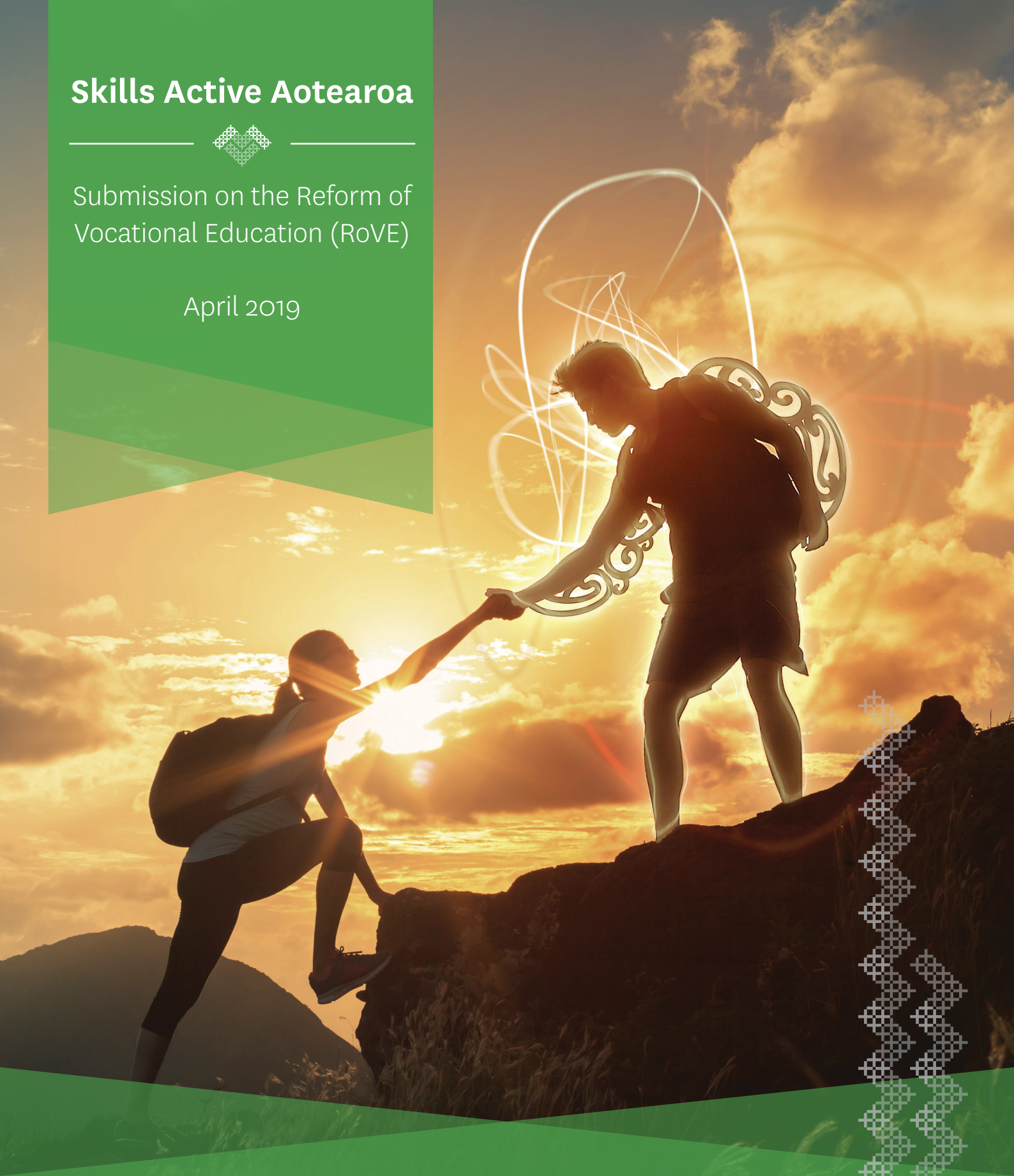
Skills Active Aotearoa

Submission on the Reform of Vocational Education (RoVE)

April 2019



SKILLS ACTIVE ITO AOTEAROA

Active Careers through On-Job Qualifications

He aha te kai ō te rangatira?
He kōrero, he kōrero, he kōrero.

What is the food of the leader? It is knowledge. It is understanding. It is communication

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1. Summary of our position on the proposed reforms

We **strongly oppose** Proposal 1 which promotes the transfer of the Industry Training Organisations' (ITOs') current role of arranging and facilitating workplace learning and assessment, to a large new Institute and other vocational education providers. Vocational education for our industries will only be successful if the role of arranging and facilitating workplace learning and assessment remains with industry-driven organisations, whether they are called Industry Skills Bodies (ISBs) or Industry Training Organisations (ITOs).

Skills Active believes that taking training out of the hands of industry will destroy a thriving and highly successful industry training system.

We **do support the Minister's vision to establish a "unified, coordinated, national system of vocational education"** to ensure that the needs of industry and learners are met. To this end, we support:

- creating a greater skills leadership role for industry (part of Proposal 1)
- the vision of a more efficient polytechnic system that can offer high-quality vocational education throughout New Zealand (Proposal 2)
- the creation of a unified system of vocational education funding that would share funding more equitably across on-the-job and class-based training, and would remove barriers to flexibility and collaboration (Proposal 3)

However, we believe that the Minister's **vision could be better achieved by continuing the current model of workplace learning and assessment through ITOs, and attending to the mechanisms that do not support collaboration in the VET sector**. We have spent what little time has been available to design what we consider would be a better way to achieve this vision, including suggested success measures, outlined in section 6 of this submission.

We continue to have **substantial concerns** about the **lack of meaningful consultation** with the industry training sector during the development of the RoVE proposal, and the wholly inadequate consultation process in general. We have included feedback on these process issues in the final section of this document, and strongly suggest that to restore faith and trust in the review process, you move immediately to:

a. Decouple Proposal 2 from Proposals 1 and 3. This would deal with the immediate and urgent issue of the sustainability of the ITPs. There is no immediate need to make the changes proposed in Proposals 1 and 3.
b. Co-design a system for industry training and funding that will drive collaboration and employee/employer engagement in vocational education. Involve industry, employers, iwi groups and trainees and apprentices in the co-design process.

2. Our submission

This submission has been prepared in consultation with our shareholders, industry stakeholders, employers, employees, trainees, iwi groups, our board and staff. Consultation has been limited due to the restrictive timeframes imposed on us by the Minister.

We have included feedback on the proposed changes, the impact on our industries, and suggestions for a way forward for a VET system that meets the needs of industry and learners.

It is important to note that whilst Skills Active naturally has a vested interest in the outcome of RoVE, our position has been driven by our shareholders, who are our owners and who represent our industries. Our shareholders met on 1 March 2019 to discuss the RoVE proposals, and formed their position following discussion on how best to meet the vocational education needs of our industries, learners and our Māori stakeholders.

We have also been engaging with, and gathering feedback from our industries in face-to-face meetings and have received over 330 electronic submissions, all which have been submitted individual. This submission reflects their feedback and views and throughout this document, we have included direct quotes from our employers, trainees, assessors and stakeholders to highlight their views.

Skills Active is also a member of the Industry Training Federation (ITF) and we fully support their submission. Where appropriate, we have included parts of their submission as part of our response for consistency.

If you would like to discuss any of the detail further, please contact Grant Davidson, Chief Executive on 027 474 3471 or grant@skillsactive.org.nz.

3. About Skills Active

Skills Active Aotearoa Ltd is the industry training organisation (ITO) for recreation, sport, exercise, snowsport, outdoor recreation and performing arts.

Skills Active has a unique structure, being a charitable company with a Board of Directors and shareholders. The shareholding of Skills Active is divided 50:50 between Māori and non-Māori organisations to ensure we have a truly bicultural organisation, honouring the intent of Te Tiriti o Waitangi. This positions us very well to ensure our organisation and our decisions are constantly made in the best interests of both Māori and non-Māori trainees and workplaces. The structure encourages participation from groups with national interests in each of our different industries, and allows these groups to have their say in the governance of Skills Active. These national groups represent employer, employee and general industry viewpoints.

Skills Active currently trains and qualifies close to 6,000 employees every year in programmes that result in the awarding of New Zealand qualifications. These include both technical, industry specific qualifications and also more generic business and leadership qualifications across the industries we serve. We work to train and qualify both paid staff members and volunteers. This includes almost all swim teachers and pool lifeguards, as well as snowsport staff, exercise instructors, stage technicians, adventure tourism guides, sport coaches and officials, and much more. We engage with over 540 workplaces and host organisations to arrange and support industry training.

As a standard setting body (SSB), Skills Active manages over 700 unit standards and is the Qualification Developer for 76 New Zealand qualifications.

4. Our industries, their contribution and what they need from VET

The recreation, sport, exercise, snowsport, outdoor recreation and performing arts industries impact the lives of many New Zealanders, with some 2.5 million New Zealand adults taking part in some form of physical activity each week. On top of contributing to physical health, our industries provide social benefits by bringing people together, building skills, and fostering a sense of community and belonging which has a positive impact on the mental health of New Zealanders.

These industries are complex and diverse, with nearly 31,000 operators – most of which are small-to-medium-sized businesses. In 2016, 101,134 people were in paid employment across our industries, or 4.3% of the total national workforce. This is expected to grow by an average of 2.5% per annum, reaching a high of 114,693 in 2021. In addition, our industries rely on a strong volunteer network with almost a million New Zealand adults and around 45% of all boys and girls aged 10–18 volunteering in our industries each year. That volunteer contribution was conservatively valued at $1.03 billion in 2015.

Along with positively impacting the lives of many New Zealanders and having a workforce of over 1 million adults (including volunteers), our industries' contribution to GDP was valued at $6.69 billion in 2016, or 3% of New Zealand's GDP as outlined in the infographic below. When the value of all volunteers is included in the total economic contribution of sport, recreation and performing arts that figure amounts to nearly $7.6 billion.

BY INDUSTRY, THE ANNUAL CONTRIBUTION TO GDP WAS:

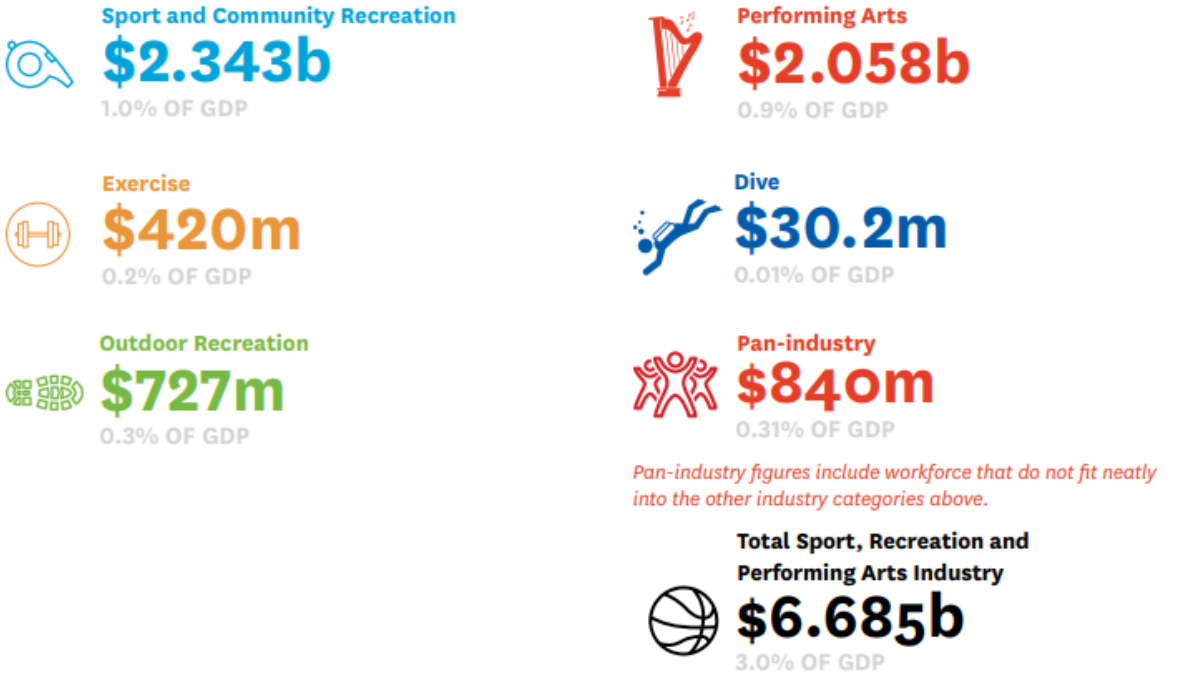
Sport and Community Recreation – $2.343 billion, which equates to 1.0% of GDP. Up 0.69% from 2015.

Exercise – $420 million, which equates to 0.2% of GDP. Down 4.9% from 2015.

Outdoor Recreation – $727 million, which equates to 0.3% of GDP. Down 0.7% from 2015.

Performing Arts – $2.058 billion, which equates to 0.9% of GDP. Up 3.6% from 2015.

Dive – $30.2 million, which equates to 0.01% of GDP. Up 3.8% from 2015.



All industries that Skills Active works with, with the exception of exercise, make substantial contributions to either international or domestic tourism. With tourism being New Zealand's leading export earner, large numbers of international visitors arrive in New Zealand every year to enjoy the wide range of sport, recreation and performing arts activities. On top of this, events provided by the sport and performing arts industries, such as concerts and international tournaments, provide a boost for domestic and international visitors who contribute to the economy. Sport-based tourism is strongly linked with solid visitor spending on accommodation and attractions beyond the main event.

The sport, recreation and performing arts industries, depend on a skilled workforce. A skilled workforce is only possible with a VET system that can meet their needs.

Skills Active has worked in partnership with SportNZ to develop a workforce development framework that seeks to ensure a skilled and trained workforce. If enacted successfully, this framework would support a sport and recreation workforce that encourages more Kiwis to lead active and healthy lifestyles. This strategy of skilled employees, supported by a larger network of skilled and passionate volunteers, helps achieve the government's vision encapsulated in Treasury's Living Standards Framework. The proposed changes to the VET system will put at risk these critical goals of more New Zealanders being physically, mentally and socially healthy, through active lifestyles. New Zealand is at risk of losing the skilled workforce required to achieve these outcomes.

What do our industries need from a VET system?

In talking with our industries through the abbreviated RoVE consultation period, we asked them what they needed from an effective, fit-for-purpose VET system to support a skilled workforce. The following summarises the feedback we received:

- *The VET system must be industry-led*. Industry must have a strong hand in standard setting and all graduates must be taught and assessed to industry-defined standards. The system needs to allow for uniqueness for particular regional or workforce needs – but the overarching competencies and summative assessment tasks should be the same to ensure consistency of graduates.

- *The VET system must be tailored to meet workforce needs*. Each industry is unique in terms of its workforce make-up, needs, challenges, drivers and structure. Industry needs to be able to work with a VET provider that understands and respects this and can work in a partnership approach – working together to develop and implement appropriate workforce training and qualification solutions. These solutions must be tailored and not a one-size-fits-all approach.

- *The VET system must recognise and support the role of the workplace as a trainer.* Our industries have traditionally trained and assessed their staff and volunteers on the job. This works for our industries, where the job roles are predominantly practical and hands-on and must be learnt and applied in real life. Employers have developed the skills and capacity to be able to do this effectively to ensure their staff and volunteers can carry out their roles to the industry standards. The VET system must recognise and support this approach.

- *The VET system must be responsive and agile*. Our industries do not have the luxury of time or patience to deal with red tape and bureaucracy when it comes to implementing workforce VET solutions. It is vital that the system is responsive to the needs of industry, and can deliver

relevant educational products, be they standards, micro-credentials, qualifications or new approaches to tuition and training, as swiftly as possible. Once the products are available, industry needs a VET provider that is set up to support employers and learners in the regions and with responsiveness from back office/support functions.

- *The VET system must be cohesive*. The system must be set up so that there is cohesiveness between the functions of standard setting and industry training delivery. These two functions go hand in hand to ensure that standards are developed and refined in line with what is actually happening on the ground in industry, responding to what has worked or not worked when it comes to delivery. Where industry training is not appropriate for the standards, our industries require a cohesive approach to setting up formal off-job provision so learners can easily navigate between the two approaches.

- *The VET system must be affordable and recognise industry contribution.* Industry is prepared to pay for VET provision but the system must recognise that programmes are provided by industry for industry, thereby reducing the direct costs to employers and learners. Industry in-kind costs must be recognised as a contribution to VET.

- *The VET system must be responsive to Māori learner and stakeholder needs.* It must recognise iwi/Māori as true Treaty partners; equally, sharing a role in developing and delivering an industry training model bespoke for Māori stakeholders, particularly iwi. Iwi must be recognised for their right and expertise in developing and delivering industry learning and assessment programmes for hapū and whanau through an ako approach. Māori learners must be supported appropriately to empower them to complete qualifications at a rate equal to or higher than that of non-Māori learners.

> This is a terrible idea for the aquatics industry. Aquatics is finally in a place where people can see it as a career option with recognised qualifications that mean something. The ability to have input from the long standing members of the sector has been a huge part of this.
> Taking on the job training away from the industry will mean the industry will struggle to get people to take on the jobs of lifeguarding and looking after the health and safety of people using our facilities.
> NZ has a drowning issue, swim lessons are already too expensive for a lot of the public. The cost of running public facilities is high and this proposal will increase the costs of training people to be in the industry and this will cause these problems to grow. The alternative will be not to qualify staff and this will put swimmers and children's safety around water at further risk.
>
> **Andrea Mathews**
> **Stratford District Council**

5. Specific feedback on each proposal

The following section of this submission details our position on each RoVE proposal, focusing on how it aligns to our industries' needs for a VET system, as outlined in section 4 above.

Proposal 1: Redefined roles for industry bodies and education providers

Transfer to vocational education providers the ITO's current role of supporting workplace learing and assessment for work-based vocational education

As stated in our position, we are **strongly opposed** to shifting the responsiblity for the arrangement of on-job training to providers. We believe that separating the role of standard setting and arranging industry training will weaken the delivery of both roles and will destroy one of the most successful parts of VET provision currently in New Zealand.

The success that current ITOs have with industry training is clearly linked to the relationships built with workplaces/employers over a long period of time. Those relationships are built and expanded through ongoing engagement and multiple conversations, firstly to establish what skill standards and qualifications an employer values, and then to support delivery of the resultant qualifications in the workplace. Along the way, ITOs are constantly seeking feedback and fine-tuning the qualifications, programmes and delivery resources. These relationships can't be trivialised, and it is impossible for them to be successfully passed over to a new, centrally-controlled entity.

This proposal does not align with our industries' needs for an effective VET system outlined in section 4 above and referenced below:

> *The VET system would not be tailored to meet workforce needs*. Under the reformed system, our industries will have to work with multiple education organisations to develop and implement qualifications for their workforce. Those organisations will not have an in-depth knowledge of our industries' unique needs and will not be able to develop bespoke solutions to meet those needs. The outcome for our industries will be that an inappropriate, one-size-fits-all approach to training and assessment is imposed on them and their workforce.
>
> *The VET system would not recognise and support the role of the workplace as a trainer.* Under the reformed system, the role of the workplace as the trainer will be put at significant risk. Whilst the proposal hints at workplace delivery still being in place through providers, the likelihood is that providers will naturally prioritise the delivery of programmes maximising their considerable fixed infrastructure – classroom-based delivery and online programmes. Learning will be shifted to scenario-based situations rather than using real life applied learning which occurs naturally in the workplace. Employers will have less input into what their staff are being taught and assessed against. The outcome for industry is that they will be removed from their own workforce development. Graduates are less likely to be work-ready than under the current system.
>
> *The VET system would not be responsive and agile*. Under the reformed system, our industries would have to deal with multiple organisations – at a minimum, the Industry Skills Body and the New Zealand Institute of Skills and Technology. This will mean more red tape, increased costs and compliance. There is unlikely to be support in the regions where many of our current trainees are located which would reduce the equity of accessing industry

training. Our industries will likely face lengthy delays in getting programmes up and running and supported.

The VET system would not be cohesive. Under the reformed system, the role of industry standard setting and arranging of industry training would be separated. This would weaken the delivery of both roles and remove the cohesion between the two functions that currently exists through ITOs. As per the ITF submission, "separating these roles will be to the detriment of both. Standard setters with no real connection to the workplaces their standards are geared towards will struggle to develop fit-for-purpose products, while training advisors at arms-length from the industries they serve will lose credibility in the eyes of the employers they work with".

The VET system would not be responsive to Māori learner and stakeholder needs. Under the reformed system, Māori would also have to deal with multiple organisations. It is unlikely that each organisation would have the commitment to recognising iwi/Māori as true Treaty partners and ensuring that the industry training model is bespoke for Māori stakeholders, particularly iwi. As part of our consultation with Māori, we participated in the Hui Taumata, which was hosted by Waikato-Tainui Research and Development College. The clear direction from the hui was: "Vocational training works for our Māori trainees. Under the ITO delivery model, Māori employers and their trainees work with one organisation, with whom they have an established relationship. ITO-arranged training should not be dismantled."

The greatest risk with this part of Proposal 1 is the feedback we are getting from many of our employers - that if the new system is more complex, costly, centralised and impersonal, they will disengage from using nationally recognised standards and qualifications. Employers will continue training their staff, but over time the standards will drop, the workforce will be less qualified and the impact will be seen and felt by the users of the services and products provided by our industries. This is the opposite of our perceived value of a strong VET system which should result in a skilled, competent and qualified workforce that can transfer known skills fluidly between workplaces.

We have carried out modelling to forecast the decline in industry training engagement in our industries if these changes were to take place. This has been based on direct feedback from industry that they would disengage from using national recognised standards and qualifications.

Industry	**Qualification/Occupation**	**Average trainees/apprentices per annum under current model**	**Average trainees/apprentices under proposed model**
Aquatics	Pool Lifeguard	1500	0
	Swim Instructor	600	0
	Specialised Swim Teacher	50	0
Snowsport	Alpine Resort Operations roles	1000	0
	Technical roles (e.g. lift operations, snowgrooming, snowmaking, patrol etc)	300	100
	Avalanche Risk Management	40	30
Exercise	Group Exercise Instructor	250	0

	Personal Trainer/Exercise Instructor	350	200
Sport and Community Recreation	Sport Coach	50	40
	Official/referee	40	30
	Cycle Skills Instructor	100	0
	Leisure Operations roles	250	0
	Māori Sport Coaching	20	0
	Manaaki Marae	100	0
Performing Arts	Event and Venue Operations roles	100	0
	Entertainment Technician	100	0
Outdoor Recreation	Outdoor Leaders/Instructors	140	50
	Outdoor/Adventure Activity Guides	160	50
	Outdoor Practitioners	350	120
All industries	Leadership	100	50
	Business and administration	50	25
	Adult Education - training and assessment	100	10
	Māori Management/Tikanga	150	20
		5900	**725**

This clearly shows the industries and occupations that would disengage from the VET system – representing 88% of Skills Active's annual total of trainees and apprentices. Many of these occupations are providing services to the public and, as a result of disengaging from national standards and qualifications, there will likely be a drop in standards and public safety will be put at risk. In the case of the tourism related industries, the quality of the visitor experience will reduce, putting the substantial tourism spend at risk.

Extend the leadership role of industry and employers across all vocational education, including provider-based education, through new 'Industry Skills Bodies'; provide industry with a purchase role across all vocational education

We fully endorse the proposed change to extend the leadership role of industry in the VET system through Industry Skills Bodies (ISBs). However, as outlined below in section 6, we think this should be extended even further to being an 'Industry Workforce Development Body' (IWDB) which also retains the arranging training function for work-based training.

These proposed changes align to industries' need that *the VET system must be industry-led*. We endorse the ITF's submission that this "should always have been a part of the system and would go a lot of the way to developing the coherent and seamless system the government is seeking. It would also ensure that provider-based VET is fit-for-purpose in a way that some stakeholders currently indicate it is not". The current VET system is undermined by a proliferation of programmes for each qualification, without approval from the ITO that understands industry's requirements for work-ready graduates; furthermore, the programmes do not use consistent skill standards for delivery,

which makes mobility of the learners nigh on impossible. Further to this, no one is making funding decisions for the prioritisation of programmes based on NZ Inc skill requirements.

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

We support the vision to have a more efficient polytechnic system that can offer high-quality vocational education throughout New Zealand. Clearly, changes are required to ensure the future sustainability of the ITP sector; however, we have not been presented with any evidence that the ideal solution is one New Zealand Institute of Skills and Technology. We do support some form of rationalisation to reduce duplication and to ensure resource efficiency, particularly in centres where unnecessary competition exists such as Auckland.

For our industries, when more formal off-job learning and assessment is required, we need the proposed NZIST to be able to respond appropriately. Having one large proposed polytechnic suggests that it may not be able to be responsive and agile to provide industry the tailored solutions that will be required. We also have concerns about equitable access for our more remote, regionally-based employers and learners, and they will likely have to travel at their own time and expense to access off-job training.

Proposal 3: A unified vocational education funding system

We support the creation of a unified system of vocational education funding that would share funding more equitably across on-the-job and class-based training. We share the view of the ITF that "funding is the strongest single driver of behaviour in the system", and that if this one issue was resolved, collaboration between ITOs and ITPs would increase significantly.

There is little detail in the proposal about how the funding mechanisms would actually work and how industry contribution would be measured. Therefore, it is difficult to provide a detailed response to this proposal. We note that if there is only one NZIST, then the whole notion of a unified funding scheme is redundant as there will be one principal recipient of all funding, irrespective of the form of training delivery.

The proposal states that industry would still be required to pay enrolment/student fees to a VET provider for on-job delivery. We note from cost-of-provision data, that for every $1M of public spending on vocational education, ITPs achieve 60 graduates, ITOs achieve 300 graduates and Skills Active achieves approximately 600 graduates. Based on these figures alone, and in a vacuum of any other data, we assume that the cost of provision for our industry trainees will increase and this is likely to impact the cost for employers and learners.

The reform proposal also hints at an industry levy to fund the new Industry Skills Bodies, which would be an additional cost for industry.

Referring again to our section on what our industries need from a VET system*, the VET system must be affordable and recognise industry contribution.* Overall, the signs are that there will be a significant increase in costs to industry from these proposed changes.

Encourage growth and review, and change where needed.
Dismantling the current ITO system will do nothing other than set back the education sector 20+ years.
ITOs have done the work already, listen to the lessons.
If the Polytech sector needs change then the ITO sector is the place to head to for leadership.

Julz Darroch
Bigredball/Self-employed

6. Skills Active's vision for an effective and cohesive VET system

Following our engagement with the Minister and ministry officials during the consultation period, it became clear that there was an appetite to hear other ideas to achieve the vision. With this in mind, we took the time to consider the vision to establish a "unified, coordinated, national system of vocational education" and how we consider this could be best achieved. However, before any system changes are considered and made, it is critical to define what success will look like.

What does success look like?

The proposal lacks clear, measurable outcomes on what the Minister is hoping to achieve from the proposed changes. We did receive, four days prior to the consultation period ending, a document from the Ministry outlining the problem definition and the measures of success being:

- Employers and industry guide the vocational education system and find it easier to engage with to meet skill needs
- Qualifications and credentials are valued by industry and draw on the expertise of national leaders in their field
- Programmes are consistent, meet industry and regional need, and give learners confidence about their value
- The system provides for support for unique learning and pastoral needs and flexible learner pathways
- The system encourages and incentivises providers and employers to collaborate to ensure the right mix of training

Prior to receiving the problem definition document, we had identified below what we believe success for our VET system should be:

1. VET qualifications and programmes are relevant and valued by industry
2. More employers are engaged in vocational education
3. More learners are supported and gaining relevant vocational qualifications
4. Greater colloboration between vocational education providers to ensure a smooth pathway for learners and ease of access for employers
5. Workforce skill needs (current and future) are being met
6. Vocational education is accessible, particularly for those based in the regions
7. Māori are achieving at equal rates to non-Māori

We are clearly on the same page with many of the success factors, however we believe the ones we have defined go further to ensuring success and completion for learners, with a focus on ensuring Māori learners are achieving at high rates. Therefore, we used our defined success factors when considering how the system should best be set up.

Our proposed solution

Attached to our submission as Appendix A is an overview of how we see the system could best be set up and further detail is provided directly below. Our proposed solution seeks to maximise what is already working in our current system, builds on the parts of the RoVE proposals we see as beneficial and has some additional features that, when all combined, will meet the success fators outlined above. We are very keen to discuss our ideas further and be involved in the co-design of our VET system.

We propose the following:

1) *Establish Industry Workforce Development Bodies (IWDBs) – extention of proposal one*
   As stated previously, industry must have a strong hand in standard setting and all graduates must be taught and assessed to industry-defined standards so we support the idea of a body (proposed as ISBs) that will connect with industry and give them a combined voice. The purpose of the IWDB would be to work with industry to understand current and future skills needs and ensure quality VET provision to meet those needs through:

   A. Engaging with industry to research and gather intel to **understand** and summarise workforce needs – being connected with industry and giving them a combined voice.

   B. **Developing qualifications** to meet workforce needs - **what** a graduate should know, be and do defined in qualifications, micro-credentials and industry standards.

   C. **Developing programmes** aligned to the qualifications - **how** the outcomes are best to be achieved and assessed. This includes the resources (learning and assessment) to support the programme and defining the most appropriate VET delivery model (on or off job, or mixed).

   D. Providing employers with a **workforce planning** service – meeting with employers to ascertain what their current and future skill and labour needs are. The workforce plans would outline the short to medium term VET needs which would in turn drive funding and VET delivery decisions.

   E. Ensuring the **appropriate VET provision** is arranged for the workforce needs identifed in D. VET provision could be:
      - Full on-job learning and assessment programme. Arranged between the IWDB and the workplace
      - Mixed on-job/off-job learning and assessment programme. Arranged between the IWDB, workplace and VET providers
      - Full off-job learning and assessment programme for those not in employment. Arranged between the IWDB and VET providers

   F. **Quality assuring** outcomes to ensure consistency of graduates and evaluating if workforce needs have been met.

   We see the role of the IWDB as critical to bringing the various parts of the VET system together and developing the coherent and seamless system the government is seeking. We have gone

further in our thinking as to how the other parts of the public service system could link in with the workforce planning process. We see opportunties to link those that are unemployed or not in formal training with employers with specific workforce needs or shortages and create links between employers, schools and Careers NZ to pathway people appropriately into the industry for future workforce needs.

2) *Define appropriate delivery models in the qualifications and credentials*
One of the problems with the current VET system is the blurring of roles between arranging and providing training. It is fair to say that, given how difficult it is for VET providers to colloborate due to funding and performance mechanisms, some ITOs have moved into the delivery of training for parts of qualifications which would be better suited to be delivered in an off-job model. The same can be said that some VET providers have moved into the delivery of training which should be delivered by the workplace. This blurring of roles has created some of the competitiveness and perceived conflict of interest present in the VET system currently.

We believe that the model of delivery should be driven by the requirements and outcomes required by the VET qualifications and credentials. When designing the qualifications, industry should determine the most appropriate form of training and assessment for each outcome. Based on this premise, we propose that each VET qualification and credential has a defined delivery model of either on-job, mixed or off-job.

3) *Clarify the roles and responsiblibities to **arrange** training or **provide** training*
Having now defined the appropriate models of delivery for the VET qualifications as per 2) above, the roles and responsibilities of who arranges and who provides the training can be clarified as outlined below:

Delivery Model of Qualification	Learner situation	Arranger	Trainer
On-job	Employed	IWDB	Workplace
	Not employed	N/A	N/A
Mixed	Employed	IWDB	Workplace and VET Provider
	Not employed	VET Provider	VET Provider and Workplace
Off-job	Employed	N/A	N/A
	Not employed	VET Provider	VET Provider

We propose that the IWDB keeps the current role of arranging learning and assessment for those that are employed, or in an employment like situation, and are completing a qualification that is predominantly delivered in the workplace. It is nonsensical for a VET provider to be involved in such programmes as it will only further add to the complexity and red tape for the employer.

Where qualifications are defined as a mixed delivery model, the arranging of training should be based on the learner's situation. If they are in employment, the arrangement should be with the IWDB who has the relationship with the employer. For the mixed model to be successful, the IWDBs and VET Providers must collaborate. Therefore, the funding and performance measures must be adjusted, as per solutions 4 and 5 below, to enable this collaboration to be effective.

Where a workplace is not well set up to provide appropriate training and assessment to their staff for on-job learning and assessment, a VET provider could be partnered with to provide train the trainer and assessor training to help build their capability.

4) *Implement Proposal 3, establishing consistent funding rates for provision across the sector to enable collaboration and differential funding for standard setting and arranging.*
The proposal to have an established rate for on-job and a separate rate for off-job training, that are universally applied, is an excellent initiative. As already stated, if this one issue was resolved, collaboration between ITOs and ITPs would increase significantly. This would enable the mixed delivery model outlined above to be put in place successfully.

Another identified problem with the current system is the percieved conflict of interest for ITOs having a standard setting role and being funded to arrange training. As outlined in the problem definition "as [ITOs are] currently set up, they also have a large financial stake in competing with provider-based training". With the proposed greater role for the IWDB, we suggest this conflict of interest could be managed through having two separate funds in place – a workforce development/standard setting fund and a per learner arranging fund. IWDBs should be expected to manage the two funds and functions separately and be accountable for how the government money is utilised – one function of the organisation should not benefit from the decisions and successes of the other function of the organisation.

5) *Implement more appropriate performance metrics that enable collaboration.* Along with the funding inequalities driving behaviours, the VET sector is also subject to performance measures that do not allow for easy collaboration across the sector. Currently, ITPs and ITOs are required to achieve enrolment and completion targets which are compromised if a learner moves from one funding scheme to another (i.e. from ITF to SAC funding). We propose that performance measures should be based on the learner, rather than the institute. If a learner moves institutes, or is accessing learning across the system for their programme, all those involved in that learner's success should be recognised in their performance measures.

6) *Introduce an employer incentive scheme to encourage many more employers to engage in vocational education.* Whilst the current ITO model is successful, there is still a significant number of employers not engaging with vocational education. We propose that an employer incentive scheme is made available for employers. We suggest that this is made available to employers that are supporting the successful completion of trainees and apprentices, rather than an enrolment/engagement incentive such as the National government's NZ Apprenticeship Reboot scheme, which drove enrolments of non-completing trainees and apprentices. In this way, employers will be recognised for the training and pastoral care that they are providing in the workplace, while not recouping the costs of that training until the learner is work-ready. The reality is that the cost to the govenment and taxpayers, for a combination of on-job learning

subsidy (STM) plus proposed employer completion subsidy, is still like to be less than the cost of fully-funded EFTS provision plus student loans.

7) *Introduce measures that reward successful completion of Māori trainees and apprentices*. The Tertiary Education Commission has prioritised the inequity in outcomes for Māori learners in the system compared to non-Māori learners. Those organisations that are achieving great outcomes for Māori should be recognised for that work and their processes and systems used to drive better outcomes for other parts of the tertiary education system.

These suggestions seek to **maximise** what is already working in our current system, **build** on those RoVE proposals we see as beneficial, and **meet all the success factors** outlined above.

7. Process concerns

Throughout the consultation period, Skills Active has been very vocal on what we consider has been a poor and disrespectful consultation process for all those engaged with industry training and in particular, Māori. We fully support the ITF submission that outlines the disrespectful process as outlined below:

- *The six-week consultation period has been insufficient to allow for meaningful engagement on such a substantial proposal.* The industry training sector comprises 11 organisations, managing relationships with approximately 25,000 employers, as well as a wide array of industry associations, schools, iwi and other stakeholders. It is simply not feasible for the Government to run an effective consultation process in a such a short time. While we appreciate the practical constraints of legislative and budget timelines, we consider it unreasonable to transfer the burden of consultation to the sector in an untenable consultation timeline.

- *Initial engagement with the industry training sector in development of the RoVE proposal was insufficient to inform such significant proposals.* Given the magnitude of the RoVE proposal for both the ITP and ITO sectors, it is significantly troubling how little consultation has been undertaken with ITOs and employers in its development. We find it particularly appalling that an initial information-gathering exercise designed to elicit themes to guide the scope of the VET review, has been retrospectively relied on to imply employer support for a view that "the system is broken". Three industries, ten employer meetings and 22 surveys is not a remotely sufficient foundation for some of the assertions made in the current proposal. We are also concerned that there is little evidence of Ministry of Education/TEC engagement with employers or iwi as part of the post-announcement consultation. The presentation of a survey with over 90 questions is an impractical tool to engage busy employers, or large iwi.

- *The lack of detail in the RoVE consultation document has made it difficult to provide either clear support or effective analysis of elements of the proposal.* We, and our industries, have struggled with the lack of detail in the proposal and a number of questions were raised - if our current system has taught us anything, it is that the fine print matters. We collated these questions and sent them to the Ministry, asking for a formal response to help inform our position and feedback – see appendix B. We are yet to receive answers to these questions so have had to prepare this response in a vacuum of information. We ask that these questions are answered as soon as possible.

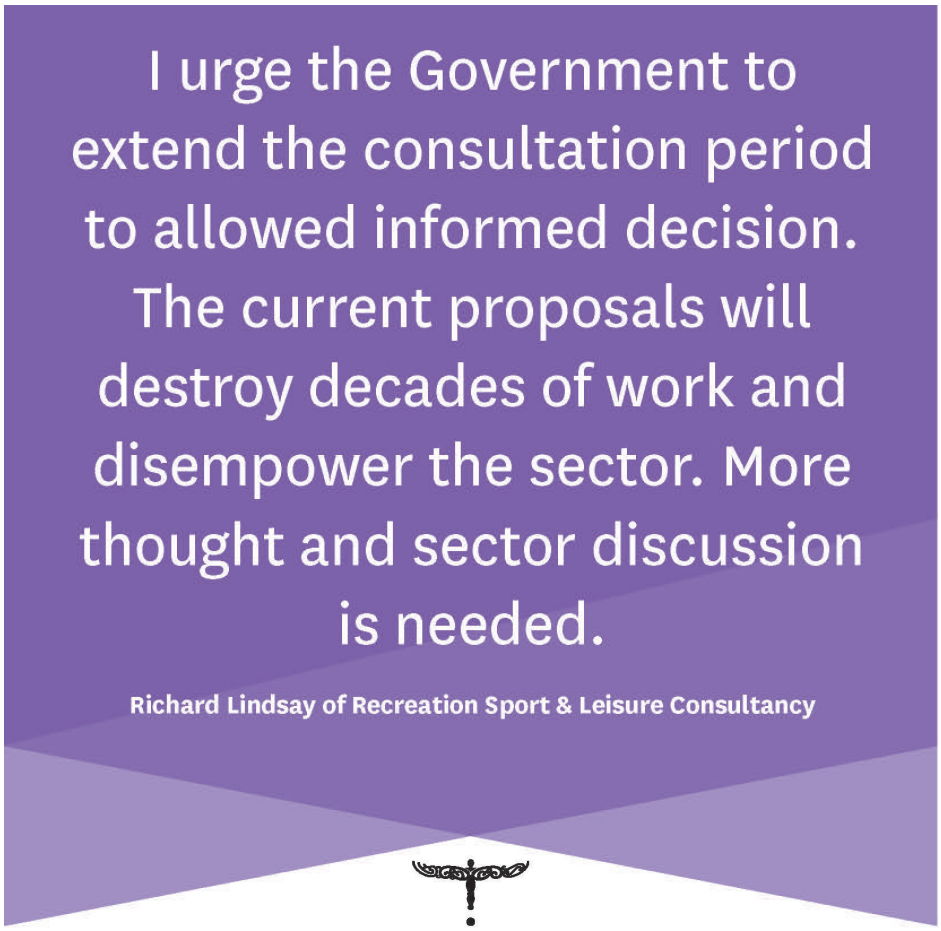
- *The presentation of a single proposal rather than a series of options in initial consultation does not suggest an openness to alternatives.* This immediately undermines the confidence and desire to contribute of stakeholders not used to engaging with such processes. This is exacerbated by the lack of detail surrounding the proposal that could easily be seen as a *fait accompli*.

- There has been no meaningful consultation with Māori/iwi stakeholders. As a partner under Te Tiriti o Waitangi, government agencies have a unique responsibility to consult and develop a vocational education system that meets the needs of Māori learners. Education is considered a taonga of the Māori people and lack of adequate consultation in a co-design of a fit-for-purpose system for Māori could be considered a contemporary breach of the Treaty/Tiriti.

We have outlined above what we consider success for our VET system would look like and our advice on how to achieve it. Many of the proposed solutions will take time to put in place. The poor consultation process, lack of evidence to support change and a solitary proposal with no industry input, has resulted in distrust in the MOE and TEC from our industries. We strongly suggest that to restore faith and trust in the review process, you move immediately to:

c. Decouple Proposal 2 from Proposals 1 and 3. This would deal with the immediate and urgent issue of the sustainability of the ITPs. Already the government has recognised that, even if Proposals 1 and 3 are enacted, it would have to be done over a multi-year period, and only once Proposal 2 has been put in place and capacity built over a period of time. There is no immediate need to make the changes proposed in Proposals 1 and 3.
d. Co-design a system for industry training and funding that will drive collaboration and employee/employer engagement in vocational education. Involve industry, employers, iwi groups and trainees and apprentices in the co-design process.

Stopping what is not urgently required, actively listening to stakeholders and involving those stakeholders in a meaningful co-design process will go a long way to rebuilding trust. The additional benefit is that such a process will result in building a system that is long-lasting, seamless, increases involvement from employers, and produces skilled staff to drive productivity across this country.



8. Appendices

A. Overview of our vision for the VET system
B. Letter to Ministry and TEC with outstanding questions

Fig 1.1 Skills Active's vision for a cohesive VET system

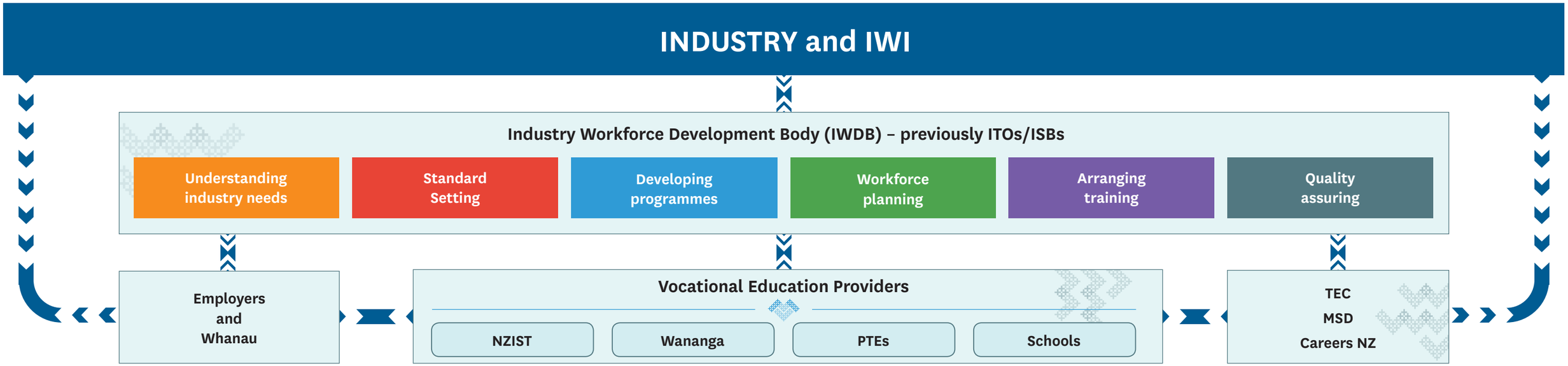


Fig 1.2 The role and purpose of the Industry Workforce Development Board (IWDB)

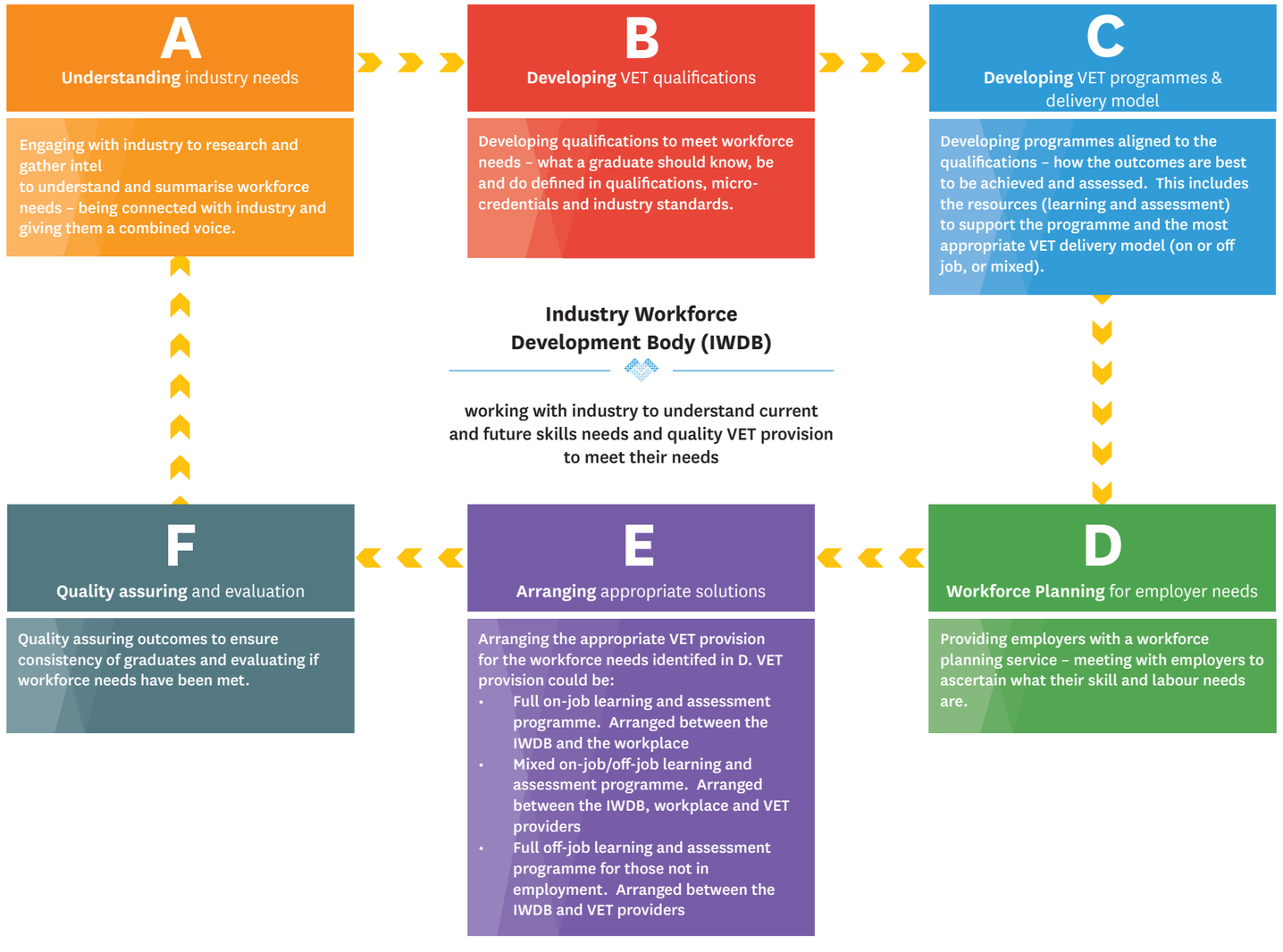


Fig 1.3 Arranging and Providing Training – Who does what?

Learner A:
Employed or in an employment like arrangement; needing a programme where provision is predomnantly on the job

Who provides the training
The employer/host organisation

Who arranges the training
IWDB

Examples of current programmes
Pool Lifeguard
Swim Educator
Alpine Resort general and technical roles
Manāki Marae – caterer
Group Exercise Instructor
Outdoor Leader
Event and Venue Operations

Learner B:
Employed or in an employment like arrangement; needing a programme that is blended on and off job

Who provides the training
On-job: The employer/host organisation

Off-job: a suitable vocational education provider

Who arranges the training
IWDB as the lead, colloborating with the VET provider to provide the off-job components

Examples of current programmes
Exercise Instructor
Recreation Facility Operator
Programme/Event Co-ordinator
Senior Pool Lifeguard
Specialised Swim Teacher
Outdoor Instructor
Maori Sport Coaching
Entertainment Technician

Learner C:
employed or in an employment like arrangement; needing a programme where provision is predominantly off the job

Who provides the training
A suitable vocational education provider, working with the employer for any on-job components (practical application)

Who arranges the training
VET provider

Examples of current programmes
Facility Manager
Specialised Exercise Instructor
Leadership programmes
Recreation Programme Manager
Ski Area Manager

Learner D:
Not employed – seeking entry into the industry, job changing, wanting a taster, NEETs

Who provides the training
A suitable vocational education provider, working with the employer for any on-job components (practical application)

Who arranges the training
VET provider

Examples of current programmes
All taster programmes/micro-credentials

8 March, 2019

Tim Fowler – Tertiary Education Commission

Grant Klinkum – NZQA

Kia ora korua Tim and Grant,

I'm writing to thank you for sending staff to the Skills Active Aotearoa Shareholder Hui last week to address questions that our shareholders had about the ROVE reforms.

The shareholders are individually and collectively concerned about the proposals and the lack of time to consider the implications. They are also extremely upset with the pressure to respond meaningfully to the proposals by March 27.

To make their responses to the proposals meaningful, they have a range of questions that need to be addressed in a timely fashion. Many of these were asked of your representatives at the meeting but were unable to be answered at that time, were incompletely answered, or were answered but our shareholders would like to see those answers in writing so they can consider those responses in more detail. To that end our shareholders have asked us to pursue these answers with your two agencies.

I have noted those questions below, so that you can address them individually.

I understand you will be very busy dealing with a wide range of concerned stakeholders, but respectfully ask that you respond to these questions in a timely manner allowing our shareholders the ability to consider the responses which will inform their submissions about the ROVE proposals.

Once again, thank you for coming to the hui, and we look forward to your timely response.

Mauri ora,

Dr Grant Davidson
Chief Executive Skills Active Aotearoa

Cc Minister Chris Hipkins

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Skills Active Shareholder questions on the Reform of Vocational Education post Kaitiaki (Shareholder) hui, 1 March 2019

Evidence:

1. What are the Minister's success factors by which the current vocational education system, and any future ROVE proposals will be measured?

2. What data does the Minister have that on-job training through ITOs is not working? Please supply.

3. What data does the Minister have from employers that indicate that the vocational education system is not working? Please supply.

4. There are currently over 25,000 workplaces engaged in workplace based training with 145,000 trainees and apprentices. What percentage of these are unsatisfied with the current ITO arrangements? What reasons do they give? Please supply data.

5. What other options have been considered for better collaboration between ITOs and ITPs? Please supply analysis of options, financial modeling.

6. What evidence is there that the proposed model will provide better educational outcomes for learners? For Māori? Please provide analysis.

Consultation & Process:

7. What consultation has occurred with Iwi prior to ROVE proposal being released? Please supply.

8. What consultation occurred with employers, trainees, industry, ITOs prior to the ROVE proposals being released? Please supply.

9. During any of these consultations was it made clear to all participants that their feedback will inform a proposed reform of the ITO sector?

10. Changes to how training is delivered within the sport and recreation sector has huge impacts on the tourism and volunteer sector, have they been consulted?

11. Does the Minister believe that the consultation to date and the period of time allowed for consultation meet Treaty obligations?

12. The Minister has said that during the consultation period he is interested in alternatives to the proposal that will achieve the same objectives. How are these alternatives being collected? What criteria will be used to evaluate them? Will these be made public?

Cost and efficiency

13. What is the estimated cost of transitioning from the current system to the proposed ROVE system?

14. What will the cost be for employers of the new model?

15. How much will employers have to pay to fund the proposed ISBs? How will this money be collected? Will there be levies charged?

16. What are the proposed levels of funding for on-job and off-job provision under the ROVE model? How much more or less will this cost the tax payer?

17. Is it expected that vocational delivery (volume) will be impacted by the ROVE proposals (short, medium, long term)?

18. Has the Minister considered new funding rules that would encourage greater collaboration between ITOs and ITPs ? Has this option been costed?

Industry relationships, industry control, flexibility

19. How will the new centralised model provide increased flexibility and agility which the Minister states is needed for providing the future skilled workforce?

20. How will small industries be provided for under the ROVE proposals?

21. How will the network of relationships with 25,000 employers, carefully developed over the last 25 years by ITOs, be maintained by the new centralised Institute?

Implementation and quality

22. When will the NZIST be stable and have the capability to manage the on-job training of 145,000 trainees and apprentices?

23. If the ISB proposal comes into effect, will industry standards continue to take the shape of unit standards? If not:
    a. What are the impacts on vocational achievement in NCEA?
    b. What role will the ISB have in evaluating providers and schools to have consent to assess the new standards which is currently carried out by the ITO's as the SSBs?
    c. What role will the ISB have in the external moderation of standards which is currently carried out by the ITOs as the SSBs?

24. Successful distance delivery is a component of many ITPs, so why has the Open Polytechnic model been selected as the only distance delivery mode?

25. The new single ITP would see programme variation and therefore quality assurance volume reduce. What are the expected impacts on the quality assurance functions currently carried out by the Quality Assurance Division of NZQA? (In terms of both up front programme approval and accreditation, and post-delivery functions such as qualification consistency events and external evaluation and review (EER)).

26. Which organisation(s) would be responsible for developing and supporting pathways (standards, programmes, learning and assessment materials) for students in secondary schools to achieve industry awards/programmes that will then pathway them into industry?

27. What opportunities are there for alignment between the NCEA review and VE Reform to create meaningful pathways into apprenticeships and work?

28. Which academic functions will be centralised within the NZIST head office and which will remain within the regional hubs? And how will ISBs interact with the NZIST to ensure the structure and delivery of each programme meets the needs of industry?

29. Pastoral care and support are a key function of the current ITO system and a key component to achieving a high completion rates. How will the proposed reform allow for industry experts providing this type of support?

30. How will smaller niche industries retain necessary support during high peak times through facilitation of programme/training delivery without having to compete with mainstream industries?