

# Regulatory Impact Statement: Simplifying qualifications and credentials

## Coversheet

Purpose of Document	
Decision sought:	<i>This analysis and advice have been produced for the purpose of informing Cabinet decisions about simplifying qualifications and other credentials.</i>
Advising agencies:	<i>Ministry of Education</i>
Proposing Ministers:	<i>Minister of Education</i>
Date finalised:	<i>2 August 2021</i>
Problem Definition	
<p>Vocational education is being reformed so that there is a strong, unified, sustainable system for all vocational education that delivers the skills that learners<sup>1</sup>, employers and communities need to thrive.</p> <p>To support the reform of vocational education (RoVE), further legislative changes are needed to simplify qualifications and other credentials and better allow Workforce Development Councils to undertake their functions.</p>	
Executive Summary	
<p>This Regulatory Impact Statement provides an analysis of the proposed legislation changes to simplify qualifications and other credentials.</p> <p>The proposed legislation changes seek to support RoVE, make qualification and credential arrangements simpler, and allow Workforce Development Councils (WDCs) to fulfil their functions. To support the achievement of RoVE outcomes, qualifications and credentials arrangements need to be simplified. RoVE is creating a strong foundation for significantly enhanced end-user influence, improved consistency of graduate outcomes, and greater learner mobility. Stakeholders have commented that qualifications and credential arrangements are too complicated and do not meet employer or learner needs well.</p> <p>The key objectives of the proposed changes are to make the legislation framework:</p> <ul style="list-style-type: none"><li>• simple: it is easy for learners, industry, employers, and providers to understand;</li><li>• coherent: it is logical and consistent;</li><li>• flexible: it is able to be adapted to cater for diverse needs.</li></ul>	

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<sup>1</sup> Learners include but are not limited to Māori learners, Pacific learners, and disabled learners.

The proposed legislative changes to the Education and Training Act 2020 are:

- Proposal 1: Simplifying qualifications - This proposal is to give WDCs and other standard setting bodies the choice of creating a 'national curriculum' as part of establishing a qualification. This supports stakeholders' strong preference for simplifying the range of instruments by removing training packages and giving industries the choice about whether there should be multiple programmes.
- Proposal 2a: Replacing training schemes with micro-credentials - Training schemes will be phased out as an education product and replaced with micro-credentials. Only micro-credentials will be used to respond to the need for industry-informed smaller packages of learning (less than 40 credits). Stakeholders supported this proposal as they thought it would assist with simplification and ensure that smaller packages of learning would be more accessible for learners.
- Proposal 2b: Enabling WDCs to develop micro-credentials content and seek approval from New Zealand Qualifications Authority (NZQA), and then for providers to apply for accreditation to deliver - this would mean changes in the legislative framework to enable WDCs to have the powers to seek content approval from NZQA for the micro-credentials it develops. Stakeholders supported this proposal as it would ensure that micro-credentials meet industry needs, remove duplication and cost, help simplify the process and help reduce costs for providers.
- Proposal 3: Establishing a framework that includes qualifications and micro-credentials - This option would broaden the framework to include more quality assured products in a unified framework. Stakeholders agreed that this would better meet the changing needs of users by promoting a wider range of choice, flexibility and employment opportunities for learners and better reflect the contemporary learning environment.

We have considered whether a fundamental redesign of qualifications and credentials is required. Based on the feedback received through RoVE, and the latest consultation, there is support for simplifying qualifications and other credentials and ensuring that WDCs are able to undertake their functions.

Furthermore, if we want a strong focus on industry and employers, it is important that their voice is heard, and that their needs and interests are incorporated into the design of qualifications, rather than continuing to allow providers to dominate the discussion about future qualification design.

The proposed legislative changes have the right balance that will better allow for the needs of industry and employers to be met, while also allowing providers to tailor their delivery to their diverse learners and educational settings.

### **Limitations and Constraints on Analysis**

This Regulatory Impact Statement assesses the proposals for further legislation changes aimed at better supporting RoVE. The proposed changes are a response to:

- sector and stakeholder feedback about the complexity of qualifications and credentials;

- public consultation (between 21 April and 16 June 2021) and the feedback from submissions and subsequent workshops seeking feedback on a proposed approach; and
- the need for WDCs to partner with providers to seek NZQA approval for their training schemes.

The proposals tune existing settings to better meet the needs of industry, employers, and learners. There are limitations on the scope of the proposed legislative changes, due to the current legislative requirements that provide for RoVE. When the legislation changes are enacted, NZQA will need to revise its rules, policies, and guidance.

We are confident in the evidence that is set out in this Regulatory Impact Statement. The costs outlined in Section 2 are subject to some uncertainty, as there is little information about the monetised value of potential benefits and costs. Some providers have identified that there will be extra costs but have not quantified those costs.

These proposed legislation changes are constrained by what is feasible and appropriate when considering what is in the primary legislation, and what is appropriate in the secondary instruments.

### Responsible Manager

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*System, Regulatory, and Higher Education Policy*

*Ministry of Education*



*2 August 2021*

### Quality Assurance

Reviewing Agency: Ministry of Education's Quality Assurance Panel

Panel Assessment & Comment: The Ministry of Education's Quality Assurance Panel has reviewed the Regulatory Impact Statement: *Simplifying qualifications and credentials* dated 2 August 2021. The panel considers that it **meets** the Quality Assurance criteria. The Regulatory Impact Statement provides a clear and convincing case for the proposed simplification of qualifications and other credentials to support the reform of vocational education and allow Workforce Development Councils to fulfil their functions. The objectives of the of the proposed legislative changes are appropriate and the costs and benefits properly explored. Stakeholder views on the proposal has been sought, including through public through consultation, and are reflected in the RIS.

## Section 1: Diagnosing the policy problem

### What is the context behind the policy problem and how is the status quo expected to develop?

#### ***Vocational Education in New Zealand***

1. Vocational education is education and training that has a special emphasis on the skills, knowledge and attributes required to perform specific roles or to work in industry. The vocational education system allows a degree of standardisation in learning outcomes that makes training more efficient and supports labour mobility between firms and regions. The five core functions in the vocational education system are:
  - skills leadership: planning for the future skills needs, and taking leadership of the changes needed to respond to those needs;
  - standard setting: developing standards and qualifications that address skills needs, and helping to ensure that graduates meet these standards;
  - learning design: developing the curriculum, programmes, pedagogy, and content required to successfully deliver a programme of learning;
  - purchasing vocational education: making decisions about what provider-based and work-based provision government will fund; and
  - providing education and training: teaching and providing other support to learners, in workplaces (“on-job”) and/or at providers.<sup>2</sup>
2. The requirements for qualifications, credentials, and standards, including their approval, operation, and risk intervention are set out in the Education and Training Act 2020 (the Act) and NZQA-developed rules. We have provided further information on the key roles and processes for vocational qualifications in Appendix One.

#### ***New Zealand Qualifications Framework***

3. The New Zealand Qualifications Framework (NZQF) is established under section 436 of the Act. It is the definitive source for accurate information about all quality assured qualifications, covering qualifications offered across schools and tertiary education providers.
4. The NZQF is designed to optimise the recognition of educational achievement, and its contribution to New Zealand’s economic, social and cultural success. With the changing nature of the economy and employment given the impact of technology, and the demand for more complex skills, it is important that the NZQF is fit for purpose to better support future skills challenges.
5. Qualifications listed on the NZQF have been quality assured by NZQA, or for universities, Universities New Zealand (UNZ). The NZQF is divided into 10 levels,

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<sup>2</sup> A function of Workforce Development Councils is to advise the Tertiary Education Commission on overall investment and mix of provision for one of more industries. The TEC must have regard to this advice when funding individual tertiary education organisations and give effect to the mix of provision it funds.

based on the complexity of the learning. Qualifications usually include information about graduate outcomes, including the further education and employment opportunities the qualification could lead to.

6. NZQA is responsible for the maintenance of the NZQF. A review has been undertaken to ensure that the framework is fit for purpose. The review has identified that the framework could better respond to the fast-changing pace of skills demands, including the impact of technology.

### ***Training Schemes and Micro-credentials***

7. NZQA Training schemes are short packages of learning (typically no more than 40 credits) that result in an award, but not a qualification, on the NZQF. Since 2011, the legislation has used the term 'training scheme' to refer to these short packages of learning. However, they are not widely understood.
8. Micro-credentials are a sub-set of training schemes. They are NZQA-approved formal packages of learning that are between 5-40 credits in size. Micro-credentials have been in place since 2018 and are treated as a subcategory of training schemes with more stringent requirements on size, industry and/or community support, as well as frequency of review.
9. NZQA requires that micro-credentials typically do not duplicate current quality assured learning approved by NZQA, but should rather address an unmet need that leads to a specified employment outcome. Micro-credentials may be stackable to contribute towards qualifications, subject to NZQA requirements. Micro-credentials are recognised in three ways:
  - a. NZQA can approve micro-credentials as a type of training scheme, so that they certify achievement of a coherent set of skills and knowledge.
  - b. NZQA can approve industry training micro-credentials, developed by industry, using one or more assessment standards listed on the Directory of Assessment Standards (DAS)<sup>3</sup> through Consent to Assess Rules.
  - c. NZQA can assign a level and credit value for micro-credentials that it has not quality-assured through an equivalency service.
10. Funding for micro-credentials complements rather than displaces existing privately funded training. However, there is an expectation that employers, industries and learners will cover the full cost of many of the micro-credentials themselves. Similarly, training schemes currently receive limited Government funding as the costs are usually borne by the individual and employer.
11. Under the current legislative settings, only providers can seek approval for micro-credentials, because it is tied with their accreditation to deliver a programme. An application for micro-credential approval has to include all necessary information

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<sup>3</sup> The Directory of Assessment Standards (DAS) lists all quality assured unit and achievement standards, known collectively as 'assessment standards'.

about its design, even if identical content has previously been approved for another provider.

12. As a result of the RoVE reforms, one of the functions of Workforce Development Councils (WDCs) is to develop and maintain training schemes for delivery by providers. Providers may also continue to develop and deliver their own training schemes. Where these relate to vocational education, providers would be expected to consult with the relevant WDCs. However, the Act also specifies that only providers that want to deliver a micro-credential can apply for NZQA approval.
13. Therefore, the current legislation restricts WDCs from developing micro-credentials for providers to deliver, unless they work together with that provider and make a joint application. This constrains the development of common training schemes/micro-credentials.

### ***Reform of Vocational Education***

14. In 2018, the Ministry, Tertiary Education Commission (TEC) and NZQA commenced an extensive reform programme (brought under the RoVE banner in 2019) that examined whether the system was meeting expectations.
15. Throughout the RoVE process, some major challenges of the vocational education system were identified by a range of stakeholders, including learners, employers, providers and professional associations. This included:
  - a. end-user influence on qualification design and delivery is relatively weak: in particular:
    - i. industry has limited influence on provider-based vocational programmes and assessment;
    - ii. variability in programme content, delivery and assessment affects learner mobility and the credibility of vocational qualifications.
  - b. the regulatory system for developing, amending and delivering vocational qualifications constrains innovation; employers find qualifications and the associated terminology complicated; and some employers face significant demands from standard setters and providers to engage in multiple processes to develop and quality assure qualifications, programmes and assessment standards.
16. To address some of the issues outlined above, a number of changes were made to the vocational educational system. For example, the legislative changes made in 2020 created new roles and responsibilities, which include the establishment of WDCs and the creation of Te Pūkenga (the New Zealand Institute of Skills and Technology), which brings together on-the-job, on campus and online vocational education and training.<sup>4</sup>

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<sup>4</sup> Key decisions can be found in the proactive release of Reform of Vocational Education Key decisions here: [R+27+CP1+short.pdf \(conversation-space.s3-ap-southeast-2.amazonaws.com\)](https://www.conversation-space.s3-ap-southeast-2.amazonaws.com/R+27+CP1+short.pdf).

17. Without legislation changes to qualifications and other credentials, they will remain complicated and WDCs will not be able to undertake their function to develop and maintain training schemes.

### ***Connections with schooling***

18. The implementation of any changes will need to consider the links between schooling and tertiary education. This work sits alongside the review of achievement standards, which is underway. School-based learners, with an interest in vocational education, need to undertake relevant learning that is valued by industry and employers. WDCs will need to ensure that they have good links with schooling so that learners are able to start their vocational education at school and not have to repeat learning when they move into the workplace and/or tertiary education.

## What is the policy problem or opportunity?

### ***We need adjustments to qualifications and other credentials to support RoVE***

19. As these structural reforms of RoVE 'bed in', there are opportunities to make further changes to vocational qualifications to align with its objectives.
20. We have identified a number of areas for potential change to better support the overall aims of RoVE objectives, particularly:
  - a. the portability of students' learning when they move between work-based and provider-based learning and between providers; and
  - b. consistency of what graduates know and can do, so that employers can have confidence in their skills.
21. The design of vocational qualifications and other credentials, and the related quality assurance, play a critical part in achieving the aims of RoVE. In particular, changes to qualifications and other credentials are needed to ensure that there is a unified and cohesive vocational education system that is ready for a fast-changing future of skills, learning and work.

### ***Qualifications need to be simpler, coherent, and more flexible***

22. Alongside the RoVE reforms, NZQA conducted a review of the NZQF to ensure it is fit for purpose, flexible and adaptive to the future needs of learners, employers, iwi and other stakeholders. It is timely to ensure that any proposals to change the NZQF are made in alignment with RoVE objectives.
23. Since late 2019, NZQA has been considering further opportunities for changes to qualifications, in line with stakeholder feedback that qualifications arrangements are too complicated and do not meet employer or learner needs well.
24. We consider that this review provides a timely opportunity to align any changes with the NZQF and the implementation of simpler arrangements. The needs of industry and employers must be better met and qualifications need to also better reflect the reality, values and aspirations of learners, including Māori and Pasifika learners.
25. The following issues have been identified:
  - a. qualifications and micro-credentials could be better connected: while qualifications are an often-important step for people entering an industry, micro-credentials are useful within qualifications and for supporting lifelong learning by adding on just-in-time skills;
  - b. there is limited ability to develop a national curriculum (working title) even with industry support: there is a call for qualifications to have the option of a national curriculum instead of a programme to provide greater consistency for the industry. While providers can develop joint programmes, there is no ability for a WDC to develop a national curriculum when an industry would prefer this approach;
  - c. the status of skill standards is unclear: while all providers are expected to use skill standards as part of RoVE, the legislation only signals that Te Pūkenga is required to use skill standards; and



- d. training packages are not needed: a national curriculum removes the need for training packages.
26. Following consultation on these changes, we have identified the following opportunities:
- a. to refine the legislative settings for qualifications;
  - b. to simplify the way qualifications are designed and used; and
  - c. to ensure that industry, through WDCs, has sufficient powers to fulfil their legislated functions in setting vocational standards and qualifications.

***Credentials need to be simplified and better meet the needs of industry and employers***

27. Throughout the RoVE process, stakeholders told us that qualifications and the associated terminology is complicated. The term training scheme, introduced in 2011, is poorly understood. Locally and internationally, smaller coherent units of learning intended to help people upskill and reskill throughout their careers are now commonly recognised as micro-credentials.
28. Under the Act, one of the functions of WDCs is to develop training schemes that reflect industry and employer needs. However, in another part of the Act, the legislative approval process only allows NZQA to approve micro-credentials for delivery by providers. As WDCs are not providers, WDCs would have to partner with a provider to obtain joint approval. This incoherence is likely to result in unnecessary duplication in the approval process for micro-credentials, which will lead to inefficiencies and productivity loss.
29. There is an opportunity to simplify the range of credential options, which are currently not very well differentiated, and simplify the development and approval process for these education products to be delivered to learners.

**Key stakeholders and what are their interests?**

30. Throughout the RoVE process and consultation on these current legislative proposals, we heard a range of views from stakeholders:

Stakeholders	Interests
Learners (including international learners)	<ul style="list-style-type: none"> <li>• want qualifications and credentials that meet industry and community needs. If the qualification is industry-related, learners want to know that industry and employers value the qualification.</li> </ul>
Providers (universities, Te Pūkenga, private training establishments, government training establishments)	<ul style="list-style-type: none"> <li>• want to support learner achievement by delivering qualifications and credentials that are valued by industry;</li> <li>• want to ensure that the educational delivery is pedagogically sound.</li> </ul>
Schools	<ul style="list-style-type: none"> <li>• want learners to acquire knowledge, skills, and capabilities that ensure learners can experience future success;</li> <li>• their learners are able and prepared to undertake vocational education that is valued by industry and employers.</li> </ul>

<p>Workforce Development Councils</p>	<ul style="list-style-type: none"> <li>• want graduates to have the required knowledge, skills, and capabilities so that they are workplace ready;</li> <li>• want providers to be accountable for delivering high quality and relevant skills training;</li> <li>• want work-integrated learning;</li> <li>• want industry and employer input that allows qualifications and credentials to keep pace with the changing needs of industry and provide timely and rapid skill development;</li> <li>• need legislative change so that they can fully undertake their functions.</li> </ul>
<p>Industry, employers, and professional bodies</p>	<ul style="list-style-type: none"> <li>• want graduates to have the required knowledge, skills, and capabilities so that they are workplace ready;</li> <li>• want providers to be accountable for delivering high quality and relevant skills training;</li> <li>• want work-integrated learning;</li> <li>• want industry and employer input that allows qualifications and credentials to keep pace with the changing needs of industry and provide timely and rapid skill development.</li> </ul>
<p>Whānau and communities</p>	<ul style="list-style-type: none"> <li>• want learners who undertake vocational education to achieve the knowledge, skills, and capabilities valued by industry and employers so they can succeed.</li> </ul>
<p>Māori</p>	<ul style="list-style-type: none"> <li>• have a relatively high rate of participation in vocational education but it does not always meet their needs. Therefore, Māori have a particular interest in improving the quality and relevance of vocational education, to improve their access to employment opportunities;</li> <li>• The Ka Hikitia outcome domains reflect what we've heard from Māori over an extended period of time as to their interests: <ul style="list-style-type: none"> <li>• Te Whānau: Education provision responds to learners within the context of their whanau;</li> <li>• Te Tangata: Māori are free from racism, discrimination and stigma in education;</li> <li>• Te Kanorautanga: Māori are diverse and need to be understood in the context of their diverse aspirations and lived experiences;</li> <li>• Te Tuakiritanga: Identity, language and culture matter for Māori learners;</li> <li>• Te Rangatiratanga: Māori exercise their authority and agency in education.</li> </ul> </li> </ul>
<p>Regulators</p>	<ul style="list-style-type: none"> <li>• NZQA wants regulatory arrangements that provide for high quality education. The arrangements need to be clear, coherent, and sufficiently flexible to take account of diverse educational settings.</li> </ul>
<p>Wider government</p>	<ul style="list-style-type: none"> <li>• want qualifications and micro-credentials that show that learners have the right knowledge, skills and capabilities;</li> <li>• want industry and employers to have a strong voice in the design and operation of those qualifications;</li> </ul>

	<ul style="list-style-type: none"> <li>• want providers to respond to the needs of industry and employers;</li> <li>• TEC wants good information about the operation and performance of providers to support its decision-making processes;</li> <li>• Immigration New Zealand needs information about education to inform its visa work.</li> </ul>
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### What objectives are sought in relation to the policy problem?

31. The reforms under RoVE aimed to create a strong, unified, sustainable system for all vocational education that delivers the skills that learners, employers and communities need to thrive. The following objectives for the system are sought:
  - a. simple: it is easy for learners, industry, employers, and providers to understand;
  - b. coherent: it is logical and consistent; and
  - c. flexible: it is able to be adapted to cater for diverse needs.
32. The selected criteria have been drawn from and are influenced by existing regulatory guidelines from the Education and Training Act 2020. The Act’s purpose is to establish and regulate an education system that—
  - a. provides New Zealanders and those studying in New Zealand with the skills, knowledge, and capabilities that they need to fully participate in the labour market, society, and their communities; and
  - b. assures the quality of the education provided and the institutions and educators that provide and support it; and
  - c. honours Te Tiriti o Waitangi and supports Māori-Crown relationships.
33. The Ministry of Education has eight principles which guide regulatory stewardship, which have also been drawn upon in the development of these criteria. The principles that have relevance to this work are: effectiveness (coherent), and efficiency (simple), and durable and resilient (flexible). The work has also considered Te Tiriti o Waitangi and Ka Hikitia.

## Section 2: Deciding upon an option to address the policy problem

### What scope will options be considered within?

34. We have considered whether a fundamental redesign of qualifications is required. Based on the feedback received through RoVE and the latest consultation, there is support for simplifying qualifications and other credentials.
35. The proposed changes are grouped under the following headings:
  - a. qualifications, including programmes and skill standards;
  - b. training schemes and micro-credentials; and
  - c. establishing a framework that includes qualifications and micro-credentials.
36. The proposed changes within each grouping collectively seek to achieve the same purpose, which is to ensure the legislative provisions are simple, coherent, and flexible.
37. For the purposes of the analysis in this section, the status quo is maintaining existing legislative settings. Many of the proposed changes are minor or technical changes, with clear and straightforward options to address them. When the options are more complex, the different approaches will be considered and the rationale for selecting the proposed change as part of the preferred option will be explained. For this reason, there are only two options presented, the status quo and legislative change.

### What criteria will be used to compare options to the status quo?

38. When assessing the options for each proposal, we used the following criteria:
  - a. coherence – does this option result in more logical and consistent arrangements for users?
  - b. simple – is this option easy for a wide range of users – including learners, employers and VET providers – to understand and use?
  - c. flexible – does this option make it easy for learners to move between providers and enable providers to respond effectively to changing needs?

### ***Proposal 1: Qualifications including programmes and skill standards***

39. The following section discusses the two most appropriate options identified throughout the simplifying qualifications and other credentials consultation process. We provide a brief description of the respective options, how each compare against each other, and information about the costs and benefits.

### What options are being considered?

#### Option One – Status Quo

40. WDCs will have a forward looking, strategic view of the future skills needs of industries. They will use information from the Regional Skills Leadership Groups. They will translate industry skill needs now and in the future for the vocational education system. In practice, this means WDCs will work collaboratively with

industry and providers to set standards, develop qualifications and training packages, and help shape the delivery of vocational education. WDCs will endorse programmes developed by providers. WDCs will moderate assessments against industry standards and, where appropriate, set and moderate capstone assessments at the end of a qualification.

41. Providers will remain responsible for delivering education and training, and for supporting employers and learners in work-based training. Providers will seek WDC endorsement of programmes prior to seeking NZQA approval of the programme. The Act provides for joint programmes to be developed. In the future, it is expected that industry qualifications will comprise skill standards unless the WDC decides otherwise. School students will be able to work towards vocational qualifications which they can then complete in the workplace and/or through a tertiary education provider.
42. While RoVE signalled that all providers, with the exception of wānanga, would be required to use skill standards, the legislation currently only states that Te Pūkenga will use skill standards.

#### **Option Two – Simplifying qualifications**

43. Following consultation about simplifying qualifications and other credentials, we have identified opportunities to refine the legislative settings for qualifications, to simplify the design and use of qualifications, and to ensure that industry, through WDCs, has full authority in setting vocational skill standards and qualifications.
44. The most substantial change proposed is to give WDCs and other standard setting bodies the choice of establishing a 'national curriculum' (working title) as part of establishing a qualification (instead of endorsing multiple provider programmes). This supports stakeholders' strong preference for simplifying qualifications by reducing the range of instruments, by removing training packages and giving industries the choice about whether there should be multiple programmes.
45. Some more specific changes are also proposed to support this:
  - a. broadening the definition of skills standards to include learning outcomes, so that WDCs have more flexibility about how they use the standards to reflect industry skills needs;<sup>5</sup>
  - b. providing for the Directory of Skill and Assessment Standards, which would acknowledge the different expectations about skill standards compared to assessment standards (replacing the DAS); and
  - c. clarifying that all providers will be expected to use skill standards in industry qualifications unless the WDC agrees otherwise.
46. When a national curriculum is used, school students will be able to work towards the national curriculum while at school. They will then be able to use the acquired knowledge, skills and capabilities in the workplace. As unnecessary duplication will be

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<sup>5</sup> Learning outcomes are described in terms of knowledge, skills and attributes, and the application of those, or what the learner can "do, be and know"

minimised, they will then be able to undertake further study through a tertiary education provider.

47. Because Māori and Māori providers, including wānanga, will be involved in the design of a national curriculum, there will be better opportunities to ensure that the diverse needs of Māori are met. While skill standards will be mandatory in industry qualifications, mātauranga Māori, āhuatanga Māori and tikanga Māori will still be able to be used when delivering the skill standard. This ensures that graduates have the knowledge, skills and capabilities valued by industry, while also allowing Māori to learn as Māori.

*Other variations have been considered.*

48. We have considered other approaches, but they have not progressed because they would not deliver sufficiently on the objectives. There are different views about how to design and operate effective qualifications arrangements. If we want a strong focus on industry and employers, it is important that they have voice and that their needs and interests are incorporated into the design of qualifications rather than continuing to allow providers to dominate the discussion about what is needed.
49. We have considered whether a national curriculum should be mandatory for all industry qualifications. The national curriculum would be developed collaboratively between WDCs and providers. A mandatory national curriculum would create simpler arrangements and make it easier for employers and learners to navigate the qualifications, as well as leading to more consistent graduate outcomes. While many submitters supported the introduction of a national curriculum, the following concerns were identified if a mandatory curriculum was required:
- industries are well placed to influence provider delivery through the WDC skill standard development and programme endorsement function;
  - there would not be the opportunity to more flexibly respond to regional needs or enable learning to be tailored to specific learner groups;
  - there was concern about further significant change at a time of significant reform;
  - there was concern about industry losing the ability to influence provider delivery through programme endorsement;
  - some felt that neither the current legislation nor the proposed changes were workable;
  - Māori were concerned that provision for mātauranga Māori needs to be made in any 'future-fit' qualifications and credentials arrangements; and
  - Te Wānanga o Aotearoa was concerned that a mandatory national curriculum may move āhuatanga Māori and tikanga Māori away from wānanga to WDCs.
50. We have considered if WDCs should be the only developers of national curricula. While the Ministry of Education is unlikely to develop a national curriculum, NZQA is the standard setting body for Māori and English Language qualifications. Without a legislation change, even if there was demand for a national curriculum, NZQA would

not be able to develop it. This would reduce the ability to enhance the portability and consistency of graduates when it was wanted.

51. We have considered whether Te Pūkenga should be the only provider required to use skill standards. However, if other providers are not required to use skill standards, industry and employers would be less confident of the consistency of the skills of graduates, and learners wouldn't have the ability to be mobile between education providers.

## How do the options compare to the status quo/counterfactual?

	Option One – <i>Status Quo</i>	Option Two – <i>Simplifying qualifications</i>
Simple	<p>0</p> <p>No ability to have a national curriculum</p> <p>Training packages have not yet been used and there is confusion about their role (WDCs have only just been established and are yet to develop any training packages)</p> <p>Industry and employers comment that the education system is complex and difficult to navigate</p>	<p>+</p> <p>Ability to use a national curriculum will reduce provider workload</p> <p>Removal of training packages simplifies qualifications</p> <p>Clarifies that all providers must use skill standards unless the WDC agrees otherwise (note that current wānanga legislation will continue to apply)</p> <p>Easier for industry and employers to understand the qualifications</p>
Coherent	<p>0</p> <p>Industry and employers comment that qualifications arrangements are complex and difficult to navigate</p>	<p>+</p> <p>Ensures that industry, through WDCs, has full authority in setting vocational standards and qualification</p> <p>Supports qualifications that will better meet the needs of industry and employers</p> <p>Learners benefit from a balance between industry and pedagogy (via collaboration requirements)</p> <p>National curricula will better support learner mobility between regions and providers</p>
Flexible	<p>0</p> <p>Diverse programmes may not meet industry demand for consistent learner outcomes</p>	<p>+</p> <p>Takes account of industry needs by allowing a qualification to have a national curriculum or diverse provider programmes</p> <p>Allows school students to complete skill standards and then continue working towards an industry qualification post-school</p> <p>Skill standards will be used by all providers (except wānanga as set out in s 367 of the Act) and will take into account regional needs</p>
Overall assessment	<p>0</p> <p>The status quo is likely to be worse than option two</p>	<p>+</p> <p>This is, on balance, a better option than the status quo because it is simple, coherent, and flexible. It allows for:</p> <ul style="list-style-type: none"> <li>• WDCs and other standard setting bodies to develop a national curriculum for a qualification; or</li> <li>• WDCs will continue to endorse programmes</li> </ul>



		It clarifies that all providers delivering industry qualifications will be required to use skill standards unless the WDC agrees otherwise
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**Key:**

- ++** much better than doing nothing/the status quo
- +** better than doing nothing/the status quo
- 0** about the same as doing nothing/the status quo
- worse than doing nothing/the status quo
- much worse than doing nothing/the status quo

## What option is likely to best address the problem, meet the policy objectives, and deliver the highest net benefits?

52. Option 2 is likely to best address the problem and meet the policy objectives. The proposed legislative changes have the right balance to better allow the needs of industry and employers to be met, while also allowing providers to tailor their delivery to their diverse learners and educational settings. The proposed legislation changes will allow school students to start their vocational career at school and progress into employment and/or tertiary education. Because school students will have acquired the knowledge, skills, and capabilities valued by industry, there will be little risk of unnecessary duplication.
53. Vocational education will be better placed to respond to the needs of learners within the context of their whānau and will also provide the skills, knowledge, and capabilities that industry and employers value. Because the proposed arrangements provide flexibility, the needs of Māori will be better met. The diverse needs of Māori will be better provided for when a national curriculum is developed. A national curriculum will be developed in consultation with providers, including wānanga, so there will also be greater opportunities to take account of Māori identity, language, and culture. The changes allow Māori providers, including wānanga, to exercise their authority and agency in education.
54. As a national curriculum is optional, WDCs will be able to implement arrangements that meet the needs of their industry and employers. Providers will have input into the design of a national curriculum so it is more likely that industry needs will be met.
55. NZQA supports the changes.

## What are the marginal costs and benefits of the option?

Affected groups (identify)	Comment <i>nature of cost or benefit (e.g. ongoing, one-off), evidence and assumption (e.g. compliance rates), risks.</i>	Impact <i>\$m present value where appropriate, for monetised impacts; high, medium or low for non-monetised impacts.</i>	Evidence Certainty <i>High, medium, or low, and explain reasoning in comment column.</i>
<b>Additional costs of the preferred option compared to taking no action</b>			
WDCs	<ul style="list-style-type: none"> <li>National curriculum development: costs when developing a national curriculum, however, it is expected this cost will be neutral with training packages removed.</li> <li>Skill standards: no extra costs as they are already funded to develop skill standards.</li> <li>Removal of training packages will reduce WDCs costs.</li> </ul>	Low	Medium
Providers, including schools	<ul style="list-style-type: none"> <li>Skill standards: costs of ensuring teachers are capable of teaching and assessing to the skill standards. This may require upskilling in some cases.</li> <li>Those providers who do not use standards may face extra costs as they transition to skill standards.</li> </ul>	Low	Medium
NZQA	<ul style="list-style-type: none"> <li>Costs associated with developing new rules, policies, and guidelines.</li> </ul>	Low	High
Learners	<ul style="list-style-type: none"> <li>Providers may pass any extra costs onto learners.</li> </ul>	Low - fee regulation limits costs being passed on to learners.	High
Māori	<ul style="list-style-type: none"> <li>National curriculum may not meet needs of Māori.</li> </ul>	Low – Māori (including wānanga) will contribute to the development of a national curriculum.	Medium
Total monetised costs		May be deferred costs as we do not know what standards will be developed . But, it is business-as-usual for providers to ensure they are delivering up to date education.	High
Providers	<ul style="list-style-type: none"> <li>A small number of providers do not want more input from industry and employers or WDCs because it impacts on their institutional autonomy and academic freedom.</li> </ul>		

Non-monetised costs		Low	
<b>Additional benefits of the preferred option compared to taking no action</b>			
Total monetised benefits	No monetised benefits	No monetised benefits	
Providers	<ul style="list-style-type: none"> <li>Some providers will value how qualifications will better meet the needs of industry and employers.</li> </ul>	Medium - it will take time for the changes to yield benefits.	Medium
WDCs	<ul style="list-style-type: none"> <li>The option of a national curriculum and clarity about skill standards usage may increase: <ul style="list-style-type: none"> <li>confidence that industry and employers will get the knowledge, skills and capabilities needed</li> <li>options for industries and employers</li> </ul> </li> </ul>	Medium- it will take time for the changes to yield benefits.	Medium
NZQA	<ul style="list-style-type: none"> <li>There is likely to be more confidence in quality-assured qualifications because arrangements will better meet the needs of industry and employers.</li> </ul>	High	High
Employers and industry	<ul style="list-style-type: none"> <li>Employers and industry will have more confidence in who they employ having the right skills and capabilities needed.</li> </ul>	High	High
Learners	<ul style="list-style-type: none"> <li>Learners will have the knowledge, skills and capabilities valued by industry and employers.</li> <li>Learners will be more easily able to move around New Zealand and progress their learning.</li> <li>School students will be able to start work on the skill standards that industry value.</li> </ul>	High	High
Māori	<ul style="list-style-type: none"> <li>Skill standards will be more relevant for Māori as they will be involved in the development of national curriculum and skill standards.</li> </ul>	Medium	High
Non-monetised benefits		High	

*Key underlying assumptions to the analysis*

56. The key assumptions underlying the cost benefit analysis above relate to:

- a. current practice in providers;
- b. the response of regulated parties to RoVE; and
- c. the submissions and feedback on the consultation about simplifying qualifications and other credentials.

### **Proposal 2a and 2b: Training Schemes and Micro-credentials**

57. This section will focus on the proposals to change training schemes to micro-credentials and enabling WDCs to develop content for, and providers to seek accreditation to deliver, micro-credentials.
58. We deal with each proposal separately below.

#### **What scope will options be considered within?**

59. To simplify the range of credential options for end users and simplify the development and approval process for these education products, we have packaged two proposals of options to deal with separate but interlinked issues:
  - a. renaming training schemes to micro-credentials; and
  - b. enabling WDCS and/or other third parties to develop micro-credentials.

#### *Replacing training schemes with micro-credentials*

60. The scope of options considered in simplifying the range of credentials available for learners have been limited to two options. There were no other options considered here. These options are:
  - a. maintaining the status quo; and
  - b. renaming training schemes to micro-credentials, given their similarities in value and purpose.

#### *Enabling WDCs and/or other third parties to develop micro-credentials*

61. The scope of options considered to respond to the issue of WDCs being unable to seek approval for micro-credentials without a provider partner ranges from enabling WDCs as the only other non-provider body to seek content approval, to broadening the scope of bodies who can seek content approval to include WDCs and other third parties.

### **Proposal 2a: Renaming training schemes to micro-credentials**

#### **What options are being considered?**

##### **Option One – Status Quo – retain micro-credentials as a subset of training schemes**

62. Training schemes and micro-credentials will remain in their current forms as separate education products with micro-credentials being a subset of training schemes.

##### **Option Two – replace training schemes with micro-credentials**

63. Training schemes will be phased out as an education product and replaced with micro-credentials. Only micro-credentials will be used to respond to the need for industry-informed smaller packages of learning (less than 40 credits).
64. Training schemes would be replaced by micro-credentials in the legislation and the current legislated definition of training schemes would apply to micro-credentials instead. The majority of approved training schemes appear to show significant alignment with the requirements for micro-credentials and this proposal would enable substantial simplification.

65. Existing training schemes that do not meet the requirements for micro-credentials would be “deemed” to be micro-credentials in grandparenting provisions to minimise the impact on providers and learners. As a consequential amendment, NZQA will revise its rules to broaden the current definition of micro-credential.

#### *Stakeholder views*

66. Sixty-five percent of the 193 responses received supported the proposal to remove training schemes and replace them with micro-credentials. Twenty-three percent did not support replacing training schemes and the remaining 12 percent did not express a preferred option.
67. Of those who support the proposal thought it would support simplification and ensure that smaller packages of learning would be more accessible for learners. They also noted that enabling micro-credentials would help industry to navigate the available options. They also thought it would lead to greater flexibility and would support learners to upskill through enhanced opportunities for professional development.
68. Respondents who did not support the proposal noted that it was not clear how micro-credentials would be used in some skilled industries. Those involved in sectors such as the health sector suggested further consultation so that micro-credentials could better meet the needs of those sectors. English New Zealand did not support replacing training schemes with micro-credentials as they felt their learners are looking for opportunities to improve their English rather than being formally assessed and credentialed. We note that the Minister has made legislative provision for a new sub-category of PTE to address some of English New Zealand’s broader concerns. This could be progressed in time.
69. Other respondents noted that micro-credentials did not fit within their scope of work and some asked for further clarity around the purpose of and responsibility for developing micro-credentials.

## How do the options compare to the status quo/counterfactual?

	Option One – <i>Status Quo</i>	Option Two – <i>Replacing Training Schemes with Micro-credentials</i>
<b>Coherence</b>	0 There currently appears to be inconsistent use of training schemes and micro-credentials among users	++ Simplifying the landscape will enable providers to use micro-credentials as the standard pathway for smaller packages of learning to upskill learners. This will improve consistency
<b>Simple</b>	0 Stakeholders have told us that there are too many educational products that are not well differentiated and whose purpose is unclear. This option does not address these concerns	++ This option will substantially simplify the educational products landscape by removing training schemes. This will make it easier for learners and employers to engage in smaller packages of learning and help to remove confusion between training schemes and micro-credentials
<b>Flexible</b>	0 Provides a larger landscape of options for learners to select. However, this is balanced with ensuring learners are making the best selection of training schemes vs micro-credential to best meet their needs	+ Having clearer visibility and understanding of micro-credentials as small packages of learning will support learners to make better informed choices on further learning according to their employment needs. It could lead to greater flexibility and would support learners to upskill through enhanced opportunities for professional development.
<b>Overall assessment</b>	0	++ This is, on balance, a better option than the status quo because it is simple, coherent, and flexible. It allows for: <ul style="list-style-type: none"> <li>• a more simple landscape for which users can engage in; and</li> <li>• it removes an unnecessary confusion between training schemes and micro-credentials</li> </ul>

## What option is likely to best address the problem, meet the policy objectives, and deliver the highest net benefits?

70. We consider, on balance, that Option Two best meets the objectives set out in paragraph 38 (above). It reflects some of the key messages we heard through consultation, including a desire for simpler arrangements. NZQA will need to develop transitional arrangements that provide, where appropriate, for training schemes to be treated as micro-credentials. The proposed change supports a simplification of the landscape for users to more easily engage with micro-credentials to access smaller packages of learning. NZQA supports the change.

## What are the marginal costs and benefits of the option?

Affected groups (identify)	Comment <i>nature of cost or benefit (e.g. ongoing, one-off), evidence and assumption (e.g. compliance rates), risks.</i>	Impact <i>\$m present value where appropriate, for monetised impacts; high, medium or low for non-monetised impacts.</i>	Evidence Certainty <i>High, medium, or low, and explain reasoning in comment column.</i>
<b>Additional costs of the preferred option compared to taking no action</b>			
WDCs	<ul style="list-style-type: none"> <li>There is potential for increased costs with more providers developing micro-credentials given there is now reduced complexity in doing so.</li> </ul>	Low	Medium
NZQA	<ul style="list-style-type: none"> <li>One-off cost to make these changes and an ongoing reduction of costs from the need to only check micro-credentials and not training schemes.</li> </ul>	Low	High
Total monetised costs	Not known	Low	Medium
Providers	<ul style="list-style-type: none"> <li>Training schemes become micro-credentials and may require NZQA review.</li> </ul>	Medium	High
Learners	<ul style="list-style-type: none"> <li>Learners will need to transition to micro-credentials if they are currently enrolled in a training scheme.</li> </ul>	Low	High
Non-monetised costs		Medium	High
<b>Additional benefits of the preferred option compared to taking no action</b>			
Providers	<ul style="list-style-type: none"> <li>Reduces compliance costs if a provider decides they want to offer the same micro-credential or add another provider onto a micro-credential (depends on the rework of the rules).</li> </ul>	High	High



Employers and industry	<ul style="list-style-type: none"> <li>Resources are not diverted into too many things, by having fewer products.</li> </ul>	High	High
Total monetised benefits	Not known	High	High
NZQA	<ul style="list-style-type: none"> <li>There will be increased efficiencies with a simpler process.</li> </ul>	High	High
Learners	<ul style="list-style-type: none"> <li>Less complicated landscape.</li> <li>Increased confidence in the micro-credential they are attaining.</li> </ul>	Low	High
Employers and industry	<ul style="list-style-type: none"> <li>The system is easier to understand and navigate.</li> <li>Results in higher quality engagement.</li> </ul>	Low High	High High
Māori	<ul style="list-style-type: none"> <li>Less complicated landscape.</li> <li>Increased confidence in the micro-credential.</li> </ul>	Low	High
Non-monetised benefits		Medium	High

## **Proposal 2b: Enabling WDCs and/or other third parties to develop micro-credentials**

71. The following options refer to micro-credentials only. We note that should Option Two under proposal 2a be agreed, training schemes will be replaced with micro-credentials. However, if training schemes are to remain, the following equally applies to training schemes as they do for micro-credentials.

### **What options are being considered?**

#### **Option One – Status Quo – make no changes to enable WDCs to develop micro-credentials and seek approval and accreditation from NZQA**

72. Under current legislation, training scheme content approval and delivery approval have to be done together. Only providers can seek approval for micro-credentials because it is tied in with their delivery, however WDCs are able to partner with providers for a joint approval.
73. Maintaining the status quo will mean WDCs can develop the content of micro-credentials, as it is part of their function, but have to partner with a provider for delivery. This means that only some providers who partner with WDCs would have access to those micro-credentials, or, if shared widely by WDCs, multiple providers would have to apply and seek delivery approval for the exact same content.

#### **Option Two – enable WDCs to develop micro-credentials content and seek approval from NZQA, and then for providers to apply for accreditation to deliver**

74. This option will mean the legislative framework is amended to enable WDCs the powers to seek content approval from NZQA for the micro-credentials it develops.
75. This change would remove the disconnect in the Act between the inconsistent provisions allowing WDCs to develop and maintain training schemes, and the provisions which currently prevent WDCs from gaining approval for these products unless they partner with a provider. This change will allow multiple providers to independently obtain delivery approval (accreditation).
76. If this option is agreed, it would mean micro-credentials developed by WDCs, who have the expert insights into workforce development and industry skills demands, can be seen as a relevant 'central product' available for providers to use. Providers will then only be required to apply for accreditation to deliver the WDC-developed micro-credential.
77. If this option is agreed to, subsequent changes would also be required to NZQA Rules to change the name of the Training Scheme Rules to the Micro-credential Rules and update the applications and approval process for micro-credentials. The sector would be consulted on those changes.

#### **Option Three – enable WDCs and other third parties to develop micro-credentials content for approval by NZQA, and then for providers to seek accreditation to deliver to learners**

78. This option would broaden the scope of bodies who can develop micro-credentials content for approval by NZQA, and then providers seeking approval from NZQA to deliver to learners. The role of developing micro-credentials will include providers,

WDCs and other third parties such as professional bodies (e.g. New Zealand Nurses Organisation).

79. If this option is agreed, it would mean micro-credentials content will be developed for NZQA approval by WDCs and other professional bodies, who have the expert insights into workforce development and industry skills demands, can be seen as a relevant 'central product' available for providers to use. Providers will then only need to apply for accreditation to deliver the WDC-developed micro-credential.

#### *Stakeholder views*

80. Of the 186 responses to this proposal:
  - a. 128 (69%) supported the need to enable WDCs to develop micro-credentials;
  - b. 53 (28%) did not support the need to enable WDCs to develop micro-credentials; and
  - c. Five (3%) were uncertain.
81. Those who supported the proposal said that it would ensure that micro-credentials meet industry needs, remove duplication and cost, help simplify the process and help reduce costs for providers. Many who supported the proposal said that this was conditional on providers being able to continue to develop micro-credentials as well. This would ensure that micro-credentials in niche subjects not covered by the WDCs would continue to be offered.
82. The majority of respondents who did not support the proposal felt that micro-credential development should be led by providers rather than WDCs. They raised concerns around WDCs' capability in this area and some felt that it could be anti-competitive for WDCs to develop micro-credentials if they could hinder the development of provider-led micro-credentials. Others felt that the separation of approval and accreditation could lead to a proliferation of micro-credentials and confuse learners.
83. A number of respondents noted the need for a micro-credential development strategy or framework to ensure that future micro-credential offerings would be coherent and coordinated. Several also noted their support for NZQA to further enable the 'stacking' of micro-credentials towards full qualifications.

## How do the options compare to the status quo/counterfactual?

	Option One – [ <i>Status Quo / Counterfactual</i> ]	Option Two – Enable WDCs to develop and seek approval for micro-credentials	Option Three – Enable WDCs and third parties to develop and seek approval for micro-credentials
Coherence	<p>0</p> <p>Currently inconsistent in empowering WDCs to develop micro-credentials in one part of the legislation but limiting its ability to seek approval unless partnering with a provider</p>	<p>+</p> <p>Yes – this change will better align the legislation with the intent of WDCs and their functions</p>	<p>+</p> <p>Yes – enabling a wider range of parties to develop micro-credentials, including WDCs to seek approval for the micro-credentials, will better align the legislation with the intent of WDCs and their functions</p> <p>While more parties will be able to develop micro-credentials there will be better opportunity for providers to use common micro-credentials which will mitigate the risk of proliferation</p>
Simple	<p>0</p> <p>No – there is an additional layer of complexity and administration required for providers to use a micro-credential developed by a WDC</p>	<p>+</p> <p>Yes – this will remove a layer of administration for providers who would otherwise have to seek approval and accreditation at the same time for something that might have been approved previously by NZQA through another provider</p>	<p>+</p> <p>Yes – this will remove a layer of administration for providers who would otherwise have to seek approval and accreditation at the same time for something that might have been approved previously by NZQA through another provider</p>
Flexible	<p>0</p> <p>No – providers are not empowered to quickly respond to changing needs, as providers will need to invest in developing micro-credentials either themselves or with WDCs</p>	<p>+</p> <p>Yes – providers can be more responsive to demand in certain skill areas where there are already developed micro-credentials it can choose to use from a central product. Learners may have faster and better choice to learning products that are relevant to their upskilling</p>	<p>++</p> <p>Yes – providers can be more responsive to demand in certain skill areas where there are already developed micro-credentials by both WDCs and other professional bodies. Learners may have faster and better choice to learning products that are relevant to their upskilling</p>

<p><b>Overall assessment</b></p>	<p>0</p>	<p>+</p>	<p style="text-align: right;">++</p> <p>This is, on balance, a better option than the status quo and option two because it is simple, coherent, and flexible. It allows for:</p> <ul style="list-style-type: none"> <li>• more coherent arrangements for WDCs to develop micro-credentials and for providers to deliver them; and</li> <li>• learners to quickly access more relevant learning</li> </ul>
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## What option is likely to best address the problem, meet the policy objectives, and deliver the highest net benefits?

84. We consider, on balance, that Option Three best meets the objectives set out in paragraph 38 (above). It does this by reducing compliance costs and unnecessary duplication for providers and enabling access for providers to industry informed micro-credentials. As micro-credentials will be better enabled, learners, industry, employers, communities, and providers will be better able to understand and use them. While there is a small risk that costs could increase, the increased flexibility and the ability to have common micro-credentials will better meet the needs of learners, industry, employers, and providers. NZQA supports this change.

## What are the marginal costs and benefits of the option?

Affected groups (identify)	Comment <i>nature of cost or benefit (e.g. ongoing, one-off), evidence and assumption (e.g. compliance rates), risks.</i>	Impact <i>\$m present value where appropriate, for monetised impacts; high, medium or low for non-monetised impacts.</i>	Evidence Certainty <i>High, medium, or low, and explain reasoning in comment column.</i>
<b>Additional costs of the preferred option compared to taking no action</b>			
WDCs	<ul style="list-style-type: none"> <li>Costs of developing micro-credentials.</li> </ul>	Low – already funded to do this	High
Professional bodies	<ul style="list-style-type: none"> <li>Costs of having to develop new micro-credentials.</li> </ul>	High	Medium
NZQA	<ul style="list-style-type: none"> <li>Costs of setting up new arrangements.</li> <li>Costs of more providers seeking accreditation to deliver.</li> <li>Costs of NZQA developing and quality assuring micro-credentials.</li> </ul>	Medium	Medium
Total monetised costs	No new monetised costs		
Non-monetised costs	None		
<b>Additional benefits of the preferred option compared to taking no action</b>			
Providers	<ul style="list-style-type: none"> <li>There will be common micro-credentials they can deliver (which they therefore do not have to develop).</li> <li>Reduced compliance costs.</li> </ul>	High	High
WDCs	<ul style="list-style-type: none"> <li>Reduced costs as they will not have to work with providers in the same way or to make joint applications.</li> </ul>	High	High

Learners	<ul style="list-style-type: none"> <li>Increase in choice of smaller blocks of learning which have lower costs.</li> </ul>	High	High
Total monetised benefits	Not yet known		
Professional bodies	<ul style="list-style-type: none"> <li>Can now design bespoke learning that will benefit their industries.</li> </ul>	High	High
Learners	<ul style="list-style-type: none"> <li>Increase in choice of smaller blocks of learning which have lower costs.</li> </ul>	High	High
Employers	<ul style="list-style-type: none"> <li>Increase in choice of products. If there are national products, can increase confidence that learning meets their needs, as well as tailored to regional needs.</li> </ul>	High	High
Non-monetised benefits	High		

### ***Proposal 3: A Framework that includes qualifications and micro-credentials***

85. This section discusses the final proposal for legislative change discussed in this document. It deals with options to add micro-credentials to the NZQF, or not. It will be assessed against criteria discussed above in paragraph 28.

#### **What options are being considered?**

##### **Option One – Status Quo – maintain the current NZQF as a framework of qualifications only**

86. The current settings have been in place since 2010. Approved training schemes are recorded by each provider and a list of quality assured micro-credentials is published on NZQA's website. This option will require no change to current settings and users will be able to continue to engage with the framework in their respective forms as they have been.

##### **Option Two – A framework that includes qualifications and micro-credentials**

87. The elements of this framework will comprise:
- qualifications that are listed on the NZQF;
  - micro-credentials (depending on decisions about the status of training schemes).
88. This option will broaden the framework to include more quality assured products in a unified framework. It will create arrangements that can meet changing needs of users by promoting a wider range of choice, flexibility and employment opportunities for learners and better reflect the contemporary learning environment.

##### ***Other variations were considered***

89. We also considered the option of incorporating a broader range of education products into a unified framework. However, stakeholder engagement provided strong feedback expressing some concern about including the Directory of Assessment Standards (DAS) on the NZQF as assessment standards are a way of measuring student progress rather than a qualification or credential. These stakeholders include Academic Quality Agency, Committee on University Academic Programmes and other university sector respondents.
90. We have therefore discounted this approach due to strong concerns about the inclusion of the DAS. Stakeholders consider that only composite educational products should be included (not the standards that contribute to a qualification/credential), and/or that the inclusion of other educational products could devalue qualifications and lead to fragmented learning. Qualifications and micro-credentials can be standalone education products. However, micro-credentials can also be stacked into qualifications.
91. NZQA also considered whether a more fundamental redesign of qualifications is needed. However, this was not progressed given New Zealand already has robust qualifications arrangements which are well regarded internationally, with key education and trading partners supporting recognition of each other's qualifications.



92. Stakeholders signalled strong support for a framework with only quality assured education products. They commented that including non-quality assured products would undermine the regulated educational sector and would damage New Zealand's international reputation for high quality education. Therefore, any option that included non-quality assured learning on the NZQF has been discounted.

*Stakeholder views support the proposal to include micro-credentials on the NZQF*

93. NZQA received 64 responses on the proposed changes to the NZQF. These included 46 responses from TEOs, five from education peak bodies, nine from individuals and four from other organisations.
94. Of the 61 respondents who responded to this question, the majority (66 per cent) strongly supported or somewhat supported greater flexibility in the range of quality assured educational products that could be listed on the NZQF. These respondents considered that including quality assured products would promote a wider range of choice, flexibility and employment opportunities and better reflect the contemporary learning environment.
95. There was a strong theme around the importance of the quality assurance process if this proposal went ahead. In general, there was support for including quality assured micro-credentials. There was mixed support to extend this to training schemes and assessment standards listed on the DAS. There was limited support for including international and regional qualifications.
96. Those who did not support this proposal (26 per cent strongly opposed or were somewhat opposed) were concerned about the risk of proliferation and confusion. Some respondents were concerned that the proposal would not help learners make good choices e.g. that it could lead to piecemeal learning rather than full qualifications.

## How do the options compare to the status quo/counterfactual?

	<b>Option One – Status Quo – retaining the NZQF and separate register of training schemes as distinct products</b>	<b>Option Two – A framework that includes qualifications and micro-credentials</b>
<b>Coherence</b>	<p>0</p> <p>No – retaining the status quo will require users to engage in separate and disaggregated frameworks</p>	<p>+ +</p> <p>Learners will be able to make better decisions about what sort of learning best meets their needs, whether this is attaining robust qualifications or small bite sized learning</p> <p>This also supports a better alignment with the evolving demands for skills in the labour market</p>
<b>Simple</b>	<p>0</p> <p>The current framework may lead to confusion about what micro-credentials and training schemes can be stacked to gain a qualification.</p>	<p>+</p> <p>More information on quality assured education products will be readily accessible in one place, making it easier for learners and employers to engage with the framework. This can help with the portability of credentials</p>
<b>Flexible</b>	<p>0</p> <p>Atomisation of education products may make it harder for people to move between providers</p>	<p>+</p> <p>Including quality assured products would promote a wider range of choice, flexibility and employment opportunities and better reflect the contemporary learning environment. People will be able to upskill and reskill more easily in response to changing skills demand in the labour market</p> <p>However, there was a risk perceived by some stakeholders (26%) that there would be proliferation and confusion on the products in the framework that could lead to piecemeal learning rather than full qualifications</p>
<b>Overall assessment</b>	<p>0</p>	<p>+ +</p>

**What option is likely to best address the problem, meet the policy objectives, and deliver the highest net benefits?**

97. We consider, on balance, that a framework that includes qualifications and micro-credentials (Option Two) best meets the objectives set out in paragraph 38. It supports lifelong learning by creating coherent arrangements for users to more easily navigate. By having micro-credentials better linked to qualifications, there is a risk that micro-credentials could be seen as equivalent to qualifications. NZQA will mitigate this risk by effective communications. NZQA supports the change.

**What are the marginal costs and benefits of the option?**

Affected groups (identify)	Comment <i>nature of cost or benefit (e.g. ongoing, one-off), evidence and assumption (e.g. compliance rates), risks.</i>	Impact <i>\$m present value where appropriate, for monetised impacts; high, medium or low for non-monetised impacts.</i>	Evidence Certainty <i>High, medium, or low, and explain reasoning in comment column.</i>
<b>Additional costs of the preferred option compared to taking no action</b>			
Providers	None	Costs are low and non-monetized	High – stakeholders agreed this is a positive change, with no associated large costs .
NZQA	One off costs for setting it up, potential for efficiencies once set up.	NZQA may have costs in aligning their Information Technology systems, but have confirmed it will be done within their baselines.	High
Total monetised costs	Low costs		
Non-monetised costs	None		
<b>Additional benefits of the preferred option compared to taking no action</b>			
Total monetised benefits	None		
Providers, including schools	<ul style="list-style-type: none"> <li>• Clearer framework by having a one stop shop.</li> <li>• Allows for efficiencies for quality assurance as providers may not need to provide information for different products.</li> <li>• No large change required for providers.</li> </ul>	Medium – non monetised	Medium

Learners, Māori, industry, employers, and communities	<ul style="list-style-type: none"> <li>• qualifications are simpler and easier to understand</li> </ul>	Medium	High
NZQA	Clearer framework by having a one stop shop.	Medium – non monetised	Medium
Non-monetised benefits		Medium	Medium

## Section 3: Delivering an option

### How will the new arrangements be implemented?

98. These proposed legislative changes are expected to be incorporated into the Education and Training Bill (No. 2), an amendment bill that is proposing a collection of separate legislative proposals to amend the Act. Based on current timelines, if the Bill is passed and a law change is made, it is unlikely the proposals would take effect before 2023.
99. The new arrangements will require NZQA to develop rules that give effect to the changes. Following Royal assent, NZQA will consult about the proposed rules. NZQA's Board will approve the new rules, taking account of consultation feedback. Then, the Minister will approve them, and they will be made.
100. When the rules are in place, WDCs and providers, including schools, will be able to use the changes to develop qualifications and micro-credentials that better meet the needs of industry and employers. Providers will be able to use a range of qualifications and micro-credentials. As the proposed legislative changes primarily seek to ensure that the legislative arrangements are broad and enabling, there are no significant financial considerations in the implementation of the changes. There are existing financial arrangements for NZQA, WDCs, and providers, and the proposed legislative changes are not expected to place any significant further financial burdens or requirements on these parties.
101. Consultation feedback was sought about any specific monetised costs and no specific costs were identified. However, providers commented that the new arrangements could bear additional costs.

### How will the new arrangements be monitored, evaluated, and reviewed?

102. NZQA engaged formally and informally with stakeholders on our regulatory settings. The quality of applications, delivery of education by providers, and, in future, WDC performance is monitored. The results of these activities identify risks to educational quality and inform adjustments to the NZQA-developed Rules as required.
103. Mechanisms for monitoring, evaluation and review are built in. The Minister may set out his expectations for NZQA, and Universities New Zealand will do so for universities, as the quality assurance bodies that monitor the performance of the sector.
104. Therefore due to the nature of these changes, there is no scheduled timeframe for a formal review of the proposed legislative changes. Rather, an ongoing, monitoring-based approach is preferred.
105. The Minister of Education and the Ministry of Education will be regularly monitoring the performance of NZQA. Feedback from learners, industry, employers, WDCs, and providers will also inform judgements about performance of the regulatory system. Information will continue to influence and shape any future development of the settings, including any future potential legislative changes that may be required.

## Appendix One – Current key roles and processes in vocational qualifications

### *Initial design and standard setting*

106. Qualifications set out the skills, knowledge and attributes expected of graduates. They have a credit value of 40+ credits, and may include mandatory skill standards and/or capstone assessments. These will be developed by WDCs, including capstone assessments, with key stakeholders, and approved by NZQA for listing on the NZQF.
107. Programmes lead to vocational education (VET) qualifications. A programme of study describes the organisation of teaching, learning and assessment to meet qualification outcomes. Tertiary education providers develop these with key stakeholders and seek NZQA approval for them. Provision was made for them to be endorsed by WDCs before being approved by NZQA, with a Ministerial Gazette notice setting out which programmes must be endorsed.
108. Skill standards will be used in programmes to describe the skills and level of performance to be attained. Once WDCs develop skill standards they will be submitted to NZQA for approval and listing on Directory of Assessment Standards.

### *Approval for delivery and assessment*

109. Under the current regulatory framework, a provider is required to seek accreditation from NZQA to deliver an approved programme. The provider will also need to seek consent from NZQA to assess against skill standards.
110. The provider then delivers approved programmes to learners which will include:
  - a. tailoring learning to meet the learner, employer, and regional needs;
  - b. arranging and supporting workplace and work-integrated learning;
  - c. developing and using effective teaching and assessment resources; and
  - d. supporting ongoing employer and teacher capability.
111. The provider will assess learners in line with skill standards, programme and qualification requirements. WDCs moderate assessments against skill standards and the provider may use capstone assessments if required by a WDC.

### *Ongoing monitoring, review & risk management*

112. Among other functions, NZQA is responsible for the external quality assurance of tertiary education providers. The range of quality assurance activities includes monitoring the quality of programme delivery, moderation processes, assuring consistency of graduate outcomes and periodic external evaluation and review.
113. NZQA may place conditions on or withdraw approval of a programme, provider accreditation, and consent to assess standards. NZQA is also responsible for the investigation of complaints about a range of issues including qualifications and providers.
114. WDCs will be required to review qualifications and skill standards.

115. Providers are required to self-assess and participate in external quality assurance and notify NZQA about small programme changes, and seek NZQA for approval for bigger programme changes.