

Annex 5: A strong network of provision for all regions

Description

1. This theme encompasses how to drive an effective national and regional network of provision to meet our ambitions for learners and industry.
2. An effective network would feature significant collaboration, focussed on the most effective pathways for learners and employers - so the right skills are available at the right time, while the broad base of skills within regions improves to support overall regional and industry economic development. The overall quality and credibility of the network gets a significant boost from specialisation, so that capabilities that are comparatively rare can come together to generate scale. An effective national and regional network must be underpinned by a sustainable funding model that nevertheless provides signals about the outcomes the system should be producing.
3. Strong regional networks of provision are anchored by a viable and efficient provider network and effective industry training organisations. Institutes of Technology and Polytechnics (ITPs) are an important part of this because as public providers they can ensure there is a baseline level of provision in the network, although fully effective networks would feature choice for students and employers.
4. The ITP Roadmap 2020 project led by the Tertiary Education Commission (TEC) is looking at how the ITP sector can become more consistently modern and efficient, and act collectively as a system including sharing services where it makes sense to do so. The work on strong regional networks of provision as part of the vocational education and training (VET) system review and the ITP Roadmap 2020 project have strong connections, because of the need to understand the outcomes the network should be producing and the context for any funding system changes.

Summary of Stakeholder views

5. Discussions with providers, industry training organisations (ITOs), staff and students and employers identified examples of good collaboration between providers and ITOs. However, some stakeholders were of the view that providers were not offering what they wanted, and were less interested in working with employers or students who were not in the market for full qualifications or full-time study. The discussions also identified examples of flexible delivery in smaller centres.
6. Providers commented that the funding and performance system tended to incentivise longer programmes and not incentivise responsiveness, e.g. via night classes or other arrangements that fit around the working day. It also created incentives for one organisation to seek to manage all the training of a student, rather than encouraging students to dip in and out or swap between providers or providers and ITOs. Employers noted that for similar reasons providers could over-train, e.g. by offering degree-level study when diploma-level was considered sufficient. Providers also commented that the current volume or enrolment based funding system is not sustainable across the whole of the business cycle.
7. Some learners commented that they value access to local delivery, including programmes such as Youth Guarantee and Maori and Pasifika Trades Training. Learners also expressed a desire to access more higher-level study locally.

Approaches in other countries

8. Most **Australian** jurisdictions have some form of regional loading to help technical and further education providers (TAFEs) to manage thin markets outside of the main centres, along with obligations to provide programmes to regional communities. Some of the TAFEs thought the funding was insufficient to fully make provision in such markets viable. In Victoria, the state Government has needed to top up the funding of some TAFEs for several years to maintain provision.
9. There are examples of how regional delivery can manage in thin markets and/or provide community assets. South West TAFE in Victoria has worked with Optis and Cisco on a delivery model that aggregates very small classrooms by using bespoke distance learning products and a teacher who roves between delivery sites over the length of the course.
10. New South Wales' approach to shared services via the one-TAFE model seeks to both reduce unnecessary overheads, making provision in regions more viable, and provides a high-quality focus to improve perceptions of VET. Some community colleges in the California system, and universities in North Illinois, utilise school facilities, retail spaces and even vacant commercial space to deliver in areas without good coverage, at reasonable cost.
11. Some research in **Canada** suggests that investing in dual use facilities in regional centres can provide assets for firms to experiment with their training and business processes during times that the facilities are not used by the provider. This can increase engagement between business and the providers as well as improve the utilisation of facilities and the capability of local firms.
12. Collaboration is generally triggered by interdependence – where both parties need each other to achieve their mission. Interdependence is difficult to build into mainstream funding arrangements, and so collaboration is often procured separately. Systems such as **Europe** have specific funding for “smart specialisation” hubs or centres of innovation that are placed in regional areas (e.g. central Bulgaria) as part of regional development plans.

Profile and trends

13. Most of New Zealand's regions have some, and many have significant, choices of tertiary VET provision, particularly when industry training is included. On the provider side, however, some regions, such as the West Coast and Bay of Plenty, are significantly dominated by their local ITP. There is regional variation in the mix of provision (with higher participation in education and training providers in larger cities, and higher participation in industry training in the regions). Participation in education providers is higher in regions with higher unemployment rates.
14. Most regions' VET delivery can be broadly understood in the context of the industry, occupation and employment profile of the region. Comparisons are difficult due to the interaction of existing, already trained labour, occupations for which employees hold degrees (and so do not appear in the VET database) and other factors. That delivery appears rational should not be surprising, because TEC funding processes, New Zealand Qualifications Authority (NZQA) External Evaluation and Review (EER)

criteria, and the missions of providers and ITOs should generally produce this result with the current funding settings².

15. A review of a sample of ITPs' investment plans shows that the major vocational education providers all understand and have plans to address a range of needs in their regions (and nationally – few ITPs confine delivery to their historical catchment area), including provision ranging from foundation-level to diploma and degrees, and across a range of industry fields.
16. All the sampled plans show significant engagement with industry and community stakeholders, with only one suggesting explicitly that their understanding of local need is developmental. Even in this case (Northland Polytechnic), NZQA's EER assessment for whether their programmes and activities match the needs of local stakeholders is "good". Aside from two ITPs under significant financial strain, EER assessments are either "good" or "excellent" for all the ITPs under this criterion.
17. The efficiency of the system has improved substantially over the past decade, in terms of completion rates.

Challenges

We are not clear about what we expect to be delivered, and sometimes financial incentives encourage providers to develop provision they can provide viably rather than deliver on explicit strategies to meet what industry needs

18. While providers appear to be engaging at an industry level, and with some firms, to understand and respond to their skill needs, it is not clear that the provision being delivered meets the needs of students and employers at a deeper level. There is a disconnect between the tertiary products on offer, which remain focussed on the attainment of a broad range of skills, and what employers and students want to move into employment, which can be something smaller. This is perceived to be driven by the funding system restricting what tertiary education providers can offer.
19. From a provider, funder and industry point of view, short programmes in isolation may be enough for students to enter into many occupations, but without further follow up to broaden these skills they may not succeed once they are in work or have traction in the labour market. However, when focussing on substantive initial learning, providers may be delivering programmes with the skill sets industry has identified, but in a way that fails to meet the needs of many individual firms, because it most clearly generates revenue from the funding system to deliver this way. When the opportunity is for students to move into work (e.g. for the first time), and employers are seeking a fast response of employable people, the system might deliver an initial short burst of provision to quickly match the labour market demand, with deliberate follow up and re-engagement to deliver broad skills and credentials over time.
20. In reality, the funding system does not require all learning in a programme to happen at once at the start, but the incentives are likely to lead to this being more common. Providers have incentives to keep students enrolled over more than one year (to generate multiple years of funding from each student), and the way completion rates are measured also incentivises providers to retain students (to avoid non-completions impacting provider performance indicators).

² Regions where delivery and profile appear to diverge could be explained either by delivery that isn't in the VET database e.g. accommodation is a larger industry in Otago than appears in hospitality training, but the student accommodation market in Dunedin may be distorting the picture.

21. Feedback from the information gathering phase indicates that providers find it hard to follow their learners to complete qualifications in employment. The issue may therefore be a lack of a strong mechanism through which providers can contribute to students completing qualifications over time – either by delivering further provision to students in the workplace, or in ways that align with the needs of employers and employees such as evenings or mornings, or being rewarded for participation in a successful pathway where students complete via another provider or an ITO.
22. There is a lack of clarity about the extent to which providers are expected to deliver to the employed and the boundary between provider and ITO led provision. Previous strategic policy goals, including a greater focus on full-time students who are younger, may also factor into this move away from flexible VET arrangements.
23. Issues of unclear pathways and churn within foundation education programmes may also be driven by the same issues, along with a lack of clarity about the quality and outcomes we expect from these programmes. The competitive funding allocation system for foundation education is likely to have encouraged providers to tailor this delivery according to the price they judge the government would accept rather than for quality delivery which requires pedagogical capability and pastoral support. In turn this may have undermined the ability of providers to prepare students for VET.

The funding system does not consistently support quality, well connected VET delivery over time

24. Providers (specifically ITPs) tell us that key VET provision in regions is often loss-leading in a counter-cyclical downturn – and sometimes at all points in the cycle. This is driven by scale issues in places where the market is thin (class sizes are too small to generate enough income to match the cost of delivery). This means providers need to either offer the delivery at a loss, which makes it vulnerable if the institution as a whole is under pressure, or innovate to deliver more flexibly or at lower cost (with unpredictable results in terms of access and/or quality).
25. While we may get more evidence about this from the work with the sector being led by the TEC's ITP Roadmap 2020 project, it makes intuitive sense within current settings and sector structure and practices. VET providers in Australia experience similar issues in rural delivery sites.
26. This is exacerbated by a one-size fits all funding formula, originally designed in the early 1990s, which works well for providers that can use courses with high economies of scale (e.g. first year lectures) to cross subsidise areas of their business with less scale. This does not work well for VET because there are fewer opportunities to teach VET at scale or for VET providers to generate economies of scale. The funding system is based on a shadow costing system allowing providers to cross-subsidise as necessary to manage local costs of delivery, as it is not practical to tailor tertiary education prices to each provider's individual circumstances.

Perceptions of the value of VET may be distorting demand for skills

27. The TEC provided you with a report on what we know about the perceptions of VET on 15 June [B/18/00388 refers]. You have commissioned market research into the language we use to describe VET, which will be valuable for further work on perceptions of the system.
28. There is some evidence for skill shortages influenced by possible mismatches between the economic opportunities in regions and what students decide to study. However, this is a complex area. Some skills issues could be addressed through better pay and

conditions of employment, but regional industries also discuss how to stop the loss of people to internal migration, some of which is likely to be driven by students attending university in the main centres.

29. In cities, many students who might otherwise study more advanced VET instead attend universities, which are viewed, correctly or incorrectly, as more reliable ways to pathway into employment and as of better quality.
30. Although we should expect many school leavers to attend universities away from their home region as they always have, this number may be higher than it would without:
 - a. a lack of parity of esteem between vocational education and higher education. Were VET (at all levels) to be a an option that school leavers of all abilities consider alongside more academic tertiary education, the mix of student decisions would be likely to change.
 - b. inconsistent skills co-ordination (including its reach into schools and across the region, and through the available set of industries), which can rely on happenstance or driven individuals at the local level.
 - c. quality and design of pathways for VET are uneven and at times the pathways themselves are unclear. Students generally understand the university pathway better, and have more confidence in its quality. The reality is that some VET outcomes are comparable with or better than outcomes from academic study.
 - d. powerful/ recognised specialisation, which is currently rare. A concentration of VET capability in a visible format, for example through centres of vocational excellence, could attract students as a reputation for excellence gets established.

Potential directions of travel

We should consider options to clarify the attributes we expect of VET, how organisations and systems relate to one another, and what a strong system should be producing

31. There are three aspects to increased clarity of roles:
 - a. the sort of organisations we want in the system (agile, responsive, innovative etc.)
 - b. the extent to which the boundaries within the system should be managed through policy or defined by student and employer choice (i.e. where should the system sit on the spectrum of planned through to market-led)
 - c. minimum expectations of delivery (e.g. to ensure that core provision is available in communities).
32. We want a highly performing and innovative sector that can contribute strongly to regional and urban economic development. The sector already delivers some of this, but we have reason to think that they could do it more consistently with better aligned funding signals for VET. The broad choices for this are discussed in the next section.
33. To ensure the system produces specific minimum delivery, and to manage boundaries, we would need to consider the following sorts of options:
 - a. use of the funding system to signal what is important by ensuring it can be delivered viably, then rely on providers to follow the incentives this creates. For example provision to meet regional needs would be funded at a level and in a way that a well-run provider can meet demand from students and employers viably and without distortion. How this plays out in the region would depend on the interaction between supply and demand (including providing for fair

competition for delivery to people in employment, and between public and private providers). Or

- b. place requirements on the providers to deliver a specific mix of provision in a region or other catchment area: for example, particular types of good quality provision, provision that should always be available within a certain distance, and planned roles for provision of on and off job VET – with funding design to support the arrangements decided. Or
- c. a combination – for example, that providers and ITOs are incentivised to deliver choice to employers and employees regarding their specific skill needs, but that (for example) foundation and general education, and locally important VET, are available within a certain distance of most learners.

34. For each of these options, we need to:

- a. **consult on a framework** which would either define the delivery we expect to be available within region, within a regional grouping, or where it would be hosted in a limited number of places, or against which the success of the system could be measured (and adjustments made in the future if necessary)
- b. **review pricing** of provision that the consultation identifies as being most important so it can be delivered at a return.

We should consider funding system changes to support sustainable, quality, well-connected VET – designed in the context of ITP reforms

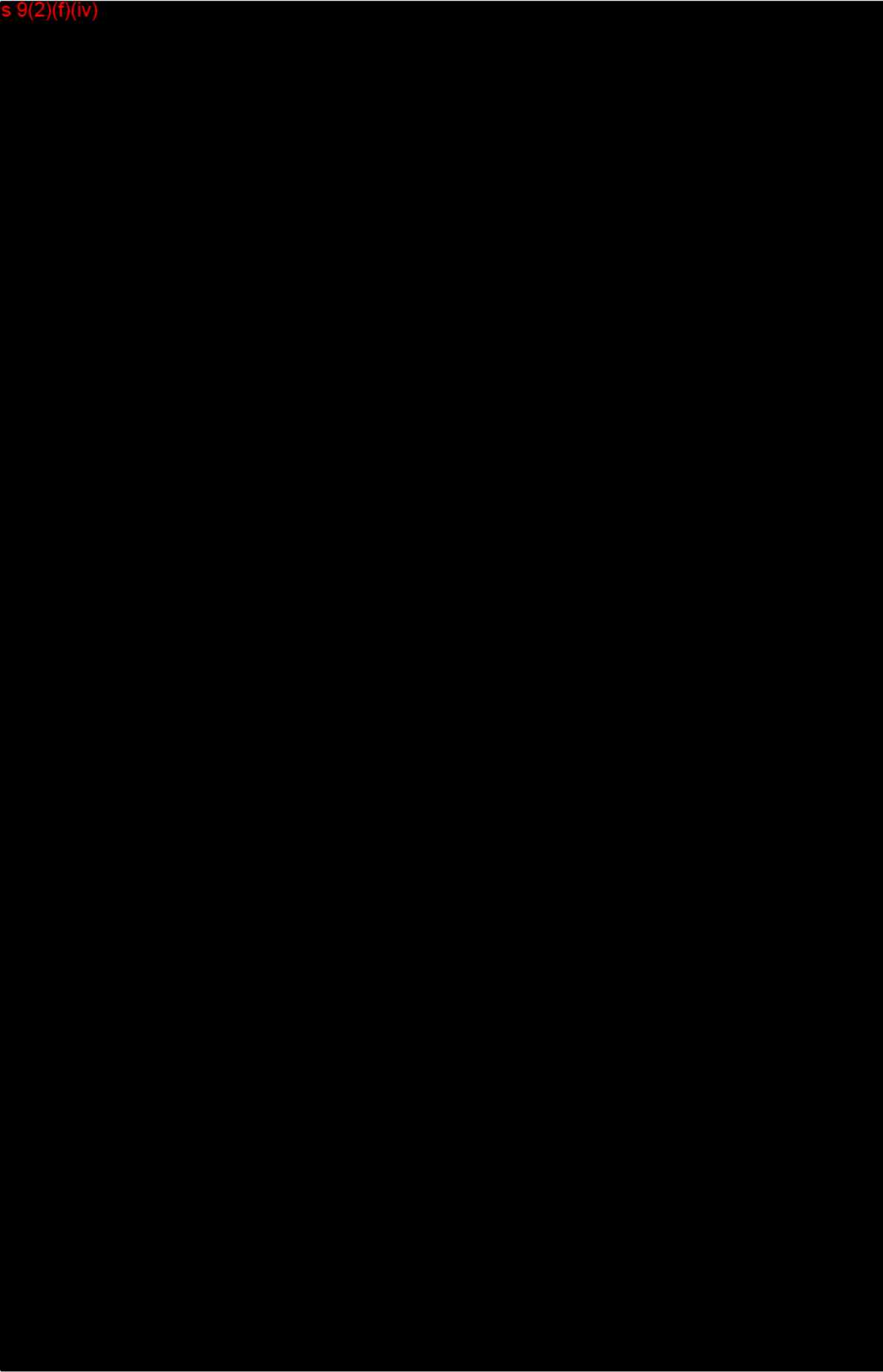
The system should support the Government's goals for quality VET to be accessible to people in regions

- 35. Our ambition is to get providers to be more responsive to learners and employers, and to follow learners over time through to skills and credentials that provide a public return and resilience in the labour market. Funding system design needs to signal these goals by allowing providers to make a margin on provision that does this.
- 36. The government has signalled that regions will have high quality VET provision available to them. Where VET delivery is unable to generate sufficient scale to be viable, we should consider options to make providers' income from delivering its provision more stable, to create resilience across the business cycle. The need to do this is subject to further information on the business models in the sector that may be generated from the ITP Roadmap 2020 work.

Options for change interact with the ITP Roadmap 2020 and perceptions of VET

- 37. The extent to which wider funding reform is needed, and the form it should take, also depends on the extent to which sector structural reforms will improve the ability of providers to create scale, specialisation and efficiencies (for example through shared services). Options for sector change could create spillover benefits that support options for an improved VET system. For example, if options to rationalise common services across the sector free up teacher time, teachers would have more time to create links with individual employers (which is a time-intensive activity). If this becomes widespread, it will improve responsiveness and relevance.
- 38. The problem of maintaining scale may also be lessened over time should the perceptions of VET improve, potentially creating more demand for VET programmes than providers are currently experiencing. Design work would need to consider the risks such a system would present for when the business cycle changes and demand rises again.

s 9(2)(f)(iv)



s 9(2)(f)(iv)



Strong regional networks of provision: Table of key options

Change to consider	Choices to be made (subject to further advice)	Dependencies/ links	Sequencing
s 9(2)(f)(iv)			
Providers following students into work more (e.g. provider/ workplace delivery blend)	<ul style="list-style-type: none"> Developing incentives or obligations on employers and students to complete broader training 	<ul style="list-style-type: none"> Clarity over provider role in skills development of people in work Improvements to perceptions of VET CoVEs Consideration of detailed funding incentives e.g. operation of the performance system, price for blended provision 	<ul style="list-style-type: none"> Clarity of roles to be consulted early Ongoing following clarity of expectations and improvements in perceptions Funding incentive design changes most likely from 2020
s 9(2)(f)(iv)			
Reset of reputation of VET and foundation education provision	<ul style="list-style-type: none"> Scope of ambition Best vehicle 	<ul style="list-style-type: none"> Could drive improvement in mix of student decisions 	<ul style="list-style-type: none"> System improvements made before significant effort to reset the reputation of VET and foundation education provision or higher risk of failure

Annex 6: Work-based learning that adapts to a variety of needs

Description

- 1 Work-based learning is central to the delivery of vocational education and training (VET). Work-based learning includes industry training, but also those parts of Student Achievement Component-funded (SAC) provision delivered in partnership with employers. If we are to achieve our ambitions for learners (i.e. prioritising learner outcomes, equity, and tailored support) and industry (i.e. offering industries that work collectively for their long-term benefit a flexible system that meets their diverse needs), then this will require industry training organisations (ITOs) and education providers to work in partnership to meet regional and national needs.
- 2 **Relevant learning requires industry and provider collaboration** – In order to realise our ambition for greater responsiveness to industry, industry needs to lead on the identification of skills needs. But we also need educators to lead on the best ways to develop those skills. Industry should be more visibly connected with education and training provision (including schooling) and facilitate workplace learning for both industry trainees and providers. Blended learning, a feature of other high performance VET systems, brings together provider learning and workplace learning at the same time.
- 3 **Industry needs to be better served by training options** – We talked to several employers and employer groups who wanted to change how training was delivered in their business, but were not able to access alternatives. They would appreciate offers that better tailor options to their particular needs.
- 4 The **primary challenge**, therefore, is to improve partnerships between tertiary education organisations (TEOs), and between TEOs and industry, to achieve the best mix of learning options for both learners and employers.
- 5 The quality of vocational pathways (particularly for young people) and the integration of workplace learning and other tertiary education opportunities within NCEA will be examined in the NCEA Review. Similarly, enhancing careers information and guidance to learners, displaced workers and other adults will be considered by TEC and the Ministry of Education in their work on careers information systems.

Summary of stakeholder views

- 6 Many of the ideas we heard were related to **blended learning** (where a mix of provider-based, work-based learning and e-learning are combined). There is agreement that learning in a workplace is a key part of VET. Provider-based programmes seek to offer this, mainly through work placements, but where this is not possible, through simulation. We also heard from some employers and ITOs, and from providers, that learners benefit from the additional pedagogical support and pastoral care offered by an educational expert.
- 7 But, blended learning is under-used in our system. Provider-based programmes often have limited hours in a workplace and may not use that time effectively as part of the educational process. Also, ITO-arranged programmes do not always draw on educational expertise. The reasons for this are varied, but include employer preference, and some funding and policy incentives. For example, for providers, the focus on completions and progression limits the focus on supporting learners into employment (as it counts against the provider if a learner moves to employment without completing their qualification).

- 8 We also heard about the need for **greater choice of learning options**. We talked to several employers and employer groups who wanted to change how training was delivered in their business, but were not able to access alternatives. They were not focussed on whether a provider or an ITO was arranging the training; rather, they were concerned about being offered choice over delivery methods (e.g. having a tutor available to manage workplace assessments).
- 9 The **need to improve support for trainees** was frequently discussed. Some employers found it difficult to provide on-job training and supervision. Group Employment and Training Schemes (GETS) have a role to play here. One noted, "Pastoral care is the biggest thing for student success, including those in work-based learning. A fair few number of students wouldn't make it without this support". One provider commented, "There is massive variability in the workplace. Some apprentices get very little supervision and take longer to complete. Others get great supervision". Providers felt that support for employers was often inadequate and some expressed concern about the quality of some on-job assessment.
- 10 There was a recognition that improving information on the **quality of the overall system** at regional and national levels was needed. Employers were concerned to understand the differences between provider and ITO offerings. ITOs were critical of some pre-trades programmes suggesting learners were not well prepared for entering the workforce or further training.
- 11 Many stakeholders were critical of the Targeted Review of Qualifications (TROQ), but for quite different reasons. Providers complained that changes to qualifications or programmes of study took too long or the qualification was not relevant to their region. ITOs commented that the level of standardisation of pre-trades programmes in providers had fallen following TROQ, and qualifications were, as a result, less transferable.
- 12 Several stakeholders noted the need to **improve dialogue and relationships** through partnerships between industry and providers. The lack of partnerships to address the needs of learners, in association with blended learning, resulted in a lack of coherent pathways for learners, and learners taking too long to settle into employment. While there were good examples of collaboration between some ITOs and some providers, incentives did not work actively to encourage collaborative behaviour and often worked against collaboration.

Current profile and trends

- 13 New Zealand has seen a reduction in the number of learners participating in VET over the last 10 years, but an increase in the number of learners graduating with a VET qualification.
- 14 There is regional variation in the mix of provision (with higher participation in education providers in larger cities). Participation in education providers is higher in regions with higher unemployment rates. Of the learners currently engaged in VET overall, 58% are in industry training (44% of full time equivalent learners), 26% in ITPs (31% of full time equivalent learners), 13% in PTEs (16% of full time equivalent learners), and 5% in wānanga (9% of full time equivalent learners).
- 15 Our impression is that ITOs have significantly reduced the extent of procurement of training from education providers over the last 25 years, while education providers have somewhat less workplace learning opportunities for their learners. Regrettably there is no hard data to support this conclusion as these arrangements are not

systematically measured. The result is more of a binary system where the fertile middle ground of blended learning has largely disappeared. As a result, there are fewer opportunities to maintain contact between the parties.

- 16 New Zealand has a highly flexible labour market (OECD, 2009), a high labour-force participation rate (currently fourth in the OECD), high level of accessibility to VET across ages and regions, and relatively high subsidy levels by OECD standards (at around 70% of costs). Learners, however, take longer in journeying along the vocational pathway, and are typically older than in many other countries before settling in to a career (as illustrated by the average starting age for apprenticeships, and the flows of degree holders into apprenticeships).
- 17 While labour-market outcomes for VET are generally good, the OECD PIACC survey shows that New Zealand employees tend to be over-qualified and over-skilled in relation to the actual skills required on the job (in fact New Zealand is an extreme outlier). Employees also have fields of study that poorly align with workplace skill requirements. This data needs to be viewed cautiously as it is subjectively provided by survey participants, but it is supported by other evidence (e.g. the number of adults with degrees engaging in apprenticeships).
- 18 Conversely, there are fewer under-qualified or under-skilled employees than in most OECD countries. This pattern has, however, not translated into higher levels of labour productivity. It is likely that a combination of the smaller scale of New Zealand businesses, limited opportunities to seek promotion, and weak management skills, lies at the heart of our outlier status around skills utilisation and the poor match between skills acquired and skills in use. Initial evidence from IDI data suggests that provider qualifications do not result in the same level of labour-market earnings as qualifications gained in the workplace.

Approaches to workplace learning in other countries

- 19 The OECD has undertaken a number of country reviews of VET systems and apprenticeship programmes. The OECD notes that in more flexible systems, VET esteem issues present as a bigger concern and pathways into employment take longer. The OECD favours system-level evaluation, blended learning opportunities, and a stronger focus on youth pathways.
- 20 Scotland has recently identified the following as priorities:
 - a. **centralising information** for learners
 - b. **improving vocational pathways** for learners
 - c. **improving performance data** to include outputs and outcomes.
- 21 These points of focus align with issues identified by New Zealand stakeholders including the need to focus more on **support for learners, blended learning opportunities, improving information and expanding the dialogue between actors**. It would be fair to say that Scotland has been more focussed on improving coherence and choice for learners rather than on giving more voice to employers and improving their choice sets.
- 22 The United Kingdom has considerably broadened its workplace learning base, but take up has been largely in the government and general business administration sectors. The UK has also recently introduced degree apprenticeships. It is difficult to see how the constantly changing landscape and complexity of initiatives in the United Kingdom could apply to New Zealand.

- 23 Singapore has clearly become more focussed on **engaging employers in the VET system** to leverage economic goals, rather than emphasising pathways for learners. Engaging employers at a national and regional level in New Zealand could drive greater dialogue between employers, industry representatives (including ITOs) and training providers.
- 24 There appears to be growing support for **dual pathways** amongst some of New Zealand's larger employers (separate vocational and academic pathways within compulsory education). Workplace learning in most systems is aimed at apprenticeship training at secondary schools and in Switzerland, for example, employers recruit employees directly from school from age 15, leading to faster absorption of youth into the labour market (youth unemployment is significantly lower than New Zealand, although we are amongst the low youth unemployment group in the OECD). Apprentices attend vocational secondary schools on a part-time basis. The choice of school is determined by the employer. At least half of the young employee's time is spent in employment where hours of work result in wages. New Zealand employers may be attracted to the idea of recruiting labour earlier (in a tight labour market) and in their ability to exert greater influence over learning environments.
- 25 Many aspects of the Swiss system could be applied in New Zealand, including **shortening the journey time** between secondary school, tertiary education and employment, **improving influence and engagement of employers in the education system** (at secondary and tertiary levels) and **blending provider-based learning and workplace learning**.

Potential directions of travel

Addressing skills mismatch through enhanced information

- 26 At the heart of the issues within the VET sector is the skills mismatch between the skills acquired from the education and training system, and the requirements of employees on the job. This mismatch is amplified by a lack of information on the quality of the overall system, and poor information and advice available to learners in choosing study and career options.
- 27 NZQA is well placed to prepare summative evaluations of the VET system at a regional and national level, drawing on their External Evaluation and Review (EER) reports of providers and ITOs. This would expose the coherency of pathways and quality of provision at both the regional and national level (by industry cluster or vocational pathway). New regional and national mechanisms to ensure consistent investment planning would help to ensure coherent pathways and quality provision. Plans should be tightly coupled with labour-market initiatives and involve shared leadership across MBIE, TEC and ITOs.
- 28 TEC is currently reviewing the way in which careers information and advice is made available. The focus will be on increasing personalisation, supporting informed decisions around education and training options and providing information on a range of pathways aligned to skill requirements sought by employers. It will also recognise the need for greater upskilling across our lifetime. The direction of change is consistent with reducing skills mismatch and is aligned with work in the schooling sector (Careers Action Plan).

Supporting learners in work-based learning

- 29 An industry focus on productivity enhancement and growth requires **all learners to be supported**. Some ITOs have responded to the foundation learning needs of learners,

but a broader range of needs, including cultural, pastoral and learning disabilities, should be better incorporated into learner support systems. Displaced employees are currently not well supported with careers advice, recognition of prior learning, and retraining options. Support for learners should feature in EER reports. Expansion of mechanisms (such as Group Employment and Training Schemes) that provide more structured support for learners would be desirable.

Providing a better blend of provider-based and work-based learning

- 30 A better blend of provider-based and workplace learning is required. Learners benefit from both exposure to labour markets and to rigorous structured learning. Within this blend, e-learning tools can provide learners with access to right-timed information and provide a link between on- and off-job modes in monitoring learner progress. Mixed modes also tends to reduce the time that learners take to find employment and at the same time has the potential to reduce the extremes of cyclical expansion and contraction of provider enrolments.
- 31 Blended provision could be achieved through training pathways that start before learners are in employment (either for a significant amount of training if the labour market is weak, or through a more streamlined approach where there is a strong labour market). Learning could then be picked up and added to at various points as required. Such an approach could better support adults changing their career mid-stream, those displaced from their job, or those changing occupations. It is important, however, that ITOs provide adequate oversight of all workplace learning and that learners in workplaces have quality learning experiences, not limited to recognition of prior learning (RPL). In this regard, we support TEC's intent to take a closer look at the value ITOs are adding to workplace training.
- 32 The settings that control the mix of learning opportunities are bedded deep in the VET system. They have been a point of tension ever since the current arrangements were introduced in 1992, but any significant change runs the risk of disrupting effective as well as ineffective delivery. Therefore, we propose that you consult on two broad approaches to encouraging more blended learning.

Option One: Improving the fairness of the system

- 33 This option would maintain the current roles within the system, and the separate funding systems for industry training and provider-based training. But it would level the playing field by creating more equivalent rules, for example:
- a. bringing the apprenticeship funding rate closer to the SAC rates for managed apprenticeships
 - b. equalising the rules for student fees and access to loans to pay for them and requiring the same level of employer contribution
 - c. reviewing training arrangements that are delivered entirely within work, to understand how often they are used and their effectiveness.

Option Two: System reset to focus on blended learning

- 34 This option would involve creating a new funding and regulatory system to support ITOs and providers working together to deliver learning. s 9(2)(f)(iv)

s 9(2)(f)(iv)

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s 9(2)(g)(i)

Other related issues

- 37 Officials support further experimentation with degree apprenticeships and the development of coherent micro-credentials with funding support (and the flexibility that this creates for learners to dip in and out of learning). However, we would not support greater fragmentation and the development of new low skills equilibrium occupations. Changes to system settings that enhance vocational learning could also be used to raise the value placed on the system. Rebranding and re-messaging of the value of VET could feature alongside wider system change. You recently received advice on this matter and asked that market research identify any changes in the way in which VET should be presented. TEC is currently scoping options for undertaking market research on the terms used to describe VET.

Work-based learning that adapts to a variety of needs: Table of key options

Change to consider	Choices to be made	Dependencies/Links	Sequencing
Addressing skills mismatches: Better information on system quality (NZQA), regional investment planning facilitated by MBIE, TEC & ITOs and careers information and advice	<ul style="list-style-type: none"> Facilitating dialogue at regional level to inform investment planning, training pathways development and enhanced provision that meets regional skills needs has to be sorted first. The information needs of these fora will then drive requirements for information sourced from MBIE and NZQA. However, improved system level information on quality of pathways and provision at regional level could already be used by ITOs to make better decisions on provider quality. 	<ul style="list-style-type: none"> Decisions to enhance information on education system quality should be timed to be available in advance of any support for better dialogue between industry and education sectors. MBIE is leading analysis in support of Future of Work. Just Transitions and Fair Pay initiatives and improved system information will be shaped as much by these initiatives as VET reforms. Work to improve careers information and advice is already under way and connections 	<ul style="list-style-type: none"> Information could begin to be provided within 12 months. Facilitation would likely be a key function for SWEP and ITOs and could be modelled next year in one or more regions.
Better support for work-based learners: A broader range of needs, including cultural, pastoral, foundation learning and learning disabilities, need to be incorporated into learner support systems	<ul style="list-style-type: none"> The exact mix of learner support systems first requires a review of funding incentives on TEOs. 	<ul style="list-style-type: none"> How to best support learners to achieve employment and a fulfilling career needs to be reviewed across the range of tertiary education provision more generally. 	s 9(2)(f)(iv)
EITHER a) Improving fairness of the system: Provide more equalised support for both provider-based learning and work-based learning and address other differences (e.g. possibly require industry contribution for managed apprenticeships)	s 9(2)(g)(i)	s 9(2)(f)(iv)	<ul style="list-style-type: none"> Could begin to be implemented from 2021 academic year.
OR b) Redefine the role of ITOs and provide differential funding rates to encourage blended learning: ITOs focus on standards-setting, skills leadership and brokerage Providers focus on both off-job and work-based provision (with specialisation likely) and are encouraged to increasingly focus on their contribution to blended learning with funding incentives to achieve this	<ul style="list-style-type: none"> Reworking core roles of ITOs and education providers will require wider buy in and support from colleagues, stakeholders and the public. There will be a range of sub-options here that could significantly reshape the sector, through to minor changes to role boundaries. 	<ul style="list-style-type: none"> Funding and reworking system roles are inherently linked under this option. Changes would need to be aligned to the wider labour market, and regional economic development frameworks, and would need to align with the direction of change proposed under the ITP Roadmap 2020. 	<ul style="list-style-type: none"> Could begin to be implemented from 2021 academic year.