

Submission

by

Business|NZ

to the

**Honourable Steve Maharey, Associate
Minister of Education (Tertiary)**

on the

**Review of Training Opportunities and
Youth Training**

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Review of Training Opportunities and Youth Training

1. Introduction

- 1.1. This submission is made on behalf of Business New Zealand, incorporating regional employers' and manufacturers' organisations. The regional organisations consist of the Employers' and Manufacturers' Association (Northern), the Employers' and Manufacturers' Association (Central), Canterbury Manufacturers' Association, Canterbury Employers Chambers of Commerce, and the Otago-Southland Employers' Association. Business New Zealand represents business and employer interests in all matters affecting the business and employment sectors.
- 1.2. One of Business New Zealand's key goals is to see the implementation of policies that would see New Zealand retain a first world national income and to regain a place in the top ten of the OECD in per capita GDP terms. This is a goal that is shared by the Government. It is widely acknowledged that consistent, sustainable growth in real GDP per capita of well in excess of 4% per annum (and probably closer to 7-8%) would be required to achieve this goal. Continued growth of around 2% (our long-run average) would only continue New Zealand's relative decline.
- 1.3. Achieving sustained growth rates at this level will require ongoing improvements in the productivity and skill levels of New Zealand's population and workforce. New Zealand cannot afford to have significant numbers of people with low skills and / or poor participation in the workforce. Reducing alienation from the workforce and enabling people with low skills to begin an ongoing process of learning is an essential part of the overall strategy required to achieve sustained growth.

- 1.4. While this submission addresses the important issue of foundation education at the post-compulsory level, it is important to note that many of these issues arise because the compulsory education system is not meeting the needs of a significant number of young people. Business New Zealand submits that a review of this issue is of equal importance to the current review of the training opportunities and youth training programmes. That said, Business New Zealand recognises that there are significant long-standing issues to be addressed in the existing working-age population, and that the problem of low skill levels and alienation from work cannot be successfully addressed by focusing on compulsory education.

2. Summary of Recommendations

2.1. Business New Zealand recommends that:

- a) The overall focus for both Training Opportunities and Youth Training be on improving employability and readiness for ongoing learning, as opposed to developing specific skills or obtaining a particular job;
- b) Eligibility for accessing these programmes be broadened to include those at-risk of long-term unemployment;
- c) The programmes have a flexible form, focusing on meeting the needs of individuals, rather than being organised according to a pre-determined structure;
- d) There should be a diverse range of providers, and delivery environments and approaches;
- e) The programmes should incorporate an element of ongoing 'post-programme' support in work and further learning;
- f) Administration of the programmes be streamlined, with greater focus on outcomes as opposed to tight specification of process and outputs; and
- g) There should be ongoing and publicly reported evaluation of the success or otherwise of any changes or initiatives. Such evaluation should incorporate a significant component of stakeholder participation.

3. Key Points

Purpose of programmes

- 3.1. The overall purpose of these programmes should be to improve employability and readiness for ongoing learning, as opposed to gaining specific skills or placing individuals in a particular job. This does not mean that gaining specific skills or obtaining a job may not be important aspects of the programmes – but they should not be seen as their fundamental purpose. Business New Zealand does not see TO/YT programmes as operating to address specific skill shortages, for example.
- 3.2. The target population for these programmes are people who are alienated from work and / or learning. A key task of these programmes must therefore be to improve both these individuals' 'work readiness' and their interest and enthusiasm for learning. In many cases achieving this may entail gaining specific skills or a particular job – but these must be means towards a longer term goal, and part of a broader process of gaining and improving life skills, work skills and learning skills.
- 3.3. If these programmes are to meet these long term objectives, then they need to be carefully linked to and integrated with other post-compulsory education and training pathways and learning options. These programmes can no longer be treated as a separate and discreet activity – they need to be a true foundation for ongoing learning (whether in work or with a provider).

Eligibility

- 3.4. Current eligibility for the programmes is relatively tightly prescribed. Business New Zealand submits that it is counter productive for people to have to wait until they are long-term unemployed before they are eligible for such programmes. Business New Zealand believes that it would be more cost effective to intervene earlier, by identifying individuals with low or no qualifications, and who are at-risk of long-term unemployment. As noted

earlier, it would be ideal if intervention occurred even before learners left the compulsory education system (although it is important to note that addressing this issue may require radical changes in the school system and/or offering services similar to those currently offered by TO/YT providers).

- 3.5. Such an approach would require greater focus on identifying the particular needs of individuals. Business New Zealand recommends that greater emphasis be placed on assessing the learning and work preparation needs of individuals. This would involve a greater tailoring of programmes to meet the needs of these individuals in order that they are work and learning ready.
- 3.6. As a related matter, Business New Zealand recommends that consideration be given to removing the rigid distinctions between the two programmes. They should be seen as one overall programme with two overlapping target groups. Hard and fast distinctions between the groups fail to focus on meeting the individual needs of participants. Any distinctions within these programmes should be based upon the learning needs of individuals, rather than administrative or reporting convenience.

Form of the programmes

- 3.7. Business New Zealand recommends that the programmes have a flexible form, focusing on meeting the needs of individuals, rather than being organised according to a pre-determined structure.
- 3.8. Essentially, there is a need to move away from a focus on 'courses' to individualized learning and development programmes. While these programmes may include 'courses', the focus should be on developing the skills and attributes necessary for a particular individual to be ready for work and further ongoing learning.
- 3.9. Such an approach requires greater flexibility in the administration and contracting for these programmes. The focus should shift to longer term outcomes, as opposed to a short-term focus on particular outputs. Such

outputs may provide useful indicators for ongoing quality assurance, but they should not be the focus of these programmes.

- 3.10. It is important to acknowledge that there is still much to learn about how to improve individuals interest in and preparedness for learning and work, and to recognise that different individuals, from differing backgrounds, are likely to require varying approaches. This indicates that these programmes need to enable experimentation and development, rather than attempt to prescribe *ex-ante* all of the desired outputs. As long as the desired outcomes – work readiness and ongoing learning – are clear, then the range of contractual outputs should be considerably more flexible than at present.

Range of provision

- 3.11. It is clear that one of the reasons for the success of the current programmes is the diverse range of providers which deliver them. Business New Zealand recommends that this diversity be fostered and strengthened.
- 3.12. Meeting the diverse needs of individuals who are alienated from learning and work requires a variety of learning environments. It would be a false efficiency to assume that larger providers would be more cost-effective, if in fact it was the small size and non-institutional structure of these providers which enabled the success of these programmes. Research has shown us that many individuals are alienated and demotivated by large, institutional environments. These individuals need early identification, and a response which meets their needs.
- 3.13. Similarly, it should be possible for these programmes to be integrated, to varying extents, with other programmes. Indeed, the transition from TO/YT to other learning programmes (whether on-job or with a provider) is a critical issue to be resolved. If parts of these programmes could be delivered in conjunction with other programmes (such as industry training, or institutional courses), then the programmes' overall objectives are more likely to be achieved.

Linkages and ongoing support

- 3.14. Business New Zealand recommends that these programmes include a strong element of ongoing support and guidance for participants once they enter work and / or move into other learning programmes.
- 3.15. At present, these programmes are seen as discrete entities. In general, when a participant gains a job or moves on to another educational programme, this is considered a 'success', and the end of the programme. But this is a short-term, output focus. Business New Zealand has recommended that these programmes focus on longer term outcomes. Again, it may be a false economy to terminate a programme because a participant has obtained 'a job'. Business New Zealand is concerned to improve long term employability and skill levels. If the considerable investment made through these programmes is to be maximised, then there must be a period of time after these existing 'end-points' where ongoing support and guidance is provided.
- 3.16. A number of Business New Zealand's regional members have been involved in trial programmes which involve inter-agency co-operation and supported transition into work, with a component of ongoing learning. Background information on these programmes is included in the two **Appendices** to this submission. While the particular details of these programmes may not work in all cases, this sort of arrangement should become the norm. TO/YT participants should only 'leave' the programme once they have successfully transitioned to further study and/or work. This should include a period where the employer or new training provider works with the TO/YT provider to ensure the participant has, in fact, successfully made this transition.
- 3.17. There are significant opportunities for better integration with other educational programmes, particularly industry training. There should be no reason why every person transitioning from TO/YT should not move on to an ongoing training plan, which may involve elements of industry training and institutional courses.

Funding and organisation

- 3.18. Business New Zealand recommends that the administration of the programmes be streamlined, with greater focus on outcomes as opposed to tight specification of process and outputs.
- 3.19. Such an approach would, as recommended above, involve greater emphasis on tailoring the programmes to individual needs, a reduced emphasis on trying to match these programmes to particular local skill shortages, a reduced emphasis on short-term outputs, and a greater emphasis on longer term, quality assured, outcomes.
- 3.20. The current approach to funding via purchase contracts is very expensive, as well as restrictive. The review team believes that these costs are justified (to some extent) by the “added value from more intensive management required to achieve a high level of outcomes”.
- 3.21. There are, however, two separate issues involved – the higher level of costs associated with meeting the needs of these groups of learners, and the administrative costs associated with the contractual system currently operated. Much of the high cost involved in the current approach is related to a heavy focus on *ex-ante* specification of outputs.
- 3.22. With respect to the \$20 million of administrative costs, it would seem that some of this money could be better spent on providing guidance and support for learners, and on actual education and training. If education and training providers are given the right incentives (which focus on outcomes), and are properly quality assured, then the transaction cost of the programmes could be reduced without reducing their effectiveness.

Evaluation

- 3.23. Evaluation of any changes to the TO/YT programmes is essential. We have recommended a greater level of flexibility and diversity within the programme – but our objective is to provide the opportunity for learning about what works in improving the employability and orientation towards learning of those

currently alienated from it. Evaluation will therefore be important at the level of individuals, providers and the programme overall.

- 3.24. It will also be important that stakeholders, including employers and industry, are involved in the evaluation of these programmes. These stakeholders will, if our recommendations are implemented, also be partners in the delivery of these programmes. Their contribution to evaluation will therefore be essential to ongoing improvement and success for these interventions.

4. Conclusion

- 4.1. Business New Zealand recognises the vital importance of these programmes in providing the foundation for ongoing learning and work. The existing programmes have had major successes – but there is considerable scope for improvement.
- 4.2. This review is a timely opportunity to shift the focus of these programmes onto longer term outcomes, building on the expertise developed by providers and Government agencies over the last decade. Integrating and linking these programmes with the rest of the post-compulsory education and training system is the key opportunity and challenge facing the review team and the Government. Business New Zealand submits that the providers and agencies, if given the right incentives and appropriate flexibility, have the capability to meet the objective of sustainable work and ongoing learning for those currently alienated from both.

Appendix One

Manufacturing Action Group (MAG) - EMA Central

1. Introduction

- 1.1 In 2000 the Manufacturing Action Group was set up to oversee the running of short training courses designed to place long-term unemployed (26-week minimum) in jobs with the manufacturing sector in the Wellington region.
- 1.2 MAG is believed to be the first joint effort by government agencies (WINZ & Skill New Zealand), an employer group (EMA Central), a recruitment advisor (Kelly Services), educators (Whitireia Polytech and WelTec) and industry (Interlock, Unilever, Formway and others).
- 1.3 Three courses of 13 weeks each were run from the end of 2000 and in 2001.
- 1.4 The participants were selected by WINZ and assessed by Kelly's. The courses were run by the polytechs, with assistance from WINZ. Funding and overall administration was provided by Skill New Zealand. Industry involvement was promoted by EMA Central and employers provided on-the-job experience.

2. Results

- 2.1 The two most recent courses were run by WelTec. From the list of 22 candidates supplied by WINZ for course one (Aug-Oct '01), nine arrived on the first day. By the end of the first week, 16 students had enrolled.
- 2.2 Of the 16, eight were placed with employers for a four-week training period after the polytech training. Three withdrew from the work placements, of the remaining five, three gained employment.
- 2.3 For course two (Sept-Nov), from the WINZ list of 15 candidates, five attended on the first day and nine students were enrolled by the end of the week.
- 2.4 Of the nine, six entered workplace training, two withdrew from this training, the remaining students completed the programme and three of the four got jobs.
- 2.5 One of the students who gained full employment at the end of a course had been unemployed for four years.
- 2.6 Students continued to gain employment in the months following the end of the courses. In total about 60% of those who completed the courses gained employment and unit standard qualifications of varying levels.

3. Costs

- 3.1 No student fees were charged for these courses. WelTec's preliminary estimation of the cost of running its two courses was \$42,500. The Ministry of Education, Skill New Zealand and WINZ contributed \$36,500 to these two courses.

4. Issues Raised By Educators

- 4.1 The training providers found the lack of enthusiasm displayed by most of the course participants discouraging. The comment was made that the students believed they were involved in a “work for the dole” type of scheme. Most appeared not to believe they had a serious chance at employment.
- 4.2 The training providers felt the ‘results’ in terms of those who gained qualifications and/or employment were low and generally unsatisfactory.
- 4.3 The training providers felt additional life skills type training was needed by many of the participants. A high percentage needed assistance with numeracy and literacy.
- 4.4 Several students also had significant eyesight or hearing problems which were discovered by polytech health assessments.

5. The Employer Perspective

- 5.1 Employers are supportive of the courses. The employers have a number of reasons to continue with the programme, which include:
 - manufacturing general suffers from a poor ‘image’, particularly among school-leavers. It is difficult for this industry to recruit staff who recognise the specific requirements of the job, including consistently reaching a high standard, understanding quality and being prepared to cope with change and innovation
 - skills shortages at all levels of the manufacturing industry make it difficult to retain qualified staff. The investment in training is required to maintain a qualified workforce.
 - students completing training in the workplace provide employers with an excellent opportunity to evaluate potential staff and recruit suitable students.

6. Conclusion

- 6.1 Employers hope the courses will continue despite a lack of enthusiasm from the educators involved to date.
- 6.2 It is perhaps not surprising the educators found the courses and their participants difficult to assimilate into the education system’s usual assessment criteria. The students were in many cases unwilling, and often ill-equipped to move into full time training and employment.
- 6.3 The tertiary education system is not designed to cope with students who have a reluctance to learn, or simply do not have the skills to learn. Employers like MAG’s manufacturers are required to become surrogate educators for these people, who eventually do become useful and valued members of staff.
- 6.4 EMA Central believes these courses have been a remarkable success, mostly due to the commitment from employers and the excellent support from WINZ and Skill New Zealand.
- 6.5 EMA Central would like to see Government find a way to acknowledge and recognise the contribution employers make to workplace learning. Employers need to be encouraged to continue to raise their level of commitment, just as their students do.

Appendix Two

Actionworks Youth Employment Service - Canterbury

Actionworks provides individual holistic case management of youth to develop their personal, people, self-marketing and self-motivation skills to assist them into sustainable training and employment opportunities. To bridge the gaps in youth employment.

The parties to this programme are the Canterbury Development Corporation and the Department of Work and Income NZ. The CDC is the economic development and employment services arm of the Christchurch City Council, and is supported by the Canterbury Employer's Chamber of Commerce. It is set up as a separate Trust company to promote and facilitate economic growth and employment in the region. The CDC has a strong youth focus and has delivered services to youth (school leavers and those under 25 years of age) for a number of years through its Actionworks programme. The DWI is charged with administering income assistance and assisting people into employment. Since May 1994 the NZES and CDC and since 1995 DWI, have had a partnership through their collaborative efforts and sharing both services resources within the Actionworks programme.

Actionworks has expanded its holistic specialised case management service for all 18 and 19 year olds in Christchurch receiving the community wage. The Department of Work and Income has nominated Youth Specialists in 9 of the 12 DWI sites. Including Actionworks staff there are 30 Youth Specialists in Christchurch.

With increased resources we have refocused and reduced case load numbers to a manageable size (approximately 125 instead of 280 average) . Increasing the Intensive case management of 18 and 19 year olds therefore reducing the number of youth transferring into the 20 – 24 year old bracket requiring benefit and other assistance in the future.

The rationale for the youth strategy is that specialised focused interventions will assist youth to participate in activities and break the benefit dependency and can be tested on the basis of a reduction in benefit support.

- The Mayors Taskforce for jobs has positively affected how local and central government work together. Actionworks aims to have all 18 and 19 year olds on Community wage participating in activities by the end of 2002. They will form the core group of clients on Youth Specialist caseloads in DWI sites. Youth Specialist caseloads may also include clients who receive the IYB and other priority or disadvantaged groups in the 16-24 age range such as Maori, Pacific Island, court-involved, graduates, etc.
- The CDC education strategy will encourage ways for all people to have access to life long education opportunities. Research and action must be taken now to look at training and jobs for the future way of working. Youth referred from 8 participating high schools in the Christchurch area access Actionworks services at present and the education strategy aims to increase awareness of assistance. School leavers are monitored through the Moving On project and assisted into training or work.
- Another part of the education strategy is to make sure that schools make their students aware of local labour market knowledge and jobs available to them when they leave school. The Education Team CDC will offer increased levels of specialised services and interventions for youth, and also facilitate more productive linkages and relationships with the education, business and community sectors, displayed at the Career Expo. Parents of 18 and 19 year olds in Christchurch would be aware of the service that exist to support their child make the transition from school or between jobs
- Actionworks also has a Youth collaborative networks advisory group which meets monthly to support this community vision and collaborative commitment to Canterbury youth. An Interagency

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advisory steering group of representatives including government, community, youth peers and other interested parties is set up to provide guidance on the future development of employment services as a Youth Advisory Committee to facilitate closer liaisons between social services, health, and employment.

- Service to Maori youth has been enhanced as the Youth Specialists have greater awareness of Maori youth programmes through our collective networking throughout the region.
- At Actionworks Youth can access the Youth Employment Resource Centre information and resources to meet their needs in all aspects of employment as well as the areas of; employment, health, safety and well-being, education and training.
- Actionworks short intensive interventions around self motivation, understanding personal change and developing communication, team work and self esteem have proven successful in overcoming barriers for youth.

Adult Community Education

Adult Community Employment (A.C.E.) is a subsidised employment programme available to community groups, schools, churches and other non profit organisations. A.C.E. enables organisations to undertake additional work by employing a person 20 years old and over for 30 hours a week for up to 26 weeks.

A.C.E. is run by the Department of Work and Income New Zealand (DWI) in conjunction with the Canterbury Development Corporation Ltd. A.C.E. is supported by the Canterbury Employers Chamber of Commerce.