

5 April 2019

## Submission on the Reform of Vocational Education

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**Ka timu te tai, ka pao te tōrea.**

***The tide recedes and the oyster-catcher strikes: The time is now to re-wire our sector for the 21<sup>st</sup> Century***

### Introduction

- 1 Ara Institute of Canterbury (Ara) welcomes the Government's commitment to the future of Vocational Education and the decisive steps to support a strong, unified, sustainable Vocational Education system. The review of Vocational Education presents an opportunity to address the imbalances in our education system and re-wire it to create an integrated, innovative and student-centred vocational training system to inspire, grow and prepare learners for the opportunities of the future. However, we have concerns with the extent of the emphasis on a structural response as opposed to an effectively led and enabled Vocational Education system.
- 2 Ara conducted extensive internal and external consultation to develop this analysis and reach the conclusions presented in our submission. This consultation included a range of stakeholders including local government, our region's Mayors, iwi, regional economic development agencies, chambers of commerce, the staff, current learners and graduates of Ara.
- 3 We have also drawn on the organisation's success and experience with considerable transformational change, adaption and resilience over the past decade to inform our submission.
- 4 **Key factors to our success include:**
  - **effective local decision making** underpinning responsiveness to regional needs by integrating ourselves fully within the economic development machinery of the region.
  - **engagement with Māori as true partners** generating successful innovations through a commitment to co-design and co-development of programmes including with Papatipu Rūnanga across Canterbury, Tokona te Raki and the He Toki initiatives.
  - **approaching the merger** that created Ara from the perspective of expanding access to vocational and applied professional education across the Canterbury region.

- **taking a systematic approach** to the redevelopment of our campus environments through a regional master planning process that allows us to optimise our physical assets and contribute award-winning facilities such as Kahukura and our world-class, New Zealand first, Health Research and Education Facility partnership with the CDHB – Manawa.
- **the agility of our response to the Canterbury earthquakes**; we re-tooled our provision to align to the exceptional demands of the rebuild of the Canterbury and Kaikoura regions and have embedded ourselves more deeply into the workforce development system of the region.
- **our commitment to high-quality, innovative teaching and learning practices** and growing applied research programmes that are underpinned by effective governance and management, deep product knowledge, quality community engagement and highly capable staff. Ara is one of the few tertiary education organisations (TEOs) to improve its quality assurance rating.

5 The four key priorities of our current transformation agenda are aligned to RoVE and include:

- Students at the heart of everything we do.
- Dynamic world class programmes and delivery.
- High performing customer focussed teams.
- Investment decisions that deliver a sustainable future.

## Our Partnership with Iwi

6 Any new establishment of a Vocational Education system must embed a Treaty of Waitangi framework in its foundation.

7 At Ara the success of Māori is integrated into our approach to governance, management and learning and teaching; giving effect to the Treaty of Waitangi principles of partnership and participation.

8 The Treaty based principles underpin our partnership with Te Rūnanga o Ngāi Tahu and reflect the mana whenua status held by local Ngāi Tahu hapū. Through this partnership, we acknowledge that local Ngāi Tahu hapū have a duty of care for their communities (manaakitanga) and responsibility to advocate for their rights and interests in matters that most impact on them (rangatiratanga). The education sector is arguably the most important arena in which their voice is required.

9 The partnership underpins several innovative approaches to Vocational Education in our region including the He Toki Ki Te Rika and He Toki Ki Te Mahi initiatives.

10 Engaging iwi/hapū to speak on behalf of local Māori needs and aspirations is essential if we are to ensure that public services are configured appropriately. The track record of Māori in driving innovation in the delivery of public services including Vocational Education indicates that we have much to gain collectively from this engagement.

- 11 We are concerned that without meaningful engagement with iwi/hapū and other relevant local Māori representatives (e.g. kura kaupapa Māori) the full benefits of the reforms will not be realised. Indeed, we see the real potential for the reformed system to perpetuate the inequalities that currently exist. Engagement with local Māori needs to be an integral part of the reform programme.

## A Risky Proposition

- 12 The proposed New Zealand Institute of Skills and Technology would create the world's 30<sup>th</sup> largest provider of higher education and training with 280,000 learners, relationships with more than 25,000 employers, almost 10,000 staff and \$2 billion in assets.
- 13 We are concerned that the scale of the merger of all sixteen ITPs as proposed carries significant implementation risks; the transition costs have not been quantified but are likely to be high, and there is potential to destabilise the overall system.
- 14 The loss of regional-level decision making will result in the loss of flexibility and the autonomy needed to innovate for local and regional delivery and development.
- 15 The proposed new entity could offer education from foundation certificates to doctoral studies and be responsible for half of all tertiary enrolments in New Zealand. It would dwarf all other TEOs at 6.7 times the size of the next largest (the University of Auckland).
- 16 The transition process will involve considerable opportunity costs. The diversion of staff from key functions including programme development and delivery may interrupt our capacity to maintain business as usual activities and undermine our international reputation.
- 17 We observe that no business case has been presented that robustly tests if the proposed benefits are achievable and justified in the context of the likely and unprecedented level of change cost that these proposals would incur.
- 18 As proposed, Ara believes the newly centralised institute will be less effective in building and sustaining local relationships compared to models that involve stronger regional leadership.
- 19 A centralised entity could risk compromising the flexibility and responsiveness of regional campuses and potentially the capacity to innovate. It also could create a single point of failure.
- 20 Disestablishing the existing provider network and replacing them with a single central entity will have several deleterious impacts. These impacts include a disconnection between the identity of each region and 'their' provider of Vocational Education and training, an implicit downgrading of the relationship between 'local campus staff' and strategic partners including iwi and adding further layers of bureaucracy between frontline teaching staff and the communities they serve.

## Our Response to the Proposals

- 21 Ara supports a sustainable, integrated and collaborative Vocational Education sector that delivers for the evolving future of work, delivering for the regions of New Zealand what learners, employers, iwi and communities need to be successful. Any future system must balance the need for national and regional governance and leadership that ensures clear requirements for accountability.
- 22 Ara recognises the need for the reforms and concludes that Proposals 1 and 2 would benefit significantly from further consultation and detail, **but Proposal 3 should be progressed under urgency.**
- 23 **Reform Proposal 1** – Ara supports the creation of a Vocational Education sector combining the roles of ITOs and ITPs, noting however, that we have concerns over the scope of the proposed range of functions of the ISBs.
- 24 **Reform Proposal 2** – Ara supports the creation of a *Vocational Education system*, with whole of system strategic leadership and key enabling functions at the centre that empowers a flexible, innovative and sustainable regionally led network of provision. We do not support the creation of a *single Vocational Education institute* with a single governance and management structure as currently proposed.
- 25 **Reform Proposal 3** – Ara strongly recommends that irrespective of the totality of the reform outcomes, the funding system must be redesigned to recognise the complexities of delivery to geographically dispersed, under-served communities and industries, and the inequalities for Māori. A new funding system must also discourage duplication of effort as well as unsustainable competitive behaviours.

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

- 26 We welcome the creation of a Vocational Education sector combining the existing roles of ITOs and ITPs.
- 27 We recognise the need to integrate Vocational Education with the wider education system.
- 28 We support in principle the creation of Industry Skills Bodies (ISBs); however, we have concerns regarding the range of their proposed functions.
- 29 We recommend the role of ISBs being a collaborative and advisory one and caution the risk of ISBs having too prescriptive an approach.
- 30 We support ISBs providing advice to TEC about skills needs and defining skills standards.
- 31 We consider that Vocational Education provision should not be determined by ISBs alone but must also be responsive to the social and cultural needs of the community.
- 32 We do not support the ISBs solely leading purchasing decisions with the TEC.
- 33 We propose ISBs would be a contributor to the development and approval of programmes and associated assessment but not the sole arbiter.

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

- 34 We **do not support** the creation of a *single Vocational Education institute* with a single governance and management structure as currently proposed.
- 35 We **do support** the creation of a *Vocational Education system*, with centralisation of whole of system strategic leadership and key enabling functions, which empowers a flexible, innovative and sustainable regional network of provision. Any future model for the system should be rebalanced to optimise the existing strengths of:
- a Regional leadership, decision making and management of delivery.
  - b Representation of regions, through governance, advisory bodies, iwi and other local advisory networks.
  - c Responsive to local cultural, enterprise and community stakeholders.
- 36 We propose that a centralised entity is responsible and accountable for system level strategy and planning, core services, business processes and academic and engagement provision.
- 37 We support balancing of national and regional accountability through the establishment of mechanisms for regional governance and leadership; we cannot see how the Regional Leadership Groups could effectively support this critical aspect of a reform system.
- 38 We note the inadequate emphasis within the proposal to meet the goal of ensuring strong iwi/hapū, local government and community participation of Vocational Education provision.
- 39 We advise against the loss of local decision making and the authority to provide for a flexible and responsive approach to the needs of regions.
- 40 We recommend the consideration of including provision of Te Reo, Foundation, and Level 7 and above as part of the system.
- 41 We recommend the inclusion of Graduate qualifications to at least Master's level in the definition of Vocational Education as the increasing sophistication of employers require this (such as nursing, midwifery, allied health, etc).
- 42 We are concerned that there will be dilution of the existing relationships with partners in the regions including iwi/hapū, employers and local government.
- 43 We propose that this reform must also address the broader social impact of education and training; facilitating social development of our communities, helping people develop required skills and knowledge to be resilient in the face of economic and social change.

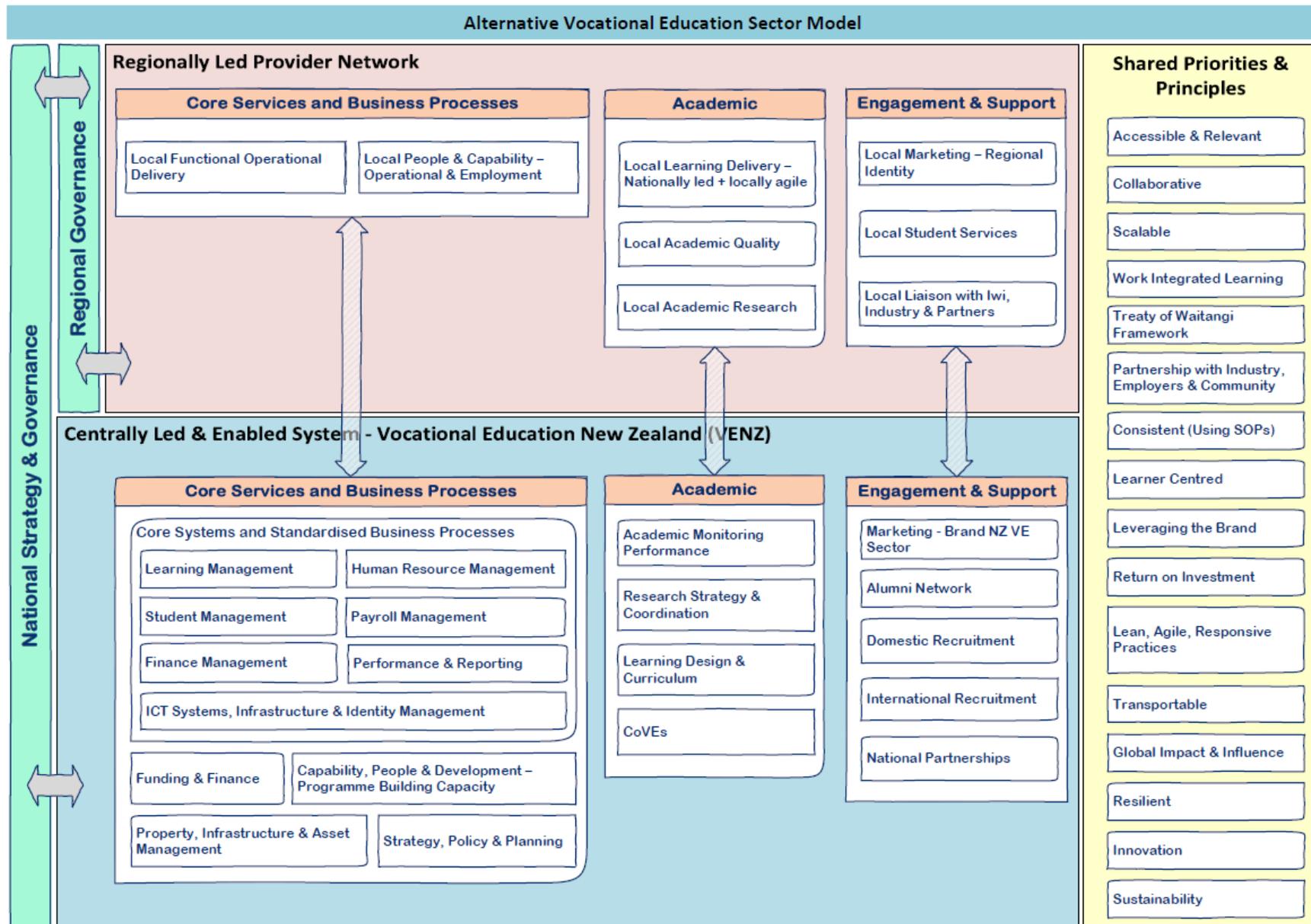
## Proposal 3: A unified Vocational Education funding system

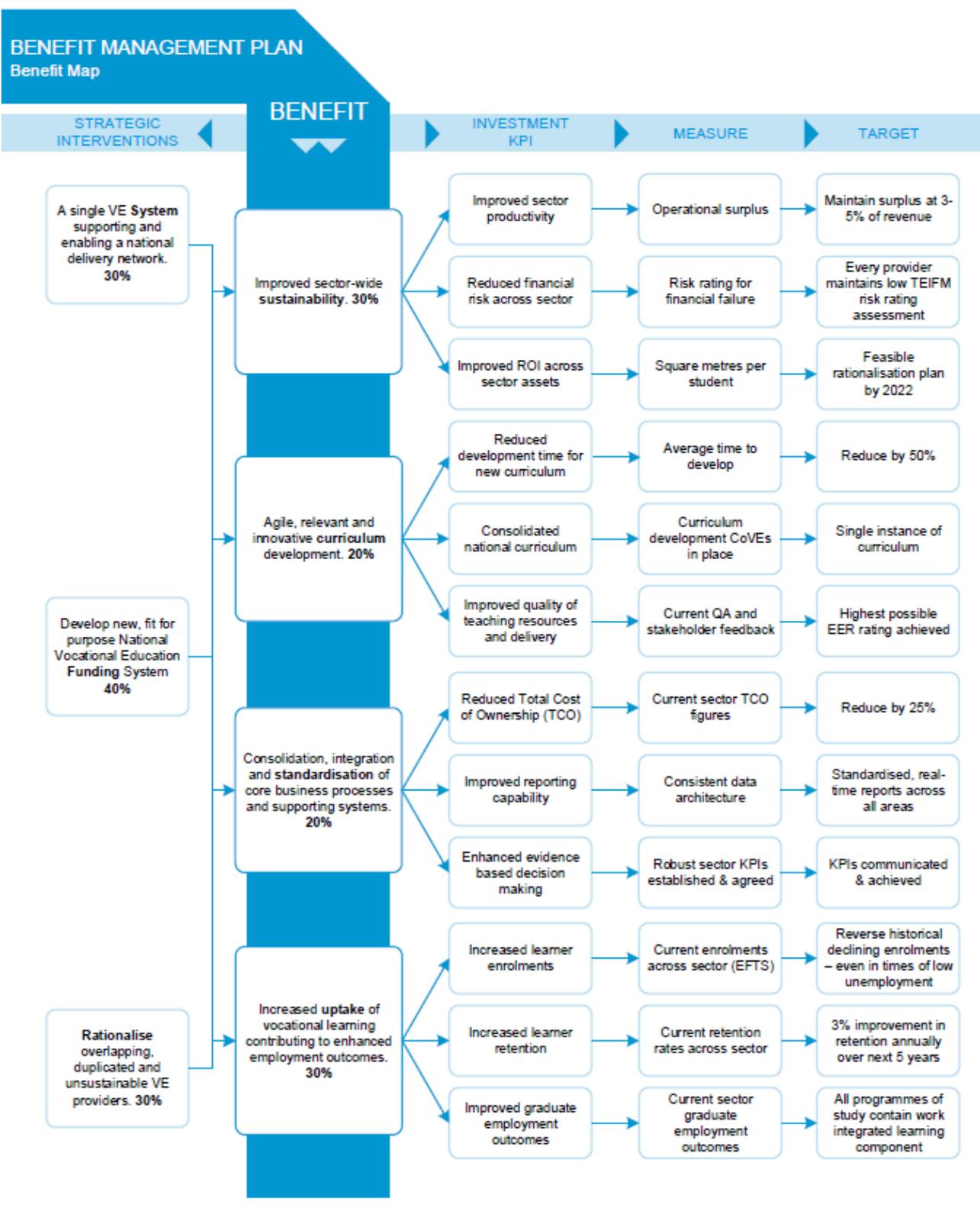
- 44 We submit that many of the benefits targeted by the reforms could be achieved through the redesign of the funding system and recommend this is undertaken as a matter of urgency irrespective of the timetable for Proposals 1 and 2.

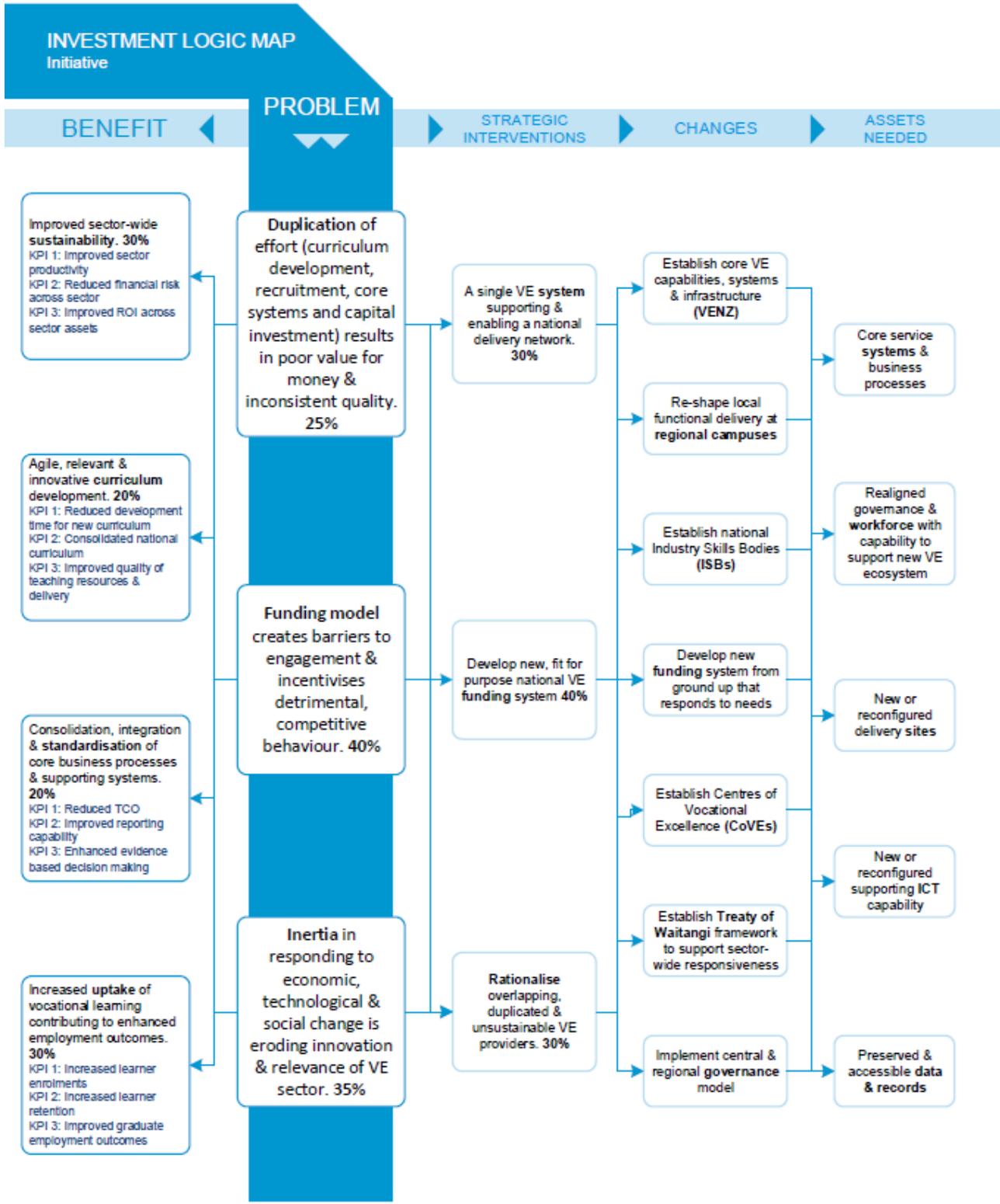
- 45 We expect that Proposal 3 will be designed to remove existing barriers to collaboration and flexibility and will ensure a sustainable network of provision, reduce duplication of resource and discourage unsustainable competitive behaviours. This new funding system must also recognise the need to improve learning outcomes for Māori, Pasifika and under-served communities and the complexities of delivery to geographically dispersed stakeholders.
- 46 The sector needs a funding system that retains a baseline level of capability in a regional context. Specifically, recognition of the cost of regional educational delivery where class sizes are substantially less than in the urban environment.
- 47 We recommend any new funding model must address the challenges of social inequality, parity of achievement, capability, performance, episodic delivery and capitation approaches.
- 48 We **do not support** the continuation of a predominantly volume-based funding model.

## Proposed Alternative Model and Better Business Case

- 49 Ara's proposed alternative model would place the locus of decision making regarding educational delivery as close to communities as possible, whilst ensuring coherence for a more connected sector through the provision of a centrally led strategic framework for planning, standardised services, business processes, curriculum development and supporting capability development.







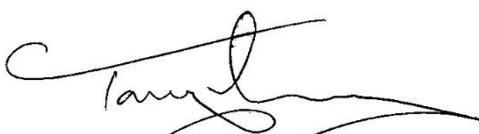
- 50 Ara's proposed Vocational Education New Zealand (VENZ), would lead the responsibility for strategy, monitoring, capital planning, systems development and deployment, shared curriculum development, continuous professional development and coordination of applied research in consultation with the regional network.
- 51 The network of regionally led providers would be individually responsible and accountable for the delivery of education and training, maintaining local teaching and learning facilities, integration of in-work learning, regional stakeholder engagement, partnerships with local iwi and local innovation.
- 52 Regionally led providers would maintain responsibility for people, capability, operations and act as the employer.
- 53 VENZ would operate a common Academic Board consolidating programme approval decisions and academic statutes.
- 54 VENZ would provision for an ecosystem of unified practice that includes new models of curriculum design and delivery that seamlessly integrates learning in the workplace, on-campus and online.
- 55 VENZ would collaborate on the development and delivery of core service systems and business processes.
- 56 VENZ would take responsibility for the collaborative planning and development of the Centres of Vocational Excellence (CoVEs).

We believe that the aforementioned provides the Minister with the basis of a robust alternative solution to his identification for the need to reform the New Zealand Vocational Education and Training sector.

Ara's proposed alternative model could be expedited more swiftly and with a significant reduction in risk, cost and disruption, whilst preserving those aspects of the current model that are proven to be responsive to the needs of communities, industry and regional economic development.

We would welcome the opportunity to be further engaged in the Minister's consideration of our response and any further development of the next stages of the reform process.

Thank you for the opportunity to submit on the proposals.



**Tony Gray**  
**Chief Executive, Ara**



**Dr Thérèse Arseneau**  
**Council Chair, Ara**

## Appendix One

Commentary – Better Business Case

# Response to the Reform of Vocational Education (RoVE)

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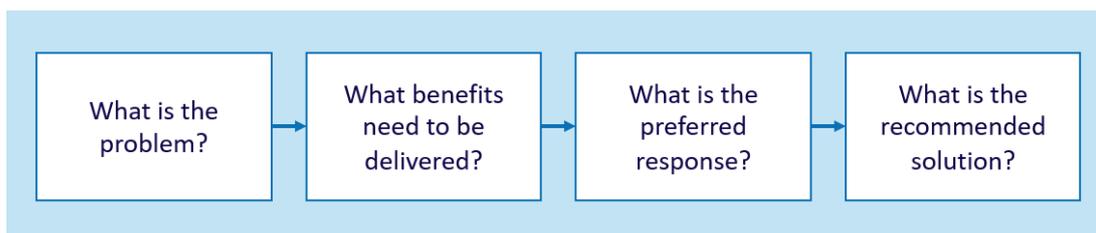
## Ara Institute of Canterbury

### Introduction

- 1 The Government's *Reform of Vocational Education (RoVE)* proposal, announced in mid-February 2019, put forward bold solutions that would require significant and disruptive change in order to make improvements to Vocational Education (VE) in New Zealand. Since the announcement, the proposal has created tension and uncertainty across the sector in anticipation of the outcome of the consultation.
- 2 Throughout the consultation period, we have been grappling with what the changes in the proposals would mean on the ground, how they would impact our learners, colleagues, stakeholders, the regions we serve and how the Government would undertake the proposed changes in a coordinated and timely fashion.
- 3 Further to this, Ara was eager to understand the thinking and the steps that the Government had likely taken to develop the rationale sitting behind the proposal. From Ara's point of view, in order to understand the proposed solutions, we must first understand how they were arrived at and whether they were optimal for resolving the identified problems.

### Rationale

- 4 Ara is no stranger to the Government's preferred Better Business Case process having used it to support previous Government investment decisions for the post-earthquake Trades Training project in 2013 and the merger of Aoraki Polytechnic and CPIT into Ara in 2016.
- 5 Assuming the Government would apply the same rigour to its investigation and analysis of the Vocational Education sector as part of this RoVE process, facilitated investment management workshops were carried out with key members of Ara's leadership team.
- 6 The focus of these workshops was to determine the problem, the benefits that need to be delivered to resolve the problem, the range of responses to the problems and ultimately to recommend solutions.



*Figure 1: Line of Enquiry from Investment Management Standard 2017 - Technical Guide for Facilitators. 2017, State of Victoria.*

- 7 In order to ensure the right information was introduced into the process, RoVE documentation, in particular the 29 January 2019 Cabinet Paper *Consulting on Proposals for Vocational Education System Reform* and other supporting documents including reports from the ITP Roadmap process were fully incorporated into the analysis.
- 8 The **Investment Logic Map (ILM)** and **Benefits Management Plan (BMP)** that were drafted as a result of the workshops were developed using a combination of the problems the Government had identified in its most recent cabinet papers and by tapping into the deep experience and knowledge of the sector held by the workshop participants.
- 9 The workshops sought to test the logic of the solutions the Government had proposed as well as identifying and testing the logic of alternative solutions, proposed as the investment management process was undertaken by the Ara workshop contributors.
- 10 To accompany these documents, a diagram entitled **Proposed Alternative Ara Model** was developed to present an alternative Vocational Education sector model, pictorially. This diagram effectively mirrors the solutions or 'strategic interventions' that feature in both the ILM and BMP documents.

## Context and Process

- 11 During the problems' definition workshop, the participants identified elements drawn from the RoVE documents and from their own reading and experience to then produce a series of problems that they believed formed the basis for the remainder of the investment management process. To arrive at this point, a longer list of problems was refined and themes consolidated into three main problem statements:
  - a Duplication of effort (curriculum development, core systems and capital investments) results in poor value for money and inconsistent quality;
  - b Funding model creates barriers to engagement and incentivises detrimental, competitive behaviour; and
  - c Inertia in responding to economic, technological and social change is eroding innovation and relevance of VE sector.
- 12 Accordingly, percentage weightings were applied to these problems initially and once the remainder of the process was completed, they too were refined to ensure the logic stacked up numerically. These percentages were 25%, 40% and 35% respectively.
- 13 A second workshop was held to then take the problem statements and identify the benefits that Government and the sector would need to realise in order for the problems to be resolved. As before, information was shared, debated and captured in lists that were then analysed, refined and consolidated to produce the following benefits:
  - a Improved sector-wide sustainability;
  - b Agile, relevant and innovative curriculum development;
  - c Consolidation, integration and standardisation of core business processes and supporting systems; and
  - d Increased uptake of vocational learning contributing to enhanced employment outcomes.
- 14 These benefits were then rated 30%, 20%, 20% and 30% respectively again aligning logically with the problems they sought to resolve. Using this base information, we were able to transfer the results into the BMP document where key performance indicators (KPIs), baseline measures, target outcomes and the associated strategic interventions could be described.

- 15 Key performance indicators included:
- a Improve sector productivity;
  - b Reduce sector financial risk;
  - c Improve return on investment;
  - d Reduce development time for new curriculum;
  - e Consolidate a national curriculum;
  - f Improve quality of teaching resources and delivery;
  - g Reduce total cost of ownership;
  - h Improve reporting capability;
  - i Enhance evidence-based decision making;
  - j Increase learner enrolments;
  - k Increase learner retention; and
  - l Improve graduate employment outcomes.
- 16 In subsequent workshop settings, the strategic interventions were again lifted from the BMP, back into the ILM where specific changes and assets could be itemised; again, to realise the benefits that would resolve the problems, logically. The strategic interventions derived from the workshops were then refined as:
- a A single VE system supporting and enabling a national delivery network
  - b Develop new, fit for purpose national VE funding system; and
  - c Rationalise overlapping, duplicated and unsustainable VE providers.
- 17 The percentage weighting for each strategic intervention was 30%, 40% and 30% respectively.
- 18 Based on the thinking and analysis of the workshop contributors, the resulting findings had significant alignment to those proposed as part of RoVE with some subtle but significant differences.

## Conclusion and Recommendation

- 19 In particular, the solution that RoVE proposes whereby 16 ITPs are consolidated into a single entity, the New Zealand Institute of Skills and Technology (NZIST), is instead replaced by the creation of a single VE system.
- 20 The creation of a single entity did not present by itself as a logical intervention to provide the required benefits and resolve the problems identified, as this is a structural response to what is essentially a systemic problem.
- 21 The BBC process led us to conclude that Proposal 3, to unify the funding system, gave the opportunity to realise the reform's greatest benefits with the least cost and disruption.
- 22 Specifically, the problem statement C, *Inertia in responding to economic, technological and social change* is potentially the one most likely exacerbated by the implementation of a single entity.
- 23 It is recommended that the ILM, BMP and accompanying diagram of a proposed alternative VE sector model are read in parallel to ensure the logic, process and outcomes can be best understood.