

Making ITO performance information publicly available

Operational Policy Discussion Paper

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Name	Reference & Status	Distribution
Making ITO information publicly available (A501549)	OPERATIONAL POLICY SCOPING PAPER	ITO Investment and Implementation Design Group Contact: industrytrainingprogrammes@tec.govt.nz

Purpose

1. This paper has been prepared as part of the consultation relating to the operational policy for industry training.
2. The TEC is seeking to better understand the factors that it might take into account when making any changes to its operational policy. This paper is also intended to provide information to the sector on the broad direction that the TEC intends to take on matters raised by this paper.
3. Many different options are presented in the paper that follows. To prevent confusion, each new option is labelled with a new letter.
4. The TEC invites feedback from the tertiary education sector on the options presented in this paper and on any other relevant matters regarding the making of performance information publicly available. Please use the separate Feedback Template to submit responses.

Aims

5. 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

6. 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

7. This paper has been prepared as part of the TEC's wider consultation on industry training operational policy. This paper aims to provide information to the sector about the direction the TEC intends to pursue in relation to making industry training organisation (ITO) performance information publicly available.
8. Agreed performance indicators will provide a basis for a framework to assess overall ITO performance. **Discussion of possible performance indicators will be undertaken as part of a separate paper.**
9. The framework of available performance information is intended to:
 - provide transparent and useful performance information to all users of the industry training system;
 - improve ITO performance and demonstrate accountability for public expenditure in a high trust and high quality tertiary funding environment; and
 - help promote a more refined and responsive industry training system that will increase outcomes for learners through achievement of relevant qualifications, meet employer needs and build on workforce productivity.

Method

10. To inform the approach for making ITO information publicly available, this paper will:
 - outline some considerations relevant to making ITO performance information available;
 - outline the existing arrangements for publishing performance information background;
 - define the audience(s) for performance information;
 - outline a framework for making performance information publicly available;
 - examine options for decision making; and
 - suggest an approach for making ITO performance information.

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.

Considerations

14. The following considerations are relevant when considering approaches to the publication of ITO performance information.

Meeting the needs of learners and employers

15. Employers and current and prospective employees (including those transitioning between industries) will have specific information needs. The availability of relevant, accessible and readily able to be assimilated performance information will improve the quality of decision-making by these users of the industry training system.

The need for information to be publicly available - transparency and accountability

16. The Government has made clear its expectation that the provision of publicly available performance information is an important way to ensure accountability for government funding.

Accuracy and relevance - comparison by accurate and relevant performance measures

17. It would be desirable for public reporting of ITO performance information to take account of the statutory roles of ITOs (as defined in the Industry Training Act).

High accountability with low compliance

18. Sufficient information should be made publicly available with minimal administrative, compliance and assessment costs for users such as current and prospective trainees, employers, ITOs and/or the TEC.

Supporting ITOs to be self-improving

19. Publicly available performance information will enable ITOs to reflect on their own performance and enable them to benchmark their performance against other similar ITOs.

What performance information is currently collected and how is it used?

20. The TEC collects a range of information through the performance management reporting system including:
- detailed information relating to enrolment, credits achieved, and completions by industry trainees and Modern Apprentices;
 - detailed demographic information relating to industry trainees and Modern Apprentices; and
 - information on the financial performance and position of ITOs.
21. Further, the TEC collects performance information through other mechanisms including:
- engagement meetings with ITOs;
 - reporting against project milestones (eg, Sector Leadership, Embedded Literacy and Numeracy) by ITOs;

- audit reports collated by Audit NZ and NZQA¹; and
 - feedback from interested parties.
22. In addition, under the Education Act (section 159Z) a funding condition is that ITOs are expected to make their Investment Plans publicly available. The expectation is that Plans are available on ITO websites.
23. This performance information is used for a number of purposes including;
- assessing the performance of ITOs against the key performance indicators (KPIs) agreed as part of Investment Plans (appendix one refers);
 - informing the assessment of applications for the re-recognition of ITOs, and applications for extensions of industry coverage;
 - informing investment decisions;
 - making detailed information on performance in relation to enrolment information and summary information relating to other performance considerations publicly available; and
 - enabling ITOs and other interested parties to reflect on the performance of ITOs.
24. The current arrangements for making performance information publicly available are heavily weighted toward the reporting of participation information. Detailed information is released quarterly and provides interested parties with the ability to track changes in participation at a relatively nuanced level. There is considerable interest in the quarterly statistics that are published on the TEC website. This is evidenced by the almost 250 individuals and agencies that are registered to receive this information.
25. The emphasis on participation information reflects the strong weighting in the current funding arrangements toward the decisions of employers and trainees to participate in industry training. This approach does not measure other dimensions of ITO performance. Although detailed information on participation is necessary, this measure alone does not necessarily provide sufficient information to interested parties, particularly trainees and prospective employers, about the results achieved by the industry training system and specific ITOs.
26. This indicates that there are significant opportunities for the quality and availability of this information to be improved and more accessible.
27. The use of proxies for performance may lead to assumptions being made around performance information if not enough background and

¹ The implications of changes to the quality assurance mechanisms will be discussed as part of a separate consultation paper.

context is provided. The selection of appropriate proxies for ITO performance in light of their statutory roles will be considered as part of a separate consultation paper.

Audience

28. Parties interested in ITO performance information will include:
- employers, trainees and their families;
 - schools and community groups;
 - the staff, management and Boards of ITOs;
 - other Tertiary Education Organisations;
 - peak bodies for industry and related groups; and
 - the TEC, other government agencies, and the Minister for Tertiary Education.

Framework

29. This section sets out some concepts that are applicable to the publication of ITO performance information. The following discussion draws heavily on the New Zealand Society of Accountants 'Statement of Concepts for General Purpose Financial Reporting 1993. This framework has been used because it provides a generally agreed basis for reporting performance information.²
30. This framework establishes a number of characteristics by which quality can be measured. These are:
- relevance;
 - understandability;
 - reliability; and
 - comparability.
31. Each of these characteristics and a relevant test for each is set out below.

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See http://www.nzica.com/AM/Template.cfm?Section=Financial_Reporting_Standards_files&Template=/CM/ContentDisplay.cfm&ContentID=13530 for the complete document.

Characteristics	Test
<p>1. Relevance</p>	<p>The information made available should be easily assimilated, and a level of detail provided that is appropriate to the needs of decision-makers.</p> <p>Information should be timely, able to confirm or correct prior expectations about past events (feedback value) and be useful for confirming expectations about the future (predictive value).</p>
<p>2. Understandability</p>	<p>The information should be presented in an accessible and easy to understand format</p>
<p>3. Reliability</p>	<p>Information should correspond with the substance of the actual underlying transactions and events, and be verifiable and neutral.</p>
<p>4. Comparability</p>	<p>Users of the information should be able to identify similarities and differences between ITO performance and other relevant information including changes in policies, policy effects, and corresponding information over periods of time.</p>

32. The specific implications of this framework in the industry training context is discussed below.

Relevance of information

33. The nature of the information that may be made available will be considered as part of a separate consultation paper (relating to what constitutes performance by ITOs). There is a potential trade off between the information being easily assimilated and providing enough detail for it to be meaningful.

Understandability

34. Information should be easy to understand and easily accessible for all users of the industry training system. It should be easily assimilated by learners, employers and other interested parties. The TEC intends to work with the Industry Training Federation to consult with interested

groups on how ITO performance information would best be accessed, and in what format.

Reliability

35. The TEC is committed to reviewing its systems for collecting, managing and collating the information collected from ITOs, and this work is ongoing. From time to time, there are issues with the submission, validation and processing of the quarterly performance data supplied by ITOs. However, as more information becomes publicly available the quality of data it can be expected that there will be stronger incentives for ITOs to provide accurate information to the TEC.

Options

36. Feedback is sought on the following matters:
- Responsibility for presenting performance information; and
 - Options for presenting performance information.
37. Feedback on the extent to which the options presented below comply with the framework set out above is also welcomed.

Responsibility for presenting performance information

38. Performance information could be presented by either the TEC or ITOs. If ITOs present their performance they are more likely to take ownership of the data. If the TEC presents the information the user may need to go to only one place. The TEC may also be more easily able to present contextualised and comparable information.
39. Consideration should be given to the cost of presenting performance information, and the minimisation of any opportunity costs.
40. There are a number of options for assigning responsibility for the presentation of performance information. There are set out below along with their advantages and disadvantages.

Option	Advantages	Disadvantages
A) TEC publishes performance information	One source of comparable information. One 'destination' for performance information Greater opportunity to provide system-wide contextualisation	
B) ITOs publish performance	Potential for greater ITO ownership of	May require monitoring by the TEC.

information	information.	Possibility of inconsistent presentation. Multiple 'destinations' for performance information. Higher compliance for ITOs.
C) Both the TEC and ITOs publish information collaboratively	Consistency of approach	May require a high degree of co-ordination

41. The TEC seeks feedback on these options.

Options for presenting performance information

42. There are several presentation options available. There are set out below along with their advantages and disadvantages.

Option	Advantages	Disadvantages
D) More information published through quarterly reporting The TEC could expand the information it currently publishes quarterly to include additional performance information	Low compliance for TEC and ITOs Updated regularly	Quarter to quarter changes not always significant
E) More information published in the Industry Training Report Published annually through the Industry Training Report.	Useful snapshot information presented in an easy to read format.	Only once a year – infrequent. Quarter to quarter changes not reported
F) Development of standalone 'Dashboard' Quarterly Monitoring Reports ITO-specific reports that	Low compliance for ITOs Reports are ITO-specific	Still under development No single point of public publication

include performance information made available		
G) TEC - additional performance information on website Agreed ITO performance indicators (above and beyond quarterly reporting, including for example ICC) published on TEC website.	One responsible party so one source of information. One 'destination' for performance information Greater opportunity to provide system-wide contextualisation	
H) ITOs - additional performance information on website ITO publishes performance information on website as part of TEC funding conditions	Potential for greater ITO ownership of information	May require for monitoring by the TEC. Possibility of inconsistent presentation. Multiple 'destinations' for performance information.

43. The TEC intends to work with the Industry Training Federation on best ways to gain feedback from users of the industry training system on the nature and availability of performance information. Consultation will include school students and learners, parents, trainees and employers and seek feedback on what information is useful, how it should be presented, and best ways to access it.
44. It is envisaged consultation would be reasonably informal and unobtrusive, and that it should inform the TEC on the value ITO performance information has for these audiences.
45. Appropriate timeframes for gathering this feedback will be established as part of the wider operational policy review consultation.

Consultation Feedback

46. 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 options outlined in the paper and on how these can be further developed.

47. 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.
48. 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 discussion

49. Further feedback is sought in relation to the questions set out below.
50. Are there any other principles that should be taken into account when considering performance information?
51. What is the best way to make performance information available?
52. What information do you think should be available and why?
53. How can accountability for public funding best be demonstrated through performance information?
54. Are there any issues for your organisation in how performance information is currently collected?
55. Which parties should have responsibility for making performance information available, and how would this best be done?
56. Could the quality of performance information currently presented be improved? If so, how could it be improved?
57. How frequently should performance information be presented?
58. How would you like to see different aspects of performance information related to each other? For instance, could the relationship between quarterly reporting, website information and progress monitoring reports be improved?
59. Could current information provided be changed to increase its relevance?
60. What would be the best ‘look and feel’ to get a good understanding of performance information?
61. Are there other users of the industry training system who should be consulted on performance information?

What happens next

62. Feedback will inform the TEC’s approach to what information should be made available and how. Specific consultation will also be undertaken with users of performance information.

Appendix one

- Investment plans document key performance indicators (KPIs) that ITOs are accountable for. KPIs provide information beyond what is available from quarterly reports. The KPIs are:

Type	Name
Plan KPI	Participation of trainees aged under 25 enrolled in national qualifications at level 4 and above
Plan KPI	Employers with employees involved in industry training
Plan KPI	Participation of Maori trainees compared to industry demographics
Plan KPI	Participation of Pacific Peoples trainees compared to industry demographics
Plan KPI	Participation of female trainees compared to industry demographics
Plan KPI	Standard Training Measures achieved against contracted volume
Plan KPI	Average number of credits achieved per trainee
Plan KPI	Completion rates of Pacific Peoples industry trainees and Modern Apprentices
Plan KPI	Completion rates of female industry trainees and Modern Apprentices
Plan KPI	Average time of national qualification completion compared with the expected time
Plan KPI	Progression after completion from level 1 - 3 to level 4 and above by the age of 25
Plan KPI	Industry cash contribution
Sub-sector KPI	Completion rates of industry trainees and Modern Apprentices
Sub-sector KPI	Completion rates of Maori industry trainees and Modern Apprentices
Sub-sector KPI	Completion rates of industry trainees and Modern Apprentices aged under 25 at level 4 and above