



## Education Report: What do learners and employers need from the VET system?

<b>To:</b>	Hon Chris Hipkins, Minister of Education		
<b>Date:</b>	15 August 2018	<b>Priority:</b>	High
<b>Security Level:</b>	In Confidence	<b>METIS No:</b>	1146208
<b>Key Contact:</b>	Vic Johns	<b>DDI:</b>	s 9(2)(a)
<b>Messaging seen by Communications team:</b>	No	<b>Round Robin:</b>	No

### Purpose of Report

As you requested on 1 August, we have started on an assessment of learners' and employers' needs from the vocational education and training (VET) system, and we want your early feedback on it to test whether our approach meets your request.

### Recommended Actions

The Ministry of Education recommends you:

- a. **agree** to discuss with us your feedback on this paper

**Agree / Disagree**

- b. **agree** that this Education Report will not be proactively released until you have agreed a consultation document with your Cabinet colleagues.

**Agree / Disagree**

Claire Douglas  
Deputy Secretary  
Graduate Achievement, Vocations and Careers

Hon Chris Hipkins  
Minister of Education

15/08/2018

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## Background

1. We met with you on 1 August to discuss the VET system review [Metis 1141623 and 1126645 refer]. At that meeting, you asked us to consider:
  - a. Who is best placed to assess what learners need?
  - b. Who is best placed to assess what employers need now and into the future?
  - c. How do we design and deliver to meet this: what organisations do we need and what roles should they have; who makes quality and funding decisions?
  - d. How does the current system align with this first principles design, and hence what needs to change?
2. This briefing provides an assessment of learners' and employers' needs and provides an initial assessment of how the current system meets their needs. We want to test whether we are heading in the right direction before we develop this more fully.

## Learners' and employers' needs from VET – a first-principles analysis

3. We have attached two diagrams which explore the needs of users of VET: learners and employers. The diagrams show that employers and learners view the system from different 'ends', but we have identified key points where their interests align.
4. Government should ensure that there are organisations within the VET system tasked with meeting employers' and learners' needs. Government also has an interest in managing the points where users' interests do not align. Table one summarises learners' and employers' interests and how organisations can meet these needs.

**Table one: Learners' and employers' needs from government-funded VET**

What do learners and employers need?	What are some of the roles of government?	What organisations can meet learners' and employers' needs?
<b>Credentials</b> that accurately convey learners' skills to potential employers	Ensure credentials meet learners' long-term career needs and employers' short-term skills needs	Organisations that package skills into coherent credentials that meet employers' needs and are suitable for all delivery modes (provider-based, workplace-based, online, mixed)
<b>Skills</b> that are transferable and technical	Ensure skills meet learners' long-term career needs and employers' short-term skills needs	Organisations that identify and describe skills that employers need Organisations (including employers) that assess learners' skills acquisition
<b>Learning</b> that is flexible and that results in skills acquisition	Ensure learning: <ul style="list-style-type: none"> <li>• is widely accessible</li> <li>• is tailored to learner's unique needs and offers a choice of delivery modes</li> <li>• results in wider social benefits</li> </ul>	Learning delivery organisations (including employers) that collectively meet the different learning needs of all employers and learners in each region
<b>Support for learners</b> that helps them overcome financial and other barriers [ <i>learners only</i> ]	Provide support directly (particularly financial support) or require other organisations to provide it	Organisations that make it easy for learners to connect to all the support they need in one place (though all organisations should be responsible for minimising learners' barriers)
<b>Information and advice</b> that empowers learners and employers to make choices	Ensure information and advice is easy to access and neutral across organisations and industries	An accessible source of independent information and advice, neutral across education organisations and industries
<b>Coordination and leadership</b> that helps employers meet their needs efficiently [ <i>employers only</i> ]	Provide the regulatory framework to support coordination	Brokerage functions for industries to help employers work together and with education organisations to address their skills needs

5. It is sensible to group organisations' functions where possible to achieve economies of scale and foster a 'one-system' approach. There are several options for this.
6. We want to test with you our assessment of learners' and employers' needs. Our next step could be to provide advice on how to group organisations' functions.
7. There is a strong interconnection between system roles and funding. Our next advice will also consider links between organisational functions and funding design.

### How well does the current system meet these needs?

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8. This section outlines a very preliminary and generalised assessment of the performance of our current VET system in meeting learners' and employers' needs as outlined in the above table. Our next advice will include more details.

### Credentials

9. Most countries have an industry-led credentialising function – often grouped together with the skills function. These organisations are typically kept separate from providers, to ensure industry has a strong say, and to avoid conflicts of interest (e.g. temptation to lower standards to make delivery more affordable).
10. New Zealand is a little different in that our ITOs are responsible for arranging training as well as credentials. Arranging training is a purchase function, which provides a financial incentive for employers and education providers to engage with ITOs, and a powerful signal to the ITO about the relevance of their offering, while encouraging a cost-effective blend of arranged training.
11. However, there is a substantial grey area between arranging and delivering training. This raises conflict of interest issues for credentials and skills (e.g. incentivising ITOs to develop unit standards that are easier for them to deliver than other organisations).

### Skills

12. Currently, there is a lack of coherence of the standard setting function. Whilst providers must use New Zealand qualifications, they have flexibility to develop programmes of study that either contain unit standards (developed by the ITO) or components with learning outcomes. Learners are assessed against the unit standards or the learning outcomes and in either case must link and reflect the graduate profile of the qualification. These two options have caused some problems with credit transfer and hence the flexibility of learning.

### Learning

13. Whilst there are substantial areas of strength in VET provision, our initial very general assessment shows that there are potential gaps in:
  - a. the pedagogical expertise of employers delivering industry training, especially small employers and those in less-regulated occupations
  - b. the industry expertise of providers, and the level of in-work learning offered to students not yet in work
  - c. the transitions from school to work that offers VET due to gaps in schools' expertise, difficulties identifying jobs that offer apprenticeships, and the perceived value of VET
  - d. capability to facilitate learning across multiple modes (on- and off-job and e-learning) according to employers' and learners' needs, and to adapt learning support to different learners

- e. the ability of the current VET system to respond rapidly to the changing nature of work and new technology, the need for shorter modules of learning, and the need for continuous lifelong learning.

### **Support for learners**

- 14. As in the previous paragraph, there are areas of strength in the VET system in providing support to help learners overcome barriers. But we also know that there are some learners, and some learner groups, who do not have the support they need to overcome financial and other barriers. We also know that some organisations do better than others in supporting learners, and that some employers are not sufficiently incentivised to provide learners with tailored support.

### **Industry coordination and leadership**

- 15. New Zealand has reasonably strong industry coordination and leadership, due to the combination of functions that rest within ITOs. However, this is most successful within VET, and there are opportunities to improve communication with schools and regional coordination (e.g. as part of regional economic development).
- 16. This role also includes an industry-facing information and advice role, to support employers' decisions around future skills needs and who they should train. Employers have highly variable understanding about skills needs in their firm and industry, and hence highly variable commitment to training.

### **Information and advice for learners**

- 17. Over the past few years, education agencies have identified and filled gaps in providing information and advice to learners. However, this is still fragmented: there is currently no clear method for delivering advice to adults, we are reviewing and improving school-based advice, and we are improving how information and advice is tailored to learners' individual needs.
- 18. In some countries, governments connect the information and advice roles for VET users – learners and employers – into a 'one stop shop' delivery organisation at a regional level. This could include connecting across government, including the Ministry of Social Development, regional economic development initiatives, etc.

### **Release of this paper**

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- 19. We do not recommend releasing this paper until you have discussed a consultation document with your Cabinet colleagues.

### **Next steps**

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#### **Process for decisions on the VET review**

- 20. We seek a quick reaction to this briefing. If we hear from you next week, we will provide more advice in early September, including timing for consultation in 2019.

#### **Other work underway**

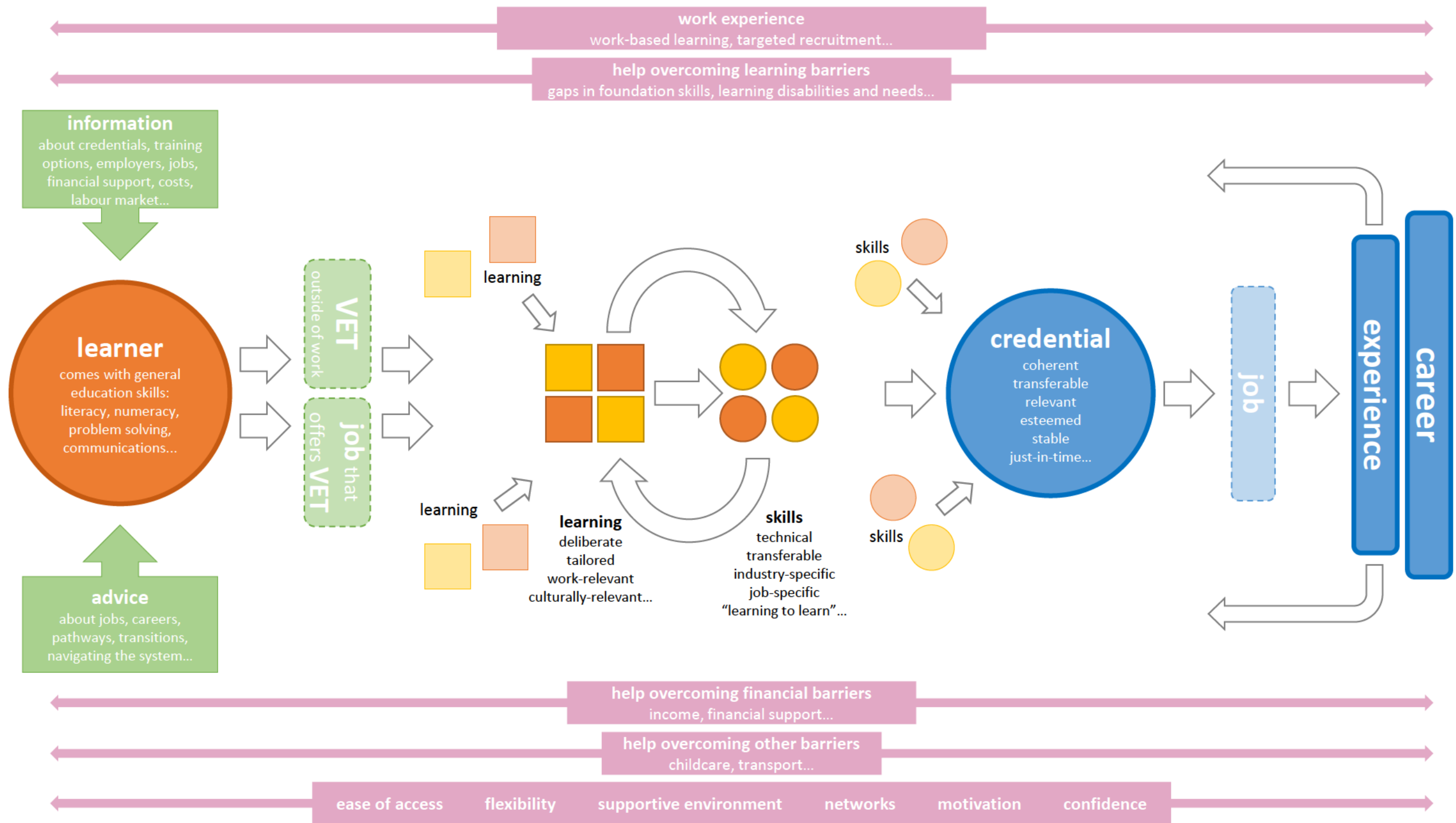
- 21. The VET system review is on the FOWMG agenda for 3 September. We will be providing you with a briefing note and draft presentation for FOMWG next week.
- 22. We will seek your agreement to update the sector following feedback on this paper.

## Annexes

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- Annex 1: What do learners need from the government-funded VET system?  
Annex 2: What do employers need from the government-funded VET system?

# What do learners need from the government-funded VET system?



# What do employers need from the government-funded VET system?

