employment “hubs” the Government is currently considering as part of its immigration changes (see <https://www.mbie.govt.nz/have-your-say/consultation-on-a-new-approach-to-employer-assisted-work-visas-and-regional-workforce-planning>). The Government is interested in your feedback on what you think might work best.

Beyond the formal proposal

Below we discuss a range of technical matters relating to the proposal outlined above.

The formation and recognition of Industry Skills Bodies

This section goes beyond the Government’s formal proposal to discuss potential approaches to the formation and recognition of Industry Skills Bodies (ISBs), and how the system could best transition from ITOs to ISBs.

ISB Recognition

Officials envisage that prospective ISBs would need to meet certain requirements for recognition, which would be set out in the legislation. It is likely that the Tertiary Education Commission, in conjunction with the New Zealand Qualifications Authority (NZQA), would provide advice to the Minister on whether the criteria have been met in relation to each applicant and the Minister would make a decision about recognising the body based on this advice.

It seems sensible that an ISB would be recognised in relation to specified industries (its “coverage”) for a fixed period of time. At the end of this period, the ISB would therefore need to make a new request for recognition. See below for more discussion of ISB coverage.

Officials are interested in feedback on what kinds of requirements an industry body should have to meet in order to be recognised by the Minister of Education as an ISB for a given area of coverage. What level or kind of industry support should be required, and how could it be evidenced? What could we learn from what works well, and not so well, about the existing recognition arrangements for ITOs?

ISB coverage

At the moment, ITOs seek recognition for the industries they want to cover, and if no ITO seeks to cover a given industry, then that industry would have no ITO coverage. While most employers work in an industry with ITO coverage, some employers in some industries would have no access to ITO services. Also, some sectors deal with one ITO for all industry training, and others with multiple ITOs. For example:

- » In the primary sector a single ITO represents all primary sector industries, except forestry.
- » In the building and construction sector different ITOs cover different occupations within the industry.
- » In information technology and the creative industries, no ITO has coverage of vocational qualifications and standards at present.

The formal proposal indicates that the Government wants to be proactive in working with prospective ISBs, and with industries, to ensure that ISBs collectively cover all industries. Alongside this, a possible focus is ensuring that the total number of ITOs remains manageable.

If any existing ITOs decided to seek to become recognised as ISBs, should the Government encourage them to improve the coherency of their industry coverage and potentially expand coverage to fill gaps in seeking recognition? What other kinds of industry bodies (new or existing bodies) might want to seek recognition?

Where gaps in coverage exist, should providers retain the ability to develop qualifications and set standards to fill these gaps until a relevant ISB was recognised?

Transitioning from ITOs to ISBs

The transition to ISBs would need to be smooth. Officials anticipate that ITOs' existing skills and capability to place them in a strong position to seek recognition as ISBs under any new recognition criteria. However, it may also be important to ensure that other organisations could also apply for recognition as an ISB. *What other kinds of industry bodies (new or existing bodies) might want to seek recognition?*

Feedback questions on the formation and recognition of Industry Skills Bodies

The questions below are just a guide – we welcome any additional feedback you have. You can see more questions or provide additional feedback online.

How strongly do you agree or disagree with the following statement?

	<i>Strongly agree</i>	<i>Agree</i>	<i>Neither agree nor disagree</i>	<i>Disagree</i>	<i>Strongly Disagree</i>	<i>Don't know / no opinion</i>
An ISB should be recognised by the Minister following advice from the TEC and NZQA on the degree to which the applicant meets stated criteria outlined in legislation.						

Do you think it would be helpful for ITOs to transition to ISBs, providing they demonstrate the additional capabilities to meet the recognition criteria? What other kinds of industry bodies (new or existing bodies) might want to seek recognition?

What could be done to support the transition from ITOs to ISBs that would result in greater industry coverage and greater coherence of ISBs?

Any other comments?

The functions of Industry Skills Bodies

This section goes beyond the Government's formal proposal to discuss possible approaches to designing the detailed functions of ISBs. Some of the possible functions are similar to current ITO functions, while others are new.

Exercise skills leadership

In 2018, the Government consulted on reinstating the skills leadership role of ITOs. Under the proposed changes, ISBs would be responsible for skills leadership. Specific skills leadership responsibilities for ISBs could include:

- » forecasting demand for particular skills or qualifications;
- » providing advice to providers and to TEC where the vocational education system is not responding to demand or needs to change its delivery to meet future demand; and
- » anticipating the impacts of new technology and new ways of working and how they will affect the demand for skills.

To achieve recognition, ISBs would need to demonstrate that they could carry out these responsibilities for the industries that they cover. The Government would help by giving them access to economic and labour market data and analysis from the Ministry of Business, Innovation and Employment (MBIE), including forecasting; the ISB would need the expertise to interpret the data and analyse what it meant for skills demand in their industry.

One option suggested by officials would be to require all ISBs to develop industry skills plans at regular intervals that outlined current and future skills needs for an industry at a national and regional level. These plans could then inform TEC's funding allocations and providers' delivery. Another option would be to leave it to ISBs and the industries they represented to determine what information or advice they produced and how.

Noting that Government consulted on the addition of "skills leadership" to the functions of ITOs in 2018, officials seek your feedback on whether any changes are needed as a result of changes to the scope of functions that apply to ISBs; and whether the Government should specify what kinds of information or advice ISBs had to produce, or whether it should be left for each ISB to determine in conversation with industry.

Develop skills standards and qualifications

Under the Industry Training and Apprenticeship Act 1992, recognised ITOs are required to undertake certain core activities, one of which is "developing and maintaining skill standards to be listed on the Directory of Assessment Standards and used in the assessment of trainees". In practice, ITOs, in conjunction with industry, develop qualifications and programmes of industry training that incorporate skills standards (currently in the form of unit standards). Unit standards developed by ITOs are also used by some providers in their programmes of study, but this is not compulsory.

In the formal proposal above, all TEC-funded education providers would need to adhere to standards set by the relevant ISB (but officials note that there may need to be an exception for some specialist delivery by wānanga, to be determined during consultation). A "standard" in this context could potentially cover a complete approved nationwide core programme for each vocational qualification, with some variation by region and delivery mode; or (as now) different education providers could develop different programmes to achieve the same set of standards attached to a qualification. These options are discussed further below.

Either way, the ISBs would have new powers to set standards and co-approve programmes with the New Zealand Qualifications Authority (NZQA) for all vocational education and training. ISBs and NZQA would work together to record relevant skills standards and communicate them to providers.

Under current arrangements, some unit standards are oriented to a work-based learning mode and specific occupational tasks. Officials envisage that all ISB-set standards would need to be expressed in a way that made sense for both provider-based and workplace-based learning and potential blending of these modes, and cover theoretical understanding as well as practical competencies. This would require ISBs to have good capability in standard-setting and assessment beyond a competency-based assessment approach limited to the workplace.

Also, officials suggest that because ISBs' standards would become mandatory for nearly all vocational provision, which is essentially a regulatory power, ISBs would need to use that regulatory power appropriately. For example, they would need to make good judgements about when it is desirable to specify something in a standard, and when the costs of that "regulation" (e.g. providers' compliance costs, NZQA's or the ISB's enforcement costs, and the costs of maintaining and updating the standard) are sufficiently high that they outweigh any benefit. This decision would arise every time an ISB was deciding how detailed to make a given standard – all things being equal, more detailed standards would give more certainty about the skills of graduates, but would be costlier to produce, enforce, and maintain.

Officials seek your feedback on how you think ISBs' standard-setting function might work in practice, how it might be similar or different to ITOs' existing standard-setting role, and what kind of capability or expertise ISBs might need in order to carry it out well.

In the proposed future state, ISBs would be responsible for developing vocational qualifications at Levels 2-6 of the New Zealand Qualifications Framework, as ITOs currently do. As now, any such qualifications would have to meet NZQA requirements for registration.

Requirements about qualifications and programmes

The New Zealand qualification system currently makes a distinction between a qualification and a programme:

- » A **qualification** comprises a statement of strategic purpose (what the qualification exists to achieve), a graduate profile (a list of what the graduate of that qualification knows and can do), and a description of the education and employment pathways of which the qualification is a part.
- » A **programme** is a description of the teaching and learning activities that a given provider or ITO has put together to enable learners to develop the knowledge and skills needed to be awarded a given qualification – this includes descriptions of curriculum and assessment delivery arrangements.

Due to extensive rationalisation work by NZQA and the sector in recent years¹, vocational qualifications in New Zealand increasingly come in the form of New Zealand Certificates and Diplomas. Any provider or ITO can develop and seek NZQA programme approval to deliver a New Zealand Certificate or Diploma.

The principle behind this approach was that, provided the graduate profile is achieved, providers and ITOs should have plenty of latitude to determine the process for getting there. This enabled them to tailor their delivery to the different experiences and opportunities available to learners in different locations, and the different needs of specific learner groups, as well as to innovate with new approaches to teaching and learning.

This is in contrast to jurisdictions such as Australia, Scotland and Switzerland, where industry skills bodies of various kinds specify "training packages" or "national occupational standards" that cover not just the graduate profile but also many aspects of how that content is delivered, i.e. both the qualification and much of the programme in New Zealand parlance. They sometimes also cover credit transfer arrangements between the training package qualifications and qualifications in higher education, which is a gap in our current system.

This raises the question whether, if ISBs go ahead as proposed, they should be able to specify some core vocational programme content all providers must deliver, removing the sharp divide between "qualifications" and "programmes" in the vocational part of the New Zealand qualification system.

In developing a core curriculum (or approving a provider's core curriculum for universal delivery), officials assume that ISBs would be required to work closely with education experts at providers, including at Centres of Vocational Excellence, to ensure the result was workable for all concerned. And providers would need room to adapt the curriculum where needed to ensure it was locally relevant and met their learners' needs. But the majority of the curriculum would be universal across all providers, including core content, sequencing, and key assessments.

¹ This refers to the Targeted, or Mandatory, Review of Qualifications, TRoQ or MroQ. You can read more about it here: www.nzqa.govt.nz/qualifications-standards/quals-development/targeted-review-of-qualifications/

Regardless of the approach to qualifications and programmes, under Government proposals, ISBs would have new powers to set standards and co-approve programmes with the New Zealand Qualifications Authority for all vocational education and training.

Build relationships with Centres of Vocational Excellence

CoVEs are an opportunity to create additional value in areas of importance to New Zealand. They might do this by being either or both of:

- » a targeted means of lifting quality and relevance and achieving world-class excellence in areas of vocational education of strategic importance to New Zealand; and
- » a means of recognising, incentivising and celebrating excellence in the system – rewarding those providers and campuses who have achieved an exceptionally high standard of vocational education design and delivery, and advertising their excellence to a national and international audience.

Officials' thinking about CoVEs is at an early stage. Many design decisions need to be dictated by CoVEs' core purpose and operating environment – both of which are up for consultation via this current process. Officials suggest these design decisions include the proper legal form, funding and governance arrangements of CoVEs, how many there should be and where they should be located, and what role they should play in applied research and technology transfer. If the reforms go ahead as proposed, officials would expect to consult further with the sector on these matters later in 2019.

At this stage, officials seek your feedback about: what role you think could be most important or valuable for CoVEs to play in a new vocational education system, what should their core purpose be, and how should ISBs relate to CoVEs?

Provide investment advice to TEC

In the current funding system, most funding to vocational education providers is administered by the TEC via Investment Plans.

On this model, TEC releases Plan Guidance for providers explaining what it is looking for in the upcoming investment round, including any areas of over- or under-supply. It also has one-on-one investment discussions with larger providers about what it wants to see from them. Each provider then proposes an Investment Plan to TEC outlining:

- » its strategic goals, how it arrived at them (including how it is responding to the Tertiary Education Strategy and to the needs of its stakeholders, including industry, employers, and regional communities, given its particular role in the system), and how it intends to meet them; and
- » the educational delivery it therefore intends to offer in the period covered by the Investment Plan, including the portion for which it is seeking TEC funding. This is called its “mix of provision”.

A provider's proposed mix of provision is submitted in a spreadsheet setting out the number of Equivalent Full-Time Students (EFTS) the provider expects to deliver. For ITPs and wānanga, EFTS are listed by alphanumeric SAC funding category, rather than by individual course, qualification or field of study.² In the alphanumeric code, the letter represents a cluster of (sometimes unrelated) fields of study with similar expected delivery costs, and the number represents the level of study. For private training establishments, EFTS are listed by named course and qualification.

After any required negotiation with the provider, the TEC agrees to fund the activities set out in the Investment Plan at the total cost of funded delivery set out in the mix of provision. Providers' actual delivery is usually allowed to vary from their mix of provision (unless TEC has stipulated a minimum or maximum in a given area for reasons of over- or under-supply) to respond to variation in learner and employer demand. If the variation between expected and

² SAC funding rates apply at the course rather than qualification level, so a single qualification may comprise courses attracting several different SAC funding rates; and the same qualification at the same provider may be funded at different total rates according to the specific courses the learner has enrolled in as part of the qualification (though this variation is more common in degree-level study).

actual delivery by a provider is substantial, such that the provider's delivery is no longer responding adequately to stakeholder needs, that is considered problematic; but some variation is expected and accepted.

The current system is therefore a mix of "top down" and "bottom up" decision-making. TEC signals where it wants to see increases and decreases in provision at the national or regional level; and individual providers determine what their learners and employers need, and make the case to TEC for a mix of provision reflecting that assessment and their particular role in the network of provision. TEC ensures that the aggregated set of proposed delivery across providers is affordable and reflects what is known about demand, but leaves room for learner demand to influence delivery.

This recognises that labour market forecasting is always imperfect, and beyond the short-term will always be incorrect to some extent. It also recognises that providers need to respond to the needs of learners wanting to prepare for careers not available in their home region.

As outlined above, the Government proposes to give ISBs a formal role in advising the TEC about where it should invest in vocational education – identifying any regions, providers or specific qualifications/programmes where existing delivery was not well-aligned to labour market demand (be it regional or national), or needed to start shifting to meet forecast changes in demand.

Officials envisage that ISB advice could be provided using either of two broad approaches:

- » It could take the form of "by exception" advice about where current delivery was not delivering satisfactory results, which TEC would then reflect in Plan Guidance and its one-on-one discussions with providers. This would strengthen the "top down" element of the current approach, but retain a "bottom up" element as providers would still have some control over how they wanted to respond to demand.
- » It could take a much more comprehensive top-down approach, whereby the ISB would give TEC and providers a comprehensive list of what should be purchased where.

Officials seek your feedback about the pros and cons of each approach. Decisions on this would interact with decisions about the nature of the future funding system; you can read about the unified funding system proposal at <https://conversation.education.govt.nz/conversations/reform-of-vocational-education/> – we are interested in your views on both how the proposal might work in the current paradigm, and how it might work in a new unified funding system.

A second consideration is the level of flexibility that TEC would have in acting on ISBs' purchase advice. Officials suggest that it will be important that industry has a meaningful influence on vocational education through this channel, but that TEC will need some flexibility in light of the following factors:

- » The Government has proposed that TEC would receive advice from Regional Leadership Committees (see the technical discussion document for a single Institute of Skills & Technology at <https://conversation.education.govt.nz/conversations/reform-of-vocational-education/>) about the mix of provision required in their particular region. ISBs and Regional Leadership Committees are likely to have conflicting views, from time-to-time, about the skills required in a region.
Would TEC need to be able to reconcile between these sources of purchase advice?
- » It is likely that the total proposed delivery across all ISBs and Regional Leadership Committees would be higher than total demand for vocational education. Given the margin of error in any forecasting exercise and the tendency to manage risk by erring on the high side, plus the assumptions and element of judgement always involved in translating economic forecasts into forecasts of skill needs, officials consider that ISBs would likely collectively seek more TEC funding than was available in any given year.

Would TEC's job be to consider all advice it had received, assess the strength of the evidence behind each claim, and make allocations that seemed likely to achieve the best results overall? Might it therefore have a responsibility to make this process as transparent as possible, so that ISBs and Regional Leadership Committees understood what kind of evidence they needed to provide to TEC to get the desired result?

Officials seek your feedback about what kind of approach by TEC might work best.

Moderate assessments and manage capstone assessments

As noted, the intention of the “graduate profile” within a qualification is to ensure that employers know exactly what a graduate knows and can do. However, feedback from employers suggests that they find big variations in the actual skills, competencies and experiences of graduates who have all achieved the same qualification. This is frustrating for them and for learners.

ITOs currently have a role in moderating assessment in programmes that use the unit standards they have developed.

A capstone assessment is an exit assessment (be it a written exam or a practical demonstration, or both) at the end of qualification to confirm a graduate is fit to enter the relevant occupation. It can be in place of, or in addition to, any end-of-programme assessments the provider may have in place.

Officials suggest that ISBs could use capstone assessments:

- » to confirm that every graduate has retained and integrated the knowledge and skills acquired throughout their vocational education programme, and now possesses a coherent and complete set that makes them ready for the workplace;
- » to ensure providers are interpreting and meeting ISB-set standards consistently (in which case the capstone assessments could be a short-term or occasional exercise);
- » to show which providers are doing the best job at preparing skilled, knowledgeable graduates (ie, not just ensuring minimum standards were met, but actually seeking to differentiate by quality, which would require a different approach to assessment); and
- » to ensure formal assessments align with occupational regulatory body requirements.

At this stage, officials are seeking your feedback on the purposes you think capstone assessments by ISBs could and should fulfil.

When would it be valuable for ISBs to use capstone assessments?

Officials are also interested in your views on what this might mean for how they could be designed and administered, the powers ISBs would need, any checks and balances the Government should place on these powers, and who should pay for capstone assessments to be carried out.

Feedback questions on the function of ISBs

The questions below are just a guide – we welcome any additional feedback you have. You can see more questions or provide additional feedback online.

How strongly do you agree or disagree with the following statements?

<i>Proposal</i>	<i>Strongly agree</i>	<i>Agree</i>	<i>Neither agree nor disagree</i>	<i>Disagree</i>	<i>Strongly Disagree</i>	<i>Don't know / no opinion</i>
Industry and employers should have a skills leadership role to influence the skills development system.						
ISBs should be clearly tasked with developing qualifications and setting skills standards, in consultation with education providers.						
ISBs should provide advice to TEC on investment in vocational education provision.						
ISBs should have a role in moderating assessments (as ITOs do at present) and, where appropriate facilitate capstone assessments, to ensure graduates have the skills needed by industry.						

How should the standards-setting role of ISBs be reflected in qualifications and programmes?

To what extent do you think that ISBs should be involved in specifying the design of programmes as opposed to co-approving programmes in conjunction with NZQA? Should qualification and programme requirements be combined?

If qualifications and programmes are not combined, do you think ISBs should provide advice to education providers on their curriculum design and implementation, and if so, how should this be managed?

What role do you think could be most important or valuable for CoVEs to play in a new vocational education system, what should be their core purpose, and how should ISBs relate to CoVEs?

How do you think TEC should take on board investment advice from ISBs? Should ISBs provide comprehensive or “by exception” purchasing advice?

When would it be valuable for ISBs to use capstone assessments?

Do you have any other comments on the functions of ISBs?

Funding and accountability arrangements for ISBs

The Government proposes that ISBs would receive funding from, and be accountable to, both the Government and the industries they represent. ISBs would be tasked with delivering private as well as public benefits; it's important for industries to have financial "skin in the game" and to be able to hold the ISB to account for its performance.

If the reforms go ahead as planned, officials will consult with industry at a later date on details of funding arrangements for ISBs, potential industry funding collection mechanisms, and arrangements for ensuring accountability to Government, taxpayers and industry .

At this stage, officials are interested in your feedback on what the balance of private and public funding for ISBs should look like and what form it should take. Officials are also interested to know whether you think that any activities or functions should receive fully private or fully public funding. Officials suggest that the Government and industry could collectively purchase a single set of services from ISBs, sharing the total cost according to an agreed contribution ratio. Another option would be for the Government and industry to separately purchase specific services, so that Government was fully paying for some services and industry fully paying to others, according to where benefits lay or where accountability needed to sit.

Feedback questions on the funding and accountability arrangements for Industry Skills Bodies

The questions below are just a guide – we welcome any additional feedback you have. You can see more questions or provide additional feedback online.

What is the appropriate balance between public and private funding for ISBs? What form should the funding take?

Are there any activities or functions that you think ought to receive fully-private or fully-public funding?

Do you have any other comments on the funding arrangements for ISBs?

The role of industry in the regions

In the proposed new system design, the national skills leadership role of ISBs would be complemented by employer and/or industry leadership at a regional level.

The Government is consulting on two connected proposals:

- » Employer representation on Regional Leadership Groups at regional campuses of the proposed NZ Institute of Skills & Technology (that merges the existing 16 ITPs) as part of this reform process; and
- » MBIE is currently consulting, as part of a consultation process on immigration settings, on whether a regional skills body to coordinate regional labour market skills development, or network of organisations carrying out these functions, could help improve coordination across the education/skills, welfare/employment and immigration systems. Membership would likely include employers and regional industry organisations, alongside other regional partners.

Officials suggest that if regional skills bodies and Regional Leadership Groups both proceed, their approach would need to be coordinated to maximise synergy and efficiencies, minimise unhelpful overlap and ensure the resulting bodies deliver coherent advice at the regional level.

More detail on the proposal on regional skills bodies, can be found on the MBIE website:

<https://www.mbie.govt.nz/have-your-say/consultation-on-a-new-approach-to-employer-assisted-work-visas-and-regional-workforce-planning/>

Feedback questions

The questions below are just a guide – we welcome any additional feedback you have. You can see more questions or provide additional feedback online.

How can ISBs (representing employers nationally) and Regional Leadership Groups of the New Zealand Institute of Skills & Technology and regional skills bodies supporting regional labour markets have an aligned view on skills needs?

Any other comments on the regional role of industry?

Proposed new role for education providers

The Government's proposed reforms see an important expansion of the role of vocational education providers in delivering industry training and supporting learners and employers in the workplace.

Many education providers would need to develop their capabilities to support employers and learners in workplace contexts and to understand how to offer education and training that takes account of the work patterns of different employers and employees. While education providers are accustomed to supporting learners in provider-based settings, officials consider that they would need to rapidly adapt their support mechanisms for workplace-based learning.

The formal proposal also raises the question about who is best placed to undertake brokerage and advisory services for employers, particularly when providers are still building capability.

ITOs currently develop and maintain logistical arrangements that ensure the delivery of training and assessment works efficiently and effectively for employers. This work is industry and employer-centric and not learner-centric. Providers would no doubt grow into this role in future. The distinctive interests of employers and of learners need to be held in tension.

Officials would be interested to know how you think the range of services to employers could best be provided in future. Should this support for employers be provided only by providers, by ISBs, or by others?

Feedback questions

The questions below are just a guide – we welcome any additional feedback you have. You can see more questions or provide additional feedback online.

How strongly do you agree or disagree with the following statement?

<i>Proposals</i>	<i>Strongly agree</i>	<i>Agree</i>	<i>Neither agree nor disagree</i>	<i>Disagree</i>	<i>Strongly Disagree</i>	<i>Don't know / no opinion</i>
Education providers would provide support for learners in employment including meeting their educational, pastoral, learning disabilities and other needs.						

Are there some aspects of the support that employers currently receive or will need in future (for example, brokerage services) that would best be supported by organisations other than providers? Is so, which other organisations would be best positioned to provide this support?

Could industry assist education providers to make the transition in supporting employers as well as learners? How could they do this?

Do you have any other comments on the role of education providers in supporting employers and training employees?

What happens after I provide feedback?

We expect that many people will be interested in having a say on the future of vocational education in New Zealand. Everyone's feedback is welcome. Officials will carefully consider what we've heard in engagement meetings, along with the feedback that is sent in to the survey, email address and phone line.

The Minister and Cabinet will receive a summary of all the feedback, which will inform their decisions about the Reform of Vocational Education. You can expect to hear about these decisions around mid-2019.

Officials will also continue to draw on feedback and ask for more conversations as we work through how to implement the Government's decisions.

Are you looking for more detail?

Technical discussion documents that go into greater detail on the specifics of the other two proposals are available at <https://conversation.education.govt.nz/conversations/reform-of-vocational-education/>. Questions on the details are available on the technical discussion documents and online when you indicate that you wish to provide specific feedback to the following topics:

- » Proposal on a single New Zealand Institute of Skills & Technology
- » Proposal on a unified funding system