

Event backgrounder: Meeting with Careerforce Thursday 14 March

To:	Hon Chris Hipkins, Minister of Education
From:	s9(2)(a), Manager Delivery and Projects, Delivery Directorate
Date:	12 March 2019
Reference:	E-19-00398

You are meeting with Careerforce on Thursday 14 March 2019

1. This backgrounder provides you with information to support your meeting with Careerforce.
2. You are scheduled to meet with Careerforce on Thursday 14 March 2019 at 4.30pm. The biographies of the chair and chief executive are included in the Appendix.
3. We recommend that this event backgrounder is proactively released following your meeting.

Background information on Careerforce

Industry coverage is primarily in the support and cleaning sectors

4. Careerforce is the industry training organisation (ITO) that covers the following sectors: health and disability support, social and community support, cleaning, caretaking, and pest management.

Funding and learner participation has increased markedly since 2015

5. Careerforce was allocated \$18.9 million in 2018. Funding for 2019 is also set at \$18.9 million, with an increase in apprenticeship funding and subsequent decrease in industry training.

Increases in funding and enrolments reflect the pay equity legislation and introduction of apprenticeships

6. Between 2015 and 2019, funding for Careerforce increased 58 percent. This is mainly as a result of apprenticeships being introduced into the health and wellbeing sector in 2016. Table 1 sets out funding, broken down by learner type.

Table 1: Careerforce funding by learner type 2015-2019

Learner type	2015 actual	2016 actual	2017 actual	2018 allocation	2019 allocation
Apprentices	-	233,000	2,652,000	4,029,480	5,104,840
Trainees	12,000,000	12,498,592	13,102,800	14,870,520	13,795,160
Grand Total	12,000,000	12,731,592	15,754,800	18,900,000	18,900,000

7. The greatest proportion of Careerforce's learners is industry trainees, with apprentices making up just under 11 percent of its total learners in 2018. See table 2 for the number of learners in funded training with Careerforce between 2015 and 2018. (Note numbers have been rounded to the nearest 10.)

Table 2: Careerforce participation by learner type 2015-18

Learner type	2015	2016	2017	2018*
Apprentices	-	210	1,120	2,010
Trainees	15,890	14,480	16,550	16,460
Grand Total	15,890	14,660	17,540	18,340

*2018 data will be finalised on 1 April 2019

8. Careerforce has experienced a significant increase in enrolments and funding over the last few years. Due to the Care and Support Workers (Pay Equity) Settlement Act 2017 (the Act), training uptake increased in the final quarter of 2017 and continued through 2018 as the care and support sector responded to the Act. Careerforce has also seen an impact from the introduction of apprenticeships from 2016.

Careerforce's educational performance is mixed

While overall performance is good ...

9. Careerforce's educational performance has generally been consistent each year. Although less than the ITO subsector average, credit achievement is still reasonably good. Its overall programme completion rate is very good, and higher than the subsector average for 2016 and 2017 (set out in table 3).

Table 3: Careerforce educational performance indicators for all learners 2015-18

All learners	Credit achievement				Cohort-based programme completion			
	2015	2016	2017	2018*	2015	2016	2017	2018*
Careerforce	74%	73%	74%	66%	-	74%	74%	67%
ITO subsector	80%	80%	78%	75%	-	62%	69%	68%

*2018 performance will be finalised on 1 April 2019

... apprenticeship credit achievement is poor and well-below subsector average

10. However, its performance in apprenticeships is poor, and credit achievement rates are well-below the subsector average (set out in table 4). Careerforce has had challenges embedding the apprenticeship model, although enrolments have been high.

Table 4: Careerforce educational performance indicators for apprentices 2015-18

Apprentices	Credit achievement				Cohort-based programme completion [#]			
	2015	2016	2017	2018*	2015	2016	2017	2018*
Careerforce	-	57%	49%	46%	-	-	-	-
ITO subsector	87%	87%	85%	83%	-	64%	59%	45%

*2018 performance will be finalised on 1 April 2019

[#]Careerforce apprenticeship completions will be first reported in 2021

Careerforce will want to discuss the RoVE proposals with you

11. While we don't know what Careerforce's industries think about the proposed reforms at this point, some themes already heard in consultation with ITOs are concerns about:

- the limited consultation period;
- a risk that industry will disengage from training due to uncertainty, and apprenticeship numbers will drop;
- polytechnics (and other providers) not being well-placed to managed in-work training;
- future apprenticeship arrangements not fitting with the realities of work;
- the new industry skills bodies (ISBs) being disconnected from the industries they serve because ISBs will not be arranging workplace-based training; and
- ITO training is cost effective and valued by the employers that use it.

Talking points about RoVE

12. You may wish to focus your discussion with Careerforce on the following talking points:

- The proposals aim to increase industry influence on vocational education as a whole:
 - all programmes would be based on standards set by ISBs
 - ISBs would have a genuine influence on TEC investment decisions
 - providers would better understand employer needs through their role in arranging workplace-based training.
- How could we ensure that the system responds to both regional and industry priorities (while gaining economies of scale from the consolidation of ITPs)?
- Given the proposed role changes, how could ISBs best maintain their connections to industry and employers? At this stage, we envisage:
 - governance of ISBs by industry;
 - moderating on-job assessment (and perhaps accrediting the assessors);
 - advising employers on training needs and options; and
 - formal engagement activities such as advisory boards.

Possible responses to concerns that may be raised

The consultation timeframe is too short

13. While a six-week consultation period is intensive, a prolonged period of uncertainty is also not helpful. Learners, employers and tertiary education organisations need certainty on the overall framework and direction of travel as soon as possible. There will be further engagement on the detailed implementation of any proposals adopted.

Industry may disengage from formal training

14. The clear message from Government is business as usual. The need for quality, qualified workers will remain. Therefore businesses should continue to invest in training and

development, and can be assured employers and learners will be supported to achieve formal qualifications.

15. The Government expects that, if the proposals are adopted, the transition to ISBs and provider-arranged work-based training would be on a longer time frame. This would allow agencies to work with ITOs, employers and learners to ensure a smooth transition.
16. Learners will be seeking employment that enables good career paths such as apprenticeships. Those businesses that don't offer them may find it harder to attract talent.

Providers are not well-placed to manage work-based training

17. At the moment, providers are not generally funded to act like ITOs. Not surprisingly then, industry may not see the potential providers could offer. However some are funded to support work-based training and do a very good job. While the capability will need to be built across the provider subsector, current managed apprenticeship arrangements show this arrangement can work.
18. The Government expects providers will reorient their services and support to ensure fit-for-purpose training that meets industry and learner need. This, alongside the greater consistency in programmes envisaged by the proposals, will give employers and learners:
 - greater choice in who manages and provides the training;
 - increased support to address educational barriers such as literacy and numeracy;
 - the ability to change TEOs due to relocation, or loss of employment;
 - access to wider learner support systems and structures; and
 - access to management and higher level training for business development.

Concerns that apprenticeship arrangements won't fit with the realities of work

19. Providers would need to adapt to industry needs to secure employer support and TEC funding. It is also expected that this would be an aspect of NZQA assurance of provider quality.
20. It is likely that providers would recruit from ITOs when developing their capabilities in arranging work-based training. Delivery would be informed by the requirements and expectations of each industry.

The new industry skills bodies will be disconnected from industry

21. The ISBs will have key industry contacts for designing qualifications, standards, moderating assessments, and consulting on the performance of programmes. ISBs would be expected to have a very close relationship with other industry bodies.

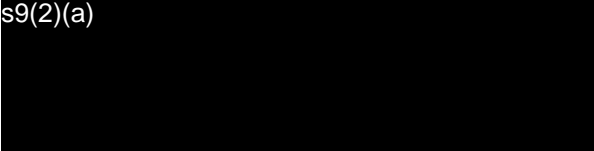
ITO training is cost-effective and valued by employers that use it

22. The cost-effectiveness of industry training reflects the current funding system. In particular it reflects the lack of a similar rate for providers, who are not generally funded to deliver work-based training.
23. Employers that value the industry training system may do so because:

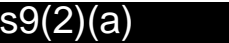
- it suits their needs, and/or
- there are limited government-funded alternatives.

24. However, many employers do not engage in formal training and upskilling. This may be because the industry training model does not suit their needs and capabilities, or those of their employees. The aim of the reforms is to create a system that can deliver a range of models that better match the needs and capabilities of employers and their employees.

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Manager Delivery and Projects, Delivery Directorate
Tertiary Education Commission

12 March 2019

Hon Chris Hipkins

Minister of Education

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