



Reform of Vocational Education Supplementary Submission from Primary ITO June 2019

Industry-led, government-enabled, learner-focused

Background

Primary ITO made its RoVE submission to the Minister of Education on 5 April 2019.

The Executive Summary has been attached (Appendix 1) to this supplementary submission both for ease of reference and for context as we traverse areas in more detail.

Subsequent discussions with the Ministry and Officials highlight two critical areas where further input would continue to inform the review – in particular, how Industry would organise itself.

Summary

1. Arranging training is an integral part of Skills Leadership and needs to be maintained within the ISB to be truly Industry-led.
2. An ISB is a quantum step change from an ITO. An ISB will need strong and direct involvement from Industry, while the Board needs to have skills and experience to reflect the broader responsibilities of an ISB.

1. Arranging Training

Arranging training is a key responsibility of Primary ITO and needs to be maintained within an ISB to be truly Industry led. Our Stakeholder Council and the Board met again on 28/29 May 2019 and have reaffirmed their adamant belief that arranging training for the employers and industry is an integral part of Skills Leadership and of Provider Procurement. This includes agreeing with employers on the “who, what, when and where” of workplace training and conveying that for NZIST and/or other providers along with evaluating their performance.

Primary ITO has discussed the feedback it has received from officials about the potential perception of a conflict of interest for the ISB. While we do not fully agree with the officials’ view, in order to find the best possible outcomes for all stakeholders including learners, industry and government, we have proposed a solution as depicted in Appendix 2. This solution would see the specific strengths of the Primary ITO in arranging training maintained and transferred into the ISB. The schematic depicted in Appendix 2 shows the ISB and NZIST and the demarcations which carefully and clearly define the roles. For the ISB skills leadership and procurement as separate from the teaching and learning delivered by the NZIST. This is an elegant way of achieving an industry-led and learner-focused vocational education framework.



Two things will be of critical importance in making this framework succeed;

- The integrated funding system that has been promised;
- A managed transition from the current share of responsibilities to what is proposed.

We are keen and ready at any time to discuss in detail the proposed schema including what an integrated funding system would require.

The time period of transition could well be several years, depending on the ability of NZIST to quickly merge ITP's into a cohesive unit and for example, the ability to provide pastoral care to remote learners.

2. Governance

The ISB governance structure needs to reflect strong Industry involvement and quality governors.

Primary ITO is conscious of the quantum step change in knowledge, competency and accountability that will be asked if the full proposed scope for the ISB is realised in final decisions. Governors, executives and staff will all be called on at a high level. We acknowledge that what we have today may not suit what we need going forward.

For these governance aspects, the ISB will also need to give the Minister confidence in the depth and breadth of its mandate from industry, employers, regulators, iwi and the participants in the work of the vocational system including workers, trainees and learners.

As reiterated several times in our original submission and again in this paper, Primary ITO wants a system and structures *that are industry-led, government-enabled, and learner-focused*.

The Board and Stakeholder Council of the ITO met for two days on 28/29 May 2019 and have identified both key principles for good governance and the key components of a quality governance system for the ISB.

A. Key principles for the governance of the ISB

- Enhanced accountability of the ISB to industry
- Strong, inclusive and representative from industry players
- Clear line of sight from industry to the organisation
- As well as delivering the specifics of what industry needs now, the ISB needs to be structured with agility to develop learning that delivers the knowledge, skills and behaviours for the future, and cross-sector skills requirements
- A scalable and flexible structure to allow wider industry representation as sector groups expand, contract, or are added to an ISB.



B. While industry itself ultimately needs to determine where Industry leadership is derived, in consultation with our Stakeholder Council our proposed components of the Primary ISB Governance Structure would be;

- A pan industry Leadership Group which is derived from representatives of all sectors, made up of senior industry leaders and which has a major say in the makeup of the ISB Board. It needs to be scalable and inclusive and may also involve the ability for government to appoint directors.
- Industry/sector groups, a representative range of employers and potentially employees, each able to tell the ISB what the industry's/sector's skill needs are, now and for the future; each having a direct line of sight and accountability into the ISB. This could be guaranteed by way of the industry/sector co-funding specific roles within the ISB organisation. This ensures effective program and qualification relevancy and development.
- A skills-based governing Board of 7-9 members, appointed by the leadership group and government using a skills matrix to ensure all interests are covered including iwi and a learner advocate as well as employee perspective.
- Among the attributes needed will be:
 - Strong Governance skills
 - The skills to function as a cohesive united board representing the collective interests of Industry
 - The skills to effectively govern as a regulator and procurer of educational services. i.e. an understanding of the risks and opportunities of the training system.
- The ISB organisation, answerable to the Board in a governance sense; responsive to industry through potentially co-funded positions; frequent interaction with industry including the leadership group and industry/sector groups (as now with IPGs), and its Learning and Development Consultants whose job is to translate the needs of the industries/sectors into learning opportunities and outcomes. The ISB would also work closely with NZIST and other providers translating the priorities of the industry/sector clusters into procured delivery.

Thank you

On behalf of the Primary ITO, we thank you for the opportunity to provide this additional paper and would be happy to discuss further.

Linda Sissons
Chief Executive

Mark Darrow
Board Chair

Rick Powdrell
Stakeholder Council Chair



APPENDIX 1

(From submission on 5th April 2019)

Primary ITO Submission on the Reform of Vocational Education

Executive Summary

The Review

- RoVE goes well beyond ITP failure and seeks to provide a whole of system solution for vocational education in New Zealand. That is a bold goal, that requires bold thinking.
- The high-level goal must be to provide optimal education outcomes so that the primary sector through its people can embrace and leverage knowledge, technology, and skills.
- With support from our stakeholders, Primary ITO wishes to work constructively with government, to design and execute an industry-led, government-enabled and learner-centred vocational education framework that delivers what industry and the primary sector need into the future. This is a significant generational change opportunity we need to embrace, but plan for carefully.
- We strongly support the ISB having the role of brokerage and of the ISB having the responsibility to define curriculum as well as qualifications.

Industry Led

- As a mature and consolidated industry organisation, Primary ITO is arguably in the best position to transition to an ISB and with the right settings is happy to work with government as an early adopter.
- We strongly advocate that vocational training needs to be led by Industry through the ISB, most particularly to retain the brokerage function – this includes matching employees and employers, designing training plans (including pastoral care), negotiating apprenticeship agreements, identifying where literacy and numeracy issues need to be addressed, arranging off-job training with NZIST and school liaison. We see this as critical.
- Governance is an important consideration and needs further consultation to design this element, to reflect what it really means to be industry led.
- We support the CoVE concept and we need to undertake more detailed work on how and where this or these are created for the primary sector. We believe a close relationship to the ISB is essential.
- There is an opportunity for ISBs to cover coherent pan-sector groups and be consolidated to say six in New Zealand. Government will need to be strongly prescriptive to achieve an optimum result and to avoid organic resistance to change. Fragmentation and proliferation of ISBs should be avoided so that scale, relevance and cohesion are not lost.

ISB Role

- ISBs, on behalf of the industries represented, should set the direction of the curriculum for the industries they are responsible for and they should set the standards learners are expected to reach.
- ISBs should have a true decision-making role in vocational education matters in their scope to keep a deep and direct interface with employers.



- ISBs should have leadership of the skills system in their industry, including analysing intelligence on the state of industry skills and forecasting skill demand, plus oversight of the whole of the learning pathway – from secondary school to VET, degrees and post-employment education – for their industry.
- ISBs should be responsible for the role of employer-facing brokering of learning.
- We do not support the broadening NZIST as far as suggested into the brokerage function of ITOs. We see unacceptable risks and consequences should that be adopted. This includes disconnection and transition risk. The primary sector in particular has not been well served by ITPs.

Primary Sector

- The current VET system has not served the Primary sector well. There are a number of problems with the current VET system that we and our industry stakeholders have experienced that have not been identified within the RoVE consultation documents. Our Primary sector stakeholders have much more ambitious objectives of creating a life-long learning eco-system.
- The primary sector is the largest contributor to the New Zealand economy but has the potential to contribute much more value-added growth if government and industry can collaborate effectively to upskill the primary sector's 350,000-strong workforce.
- Change needs to recognise the unique characteristics of the Primary sector.
 - Lack of recognition in the funding system of the very high costs of primary sector-focused VET – costs that derive from the dispersed rural-based workforce, the inherently expensive nature of training in these fields and the inability to get economies of scale.
 - Difficulties of access to training for the many owner/operators in the primary sector.
 - Devaluing in the current policy of informal and non-formal learning and short courses.
 - Inadequate provision of literacy, numeracy, ESOL and pastoral support in the VET system.

Recognition

The unified VET funding system must value and recognise:

- the complementarity of the provider-based and work-based training pathways.
- the range of training, including micro-credentials, short courses, just-in-time learning and other non-formal learning
- the role that upskilling and reskilling of existing workers plays in maintaining and enhancing the skills of the primary sector workforce
- the importance of the brokering role as integral to the work of the ISB and the cost of doing that role well.

The views of our industry

- Primary ITO has received support for our views from around 200 industry players and had formal engagement with 100 firms, industry bodies and local bodies. It is important that their voices are heard. Many have made their own submissions.
- This section summarises their views conveyed to the ITO directly, and through an independent survey of opinion.



APPENDIX 2

Optimum demarcation of roles and responsibilities

