

SKILLS TRAINING

Building a Stronger Economy



Building a skilled workforce

Workers need the right skills to make the most of their opportunities, earn higher incomes, and contribute to New Zealand's future. And businesses need well-trained workers with the right mix of skills to grow and succeed.

Improving skills is a key part of National's agenda to help people into work, help our businesses grow, improve productivity, and build a stronger economy with higher-paid jobs.

Getting better results from investment in skills

Government funding for on-the-job training almost trebled under Labour. But funding increases were not matched with any accountability for the funding, or a significant increase in performance.

We now spend over \$4 billion a year on tertiary education. This includes industry training and modern apprenticeships. That's about 1.6 per cent of GDP, which is high relative to the OECD average of 1.2 per cent.

Our challenge is to ensure we are getting the best results for students, taxpayers, and the economy, right across the tertiary sector, including in industry and vocational training.

New Zealand has a strong history of vocational training. National will build on this by effectively engaging with industry, adopting innovative approaches to training, and providing meaningful and relevant qualifications for young people.

“National will ensure better results for industry trainees and apprentices, and re-invest more funding as demand grows. We will keep more 16- and 17-year-olds engaged in vocational education, and help young people on benefits into skills training.”

Key facts

- Industry trainees achieved 14 per cent more credits in 2010 than in 2008.
- We've reduced the number of qualifications at levels 1 to 6 from 4600 to an estimated 3100 – with more progress to come.
- Four times as many adult students as in 2008 are gaining literacy and numeracy skills in their foundation courses.
- We've supported 15,500 young people to get work skills through our successful Job Opportunities programme. The vast majority of these are no longer on a benefit.

Related policies

- Tertiary Education
- Education in Schools
- Employment Relations
- Welfare Reform
- Immigration

National has...

Improved vocational pathways

- ✓ Made good progress in simplifying vocational pathways – especially with the targeted review of qualifications, which is being managed by NZQA.

Improved the provision of vocational and skills training

- ✓ Shifted the funding system from one that focuses on inputs – or how many places are being funded – towards a model that focuses more on results – or how many trainees are getting the qualifications they need.
- ✓ Removed funding for low-value short courses and pure regulatory compliance.
- ✓ Established a new operational policy for Industry Training Organisations (ITOs) that targets funding at the actual progress of trainees.
- ✓ Reformed the governance of polytechs.
- ✓ Started a wider review of industry training policy. This is examining the ITO model and how it has evolved, how industry training works in other countries, and whether the current system can be improved to perform at its full potential.

Improved literacy and numeracy in the workplace

- ✓ Encouraged literacy and numeracy to be embedded as part of all level 1 and 2 training. This is part of the Government's wider push for embedded literacy and numeracy in all foundational learning.

Increased options for 16- and 17-year-olds to stay engaged and train

- ✓ Established the Youth Guarantee. The Youth Guarantee provides fee-free school-level skills training for 16- and 17-year-olds at:
 - Tertiary institutions such as universities, polytechs, wananga and private training organisations.
 - Trades Academies: partnerships with schools and local training providers that allow students to earn worthwhile qualifications while learning practical skills.
 - Service Academies, which are military-style programmes that offer courses in leadership and outdoor education while students earn NCEA literacy and numeracy credits.
- ✓ Provided funding for 2,500 Youth Guarantee places.
- ✓ Created eight Trades Academies and 19 Service Academies.

Helped young beneficiaries get better skills

- ✓ Rolled out our \$152 million Youth Opportunities package, which included:
 - 12,000 places in Job Ops: six-month job placements in businesses for low-skilled young people so they can develop work skills and confidence, with a \$5000 subsidy to employers.
 - 5000 places in Community Max places: jobs for up to six months in community programmes, connecting young people to the positive work going on in our communities.
 - 1970 places in the Limited Service Volunteer programme: instilling discipline, confidence, and motivation in 18- to 24-year-olds.

Introduced a 90-day trial period for new employees

- ✓ Introduced the voluntary 90-day trial period for new employees in small businesses.
- ✓ Expanded the 90-day trial period to all businesses following its successful implementation.

Our results so far...

A simpler qualifications framework

- Reduced the number of qualifications at levels 1 to 6 from 4600 to an estimated 3100 by the end of 2011, with further progress due in 2012 and 2013.

More achievement and better value in industry training

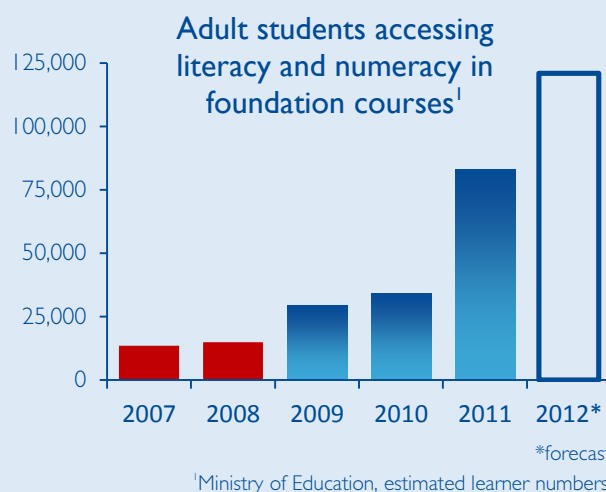
- Preliminary 2010 performance data for the industry training sector shows a significant increase in both the credit achievement rate and the credit weighted programme completion rates over 2008 and 2009.

Trainees have achieved:

- A 14% increase in total credits since 2008.
- A significant increase in the number of qualifications in the 2010/11 June year, according to NZQA data.
- Recovered approximately \$4 million from ITOs for trainees who were not eligible for funding.

More adult students gaining literacy and numeracy skills

- Since 2008, we've seen the number of adults accessing programmes with an embedded literacy and numeracy component more than quadruple. These are courses covering any number of areas, from hairdressing to horticulture, that include the development of core literacy and numeracy skills.
- Over 83,000 adults are accessing literacy and numeracy in foundation courses in 2011.



Helped young people into work

- 90% of young people who completed a Job Ops programme are no longer on welfare.
- 75% of young people who completed a Community Max programme are no longer on a benefit.
- 13,000 jobs were created in small businesses through the 90-day trial period, according to research by New Zealand Institute of Economic Research. This research did not include the extension of the 90-day trial period to all businesses on 1 October 2010.

What we will do next...

1. Improve vocational pathways

- Further reduce the number of qualifications at levels one to six – to simplify the whole pathway for trades and skills qualifications.

National wants to ensure that qualifications are relevant and that their value is well-understood by trainees and employers.

We will reduce the number of qualifications from the current 3100 to around 1300 by the end of 2014 to help achieve this.

- Develop new vocational pathways at the secondary and tertiary interface. Initial pathways are being developed for:

- Construction and infrastructure
- Primary industries
- Social and community services
- Service industries
- Manufacturing and technology

Vocational pathways will help bridge the gap between education and employment.

They will describe the learning and assessment standards valued by broad sectors of industry.

They will also include a career and study map that will show young people their potential occupations and future study options.

Clear vocational pathways will encourage more students to stay in education, so they can achieve qualifications valued by industry.

2. Improve the provision of vocational and skills training

- Keep improving the performance of the whole industry training sector.

We will use the Tertiary Education Commission's new Industry Training Register to monitor the progress of trainees in different industries around the country. We'll also focus all providers on achieving meaningful results for trainees and their employers.

- Re-invest more funding in industry training as demand grows, following the global recession.

- Encourage more ITO mergers to simplify and strengthen the industry training system.

While there have been some mergers to date, we currently have 33 ITOs in New Zealand. As a comparison, Australia has just 11 Skills Councils, which are equivalent organisations across the Tasman.

- Complete and implement the comprehensive wider review of Industry Training Policy.

In particular, we will address any structural issues that hamper cooperation between on-the-job and off-the-job training providers.

What we will do next...(continued)

3. Improve literacy and numeracy in the workplace

- Extend requirements for adult literacy and numeracy to level 3 courses so that they are a core part of training for all courses from levels 1 to 3.

Fundamental skills in literacy and numeracy are a core part of the skills needed in our workforce. We want to ensure trainees pick up these skills while they are learning.

- Keep investing, alongside employers, in intensive literacy and numeracy training for those workers with very low levels of literacy and numeracy or with English as a second language.

4. Keep more 16- and 17-year-olds actively engaged in learning skills

- Establish a new category of specialist teacher which will allow experts in particular areas, notably trades, to be employed by schools and deliver specialised courses.

We will make it easier for schools to employ people with specialist skills who may not be a registered teacher but can undergo basic teacher-training (which may be on the job).

This will allow schools to provide similar courses to polytechnics with similar teachers, and provide better consistency of teaching between secondary and tertiary education.

- Make it easier for schools, tertiary education providers, and local business to set-up a trade or service academy themselves.

The current funding system limits the ability of schools to fund students on a per pupil basis, so they can learn at a Trades or Service Academy. We will bring more flexibility to the system to provide a better transition between secondary and tertiary education.

- Review careers guidance in schools.

We want to make sure that careers guidance meets the needs of students, and that they are being given effective advice on courses, careers, and tertiary study – particularly for those teenagers who are interested in vocational skills.

- Track students who leave school before 18 and make sure they are in some form of education or training.

We don't want to see students just drop out of the system. Schools will be asked to report students who are leaving school and not going on to further training or employment so we can support them and they don't end up on the dole queue.

- Develop better education options for teen parents.

Having a baby can be a huge barrier to education. We will work to remove barriers by establishing teen parent units in centres of high need and ensuring there are links between schools and accessible early childhood care.

→ Enhance the Youth Guarantee.

National will create flexible learning environments to provide more options to engage at-risk students in the education system.

→ Provide 12,500 Youth Guarantee places in the wider Youth Guarantee from 2014.

We will provide more options to engage at-risk 16- and 17 year old students so they stay in the education system learning for longer.

→ Open further Trades Academies from Auckland to Cromwell.

→ Open eight new Service Academies in 2012.

According to a recent Education Review Office (ERO) report, service academies are having a positive effect on some of our most difficult students, according to a recent ERO review.

5. Help young beneficiaries get better work skills

→ Provide 1000 places for 16- to 24-year-olds in the Skills for Growth programme.

Our new Skills for Growth programme gives young people a real chance to get the skills they need for a career.

Employers in industries such as aged care, agriculture, and horticulture get a \$5000 subsidy to hire a young person struggling to find work. The young person gets a job and training towards a recognised industry qualification. We allocated \$17.2 million over four years in Budget 2011 to fund this programme.

→ Provide 3000 places for 16- to 24-year-olds in Job Ops with Training.

Job Ops with Training offers employers a \$5000 subsidy to employ and train a young person for six months.

Our successful Job Ops programme offers employers a \$5000 subsidy to employ a 16- to 24-year-old for six months. We're taking that further by requiring the employer to develop a six-month training programme as part of the deal. We're funding this programme with \$13 million this year allocated in Budget 2011.

→ Provide 1500 places for 18- to 24-year-olds in the Limited Service Volunteer programme.

The Limited Service Volunteer programme gives young people who lack confidence and have been on a benefit for more than six months, basic military and life training skills so they have confidence to find a job.

We're expanding this successful six-week residential programme which is delivered by the NZ Defence Force in Auckland, Wellington, and Christchurch. We're funding this programme with \$25 million over four years as allocated in Budget 2011.

6. Introduce a 'starting-out' wage for new workers

- Establish a new 'starting-out' wage – a minimum wage set at 80 per cent of the adult minimum wage. This will be available for 16- to 19-year-olds who meet certain criteria, and are starting work with a new employer, in recognised industry training, or have just come off a benefit.

The starting-out wage will help our youngest and most inexperienced workers get a foot on the employment ladder and learn work skills.

Just as the voluntary 90-day trial period is providing thousands of job opportunities for inexperienced workers, the starting-out wage will help young people who would otherwise be locked out of a job.

For many, it will provide an opportunity to gain skills, earn money, and get the valuable work experience they need to compete in the open labour market to get work.

It will also encourage employers to give a young worker a job, where they may have been unwilling to hire them on the adult minimum wage.

For more details, see our [Employment Relations policy](#).

Labour would take New Zealand backwards

Under Labour:

- ✘ Too many industry training courses were of questionable quality and had unacceptably low completion rates.
- ✘ A bloated qualifications register caused confusion for students and employers. When National took office, there were more than 120 tourism certificate and diploma courses on offer around the country.
- ✘ There was poor accountability for the money spent by tertiary providers.

We can't afford another dose of Labour.