

Item 2: Transitions options for ITOs’ “Arranging Training”

Decisions are required on if, how and when providers should take on the “arranging training” functions of ITOs

Key benefits

- as set out in ROVE consultation, are
- a more integrated training system,
 - overcoming conflicts of roles,
 - boosting choice for employers and trainees
 - higher quality training delivering productivity gains for New Zealand

Critical risks are

- sustaining current training activity and retaining ITO sector’s people/capability
 - ITO staff (700-800) are mostly from industry, and could choose to return there
- providers’ ability to ramp-up capacity to take on arranging training
 - providers’ capability varies, but current activity/staffing is not aligned to workplaces - supporting individual trainees, employer support and agility of service will be challenging
 - combining transition of arranging training with NZIST establishment creates major change management risks and challenges
- potential cost of change process

s 9(2)(b)(ii)

Key objectives in any transition of “Arranging Training”

1. Minimise disruption to current training activity, continue support for trainees and employers
2. End state delivers higher quality, more seamless training options
3. End state is clear and built into NZIST’s organisational design, mission and culture from the outset
4. Employers have choice of provider (at least in the end state)
5. Cost effectiveness

Options for any transition of ITOs’ arranging training functions to providers

Flexible Transitions

1. ITOs lose their “retail monopoly” on arranging training
2. Employers can choose providers to arrange training
3. Providers build up capacity to meet employer demand, starting with existing strengths
4. ITOs (no longer controlling standards or access to funding) may become providers (set up, buy or merge with a PTE)
5. New training standards and funding arrangements will inform ITOs’ and providers’ choices and speed of transitions
6. ITOs (with industry) may transfer arranging training activities, people and assets to NZIST, wānanga or PTEs (Govt could facilitate)

Managed Transition or Wind-down & Build

1. Government manages a transfer process in close consultation with industry
2. In a **Managed Transition** process, decisions on if/where/when ITOs’ operations are transferred could be negotiated following bids or expressions of interest
3. A **Wind-down & Build** process would be more directive, with Government identifying the activity and capability it wishes to transfer directly to NZIST or Wānanga, and effectively buying ITOs’ arranging training business
4. A more directive process may *required* where ITOs risk losing key capability/viability as employers switch to training arranged by providers through organic transitions, or where ITOs may stall/delay/disrupt transitions.

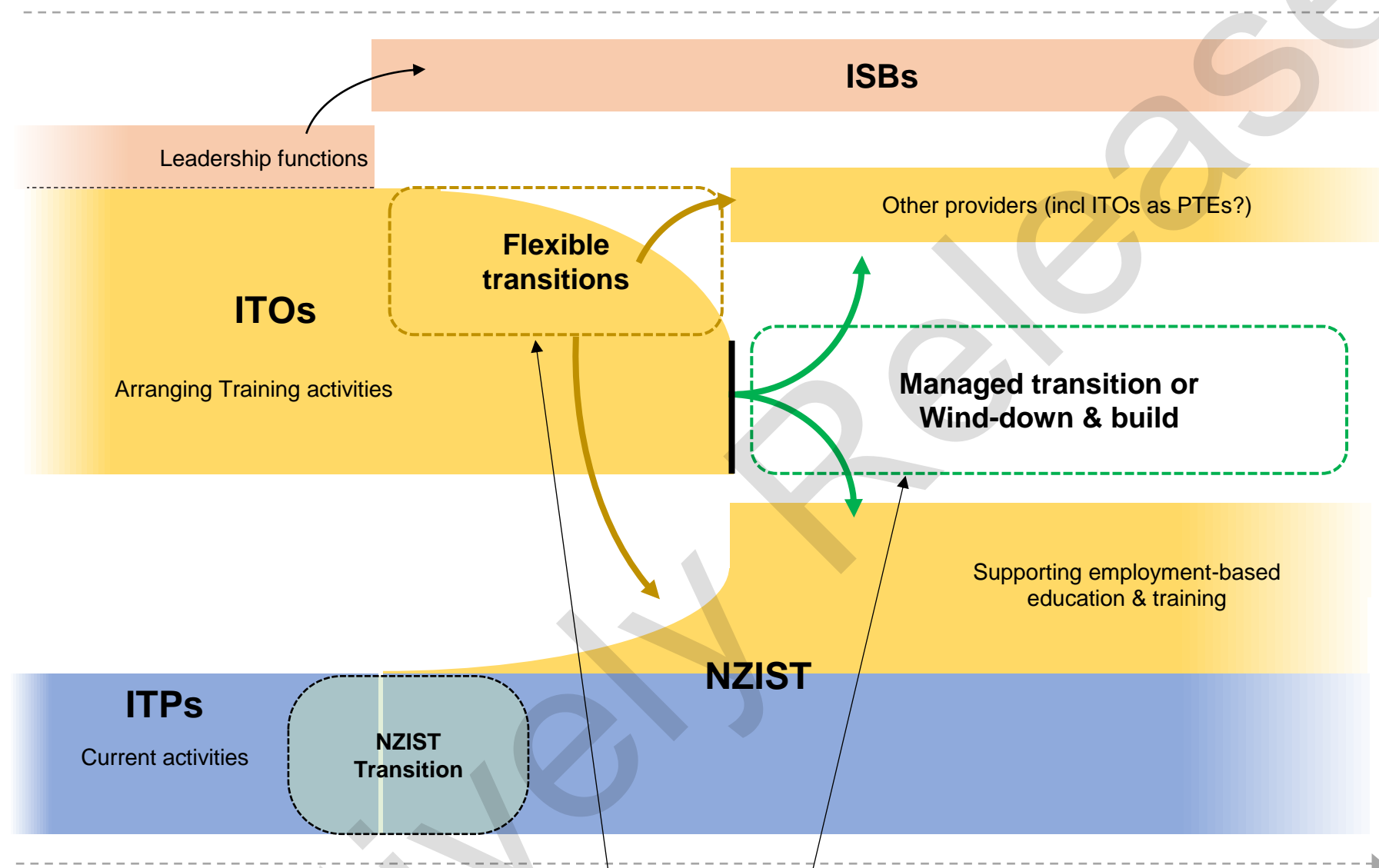
Major trade-off

- Maintain training volumes through the transition period versus
- A more managed transition to accelerate system integration

Key questions

- What transition paths for ITOs’ arranging training function best manage the risks and potential costs, in context of the NZIST establishment process?
- Can we identify key high-value areas where a full integration of ITO activities/capabilities into NZIST or a wānanga would be desirable? “Targeted buy-outs”?
- In what circumstances should ITOs be able to become PTEs (i.e. a provider)?
 - What different capabilities would ITOs need to build to meet expectations of providers in future?

Item 2a: Transition interdependencies



Transitions will require clarity of future regulatory requirements and funding system design
so providers and ITOs can assess the capability they need to invest in, and the costs and revenues of activities they may take on