



Submission to the Productivity Commission Inquiry into New Models of Tertiary Education

5/4/2016

Introduction

Careerforce welcomes the opportunity to make a submission on the Commission’s inquiry into “new models of tertiary education”. The Issues Paper is relatively light with regard to the role of industry training and Industry Training Organisations in the tertiary education system; rather it focuses on providers and higher levels of the New Zealand Qualification Framework (NZQF).

Our submission is intended to help fill that gap by identifying and highlighting the unique contribution that ITO’s make to the sector, pointing to what works for our employers and trainees. In doing so we have taken a selective approach to responding to the Issues Paper by focussing on the role of ITO’s, particularly that of Careerforce, and how we contribute to productivity and the overall well-being of New Zealanders.

While the aim of the Commission’s inquiry is to *explore the big trends and consider how innovative new models can help the system respond positively*, it is our submission that it is important to also explore how existing aspects of the current model might be better utilised and leveraged to improve productivity.

Background

Industry Training Organisations

The Tertiary Education Commission (TEC) currently funds 11 industry training organisations (ITOs) through the Industry Training Fund to organise training for industry trainees and apprentices.

ITOs themselves are not training providers: our role is to arrange for the delivery of training, assessment of training and/or monitor training, including on-job training. Industry training is designed to be flexible and allow trainees to undertake training while they work. The industry training system is competency-based, and learning most often occurs within the workplace.

Government expectations of ITO’s

The Government expects ITOs to:

1. Enable working New Zealanders to complete nationally recognised qualifications.
2. Create clear pathways towards advanced trade qualifications at levels four and above.
3. Build and maintain strong support from the industries they serve.

To give effect to these expectations, the statutory functions of ITO’s are to:

- Set skill standards for their industry.
- Develop arrangements for the delivery of training.

Careerforce

Careerforce is the ITO for the non-regulated health, mental health, aged support, disability, social services, youth work, cleaning and pest management industries. More specifically, Careerforce has been recognised by the Government since May 2006 to set standards at Levels 1 to 8 on the New Zealand Qualifications Framework for the following sectors:

Aged care, addiction, allied health, core health, dental support, intellectual, physical and sensory disability, mental health, orderlies, primary and secondary health care, public health and whānau ora, except where the workforce is covered by the Health Practitioners Competence Assurance Act 2003. Community work, counselling, employment support, Iwi/Māori social services, Pacific Island social services, social work - including suicide intervention, abuse, neglect and violence, Tamariki Ora - Well Child Services, whānau/family and foster care, and youth work. Contract cleaning and urban pest management (including service technicians working in the industry).

As the industry training organisation (ITO) for the wider health and wellbeing sectors, we work with over 1000 employers to design and arrange workplace based training for over 16,000 trainees. We are the Government appointed body that sets skill standards, develops and facilitates achievement of NZQA qualifications across all of the sectors that we support.

Our unique value proposition

The value of our training to employers is derived from the fact that 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.

Increased productivity is derived from the increase in quality and avoidance of cost incurred through mistakes or poor quality, reduction in rework, reduction in risk arising from inadequate services, poor quality and/or mistakes in the work place. A significant contributing factor to improved profitability is the improvement in staff morale and therefore engagement through the recognition of ability and experience.

We can deliver on our promise because we are specialists in industry training. We are specialists because we have expertise in sector intelligence, workforce development, research, education, training, the assessment of proof of competence, service delivery, evaluation and review. These are supported by strong corporate services including communications and marketing, finance, information services and administration.

Additionally we are a not for profit therefore we can keep our costs to employers to an absolute minimum whilst still able to invest in future development to meet emerging industry needs. Our experience and track record has proven our ability to deliver and with strong relationships with our funders and regulators we are able to assure stability and quality. Our governance structure ensures that strategic decisions are taken in the interests of our stakeholders. Our customers are also our shareholders.

Transfer of learning

A defining feature of work place training is the transfer of learning. This is what separates Industry Training apart from other forms of Tertiary Education.

Our primary responsibility is to assess competence and as such Assessment is at the centre of our design, delivery and evaluation activities. Employers need to know that staff are able to perform job specific tasks, to job standards, on the job. The training methods to impart the knowledge may vary but the proof of competence does not and we are solely accountable for the quality of the assessment of that proof.

Assessment is the formal process for recognising the skills of our trainees. It is usually carried out in the workplace with guides and other material provided by Careerforce. Alongside assessment is the verification process which ensures that trainees transfer their learning into everyday practice as part of gaining their qualification.

Careerforce registered assessors can be workplace-based and assess trainees within their own organisation, or mobile and work at various workplaces independently. Assessors manage the marking process within the workplace, evaluating trainees against the criteria for each unit standard they are working towards. They monitor the progress of trainees towards achievement of a qualification and provide support and mentoring. Assessors are also responsible for providing information to the NZQA via Careerforce so that trainees can receive their official Record of Achievement.

Working alongside our assessors are workplace verifiers who perform the vital role of ensuring that trainee learning is transferred into practice. They observe trainees on the job and provide feedback on their performance to assessors, who then examine this evidence against the requirements of a qualification. Verification is important because it promotes good workplace practice. The aim of Careerforce training is ultimately to improve practice to enhance the lives of the clients our trainees serve.

Flexibility of delivery

The Industry Training model offers significant flexibility in the delivery of training for employers. Careerforce for example currently offers 5 different models to employers:

Employer led - The workplace provides the entire training infrastructure and has registered Careerforce assessors employed, and workplace observers/verifiers who see or hear evidence of competence as it occurs and is essentially self-sufficient in delivering the quality training outcomes. The employer manages the timing and the costs of training, and other than the Training Agreement, there is no contract with Careerforce.

Contract (full-service) - Careerforce arranges the assessment and/or learning support for some or all of the qualification. Careerforce contracts an individual(s) or organisation to provide the required services. The cost of these services is paid by the employer, or in the case of

an apprenticeship is included in the qualification fee. The contract manages outcomes, timing and costs.

Employer partnership - Two or more employers work together to deliver learning and assessment to all the employees across the partnership organisations. Careerforce is not involved in the relationship between the employers.

Sector expert partnership - Careerforce contracts an organisation, or individuals with the appropriate expertise, to deliver the learning and assessment.

Education provider partnership – Careerforce partners with private training establishments, polytechnics and wananga to provide learning and assessment services.

Industry training and ITO's deliberately match the supply and demand for skills

The Issues Paper suggests that the discrepancy between growing levels of tertiary education attainment without a significant productivity dividend may be attributed to a poor match between education and employer demand.

A unique strength of the existing industry training model is that it strongly matches skills to employer demand. Careerforce sees industry training and ITO's as a bridge or nexus between tertiary education and employers, therefore mitigating the risk of disconnect between stakeholder expectations and realities.

The following points demonstrate how in practice the industry training that Careerforce develops standards for, and facilitates, is highly relevant to a range of stakeholders, including employers, learners/trainees, government, consumers and communities.

a. Trainees are already employed

Industry trainees must already be employed or volunteering in the sector which they are training in, this means that:

- There is immediacy between what Careerforce facilitates and the impact on the way a person works.
- There is less financial impact for them in terms of loss of earnings and the cost of training is significantly less. For example the indicative fees to complete a New Zealand Certificate in Health and Wellbeing (Level 3) Health Assistance at an ITP (Ara Institute of Canterbury¹) is approximately \$2,500 - \$3,400, compared with the Careerforce qualification fee which is \$230.

¹ <http://www.ara.ac.nz/study-options/qualifications-and-courses/programmes/New-Zealand-Certificate-in-Health-and-Wellbeing-Level-3-with-Health-Assistance-Strand-or-Support-Work-Strand.xml>

b. The trainee must demonstrate skills, knowledge and experience

Assessment is usually carried out in the workplace and involves assessors and verifiers confirming that a transfer of learning has occurred:

- Assessors manage the marking process within the workplace, evaluating trainees against the criteria for each unit standard they are working towards. For more information on assessors see: <http://www.careerforce.org.nz/assessors/5580-2/>
- Verifiers are organic to the workplace so are able to observe trainees on the job and provide feedback on their performance to assessors

c. Qualifications are designed for industry with employer involvement in the process

As an ITO, Careerforce continually strives to ensure that we are matching our qualification content and training arrangements to the skill needs and workforce plans of our sector and employers. We maintain a strong focus on engaging with our relevant stakeholders to ensure continued alignment to current and future needs.

The Targeted Review of Qualifications² (TROQ) at levels 1-6 on New Zealand's ten-level qualifications framework is designed to ensure that New Zealand qualifications are useful and relevant to current and future learners, employers and other stakeholders.

The TROQ has provided Careerforce with the opportunity to work with stakeholders to review qualifications across the health, disability, social service and cleaning sectors. The process undertaken includes 900 stakeholders from 700 workplaces and involves working with employers and other relevant parties to not only review the existing qualifications, but to also identify gaps in the qualification suite for the current and emerging workforce. Specifically we asked employers what competencies they require to improve productivity, to improve profit or net contribution.

In addition we also meet specific employer demand by developing relevant modularised learning opportunities, for example, Open Minds, Open Doors is training for person-centred care when supporting a person with early stage dementia

d. Employers have a vested interest in industry training

ITO's are expected to receive cash contributions from the industries they represent. The value of this contribution is expected to be at least 20 percent of the total funding an ITO receives (depending on its mix of trainees and apprentices). Businesses may also contribute to the cost of training in other ways.

Careerforce is a limited liability company in which our members are referred to as 'shareholders'³. Shareholders have a say on our skill standards and qualifications, how we

² For more information on the TROQ see: <http://nzqualification.careerforce.org.nz/>

³ <http://www.careerforce.org.nz/about/governance/become-a-shareholder/>

support employees and trainees and our leadership role within the sectors we arrange training for.

We value industry involvement and our shareholding process is set up to encourage participation, not to make a profit. Any employer with trainees completing a Careerforce qualification can become a shareholder. Our shareholders are not liable for any debt incurred and do not receive dividend payments however shareholders with active trainees are eligible to receive entitlements based on qualification completion.

Improved productivity through meeting increasing future demand in quality healthcare

The Productivity Commission website⁴ explains that productivity is important as it increases the options a country has to be able to improve wellbeing. One of the factors cited as a contributor to improved wellbeing is quality healthcare.

The recently released Health Strategy⁵ and its supporting Roadmap of Actions⁶ outline the Government's priorities for health services over the next ten years. It emphasises the need for an integrated and cohesive system, particularly the importance of appropriate care and support in the home and community to support good health, and the need for a well trained workforce in achieving that.

The Workforce

Kaiāwhina is the over-arching term to describe non-regulated roles in the health and disability sector. The term does not replace the specific role titles, for example: healthcare assistant, orderly, mental health support worker.

Careerforce has been working in partnership with Health Workforce New Zealand (HWNZ) to facilitate and support a workforce action plan that focuses on the development of the health and disability Kaiāwhina workforce⁷.

At the last census (2013) there were 105,390 people employed in Careerforce's workforce coverage. This equates to 5.5 percent of the overall New Zealand workforce.

Additionally, Careerforce's workforce grew by 10 percent (9,230 people) between the 2006 and 2013 Censuses. Over the same period, the New Zealand workforce grew by just over one percent. As a result, Careerforce's share of New Zealand's overall workforce increased from 5.3 to 5.5 percent.

Of this, the non-regulated workforce consists of a wide range of occupations that are not regulated under the Health Practitioners Competence Assurance Act 2003. This does not imply

⁴ <http://www.productivity.govt.nz/about-us/why-is-productivity-important>

⁵ <https://www.health.govt.nz/system/files/documents/publications/new-zealand-health-strategy-future-direction-apr16.pdf>

⁶ <https://www.health.govt.nz/system/files/documents/publications/new-zealand-health-strategy-roadmap-of-actions-2016-apr16.pdf>

⁷ <http://www.workforceinaction.org.nz/>

a lack of professional standards. Professional bodies, and a range of other legislative controls, provide a suitable framework for this workforce.

At the last census in 2013, the non-regulated workforce – excluding corporate and administrative staff – was estimated at 62,910 people (or 3.3% of the New Zealand workforce).⁸ Health Workforce New Zealand (HWNZ) classifies this workforce under four groups: professionals, technicians, support workers and carers.⁹

The ‘professionals’ group includes health promotion officers, traditional Māori health practitioners, drug and alcohol counsellors, rehabilitation counsellors, other counsellors and welfare workers. This group makes up 15 percent of the non-regulated workforce.

‘Technicians’ represent 4 percent of the non-regulated workforce and include, for example, cardiac technicians and medical laboratory technicians.

‘Support workers’ are dental technicians, diversional therapists, kaiawhina hauora (Māori health assistants), community workers, disabilities services officers, family support workers and residential care officers. This group amounts to 15 percent of the non-regulated workforce.

Work areas for non-regulated roles include:

addiction	aged care	allied health
core health	dental support	intellectual, physical and sensory disability
health support	mental health	primary and secondary health care
public health	Whānau Ora	

‘Carers’ are the largest group within the total non-regulated workforce (66% – about 41,000 people).¹⁰ They include:

- aged or residential carers
- dental assistants
- hospital orderlies
- nursing support workers
- personal care assistants
- therapy aides
- child or youth residential care assistants

The residential care sector was the largest employer of the carer workforce in 2013.

⁸ BERL Economics. 2014. *Health and Disability Kaiāwhina Worker Workforce 2013 Profile*, for Careerforce. Wellington: Business and Economic Research Ltd.

⁹ Using the Australian and New Zealand Standard Classification of Occupations 2006.

¹⁰ BERL Economics. 2014. *Health and Disability Kaiāwhina Worker Workforce 2013 Profile*, for Careerforce. Wellington: Business and Economic Research Ltd.

Carers are a critical workforce for the care of people with disabilities. The 2006 Disability Survey found that about 90,000 children and 570,000 adults in New Zealand reported having a disability. Most of these people lived in the community, including the 5 percent who lived in residential facilities. In 2012/13, approximately one in four people aged 85 years and over lived in aged residential care; the remainder were living in their own homes.¹¹

While the current health system has been able to adapt until now, all indications are that it will not be sufficient to cope with the increasing older adult population. Workforce demand is expected to dramatically grow with the demand for carers and support workers rising as the population ages and the trend for care to move out of hospitals and closer to people's homes continues (Ministry of Health, 2014).

Demand - Integrated Care

For the average older person, the process of ageing is often associated with some decline in functional capacity. Chronic diseases disproportionately affect older adults and contribute to ongoing disability, diminished quality of life and increased demand and need for long-term health care (Goulding et al 2003¹²). These impairments may be physical (eg arthritic and rheumatic joints), sensory (eg a decline in eyesight and hearing), or related to cognitive functioning and loss of memory, the most serious of which are the dementias. Thus, as ageing progresses it is associated with a growing need for acute health care services, and ongoing chronic illness that sometimes necessitates long-term care.

As the population ages, community and home-based care are becoming increasingly important. The coordination of care for older people by inter-professional teams outside hospital settings will be necessary, and will become 'business as usual' for the relevant health practitioners.

'Integrated care' is a term that reflects a concern to improve patient experience and achieve greater efficiency and value from health delivery systems. Integrated care crosses the boundaries between primary, community, hospital and social care. The aim is to enable better coordinated and more continuous care, frequently for an ageing population which has increasing incidence of chronic disease.

Integrated care requires a well-functioning, appropriately trained, care and support workforce to enable people with more complex health needs to be cared for in their homes for longer therefore providing a productivity gain through the reduction in avoidable hospitalisations and increased length of ageing in place rather than institutional care. The productivity gains from integrated care models arise from the measurable reduction in avoidable hospitalisations and increased length of ageing in place rather than institutional care.

¹¹ Statistics New Zealand. 2007. *Disability Survey 2006*. Wellington: Statistics New Zealand.

¹² Goulding MR, Rogers ME, Smith SM. Public health and aging: Trends in aging—United States and worldwide. *JAMA*. 2003;289:1371–3.

This is perhaps best summed up by the Treasury in its 2014 briefing to the incoming Minister of Health:

“The role of the care and support workforce in the aged care and disability support sectors is important to the health sector’s capability to respond to the ageing population and the increasing prevalence of chronic disease. It is also important to the wider workforce because it allows other health workers such as nurses to concentrate on tasks that make better use of their training. A well-functioning, appropriately trained care and support workforce enables people with more complex health needs to be cared for in their homes for longer and facilitates earlier discharge from hospital, freeing up hospital beds with a positive impact on patient flows and efficiency.”

It should also be noted that the social services sector works with some of Aotearoa’s most vulnerable and disadvantaged people providing support and advocacy for them. A snapshot of the social service workforce shows that there are over 30,000 social service workers and only an estimated 2% of them have relevant qualifications. It is important to the future health and wellbeing of New Zealand that support workers in the social services sectors are skilled, qualified and providing quality support in our community.

Limitations with qualifications based funding

The current Industry Training funding model is largely predicated on the completion of full qualifications by new entrants to the tertiary education system. While this may seem logical in relation to new entrants, as this first qualification is invariably the means to obtaining employment, the rationale is far less clear for mid and late career workers, particularly those who already hold an entry-level qualification. The system does not support up-skilling and re-skilling and as such is a barrier to lifelong learning.

In circumstances where the completion of a qualification is not a prerequisite for any form of licence to practice, employers, and indeed employees, may not want qualifications, which for many don’t differentiate between the skills and knowledge held. What we know they do value however is training, and competence which arises from the transfer of knowledge. In these circumstances employers in particular value short targeted training which provides flexibility and relevancy, a just in time approach in which the value add of workplace training to productivity and the bottom line can be much more readily measured.

Historically Limited Credit Programmes (LCP’s) existed which were short programmes linked to national qualification programmes, and were created by the ITO’s to meet industry need. They did not all lead to attainment of national qualifications. Rather they consisted of collections of unit standards drawn from those available for national certificates. LCP’s were intended to provide small segments of training that is ‘just in time’.

The expectation of the government however was that LCP participation would lead into national certificate programmes. A study by the Ministry of Education in 2012 (Mahoney, 2012)¹³ concluded that LCP’s in industry training do not lead into nationally recognised qualifications. It

¹³ Mahoney, P. 2012. Limited Credit Programmes in Industry Training. Ministry of Education.

also concluded that the trend to place older trainees into LCP's following the economic downturn in 2009 reflected 'the need of ITO's to fill funded places when many young people had lost jobs in the downturn and hence were ineligible for industry training.'

It did however recognise that a factor in the growth of participation in LCP's was that they had fewer generic components and hence a greater focus on firms' immediate skills needs. It also found that the average credit loads for LCP's had declined up until 2012 as had the average NZQF level of LCP's suggesting a lower return for government expenditure.

The Ministry of Education report suggested that as a result of the 2009 global financial crisis, and the downturn in the labour market which affected younger people more than older people, that "ITO's may have responded to these changing dynamics by recruiting older, perhaps existing workers into existing training." The reality is that ITO's do not recruit workers into training - employers do.

The other important reality is that in our sector the dominant demographic is one of older, mainly female, and often second chance learners. The areas of aged care, disability, and social services cannot be considered low skilled work, with the growing demand for the Kaiāwhina workforce, the need for expanded LCP's may be what employers need from any future tertiary education model, and what the learners can/want to commit to.

In addition to LCP's there is arguably a need for smaller specialised qualifications comprising 20 to 30 credits. These specialised qualifications would provide the opportunity to deliver continuous professional development including advanced skill packages in areas like obesity or diabetes care.

Conclusion

The Industry Training model is an important and relevant element of the tertiary education system in New Zealand.

One of its defining features is that it is focused on the transfer of learning and the assessment of competence so that employers can be assured that employees are able to perform job specific tasks, to job standards, on the job. It is specifically designed to require trainees in the workplace to demonstrate the required skills, knowledge and experience.

A unique strength is the fact that it most strongly matches skills to employer demand with employers determining the competencies required for the job. In comparison to other tertiary education options it is also highly cost effective.

In the health and wellbeing sectors the ageing population is causing the demand for a well-functioning and appropriately trained care and support workforce to grow. The demands for integrated care models mean that the need for training will only continue to grow with associated productivity gains arising from the measurable reduction in avoidable hospitalisations and increased length of ageing in place rather than institutional care.

Meeting these demands is likely to require some additional flexibility in the current funding model to provide for less qualifications orientated delivery where this best meets the needs of employers.