

Timaru District Council

Submission on the Reform of Vocational Education

To the Ministry of Education

Introduction

1. The Timaru District Council thanks the Ministry of Education for the opportunity to submit on the Reform of Vocational Education.
2. This submission is made by the Timaru District Council, 2 King George Place, Timaru. The contact person is Damon Odey, Mayor of the Timaru District. I can be contacted at Timaru District Council, phone (03) 687 7200 or PO Box 522, Timaru 7940.
3. The Timaru District Council is a local authority in the South Island serving over 46,000 people in South Canterbury. The main settlement is Timaru, with other smaller settlements of Geraldine, Pleasant Point and Temuka.
4. Timaru District Council, as a member council, supports the Canterbury Mayoral Forum's submission to the Reform of Vocational Education. Council also supports the submission made by the Timaru District economic development agency, Aoraki Development.
5. Council's submission will firstly address the overarching vision and aims of the proposed reform and then provide feedback on each of the proposals specifically.

Reform Vision and Outcomes

6. Timaru District Council 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. Council's chief concern is that these integral parts of the Government's vision will be lost, or poorly executed, in a hasty push for centralisation.
7. Our own strategic vision for the Timaru District includes having a thriving economy where opportunities abound, with a variety of training and employment opportunities available and with business and other agencies working together for maximum benefit for our district. The retention and further development of a vocational education institute and growth in all areas of vocational training in the Timaru District is essential to achieving this vision.

8. We recognise the vocational education sector faces considerable issues that need addressing, and while these issues may not be endemic to all institutes and training organisations, they are systemic, limiting the success and growth of the sector as a whole.
9. 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, particular that from within the vocational education and training sector, when refining the proposals.
10. 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 continue to deliver the high quality education and skills that the regions urgently need.
11. Council recognises and supports 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.
12. 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", Council is concerned that learner priorities and educational drivers are largely absent from the rest of the consultation conversation.² We urge the Government to place current and future students at the heart of all reform considerations. Providing lifelong, equitable learning opportunities throughout New Zealand is the most essential outcome.
13. 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.
14. Council 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 fully 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.

¹ Reform of Vocational Education: Consultation Discussion Document, p. 15.

² Reform of Vocational Education: Consultation Discussion Document, p. 18.

15. Achieving this requires a level of local decision-making and budgetary control, with the discretion to respond quickly to changing regional circumstances. Any reform needs to recognise this and strike the correct balance of centralised efficiencies and local decision-making. In general terms, we believe a concept such as a centralised balance sheet, and a localised profit and loss model could achieve that balance.
16. Council is concerned about the exclusion of community colleges and Private Training Establishments (PTEs) from this reform conversation. The aim to reform the vocational education, and in particular create a unified funding system will fall well short if these important providers of education are not engaged with or considered.
17. 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

18. Council supports the proposal to clarify roles, minimise overlapping responsibilities between ITOs and ITPs and to align on- and off-job education and training. The system resulting from the proposed changes 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.
19. While we support a re-defining of these roles, we **do not support** the removal of ITOs' role in supporting workplace learning. In many areas the industry training sector is successful and high-performing. Council 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.
20. We are also concerned that ITOs feel they have not been included in the reform process. We urge the Government to more actively engage and consult in this space as the reform processes advances.
21. We support redefining ITOs as Industry Skills Bodies (ISBs) to:
 - Extend current industry coverage by ITOs;
 - Co-ordinate industry identification and planning to address future skills needs;
 - Provide advice to the Tertiary Education Commission (TEC) on purchasing of vocational education; and

- Contribute to curricula design and play a role in approving both vocational education qualifications and programme requirements, and in setting standards and moderating assessment.
22. 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.
 23. 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:
 - Forecasting demand for particular skills or qualifications;
 - Giving advice to providers and the TEC where the vocational education system is not responding to demand or needs to change its delivery to meet future demand; and
 - Anticipating the impacts of new technologies and the future of work, and how this is likely to affect the demand for skills.
 24. 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.
 25. In redefining roles, the Government needs to be mindful of appropriate representation for smaller industries, particularly those currently not represented, or underserved by ITOs. The consultation document states that “over time, Government would facilitate the Industry Skills Bodies to fill these gaps if necessary.”³ We urge Government to include this work as a priority to ensure equality, and appropriate support and representation for all industries throughout the reform process.
 26. We support the establishment of Centres of Vocational Excellence (CoVEs) for key sectors. In linking CoVEs to the regions, 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.
 27. 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.

³ Reform of Vocational Education: Consultation Discussion Document, p. 20

28. 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.

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

29. Council **does not** support the proposal to create a *single vocational education institute*. We believe the disruption of this change will outweigh any gains, financially or otherwise, for a long time. Further, we do not think that centralisation on this scale is in the best interests of local communities or will serve to address regional labour and skills shortages.
30. Forming a single institute puts established brands at risk and is likely to weaken social capital with key local and regional stakeholders. We recognise there are benefits and efficiencies to be gained from the centralisation of some functions, however, we do not believe that centralisation to this extent will result in the economies of scale purported. It will more likely compromise flexibility, responsiveness and the ability and willingness of providers to innovate in education delivery.
31. 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. We submit that the Government could take this opportunity to implement the commitment made in its coalition agreement, to relocate government functions into the regions.⁴
32. Council **does support** the creation of a *single vocational education system*, with centralisation of some functions to drive efficiencies and improve investment, including:
- Whole-of-system strategy and planning to respond to both current and likely future needs of learners and employers (which should be carried out in consultation with the proposed ISBs and Regional Stakeholder Groups);
 - Financial and asset management including capital planning, procurement, contract management and financial planning;
 - Curriculum, assessment and resource development;
 - 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; and
 - International education marketing – and internationalisation of vocational education and training generally.

⁴ Coalition agreement between the New Zealand Labour Party and the New Zealand First Party, 2017, p.2

33. We believe that individual regional providers should continue to be responsible for:
 - Programme delivery and learner assessments;
 - Local industry and stakeholder engagement;
 - Student support services;
 - People and capability functions; and
 - Management of fit-for-purpose facilities;
34. Any over-centralised model runs the risk of stifling responsiveness to regional stakeholders rather than improving it. There is also a risk, as many ITOs have 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 economic development.
35. We urge the Government to carefully consider the regional and sub-regional structure of the future vocational education system (in tandem with analysis of potential CoVEs). 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.
36. 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.
37. To ensure that a reformed vocational education system meets the needs of New Zealand's regions we strongly advocate for the importance of sub-regional learning centres, such as the Timaru campus of Ara Institute of Canterbury.
38. The loss of vocational education providers can result in a student and labour drain for the regions, as people migrate to urban centres for study and training opportunities, exacerbating regional employment issues. Labour and skills shortages in South Canterbury highlight that it is critical to retain capacity to deliver vocational education in sub-regional learning centres.
39. Should proposals to redefine ITOs proceed as presented, this will be even more essential. Without sub-regional 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.
40. 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.

41. The lack of detail around the logistics of the proposed centralisation is concerning in many ways. Given the tight timeframes we would have expected a more detailed and nuanced approach to these complex reforms. Submissions from within the sector are sure to raise questions around the lack of detail provided about potential governance models, financial management, asset ownership, intellectual property and employment relations for example.
42. As a local authority, one of our greatest concerns, which is not addressed by the consultation document or supporting information, is that the considerable investments made by many communities in local vocational education providers will be absorbed into a centralised institute.
43. When Aoraki Polytechnic merged with Christchurch Polytechnic Institute of Technology (CPIT) in 2016 to create Ara Institute of Canterbury, close to \$22million of reserves from Aoraki were absorbed by Ara. At the time of the merger it was stated that “the financial reserves that Aoraki Polytechnic had previously build up must be invested to support the delivery of quality education for the Aoraki Region.” We seek assurances from the Government that these reserves will remain available solely for the benefit and advancement of vocational education in South Canterbury, and for the same principle to be applied to other regional institute’s reserves.

Proposal 3 – A unified vocational education funding system

44. Council acknowledges the failings of the current funding system for vocational education. We welcome the proposal to create one cohesive and flexible funding system to ensure equitable access for learners to the skills and experience they need to success, and that providers have funding that is sustainable and supports the regional labour needs. It is also essential that any reform leads to funding equity across work-based, and off-the-job training.
45. We support a unified funding system up to level 7 diplomas including a base grant, allocated by region, and some form of equality funding that individual providers could apply for, supported by a well-developed business case.
46. We believe the flaws in the funding system could be, in part, 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.
47. 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.
48. We urge the Government to offer further opportunities for stakeholders to provide feedback once greater detail is available of the proposed funding system.

Conclusion

49. Timaru District Council supports the Government's aims to reform the vocational education sector to ensure the delivery of high quality education to all learners, to better align with the needs of industry and employers, and to increase the availability and relevancy of vocational education in the regions. With reference to the proposals specifically, Council supports:
- The redefining of the roles of ITOs and ITPs to simplify the vocational education process for learners and employers;
 - Extending the current industry coverage of ITOs and giving them an advisory role for the purchasing of vocational education and curricula design and qualifications;
 - The establishment of Regional Stakeholder Groups to advise the TEC and vocational education providers to ensure regional needs are met and ensure regional collaboration across education, labour, immigration and welfare issues;
 - The establishment of CoVEs in the regions, and we strongly believe that Timaru is well provisioned and placed to host a Mid and South Canterbury/North Otago CoVE; and
 - A unified funding system with an outcomes-focused model rather than the current EFTS volume-based model.
50. Commendable aims aside, the proposals outline a complex transformation of our vocational education system but provide little of the finer, but necessary, details of this reform. We appreciate that consultation is part of the process of refining these proposal, but would urge the Government to commit to further sector engagement once a more detailed transitional plan for the reform is available. The changes need to be implemented from a foundation of extensive pre-planning and ongoing sector engagement and not rushed through on the current timeframes.
51. Based on the current information available, Council does not support:
- Removing the role of supporting workplace learning from ITOs
 - The creation of a single vocational education institute and the over-centralisation of the institutional functions;
 - The loss of local decision-making for regional providers; or
 - The rushed timing of the implementation.
52. The efficiencies of some centralisation and a unified funding system may in many ways improve the sustainability of vocational education across New Zealand. However, we believe that it is the responsiveness and flexibility afforded by local decision-making and well established relationships between training providers, industry and employers at a regional level that will ensure the vocational education system is fit of purpose, and future.
53. Finally, we strongly believe there is considerable scope for improved regional delivery and development as a result of some of the proposed changes. We

support Aoraki Development's submission that Timaru is very well placed to be a location of a CoVE, or a regional spoke of a CoVE. We look forward to working closely with stakeholders to ensure Timaru, and the wider Mid and South Canterbury/North Otago region is well placed to respond proactively to these changes.

54. Thank you for the opportunity to submit on the proposals.

Yours sincerely

A handwritten signature in blue ink that reads "Damon Odey". The signature is written in a cursive style with a large initial 'D'.

Damon Odey

Mayor