

Approval of qualifications for funding purposes

Operational Policy Discussion Paper

October 2009

Name	Reference & Status	Distribution
Approval of qualifications for funding purposes	OPERATIONAL POLICY SCOPING PAPER	ITO Investment and Implementation Design Group Contact: Industrytrainingprogrammes@tec.govt.

Purpose

1. This paper has been prepared as part of the consultation relating to the operational policy for industry training.
2. The TEC invites feedback from the tertiary education sector on the questions presented in this paper and on any other relevant matters. Please use the separate Feedback Template to submit responses.

Aims

3. In undertaking this consultation, the TEC will be guided by the following aims:
 - *Minimising transaction and compliance costs:* the operational policy framework should take account of administrative and compliance costs, and where possible seek to reduce these.
 - *Maximising transparency and accountability:* the recipients of Government funding should be accountable for the results they generate, and related information should be available to interested parties.
 - *Minimising any perverse incentives:* the operational policy framework should be designed in such a way as to minimise and mitigate any perverse incentives.
 - *Maximising value for money:* the operational policy framework should ensure a strong focus on results and avoid arrangements that would lead to the funding of activities by government that would otherwise be funded by other parties.
 - *Providing an appropriate degree of dynamism for ITOs based on performance:* the operational policy framework should provide suitable incentives for ITOs to manage and improve their own performance.
 - *Providing for consistent treatment of other forms of industry training:* the operational policy framework should take account of other forms of industry training and contribute, where possible, to a common approach.

Principles

4. The consultation on the operational policy governing industry training will be based on the following principles and considerations:
 - upholding the aims of the consultation process (outlined above);
 - learning from the implementation of the industry training system over the past 17 years;
 - drawing on relevant experience and expertise across the tertiary education sector;
 - exposing proposed changes to scrutiny;
 - providing sufficient information on the general approach that the TEC intends to take in relation to the matters discussed; and

- avoiding costly or time-consuming changes unless there are good reasons for believing they will bring significant improvements over time.

Scope

5. This paper seeks feedback from the sector on the operational policy governing the approval of qualifications for funding purposes. This paper has been prepared as part of the TEC's wider consultation on industry training operational policy.
6. This paper seeks to determine how the relevant operational policy can be aligned with the Government's objectives for industry training set out below.
7. The paper discusses the existing operational policy processes involved, the nature of some of the training programmes, and barriers and possible solutions/changes that should be examined to respond to the Government's objectives for industry training.
8. The paper does not consider matters relating to the approval of Modern Apprenticeships programmes. It also does not address any of the policy issues being considered as part of the development of a similar regulatory framework for industry training arrangements. It is however important for contributors to take account of this work, for example, it is proposed that funding for ITOs be subject to the same funding restrictions for health and safety and regulatory compliance training as ITPs.
9. Programmes which may be impacted upon by this policy change are those which meet one or more of the following criteria:
 - discrete very short packages of learning (usually under 20 credits) which trigger health and safety and/or regulatory compliance
 - designed primarily to equip participants with the skills and knowledge they need to carry out a given task or function in a manner that complies with a specific health and safety or regulatory compliance requirement
 - displace the responsibility of employers to provide training necessary to mitigate health and safety or legal risks
 - longer courses or programmes where the TEC has identified, through monitoring enrolments and completions, that the majority of enrolments lead only to completion of a very short health and safety or regulatory compliance component, rather than the whole qualification.

Method

10. This paper will:
 - outline the context in which funding decisions are made;
 - outline the programmes that the TEC funds and the criteria that it currently applies; and
 - discuss some of the issues identified with the current arrangements.

Government's objectives

11. The Government's objectives for tertiary education include raising the skills and knowledge of the current workforce to increase the productivity of individuals, and to underpin the ability of firms to innovate and adapt to competitive challenges. ITOs have an important role to play by providing, for example, opportunities for employees to complete nationally recognised qualifications, and creating effective pathways towards advanced trade qualifications at level four and above.
12. Cabinet also agreed in May this year to re-balance the tertiary education system by shifting away from the current emphasis on central steering and front-end planning and moving towards greater responsiveness to market signals [CAB Min (09) 15/13].
13. Cabinet agreed on the following mechanisms to achieve these shifts:
 - incentives to ensure that tertiary education primarily responds to demand from students and employers;
 - improve quality assurance measures, and back-end accountability; and
 - stronger links between funding and past performance.

Legislation

14. The Industry Training Act 1992 (the Act) provides the TEC with the authority to enter into agreements with ITOs to set skill standards for their industry(ies) and to develop arrangements for the delivery of industry training so that trainees can attain those standards. The Act requires the TEC to consult with the New Zealand Qualifications Authority (NZQA) in this regard. Section 10 of the Act outlines the legal requirements for training programmes that the TEC will fund.
15. Section 10 of the Act requires ITOs to:
 - set national skill standards for their industry and as such are the Standard Setting Bodies (SSBs);
 - be responsible for the quality and credibility of standards submitted to NZQA for registration on the NQF;
 - develop national qualifications for specific industries and professions; and
 - work with industry partners, professional groups, and other tertiary education organisations to develop qualifications that are nationally recognised and are based on the needs of trainees, are supported by industry, and are designed by industry representatives.
16. Section 13 of the Act adds some specific functions to the TEC's statutory function such as:
 - promoting the wide availability within the industry of high quality industry training linked to nationally recognised qualifications;
 - promoting the availability of this training to people to whom such training has not been traditionally available; and

- implementing and monitoring systems to maintain a satisfactory level of quality and effectiveness of industry training.

Qualification Development

17. The funding allocated to ITOs by the TEC is intended to enable them to fulfil their statutory roles. It also is intended to ensure that:
 - a. qualifications are developed that meet industry needs and are registered on the National Qualifications Framework; and
 - b. industry and other parties with a material interest (eg regulatory bodies, providers) have proper input into relevant qualification development and design.

Operational considerations

18. The operational policy governing funding approval for qualifications needs to appropriately balance the importance of maintaining a simple system with the flexibility to respond to industry training need.
19. The training programmes may cover any skill, but must be for the use of employees (and where appropriate, volunteers and self employed contractors) within the ITO's current gazetted industry coverage, or other ITOs' gazetted coverage where the SSB formally agrees.
20. New versions and most significant changes to qualifications require a new approval for funding purposes. A new programme number is also allocated.
21. The previous programme number continues to exist until the trainees enrolled in the previous programme complete it or the TEC is advised by the ITO that the previous programme has expired or lapsed.

Current arrangements and discussion

22. This section of the paper outlines the current arrangements for the approval of qualifications for funding. Approval of funding can be granted for the following types of programmes:
 - Limited Credit Programmes (LCPs);
 - National Certificates;
 - National Diplomas; and
 - Supplementary Credit Programmes (SCPs)
23. These programmes are discussed in further detail below.

Limited Credit Programmes (LCPs)

24. Limited Credit Programmes (LCPs) are packages of unit standards that form part of an existing National Certificate. LCPs are intended to be an entry level training programme to assist employers to support employees into industry training. LCPs are intended to lead towards the achievement of a National Certificate or equivalent qualification (refer Cabinet Minute ETE (95) 37 – 16 May 1995).
25. The Government's intention is to improve portability of skills for trainees through the completion of a National Certificate. For example, employees want coherent records of learning which are portable and lead to qualifications. Equally, employers want employees that are able to productively carry out the tasks required of them in their jobs and who have developed broader competencies such as team-work, self-management and literacy and numeracy skills.

Funding approval for LCPs

26. For funding approval for LCPs, ITOs are required to provide the TEC with information that meets the following criteria:
 - a. the LCP must be for use within the ITO's current gazetted coverage;
 - b. the LCP must form part of an existing and registered National Certificate for which the ITO has TEC approval at levels 1 to 4 on the NQF (although exceptions may be granted at level 5 and above, as earlier described);
 - c. the LCP must be for a minimum of 20 credits and a maximum of 70 credits;
 - d. at least 70% of the credits for the LCP must be at levels 1 to 4 of the NQF (ie up to 30% of the credits can be at level 5 and above), and be attached to unit standards that form part of the compulsory component of the qualification, that is, core component, core electives, and core strand;
 - e. up to 30% of the credits for the LCP may be drawn from elective unit standards from the same qualification;
 - f. the LCP must be no more than 50% of the credit value of the National Certificate to which the LCP leads; and
 - g. a list of the unit standards proposed as part of the LCP training programme must be provided in the Industry Training Programme application form.
27. The TEC may also decline to approve LCPs that are not intended to encourage employers and employees to achieve National Certificates and National Diplomas relevant to their industries.

Discussion

28. Recent analysis indicates that LCPs are completed at markedly different rates, with some ITOs achieving completion rates below 10 percent.
29. In addition, the recent MOE report 'Industry Training – Exploring the Data' found that LCPs are utilised as stand-alone programmes and most do not lead to enrolment and completion in national qualifications. This information indicates that only 16% of those who exited from such a programme participated in any National Certificate programmes.
30. There will always be a proportion of non-completions – people change jobs, lose interest, change their interest, or businesses may close - all resulting in disruptions to training agreements. However, the low rate of enrolment and completion in national qualifications suggests that there may be other factors influencing this rate.
31. These considerations raise the following questions:
 - a. How can the rate of progression of trainees from an LCP to a National Certificate be improved?
 - b. Would a KPI on LCP progressions to National Certificates increase completion rates?
 - c. Should funding only be approved for National Certificates and National Diplomas?
 - d. The criterion for the funding of LCPs currently defines the proportion of units standards from compulsory and elective components of National Qualifications. Does this requirement contribute to the goal of increasing the completion of both LCPs and, subsequently, National Qualifications?
 - e. Should trainees be able to select from any of the unit standards approved for a National Qualification when enrolling in an LCP?
 - f. Should the maximum number of credits of 70 for an LCP be reduced?
 - g. Should there be only one LCP for each ITO, or each industry or each National Qualification? and
 - h. Should evidence of industry support be required to be included with an application to the TEC for approval of an LCP?

National Qualifications

32. National Certificates and National Diplomas are national qualifications that must be registered on the NQF. NZQA applies a quality assurance process to all national qualifications prior to registration and evaluates the qualifications against the registration criteria.
33. The approval by NZQA is the key factor taken into account when the TEC considers applications for funding approval. In principle therefore, approval by

NZQA of a national qualification leads to funding approval. There are some exceptions and these are discussed below.

National Certificates

34. National Certificates recognise skills and knowledge that meet nationally endorsed unit standards. National Certificates may be used across all levels up to and including level 7, but are typically used for industry training qualifications at levels 1 to 4. A National Certificate must comprise a minimum of 40 credits at levels 1-7.
35. National Certificates may only cover skills within an ITO's current gazetted industry coverage.

Funding Approval for a National Certificate

36. For funding approval for a National Certificate, ITOs are currently required to provide the TEC with information that meets the following criteria:
 - a. the National Certificate may only cover skills within the ITO's current gazetted industry coverage.
 - b. If the qualification does not cover a skill within the ITO's current gazetted coverage, it must meet at least one of the following conditions:
 - it must be generic qualification (eg first line management, competitive manufacturing, etc); OR
 - the qualification must be offered at a workplace that has been approved under the employer of choice provision; OR
 - the consent of the relevant SSB must be obtained.
 - c. the National Certificate must be unit standard based and registered on the NQF;
 - d. the ITO must either have accreditation from NZQA to register workplace assessors for the qualification and/or; use providers accredited by NZQA to assess the relevant standards;
 - e. the ITO must supply evidence of the registration of the qualification by NZQA;
 - f. the programme must require the completion of at least 20 credits per annum;
 - g. the programme must not require the completion of more than 70 credits per annum; and
 - h. a completed application for a new Industry Training Programme must be forwarded to the generic electronic mailbox address
IndustryTrainingProgrammes@tec.govt.nz

National Diplomas

37. National Diplomas prepare learners for self-directed application of skills and knowledge and meet nationally set standards. These qualifications generally build on prior qualifications and experience and recognise capacity for initiative and judgement across a broad range of educational and vocational areas in technical, professional and/or management roles.
38. National Diplomas must be registered at levels 5, 6 or 7 on the NQF (with the highest 72 credits defining the level at which the diploma can be registered). National Diplomas must consist of at least 120 credits, and must meet the NZQA quality assurance requirements of diplomas.

National Qualifications above NQF Level 4

39. The Industry Training Fund is targeted towards employment-based training linked to national qualifications, predominately at Levels 1-4 on the NQF.
40. ITOs also have a role in working with the rest of the tertiary sector to move trainees from national qualifications at levels 1 to 4 to achieve advanced trade, technical and professional qualifications.
41. In line with these objectives, Cabinet has directed the TEC to ensure that the total volume of training to be funded from the Industry Training Fund for qualifications at levels 5 and above does not exceed 10% of the total volume of training.
42. Cabinet has agreed that in some specific circumstances ITOs may have a significant role in facilitating training at levels 5 and above. Where this training exceeds more than 10% of the total training arranged by an ITO, they must apply to the TEC for an exemption.
43. The criteria for these exemptions are:
 - a. the impact that the additional training at level 5 and above would have on the representation of under-represented groups for the trainees registered with the ITO;
 - b. details of current participation rates within industries or industry sub-groups where structured NQF based training is relatively new or is expanding into new areas that are likely to utilise the additional volume at level 5 and above; and
 - c. the impact that the additional volume at level 5 and above would have on participation within these industries or industry sub-groups.
44. If an ITO wishes to exceed the 10% limit for training at level 5 and above they should outline this in their Industry Training Programme Approval form.
45. The TEC may wish to discuss with an ITO any possible negative impact that increasing the volume of training at level 5 and above may have on programmes currently being offered by providers.

46. The TEC reserves the right to decline an application for exemption (to exceed the level 5 and above limit) if approval of the training means that the total volume of training at level 5 and above is likely to exceed 10% of the total volume of training funded by the Industry Training Fund (ITF). Should this occur, approval may be granted for a lesser volume to ensure that the 10% maximum is not exceeded.
47. Approval for exemption (to exceed the level 5 and above limit) will not increase the overall contracted volume of Standard Training Measures (STMs). All applications should be made based on the proviso that an increase in volume at level 5 and above must be found within existing allocations.

Discussion

48. These considerations raise the following questions:
 - a. Where an ITO intends to offer a qualification for which it is not the SSB, there are a number of possible ways that the ITO can gain the approval of the TEC (paragraph 36, clause b refers). These raise a number of questions.
 - Is it reasonable to expect that the SSB will automatically give approval for a qualification to be used by another ITO, and if so is the confirmation of agreement necessary? If not, what role, if any, should the TEC play in the verification of this approval?
 - Are generic qualifications sufficiently well-defined? If not, how could these be better defined?
 - What would be the most efficient way for the TEC to verify that a qualification is only being offered at a workplace recognised under the employer of choice provision?¹
 - Should the TEC rely on ITOs to be accountable for compliance with these provisions, and what sanctions should be applied if ITOs do not comply with the relevant operational policy?
 - b. What steps could be taken to simplify the processing of applications for funding approval?
 - c. How can the TEC ensure that all programmes submitted for funding approval comply with the permissible range of 20-70 credit per annum, and what grand-parenting arrangements should apply for existing programmes that fall outside this range?
 - d. Should the criteria against which ITOs can apply for an exemption to increase the volume of training at level 5 and above beyond 10% of their

1. _____

¹ Possible changes to the employer of choice operational policy are being considered as part of a separate consultation paper.

total training volume be changed? and if so, what changes should be made?

- e. What changes need to be made to ensure that the expected duration of qualifications are appropriately calibrated, and enable the timely completion of qualifications?
- f. As at 31 March 2009, the number of National Certificates and Diplomas in which trainees were enrolled totalled more than 1,800. Are there too many? If this is the case, what changes could be made to the TEC's operational policy to encourage ITOs (and where appropriate clusters of ITOs) to develop more generic qualifications in areas such as supervisory management, and business and administration?
- g. Currently ITOs are required to submit a copy of the National Certificate or National Diploma to the TEC when seeking funding. If this requirement was to be discontinued, what steps should the TEC take to ensure that ITOs only submit qualifications for funding approval that are registered, and what consequences should there be if the qualification has not be registered?
- h. Should NZQA approval of a National Qualification automatically lead to funding approval?

Supplementary Credit Programmes (SCPs)

- 49. SCPs are designed to enable a trainee to undertake additional unit standards to upgrade or widen their existing qualifications in a changing work environment because of:
 - a. technology changes;
 - b. regulatory changes;
 - c. changes in the structure of qualifications;
 - d. change in work focus;
 - e. the need to gain additional skills; and
 - f. the necessity to continue to develop useful skills.
- 50. SCPs are designed to provide ITOs with a flexible way to meet changing industry needs.
- 51. Learners must have completed either the qualification to which the SCP is attached or an equivalent qualification to be eligible to undertake the SCP. Current or renewable qualifications such as first aid do not fall within the parameters for SCPs.

Funding Approval for SCPs

52. For funding approval for SCPs, ITOs are required to provide the TEC with information that meets the following criteria:
- a. the SCP must be for use within the ITO's current gazetted coverage;
 - b. the SCP must form part of a single existing and registered National Certificate or National Diploma, or an equivalent qualification;
 - c. the SCP must be for a minimum of 20 credits and a maximum of 70 credits;
 - d. evidence that the SCP is to keep pace with changes; and
 - e. a list of the unit standards proposed as part of the SCP training programme needs to be provided to the TEC.

Discussion

53. There are a relatively small number of SCPs with trainees enrolled in them (appendix one refers). This indicates that SCPs are either not an appropriate mechanism to achieve the aims outlined in paragraph 50, or there may be opportunities to change the operational policy governing SCPs.
54. Alternatively, it may be that employers consider that the professional development opportunities provided by SCPs are better provided through other means (eg training arranged by the employer or by other tertiary education organisations).
55. These considerations raise the following questions:
- a. Are SCPs fulfilling their purpose?
 - b. Is it appropriate for SCPs that relate to regulatory requirements to be funded by the TEC?
 - c. Should funding only be approved for National Certificates and National Diplomas?
 - d. Should there be compulsory and elective requirements for SCPs?, and
 - e. Should there be only one SCP attached to each National Certificate?

Other matters

56. Appendix one shows the Number of programmes in which trainees were enrolled as at 31 March 2009. Some ITOs will be offering the same National

Certificates or National Diplomas where programmes are generic. Some programmes will be included several times depending on the strand offered.

Combined Programmes and other multiple enrolments

57. Some ITOs have been submitting combined programmes for approval for funding. These combined programmes can include two, three or four National Certificates. Due to anomalous approval decisions in the past, a number of combined programmes have been approved. As these approvals are not consistent with current operational policy it will be necessary to transition these programmes to more appropriate arrangements.
58. Similarly, a number of ITOs enrol trainees in multiple programmes in any given quarter. This creates situations where it is possible for trainees to complete a high volume of credits and raises questions about possible duplication of credit reporting.
59. While there are currently limits on the number of credits that can normally be completed within a calendar year for qualifications, there are no limits on the number of credits that a trainee can either enrol in or achieve.
60. TEOs that access funding through the Student Achievement Component are not permitted to claim funding associated with the recognition of prior learning (RPL) or recognition of current competence (RCC).
61. The TEC has received information that indicates that some ITOs are reporting the credits achieved as part of RPL or RCC as credits enrolled in and achieved by the relevant trainee. While it is appropriate that ITOs ensure that they have arrangements for RPL and RCC, this may mean that some ITOs are claiming funding for training that has already been funded.
62. Applications have also been made by ITOs to offer national qualifications in an accelerated or compressed mode to take account of the prior learning of groups of learners.

Discussion

63. Has the TEC correctly identified the relevant issues in the above discussion? And if not, what are they?
64. What, if any, transition arrangements should be put in place to assist ITOs to end combined programme arrangements?
65. Should trainees be limited to enrolling in only one programme in any given quarter? What advantages or disadvantages would arise from this limit?
66. Should there be a limit on the number of credits that a trainee is enrolled in, and is funded for, per year?
67. What reasons are there, if any, for the TEC to fund RPL and RCC through the Industry Training Fund?

Publishing Programmes Approved for Funding on the TEC website

68. Currently the TEC website is updated with all new and updated programmes approved for funding by the TEC.
69. Concerns have been expressed that the information on the TEC website is not always clear and does not necessarily enable trainees to make informed choices. Trainees/employers need to have accurate and accessible information about qualifications to ensure they are well placed to make informed decisions about which qualifications available best suit their individual needs.

Discussion

70. NZQA has developed the New Zealand Register of Quality Assured Qualifications, Te Āhurutanga (the “Register”). A website called KiwiQuals (www.kiwiquals.govt.nz) is the public face of the Register. This website does not include information about LCPs and SCPs.
71. Should the updating of the TEC website continue or do ITOs consider that the information about programmes they arrange training for on their own websites is sufficient?

Consultation Feedback

72. The TEC invites and welcomes any comments from the tertiary education sector. Individuals as well as organisations are welcome to provide feedback on the direction and decisions outlined in the paper and on how these can be further developed.
73. All feedback relating to this Consultation paper should be responded to using the feedback templates provided on the TEC website. Please only send a response using the feedback templates provided. Send any feedback to industrytrainingprogrammes@tec.govt.nz. All feedback should include the subject line “**ITO operational policy – feedback**” and be submitted no later than 5pm, 30 October 2009.

Questions for consultation

74. The areas where consultation feedback is sought are set out in the related feedback template.

APPENDIX ONE – Number of programmes by programme type by ITO as at 31 March 2009 (limited to programmes with active trainees)

<i>ITO Name</i>	<i>MA</i>	<i>NC</i>	<i>ND</i>	<i>SCP</i>	<i>LCP</i>	<i>TC</i>	<i>Grand Total</i>
Building and Construction	16	48					64
Building Service Contractors		5			1		6
Electrotechnology	4	54	1		1		60
COMPETENZ	12	105			9		126
Agriculture ITO	30	86	9	2	18		145
Forestry	36	156	4		3		199
Equine ITO	7	13					20
Local Government		13	1		3		17
Creative Trades Industry	5	13				1	19
Plumbing Gasfitting & Drainlaying	6	23					29
Sports Turf ITO		7	2		6		15
Plastics and Materials Processing	3	35	1		13		52
Communications and Media	11	54	1		9		75
Retail Meat		13					13
Skills Active		40	3		6		49
Horticulture		17	1				18
Joinery	4	18					22
Hairdressing		9			2		11
Public Sector	6	39	8		6		59
Electricity Supply	13	127	7				147
Boating	2	27			1		30
Tranzqual	3	61			8		72
Community Support Services		16			6		22
Extractives		114	4		1		119
Fire and Rescue Services		34	4	2	13		53
Retail	2	25			2		29
Te Kaiawhina Ahumahi		11	12		2		25
Opportunity Training		6			1		7
Pharmacy		5					5
Flooring		24			2		26
Infratrains New Zealand	9	61	8	1	10		89
Hospitality Standards Institute	6	63	8		30		107
Motor	4	37			2		43
REINZ ITO		6	1	3	1		11
Seafood ITO	2	41	3	1	7		54
NZITO	1	209	4		49		263
Aviation, Tourism and Travel	8	58	18	1	6		91
Apparel & Textile		59	5		1		65
Totals	190	1732	105	10	219	1	2257