



Response to the draft report on the Inquiry into New Models of Tertiary Education

11/23/2016

Introduction

Careerforce has previously provided a submission to the Productivity Commission's 'New models of tertiary education' inquiry in response to the Issues Paper, and thanks the Commission for the opportunity to provide feedback in response to the Draft Paper. As with our previous feedback, this submission is taking a selective approach to responding to aspects of the Draft Report where we have expertise and can add most value. This submission complements rather than replaces our previous submission.

Careerforce and Industry Training

Careerforce is the Industry Training Organisation (ITO) for the health and wellbeing sectors, covering the non-regulated workforce in health, mental health, aged support, disability, social services, youth work, cleaning and pest management industries. We are the Government appointed body that sets skill standards, develops and facilitates achievement of NZQA qualifications across these sectors.

Careerforce previously noted that the Issues Paper is relatively light with regard to the role of industry training and ITOs in the tertiary education system. We acknowledge that the Draft Report has gone some way to addressing this gap. However, we suggest that the Draft Report could go further towards acknowledging the dual role of industry in the tertiary education system; on the demand side as employers *and* on the supply side as providers of tertiary education. Careerforce works with over 1,000 employers to design and arrange workplace based training for over 16,000 trainees. These trainees are already in work and are being supported by their employer to develop and get recognition of competency that is immediately transferred/applied. The significance of this participation cannot be overstated.

Funding

The Terms of Reference direct the Commission to explore funding mechanisms that would *facilitate* new models of tertiary education.

The Draft Report proposes a Student Education Account (SEA); arguing that the funding model is the fundamental cause of inertia within the tertiary education system and that inverting the model to shift subsidies directly into the hands of the student would enable innovation.

Careerforce does not support the SEA. We acknowledge that the concept is in its infancy, but based on the high-level overview provided, the SEA:

- Will be complex to manage and maintain the integrity of. For example, it is unclear if/how entitlement is calculated for people who come to New Zealand later in life or those who spend some of their working life overseas.
- Reinforces the traditional pathway from school to tertiary education and discourages lifelong learning. For example, mid- and late-career workers who may not get a significant income premium from investing in tertiary education may instead opt to 'save' their SEA by way of transferring funds to KiwiSaver.

We contend that funding should primarily be viewed as an enabler to accessing tertiary education. In other words, and in line with the Terms of Reference, funding is a means to facilitating an end rather than the goal itself.

It is important not to over-emphasise how to get people into the system at the expense of what happens once in it and, ultimately, when the learning is transferred into a 'real world' setting (whether that is in the workplace, or the broader community or personal spheres). To that end, Careerforce argues that a more helpful approach to designing a tertiary education model that meets student and employer demands, is to focus on design and delivery aspects of the system. Our previous submission explains how industry training can and does offer a model that enables an immediate transfer of learning, offers flexibility of delivery, and deliberately matches the supply and demand for skills since qualifications are designed for industry with employer involvement in the process.

Aside from the SEA, the Commission has identified other issues with some aspects of funding and pricing models that could change.

Careerforce strongly supports Recommendation 12.22 that Government should:

- Extend funding eligibility to students who do not intend to pursue qualifications;
- Remove specifications that set a lower and upper limit on fundable course duration; and
- Remove limits on the use of industry training funding on training at levels 5 and above on the NZQF

Also, Careerforce supports Recommendation 12.31 that:

- The Ministry of Education should review the funding rates applicable to New Zealand and Managed Apprenticeships, with a view to equalising them.

As Careerforce is a not for profit we can keep our costs to employers to an absolute minimum whilst still able to invest in future development to meet emerging industry needs. Despite the relative inefficiencies of ITP's when compared with this arrangement, Managed Apprenticeships are funded at a higher rate.

Regulation and quality assurance

Careerforce supports a regulatory system that elicits confidence in the quality of programmes and qualifications. That said, we agree with the Commission that there are complex and stifling aspects to the current arrangements. As such, we broadly support the following recommendations:

- Regulatory and purchasing functions in tertiary education appear to be a poor match to government agencies. In implementing this inquiry's recommendations, government should take the opportunity to design agency forms that provide clarity of function and reduce conflicts of role (Recommendation 12.1)
- The Ministry of Education should design a new quality control regime for tertiary education that encourages innovation, takes a risk-based approach, and enforces minimum standards of quality (Recommendation 12.3)
- All providers should be able to apply to NZQA for self-accrediting status. Self-accreditation would cover processes such as programme approval and accreditation, qualification monitoring, and evaluation and review (Recommendation 12.11)

Recommendation 12.11 in particular seems to fit with the standard setting role that ITO's are afforded in legislation.

The value add of tertiary education

We note that the Draft Report spends some time discussing the value of tertiary education, with an emphasis on individual outcomes, notably an income premium. Careerforce encourages the Commission to more explicitly consider the end-user/consumer of the good or service that the tertiary educated person creates or provides. Our previous submission explains how our value proposition extends beyond an individual income premium as a competent workforce leads to increased productivity which results in increased profit, quality and safety, and ultimately improved service to the people and whānau being supported by our workforce. There is a much wider impact of training than on the individual learner.