

Industry training review

Discussion Paper

Key roles in industry training systems

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Purpose and context of report

1. This report is one of a series being produced by the Ministry of Education for the review of industry training. The aim of the review is to consider the extent to which the system delivers the skills needed to maximise the productive potential of New Zealand industries, and the employment and earnings of people in the workforce.
2. This report:
 - sets out the reasons for which businesses, individuals and Government invest in industry training,
 - explains the various roles involved in the industry training system, and the different ways in which these can be allocated,
 - seeks feedback from stakeholders on what is working well with the current system, as well as areas of concern and suggestions for improvement.

This feedback will inform the development of potential options for change, to ensure the system meets the objectives of industry training.
3. This report should be read in conjunction with the earlier report on the history of industry training, which describes the nature and scope of the current system.

How to provide feedback

4. You can provide feedback on the topics in this document by emailing tertiary.strategy@minedu.govt.nz before 19 December 2011. We are happy to receive feedback in the format of an email, or you could use the feedback template (a word document with the topic headings and the questions) that is available on our website.

Rationale for investment in industry training

5. Industry training is systematic work-based training that leads to national qualifications. New Zealand's industry training system encompasses initial vocational training (apprenticeships), foundation education, education to achieve occupational registration, as well as continuing vocational education and training for employees.
6. Employers, trainees and Government have differing motivations for investing in training.

Employers

7. Employers are an essential part of the industry training system, as trainees need to be employed to access industry training. Investment in staff training has a range of potential benefits for employers, including: improved productivity, greater staff loyalty and lower staff turnover,¹ improved job satisfaction and increased customer trust.
8. However, individual firms may choose to prioritise training that is specific to the business, and may be less likely to invest in general skills.² This is particularly likely for small businesses, which are less able to structure career advancement opportunities that allow the firm to retain staff and capture the benefits of the transferable skills from training.
9. In addition, individual businesses will not always seek to certify the skills that existing employees have gained on the job, as they already know the capabilities and competencies of current employees. Employers also tend not to invest in training for employees with no or low qualifications.³
10. The relationship between longer term productivity improvements and broad-based training leading to whole qualifications is hard to measure at the level of the firm. This may further encourage employers to focus on firm-specific, narrow training.

Trainees

11. An individual's investment of time or money in industry training can lead to higher earnings,⁴ better promotion prospects, and associated benefits such as improved confidence and self-esteem. Qualifications provide evidence of what a person can do, and enable workers to move more easily within the labour market. Qualifications that encompass general and transferable skills enable workers to adapt their skills to changing circumstances.
12. However, employees may not invest in education to gain general skills because the benefits to the individual are not obvious, or because they lack the time and financial

¹ Hoeckel, K, *Costs and Benefits in Vocational Education and Training* OECD (2008), p11.

² The human capital theory advanced by Gary Becker argues that, if the market operates with perfect competition, the productivity benefits of general skills are fully captured by employees through higher wages and therefore the individual will invest in this type of training. However, market imperfections mean that employers do invest in some general training and that employees may not invest in training even when the benefits mainly accrue to the individual.

³ A 2008 survey found that overall 31% of New Zealand employees received employer-funded training in the previous year, but the rate varied by qualification level: 17% of employees with no qualifications received employer-funded training, compared with 49% of employees with postgraduate qualifications. Department of Labour (2010), *Employer-funded education and training – who receives it?*

⁴ In New Zealand, industry training qualifications at level 3 and above result in increased earnings, while those at levels 1 and 2 do not increase earnings. Crichton, S. (2009) *Does workplace-based industry training improve earnings?*, Statistics NZ.

resources. The opportunity costs of provider-based education are likely to be a barrier that prevents some workers investing in tertiary education, particularly for low level study that has uncertain labour market returns. Training that is integrated into the workplace gets around this barrier.

Government

13. Many of the arguments for government investment in tertiary education also hold for industry training. A highly skilled workforce is likely to contribute to improved productivity over time, and qualifications can contribute to the economy by improving the earnings of individuals.
14. The practical skills of many occupations are most effectively gained on the job with some off-job learning to provide the underpinning theory. Industry training incentivises the credentialisation of these skills through nationally recognised qualifications. Completing nationally-agreed skill standards and qualifications increases labour market flexibility for employees and reduces transaction costs for employers making hiring decisions.
15. Another rationale for government investment in industry training is to encourage employer investment in transferable skills, which help to ensure a flexible, adaptable labour force. Industry training also utilises employers' capital and equipment, which may be more efficient for Government than investing in replicating similar education in tertiary providers.
16. Finally, increased levels of education are associated with improved health and social outcomes⁵ for individuals and their families. Public investment in education generally can advance Government's broader social development goals. Education in the workplace reaches people who may be unlikely to enrol at tertiary providers and it takes place in a familiar setting. It therefore provides an opportunity for educational achievement for people who may have had limited success in school or provider-based education.
17. If there were no government investment in industry training, employers would still undertake training, but it is likely that it would be atomised into smaller subsets and that it would be less likely to be certified. This could damage the portability of skills within the labour market, as training would be variable between employers and the skills gained would be less transparent. It would also make the pathways for learners, particularly young learners, more opaque.
18. Removing government subsidies might also result in a transfer of some of this type of training into government-subsidised tertiary providers. This is particularly likely for young people, who lack experience and provide limited benefit for employers until the young person has the range of skills needed for the job. A transfer of training to tertiary providers could also lead to some reduction of industry input into the content of the training.

⁵ OECD (2006). *Education at a Glance 2006*, p157.

Ministry of Education (2009) *Cross-Strategy Indicators: Tertiary Education Strategy Monitoring 2009*, p13.
Hodgen, Edith (2007) *Competent Learners @ 16: Competency levels and development over time – Technical report*, p 20.

Assumptions about New Zealand's industry training system

19. The aims of an industry training system are to:

- maximise the contribution of industry training to the economy and to government goals and priorities
- support a system of training that is aligned with the needs of, industry, learners and the labour market.

20. Given these aims, and the reasons for government investment outlined above, we have assumed that in any industry training system Government will look to retain industry involvement in qualifications development, a focus on full qualifications, and competency-based qualifications. These assumptions are explained briefly below.

Industry input into qualifications

21. A key assumption of all industry training systems around the world is that industry must have input into qualifications to ensure relevance – what varies from country to country is the method by which industry input is secured.

Full qualifications

22. Full qualifications embody a coherent and industry-relevant set of skills and knowledge. Qualifications should also include relevant general education. They are therefore more likely than part qualifications to enable labour market flexibility for employees and to confer benefits to the wider economy.

23. In 2010, the Government made a number of changes to industry training operational policy to emphasise the importance of attaining full qualifications. These included the introduction of performance-linked funding, minimum credit achievement requirements for trainees to maintain eligibility for funding, and removing funding for training primarily designed to fulfil regulatory compliance and health and safety requirements.

Competency-based qualifications

24. A core element of New Zealand's industry training system is that it is competency based – trainees need to show what they know and what they can do to complete standards and qualifications. We suggest that this fundamental aspect of industry training should remain. The previous apprenticeship system was largely a time-served model, and other countries also have time-served aspects in their apprenticeship systems (for example, Germany and Ireland).

25. The value of competency-based qualifications is that they are flexible – they can be delivered in a range of settings and trainees with existing skills can have these skills recognised without having to repeat material. They also give a clear indication of what the qualification holder can do, which contributes to labour market flexibility.

26. The disadvantages of competency-based qualifications are the higher transaction costs associated with assessment and the higher costs to Government to incentivise their use. Another drawback is that competency based qualifications provide less clarity about the amount of learning that has happened in workplace assessments than in a system with a comprehensive final examination and a minimum amount of off-job training.

Broad roles within the industry training system

27. The New Zealand industry training system comprises the following roles:

1. Determining an industry's skill and training needs.
2. Development of skill standards for industries.
3. Development of qualifications.
4. Arranging the delivery of training.
5. Arranging the assessment of trainees and monitoring of training quality.

28. Each role is described below, along with the theoretical advantages and drawbacks of the different options for fulfilling this role. Each description is followed by a question for stakeholders on the strengths and weaknesses of the way that function is currently performed in New Zealand.

1. Determining an industry's skill and training needs

29. Government contributes to skills leadership for the national economy, for example, through the work of the Department of Labour, the Ministry for Economic Development and the Ministry of Education. Cross-industry bodies, such as the Industry Training Federation (the peak body for ITOs) and Business New Zealand, also play a role in skills leadership at the national level.

30. At an industry level, there are two basic options for allocating responsibility for skills leadership.

31. One option is for skill strategies for particular industries to be led by central or local government bodies. This is the way skill strategies are set for particular regions in France, using a structured consultation process to ensure input from stakeholders, including businesses, chambers of commerce and trades, and union representatives.

32. As with the other roles discussed above, the potential advantage of allocating industry-level skills leadership to Government is that this can help ensure that broader strategic issues are factored in to the industry-level strategy. The risks of this option are higher potential costs to Government and a slower process that is less responsive to industry.

33. Another option is for skills leadership to be performed by an industry body. This is currently the case in New Zealand, where providing leadership on skill and training needs is one of ITOs' statutory functions. The advantage of this option is that it can maximise the engagement of businesses and employers, and thus ensure that industry needs and concerns are well understood and accounted for. The corresponding risk is that the strategies developed will be narrowly focussed on industry needs, rather than on the needs of the broader labour force, economy, or on Government's social goals.

New Zealand context

34. The skills leadership role was added to the Industry Training Act 1992 following the 2001 review of industry training. The Industry Training Act defines the skills leadership role as

identifying current and future skill needs in an industry, developing strategic training plans, and promoting training that will meet those needs to employers and employees.

35. Specific funding for the leadership function was introduced in Budget 2007. This has been used to focus ITOs on the development of strategic training plans. The current funding priority is on collaboration of ITOs and tertiary providers to develop qualifications at levels 5 and above.

Q1 – In your view, how well does the current system for the development of industry-level skill strategy ensure:

- *that the current and future needs of businesses and of industries are taken into account?*
- *that the strategy takes into account broader economic, labour force, tertiary education and social goals?*

Q2 – In your view, what changes should be made to improve the way in which industry skill strategies are developed and implemented?

2. Development of skill standards for industries

36. Skill standards, known as unit standards in the New Zealand context, describe what knowledge and skills are required for a learner to demonstrate competence in a particular area. They allow learners' achievements to be recognisable and transferable between qualifications and providers. Standards can be used to contribute towards the achievement of qualifications.
37. There are four broad alternatives when deciding where to assign responsibility for development of skill standards. Development can be done by a government body, through tertiary providers, by industry bodies, or by consortia of industry organisations and providers. Each of these methods has advantages and drawbacks.
38. All countries endeavour to ensure a high level of connection to labour market needs in the setting of skill standards for vocational education, including industry training.

Government body

39. Skill standards could be set by a government agency, using advisory bodies to ensure participation of industry and other stakeholders. This is the case in Germany for example, where the Ministry of Education co-ordinates and oversees the development and revision of apprenticeship qualifications with input from employer associations and unions.
40. The advantage of this option is that Government has direct control over development and approval of the qualification, and so can limit duplication or undue proliferation of qualifications and skill standards. It can also seek to ensure that qualifications reflect the goals of all the players in the system.

41. The risks of this approach are that:

- The standard-setting process may become slower and more cumbersome, as the government agency seeks to balance the interests of varying stakeholders.
- Industry coverage of recognised standards may be lower, since the responsible government agency will bear almost all the cost of developing standards and will therefore be restricted in its capacity to manage a large portfolio.⁶
- Feedback to the standard-setting body on the usefulness of a qualification is less direct, because that body is at arm's length from industry. This reduces the likelihood of qualifications staying credible and relevant, and reduces the usefulness for employees in terms of employment or earnings outcomes.⁷
- The need to involve and reconcile the views of many players may favour infrequent, big changes rather than ongoing incremental development for industries, resulting in a less adaptable training system, labour force and economy.

Tertiary providers

42. Providers could work with industry to set skill standards that would then be incorporated in the provider's vocational qualifications. Skill standards would be developed by providers rather than by industry bodies.

43. The risks of a provider-led system for the development of skill standards are that:

- Industry coverage of recognised standards may be restricted. Since providers would bear almost all the cost of developing standards, they would only develop them in areas likely to generate sufficient returns to the provider.
- Qualifications may be less relevant or responsive to industry needs, because the standard-setting body is at arm's length from industry.
- Qualifications may have less credibility if providers are not (or are not seen to be) responsive enough to industry and employer needs.
- Skill standards may reflect local rather than national needs, as providers predominantly operate at a regional level.

Industry bodies

44. The third option is to place responsibility for development of skill standards with industry bodies.

⁶ For example, in Ireland, the system has been focussed on a relatively small number of industry sectors (5 sectors and 26 trades). The Organisation for Economic Cooperation and Development (OECD) notes that this focus means that workplace training is insufficiently used in many VET programmes, Kis, Victoria, *Learning for jobs: OECD reviews of vocational education and training – Ireland*, OECD 2010, p15.

⁷ In the UK, a low level of employer buy-in to National Vocational Qualifications has resulted in low labour market returns for these qualifications. Lower level National Vocational Qualifications (NVQs) increase an individual's likelihood of being employed, but wage premia are negligible or negative. NVQs gained through an apprenticeship are more valuable than those gained through institutions. Research cited in Keep, E. (2009), *Internal and external incentives to engage in education and training – a framework for analysing the forces acting on individuals?*, Cardiff University.

45. The primary advantage of this option is that it has the potential to maximise industry and employer participation in the process. This in turn increases the likelihood of qualifications being responsive and credible to industry, and therefore valuable to employees. This option can also require less public expenditure than if a government body were solely responsible for this role, if industry bodies are co-funded by participating employers.
46. A potential drawback of this model is that it risks employers or industry interests dominating the development of skill standards, and may be less focused on employee interests, government priorities or broader strategic considerations for the labour market and economy. Industry bodies also require deep involvement in an industry to be representative.

New Zealand context

47. In New Zealand, industry training organisations (ITOs) are responsible for developing the skill standards for their industries. Once an ITO has been recognised by the Minister, it is given a licence for up to five years to set national standards on behalf of its industry or industries.
48. There are currently a number of measures in place in New Zealand to maximise the benefits and mitigate the risks of industry-led standard setting. They include a statutory requirement that ITOs arrange for collective representation of employees in their governance, and New Zealand Qualifications Authority (NZQA) rules to encourage a focus on graduate profiles.

Q3: In your view, how well does the current system ensure that skill standards:

- are relevant and responsive to industry?*
- take into account the needs and interests of trainees?*
- take into account broader strategic considerations for the labour force and the economy?*

Q4: What changes could be made to improve the way in which skill standards are developed?

Q5: Do you have any comments on the advantages and disadvantages of the various ways in which skills standards can be developed, or any additional considerations which should be taken into account regarding skill standard development?

3. Development of qualifications

49. Certificates and diplomas are issued to individuals who complete a specified group of skill standards or courses (or both) . These qualifications recognise the knowledge, skills and attributes of a graduate. Qualifications are broader than skill standards, because they contain the range of skills needed to do a particular job.
50. There are three broad options for developing vocational qualifications that meet the needs of industry and the labour market:
- Government bodies, such as skills councils, which develop and approve qualifications that reflect both employers' and the economy's needs.
 - Individual qualifications bodies, such as industry organisations or education providers, who are delegated the right to develop their own qualifications subject to meeting quality assurance requirements.
 - A hybrid model in which consortia of organisations, including industry organisations and providers, develop qualifications that can be delivered in multiple settings, such as primarily in the workplace or primarily at an education provider.
51. The main advantage of government bodies is that their qualifications development work is more likely to reflect longer-term government priorities and economic needs. However, they would probably be slower to respond to changes in industry needs, and may become out of touch with the sectors they represent.
52. The main advantage of a devolved approach to qualifications development is responsiveness, with individual providers and ITOs able to develop qualifications to meet specific industry requirements, such as regional variations. However, such an approach is likely to be confusing for students and employers.
53. The hybrid approach attempts to combine the benefits of national consistency and sector input by encouraging groups of related organisations to work together to develop qualifications. However, if the processes of working together are unsuccessful, the qualifications may not be developed or may not adapt to changing industry needs over time.

New Zealand context

54. While ITOs are solely responsible for developing skill standards for their industry, qualifications can be developed by a range of organisations. During the 1990s and the early 2000s, New Zealand had a system of devolved qualifications development. ITPs, wānanga, PTEs and ITOs worked with their various stakeholders to develop qualifications that met their needs, including regional and local variations on national qualifications.
55. This system resulted in around 6,000 qualifications at levels 1-6, and a confusing landscape of qualifications and pathways for employers and students. In 2009, NZQA carried out a Targeted Review of Qualifications at Levels 1-6. This review investigated: the effectiveness of current qualification design processes; the clarity and number of qualifications; and how well the qualifications system met current and future industry needs.
56. As a result, New Zealand has adopted a hybrid model, where ITOs and providers must work collaboratively to develop new qualifications. NZQA is currently working with groups

of interested providers and ITOs to progressively review each domain of existing qualifications.

57. The Targeted Review of Qualifications resulted in substantial changes to the qualifications system to reduce the proliferation of qualifications and ensure their relevance for learners and employers. Many of these changes have yet to 'bed down'. However, there may be a need for additional changes outside the qualifications system to further maximise the relevance of qualifications for learners, employers, industry and the labour force.

Q6 – In your view, what changes could be made to the broader industry training system to improve the way in which qualifications are developed?

Q7 – Do you have any comments on the advantages and disadvantages of the ways in which qualifications can be developed, or any additional considerations which should be taken into account regarding the development of qualifications?

4. Arranging the delivery of training

58. Arranging the delivery of training can include brokering and purchasing off-job training for employers and groups of employers. It can also include the provision of support for on-job training – for example, finding and subsidising external trainers to deliver on-job training, providing mentoring for on-job training, or developing resources for on-job training.
59. There are three broad options for fulfilling this role. It could be performed by a government agency, or by individual employers and providers communicating directly to arrange training, or by a body acting on behalf of a particular industry or industries.

Government agency or direct arrangements

60. In some countries, such as Germany and Ireland, government agencies are responsible for arranging off-job training. In England and Scotland, employers arrange off-job training directly with providers, but they are restricted to government-approved providers and the training is purchased by Government rather than by employers. In some circumstances employers are approved to provide training themselves, and are funded by the Government to do so.
61. The potential disadvantage of these options is that placing the brokerage function with individual businesses or with a single national agency risks a reduction in the availability of training relevant to individual industries, both in content and in format.
62. Centralised brokering by Government risks unduly standardising the split between on-job and off-job training. This is because a uniform or inflexible apportionment makes purchasing decisions simpler for government agencies, and is a straightforward way to ensure equitable expenditure across sectors. Giving Government a monopoly on brokering training also creates the risk of poor service delivery.

63. By contrast, the smaller purchasing power of individual employers might mean that providers are not sufficiently interested in offering the nature or format of training sought by firms, if the requirements are unique to that firm or area. Having an organisation arrange training for large numbers of trainees not only permits economies of scale, but also allows greater consumer influence on the nature and availability of training services.

Industry body

64. The advantage of making an industry body responsible for arranging training is that an individual industry potentially has more direct input into the way training is developed and delivered, which in turn can increase the likelihood of employers and trainees engaging in and completing training.

65. One potential drawback of this arrangement is that the industry bodies are likely to focus on developing skill standards where they also arrange training.

66. Another potential drawback of having a single industry body with a monopoly over arranging training is that the standard of support provided to employers is variable. Without viable alternatives for employers to support on-job training and for purchasing off-job training there are no external incentives to maintain good service standards.

67. Finally, a third drawback – if the same industry body is responsible for developing qualifications and arranging training – is that this creates the potential for tension between industry bodies and providers. It also places these two roles of industry bodies into tension with one another. Since industry bodies are likely to have limited funds, and purchasing off-job training from providers is more expensive than supporting on-job training, the system design encourages industry bodies to develop qualifications that are delivered predominantly or entirely on-job, even if this is not the most appropriate format for learners or for businesses.

New Zealand context

68. In New Zealand, ITOs are responsible for purchasing off-job training and for providing support for on-job training. This allows economies of scale. It also provides a short feedback loop on the usefulness of the skill standards and qualifications.

69. NZQA's new requirements that qualifications be developed collaboratively by ITOs and providers are designed to mitigate some of the tensions identified above. However, there are a number of other ways to do this. These could include:

- i. shifting responsibility for arranging training away from ITOs; or
- ii. allowing providers to compete with ITOs for the service of arranging on-job and off-job training for businesses; or
- iii. requiring ITOs to contract out their arranging training functions on a contestable basis, while maintaining an oversight role for the delivery of these services.

Option (i)

70. Under option (i), ITOs would become skill-setting bodies. Employers would choose a provider of training support and off-job training, from a list of approved providers for each qualification. Employers would access the Industry Training Fund to fund these services. This is the system that broadly operates in the United Kingdom and Australia, where employers can choose off-job provision from a list of government-approved providers.

71. The advantages of this option are that it would create a more focussed role for ITOs, provide employers with a greater choice of training providers and a direct relationship with the provider, and create a more competitive market for the arranging of training.
72. A downside of this approach would be a more diffuse feedback loop between employers and ITOs as skill-setting bodies, because the skill-setting bodies would receive less direct feedback from individual employers. This may, over time, affect the relevance and currency of the standards and qualifications. Individual employers may be less able to influence providers than ITOs. Smaller employers may also find transaction costs higher under such a system, as they may need to approach multiple providers to find training that meets their needs rather than having a single point of contact through an ITO.

Option (ii)

73. Under this option, employers could choose to access services for training support and off-job training either directly from a provider or through an ITO. The flow of Industry Training funding would be determined by the employer's choice.
74. This option has many of the same advantages as option (i), it would introduce greater competition between providers and ITOs, and therefore greater employer choice and incentives for high service standards. Such competition would need to be underpinned by an equalised funding rate for both providers and ITOs so that they could compete on an even playing field. This option would still enable ITOs to combine standard setting and training services, which would help to maintain a more direct link between employers and skill-setting bodies. Employers who wished to continue to use an ITO for these services could do so.
75. However, this option would not resolve the inherent structural conflict, with ITOs still responsible for setting skill standards that impact on the providers they compete with. Another potential disadvantage of greater competition between ITOs and providers may be a more dispersed industry voice, as some parts of an industry may choose to work predominantly with an ITO while other parts chose to work predominantly with providers. The negative impacts of this dispersal of industry training arrangements may be limited if there were clear qualifications and learning pathways for the skills needed for that industry.

Option (iii)

76. Under this option ITOs would retain responsibility for both skills-setting and arranging training, but would be required to contract out their arranging training and support functions. For example, existing Modern Apprenticeship coordinators or industry organisations could be contracted to arrange and support training.
77. The advantage of this approach is that it would introduce an element of competition for the delivery of training support and off-job training, while still maintaining a strong link between standard setting and training. It would also ensure one organisation (an ITO) could be held accountable for the results of industry training.
78. The main disadvantage of this option would be that employers' options would still be constrained by the choices the ITO makes about who and how services are delivered. It is therefore likely to create less competition and choice for employers than options (i) and (ii).

Q8 – In your view, how well does the current system for arranging industry training ensure that the content and mode of delivery of training is appropriate for industry needs? for businesses? for trainees?

Q9 – How well does the current system for arranging industry training ensure the continuing quality of training?

Q10 – In your view, what changes should be made to improve the way in which training is arranged?

Q11 – Do you have any comments on the advantages and disadvantages of the various ways in which responsibility for arranging training can be assigned, or any additional considerations which should be taken into account in this regard?

5. Quality assurance – monitoring and assessment

79. A review of vocational education conducted by the Organisation for Economic Cooperation and Development (OECD) found that standardised assessment of qualifications is important for high performing vocational education and training systems.⁸ Standardised national assessment of vocational qualifications can help ensure consistency in the mix of skills acquired and the level of skills necessary. It also allows competencies to be gained in diverse ways and provides a clear basis for recognition of prior learning.

80. Countries can achieve standardised national assessments in many different ways. Some of the approaches are: periodic inspections of vocational education and training providers, inspections of examination bodies, random evaluations of student performance, self-evaluations and peer reviews of providers, and clear national guidelines for assessment.

81. Assessing trainee skill levels and moderation to ensure consistent outcomes can potentially be performed by employers, qualification developers, independent contractors or an external national body.

New Zealand context

82. Quality assurance of industry training in New Zealand has several elements:

- auditing and monitoring of inputs and outputs (Tertiary Education Commission, and the Ministry of Education)

⁸ *Learning for Jobs: Synthesis report of the OECD Reviews of Vocational Education and Training*, OECD (2010).

- process and capability checks (NZQA)
- assessment and moderation (ITOs).

83. NZQA is responsible for quality assuring non-university tertiary education organisations. NZQA evaluates the performance of ITOs and non-university tertiary education providers through the external evaluation and review process. In its evaluation of tertiary education organisations, NZQA makes judgements about a range of issues, including student outcomes and stakeholder perspectives on the organisation.

84. NZQA also provides quality assurance by approving and reviewing qualifications, and by approving programmes and training schemes.

85. ITOs are responsible for arranging for the assessment of trainees and for arranging the monitoring of the quality of training. Standard-setting bodies, including ITOs, are responsible for approving, moderating and reviewing standards.

86. Some of the quality assurance mechanisms are relatively new, such as the external evaluation and review (EER) process and approaches to manage the consistency of programmes that lead towards newly approved qualifications. Many of the changes to quality assurance and qualifications have yet to 'bed down'.

87. OECD research⁹ suggests that the following matters are important to get right as a part of implementing the new qualifications and quality assurance system:

- high standards of quality assurance for both on-job and off-job learning, including the possibility of greater national consistency in the skills of trainers
- strong NZQA approval processes for the programmes that lead towards new and reviewed qualifications
- rigorous processes to enable qualifications developers to manage the consistency of assessment within programmes leading to their qualifications.

Q12 – In your view, what changes could be made to the broader industry training system to improve the way in which training quality is assured?

Q13 – Do you have any comments or any additional considerations that should be taken into account in relation to quality assurance of industry training?

⁹ OECD (2010), *Learning for jobs: synthesis report of the OECD reviews of vocational education and training*.

Overall

Q14 – In your view, what other changes should be made to improve the industry training system's contribution to broader economic, labour force, tertiary education and social development goals?