



Tertiary Education Commission
Te Amorangi Mātauranga Matua

Industry Training Plan Guidance

for 2016 and 2017

**Guidance for industry training
organisations seeking
plan-based funding from the TEC
from 1 January 2016**

February 2015

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Introduction

This Plan Guidance sets out the expectations of the Tertiary Education Commission (TEC) for industry training organisations (ITOs) submitting proposed investment plans in 2015 for funding approval from 1 January 2016. Please read it alongside the Tertiary Education Strategy 2014–2019 (TES) and other relevant information on the TEC website.

If necessary and appropriate, we will release Supplementary Plan Guidance information later in 2015 to reflect any new Government policies, including any Budget 2015 initiatives.

If you have questions about your proposed plan, please contact your investment manager.

Section 1: Context

The Government's TES emphasises the opportunity for New Zealand to develop a tertiary education system that is more flexible, outward-facing and engaged. It identifies six priorities for the tertiary education system to change its direction or intensity to achieve the outcomes sought by the Government. The TES has a particular focus on increasing the tertiary education system's contribution to economic growth.

The TEC's core role is to give effect to the TES. Plan-based investment is our biggest lever for doing this. This Plan Guidance explains how we will use this lever in 2016–2017 and beyond to increase industry training sector's contribution to the TES.

Moving to an investment approach

The TEC is working to create a world-leading tertiary education system that is characterised by:

- an increased proportion of the population with a tertiary qualification;
- higher-quality, more relevant research; and
- more responsiveness to the needs of employers and trainees.

A tertiary education system with those features will contribute to higher educational attainment in New Zealand that, in turn, is associated with a range of positive outcomes, including better income and employment.

Over this plan round, we will take significant steps toward an increased investment approach to funding for industry training.

Our future investment decisions will focus on supporting improved outcomes for trainees, employers and industries, and on improving the responsiveness of industry training to their needs. We will target our investments and monitoring on the key factors that affect participation, progression and achievement in industry training and improve the productivity of New Zealand industries and businesses.

Participation, progression and achievement are of particular relevance for those groups who will be increasingly important to our country's economic growth, including trainees from Māori and Pasifika communities.

A high-performing industry training system

The TEC expects each ITO to contribute to a high-performing system.

In addition, the TEC expects each ITO to focus on the needs of their industries and carve out a unique place for itself in the sector.

Industry training is a partnership

Formal industry training is a partnership between the industries, trainees and Government. The Government supports industries to improve productivity through training which results in transferable skills for the trainees.

In order to be a high-performing industry training system, all partners need to benefit from the partnership.

Industries benefit by having a significant portion of the costs of upskilling their employees met by the Government. In return, industries undertake training that is quality assured and results in formal qualifications for trainees. The trainees benefit by gaining recognised qualifications and transferable skills. The Government benefits from the improved outcomes for industries and trained individuals.

Training that does not result in benefits for all partners will be considered a lower priority for investment.

A focus on trainees and their employers

A high-performing ITO puts trainees at the centre of the training system, providing them with support and resources to help them succeed. Putting trainees at the centre means seeking their feedback and adjusting training arrangements and pastoral care accordingly. In particular, ITOs are required to ensure all New Zealand apprentices receive appropriate support services.

A high-performing ITO also puts industries' needs to the forefront and understands current and future workforce training needs. All ITOs should understand the needs of their employers and industries and the skills that contribute to workplace productivity. ITOs should be flexible and open to collaboration with a range of providers to develop relevant programmes and pathways.

Good governance and management

A high-performing ITO is well-governed and well-managed and delivers value for money. ITOs are expected to have well-defined strategic plans that provide clear direction and reflect the particular contribution they can make to industries, the tertiary education system and the wider economy.

All ITOs are expected to engage in on-going self-assessment which considers how well they are helping trainees to succeed and focusses on those activities that contribute to the best outcomes for trainees and industries.

ITOs are expected to be financially viable and sustainable, adjusting their business models and strategic directions if the environment changes. The TEC expects collaboration or consolidation and flexibility as required to achieve better outcomes, improve effectiveness and operate efficiently and economically.

Plan development

To help our development process towards an investment approach for the 2016–2017 investment round, it is important that we understand what drives individual ITO investment decisions. Proposed plans will need to outline performance stories, comprising:

- the organisation’s mission and distinctive role within the overall network of provision, including an articulation of its point of difference;
- the organisation’s strategic direction, including intended outcomes and the activities and outputs that will contribute to these; and
- how the organisation will measure its own and its trainees’ progress.

The strategic direction must also explain how the ITO intends to respond to the relevant TES priorities in the coming two years.

These requirements are set out in the Gazette notice.¹

The Gazette notice sets out the criteria the TEC will use to assess proposed plans for funding approval. In line with the TES, the focus will increasingly shift from educational performance to a more outcomes-based model. This also reflects that educational performance has now generally improved (and, where it has not, the TEC will continue to take action). Our investment decisions will be progressively driven by an assessment of the quality of the performance story in each ITO plan, and evidence of that ITO’s relative contribution and demonstrated commitment to the outcomes we seek.

This may mean that an ITO that has performed well in terms of its educational performance indicators may have funding reduced from 2016 if it has not made as great a contribution to TES priorities as other ITOs or is unable to commit to shifts in the future.

Forecast demand for tertiary education

The Ministry of Education forecasts that demand for provider-based tertiary education will ease over 2015–2019. This is a result of economic activity increasing employment opportunities and the 18–24 year old population declining. The increase of people employed in the workforce and the decline in provider based training is likely to increase the number of people able to engage in industry training.

¹ The Gazette notice also sets out requirements for the Summary of Activity and Performance Commitments that are part of an ITO’s proposed plan. ITOs should read these carefully. The TEC will provide templates to capture information about an ITO’s intended mix of provision, any subcontracting arrangements and its performance commitments.

Section 2: How the TEC wants ITOs to respond to the TES priorities

This section expands on what we seek from 2016–2017 plans, so that ITOs contribute effectively to the relevant TES priorities. It also includes an overall priority on the tertiary education system's performance.

The 2014–2019 TES priorities are:

1. Delivering skills for industry;
2. Getting at-risk young people into a career;
3. Boosting achievement of Māori and Pasifika;
4. Improving adult literacy and numeracy;
5. Strengthening research-based institutions; and
6. Growing international linkages.

ITOs will be effective contributors to the relevant TES priorities by focusing on the following areas.

Arranging training that deliver skills for industry

Contribution to TES Priorities – this focus will ensure ITOs deliver skills for industry.

ITOs need to strengthen their contribution to New Zealand's economic productivity through matching their training arrangements to the skill-needs of industries and enterprises.

This means arranging training towards New Zealand qualifications wherever possible. New Zealand qualifications have been endorsed by industries to provide trainees and their employers with the most up-to-date and relevant skills.

ITOs should be actively engaging with industries that contribute to key social or economic impacts to ensure training programmes are well-aligned to current and future needs. It also means ITOs should increase their penetration across the industries they work with and connect with employers that have not traditionally engaged in industry training.

ITOs should seek to provide employers with a choice of training providers for off-job training.

ITOs should explain in their plans how they engage with their industries on workforce needs and how they intend to respond to those needs.

ITOs should ensure that as well as developing new technical skills through formal training, trainees are supported by their employers and the ITO to develop the complementary soft skills needed to be effective in the workplace and wider society.

We expect ITOs to contribute to and use information about national and regional employment market demands, as well as information drawn from other sources, such as workshops with industry bodies and employers, to plan their training programmes. This includes working with providers to support and develop pathways that progress to higher levels.

Key funding priorities

The TEC will prioritise funding for New Zealand qualifications and industries with key economic and social impacts.

Encouraging aspiration in trainees and employers

Contribution to TES Priorities – this focus will ensure ITOs help get at-risk young people into a career and boost the achievement of Māori and Pasifika.

The TEC expects ITOs to ensure entry points into training recognise a learner's prior educational achievement. While Level 2 on the New Zealand Qualifications Framework is a common entry point for industry training, ITOs need to consider how best to progress trainees who already have achieved credits towards Vocational Pathways, and completed foundation qualifications, such as the National Certificate of Educational Achievement (NCEA) Level 2.

In the future, the TEC expects foundation-level training to be increasingly targeted to those with no formal qualifications. Trainees at Levels 1 and 2 will need to be well supported to develop their literacy and numeracy skills as a key outcome of this level of training. ITOs are also expected to increase the proportion of trainees progressing to further training above Levels 1 and 2.

ITOs will be expected to encourage employers and employees to engage with training at higher levels and increase the numbers of New Zealand apprenticeships. Industry training has a significant contribution to make to the Government's Better Public Service target to increase the proportion of 25–34 year olds with advanced trade qualifications, diplomas and degrees.

Boosting achievement of Māori and Pasifika trainees

The TEC has very high expectations for Māori and Pasifika tertiary education participation and achievement in fields and modes that lead to higher-earning jobs and stronger career pathways. We expect ITOs to share these high expectations.

Māori and Pasifika trainees should be participating and achieving in tertiary education at least on par with other trainees. The TEC's performance expectations will continue to rise until parity is achieved. ITOs will be expected to provide information in plans that track their existing and planned performance commitments against the success indicators for Māori and Pasifika in the TES. We expect ITOs to review, evaluate and demonstrate how successful equity initiatives are being scaled up.

Boosting achievement for Māori trainees

ITOs will be expected to explicitly respond to the following tertiary focus areas of [Ka Hikitia](#) (the Government's Māori education success strategy) in their plans:

1. Māori trainees participate and achieve on par with other trainees in industry training, particularly at higher levels.
2. Māori trainees attain the skills, knowledge and qualifications needed to participate at all levels of the workforce.

Where appropriate, ITOs will be expected to provide evidence in their plans of a strong implementation approach to support success for Māori trainees, referring to their organisation-wide accountability and how they support Māori strategies.

See *Doing Better for Māori in Tertiary Settings*, available on the [TEC website](#).

ITOs should also explain, if relevant, how their proposed activities will contribute to [He Kai Kei Aku Ringa](#), the Crown and Māori Economic Growth Strategy, and how their delivery will contribute to whānau, hapū and iwi prosperity through the use and stewardship of Māori assets.

Boosting achievement for Pasifika trainees

The TEC has clear expectations in its [Pasifika Framework](#) for ITOs to obtain meaningful and substantial improvements in participation and achievement outcomes for Pasifika. To support this, plans should set out strategies to improve the transitions of Pasifika trainees into higher levels of training and for increasing the participation and success of Pasifika trainees in New Zealand apprenticeships.

ITOs are expected to include challenging performance commitment targets to improve Pasifika participation and achievement at all levels, and clearly define the actions planned for obtaining participation and achievement parity for Pasifika trainees.

The TEC's *Doing Better for Pasifika in Tertiary Settings* research report identifies key inter-related influences and common barriers that shape Pasifika trainees' tertiary transition decisions and experiences. ITOs will need to use the success indicators in the research report to develop and implement an understanding of what is needed to raise educational performance for Pasifika trainees.

Key funding priorities

The TEC will prioritise funding for lower-level training for employees without formal qualifications and for training that increases the achievement of Māori and Pasifika trainees.

Achieving results for trainees and their employers

Contribution to TES Priorities – this focus will ensure ITOs deliver skills for industry and help improve adult literacy and numeracy.

New Zealand Apprenticeships

ITOs who offer New Zealand apprenticeships will need to ensure every apprentice and their employer is well supported and resourced. The TEC expects ITOs to have systems in place to ensure high completion rates over these longer training programmes and to actively monitor the progress of apprentices.

ITOs will be required to comply with the New Zealand Apprenticeships Code of Good Practice once it is finalised and published in 2015.

ITOs are expected to outline their apprenticeship activities in their plans, including how they will attract, support and retain apprentices throughout the apprenticeship programmes.

Boosting literacy and numeracy skills

The TEC will be working with the sector to achieve a step-change in the performance and accountability settings for literacy and numeracy. ITOs must assess trainees at Levels 1 and 2 and support their training to continuously improve its effectiveness in addressing literacy and numeracy needs.

During 2015 we will develop a methodology and use this to monitor ITOs' use of the Adult Literacy and Numeracy Assessment Tool (the Tool) in Level 1 and 2. We will refer to results on the Tool usage to inform our investment decisions.

We expect ITOs to tell us how they are using, or intend to use, Tool data to improve the literacy and numeracy skills of foundation-level trainees in their 2016–2017 Plans.

ITOs should also familiarise themselves with the TEC's 2012 [Adult Literacy and Numeracy Implementation Strategy](#).²

High credit achievement and completion rates for training programmes

ITOs will need to ensure high credit achievement and completion rates for their programmes through the active management of trainees. The TEC expects ITOs to implement improvement plans for programmes with poor credit achievement rates or completion rates below 70% (the sector average was 74% in 2013).

Programmes with very poor completion rates will not be funded from 2016 unless the ITO is able to provide robust evidence of an industry need and a clear strategy for improving the performance of the programme.

The TEC is examining programme completion rates in detail for each ITO. Once this analysis is complete, we will determine the threshold for low performing programmes and engage with each ITO about their low performing programmes.

Key funding priorities

The TEC will prioritise funding for New Zealand Apprenticeships and Level 4 training, lower-level training where the Literacy and Numeracy Assessment Tool-usage is high and programmes with high credit achievement and completion rates.

Tertiary education system expectations

A shift of focus

The educational performance of the tertiary education system has improved substantially in shifting its focus from inputs to, now, educational attainment. The focus of the TES is how the system can be more outward-looking and more responsive to the needs of trainees, industries and communities, and demographic changes.

² While the Implementation Strategy makes reference to the previous *Tertiary Education Strategy 2010–2015*, it aligns closely with the new TES and remains current.

The TEC expects to see ITOs working with providers in increasingly innovative ways to develop pathways for trainees that lead to positive outcomes and with industries to strengthen employers' influence in the tertiary education system.

The TEC expects all ITOs to use outcomes information as part of internal planning to understand and improve on performance. The TEC will use this information, and information on how well the system is meeting the needs of trainees, industries and communities, in its investment decisions.

The TEC will continue to work with the wider tertiary education sector during 2015 and beyond to consider how we can develop a collaborative approach to outcomes measurement, both for learners and for TEOs' other activities. The proposed strategic conversations with the sector will provide an early opportunity for this.

Thinking of the future

Tertiary education is a major enabler of economic competitiveness in an increasingly knowledge-driven global economy. High-quality tertiary education and training is a vital determinant of a country's well-being and there is an imperative for countries to raise employment skills, sustain a globally competitive research base, and improve knowledge dissemination to the benefit of society.

The TEC expects ITOs to engage broadly and deeply with their industries and stakeholders to gain a shared understanding of future skill and knowledge needs and use that intelligence to plan future provision.

A continued focus on efficiency

The tertiary education system needs to continue to become more efficient to further improve outcomes for trainees and contribute to economic growth within a constrained fiscal environment.

The recent consolidation of the ITO structure is expected to deliver efficiency gains. ITOs can continue to contribute to system efficiency by considering their missions and roles within a complementary and comprehensive network of provision nationally and regionally.

This means collaborating with other TEOs to ensure pathways into higher levels of training and identifying and building on specialisation areas that lead to positive outcomes for trainees. It also means ceasing to arrange training for programmes with very poor outcomes.

Impacts of technological change

The latest developments in mobile technologies and data analytics are starting to impact tertiary teaching and learning. Mobile technologies provide more flexible and personalised learning options, allowing self-paced, 'just-in-time' learning anywhere.

Data analytics allow organisations to better manage a large amount of learner-generated learning data to provide more timely, targeted, and effective interventions that contribute to improved performance and outcomes for trainees.

All ITOs should consider the opportunities and risks of technology-supported delivery models, which should be reflected in their plans, as well as in their capital investment plans.

Additional requirements for plans from 2016

Providing information on apprenticeship training activities

ITOs are now required by the Industry Training and Apprenticeship Act 1992 to specify in their plan how they intend to carry out apprenticeship training activities. The information in the plan must include details about:

- promoting apprenticeship training;
- identifying prospective apprentices and employers;
- arranging training for prospective apprentices;
- monitoring apprentices' progress;
- ensuring consistency with any apprenticeship training code; and
- providing pastoral care and support.

Providing good information for trainees

The TEC expects ITOs to publish good information to inform trainees' enrolment decisions and encourage industries to support formal, work-based training.

In particular, ITOs need to ensure information on the New Zealand apprenticeships they offer is comprehensive and easily accessible.

Commitment to complete accurate and timely data in the Industry Training Register

ITOs need to have systems in place to ensure the data they submit to the Industry Training Register is complete, accurate and timely.

Key dates for data

The TEC will use data, as at 31 August of the current year, to forecast each ITO's full-year delivery and assess requests for in-year plan amendments. ITOs must ensure their data as at 31 August is up-to-date each year, commencing in 2015.

ITOs have until 31 March of the following year to finalise the reporting year's data that will be used to calculate educational performance indicators and any funding recoveries.

Submitting complete data

The TEC requires ITOs to submit complete data. In particular, data must be submitted for all fields in the Industry Training Register relating to the trainee or apprentice and their employer.

Collecting additional information on programmes proposed for funding

ITOs are required to submit the details of all programmes proposed for funding as part of their investment plan. This will ensure ITOs are complying with section 10(1)(b) of the

Industry Training and Apprenticeship Act 1992. The information will enable the TEC to consider in detail the relevance and value of each ITO's proposed activities.

A template for submitting programme details will be published on the TEC's website in due course. ITOs will be notified when the template is published.

Collecting additional information about areas of priority investment

The TEC is likely to continue to ask ITOs to provide additional information about areas of investment of high priority to the Government. In 2016 and 2017, this is likely to include construction, engineering, information and communication technology, and primary industries. We will provide more guidance to the relevant ITOs when we know what additional information is needed.

Section 3: Administrative information about plans

ITOs must submit a proposed plan

The Industry Training Fund is largely administered through investment plans. To be considered for funding through the Industry Training Fund, an ITO must submit a proposed plan to the TEC.

Duration of plans

The duration of the TEC's funding approval for plans is set by funding determinations released by the Minister for Tertiary Education, Skills and Employment under section 159L of the Education Act 1989.

The TEC expects the funding determination for the Industry Training Fund to enable it to approve funding for an ITO's plan for up-to two calendar years.

The duration of funding approval will depend on the TEC's confidence in both the ITO's internal capability and in the stability of the ITO's planning environment.

We expect all ITOs' plans to reflect a two-year planning horizon (2016–2017).

Timelines for developing a plan

The following timeline sets out the key milestones and target dates for the 2015 plan round for ITOs. The plan submission deadline is **31 August 2015** for all ITOs.

Activity	Indicative timing
TEC releases Industry Training Plan Guidance to ITOs (this document)	February 2015
TEC publishes Gazette notice: <i>Education (Proposed Investment Plans: Requirements, Content, Submission, and Assessment; and Plan Summaries) Notice 2015</i>	March/April 2015
Government announces Budget 2014	May 2015
TEC releases Supplementary Plan Guidance to reflect any policy or Budget changes (if required)	June 2015
TEC engages and discusses performance information and proposed plans with ITOs	March to August 2015; deadline for Plans to be submitted by 31 August
ITOs submit their proposed plans to the TEC	
TEC assesses proposed plans	
TEC Board makes final funding decisions for all industry training plan-based funding	October/November 2015
ITOs are notified of final funding decisions via plan funding approval letters	November/December 2015
First payments made against plans; plan delivery begins	January 2016

Changing a plan once it has received funding approval

A plan may require changes for a number of reasons during its period of funding approval. ITOs should contact their investment manager if they are considering changes.

Amendments that do not relate to funding may not require approval from the TEC but ITOs should still advise the TEC of any proposed changes. Significant amendments, including any change that could affect eligibility for funding, require the TEC's approval. If the changes are substantial, an ITO can request to submit a replacement plan.

The TEC may also initiate amendments to plans over the plan period. For example, we will actively monitor demand for apprentices and trainees separately and seek to adjust delivery where demand varies from forecasts.