



Submission on the Reform of Vocational Education

To the Ministry of Education

Introduction

1. Aoraki Development thank the Ministry of Education for the opportunity to submit on the Reform of Vocational Education.
2. This submission is made by Aoraki Development 2c Sefton Street East, Timaru and submitted to vocationaleducation.reform@education.govt.nz
3. The contact person is **Nigel Davenport, Chief Executive Officer** who can be contacted at Aoraki Development, phone (03) 687 2682, nigel@aorakidevelopment.co.nz or PO Box 560, Timaru 7940.
4. Aoraki Development is the Economic Development Agency for the Timaru District and is a 100% owned Council Controlled Operation (CCO) of Timaru District Council.
5. Aoraki Development is a member of Economic Development New Zealand (EDNZ) which is a national not for profit that empowers and enables individuals and organisations either practicing, or associated with, economic development across New Zealand.
6. Aoraki Development supports the Reform of Vocational Education submissions made by both the Canterbury Mayoral Forum and the Timaru District Council.
7. Aoraki Development is also fully supportive of the Reform of Vocational Education submission made by Te Rūnanga o Ngāi Tahu specifically the following key principals and detail associated with designing vocational reform:
 - a. Embedding Authentic Treaty Partnership
 - b. Designing for Maori Wellbeing
 - c. Regional Iwi Skills Shortages

Preface

8. Aoraki Development prefaces its submission by making the following comments:
 - a. As an economic development agency, the growth and prosperity of the people and community of the Timaru District, and indirectly the wider Central South Island, is at the centre of all we do.

- b. This is in full alignment with the Governments Living Standards Framework, Local Governments Wellbeing Standards and encapsulates the true meaning of as Inclusive Growth ethos being ***“that every member of a community has the equal opportunity to contribute to and benefit from inclusive prosperity”***.
 - c. Having a cohesive and efficient vocational educational system throughout New Zealand is vital to ensuring all New Zealanders have equal access to acquire the skills and knowledge they need to contribute, develop and advance in an ever-changing workplace environment. A system that is ready and equipped to proactively respond to future needs, is resilient to change and focused on helping New Zealand to thrive.
9. Prior to making our submission of the Reform of Vocational Education, and for obviously not unrelated reasons, we first wish to seek clarity on how South Canterbury’s financial reserves of approx.\$22 million, still held by Ara Institute of Canterbury will be accounted for in the event these proposed vocational education changes are implemented.
- a. In January 2016 the merger of Aoraki Polytech and CPIT saw Ara Institute of Canterbury formed.
 - b. At that time Ara obtained what was then approx.\$24 million of financial reserves from Aoraki Polytechnic – effectively South Canterbury’s money.
 - c. It was clearly stated in the Better Business Case (12 August 2015) document associated with this merger “The financial reserves that Aoraki Polytechnic had previously built up must be invested to support the delivery of quality education for the Aoraki Region”.
 - d. We continue to be assured by Ara these funds are still ringfenced for South Canterbury.
 - e. As recently as 13 March 2019 the Education Minister was quoted as saying “Where money is held in reserves for the benefit of a specific region, I can see no reason to change that”.

Reform Vision

- 10. Aoraki Development supports the vision of a sustainable vocational education system that has the capacity to meet current needs, and the capability to adapt to rapid economic, social and technological change; a system that delivers excellent educational and employment outcomes for all learners, provides industry and employers with confidence that the system will respond to their needs and supports regions to thrive. Our chief concern is that these integral parts of the Government’s vision will be lost, or poorly executed, in a hasty push for change.
- 11. The retention and further development of a fully collaborative and cohesive vocational education system incorporating best practices within existing ITP’s ITO’s, PTE’s a and other associated training providers is essential to achieving this vision.
- 12. We recognise the vocational education sector faces considerable issues that need addressing, and while these issues may be not be endemic to all institutes and

training organisations, they are systemic, limiting the success and growth of the sector.

13. The current funding mechanisms are unsustainable and prohibitive to the provision of quality education, the competition between educational institutes and on-the-job training is not conducive to the necessary collaboration between the two provisions, and the boom-or-bust see-saw between Institutes of Technology and Polytechnic (ITPs) and Industry Training Organisations (ITOs) in response to economic cycles weakens New Zealand's ability to react quickly to changes in labour market. As such, Aoraki Development supports the Government's aim to reform the sector so that it is fit for purpose and future.
14. We support the assertion that Government cannot continue tinkering at the edges or adding more layers of complexity to the vocational education system.¹ This is a bold and wide-ranging proposal for reform, and we support the intent. It is essential however, given the lack of robust detail and supporting information, that Government genuinely considers and examines the merits of all feedback, particularly that from within the vocational education and training sector, when refining the proposals.
15. We applaud the Government's commitment to increase the availability and relevancy of vocational education in the regions. This commitment needs to be honoured and all elements of the reform process needs to work to create a system that has the capacity and capability to deliver the high-quality education and skills that the regions urgently seek.
16. We recognise and support the need to provide a vocational education system that delivers to the needs of all learners. Increasing ethnic diversity in our society and workplaces needs to be reflected in the accessibility of vocational education for all individuals. This extends to disabled peoples, learners in remote areas of New Zealand, learners with limited prior achievement in education, and returning learners.
17. While the consultation document states that "at the heart of the Government's reform of vocational education is a goal to ensure that the needs of learners, employers and communities drive the system", Aoraki Development is concerned that learner priorities and educational drivers are largely absent from the rest of the consultation conversation.
18. We urge the Government to place students and potential students at the heart of all reform considerations right alongside the needs of business, industry and the wider community. Providing lifelong, equitable learning and development opportunities throughout New Zealand via a world-class vocational education system is the most essential outcome. A system that delivers a future-focused curriculum with portable credits and qualifications, is readily accessible and strongly aligned to business and industry labour and skills needs now and in the future.

¹ Reform of Vocational Education: Consultation Discussion Document, p. 15.
Aoraki Development Review of Vocational Education Submission April 2019

19. We support the aim to build New Zealand's standing in the international market and believe the opportunities for expansion in international education, particularly in the regions, are considerable.
20. Aoraki Development recognises there are and will continue to be many societal disruptors that New Zealand must face. We know they are likely to include technological change, globalization and demographic change, but no one can accurately predict how and when these disruptors will make their mark on the labour market and the tertiary education sector. This places a premium on system settings that allow flexibility and adaptability so that providers, students and employers can respond to their changing circumstances.
21. Achieving this requires local providers to have the discretion to be able to respond quickly and flexibly. This requires a level of local decision-making and budgetary control. Any reform needs to recognise and strike the correct balance here. In general terms we believe a concept such as a "centralised balance sheet and localised profit and loss" could achieve such a balance.
22. We note the recent consultation on employer-assisted visas and regional workforce planning and urge Government and all appropriate agencies to ensure the aims of these reforms, and the consequential changes, align. This will require ongoing conversations on the relationships between labour and skills shortages, immigration, vocational education and training, and welfare. These are conversations the Government needs to lead, and this leadership cannot end with the passing of legislation.

Proposal 1 – Redefining roles for industry bodies and education providers

23. Aoraki Development supports the proposal to clarify roles, minimise overlapping responsibilities between ITOs, ITPs and PTEs to align on- and off-job education and training. It is essential that this proposal simplifies student and employer transactions with the system. The system needs to be simple and all programmes consistent so that employers can easily engage with vocational education providers to meet their skills needs, and learners can have confidence in their education and qualifications.
24. While we support a re-defining of these roles, we **do not support** the abolition of ITOs. In many areas the industry training sector is successful and high-performing Aoraki Development is concerned that if the proposals are implemented as currently presented, they may dismantle the industry-led training and apprenticeships system and disincentivise employers from engaging with the vocational education sector. Any changes should build on the current work of ITOs and minimise any disruption that may exacerbate current shortages of skilled employees.
25. We are also concerned that ITOs feel they have not been included in the reform process and would urge the Government to more actively engage and consult widely in this space.
26. We support the redefining of ITOs as Industry Skills Bodies (ISBs) to:
 - a. Extend current coverage by ITOs

- b. Co-ordinate industry identification and planning to address future skills needs
 - c. Provide advice to the Tertiary Education Commission on purchasing of vocational education
 - d. Contribute to curricula design and play a role in approving both vocational education qualifications and programme requirements, and in setting standards and moderating assessment
27. We also note with concern that the proposal is light on implications for PTE's and community education providers. Many of these such as YMCA, Community Colleges, ProMed etc... play an integral role within our communities. For example:
- a. the YMCA play an extremely important role in servicing the NEETs cohort.
 - b. PTE's also play a significant role in partnering with our secondary schools via Gateway & STAR programmes.

Again, the substantial abilities of these PTE's need to be fully factored in to any reforms as the proposals are further developed.

28. We support, in principle, the establishment of Regional Leadership Groups –which we suggest would be more appropriately named Regional Stakeholder Groups. It is essential the ISBs and Regional Stakeholder Groups align with the regional skills bodies, and skills and jobs hubs proposed as part of the new approach to employer-assisted work visas and regional workforce planning, as much as possible. Doing so would avoid duplication of work and enhance collaboration within, and across, regions and sectors.
29. These bodies/groups need to be mandated to engage with employers of migrant workers, welfare organisations and secondary schools to ensure education, employment, migration and welfare efforts are as joined-up as possible, including:
- a. Forecasting demand for particular skills or qualifications
 - b. Providing advice to providers and to TEC where the vocational education system is not responding to demand or needs to change its delivery to meet future demand
 - c. Anticipating the impacts of new technologies and the future of work, and how this is likely to affect the demand for skills.
30. We note with some concern that the proposal is light on any details around how it will address current inequities for Māori and Pasifika learners we would suggest that the reforms:
- a. continue to engage with wānanga so they are not left behind in this process;
 - b. acknowledge that Mana Whenua (iwi/hapū/whānau) and Mata-a-waka authorities are best placed to represent the needs and aspirations of their respective communities, in the same way that the proposed Industry Bodies will be for their respective industries.
 - c. establish regional “Kaupapa Māori Skills Bodies” (or similar – e.g. Iwi Skills Bodies) to:
 - i. provide advice to the Tertiary Education Commission (TEC) on purchasing vocational education that the TEC must give regard to in order to improve alignment with, and implementation of, the Ministry of Education's National

Māori Education Strategy (Ka Hikitia) and associated Action Plan (Tū Maia e Te Ākonga), the Crown’s Māori Economic Development Strategy and Action Plan (He Kai Kei Aku Ringa), and the Government’s Tertiary Education Strategy 2014–2019

- ii. inform and influence curricula design such that it meets the needs and aspirations of local iwi and the wider Maori community (e.g. by integrating content and delivery methodologies into the curriculum that allow Māori students to learn through their culture, and not just about their culture)
31. We recognise there are gaps in the coverage by ITOs and in some cases there is an imbalance in the quality of practical and theoretical training and assessment available for some industries.
 32. In redefining the roles, Government needs to be mindful of appropriate representation for smaller industries, particularly those currently not represented, or underserved by ITOs. To leave these industries behind in this reform would counteract the aims of the proposal. The consultation document states that “over time, Government would facilitate the Industry Skills Bodies to fill these gaps if necessary”. We urge Government to include this work as a priority to ensure industry equality, and appropriate support and representation throughout the reform process.
 33. We support the establishment of Centres of Vocational Excellence for key sectors. In linking CoVEs to the regions including non-metro areas, it is essential that these centres are reflective of both the regional economy, and the potential for growth, innovation and collaboration between industry and education.
 34. Priority should be given where regional ITPs have existing expertise in an industry or sector or where an industry has a significant regional footprint, and where there is evidence of good partnerships with ITOs, businesses and supporting stakeholders including secondary schools, economic development agencies, local government and iwi.
 35. Further detailed analysis of a possible structure for CoVEs across regional New Zealand is essential and we urge the Government to undertake extensive engagement with existing regional ITPs, ITOs and other stakeholders to ensure sustainable success.
 36. We urge the Government to define “regions” by alignment to existing local government boundaries – specifically in our case this would see a Central South Island Region comprising Ashburton, Mckenzie, Timaru, Waimate and Waitaki District Councils. We expand on our position regarding this region later in our submission.

Proposal 2 – Create a New Zealand Institute of Skills and Technology with a robust regional network of provision

37. Aoraki Development **does not** support the proposal to create a single vocational education institute. We believe the disruption will outweigh any gains, financially or otherwise, for a long time. While we recognise the feedback from this consultation will be used to steer the development of plans for the creation of the single institute,

there is not enough information to assure Aoraki Development of the success of this process.

38. Forming a single institute puts established brands at risk and is likely to weaken social capital with key local and regional stakeholders. Further, we do not believe that centralisation on the scale proposed will result in the economies of scale purported and will compromise flexibility, responsiveness and the ability and willingness of providers to innovate in educational delivery. There are lessons to be learned from our region's painful experience of merging Aoraki Polytechnic with CPIT to form Ara Institute of Canterbury, a merger which has simply not delivered the purported outcomes for us locally.
39. There are benefits and efficiencies to be gained from the centralisation of some functions, however, as the Canterbury Mayoral Forum submission points out, centralisation does not necessarily need a 'head office', nor does it need to take place in Wellington. The Government could take this opportunity to implement the commitment made in the coalition agreement to relocate government functions into the regions.
40. Aoraki Development **supports**, however, the creation of a single vocational education system, with centralisation of some functions including:
 - Whole-of-system strategy and planning to respond to both current and likely future needs of learners, employers, iwi and community
 - Financial and asset management including capital planning, procurement, contract management and financial planning
 - Curriculum and resource development – including the development of innovative practices for integrating culturally relevant and engaging curriculum;
 - Academic quality and assurance
 - Allocation and approval of delivery portfolios
 - Standards setting for 'back-office' services and/or shared services to deliver these
 - Student administration including student management systems, enrolments, and record of achievement
 - International education marketing – and internationalisation of vocational education and training generally
 - developing standards and procedures that support the recruitment and growth of a culturally competent workforce
41. We believe that individual providers should continue to be responsible for:
 - Programme delivery and assessments
 - Local industry and stakeholder engagement
 - Student support services
 - People and capability functions
 - Management of fit-for-purpose facilities
42. Any overcentralised model would stifle the responsiveness to regional stakeholders rather than improve it. There is a high risk, as many ITOs expressed during the consultation period, of losing the flexibility to develop innovative partnerships and

make high-quality vocational education an enabler of New Zealand’s future economic development.

43. We urge the Government to carefully consider the regional structure of the future vocational system. There will be significant challenges in designing a modular system which provides equitable access to vocational education and training for students from metropolitan to rural areas.
44. Whatever structure is adopted we strongly advocate for the value and importance of non-metro learning centres, such as the Timaru campus of Ara Institute of Canterbury. Labour and skills shortages in the Central South Island Region (Mid/South Canterbury and North Otago) highlight that it is critical to retain capacity to deliver vocational education in non-metro learning centres.
45. Labour and skills shortages in the Central South Island Region highlight that it is critical to retain capacity to deliver vocational education in non-metro learning centres. Should proposals to redefine ITOs proceed as presented, this will be even more essential. Without non-metro centres providing support for trades, primary industries, and other work-based training, the disruption to essential industries in rural New Zealand will be significant and the productivity of these sectors will likely be adversely impacted.
46. The sector agreements, proposed in the employer-assisted visa consultation, to help businesses in need source migrants more easily in return for commitments by the sector to employ and train more New Zealanders, need to translate to strong relationships between these businesses and vocational education providers. It is essential, for the success of both reform processes that initiatives such as these are well considered and supported.
47. This proposal needs to ensure that the quality and consistency of qualifications, credentials and assessments do not diminish as a result of this process and remain relevant to industry requirement. All learners, past, present and future, need to have confidence that the qualifications they have, or will receive, are recognised and valued by employers.

Proposal 3 – A unified vocational education funding system

48. Aoraki Development acknowledges the failings of the current funding system for vocational education. We support and welcome the proposal to create one cohesive and flexible funding system to ensure learners get the skills and support they need, and providers have the support they need to be sustainable and to support regional labour markets and development.
49. Further we believe the funding system needs to be designed to encourage the revitalisation of Te Reo Māori and encourages providers to engage in the delivery of Te Reo.
50. We believe the flaws in the funding system could be partly addressed by the centralisation of the functions detailed above. We also believe that moving away from the EFTS “volume-based” funding model to a more appropriate “outcomes-

focused” funding model will alleviate many of the failings of the current system, particularly the competition between providers.

51. We support a unified funding system for vocational education and training up to level 7 diplomas (and including applied degrees and post graduate study at levels 8-10) as part of an integrated package of reforms, including reinstatement of past funding mechanisms over and above EFTS (volume-based) funding:
 - a base grant allocated by region
 - some sort of equity funding that individual providers can apply for, supported by a well-developed business case
52. It is equally important that the funding system for vocational education not encourage competition with universities for delivery of other than applied programmes at levels 8–10.
53. Because foundation levels 1–3 are critical to learner outcomes at levels 3–7, and because consideration needs to be given to applied degrees and post-graduate programmes at levels 8–10, we do not see how reform of vocational education can be carried through effectively without a first principles review of the entire funding system.
54. The Government’s commitment to supporting thriving, sustainable regions needs to be evidenced with targeted and ongoing funding at a regional level to ensure the viability of crucial vocational education delivery in region.
55. We urge the Government to offer further opportunities for stakeholders to provide feedback once greater detail is available of the proposed funding system.

Other thoughts

56. Timeframes - More consideration applied to implementation timeframes is needed. The proposal outlines a transformational change to our vocational education system that will directly or indirectly affect all New Zealand communities. We therefore believe the changes need to be implemented from a firm foundation of extensive pre-planning which in our view would be substantially compromised by haste.
57. Location of National Offices – we respectfully remind the Government on their commitment to the regions, not only outlined within the RoVE Consultation Document, but also as campaigned on at the last election on decentralising government department administrative functions. We support and agree with the LGNZ Localism Project and promote the “National Office/s” being located in regional New Zealand. This would be a very tangible way for the Government to evidence their commitment to the regions.
58. Location of a CoVE - We make the following observations, specifically in relation to the existing strong relationships and well-established collaborative community-wide links here in South Canterbury, which we believe will be of paramount importance to a new model that is to be implemented as a result of the proposed transformational reforms:

59. These comments are directly aligned to the positions and statements contained within:
- a. the Governments 2014 Policy Document titled Centres of Vocational Excellence - for example:
 - i. *“Labour will ensure that there is a network of regional institutions dedicated to meeting the labour market and skill needs of our regions. In some cases, this may require additional support to enable institutions to operate where there are not the student numbers to support them”*
 - ii. *“In order to develop excellence in vocational training it is essential that there is a high level of collaboration. This requires a partnership between ITPs, tutors, industry training organisations, businesses and local communities”*
 - iii. *“Particular priority will be given to regional ITPs which have existing expertise in an industry or sector or in whose region an industry has a significant footprint”*
 - iv. *“we will aim to have 10 Centres established by the end of our first term”*
 - v. *“A focus on the regions - The Centres of Vocational Excellence policy will dovetail in with Labour’s focus on the regions. We will put the money in to lift our regions to their full potential and improve the lives of families because it is the right thing to do”*
 - b. RoVE Consultation Document - for example:
 - i. *“The proposals outlined in this document would increase the amount and range of delivery available to regional New Zealand”*
 - ii. *“The proposed reforms aim to maintain and expand, rather than reduce or withdraw from, education and training activity in the regions”*
60. Central South Island, more specifically Timaru, is extremely well placed to be the location of a CoVE given the existing alignment to many of the principles associated with the proposed reforms via:
- a. Central South Island location representative of regional New Zealand – a location that would enable us to fully cater for the diverse needs of Mid & South Canterbury and North Otago regions and beyond.
 - b. Existing Infrastructure, of an extensive, but currently under-utilised Ara Timaru Campus complimented by diverse local industry sectors, a thriving Port and well performing District Health Board, educational facilities and existing training providers.
 - c. Regional Stakeholder Group already in place – facilitated by Aoraki Development this has representatives from business & industry, council, secondary schools, chamber of commerce, economic development agency and training providers. This can quickly be expanded to include as appropriate other representation from local iwi, Mid Canterbury, North Otago etc...
 - d. Expansive and invaluable region wide collaboration is already evident: Business Connection Groups facilitated by Aoraki Development encompassing local industry sectors such as Food Processing & Manufacturing, Transport & Logistics, Trades, Professionals and Hospitality & Tourism are already well established based on a strong foundation of trust and sharing. Achievements to date include:

- i. Collaborative industry sector engagement with secondary schools students, parents and teachers to expose, educate and excite our youth to a wide variety of career and further education pathways. This being achieved via the Aoraki Development facilitated Youth Transition Initiative (titled MyNextMove) now in its second year with operational funding provided by Ministry of Social Development.
 - ii. Establishment of Industry led Transport and Logistics Level 3 Certificate in Commercial Road Transport 32-week course. Delivered by Ara, this has been designed by and for local industry and includes 18 weeks of varied in workplace paid employment.
 - iii. Food Processor & Manufacturers are also currently considering a similar course to meet local needs and demands.
 - iv. Best practice sharing of Health & Safety practices, Systems and Procedures and staff training etc...
 - v. Shortly to embark on developing a staff share strategy to accommodate varying seasonal peak requirements as well as a collaborative approach to By-Product/Waste disposal with the support of Canterbury & Lincoln University research & development resources.
- e. MyNextMove Youth Transition initiative encompassing all 9 South Canterbury Secondary Schools has been fundamental in reigniting and strengthening of strong relationships between local business & industry, secondary schools (students, parents, teachers) and training providers. In the initial 12 months over 45 events were held resulting in 4815 individual student interactions with 208 local businesses and industries.

This initiative and wider engagement with business and industry is fully supported by a group of committed and passionate Careers Advisors who have the best interests of their students and their futures at the heart of all they do.

61. In summary the above strategically important, highly valued and fully collaborative relationships happen most effectively at a local non-metro level not at a metropolitan level and in our case are already firmly in place.
62. We therefore strongly believe and promote that Timaru is pre-eminently positioned as an ideal location for a Central South Island Region CoVE to service the training needs of key local and Central South Island industry sectors.

We thank you for consideration of our submission and advise we are available on request to discuss further as needed.



4th April 2019

.....
 Nigel Davenport
 Chief Executive
 Aoraki Development