MINISTRY OF EDUCATION
TE TĀHUHU O TE MĀTAURANGA

Tertiary Education Commission
Te Amorangi Mātauranga Matua

Education Report: Unified Funding System: Comprehensive briefing about the learner success component

To:	Hon Chris Hipkins, Minister of Education		
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Purpose of Report

The purpose of this report is to provide you with a comprehensive briefing about the learner success component of the unified funding system, and compare two key options for the high-level policy design of the component: option one would involve deriving funding from enrolments of priority learner groups, and option two would involve deriving funding from an Equity Index for VET.

Summary

This report presents the information we gathered and analysed to inform the design of the learner success component of the unified funding system (UFS) for vocational education and training (VET).

Our work since early 2018 shows that VET learners have complex and diverse needs. Some learners have good experiences with VET: they have their needs identified and supported, and they complete VET qualifications and have good employment outcomes. Other learners want and need tailored support, but do not always get the help they need to succeed.

Some larger groups of learners represent a substantial portion of the VET population but experience inequitable outcomes from VET: young learners with low prior education, disabled learners, Māori learners, and Pacific learners. The VET system has not performed well for these learners, and that needs to change.

System-wide organisational change requires strong signals and incentives from government. The government already has a clear strategy: priority 3 of the Statement of National Education and Learning Priorities (NELP) and Tertiary Education Strategy (TES) commits to reducing barriers for Māori, Pacific and disabled learners, and to ensuring funding supports providers to help underserved learners. Also, the Tertiary Education Commission (TEC) has strong guidance for tertiary education organisations (TEOs), and it is increasingly holding TEOs to account for their learners' success. The system is primed for change, but sufficient funding linked to learner success is the missing piece.

The learner success component will align with, and augment, these efforts to reorient the system towards the needs of learners.

We provide information in this briefing and in Annex 8 about two key options for allocating funding to better enable TEOs to respond to learner need: a priority learner approach and an Equity Index-type approach.

The priority learner approach and the Equity Index approach share similar principles:

- Both seek to identify learners who are more likely to need support to succeed in education and allocate funding in a fair way across a large number of organisations to reflect the respective level of need of each organisation's population.

- Both aim to increase the organisations' capabilities to support students/learners who are more likely to need additional learning and wellbeing support to succeed in education and have strong employment outcomes.

- Both use select student/learner characteristics as proxies for actual student/learner need.

Option one: a priority learner approach

Under the priority learner approach, the level of need of a TEO's population, and learner success component funding, would be determined by its equivalent full-time students (EFTS) and/or standard training measures (STMs) across key groups of learners. We are currently proposing that the following groups would be targeted (although the priority learner approach is designed to work for any priority groups):

- young learners with low prior qualifications (learners under age 25 without a prior qualification at level 3 or above on the New Zealand Qualification Framework)

- disabled learners

- Māori learners

- Pacific learners

- (we are considering whether we should also include women enrolled in traditionally male-dominated trades and will provide advice later this year as part of detailed policy design decisions).

While this will not be a completely accurate representation of the actual level of need of a TEO's population, we consider it will be accurate enough for the purposes of fairly allocating funding across all TEOs in the VET system.

As part of developing our advice for the learner success component, we analysed how the VET system works for learners. From the start, we focused our analysis on learner characteristics:

- that are, or easily could be, evident to TEOs

- for which data was available

- that were shown in previous analysis to have an impact on participation and/or success in tertiary education.

Then we determined whether each characteristic was linked to lower qualification completion rates in VET.

Our analysis shows that the VET system underserves the groups of learners listed above and that they are more at risk of not completing some VET qualifications and/or of poorer

employment outcomes. These groups also face broader economic, employment and wellbeing disparities that the VET system could play a role in improving if it better served their needs.

The manner in which the VET system underserves learners in these groups varies between the learner groups and across different types of VET. For example, the provider-based and industry training systems perform differently for Māori. Compared to NZ European graduates and learners:

- Māori VET graduates have much lower employment rates from provider-based VET, but Māori learners have higher participation rates and similar qualification completion rates in provider-based VET.

- Māori VET graduates have lower employment rates from industry training (but less so than provider-based VET), but Māori learners have lower participation rates and lower qualification completion rates in industry training.

This means that the learner success component needs to have nuance to its design to reflect the differences in how the VET system performs for these learners. This could mean different funding rates for different learner groups, different funding rates for learners enrolled in different types of VET, different funding rates for learners with more than one eligible characteristic, etc. It could also mean setting accountability mechanisms that reflect the nuanced needs of learners and our expectations of the ways the VET system needs to adapt in different ways.

This briefing sets out the further advice that we plan to offer you on the detailed policy design over the next few months (refer to Annex 8). During the detailed design phase, we would provide you with advice on a number of different options that would continue to shape the signals and incentives of the learner success component. These decisions will be critical to ensuring the learner success component results in meaningful change for learners who need more support from the VET system.

A key benefit of a priority learner approach is that it would be transparent for TEOs about key characteristics that put learners at risk of not succeeding in VET and transparent about funding methodologies. This means that TEOs would understand how their funding is derived and know, based on their funding, which learners in their populations are more likely to need additional learning and wellbeing support to have successful outcomes from VET. The funding allocation methodology would signal to TEOs the kinds of behavioural shifts required to attract and support students who need stronger support in VET and TEOs would be able to respond accordingly.

Another key benefit is that this approach takes advantage of a key piece of information available about VET learners: prior educational history. Our analysis shows that for younger VET learners, prior education attainment is a strong predictor of future educational success. Ethnicity and disability help predict future educational success and employment outcomes across all ages, including older learners. This means we can rely on a small number of variables to identify learners who are more likely to need support in VET.

A key risk with this approach is the potential to stigmatise learners based on their ethnicity and/or disability. Our judgement is that this approach is unlikely to increase existing stigmatisation, but we recognise that the risk of stigmatisation would need to be carefully managed.

Other drawbacks of this approach include that it would not identify all learners who may need support to succeed in VET and would oversimplify the nature of individual learners' backgrounds and needs. This could be addressed with appropriate accountability mechanisms.

Even though bulk funding would be determined on the basis of key learner groups as proxies for need, actual need would be addressed by TEOs. TEOs would be expected to support *all* learners who need additional learning and wellbeing support to be successful in VET. Funding would not only be used to support learners in these key groups. Providers will be expected to identify the unique needs of all their learners, make decisions about how to support them, and allocate funding accordingly. This means that even though the priority learner approach does not perfectly accurately identify the needs of individual learners, TEOs' own practices will.

As part of the priority learner approach, TEC would work closely with TEOs to set appropriate accountability measures and to monitor performance against these measures. To support this, a small portion of learner success component funding could be based on providers' successes in improving their support for all of their learners and for their learners' achievement.

This means that under a priority learner approach, funding signals and accountability mechanisms would work together to shift TEOs' behaviours towards the needs of their learners.

We consider that a priority learner approach would determine learner need sufficiently accurately for funding purposes, send signals to TEOs about which learners to focus their support activities towards, align with priority 3 of the NELP and TES, and be relatively simple to implement. We consider the drawbacks and risks of this approach to be manageable.

Option two: an Equity Index approach

An Equity Index approach for the learner success component would involve identifying a basket of variables that reflect the characteristics of VET learners and that could predict their future educational success and employment outcomes. This information would be gathered from the Integrated Data Infrastructure (IDI), then aggregated to determine the likely level of need of a TEO's population of learners. This approach would be similar to the schooling Equity Index.

The basket of variables would need to be different for the adult VET population than for the schooling population, as adults have different characteristics which predict need and most learners in VET have not recently finished secondary school.

A benefit of this approach is that it would reflect the complex nature of individual learners' backgrounds and needs. Another benefit is that, compared to the priority learner approach, this approach may more accurately identify the number of learners who are at risk of not completing their qualification or having poorer employment outcomes. We cannot determine the extent to which this option would be more accurate without developing a potential Equity Index for VET to enable us to directly compare the outputs of the two approaches.

A key drawback of this approach is that it would not be transparent to TEOs about which learners are more likely to need learning and wellbeing support, or about which learners are generating additional funding for them. This is because TEOs would not see the underlying data about their learners as part of the funding allocation methodology. This means that the signals and incentives that the funding policy sends to TEOs would be weaker about what kinds of behaviour shifts we want to see from them. Without this, TEOs would not see as clearly the behaviours they could do to increase their funding and, correspondingly, support learners.

This means that under an Equity Index approach, we would have to rely more heavily on accountability mechanisms to shift TEOs' behaviours towards the needs of their learners.

It could be more difficult to use a wide range of factors to understand VET learners' backgrounds and levels of need for several reasons, including because links between some learner characteristics and levels of need are less direct, and because information about older

people is more likely to have availability and/or accuracy problems. Currently, the availability of data in the IDI would enable us to analyse a number of different variables about younger adults – up to approximately age 30, or approximately half of the VET population. For adults over approximately age 30, the IDI does not hold sufficiently complete data to enable us to do a similar multi-variable analysis.

This approach has less, but still some, potential to stigmatise learners based on their ethnicity and/or disability, though this would depend on the variables selected for the Equity Index.

An Equity Index approach would require a multi-year programme to develop and test the appropriate methodology for an Equity Index-type tool in VET. It would also require significant changes to IT systems and funding allocation methodology to implement.

While there are benefits to the Equity Index approach, we consider that the drawbacks would be more difficult to overcome than with the priority learner approach.

Next steps

Our view is that the priority learner approach and the Equity Index could together work across the schooling and VET systems respectively to build a more equitable education system that improves outcomes for all learners, particularly those who have been traditionally underserved by the education system.

Choosing between the priority learner approach and the Equity Index approach reflects a choice between the relative weighting of different objectives:

- If you are aiming to prioritise transparency for TEOs about funding allocation methodologies, a balance of funding and accountability mechanisms to shift TEO behaviours, and TEOs undertaking their own assessments of their learners' needs informed by funding methodology, then you may wish to choose the priority learner approach.

- If you are aiming to prioritise having a consistent funding methodology across the education sectors, strong accountability mechanisms to shift TEO behaviour, government undertaking a thorough assessment of learner need, and TEOs undertaking independent assessments of their learners' needs, then you may wish to choose the Equity Index approach.

If you prefer the priority learner approach, we would come back to you to confirm the high-level policy decisions for the approach as set out in Annex 8. This includes any further work required on the learner groups to be prioritised.

If you prefer the Equity Index approach, there are two options for how you could choose to implement it:

- If you wish to implement it as soon as possible, we would immediately refocus our resources on developing an Equity Index approach for VET. The funding and time required for this could be significant. The Equity Index would not be ready for implementation in 2023, and this could impact implementation of the rest of the UFS.

- Another option that could avoid impacting implementation of the rest of the UFS is to adopt a staged approach. This could involve proceeding with the priority learner approach initially and pursuing an Equity Index for VET over time as resources allow. This could give us the time needed to develop an Equity Index for VET and test it against the priority learner approach without delaying implementation of the UFS.

This, however, would not give the sector certainty about the learner success component, something which we know they are seeking.

If you do not prefer the priority learner or Equity Index approaches, we could explore alternatives as set out in Annex 8.

Recommendations

The Ministry of Education and the Tertiary Education Commission recommend that you:

a. **note** that this report responds to your request for more detailed information about the learner success component of the unified funding system (UFS) and compares two key options for the high-level policy design of the component

b. **provide feedback** on the contents of this report as soon as possible to support continued progress on the learner success component and the UFS

c. **agree** to one of the following:

    i. EITHER proceed with a priority learner approach to the learner success component (**recommended**)

Agree / Disagree

    ii. OR proceed with developing an Equity Index-type approach for the learner success component

Agree / Disagree

d. **note** that if you choose the priority learner approach, we will come back to you soon to confirm the high-level policy decisions for the approach, including the learner groups to be associated with funding, and we will work with your office to prepare a Cabinet paper setting out your intentions for the learner success component in the context of the UFS

e. **note** that if you choose the Equity Index approach, we will provide more advice on how the Index could be developed and implemented, including more information about how a staged approach could help avoid implementation delays to the UFS

f. **indicate**, if you disagree with the priority learner and the Equity Index approaches, which of the following alternatives (as discussed in Annex 8) you would like more advice about:

i.	Link funding to two groups of learners: disabled learners and young learners with low prior educational attainment	**Yes / No**
ii.	Fund capability building, e.g. by supporting all TEOs to adopt the Ōritetanga – Learner Success Framework	**Yes / No**
iii.	Link all funding to TEOs' improvements in learner success (i.e. performance-based funding)	**Yes / No**
iv.	Directly purchasing individual learning and wellbeing support services	**Yes / No**
v.	Establish and link funding to centralised learner analytics data	**Yes / No**
vi.	Establish and fund individual learning and wellbeing support accounts for learners to purchase support services	**Yes / No**

g. **note** that Te Taumata Aronui is supportive of the general direction of the learner success component and is interested in ensuring that the component will include strong accountability mechanisms on providers to improve support and performance for Māori learners, and that we will engage further with Te Taumata Aronui on this issue

h. **agree** to proactively release this education report within 30 days of Cabinet decisions being made, with any redactions in line with the provisions of the Official Information Act 1982.

Agree / Disagree

Andy Jackson
Deputy Secretary
Te Ara Kaimanawa
Ministry of Education

17/05/2021

Tim Fowler
Chief Executive
Tertiary Education Commission

17/05/2021

Hon Chris Hipkins
Minister of Education

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Background

1. In response to a draft Cabinet paper we prepared for you in February about the unified funding system (UFS), you asked us to give you information about how we developed our advice to support the learner success component of the UFS.

2. You indicated that you would like:

   a. the details of our analysis to date

   b. advice on how our recommended approach for the learner success component compares to the Equity Index that has been developed for use in the schooling system

   c. modelling of the impact of our recommended approach for the learner success component on TEOs in the VET system.

This report provides you with a comprehensive view of our work to develop the learner success component of the UFS

3. We have prepared this report to give you comprehensive information about how we have developed our recommendations to date for the learner success component.

4. This comprehensive information is set out as a series of annexes, which step through the information we have gathered, the problems we identified with the VET system for learners, the options we have considered for change, and some preliminary information about modelling.

5. The annexes to this report are as follows:

Annex 1	The context for, and approach to, the learner success component
Annex 2	Government funding for VET and for equity in education
Annex 3	What we've heard from and about learners
Annex 4	International approaches to funding equity in VET
Annex 5	Literature about supporting learners in VET
Annex 6	What the data tells us
Annex 7	The VET system needs to do better for learners: problem definition and opportunities
Annex 8	Shaping the learner success component: advice and recommendations
Annex 9	Distribution of learners in VET to inform future modelling

6. We intend this to be a full view of our work, not a summary or overview. For that reason, this is a very long report.

7. To support you in reviewing this substantial amount of material, we have excerpted in the rest of this cover note the material in the annexes that:

   a. summarises the problems we identified with the VET system for learners

   b. summarises our recommendations and how they would improve the VET system

   c. compares our recommended approach to the Equity Index.

Summary of the problems we identified with the VET system for learners

8. Annex 7 identifies the key problems learners face in the current VET system and the key opportunities for funding reform to improve the way the VET system performs for learners. This section summarises this information.

9. Our work since early 2018 shows that VET learners have complex and diverse needs. Some learners have good experiences with VET: they have their needs identified and supported, and they complete VET qualifications and have good employment outcomes. But other learners want and need tailored support, but do not always get the help they need.

10. Some larger groups of learners represent a substantial portion of the VET population but experience inequitable outcomes from VET: young learners with low prior education, disabled learners, Māori learners, and Pacific learners. Many of these learners also experience inequitable outcomes across the rest of the tertiary education system.

11. Learners in these groups experience different challenges in VET, but our engagement with learners and our data shows that the system is consistently not providing all of the learners in these groups with the learning and wellbeing support they need to complete their VET qualifications and/or have strong employment outcomes from VET. The VET system as a whole does not perform well for these learners, and that needs to change.

12. Funding can be a powerful lever to influence TEO behaviour, especially when it is aligned with other levers like government strategies, guidance, accountability, etc. However, with no or inadequate funding linked to these groups of learners, TEOs do not have strong incentives to take the extra steps required to support these learners.

13. There has been very low investment in equity in New Zealand's VET system compared to other countries, and Equity Funding rates for VET have declined in real terms since the mid-2000s. Funding policies do not consistently put learners and their needs at the centre of the VET system, do not sufficiently reflect the different costs of supporting different learners, and do not incentivise TEOs to make the significant changes required to improve VET system performance for learners.

14. There are many ways that learners can be supported. The most appropriate interventions for a given learner can vary according to their needs, mode of delivery, field of study, community/region, etc. TEOs are best placed to identify and support learners' needs. But this is complex and requires a whole-of-organisational focus on learners.

15. Some TEOs are recognising the benefits to them and their learners of making these substantial culture shifts. A few have done so with funding and guidance from TEC. But most organisations have not yet developed or embedded the kinds of organisation-wide change required to significantly improve the way the VET system supports learners.

16. System-wide organisational change requires strong signals and incentives from Government. The current signals and incentives from Government are not strong or comprehensive enough to stimulate the system-wide change needed. The Government has a clear strategy – the NELP and TES – and strong guidance for TEOs through the Ōritetanga – Learner Success Framework. Also, TEC is increasingly holding TEOs to account for their learners' success. The system is primed for change, but sufficient funding linked to learners is the missing piece.

17. Now is the opportunity for funding policy to be reformed to:

    a. align with the NELP and TES

    b. incentivise all TEOs to support their learners' learning and wellbeing needs, including by taking up TEC's Ōritetanga – Learner Success Framework, extending its reach across the VET system

c.   better reflect the costs of providing the wide range of learning and wellbeing support activities that diverse learners need

d.   provide flexibility to TEOs to tailor their interventions to the needs of their learners

e.   increase accountability on TEOs for supporting all learners to be successful, particularly learners who have been traditionally underserved by the VET system.

18.   The outcome of this will be a system-wide reorientation to put the learners at the centre of the VET system. This in turn will improve outcomes for learners, particularly those who have traditionally been underserved by the VET system.

19.   The learner success component will complement other reforms throughout RoVE that refocus the VET system on the needs of learners:

a.   It will help the UFS achieve its principle of rewarding and encouraging the delivery of high-quality education and training that meets the needs of learners, communities and employers.

b.   It will be key to realising our RoVE objective of meeting the needs of learners who have traditionally been underserved by the education system, such as Māori, Pacific and disabled learners.

c.   It will also ensure that strong learner-centric incentives are in place as Te Pūkenga establishes itself and as it and other providers take responsibility for apprentices and trainees.

Summary of our recommendations for the learner success component and how they would improve the VET system

20.   Annex 8 provides our advice and recommendations for the high-level design of the learner success component. It steps through a series of high-level design decisions, providing detail about different choices.

21.   This section sets out what our recommendations look like together, thus forming the high-level policy framework for the learner success component. It also explains what outcomes we could expect to see after implementation of this approach.

How our recommendations form the high-level policy framework for the learner success component

22.   Taken together, our recommendations form the high-level policy framework for the learner success component. This section sets out these recommendations together.

Bulk funding

23.   Most funding would be provided as bulk enrolment-based funding to TEOs, but a different approach is needed for some disabled learners:

a.   Learner success component funding would provide bulk funding to TEOs to fund their learning and wellbeing support activities, which could include building their organisational capability and shifting towards being learner-centric organisations. TEOs would decide how to allocate the funding internally, but TEC would have strong accountability mechanisms and monitoring (see below).

b.   9(2)(f)(iv)

Priority learner approach

24. The level of need of a TEO's population would be determined by a priority learner approach, but a different approach is needed for some disabled learners:

    a. A priority learner approach is most suitable to identifying the level of need within a TEO's VET learner population. It will determine the level of need sufficiently accurately for funding purposes, send the right signals to TEOs about which learners they should be focusing their support activities towards (although as noted below, TEOs will be expected to identify and support all learners who need support), and it will be relatively simple to implement.

    b. 9(2)(f)(iv)

25. The level of need of a TEO's population, and learner success component funding, should be determined by its EFTS/STMs across key groups of learners:

    a. young learners with low prior qualifications (learners under age 25 without a prior qualification at level 3 or above on the New Zealand Qualification Framework)

    b. disabled learners

    c. Māori learners

    d. Pacific learners

    e. (we are considering whether we should also include women enrolled in traditionally male-dominated trades and will provide advice later this year as part of detailed policy design decisions).

26. We used a mixture of quantitative and qualitative analysis, including significant engagement, to identify and understand which groups of learners could benefit most from a learner-based approach to funding (refer to Annexes 3, 5 and 6 for more details). We focused our analysis on factors that are likely to indicate a greater need for tailoring of education delivery and support, including the factors which are the most helpful in predicting whether a learner is at risk of not achieving a VET qualification or of poorer employment outcomes from VET.

27. Our analysis shows that the VET system underserves these groups of learners and that they are more at risk of not completing some VET qualifications and/or of poorer employment outcomes. These groups also face broader economic, employment and wellbeing disparities that the VET system could play a role in improving if it better served their needs.

28. The manner in which the VET system underserves learners in these groups varies between the learner groups and across different types of VET. For example, the provider-based and industry training systems perform differently for Māori. Compared to NZ European graduates and learners:

    a. Māori VET graduates have much lower employment rates from provider-based VET, but Māori learners have higher participation rates and similar qualification completion rates in provider-based VET.

    b. Māori VET graduates have lower employment rates from industry training (but less so than provider-based VET), but Māori learners have lower participation rates and lower qualification completion rates in industry training.

29. This means that the learner success component needs to have nuance to its design to reflect the differences in how the VET system performs for these learners. This could mean different funding rates for different learner groups, different funding rates for

learners enrolled in different types of VET, different funding rates for learners with more than one eligible characteristic, etc. It could also mean setting accountability mechanisms that reflect the nuanced needs of learners and our expectations of the ways the VET system needs to adapt in different ways.

30. This briefing sets out the further advice we will offer on the detailed policy design over the next few months (refer to Annex 8). During the detailed design phase, we would provide you with advice on a number of different options that would continue to shape the signals and incentives of the learner success component. These decisions will be critical to ensuring the learner success component results in meaningful change for learners who need more support from the VET system.

31. A priority learner approach is aligned with the NELP and TES, which commits to:

    a. "Reduce barriers to education for all, including for Māori and Pacific learners/ākonga, disabled learners/ākonga and those with learning support needs" (priority 3)

    b. "Ensure funding better recognises the additional costs of tailoring support and education delivery to different learners and supports providers to help under-served groups".

32. This approach will support the VET system to adapt to the needs of these learners, and all learners who need support to succeed, rather than expecting learners to fit into a system that doesn't work for them.

Expectations and accountability

33. Even though bulk funding would be determined on the basis of key learner groups as proxies for need, actual need would be addressed by TEOs. TEOs would be expected to support *all* learners who need additional learning and wellbeing support to be successful in VET:

    a. Funding would not only be used to support learners in these key groups. Providers will be expected to identify the unique needs of all their learners, make decisions about how to support them, and allocate funding accordingly.

    b. This means that even though our priority learner approach does not perfectly identify the needs of individual learners, TEOs' own practices will.

34. TEC would work closely with TEOs to set appropriate accountability measures and to monitor performance against these measures. To support this, a small portion of learner success component funding could be based on providers' successes in improving their support for all of their learners and for their learners' achievement. TEOs would agree individual commitments with the TEC and would be rewarded with funding for progress against their goals.

Funding

35. The learner success component should be at least 10% of the UFS's total amount of funding (in its final form). This would be a significant increase on the status quo, and it would support significant system-wide improvements in support for learners.

36. Of learner component funding, 10 to 20% should be connected to TEOs' achievement against their commitments for improvements in learner success.

37. 9(2)(f)(iv)

There are still a number of detailed policy design choices to make, and they will continue to shape the learner success component

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38. The high-level policy framework above sets the direction for the learner success component. But there are still a number of detailed policy design choices to make, and they will continue to shape the signals and incentives of the learner success component. This is discussed in more detail in Annex 8.

How this would improve the VET system for learners…

…in the short term…

39. In the short term, the learner success component would send strong signals to TEOs about the expectations government has for the way they support learners. In response, we could expect to see TEOs begin to shift to being more learner centric, including, for example, adopting the Ōritetanga – Learner Success Framework.

40. Learner success component funding would support TEOs to build their capability and capacity to support learners. Early adopters could support other TEOs across the network.

41. TEC would work closely with TEOs to set appropriate commitments about how they intend to improve their support for learners in VET.

42. TEOs would build their capabilities to work with employers to support workplace learning and learners.

43. Learners who are already enrolled in VET qualifications could expect to see increased availability of learning and wellbeing support opportunities and an increased focus on identifying their individual needs.

…in the medium term…

44. In the medium term, TEOs would increasingly embed the shift towards a learner-centric culture. TEOs would become more aware of the needs of their learners and will tailor their teaching and support practices accordingly. TEOs would increasingly invest in enduring system and culture changes.

45. Good practice could increasingly be disseminated across the VET system.

46. TEOs would be meeting their initial commitments to TEC about improving their support for learners in VET. TEOs who are achieving their commitments would receive funding connected to these commitments, and TEC would increasingly push them to continue to improve. TEOs who are not achieving their commitments would not receive funding connected to these commitments, and TEC would provide guidance to support their development. TEC may also use other accountability mechanisms to steer them to improve their support for their learners.

47. TEOs and employers could increasingly work together to improve hiring and training rates and support for Māori, Pacific and disabled employees (and possibly women in traditionally male-dominated trades), and this could support changes in workplace culture and changes in advice to learners about qualification and subject choices.

48. All learners could increasingly expect learning and wellbeing support that is tailored to their unique needs. They could expect TEOs to increasingly proactively identify learners who may need support and could also expect most staff within a TEO to be focused on learners' needs:

    a. Young learners with low prior educational attainment could increasingly expect to be supported to gain the skills and knowledge they need to complete their qualifications. They could expect prompt identification of their needs and early

interventions from TEOs. The difference in qualification completion rates for these learners would begin to lessen.

b. Māori and Pacific learners could expect increasingly culturally affirming learning environments that reflect and respond to their own cultures, experiences and knowledge. TEOs could increasingly support them to enrol in qualifications that have strong employment outcomes, including apprenticeships, and their qualification completion rates could improve. TEOs could increasingly support their workforces to build their cultural competency.

c. Disabled learners could expect TEOs to increasingly adopt universal design in their teaching and learning. This would increasingly make VET more accessible to disabled learners. Disabled learners could also begin to expect TEOs to have the capability and capacity to understand and identify the varied needs of disabled learners and support them accordingly.

49. TEOs could begin to invest in the capital they need to make their physical spaces and IT systems accessible to disabled learners. They could also increasingly support their workforces to build their competency in supporting and affirming disabled learners.

50. As inequities in the VET system lessen for young learners with low prior educational attainment, and Māori, Pacific and disabled learners, we can review the learner success component funding settings and adjust as appropriate. This could include determining whether the key learner groups remain appropriate for linking funding to.

…and in the long term…

51. In the long term, TEOs would have strong, organisation-wide learner-centric cultures, and this would be reflected in their organisational strategies and policies, their financial and strategic decision-making, and the capability of their workforces.

52. More employers could be hiring, training and supporting Māori, Pacific and disabled employees (and possibly women in traditionally male-dominated trades), and these learners could expect more supportive and inclusive work environments.

53. All learners could expect learning and wellbeing support that is tailored to their unique needs. They could expect TEOs to consistently proactively identify learners who may need support and could also expect all staff within a TEO to be focused on learners' needs:

a. Young learners with low prior educational attainment could consistently expect to be supported to gain the skills and knowledge they need to complete their qualifications. The difference in qualification completion rates for these learners would significantly lessen.

b. Māori and Pacific learners could consistently expect culturally affirming learning environments that reflect and respond to their own cultures, experiences and knowledge. Participation patterns for Māori and Pacific learners could show them enrolled in qualifications with good employment outcomes, like apprenticeships, on par with NZ European learners. Māori and Pacific learners could also expect similar qualification completion rates and employment outcomes from VET as NZ European learners.

c. Disabled learners could consistently expect TEOs to adopt universal design in their teaching and learning. VET would be consistently accessible to disabled learners. Disabled learners could also consistently expect TEOs to have the capability and capacity to understand and identify the varied needs of disabled learners and support them accordingly.

54. But until we have a better understanding of the patterns of participation, qualification completion, and employment outcomes for disabled learners, it is difficult to say what

kinds of improvements we could expect to see. We assume that consistently strong support for disabled learners in VET would result in improved employment outcomes.

55. In the long term, RoVE and the UFS, including the learner success component, would make VET more attractive to all learners, including learners who know they might need more support while studying. They would support clear, direct pathways from schooling to VET. This may result in some learners choosing VET where they previously may not have.

…and the learner success component can adapt too

56. As we see behaviour shifts from TEOs and improvements in the way the VET system performs for learners, the learner success component can adapt too. For example, over time as the system performs better for learners, the priority learner groups may shift. As we gather more information about disabled learners, we can better ensure they have the learning and wellbeing support they need.

57. It will be important to evaluate the implementation and impacts of the learner success component, as with the rest of the UFS, and we are factoring this into our future planning.

But TEOs may not be able to fully transform to learner-centric organisations without equity funding reform across all tertiary education

58. The UFS and the learner success component will significantly change the way TEOs are funded for their VET provision. This will stimulate the kinds of organisation-wide changes we have discussed above.

59. But we caution that VET funding reform alone may not be sufficient to stimulate the kinds of sweeping organisation-wide changes we want to see from TEOs. This is because most TEOs involved in VET also have significant portion of delivery in foundation and higher education. These organisations do not separate their learner support or organisational structures and cultures for VET from foundation and higher education.

60. So, while it is reasonable to expect UFS changes to have significant impacts on VET learners and VET organisations, it is also reasonable to expect that the scale of some of these impacts could only be realised with equally significant and impactful reforms to equity funding across all tertiary education.

Comparing our recommended approach to the Equity Index

61. As part of Annex 8, we compare our recommendation of a priority learner approach for determining the level of need of a TEO's population (and calculating learner success component funding) to an Equity Index-type approach. This comparison is laid out in this section, starting with an overview in table 1.

Table 1: Should the level of need of a TEO's population be determined by a priority learner approach or an Equity Index approach?

Options	Benefits	Drawbacks	Recommendation
A priority learner approach: large groups of learners with key characteristics that are evident to TEOs upon enrolment and that are at risk of not completing VET qualifications and of poorer employment outcomes (qualification completions and employment outcomes show the strongest inequities between learner groups in VET)	Simple Low transaction costs for TEC and TEOs The key characteristics of large groups of learners who are likely to need support would be visible to the TEO	Would not identify all learners who may need support The nature of individual learners' backgrounds and needs may be over-simplified Could stigmatise learners based on ethnicity, disability, etc.	✓ Recommended
An Equity Index approach: a profile of each TEO's learners reflecting multiple, diverse risk indicators, similar to the Equity Index for schools (refer to Annex 2 for more details)	Could more accurately identify the number of learners who need support to succeed in VET Reflects the complex nature of individual learners' backgrounds and needs Administratively simple for TEOs, as government would use the IDI for learner information	Would be based on learner characteristics that are not evident to TEOs, so reduces the incentives to, and abilities of, TEOs to effectively target their learner support – this is opposite to the signals we have been, and want, to send TEOs, particularly through the NELP and TES (see Annex 1 for more details) and TEC's Ōritetanga – Learner Success Framework (see Annex 2 for more details) Technically complex and would require significant work to develop a suitable methodology for an Equity Index-like tool for TEOs Costly and resource-intensive to implement Would not be available for implementation in 2023	✗ Not recommended

More detail about a priority learner approach

62. A priority learner approach would link funding to priority learners who have key characteristics that increase their risks of not completing VET qualifications and of poorer employment outcomes – characteristics we identified through our research. This approach would be in keeping with equity-based funding approaches in other countries and jurisdictions (refer to Annex 4 for more information).

63. Linking funding to these priority learners approximates the level of need of a TEO's population:

    a. Many learners with these characteristics will need additional learning and wellbeing support to succeed, but some will not.

    b. Conversely, many learners who do not have these characteristics will not need additional learning and wellbeing support, but some will.

64. While this will not be a completely accurate representation of the actual level of need of a TEO's population, it will be accurate enough for the purposes of fairly allocating funding across all TEOs in the VET system. This is in keeping with the approach across taken the vast majority of funding for tertiary education, whereby funding does not reflect TEOs' actual individual costs or needs, but rather approximates them and enables TEOs to make their own internal allocations, including allowing for cross-subsidisation.

65. Also, it will be transparent to TEOs about key characteristics that put learners at risk of not completing VET qualifications and of poorer employment outcomes. This means that TEOs will know based on their funding which learners in their populations are more likely to need additional learning and wellbeing support to have successful outcomes from VET. It also means TEOs will understand how their funding is being derived and what behaviours they could change to attract and support students that need better support and better outcomes from VET. The funding allocation methodology would send signals to TEOs about the kinds of shifts we want to see from them, and they would be able to respond accordingly.

66. For example, we expect that this option would incentivise TEOs to attract learners that generate more funding for them. Even more so, we expect this option would incentivise TEOs to support these learners to enrol in qualifications that meet their career ambitions and have good employment outcomes, and to complete their qualifications. This would be due to significantly higher funding volumes and wider reach across VET compared to current Equity Funding. We also expect TEOs would support learners that generate more funding for them into longer qualifications to retain the funding. Since these qualifications, particularly apprenticeships, have better economic outcomes, outcomes for these learners would improve.

67. This option offers flexibility about whether to link funding to actual historic enrolments (i.e. the most recent year for which TEC holds complete and finalised enrolment data) or forecast enrolments (i.e. the current year), each of which have benefits and drawbacks:

    a. Linking funding to actual historic enrolments means that funding does not reflect TEOs' current enrolments (it could be higher or lower than current levels of need with in the learner population because of fluctuations from year to year), but funding does not have to be washed up at year-end. This is the current approach to calculating Equity Funding. Since Equity Funding in VET is very low, there is little impact on VET TEOs when their Equity Funding does not accurately reflect their current enrolments. But since learner success component will provide significantly more funding, this issue is likely to become more important to VET TEOs.

    b. Linking funding to forecast enrolments means that funding more accurately reflects the current level of need in the learner population, but in-year adjustments and/or year-end wash-ups are required to reflect differences in forecast and actual enrolments, giving TEOs less certainty about funding. While TEOs have previously expressed a preference for avoiding wash-ups, given that the learner success component will allocate significantly more funding than current Equity Funding, TEOs may prefer this approach to ensure their funding more accurately reflects the learner population in any given funding year.

68. The priority learner approach would be reasonably administratively simple, with relatively modest up-front and ongoing transaction costs to TEOs and TEC. It will require some changes to information collection, IT systems, and funding allocation methodology.

69. There is a risk with this option that TEOs are incentivised to support learners that have the characteristics that are linked to funding, even if some of those learners do not need additional learning and wellbeing support to succeed in VET. Similarly, TEOs may be

disincentivised to support learners who do need additional support, but do not have the characteristics that are linked to funding. This risk can be managed through funding policy design, accountability mechanisms, TEC's investment decisions, TEC's guidance (including through the Ōritetanga – Learner Success Framework), and TEC's monitoring – refer to Annex 8, decision 4 for our recommendation for managing this risk through funding policy design.

70. A further risk with this approach is the potential to stigmatise learners based on their ethnicity and/or disability. Our judgement is that this approach is unlikely to increase existing stigmatisation:

    a. Designing funding so that TEOs are required to support *all* learners who need additional support, rather than just Māori, Pacific and disabled learners would mitigate this risk – refer to Annex 8, decision 4 for more information.

    b. Tertiary education funding is already connected to Māori, Pacific and disabled learners via Equity Funding.

    c. The government has identified these learner groups as a priority in the NELP and TES, as noted above.

    d. If funding can improve educational equity for these learners, this will contribute to reduced stigmatisation in the long term.

Background about the data analysis that informs our proposal for a priority learner approach

71. Annex 6 sets out the data analysis we undertook to inform our development of a priority learner approach for the learner success component. This section explains our approach to the analysis.

72. From the start, we focused our analysis on learner characteristics:

    a. that are, or easily could be, evident to TEOs

    b. for which data was available

    c. that were shown in previous analysis to have an impact on participation and/or success in tertiary education (see below for more information).

73. Then we determined whether each characteristic was linked to lower qualification completion rates in VET.

74. The learner characteristics we analysed were:

    a. ethnicity

    b. disability

    c. age

    d. prior educational attainment

    e. gender

    f. isolation

    g. literacy and numeracy skills

    h. socioeconomic background.

75. Other factors like employment history, benefit history, etc. could have an impact on learners' likelihood of participation and achieving in VET. But these characteristics are not easily evident to TEOs, so we did not undertake analysis of these characteristics.

76. We did not do a full regression analysis to determine which learner characteristics were most predictive of future success in VET.

77. However, the approach we took was informed by a previous regression analysis (undertaken prior to RoVE and the UFS, and published in 2018[1]) in which we looked at factors associated with participation and achievement in higher-level tertiary education for young people. It showed that prior educational attainment had the strongest relationship to whether young people participated in higher-level tertiary education and to how well young people succeed in tertiary education. But it also showed that some groups of learners, including young Māori and young Pacific people, continued to face disadvantage even once their school achievement was taken into account.

78. One challenge with undertaking a full regression analysis of VET learners, or with creating an Equity Index, is the availability of data about adults. Currently, the availability of data in the IDI would enable us to analyse a number of different variables about younger adults – up to approximately age 30, or approximately half of the VET population. For adults over approximately age 30, the IDI does not hold sufficiently complete data to enable us to do a similar multi-variable analysis.

More detail about an Equity Index approach

79. An Equity Index approach would involve complex data analysis to determine all variables that might predict learners' future educational success and employment outcomes. This would be similar to the Equity Index developed for use in schooling and early childhood education (refer to Annex 2 for more details).

80. It is likely that these would include the characteristics that we have already identified, but could also include a significant number of other factors connected to a learner's employment history, socioeconomic status, socioeconomic background, benefit dependency, parental education, transiency and migrancy, contact with the care and protection or justice systems, etc. This information would be gathered from the IDI, then aggregated to determine the likely level of need of a TEO's population of learners. TEOs would not see the underlying data.

81. The basket of variables would need to be different for the adult VET population than for the schooling population, as adults have different characteristics which predict need and most learners in VET have not recently finished secondary school. As people get older, things like educational attainment and employment experience become more of an influence on their likely educational or employment outcomes than other variables included in the Equity Index.

82. As with the priority learner approach, this option approximates the level of need of a TEO's population. Compared to the priority learner approach, this approach could more accurately identify the number of learners who are at risk of not completing their qualification or having poorer employment outcomes. But we cannot determine the extent to which this option would be more accurate without developing a potential Equity Index for VET to enable us to directly compare the outputs of the two approaches.

83. However, an Equity Index approach would not be transparent to TEOs about which learners are more likely to need learning and wellbeing support, or about which learners are generating additional funding for them. This means that the signals and incentives that the funding policy sends to TEOs will be weak about what kinds of behaviour shifts we want to see from them. Without this, TEOs would not see as clearly the behaviours

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[1] Earle (2018) Factors associated with achievement in tertiary education up to age 20, Ministry of Education, Wellington.

they could do to increase their funding and, correspondingly, support learners. This is opposite to the signals we have been sending, and want to send, TEOs (particularly through TEC's Ōritetanga – Learner Success Framework (see Annex 2 for more details)) to reinforce that it is their role to understand the needs of their learners.

84. This lack of visibility is less of a problem in the schooling sector, where schools generally do not recruit students or support them to choose between a vast range of qualifications with significantly different employment outcomes. This means that funding does not need to signal to schools the kinds of students they should be recruiting or the kinds of qualifications they should be supporting them to complete to improve their employment outcomes.

85. An additional problem with an Equity Index approach is that it does not allow flexibility for funding to be linked to forecast enrolments. It would be very difficult (or impossible) to forecast learner populations against a wide variety of variables, because learner demographics can change from year to year. Instead, funding could only be linked to actual historic enrolments (i.e. the most recent year for which TEC holds complete and finalised enrolment data). As noted above, it may be important to have the flexibility to link funding to forecast enrolments to ensure TEOs are adequately funded for their populations in any given funding year.

86. An Equity Index approach would have significant up-front and ongoing costs to government to set up and administer. It would require a multi-year programme to develop and test the appropriate methodology for an Equity Index-type tool in VET. It would also require significant changes to IT systems and funding allocation methodology to implement. This option would not be ready for implementation from 2023 and would have to be implemented later than the rest of the UFS.

The two approaches have the same principles, but are each specifically designed for their respective sectors

87. The comparison above shows that the priority learner approach and the Equity Index approach share similar principles.

    a. Both seek to identify learners who are more likely to need support to succeed in education and allocate funding in a fair way across a large number of organisations to reflect the respective level of need of each organisation's population.

    b. Both aim to increase the organisations' capabilities to support students/learners who are more likely to need additional learning and wellbeing support to succeed in education and have strong employment outcomes.

    c. Both use select student/learner characteristics as proxies for actual student/learner need.

88. However, there are key differences between the characteristics of school students and the characteristics of VET learners that mean that different approaches are appropriate for the two different sectors. The following sections explain these differences.

It is more difficult to take a more complex, more comprehensive approach (the Equity Index approach) in tertiary education than in the schooling sector.

89. As discussed in Annex 2, the Equity Index is made up of 28 variables that reflect students' socioeconomic backgrounds. It is possible to use a wide range of factors to understand school students' backgrounds and levels of need for a few reasons:

    a. the likely population of schools and the schooling system is predictable because participation is compulsory, students fall within certain ages, and students are generally drawn from the local community

    b. centralised IDI data about young people is more likely to be available and accurate

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c. links between student characteristics and levels of need are more direct.

90. In comparison, it is more difficult to use a wide range of factors to understand VET learners' backgrounds and levels of need:

   a. the likely population of VET learners at TEOs is less predictable because participation is not compulsory, learners can be almost any age, learner cohorts are dependent on what types of training are being offered at a particular time or place, providers can choose what groups of students to promote courses to, and learners can come from across the country

   b. information about older people is more likely to have availability and/or accuracy problems (see above)

   c. links between some learner characteristics and levels of need are less direct.

91. Using parental education as an example, accessing records of parents' qualifications is difficult (both for domestic and international qualifications) and would not be accurate enough for funding purposes, older VET learners may not know what their parents' qualifications were, and the effect of parent's qualification is less direct for an older learner in VET than a young child.

92. There are other factors that make the Equity Index approach more suitable for schooling than VET.

93. As noted in Annex 2, the Equity Index was developed to replace the decile system in part to eliminate the stigmatising effects that the decile system has had on low decile schools over time. There is no similar reputational issue within the VET system that needs to be addressed, as there is not currently a rating system in tertiary education. Importantly, neither option would create such a stigma for VET organisations, as neither option would apply a rating system to TEOs.

94. The concept of an Equity Index will be unknown to many in the VET system and not immediately resonate (nor would, for example, a decile system). In contrast, language focused directly on learners, like "learner success" or "learner support", is well known and accepted within the VET system.

It is more important to use learner characteristics apparent on enrolment (the priority learner approach) in VET than in the schooling sector

95. More importantly than the fact that it is difficult to take the Equity Index approach with the VET population is that it is more important to take a simpler, transparent approach (the priority learner approach) in VET than in the schooling sector.

96. The reason for this is that for learners above school age, we can easily determine their prior educational attainment by identifying their highest prior qualification. Since qualifications are not awarded until the end of compulsory education, prior educational attainment is not a variable available for most of the schooling population. Instead, a basket of indicators that assess socioeconomic status is the best available approach.

97. Our analysis as part of the learner success component work, along with previous analysis of risk factors for success in tertiary education, shows that for younger VET learners, prior education attainment is a strong predictor of future educational success. While other factors like socioeconomic background, parental education, etc. can predict future educational success for some groups of learners, they do not have the same predictive strength across the system as prior educational attainment.

98. For older learners, though, the predictive power of prior education attainment becomes less strong. This is for several reasons, including because they are likely to have employment experience which has given them additional skills beyond their educational background.

99. But identifying employment history is not straightforward. It would either require complex, intrusive processes at enrolment asking for learners to self-declare their employment backgrounds, or the use of matched data to feed into an Equity Index-type approach, with the benefits and drawbacks as noted above.

100. Instead, we have identified other characteristics (ethnicity and disability) that work across all ages, including older learners, to predict future educational success and employment outcomes.

101. This means that across the whole VET population, we can rely on a small number of simple variables to identify learners who are at risk of poorer outcomes from VET, rather than needing to calculate a basket of different variables.

102. There are undoubtedly technical and administrative differences between taking a priority learner approach to determine the level of learner need in the VET system and taking the Equity Index approach to determine the level of student need in the schooling system. But, importantly, the two approaches have the same underlying principles and aims: to use information about learners to determine their likelihood of educational success, and to link funding to this information so that funding is fairly allocated across the systems.

The priority learner approach in VET and the Equity Index approach in schooling can work together to build a more equitable education system

103. In sum, the two approaches are aligned in their principles and aims, but the details of the two approaches are designed for the specific characteristics of their respective sectors. Together, they would work across the schooling and VET systems to build a more equitable education system that improves outcomes for all learners, particularly those who have been traditionally underserved by the education system.

We could explore the Equity Index approach further

104. As noted above, we are unsure whether the priority learner approach or the Equity Index approach will better assess the level of need within a TEO's population, and we cannot know this without developing an Equity Index for VET.

105. Because of the other downsides with the Equity Index approach, noted above, we recommend proceeding with the priority learner approach.

106. However, we could proceed with the priority learner approach initially, and pursue an Equity Index for VET over time as resources allow. This could give us the time needed to develop an Equity Index for VET and test it against the priority learner approach, without delaying implementation of the UFS. This, however, would not give the sector certainty about the learner success component, something which we know they are seeking.

107. Regardless of whether the learner success component transitions to an Equity Index approach over time, the learner success component, and the UFS as a whole, will require ongoing refinement as we see how TEOs respond to the new system in the years after implementation.

Te Taumata Aronui

108. We have discussed the learner success component with Te Taumata Aronui. The group is supportive of the general direction of the learner success component and is particularly interested in ensuring that the component will include strong accountability mechanisms on providers to improve support and performance for Māori learners. We will engage further with Te Taumata Aronui member Mereraina Piripi on this issue.

Timeline and next steps

109. Please discuss with us the contents of this briefing.

110. If you agree to proceed with the learner success component in line with our recommendations to date, we will come back to you to confirm the high-level policy decisions for the approach as set out in Annex 8, and we will work with your office to prepare a Cabinet paper setting out your intentions for the learner success component.

111. We will also continue to develop the detailed policy design, as set out on pages 31-32 in Annex 8. As our work progresses, we will provide you with advice, including detailed modelling. There are a number of policy decisions yet to be made, and your decisions will continue to shape the signals and incentives of the learner success component and will impact how funding is allocated across the VET system.

112. If you agree to proceed with developing an Equity Index-type approach, we will stop work on the priority learner approach and refocus our resources on developing an Equity Index-type approach. We will provide you with advice about the funding and time required to develop an Equity Index-type approach, which could be significant. We will provide you with advice about the impacts this will have on implementing the UFS, which could also be significant, and about how a staged approach could help avoid implementation delays.

Annexes

Annex 1	The context for, and approach to, the learner success component
Annex 2	Government funding for VET and for equity in education
Annex 3	What we've heard from and about learners
Annex 4	International approaches to funding equity in VET
Annex 5	Literature about supporting learners in VET
Annex 6	What the data tells us
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Annex 9	Distribution of learners in VET to inform future modelling

Annex 1: The context for, and approach to, the learner success component

1. This annex sets out how we developed the learner success component as part of the unified funding system (UFS) and gives an overview of the approach we have taken to developing this component.

2. The learner success component of the UFS evolved out of the vocational education and training (VET) system review and the Reform of Vocational Education (RoVE). Across these pieces of work, we undertook a thorough policy review of the performance of the VET system for learners.

3. The learner success component of the UFS is aimed at placing learners at the centre of tertiary education organisations' (TEOs) decision-making. It recognises that some groups of learners are underserved by the VET system. This means they may participate in VET in lower numbers, complete VET qualifications at lower rates and/or experience poorer employment outcomes from VET.

4. The learner success component will help the UFS achieve its principle of rewarding and encouraging the delivery of high-quality education and training that meets the needs of learners, communities and employers [CAB-MIN-19-0354]. It will also be key to realising the RoVE objective of meeting the needs of learners who have traditionally been underserved by the education system, such as Māori, Pacific and disabled learners [CAB-MIN-19-0354].

5. The learner success component will also support the Government to deliver on its strategy for tertiary education, as set out in the Statement of National Education and Learning Priorities (NELP) and the Tertiary Education Strategy (TES), and on other strategies.

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6. The learner success component of the UFS evolved out of several large, related pieces of work that started in early 2018: the VET system review, the ITP Roadmap and RoVE. This section gives a brief history of these reviews to provide context for the learner success component.

VET system review

7. In early 2018, the Minister of Education commissioned the Ministry of Education to undertake a VET system review. At the same time, the Tertiary Education Commission reviewed the ITP system in its project, ITP Roadmap 2020.

8. The government acknowledged the importance of the VET system as a critical part of New Zealand's economic infrastructure. It provides people with the skills they need for their working lives, provides industry with the skilled workers needed to succeed, and communities with infrastructure for their economic development.

9. But it also saw a number of interrelated challenges and opportunities in the VET system that signalled the need for a review. Some of them are external to the education system - changes in the world of work due to technological change and globalisation; some exist at the interfaces between different actors – making it harder than it should be for learners and employers to access the skills they need; and some exist within the TEOs – where government settings for funding, regulation and collaboration don't always align with our goals for VET.

10. From the beginning, the VET system review focused on the needs of learners, employers and communities. The Government's vision was for a high quality, highly regarded, inclusive education system that supports social, cultural, economic, and environmental outcomes. Fundamental to achieving this would be a VET system that is accessible to a diverse range of learners, which develops relevant skills that support rewarding careers.

11. We set principles for the review that put learners at the centre of the VET system:

   a. Learners should have access to VET that is relevant to their local labour market and their own objectives. This requires a regional network of provision, although it may not all be delivered through a permanent, face-to-face provider. It also requires that learners are well informed about VET as an effective learning pathway.

   b. VET should adapt to learner needs. For example, younger learners are likely to require more pastoral care; learners with lower prior attainment will need greater tutor support; more experienced learners will need VET that takes account of their prior learning. VET also needs to be flexible to accommodate a variety of work circumstances.

   c. Learners should receive a quality education appropriate to learners' aims – whether it is a comprehensive education that develops transferable skills to underpin a dynamic career, or a more focussed programme that meets the needs of a learner for their current or next job.

   d. VET study should support successful transitions to work and/or sustainable employment, to improve learners' employment and earnings.

12. We organised the review into four key themes, one of which was "a system that is effective for diverse learners". This theme focused on the effectiveness of the VET sector in supporting access, achievement and outcomes for different learner groups.

13. Our ambition for learners in VET was that all learners can progress along enriching, individualised, seamless, deliberate career pathways from VET to meaningful and

sustainable employment. But we could see that some learners face low-value, homogenous, complex and/or unintentional pathways from VET to employment.

14. We knew from data analysis prior to starting the review that the VET system performs differently for different groups of learners: patterns of participation, achievement and outcomes varied between learner groups. For example, we knew that Māori, Pacific people, women, young people and disabled people had different patterns of participation and achievement in VET compared to NZ Europeans, men, older people, and non-disabled people. And we knew that this was linked to their labour-market outcomes.

15. We also knew that the reasons for these differences were complex and stretched beyond the tertiary education system, and we acknowledged the need to connect the VET system review work to other work in the wider education and employment systems.

16. We found that to achieve our ambition for learners in VET, the VET system needed to shift to prioritise learner outcomes, equity, aspirations, and pathways, and to strengthen system alignment, as table 1 shows.

Table 1: Findings of the VET system review

	The current VET system…	The VET system can be improved by…
Outcomes	prioritises enrolments rather than outcomes	recalibrating the funding system towards outcomes and away from enrolments
Equity	provides limited incentives to TEOs to embrace equity by funding at very low rates not linked to individual learners' needs only provides some learners with the financial, learning and pastoral support they need	embracing equity by increasing equity funding to TEOs and better targeting funding to learners who need support to be successful in VET providing all learners with the financial, learning and pastoral support they need
Aspirations	incentivises TEOs and employers to put their own short-term needs ahead of learners' and employees' long-term career success perpetuates negative perceptions about VET	recalibrating incentives towards learners' and employees' long-term career success lifting the esteem of VET in all aspects of education and employment
Pathways	sets some learners on complex or circular pathways that do not always improve their outcomes	simplifying pathways into and through VET and from VET to employment, and ensuring that pathways always improve learners' outcomes
System alignment	may not always be aligned across national, regional and local organisations	streamlining all services and information about VET to make it easier for learners, potential learners, and employers to access it

17. The learner theme of the VET system review found several ways that the VET system could better address the needs of learners. We made a number of recommendations; some focused on funding policy, others addressing non-funding matters like accountability settings, student support, educational quality, information collection, etc.

18. The analysis, research and engagement undertaken as part of the learner theme of the VET system review carried over into, and strongly informed, RoVE and the UFS work. The section below describing the approach to the UFS learner success component work includes describing the approach taken to the learner theme of the VET system review. The findings of the learner theme of the VET system review are incorporated throughout the other annexes.
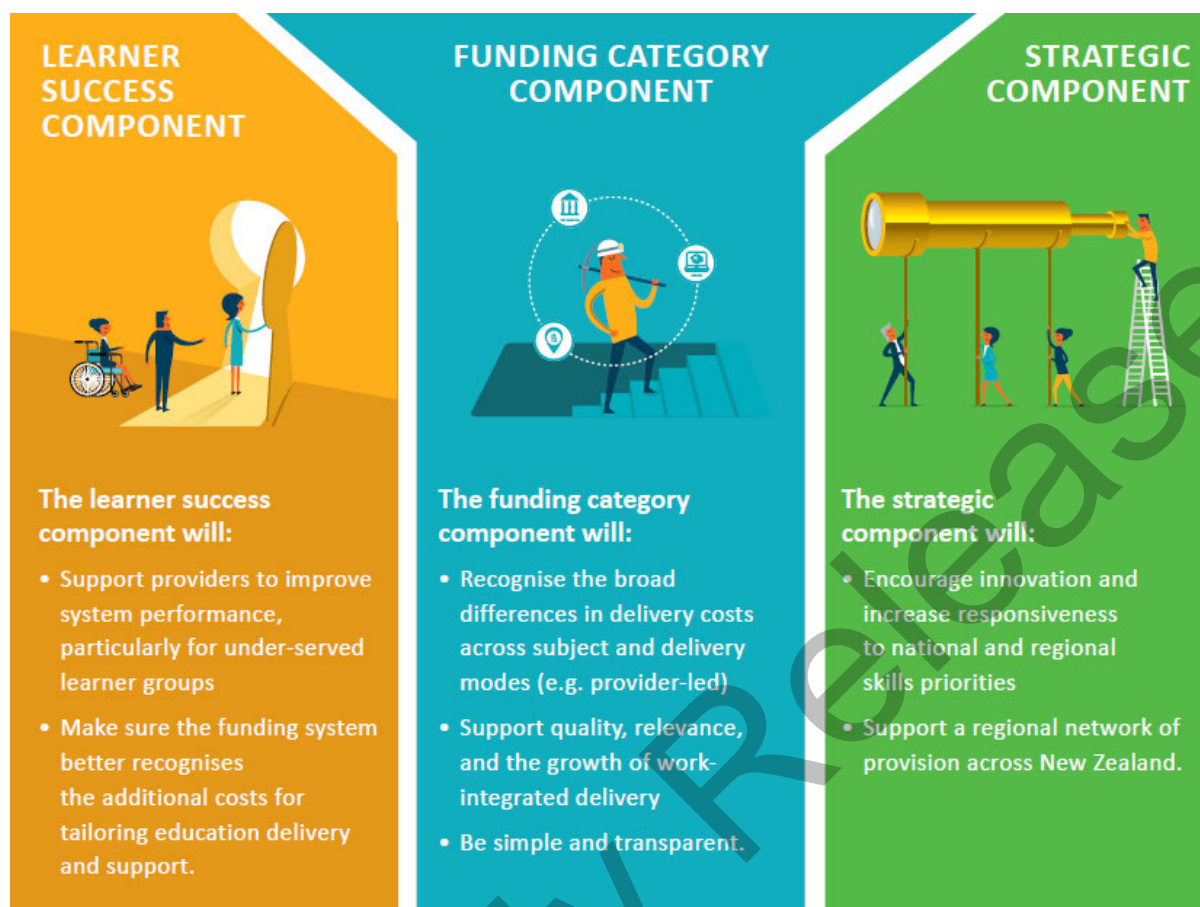
RoVE

19. In December 2018, the VET system review and the ITP Roadmap 2020 were joined as the Reform of Vocational Education (RoVE).

20. In February 2019, Cabinet agreed to public consultation on an initial set of proposals for RoVE [CAB-19-MIN-0009]. These proposals were a fundamental overhaul of the VET and ITP systems and included the creation of:

    a. industry-governed workforce development councils (WDCs) that would have oversight of all vocational education

    b. a single ITP spread across a range of regional campuses to support workplace-based training as well as deliver education and training in provider-based settings (Te Pūkenga)

    c. Regional Skills Leadership Groups (RSLGs) to oversee and advise on the regional skills system

    d. Centres of Vocational Excellence to act as a focus for collaboration across the sector to drive excellent teaching and learning

    e. a group called Te Taumata Aronui to ensure that RoVE reflects the Government's commitment to Māori-Crown partnerships.

21. Underpinning this would be the creation of a unified vocational education funding system that would encourage greater integration of provider-based and work-based learning, ensure learners can access more work-relevant and tailored support, and enable new models of education delivery which are more responsive to employer and industry demand.

22. Public consultation showed strong support for the development of a new unified funding system.

23. In July 2019, Cabinet agreed to proceed with RoVE, and agreed that the objective of RoVE is a strong, unified, sustainable vocational education system that delivers the skills that learners, employers and communities need to thrive [CAB-19-MIN-0354]. Cabinet also agreed that part of this objective is meeting the needs of learners who have traditionally been underserved by the education system such as Māori, Pacific and disabled learners.

24. Implementation of RoVE is well progressed: Te Pūkenga and RSLGs have been created, and WDCs are well progressed. Industry Training Organisations (ITOs) have become transitional ITOs, and work is underway to shift responsibility for work-based training to providers.

UFS

25. The UFS is an essential part of RoVE, and it is the final major component of the reform to implement. Without the UFS, we will not achieve the outcomes of RoVE, and the VET funding system will not be fit-for-purpose.

26. The development of a new UFS represents a major reform agenda, which requires a multi-year programme of work to design and implement. The direction of travel set by the UFS also has the potential to influence medium- and longer-term funding reform for both higher education and foundation education.

27. Cabinet agreed that the following design principles should guide the development of a UFS [CAB-19-MIN-0354]:

    a. reward and encourage the delivery of high-quality education and training which meets the needs of learners, communities and employers

    b. support access to work-based education and training and encourage the growth of work-integrated delivery models

    c. supply strategically important delivery to meet national priorities, address regional labour-market demand, and be highly responsive to employer skill needs

    d. allocate funding through simple and transparent funding mechanisms which ensure provider accountability and provide for greater stability as a platform to invest in innovation and growth.

28. The funding system will be designed specifically for the new VET system and will incentivise providers to:

    a. broker learners into employment and support them to continue their training while working

    b. enhance support for employers

    c. increase and improve success and support for all learners, especially Māori, Pacific, and disabled learners

    d. better serve Māori as partners to Te Tiriti o Waitangi, including achieving more equitable outcomes

    e. develop more specific support for disabled learners

    f. respond to national and regional skills priorities

    g. ensure a strong and sustainable regional network of provision.

29. Work to develop the UFS has focused on three new funding components, as indicated to Cabinet in July 2019 [CAB-19-MIN-0354] – see figure 1:

    a. The funding category component is the foundation of the UFS, enabling and encouraging providers to develop more responsive, high-quality delivery models, including growing work-integrated learning.

    b. The learner success component ensures learners can access more work-relevant and tailored support, meeting the needs of learners, communities and employers.

    c. The strategic component supports national and regional priorities, as well as a regional network of VET provision.

Figure 1: The three components of the unified funding system

LEARNER SUCCESS COMPONENT

The learner success component will:

- Support providers to improve system performance, particularly for under-served learner groups
- Make sure the funding system better recognises the additional costs for tailoring education delivery and support.

FUNDING CATEGORY COMPONENT

The funding category component will:

- Recognise the broad differences in delivery costs across subject and delivery modes (e.g. provider-led)
- Support quality, relevance, and the growth of work-integrated delivery
- Be simple and transparent.

STRATEGIC COMPONENT

The strategic component will:

- Encourage innovation and increase responsiveness to national and regional skills priorities
- Support a regional network of provision across New Zealand.

30. The new UFS is intended to apply to all education and training currently funded by the:

   a. Industry Training Fund (ITF)

   b. Student Achievement Component (SAC) fund at qualification levels 3-7 (excluding degree study) (this includes provision that is not directly linked to vocations, for example te reo and tikanga Māori provision and English for speakers of other languages (ESOL) provision).

31. The UFS work is focused on government funding for tuition subsidies. Other work is examining fees paid by learners and student support for learners.

Learner success component

32. Including a learner success component in the UFS recognises that some groups of learners are underserved by the VET system. This means that they may participate in VET in lower numbers, complete VET qualifications at lower rates and/or experience poorer employment outcomes from VET.

33. This could be for a range of reasons, for example, TEOs may:

   a. not always be able to identify learners' needs

   b. not prioritise improving performance for particular groups of learners

   c. not always have the expertise to meet learners' needs

   d. require additional funding to meet learners' needs.

34. Funding can be a powerful lever to influence TEO behaviour. However, in our current funding system, one-size-fits-all funding does not generally encourage or support

TEOs to target help to those who need it most, or to tailor their learning or pastoral support to meet individual learners' needs.

35. The learner success component will help the UFS achieve its principle of rewarding and encouraging the delivery of high-quality education and training that meets the needs of learners, communities and employers. It will also be key to realising the RoVE objective of meeting the needs of learners who have traditionally been underserved by the education system, such as Māori, Pacific and disabled learners.

The learner success component could support the Government to deliver on its educational, employment and population strategies

36. There are a number of design decisions to be made in developing the learner success component of the UFS. The learner success component has the potential to support several of the Government's educational, employment and population strategies. The extent to which the learner success component directly supports these strategies will depend on the detailed design of the component. This section sets out the strategies that the component could support.

37. The learner success component could support the Government to deliver on its strategy for education, as set out in the NELP and the TES. It could support all five objectives of the NELP and TES, and many of the eight priorities, particularly priority 3:

  a. "Reduce barriers to education for all, including for Māori and Pacific learners/ākonga, disabled learners/ākonga and those with learning support needs".

38. The learner success component could support the government to achieve several of the actions it committed to taking to support the implementation of the NELP and TES, particularly the following action:

  a. "Ensure funding better recognises the additional costs of tailoring support and education delivery to different learners and supports providers to help under-served groups".

39. Table 2 sets out strategies that the learner success component could support.

Table 2: Government strategies that the learner success component could support

Statement of National Education and Learning Priorities and the Tertiary Education Strategy (2020)	Objective 1: Learners at the Centre Objective 2: Barrier Free Access Objective 3: Quality Teaching and Leadership Objective 4: Future of Learning and Work Objective 5: World Class Inclusive Public Education
Ka Hikitia – Ka Hāpaitia (2020)	Our learning will be inclusive, equitable and connected so we progress and achieve advances for our people and their future journeys and encounters
Action plan for Pacific Education 2020-2030	Diverse Pacific learners and their families are safe, valued, and equipped to achieve their education aspirations
Learning Support Action Plan 2019-2025	Priority 2: Strengthening screening and the early identification of learning support needs Priority 4: Flexible supports and services for neurodiverse children and young people Priority 6: Improving education for children and young people at risk of disengaging
Employment Strategy (2020)	Everyone working to deliver a productive, sustainable and inclusive New Zealand Six population-based action plans

New Zealand Disability Strategy 2016-2026	Outcome 1: We get an excellent education and achieve our potential throughout our lives
	Outcome 2: We have security in our economic situation and can achieve our full potential
	Outcome 5: We access all places, services and information with ease and dignity

The UFS could also support transitions between secondary and tertiary education, alongside funding reform for secondary-tertiary learning

40. Encouraging more young people into VET to build a skilled workforce, and support our economy following COVID-19 is a priority for the Government.

41. RoVE, including the UFS and the learner success component, will strengthen the VET system, making VET a more attractive option for young learners and giving them clear pathways from schooling into VET.

42. The scope of the UFS and the learner success component does not include VET that learners undertake while still enrolled at secondary school. 9(2)(f)(iv)

Alongside RoVE, we want to consider opportunities to strengthen vocational learning that secondary students undertake, provide clearer, more direct pathways from school into higher-level vocational education and employment.

43. Current funding arrangements for secondary-tertiary VET learning are ad hoc and do not provide broad-based access for all secondary students who may want to access it. School leaders have raised concerns that funding systems are a barrier to them offering effective vocational learning and collaborating with TEOs. 9(2)(f)(iv)

Approach

44. This section sets out the approach we have taken to developing the learner success component.

45. Our advice as part of the learner success component is the culmination of learner-related work undertaken as part of the VET system review, RoVE, and the UFS.

46. Across these pieces of work, we undertook a thorough policy review of the performance of the VET system for learners. These are the activities we undertook.

    a. We analysed the current funding system and how it supports learners in VET.

    b. We engaged and consulted widely with hundreds of people, including learners.

    c. We explored how VET systems in other countries support learners.

    d. We reviewed literature about how best to support learners' needs.

    e. We undertook significant data analysis of the VET system to understand patterns of performance, qualification completion, and employment outcomes for different learner groups.

    f. Using all of this analysis, we identified the key problems with the performance of the VET system for learners.

    g. Based on the problems we identified, we prepared advice on how to improve the performance of the VET system for learners via a learner success component of the UFS. We have also identified alternative options that we could explore further.

    h. We have undertaken preliminary modelling of how the learner success component could be allocated across providers.

47. The remaining annexes focus on each of these activities: they explain our approach and findings in detail. Together, they present a comprehensive view of the work we have undertaken to date to develop the learner success component of the UFS.

48. The UFS is a joint project between the Ministry of Education and the Tertiary Education Commission. The following government agencies have been involved during the policy development process:

Department of Internal Affairs	Ministry of Pacific Peoples
Department of Prime Minister and Cabinet	Ministry of Social Development
Education New Zealand	New Zealand Qualifications Authority
Education Review Office	Office for Disability Issues
Human Rights Commission	State Services Commission
Ministry for Primary Industries	Tertiary Education Commission
Ministry for Women	Te Arawhiti
Ministry of Business, Innovation and Employment	Te Puni Kōkiri
Ministry of Health	The Treasury
Ministry of Justice	

49. The UFS project team created a Funding Reference Group (FRG) to support the initial development phase of the work between mid-2019 and mid-2020. The purpose of the FRG was to ensure work to design and deliver the UFS draws on an understanding of industry perspectives and the technical and operational experience of sector experts. Members were selected based on their skills, experience and expertise in the following areas:

    a. industry and employer perspectives, skill needs, and training requirements

     b.   tertiary education funding and its application within different types of TEOs (including ITOs, ITPs, wānanga, private training establishments (PTEs) and universities)

     c.   planning and operational decision-making within TEOs

     d.   TEO finances, delivery costs and cost drivers, and data management systems

     e.   learning and wellbeing support and learner needs.

50.   Feedback from other agencies and from the FRG are incorporated throughout our advice.

Honouring Te Tiriti o Waitangi

51.   Section 4(d) of the Education Act 2020 states that the purpose of the Act is to establish and regulate an education system that honours Te Tiriti o Waitangi and supports Māori-Crown relationships.

52.   The new VET system created by the RoVE will impact Māori as individuals, iwi, hapū and whānau.

53.   Within the learner-related work undertaken as part of the VET system review, RoVE, and the UFS, we have endeavoured to honour Te Tiriti o Waitangi by ensuring that:

     a.   Māori have the opportunity to inform the design and development of UFS proposals via authentic, valued and intentional engagement

     b.   we undertake thorough analysis of how the current VET system performs for Māori learners

     c.   our advice on policy design for the UFS would result in a funding system that would:

          i.   enhance Māori wellbeing and build Māori capability or capacity

          ii.   aim to achieve equitable outcomes for Māori.

Annex 2: Government funding for VET and for equity in education

1. This annex describes current funding for vocational education and training (VET), with a particular focus on Equity Funding. It also provides some information about the costs of providing learning and wellbeing support.

2. This information shows that tuition and training subsidies provided via the Student Achievement Component (SAC), the Industry Training Fund (ITF) and Equity Funding are all based on inputs: that is, funding is connected to enrolments of learners. This incentivises tertiary education organisations (TEOs) to enrol and retain learners. There is no funding linked at the policy level to learner achievement, such as qualification completion or employment outcomes (with only one small exception).

3. This information also shows that current Equity Funding rates, which provides a small amount of additional funding to providers to support Māori, Pacific and disabled learners, have declined in real terms over time. It also shows that, based on available information, funding levels are well below the actual additional costs to TEOs of supporting Māori, Pacific and disabled learners.

4. The Equity Funding policy itself does not have any direct accountability requirements linking funding to TEO improvements in learner success. But this annex gives an overview of TEC's approach to holding TEOs to account for their performance for Maori and Pacific learners (and all learners generally). This annex also describes TEC's guidance and support for TEOs, particularly the Ōritetanga – Learner Success Framework, and how it can support a sustained, whole-of-organisational focus on learners.

5. Finally, this annex describes the Equity Index for allocating equity-based funding in schooling and early childhood education. Comparing the approach to funding equity in VET with the Equity Index approach for schooling shows that the Equity Index will more accurately reflect the level of need across the schooling sector than the current approach does in the VET sector.

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Approach

6. The first few sections of this annex discuss government funding for VET, with a focus on funding that supports learners and equity.

7. Many of the funds apply to both VET and other tertiary education, particularly higher education (degree-level and above). This annex focuses on the application of these funds to VET.

8. VET is:

   a. all industry training

   b. provider-based provision at levels 3 to 7 (non-degree) on the New Zealand Qualification Framework (NZQF) (this includes provision that is not directly linked to vocations, for example te reo and tikanga Māori provision and English for speakers of other languages (ESOL) provision).

9. There is a gap in this work regarding government funding to support disabled learners. Some disabled learners in VET can access other government funding to support their needs. We are still working to understand the whole picture of how government funding supports disabled learners in VET. This information is not included in this briefing but will be presented at a later stage.

10. Following the discussion of VET funding is a section comparing the amount of funding available through Equity Funding to the costs to TEOs of supporting Māori, Pacific and disabled learners. The information available to government about the costs to TEOs of the support services they offer to learners is limited, so this section presents the information available at this time.

11. There are a number of ways that TEC works with TEOs to support equity in VET, including through monitoring and accountability, and guidance and support. This annex focus on TEC's key activities.

12. The final section describes the decile and Equity Index approaches for funding equity in the schooling and early childhood education. This information is included to show the similarities and differences in funding equity across the education sector.

Tuition and training subsidies

14. The government subsidises education delivery and support for work-based learning. The majority of VET funding is through tuition and training subsidies paid by the government directly to TEOs: Te Pūkenga, transitional industry training organisations (transitional ITOs), wānanga, private training establishments (PTEs), and universities.

15. There are two major government funds for VET, described in more detail in the next two sections:

    a. SAC subsidies education delivery for learners enrolled with a tertiary provider

    b. the ITF subsidises industry training organisations to support work-based learning.

16. The government also pays Equity Funding to providers to support Māori learners and Pacific learners, and disabled learners in public provider-based education. This is how the government currently targets tuition and training subsidies to learners who are more likely to need support from the VET system, and this is the focus for this annex. It is described in detail in the section below titled, Equity Funding.

17. Tuition and training subsidies provided via the SAC, the ITF and Equity Funding are all based on inputs: that is, funding is connected to enrolments of learners. This incentivises TEOs to enrol and retain learners. There is no funding linked at a policy level to learner achievement, such as qualification completion or employment outcomes (with only one exception being a very small portion of Māori and Pacific Trades Training funding connected to positive learner outcomes).[1]

18. There are weak incentives for TEOs to ensure that learners complete their qualifications, progress to higher levels of study, and/or gain sustained employment and improved economic outcomes. There are also weak incentives on TEOs to support learners to achieve and progress along the fastest pathway that is appropriate for them.

Student Achievement Component

19. The value of delivery for SAC at qualification level 3-7 (excluding degrees) was approximately $517 million in 2019.

20. The purpose of the SAC is to contribute towards the provision of teaching and learning services for enrolled, domestic learners at TEOs.

21. It is accessed by TEOs: Te Pūkenga, wānanga, PTEs and universities.

22. Funding is allocated to providers by the TEC through Investment Plans.

23. It is a bulk funding system, and cross-subsidisation is expected.

24. Total SAC funding to each provider is based on the expected number of equivalent full-time students (EFTS) and the funding rate.

25. Funding rates attach to courses and vary across subjects and disciplines. There are 12 different SAC funding categories at qualification levels 3-7, excluding degrees.

26. Broad differences in funding rates are intended to roughly align with variation in delivery costs: e.g. business studies receives a lower funding rate than trades courses.

27. Funding rates at levels 3-7 (non-degree) range from $6,511 for arts and business to $19,813 for foreign-going nautical. Almost 60% of all SAC EFTS at levels 3-7 (excluding degrees) are funded at the lowest funding rate ($6,511 in 2021).

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[1] TEC links investment to educational performance indicators (EPIs), particularly when looking at additional funding or future investment.

Industry Training Fund

28. The value of delivery for industry training was $186 million in 2019.

29. The purpose of the ITF is to subsidise formal, structured employment-based training linked to qualifications, predominantly at levels 1-4 on the NZQF. Residency or citizenships status does not affect employees' eligibility for the ITF.

30. It is accessed by transitional ITOs to support work-based learning for trainees and NZ Apprentices.

31. Funding is allocated to transitional ITOs by the TEC through Investment Plans.

32. Employers are expected to meet some of the costs for training (expected to be around 20% to 30%), though some pass this cost on to employees.

33. Funding does not vary between industries (e.g. construction and agriculture apprentices and trainees are funded at the same rate).

34. Total funding to each ITO is based on the expected volume of trainees, a measure of expected hours of learning required / credit value, and the funding rate.

35. TEC is required to set minimum performance standards, including credit achievement standards.

36. There are two funding rates, with a higher rate for New Zealand (NZ) Apprenticeships. Funding is linked to a standard training measure (STM – a measure of full-time equivalency).

37. Funding rates in 2021 were as follows:

    a. $3,310 per STM for trainees other than NZ Apprenticeships

    b. $5,379 per STM for NZ Apprenticeships.

Equity funding

38. Equity Funding provides a small amount of additional funding to providers to support Māori, Pacific and disabled learners. Funding consists of small tuition subsidy top-ups based on enrolments.

39. Only a small portion of VET provision is eligible for Equity Funding.

40. Funding has declined in real terms over time, and funding levels are well below the actual additional costs to TEOs of supporting Māori, Pacific and disabled learners.

41. This section reflects current and previous Equity Funding design (i.e. up to and including 2021). Equity Funding for VET is increasing and expanding for 2022 as part of the Budget 2021 initiative, "Ensuring the viability of vocational education and training." This signals the increased focus Government funding will have on supporting learners as the Reform of Vocational Education changes embed.

Overview

42. Equity Funding is only available to tertiary education providers that receive SAC funding at levels 3 and above. It is not available to transitional ITOs. The disabilities top-up is not available to PTEs.[2]

43. Rates vary based on the learner group and the qualification level of study.

44. TEC is required to set:

    a. performance expectation measures for TEOs in relation to participation and achievement for Māori and Pacific learners

    b. reporting requirements for tertiary education institutions (TEIs – not PTEs or transitional ITOs) in relation to Equity Funding in respect of disabled learners.

45. Current Equity Funding in VET is very low and only available for a very small amount of VET provision.

46. The approximate value of Equity Funding for VET in 2019 was $2.5 million. This is approximately 0.5% of total SAC funding for VET, and approximately 0.4% of combined SAC and ITF funding for VET.

Table 1 shows the approximate value of Equity Funding for each learner group and subsector for 2019. Table 1: Approximate Equity Funding for VET for 2019 by learner group and subsector

	Māori and Pacific learners	Disability top-up	Total
ITPs	$350,000	$841,000	**$1,191,000**
Wānanga	$321,000	$427,000	**$748,000**
Universities	$61,000	$88,000	**$149,000**
PTEs	$405,000	$0	**$405,000**
Transitional ITOs	$0	$0	**$0**
Total	**$1,137,000**	**$1,356,000**	**$2,493,000**

47. Equity funding is paid in equal monthly instalments throughout the year.

48. For Māori and Pacific learners, Equity Funding is calculated based on the NZQF level of study and number of EFTS reported on a TEO's December Single Data Return (SDR) from the most recent year with fully confirmed data, which is two calendar years

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[2] From 2022, transitional ITOs and PTEs (for VET provision) will be eligible for Equity Funding.

prior. For example, currently, Equity Funding for 2022 will be calculated based on 2020 enrolment information.[3]

49. For the disabled learner top-up, Equity Funding is currently calculated based on a TEO's estimated enrolments for the given funding year.

50. Equity Funding has been largely unchanged since it was established in the mid-2000s, when it replaced the Special Supplementary Grants for Māori and Pacific people and a portion of the Special Supplementary Grants for disabled people.

51. As noted in the following two sections, Equity Funding rates increased by 1.6% in 2021, the first increase since the mid-2000s, but have decreased in real terms.

Māori and Pacific learners

52. The purpose of Equity Funding for Māori and Pacific learners is to improve participation in and achievement at the higher levels of the tertiary education system (level 5 and above on the NZQF).

53. All SAC-funded providers, including PTEs, receive a tuition subsidy top up based on Māori and Pacific EFTS at qualification levels 5 and above.

54. The 2021 rates per EFTS for Māori and Pacific learner top-ups are as follows:

   a. $0 per EFTS below level 5

   b. $135 per EFTS at level 5-6

   c. $325 per EFTS at level 7 (including degrees, which are not VET)

   d. $452 per EFTS at levels 8 and above (not VET).

55. This is only a slight rate increase on Equity Funding levels in the mid-2000s when the rates per EFTS were as follows:

   a. $0 per EFTS below level 5

   b. $133.33 per EFTS at level 5-6

   c. $320 per EFTS at level 7 (including degrees, which are not VET)

   d. $444.44 per EFTS at levels 8 and above (not VET).

56. This represents a decline in funding rates in real terms of approximately 20% between 2008 and 2021.

Funding for disabled learners

57. The purpose of Equity Funding for disabled learners is to improve participation in tertiary education and achievement of qualifications.

58. The disability top-up is not based on actual enrolments of disabled learners.

59. A tuition subsidy top-up to support learners with disabilities is calculated based on the estimated number of total EFTS at SAC-funded public providers (i.e. excluding PTEs).

60. In 2021, all SAC-funded public providers receive a tuition subsidy top up of $29.06 per total EFTS to support disabled learners.

61. This is only a slight rate increase on Equity Funding levels in the mid-2000s when the rate per EFTS was $28.60. As with funding for Māori and Pacific learners, this also represents a decline in funding rates in real terms of approximately 20% between 2008 and 2021.

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[3] You have requested advice on the funding allocation methodology for Equity Funding, including for higher education providers. This advice will be provided shortly.

Fees and student support

62.   Students, trainees and employers contribute to the cost of VET through paying fees for study or training. The government provides additional financial support for VET learners through the Fees Free policies, student loans and allowances, and hardship grants. Most learners in industry training are ineligible for student support.

Fees Free policies

Fees Free Tertiary education and Training

63.   Fees Free Tertiary education and Training was introduced on 1 January 2018 for first-time tertiary students or trainees in their first year of provider-based study, or first two years of industry training.

64.   For provider-based study, Fees Free covers tuition fees, compulsory course costs, and compulsory student services fees. For industry training, Fees Free covers fees for training and assessment.

65.   Eligible learners at providers have their fees covered for the equivalent of one year's full-time study, up to the value of $12,000. Eligible learners in industry training who are not supported by the Targeted Training and Apprenticeship Fund (see below) have their fees covered for first 24 months of their training programme, up to the value of $12,000.

66.   Total Fees Free expenditure for VET learners in 2019 was approximately $116 million.

Targeted Training and Apprenticeship Fund

67.   The Targeted Training and Apprenticeship Fund (TTAF) is a temporary programme supporting learners to undertake VET in specific fields without fees. It is targeted towards industry skills needs where demand from employers for these skills will continue to be strong, or is expected to grow, during New Zealand's recovery period from the impacts of Covid-19.

68.   TTAF covers:

a.   all apprenticeships

b.   levels 3-7 non-degree programmes in targeted areas at providers

c.   industry training, outside of apprenticeships, in targeted areas.

69.   The targeted areas are:

a.   primary industries

b.   construction

c.   community support

d.   manufacturing and mechanical engineering and technology

e.   electrical engineering

f.   road transport (vehicle operations)

g.   conservation

h.   information technology.

70.   Total TTAF expenditure in 2020 was $76.4 million.

Student support

71.   Learners are generally expected to contribute to the costs of their education. They are responsible for paying fees to TEOs. The government assists with the cost to learners via loans and allowances.

72.   Interest-free loans provide for the costs of tertiary education to be shared between the government, students and their families. Loans to eligible learners are available for compulsory course fees, study materials, and living costs while enrolled in tertiary education at a TEC-approved provider.

73.   Allowances ensure daily living expenses do not act as a barrier to full-time education, particularly in their initial years of study, for students from low-income backgrounds. Allowances are payments to eligible learners from low-income backgrounds for living costs while enrolled in tertiary education at a TEC-approved provider. Allowances are tied to student and parental income.

74.   Trainees and apprentices are only eligible for student support if they are enrolled in SAC-funded block courses directly with a provider and meet general eligibility requirements. (Provision funded through the ITF is not eligible for student support). Because they are employed while they are undertaking their training, they are likely to exceed the income threshold for allowances.

75.   Loans and allowances are not available for industry training for a few reasons:

    a.   Trainees and apprentices must be in employment to participate in industry training. This means that they have an income to cover living costs.

    b.   Employers are expected to meet some of the costs of training. This lowers the costs for trainees and apprentices, though in practice some employers pass on this cost to trainees and apprentices.

76.   Trainees and apprentices who do not have cash to hand to pay their fees upfront can agree arrangements with their employer or their transitional ITO to pay their fees in manageable instalments.

77.   Student loans and allowances for VET learners in 2019 was $360m ($163m for student allowances and $196m for student loans), which was 19% of total student loans and allowances across all tertiary education.

Hardship Fund for Learners

78.   The Hardship Fund for Learners (HAFL) is a temporary fund that helps TEOs provide temporary financial assistance for currently enrolled tertiary learners who are facing hardship due to the COVID-19 pandemic. In this context, hardship means any suffering, deprivation or financial challenge faced by a learner due to the COVID-19 pandemic that is interfering with a learner's ability to progress with their study.

79.   The HAFL is allocated directly to TEOs, who can then provide assistance to their learners who need it the most.

80.   Estimated HAFL expenditure for VET learners in 2020 was $3.1 million.

Other government funding for VET

82. Within Vote Tertiary Education, there is one other fund that supports VET, with a focus on Māori and Pacific learners: the Māori and Pacific Trades Training fund. This section describes this fund.

83. There are other government funds outside of Vote Tertiary Education that support VET, particularly apprenticeships. These include the Apprenticeship Boost, Mana in Mahi, and the Flexi-wage subsidy.

84. There are also other government funds outside of Vote Tertiary Education that support disabled people, including in some instances when they are undertaking VET. We have done some analysis of the various funds available through Vote Health and Vote Social Development. At this stage, we have not yet completed this work.

Māori and Pasifika Trades Training (MPTT)

85. MPTT is an initiative that was introduced in 2014. The purpose of MPTT is to increase Māori and Pacific peoples' participation and achievement in vocational training, and to support transitions into sustainable trades or trades-related employment. Learners are provided pre-trades programmes fees-free and receive wraparound support.

86. MPTT provides fees-free pre-trades programmes and wraparound supports for Māori and Pacific learners aged 16 to 40. Pre-trades programmes at levels 1 to 4 on the NZQF are eligible, but almost all students enrol in courses at level 3 and 4.

87. Learners are supported to progress to sustainable trades or trades-related employment, including New Zealand Apprenticeships, other industry training at level 3 and above, and management apprenticeships. Progression to further provider-based vocational training at level 4 and above that has strong employment outcomes is also a positive outcome.

88. The programme is unique because it is coordinated in each region by consortia of iwi, Pacific community representatives, tertiary providers and employers which work together to support MPTT learners. There are 16 consortia covering most regions and each consortium has a lead member. 11 consortia are led by tertiary providers, three by iwi, and two by local authority bodies. The consortium model was established to align training more closely to the needs of employers and communities, so that employment is sustainable and contributes more to national economic development. The model also ensures that supports provided to learners through the initiative are highly effective and tailored to their needs.

89. MPTT comprises three funding streams, in addition to SAC subsidies for providers – see Table 2.

Table 2: MPTT Funding Streams (2021 rates)

	Fees-free top-up	**Brokerage**	**Project coordination**
Purpose	To cover the cost of pre-trades training provision so learners study fees-free	To support and incentivise consortia to secure workplace-based training for MPTT graduates	For consortia activities, such as governance and project management, coordination of activities, employability skills training for learners (e.g. driver licensing), and learner support
Amount Provided	$4,064 per EFTS for Level 3 and 4 programmes (courses at Level 1 and 2 are already fees-free)	$584 per learner base rate and $584 incentive payment per learner who progresses to workplace-based training	A flexible amount paid to consortium, negotiated with TEC through an annual funding application

90. For information about a 2017 evaluation of MPTT see Annex 5.

91. Estimated funding for MPTT in 2019 was $31.4 million, including SAC subsidies for providers. Table 3 shows funding across the MPTT funding streams.

Table 3: Estimated funding for MPTT in 2019

	Fees-free top-up	Brokerage	Project coordination	Value of SAC delivery
SAC levels 1-2				$1,049,000
SAC levels 3-4	$6,869,000			$17,699,000
Total	**$6,869,000**	**$1,353,000**	**$4,388,000**	**$18,748,000**
			Total All:	**$31,358,000**

Comparing Equity Funding to the additional costs of supporting Māori, Pacific and disabled learners

92. Government holds little information about the actual costs to TEOs of the various support services they offer to learners.

93. In the past few years, TEC has undertaken surveys to improve their understanding of the services that Equity Funding supports and the costs of providing such services.

94. As part of the unified funding system work, we also gathered information about the costs of different teaching and learning activities for TEOs.

95. The information available to us has a number of limitations, including low response rates to data requests, and partial supply of data from some TEOs. There are also inconsistencies in the ways TEOs hold and report data about their costs, meaning it is often difficult to compare across different TEOs.

96. This information reflects the current state of the system based on the responses gathered, rather than best practice or the shape of the future system.

97. Due to these limitations, the information in the sections below should be considered indicative only.

98. But despite these limitations to the data, the information below shows that the current amount of Equity Funding is inadequate.

99. This section focuses on expenditure of Equity Funding on support services to learners. The government expects TEOs to also use funding from other sources (e.g. SAC and ITF) to finance their support services to learners by cross-subsidisation. We do not have sufficient data to understand to what extent this cross-subsidisation occurs.

TEC's 2018 survey on Equity Funding for Māori and Pacific learners

100. In 2018, TEC sent a survey to TEOs who receive Equity Funding with the purpose of:

    a. better understanding its use across the sector

    b. assessing whether improvements to the fund are needed to help TEOs improve their performance and compliance

    c. together with the sector, achieving higher Māori and Pacific participation and achievement at higher education.

101. TEC received responses from 34 different TEOs: eight universities, one wānanga, 12 PTEs, and 13 Institutes of Technology and Polytechnics (ITPs). The scope of the survey was all Equity Funding for Māori and Pacific learners, including at degree-level and above, not just Equity Funding for VET.

102. TEC identified the following key results from the survey data they collected:

    a. 76% of respondents cross-subsidise from other funding sources for the initiatives undertaken. Due to the quality of responses from the remaining 24%, it is unclear how these use Equity Funding.

    b. The majority of TEOs' Equity Funding goes towards specific events and community engagement, scholarships, and Māori and Pacific positions and student support services for Māori and Pacific students.

    c. 32% percent of the TEOs claim Equity Funding is used purely in support activities for their current enrolled student, while 52% of them focus on both outreach and support activities.

d. Most of the TEOs engage in some form of internal reporting for Equity Funding or to identify Māori and Pacific students, while 8% of the TEOs that responded to the survey do not undertake any monitoring or report performance.

e. TEOs suggested the efficacy of Equity Funding could be improved by increasing funding, extending Equity Funding to more levels of the NZQF, further reporting to TEC, and advice on better ways to use Equity Funding.

f. There is no consistency shown on internal reporting initiated by providers, and monitoring by the TEC. TEOs show good intentions and willingness however, there is no substantial evidence that tells us whether Equity Funding objectives are being met.

TEC's 2020 survey on Equity Funding for disabled learners

103. In 2020, TEC surveyed all universities, ITPs and wānanga about how they use Equity Funding for disabled learners. Of the 27 TEIs surveyed, TEC received responses from 25.

104. Data collected included costs, staff numbers, number of learners accessing disability services, impairment categories, services provided and challenges. The summary presented here focuses on information gathered about costs.

105. As above, the scope of the survey was all Equity Funding for disabled learners, including at degree-level and above, not just Equity Funding for VET.

106. In 2019, 27 TEIs received a total of $5.3 million in Equity Funding for disabled learners.

107. TEIs were asked to report estimated overall costs of providing support services for disabled learners, including but not limited to TEC Equity Funding for 2019. All 25 TEIs who returned the report provided this information. The total cost across these 25 providers was $11.8 million. This is more than double what all 27 TEIs received in Equity Funding.

108. Of those TEIs who responded to the survey, 23 reported spending more to support their disabled learners than they received through their allocation of Equity Funding for disabled learners. The range of additional spending varied from 16% to 477% more, with 13 TEIs spending more than double the amount they received from TEC.

Analysis of costings data collected as part of the UFS project

109. As part of the broader UFS project, we collected data on the costs of ITPs' various activities. Three ITPs reported on the costs of supporting Māori, Pacific and/or disabled learners (we have referred to the ITPs here as A, B and C, as the specific names of the ITPs are not relevant). Given that we only have information from three ITPs, this information should not be considered representative of the costs across the VET system.

110. The scope of the information about costs reflects all provision at ITPs (including foundation and higher education), not just VET.

111. Data from ITP A showed that per-EFTS costs were $301 higher for Māori students. ITP B reported extra per EFTS costs of $1,614 for Māori students, but this included the cost of administering MPTT. When this cost was excluded then then cost decreased to $805 per EFTS.

112. In terms of Pacific learners, ITP A reported that costs were $111 higher per EFTS for Pacific learners while for ITP B, the figure was an extra $349 per EFTS.

113. ITP C provided EFTS and financial data for Māori and Pacific learners in a combined manner so they cannot be reported separately. Dividing the cost of the Māori/Pacific support centre reported by ITP C by Māori /Pacific EFTS resulted in a higher cost of $146 per EFTS.

114. Data from ITP A showed that per EFTS costs were $918 higher for disabled EFTS. Data from ITP B estimated costs were $3,106 higher per-EFTS for a disabled student, but this is in the context of a relatively low proportion of disabled EFTS at the ITP. Data reported by ITP C showed that the cost per EFTS for disabled services was $620 per EFTS.

How TEC works with TEOs to support equity

116. This section describes the two main ways TEC works with TEOs to support equity in the VET system: monitoring and accountability, and guidance and support, particularly through the Ōritetanga – Learner Success Framework.

Monitoring and accountability

117. The Equity Funding policy itself does not have any direct accountability requirements linking funding to TEO improvements in learner success. It simply requires that TEC set:

     a.   performance expectation measures for TEOs in relation to participation and achievement for Māori and Pacific learners

     b.   reporting requirements for TEIs in relation to equity funding in respect of disabled students.

118. Beyond this, TEC has a number of accountability mechanisms at its disposal to hold TEOs accountable for equity generally, and for improving learner success for select groups of learners. These accountability mechanisms can give the government assurance that its funding for tertiary education, including VET, is being used at least in part to drive equitable outcomes.

119. TEC is increasingly holding TEOs to account for their performance for Māori and Pacific learners (and all learners generally).

120. TEC takes EPIs for Māori and Pacific learners into consideration as part of making its investment decisions through its regular Investment Plan process and for additional in-year funding requests.

121. TEC has set sector-wide parity targets of Māori and Pacific learners achieving at the same rates as non-Maori, non-Pacific learners by 2022. Investment Briefs set out these targets and outline how TEC will use its investment levers – informing, engaging and investing – to help the sector achieve these targets. TEC has further developed these targets to provide individualised targets for each large provider.

122. The following sections set out how TEC holds TEOs to account for achieving parity for Māori and Pacific learners through engagement and monitoring and through its investment decisions.

Engagement and monitoring

123. TEC's engagements with TEOs about their performance focus on how a TEO is performing against the parity targets. TEC offers many apps that TEOs use to check their performance against these targets.

124. TEC actively monitors TEO performance against the parity targets three times a year (after each data return).

125. This information informs TEC's ongoing engagements with TEOs and TEC's future investment decisions, as described in the following section.

Investment decisions

126. Through its regular monitoring, TEC identifies the lowest performing TEOs and calculates an amount of 'at risk' funding that each TEO is at risk of losing if its performance does not improve.

127. If a TEO is identified as a low performer, TEC engages with that TEO to understand how the TEO is planning to address its performance. If performance does not improve,

then, through discussions between TEC and the TEO, TEC may reduce the TEO's indicative funding allocation.

128. TEC then requires the TEO to submit a Learner Success Plan as part of their Investment Plan submission documents to show how the TEO intends to improve learner success. TEC then considers the information in the Learner Success Plan to determine whether the 'at risk' funding could be added back into the TEO's final allocations.

129. From 2018, TEC has used the education performance of TEOs for Māori and Pacific learners, and the size of the equity gaps at each TEO, as specific criteria as part of its assessment of requests for additional funding.

130. TEC also considers progress against Learner Success Plans and works closely with TEOs to help them use the Ōritetanga – Learner Success Framework (see below).

Guidance and support: TEC's Ōritetanga – Learner Success Framework

131. This section describes TEC's Ōritetanga – Learner Success Framework (the Framework), which TEC recently developed to support a sustained, whole-of-organisation focus on learners.

132. The Framework has been developed for use by all TEOs across all tertiary education, not just for VET.

What is the Ōritetanga – Learner Success Framework?

133. The Framework provides TEOs with a blueprint for putting learners at the heart of what they do. It is designed to address the bias and disparities that have resulted in the tertiary education system underserving certain learner groups, such as Māori, Pacific and disabled learners.

134. Adopting the Framework requires a holistic approach from TEOs, involving the following strategic elements:

   a. People, culture & leadership: the commitment and collaboration of the TEO's leadership with respect to learner success, and the clarity of vision for desired change

   b. Data & technology: the capacity and capability to collect, assess, analyse and use data to inform decisions, and to use technology to support learner success

   c. Guided pathways: clear and relevant educational pathways, from first engagement to employment, that foster learner success

   d. Holistic student supports: planning and integration of critical student academic and personal supports into a seamless, timely, and personal experience for every student

   e. Student-centric systems: policies and practices that impact learner success, and the processes for reviewing and aligning policies and practices to remove barriers and enable learner success

   f. Teaching and learning: review and re-design of pedagogy, meaningful professional development, learning environments and contexts

   g. Partnerships: the development and support of partnerships between the TEO and relevant employers/industry, family & whānau, community groups, social agencies and education providers.

Why and how did TEC develop the Framework?

135. For several years, TEC has considered that a system-level shift in performance is required if Māori and Pacific learners are to participate and achieve at all levels of tertiary education on par with other learners.

136. TEC developed the Framework to support its efforts to drive transformational change across the tertiary education system.

137. From other jurisdictions, particularly in Georgia, USA (refer to Annex 4), TEC saw that TEOs that want to make a difference for learners need to shift from individual interventions and pockets of focus to a systemic learner focus in all aspects of their operations.

138. Extensive work went into adapting and tailoring international best-practice to the context of Aotearoa New Zealand. The result is the Ōritetanga – Learner Success Framework.

139. The Framework is a work in progress. Over the last two years TEC has developed and trialled the Framework, including piloting the approach with four TEOs. Three pilot projects are complete and the fourth will end in mid-2021.

140. The four partner TEOs were engaged to undertake pilot projects that aimed to:

    a.   determine the suitability and utility of the Framework across different sectors

    b.   provide recommendations and insights into ways of improving and implementing the Framework.

141. TEC has refined the Framework along the way to reflect what it and the four pilot organisations have learned. While adjustments may still be made to the Framework, TEC feels it is fundamentally the right approach to addressing disparities in outcomes of learners in tertiary education.

142. Impacts on learner outcomes and equity will only be measurable once the processes and changes required become more mature and entrenched within the partner TEOs.

143. In the meantime, TEC is inviting all TEOs to consider the Framework and reflect in their Investment Plans on how their TEO aligns with the Framework's strategic elements.

144. Several other TEOs have begun to use the Framework separately from the formal pilot projects.

145. The Framework helps TEOs identify the ways their organisations need to change to put learners at the centre of their organisations. This could then inform organisational change processes to implement the Framework and embed it in organisational structure, behaviours, processes and cultures.

Funding the pilot projects

146. TEC used approximately $1.5 million in Equity Funding underspends to support the pilot projects, and the four TEOs matched this funding, making the total costs of the four pilot projects approximately $3 million.

147. The costs of fully implementing the Framework – i.e. undertaking sweeping business transformations – are still being determined.

148. This section describes the Equity Index for allocating equity-based funding in schooling and early childhood education.

149. The Equity Index for the schooling sector has been in development for several years. It is intended to replace the current decile system as a new way of targeting additional resource to enable schools to overcome the barriers faced by students from low socio-economic communities.

150. The Index is a statistical model which estimates the extent to which each child grows up in socioeconomically disadvantaged circumstances that we know to be associated with their likelihood of achieving in education.

151. The Equity Index better reflects the actual level of socio-economic disadvantage faced by children than the decile system. It provides a way to better target equity funding and other resourcing to schools and services than the current decile system. Its main advantages are that:

   a. it is based on the circumstances of individual children and young people, rather than of the neighbourhoods they live in

   b. it uses a larger number of indicators correlated with socio-economic disadvantage, weighted based on their statistical relationship to educational achievement

   c. it presents an opportunity to address the stigmatising impact of deciles which have been commonly misunderstood as a measure of school quality

   d. the data it uses is updated more regularly than the five-yearly census; the output from the index itself can be updated yearly, ending disruptive postcensus recalculation shifts in decile funding.

152. The Equity Index draws on anonymised government administrative data held in Statistics New Zealand's Integrated Data Infrastructure (IDI). The Equity Index is created using a basket of 28 variables that are statistically linked with socio-economic disadvantage and educational achievement. The variables reflect parent income and employment, benefit dependency, parental education, transiency, parental age and number of children, contact with the care and protection system, contact with the justice system, and migrancy.

153. 9(2)(f)(iv)

154. Every Equity Index extract is subject to Statistics New Zealand privacy rules which have also been confirmed with the Office of the Privacy Commissioner. Individual variables are never extracted, nor is student-level data. This means that individual schools do not see the underlying data for their student population.

155. Equity Index data can be updated yearly. There is a two-year lag between the enrolment figures used to determine the Equity Index output and funding: e.g. each school's equity funding will be based on their enrolments two years previous.

156. The introduction of the Equity Index will be accompanied by an increase in the overall level of equity resourcing to ensure that all schools and services are adequately equipped to mitigate the socio-economic barriers faced by their learners.

157. A similar approach to the Equity Index is under development for early childhood education. Currently being considered is whether an alternative method, called principal component analysis, is better suited to the early learning sector. It would summarise multiple interrelated variables into a smaller number of "principal components" and would describe students' socioeconomic status, rather predict their likelihood of a particular educational outcome (e.g. NCEA achievement) based on their socioeconomic status.

Annex 3: What we've heard from and about learners

1. This document summarises information collected from consultation and engagement about vocational education and training (VET) learners and supporting their needs.

2. The first section explains when engagement and consultation took place, what methods were used, and who we engaged with.

3. The following four sections summarise information gathered from, and about, learners generally, Māori learners, Pacific learners and disabled learners. Each of these four sections starts with an overview of key insights, then presents the findings from each round of engagement and consultation.

4. In each of these four sections of the annex, we have combined the information we received *from learners* with the information we received from tertiary education organisations (TEOs), employers, and other stakeholders *about learners*. The main reason for this is to avoid repeating the same messages across multiple sections of the annex.

5. Despite this, there is some repetition between sections in the annex. We have not endeavoured to erase all repetition, as it is important to see when we received the same messages in multiple contexts.

6. The final section of the annex sets out the key feedback we received from the Funding Reference Group (FRG).

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Approach to engagement and consultation

VET system review engagement

7.   In the early stages of the VET system review, we undertook targeted engagement to inform our information gathering.

8.   Between April and June 2018, Ministry of Education officials met with stakeholders in Auckland, Hawkes Bay, Taranaki, South Canterbury, Otago and Wellington to understand their experiences of the strengths and weaknesses in the VET system.

9.   Participants included learners, employers, providers, industry training organisations (ITOs) and economic development agencies. There were several focused discussions with staff at TEOs and with employers who supported Māori, Pacific and disabled learners.

10.   We engaged with learners at seven institutes of technology and polytechnic (ITPs) and private training establishments (PTEs), and with trainees in two workplaces. We also met with New Zealand Union of Students' Associations (NZUSA).

11.   The VET system review was concurrent with the Education Conversation │ Kōrero Mātauranga, a nationwide conversation about the future of education in New Zealand. We attended several of the Education Conversation │ Kōrero Mātauranga events and drew upon the relevant summaries of submissions to inform our advice.

Reform of Vocational Education (RoVE) consultation

12.   The RoVE consultation process was held over a seven-week period in February and March 2019. It included information about all RoVE proposals, including the unified funding system (UFS).

13.   Consultation documents were available online. We received 2,904 submissions on the proposals. These included individual email submissions, survey responses, templated submissions and submissions formed from feedback received at events.

14.   Over this time, we also held approximately 190 conversations at 23 locations across New Zealand. In total, more than 5,000 people attended these events or meetings.

15.   We engaged with a range of partners and stakeholders including: iwi; Māori; ITO and ITP staff, council and board members; learners and trainees; employers; industry bodies; wānanga; PTE and other education sector participants; unions and student associations; and community members and leaders. Employers and industry participants offered perspectives from a wide range of sectors. Learners also represented a variety of interests, including Māori and Pacific peoples, people with disabilities and other learning support needs, apprentices, trainees, international students, and degree students.

16.   We held a series of meetings targeted to Māori and Pacific people:

   a.   We held 13 hui with iwi and Māori business and education peak bodies. These were held in Blenheim, Christchurch, Gisborne, Hamilton, New Plymouth, Porirua, Rotorua, South Auckland, Tauranga, Wellington and Whangārei. At a number of our engagement events with ITPs, we also engaged with local Māori and iwi. We also had several meetings with wānanga to consider how the RoVE could best meet their aspirations for Māori learners and improve outcomes for Māori.

   b.   We held four public engagement fono with Pacific stakeholders around the country, in South Auckland, Hamilton, Porirua and Central Auckland.

17.   There was no separate/targeted engagement with disabled learners or the disability sector as part of the RoVE consultation process.

UFS engagement with learners

18. In the early stages of the UFS project, we identified that we needed more information about how the system works from the perspective of Māori, Pacific and disabled learners. We wanted to understand what, from learners' perspectives, were the challenges they currently faced as well as what's working well in helping them to succeed in the current system.

19. In October 2019 we ran targeted workshops for Māori, Pacific and disabled learners in Auckland, Napier and Christchurch. Workshops were hosted by Manukau Institute of Technology, Unitec, Eastern Institute of Technology and Ara Institute of Technology.

20. We spoke with 84 learners across six workshops.

21. Learners were identified and invited to the workshops through communication with the TEOs who hosted the workshops, as well as other TEOs in the local areas visited.

22. Learners who attended the workshops varied in age from those who had recently finished secondary school (age 18) to those returning to study (over age 50).

23. The students we met with were enrolled in 33 different qualifications.

24. Attendees at the workshops for disabled learners identified as having twelve disabilities covering a range of physical impairments, neurodiversities and mental health difficulties.

UFS engagement with tertiary and disability sectors

25. The following year, we identified that further engagement with disability experts in the tertiary and disability sectors would help us better understand how the system works for disabled learners and address some technical questions we had.

26. Between October 2020 and February 2021, 19 hui were held with a range of stakeholders, including disabled people and disabled tertiary learners, people working in the disability sector, people working in the tertiary education sector (including disability support service staff), and government officials working on disability related policy.

27. The purpose of the hui was to provide an overview of the UFS and kōrero about the proposed learner success component of the UFS, including how it could best support disabled and neurodiverse learners. The hui involved targeted discussion on ideas for how disabled and neurodiverse learners could inform the funding that TEOs receive through (1) proxy data in a formulaic funding approach, and (2) a funding approach for high-investment accommodations and services.

28. The hui were either conducted face-to-face or online.

Reflections on our engagement

29. Most of the information we gathered through our engagement focuses on how the VET system performs (or should perform) for learners rather than how the funding system supports (or should support) learners.

30. Very few stakeholders understand the details of the funding system, so we got the richest information, especially from learners, when we heard from them about the experiences they are seeking from VET, rather than about the design of the funding system.

31. We then reflected on this rich feedback in developing our advice on funding design.

The UFS Funding Reference Group

32. The UFS project team created a Funding Reference Group to support the initial development phase of the work between mid-2019 and mid-2020.

33.   The final section of this annex provides more information about the FRG and our engagement with the group.

Summary of feedback from and about learners generally

34.   This section summarises feedback about learners generally. Feedback was gathered from VET system review engagement, RoVE consultation, and UFS engagement.

35.   These are the key messages we identified:

a.   Funding should better reflect the learning and pastoral needs of different groups of learners.

b.   Funding should encourage retraining and lifelong learning, particularly for many Māori who are working in industries at greater risk of technological change.

c.   Funding should break down barriers to accessing and succeeding in VET.

d.   Learners want teaching and learning to be inclusive of their needs, aspirations, identities, languages and cultures. They struggle to see themselves in some of their tertiary environments and programmes of study.

e.   Learners expect their tertiary education experiences to be free from bias, discrimination and structural racism, but this is not always the case.

f.   Teaching and learning needs to go beyond the classroom, supplementary online content could be improved and made more widespread, and transferrable 'work-ready' skills and work experience are important for preparing learners for the world of work.

g.   A culturally competent tertiary education workforce is key to developing responsive capabilities which cater to learners' aspirations and needs.

Summary of feedback from VET System Review engagement

36.   Learners told us about some things that are essential to their success. These include supportive tutors, proximity to campus, small hands-on classes, blended learning (classroom and workplace, online and in-person), and support from providers to find work experience. Learners also told us that understanding the outcomes of their study and their pathways forward improves their engagement in study. Some learners told us that the Fees-free policy has encouraged them to study. Learners said they were motivated by their academic success.

37.   Here's more detail about what we heard from learners about what works for them:

a.   Tutors who teach around workplace and home needs (e.g. childcare) support learner participation and success.

b.   Proximity to campus supports learner engagement.

c.   Small, hands-on classes are good for learners.

d.   The Fees-free policy has encouraged some learners to undertake study.

e.   Understanding why VET is necessary improves engagement.

f.   Support from providers to find relevant work experience is essential.

g.   The confidence boost from academic success motivates learners to explore further study and employment opportunities.

38.   Learners also told us about some barriers to their success. These include distance learning, workplaces that are not supportive of studying while working, limited local offerings at higher levels of study, assessment practices that focus on compliance rather than excellence, and challenges to finding individualised assistance. Most of the learners we met with were focused on work, but clusters of students at particular providers had no clear plan.

39. Here's more detail about what we heard from learners about what may need to change:

   a. While most learners were keen to work, a minority had no clear plan. This seemed to cluster around particular providers.

   b. Distance learning is not easy to fully engage with. Blended learning opportunities (online, workplace and block courses) are desired.

   c. Some learners cannot find workplaces that support studying while working.

   d. Some learners told us that they would not staircase to higher-level qualifications as these were not offered locally.

   e. Some learners told us that the Unit Standard approach to assessing skills levels does not incentivise excellence.

   f. Older learners find it difficult to return to study and require extra assistance.

40. From our engagement with employers and employees, we found that most employers (with notable exceptions) are not focused on diversity or equity within their workforces. We heard that strategic partnerships between regional economic development agencies, providers, schools and learners are growing, with the aim of supporting school-leavers' transitions into employment and early study. Some employers told us that attracting young learners into VET can be difficult and that schools and the National Certificate of Educational Achievement (NCEA) appear to privilege pathways to university over VET.

41. Here's more detail about what we heard from employers and employees about what works for them:

   a. Partnerships between regional economic development agencies, TEOs, schools and learners are essential to support school-leavers' transitions into employment and VET, particularly in early exposure to the variety of VET pathways, or for learners with disabilities and special learning needs.

   b. Employers with female apprentices tend to take on more.

   c. Some regions have schools that are more engaged in VET pathways, as a result of new efforts to connect schools and employers. These schools are generally positive about VET once they understand the learning and employment opportunities.

42. Here's more detail about what we heard from employers and employees about what may need to change:

   a. Need to ensure multiple learning methods are used. Online learning is not suitable for second-time learners with literacy and numeracy needs.

   b. Attracting young learners to undertake VET can be difficult in some industries.

   c. Schools (and NCEA) appear to prefer pathways to university over VET.

   d. Some employers need to understand that women apprentices are just as capable as male apprentices.

   e. Most employers are not focused on differentially supporting a diverse workforce.

43. TEOs also told us that careers advice markets VET as less prestigious than university study. We also heard from TEOs about learners with significant need for support to improve their literacy and numeracy skills, a lack of access to reliable information about learners' individual needs, employers that face financial barriers in releasing staff for training, and a need to increase the numbers of women in traditional trades.

44. Here's more detail about what we heard from TEOs about what works for them:

   a. Trades Academies, Māori and Pasifika Trade Training, Secondary/Tertiary Alignment Resource, and Gateway have been effective in retaining learners in school or transitioning them to VET.

   b. Learner participation can be improved by meeting learners' needs, including transport assistance and on-site childcare.

   c. Effective learning seems to occur through blended learning (e.g. block/night classes, some online, workplace based).

   d. Providing embedded literacy and numeracy training helps lift literacy and numeracy skills.

45. Here's more detail about what we heard from TEOs about what may need to change:

   a. The fees-free policy may (incorrectly) be signalling to some learners that level 3 study is a big step up.

   b. Many learners do not have the literacy and numeracy skills to achieve their full potential. Support is needed at all levels, not just at foundation level.

   c. Many schools seem to have careers advice that markets VET as less academic and prestigious than universities.

   d. There are financial barriers for older learners (student support settings do not take their needs into account).

   e. Some employers face financial barriers to training staff.

   f. The number of women in traditional trades needs addressing.

Summary of feedback from RoVE consultation

46. There was broad support for funding reform generally. We heard that changes to funding are an opportunity to ensure the system better supports education provision that is responsive to a diversity of learner needs which may be related to geography, socioeconomics, and/or prior education attainment or experience. Common themes were that the funding system should be equitable, simple, transparent, and ensure accountability.

47. There was consistent feedback about funding support that better reflects the learning needs of different groups of learners. Submitters stated the importance of being able to provide more intensive and tailored pastoral care to support the retention and achievement of Māori and Pacific learners and learners with disabilities, and that this would require additional funding.

48. Several submitters considered that the UFS should encourage retraining and lifelong learning, for example, noting many Māori are working in industries at greater risk of change due to technology.

49. Various submitters suggested the following priorities:

   a. Designing a more equitable funding system to take into account factors such as geographic isolation, transportation, financial hardship, and other barriers which affect learner access to vocational education.

   b. More integrated funding, so that learners can move more easily across different modes of learning (e.g. from full-time study to apprenticeships).

   c. Greater alignment of work-based and provider-based pastoral care support.

Summary of feedback from UFS engagement with learners

50.   Here are the key insights we identified:

   a.   Learners want a culturally competent tertiary education workforce, and that teaching and learning should be inclusive of learner needs, aspirations, identities, languages, religions and cultures.

   b.   It's a complex picture - every learner is an individual, requiring different levels and types of learning, pastoral and financial support. Learners want more flexible options to suit their needs.

   c.   Learners with disabilities want training for tutors that enable them to adapt courses and delivery to support them to succeed.

   d.   One on one support and ongoing relationships between learners, support staff and tutors enables learners to succeed.

   e.   For work-based learners, the learner experience hinges on the workplace environment and the employer's ability and commitment to support the learner's training.

   f.   Supporting learners' mental health needs can improve learning outcomes.

   g.   The behavioural incentives created by funds like MPTT are powerful. Through this initiative, TEOs engage earlier with the learner to identify support needs, have more dedicated staff for this targeted group throughout a learner's journey, and provide additional financial resources to support a learner's success where required.

   h.   A learner's journey starts before they enrol and ends long afterwards – learners want support to ensure they are on the right course and to support their onward path to employment, continued education or another outcome.

   i.   The rise of technology and new 'modern' processes throughout a learner's journey often removes opportunities for one on one interactions where support needs are identified and support is provided e.g. digital enrolment processes and online delivered content.

   j.   Mental health issues are prevalent amongst all learner groups and learners feel that there is not sufficient support available.

51.   This engagement focused on Māori, Pacific and disabled learners, so more details about the findings of the engagement are included in the sections below.

Specific feedback from forestry apprentices and trainees

52.   As part of this targeted engagement, the team had an opportunity for unstructured interviews with some forestry apprentices and trainees. This section summarises what we learned from those discussions.

53.   Forestry apprentices and trainees told us that they have a good experience when:

   a.   Employers proactively offer training opportunities.

   b.   Experienced crew members take new trainees and apprentices under their wing.

   c.   They are treated with respect.

   d.   Asking questions is encouraged and welcomed.

   e.   Off the job training is completed in blocks.

   f.   They can see progression opportunities and are encouraged to take them.

   g.   Specific on the job learning is one on one and interactive.

54. They identified the following challenges:

   a. Variable work conditions mean that assessments can be cancelled or moved.

   b. Employers can be reluctant to bear the cost of the trainee or apprentice not being productive when they are busy.

   c. Trainers are not on-site often enough.

   d. Their current work can impede the training they would like to do (eg. manual harvesting when the team is fully mechanical).

   e. There are limitations on the amount of training they can complete at once.

   f. Lack of clarity about what training they are enrolled in or have completed.

   g. Having to complete additional training instead of previous learning being assessed and credited.

Summary of feedback from and about Māori learners

55. This section summarises feedback about Māori learners. Feedback was gathered from VET system review engagement, RoVE consultation, and UFS engagement.

56. These are the key messages we identified:

   a. Funding system changes should support Māori learners who require additional support to enter and complete a vocational qualification.

   b. A new system should understand and respond to the diverse needs of Māori and iwi throughout Aotearoa. This includes social and economic needs, at the regional and community levels.

   c. Reforms need to be developed specifically to support the needs of Māori learners, including improved access. Suggestions to increase access for Māori learners included courses that bridge skills gaps, and on-job training allowing Māori learners to engage in the various environments and locations that Māori want to learn, including provider-based, on-job, distance, and community learning.

   d. Teaching and learning need to better reflect and foster Māori identity, culture and values in all their diversity.

   e. Māori learners see a lack of cultural competency in TEOs to be able to understand and respond appropriately to their needs.

   f. Māori expect their culture and values to be visibly and seamlessly integrated throughout the tertiary system.

   g. Māori staff and advisors make a big difference to Māori learners' experiences. Māori learners often value having a trusted kaitiaki to mentor and guide their learning experience.

Summary of feedback from VET System Review engagement

57. Here's what we heard from Māori learners about what works for them:

   a. Strengths-based approaches place a high value on the Māori learners' culture, languages and values.

58. Here's what we heard from Māori learners about what may need to change:

   a. The system isn't built for Māori learners and their needs, but it should be.

   b. The system, including employers, could do more for Māori learners.

59. Here's what we heard from TEOs about what works for them:

   a. MPTT has been effective in retaining learners in school or transitioning them to VET.

   b. MPTT builds the expectation of a Māori-centred culture and learning environment.

   c. ITPs that engage with Māori directly better service Māori learners.

60. Here's what we heard from TEOs about what may need to change:

   a. Better support is needed for Māori learners coming from Māori-medium into English-language tertiary education.

Summary of feedback from RoVE consultation

61. Submitters considered that a new system should understand and respond to the diverse needs of Māori and iwi throughout Aotearoa. This includes social and

economic needs, at the regional and at the more local learner and community level. Many submitters felt that the reforms needed to be developed specifically to support the needs of Māori learners. Several submitters considered that Te Pūkenga should protect and develop te reo Māori and mātauranga Māori qualifications and delivery. Submitters also emphasised the importance of retaining and building on existing relationships between providers and Māori representatives, iwi and hapu, especially where they are working well.

62. Submitters indicated that to improve outcomes, including participation for Māori, there needs to be improved access built into any new system. In some instances, submitters suggested co-design processes to help address current access issues. Suggestions to increase access for Māori learners included the funding of foundation and other courses that bridge skills gaps, and on-job training allowing Māori learners to engage in the various environments and locations that Māori want to learn, including provider-based, on-the-job, distance learning and within their community.

63. A submitter cautioned that the homogenisation of courses will not work well for Māori learner success. The system needs to be able to adapt to the needs of local peoples, and students with specific learning needs.

64. One of the key messages we have heard from Māori on the proposals is that there is a need for change in the system to better support Māori learner success.

65. Stakeholders with an interest in enabling Māori learner success are interested in:

    a. Māori and iwi gaining decision-making responsibilities at both national and regional levels.

    b. Understanding how the reforms will facilitate improved engagement with, and support for, hard-to-reach groups - such as people not in employment, education or training and those in small rural communities.

    c. Ensuring that the reform is learner centric – Māori are particularly interested in how Te Pūkenga would provide pastoral care for learners.

    d. Ensuring that older Māori learners are supported by the new system, including through any transition period.

66. Stakeholders are concerned that institutional relationships between iwi, hapū and ITPs may be lost as a result of the merger, and that this may have flow on consequences for the quality of provision and pastoral care of Māori students.

67. Some Māori are interested in understanding how any funding system changes would support Māori learners who require additional support to enter and complete a vocational qualification.

68. The following quotes from two submitters are reflective of much of the feedback we received:

    a. "As a provider of Māori Pacific Trades Training Programme, our biggest challenge has been the inability to provide learners with the options of on and off job training to fit with their life circumstances and preferred method of learning. The proposed changes will enable this to happen, although further work will need to happen with TEO's as to how on job training will be delivered." (PTE)

    b. "The integration of Māori and Pacific ways of learning into curricula at a local level, integration of tikanga Māori and Pacific culture into all programmes of education, integration of te reo Māori throughout the sector & programmes, integration of learning methods suited to a variety of disabled learners, and adequate support services for these learner groups are a start... but we need their voices at all levels of decision making." (Staff member)

69. A recurring theme through the iwi and Māori consultation process for the Reform of Vocational Education was that the current funding system constrains the ability for providers to offer small volume programmes that are aligned to fast growing and key areas of regional development.

70. Numerous iwi and Māori entities across the country said they are newly positioned to actively develop and manage their own land assets. Iwi have noted they want to upskill a small number of their own people locally to manage things like farm, fishing, property or tourism assets, which the current funding systems do not enable due to the small volume. Iwi and Māori entities that are long term asset owners, and cannot usually realise capital gains, have said the focus on skills as an input to increasing profitability is very important.

71. Some hui speakers noted the inflexibility in the current funding system and the related inability of providers to support small volume skills provision to support iwi development has also generated low iwi and Māori confidence in providers in many regions across the country.

Summary of feedback collected from wānanga

72. Wānanga considered that the design of a new funding system needs to take into account benefits to whānau, hapū, iwi and community. Particular priorities for wānanga included:

    a. ensuring the future funding system supports Māori learning frameworks, mātauranga Māori, te reo Māori and tikanga Māori delivery

    b. designing a more equitable funding system to take into account factors such as geographic isolation, transportation, financial hardship, and other barriers which affect learner access to vocational education

    c. building in financial incentives to encourage employers to offer work-based training (e.g. employer subsidies for employing apprentices).

Summary of feedback from UFS engagement with learners

73. Māori learners told us that they have a good experience when:

    a. There is a visible commitment to Kaupapa Māori - education asserts the centrality and legitimacy of te reo, tikanga and mātauranga Māori.

    b. Providers are understanding of family commitments and incorporate whānau into the learner's journey.

    c. Services, including Māori advocacy, are visible.

    d. Providers are proactive about identifying learner requirements and the support available – awareness from the start.

    e. More support (financial, learning and pastoral) is provided through initiatives like MPTT. Students funded via MPTT had vastly different and positive experiences to non-funded students.

    f. Support is tailored to learners' needs.

    g. Learner wellbeing (both physical and mental) is seen as a priority.

    h. One on one and human delivered support is available (kanohi ki te kanohi) – on-going relationships are created that enable learners to be more open and seek support.

    i. Learners are engaged up front to help them select the right courses for their needs and wants.

j. They have peer groups, additional tutoring and life skills support.

74. Māori identified the following as the top challenges they face:

    a. health issues (mainly mental illness)

    b. whānau commitments

    c. ability to balance study and work

    d. financial difficulties.

75. They told us that succeeding is more challenging when:

    a. tutors lack cultural competency

    b. providers lack flexibility and don't support learners to catch up when they get behind

    c. class times do not fit with childcare requirements

    d. the right type of support isn't available

    e. Māori values are not incorporated into delivery and interactions

    f. there is not enough support provided for learners when they are given emotionally challenging topics.

76. Māori learners offered these ideas as ways to make VET better for them:

    a. staff should be provided with cultural awareness training

    b. tutors setting kaupapa from the start of the course e.g. respect for the course and other learners

    c. include the family - from meet and greet sessions with family - to allowing children in class.

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Summary of feedback from and about Pacific learners

77. This section summarises feedback about Pacific learners. Feedback was gathered from VET system review engagement, RoVE consultation, and UFS engagement.

78. These are the key messages we identified:

    a. The VET system should put learners at the centre and achieve better outcomes for Pacific learners.

    b. The VET funding system should support Pacific learner success.

    c. Many Pacific peoples prefer to work and earn money to support their family, rather than studying full-time with no income and taking on debt. Flexible learning options are important to Pacific learners.

    d. Pacific learners want to see their faith-based values and their Pacific languages, practices, histories and stories included in their learning.

    e. Racism is a barrier in education, and Pacific learners experience racism in a number of ways.

    f. Pacific learners and their families must be equipped with culturally and personally relevant support and information as to how the tertiary system operates.

    g. Pacific peoples are diverse, and a one-size-fits-all model to address Pacific needs and aspirations is insufficient.

Summary of feedback from VET System Review engagement

79. Here's what we heard from Pacific learners about what works for them:

    a. Strengths-based approaches place a high value on the Pacific learners' culture, languages and values.

    b. Pacific families are strongly supportive of education, but family commitments can at times get in the way of learning.

80. Here's what we heard from Pacific learners about what may need to change:

    a. Pacific learners find it difficult to navigate the system and need assistance beyond basic pastoral care support.

    b. Providers need to hire more Pacific tutors, and non-Pacific tutors need to become more culturally aware.

    c. The system, including employers, could do more for Pacific learners.

81. Here's what we heard from employers and employees about what may need to change:

    a. The terminology of VET is not recognised and doesn't resonate with Pacific people. Trust needs to be built with successful Pacific VET graduates telling communities how VET worked for them.

82. Here's what we heard from TEOs about what works for them:

    a. MPTT has been effective in retaining learners in school or transitioning them to VET.

    b. MPTT builds the expectation of a Pacific-centred culture and learning environment.

Summary of feedback from RoVE consultation

83. Seven key themes emerged from our engagement with Pacific peoples. These themes outline that to best support Pacific peoples' success in vocational education, the system should reflect all of the following:

    a. Ensure Pacific representation in key leadership and decision-making roles.

    b. Support and acknowledge Pacific peoples' diversity.

    c. Be culturally competent to ensure educational providers, staff, and employers are responsive to the needs of Pacific students, their families, and communities.

    d. Recognise multiple entry points into vocational education and the difference in support that Pacific learners need, and within these different pathways, offer a clear line of sight to outcomes for the learner, including progressing to higher level study and job progression.

    e. Work with and include Pacific parents, families, and communities in vocational education.

    f. Ensure there are dedicated Pacific staff positions at all levels of the vocational education system so the workforce reflects the student population it serves.

    g. Implement a funding system that best supports Pacific success.

84. A number of submitters considered there were opportunities to design a new system to better support Pacific learner success, while some submitters highlighted the risks of disrupting parts of the system that they consider are working well for Pacific learners.

85. Some submitters highlighted that moving to a more centralised system with less flexibility at the regional level could lead to a homogenised 'one size fits all' approach, rather than allowing adaptation to the values and aspirations of regional and local community needs, including Pacific communities. Some submitters also stated that the proposed changes could risk losing important local relationships with Pacific stakeholders that have been developed and maintained over a number of years.

86. A small number of submitters raised concerns that the proposal for more nationally consistent programme design could have a negative impact on existing programmes tailored specifically for Pacific learners. We heard that many Pacific peoples prefer to work and earn money to support their family, rather than studying full-time with no income and taking on debt, and that flexible learning options would be crucial to Pacific learners in the new system.

87. Some submitters and fono participants also highlighted that Pacific learners take a variety of pathways into vocational education, so the new system should recognise this. In particular, some Pacific peoples emphasised that school students note there is a stigma attached to vocational education, particularly in Pacific communities, so many do not consider engaging in vocational education an opportunity for them.

88. Submitters also noted the importance of the system delivering for older Pacific peoples wanting to re-engage in education.

Summary of feedback collected from fono

89. Pacific stakeholders at the fono agreed unanimously with three points:

    a. the need for change to the current funding model to ensure there is adequate funding to effectively support Pacific learners

    b. wanting a vocational education system that puts the learner at the centre and will achieve better outcomes for Pacific students

c. ensuring the system does not lose what currently works for Pacific students (e.g. pastoral care).

90. Pacific stakeholders at the fono also raised the following points:

a. The need to move towards a 'whole of system' response that reflects a coherent approach towards specific learner groups.

b. How the new system supports a learner's socioeconomic realities of working and earning money to support the family over studying or training with no income and accruing debt.

c. That Pacific peoples should not be worse off in any new vocational education system.

Summary of feedback from UFS engagement with learners

91. Pacific learners told us that they have a good experience when:

a. food and housing insecurities are addressed

b. cultural and faith-based values are understood and visible

c. learners are supported by their families and friends

d. families fully understand the value of study and the commitment required

e. information and access to financial support is available

f. tutors are supportive and motivating to make learners feel worthy and confident – staff become champions for learner success

g. learners are able to make connections with peers and staff

h. there are cultural, safe spaces where learners can be themselves

i. they can see onward pathways to employment.

92. Pacific learners identified the following key challenges they face:

a. wellbeing and health issues

b. family obligations and pressures (particularly for first in family)

c. social and personal issues

d. timing and scheduling challenges

e. the accessibility of information and technology.

93. They told us that succeeding is more challenging when:

a. family and personal issues get in the way

b. language barriers make it hard to express issues and for tutors to identify when support might be required

c. the learner's family don't support them to study or put too much pressure on them to succeed

d. class timetables and schedules do not match learner needs and timeframes

e. learners do not have access to wi-fi and technology

f. learners face discrimination

g. learners have to balance work, family and study demands

h. learners lack belief in themselves based on their educational experience in the compulsory sector

i. there is a lack of coordination across institutional departments.

94. Pacific learners offered these ideas as ways to make VET better for them:

    a. cultural awareness training for staff

    b. meet and greet sessions with family to include them in the provider community and learner's journey

    c. rescheduled timetables to accommodate learner requirements.

Summary of feedback from and about disabled learners

95. This section summarises feedback about Pacific learners. Feedback was gathered from VET system review engagement, RoVE consultation, and UFS engagement.

96. These are the key messages we identified:

   a. RoVE creates an opportunity to address key access and support issues for disabled learners.

   b. Reforms should build on existing programmes and initiatives that work well for disabled learners. Good practices should be modelled across the system.

   c. Disabled learners want to be more work-ready.

   d. One-size-fits-all approaches to learning do not work for disabled learners. Individualised learning is a key concern for disabled learners.

   e. Small classes and teacher aides are often helpful for disabled learners. Teaching staff need ongoing professional development to be able to support disabled learners. Accessibility services are often under-resourced. Other specialist staff also need to be available, including care workers, occupational therapists, hauora/wellbeing specialists, and social workers.

   f. The transitions from school to tertiary education and to employment are difficult for disabled learners, and there is a perceived lack of support for young people with learning support needs after secondary school. Funding should support disabled learners and their families through these transitions.

   g. Individualised education and career pathway planning is also lacking and needs to be improved.

Summary of feedback from VET System Review engagement

97. Engagement with disabled people during the 2018 VET review highlighted concerns regarding transitioning into vocational education and navigating through the system and into employment.

98. Here's what we heard from disabled learners about what works for them:

   a. People with autism benefit from workplace mentors.

99. Here's what we heard from disabled learners about what may need to change:

   a. Learners with disabilities struggle to transition from school to VET. For example, job interviews are hard for people with autism, and some TEOs turn away deaf students because they aren't equipped to support their needs.

   b. Some learners with disabilities are not aware of the support they are entitled to or it can be difficult to access support in a timely fashion.

100. Here's what we heard from employers and employees about what works for them:

   a. Partnerships between regional economic development agencies, TEOs, schools and learners are essential to support school-leavers' transitions into employment and VET, particularly in early exposure to the variety of VET pathways, or for learners with disabilities and special learning needs.

   b. Support for workplace literacy and numeracy training can help employers train deaf people to communicate well in the workplace.

   c. Employers and ITOs who are committed to inclusion build workplaces and training environments that are supportive of learners with disabilities and special learning needs.

101. Here's what we heard from employers and employees about what may need to change:

    a. Mainstream post-secondary education is not equipped to deal with neurodiverse learners.

    b. Employers can sometimes get wage subsidies for employees with disabilities, but they don't know about them or the subsidies come too late.

102. Here's what we heard from TEOs about what works for them:

    a. Techniques that trained tutors have to help learners with dyslexia or autism actually help all learners.

    b. Neurodiverse learners benefit from practical and transferable training and assessment.

103. Here's what we heard from TEOs about what may need to change:

    a. Learners with additional needs (e.g. dyslexia) must self-declare. Schools should share information with TEOs.

    b. There should be more flexibility in the qualifications and funding systems to support TEOs to deliver to learners with disabilities and special learning needs.

Summary of feedback from RoVE consultation

104. Key themes from the RoVE consultation submissions in relation to disabled learners include:

    a. the need for a funding system that better supports the success of disabled learners

    b. improved access to, and support within (i.e. pastoral and financial), vocational education for disabled learners

    c. the need for more engagement, and opportunities for partnership and co-design, with disabled people and stakeholders in the disability sector on the ongoing RoVE work

    d. the importance of carrying through existing programmes and initiatives that work well for disabled learners into the new vocational education system.

105. For people with disabilities, access was a key issue that could be addressed to improve participation.

106. There is an opportunity for policy development on a UFS to be informed by meaningful engagement with key stakeholders in the disability sector.

107. The need for flexible education delivery that is tailored to the needs of learners was repeated in many submissions, including those related to people with disabilities. Submitters felt that the reforms created an opportunity to make the vocational education system more accessible to disabled learners, and to improve support within the system (including pastoral and financial support).

108. Several submitters indicated that the UFS should be designed to better support disabled learners' success. Several submitters highlighted the importance of existing programmes and initiatives that worked well for disabled learners, and that these should continue.

109. A few submitters with additional learning support needs raised concerns that Te Pūkenga may favour distance provision for foundation education when face-to-face provision was more appropriate for those learners.

110. "Disabled learners have largely been barred from entering into study, particularly in regional areas, where institutes have struggled to be inclusive and ensure they have

the services they need. Learner support has been decimated and so has disability support. These areas need support to function well." (Industry professional).

Summary of feedback from UFS engagement with learners

111. Disabled learners told us that they have a good experience when:

    a. support needs are identified early

    b. departments within TEOs have effective lines of communication and work together

    c. time is taken to understand learner's needs, and support is tailored to the individual

    d. facilities have 'safe' spaces for study and exams

    e. tutors are aware of learner needs, are supportive and care about the learner succeeding

    f. processes (e.g. enrolment, accessing support) are easy, efficient, streamlined, and support is available for administrative tasks

    g. course material is provided early, in a usable format, and there are no surprises during the course

    h. courses are delivered in ways to suit different learning styles and paces

    i. tools are available to make content accessible.

112. Disabled learners told us that the challenges they face vary between individuals and include:

    a. cognitive function challenges including memory and concentration

    b. mental health issues, including feeling overwhelmed, feeling isolated, anxiety, and stress

    c. finding it hard to open up, lacking confidence, and feeling judged

    d. difficulties learning new technology

    e. issues related to physical access, supports and use of facilities.

113. They told us that succeeding is more challenging when:

    a. the support available is not visible and the system is hard to navigate

    b. the right level of support is not available at the right times e.g. counselling is hard to book

    c. all the onus is on the student to 'figure it out' and to prove their disability

    d. learners do not feel comfortable disclosing their disabilities and are wary of being 'put in a box'

    e. staff do not understand a disability or have prejudiced views, and learners find it difficult to communicate their challenges and disabilities

    f. tutors do not know how to adapt to be accessible

    g. there is poor coordination between departments

    h. courses are disorganised - material is not provided up front and changes are made during the course

    i. the pace of a course is too fast or not delivered in an accessible format

    j. the quality of support services are poor e.g. note taking.

114. Disabled learners offered these ideas as ways to make VET better for them:

   a. Ensure mentors and wider support people and services are available to guide and connect with the learner from start to finish.

   b. Empower learners to reach out by identifying who they can connect with for support.

   c. Training for tutors on how to identify learner requirements and better support learners.

   d. Provide a 'support menu' so learners know what is available.

   e. More opportunities for one on one support and support available at more times.

   f. Provide safe spaces for learners.

Summary of feedback from UFS engagement with tertiary and disability sectors

115. This section sets out the key messages we identified across our engagement.

116. Inclusive career guidance and support in the schooling sector regarding education and employment pathways are lacking for disabled and neurodiverse learners in the schooling sector and must be improved.

117. Reaching back into secondary schools gives tertiary providers a better sense of prospective learners' needs, enabling them to better support and accommodate learners as they transition into tertiary study.

118. The current scope of the UFS (i.e. levels 3-7 non-degree) will disadvantage disabled learners who are studying at foundation level (i.e. levels 1-2) and degree level.

119. The tertiary education sector needs to provide disabled learners with strong and clear expectations around inclusivity and accessibility of education.

120. Tertiary education will become more inclusive and accessible by shifting towards and implementing Universal Design of Learning principles.

121. Broader government work on Enabling Good Lives and Mana Whaikaha should be linked into and inform the ongoing UFS work.

122. There is a need for clarity and consistency regarding the definition and scope of disability within the tertiary sector, including how neurodiverse learners and learners with mental health conditions are supported.

123. There are barriers to disabled learners accessing and participating in tertiary education, some of which include inaccessible online platforms and teachers/staff having discriminatory attitudes and/or lacking in disability awareness and confidence.

124. Disabled learners' access to disability assessments and support is inconsistent across the tertiary sector. For example, what counts for 'accessing' services differs between providers, with some counting any learner who uses the service as accessing it, while others only count learners who register with the service.

125. There are barriers to providers supporting their disabled learners, but the extent of these barriers differs across providers. Many of these barriers link to capability and financing. An example of a financial barrier is the high cost of New Zealand Sign Language (NZSL) interpreters and the cost of diagnostic assessments from educational psychologists.

126. The inconsistencies mentioned above are partly driven by the diversity of provider types and their student populations. For example, some providers are spread across many campuses, and some deliver a large amount of learning online.

127. The needs of disabled learners and neurodiverse learners are changing. For example, some providers have noted an increase in learners enrolling with multiple and varied complex needs.

128. The current bulk funding approach in tertiary education (i.e. *equity funding for tertiary students with disabilities*) is inadequate to meet disabled learners needs and should be reviewed.

129. Funding from non-education government agencies is largely inadequate to support disabled learners in tertiary education. For example, the Workbridge funds (funded via the Ministry of Social Development) are narrow in their scope and not reliable in terms of access.

130. Support and/or training for employers regarding how to better support disabled trainees, apprentices, and employees is needed. For example, support for employers to understand some basic NZSL would be really valuable.

131. A shared access point and/or resource hub would be beneficial in supporting knowledge sharing, consistency of practice, and pooling and sharing of resources across the tertiary sector.

132. Disabled learners' voices need to feed into any mahi to do with them – officials need to remember "nothing about us without us".

Feedback on how to identify disabled learners for funding purposes

133. We discussed the technical challenges of identified disabled learners in VET. We proposed several options that we could use and sought feedback.

134. The most preferred proxy was a 'combination approach' – one that is straightforward and that factors in (at least) the number of self-identified disabled learners and the number of learners accessing disability support.

135. There was a mixed response on a proxy about the number of disabled learners who have difficulty with an identified list of activities, as based on the Washington Group Short Set (WGSS) questions. Some thought it would be a good proxy to explore as it touches on disability in an indirect way and may capture learners who don't self-identify as disabled. However, others noted the WGSS does not encompass some disabilities, including mental health conditions.

136. Many thought a population-based proxy could be incorporated into a combination approach. But there were concerns that a population-based proxy on its own to inform funding provides the wrong incentive to providers.

Feedback on the proposal for a separate fund to support disabled learners who require high investments to meet their needs

137. We sought specific feedback on our proposal for a separate approach to provide funding for disabled learners who require high investments to meet their needs.

138. Tertiary providers told us that they are struggling to support all their disabled learners' needs, and that this largely comes down to financial barriers.

139. We heard about a range of accommodations and services that are costly for providers to deliver. Some of these include NZSL interpreters, 1-on-1 personnel support for learners (e.g. lab support), campus environment modifications, video captioning, assessments via education psychologists, and some neurodiversity accommodations (e.g. licences for programmes like JAWS (screen-reader)).

140. Participants told us that any fund would need to be straightforward and have clear guidelines and criteria for how to apply for it and for what it covers (e.g. what kind of equipment and education support), respectively. However, there would still need to be

some level of flexibility to ensure the fund could work for the wide range of providers and student populations across Aotearoa.

141. We also heard about the importance of ensuring such a fund would fit well within the existing framework of funding for disabled people (e.g. funds provided by non-education government agencies, like Ministry of Health and Ministry of Social Development), with some suggesting the possibility of such funds being pooled together to reduce barriers to disabled learners.

Feedback from the Funding Reference Group about the learner success component

142.   The UFS project team created a Funding Reference Group (FRG) to support the initial development phase of the work between mid-2019 and mid-2020. This section summarises our engagement with the FRG.

143.   The purpose of the FRG was to ensure that work to design and deliver the UFS draws on an understanding of industry perspectives and the technical and operational experience of sector experts. Members were selected based on their skills, experience and expertise in the following areas:

   a.   industry and employer perspectives, skill needs, and training requirements

   b.   tertiary education funding and its application within different types of TEOs (including ITOs, ITPs, wānanga, PTEs and universities)

   c.   planning and operational decision-making within TEOs

   d.   TEO finances, delivery costs and cost drivers, and data management systems

   e.   learning and wellbeing support and learner needs.

144.   The FRG met roughly monthly. We provided group members with our engagement and literature review findings, data analysis, and proposals for change.

145.   FRG members largely confirmed that our engagement and literature review findings corroborated their own experiences at TEOs (refer to Annexes 3 and 5 for more details).

146.   They also largely found that the findings of our data analysis reflected their own experiences (refer to Annex 6 for more details). This was especially true of our findings that the VET system is particularly inequitable for young learners with low prior educational attainment, and Māori, Pacific and disabled learners.

147.   Some members questioned our finding that low socioeconomic status was not a strong predictor of success in VET and indicated that they felt funding should be linked to learners with low literacy and numeracy skills (see Annex 6 for more details). Some FRG members explained that within their TEOs, they found these learners need more support.

148.   FRG members also supported our proposal at the time to link learner success component funding to isolated learners (refer to Annex 6 for more details). We have since advised that it is more appropriate to address the issues that isolated learners face through the strategic component (refer to Annex 8 for more details).

149.   Overall, the FRG supported our proposal for a learner success component that takes a priority learner approach to identifying the level of need across TEOs and allocates funding accordingly (refer to Annex 8 for more details).

150.   The FRG gave mixed feedback on our proposal to link a portion of learner success component funding to TEOs' improvements in learner success. Some FRG members showed strong support for the incentives this could put on TEOs to support their learners. Other members strongly oppose a formulaic approach linking funding to learner metrics that does not account for each learners' starting point or for a range of positive outcomes for learners (such as employment before finishing a qualification).

151.   The FRG emphasised that additional money will be required to meet the new system expectations. As an example, FRG members explained that there are currently very limited services and supports for disabled learners in the VET system, and a sole focus on re-balancing existing funding is therefore unlikely to lead to a major change in support for disabled learners. FRG members indicated that new money should be an ongoing commitment.

Annex 4: International approaches to funding equity in VET

1. This annex sets out the international comparison research that we undertook in 2018 and 2019. Where possible, it identifies how Vocational Education and Training (VET) funding systems support equitable outcomes for learners.

2. The information we gathered shows that it is common for jurisdictions to target a portion of total funding to support education equity. The cases of Wales and Scotland show that the proportion of total funding that specifically supports equity is 5 to 10%.

3. Jurisdictions tend to target equity-based funding to between two to four learner groups, including:

   a. isolated learners

   b. learners with low socioeconomic statuses

   c. disabled learners

   d. older learners

   e. indigenous learners

   f. academically underprepared learners

   g. women in apprenticeships.

4. This annex also sets out a few key examples of other jurisdictions and organisations that have made significant changes to improve the way they support equitable outcomes for learners in tertiary education. Particularly, we summarise sweeping funding changes in Tennessee that put the learner at the centre of the funding system, and organisational changes at Georgia State University that have vastly improved outcomes for its Black and Latino students and that inspired TEC's Ōritetanga – Learner Success Framework (see Annex 2 for more details).

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Approach and limitations

5.   Information about funding for VET, including equity funding, is very difficult to gather, and it is an under-reported/under-researched area internationally. For example, the OECD does not have publications that support easy comparison across countries, and we have not been able to find other such comparative sources.

6.   Instead, we selected several key jurisdictions that represent typical comparator countries for New Zealand (e.g. Australia, the United Kingdom, and Canada), countries with established and well-respected VET (e.g. Germany), and jurisdictions where we were already aware of sweeping changes (e.g. Tennessee). We gathered information from websites and from phone calls with government officials and funding experts.

7.   There are several limitations with the information we gathered:

   a.   We gathered the information in 2018 and 2019, and we have not updated it. This means it may be out of date. We can update the information if required.

   b.   We often had difficulty gathering the same kinds of information from each jurisdiction, so direct comparisons across jurisdictions are difficult.

8.   International comparisons can provide useful information and new ideas to inform future funding reforms. But context is important. This means that policies shouldn't simply be lifted wholesale from one country to the next. For example:

   a.   Many of the European VET systems are designed to serve large labour-markets with high levels of occupational regulation, fairly standardised education pathways and entry criteria to particular jobs or industries, high union membership, and large employers.

   b.   Wales and Scotland have quite a strong focus on providing funding stability for public VET colleges, rather than shifting funding across the system in response to changing patterns of demand and/or provider performance. In part this reflects a context of limited competition – only public VET colleges receive government funding and each public VET college essentially has its own 'catchment area'.

9.   Beyond comparing funding approaches, it is also difficult to compare the performance of VET systems across jurisdictions. This is because jurisdictions often have quite different definitions of VET. Perhaps for this reason, there is no readily available research (including from the OECD) enabling direct comparison of participation rates, qualification completion rates, or outcomes from VET across different jurisdictions. As a result, we have not undertaken an international comparison of the performance of VET systems for learners by ethnicity, socioeconomic status, age, etc.

Australia – Victoria

10.   Funding for learners in VET in Victoria comes from a variety of state and federal sources.

11.   The Victorian Government contributes towards the cost of approved VET courses at approved providers via subsidies. Students are limited to accessing a maximum of two subsidised courses at the same qualification level (with some exceptions).

12.   From 2019, the Victorian Government's Free Technical and Further Education (TAFE) Priority Courses pays tuition fees for priority courses for students who are eligible for government-subsidised training. Priority courses are 38 non-apprenticeship courses and pre-apprenticeship courses leading to jobs in high-growth industries and important areas for the state (like family violence, rolling out the National Disability Insurance Scheme, and delivering major infrastructure projects).

13. Victoria's Skills First Youth Access Initiative pays tuition fees for particularly high-risk youth (under 22 years old).

14. Victoria's TAFE Community Service funding (CSf) supports TAFEs to address the training and support needs of their students by providing a campus experience with support and other essential services and helping disadvantaged and high needs students who might otherwise not succeed. TAFEs will be held accountable for this funding via Minimum Service Standards.

15. In part, CSf supports Skills and Jobs Centres at TAFEs. These centres support anyone (not just TAFEs students) looking to enter the workforce, start training, or re-skill. They also support employers looking to meet their workforce needs.

16. The Australian Government's VET Student Loan programme offers income-contingent, capped loans to eligible students studying certain VET qualifications at diploma-level and above.

17. Capped Trade Support Loans are available to Australian Apprentices undertaking Level 3 or 4 qualifications leading to a priority trade occupation that appears on the National Skills Needs List, Level 2-4 agriculture qualifications, and Level 2-4 horticulture qualifications in rural, regional and remote Australia.

18. Living Away from Home Allowances support eligible Australian apprentices who have to move away from home to undertake an apprenticeship.

Scotland

19. Outcome agreements signed by colleges guide expectations around equity.

20. Access and Inclusion funding is £51.3 million in total (10% of total funding for colleges). The proportion of funding received by each college is stable, allocated based on the historic distribution of learners at each college with an individual learning support plan.

21. Additional funding is allocated based on the provider's location:

    a. A rural postcode premium (£9m, 1.7%) is available to providers servicing rural areas.

    b. A deprived postcode premium (£8m, 1.6%) provides additional funding to providers servicing deprived areas.

22. Skills Development Scotland (SDS) links the training system and the labour market. SDS works across the skills system to align supply and demand:

    a. It provides careers advice to school students and people wanting to join, or change their role in, the labour market.

    b. It works with employers and industry bodies to develop regional and industry skills plans that set out skills needed now and in the future.

    c. It administers and funds Foundation, Modern and Graduate Apprenticeships. It works with the Scottish Apprenticeship Advisory Board to ensure the work-based learning system is demand-led, responsive and adaptive.

    d. It helps young people, lower-skilled people, people affected by redundancies, etc. to increase their employability skills.

    e. It supports employers to identify their skills needs, attract and retain talent, and develop their workforce, including through work-based learning opportunities.

23. The Centre for Work-Based Learning is a subsidiary of SDS. It works in partnership to undertake and disseminate research on work-based learning, develop best-practice advice, and promote the reputation of work-based learning.

Wales

24.   Approximately 5% of total funding for providers (further education institutes) is based on equity considerations, such as:

   a.   sparsity (i.e. rural location)

   b.   Welsh-medium delivery

   c.   educational deprivation of the area (based on a Welsh Index of Multiple Deprivation that includes school test results, repeat absenteeism, proportion of 18- to 19-year-olds not entering Higher Education, and proportion of 25- to 64-year-olds with no qualifications).

Germany

25.   There are various 'pre-vocational' programmes designed to facilitate transition into VET. Funding is available for training firms:

   a.   where individuals have struggled to find a training company for at least one year

   b.   for young people with learning disabilities

   c.   ror young people from socially disadvantaged backgrounds.

26.   Other local authority/state financial supports are available for learners and trainees.

27.   The OECD has recommended more support in Germany for students who experience difficulties during their apprenticeship.

Canada – British Columbia

28.   The Provincial Government provides some targeting for indigenous people. This is per student funding.

29.   Individual government envelopes follow the formula of $X for Y years (normally three to five years) to help support indigenous students in their institution.

30.   There are also some specific (federal) funds made available to provincial and territorial governments through workforce development agreements. For example, funding to support:

   a.   students with disabilities

   b.   people over 55

   c.   indigenous peoples

   d.   women going into apprenticeships.

USA – Tennessee

31.   In the USA, Tennessee is at the forefront of supporting people to achieve tertiary education qualifications via free tuition, the use of data, and individualised mentoring.

Funding for institutions

32. Tennessee's funding system uses an "outcome"-based funding formula, on a three-year rolling average. Funding is volume-driven but allocations are only paid as the learner hits specified milestones.

33. Outcomes are weighted to align with institutional priorities and mission (though currently all community colleges use a common weight structure).

34. Each of the approximately ten "outcomes" is essentially a performance target such as students accumulating a number of hours, course completions, number of work-based contact hours, job placements, and successful transfers to higher study. (Most of these targets are not actually "outcomes", but rather inputs, milestones, or outputs.)

35. Apprenticeships are funded separately through the Department of Workforce and Labour Development.

36. The "outcomes" formula includes premiums tied to focus populations:

    a. low-income learners[1]

    b. adult learners[2]

    c. academically underprepared learners[3].

37. The amount of the premium is connected to the number of focus populations each individual learner falls into:

    a. Learners that fall into one focus population attract an 80% premium.

    b. Learners that fall into two focus populations attract a 100% premium.

    c. Learners that fall into three focus populations attract a 120% premium.

38. This effectively makes each learner in one or more focus populations worth approximately twice the amount of funding.

Student fees

39. Tennessee was the first state in the USA to offer all residents – both high school graduates and adults – tuition-free study at a community or technical college towards a postsecondary degree or certificate. This supports the state's goal of increasing the number of adults with postsecondary degrees or certificates.

40. While student fees aren't within scope of the unified funding system, this example in Tennessee shows how the fees-free programme was supported with other related initiatives to support student success.

41. Tennessee Promise was launched in 2014 and offers college programmes tuition free to students finishing high school. It is both a scholarship and a mentoring programme. It covers all tuition and mandatory fees not covered by other scholarships or grants. It also provides every student with a mentor who assists students to enrol in college and remain eligible for the programme. Students must maintain a 2.0 grade point average (GPA) to continue to be eligible.

42. Tennessee Reconnect was launched in 2017 to expand the tuition-free initiative to adults. Most adults without an associate or bachelor's degree are eligible (regardless

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[1] Tennessee relies on Pell Grant eligibility to determine which students are low-income. Pell Grants are federal needs-based grants for low-income students. Typically, students from families making less than $50,000US will qualify for a Pell Grant.

[2] Age 25 or older.

[3] Students who do not achieve ACT score thresholds, or any student who is ever identified by the community college as requiring a remedial or development course. The ACT test is a standardised test used for college admissions in the USA. It assesses the mastery of college readiness standards.

of whether they have undertaken previous study). Adults who apply for the programme are required to provide information to help the state figure out what they need to be successful. Applicants are asked about their highest level of education, time elapsed since they last studied, what times they are available to attend classes, whether they will be working while studying, what challenges they expect to have while studying, etc.

43. This information helps match applicants with suitable colleges and with pastoral support. Colleges are responding to the programme by offering "boot camps" in writing and maths, by adding more classes during non-traditional hours, or by training staff in teaching adult learners. All applicants must participate in an advising programme funded as part of Tennessee Reconnect – Community Navigators are "institution neutral", local advisors who support adults from the moment they think about going to college until they graduate.

USA – Georgia

44. This section sets out an example of how an organisation made sweeping changes to address significant issues in the way it supported learners of different ethnicities.

45. Georgia State University (GSU) redefined its organisation to better serve its students.

46. In the mid-2000s GSU's six-year graduation rate was around 30%, and worse for Black and Latino students. By the mid-2010s, more than 70% of the students who start at GSU now graduate within six years, either from GSU or another institution. GSU was the only public university in the USA in 2016 at which the Black, Latino, first-generation and low-income students all graduated at the rate of the student body overall.

47. GSU made many changes to achieve this, including these:

    a. GSU pioneered integrated student support. GSU now uses past data about student performance at their institution to predict the likely outcomes of current and future students who share similar characteristics. Based on this knowledge, GSU puts in place tailored packages of support and advice for each student to help them succeed from day one.

    b. GSU "flipped" its classrooms to minimise lecturing and focus on hands-on teaching. In math, this resulted in 35% more students passing math courses on their first attempts.

    c. GSU gives microloans to students of up to $1,500 if they are short of money to cover tuition and fees. Before offering microloans, GSU noticed that 1,000 students every semester were dropping out, often with less than a year to graduation, because they couldn't afford to pay. Over four years, GSU made 8,000 microloans, with 70% of recipients graduating.

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Annex 5: Literature about supporting learners in VET

1. This annex provides summaries of key literature about what learners need to support their progress and success in VET and in tertiary education.

2. The material in this annex reinforces what we heard through our engagement (refer to Annex 3).

3. Refer to the start of each of the four literature sections for summaries of the relevant literature.

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Approach

4.   Ideally, this literature review would focus specifically on how funding can be designed to improve learning and wellbeing support for learners in vocational education and training (VET) and/or support equitable outcomes from VET. But we are not aware of literature addressing this issue. Instead, we have focused on literature that addresses the needs of different learners in VET and tertiary education.

5.   Also, ideally, this literature review would focus on material related specifically to vocational education. But there are only a handful of sources that specifically address this area of tertiary education. As such, literature more broadly focused on tertiary education is also included, on the assumption that many of the findings apply to vocational education.

6.   The documents selected for this review are mainly New Zealand sources prepared by the Ministry of Education, Tertiary Education Commission and Ako Aotearoa. Many of these documents themselves are literature reviews. We have not undertaken a comprehensive search of materials available through the Ministry of Education's library.

7.   The summaries presented here focus on how to support learners' progress and success in VET and tertiary education, rather than how to support learners' transitions into VET and tertiary education.

8.   References are provided to source documents. Where possible, web links are given to publicly available material.

9.   This section summarises literature about workplace learning. It focuses on workplace learning (as opposed to provider-based learning), because a key shift we want to see from the VET system is more and higher-quality learning linked to the workplace.

Summary

10.   Successful workplace learning is based on inclusiveness and meaningful relationships. Learners need to feel part of the team in the workplace. Strong, open, mentoring relationships based on mutual respect and trust are key. Employers need to train mentors and value mentoring.

11.   Workplaces and TEOs need to collaborate closely to ensure that workplace learning and assessment is meaningful and high quality.

12.   Workplace learning needs to be deliberate and well planned. Orientation programmes need to clearly set out expectations about how learning fits into the job.

13.   Learners want and need to see how their learning matches to their career goals and to their industry, rather than just to their current job or qualification.

14.   Workplace learners need to have high-quality work to support their learning, which includes a variety of tasks, and increasing responsibility.

15.   Learning needs to be embedded in work and take place during regular work hours. When learning is expected to take place "on top" of work and outside regular hours, learners feel overburdened and under-supported. When learning is more theoretical, learners benefit from having strong support from someone who can work alongside them.

"Learning in and for Work: Highlights from Ako Aotearoa research"[1]

16.   This report provides a summary of the factors that make for successful workplace learning for learners / trainees, their tertiary education organisations (TEOs) and their workplaces. This report describes the practices and features found across four approaches to workplace learning involving both TEOs and workplace environments:

   a.   *fully-integrated workplace learning*, in which most of the learning takes place on-job, and is supported by learning materials from the workplace and TEOs

   b.   *learning practicums*, where students – such as teachers, nurses, social workers, or counsellors – are placed in workplaces for ongoing blocks of learning during their time of study

   c.   *work integrated learning* (WIL), where students work on a project basis for short periods of time

   d.   *simulated learning situations* where learners are fully located within a tertiary education provider but participate in replicated workplace learning situations.

17.   Successful workplace learning is based on inclusiveness and meaningful relationships. Inclusiveness happens when learners are made to feel a 'part of the team' in a workplace and feel their contribution is valued. Inclusiveness is fostered by the relationships that workplace trainers/supervisors establish with learners through meaningful conversations and feedback. The role these advisers/associates play as mentors comes through strongly as contributing to successful experiences and outcomes.

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[1] "Learning in and for Work: Highlights from Ako Aotearoa Research", Ako Aotearoa, 2014.

18. Regardless of the workplace learning approach used, it works best when the relationship is built on mutual respect, so that each person values the other and the contribution they are making. As such trust is built and critique and support add to the learners' knowledge and skills and leads them to become more reflective learners.

19. Ensuring a quality workplace learning experience can also be difficult as in some cases little is known about the capability of workplace trainers/supervisors and the capacity of workplaces to provide authentic, meaningful tasks. This suggests that TEOs need to work closely with workplaces to understand more about how they operate. While tertiary organisations can have some influence in this area through determining the assessment that occurs, they can have little control over all the tasks learners are given and the inclusiveness or otherwise of the workplace environment.

20. There are three partners in workplace learning: learner, TEO, and employer. They must each participate in workplace learning in certain ways to ensure success.

    a. Learners must bring the appropriate theory, knowledge, attitude and values that lead to workplace participation and further learning. This is underpinned by career aspirations, the motivation and persistence to learn, and a growing confidence and sense of self-efficacy that comes from being successful and feeling valued and included in the workplace.

    b. TEOs have the key role in organising workplace learning. This involves guiding, planning, supporting, supervising, assessing, and where appropriate debriefing both of the other partners in the workplace learning relationship. In addition to the normal education approach of working with learners themselves, it also involves working in partnership with workplaces to ensure learners achieve optimum outcomes. This includes providing resources and materials (including assessment information) that enable workplaces to establish a quality workplace learning experience.

    c. Employers need to provide a workplace experience that meets the needs of the learner while at the same time provides benefits for the workplace. This is built through planning with the TEOs and individuals in workplaces possessing or having access to some knowledge about learning and assessment. It is also done through people, systems and processes that support learning. These include meaningful relationships with supervisors and/or mentors and peers; workplace affordances that allow time for learners to practise and/or transfer the knowledge from the tertiary education setting; and resources. Above all it is about providing real and meaningful work experiences and working in inclusive ways with learners, so they feel part of a team.

"A Collaborative Approach to Mentoring: A model for industry training organisations and employers"[2]

21. This report assesses the impact of a structured approach to mentoring on the retention of apprentices at Downer. A portion of apprentices received collaborative mentoring by both a Downer employee and an industry training organisation (ITO) field representative, and a portion did not. The mentored apprentices showed improved retention rates during the period of the study.

22. The study found a number of ways in which the mentoring approach taken by Downer and the ITOs (Connexis and Primary ITO) could have been improved, including ensuring that ITO field representatives and Downer mentors maintain an ongoing

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[2] Sandra Johnson, "A Collaborative Approach to Mentoring: A model for industry training organisations and employers", A report prepared for Downer New Zealand and Ako Aotearoa, 2016. https://ako.ac.nz/assets/Knowledge-centre/NPF-12-010-A-mentoring-model-for-ITOs-and-Employers/602ea3ed15/NPF-12-010-a-collaborative-approach-to-mentoring-a-model-for-industry-training-organisations-and-employers-research-report.pdf

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collaborative relationship (rather than mentoring the apprentice independently of each another).

23. The study also found a number of ways to improve the structured mentoring programme, including highlighting the importance of selecting appropriate mentors, valuing mentoring as a role and task, training mentors, and managing any transitions between ITO-provided mentoring and employer-provided mentoring.

"Successful Workplace Learning: How learning happens at work"[3]

24. The report finds four common principles of successful workplace learning across the six workplaces studied:

   a. *Support at the organisational level*: Learning is prioritised through practical policies and structures. An employee is dedicated to promoting workplace learning. Good quality resources and time to learn were both provided to trainees. Mechanisms were in place to reward learning success, including graduation ceremonies, invitations to participate in special events, development of career pathways, and informal acknowledgement of good work.

   b. *Structured orientation programmes*: clear expectations from the outset of how learning fitted with the trainee's job.

   c. *Good teaching strategies*: The workplaces had a clear idea of the skills and practices they wanted their learners to develop and they did not leave the teaching to chance. They clearly differentiated between the goals of formal learning in classes and learning on-the-job. On-job learning often took place via "scaffolding", where temporary support was provided for the learning, then gradually "dismantled" to allow more independent problem solving. Carefully selected mentors were key to successful scaffolding approaches to learning.

   d. *Use of formative and summative assessment*: Through formative assessment, learners had many opportunities to get feedback on all aspects of their work, build towards summative assessment, and take responsibility for their progress.

"Belonging, becoming and being: First-year apprentices' experiences in the workplace"[4]

25. The report sets out recommendations in three main areas to help with the induction and retention of first-year apprentices.

26. Matching "vocational imagination" to vocational identity:

   a. Provide information to potential apprentices (and their supporters) of both the merits *and realities* of the trade/industry

   b. Support apprentice's goals and help them create an affinity to an industry (rather than a particular employer), even if this means supporting them to shift employers to better support their goals

   c. Clearer and more accessible information for apprentices and employers on their responsibilities in workplace training.

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[3] "Successful Workplace Learning: How learning happens at work", Industry Training Federation, 2011.
[4] "Belonging, becoming and being: First-year apprentices' experiences in the workplace", Ako Aotearoa, 2011.

27. Establishing a sense of belonging:

   a. provide prompt and relevant support in response to any workplace challenges

   b. support for workplace trainers so they can become better trainers.

28. Maintaining engagement and momentum towards apprenticeship completion

   a. Help trainees see how short-term requirements link to their long-term goals

   b. Provide sufficient incentives, including work time for 'book-work', sufficient wages to retain apprentices and pay, or other support such as reimbursements of costs incurred, during block courses away from the workplace.

"Getting the best from your investment in training an apprentice: A Competenz research paper"[5]

29. Factors that help learners complete a quality apprenticeship

   a. Quality of work (e.g. variety and increasing responsibility) is the most important factor

   b. Employers' past experience managing apprentices makes a positive difference too

   c. Employers need to get apprenticeships off to a good start

   d. Career prospects and emotional support are likely to be important

   e. Company size does not make a difference

   f. The number of apprentices the employer is training does not make a difference.

"Learning, Life and Work: Understanding non-completion of industry qualifications"[6]

30. This research attempted to identify and isolate factors that contributed to non-completion of industry qualifications. They found that factors attributable to employers were slightly more likely to contribute to non-completion than factors attributable to the trainee or to the system. The employer factor includes reasons such as: not getting the right sort of training and support, less than optimal workplace environments, and job loss.

31. For up to 50% of trainees in this study, better support from their employer or ITO could have prevented their non-completion. This support could have particularly focused on support completing bookwork – both someone to work alongside them and time to do the bookwork at work.

32. While there are a number of factors that contribute to non-completion, the biggest burden that non-completers reported was their experience that learning was to take place "on top" of work, not "at" work. There is a fundamental issue for trainees having to complete self-directed study in their own time, both in terms of the time it takes and in understanding the assessment requirements.

33. There is scope to increase the qualification completion rates in industry training and many of the potentially effective interventions to do this are relatively simple:

   a. *Employers*: Trainees said they needed more opportunities to practise at work and more time for training. Availability, or capacity, was a key concern for the trainees in this study with 22 percent saying 'someone with more time at work to train me' is what would have helped them complete. The trainees said that

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[5] "Getting the best from your investment in training an apprentice: A Competenz research paper", Competenz, 2015.

[6] "Learning, Life and Work: Understanding non-completion of industry qualifications", Ako Aotearoa, 2016.

having someone who knew more about how to train and support them, more structured approaches to training, including mentoring in the workplace, employers who understood about learning at work, and experts in the workplace who could show them what to do, would have helped them.

b.   *ITOs*: provide more information about qualification requirements, including assessments; provide more materials and assessments that are relevant to the job; provide guidance and support. The support trainees need for bookwork calls into question this type of workplace learning and assessment for qualifications and the extent to which it either works for them or becomes a burden for them. The challenge for ITOs is to design and use assessment systems, practices and processes that adhere to the assessment principles of being timely, fair, authentic, valid and reliable, while at the same time keeping the approach manageable for themselves, the employers and the trainees.

Literature about how to support Māori learners

Summary

34. Proactive, culturally appropriate support across transitions to VET and the beginning of study is important for supporting access and early retention for Māori learners.

35. Staff need to value Māori learners' knowledge, values, experiences, and abilities. Tauutuutu (reciprocity) and kanohi ki te kanohi (face-to-face engagement) are Māori values that should be respected and enabled.

36. Culturally specific and supportive learning spaces and peer mentoring should be built into programmes and learning. Māori cultural values and tikanga should be embedded in programmes, teaching and learning, assessment, etc. Staff knowledgeable in tikanga should have strong input and oversight.

37. Culturally competent mentoring is particularly important for workplace learning, where a tuakana-teina model is particularly beneficial and aligns well with traditional approaches to apprenticeship relationships.

38. Programmes should be relevant to Māori learners, whānau and iwi, and should enable learners to develop their cultural knowledge and identity. Marae-based delivery can support learning in a tikanga Māori environment.

39. Iwi should have advisory roles in programme development, design and delivery. Collaborations between TEOs and iwi should be tied to future labour-market needs.

40. TEO leadership and management needs to be committed to Māori learner success, as evidenced by institutional culture, policies and strategies, Māori staff, etc.

41. Embedding professional development so that all staff engage in it is crucial to ensuring strong, consistent responsiveness to Māori learners.

"Doing better for Māori in tertiary settings: Review of the literature"[7]

42. The review identifies key enablers and opportunities for TEOs across three stages of transitions to tertiary education (see page 21 for a graphic):

    a. School-to-tertiary transitions

        i. establish strong relationships with schools

        ii. proactively provide learners and whānau with information, guidance and support

        iii. establish culturally relevant and appropriate engagement with learners and whānau.

    b. Enrolment

        i. ongoing proactive provision of information, guidance and support, including to establish social and academic links prior to study

        ii. involving whānau

        iii. proactive advisory services and peer mentoring; offering preparatory programmes.

    c. First semester

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[7] "Doing better for Māori in tertiary settings: Review of the literature", Tertiary Education Commission, 2013.

       i.   proactive, culturally appropriate and normalised academic and social engagement, including Māori peer mentors, tutorials, and learning communities integrated into core services

       ii.   frequent, in-depth feedback from academic staff and high-quality teaching

       iii.   recognition of the importance of holistic wellbeing, and the proactive provision of culturally appropriate wellbeing support.

43.   The review identifies components that are critical to creating learning environments that enable Māori to succeed in tertiary education:

    a.   Effective teaching

       i.   Relationships and interactions with students demonstrate to students they are cared for, valued and believed in

       ii.   Students' knowledge and experiences are valued and incorporated in teaching and learning

       iii.   Collaborative peer relationships and collective group learning are facilitated

       iv.   Early engagement is facilitated with parents and whānau to welcome and encourage their active involvement in, and support for, students' learning

       v.   Staff actively demonstrate their belief in Māori learners' abilities, and support and encourage learners to progress and to succeed.

    b.   Culturally specific learning spaces and peer mentoring

       i.   Learners are socially and academically connected to support through regular interactions with academic staff, role models and peers.

    c.   Māori cultural values and tikanga central to learning

       i.   Strong input and oversight from staff knowledgeable in tikanga

       ii.   Integration of learning within local Māori communities and marae to provide expert knowledge and appropriate contexts for tikanga

       iii.   Te ao Māori integrated in assessment, reinforcing its importance and relevance to learning.

    d.   Programmes relevant to Māori learners and communities

       i.   Programmes that are responsive to learners' individual holistic needs support learners to engage in study alongside other commitments

       ii.   Tikanga and Māori values embedded in the curriculum and programme design and supported by the involvement of iwi and Māori communities

       iii.   Programmes enable learners to develop their cultural knowledge and identity

       iv.   Opportunities for Māori learners to engage in and advance their knowledge of te reo Māori and Mātauranga Māori.

    e.   Strategic relationships and collaboration with iwi and industry

       i.   Iwi present in advisory roles in the institution, and involved in programme design and delivery to ensure relevant content and programme credibility, and to build wider community capacity

        ii.   Collaborative relationships between TEOs, iwi and industry to provide opportunities for learners and to ensure relevant pathways tied to future employment demand.

    f.   TEO leadership and management committed to Māori learner success:

        i.   Institution-wide commitment, policies, strategies to achieve equity and improve Māori learner success

        ii.   Māori present in TEO leadership and management

        iii.   Māori culture and tikanga embedded in curriculum and kawa integrated in institutional culture

        iv.   Institution commitment and activities to foster whānau involvement.

Professional development practices and needs to enhance responsiveness to Māori and Pasifika learners in tertiary settings[8]

44.   It is essential for organisations' leadership to value the importance of professional development for Māori and for Pasifika. It was important for TEOs' leadership to actively demonstrate the importance of this professional development and to drive its implementation and embed it through effective policies and practices.

45.   Embedding professional development so all staff and departments engage in it across an organisation is considered crucial to ensuring strong, consistent responsiveness to Māori and Pasifika learners. This was identified as particularly important for large organisations.

46.   A key common factor to successfully embedding professional development has been the way each TEO has linked the professional development to established organisation structures, values and principles, that sometimes require, but mostly actively encourage, staff to participate in professional development as part of meeting performance requirements or organisation expectations.

MPTT Evaluation Findings[9]

47.   The evaluation of MPTT, which included considerable consultation with learners, and subsequent consultation with consortia showed MPTT is:

    a.   producing a wide range of positive outcomes for learners:

        i.   feedback indicates that in addition to the outcomes above, many learners progress into work experience and trades related employment

        ii.   other learners gain skills which help them to give back to their hapū and iwi

        iii.   courses have a strong focus on work readiness and meeting employer needs, and employers who are connected to consortia have better access to the skills they need

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[8] Fleur Chauvel, "Professional Development Practices and Needs to Enhance Responsiveness to Māori and Pasifika Learners in Tertiary Settings", Research completed for the Tertiary Education Commission, December 2014. https://thehub.swa.govt.nz/assets/documents/Professional-development-practices-and-needs-to-enhance-responsiveness-to-Maori-and-Pasifika-learners-in-tertiary-settings.pdf

[9] "MPTT Evaluation Findings", MartinJenkins, October 2017. http://tec.govt.nz/assets/Reports/2d9d86feda/MPTT-Evaluation-Findings-MartinJenkins-report-Oct-2017.pdf

b. well implemented: consortia have a strong focus on meeting the needs of their learners, and generally provide good support for their learners while they are enrolled in pre-trades training programmes

c. valued by stakeholders: stakeholders emphasised their commitment to MPTT and interest in working with Government agencies on improvements to better support learners in the scheme to succeed.

48. The evaluation recommended focusing on the following learner-centric factors to better enable success (in addition to other non-learner-centric factors like stronger governance):

a. all learners funded by MPTT should be aware of the supports available to them from the beginning of their course; support should be proactively offered to each learner and any access barriers removed

b. culturally appropriate and holistic support while learners are in training

   i. support should be for learning, health, mental health and financial needs

   ii. support should be culturally appropriate and take account of the learner's preferences, history and whānau

c. learners as active and engaged participants — ensuring learners are aware they are part of an important initiative and that their success is a priority; encouraging learners to make the most of the opportunity

d. continuing support for learners as they transition to work or further study.

49. The evaluation and subsequent engagement with consortia also identified a number of policy and operational settings that could be improved to enable consortia to best support their learners. MoE and TEC made policy and operational changes in response.

"Māori learners in workplace settings"[10]

50. This report provides useful initial insights into the relatively unknown area of what is distinctive about Māori trainees in New Zealand and how to successfully engage them in learning. The most important finding highlights the fact that mentoring, which includes culturally competent mentoring practitioners and incorporates Māori knowledge, cultural values, practices, language and customs, is of key importance to Māori learners.

51. The tuakana-teina model (where an older sibling looks after a younger sibling) has been identified as particularly useful and relevant in supporting Māori learners to develop a sense of belonging within their learning environment, and facilitates other support learners may require, including academic and personal support. The tuakana-teina relationship concept is closely linked to traditional whānau practices. This type of learning approach fits well within the trades-based workplace learning environment, as these expert-novice or mentor-mentee relationships are a key difference between the work-based and non-work-based training.

52. Maintaining and fostering relationships is critical as it emphasises the importance of togetherness and the cooperative nature of learning. Strong relationships based on respect, reciprocity and trust are essential to effective learning for Māori. The importance of having key people such as employers, tutors, ITO training advisors, co-

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[10] Cain Kerehoma, Jenny Connor, Loretta Garrow and Carmin Young, "Māori learners in workplace settings", Ako Aotearoa, 2013. https://ako.ac.nz/assets/Knowledge-centre/NPF-10-003-Maori-learners-in-workplace-settings/02fc77ff11/maori-learners-in-the-workplace-setting-project-report.pdf

workers and whānau, who are genuinely committed to seeing them succeed, is imperative to Māori learners.

53. Understanding the cultural background of Māori learners is a key factor in ensuring the most appropriate approach to achieving successful learning outcomes.

54. Distinctive learning behaviours are also identified through the research including whakamā (reservedness/shyness), tauutuutu (reciprocity) and kanohi ki te kanohi (face-to-face engagement). These learning behaviours are distinctive to Māori, helping to shed light on what influences a Māori learner's experience. This helps to explain the often "relaxed" or "reserved" nature of Māori learners.

55. Where Māori are whakamā or shy and do not put themselves forward, they are often uncomfortable with challenging those in positions of authority, or reluctant to engage support to avoid being an inconvenience. The act of tauutuutu or reciprocity was also important to successful learning outcomes. Each aspect of the teacher-learner or supervisor-trainee relationship can engender a reciprocal response. Where learners felt and believed that employers/supervisors were fully supportive, Māori learners would reciprocate their level of values such as trust, respect, integrity, and also their best efforts with participation and learning.

56. Kanohi ki te kanohi engagement is an important mechanism for developing trust and sharing information between individuals and groups. Learners reiterate that kanohi ki te kanohi approaches are preferable and more effective. Stakeholders also emphasise the need to utilise face-to-face approaches as much as possible, particularly when dealing with Māori learners, as personal contact and engagement are more effective than other approaches. A kanohi ki te kanohi approach is also seen as the most effective method for engaging whānau.

57. The following model presents a set of discrete factors that contribute to successful Māori workplace learners, it is the interplay and interconnectedness of these factors that is most critical to successful outcomes.

58. The research has identified the following factors as key enablers for engagement; these provide pointers to how completions can be increased:

a.	organisations recognising the importance of whānau and the interconnectedness of Māori cultural values in the teaching and learning process

b.	potential trainees being made aware of the high degree of self-directed learning and self-motivation required to successfully manage the competing demands of on-the-job training

c.	employers setting high, realistic and consistent expectations of learners, providing clear direction and leadership in ensuring the workplace is a culturally safe and effective learning environment

d.	employers ensuring regular monitoring processes are in place and regular feedback is provided

e.	providing culturally relevant mentoring that draws on key attributes of mentoring and buddy systems with experienced staff who have the ability to empathise and relate to Māori learners and their backgrounds

f.	encouraging peer support and group learning approaches

g.	introducing a team approach to training and learning with the ITO field staff, employer and learner through setting goals and working in partnership towards successful outcomes

h.	ITO field staff regularly engaging and offering support to learners, particularly during the early stages of the apprenticeship

i.	developing a network of Māori role models and/or mentors in the workplace, or drawn from the community, who can help to motivate and build the confidence of Māori learners

j.	celebrating success as a positive feature in building confidence of Māori learners.

59.	The findings from this research help to inform a number of specific actions and changes that the ITOs involved, and the wider industry training sector, can make. Some example strategies to strengthen training and career pathways include:

a.	Recruitment

	i.	Implement an effective whānau-centred marketing strategy targeted at Māori learners.

	ii.	Develop recruitment strategies targeted at whānau of existing Māori tradespeople.

	iii.	Develop clear vocational pathways that encourage Māori learner interest and motivation to enter the trades.

	iv.	Collaborate with secondary schools and youth training providers around industry expectations.

	v.	Review induction and orientation programmes to ensure learners know about the approaches to learning, how they will be assessed, time frames, and how to get support.

	vi.	Develop case studies of various Māori learners engaged within the trades, highlighting diverse backgrounds and experiences.

b.	Progression

	i.	Develop more systematic career guidance and planning programmes targeted at Māori learners and whānau.

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ii. Develop culturally responsive workplace mentoring programmes that enable appropriate behaviours to be modelled to learners.

iii. Establish links with iwi and Māori community employment and social service providers to encourage wrap-around support for Māori learners.

iv. Investigate innovative and relevant case management techniques that draw on best practice principles for engaging Māori learners.

v. Establish formal Māori networks to provide opportunities for employers, local business and business groups and the ITO involved to mentor young Māori trainees.

c. Raising success outcomes for Māori

i. Strengthen cross-cultural awareness, including understanding of Māori cultural values, beliefs and practices throughout the industry sectors.

ii. Develop guidelines for culturally responsive strengths-based competencies within the workplace environment.

iii. Design and implement professional development programmes for ITO staff and industry leaders focused on attaining better outcomes for Māori learners.

iv. Integrate and embed inclusiveness, equity and diversity principles into programme planning, monitoring and accountability processes.

v. Set targets aimed at increasing participation, retention and completion rates of Māori learners, and report on these targets annually.

vi. Explore opportunities to include Māori input at strategic and senior management levels, e.g. Māori representation on governing boards.

Summary

60. Proactive contact, guidance and support in subject selection at school, career planning, and enrolment is important for supporting Pacific learners through transitions.

61. Guidance and support for parents and families can help balance parental and learner goals and aspirations.

62. Facilitating social and academic connections, including through peer mentoring, can support Pacific learners to transition to new environments.

63. Supportive, familiar learning environments, and holistic, culturally relevant academic and wellbeing support are important, and should nurture Pacific cultural values like collectivity, relationships and togetherness.

64. Pacific learners often need support meeting their multiple commitments to learning, family, church, work and communities.

65. Teaching and learning should be tailored to the needs of individual Pacific learners, including by reflecting their cultures, knowledge, languages, and values. Pacific learners benefit when staff have high expectations of them, nurture their abilities, and connect with their families and communities.

66. TEO leadership and management needs to be committed to Pacific learner success, as evidenced by institutional culture, policies and strategies, Pacific staff, etc.

67. Embedding professional development so that all staff engage in it is crucial to ensuring strong, consistent responsiveness to Pacific learners.

"Doing Better for Pasifika in Tertiary Settings: Review of the Literature"[11]

68. The review identifies the following key opportunities and focus areas for TEOs to support transitions for Pasifika learners into tertiary education:

    a. stronger information flow between TEOs and secondary schools

    b. early subject selection advice that is tied to goals and pathways, both at secondary school and tertiary levels

    c. mediation to help balance parental and learner goals and aspirations

    d. individual needs assessment to understand individual learners' level of preparedness for tertiary study, to provide appropriate support to address any identified gaps in skills and knowledge, and to use understanding of learners' motivations for enrolling to inform potential enrolment and pathway advice

    e. proactive contact, guidance and support before learners start tertiary studies when they are most vulnerable but least likely to have access to information and support

    f. preparatory programmes and support to develop tertiary skills, respond to gaps in academic preparedness and facilitate academic and social connections

    g. facilitating social and academic connections and support to help learners engage with and feel comfortable in an unfamiliar environment and to encourage access to and engagement with on-going support

    h. guidance and support for parents and families

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[11] "Doing better for Pasifika in Tertiary Settings: Review of the Literature", Tertiary Education Commission, 2014.

      i.   understanding access to financial support to encourage and support Pasifika learners in tertiary education.

69.   Supportive, familiar learning environments are crucial to Pasifika learners' success. To create these environments, TEOs must proactively undertake activities in the following four areas:

70.   Provide holistic academic and social support

    a.   Effective holistic academic and social support from mentors and support services provides an important connection between learners and academic staff to ensure individual needs are acknowledged, understood and responded to.

    b.   Tutorials and dedicated learning spaces specifically for Pasifika learners provide comfortable, familiar places that encourage them to engage in learning.

71.   Provide support to help learners balance multiple commitments

    a.   Commitments to family, church and community, on top of study commitments, can be a significant challenge for Pasifika learners in terms of continuing with their studies, successful achievement and engagement in learning. TEOs can support learners by:

        i.   being aware of this factor as a potential challenge

        ii.   understanding individual circumstances and needs

        iii.   demonstrating a commitment to helping learners balance multiple commitments

        iv.   working with learners, families and communities to raise awareness of the importance and extent of study commitments and identifying potential strategies to achieve balance

        v.   tailoring teaching, programmes and activities to learners' needs.

72.   Deliver effective teaching and learning

    a.   teachers who are responsive to individual needs and circumstances

    b.   teachers who integrate Pasifika learners' different cultures, knowledge, languages and experiences into their teaching and learning

    c.   passionate, inspiring, knowledgeable teachers

    d.   teachers who are caring and go the extra mile

    e.   teachers who have high expectations of Pasifika learners' abilities and achievement, and nurture and encourage them

    f.   teaching that develops independent learners

    g.   collective peer teaching and learning

    h.   regular monitoring and review of, and in-depth feedback on, learner progress

    i.   teachers who build relationships with Pasifika families and communities for the benefit of Pasifika learners.

73.   Follow organisational practices centred on Pasifika learners' success – the TEO:

    a.   is committed to and focused on strong educational performance for Pasifika learners, driven across the organisation by governance and management. This includes an organisation-wide commitment to supporting Pasifika learners' wellbeing, high expectations for Pasifika learners' success, close monitoring of Pasifika learners' achievement and responsiveness to this information

<blockquote>

b.   values and affirms Pasifika knowledge, identities and cultures, including by integrating different Pacific cultures, knowledge, languages and experiences into the tertiary environment

c.   plans and undertakes appropriate staff recruitment and professional development with the needs of Pasifika learners in mind

d.   fosters relationships with and involves Pasifika communities and stakeholders to facilitate opportunities for learners and to understand their needs and those of their communities

e.   provides relevant, accessible pathways and staircasing opportunities that match Pasifika learners' needs and interests and are linked to higher education opportunities and careers of future demand

f.   has an effective system of organisational self-assessment it can use to ascertain how well it is performing to meet the needs of Pasifika learners, families and stakeholders, and to make necessary improvements.

</blockquote>

Professional development practices and needs to enhance responsiveness to Māori and Pasifika learners in tertiary settings[12]

74.   See summary in previous section about how to support Māori learners.

MPTT Evaluation Findings[13]

75.   See summary in previous section about how to support Māori learners.

"Change Strategies to Enhance Pasifika Student Success at Canterbury Tertiary Institutions"[14]

76.   Pasifika students' perceptions of what success means to them is inextricably linked to their families and communities.

77.   Participation in a Pasifika learner support programme such as supplementary tutoring and mentoring had a significant effect on improving the course pass rate for Pasifika students.

78.   The report recommends three areas for transformative change to support Pasifika success.

79.   *Academic interface* – Most Pasifika students expressed dissatisfaction with levels of Pasifika course content and culturally responsive practices at each of the participating institutions. Transforming teaching pedagogy and curriculum design to enhance relevance and inclusive delivery for Pasifika learners is recommended as a priority area for participating TEOs. Identification of opportunities to integrate Pasifika knowledge and contexts throughout course offerings is recommended. Pedagogical shifts in teaching approaches need to be explored and implemented using relevant cultural contexts. Change is envisioned that would see Pasifika collectivist values

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[12] Fleur Chauvel, "Professional Development Practices and Needs to Enhance Responsiveness to Māori and Pasifika Learners in Tertiary Settings", Research completed for the Tertiary Education Commission, December 2014. https://thehub.swa.govt.nz/assets/documents/Professional-development-practices-and-needs-to-enhance-responsiveness-to-Maori-and-Pasifika-learners-in-tertiary-settings.pdf

[13] "MPTT Evaluation Findings", MartinJenkins, October 2017. http://tec.govt.nz/assets/Reports/2d9d86feda/MPTT-Evaluation-Findings-MartinJenkins-report-Oct-2017.pdf

[14] Pauline Luafutu-Simpson, et al., "Change Strategies to Enhance Pasifi ka Student Success at Canterbury Tertiary Institutions", Ako Aotearoa, 2015. https://ako.ac.nz/assets/Knowledge-centre/RHPF-s1307-strategies-for-Pasifika-success-in-Canterbury/e4e4b647dc/RHPF-s1307-change-strategies-to-enhance-pasifika-student-success-at-canterbury-tertiary-institutions-project-report.pdf

recognised as valuable within the academic interface, including recognition of 'interdependent' learning as equally important to Pasifika students as 'independent study.'

80.   *Organisational practices* – Pasifika students voiced their preference for targeted Pasifika learner supports that proactively contact students to provide guidance and support. Opportunities for Pasifika students and wider Pasifika communities to gather together varied across the participating tertiary institutions but were highly valued by students. Exploration of how to increase Pasifika community connectedness within 7 TEOs is supported by student recommendations for more events. Provision of supplementary tutoring and mentoring programmes for Pasifika, including ongoing monitoring and evaluation are also recommended practices. Increased Pasifika student reporting is required to provide TEOs with reliable data to underpin targeted effective practices for Pasifika success.

81.   *Engaging spaces* – Pasifika students spoke about the need to increase informal meeting spaces for Pasifika. Such spaces that nurture specific cultural values such as collectivity, relationships, identity, and togetherness are beneficial in enhancing the Pacific students' journey to success. Advocacy is recommended at the highest levels and within colleges and departments for increased space, visual imagery, and artwork reflecting a Pasifika presence.

Availability of resources

82.   We have been unable to find much in the way of pan-disability resources into what works for disabled learners in tertiary education in New Zealand. Material is available that is specific to a particular disability or need, but this material is too detailed for the purposes of this literature review. We have included two pan-disability New Zealand resources with notes to explain their uses and limitations for the purposes of this literature review. The remainder of the resources are Australian, as there are more pan-disability resources related to tertiary education in Australia than New Zealand.

Summary

83.   Disabled learners often benefit greatly from assistance finding employment and workplace learning opportunities. This support needs to include support for employers to understand the benefits of hiring disabled people and to understand what support is available for them.

84.   Strong recruitment/careers/transitions support is important for disabled learners who can struggle with transitions from school to VET to employment.

85.   More and better-quality data needs to be gathered about disabled learners to better identify them and tailor support to their needs.

86.   Academic and non-academic staff need better training to support students with disabilities, and this training should be mandatory.

87.   Providers need to proactively put in place institutional-level learning support – i.e. via universal design for learning – that can help all learners including disabled learners (e.g. recording classes and putting recordings online), and also make reasonable adjustments to meet the individual needs of disabled learners (e.g. making course materials available in braille).

88.   Support for disabled learners needs to be coordinated across providers, involving collaboration between academic and support staff, disability support staff, Māori and Pacific support staff, etc.

"Kia Ōrite – Code of Practice: New Zealand Code of Practice for an Inclusive Tertiary Education Environment for Students with Impairments"[15]

89.   In 2004, ACHIEVE (the National Post-Secondary Education Disability Network), in association with the Tertiary Education Commission and Ministry of Education, developed Kia Ōrite: Achieving Equity – The New Zealand Code of Practice for an Inclusive Tertiary Education Environment for Students with Impairments.

90.   The TEC and ACHIEVE are currently redeveloping and expanding Kia Ōrite: Achieving Equity, so it meets the current needs for supporting disabled students in a range of tertiary environments. The revised version is expected to be available very soon.

91.   The Code of Practice aims to improve tertiary institutions outcomes for disabled people. It will also function to improve services for disabled students and provide a framework that staff within TEOs can use to respond to emerging issues for disabled people within their organisation.

92.   The Code of Practice will also serve as a benchmark of good practice and an evaluation/monitoring tool. It will set out, for example, minimum standards, operating

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[15] "Kia Ōrite – New Zealand Code of Practice for an Inclusive Tertiary Education Environment for Students with Impairments", 2001. https://www.achieve.org.nz/resources/kia-orite-code-of-practice/

guidelines, and examples of good practice in all areas of a tertiary institution's policy and practices.

93. The current version of Kia Ōrite sets out clear, very detailed guidelines about what TEOs should be doing across all aspects of their business to ensure they create fully inclusive environments for disabled learners. The guidelines range from recruitment, to accessibility, strategies, teaching and learning, staff development, etc.

94. The version currently in development will significantly update and expand the resource.

"Getting the life I want: Literature Review. Promoting the employment and participatory aspirations of disabled people: Learning from the research and practice literature"[16]

95. This paper establishes "best vocational service practice models" for assisting disabled people to find and keep employment, based on reviews of international literature. While it is primarily intended for an NZ audience, most of the literature examined is international.

96. Assisting disabled people to find and keep employment typically involves a range of steps, including:

    a. assisting a person to gain a sense of their own interests, skills and attributes

    b. planning for a future in employment

    c. developing a network of formal and informal supports

    d. engaging in the job search processes

    e. unambiguously communicating the social capital of the disabled person seeking employment to potential employers

    f. supporting the employer and disabled employee to exploit the advantages of a more diverse workforce by assisting them to navigate the accommodations each may have to make to achieve a more inclusive and productive workplace

    g. providing appropriate and ongoing job support.

"Exploring the Retention and Success of Students with Disability"[17]

97. This study explored data from Australian universities from 2007 to 2013 to explore the relationship between support for disabled learners and their retention and success in university study. This summary focuses mainly on what support works to improve retention and success.

98. Retention and success rates for learners with disabilities varied by disability. For example:

    a. students who identify as having learning, other, or medical disability and requiring services consistently performed less well than total disability students across the years

    b. students who identify as having learning disability were consistently retained at a higher rate than total disability students.

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[16] Milner, P., Mirfin-Veitch, B., & Brown, S. (2017). *"Getting the life I want:" Integrated literature review.* Donald Beasley Institute: Dunedin, NZ.

[17] Sue Kilpatrick, et al., "Exploring the Retention and Success of Students with Disability", University of Tasmania. https://www.ncsehe.edu.au/wp-content/uploads/2016/05/Exploring-the-Retention-and-Success-of-Students-with-Disability.pdf

99.   Some recommendations and examples of what can help with retention and success of disabled learners are as follows:

   a.   Recruitment mechanisms that involve external linkages with schools, disability networks or others can assist in the transition of students with disabilities.

   b.   Collaborative approaches involving internal and external stakeholders can assist to improve retention and success of students with disabilities.

   c.   The provision of more services and better support for students with a mental health disability and those with autism is an area requiring further university investment.

   d.   Inconsistent categorisation of students with mental health disabilities in national and institution data collection makes targeting services and tracking institutional performance challenging.

   e.   More training for academic and non-academic staff to better support students with disabilities is required, including participation in national training in relation to mental health.

"Supporting tertiary students with a disability or mental illness: Good practice guide"[18]

100.   This is a concise guide explaining in practical terms what TEOs are required to and could do to support learners with disabilities. It also usefully explains the kinds of supports that should be available to all students, and that would help disabled students, compared to the kinds of supports that should be tailored to the specific needs of individual disabled students.

101.   Decisions about what supports/adjustments to offer should focus on the needs of the individual student. TEOs may need to consult with a range of people, such as teachers, support workers and/or technical experts, as well as the student to decide what is appropriate for the individual.

102.   Disabled learners are entitled to *reasonable adjustments*, which are defined as follows:

   a.   an individualised modification made to the learning environment, training delivery or assessment method

   b.   used to enable a student with a disability or an ongoing health condition to access and participate in education and training on an equal footing with other students.

103.   This differs from *institution-level learning supports* available to all students, and students' own strategies for managing their studies. When selecting which support mechanisms are most appropriate for an individual, collaboration is key.

104.   Understanding the perspectives of teachers, support workers, technical experts and students will enable TEOs to identify where reasonable adjustments are necessary or where institution-level learning supports may be equally useful. The two can be seamlessly paired to provide effective support to the student.

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[18] "Supporting tertiary students with a disability or mental illness: Good practice guide", National Centre for Vocational Education Research, 2015.
https://www.ncver.edu.au/__data/assets/file/0020/8156/2833-good-practice-guide.pdf
A longer report of the research is available here:
https://www.ncver.edu.au/__data/assets/file/0021/10758/supporting-tertiary-students-with-disabilites-2832.pdf

105. Useful diagrams are set out explaining in more detail the differences between reasonable adjustments and institution-level learning supports. Here are a couple of examples:

   a. A reasonable adjustment would be making course materials available in braille for a blind student, whereas an institution-level learning support would be making recordings of classes available online for all students.

   b. A reasonable adjustment would be a teacher meeting regularly with a disabled learner to provide tailored support, whereas an institution-level learning support would be teachers making themselves available for individualised support via "drop-in" hours.

"The attitudes of people with a disability to undertaking VET training"[19]

106. This paper builds on previous research that showed the following:

   a. Disabled people are increasingly seeing VET as an option for them.

   b. Disabled people are less likely to complete a VET qualification compared to students without a disability, especially at higher levels.

   c. People with a disability are much less likely to be employed after their training than people without a disability.

   d. For unemployed, job-seekers with a disability who complete a one-year VET course, the change in their chances of gaining employment pre- and post-study was significantly greater than for unemployed job-seekers without a disability.

107. Given the last point in particular, the author sought to understand the attitudes of disabled people to VET as a pathway to employment. The findings are limited by the low number of survey respondents (104).

   a. Of respondents who had no prior tertiary qualification, 93% were open to the idea of undertaking VET. But of those, only 43% had looked for information on job-related training. They were most likely to go to employment service providers and disability employment service providers for information, and least likely to go to careers advisors. Only 8% went to training providers as a source of information.

   b. Respondents indicated that the three most important reasons for undertaking VET were: to help them get a job, to gain work skills, and to help increase confidence and self-esteem. Those with low or no prior qualifications were more likely to indicate getting a job as the most important reason to them.

   c. Respondents with multiple disabilities were less likely to think that VET could help them get a job.

   d. The majority of respondents indicated they would need extra support to undertake VET. Of those respondents, almost half of respondents either weren't sure if, or did not think that, the support they needed would be available.

"Successful outcomes for students with disability in Australian higher education"[20]

108. This short paper summarises a number of other research papers. It helpfully synthesises their numerous recommendations and findings into seven key areas of

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[19] Lisa Nechvoglod and Tabatha Griffin, "The attitudes of people with a disability to undertaking VET training", National Centre for Vocational Education Research, 2011. https://www.ncver.edu.au/__data/assets/file/0011/4151/2449.pdf

[20] "Successful outcomes for students with disability in Australian higher education", National Centre for Student Equity in Higher Education, 2017. https://www.ncsehe.edu.au/wp-content/uploads/2017/06/NCSEHE-Focus_Successful-outcomes-for-students-with-disability.pdf

focus for policy makers and education organisations to enable them to prioritise actions for improving support and outcomes for disabled people in tertiary education. Where language is specific to the Australian context, we have adjusted it to more clearly relate to the NZ context. The seven key areas of focus are as follows:

a.   Disability related data collection and performance indicators should be refined to generate a better understanding of the participation of students with disabilities in higher education.

b.   Where qualifications require certain skills and capabilities prior to enrolment, providers should ensure that these are set out in a clear and transparent manner and comply with anti-discrimination legislation. In other words, they need to be sure they would not unlawfully exclude a disabled person from enrolling in the qualification because of their disability.

c.   Teaching methods, materials and technology should, wherever possible, adhere to the principles of universal design, and further efforts should be made to provide a variety of options for engaging with learning content and spaces. (A few specific recommendations include: group collaboration is not mandated where it is not required to achieve a learning outcome, in order to cater for students with mental illness and learning disabilities who may not thrive in such environments; the provision of low sensory stimulation spaces to enable students on the autism spectrum to retreat is advisable; and students should be encouraged to work at their own pace rather than mandating persistent engagement through weekly assessment.)

d.   Disability awareness training is made a mandatory component of induction materials and institutional policy training modules for all administrative and academic staff to ensure that staff are competent in their understanding and administration of disability support provisions.

e.   Greater flexibility in self-reported disability should be an option to minimise problems associated with disclosure of information.

f.   A more holistic approach to support for students with disability should be developed, particularly to ensure close collaboration between disability support staff, Māori and Pacific support staff, and teaching staff.

g.   Support services and study terms should offer more flexible options for when and how students with disabilities engage in study and support.

Annex 6: What the data tells us

1. This Annex presents the findings from our analysis of vocational education and training (VET) system data for learners. We have analysed the performance of the VET system for a number of learner groups, including Māori, Pacific and disabled learners, who are a priority for RoVE.

2. The Annex starts with a summary of our findings and a description of our overall approach to the analysis. It then steps through our analysis and findings for different learner groups.

3. These findings show the distribution and performance of VET learners before the impact of CoVID-19 and CoVID-19-related responses.

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Summary

Māori learners

4. Māori[1] participation in VET was higher than New Zealand (NZ) Europeans, but Māori learners enrolled in industry training, including apprenticeships, at lower rates than NZ European learners:

    a. 38% of Māori learners in VET were in industry training, compared to 52% of NZ European learners.

    b. 14% of Māori learners in VET were in apprenticeships, compared to 23% of NZ European learners.

5. This means that Māori learners were therefore less likely to be enrolled in programmes that had substantial elements of work-based learning.

6. Part of the reason for the higher participation rates of Māori in VET, and the concentration of Māori learners in provider-based VET, is Māori participation in te reo and tikanga Māori qualifications: 17% of Māori learners in VET were in te reo and tikanga Māori qualifications (compared to 4% of non-Māori learners).

7. Overall, qualification completion rates for Māori and NZ European learners were similar, but Māori apprentices had lower qualification completion rates than NZ European apprentices (45% compared to 50%), and young Māori learners had lower qualification completion rates than young NZ European learners (60% compared to 65%).

8. Employment outcomes information showed large differences in employment rates and earnings for Māori VET graduates compared to NZ European VET graduates. For example:

    a. Māori learners who completed a smaller and/or lower-level qualification[2] at providers, 35% of Māori learners were in employment after four years, compared to 55% of NZ European learners.

    b. The gap was smaller in industry training (and employment outcomes were higher from industry training generally, because learners already have employment while they are enrolled in VET), but Māori still had lower employment rates: of learners who completed an apprenticeship in industry training, 68% of Māori learners were in employment after four years, compared to 75% of NZ European learners.

9. This suggests that we should ensure that the VET system supports Māori learners to enrol in and complete qualifications that have strong employment outcomes, particularly apprenticeships. While we cannot rely on the VET system alone to improve employment rates and earnings for Māori, improvements to the way the VET system supports Māori learners can certainly have a positive impact.

Pacific learners

10. Pacific people's[3] participation in VET was higher than NZ Europeans, but Pacific learners enrolled in apprenticeships at lower rates than NZ European learners:

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[1] Our analysis of Māori learners uses self-reported ethnicity data. Learners report their ethnicity to their TEOs. Learners can report one or more ethnicities. TEOs then report this information to the TEC via the SDR/ITR.

[2] Smaller and/or lower level qualifications at providers refers to all qualifications at NZQF Level 3 and to qualifications at NZQF Levels 4 to 7 (non-degree) that were under 120 credits.

[3] Our analysis of Pacific learners is drawn from self-reported ethnicity data. Learners report their ethnicity to their TEOs. TEOs then report this information to the TEC via the SDR/ITR.

     a.   46% of Pacific learners in VET were industry training, compared to 52% of NZ European learners.

     b.   13% of Pacific learners in VET were in apprenticeships, compared to 23% of NZ European learners.

11. This means that Pacific learners were therefore less likely to be enrolled in programmes that had substantial elements of work-based learning.

12. Overall, Pacific learners had higher qualification completion rates than NZ European learners (67% compared to 63%), but Pacific apprentices had much lower qualification completion rates than NZ European apprentices (36% compared to 50%).

13. Employment outcomes information show large differences in employment rates Pacific VET graduates compared to NZ European VET graduates. For example:

     a.   Of learners who completed a smaller and/or lower-level qualification[4] at providers, 42% of Pacific learners were in employment after four years, compared to 55% of NZ European learners.

     b.   The gap was smaller overall in industry training (and employment outcomes are higher from industry training generally, because learners already have employment while they are enrolled in VET), but Pacific learners still had lower employment rates: of learners who completed an apprenticeship in industry training, 66% of Pacific learners were in employment after four years, compared to 75% of NZ European learners.

     c.   But the difference in employment rates for young apprenticeships was greater: only 56% of Pacific graduates who completed their qualification before aged 25 were in employment four years after completing their apprenticeship, compared to 72% of NZ European graduates.

14. This suggests that we should ensure that the VET system supports Pacific learners to enrol in and complete qualifications that have strong employment outcomes. While we cannot rely on the VET system alone to improve employment rates and earnings for Pacific people, improvements to the way the VET system supports Pacific learners can certainly have a positive impact.

Disabled learners

15. We do not hold or have access to accurate and up-to-date data about disabled people in VET. Instead, we can make use of the 2013 Disability Survey and link data sets within the Integrated Data Infrastructure (IDI) to understand the patterns of participation and achievement in VET for disabled people who participated in the 2013 Disability Survey and had an enrolment in VET.

16. This means that our data is six to ten years old and is based on a small group of disabled people.

17. Disabled people participated in VET at slightly lower rates than non-disabled people. Increasing the participation rates of disabled people in VET, so that disabled people participate in VET at higher rates than non-disabled people, could help lower the very

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[4] Smaller and/or lower level qualifications at providers refers to all qualifications at NZQF Level 3 and to qualifications at NZQF Levels 4 to 7 (non-degree) that were under 120 credits.

3

high unemployment and underutilisation rates[5] for disabled people and increase their rates of employment.

18. Disabled people aged 16 to 39 years old were more likely to participate in VET at providers, compared to non-disabled people. Increasing participation rates of disabled people in industry training could also help lower the very high unemployment and underutilisation rates for disabled people and increase their rates of employment.

19. Our view of disabled learners' achievement in VET is limited. Our analysis of course completion rates for VET at providers showed that disabled people under age 40 had lower course completion rates than non-disabled people.

Younger and older learners

20. Younger and older people were well represented in VET: 33% of VET learners were younger (16 to 24 years old) and 27% were older (40 to 64 years old)

21. Young learners with low prior education (learners under age 25 who had not previously achieved a qualification at NZQF Levels 3 or above) were less likely to achieve a VET qualification compared to young learners with higher prior education.

22. This combination of variables – youth *and* low prior education – was a strong predictor of not completing a VET qualification.

23. For older VET learners, prior education did not have an impact on qualification completion rates.

24. Increasing participation in VET of young people with low prior educational attainment, and increasing their qualification completion rates, could help address their higher underutilisation (including unemployment) rates and the high rate of young people who were not in employment, education or training (NEET).

Women

25. Women were slightly underrepresented in VET compared to men, but significantly underrepresented in industry training, particularly apprenticeships. In 2019, only 12% of apprentices were women.

26. This contrasts to higher education, where women were overrepresented compared to men.

27. There were significant differences in participation by gender and industry, which is particularly evident in analysing enrolments at transitional industry training organisations (transitional ITOs). Women made up only 3 to 10% of learners at the four transitional ITOs most closely linked to male-dominated industries (e.g. building and construction, and infrastructure). In contrast, women made up 60 to 90% of learners at the three transitional ITOs most closely linked to female-dominated industries.

28. Women were much more likely than men to enrol in VET at providers.

29. Women had higher qualification completion rates than men across most VET. Women in apprenticeships had similar qualification completion rates than men in apprenticeships.

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[5] The underutilisation rate is an internationally recognised labour market indicator that Statistics New Zealand uses, as a broader measure than the unemployment rate, to identify untapped capacity in the labour market. Underutilisation is a measure that includes people who were:
- underemployed: employed part-time and available and wanting more work
- unemployed: not working and *both* actively looking *and* available for work
- part of the potential labour force: not working and *either* actively looking *or* available for work.

Other learner groups

Learners in isolated areas

30.	Our analysis did not show that learner or provider isolation is a useful predictor of success in VET. But it is important to ensure learners in isolated areas have access to VET, and we are addressing this through the strategic component of the unified funding system (UFS).

Learners with low literacy and numeracy skills

31.	Our analysis showed that for some groups of VET learners, particularly young learners, low literacy and numeracy was a good predictor of likely success in VET. However, we have limited data about VET learners with low literacy and numeracy. Collecting enough data about literacy and numeracy skills to link funding to this would require widespread use of the Literacy and Numeracy for Adults Assessment Tool (LNAAT), which could be intrusive for learners and costly and complex for TEOs.

32.	There was significant overlap between young learners with low literacy and numeracy and young Māori learners, young Pacific learners, and young learners with low prior educational attainment. This means that linking funding to low literacy and numeracy, along with the other variables, would result in a significant amount of double-funding for individual learners.

Learners from low socioeconomic backgrounds

33.	Identifying learners' actual socioeconomic background is difficult for VET learners. Our analysis showed no overall correlation between the socioeconomic status of the learner's neighbourhood and their achievement in VET.

Overall approach to data analysis

34.   Since 2018, we have undertaken significant analysis of VET system data to determine how the VET system performs for learners. We aimed to identify which groups of learners are underserved by the VET system.

35.   There is a large body of research which explores relationships between different individual, family, and socioeconomic factors and tertiary education participation, achievement, and outcomes. We focused our analysis on ethnicity, disability, age and low prior education, low literacy and numeracy skills, low socioeconomic background, and living in an isolated area.

36.   As noted in Annex 1, Māori, Pacific and disabled learners are a priority focus for RoVE. As such, we have undertaken significant work to understand how the VET system supports their learning and outcomes.

37.   We also considered analysing a wider range of factors which previous research has shown are associated with tertiary education participation and achievement for school leavers (such as young parenthood, parental education, and engagement with the justice sector). However, many of these factors are complex and interact with each other and other factors. Also, these factors are less relevant for the older age profile of many VET learners, more difficult for providers to identify or verify at the point of enrolment, and/or have privacy implications.

38.   The depth and coverage of our analysis varies across different learner groups. For some, like Māori and Pacific learners, we have been able to undertake comprehensive analysis, but for others, like disabled learners, there are significant gaps in the available data.

39.   As much as possible, we have used the most recent years for which we have complete data available. For figures relating to participation/enrolments in VET, the most recent full year for which data is available was 2019. For our analysis of qualification completion rates, the most recent cohort for which five-year qualification completion data is available is the cohort which started VET in 2015.

40.   For some groups of learners, we have not been able to use the most recent data, and for other parts of our analysis, we undertook our analysis a year or two ago, so it is slightly less recent. We have explained our data sources throughout this document.

41.   Normally changes in enrolment patterns do not differ greatly from year to year. However, the CoVID-19 pandemic is changing enrolment patterns in VET. This means differences in enrolments between 2019 and 2020 and 2021 could be larger than usual, particularly due to the impact of increased funding for apprenticeships. Later this year, as part of our data and funding modelling work (refer to Annex 9 for more details), we will use the most recent data available (part-year 2021 data) to ensure that our modelling reflects the impacts CoVID-19 has had on the VET system.

42.   The qualification completion rates in this report may differ from those published by the Ministry of Education on EducationCounts for industry training and provider-based qualifications. In this report, completion rates have been calculated by looking at all learners who started any VET qualification in a specific year. Learners were counted as a new starter if they had not enrolled in a VET qualification within the last three years. Learners were counted within the subsector, type of provision or level in which they started, even if this changed in subsequent years. For example, a learner who started at a private training establishment and then moved into industry training was counted as a private training establishment learner. Learners were counted as having completed if they have any record of a qualification completion at the same or higher level within five years of starting. This qualification did not have to be the same qualification as they initially enrolled in and may have be awarded from a different provider. Time to completion includes years not enrolled in study.

Definition of VET

43. For most of this annex, the definition of VET used for the purposes of this analysis is as follows (in keeping with the definition of VET for the purposes of the UFS):

    a. all provision at Levels 3 to 7, excluding degrees, on the New Zealand Qualifications Framework (NZQF)

    b. all industry training, including at Levels 1 and 2 on the NZQF.

44. This definition includes Level 3 to 7 non-degree provision at universities. It also includes courses and qualifications in te reo Māori, tikanga Māori and English for speakers of other languages (ESOL). The effect of including these courses is noted throughout the paper.

45. There were a few instances where the datasets we have used had a different definition of VET. While the different definitions might result in slightly different proportions, we do not believe the key messages would be different. The main difference between some of our datasets is that our initial datasets did not include te reo Māori, tikanga Māori or ESOL qualifications within our definition of VET. The next section provides more information about te reo and tikanga Māori qualifications.

Māori learners

Summary

46. Māori[6] participation in VET was higher than NZ Europeans, but Māori learners enrolled in industry training, including apprenticeships, at lower rates than NZ European learners:

    a. 38% of Māori learners in VET were in industry training, compared to 52% of NZ European learners.

    b. 14% of Māori learners in VET were in apprenticeships, compared to 23% of NZ European learners.

47. This means that Māori learners were therefore less likely to be enrolled in programmes that had substantial elements of work-based learning.

48. Part of the reason for the higher participation rates of Māori in VET, and the concentration of Māori learners in provider-based VET, is Māori participation in te reo and tikanga Māori qualifications: 17% of Māori learners in VET were in te reo and tikanga Māori qualifications (compared to 4% of non-Māori learners).

49. Overall, qualification completion rates for Māori and NZ European learners were similar, but Māori apprentices had lower qualification completion rates than NZ European apprentices (45% compared to 50%), and young Māori learners had lower qualification completion rates than young NZ European learners (60% compared to 65%).

50. Employment outcomes information show large differences in employment rates and earnings for Māori VET graduates compared to NZ European VET graduates. For example:

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[6] Our analysis of Māori learners uses self-reported ethnicity data. Learners report their ethnicity to their TEOs. Learners can report one or more ethnicities. TEOs then report this information to the TEC via the SDR/ITR.

a. Māori learners who completed a smaller and/or lower-level qualification[7] at providers, 35% of Māori learners were in employment after four years, compared to 55% of NZ European learners.

b. The gap was smaller in industry training (and employment outcomes were higher from industry training generally, because learners already have employment while they are enrolled in VET), but Māori still had lower employment rates: of learners who completed an apprenticeship in industry training, 68% of Māori learners were in employment after four years, compared to 75% of NZ European learners.

51. This suggests that we should ensure that the VET system supports Māori learners to enrol in and complete qualifications that have strong employment outcomes, particularly apprenticeships. While we cannot rely on the VET system alone to improve employment rates and earnings for Māori, improvements to the way the VET system supports Māori learners can certainly have a positive impact.

Context – tertiary education and employment

52. As context for our analysis of how the VET system performs for Māori learners, we have analysed participation rates of the NZ population in tertiary education generally. This helps us see where certain groups of learners were over- or under-represented compared to other groups of learners. This, in turn, helps us understand if we want to see increases in Māori enrolments in VET over time, or if we want to see other shifts in Māori participation across the tertiary education system.

53. Overall Māori participated in tertiary education at higher rates than NZ Europeans. As figure 1 shows, the proportion of Māori aged 16- to 64-years-old in tertiary education was one-and-a-half times that of NZ Europeans (18% of Māori, compared with 12% of NZ Europeans). However, Māori were more likely to participate in foundation education or VET than in higher education.

Figure 1: The proportion of Māori and NZ Europeans in New Zealand in tertiary education by age groups (2019)

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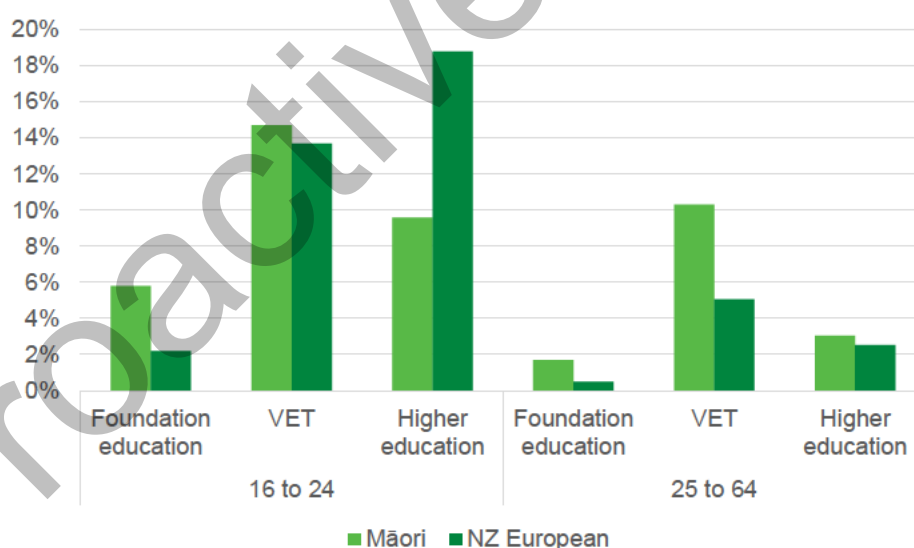
[7] Smaller and/or lower level qualifications at providers refers to all qualifications at NZQF Level 3 and to qualifications at NZQF Levels 4 to 7 (non-degree) that were under 120 credits.

54. Importantly, Figure 1 shows that young Māori (age 16 to 24) participated in higher education at almost half the rate of young NZ Europeans (participation rates among older Māori and NZ Europeans were much more similar):

    a.   10% of 16- to 24-year-old Māori in NZ were in higher education.

    b.   19% of 16- to 24-year-old NZ Europeans in NZ were in higher education.

55. This suggests that we should be aiming to ensure Māori have as many tertiary education pathways open to them as possible, particularly higher education. This could result, over time, in an increase in participation rates of young Māori in higher education but may not increase Māori participation in VET given the already high participation rate.

56. As additional context for our analysis of how the VET system performs for Māori learners, we have analysed employment and underutilisation rates[8] and median earnings for Māori and NZ Europeans.[9]

57. Māori were less likely to be employed, were more likely to be underutilised, and had lower median earnings compared to NZ Europeans:

    a.   62% of Māori were employed, compared to 68% of NZ Europeans.

    b.   19% of Māori were underutilised, compared to 11% of NZ Europeans.

    c.   Māori had median weekly income of $647, compared to $720 for NZ Europeans.

58. This suggests that we should ensure that the VET system supports Māori learners to enrol in and complete qualifications that have strong employment outcomes, particularly apprenticeships. While we cannot rely on the VET system alone to improve employment rates and earnings for Māori, improvements to the way the VET system supports Māori learners can certainly have a positive impact.

Detailed analysis

Participation

59. Approximately 59,000 VET learners identified as Māori, or 24% of VET learners. Māori were overrepresented in VET compared to the general population: Māori made up 16% of the population aged 16 to 64 in NZ.

60. Over time, the number of Māori learners in VET has declined, along with numbers of all learners: in 2011 there were approximately 63,000 Māori learners in VET compared to 59,000 in 2019. But the proportion of VET learners who were Māori rose slightly over the same period, from 22% to 24% (because total enrolments in VET decreased faster than enrolments of Māori learners).

61. As Figure 2 shows, Māori women participated in VET in higher numbers than Māori men: 54% of Māori in VET were women. In comparison, 48% of European learners in VET were women.

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[8] The underutilisation rate is an internationally recognised labour market indicator that Statistics New Zealand uses, as a broader measure than the unemployment rate, to identify untapped capacity in the labour market. Underutilisation is a measure that includes people who were:
- underemployed: employed part-time and available and wanting more work
- unemployed: not working and *both* actively looking *and* available for work
- part of the potential labour force: not working and *either* actively looking *or* available for work.

[9] Source: Statistics New Zealand, Household Labour Force Survey. Employment and underutilisation rates are annual averages to December 2020. Median earnings are for June quarter 2019. All figures are for the population aged 15 years and over.

Figure 2: Māori and NZ European learners in VET by gender (2019)
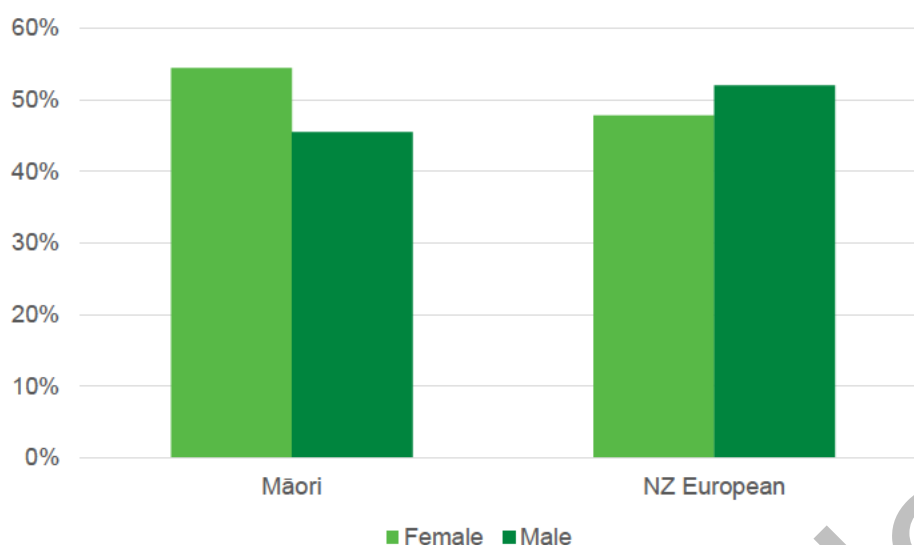
62.   As Figure 3 shows, Māori learners in VET were more likely to be older learners compared to NZ European learners: 32% of Māori learners were aged 16 to 25 years old compared to 37% of NZ European learners.
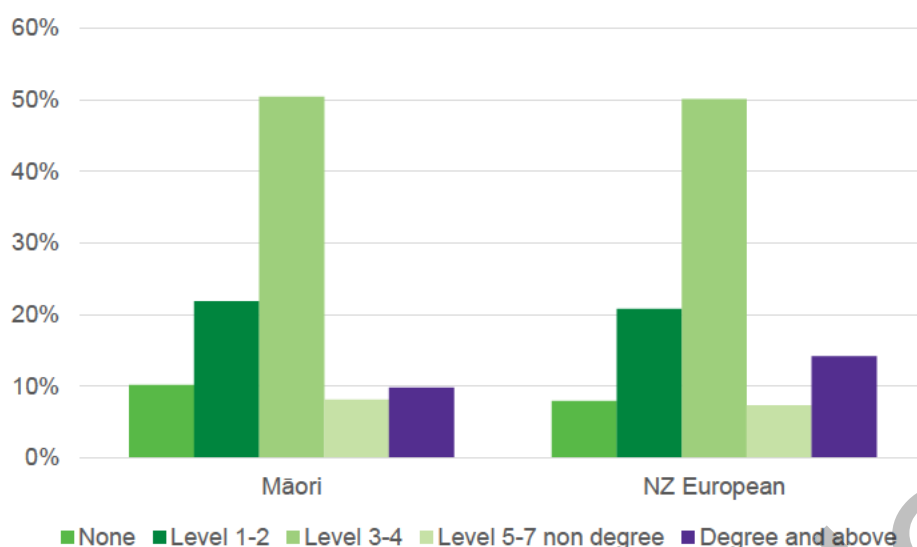
Figure 3: Māori and NZ European learners in VET by age (2019)
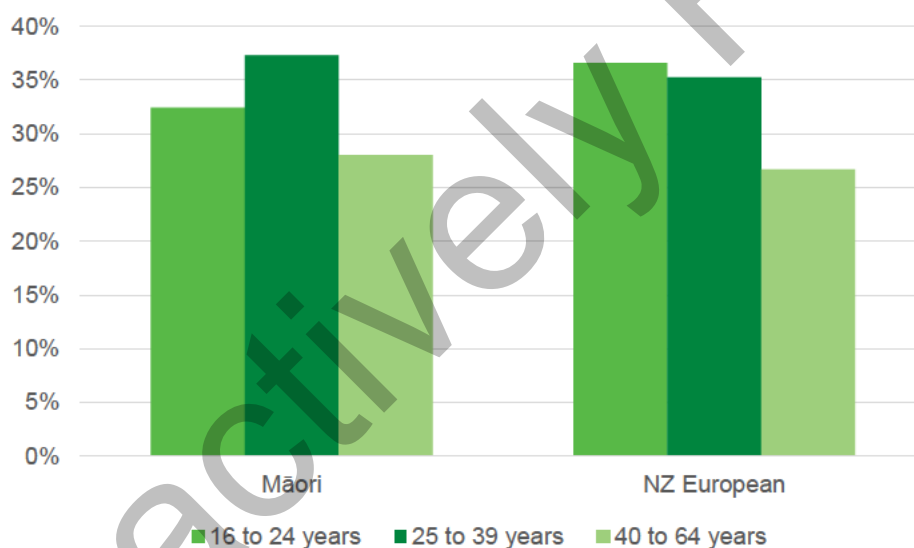
63.   As Figure 4 shows, Māori in VET were as likely to have prior tertiary education qualifications[10] at NZQF Levels 1-4 compared to NZ European learners: 22% of Māori VET learners already had qualifications at Levels 1 to 2 (compared to 21% of NZ European learners) and 50% already had qualifications at Levels 3 to 4 (compared to 50% of NZ European learners). But Māori were more likely to have no prior qualification and less likely to already have a degree: 10% of Māori VET learners had no prior qualification (compared to 8% of NZ European learners), and 10% of Māori learners already had a degree (compared to 14% of NZ European learners).

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[10] Prior qualification has been estimated using the self-reported prior qualification in the provider and industry training enrolment data and by matching to recorded qualifications completions.

Figure 4: Māori and NZ European learners in VET by highest prior qualification attained (2019)

Legend: ■ None ■ Level 1-2 ■ Level 3-4 ■ Level 5-7 non degree ■ Degree and above

64. As Figure 5 shows, Māori learners in VET enrolled at providers at higher rates than NZ European learners, particularly at wānanga: 63% of Māori learners in VET were enrolled at providers, compared to 49% of NZ European learners.

65. As Figure 5 also shows, Māori learners enrolled in industry training at lower rates than NZ European learners: 38% of Māori learners in VET were in industry training, compared to 52% of NZ European learners. This means that Māori were therefore less likely to be enrolled in programmes that had substantial elements of work-based learning.

Figure 5: Māori and NZ European learners in VET by subsector (2019)

Legend: ■ Providers ITPs ■ Providers Wānanga ■ Providers PTEs ■ Providers Universities ■ Industry training Apprenticeships ■ Industry training Non-apprenticeships
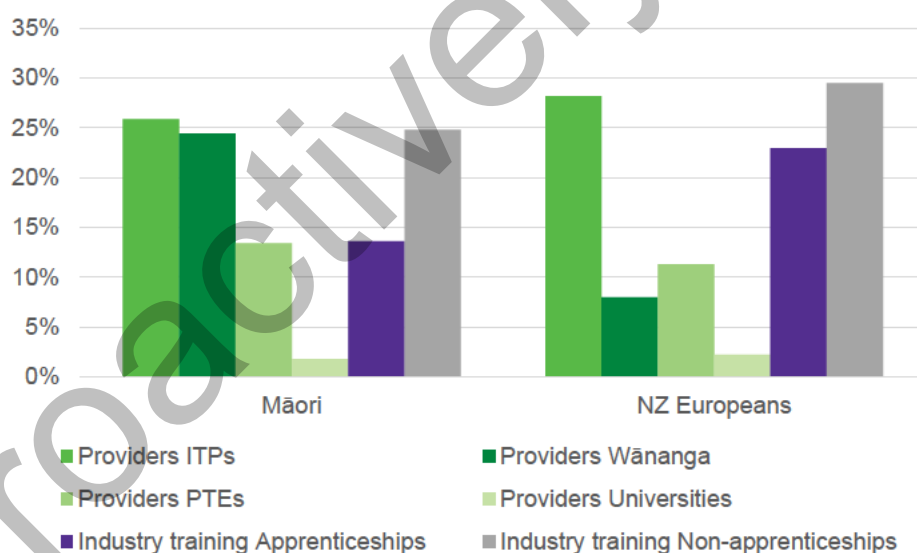
66. Figure 5 also shows that Māori in VET were less likely to be in apprenticeships[11] than NZ European learners:

   a. 25% of Māori learners in VET were in non-apprenticeship industry training, compared to 30% of NZ European learners.

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[11] Apprenticeships refer to industry training funded from the Modern Apprenticeships or New Zealand Apprenticeships fund.

b. 14% of Māori learners in VET were in apprenticeships, compared to 23% of NZ European learners.

67. Of learners in apprenticeships, 17% were Māori. Of learners in non-apprenticeship industry training, 18% were Māori. This shows that Māori were well represented compared to the general population (as noted above, Māori made up 16% of the population aged 16 to 64 in NZ).

68. Māori learners consumed slightly more EFTS/STMs[12] per learner than NZ European learners: Māori learners consumed an average of 0.50 EFTS/STMs per learner, compared with 0.43 for European learners. This means that the average Māori learner enrolled in more VET per year than the average NZ European VET learner. The difference is entirely within provider-based training. More Māori were enrolled with providers, and Māori learners at providers consumed more EFTS than NZ European learners at providers.

69. Māori enrolled in VET at Level 2[13] at a similar rate as NZ European learners: 6% of Māori learners and 5% of NZ European learners in VET enrolled at Level 2. Māori learners were more likely to enrol in VET at Level 3 compared to NZ European learners: 44% of Māori in VET enrolled at Level 3 (compared to 33% of NZ European learners). Māori were less likely than NZ European learners to enrol in VET at Level 4 and Levels 5-7: 43% of Māori in VET enrolled at Level 4 and 16% at Levels 5-7 (compared to 48% of NZ European learners at Level 4 and 20% at Levels 5-7). The difference at Level 4 is due, in part, to the lower enrolment rates of Māori in apprenticeships compared to NZ European learners.

70. A similar proportion of Māori learners studied extramurally as for European learners (17% compared with 19%). Intramural Māori learners were predominantly in the North Island (75% of all Māori learners, compared with 57% of all European learners). The region with the largest number of Māori learners was Auckland with 10,200 Māori learners. Māori learners made up larger proportions of vocational education learners in the Bay of Plenty, Waikato, Northland, Hawkes Bay, and Gisborne.

71. Māori learners were more likely to participate in qualifications in the field of Society and Culture than European learners (32% compared with 25%) and less likely to participate in Engineering and Related Technologies, and Architecture and Building (13% and 10% compared with 17% and 14%). This reflects, in part, that Māori were less likely to be in industry training and apprenticeships.

72. As shown in Figure 6, Māori were more likely than other learners to participate in te reo and tikanga Māori qualifications:

a. 7% of all VET learners were in te reo or tikanga Māori qualifications.

b. 17% of Māori learners in VET were in te reo or tikanga Māori qualifications.

c. 4% of non-Māori learners in VET were in te reo or tikanga Māori qualifications.

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[12] An EFTS (Equivalent Full-time Student) is a measurement of how much of a full-time course of study a particular course is, with one EFTS equivalent to 120 credits. An STM is a unit of a quantity of training. One STM is the nominal amount of training that is required for a learner to achieve 120 credits in an approved and structured training programme.

[13] From 2019 there was no Level 1 provision funded in industry training.

Figure 6: Proportion of Māori, non-Māori and total VET learners in te reo or tikanga Māori qualifications (2019)

Proportion of learners in te reo or tikanga Māori qualifications
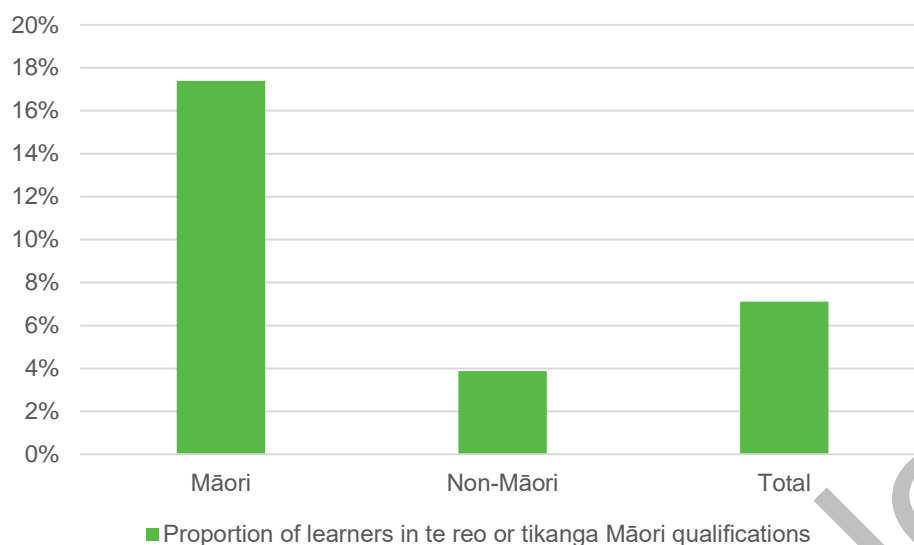
73. Of learners in te reo and tikanga Māori VET qualifications, 59% were Māori, and 41% were non-Māori.

74. Some of the patterns about Māori VET learners described above reflect the high enrolments of Māori in te reo and tikanga Māori qualifications:

    a. Māori women had higher participation rates in te reo and tikanga Māori qualifications, which was reflected in the higher participation rates of Māori women in VET (compared to NZ European women).

    b. Older Māori had higher participation rates in te reo and tikanga Māori qualifications, which was reflected in the older age profile of Māori learners in VET (compared to NZ European learners).

    c. Te reo and tikanga Māori qualifications are offered by providers, particularly wānanga, which was reflected in the higher rates of enrolment of Māori VET learners at providers (compared to NZ European learners).

    d. Almost half of te reo and tikanga Māori qualifications were at NZQF Level 3, which was reflected in the higher enrolment rates of Māori in VET at Level 3, (compared to NZ European learners).

Achievement - qualification completion

75. The following analysis looks at five-year qualification completion rates for learners who started study in 2015.[14]

76. Across all VET, Māori learners had similar qualification completion rates as NZ European learners. Of Māori learners who started their qualifications in 2015, 62% had completed within five years, compared to 63% for NZ European learners. However, completion rates varied across different types of provision.

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[14] Completion rates were calculated for learners who started study in formal programmes. Formal programmes in providers are programmes of more than 0.03 EFTS that lead to a recognised qualification. Formal programmes in industry training exclude Limited Credit Programmes and Supplementary Credit Programmes. Learners in te reo, tikanga or ESOL qualifications were excluded from the analysis, as the pattern of completion rates for these qualifications is different from other Vocational Education and Training and will affect results for some groups, such as Māori and older women. The five-year period is based on all years from 2015 to 2019, including years not in study.

13

77. Māori learners at providers had similar completion rates compared to NZ European learners (60% compared to 59%).

78. As Figure 7 shows, Māori learners had lower completion rates in apprenticeships and other industry training and compared to NZ European learners:

a. Of learners who began their apprenticeships in 2015, 45% of Māori learners completed their qualifications within five years, compared to 50% of NZ European learners.

b. Of learners who began other industry training qualifications in 2015, 66% of Māori learners completed their qualifications within five years, compared to 69% of NZ European learners.

Figure 7: Five-year completion rates for Māori and NZ European learners who started VET in 2015 by type of industry training
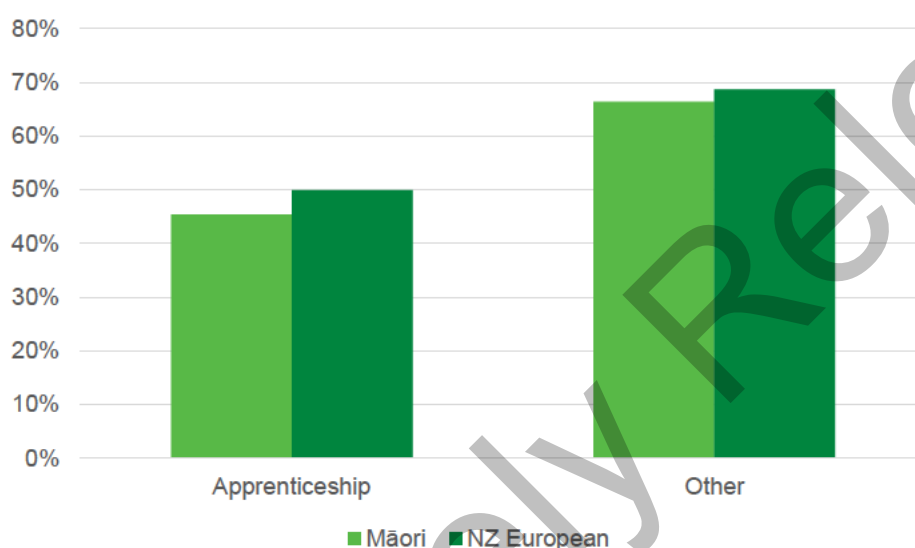
79. Māori learners who started their qualifications under the age of 25 had lower completion rates than NZ European learners of the same age (60% compared with 65%). Māori learners who started their qualifications at age 25 or older had higher completion rates than NZ European learners of the same age (62% compared with 59%).

Employment outcomes

80. Our analysis of employment outcomes from VET uses information from the IDI about destinations (employment, further study, overseas, other (including benefit)) and median earnings for Māori VET graduates who completed their qualifications in 2014/15. The approach we took to compiling this data is similar to the approach used for Education Outcomes of Tertiary Education (EOTE) data. Te reo and tikanga Māori qualifications and ESOL qualifications are not included in the data about employment outcomes. Other fields of study that had smaller numbers of graduates could not be included in the data about employment outcomes for privacy reasons. This means that the information below reflects some, but not all, VET fields of study.

81. As Figure 8 shows, Māori VET graduates were less likely to be in employment four years after completing their VET qualification compared to NZ European graduates. The gap is greater for learners at providers, where Māori were more likely to enrol:

a. Of learners who completed a smaller and/or lower-level qualification[15] at providers, 35% of Māori learners were in employment after four years, compared to 55% of NZ European learners.

b. Of learners who completed a longer, higher-level qualification[16] at providers, 39% of Māori learners were in employment after four years, compared to 56% of NZ European learners.

c. Of learners who completed non-apprenticeship industry training, 62% of Māori were in employment after four years, compared to 72% of NZ European learners.

d. Of learners who completed an apprenticeship in industry training, 68% of Māori learners were in employment after four years, compared to 75% of NZ European learners.

82. Figure 8 also shows that Māori VET graduates were more likely to be in further study or other destinations (including on benefit) four years after completing their VET qualification compared to NZ European graduates.

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[15] Smaller and/or lower level qualifications at providers refers to all qualifications at NZQF Level 3 and to qualifications at NZQF Levels 4 to 7 (non-degree) that were under 120 credits.

[16] Longer, higher-level qualifications at providers refers to all qualifications at NZQF Levels 4-7 (non-degree) that were also at least 120 credits.

Figure 8: Destinations of Māori and NZ European VET graduates four years after completing their qualification
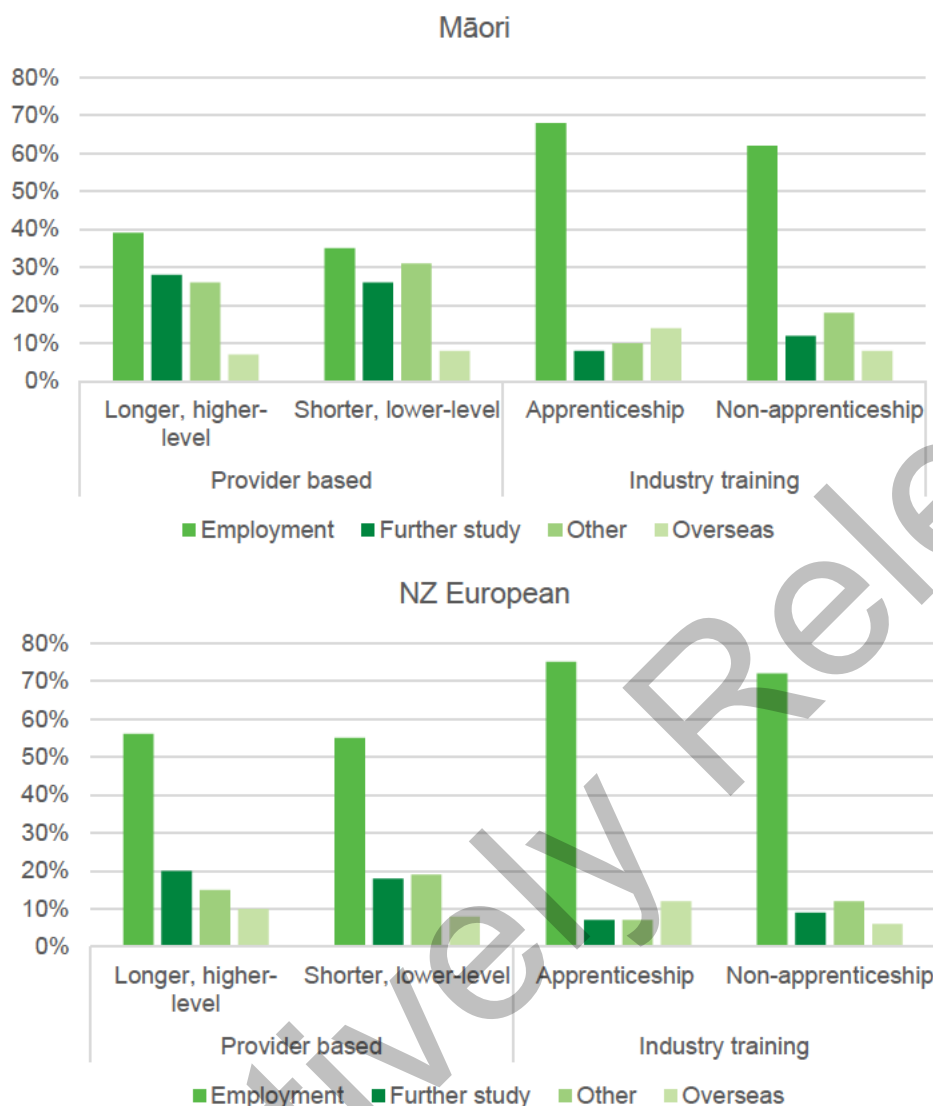
Māori

NZ European

83. As Figure 9 shows, across most VET qualifications, Māori graduates who were in employment had lower median earnings four years after finishing their qualification compared to NZ European graduates:[17]

   a. Of learners who completed a smaller and/or lower-level qualification at providers, Māori learners in employment after four years had median earnings of $37,600, compared to $40,400 for NZ European learners.

   b. Of learners who completed a longer, higher-level qualification at providers, Māori learners in employment after four years had median earnings of $39,700, compared to $39,100 for NZ European learners.

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[17] This is based on an analysis of post-study earnings for graduates in a cross-section of VET fields of study (not all VET fields of study). Post-study earnings patterns can reflect differences in field-of-study preferences between ethnic groups, as well as any labour-market effects. For example, when comparing earnings for graduates of Building and Construction qualifications, the pattern of lower median earnings for Māori compared to NZ European graduates holds, but this may not apply equally to all VET fields of study.

c.   Of learners who completed non-apprenticeship industry training, Māori learners in employment after four years had median earnings of $49,300, compared to $52,700 for NZ European learners.

d.   Of learners who completed an apprenticeship in industry training, Māori learners in employment after four years had median earnings of $55,600, compared to $57,100 for NZ European learners.

Figure 9: Median earnings of employed Māori and NZ European VET graduates four years after completing their qualification
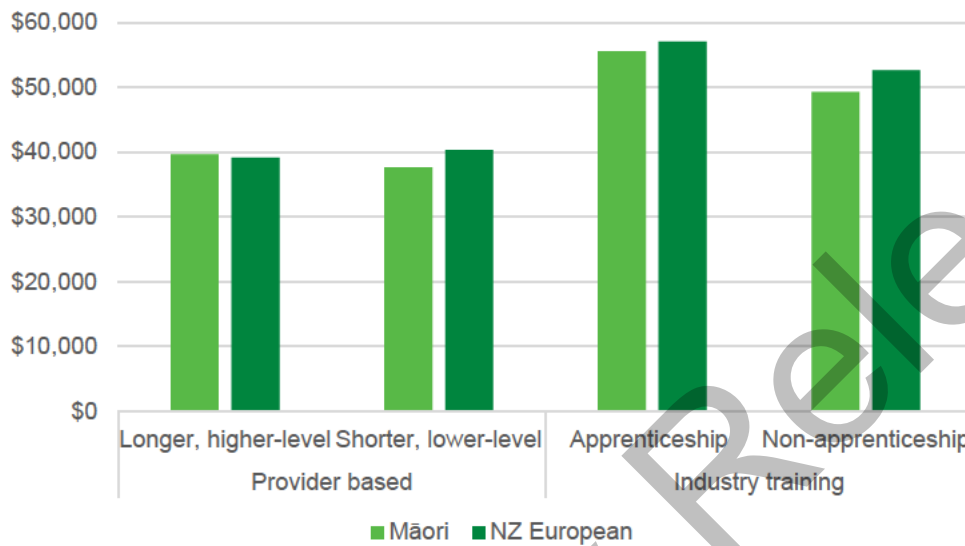
Pacific learners

Summary

84. Pacific people's[18] participation in VET was higher than NZ Europeans, but Pacific learners enrolled in apprenticeships at lower rates than NZ European learners:

   a. 46% of Pacific learners in VET were industry training, compared to 52% of NZ European learners.

   b. 13% of Pacific learners in VET were in apprenticeships, compared to 23% of NZ European learners.

85. This means that Pacific learners were therefore less likely to be enrolled in programmes that had substantial elements of work-based learning.

86. Overall, Pacific learners had higher qualification completion rates than NZ European learners (67% compared to 63%), but Pacific apprentices had much lower qualification completion rates than NZ European apprentices (36% compared to 50%).

87. Employment outcomes information showed large differences in employment rates of Pacific VET graduates compared to NZ European VET graduates. For example:

   a. Of learners who completed a smaller and/or lower-level qualification[19] at providers, 42% of Pacific learners were in employment after four years, compared to 55% of NZ European learners.

   b. The gap is smaller overall in industry training (and employment outcomes are higher from industry training generally, because learners already have employment while they are enrolled in VET), but Pacific learners still had lower employment rates: of learners who completed an apprenticeship in industry training, 66% of Pacific learners were in employment after four years, compared to 75% of NZ European learners.

   c. But the difference in employment rates for young apprenticeships was greater: only 56% of Pacific graduates who completed their qualification before aged 25 were in employment four years after completing their apprenticeship, compared to 72% of NZ European graduates.

88. This suggests that we should ensure that the VET system supports Pacific learners to enrol in and complete qualifications that have strong employment outcomes. While we cannot rely on the VET system alone to improve employment rates and earnings for Pacific people, improvements to the way the VET system supports Pacific learners can certainly have a positive impact.

**Context – education and employment**

89. As context for our analysis of how the VET system performs for Pacific learners, we have analysed participation rates of the NZ population in tertiary education generally. This helps us see where certain groups of learners were over- or under-represented compared to other groups of learners. This, in turn, helps us understand if we want to see increases in Pacific enrolments in VET over time, or if we want to see other shifts in Pacific participation across the tertiary education system.

90. Overall, Pacific people participated in tertiary education at higher rates than NZ Europeans. As figure 10 shows, the proportion of Pacific people aged 16- to 64-years-

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[18] Our analysis of Pacific learners is drawn from self-reported ethnicity data. Learners report their ethnicity to their TEOs. TEOs then report this information to the TEC via the SDR/ITR.

[19] Smaller and/or lower level qualifications at providers refers to all qualifications at NZQF Level 3 and to qualifications at NZQF Levels 4 to 7 (non-degree) that were under 120 credits.

old in tertiary education was almost one-third higher than that of NZ Europeans (17% for Pacific people, compared to 12% for NZ Europeans).

Figure 10: The proportion of Pacific people and NZ Europeans in tertiary education by age groups (2019)
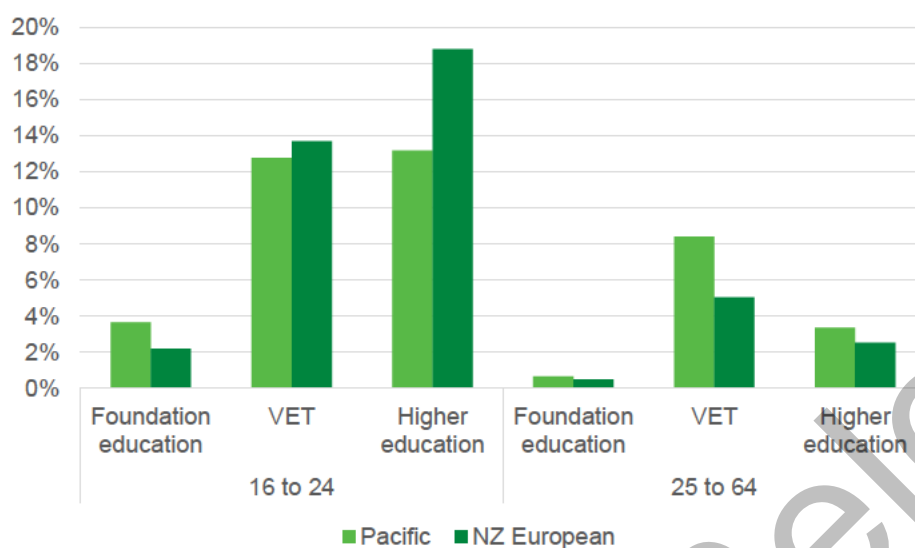
91. Importantly, in higher education, Figure 10 shows that young Pacific people (aged 16 to 24) participated in higher education at a lower rate than young NZ Europeans (participation rates among older Pacific people and NZ Europeans were much more similar):

    a.   13% of 16- to 24-year-old Pacific people in NZ were in higher education.

    b.   19% of 16- to 24-year-old NZ Europeans in NZ were in higher education.

92. This suggests that we should be aiming to ensure Pacific people have as many tertiary education pathways open to them as possible, particularly higher education. This could result, over time, in an increase in participation rates of young Pacific people in higher education but may not increase Pacific people's participation in VET given the already high participation rate.

93. As additional context for our analysis of how the VET system performs for Pacific learners, we have analysed employment and underutilisation rates[20] and median earnings for Pacific people and NZ Europeans.[21]

94. Pacific people were less likely to be employed, were more likely to be underutilised, and had lower median earnings compared to NZ Europeans:

    a.   60% of Pacific people were employed, compared to 68% of NZ Europeans.

    b.   16% of Pacific people were underutilised, compared to 11% of NZ Europeans.

    c.   Pacific people had a weekly median income of $643, compared to $720 for NZ Europeans.

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[20] The underutilisation rate is an internationally recognised labour market indicator that Statistics New Zealand uses, as a broader measure than the unemployment rate, to identify untapped capacity in the labour market. Underutilisation is a measure that includes people who were:
- underemployed: employed part-time and available and wanting more work
- unemployed: not working and *both* actively looking *and* available for work
- part of the potential labour force: not working and *either* actively looking *or* available for work.

[21] Source: Statistics New Zealand, Household Labour Force Survey. Employment and underutilisation rates are annual averages to December 2020. Median earnings are for June quarter 2019. All figures are for the population aged 15 years and over.

95.   This suggests that we should ensure that the VET system supports Pacific learners to enrol in and complete qualifications that have strong employment outcomes. While we cannot rely on the VET system alone to improve employment rates and earnings for Pacific people, improvements to the way the VET system supports Pacific learners can certainly have a positive impact.

Detailed analysis

Participation

96.   Approximately 24,600 VET learners identified as Pacific people, or 10% of VET learners. Pacific people were over-represented in VET compared to the general population: Pacific people made up 8% of the population aged 16 to 64 of NZ.

97.   Over time, the number of Pacific learners in VET has declined, along with numbers of all learners: in 2011 there were approximately 26,200 Pacific learners in VET compared to 24,600 in 2019. But the proportion of VET learners who were Pacific stayed roughly the same across the same time period, at approximately 10%.

98.   As Figure 11 shows, Pacific men and women participated in VET in about equal numbers: 51% of Pacific people in VET were women, compared with 48% of NZ European learners being women.

Figure 11: Pacific and NZ European learners in VET by gender (2019)
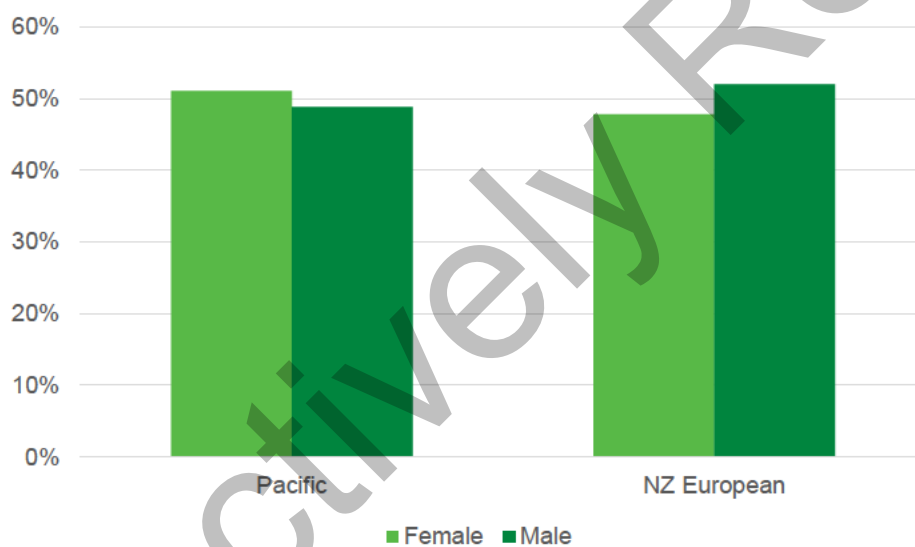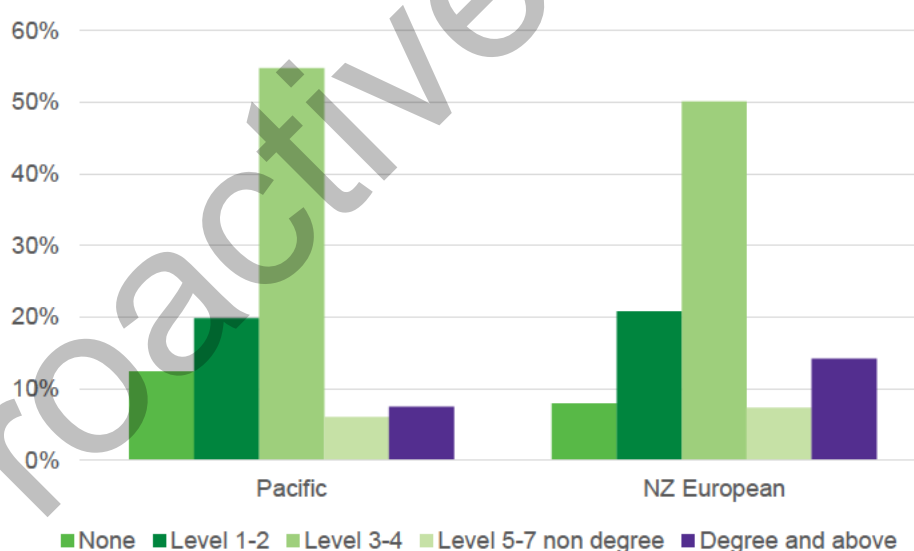

99.   As Figure 12 shows, Pacific learners had similar age profiles to NZ European learners: 38% of Pacific learners were aged 16 to 24 years old compared to 37% of NZ European learners.

Figure 12: Pacific and NZ European learners in VET by age (2019)
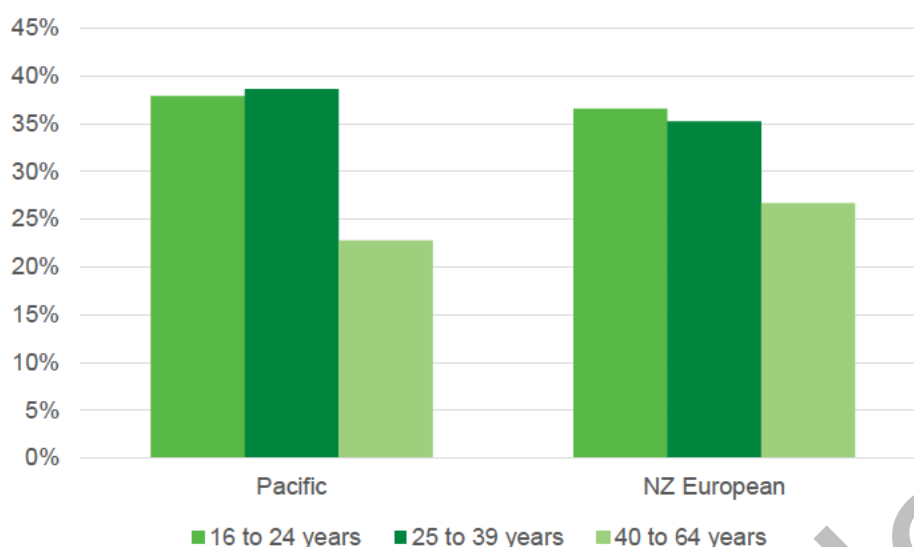
100. As Figure 13 shows, Pacific people in VET were more likely to have prior tertiary education qualifications at NZQF Levels 3 to 4 compared to NZ European learners: 55% of Pacific VET learners already had qualifications at Levels 3 to 4 (compared to 50% of NZ European learners). Pacific VET learners and NZ European learners were equally likely to have a prior qualification at Levels 1-2, but more likely to have no qualification: 12% of Pacific learners had no prior qualification compared with 8% of European learners. Pacific VET learners were less likely to already have a degree: 8% of Pacific VET learners already had a degree (compared to 14% of NZ European learners).

Figure 13: Pacific and NZ European learners in VET by highest prior qualification attained (2019)

101. As Figure 14 shows, Pacific learners in VET enrolled at providers at higher rates than NZ European learners: 56% of Pacific learners in VET were enrolled at providers, compared to 49% of NZ European learners.

102. As Figure 14 also shows, Pacific learners enrolled in industry training at lower rates than NZ European learners: 46% of Pacific learners in VET were in industry training, compared to 52% of NZ European learners. This means that Pacific learners were

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therefore less likely to be enrolled in programmes that had substantial elements of work-based learning.

Figure 14: Pacific and NZ European learners in VET by subsector (2019)

- ■ Providers ITPs
- ■ Providers Wānanga
- ■ Providers PTEs
- ■ Providers Universities
- ■ Industry training Apprenticeships
- ■ Industry training Non-apprenticeships
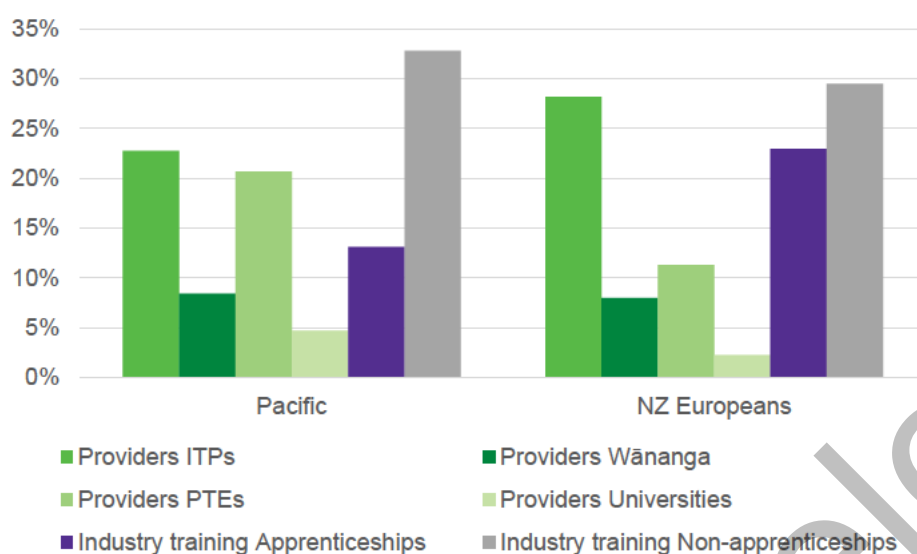
103. Figure 14 also shows that Pacific learners in VET were less likely to be in apprenticeships[22] than NZ European learners:

    a.   33% of Pacific learners in VET were in non-apprenticeship industry training, compared to 30% of NZ European learners.

    b.   13% of Pacific learners in VET were in apprenticeships, compared to 23% of NZ European learners.

104. Of learners in apprenticeships, 7% were Pacific. Of learners in non-apprenticeship industry training, 10% were Pacific. This shows that Pacific people were slightly under-represented in apprenticeships compared to the general population and over-represented in other industry training (as noted above, Pacific people made up 8% of the population aged 16 to 64 in NZ).

105. Pacific learners consumed slightly more EFTS/STMs per learner than NZ European learners: Pacific learners consumed an average of 0.47 EFTS/STMs per learner, compared with 0.43 for European learners. This means that the average Pacific learner enrolled in more VET per year than the average NZ European VET learner. The difference was entirely within provider-based training. More Pacific learners were enrolled with providers, and Pacific learners at providers consumed more EFTS than NZ European learners at providers.

106. Pacific learners enrolled in VET at Levels 2 and 3 at higher rates compared to NZ European learners: 9% of Pacific learners in VET enrolled at Levels 2 and 41% at Level 3 (compared to 5% and 33% of NZ European learners). Pacific learners enrolled in VET at Levels 4 to 7 at lower rates compared to NZ European learners: 42% of Pacific learners in VET enrolled at Level 4 and 16% at Levels 5 to 7 (compared to 48% and 20% of NZ European learners). The difference at Level 4 is due, in part, to the lower enrolment rates of Pacific learners in apprenticeships compared to NZ European learners.

107. A smaller proportion of Pacific learners studied extramurally as for NZ European learners (9% compared with 19%). Intramural Pacific learners were predominantly in Auckland (53% of all Pacific learners, compared with 17% of all NZ European

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[22] Apprenticeships refer to industry training funded from the Modern Apprenticeships or New Zealand Apprenticeships fund.

learners). The rest were in Wellington and Canterbury and spread over the lower- and mid-North Island.

108. Pacific learners had a similar distribution across fields of study as NZ European learners.

Achievement – qualification completion

109. Our analysis of Pacific learners' achievement in VET reflects five-year cohort-based qualification completion rates for learners who started study in 2015.[23]

110. Across all VET, Pacific learners had higher qualification completion rates than NZ European learners. Of Pacific learners who started their qualifications in 2015, 67% had completed within five years, compared to 63% for NZ Europeans. However, completion rates varied across different types of provision.

111. As Figure 15 shows, Pacific learners had much lower completion rates in apprenticeships and higher completion rates in other industry training compared to NZ European learners:

   a. Of learners who began apprenticeships in 2015, 36% of Pacific learners completed their qualifications within five years, compared to 50% of NZ European learners.

   b. Of learners who began other industry training qualifications in 2015, 74% of Pacific learners completed their qualifications within five years, compared to 69% of NZ European learners.

Figure 15: Five-year qualification completion rates for Pacific and NZ European learners who started VET in 2015 by type of industry training
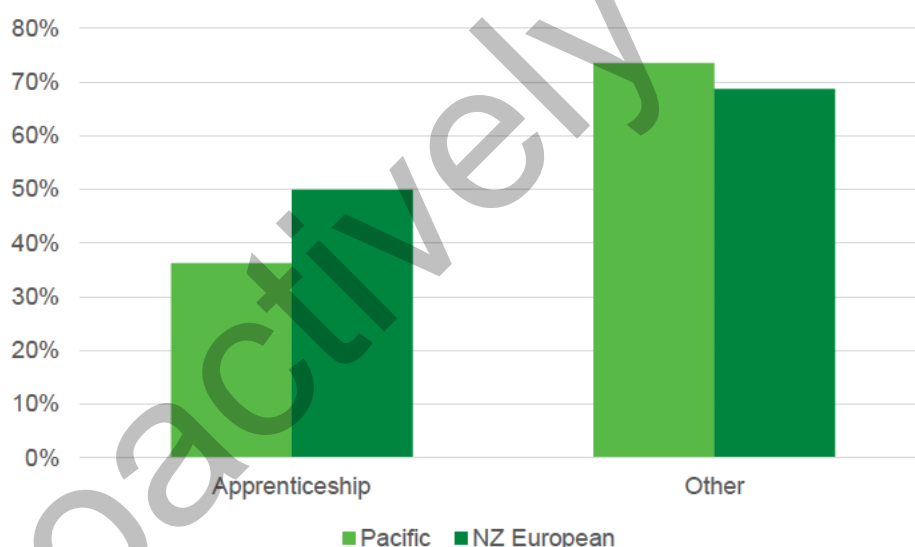
112. Pacific learners who started their qualifications before age 25 had similar completion rates than NZ European learners of the same age (64% and 65% of 2015 starters). Pacific learners who started their qualifications at age 25 or older had higher

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[23] Completion rates were calculated for learners who started study at ages 16 to 64 in formal programmes. Formal programmes in providers are programmes of more than 0.03 EFTS that lead to a recognised qualification. Formal programmes in industry training exclude Limited Credit Programmes and Supplementary Credit Programmes.

Learners in te reo, tikanga or ESOL qualifications were excluded from the analysis, as the pattern of completion rates for these qualifications is different from other Vocational Education and Training and will affect results for some groups, such as Māori and older women.

completion rates than NZ European learners of the same age. (67% of Pacific learners starting in 2015 compared with 59% of European learners).

Employment outcomes

113. Our analysis of Pacific graduates' employment outcomes from VET reflects information gathered from the IDI about destinations (employment, further study, overseas, other (including benefit)) and median earnings for Pacific VET graduates who completed their qualifications in 2014/15. The approach we took to compiling this data is similar to the approach used for Education Outcomes of Tertiary Education (EOTE) data. Te reo and tikanga Māori qualifications and ESOL qualifications are not included in the data about employment outcomes. Other fields of study that had smaller numbers of graduates could not be included in the data about employment outcomes for privacy reasons. This means that the information below reflects some, but not all, VET fields of study.

114. As Figure 15 shows, Pacific graduates were less likely to be in employment four years after completing their VET qualification compared to NZ European graduates. The gap is greater for learners at providers, where Pacific were more likely to enrol:

   a. Of learners who completed a smaller and/or lower-level qualification[24] at providers, 42% of Pacific learners were in employment after four years, compared to 55% of NZ European learners.

   b. Of learners who completed a longer, higher-level qualification[25] at providers, 43% of Pacific learners were in employment after four years, compared to 56% of NZ European learners.

   c. Of learners who completed non-apprenticeship industry training, 66% of Pacific were in employment after four years, compared to 72% of NZ European learners.

   d. Of learners who completed an apprenticeship in industry training, 66% of Pacific learners were in employment after four years, compared to 75% of NZ European learners. The difference in employment rates for young apprenticeships was even greater: only 56% of Pacific graduates who completed their qualification before aged 25 were in employment four years after completing their apprenticeship, compared to 72% of NZ European graduates.

115. Figure 16 also shows that Pacific graduates were more likely to be in further study, overseas or other destinations (including on benefit) four years after completing their VET qualification compared to NZ European graduates.

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[24] Smaller and/or lower level qualifications at providers refers to all qualifications at NZQF Level 3 and to qualifications at NZQF Levels 4 to 7 (non-degree) that were under 120 credits.

[25] Longer, higher-level qualifications at providers refers to all qualifications at NZQF Levels 4-7 (non-degree) that were also at least 120 credits.

Figure 16: Destinations of Pacific and NZ European VET graduates four years after completing their qualifications


Pacific
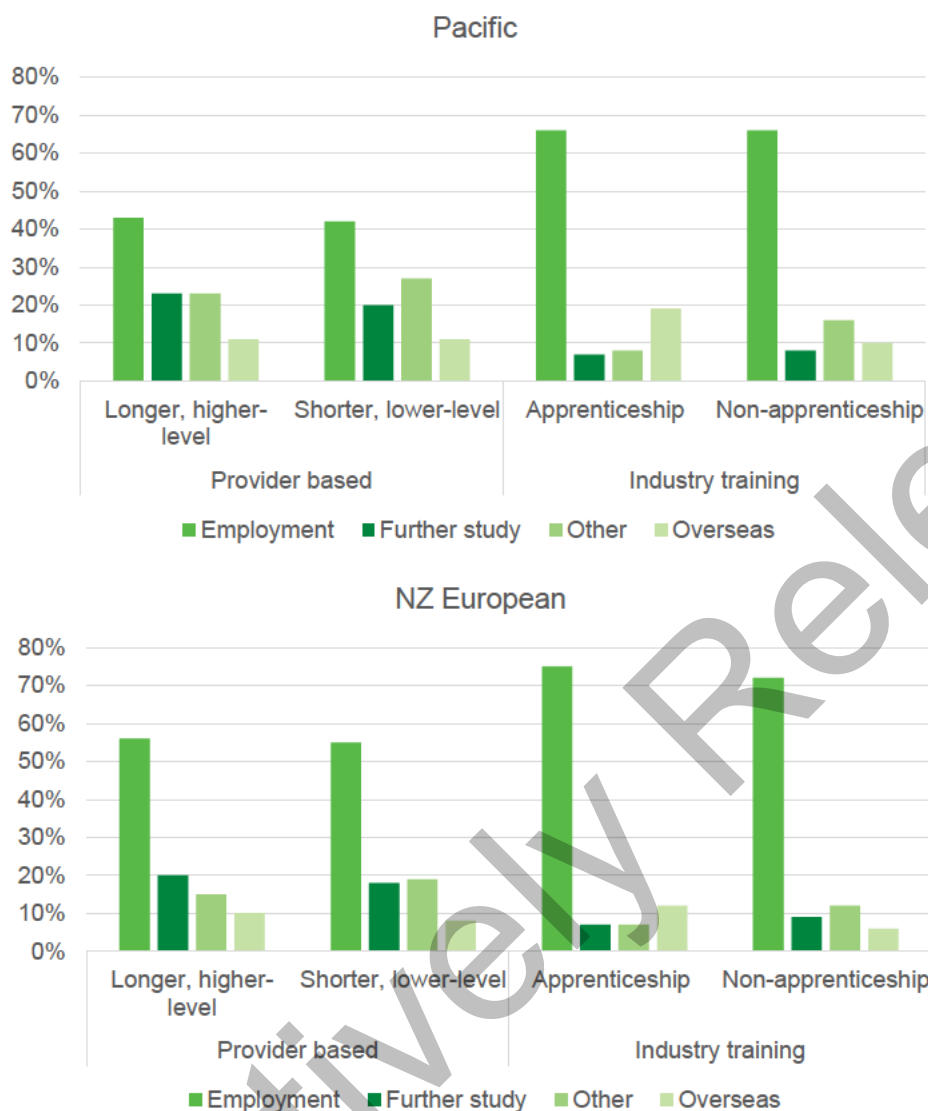
NZ European

116. As Figure 17 shows, across most VET qualifications, Pacific graduates who were in employment had higher median earnings four years after finishing their qualification compared to NZ European graduates:[26]

   a. Of learners who completed a smaller and/or lower-level qualification at providers, Pacific learners in employment after four years had median earnings of $40,600, compared to $40,400 for NZ European learners.

   b. Of learners who completed a longer, higher-level qualification at providers, Pacific learners in employment after four years had median earnings of $38,900, compared to $39,100 for NZ European learners.

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[26] This is based on an analysis of post-study earnings for graduates in a cross-section of VET fields of study (not all VET fields of study). Post-study earnings patterns can reflect differences in field-of-study preferences between ethnic groups, as well as any labour-market effects. For example, when comparing earnings for graduates of Building and Construction qualifications, the pattern of lower median earnings for Māori compared to NZ European graduates holds, but this may not apply equally to all VET fields of study.

c. Of learners who completed non-apprenticeship industry training, Pacific learners in employment after four years had median earnings of $59,000, compared to $52,700 for NZ European learners.

d. Of learners who completed an apprenticeship in industry training, Pacific learners in employment after four years had median earnings of $67,000, compared to $57,000 for NZ European learners.

Figure 17: Median earnings of employed Pacific and NZ European VET graduates four years after completing their qualification
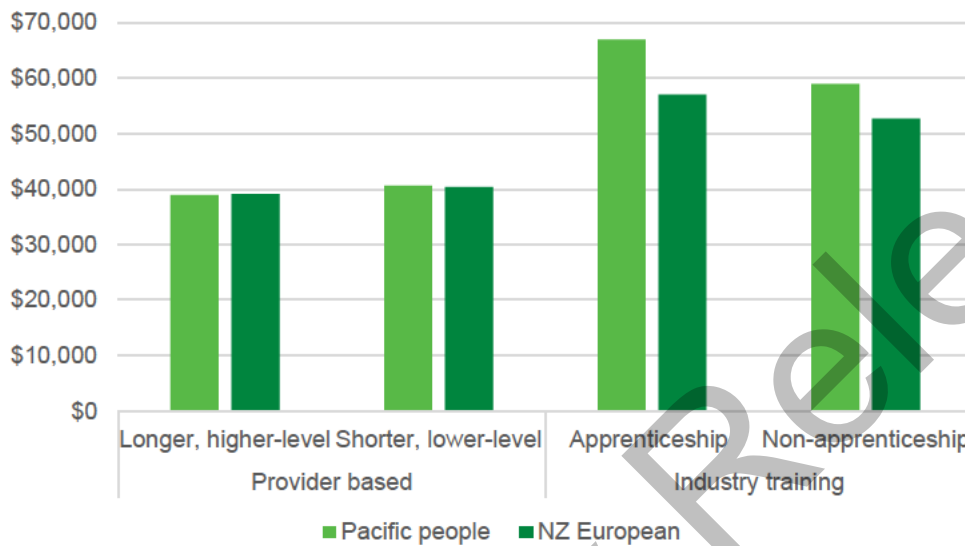
Disabled learners

Summary

117. We do not hold or have access to accurate and up-to-date data about disabled people in VET. Instead, we can make use of the 2013 Disability Survey and link data sets within the IDI to understand the patterns of participation and achievement in VET for disabled people who participated in the 2013 Disability Survey and had an enrolment in VET.

118. This means that our data is six to ten years old and is based on a sample of disabled people.

119. We are working to improve data collection about disabled learners in VET and in tertiary education.

120. Disabled people participated in VET at slightly lower rates than non-disabled people. Increasing the participation rates of disabled people in VET, so that disabled people participate in VET at higher rates than non-disabled people, could help lower the very high unemployment and underutilisation rates[27] for disabled people and increase their rates of employment.

121. Disabled people aged 16- to 39-years-old were more likely to participate in VET at providers, compared to non-disabled people. Increasing participation rates of disabled people in industry training could also help lower the very high unemployment and underutilisation rates for disabled people and increase their rates of employment.

122. Our view of disabled learners' achievement in VET is limited. Our analysis of course completion rates for VET at providers shows that disabled people under age 40 had lower course completion rates than non-disabled people.

Approach

123. Tertiary education data collections do not currently collect usable quantitative information about disabled learners.

124. There were a number of reasons why collecting data about disability is difficult:

   a. Disability covers a range of impairments and health conditions. This means that a single question will not provide useable data.

   b. Some learners may be reluctant to disclose their disabilities when enrolling for study due to concerns that their enrolment may not be accepted. They may also be worried about their privacy and who the information would be shared with.

   c. Some learners may not be aware that they have a disability.

   d. Some learners may not consider themselves disabled even if they would meet definitions of disability.

   e. Disability occurs within a context, so people who are disabled in some contexts may not be disabled in other contexts. For the purposes of VET, this means we need to understand the impact of a learner's disability in different settings (e.g. provider-based vs workplace-based VET).

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[27] The underutilisation rate is an internationally recognised labour market indicator that Statistics New Zealand uses, as a broader measure than the unemployment rate, to identify untapped capacity in the labour market. Underutilisation is a measure that includes people who were:
- underemployed: employed part-time and available and wanting more work
- unemployed: not working and *both* actively looking *and* available for work
- part of the potential labour force: not working and *either* actively looking *or* available for work.

125.   Currently, TEC recommends that TEOs include a question on their enrolment forms that is intended to enable learners to self-identify as being disabled. But there is inconsistency across TEOs in the way they word the question and provide guidance to learners to understand the question. This means that the data TEOs provide to TEC cannot be relied upon to accurately identify disabled learners in tertiary education, including VET.

126.   We are working to improve data collection about disabled learners in VET and in tertiary education. In the future, improved data collection will help us understand much more about disabled learners in VET and help us allocate funding more accurately to support their needs.

2013 Disability Survey

127.   Instead of relying on tertiary education data collections, we linked data sets within the IDI to understand how disabled people participated and achieved in VET. This analysis makes use of the 2013 Disability Survey. The 2013 Disability Survey included a sample of around 1,300 disabled people who had an enrolment in VET. The small size of this sample limits the amount of detail that can be explored.

128.   This linking allowed us to look at the actual enrolments of people in the 2013 Disability Survey. Our analysis of disabled learners' participation in VET is based on actual enrolments for 2013 Disability Survey participants for 2011 to 2015 as proportion of disabled population. The participation rates cover a five-year period and so are higher than the annual participation rates published by the Ministry of Education.

129.   Our analysis of disabled learners' achievement in VET is based on course completion rates for 2013 Disability Survey participants who were enrolled in provider-based VET from 2011-2015. We were not able to examine qualification completion rates for provider-based VET, nor were we able to examine credit achievement rates or qualification completion rates for industry training. This means that our view of disabled learners' achievement in VET is very limited.

130.   We were unable to analyse employment outcomes from VET for disabled people.

131.   The 2013 Disability Survey defined disability as an impairment that has a long-term, limiting effect on a person's ability to carry out day-to-day activities: "disabled people were people who have long-term physical, mental, intellectual or sensory impairments, which in interaction with various barriers may hinder their full and effective participation in society on an equal basis with others".[28] "Long-term" is defined as six months or longer. "Limiting effect" means a restriction or lack of ability to perform. People were not considered to have a disability if an assistive device (such as glasses or crutches) eliminated their impairment. The 2013 Disability Survey asked detailed questions across a wide range of impairments.

132.   Given the significant differences in the approaches we were able to take to analysing how the VET system performs for disabled learners compared to other learner groups, the information presented in this section is not as comprehensive or accurate as the material about other learner groups.

**Context – education and employment**

133.   As context for our analysis of how the VET system performs for disabled learners, we have analysed participation rates of the NZ population in tertiary education generally. This helps us see where certain groups of learners were over- or under-represented compared to other groups of learners. This, in turn, helps us understand if we want to

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[28] This is consistent with Article 1 of the United Nations Convention on the Rights of Persons with Disabilities.

see increases in disabled enrolments in VET over time, or if we want to see other shifts in disabled people's participation across the tertiary education system.

134. As Figure 18 shows, disabled people participated in

   a. tertiary education at lower rates than non-disabled people

   b. foundation education at higher rates than non-disabled people

   c. VET at higher rates for young people but lower rates than non-disabled people for those aged 15 to 64

   d. higher education at much lower rates than non-disabled people.

Figure 18: The proportion of disabled and non-disabled people in New Zealand in tertiary education by age group (2013)
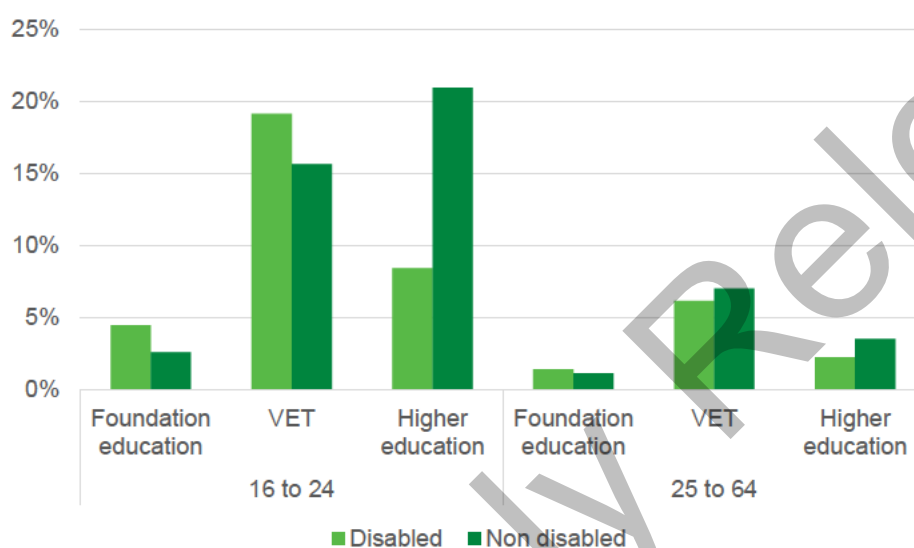
135. As additional context for our analysis of how the VET system performs for disabled learners, we have analysed underutilisation rates[29] for disabled and non-disabled people in the December quarter of 2020.

136. Disabled people were over four times more likely to be underutilised compared to non-disabled people. In the December quarter of 2020, the under-utilisation rate for disabled people 15 and over was just over 40%, compared to almost 11% for non-disabled people. Under-utilised disabled people were much more likely to be unemployed than non-disabled people, whereas underutilised non-disabled people were much more likely to be underemployed than disabled people.

137. We expect and want disabled people to engage in foundation education and VET to strengthen their skills, which would allow them to engage in more tertiary education at higher levels and/or to improve their employment prospects.

138. This analysis suggests that, over time, we should be aiming to increase the participation rates of disabled people in VET, so that disabled people participate in

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[29] The underutilisation rate is an internationally recognised labour market indicator that Statistics New Zealand uses, as a broader measure than the unemployment rate, to identify untapped capacity in the labour market. Underutilisation is a measure that includes people who were:
   - underemployed: employed part-time and available and wanting more work
   - unemployed: not working and *both* actively looking *and* available for work
   - part of the potential labour force: not working and *either* actively looking *or* available for work.
The definition we used for disability with respect to underutilisation covered people who were limited by their impairments at least some of the time. This is a wider definition than that used by Statistics New Zealand in its published data.

VET at higher rates than non-disabled people. This could help lower the unemployment and underutilisation rates for disabled people and increase their rates of employment.

139.   In higher education, we also want to see more participation from disabled people, and there is a long way to go to get close to parity with non-disabled people. Increased participation of disabled people in VET could help to improve participation rates in higher education, as VET could help prepare some disabled learners for higher education.

Detailed analysis

Participation

140.   Approximately 22% of VET learners were disabled.

141.   Overall, disabled learners had similar participation rates in VET as non-disabled learners.

142.   Disabled learners aged 16 to 39 were more likely than non-disabled people to participate in provider-based VET and had the same participation rates in industry training VET. Disabled people aged 40 to 64 had similar rates of participation as non-disabled people in provider-based and industry training VET.

143.   Disabled learners aged 16 to 39 with higher levels of support needs were as likely to enrol in provider-based VET as disabled people with lower support needs in the same age group. However, disabled people in this age group with higher support needs were less likely to be in industry training VET than disabled people with lower support needs. This probably reflects their lower participation rates in full-time employment.

144.   As Figure 19 below shows, in the 16- to 39-year-old age group, disabled people were more likely than non-disabled people to participate in provider-based VET and had similar participation rates in industry training. Twenty-three per cent of disabled 16 to 39-year-olds had enrolled in provider-based VET from 2011 to 2015, compared with 16% of non-disabled people in the same age group. Disabled learners made up 20% of provider-based VET learners in this age group and 15% of industry training VET learners.

145.   In the 40- to 64-year-old age group, disabled people had similar rates of participation as non-disabled people in provider-based and industry training VET. Disabled learners made up 25% of provider-based VET learners in this age group and 22% of industry-training VET learners.

146.   Figure 19 also shows that among 16- to 39-year-olds, disabled people with higher levels of support needs were as likely to enrol in provider-based VET as disabled people with lower support needs. However, disabled people with higher support needs were less likely to be in industry training than disabled people with lower support needs. This probably reflects their lower participation rates in full-time employment.

147.   In the 40- to 64-year-old age group, there was no statistically significant difference in participation rates between disabled people with higher or lower support needs in either type of VET.

*Figure 19: Participation rates in tertiary education by disability status and type of VET study (2011-2015)*

16 to 39 year olds

Provider VET ■ Industry training VET

40 to 64 year olds

Provider VET ■ Industry training VET
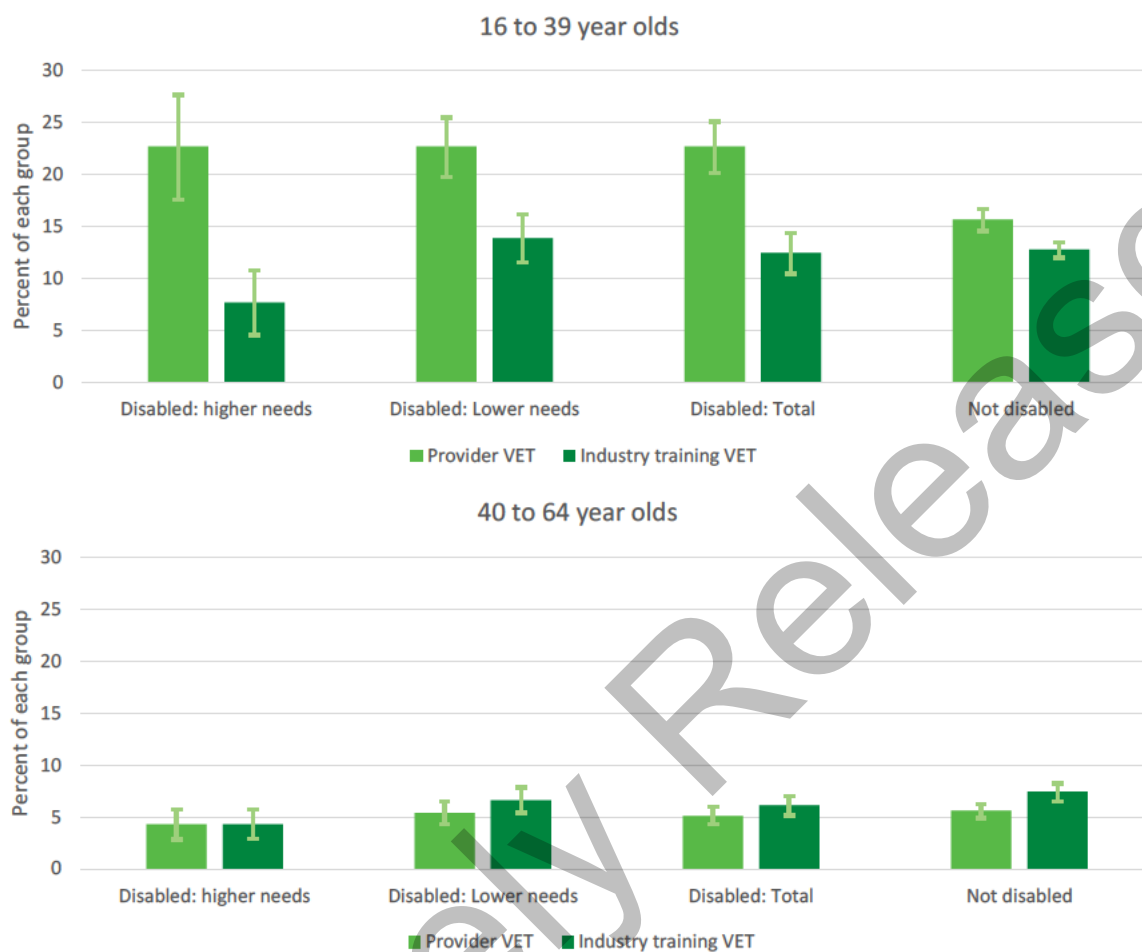
Course completion rates

148. Our analysis, as shown in Figure 20, shows that disabled learners under age 40 had lower course completion rates[30] than non-disabled learners: 58% of disabled learners under age 40 successfully completed at least 85% of their courses, compared to 71% of non-disabled learners. This difference was statistically significant.

149. In the 40- to 64-year-old age group, there was no statistically significant difference in completion rates between disabled and non-disabled students.

150. In both age groups, there was no difference in completion rates between disabled students with higher or lower needs.

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[30] The rate was calculated for the highest level of study. The indicator used is the proportion of students who successfully completed at least 85% of their courses.

Figure 20: Proportion of students in provider-based VET passing 85% or more of courses by age group and disability status (2011-2015)
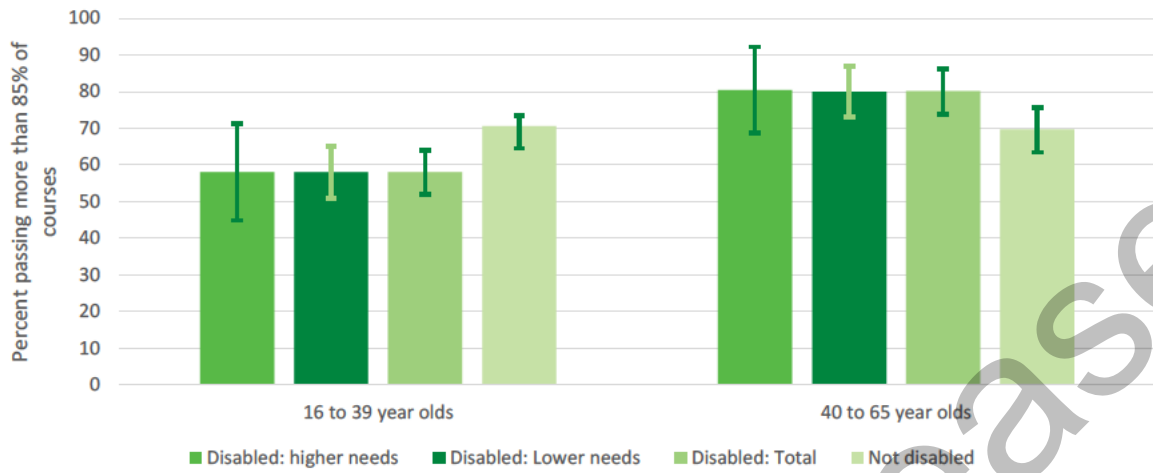
## Younger and older learners

Summary

151. Younger and older people were well represented in VET: 33% of VET learners were younger (16 to 24 years old) and 27% were older (40 to 64 years old)

152. Young learners with low prior education (learners under age 25 who had not previously achieved a qualification at NZQF Levels 3 or above) were less likely to achieve a VET qualification compared to young learners with higher prior education.

153. This combination of variables – youth *and* low prior education – is a strong predictor of not completing a VET qualification.

154. For older VET learners, prior education did not have an impact on qualification completion rates.

155. Increasing participation in VET of young people with low prior educational attainment, and increasing their qualification completion rates, could help address their higher underutilisation rates[31] and the high rate of young people who were NEET.

Context

156. As context for our analysis of how the VET system performs for younger and older learners, we have analysed participation rates of the NZ population in tertiary education generally. As is expected, younger people participated at all levels of tertiary education at higher rates than older people – see Figure 21.

Figure 21: The proportion of New Zealanders in tertiary education by level and age (2019)
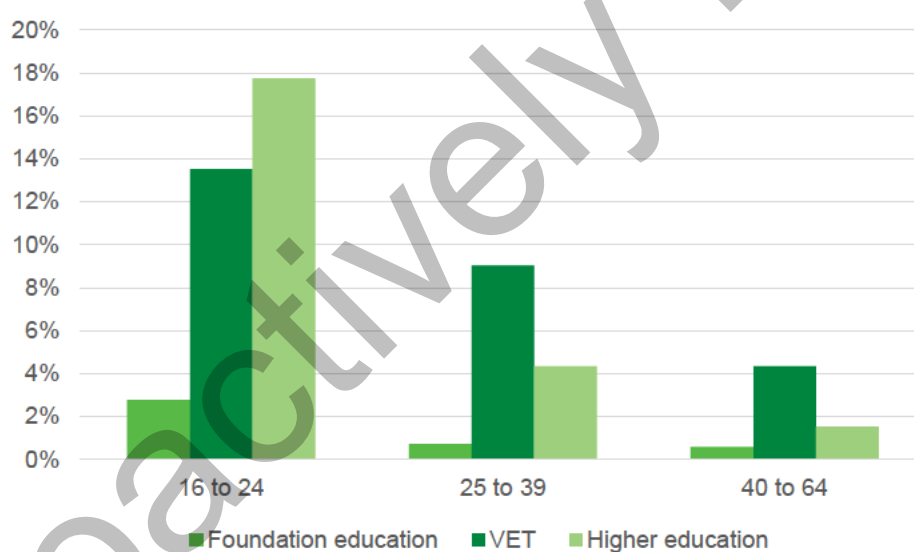

157. Our analysis below shows that young people with low prior educational attainment (no prior qualification at Level 3 or above) were particularly at risk of not completing their VET qualifications. As context for this analysis, we have analysed participation rates of young New Zealanders in VET by whether they have lower or higher prior qualifications.

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[31] The underutilisation rate is an internationally recognised labour market indicator that Statistics New Zealand uses, as a broader measure than the unemployment rate, to identify untapped capacity in the labour market. Underutilisation is a measure that includes people who were:
- underemployed: employed part-time and available and wanting more work
- unemployed: not working and *both* actively looking *and* available for work
- part of the potential labour force: not working and *either* actively looking *or* available for work.

158. As Figure 22 shows, young people with low prior educational attainment participated at higher rates in foundation education and VET compared to young people with higher prior educational attainment. Young people with low prior educational attainment participated at significantly lower rates in higher education, largely because their prior qualifications were not at a sufficiently high enough level to be accepted into higher education programmes.

Figure 22: The proportion of New Zealanders in tertiary education by level, prior qualification achievement and age (2019)
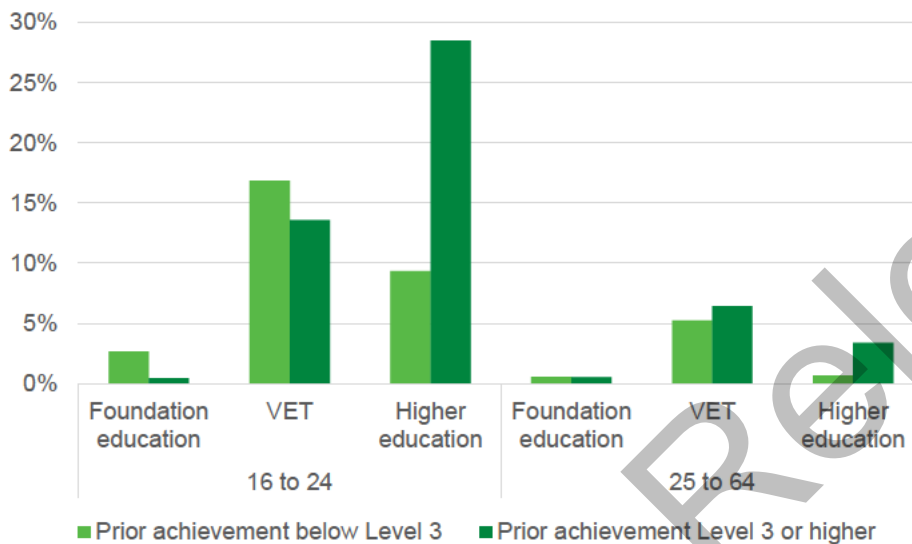
159. As additional context for our analysis, we have looked at other employment and education information:

   a. Young people with low educational attainment had lower employment and labour-force participation rates, compared to young people with higher prior educational attainment.

   b. Young people with low educational attainment had higher underutilisation rates[32], compared to young people with higher prior educational attainment.

   c. Rates of school leavers achieving NCEA and University Entrance increased since 2009. But around 10% of young people had low literacy skills, and 20% had low numeracy skills.

   d. 12% of young people were NEET.

160. We expect and want young people with low prior educational attainment to engage in foundation education and VET to strengthen their skills, which would allow them to engage in more tertiary education at higher levels and/or to improve their employment prospects.

161. Over time, we may want to increase the participation rates of young people with low prior educational attainment in VET further. This would further widen the gap in participation rates between young people with low and higher prior educational attainment.

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[32] The underutilisation rate is an internationally recognised labour market indicator that Statistics New Zealand uses, as a broader measure than the unemployment rate, to identify untapped capacity in the labour market. Underutilisation is a measure that includes people who were:
- underemployed: employed part-time and available and wanting more work
- unemployed: not working and *both* actively looking *and* available for work
- part of the potential labour force: not working and *either* actively looking *or* available for work.

162. We would not expect to see an increase in participation rates of young people with low prior education in higher education, as by definition they were not prepared for higher education.

163. If the VET system better supports more young people with low educational attainment to gain a qualification at Level 3 and above, this could improve their employment outcomes.

## Detailed analysis

Participation

164. 33% of VET learners were 16- to 24-years-old; we define this age group as "young" VET learners. 27% of VET learners were 40- to 64-years-old; we define this age group as "older" VET learners.

165. As Figure 23 shows, young VET learners were more likely to be men: 60% of young VET learners were men, compared to 53% of VET learners aged 25 to 39 years old, and 39% of older VET learners.

*Figure 23: VET learners by age and gender (2019)*
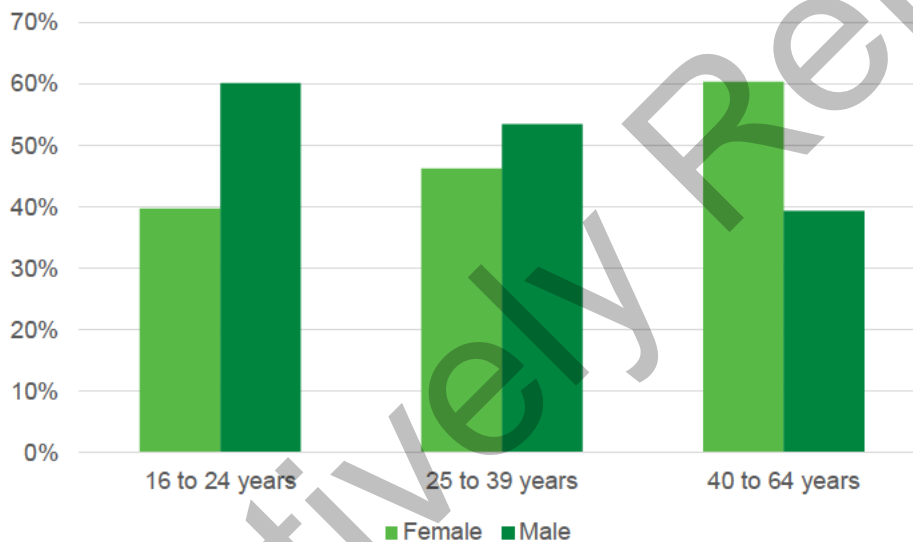
166. As Figure 24 shows, unsurprisingly, young VET learners were more likely to have no or low prior qualifications: 36% of young VET learners had prior qualifications below Level 3, including no qualification, compared with 23% of VET learners aged 25 to 39, and 27% of older VET learners.

Figure 24: Proportion of VET learners with prior qualifications below Level 3 by age group (2019)
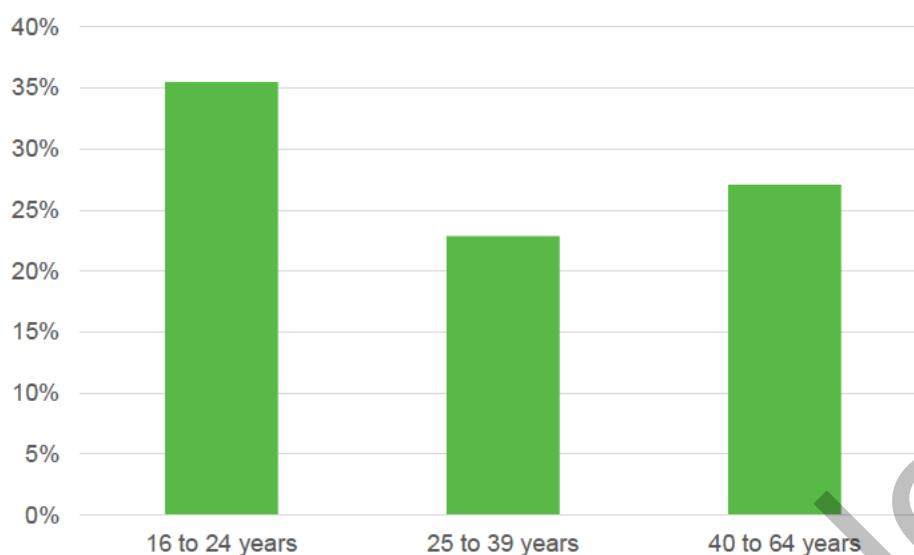
167. As Figure 25 shows, a higher proportion of young VET learners were in apprenticeships than older VET learner: 29% of young VET learners were in apprenticeships compared with 21% of those aged 25 to 39 and 8% of those aged 40 to 64. Older learners were more likely to be in non-apprenticeship industry training: 42% of those 40 to 65 compared with 23% of young VET learners. The proportions in provider-based study were similar across age groups at around 50%.

Figure 25: VET learners by age group and type of provision (2019)
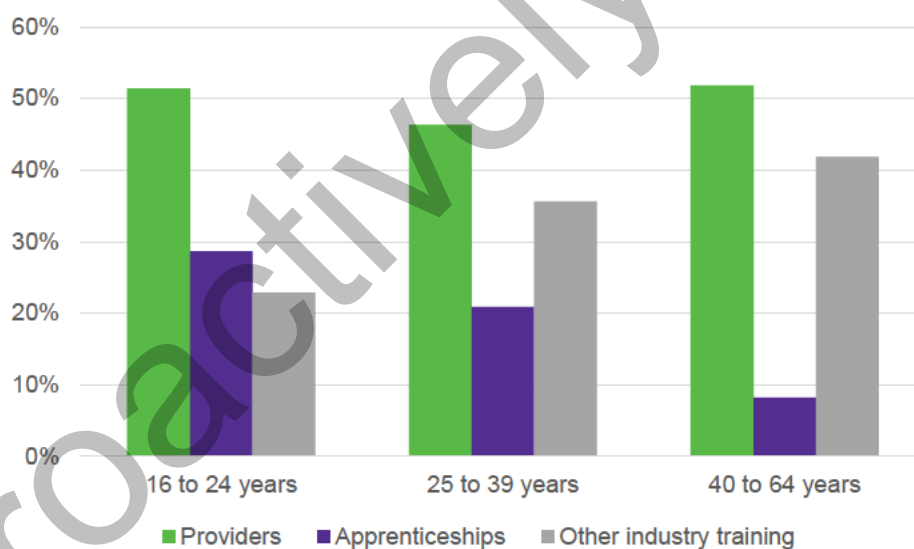
168.   Our analysis of younger and older learners' achievement in VET reflects five-year cohort-based qualification completion rates for learners who started study in 2015[33].

169.   As Figure 26 shows, comparing qualification completion rates across VET learners of different ages shows the five-year qualification completion rate for 16- to 24-year-olds who started studying in 2015 was 65%. This compares with 61% for 25- to 34-year-olds and 63% for 35- to 64-year-olds.

Figure 26: Five-year qualification completion rates for VET learners by age group who started VET in 2015
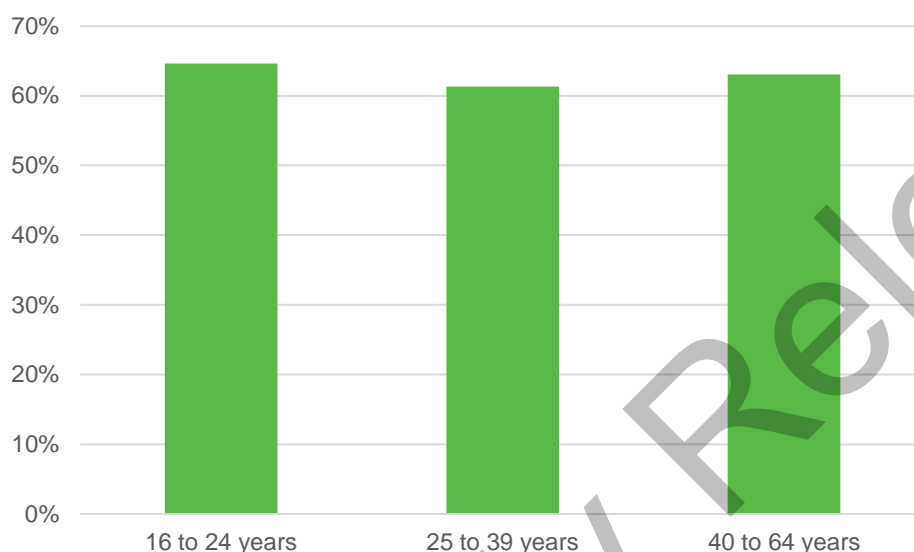
170.   We also analysed qualification completion rates for VET learners by age and prior educational attainment. We know from previous research that prior educational attainment is a useful predictor of likely future success in tertiary education for young people.[34] We wanted to test these previous findings in VET.

171.   We compared learners of different ages to see the impact of low prior educational attainment on qualification completion rates. We also compared learners with different levels of low prior educational attainment to test what levels of low prior educational attainment were strongest.

172.   Table 1 shows our analysis of qualification completion rates across different age groups. For this analysis, we defined low prior educational attainment as not having a qualification at Level 3 or above.

173.   We found a large gap in qualification completion rates for learners under age 25 with low prior qualifications compared to learners with higher prior qualifications. For learners between ages 25 and 34, and older learners age 35 and older, there was no gap in qualification completion rates.

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[33] Completion rates were calculated for learners who started study at ages 16 to 64 in formal programmes. Formal programmes in providers were programmes of more than 0.03 EFTS that lead to a recognised qualification. Formal programmes in industry training exclude Limited Credit Programmes and Supplementary Credit Programmes.

Learners in te reo, tikanga or ESOL qualifications were excluded from the analysis, as the pattern of completion rates for these qualifications is different from other Vocational Education and Training and will affect results for some groups, such as Māori and older women.

[34] Earle (2018) Factors associated with achievement in tertiary education up to age 20, Ministry of Education, Wellington.

Table 1: Five-year qualification completion rates for VET learners by prior qualifications and age group

Age	Five-year qualification completion rates for learners from 2015 starter cohort		Ratio of rates[35]
	Learners with low prior education (no prior qualification at NZQF Level 3 or above)	Learners with higher prior education (a prior qualification at NZQF Level 3 or above)	
16 to 25	59%	69%	0.85
25 to 34	60%	62%	0.97
35 to 64	62%	64%	0.98

174. We also examined different definitions of low prior education – see Table 2. This analysis shows that for young people the risk associated with low prior education was stronger up to and including no prior qualifications at NZQF Level 3. But from NZQF Level 4 and up, the link to prior qualification and success in VET was weaker.

Table 2: Five-year qualification completion rates for young VET learners by level of prior qualification

No prior qualification at NZQF Level…	Five-year qualification completion rates for young learners (under age 25) from 2015 starting cohort		Ratio of rates
	Learners with low prior education	Learners with higher prior education	
…1 or above (i.e. no prior qualification)	54%	66%	0.82
…2 or above	54%	67%	0.80
…3 or above	59%	69%	0.85
…4 or above	64%	69%	0.92

175. We also examined qualification completion rates for young learners with low prior qualifications across different kinds of VET – see Table 3. This showed a larger gap in qualification completion rates in apprenticeships, compared to non-apprenticeship industry training or provider-based VET.

Table 3: Five-year qualification completion rates for young VET learners by prior qualifications and type of provision

Type of VET	Five-year qualification completion rates for young learners (under age 25) from 2015 starting cohort		Ratio of rates
	Learners with low prior education (no prior qualification at NZQF Level 3 or above)	Learners with higher prior education (a prior qualification at NZQF Level 3 or above)	
Provider-based VET	60%	71%	0.86
Industry training (non-apprenticeship)	63%	71%	0.88
Apprenticeships	40%	52%	0.78

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[35] This shows the difference in completion rates between the two groups of learners. For example, this shows that the completion rate for young learners without a qualification at Level 3 or above is 85% of the rate for young learners with a qualification at Level 3 or above.

Women

Summary

176. Women[36] were slightly underrepresented in VET compared to men, but significantly underrepresented in industry training, particularly apprenticeships. In 2019, only 12% of apprentices were women.

177. This contrasts to higher education, where women were overrepresented compared to men.

178. There are significant differences in participation by gender and industry, which is particularly evident in analysing enrolments at transitional ITOs. Women made up only 3 to 10% of learners at the four transitional ITOs most closely linked to male-dominated industries (e.g. building and construction, and infrastructure). In contrast, women made up 60 to 90% of learners at the three transitional ITOs most closely linked to female-dominated industries.

179. Women were much more likely than men to enrol in VET at providers.

180. Women had higher qualification completion rates than men across most VET. Women in apprenticeships had similar qualification completion rates than men in apprenticeships.

Context

181. As context for our analysis, we examined the distribution of learners by gender across tertiary education:

   a. Women were slightly overrepresented in foundation education (tertiary education at NZQF Levels 1 and 2): women made up 53% of foundation education learners.

   b. Women were slightly underrepresented in VET: women made up 48% of VET learners.

   c. Women were significantly overrepresented in higher education (tertiary education at degree-level and above): women made up 62% of degree-level and above learners.

Detailed analysis

Participation

182. Approximately 119,000 VET learners were women, or 48% of VET learners. Women were slightly underrepresented in VET compared to the general population: women made up 50% of the general population of NZ.

183. As Figure 27 shows, women in VET were more likely to be Māori or Pacific compared to men in VET: 27% of women in VET were Māori compared to 21% of men, and 11% of women in VET were Pacific, compared to 9% of men. But women in VET were as likely to be NZ European as men: 58% of women in VET were NZ European compared to 59% of men.

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[36] Our analysis of women in VET is drawn from self-reported gender data. Learners report their gender to their TEOs. TEOs then report this information to the TEC via the SDR/ITR.

Figure 27: VET learners by gender and ethnic group (2019)
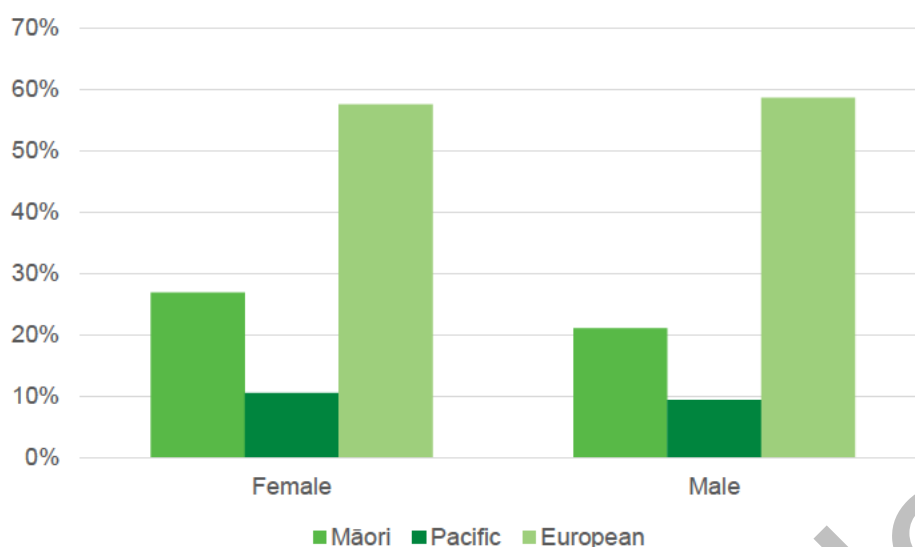
184. As Figure 28 shows, women in VET tended to be older than men: 71% of women in VET were 25 years and over compared to 61% of men. This reflects, in part, that women, particularly older Māori women, were more likely to be in te reo and tikanga Māori qualifications.

Figure 28: VET learners by gender and age group (2019)
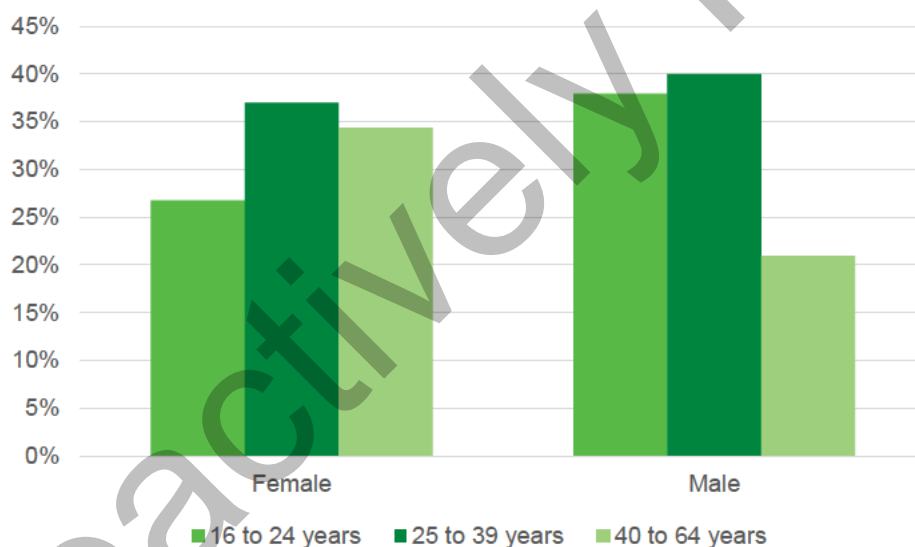
185. Women in VET had higher prior qualifications than men: 19% of women in VET already had a degree (compared to 12% of men).

186. As Figure 29 shows, women in VET enrolled at providers at much higher rates than men: 65% of women in VET were enrolled at providers, compared to 36% of men. Part of this difference is due to women's higher participation in te reo and tikanga Māori qualifications at wānanga.

Figure 29: VET learners by gender and subsector (2019)
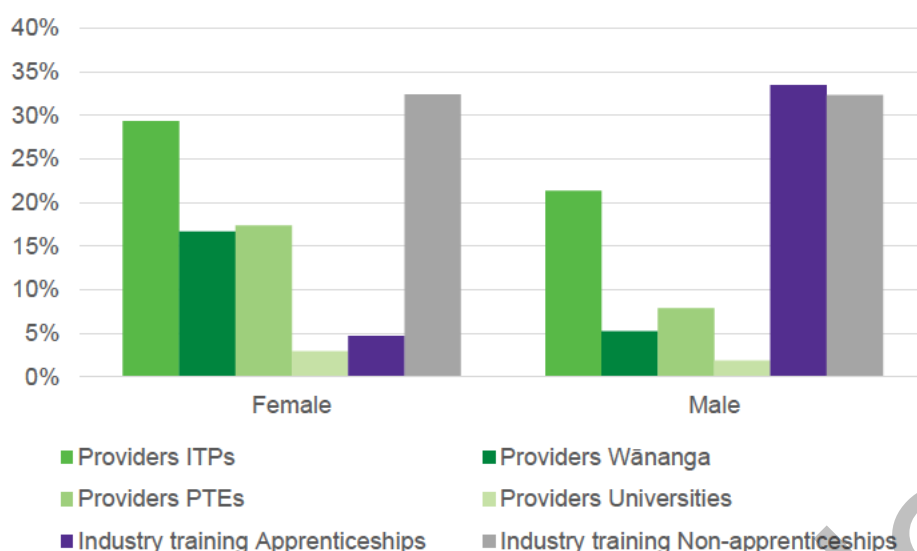
187. Women enrolled in industry training at much lower rates than men: 37% of women in VET were in industry training, compared to 66% of men. This means that women were therefore much less likely to be enrolled in programmes that had substantial elements of work-based learning.

188. Figure 29 above also shows that women in VET were much less likely to be in apprenticeships than men:

   a. 32% of women in VET were in non-apprenticeship industry training, which is the same proportion as for men.

   b. 5% of women in VET were in apprenticeships, compared to 33% of men.

189. Looking just at the gender breakdown of apprenticeships, just 12% of apprentices were women and 88% were men.

190. Women and men consumed approximately the same EFTS/STMs: an average of 0.44 EFTS/STMs per learner.

191. Women and men enrolled in VET at Level 2 at similar rates: 7% of women in VET were enrolled at Level 2 (compared to 6% of men). Women enrolled at Level 3 at higher rates than men: 42% at Level 3 (compared 32% of men). Women were much less likely than men to enrol in VET at Level 4, reflecting that women were much less likely to enrol in apprenticeships, which were usually at Level 4: 37% of women in VET were enrolled at Level 4 (compared to 54% of men). Women were more likely than men to enrol in VET at Levels 5 to 7: 23% of women in VET were enrolled at Levels 5 to 7 (compared to 14% of men).

192. Women were much more likely to participate in extramural study than men (24% compared with 8%).

193. Women were most likely to participate in VET in the following fields of study, closely reflecting industries that were traditionally female dominated: Society and Culture, Management and Commerce, and Food, Hospitality and Personal Services. Men were most likely to participate in Engineering and Related Technologies, and Architecture and Building.

194. As Figure 30 shows, participation rates of women in each transitional ITO also reflected traditionally female- and male-dominated industries. Women made up only 3% to 10% of learners at the four transitional ITOs most closely linked to male-dominated

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industries. In contrast, women made up 60% to 90% of learners at the three transitional ITOs most closely linked to female-dominated industries.

Figure 30: Proportion of female learners by transitional ITO
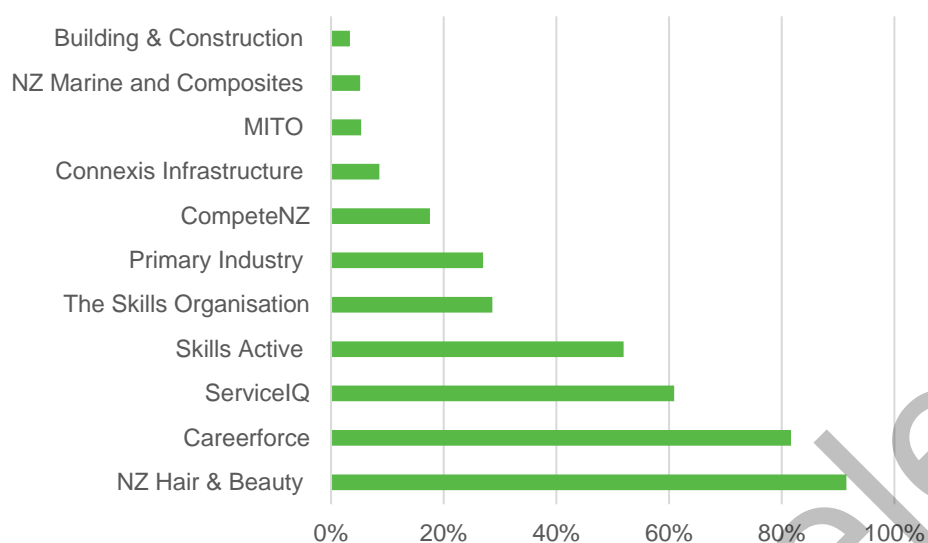
195.   There have been some targeted efforts to increase female participation in VET in traditionally male-dominated industries. For example, from 2016, Māori and Pacific Trades Training (MPTT) consortia has been required to set and monitor targets for female participation. The Ministry for Women supported several consortia to increase female participation in traditional trades. Female participation in MPTT[37] has grown from 21% of learners in 2014 to 34% in 2019. Much of the growth has been in male-dominated sectors such as engineering and construction.

Achievement – qualification completion

196.   Our analysis of achievement in VET by gender reflects five-year cohort-based qualification completion rates for learners who started study in 2015[38].

197.   Across all VET, women had higher qualification completion rates than men. Of women who started their qualifications in 2015, 67% had completed within five years, compared to 62% for men.

198.   Women at providers had higher completion rates compared to men (62% compared to 58%).

199.   As Figure 31 shows, women had similar completion rates in apprenticeships and higher completion rates in industry training compared to men:

   a.   Of learners who began apprenticeships in 2015, 48% of women completed their qualifications within five years, compared to 49% of men.

   b.   Of learners who began other industry training qualifications in 2015, 71% of women completed their qualifications within five years, compared to 68% of men.

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[37] These figures are for all MPTT, including Level 1 and 2.

[38] Completion rates were calculated for learners who started study at ages 16 to 64 in formal programmes. Formal programmes in providers were programmes of more than 0.03 EFTS that lead to a recognised qualification. Formal programmes in industry training exclude Limited Credit Programmes and Supplementary Credit Programmes.

Learners in te reo, tikanga or ESOL qualifications were excluded from the analysis, as the pattern of completion rates for these qualifications is different from other Vocational Education and Training and will affect results for some groups, such as Māori and older women.

Figure 31: Five-year qualification completion rates for VET learners who started in 2015 by type of provision and gender

200. Women who started their qualifications before age 25 had higher completion rates than men of the same age (68% compared with 61% for 2015 starters). Women who started their qualifications at age 25 or older also had higher completion rates than men of the same age. (64% of women starting in 2015 compared with 61% of men).

Learners in isolated areas

Approach and findings

201. Providers and ITOs told us that the higher costs of delivery in isolated areas can limit their abilities to offer comprehensive provision for these learners. This means that learners may often simply not be able to enrol in VET or would have to move to access VET. This is likely more apparent in certain fields/industries (e.g. primary industries).

202. In 2019 we considered whether isolation would be a useful predictor of success in VET and whether we could find an approach to identifying isolated learners and/or isolated VET that would be accurate enough for funding purposes.

203. We analysed whether there is a correlation between learners living in isolated areas and achievement in VET.[39] We have also analysed whether there is a correlation between learners enrolled at an isolated provider delivery site and achievement in VET.

204. We assessed three indicators of isolation: Statistics New Zealand's Urban/Rural Classification, the access indicator from Auckland University's Index of Multiple Deprivation, and the revised school and ECE Isolation Index. The first two classify nearly all areas outside of main population centres as isolated and do not differentiate degrees of remoteness. The school and ECE isolation index is designed to identify areas that are more remote from main centres. We have used the school and ECE isolation index in the following analysis.

205. In 2018, approximately 9% of VET learners were living in isolated areas.

206. Our analysis showed that learner or provider isolation does not appear to be a key risk factor for success in VET. Just over one-third of learners in isolated areas and learners in non-isolated areas did not complete their qualification. There was little variation by age or subsector.

207. But it is important to ensure learners in isolated areas have access to VET, and we know that delivering VET in isolated areas can come at higher costs to TEOs. However, identifying isolation can be complex – should it be based on learner, provider, or employer location or a combination? – and per EFTS/STM funding to address the higher costs of delivering in isolated areas is unlikely to provide sufficient funding to address the problem.

208. Given this, we have proposed to address the problems of delivering VET in isolated areas through the strategic component of the UFS, particularly the 'regional network of provision' element. This will be funding that is designed to support the regional network of provision, acknowledging that education delivery and support for work-based learning is more costly in areas of geographic isolation, due to issues such as scale and travel.

209. It will give providers greater flexibility to take into account regional differences and recognise the specific drivers for high costs of education and training for learners in isolated areas and then address these. This is in line with Te Pūkenga's charter obligations to ensure access to vocational education in all parts of NZ.

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[39] Our analysis of learners in isolated areas used five-year cohort-based qualification completion rates for learners who enrolled in 2012 and 2013. We excluded learners for whom we had no known address.

Learners with low literacy and numeracy skills

Summary

210.   Our analysis shows that for some groups of VET learners, particularly young learners, low literacy and numeracy was a good predictor of likely success in VET. However, we have limited data about VET learners with low literacy and numeracy. Collecting enough data about literacy and numeracy skills to link funding to this would require widespread use of the LNAAT, which could be intrusive for learners and costly and complex for TEOs.

211.   There was significant overlap between young learners with low literacy and numeracy and young Māori learners, young Pacific learners, and young learners with low prior educational attainment – see the last section of this annex for more detail. This means that linking funding to low literacy and numeracy, along with the other variables, would result in a significant amount of double-funding for individual learners.

Approach and findings

212.   In 2019 we considered whether low literacy and numeracy would be a useful predictor of success in VET and whether we could find an approach to identifying learners with low literacy and numeracy that would be feasible and accurate enough for funding purposes.

213.   Our analysis has found that the effect of low literacy and numeracy on qualification completion rates was similar to the effect of having low prior educational attainment (no prior qualification at Level 3 or above), with each being more strongly associated with lower completion rates for those under 25 years than for those 25 years and older.

214.   The difference in five-year qualification completion rates (for the 2015 cohort) between learners with low and learners with higher literacy and numeracy was greater for under 25-year-olds (53% for those with low LNAAT reading scores compared with 68% for those with higher scores) than those aged 25 and over (63% compared with 73%).

215.   There are significant challenges to accurately identifying VET learners with low literacy and numeracy for funding purposes. We identified three potential options.

Literacy and Numeracy for Adults Assessment Tool (LNAAT)

216.   Data from the LNAAT showed a relationship between low literacy and numeracy scores and lower success in VET. (This relationship was not as strong as for low prior qualification achievement.) Also, the learners assessed through the LNAAT were mostly in lower level qualifications and were not representative of all VET learners.

217.   Use of the LNAAT results for funding purposes would rely on much wider use of the tool by TEOs to assess learners at qualification Levels 3 to 7 (excluding degrees). It would be unrealistic to expect all VET learners to be assessed using the LNAAT: this could be intrusive for learners and would be costly and complex for TEOs. Using it for funding allocations would also detract from its primary purpose as a diagnostic tool and could have unintended negative impacts on the administration of the test by providers.

218.   We have concerns that this approach could shift TEOs from a focus on assessment to inform teaching and learning, towards a focus on funding. This could lead to unnecessary assessment with little or no educational benefit for some learners. It may also create perverse behavioural incentives for TEOs around how they administer the tool because they would receive higher funding when learners performed poorly.

The Survey of Adult Skills (PIAAC)

219. The Survey of Adult Skills (PIAAC) shows there is a large overlap between learners with low literacy or numeracy and with low prior educational attainment. However, having low literacy appears to be a greater barrier to participation in VET than low numeracy or low prior qualification achievement.

220. The Survey is a sample survey of the adult population, with around 6,000 people in the sample. It is run approximately every 10 years, subject to additional funding being secured. The results were confidentialised so that individual participants cannot be identified. This means it is not able to be used for funding purposes, because participants cannot be linked to providers, the sample size is too small, and the survey is not run frequently enough.

Achievement of NCEA literacy and numeracy requirements

221. We could identify young learners who had achieved some NCEA credits, but not met the NCEA literacy and numeracy requirements. However, the NCEA Review raised a number of questions about the reliability of the current literacy and numeracy assessments in NCEA, and work is underway to strengthen the literacy and numeracy requirements. The new NCEA literacy and numeracy standards are not expected to be implemented in schools (or TEOs) until 2023, so it would be some time before this data could be used to identify learners who are more likely to need support.

Learners from low socioeconomic backgrounds

Summary

222.   Identifying learners' actual socioeconomic background is difficult for VET learners. Our analysis showed no overall correlation between the socioeconomic status of the learner's neighbourhood and their achievement in VET.

Approach

223.   In 2019 we considered whether low socioeconomic status/background would be a useful predictor of success in VET and whether we could find an approach to identifying learners with low socioeconomic status/background that would be accurate enough for funding purposes.

224.   Identifying learners' actual socioeconomic background is difficult for VET learners, in large part because of their older age profile, compared, for example, to school students. The connections between VET learners' current socioeconomic status and their socioeconomic backgrounds is not as direct as it is for school students. Identifying socioeconomic background involves more than just a learner's current employment, income or location; it also needs to take account of family background and effects over the learner's lifetime. This means we would require information about learners' childhoods and families, like parents' income and employment histories, childhood addresses, etc. This information is difficult to obtain or unavailable for many adults.

225.   Instead, we have to rely on imperfect proxies that are more closely connected to learners' current socioeconomic status rather than their socioeconomic background, like the level of deprivation associated with learners' last known addresses prior to enrolment in VET, or whether learners qualify for the highest amount of student allowance. Use of alternative indicators of socioeconomic status would either rely on IDI data (which would not be available to TEOs at the time of enrolment), or requiring TEOs to collect new, complex personal information from learners at the time of enrolment.   These options would require high transaction costs for TEOs and may have privacy and accuracy issues.

226.   Despite the issues with identifying VET learners' socioeconomic background, we analysed two proxies of learners' socioeconomic background to determine whether socioeconomic background is a risk factor for success in VET[40]:

   a.   We linked learners' last known addresses prior to enrolling in VET to the NZ Deprivation Index. Therefore, the level of deprivation associated with this address serves as a proxy for the learner's current socioeconomic situation.[41] We also investigated using the Auckland University Index of Multiple Deprivation (IMD). Since the IMD identifies very similar geographic areas as high deprivation as the NZ Deprivation Index, we chose to use the NZ Deprivation Index for our analysis.

   b.   We also undertook analysis using a different proxy for socioeconomic background. This used the student allowance parental and personal income thresholds as a proxy for socioeconomic background – i.e. looking for a correlation between qualifying for the highest amount of student allowance and achievement in VET.

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[40] Our analysis of learners from low socioeconomic backgrounds used five-year cohort-based qualification completion rates for learners who enrolled in 2012 and 2013.

[41] Low socioeconomic background is defined as residing within a high deprivation area, identified as deciles 8-10 on the NZdep2013 index according to the learner's address at the time of enrolling in VET. Addresses were sourced via the IDI. We excluded learners for whom we had no known address.

Findings

227.   Approximately 37% of VET learners lived in low socioeconomic neighbourhoods.

228.   Our analysis using the NZ Deprivation Index showed no overall correlation between the socioeconomic status of the learner's neighbourhood and their achievement in VET. Just over one-third of learners in low socioeconomic neighbourhoods and learners in higher socioeconomic neighbourhoods did not complete their qualification.

229.   There was a small relationship for students under the age of 24 between the socioeconomic status of their neighbourhood and their achievement in VET, but no relationship for older students. There was little variation by subsector.

230.   Our analysis of student allowance thresholds showed that there were not enough VET students receiving a student allowance for it to be a useful metric. It also did not show that learners who qualified for a full student allowance had lower completion rates in VET.
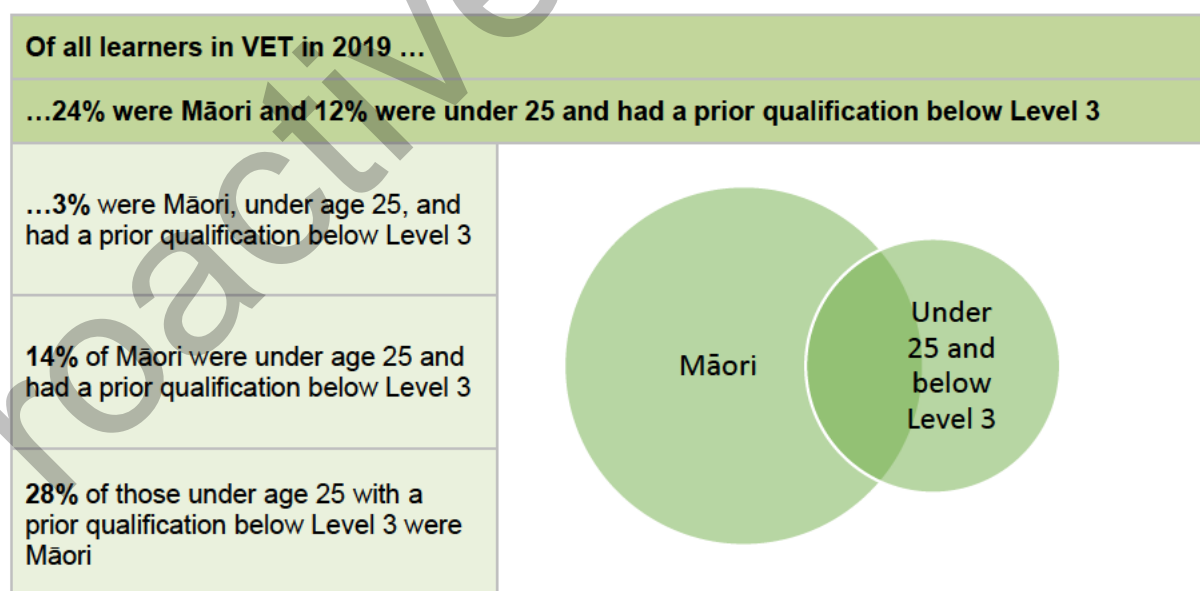
Overlaps between select learner groups

231. We have analysed how several key learner groups overlap:

    a. Māori learners and young learners with low prior educational attainment

    b. Pacific learners and young learners with low prior educational attainment

    c. young learners with low literacy and numeracy, young Māori learners, young Pacific learners, and young learners with low prior educational attainment.

232. This can help us determine whether it is useful to link funding to multiple learner characteristics or not. If there is significant overlap between two learner characteristics, then it may be redundant to link funding to both characteristics. On the other hand, if there is limited overlap between two learner characteristics, then it would more appropriate to link funding to both characteristics.

233. Overall, overlaps between Māori learners, Pacific learners and young learners with low prior educational attainment were not large:

    a. 35% of all VET learners were in only one of these groups of learners.

    b. 5% of all VET learners were in two or all three of these groups of learners (only 0.3% of all VET learners were in all three of these groups of learners).

234. Given the limitations of our data about disabled learners in VET (see above), we are unable to examine overlaps between disabled learners and other groups of learners.

Māori learners and young learners with low prior educational attainment

235. Table 4 shows the extent to which Māori learners overlapped with young learners with low prior educational attainment. This showed a moderate overlap between the two groups of learners. The overlap was not significant enough to suggest that linking funding to both groups of learners would be redundant.

Table 4: Overlaps between Māori and young learners with low prior qualifications in VET (2019) [42]

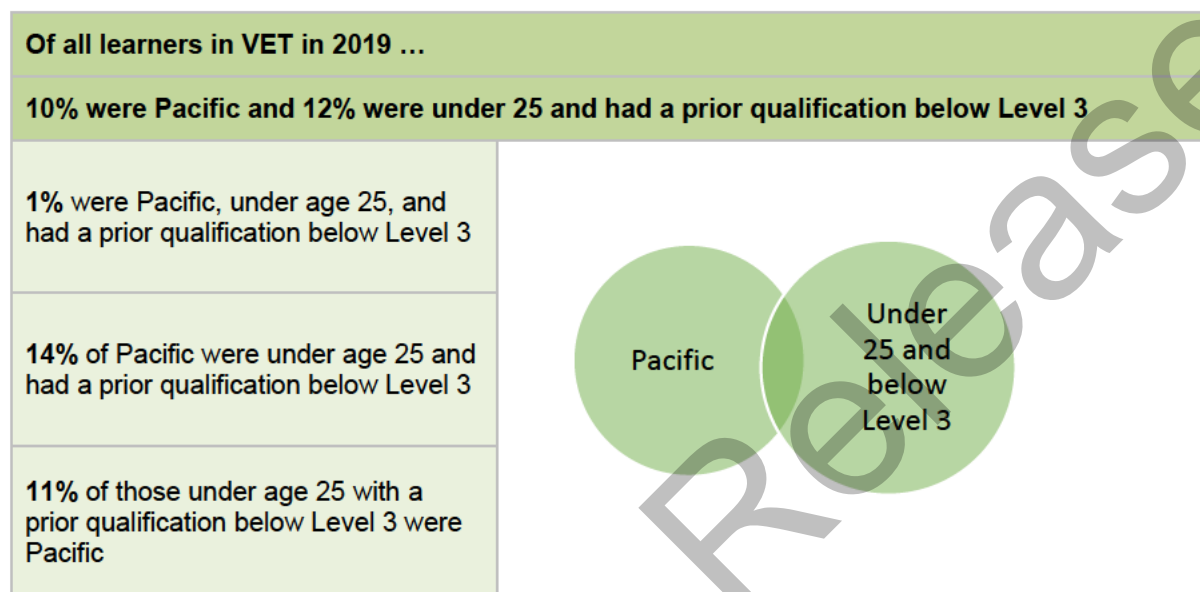| Of all learners in VET in 2019 …	
…24% were Māori and 12% were under 25 and had a prior qualification below Level 3	
…3% were Māori, under age 25, and had a prior qualification below Level 3	Māori / Under 25 and below Level 3
14% of Māori were under age 25 and had a prior qualification below Level 3	
28% of those under age 25 with a prior qualification below Level 3 were Māori	

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[42] The size of the bubbles in the table represents the size of each learner group, and the overlap represents the extent to which VET learners were in both groups.

Pacific learners and young learners with low prior educational attainment

236.   Table 5 shows the extent to which Pacific learners overlapped with young learners with low prior educational attainment. This showed a small overlap between the two groups of learners. The overlap was not significant enough to suggest that linking funding to both groups of learners would be redundant.

Table 5: Overlaps between Pacific and young learners with low prior qualifications in VET (2019) [43]

Of all learners in VET in 2019 …
10% were Pacific and 12% were under 25 and had a prior qualification below Level 3

1% were Pacific, under age 25, and had a prior qualification below Level 3	
14% of Pacific were under age 25 and had a prior qualification below Level 3	Pacific — Under 25 and below Level 3
11% of those under age 25 with a prior qualification below Level 3 were Pacific	

Young people with low literacy and numeracy, young Māori, young Pacific people, and young people with low prior educational attainment

237.   Figure 32 shows the extent to which young people (aged 18 to 24) with low literacy and numeracy overlapped with young Māori, young Pacific people, and young people with low prior educational attainment. This analysis is based on the 2014 population and uses data from the most recent Survey of Adult Skills.

238.   This showed a significant overlap between young people with low literacy and numeracy and the other groups. Around 80% of young people aged 18 to 25 with low literacy and numeracy were also Māori and/or Pacific and/or had low prior educational attainment (no qualification at Level 3 or above).

239.   This means that any funding linked to young learners with low literacy and numeracy would be redundant with any funding linked to young Māori learners, young Pacific learners and/or young learners with low prior educational attainment.

240.   Given the difficulties described above with identifying learners with low literacy and numeracy, this suggests that funding linked to Māori learners, Pacific learners and young learners with low prior qualifications would be indirectly linked to a sizeable proportion of learners with low literacy and numeracy.

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[43] The size of the bubbles in the table represents the size of each learner group, and the overlap represents the extent to which VET learners were in both groups.

Figure 32: Overlap between young people aged 18 to 25 years with low literacy or numeracy and other target population groups (2014 population)
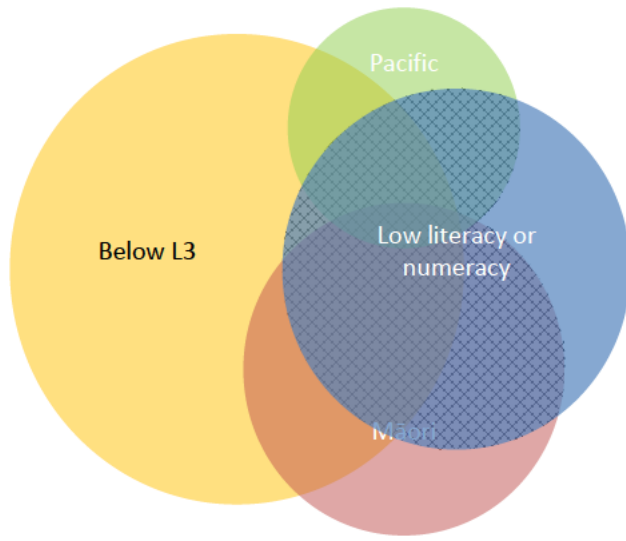
Annex 7: The VET system needs to do better for learners: problem definition and opportunities

1. This annex draws on material presented in the previous annexes and identifies the key problems learners face in the current Vocational Education and Training (VET) system and the key opportunities for funding reform to improve the way the VET system performs for learners.

2. The first section below provides a summary of the annex.

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Summary

3.   Our work since early 2018 shows that VET learners have complex and diverse needs. Some learners have good experiences with VET: they have their needs identified and supported, and they complete VET qualifications and have good employment outcomes. But other learners want and need tailored support, but don't always get the help they need.

4.   Some larger groups of learners represent a substantial portion of the VET population but experience inequitable outcomes from VET: Māori, Pacific and disabled learners, and young learners with low prior education. Many of these learners also experience inequitable outcomes across the rest of the tertiary education system.

5.   Learners in these groups experience different challenges in VET, but our engagement with learners and our data shows that the system is consistently not providing all of the learners in these groups with the learning and wellbeing support they need to complete their VET qualifications and/or have strong employment outcomes from VET. The VET system as a whole does not perform well for these learners, and that needs to change.

6.   Funding can be a powerful lever to influence tertiary education organisation (TEO) behaviour. However, with no or inadequate funding linked to these groups of learners, TEOs do not have strong incentives to take the extra steps required to support these learners.

7.   There has been very low investment in equity in New Zealand's VET system compared to other countries, and Equity Funding rates for VET have declined in real terms since the mid-2000s. Funding policies do not consistently put learners and their needs at the centre of the VET system, do not sufficiently reflect the different costs of supporting different learners, and do not incentivise TEOs to make the significant changes required to improve VET system performance for learners.

8.   There are many ways that learners can be supported. The most appropriate interventions for a given learner can vary according to their needs, mode of delivery, field of study, community/region, etc. TEOs are best placed to identify and support learners' needs. But this is complex and requires a whole-of-organisational focus on learners.

9.   Some TEOs are recognising the benefits to them and their learners of making these substantial culture shifts. A few have done so with funding and guidance from the Tertiary Education Commission (TEC). But most organisations have not yet developed or embedded the kinds of organisation-wide change required to significantly improve the way the VET system supports learners.

10. System-wide organisational change requires strong signals and incentives from Government. The current signals and incentives from Government are not strong or comprehensive enough to stimulate the system-wide change needed. The Government has a clear strategy – the Tertiary Education Strategy (TES) – and strong guidance for TEOs – Ōritetanga – Learner Success Framework (see Annexes 1 and 2 for more details). Also, TEC is increasingly holding TEOs to account for their learners' success. The system is primed for change, but sufficient funding linked to learners is the missing piece.

11. Now is the opportunity for funding policy to be reformed to:

   a.   align with the TES

   b.   incentivise all TEOs to support their learners' learning and wellbeing needs, including by taking up TEC's Ōritetanga – Learner Success Framework, extending its reach across the VET system

c. better reflect the costs of providing the wide range of learning and wellbeing support activities that diverse learners need

d. provide flexibility to TEOs to tailor their interventions to the needs of their learners

e. increase accountability on TEOs for supporting all learners to be successful, particularly learners who have been traditionally underserved by the VET system.

12. The outcome of this will be a system-wide reorientation to put the learners at the centre of the VET system. This in turn will improve outcomes for learners, particularly those who have traditionally been underserved by the VET system.

13. The learner success component will complement other reforms throughout the Reform of Vocational Education (RoVE) that refocus the VET system on the needs of learners:

a. It will help the unified funding system (UFS) achieve its principle of rewarding and encouraging the delivery of high-quality education and training that meets the needs of learners, communities and employers.

b. It will be key to realising our RoVE objective of meeting the needs of learners who have traditionally been underserved by the education system, such as Māori, Pacific and disabled learners.

c. It will also ensure that strong learner-centric incentives are in place as Te Pūkenga establishes itself and as it, and other providers, take responsibility for apprentices and trainees.

Key problems learners face in the current VET system

14. We have been analysing how the VET system performs for learners since early 2018. Our engagement, research and analysis show that many learners face a number of challenges while undertaking VET qualifications, and many learners experience inequitable outcomes from VET. Several large groups of learners are more likely to experience inequalities in the VET system and post-VET: Māori, Pacific and disabled learners, and young learners with low prior educational attainment.

15. This section summarises the engagement, research and analysis we have done since early 2018 and lists the key VET system-wide challenges for learners.

Learners have complex and diverse needs: they want and need tailored support, but don't always get the help they need

16. Our consultation and engagement with, and about, learners showed how complex and varied the needs of learners are and that learners want and need more from the VET system (refer to Annex 3 for more detail). And our literature review corroborated what we heard through consultation and engagement (refer to Annex 5 for more detail).

17. There are a number of themes that cross our engagement, consultation and literature review, and this section provides a summary of these themes.

18. Funding should better reflect the learning and wellbeing needs of different groups of learners. Funding should break down barriers to accessing and succeeding in VET. Funding system changes should support Māori learners who require additional support to enter and complete a vocational qualification. The VET funding system should support Pacific learner success. RoVE creates an opportunity to address key access and support issues for disabled learners.

19. Learners want teaching and learning to be inclusive of their needs, aspirations, identities, languages and cultures. They struggle to see themselves in some of their tertiary environments and programmes of study. Learners expect their tertiary education experiences to be free from bias, discrimination, and structural racism, but this is not always the case.

20. Māori learners see a lack of cultural competency in TEOs to be able to understand and respond appropriately to their needs. Māori learners want to see teaching and learning that better reflects and fosters their identity, language, culture, and values as well as cultural competency in TEOs to be able to understand and respond to their needs. Māori learners and stakeholders feel the system needs to do better to support them.

21. TEO leadership and management needs to be committed to Māori learner success, as evidenced by institutional culture, policies and strategies, Māori staff, etc.

22. Pacific learners want to see their faith-based values and Pacific languages, practices, histories and stories including in their learning, and more flexible learning options that allow them to work and earn at the same time. Pacific learners and stakeholders feel the system needs to do better to support them.

23. Disabled learners have told us that they need more accessibility services and teaching staff who are better able to support their needs. They also want to be more work-ready after completing qualifications. Disabled learners and stakeholders feel the system needs to do better to support them.

24. One-size-fits-all approaches to learning do not work for disabled learners. Individualised learning is a key concern for disabled learners. Teaching staff need ongoing professional development to be able to support disabled learners. Accessibility services are often under-resourced.

25. Providers need to proactively put in place institutional-level learning support – i.e. via universal design for learning – that can help all learners including disabled learners (e.g. recording classes and putting recordings online), and also make reasonable adjustments to meet the individual needs of disabled learners (e.g. making course materials available in braille).

26. Successful workplace learning is based on inclusiveness and meaningful relationships. Learners need to feel part of the team in the workplace. Strong, open mentoring relationships based on mutual respect and trust are key. Employers need to train mentors and value mentoring.

27. Workplaces and TEOs need to collaborate closely to ensure that workplace learning and assessment is meaningful and high quality. Learners want and need to see how their learning matches to their career goals and to their industry, rather than just to their current job or qualification.

Some larger groups of learners represent a substantial portion of the VET population but experience inequitable outcomes from VET

28. Learners experience different challenges in VET. Our engagement with learners and our data shows how complex and varied the needs of learners are and that learners want and need more from the VET system. Our work also shows that the system is consistently not providing all VET learners with the learning and wellbeing support they need to complete their VET qualifications or have strong employment outcomes from VET.

29. Our analysis shows that Māori, Pacific and disabled learners, and young learners with low prior qualifications are most likely to be underserved by the VET system and face inequitable outcomes from VET. Māori, Pacific and disabled learners are also underserved by the rest of the tertiary education system and experience poorer employment outcomes generally. Our work also shows significant differences in participation in VET for women and men. (Refer to Annex 6 for more details.)

Māori learners

30. Māori participation in VET was higher than NZ Europeans, but Māori learners enrolled in industry training, including apprenticeships, at lower rates than NZ European learners:

    a. 38% of Māori learners in VET were in industry training, compared to 52% of NZ European learners.

    b. 14% of Māori learners in VET were in apprenticeships, compared to 23% of NZ European learners.

31. This means that Māori learners were therefore less likely to be enrolled in programmes that had substantial elements of work-based learning.

32. Part of the reason for the higher participation rates of Māori in VET, and the concentration of Māori learners in provider-based VET, is Māori participation in te reo and tikanga Māori qualifications: 17% of Māori learners in VET are in te reo and tikanga Māori qualifications (compared to 4% of non-Māori learners).

33. Overall, qualification completion rates for Māori and NZ European learners are similar, but Māori apprentices have lower qualification completion rates than NZ European apprentices (45% compared to 50%), and young Māori learners have lower qualification completion rates than young NZ European learners (60% compared to 65%).

34. Employment outcomes information show large differences in employment rates and earnings for Māori VET graduates compared to NZ European VET graduates. For example:

    a. Māori learners who completed a smaller and/or lower-level qualification[1] at providers, 35% of Māori learners were in employment after four years, compared to 55% of NZ European learners.

    b. The gap is smaller in industry training (and employment outcomes are higher from industry training generally, because learners already have employment while they are enrolled in VET), but Māori still have lower employment rates: of learners who completed an apprenticeship in industry training, 68% of Māori learners were in employment after four years, compared to 75% of New Zealand European learners.

35. This suggests that we should ensure that the VET system supports Māori learners to enrol in and complete qualifications that have strong employment outcomes, particularly apprenticeships. While we cannot rely on the VET system alone to improve employment rates and earnings for Māori, improvements to the way the VET system supports Māori learners can certainly have a positive impact.

Pacific learners

36. Pacific people's participation in VET was higher than NZ Europeans, but Pacific learners enrolled in apprenticeships at lower rates than NZ European learners:

    a. 46% of Pacific learners in VET were industry training, compared to 52% of NZ European learners.

    b. 13% of Pacific learners in VET were in apprenticeships, compared to 23% of New Zealand European learners.

37. This means that Pacific learners were therefore less likely to be enrolled in programmes that had substantial elements of work-based learning.

38. Overall, Pacific learners had higher qualification completion rates than New Zealand European learners (67% compared to 63%), but Pacific apprentices had much lower qualification completion rates than NZ European apprentices (36% compared to 50%).

39. Employment outcomes information show large differences in employment rates Pacific VET graduates compared to NZ European VET graduates. For example:

    a. Of learners who completed a smaller and/or lower-level qualification at providers, 42% of Pacific learners were in employment after four years, compared to 55% of NZ European learners.

    b. The gap is smaller overall in industry training (and employment outcomes are higher from industry training generally, because learners already have employment while they are enrolled in VET), but Pacific learners still have lower employment rates: of learners who completed an apprenticeship in industry training, 66% of Pacific learners were in employment after four years, compared to 75% of NZ European learners.

    c. But the difference in employment rates for young apprenticeships was greater: only 56% of Pacific graduates who completed their qualification before aged 25 were in employment four years after completing their apprenticeship, compared to 72% of NZ European graduates.

40. This suggests that we should ensure that the VET system supports Pacific learners to enrol in and complete qualifications that have strong employment outcomes. While we

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[1] Smaller and/or lower level qualifications at providers refers to all qualifications at NZQF Level 3 and to qualifications at NZQF Levels 4 to 7 (non-degree) that were under 120 credits.

cannot rely on the VET system alone to improve employment rates and earnings for Pacific people, improvements to the way the VET system supports Pacific learners can certainly have a positive impact.

Disabled learners

41.   We do not hold or have access to accurate and up-to-date data about disabled people in VET. Instead, we can make use of the 2013 Disability Survey and link data sets within the IDI to understand the patterns of participation and achievement in VET for disabled people who participated in the survey and had an enrolment in VET.

42.   This means that our data is six to ten years old and is based on a small group of disabled people.

43.   Disabled people participate in VET at slightly lower rates than non-disabled people. Increasing the participation rates of disabled people in VET, so that disabled people participate in VET at higher rates than non-disabled people, could help lower the very high unemployment and underutilisation rates[2] for disabled people and increase their rates of employment.

44.   Disabled people aged 16 to 39 years old were more likely to participate in VET at providers, compared to non-disabled people. Increasing participation rates of disabled people in industry training could also help lower the very high unemployment and underutilisation rates for disabled people and increase their rates of employment.

45.   Our view of disabled learners' achievement in VET is limited. Our analysis of course completion rates for VET at providers shows that disabled people under age 40 had lower course completion rates than non-disabled people.

Younger and older learners

46.   Younger and older people were well represented in VET: 33% of VET learners were younger (16 to 24 years old) and 27% were older (40 to 64 years old)

47.   Young learners with low prior education (learners under age 25 who had not previously achieved a qualification at NZQF Levels 3 or above) were less likely to achieve a VET qualification compared to young learners with higher prior education.

48.   This combination of variables – youth *and* low prior education – is a strong predictor of not completing a VET qualification.

49.   For older VET learners, prior education did not have an impact on qualification completion rates.

50.   Increasing participation in VET of young people with low prior educational attainment, and increasing their qualification completion rates, could help address their higher underutilisation (including unemployment) rates and the high rate of young people who were NEET.

Women

51.   Women were slightly underrepresented in VET compared to men, but significantly underrepresented in industry training, particularly apprenticeships. In 2019, only 12% of apprentices were women.

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[2] The underutilisation rate is an internationally recognised labour market indicator that Statistics New Zealand uses, as a broader measure than the unemployment rate, to identify untapped capacity in the labour market. Underutilisation is a measure that includes people who were:
- underemployed: employed part-time and available and wanting more work
- unemployed: not working and *both* actively looking *and* available for work
- part of the potential labour force: not working and *either* actively looking *or* available for work.

52. This contrasts to higher education, where women were overrepresented compared to men.

53. There are significant differences in participation by gender and industry, which is particularly evident in analysing enrolments at transitional ITOs. Women make up only 3 to 10% of learners at the four transitional ITOs most closely linked to male-dominated industries (e.g. building and construction, and infrastructure). In contrast, women make up 60 to 90% of learners at the three transitional ITOs most closely linked to female-dominated industries.

54. Women were much more likely than men to enrol in VET at providers.

55. Women had higher qualification completion rates than men across most VET. Women in apprenticeships had similar qualification completion rates than men in apprenticeships.

Learners in isolated areas

56. Our analysis did not show that learner or provider isolation is a useful predictor of success in VET. But it is important to ensure learners in isolated areas have access to VET, and we are addressing this through the strategic component of the UFS.

Learners with low literacy and numeracy skills

57. Our analysis showed that for some groups of VET learners, particularly young learners, low literacy and numeracy was a good predictor of likely success in VET. However, we have limited data about VET learners with low literacy and numeracy. Collecting enough data about literacy and numeracy skills to link funding to this would require widespread use of the Literacy and Numeracy for Adults Assessment Tool (LNAAT), which could be intrusive for learners and costly and complex for TEOs.

58. There was significant overlap between young learners with low literacy and numeracy and young Māori learners, young Pacific learners, and young learners with low prior educational attainment. This means that linking funding to low literacy and numeracy, along with the other variables, would result in a significant amount of double-funding for individual learners.

Learners from low socio-economic backgrounds

59. Identifying learners' actual socioeconomic background is difficult for VET learners. Our analysis showed no overall correlation between the socioeconomic status of the learner's neighbourhood and their achievement in VET.

60. It is important to be clear that the problems learners face are with the VET system's inability to understand and meet their needs, rather than with the learners themselves. The VET system needs to change.

61. There are a number of complex contributing factors, including how the schooling system performs for different groups of learners and how biases impact employers' hiring decisions. We cannot solve all of these problems through TEO funding alone.

62. But our research and analysis show that current financial incentives on TEOs do not do enough to confront these inequalities.

63. Funding can be a powerful lever to influence TEO behaviour. However, with no or inadequate funding linked to these groups of learners, TEOs do not have strong incentives to prioritise their expenditure to support these learners. Many TEOs tailor their support to learners' unique needs anyway, but other drivers in the funding system may disincentivise TEOs from making this a priority for all learners.

64. There has been very low investment in equity in New Zealand's VET system compared to other countries. Funding policies do not consistently put learners and their needs at the centre of the VET system, do not sufficiently reflect the different costs of supporting different learners, and do not incentivise TEOs to make the significant changes required to improve VET system performance for learners.

65. This section explains the problems with the current funding system and the incentives on TEOs to support all learners' learning and wellbeing needs.

With no or inadequate funding linked to these groups of learners, TEOs do not have strong incentives to prioritise their expenditure to support these learners

66. Funding can be a powerful lever to influence TEO behaviour. However, current funding policies do little to encourage providers to offer learners the support they need to be successful in VET, especially when it requires a higher investment from providers (refer to Annex 2 for more detail).

67. Tuition and training subsidies provided via the Student Achievement Component (SAC), the Industry Training Fund (ITF) and Equity Funding are all based on inputs: that is, funding is connected to enrolments of learners. This incentivises TEOs to enrol and retain learners. There is almost no funding linked at the policy level to learner achievement, such as qualification completion or employment outcomes.

68. There are weak incentives for TEOs to ensure that learners complete their qualifications, progress to higher levels of study, and/or gain sustained employment and improved economic outcomes. There are also weak incentives on TEOs to support learners to achieve and progress along the fastest pathway that is appropriate for them.

69. Funding policies do not consistently put learners and their needs at the centre of the VET system, do not sufficiently reflect the different costs of supporting different learners, and do not incentivise TEOs to make the significant changes required to improve VET system performance for learners.

70. Current Equity Funding in VET is intended to support only a very small portion of Māori, Pacific and disabled learners in VET. Equity Funding is very low, at around 0.4% of all VET funding) and only available for a very small amount of VET provision. Equity Funding rates have declined by 20% in real terms since 2008. Further, based on available information, Equity Funding levels are well below the actual additional costs to TEOs of supporting Māori, Pacific and disabled learners.

71. New Zealand's investment in Equity Funding for VET is very low compared to other countries (refer to Annex 4 for more detail). In Wales and Scotland, the proportion of total funding that specifically supports equity is 5 to 10%.

Identifying and supporting learners' needs can be complex and costly and requires a whole-of-organisational focus on learners that most TEOs don't yet have

72. There could be various reasons why learners do not always get the support they need from TEOs. For example, TEOs may:

    a.   not always be able to identify learners' needs

    b.   not prioritise improving their support for particular groups of learners

    c.   not always have the expertise to meet learners' needs

    d.   require additional funding to meet learners' needs.

73. There are many ways that learners can be supported. The most appropriate interventions for a given learner can vary according to their needs, mode of delivery, field of study, community/region, etc.

74. TEOs are best placed to identify and support learners' needs. There are examples across the VET system of good practice from TEOs in supporting their learners. But often these examples of good practice are standalone and do not reflect organisation-wide efforts to put learners at the centre of the VET system.

75. Achieving sustained, system-wide improvement for learners requires a whole-of-organisational focus on learners that most organisations have not yet developed or embedded.

76. The few organisations that have done so have been supported with funding and guidance from TEC to adopt its Ōritetanga – Learner Success Framework (refer to Annex 2 for more detail).

The signals and incentives from Government are not comprehensive enough to stimulate the system-wide change needed – sufficient funding linked to learners is the missing piece

77. Achieving sustained, system-wide improvement for learners requires strong signals and incentives from government. Currently, these are relatively weak, which is why we have only seen improvements from select organisations and standalone initiatives.

78. The government has several ways in which it can stimulate organisational and system-wide change. The main ways government can signal and incentivise system-wide change are:

    a.   setting system strategies

    b.   aligning funding policies to strategies and system need

    c.   holding TEOs to account for spending their funding in alignment with strategies

    d.   offering guidance (e.g. the Ōritetanga – Learner Success Framework) to TEOs for how to spend their funding to meet accountabilities and to align with strategies.

79. Currently, the government is not leveraging all four of these levers to full effect.

80. Government has a clear *strategy* for the tertiary education system, including the VET system. Priority 3 of the TES is to: "Reduce barriers to education for all, including for Māori and Pacific learners/ākonga, disabled learners/ākonga and those with learning support needs". It also has other education, employment, and population strategies that send signals about the Government's expectations of the VET sector.

81. TEC has developed strong *guidance* and support for TEOs to put learners at the centre of their organisations and to build their capability to identify and support their needs via its Ōritetanga – Learner Success Framework (refer to Annex 2 for more detail). But its ability to guide and support TEOs across the whole system is limited without sufficient financial incentives on TEOs to change.

82. *Accountability* mechanisms are moderate and improving: TEC is increasingly setting higher expectations on TEOs to support underserved learners and putting financial penalties in place for those who do not act (refer to Annex 2 for more details). Accountability mechanisms could be strengthened further. But unless accountability mechanisms are coupled with strong financial incentives, accountability mechanisms are not sufficient to result in significant system-wide change.

83. Now is the opportunity for *funding policy* to be reformed to:

    a. align with the TES

    b. incentivise all TEOs to become learner-centric organisations, including by taking up TEC's guidance, extending its reach across the system

    c. better reflect the costs of supporting learners who need additional support

    d. provide flexibility to TEOs to tailor their interventions to the needs of their learners

    e. increase accountability on TEOs for supporting all learners to be successful, particularly learners who have been traditionally underserved by the VET system.

84. The outcome of this will be a system-wide reorientation to put the learners at the centre of the VET system. This in turn will improve outcomes for learners, particularly those who have traditionally been underserved by the VET system.

85. The learner success component will complement other reforms throughout RoVE that refocus the VET system on the needs of learners. It will help the UFS achieve its principle of rewarding and encouraging the delivery of high-quality education and training that meets the needs of learners, communities and employers. It will also be key to realising our RoVE objective of meeting the needs of learners who have traditionally been underserved by the education system, such as Māori, Pacific and disabled learners.

86. The learner success component will also support the Government to achieve the first of six actions it committed to taking to support the implementation of priority 3 of the TES: "Ensure funding better recognises the additional costs of tailoring support and education delivery to different learners and supports providers to help under-served groups".

87. However, achieving significant improvements in the performance of the VET system and in employment outcomes for Māori, Pacific people, and disabled people and for women in traditionally male-dominated trades requires more than just a more learner-centric VET system. Societal prejudices like racism, sexism, and discrimination against disabled people are complex, and equity can only come with broader societal changes to address biases (particularly in employment) that lead to inequalities for Māori, Pacific people, disabled people and women from VET.

88. Given these challenges, it is all the more important that government leverages all four of its levers within the VET system to their fullest effect to stimulate as much of an improvement within the VET system as possible.

Annex 8: Shaping the learner success component: advice and recommendations

1. This Annex starts by setting out the rationale for having a learner-based funding approach and sets out the principles we have used to frame our advice to date.

2. It then steps through a series of high-level policy decisions and presents our advice and recommendations. Included in this is discussion of the applicability of the schooling Equity Index approach to VET.

3. We have previously presented our advice on some of these decisions in Education Reports and Annotated Agendas. For other decisions, we have not systematically presented our advice in formal papers. This Annex collects all of our advice on decisions regarding the learner success component in once place.

4. After stepping through each high-level policy decision, we summarise what our recommendations look like together and how they would improve the VET system for learners.

5. We then set out the detailed policy decisions for the learner success component that are still to come and that we intend to provide advice on throughout this year and early 2022. This explains how the outcomes of these decisions will significantly shape the incentives and funding flows in the learner success component.

6. The final section provides some alternatives to our recommended approach for the learner success component.

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Rationale for a learner-based funding approach

7. This section sets out the rationale for having a learner-based funding component as part of the unified funding system (UFS). This section duplicates the summary section of Annex 7.

8. Our work since early 2018 shows that VET learners have complex and diverse needs. Some learners have good experiences with VET: they have their needs identified and supported, and they complete VET qualifications and have good employment outcomes. But other learners want and need tailored support but do not always get the help they need.

9. Some larger groups of learners represent a substantial portion of the VET population but experience inequitable outcomes from VET: Māori, Pacific and disabled learners, and young learners with low prior education. Many of these learners also experience inequitable outcomes across the rest of the tertiary education system.

10. Learners in these groups experience different challenges in VET, but our engagement with learners and our data shows that the system is consistently not providing all of the learners in these groups with the learning and wellbeing support they need to complete their VET qualifications and/or to have strong employment outcomes from VET. The VET system as a whole does not perform well for these learners, and that needs to change.

11. Funding can be a powerful lever to influence TEO behaviour. However, with no or inadequate funding linked to these groups of learners, TEOs do not have strong incentives to take the extra steps required to support these learners.

12. There has been very low investment in equity in New Zealand's VET system compared to other countries, and Equity Funding rates for VET have declined in real terms since the mid-2000s. Funding policies do not consistently put learners and their needs at the centre of the VET system, do not sufficiently reflect the different costs of supporting different learners, and do not incentivise TEOs to make the significant changes required to improve VET system performance for learners.

13. There are many ways that learners can be supported. The most appropriate interventions for a given learner can vary according to their needs, mode of delivery, field of study, and community/region. TEOs are best placed to identify and support learners' needs. But this is complex and requires a whole-of-organisational focus on learners.

14. Some TEOs are recognising the benefits to them and their learners of making these substantial culture shifts. A few have done so with funding and guidance from TEC. But most organisations have not yet developed or embedded the kinds of organisation-wide change required to significantly improve the way the VET system supports learners.

15. System-wide organisational change requires strong signals and incentives from government. The current signals and incentives from government are not strong or comprehensive enough to stimulate the system-wide change needed. The Government has a clear strategy – the Statement of National Education and Learning Priorities (NELP) and Tertiary Education Strategy (TES) – and strong guidance for TEOs through the Ōritetanga – Learner Success Framework (see Annexes 1 and 2 for more details). Also, TEC is increasingly holding TEOs to account for their learners' success. The system is primed for change, but sufficient funding linked to learners is the missing piece.

16. Now is the opportunity for funding policy to be reformed to:

    a. align with the NELP and TES

b.   incentivise all TEOs support their learners' learning and wellbeing needs, including by taking up TEC's Ōritetanga – Learner Success Framework, extending its reach across the VET system

c.   better reflect the costs of providing the wide range of learning and wellbeing support activities that diverse learners need

d.   provide flexibility to TEOs to tailor their interventions to the needs of their learners

e.   increase accountability on TEOs for supporting all learners to be successful, particularly learners who have been traditionally underserved by the VET system.

17.   The outcome of this will be a system-wide reorientation to put the learners at the centre of the VET system. This in turn will improve outcomes for learners, particularly those who have traditionally been underserved by the VET system.

18.   The learner success component will complement other reforms throughout RoVE that refocus the VET system on the needs of learners:

a.   It will help the UFS achieve its principle of rewarding and encouraging the delivery of high-quality education and training that meets the needs of learners, communities and employers.

b.   It will be key to realising the RoVE objective of meeting the needs of learners who have traditionally been underserved by the education system, such as Māori, Pacific and disabled learners.

c.   It will also ensure that strong learner-centric incentives are in place as Te Pūkenga establishes itself and as it and other providers take responsibility for apprentices and trainees.

Principles for the learner success component

19. Early on in work on the learner success component, we established a set of principles to guide the work. These principles linked to the principles for the UFS. We have revised the principles somewhat as work developed and we refined our understanding of the system and the needs of learners.

20. The principles informing the learner success funding component are as follows:

Principle 1 Funding incentivises improved responsiveness to learners' needs and outcomes for learners, particularly for learners who have traditionally been underserved by the VET system.

Principle 2 Funding recognises that supporting some learners can come at higher costs to TEOs.

Principle 3 Funding supports government's objectives for the NELP and TES and RoVE.

Principle 4 Funding design:

    a. is simple, transparent and predictable

    b. enables accountability with measurable links to improvements in learner success

    c. avoids perverse incentives.

21. These principles have guided the way we identified options and shaped our advice throughout the development of the learner success component.

High-level policy decisions

22. This section steps through a series of high-level policy decisions and presents our advice and recommendations for these specific decisions.

23. Some decisions unpack key funding policy design decisions that would underlie any funding policy design process, for example bulk versus project-based funding. Others are design decisions that are specific to learner-based funding policies, for example how to determine the level of need in each TEO's population.

24. We have previously presented our advice on some of these decisions in Education Reports and Annotated Agendas. Advice on other decisions has not been systematically worked through in formal papers. This Annex collects them in once place.

25. The high-level decisions are as follows:

Decision 1	Should funding be bulk funding, be project-based, or purchase individual activities separately?
Decision 2	Should the level of need of a TEO's population be determined by a priority learner approach, an Equity Index approach, or by an analysis of the needs of every individual learner?
Decision 3	Which learner characteristics should be associated with funding?
Decision 4	Should providers be expected to support only learners with characteristics linked to funding or all learners who need support?
Decision 5	What accountability should be linked to learner success component funding?
Decision 6	What proportion of UFS funding should be linked to the learner success component?

26. For each high-level decision, we present several options. In comparing the options, we have set out some key benefits and drawbacks, basing these on the principles of the learner success component. In this respect, our options analysis is a summary analysis, rather than a complete multi-criteria analysis against each and all of the individual principles of the learner success component.

27. In some cases, a decision builds on the recommendation we are making in the previous decision. We note where this is the case.

28. These decisions explain how we got to our package of recommendations to date for the high-level design of the learner success component. They also set out some alternative options, but we discuss alternative options for the learner success component specifically in more detail in a separate section at the end of this annex.

Decision 1: Should funding be bulk funding, be project-based, or purchase individual activities separately?

29. There are several options for directing funding to TEOs to ensure their learners get the learning and wellbeing support they need to be successful in VET. Table 1 presents a summary analysis of the three main options: bulk funding, project-based funding, or purchasing individual activities separately.

Table 1: Should funding be bulk funding, be project-based, or purchase individual activities separately?

Options		Benefits	Drawbacks	Recommendation
1.1	Bulk funding: one fund is allocated based on EFTS/STMs to each TEO to fund their learning and wellbeing support activities, and TEOs decide how to allocate the funding internally	Relatively simple Reflects institutional autonomy: allows TEOs to direct spending as they see fit for best meeting the individual needs of their learners In keeping with the approach for most other tertiary education funds where rates send signals about how TEOs can increase their revenues (e.g. by choosing to offer trades programmes instead of arts programmes)	Does not directly signal expectations about providing specific support services for learners Learners who require high investments to meet their needs may not be prioritised	✓ Recommended for most learning and wellbeing support activities (see option 1.3 for an exception)
1.2	Project-based funding: TEOs could apply for funding to support specific time-bound projects to improve their learning and wellbeing support	Could provide the higher upfront investment that TEOs might require to make significant improvements	Complex for TEOs and TEC to administer Would rely on TEOs' own drive to want to improve and to apply for funding Would not support ongoing business-as-usual (BAU) activities	✗ Not recommended as project-based funding is most useful when wanting to stimulate innovation, though we discuss this further as an alternative option towards the end of this annex
1.3	Purchase individual activities separately: separate funds support TEOs' individual learning and wellbeing support activities, with funding linked to each TEO's actual expenses for each activity (there are some examples of this in the current funding system, like Māori and Pasifika Trades Training (MPTT) or the Hardship Fund for Learners (HAFL))	Could help to directly signal expectations about meeting specific needs of learners Learners who require high investments to meet their needs are likely to be prioritised	Complex for TEOs and TEC to administer Significantly different from the approach for most other tertiary education funds TEOs are incentivised to provide large amounts of learning and wellbeing support to gain funding, regardless of learner need	✗ Not recommended for most learning and wellbeing support activities 9(2)(f)(iv)

30. The bulk-funding approach is the foundation of the tertiary education funding system and reflects the differing roles of government and TEOs, including TEO institutional autonomy. It is generally the approach used in other jurisdictions for funding that supports equity in education (refer to Annex 4 for more detail). It is also a simple funding allocation method.

31. While there are benefits to other approaches, the complexity involved is significant, and there are other key drawbacks, including whether they would support sustained, system-wide change (in the case of project funding), and whether they would set perverse incentives for TEOs to provides large amounts of support activities regardless of learner need (in the case of funding to purchase individual activities separately).

32. Given this, we recommend option 1, bulk funding, to support the majority of a TEO's learning and wellbeing support activities.

But a different approach is needed for some disabled learners

33. 9(2)(f)(iv)

34.

35.

36.

Decision 2: Should the level of need of a TEO's population be determined by a priority learner approach, an Equity Index approach, or by an analysis of the needs of every individual learner?

37. Building on our recommendation above, for funding to be allocated in bulk and linked to EFTS/STMs, there are options for determining which EFTS/STMs funding should be linked to. Table 2 presents a summary analysis of the three main options.

38. Option 2.2, the whole learner population, would be similar to the Equity Index for schools – refer to Annex 2 for more information about how the Equity Index works.

Table 2: Should the level of need of a TEO's population be determined by a priority learner approach, an Equity Index approach, or by an analysis of the needs of every individual learner?

Options		Benefits	Drawbacks	Recommendation
2.1	A priority learner approach: large groups of learners with key characteristics that are evident to TEOs upon enrolment and that are at risk of not completing VET qualifications and of poorer employment outcomes (qualification completions and employment outcomes show the strongest inequities between learner groups in VET)	Simple Low transaction costs for TEC and TEOs The key characteristics of large groups of learners who are likely to need support would be visible to the TEO	Would not identify all learners who may need support The nature of individual learners' backgrounds and needs may be over-simplified	✓ Recommended for most learning and wellbeing support activities (see option 2.3 for an exception)
2.2	An Equity Index approach: a profile of each TEO's learners reflecting multiple, diverse risk indicators, similar to the Equity Index for schools (refer to Annex 2 for more details)	Could more accurately identify the number of learners who need support to succeed in VET Reflects the complex nature of individual learners' backgrounds and needs Administratively simple for TEOs, as government would use the IDI for learner information	Would be based on learner characteristics that are not evident to TEOs, so reduces the incentives to, and abilities of, TEOs to effectively target their learner support – this contradicts the signals we have been sending, and want to send, TEOs, particularly through TEC's Ōritetanga – Learner Success Framework (see Annex 2 for more details) Technically complex and would require significant work to develop a suitable methodology for an Equity Index-like tool for TEOs Costly and resource-intensive to implement	✗ Not recommended, though we discuss this further as an alternative option towards the end of this annex

Options		Benefits	Drawbacks	Recommendation
2.3	Analysis of all individual learners: funding is based on an assessment of the unique needs of each TEO's individual learners	Each learner's unique needs would be visible to the TEO	Very difficult and complex, with high costs – TEOs would have to undertake individual needs assessments of all learners and provide the information to TEC	✗ Not recommended for most learning and wellbeing support activities 9(2)(f)(iv)

39. While option 2.3 would likely result in the most accurate match of funding to learners' needs, it would be extremely challenging and costly to implement and would significantly change the roles of government and TEOs in our tertiary education system. 9(2)(f)(iv)

40. The remainder of this section compares in more detail option 2.1 and option 2.2 to explain why we recommend option 2.1.

41. Options 2.1 and 2.2 present different ways of determining the likely level of need of a TEO's population. Neither option is an actual assessment of learner need; instead, both options identify characteristics about learners that are likely to predict their future success (educational achievement and/or employment outcomes) and assume that this is closely linked to their learning and wellbeing support needs.

More detail about option 2.1 – a priority learner approach

42. Option 2.1 would link funding to priority learners who have key characteristics that increase their risks of not completing VET qualifications and of poorer employment outcomes – characteristics we identified through our research. This approach would be in keeping with equity-based funding approaches in other countries and jurisdictions (refer to Annex 4 for more information).

43. Linking funding to these priority learners approximates the level of need of a TEO's population:

   a. Many learners with these characteristics will need additional learning and wellbeing support to succeed, but some will not.

   b. Conversely, many learners who do not have these characteristics will not need additional learning and wellbeing support, but some will (see decision 4 below for more information about which learners would actually have their needs supported).

44. While this will not be a completely accurate representation of the actual level of need of a TEO's population, it will be accurate enough for the purposes of fairly allocating funding across all TEOs in the VET system. This is in keeping with the approach taken across the vast majority of funding for tertiary education, whereby funding does not reflect TEOs' actual individual costs or needs, but rather approximates them and enables TEOs to make their own internal allocations, including allowing for cross-subsidisation.

45. In addition, it provides clarity to TEOs about key characteristics that put learners at risk of not completing VET qualifications and of poorer employment outcomes. This means that TEOs will understand how their funding is derived and know, based on their funding, which learners in their populations are more likely to need additional learning and wellbeing support to have successful outcomes from VET. The funding allocation methodology would signal to TEOs the kinds of behavioural shifts required to attract and support students who need stronger support in VET and TEOs would be able to respond accordingly.

46. For example, we expect that this option would incentivise TEOs to attract and, particularly, retain learners who generate more funding for them. This would be due to significantly higher funding volumes and wider reach across VET compared to current Equity Funding. We also expect TEOs would support learners who generate more funding for them into longer qualifications to retain the funding. Since these qualifications, particularly apprenticeships, have better economic outcomes, outcomes for these learners would improve.

47. This option offers flexibility about whether to link funding to actual historic enrolments (i.e. the most recent year for which TEC holds complete and finalised enrolment data) or forecast enrolments (i.e. the current year), each of which have benefits and drawbacks:

    a. Linking funding to actual historic enrolments means that funding does not reflect TEOs' current enrolments (it could be higher or lower than current levels of need within the learner population because of fluctuations from year to year), but funding does not have to be washed up at year-end. This is the current approach to calculating Equity Funding. Since the level of Equity Funding in VET is very low, there is little impact on TEOs when their Equity Funding does not accurately reflect their current enrolments. But since the learner success component will provide significantly more funding, this issue is likely to become more important to TEOs.

    b. Linking funding to forecast enrolments means that funding more accurately reflects the current level of need in the learner population. However, in-year adjustments and/or year-end wash-ups are required to reflect differences in forecast and actual enrolments, giving TEOs less certainty about funding. While TEOs have previously expressed a preference for avoiding wash-ups, given that the learner success component will allocate significantly more funding than current Equity Funding, TEOs may prefer this approach to ensure their funding more accurately reflects the learner population in any given funding year.

48. This option would be reasonably administratively simple, with relatively modest up-front and ongoing transaction costs to TEOs and TEC. It will require some changes to information collection, IT systems, and funding allocation methodology.

49. There is a risk with this option that TEOs are incentivised to support learners who have the characteristics that are linked to funding, even if some of those learners do not need additional learning and wellbeing support to succeed in VET. Similarly, TEOs may be disincentivised to support learners who do need additional support, but do not have the characteristics that are linked to funding. This risk can be managed through funding policy design, accountability mechanisms, investment decisions, and monitoring – refer to decision 4 below for our recommendation for managing this risk through funding policy design.

More detail about option 2.2 – an Equity Index approach

50. Option 2.2 would involve complex data analysis to determine all variables that might predict learners' future educational success and employment outcomes. This would be

similar to the Equity Index developed for use in schooling and early childhood education (refer to Annex 2 for more details).

51. It is likely that these would include the characteristics that we have already identified, but could also include a significant number of other factors connected to a learner's employment history, socioeconomic status, socioeconomic background, benefit dependency, parental education, transiency and migrancy, contact with the care and protection or justice systems. This information would be gathered from the IDI, then aggregated to determine the likely level of need of a TEO's population of learners. TEOs would not see the underlying data.

52. The basket of variables would need to be different for the adult VET population than for the schooling population, as adults have different characteristics which predict need and most learners in VET have not recently finished secondary school. As people get older, things like educational attainment and employment experience become more of an influence on their likely educational or employment outcomes than other variables included in the Equity Index.

53. As with option 2.1, this option approximates the level of need of a TEO's population. Compared to option 2.1, this approach could more accurately identify the number of learners who are at risk of not completing their qualification or having poorer employment outcomes. But we cannot determine the extent to which this option would be more accurate without developing a potential Equity Index for VET to enable us to directly compare the outputs of the two approaches.

54. However, option 2.2 would not be transparent to TEOs about which learners are more likely to need learning and wellbeing support, or about which learners are generating additional funding for them. This means that the signals and incentives that the funding policy sends to TEOs will be weak about what kinds of behaviour shifts we want to see from them. Without this, TEOs would not see as clearly the behaviours they could do to increase their funding and, correspondingly, support learners. This is contradicts the signals we have been sending, and want to send, TEOs (particularly through TEC's Ōritetanga – Learner Success Framework (see Annex 2 for more details)) to reinforce that it is their role to understand the needs of their learners.

55. This lack of visibility is less of a problem in the schooling sector, where schools generally do not recruit students or support them to choose between a vast range of qualifications with significantly different employment outcomes. This means that funding does not need to signal to schools the kinds of students they should be recruiting or the kinds of qualifications they should be supporting them to complete to improve their employment outcomes.

56. An additional problem with option 2.2 is that it does not allow flexibility for funding to be linked to forecast enrolments. It would be very difficult (or impossible) to forecast learner populations against a wide variety of variables, because learner demographics can change from year to year. Instead, funding could only be linked to actual historic enrolments (i.e. the most recent year for which TEC holds complete and finalised enrolment data). As noted above, it may be important to have the flexibility to link funding to forecast enrolments to ensure TEOs are adequately funded for their populations in any given funding year.

57. Option 2.2 would have significant up-front and ongoing costs to government to set up and administer. It would require a multi-year programme to develop and test the appropriate methodology for an Equity Index-type tool in VET. It would also require significant changes to IT systems and funding allocation methodology to implement. This option would not be ready for implementation from 2023 and would have to be implemented later than the rest of the UFS.

The two approaches have the same principles, but are each specifically designed for their respective sectors

58. The comparison above shows that the priority learner approach and the Equity Index approach share similar principles.

    a. Both seek to identify learners who are more likely to need support to succeed in education and allocate funding in a fair way across a large number of organisations to reflect the respective level of need of each organisation's population.

    b. Both aim to increase the organisations' capabilities to support students/learners who are more likely to need additional learning and wellbeing support to succeed in education and have strong employment outcomes.

    c. Both use select student/learner characteristics as proxies for actual student/learner need.

59. However, key differences between the characteristics of school students and the characteristics of VET learners mean that different approaches are appropriate for the two different sectors. The following sections explain these differences.

It is more difficult to take a more complex, more comprehensive approach (the Equity Index approach) in tertiary education than in the schooling sector.

60. As discussed in Annex 2, the Equity Index is made up of 28 variables that reflect students' socioeconomic backgrounds. It is possible to use a wide range of factors to understand school students' backgrounds and levels of need for a few reasons:

    a. the likely population of schools and the schooling system is predictable because participation is compulsory, students fall within certain ages, and students are generally drawn from the local community

    b. centralised IDI data about young people is more likely to be available and accurate

    c. links between student characteristics and levels of need are more direct.

61. In comparison, it is more difficult to use a wide range of factors to understand VET learners' backgrounds and levels of need:

    a. the likely population of VET learners at TEOs is less predictable because participation is not compulsory, learners can be almost any age, learner cohorts are dependent on what types of training are being offered at a particular time or place, providers can choose what groups of students to promote courses to, and learners can come from across the country

    b. information about older people is more likely to have availability and/or accuracy problems

    c. links between learner characteristics and levels of need are less direct.

62. Using parental education as an example, accessing records of parents' qualifications is difficult (both for domestic and international qualifications) and would not be accurate enough for funding purposes, older VET learners may not know what their parents' qualifications were, and the effect of parent's qualification is less direct for an older learner in VET than a young child.

63. There are other factors that make the Equity Index approach more suitable for schooling than VET:

    a. As noted in Annex 2, the Equity Index was developed to replace the decile system in part to eliminate the stigmatising effects that the decile system has had on low decile schools over time. There is no similar reputational issue

within the VET system that needs to be addressed, as there is not currently a rating system in tertiary education. Importantly, neither option 2.1 nor option 2.2 would create such a stigma for VET organisations, as neither option would apply a rating system to TEOs.

b.   The concept of an Equity Index will be unknown to many in the VET system and not immediately resonate (nor would, for example, a decile system). In contrast, language focused directly on learners, like "learner success" or "learner support", is well known and accepted within the VET system.

It is more important to use learner characteristics apparent on enrolment (the priority learner approach) in VET than in the schooling sector

64.   More importantly than the fact that it is difficult to take the Equity Index approach with the VET population is that it is more important to take a simpler, transparent approach (the priority learner approach) in VET than in the schooling sector.

65.   The reason for this is that for older learners (i.e. learners above school age), we can easily determine their prior educational attainment by identifying their highest prior qualification. Since qualifications are not awarded until the end of compulsory education, prior educational attainment is not a variable available for most of the schooling population. Instead, a basket of indicators that assess socioeconomic status is the best available approach for the schooling population.

66.   Our analysis as part of the UFS learner success component work, along with previous analysis of risk factors for success in tertiary education, shows that for younger VET learners, prior education attainment is a strong predictor of future educational success (see Annex 6 for more details). While other factors like socioeconomic background, parental education, etc. can predict future educational success for some groups of learners, they do not have the same predictive strength across the system as prior educational attainment.

67.   For older VET learners, though, the predictive power of prior education attainment becomes less strong. This is for several reasons, including because they are likely to have employment experience which has given them additional skills beyond their educational background.

68.   But identifying employment history is not straightforward. It would either require complex, intrusive processes at enrolment asking for learners to self-declare their employment backgrounds, or the use of matched data to feed into an Equity Index-type approach, with the benefits and drawbacks as noted above.

69.   Instead, we have identified other characteristics (ethnicity and disability, discussed in more detail in the following section) that work across all ages, including older learners, to predict future educational success and employment outcomes.

70.   This means that across the whole VET population, we can rely on four simple variables to identify learners who are at risk of poorer outcomes from VET, rather than needing to calculate a basket of different variables.

71.   There are undoubtedly technical and administrative differences between taking a priority learner approach to determine the level of learner need in the VET system and taking the Equity Index approach to determine the level of student need in the schooling system. But, importantly, the two approaches have the same underlying principles and aims: to use information about learners to determine their likelihood of educational success, and to link funding to this information so that funding is fairly allocated across the systems.

The priority learner approach in VET and the Equity Index approach in schooling can work together to build a more equitable education system

72.   In sum, the two approaches are aligned in their principles and aims, but the details of the two approaches are designed for the specific characteristics of their respective sectors. Together, they would work across the schooling and VET systems to build a more equitable education system that improves outcomes for all learners, particularly those who have been traditionally underserved by the education system.

Decision 3: Which learner characteristics should be associated with funding?

73.   Building on our recommendation above, for a priority learner approach to identifying the level of need in each TEO's population, there are options for determining which large groups of learners funding should be linked to. Table 3 presents a number of options which can be combined.

74.   The advice in this section reflects the findings of our engagement, research and data analysis, presented in previous annexes (refer to Annexes 3, 5 and 6 for more details).

Table 3: Which learner characteristics should be associated with funding?

Options		Benefits	Drawbacks	Recommendation
3.1	Key factor most directly associated with success in VET for young people: • prior educational achievement (under age 25 without a qualification at NZQF level 3 or above)	Reflects findings of our data analysis Simple with low additional transaction costs Signals to TEOs that these are groups of learners who are not being adequately supported by the VET system	Funding is not linked to older learners (over age 25) who may need additional support to succeed in VET	✓ Recommended

Options		Benefits	Drawbacks	Recommendation
3.2	Ethnic groups who are a priority for the government (as signalled in the NELP and TES), who make up a significant portion of the VET population, and whose patterns of participation and qualification completions in VET result in poorer economic outcomes: • Māori • Pacific people	Reflects findings of our data analysis, engagement, etc. Aligns with NELP and TES and RoVE objectives Simple with no additional transaction costs Signals to TEOs that these are groups of learners who are not being adequately supported by the VET system Enables funding to be linked to learners of all ages	Could stigmatise learners based on their ethnicity Not all Māori and Pacific learners experience poorer economic outcomes	✓ Recommended
3.3	Other groups of learners who are a priority for the government (as signalled in the NELP and TES), who make up a significant portion of the VET population, and whose patterns of participation across VET result in poorer economic outcomes: • disabled learners	Reflects findings of our data analysis, engagement, etc. Aligns with NELP and TES and RoVE objectives Signals to TEOs that these are groups of learners who are not being adequately supported by the VET system Enables funding to be linked to learners of all ages	Could stigmatise learners based on their disability Somewhat complex as data collection about disabled learners would need to be improved	✓ Recommended, 9(2)(f)(iv)

	Options	Benefits	Drawbacks	Recommendation
3.4	Learners whose patterns of participation in specific fields of study result in poorer economic outcomes: • women in traditionally male-dominated trades	Reflects findings of our data analysis Signals to TEOs that these are groups of learners who are not being adequately supported by the VET system Enables funding to be linked to learners of all ages	Could stigmatise learners based on their gender Complex cultural biases drive learner and employer choice, so additional funding may not result in significant change	Consider further
3.5	Other factors that are less directly associated with achievement and outcomes in VET and/or more difficult to identify: • isolated learners • learners from low socioeconomic backgrounds • learners with low literacy and numeracy • other factors like employment history, benefit dependency, etc.	Signals to TEOs that these are groups of learners who are not being adequately supported by the VET system Enables funding to be linked to learners of all ages	Does not reflect findings of our data analysis There is significant overlap between these groups of learners and groups identified in options 3.1 to 3.3	✗ Not recommended (though funding through the strategic component will support regional provision to isolated learners)

75. We used a mixture of quantitative and qualitative analysis, including significant engagement, to identify and understand which groups of learners could benefit most from a learner-based approach to funding (refer to Annexes 3, 5 and 6 for more details). We focused our analysis on factors that are likely to indicate a greater need for tailoring of education delivery and support, including the factors which are the most helpful in predicting whether a learner is at risk of not achieving a VET qualification or of poorer employment outcomes from VET.

76. Our analysis showed that the following groups of learners are particularly at risk of not completing VET qualifications and poorer employment outcomes: young learners with low prior educational achievement, Māori learners, Pacific learners, and disabled learners (refer to Annex 6 for more details):

   a. Māori learners enrolled in industry training, including apprenticeships, at lower rates than NZ European learners, which means they were less likely to be enrolled in programmes that have substantial elements of work-based learning. Māori apprentices and young Māori learners had lower qualification completion rates than NZ European learners. Māori VET graduates had lower employment rates and median earnings four years after completing VET qualifications than NZ European VET graduates.

   b. Pacific learners enrolled in industry training, including apprenticeships, at lower rates than NZ European learners, which means they were less likely to be enrolled in programmes that have substantial elements of work-based learning. Pacific apprentices had much lower qualification completion rates than NZ

European apprentices. Pacific VET graduates had lower employment rates four years after completing VET qualifications than NZ European VET graduates.

c. We do not hold or have access to accurate and up-to-date data about disabled people in VET. The data we do have shows that disabled people participated in VET at slightly lower rates than non-disabled people. But, increasing the participation rates of disabled people in VET, so that disabled people participate in VET at higher rates than non-disabled people, could help lower the very high unemployment and underutilisation rates[1] for disabled people and increase their rates of employment.

d. Young learners with low prior education (learners under age 25 who had not previously achieved a qualification at NZQF Levels 3 or above) were less likely to achieve a VET qualification compared to young learners with higher prior education. This combination of variables – youth *and* low prior education – is a strong predictor of not completing a VET qualification. (For older VET learners, prior education did not have an impact on qualification completion rates.)

e. There were significant differences in participation in VET by gender and industry, which was particularly evident in analysing enrolments at transitional ITOs. Women made up a very small proportion of learners at the four transitional ITOs most closely linked to male-dominated industries (e.g. building and construction, and infrastructure).

77. Our engagement showed that these learners have complex and diverse needs and that the system is consistently not providing all of the learners in these groups with the learning and wellbeing support they need (refer to Annex 3 for more details). The problems these learners face are with the VET system's inability to understand and meet their needs, rather than with the learners themselves.

78. We recommend that linking funding to these four groups of learners – young learners with low prior educational achievement, Māori learners, Pacific learners, and disabled learners (options 3.1, 3.2 and 3.3) – would fairly distribute funding across the VET system according to the level of need of each TEO's learner population. These four learner groups would serve as a proxy for the level of actual need in each TEO's population. Linking funding to these groups of learners would incentivise TEOs to improve their support for these learners and would improve their outcomes from VET.

79. Importantly, some learners *within* the proxy groups *will not* need additional support to be successful in VET. Conversely, some learners who *are not* in the proxy groups *will* need additional support. We discuss in the next section (decision 4) how to ensure that TEOs support all learners who actually need support.

80. We estimate that funding would be linked to around 107,000 Māori learners, Pacific learners, and young learners with low prior qualifications (53,000 EFTS/STMs), based on enrolments in VET in 2019. We cannot yet accurately determine the number of disabled learners who would attract funding as we are still working on the best proxy of disabled learners in VET for funding purposes. (Refer to Annex 9 for more information about the proportions of learners whose enrolments could be linked to funding.)

81. The above figures count learners once, regardless of whether they fall into more than one of these groups of learners. If funding is linked to these groups, there are detailed

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[1] The underutilisation rate is an internationally recognised labour market indicator that Statistics New Zealand uses, as a broader measure than the unemployment rate, to identify untapped capacity in the labour market. Underutilisation is a measure that includes people who were:
- underemployed: employed part-time and available and wanting more work
- unemployed: not working and *both* actively looking *and* available for work
- part of the potential labour force: not working and *either* actively looking *or* available for work.

design decisions to be made about whether learners with multiple eligible characteristics (e.g. a disabled Pacific learner) should be funded at a higher rate than learners with a single eligible characteristic (e.g. a Pacific learner). We discuss later in this paper the various detailed design decisions that we are yet to provide advice on.

82. A key risk with this approach is the potential to stigmatise learners based on their ethnicity and/or disability. Our judgement is that this approach is unlikely to increase existing stigmatisation:

   a. Designing funding so that TEOs are required to support all learners who need additional support, rather than just Māori, Pacific and disabled learners would mitigate this risk – see decision 4 below.

   b. Tertiary education funding is already connected to Māori, Pacific and disabled learners via Equity Funding.

   c. The government has identified these learner groups as a priority via the NELP and TES priority 3: "Reduce barriers to education for all, including for Māori and Pacific learners/ākonga, disabled learners/ākonga and those with learning support needs".

   d. If funding can improve educational equity for these learners, this will contribute to reduced stigmatisation in the long term.

83. Linking funding to disabled learners (option 3.3) will be more complex than for the other learner groups. This is because, as described in Annex 6, there is limited data about disabled learners in tertiary education, and the data that we do have has significant accuracy problems. Solving this problem will require some changes to TEC's and TEOs' data collection processes and IT systems, and we are already identifying options for change.

84. Our analysis showed significant differences in patterns of participation in VET by gender (refer to Annex 6 for more details). Specifically, it found that women participate at extremely low rates in traditionally male-dominated trades, which are likely to have strong employment outcomes from VET. We are considering further whether funding to providers could address this problem (option 3.4), given the complex cultural biases that drive women to choose traditionally male-dominated trades and that drive employers to choose to hire women into traditionally male-dominated trades.

85. Our analysis also showed benefits to targeting funding to isolated learners (option 3.5) (refer to Annex 6 for more details). The higher cost of delivering to learners in isolated areas may limit their options for enrolling in VET. Because of the higher costs for TEOs, providers may not offer VET in isolated areas, or there may be risks to the quality and viability of their offerings. There are some challenges with determining whether to link funding to learner, provider or employer location, especially in instances where not all are isolated. However, we subsequently determined that enrolment-based funding would not create strong enough incentives on providers to adapt their provision to support isolated learners. Instead, it would be more appropriate to address the availability of VET provision in geographically isolated areas via the strategic component of the UFS. This is because enrolment-based funding would be blunt and less effective than a more targeted strategic funding approach linked to regional skills priorities.

86. For other learner groups (option 3.5), our analysis showed either that there were no system-wide issues or that identifying the groups of learners would not be straightforward (refer to Annex 6 for more details). This means that linking funding to these groups would be not be useful proxies for learners who are most likely to need support. (See the previous section for further discussion of the benefits and drawbacks of linking funding to a basket of multiple variables.)

Decision 4: Should providers be expected to support only learners with characteristics associated with funding or all learners who need support?

87.   As noted above, linking funding to select large groups of learners with characteristics associated with a risk of not completing VET qualifications and with poorer employment outcomes approximates the level of need of a TEO's population.

88.   Government cannot efficiently identify every learner who needs support, the specific supports each learner needs, or the costs of providing specific supports.

89.   Instead, we can identify large learner groups who are more likely to need support and use these groups as a proxy for all learners who need support. In focusing on large groups of learners where evidence shows they have a greater need for support than other groups of learners, we can be reasonably sure that funding allocated to TEOs reflects the actual needs of their learners.

90.   While this will not be an accurate representation of the actual level of need of a TEO's population, it will be accurate enough for the purposes of fairly allocating funding across the VET system. Some learners *within* the proxy groups *will not* need additional support to be successful in VET. Conversely, some learners who *are not* in the proxy groups *will* need additional support.

91.   Given this, there is a choice to make about whether providers should be expected to support only learners with characteristics associated with funding or all learners who need support. Table 4 analyses these two options.

Table 4: Should providers be expected to support only learners with characteristics associated with funding or all learners who need support?

Options		Benefits	Drawbacks	Recommendation
4.1	Expect TEOs to support only learners with characteristics associated with funding – i.e. young learners with low prior educational attainment and Māori, Pacific and disabled learners	Simple and transparent for providers to understand, as there is a direct link between funding and the groups of learners that providers should focus their support on The key groups of learners who are most likely to need additional learning and wellbeing support to be successful in VET are more likely to receive the support they need	Providers may make assumptions about which learners need/do not need additional learning and wellbeing support to be successful in VET and what supports they need Learners outside of the four groups linked to funding may not get the learning and wellbeing support they need to be successful in VET Could increase stigma for Māori, Pacific and disabled learners Could incentivise siloed approaches within TEOs to relegate support for particular learners to only a small portion of specialised TEO staff (rather than promoting organisation-wide capability building and shifts to a learner-centric approach)	✖ Not recommended

Options	Benefits	Drawbacks	Recommendation
4.2 Expect TEOs to support all learners who need additional learning and wellbeing support to be successful in VET	Providers will identify learners who need additional learning and wellbeing support to be successful in VET All learners who need learning and wellbeing support to be successful in VET will get the support they need Limits the risk of increased stigma on Māori, Pacific and disabled learners More likely to incentivise organisation-wide capability building and shifts to a learner-centric approach		✓ Recommended

92. Option 4.1 would be simple to communicate to TEOs and would result in improved support and outcomes for young learners with low prior educational attainment and Māori, Pacific and disabled learners. But it would result in other learners not receiving the support they may need.

93. Instead, we recommend option 4.2. Under this option, even though TEOs receive funding because of their EFTS/STMs within four key learner groups, they would be expected to support all learners who need support.

94. Specifically, TEOs would be expected to identify the unique needs of their own learners, determine how best to support all their learners, and allocate their funding accordingly. This means that even though government will not target funding to every individual learner who needs additional support, TEOs will. This requirement on providers can be managed through Investment Planning and monitoring processes and by funding design decisions (see below and decision 5 for more information).

95. With funding linked to four learner groups, TEOs would have strong signals about government's expectations to improve their support for these particular learners, including building their organisational capability and shifting towards learner-centric organisations. But through other elements of funding design and through investment and monitoring decisions, we can ensure that all learners who need support are identified and supported.

96. This approach balances simplicity and transparency with effectiveness. It aligns with the roles, responsibilities, and accountabilities of the players in the system (e.g. government is responsible for the performance of the system, whereas TEOs are responsible for supporting their learners' success).

97. It also aligns with most tertiary education funding policies in New Zealand and other jurisdictions whereby funding is intended to approximate costs to TEOs and reflect the general needs of learners. TEOs are expected to cross-subsidise their activities in instances where actual costs do not directly align with funding.

How government can ensure that learners get the support they need

98.   The proposed approach means that funding is not precisely linked to specific learners or to specific support activities. But there are a number of engagement and accountability mechanisms in the tertiary education system that will help to ensure that funding goes to learners who need support.

99.   We use funding determinations, Investment Plan Guidance, Investment Plan engagements, monitoring, and other communications (Budget communications, for example) to set expectations on TEOs for their decision-making and educational performance (refer to Annex 2 for more details). TEC is also currently developing and implementing Learner Success Plans and Disability Action Plans that specifically address the needs of learners.

100.   Across this suite of tools, government could ensure that all learners who need support are identified and supported. For example:

   a.   The learner success component funding determination could set out government's expectation that TEOs identify the unique needs of their own learners, determine how best to support all their learners, and allocate their funding accordingly.

   b.   Through Investment Plan Guidance and engagements, TEC could reinforce this message and explain the evidence they expect to see from TEOs to show they are supporting all learners who need support, building their capability in this area, and shifting towards being learner-centric organisations (by, for example, implementing the Ōritetanga – Learner Success Framework – refer to Annex 2 for more details).

   c.   Funding design could require that TEOs set commitments with TEC about how they will demonstrate their improvements in learner success (something which TEC already asks for) – see decision 5.

   d.   TEC could then monitor TEOs' activities and improvements and use this information to inform future funding decisions.

101.   Across the implementation of the UFS, we would provide further advice about how to use funding determinations and sector communications to convey your expectations to TEOs. TEC would also carefully consider how to use its operational settings, engagements, investment decisions, and monitoring to set expectations for, and monitor performance of, TEOs.

102.   In addition to existing accountability and communications mechanisms, we also propose below (decision 5) a separate element within the learner success component that would provide accountability for learner success component funding.

Decision 5: What accountability should be linked to learner success component funding?

103.   Building on our recommendation above, there are options for determining how to hold TEOs accountable for supporting their learners and for improvements in their learners' success. Table 5 presents three options.

Table 5: What accountability should be linked to learner success component funding?

Options		Benefits	Drawbacks	Recommendation
5.1	Solely enrolment-based funding with no additional accountability requirements – TEC would use existing accountability mechanisms, including EPI commitments and volume allocations, to hold TEOs to account for supporting their learners	Simple to implement and operationalise Provides high funding certainty for providers Provides all funding to providers in advance of offering most services to support learners Incentivises providers to enrol and retain learners Likely to be supported by TEOs	Does not incentivise providers to support learners to complete qualifications, transition learners to other TEOs, or transition learners into employment Could set a perverse incentive for providers to retain learners rather than support timely progression to other providers and/or to employment Could set a perverse incentive to provide only basic support beyond enrolment, especially for learners who require support that has higher costs	× Not recommended

Options		Benefits	Drawbacks	Recommendation
5.2	Mainly enrolment-based funding with some funding linked to TEOs' improvements in learner success against formulaic measures that apply to all TEOs: e.g. retention, progression, completions, outcomes (This would be similar to the previous performance-linked funding (PLF) in that it would link a small portion of funding to formulaic measures of learner success. But it could improve on some aspects of PLF by, for example, linking funding to individual TEO's improvements without comparing TEOs against each other, or by paying funding upon successfully achieving improvements, rather than clawing back funding for TEOs that do not show improvements.)	Relatively simple to implement and operationalise Directly incentivises TEOs to identify learners who need support to succeed in VET Provides most funding to providers in advance of offering most services to support learners Limits perverse incentives associated with option 5.1 Likely to result in some improvements in learner success	Does not recognise individual TEO's starting points (e.g. some TEOs may need to build their capability before they could show improvements against formulaic measures of learner success) Somewhat more complex to implement and operationalise than option 5.1 Less funding certainty for providers Could set perverse incentives for providers to only enrol learners who are likely to achieve performance milestones Could set perverse incentives for providers to push learners to achieve performance milestones before they have the necessary skills or competencies Unlikely to be supported by TEOs	✗ Not recommended

Options		Benefits	Drawbacks	Recommendation
5.3	Mainly enrolment-based funding with some funding linked to TEOs' improvements in learner success against TEOs' individual commitments with TEC: e.g. TEO-by-TEO agreements with TEC for capability building, formulaic measures of learner success, etc., covering quantitative and qualitative measures (In addition to the comments on option 5.2 regarding similarities with PLF, this option could also improve on PLF by linking funding to numerous different types of commitments, depending on each TEO's starting points, learner population, etc.)	Most likely to result in improvements in learner success Flexibility for TEOs and TEC Recognises that TEOs have different starting points and needs Sets tailored expectations on organisations Provides most funding to providers in advance of offering most services to support learners Limits perverse incentives associated options 5.1 and 5.2 More likely to be supported by TEOs than option 5.2	More complex to implement and operationalise Higher costs for TEC and TEOs Less funding certainty for providers Requires TEC capacity and capability to negotiate individual agreements	✓ Recommended

104. The learner success component will result in a significant increase in funding to TEOs to directly support learner success than with current Equity Funding. It will be important to have strong accountability mechanisms in place to ensure that TEOs use funding for its intended purpose and that funding results in improved outcomes for learners.

105. TEC already has accountability mechanisms that it can use to incentivise providers to improve their learners' success (refer to Annex 2 for more details). TEC has been increasingly holding TEOs to account for their learners' educational outcomes, particularly by denying additional volume to poor performing TEOs and granting additional volume to TEOs that are performing well.

106. But this is a blunt mechanism that, to date, has not supported sufficient, timely behaviour changes from TEOs. For this reason, we do not recommend option 5.1 alone, as we do not believe it would provide sufficient assurance that the extra investment through the learner success component would result in significantly improved outcomes for learners.

107. Instead, we recommend that a portion of learner success component be linked to TEOs' achievements for their learners. This could be achieved by formulaic measures of learner success that apply to all TEOs (option 5.2) and/or by commitments to improving learner success made between individual TEOs and the TEC (option 5.3).

108. Option 5.2 could be similar to the previous approach of performance-linked funding connected to TEOs' performance against the Educational Performance Indicators (although there are ways that we could improve the policy to learn from the problems associated with performance-linked funding). But the drawbacks to this approach are significant.

109. We recommend option 5.3 as the best way to hold TEOs to account for improving learner success. It would provide flexibility for TEOs to use the formulaically determined funding for more diverse purposes, but with clear expectations established and agreed upfront with the TEC via the Investment Plan process.

110. TEC could agree any number of different commitments with individual TEOs, taking account of each TEO's starting point. For TEOs that have strong learner support mechanisms in place, commitments could focus on steady continual improvement against formulaic measures of learner success and/or disseminating their good practices to other TEOs. For TEOs that do not have strong learner support mechanisms in place, commitments could focus on capability building and re-focusing organisational culture towards learner success.

111. TEOs would be held accountable for progress against the goals and actions agreed with TEC. A small proportion of learner success funding would be linked to progress against these commitments and would be paid to TEOs upon meeting their commitments. This would strengthen accountability and reinforce expectations for each TEO to identify and address the specific needs of their learners. Progress against commitments could also inform wider investment decisions, and TEC can continue to use volume allocations as a tool to incentivise improvements in learner success.

112. In the past, TEOs have been critical of performance-linked funding. We know that getting the wording and messaging right around this element of the policy is going to be crucial for getting buy-in from TEOs.

113. We can also make two key changes to address TEOs' concerns with past performance-linked funding:

    a. We propose monitoring TEOs' progress in improvements for learner success against measures set in their own plans, rather than against the performance of other TEOs.

    b. We propose that this funding would be used to recognise and reward success, rather than reducing funding to punish poor performance.

Decision 6: What proportion of UFS funding should be linked to the learner success component?

114. The impact of the learner success component depends heavily on how much funding is involved. Achieving significant improvements on the status quo requires significantly more investment in equity in VET than current Equity Funding provides (refer to Annex 2 for more information about current Equity Funding for VET and refer to Annex 4 for information about equity-based funding in other jurisdictions).

115. We are not yet at the point of being able to provide advice on the exact amount of funding that we think should be linked to the learner success component. This advice will come later, as part of detailed policy design decisions (described in more detail below). In providing this advice, we will provide modelling to show the impacts across the VET sector of different amounts of funding linked to the learner success component.

116. We are confident that a significant amount of overall UFS funding should be connected to the learner success component to encourage organisational shifts for learner success.

117. The learner success component needs to be big enough to:

    a. meaningfully address the needs of learners in the context of their communities

    b. incentivise TEOs to focus on learner outcomes rather than just enrolments

     c.   recognise that the organisational and capability shift required to tailor learning and provide adequate support for learners can have higher costs

     d.   signal government's commitment to equity and learner success.

118.   However, too large proportion of total funding would skew funding and incentives in the funding category and strategic components.

119.   We propose that the learner success component should be at least 10% of the UFS's total amount of funding (in its final form). This would recognise that the organisational and capability shift required to tailor learning and provide adequate support for learners can have higher costs. It is also similar to the proportion of funding for equitable learner outcomes in comparable jurisdictions.

120.   Of learner success component funding, we have previously proposed that 10 to 20% be connected to TEOs' achievement against their commitments for improvements in learner success. This would provide an incentive to TEOs to meet their commitments, while providing most learner component funding to TEOs up-front.

121.   9(2)(f)(iv)

122.   Diagram 1 shows our proposed breakdown of UFS and learner success component funding.

Diagram 1: Proposed breakdown of UFS and learner component funding
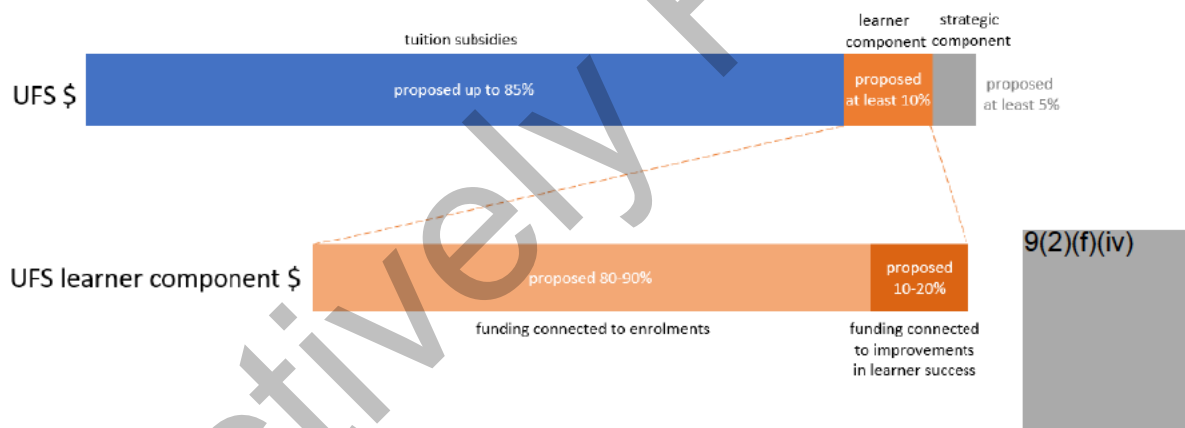
What our recommendations look like together and how they would improve the VET system

123. This section sets out what our above recommendations look like together, thus forming the high-level policy framework for the learner success component. It also explains what outcomes we could expect to see after implementation of this approach.

How our recommendations form the high-level policy framework for the learner success component

124. Taken together, our recommendations in the preceding section form the high-level policy framework for the learner success component. This section sets out these recommendations together.

125. Most funding would be provided as bulk enrolment-based funding to TEOs, but a different approach is needed for some disabled learners:

    a. Learner success component funding would provide bulk funding to TEOs to fund their learning and wellbeing support activities, which could include building their organisational capability and shifting towards being learner-centric organisations. TEOs would decide how to allocate the funding internally.

    b. 9(2)(f)(iv)

126. The level of need of a TEO's population would be determined by a priority learner approach, but a different approach is needed for some disabled learners:

    a. A priority learner approach is most suitable to identifying the level of need within a TEO's VET learner population. It will determine the level of need sufficiently accurately for funding purposes, send the right signals to TEOs about which learners they should be focusing their support activities towards (although as noted below, TEOs will be expected to identify and support all learners who need support), and it will be relatively simple to implement.

    b. 9(2)(f)(iv)

127. The level of need of a TEO's population, and learner success component funding, should be determined by its EFTS/STMs across four (possibly five) groups of learners:

    a. young learners with low prior qualifications (learners under age 25 without a prior qualification at level 3 or above on the New Zealand Qualification Framework)

    b. Māori learners

    c. Pacific learners

    d. disabled learners

    e. (we are considering whether we should also include women enrolled in traditionally male-dominated trades).

128. Even though funding would be linked to four learner groups, TEOs should be expected to support all learners who need additional learning and wellbeing support to be successful in VET:

    a. Funding would not only be used to support learners in these four groups. Providers will be expected to identify the unique needs of all their learners, make decisions about how to support them, and allocate funding accordingly.

b. This means that even though our priority learner approach does not perfectly identify the needs of individual learners, TEOs' own practices will.

129. A small portion of learner success component funding should be based on providers' successes in improving their support for all of their learners and for their learners' achievement. TEOs would agree individual commitments with the TEC and would be rewarded with funding for progress against their goals.

130. The learner success component should be at least 10% of the UFS's total amount of funding (in its final form). This would be a significant increase on the status quo, and it would support significant system-wide improvements in support for learners.

131. Of learner component funding, 10 to 20% should be connected to TEOs' achievement against their commitments for improvements in learner success.

132. 9(2)(f)(iv)

There are still a number of detailed policy design choices to make, and they will continue to shape the learner success component

133. The high-level policy framework outlined above sets the direction for the learner success component. There are still a number of detailed policy design choices to make, and they will continue to shape the signals and incentives of the learner success component. This is discussed in more detail later in this annex.

How this would improve the VET system for learners…

…in the short term…

134. In the short term, the learner success component would send strong signals to TEOs about the expectations government has for the way they support learners. In response, we could expect to see TEOs begin to shift to being more learner centric, including, for example, adopting the Ōritetanga – Learner Success Framework (see Annex 2 for more details).

135. Learner success component funding would support TEOs to build their capability and capacity to support learners. Early adopters could support other TEOs across the network.

136. TEOs would begin to negotiate commitments with TEC about how they intend to improve their support for learners in VET.

137. TEOs would build their capabilities to work with employers to support workplace learning and learners.

138. Learners who are already enrolled in VET qualifications could expect to see increased availability of learning and wellbeing support opportunities and an increased focus on identifying their individual needs.

…in the medium term…

139. In the medium term, TEOs would increasingly embed the shift towards a learner-centric culture. TEOs would become more aware of the needs of their learners and will tailor their teaching and support practices accordingly. TEOs would increasingly invest in enduring system and culture changes.

140. Good practice could increasingly be disseminated across the VET system.

141. TEOs would meet their initial commitments to TEC about improving their support for learners in VET. TEOs who are achieving their commitments would receive funding connected to these commitments, and TEC would increasingly push them to continue

to improve. TEOs who are not achieving their commitments would not receive funding connected to these commitments, and TEC would provide guidance to support their development. TEC may also use other accountability mechanisms to steer them to improve their support for their learners.

142. TEOs and employers could increasingly work together to improve hiring and training rates and support for Māori, Pacific and disabled employees (and women in traditionally male-dominated trades if this becomes a priority learner group), and this could support changes in workplace culture and changes in advice to learners about qualification and subject choices.

143. All learners could increasingly expect learning and wellbeing support that is tailored to their unique needs. They could expect TEOs to increasingly proactively identify learners who may need support and could also expect most staff within a TEO to be focused on learners' needs:

    a.   Young learners with low prior educational attainment could increasingly expect to be supported to gain the skills and knowledge they need to complete their qualifications. They could expect prompt identification of their needs and early interventions from TEOs. The difference in qualification completion rates for these learners would begin to lessen.

    b.   Māori and Pacific learners could expect increasingly culturally affirming learning environments that reflect and respond to their own cultures, experiences and knowledge. TEOs could increasingly support them to enrol in qualifications that have strong employment outcomes, including apprenticeships, and their qualification completion rates could improve. TEOs could increasingly support their workforces to build their cultural competency.

    c.   Disabled learners could expect TEOs to increasingly adopt universal design in their teaching and learning. This would increasingly make VET more accessible to disabled learners. Disabled learners could also begin to expect TEOs to have the capability and capacity to understand and identify the varied needs of disabled learners and support them accordingly.

144. TEOs could begin to invest in the capital they need to make their physical spaces and IT systems accessible to disabled learners. They could also increasingly support their workforces to build their competency in supporting and affirming disabled learners.

145. As inequities in the VET system lessen for young learners with low prior educational attainment, and Māori, Pacific and disabled learners, we would review the learner success component funding settings and adjust as appropriate. This could include determining whether the learner groups remain appropriate for linking funding to.

…and in the long term…

146. In the long term, TEOs would have strong, organisation-wide learner-centric cultures, and this would be reflected in their organisational strategies and policies, their financial and strategic decision-making, and the capability of their workforces.

147. More employers could be hiring, training and supporting Māori, Pacific and disabled employees (and possibly women in traditionally male-dominated trades), and these learners could expect more supportive and inclusive work environments.

148. All learners could expect learning and wellbeing support that is tailored to their unique needs. They could expect TEOs to consistently proactively identify learners who may need support and could also expect all staff within a TEO to be focused on learners' needs:

    a.   Young learners with low prior educational attainment could consistently expect to be supported to gain the skills and knowledge they need to complete their

qualifications. The difference in qualification completion rates for these learners would significantly lessen.

b. Māori and Pacific learners could consistently expect culturally affirming learning environments that reflect and respond to their own cultures, experiences and knowledge. Participation patterns for Māori and Pacific learners could show them enrolled in qualifications with good employment outcomes, like apprenticeships, on par with NZ European learners. Māori and Pacific learners could also expect similar qualification completion rates and employment outcomes from VET as NZ European learners.

c. Disabled learners could consistently expect TEOs to adopt universal design in their teaching and learning. VET would be consistently accessible to disabled learners. Disabled learners could also consistently expect TEOs to have the capability and capacity to understand and identify the varied needs of disabled learners and support them accordingly.

149. But until we have a better understanding of the patterns of participation, qualification completion, and employment outcomes for disabled learners, it is difficult to say what kinds of improvements we could expect to see. We assume that consistently strong support for disabled learners in VET would result in improved employment outcomes.

150. In the long term, RoVE and the UFS, including the learner success component, would make VET more attractive to all learners, including learners who know they might need more support while studying. They would support clear, direct pathways from schooling to VET. This may result in some learners choosing VET where they previously may not have.

…and the learner success component can adapt too

151. As we see behaviour shifts from TEOs and improvements in the way the VET system performs for learners, the learner success component would adapt too. For example, over time as the system performs better for learners, the priority learner groups may shift, according to the evidence. As we gather more information about disabled learners, we can better ensure they have the learning and wellbeing support they need.

152. It will be important to evaluate the implementation and impacts of the learner success component, as with the rest of the UFS. We are factoring this into our future planning.

But TEOs may not be able to fully transform to learner-centric organisations without equity funding reform across all tertiary education

153. The UFS and the learner success component will significantly change the way TEOs are funded for their VET provision. This will undoubtedly stimulate the kinds of organisation-wide changes we have discussed above.

154. But we caution that VET funding reform alone may not be sufficient to stimulate the kinds of broad organisation-wide changes we want to see from TEOs. This is because most TEOs involved in VET also have a significant portion of delivery in foundation and higher education. These organisations do not separate their learner support or organisational structures and cultures for VET from foundation and higher education.

155. So, while it is reasonable to expect UFS changes to have significant impacts on VET learners and VET organisations, it is also reasonable to expect that the scale of some of these impacts could only be realised with equally significant and impactful reforms to equity funding across all tertiary education.

156. The high-level policy framework set out above sets the direction for the learner success component based on our advice to date. But there are still a number of detailed policy design choices to make should the learner success component continue to reflect our recommendations above.

157. This section signals the decisions that could follow this briefing, subject to confirmation of the high-level design of the learner success component. We would expect to provide detailed advice on most of these decisions later this year, with detailed advice about rates coming in early 2022. This advice would include modelling the impact of different decisions on funding allocations across the VET system, integration and alignment with the funding category and strategic components, and connections between policy and operational design.

158. These remaining decisions will continue to shape the signals and incentives of the learner success component and will impact how funding is allocated across the system.

159. For example, the decision about whether to fund all learners at the same rate or to have different rates for different types of learners (e.g. a higher rate for learners with disabilities) could result in different funding allocations across TEOs. It could also signal to TEOs a stronger emphasis on identifying and supporting disabled learners.

160. Similarly, the decision about whether to fund learners with multiple eligible characteristics (e.g. a disabled Pacific learner) at the same rate or a higher rate as learners with a single eligible characteristic (e.g. a Pacific learner) could result in different funding allocations across TEOs. It could also signal to TEOs the importance in identifying and supporting learners' complex and multi-layered identities.

161. These types of decisions effectively result in different weightings within the learner success component. These weightings can help us signal to TEOs the kinds of behaviour we want to see from them. They can also add further nuance to calculations of need of TEOs' populations, and direct additional funding to TEOs whose populations have more complex needs and/or to TEOs who are more likely to get stronger outcomes for their learners.

162. The options that are available for setting funding rates will have different implications for funding to TEOs, and we will undertake modelling to support our advice.

163. Table 6 sets out the detailed design questions to be addressed regarding bulk enrolment-based learner success component funding. Table 7 sets out the detailed design questions to be addressed regarding learner success component funding linked to providers' commitments to improve support for their learners and to their learners' achievement.

Table 6: Detailed design questions to be addressed regarding bulk enrolment-based learner success component funding

Terminology: What should be the name of the learner success component?
What is an appropriate way to identify disabled learners for funding purposes? (The current method for identifying disabled learners in tertiary education is not sufficiently accurate and needs to be improved.)
Should funding be used to improve enrolments of women in traditionally male-dominated trades?
Should there be a minimum eligibility for TEOs to get funding and what should it be?
What proportion of UFS funding should be for the learner component? (Proposed at least 10%)
Rates - should the funding rate(s) be per learner or EFTS/STM?
Rates - should there be different funding rates (e.g. by learner characteristic, mode, level, subject)?

Rates - how should funding be connected to learners with multiple eligible characteristics?
Rates - what should the funding rate(s) be?
What can TEC do with underspends & recoveries?
What settings, if any, should be tailored to wānanga / Te Pūkenga / small providers?
What accountability is required, aside from performance component and other existing accountability for TEC and TEOs?
Are any conditions required aside from standard ones in funding determinations?

Table 7: Detailed design questions to be addressed regarding learner success component funding linked to providers' commitments to improve support for their learners and to their learners' achievement

Terminology: What should we call this element?
What proportion of learner success component funding should be for the performance component? (Proposed 10-20%)
How to define and measure TEOs' improvements in learner success? - How directive should the policy be? - Possible quantitative & qualitative metrics
Rates - How should the amount per TEO be determined? - How directive should the policy be?
When should performance funding be paid? - Proposed upon achievement
What can TEC do with underspends & recoveries?
What settings, if any, should be tailored to wānanga / Te Pūkenga / small providers?

9(2)(f)(iv)

What are some alternatives to our recommended approach, and what impacts could they have on the VET system?

168. Throughout much of this annex, we have identified key choices to make in designing the learner success component. These discussions included identifying different options. In this section, we pull this together to show in more detail what these alternative options could be.

169. We have identified seven potential alternative approaches for the learner success component to our recommended approach above. This section sets out the seven alternative options with a brief description of each, select key benefits and drawbacks, and an indication of whether the approach would support the NELP and TES and RoVE objectives.

170. We could provide further advice on any of the options.

171. It is important to note that most of these alternatives would require significant development time and would not be ready for implementation in 2023.

Alternative 1: Develop an Equity Index-style approach for VET

172. This approach would involve developing an Equity Index to identify the level of need of TEOs' VET populations and allocating funding accordingly. This would be very similar to the Equity Index in schooling.

173. Developing an Equity Index for VET would require significant work to identify a suite of multiple, weighted indicators via data matching in the IDI. These variables would be combined to form an equity profile of each organisation. Funding would be based on the equity profile of each organisation and its overall size.

174. Earlier in this annex, we discussed the benefits and drawbacks of developing an Equity Index for VET – see discussion of option 2.2 on pages 7-14.

175. The key benefit of this approach is that it would reflect the complex nature of individual learners' backgrounds and needs.

176. There are several key drawbacks to this approach:

    a. lack of transparency – TEOs would not see individual learners' needs nor understand which learners to target their support to

    b. weak signals about the kinds of behaviour shifts we want to see from TEOs

    c. funding could only be calculated based on previous enrolment patterns, not current or forecast enrolments

    d. high costs for government

    e. delayed implementation – would not be ready for implementation in 2023.

177. The extent to which this approach would support the NELP and TES and RoVE objectives would depend on decisions made during the policy design process.

Alternative 2: Link funding to two groups of learners: disabled learners and young learners with low prior educational attainment

178. This approach would involve linking funding to only two groups of learners: disabled learners and young learners with low prior educational attainment. Funding would not be linked to ethnicity, i.e. Māori and Pacific learners.

179. This means the rate per learner could be significantly higher than the current proposal, or the proportion of UFS funding linked to the learner success component could be significantly lower. As with our recommended approach (refer to option 4.2 above), while TEOs would receive funding for their disabled learners and their young learners

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with low prior educational attainment, they would be expected to identify the needs of all of their learners, determine how best to support them, and allocate their funding accordingly.

180. A benefit of this approach is that it would avoid the risk of stigmatising learners based on their ethnicity. It would not avoid the risk of stigmatising learners based on their disability, age or prior education status.

181. The key drawback to this approach is that funding signals and incentives on TEOs would be so strongly focused on two learner groups that other learners are likely to experience decreased access to VET and decreased support in VET. This could particularly pertain to older learners, Māori and Pacific learners.

182. This approach would be significantly more indirect in supporting the NELP and TES and RoVE objectives.

Alternative 3: Fund capability building, e.g. by supporting all TEOs to adopt the Ōritetanga – Learner Success Framework

183. This approach would involve linking all learner success component funding to TEO projects that would result in significant capability building to identify the needs of learners and offer learning and wellbeing support.

184. Since the Ōritetanga – Learner Success Framework (see Annex 2 for more details) already provides a strong model of how TEOs can build their capability to put learners at the centre of their organisation, it is likely that this approach would support the system-wide roll-out of this Framework.

185. Project funding would be timebound, so TEOs would be expected to embed change and transition to BAU funding. This means that learner success component funding would have to transition to a different approach upon the completion of projects.

186. This alternative would have to apply to all tertiary education not just VET.

187. We discussed the benefits and drawbacks of project-based funding earlier in this annex – see discussion of option 1.2 on pages 5-7.

188. The key benefit of this approach is that it could provide the higher upfront investment that TEOs might require to make significant improvements.

189. There are several drawbacks to this approach. It would:

    a.   be complex for TEOs and TEC to administer and would require significant organisational and capability change for TEC

    b.   not support ongoing BAU activities, instead relying on TEOs to prioritise other EFTS/STM funding for supporting learners

    a.   not be ready for implementation in 2023.

190. The extent to which this approach would support the NELP and TES and RoVE objectives would depend on decisions made during the policy design process and TEC's operational effectiveness.

Alternative 4: Link all learner success component funding to TEOs' improvements in learner success (i.e. performance-based funding)

191. This approach would involve linking all of a TEO's learner success component funding to its successes against learner success-related commitments agreed between each TEO and the TEC.

192. This approach would reflect our recommendation to link a small portion of learner success component funding to providers' successes in improving their support for all of their learners and for their learners' achievement – see discussion of option 5.3 on

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pages 21-25. But it would apply to *all* learner success component funding rather than a small portion.

193. There would need to be a simple formulaic approach to determine what portion of funding each TEO is eligible for.

194. The key benefit of this approach is a strong connection between funding and TEO performance.

195. There are several key drawbacks to this approach:

   a. There would be strong incentives on TEOs to support relatively easy-to-help learners over learners who require more complex or costly support.

   b. It would not be ready for implementation in 2023.

   c. TEOs are very unlikely to support this proposal.

   d. There would be a lag time between implementing funding and agreeing commitments, and commitments are likely to set a low bar initially to allow TEOs to respond to the changes.

   e. Depending on implementation, it could be complex for TEOs and TEC to administer and could require organisational and capability change for TEC.

196. The extent to which this approach would support the NELP and TES and RoVE objectives would depend on decisions made during the policy design process.

Alternative 5: Directly purchasing individual learning and wellbeing support services

197. This approach would involve purchasing individual learning and wellbeing support services directly from TEOs. Separate funds would support TEOs' individual learning and wellbeing support activities, with funding linked to each TEO's actual services delivered.

198. Funding could be provided upfront based on expected services provided; TEOs could provide regular information about their actual expenses; and, TEC could do wash-up exercises at year end. Or, TEOs could regularly invoice TEC for services provided.

199. As part of developing this approach, a cost benchmarking exercise would be required to establish reasonable costs for services. A method for capping costs for government would also have to be developed.

200. This alternative would have to apply to all tertiary education not just VET.

201. We discussed the benefits and drawbacks of this approach above – see option 1.3 on pages 5-7.

202. A key benefit of this approach is that learners who require higher investments to meet their needs are likely to be prioritised.

203. There are several drawbacks to this approach. It would:

   a. incentivise TEOs to provide a large amount of learning and wellbeing support to gain funding, regardless of learner need

   b. be complex and costly for TEC and TEOs to administer

   c. be significantly different from the approach for most other tertiary education funds

   d. not be ready for implementation in 2023.

204. TEOs are unlikely to support this proposal.

205. The extent to which this approach would support the NELP and TES and RoVE objectives would depend on decisions made during the policy design process.

Alternative 6: Link funding to centralised learner analytics data

206. This approach would involve establishing a centralised learner management system that allowed TEOs to communicate the needs of their learners in real time to the TEC and TEC to provide real-time funding in response.

207. When a TEO identifies that a learner needs support and what specific support it should provide, it would enter this into the learner management system. This would trigger a funding transfer from the TEC to the TEO, with the funding amount reflecting the needs of the learner and/or the cost of the support service.

208. As part of developing this approach, as with alternative 5 above, a cost benchmarking exercise would be required to establish reasonable costs for services. A method for capping costs for government would also have to be developed.

209. This alternative would have to apply to all tertiary education not just VET.

210. The key benefit of this approach is that it would provide as close to real-time funding as possible, and it would reflect actual learner need as accurately as possible.

211. There are several drawbacks with this approach. It would:

   a.   be extremely complex and costly for TEC and TEOs to administer

   b.   be significantly different from the approach for most other tertiary education funds

   c.   incentivise TEOs to provide a large amount of learning and wellbeing support to gain funding, regardless of learner need

   d.   not reflect institutional autonomy

   e.   require significant time to develop and implement (possibly up to 10 years).

212. TEOs are unlikely to support this proposal.

213. The extent to which this approach would support the NELP and TES and RoVE objectives would depend on decisions made during the policy design process.

214. This alternative (along with the alternative 7) would represent extreme change and is included to show the range of alternatives, rather than to present a viable alternative.

Alternative 7: Establish and fund individual learning and wellbeing support accounts for learners to purchase support services

215. This approach would involve putting learners directly at the centre of the system by providing them direct access to funding that they could use to meet their particular needs.

216. Learners would have access to an individual account that provides them directly with funding to be used for learning and wellbeing support activities. Learners would then purchase the learning and wellbeing support they need from TEOs.

217. It would be important to consider whether only some learners or all learners would have access to an account, and whether learners would have access to the same amount of funding.

218. This alternative would have to apply to all tertiary education not just VET.

219. The key benefit of this approach is that it would put learners in control of their own needs and would make TEOs directly accountable to learners.

220. There are several drawbacks with this approach. It would:

   a.   require learners to be aware of their learning and wellbeing needs

b.   be significantly different from the approach for most other tertiary education funds

c.   require significant time to develop and implement.

221.   TEOs are unlikely to support this proposal.

222.   The extent to which this approach would support the NELP and TES and RoVE objectives would depend on decisions made during the policy design process.

223.   As with the previous alternative, this would represent extreme change and is included to show the range of alternatives, rather than to present a viable alternative.

Annex 9: Distribution of learners in VET to inform future modelling

1. As described in Annex 8, our recommended approach for the learner success component would link learner success component funding to four priority learner groups who have been traditionally underserved in VET: Māori learners, Pacific learners, disabled learners, and young learners with low prior achievement.[1]

2. This annex builds on our advice in Annex 8 to describe the current distribution of some of the priority learner groups across the VET system. This provides an initial indication of how funding may be distributed through the VET system.

3. For example, TEOs with higher proportions of learners in the priority learner groups are likely to receive relatively more learner success component funding as a proportion of their total funding from the unified funding system (UFS). In comparison, TEOs with lower proportions of learners in the priority learner groups are likely to receive relatively less learner success component funding as a proportion of their total funding from the UFS.

4. Exact funding amounts and distribution of funding across TEOs will depend on detailed policy design decisions still to be taken on the nature and level of rates for the learner success component (see Annex 8 for more details). Distribution of priority learners across VET will also change as transitional Industry Training Organisations (ITOs) move their arranging training functions to providers.

5. By September we will have done extensive modelling of learner success component rates. This will include modelling the percentage of UFS funding that should be tied to the learner component, rates for each of the characteristics, rates for learners who have multiple characteristics and distribution of funding at regional, subsector and provider level.

6. We will have also modelled interactions with the funding category component to show providers' overall volume-based funding amount.

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[1] Young learners are defined as under 25 years old, and low prior achievement is defined as not having obtained a qualification at Level 3 or higher on the New Zealand Qualifications framework.

Summary

7. This annex describes the number and proportion of EFTS and STMs[2] in VET for Māori learners, Pacific learners and young learners with low prior achievement. The current data on disabled learners is not sufficient to allow this kind of analysis (see Annex 6 for more details). The analysis regarding the other priority learner groups is provided by subsector, TEO and region using enrolment data from 2019.

8. For ease of reading, we refer in the rest of the paper to Māori learners, Pacific learners, and young learners with low prior achievement as "priority learners". This reflects the phrase we have used in Annex 8 to describe our recommended approach for the learner success component of the UFS. It is important to keep in mind for the learner success component as a whole that we intend "priority learners" to include disabled learners, but they are excluded from the analysis in this annex due to the current data limitations.

9. The data shows that there were some concentrations of EFTS/STMs of priority learners in some regions, subsectors and TEOs. These concentrations suggest that the following regions and subsectors could receive relatively more learner success component funding as a proportion of their total funding from the UFS:

    a. the North Island, which had a higher number and proportion of EFTS/STMs of priority learners than the South Island

    b. the Auckland region, which had the highest number of EFTS/STMs of priority learners by region

    c. the Bay of Plenty and Northland regions, which had higher proportions of EFTS/STMs of priority learners than their proportion of total VET EFTS/STMs by region

    d. the Gisborne region, which had the highest total proportion of EFTS/STMs of priority learners by region

    e. wānanga, which had the highest total proportion of EFTS/STMs of priority learners by subsector

    f. private training establishments (PTEs), which had a higher proportion of EFTS/STMs of priority learners relative to their proportion of total VET EFTS/STMs by subsector.

10. At the TEO level, the picture is highly variable. Nationally, TEOs had around 48% EFTS/STMS of priority learners. The wānanga, five universities, Te Pūkenga, two industry training fund (ITF)-funded TEOs[3], and 79 PTEs have 48% or more EFTS/STMs of priority learners. Te Pūkenga had around average at 49% EFTS/STMs of priority learners.

11. Of TEO subsectors, ITF-funded TEOs had lower-than-average concentrations of EFTS/STMs. They had the largest number of VET EFTS/STMs, and the lowest proportion of EFTS/STMs of priority learners (39%).

12. Differences by subsector and region are presented below.

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[2] An EFTS (Equivalent Full-time Student) is a measurement of how much of a full-time course of study a particular course is, with one EFTS equivalent to 120 credits. An STM is a unit of a quantity of training. One STM is the nominal amount of training that is required for a learner to achieve 120 credits in an approved and structured training programme.

[3] ITF-funded TEOs are eleven transitional industry training organisations (ITOs) and four other ITF-funded TEOs: Fletcher Building Holdings Ltd., Southern Group Training Trust, St John NZ, and Vodafone NZ Ltd.

High-level initial estimate of rates

13.　While we have not yet been able to model exact rates, we have given some consideration to the appropriate level of funding for the learner success component. As discussed in Annex 8, we consider that around 10% of overall funding for the UFS in its final form would be an appropriate level for the learner success component. This could mean that learner success component funding rates could, on average, be double or up to triple the 2022 equity funding rates for VET (around $325). (This would apply to bulk funding linked to enrolments of the four priority learner groups: Māori, Pacific and disabled learners, and young learners with low prior educational attainment. Additional funding would be required to support disabled learners who require higher investments to support their learning and wellbeing needs. See Annex 8 for more details.)

14.　Actual funding rates per EFTS/STM will depend on a number of factors, including policy decisions made in the other UFS components, particularly the funding category component, and also detailed policy decisions in the learner success component, as discussed in Annex 8. For example, the outcomes of the detailed policy decisions could result in different rates for the enrolments of different types of learners, including learners who fall into multiple priority learner groups (e.g. a higher rate could be set for the enrolment of a disabled Pacific learner than for that of a Pacific learner).

15.　The learner success component funding rate will not necessarily be a straightforward uplift in funding for TEOs as an individual TEO's final funding will be determined by a combination of funding category and learner success component funding.

16.　However, at double or triple the VET equity funding rate for 2022, it would be a significant increase in the proportion of funding tied directly to learner success.

Approach

17. This annex provides the first step in our modelling of rates for the learner success component. It provides high level distributional information.

18. By September we will have done extensive modelling of learner success component rates. This will include modelling the percentage of UFS funding that should be tied to the learner component, rates linked to each of the eligible characteristics, rates for enrolments of learners who have multiple eligible characteristics and the distribution of funding at regional, subsector and provider levels.

19. We will have also modelled interactions with the funding category component to show providers' overall volume-based funding amount. It is this total which will determine whether an individual provider will receive more, less or the same total funding as they would have under the previous funding system. This will provide an indication of likely increased and decreased provider-level funding.

20. We are currently undertaking data collection to provide us with the information which will allow us to model rates more accurately. We recently received the first round of this data.

21. We plan to provide final advice on rates based on full-year data in early 2022.

22. The data used in this annex is a count of 2019 VET EFTS and STMs. At the time of analysis, 2019 was the most recent year that full-year data was available. The data used here relates to participation only and does not provide information on the outcomes of study (i.e. course or qualification completion or employment outcomes).

23. Learner count is also available for the 2019 period. The learner count was significantly higher than the EFTS/STM count. However, as funding is tied to an aggregated EFTS or STM count, using EFTS/STM data provides a better picture of the possible distribution of funding across TEOs.

24. The data provides separate counts of EFTS/STMs for Māori learners, Pacific learners and young learners with low prior achievement (priority learners). However, to exclude double counting (i.e. counting a learner who is both Māori and Pacific twice) where combined priority learner data is presented, each EFTS/STM is counted only once. This means the priority learner count will be lower than adding the totals for the individual learner characteristics together.

25. The regions used in the dataset follow the boundaries used for regional councils. The region is based on the location of the delivery site for provider-based learning and of the employer for work-based learning. Regional data excludes extramural EFTS/STMs. Subsector analysis includes extramural EFTS/STMs as these were able to be attributed to subsectors and TEOs.

26. As a result of the CoVID-19 pandemic and its impacts, more recent data could differ significantly from 2019 data. For example, in the 2021 year there has been an increase in domestic enrolments in tertiary education. Additionally, wānanga in 2020 had a steep decline in the number of Māori learners they reported. Future modelling will use data for 2021 and will therefore reflect many of the recent changes to the shape of the sector.

Trends by subsector

27. This section provides information about the numbers and proportions of Māori and Pacific learners and young learners with low prior educational attainment at a subsector level: Te Pūkenga, PTEs, ITF-funded TEOs, universities, and wānanga.

28. Table 1 and figure 1 below provide information on both the numbers and proportions of EFTS/STMs of priority learners and total EFTS/STMs in VET for each subsector. They show that:

    a. wānanga and PTEs had higher proportions of EFTS/STMs of priority learners compared to their proportions of total VET EFTS/STMs

    b. ITF-funded TEOs had lower proportions of EFTS/STMs of priority learners compared to their proportions of total VET EFTS/STMs

    c. Te Pukenga and universities had proportions of EFTS/STMs of priority learners relative to their proportions of total EFTS/STMs in VET.

29. This suggests that based on indications shown with 2019 data, due to the distribution of their enrolments PTEs and wānanga could receive relatively more learner success component funding as a proportion of their total funding from the UFS.

30. But with high numbers of EFTS/STMs, Te Pūkenga and ITF-funded TEOs are likely to receive the largest proportions of total learner success component funding.

Table 1: Proportions of priority learner and total EFTS/STMs in VET by subsector (2019)

Subsector	Priority learner EFTS/ STMs	All EFTS/ STMs	Proportion of EFTS/STMs that are priority learners	Proportion of total EFTS/STMs of priority learners	Proportion of total EFTS/ STMs
Te Pūkenga	14,297	29,348	49%	27%	27%
Private training establishments	9,204	16,682	55%	18%	15%
ITF-funded TEOs [4]	17,859	45,189	40%	34%	41%
Universities	1,823	3,035	60%	3%	3%
Wānanga	9,371	14,915	63%	18%	14%
Total	52,555	109,167	48%	100%	100%

31. Wānanga had the highest proportion (57%) and the highest number (8,525) of Māori EFTS/STMs. ITF-funded TEOs had the lowest proportion of Māori EFTS/STMs (17%), but ITF-funded TEOs still accounted for the second highest number of Māori EFTS/STMs across all TEOs (7,799).

32. Universities had the highest proportion of Pacific EFTS/STMs (24%) but had the lowest number of EFTS/STMs across all subsectors (724). Conversely, ITF-funded TEOs had the largest number of Pacific EFTS/STMs at 3,698 but had the lowest proportion of Pacific EFTS/STMs at 8%.

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[4] This includes a small number (120 STMs) of TEOs who are not transitional ITOs but received funding from the industry training fund. For transitional ITO specific numbers see Appendix 1.

Figure 1: EFTS/STMs in VET by subsector and by priority learners and other learners (2019)
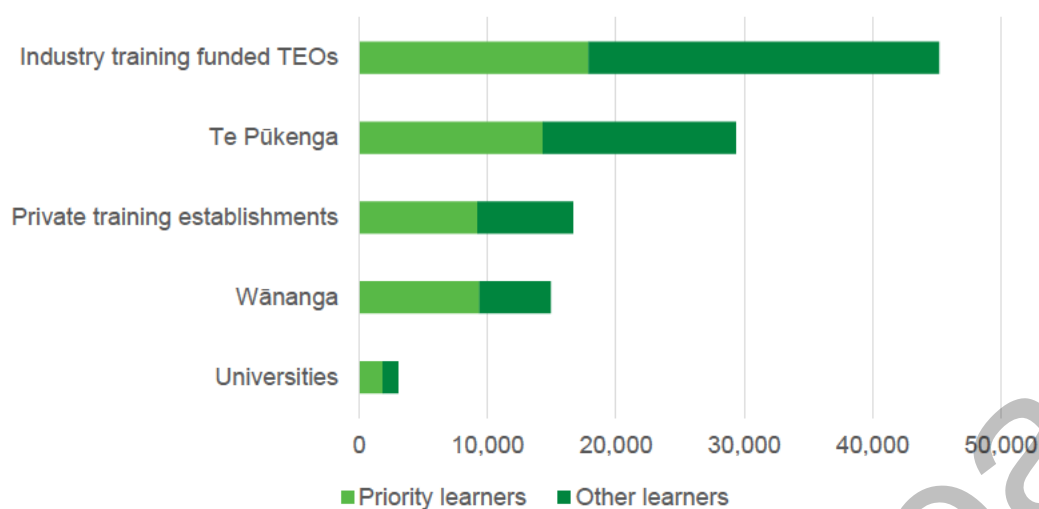
33. ITF-funded TEOs had the highest number of EFTS/STMs of young learners with low prior educational attainment (8,692) although this only made up 19% of total EFTS/STMs. Wānanga had both the lowest proportion of young learners with low prior educational attainment at 3% and the lowest number of EFTS/STMs of young learners with low prior educational attainment (494).

34. Wānanga had the highest combined proportion of EFTS/STMs of priority learners, with 9,371 EFTS, or 63% of total EFTS, bolstered mostly by the large proportion of Māori EFTS/STMs. Universities also had a fairly high proportion of EFTS/STMs of priority learners (60%), but this represented a very small number of EFTS/STMs of priority learners (1,823). ITF-funded TEOs had the highest number of STMs of priority learners (17,859), but as a proportion of its total EFTS/STMs (40%), this was the lowest of all TEOs types.

35. When looking at individual TEOs and Te Pūkenga subsidiaries, the data showed that nine Te Pūkenga subsidiaries had an above average proportion of EFTS/STMs of priority learners in VET (49-71%).[5] All three wānanga (60-86%), five universities (59-81%) and 78 PTE (49-100%) also had above average proportions.

36. Seven Te Pūkenga subsidiaries, three universities, 73 PTEs and all 11 transitional ITOs had below average proportions of EFTS/STMs of priority learners.

37. The last section of this paper lists most TEOs and Te Pūkenga subsidiaries by subsector and ranks them by their proportion of EFTS/STMs of priority learners within VET from largest to smallest. Those TEOs with larger proportions of EFTS/STMs of priority learners could receive higher proportions of learner success component funding than other TEOs relative to their total VET funding.

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[5] Note that funding will not be allocated to subsidiaries in the UFS. Allocation and performance approaches are to be confirmed.

Trends by Region

38. This section provides information about the numbers and proportions of Māori and Pacific learners and young learners with low prior educational attainment in VET at a regional level based on 2019 data.

39. In Tasman, Otago, West Coast, Nelson, Canterbury, Marlborough and Southland, the proportion of Māori EFTS/STMs in VET ranged from 11% to 16%. For the remaining regions, their proportion of Māori EFTS/STMs ranged from 19% in Auckland to 76% in Gisborne. Three regions had a high proportion of Māori EFTS/STMs (around half or higher): Bay of Plenty (48%), Northland (55%), and Gisborne (76%). Auckland had 5,505 Māori EFTS/STMs, which accounted for the highest number of Māori EFTS/STMs out of all the regions.

40. Auckland had the highest number (6,578) and proportion of Pacific EFTS/STMs (22%). The next largest region was Wellington (1377 or 12%). Aside from Wellington and Auckland, the range of Pacific EFTS/STMs across the remaining regions was 2% to 6%. The lowest number and proportion of Pacific EFTS/STMs was in the Tasman region (7 EFTS/STMs, or 2%).

41. Auckland had the highest number of EFTS/STMs of young learners with low prior educational attainment (5,976), while Taranaki had the highest proportion, at 26% (which equated to 585 EFTS/STMs). Gisborne had the lowest proportion at 14% which equated to 240 EFTS/STMs. West Coast and Tasman had the lowest number of EFTS/STMs of young learners with low prior educational attainment (97 and 91 respectively) which accounted for just over 20% of their total EFTS/STMs.

42. Auckland had the highest number of priority learners by region (15,031) which was just over 50% of all its EFTS/STMs. Gisborne had the highest proportion of EFTS/STMs of priority learners by region (83%) which equated to 1,463 EFTS/STMs.

43. Tasman and West Coast had the lowest number of EFTS/STMs of priority learners, 140 and 141 respectively, which proportionally accounted for 30% and 36% of their total VET EFTS/STMs. Tasman also had the lowest proportion of EFTS/STMs of priority learners. However, the proportions across all the regions in the South Island had a very low and small range, from 30% to 38%. The range for the North Island was a lot higher, from 46% in Taranaki to 83% in Gisborne.

44. Table 2 below lists the regions by the proportion of EFTS/STMs in VET that are priority learners. It also provides information on the region's proportion of total EFTS/STMs of priority learners and the region's proportion of total EFTS/STMs in VET. Figure 2 shows regions by all EFTS/STMs.

45. For the most part, the regions had a relatively similar proportion of EFTS/STMs of priority learners to their proportion of total EFTS/STMs. However, there were a few outliers. Auckland, Bay of Plenty and Northland had a higher proportion of EFTS/STMs of priority learners than their totals. Otago and Canterbury had a lower proportion of EFTS/STMs of priority learners than their total proportion of EFTS/STMs.

46. Extramural EFTS/STMs were not attributed to a region and accounted for 11,598 EFTS/STMs. Of this, 3,978 were EFTS/STMs of priority learners, which was 34% of total extramural EFTS/STMs.

Table 2: Proportions of priority learners and total EFTS/STMs in VET by region (2019)

Region	EFTS/STMs of priority learners	All EFTS/STMs	Proportion of EFTS/STMs that are priority learners	Proportion of total EFTS/STMs of priority learners	Proportion of total EFTS/STMs
Tasman Region	140	458	30%	0%	0%
Extramural Study	3,978	11,598	34%	8%	11%
Otago Region	1,735	4,989	35%	3%	5%
Marlborough Region	316	908	35%	1%	1%
West Coast Region	141	389	36%	0%	0%
Nelson Region	566	1,552	36%	1%	1%
Southland Region	997	2,625	38%	2%	2%
Canterbury Region	4,329	11,353	38%	8%	10%
Wellington Region	5,080	11,121	46%	10%	10%
Taranaki Region	1,014	2,210	46%	2%	2%
Auckland Region	15,031	29,560	51%	29%	27%
Manawatu-Whanganui	3,143	6,034	52%	6%	6%
Waikato Region	4,906	8,886	55%	9%	8%
Hawke's Bay Region	1,932	3,188	61%	4%	3%
Bay of Plenty Region	5,043	8,204	61%	10%	8%
Northland Region	2,562	3,765	68%	5%	3%
Gisborne Region	1,463	1,769	83%	3%	2%
Total	52,376*	108,608*	48%	100%	100%

* Note that totals in Table 2 are slightly lower than Table 1, as it excludes intramural EFTS/STMS where the region is unknown.

Figure 2: EFTS/STMs in VET by region and by priority learners and other learners (2019)