

Submission on the Education (Vocational Education and Training Reform) Amendment Bill

Introduction

1. Ara is the largest tertiary education provider in the South Island, with campuses in Christchurch (3), Ashburton, Timaru and Oamaru, and provision for online learning.
2. In 2018, Ara had 14,005 domestic students, 1,713 international students, over 1,000 staff and generated direct revenue of \$113 million.
3. Ara's success reflects a focus on delivering exceptional learning outcomes to a diverse cohort of students. With 113 years of proud history meeting the vocational learning needs of Canterbury we have a significant track record of high quality graduate outcomes, innovative teaching and learning practices. We engage with key local stakeholders and influencers to ensure that the programmes we provide remain relevant and reflect the needs of the prospective employers of our graduates. Our strong relationship with local Māori is critical to the delivery of our bicultural initiatives and underpins our sense of "place" in the communities that we serve.
4. Ara is a member of the TANZ consortium, a successful collaboration of seven existing ITPs. The TANZ collaborative outcomes have also been shared across the wider sector.
5. Ara supports sector reform and improvement, but is concerned that the intended pace of legislative change will preclude a full identification of the issues facing the sector and does not include a thorough risk analysis of the proposed solutions.

Our Key Concerns

6. This submission from Ara seeks the consideration of the Select Committee on the following key issues that Ara has identified as being of significant risk to the intent or successful implementation of the proposed Reform of Vocational Education in New Zealand.

7. In Ara's view this Bill:

- **diminishes the benefits of independence of institutes and their ability to respond to regional Iwi, industry, and other stakeholder needs;**
- **undermines academic freedom;**
- **significantly disadvantages some existing staff in the transition process;**
- **does not address the need for existing institutional reserves to be ring-fenced for the benefit of the region from which they were derived; and**
- **risks destabilising the effectiveness of institutions and their existing regional relationships during a significant and lengthy transition period.**

8. Ara is also of the view that an institute/subsidiary which can demonstrate compliance with all the principles of the Charter proposed for NZIST at the new Schedule 22 should be able to remain as a subsidiary.

9. Ara is concerned about the speed with which this Bill is proposed to be passed into law. The Bill is not due to be reported back until 10 February 2020, yet has a commencement date of 1 April 2020. An implementation undertaken in such haste risks undermining the proposed benefits that the reforms are advocating to deliver.¹

10. The cost of this scale of change will be significant, with some aspects unable to be accurately determined without further investigation or design work completed.

11. Options for mitigating these concerns are outlined in the submission below.

12. Ara wishes to be heard on this submission.

Background

13. On 5 April 2019, Ara made a detailed and constructive submission on the RoVE proposal. We have **attached** the April submission ("A"). That submission included the framework of an alternative reform model based on a business case that 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."*²

¹ The earliest the Second Reading could be is 13 February 2020 leaving only 13 sitting days for all remaining Stages. Parliamentary scrutiny of this important measure is likely to be limited.

² At para 49.

14. Ara supports the creation of a unified 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 providers. We do not support the creation of a single vocational education institute with a single governance and management structure as currently proposed by this Bill.
15. Ara identifies that these proposed reforms are being modelled on similar changes undertaken in Australia, particularly NSW and Queensland. Of notable difference to New Zealand, the Australian reforms started from a more centralised base with pre-existing common systems and business processes. In one Australian jurisdiction the change programme was projected to take in excess of six years. Even with this comparative head start on the New Zealand setting, it is widely known that the Australian reform process has taken significantly longer than was originally forecast, cost more than anticipated, and is yet to fully realise the intended benefit set.
16. Ara strongly supports reform that will rebalance the funding model to ensure a more equitable and transparent allocation of those funds with accountability regarding their application.
17. A more effective, less risk and almost certainly less cost approach³ would be to look at the best performing institutions, such as Ara, identify why they are successful, and leverage from that.
18. Ara believes that the implementation of the Bill in its current form will put at risk realising the intended benefits of the reform process. We articulated our rationale for this in April and suggested alternative pathways for consideration.

Academic and Institutional Freedom

19. Specifically, we are concerned with the loss of independence and regional identity brought about by the consolidation of the 16 institutes of technology and polytechnics (ITPs) into a single institute. Instead, we suggest a unified system rather than a unified institute.
20. In this sector, “autonomy” includes responsiveness to community requirements and being leaders of change. However, it is much more than that. At the core of the autonomy of institutions such as Ara, are the twin concepts of “freedom” and “academic freedom”. Parliament has made its views clear. Section 160 of the Education Act 1989 reads:

160. Object

The object of the provisions of this Act relating to institutions is to give them as much independence and freedom to make academic, operational, and management decisions as is consistent with the nature of the services they provide, the efficient use of national resources, the national interest, and the demands of accountability.

³ Minister's statements about cost

The Bill demonstrably contradicts this object by removing or reducing the ability of Ara to make its own operational and management decisions. Ara is not aware of anything in its own situation that suggests a need for centralised control arising from historical underperformance.

21. Academic freedom is at the core of the tertiary education system and is referenced in Section 161 of the Act. See Attachment B. We believe Section 161 provides for a different class of academic freedom for the future NZIST compared to both that which exists now for ITPs and that which will exist for other tertiary education organisations in the future.
22. We recommend that either the section that constrains academic freedom of the NZIST is removed in its entirety and that Section 161 is retained, or that this Section is amended to clarify that none of the functions or operations of workforce development councils will limit the academic freedom of NZIST (Section 222E(3)).

Discussion of The Bill's Proposals

Winding Up of Subsidiaries

23. The Bill proposes to make each institute a subsidiary of the New Zealand Institute of Skills and Technology (NZIST) on 1 April 2020 and on 31 December 2022 these subsidiaries will cease to exist⁴; although the Governor-General may, by Order in Council made on recommendation of the Minister, extend the date a subsidiary can continue to exist. The current Bill, only delays the winding up of a subsidiary and does not create the possibility for any institute to be exempt from the consolidation. Furthermore, the NZIST Council may even dissolve the subsidiary earlier or transfer the undertaking of the subsidiary⁵.
24. We are concerned primarily with the loss of independence such consolidation would bring for Ara Limited, and the impact that would have on its success.
25. Ara strongly believes that it is not appropriate for the NZIST Council to have the power to dissolve an institution, even if it is an NZIST subsidiary; dissolution is necessarily irrevocable.
26. There is no need for the proposed Section 222ZB, and it should be omitted. If early dissolution is warranted, it should be done by Order in Council, made after due process, including consultation, has been followed.
27. The requirements of an inclusive and transparent consultative process are well established. They require that the consultation must be with all those potentially affected. Given the materially adverse impact that the winding up of Ara Limited will have on students, staff, and stakeholders it is an egregious breach of consultation principles to exclude them.

⁴ Section 222ZA

⁵ Section 222ZB

28. Whilst Ara is supportive of the option that a subsidiary can be extended beyond December 2022, there remains the same concern in the process described in Section 222ZA(3). This subsection requires the Minister to consult with NZIST on the proposed extension of a subsidiary's existence. Ara's view is that the Minister and NZIST should not decide upon an extension period without involving the institution or institutions directly affected.
29. We believe that demonstrably well performing institutes such as Ara Limited should be exempt from the mandatory winding up at the end of the transition period. That exemption should be made clear now within legislation and not left to a process that is yet to be determined.
30. Alternatively, the Government should consider a vocational education system with a unified head office offering efficient and effective support to regional providers that are autonomous in their delivery and partnering decisions.

Impact on Employees

Uncertain Tenure

31. The Chief Executive of NZIST is to decide which employees' roles are required and will remain employed by NZIST after the relevant subsidiary is dissolved⁶. This means that although all employment is transferred to the subsidiary⁷, the status of employees' employment after the transition period is very uncertain.
32. CEOs will cease to report to ITP councils (which will be abolished) and instead report to the subsidiary's board of directors. That is the application of orthodox governance and management theory and practice.
33. The significant functions and powers normally held by CEOs will transfer to NZIST. Some may be delegated back to institute CEOs by the NZIST CEO, but that is not ensured, and accountabilities will change. This could significantly impede a subsidiary CEO from performing the daily tasks required for that subsidiary.
34. Ara is concerned that these reforms risk:
- a. the best leaders and staff leaving the sector;
 - b. a destabilisation of an important contributor to the regional economy and its wellbeing during a period running through to at least the election after next; and
 - c. the loss of regional control of capital developed over the 100 years of Ara's (and its predecessors) existence.
35. These risks can be avoided by giving appropriate "subsidiaries" greater certainty. New Section 222ZA(2) only gives the illusion of this, because an Order in Council under it extending the life of a subsidiary could be revoked at any time.

⁶ Clause 5 Schedule 4 New Schedule 23

⁷ Clause 33 Schedule 1 New Part 9

Redundancy

36. Clause 5(4) of the new Schedule 23 (see Schedule 4) states that an employee of a subsidiary is not entitled to receive any payment or benefit on the grounds that the employee's position has ceased to exist. Whilst this provision may be intended to apply to those employees who accept an offer of employment by NZIST, the current drafting would mean that employees who are made redundant and are not offered equivalent employment with NZIST are treated in the same manner as employees who are offered and decline an equivalent offer of employment from NZIST. Put another way, employees who are not offered an equivalent role with NZIST will lose any contractual right to be paid redundancy compensation. We are concerned that this does not make sense and is not fair to employees who are not offered continued employment.
37. It may be no more than an oversight⁸, but to put the matter beyond doubt, we recommend that clause 5(4) is amended by inserting before "is not entitled" the words "who accepts an offer of employment under **subclause (2)**".

Iwi Relations

38. It has long been acknowledged by the Crown that engagement with Māori on a nationalised or pan-Māori level is not a culturally appropriate approach. Even the "large natural groupings" concept has some practical advantages, but brings significant challenges also.
39. The prospect of NZIST determining how the local institutes should engage with Māori fails to recognise and acknowledge the already established and enduring relationships that Ara has with Ngāi Tahu and its hapu as explained at paragraphs 6 to 11 of our 5 April 2019 submission.
40. Ara supports the Mana Ōriake Tiriti relationship and its principles as set out in the TANZ submission and recommends the amendments to the Bill as proposed in its submission.

Meeting Industry Needs Today

41. Ara is proud of its many strategic alliances and practical partnerships with industry. An exemplar is the one with the Canterbury District Health Board (CDHB) and the University of Canterbury that established the Health Research and Education Facility called Manawa.
42. The Manawa facility in the Christchurch Health Research and Education Precinct was opened with justifiable fanfare by the Ministers of Education and Health in January 2019. See attached media item "C".
43. This collaboration was four years in the making.

⁸ Perhaps carried forward from clause 33(4) of the new Part 9 of Schedule 1, where it is appropriate?

44. The facility brings together the partner institutions in a single building with “real-world” learning and research environment.
45. The Ara Executive has conducted a debrief of the processes leading to Manawa and concluded that the key to its success was the localised leadership that enabled agile decision making and a culture of collaborative design.
46. Manawa addresses in a practical and replicable way the concerns that the Government has regarding disconnections between the institutes and workforce requirements. It evidences that responsiveness to industry workforce needs can be enabled within the existing system.

Financial Risks

47. As well as the financial risks already identified by Government officials, there are other financial risks and inequities identified in the Final Decisions Paper (FDP) but not addressed in the Bill.
48. The principal one is that some institutes, Ara included, have material reserves. The FDP proposed ring fencing of appropriate reserves and that a policy would be devised to ensure they are applied in the appropriate region, albeit with the approval of “head office”.
49. Ara believes the Bill should make provision for this, and that it should not be left to head office to devise and implement the policy, at some future, unknown, date.
50. The temptation to use the reserves from one dissolved institute to fund the deficits arising from the dissolution of another institute will be great in the current context. Consequential risk of existing reserves being diverted from supporting the region from which they were derived will be heightened. This perceived risk may incentivise a range of unhelpful behaviours at the subsidiary level in the lead up to dissolution.
51. If dissolution of a subsidiary is needed, that is more likely to result in incorporation in another institution, and Section 217 (especially Section 217(5)) of the Education Act 1989 has an effective mechanism for dealing with that. If an institute is not merged with another, then Section 217(6) would apply.
52. In that case, there would be need for a formal ring fencing of historic reserves to be spent on institution-type services in the region of the dissolved institute. The Audit Office could be called upon to certify the appropriate calculation of those reserves.
53. If successful institutes are not forcibly dissolved and all at the same time, the prospect of institutes with healthy reserves being dissolved and incorporated with another institute is greatly reduced.

Conclusion

54. In Ara's view this Bill:

- **diminishes the benefits of independence of institutes and their ability to respond to regional Iwi, industry, and other stakeholder needs;**
- **undermines academic freedom;**
- **significantly disadvantages some existing staff in the transition process;**
- **does not address the need for existing institutional reserves to be ring-fenced for the benefit of the region from which they were derived; and**
- **risks destabilising the effectiveness of institutions and their existing regional relationships during a significant and lengthy transition period.**

55. An institute such as Ara, which can demonstrate compliance with all the principles of the Charter proposed for NZIST at the new Schedule 22, should not be subjected to the disestablishment regime.

56. Better still, the disestablishment regime should only be able to be imposed either:

- after the intervention regime in Sections 195B to 195F of the Education Act 1989 has been followed and failed; or
- by Order in Council made on the recommendation of the Minister who must first consult the board of the institution and give it reasons why the Minister considers the intervention regime will not be effective.

57. Ara urges the Select Committee to recommend that the Bill not proceed in its current form nor to its proposed timetable.

58. Without detracting from that priority position, Ara recommends that, if the Bill proceeds:

- a. New Section 222ZA(3) should be amended by requiring consultation on any extension of the dissolution date with the affected subsidiaries.
- b. New Section 222ZA(4) should be omitted as it is an unnecessary restriction with the potential to attract challenge through judicial review, and cause unnecessary uncertainties.
- c. New Section 222ZB should be omitted as it is entirely inappropriate and unnecessary.
- d. In its place there should be a provision that the Minister, after consulting the institution or institutions concerned can recommend an Order in Council declaring that Section 222ZA(1) does not apply to specified NZIST subsidiaries before a date specified in the Order in Council. To give the necessary certainty, the new section would have to state that the Minister cannot recommend revocation of the Order in Council without consultation with the specified NZIST subsidiaries (Ara acknowledges this could be achieved by appropriate changes to new Section 222ZA(2), if preferred by the drafters).

- e. It should be corrected for the assumed drafting oversight in Clause 5(4) of the new Schedule 23 (see Schedule 4) that states that an employee of a subsidiary is not entitled to receive any payment or benefit on the grounds that the employee's position has ceased to exist.
- f. That it be amended to include provision of certainty for the protection and use of existing institutional reserves for the benefit of the region from which they were derived.

If you have any questions on the feedback included in our submission, please contact:

Tony Gray
Chief Executive
Ara Institute of Canterbury
PO Box 540
Christchurch 8140

We wish that the following appear in support of our submission:

- Dr Therese Arseneau, Council Chair, Ara
- Tony Gray, Chief Executive, Ara

Attachments

- A. Ara's RoVE Submission – 5 April 2019
- B. Section 161, Education Act 1989
- C. Manawa opening media item

5 April 2019

Submission on the Reform of Vocational Education

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 21st 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 30th 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.

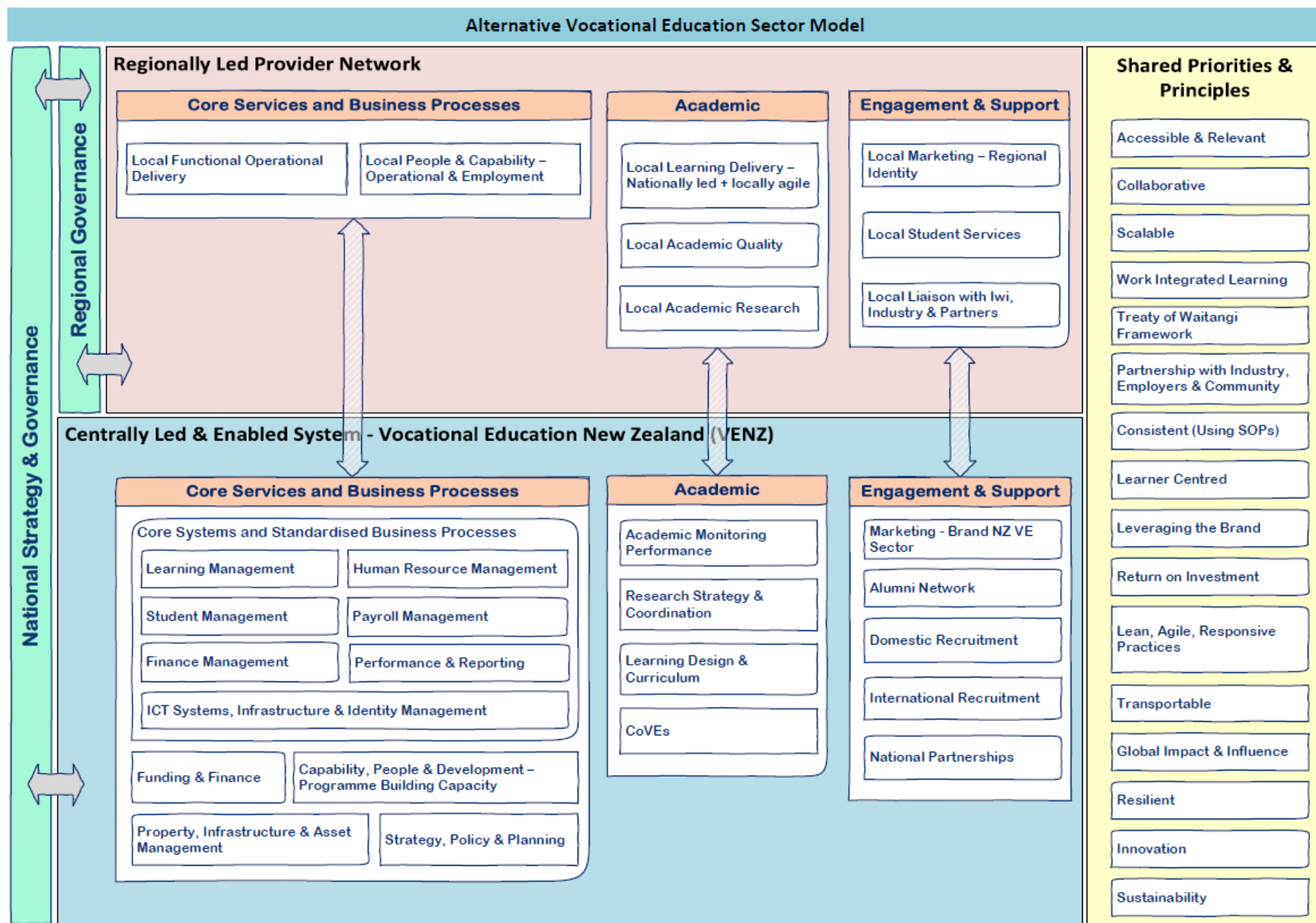
Proposal 3: A unified Vocational Education funding system

- 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.

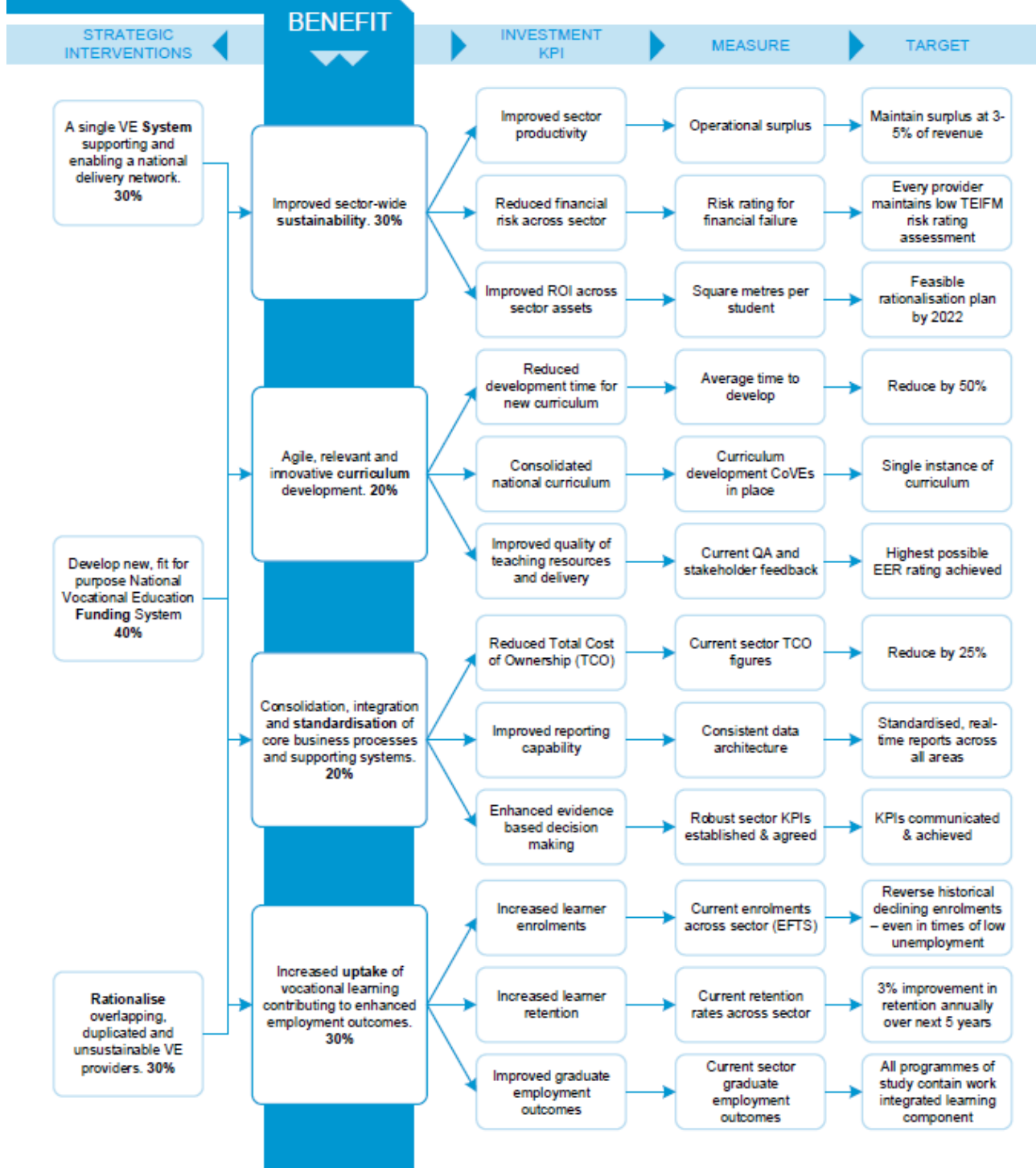
Proposed Alternative Model and Better Business Case

- 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.



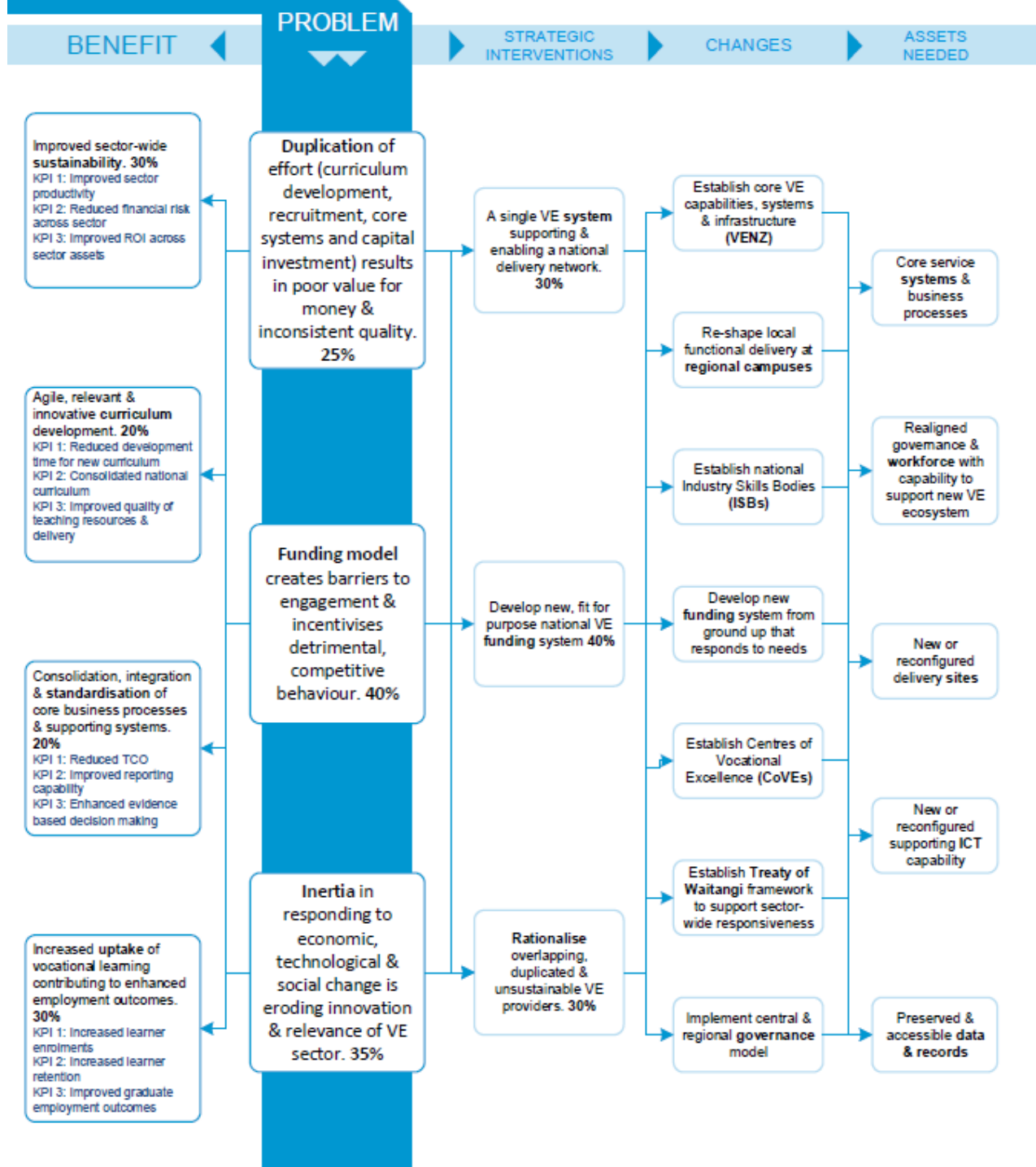
BENEFIT MANAGEMENT PLAN

Benefit Map



INVESTMENT LOGIC MAP

Initiative



- 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)

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.

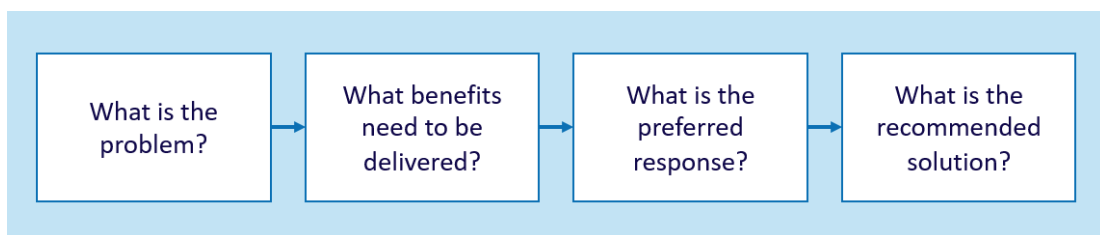


Figure 1: Line of Enquiry from Investment Management Standard 2017 - Technical Guide for Facilitators. 2017, State of Victoria.

- 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.



Attachment B

New Zealand Legislation Education Act 1989

- Warning: Some amendments have not yet been incorporated.

161 Academic freedom

- (1) It is declared to be the intention of Parliament in enacting the provisions of this Act relating to institutions that academic freedom and the autonomy of institutions are to be preserved and enhanced.
- (2) For the purposes of this section, **academic freedom**, in relation to an institution, means—
 - (a) the freedom of academic staff and students, within the law, to question and test received wisdom, to put forward new ideas and to state controversial or unpopular opinions:
 - (b) the freedom of academic staff and students to engage in research:
 - (c) the freedom of the institution and its staff to regulate the subject matter of courses taught at the institution:
 - (d) the freedom of the institution and its staff to teach and assess students in the manner they consider best promotes learning:
 - (e) the freedom of the institution through its chief executive to appoint its own staff.
- (3) In exercising their academic freedom and autonomy, institutions shall act in a manner that is consistent with—
 - (a) the need for the maintenance by institutions of the highest ethical standards and the need to permit public scrutiny to ensure the maintenance of those standards; and
 - (b) the need for accountability by institutions and the proper use by institutions of resources allocated to them.
- (4) In the performance of their functions the Councils and chief executives of institutions, Ministers, and authorities and agencies of the Crown shall act in all respects so as to give effect to the intention of Parliament as expressed in this section.

Section 161: inserted, on 23 July 1990, by section 36 of the Education Amendment Act 1990 (1990 No 60).

Ministers open Manawa, healthcare training facility

cdhb.health.nz/media-release/ministers-open-manawa-healthcare-training-facility/

January 31, 2019

Thursday 31 January 2019 Media release 3 minutes to read



Minister David Clark and Chris Hipkins officially open Manawa

Minister of Health Dr David Clark and Minister of Education Chris Hipkins jointly opened Manawa health research and education facility, in Te Papa Hauora |The Christchurch Health Precinct today.

A collaborative partnership between Canterbury's health and education sectors, Manawa brings together Ara Institute of Canterbury's nursing, midwifery and medical imaging programmes, Canterbury District Health Board's (CDHB) professional development training and University of Canterbury's (UC) health research in one state-of-the-art facility.

"This is a significant milestone for Canterbury, and a new commitment to working together to achieve the best outcomes for the future of the health workforce in Canterbury," Ara Chief Executive Tony Gray said. "Ara has enjoyed a close collaboration with Canterbury DHB for many years and, together with UC as well, now we are creating an exemplar in collaborative and co-located training and professional development."

Canterbury DHB Chief Executive David Meates said: “Manawa is a fantastic opportunity for the Canterbury Health System to build on our foundation of innovation and integration recognised globally, to create and shape our future health and research workforce. Students, clinicians and researchers are ideally placed in this new setting to learn from, and alongside each other and together solve some of the significant challenges facing health and disability services.”

Professor Gail Gillon, Director of the Child Well-being Research Institute at University of Canterbury said: “UC’s partnership with Canterbury DHB and Ara in the Manawa building is an exciting opportunity for staff and students. They now benefit from connecting with health leaders, influencers and peers by being part of the Health Precinct, and the new research and development opportunities will expand our students’ experience.”

Dr Clark also officially opened the adjacent Christchurch Outpatients building.

Manawa’s simulation floor features realistic operating theatres, hospital wards, home environments and clinics that are used for training tomorrow’s workforce.

Manawa means heart, patience and breath and was bestowed on the facility, along with designs of cultural significance, by Te Pākura Ltd and local iwi.

Manawa also refers to the proverb “Manawa Whenua, Manawa Tangata”, which makes the intimate connection between human health and the health of our environment.

Cultural elements feature throughout Manawa. The principal design throughout the facility is the pūhoro pattern, relating to water. Weaving itself through the pūhoro pattern is aka-kioe (native jasmine), and on every floor is a depiction of a native bird.

The vision for a world class Health Precinct next to Christchurch Hospital emerged in the Blueprint for the City, following the 2011 earthquakes. Manawa is a flagship facility of this precinct – a creative and inspiring hub that integrates world-class healthcare, research and innovation, education and industry.

The facility was blessed in a cultural ceremony prior to occupation in July 2018.

ENDS

FacilitiesHealth PrecinctManawaminister

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