TEC submission on NZPC Inquiry Report 3: Training New Zealand's workforce

1. The TEC welcomes NZPC's Report 3: *Training New Zealand's workforce*. We support the Report's focus on a more flexible and responsive system that supports lifelong learning.

2. We are now enhancing careers services to overcome biases, lift aspirations and give learners a clearer line of sight to career opportunities and their learning pathways to them. These services need to support learner decision-making through working and learning lives. To better meet learner needs, TEC is also fostering innovation in learning packages and qualifications and how they are delivered.

3. We note that the RoVE reforms will address some of the issues raised in the Report. For example, the NZIST's creation will solve Credit Recognition and Transfer (CRT) issues between ITPs. It should also enhance Recognition of Prior Learning (RPL) for vocational education and training. The Unified Funding System work programme aims to encourage the growth of work-based and work-integrated delivery models, ensure different levels and types of learner support needs are met, and enable new models of education delivery that are more responsive to employer and industry demand.

4. The TEC has some overview comments on the Report, and on specific recommendations made:

Overview comments

5. The tertiary education and training system is configured around full NZQA or CUAP-approved qualifications that are listed on the NZQF. These qualifications are expected to have workplace currency, meet relevant professional and trade requirements, and reflect transferable skills that can be applied widely in post-study environments. The focus is on young people transitioning from school and completing campus-based qualifications or apprenticeships and other vocational provision which blend work-based training and off-worksite academic content.

6. The full qualifications focus assumes that courses within a full qualification fit together into an overall package where the sum is greater than the component parts (the courses themselves). The system bundles together pedagogy, teaching, assessment and credentialing on the assumption there are value-adding relationships between these functions. Assessment and credentialing tests and validates what a graduate knows and can do. Credentials also signal wider social skills.

7. The funding system, student financial support, entry points to professions and some trades, TEO business models, Educational Performance Indicators (EPIs) and performance management frameworks are configured around the above assumptions.

8. For young people and others new to tertiary education learning is seen as cumulative, progressing upwards from lower to higher qualifications as reflected in NZQF levels. These learners are expected to enrol at levels that realise their full potential, given their prior NCEA or other achievement. They are not encouraged to "churn" between qualifications at the same or lower levels. In contrast, graduates and older learners in the workforce may well enhance their choices and interests through lower level courses in fields different to their prior qualifications.

9. For most young people participating in tertiary education for the first time, completing a full qualification offers the best pathway into a career and gives a foundation for lifelong learning. Young "first learners" who complete only fragmented courses may lack entry qualifications into careers and the transferrable skills that support them. TEC does not therefore support "short courses"[1] as always a good option for such learners, unless they provide pathways into higher level qualifications.

10. However, learners who hold a substantive full qualification should have easy access to short courses as part of their ongoing learning. Furthermore, short courses are often well-suited to older, non-graduate learners who may be in the workforce or reconnecting to it. Such courses could be drawn from full qualifications, or they may be stand-alone micro-credentials.

11. A key theme in the NZPC Report is removing restrictions on short courses (including micro-credentials). This includes allowing learners to enrol in courses without enrolling in full qualifications, in effect unbundling these courses from full qualifications. The Report also supports the "stackability" of micro-credentials into full qualifications.

12. The Report Finding F3.5 supports stackability, and argues that concerns about it leading to duplication, fragmentation and employer confusion do not outweigh benefits of stacked micro-credentials for workers and for labour market dynamism. "Stacking" micro-credentials into full recognised qualifications can be facilitated through RPL and CRT processes, where micro-credentials are stand-alone learning packages or are existing courses within qualifications that have been repackaged into a micro-credential format. In both scenarios TEOs have incentives to uphold quality.

13. TEC supports learners being able to "stack" micro-credentials and work towards full qualifications, subject to their recognition as needed through RPL and CRT processes and to compliance with any CUAP and NZQA requirements.

14. The TEC supports "unbundling" of courses from full qualifications to support lifelong learning where the focus is on graduates with an existing qualification, and on older learners with weak prior engagement in tertiary education and whose circumstances make full qualifications impractical or unlikely to deliver a good outcome.

Comments on recommendations

15. The TEC's comments on the Report's key recommendations are as follows:

Recommendation R3.1:

16. **R3.1:** In implementing its reforms of the vocational education and training system, the Government should widen access to work-based education and training to all people and to volunteers, rather than restricting access based on employment status. Where apprenticeships or other training programmes need long-term ongoing relationships between trainees and their work-based supervisors, this should be specified in programme requirements, rather than through a legal definition of "trainee".

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[1] "Short courses" are defined to include training schemes, Certificates of Proficiency (CoPs), Certificates of Personal Interest (CPIs) and other learning packages that are not full NZQF-listed qualifications.

17. The intention is that RoVE implementation will enhance programme delivery options for learners, allowing them to engage in learning whether they are employees, owner-operators, contractors or volunteers.

Recommendation R3.2

18. **R3.2:** In implementing its reforms of the vocational education and training system, the Government should ensure that people legally entitled to work in New Zealand would be eligible for both work-based and provider-based vocational education and training that is connected to their work, regardless of their visa status and or length of residency.

TEC comment: Agree in principle

19. The TEC agrees with this recommendation in principle, subject to further analysis of any wider implications, for example in relation to student support.

Recommendation R3.3

20. **R3.3:** The Ministry of Social Development should remove the 0.125 equivalent full-time student minimum course load for access to student loans for compulsory course fees.

TEC comment: Agree in principle

21. The TEC supports enhanced learner access to education and training. It is therefore supportive of this recommendation in principle, subject to further analysis to ensure it does not involve excessive administrative costs or create other negative unintended consequences.

Recommendation R3.4

22. **R3.4:** The Government should extend funding eligibility to providers for students who do not intend to pursue full qualifications, and remove specifications that limit the provision of short courses.

TEC comment: Agree in principle and with caveats

23. R3.4 addresses two issues. One is whether learners should be permitted to enroll in courses that form part of a qualification without intending to complete the full qualification. The other issue is whether there should be limits on short course provision. The R3.4 wording leaves open whether "short courses" refers only to courses within qualifications or whether it includes stand-alone learning packages such as micro-credentials. The TEC assumes the former, with TEC's comments on Rec 3.5 below being more focused on stand-alone micro-credentials rather than on courses within qualifications.

24. The TEC supports graduates who already have a "mainstream" qualification being able to enrol in courses within other qualifications without enrolling in full qualifications. Such courses can be at any level, and the only restriction should be that learners have necessary prerequisites to enable them to successfully complete. Such graduate learners should also have access to "stand-alone" NZQA-regulated and TEC-funded micro-credentials as well as to courses "unbundled" from full qualifications.

25. The TEC therefore supports R3.4, subject to an explicit understanding that young learners should in the first instance focus on completing a full mainstream qualification, with micro-credentials, courses drawn from existing qualifications and other innovative learning packages then being widely available in subsequent lifelong learning.

26. The TEC notes that implementation of this recommendation may require changes to Educational Performance Indicators (EPIs) and associated funding consequences to recognise lower qualification completion rates.

Recommendation R3.5

27. **R3.5:** The Minister of Education should, under section 159L of the Education Act 1989, issue a determination of funding mechanisms for student achievement component funding that removes the 5% cap on the delivery of micro-credentials, subject to providers demonstrating sufficient resources, capability and internal processes.

28. The TEC supports R3.5's core intent. Micro-credentials can help learners adapt to change, upskill and pursue new opportunities. They can deliver wider spill-over benefits, and facilitate job-to-job flows that enhance dynamism in the economy. They need to be delivered in ways and within timeframes that meet learner needs.

29. The 159L determination requires TEC to limit the availability of training schemes (of which micro-credentials are a subset). In response to this, the TEC developed a 5% cap on the financial sum total of provision by a SAC-funded provider of training schemes and related short courses. For large TEOs such as universities the cap is not constraining because of their provision scale. For smaller TEOs the TEC may permit the provider to deliver a much higher proportion of its provision as training schemes including micro-credentials. TEC's *Micro-credentials: Funding Approval Guidelines* make clear that TEC will consider exceptions to the 5% cap. For example, one PTE delivers all its SAC 3+ provision as training schemes that pathway learners to higher level (L5 Diploma) provision.

30. Micro-credentials are given prominence in the NZPC Report, and it is useful to understand the existing regulatory and investment framework and rules around them. In 2018 NZQA implemented a regulatory system for SAC-funded micro-credentials through amendments to the *Training Scheme Rules* to approve micro-credentials in classroom, blended and on-line settings. SAC-funded micro-credentials are a subset of training schemes. The NZQA Training Scheme Rules 2012 define a training scheme as a coherent arrangement of learning or training that leads to an award. It can be up to 40 credits (although there are some exceptions).

31. A SAC-funded micro-credential is a type of training scheme, with additional requirements:
    - Demonstrable evidence of need from employers, industry and/or community
    - Typically it does not duplicate current quality-assured learning approved by NZQA
    - Be 5-40 credits in size

32. TEC funds micro-credentials through its Investment Plan processes. Eligibility criteria require that micro-credentials meet the NZQA's regulatory definition, have stand-alone value, and be tightly focused on a coherent capability or skills set. TEC's evaluation criteria require end-user buy-in, contribution to government and TEC priorities, and complementing private investment.

33. In funding micro-credentials, TEC needs to maintain quality, ensure value for money and address "who should fund?" considerations. For example, TEC must avoid micro-credentials shifting the costs of privately-funded training and professional development to the taxpayer, with no new learning additionality.

34. Regulatory and funding criteria and processes for micro-credentials are different functions. NZQA approval of micro-credentials will often but not always mean TEC will be willing to fund them. There will cases where micro-credentials may be NZQA (or CUAP) approved (and effectively quality assured), however it may be more appropriate for them to be privately rather than publicly-funded.

Recommendation R3.6

35. **R3.6:** To encourage providers to offer recognition of prior learning, the Tertiary Education Commission should remove any references to inputs (e.g. learning hours) in its definition of an equivalent full-time student.

TEC comment: Agree with enhancing RPL. Disagree with removing references to inputs in EFTS definition

36. This recommendation addresses two issues – how RPL can be encouraged, and the extent to which the EFTS definition should include input metrics.

37. TEOs are required to undertake RPL but are not explicitly funded to do so. While there is some best practice in New Zealand, for example at Otago Polytechnic, RPL is costly and difficult to do well. It is noted that some smaller TEOs such as PTEs lack RPL capability. TEOs can have some incentive for learners to do more study than they need to. Neither the 2017 NZQA guidelines: *Recognising learning for credit: Guidelines for the recognition and award of credit for learning* nor R3.6 resolve these issues.

38. The TEC supports MoE, TEC and NZQA undertaking policy work on how to better incentivise the development and use of high quality RPL processes, including if and how RPL could be funded.

39. Removing references to inputs in the EFTS definition is challenging in a system where input metrics anchor investment, audit, investigatory, and (as needed) funding recovery functions. These ensure public money is spent as intended. In practice, it is very difficult to measure learning outcomes and hold providers accountable for their delivery without also tracking inputs. The Unified Funding System may address some of these issues within the context of the RoVE implementation.

Recommendation R3.7

40. **R3.7:** To reduce duplication and improve accountability, the Government should clarify the roles and responsibilities of the various agencies and organisations in the new vocational education and training system.

TEC comment: Agree

41. The RoVE implementation process will make clear the roles and responsibilities of the relevant VET agencies and organisations.

We ensure New Zealand's future success.