

2 April 2019

Submission on the Reform of Vocational Education

By email to: vocationaleducation.reform@education.govt.nz

About the Canterbury Mayoral Forum

1. This submission is made by the Canterbury Mayoral Forum. The Forum is mandated by the Canterbury Local Authorities' Triennial Agreement 2017–19 and comprises the Mayors of the 10 Territorial Authorities in Canterbury and the Chair of the Canterbury Regional Council (Environment Canterbury), supported by their Chief Executives.
2. The member councils are: the Kaikōura, Hurunui, Waimakariri, Selwyn, Ashburton, Timaru, Mackenzie, Waimate and Waitaki District Councils, the Christchurch City Council, and Environment Canterbury.
3. Mayor Lianne Dalziel (Christchurch City) chairs the Forum. Mayor David Ayers (Waimakariri District) is the lead Mayor of the Education and Training work programme of the Canterbury Regional Economic Development Strategy. Along with all mayors, Mayors Dalziel and Ayers are members of the Mayors Taskforce for Jobs.
4. The Forum is supported by a permanent secretariat hosted by Environment Canterbury. If you have any inquiries about our submission, please contact in the first instance Dr David Bromell, secretariat@canterburymayors.org.nz, T: 027 839 2708.

Introduction

5. In principle, we do not think centralisation is in the best interests of local communities or, in relation to vocational education, the most effective way to address local and regional labour and skills shortages. We are looking for a more nuanced approach to consolidation and co-ordination of vocational education that retains local governance and flexibility with fit-for-purpose delivery to meet the needs of learners, employers and communities.

Mayors standing together for Canterbury.

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6. Our paramount aim is to produce better outcomes for learners – a world-class vocational education system that delivers a 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.
7. While we can support aspects of the proposal, centralising vocational education in the manner proposed will, we think, slow the sector down, fail to deliver the desired results and create roadblocks to local communities solving local problems. We elaborate on our concerns in the remainder of our submission.
8. Our regional Education and Training Governance Group is willing to meet with senior officials to support the detailed design and implementation planning of the reform. This initiative of the Canterbury Mayoral Forum is well-established and effective (since 2015) and is chaired by the lead Mayor (David Ayers) for the education and training work programme of the Canterbury Regional Economic Development Strategy. Members include the University of Canterbury, Lincoln University, Ara Institute, the Lincoln University AgResearch Joint Facility, Community College North Canterbury, the Primary ITO, ChristchurchNZ, Aoraki Development, Tokona te Raki (Ngāi Tahu), the Ministry of Education and Careers NZ.

Proposal 1: Re-defined roles for industry bodies and education providers

9. We support the proposal to clarify roles, minimise overlapping responsibilities between Industry Training Organisations (ITOs) and Institutes of Technology and Polytechnics (ITPs) and align on- and off-job vocational education and training.
10. We affirm the valued role ITOs play, and the importance of strong connections with employers and industry sectors for work-integrated learning. In addressing fiscal challenges in the ITP sector, it is important not to put at risk the good work ITOs are doing. Any changes should build on the current work of ITOs with industry and minimise disruption that will exacerbate shortages of skilled tradespeople and primary sector workers.
11. In principle, we support the establishment of industry-led Industry Skills Bodies to:
 - extend current coverage by ITOs
 - co-ordinate planning to address future skills needs
 - 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 labour market demand
 - contribute to curricula design and play a role in approving both vocational education qualifications and programme requirements, and in setting standards and moderating assessment.
12. In principle, we support the proposal to establish Industry Skills Bodies and Regional Leadership Groups but note a lack of detail in the discussion document about how precisely these might relate to regional providers. We submit that the working name of the Regional Leadership Groups will create confusion with other central and local government regional bodies.
13. As the proposals are developed, we urge government to align Industry Skills Bodies and Regional Leadership Groups with the Jobs and Skills Hubs discussed in the Ministry of Business, Innovation and Employment's proposed new approach to employer-assisted work

visas and regional workforce planning. As well as reducing the consultative burden on local government, alignment is particularly important in co-ordinating industry efforts to identify and plan for future skills needs, including:

- forecasting demand for skills and qualifications
- 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
- anticipating the impacts of new technologies and the future of work, and how this is likely to affect demand for labour and skills.

14. We note with some concern that the proposal is light on details on how it will address current inequities for Māori and Pasifika learners. We suggest that the reforms:
- continue to engage with wānanga, so they are not left behind in this process
 - 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 Skills Bodies will for their respective industries
 - establish regional Kaupapa Māori Skills Bodies to:
 - provide advice to 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 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 2014–19
 - inform and influence curricula design so vocational education meets the needs and aspirations of local iwi and the wider Māori community.
15. We also note with concern that the proposal is light on implications for Private Training Establishments (PTEs) and community education providers. This needs to be addressed as the proposals are further developed, because any reforms undertaken will inevitably impact on them. We encourage a whole-of-system approach to progressing the reforms, rather than the narrow sector-based approach that has been proposed.

Proposal 2: Create a New Zealand Institute of Skills and Technology

16. Our own local ITP, Ara Institute of Canterbury, does not exhibit the weaknesses the proposed reform seeks to address and is already ahead of challenges and opportunities identified in the discussion document.
17. We acknowledge, however, long-standing issues of sustainability across the 16 ITPs and competition between them (driven largely by the EFTS funding system) and agree that the status quo is not sustainable for the sector as a whole.
18. We **do not support** the proposal to create a *single vocational education institute*.
- Merging the current 16 ITPs into a single institute with the additional functions of ITOs will massively disrupt the sector and its delivery for at least five years.
 - Change on this scale will inevitably impact economically and socially on communities and regions, and on the perception and uptake of international education services in the short to medium term. Potential impact on international education is a particular concern for us, given that international education is New Zealand's fourth largest export earner and supports 30,000 national and 5,000 regional high-value jobs.
 - Centralisation will not necessarily result in economies of scale but will almost certainly result in a loss of flexibility, responsiveness, and ability and willingness to innovate in

educational delivery. There are lessons to be learned from our region's experience of merging CPIT with Aoraki Polytechnic to form Ara Institute of Canterbury. If the funding model does not change, amalgamations are very unlikely to yield economies of scale while retaining local responsiveness and flexible delivery.

- Our experience of collaboration to support youth transitions to further education and training and employment has been that where collaboration is most needed, and most effective, is in local, sub-regional contexts – rather than through programmes driven from metropolitan areas.
- Forming a single institute puts established brands at risk and is likely to weaken social capital with key local and regional stakeholders.

19. We think the risks of merging the 16 ITPs into a single institute are too high. The risks include the very real possibility that the reforms as proposed will not deliver the change Government is looking for.

20. We **do support** creating a *single vocational education system* with centralisation of some functions.

21. Functions can be centralised without locating them all in one “head office”. Centralised functions could be hosted by individual provider institutions around the country. Centralising these in just one or two sites will not provide sufficient system resilience. On the other hand, connecting and managing distributed functions will also prove challenging, so this aspect of the proposal needs careful design and thorough consultation.

22. Functions that could be centralised might include, for example:

- whole-of-system strategy and planning to respond to both current and likely future needs of learners, employers, iwi and communities
- curriculum development, including support for the development of culturally relevant and engaging teaching and learning
- quality and assurance
- allocation and approval of delivery portfolios – and funding – provided this comes with flexible delivery to respond to local industry needs
- standards and procedures to support the recruitment and growth of a culturally competent workforce
- major capital planning
- standards setting for “back-office” services and/or shared services to deliver these
- support for development and innovation in online and blended learning via a nationally consistent online learning platform
- international education marketing – and internationalisation of vocational education and training generally.

23. Individual provider institutions should, we submit, continue to be responsible for:

- employment of staff
- management of fit-for-purpose facilities
- educational delivery that responds to learner and employer needs in their region
- hosting CoVEs, noting that each of these could provide national coverage (and eliminate duplication and unhealthy competition) through online and blended teaching and learning.

24. There could conceivably be a single national governing council for vocational education. The challenge would be to balance the need for a manageable, highly skilled governance body with some degree of regional coverage (if not representation).
25. The regional (and sub-regional) structure of the vocational education system needs careful consideration.
 - We do not, for example, think of Ara Institute of Canterbury as a metropolitan ITP – it serves our region as a whole (New Zealand’s largest region by land area, with 11 local authorities).
 - We acknowledge the challenges of system design and equitable access to vocational education and training when the population of Auckland region (1.70 million) exceeds the population of the entire South Island (1.14 million).
 - Whatever structure is adopted, we affirm the value and importance of sub-regional learning centres. We are thinking, for example, about retention of the Timaru campus following the merger of CPIT and Aoraki Polytechnic. Labour and skills shortages in South Canterbury have highlighted for us that it is critical to retain capacity to deliver vocational education in sub-regional learning centres.
 - In considering a regional structure, we urge the Government not to add to the current mess of conflicting administrative boundaries (for example, Education, Health, Police and MSD). Defining regions by reference to local government boundaries would facilitate use of data held by Statistics New Zealand (and the Living Standards Dashboard) to inform forecasting and planning.

Proposal 3: A unified vocational education funding system

26. We note that the existing funding model is part of the problem and that without system-wide change, ITPs will probably always struggle to break even.
27. Currently, the EFTS funding system drives volume-based enrolment, competition between providers resulting in overlapping and duplicating provision (and over-supply), and promotion of courses based on popularity rather than industry needs and job opportunities. Funding pressures also invite compromise of educational quality.
28. The overlap between funding through the Industry Training Fund (per Standard Training Measure) and the Student Achievement Component also drives unhealthy competition between providers, provides little incentive for Recognition of Prior Learning and contributes to poor investment decisions.
29. The funding model needs to provide for vocational education in rural New Zealand. Many primary industry workplaces and trainees, for example, are in remote locations, and/or have high literacy or numeracy needs. Delivering education and training to these learners obviously costs more than classroom-based teaching and learning in urban centres. Unless the funding model takes account of this, learners in rural New Zealand will be significantly disadvantaged by the proposed reforms.
30. The funding system needs to be designed to encourage uptake of Te Reo Māori, without creating a financial burden on students or disqualifying those who wish to study Te Reo from accessing fees-free study if and when they wish to take up other career pathways.

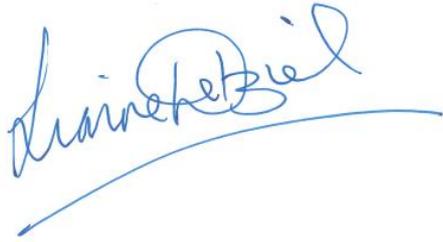
31. Flaws in the current funding system could be partly, though not completely, mitigated by centralising functions indicated in paragraph 22 above – especially allocation and approval of delivery portfolios and funding.
32. We therefore support a unified funding system for vocational education and training up to level 7 diplomas, 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.
33. If funding for foundation learning and for learning at levels 3–7 that is not vocational (including te reo and tikanga Māori, and English for speakers of other languages) is to be included in the unified funding system, it will be all the more important to engage with and consider implications of the proposed reforms for wānanga, PTEs and community education providers.
34. Because foundation levels 1–3 are critical to learner outcomes at levels 3–7, we do not see how reform of vocational education can be carried through effectively without a first principles review of the entire funding system.

Timing of implementation

35. If the Government chooses to proceed with the reforms as proposed, we see some parallels to processes community and voluntary sector agencies have undergone as they have moved from collectives of incorporated societies to national trusts with regional centres. While on a much larger scale, the process and dynamics will be similar and there are lessons to be learned from some of our larger community education providers who have completed this process.
36. Those of us with long memories also recall the significant differences of organisational culture that had to be worked through when borough and county councils were amalgamated in the 1989 local government reforms. Changing the culture of organisations takes a long time to work through, and because cultural differences have largely evolved in response to local contexts and local needs, they should not be under-estimated or trivialised.
37. The changes as proposed are indeed revolutionary. They will also have significant human and economic costs that will impact on local communities. These costs should be reflected in a comprehensive Regulatory Impact Statement to support decision-making by Cabinet on the final proposals and legislation to implement these.
38. Implementing the proposals will undoubtedly take longer than the timeframes envisaged in the consultation document; i.e. having the corporate head office of the new entity up and running with some support systems in place by the start of 2020. We urge government to take a phased and considered approach to the implementation of any final, agreed proposals, and to plan and deliver this in ways that minimise disruption to student learning and to international education marketing and delivery.

Thank you for the opportunity to submit on the vocational education reform proposals.

Yours sincerely



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