

# Proposal on a single New Zealand Institute of Skills & Technology

## Technical discussion document

Thank you for taking an interest in the Reform of Vocational Education. The Government wants to hear your views on these proposals. The changes being proposed are complex, and they need the detailed knowledge and the different perspectives of people across New Zealand to get them right.

This technical discussion document is a companion document to the Reform of Vocational Education consultation discussion document, which is published here:

<https://conversation.education.govt.nz/conversations/reform-of-vocational-education/>.

The consultation discussion document is the official statement of the Government's three proposals for the Reform of Vocational Education, signed off by the Minister of Education. The technical discussion documents go beyond the Government's formal proposals, to set out some possible ways in which the features of these proposals might be implemented in practice. They should not be regarded as a statement of the Government's position, but rather initial thoughts from officials from the Ministry of Education and the Tertiary Education Commission.

This technical discussion document looks at the Government's proposal for a New Zealand Institute of Skills & Technology. Please read the main consultation document before reading this technical document, so that you understand the wider context for the proposal discussed here.

Within this document are questions seeking your input to help inform Government decisions about the proposal to establish a new Institute of Skills & Technology. These questions are also available in the consultation's online survey.

The document includes ideas or indicates the way things might work for detailed aspects of the proposals should they proceed following consultation. These ideas and suggestions are *not Government policy or a view from the Government* about these details, and we are open to any suggestions you may have on these topics.

## A vision for NZ

A strong, unified vocational education system that is sustainable and fit for the future of work, delivering what learners, employers and communities need to be successful.

## Have your say

The Government is seeking feedback on the proposals for the Reform of Vocational Education by Wednesday 27 March 2019. The link above will also take you to our online survey where you can respond to the questions posed and more.

You can also provide feedback by attending a face-to-face consultation event. Details on these events are available at <https://conversation.education.govt.nz/conversations/reform-of-vocational-education/>

## Overview of the Government's proposal for a New Zealand Institute of Skills & Technology

### Current problems and opportunities

Great vocational education will mean that all New Zealanders can gain the skills, knowledge and capability to adapt and succeed in a world of rapid economic, social and technological change. Trends driving the Future of Work mean more people will change jobs and careers frequently over their working lives; access to high-quality, responsive and flexible vocational education will improve their resilience, employment security and life outcomes, and reduce social inequities.

Overall, institute of technology and polytechnic (ITP) enrolments have fallen in recent years due to a mix of demographic change, government policy change, increased competition, and a strong labour market. Many ITPs' costs have not fallen in line with enrolments, though. This is due in large part to the fixed nature of many costs. Unlike private providers, which can exit from unprofitable delivery or move to new markets, ITPs are expected to permanently offer a broad range of locally relevant programmes, which drives high fixed costs. As a result, most of the ITPs are under considerable financial stress. Some are already in crisis, and more will become so if nothing is done. An opportunity exists to create a financially stronger and sustainable sector by achieving size and scale and removing wasteful duplication from the system.

However, the problems and opportunities we are seeking to address are not limited to financial matters. ITPs also vary in how well they respond to the needs of learners and employers in their regions, and how well-prepared their vocational graduates are for the world of work. The opportunities for improvement are substantial. In proposing broader system reform alongside ITP structural reform, the Government is looking for a considerable shift in how the sector connects with employers and industry; the proposal for a New Zealand Institute for Skills & Technology is designed to enable and support this shift, better positioning New Zealand to respond to the changing demands of learners and employers over time.

Consultation to date shows that a wide range of stakeholders understand and support the need for vocational education reform and the need to strengthen the ITP sector. A range of options for change for the ITP sector were generated during the co-design process in 2018. However, the options that were most widely supported did not go far enough to ensure the ITP sector would be sustainable and be part of an integrated vocational education system.

### The formal proposal

The Government proposes to create a New Zealand Institute of Skills & Technology to offer high-quality vocational education throughout New Zealand, building on and developing the regional presence of the ITP system. The name "New Zealand Institute of Skills & Technology" is a working title, and we are seeking feedback in the main consultation document on what it should be called.

The proposal to create the New Zealand Institute of Skills & Technology would bring together all 16 existing ITPs in New Zealand. The creation of a new institution that encompasses the delivery previously offered through our current 16 ITPs will allow greater and faster improvements, compared to continuing with ad-hoc mergers of competing ITPs across New Zealand, as individual institutions run into financial difficulties.

At the national level, the New Zealand Institute of Skills & Technology would have a leadership role for vocational education nationally and regionally, driving efficient and effective education delivery. It would be governed by a national Council appointed by the Minister of Education, overseeing a single combined management team and balance sheet to manage capital and operational budgets, staffing, and student and learning management systems. A consolidated organisation could make strategic use of capital, achieve greater efficiency in programme design, development and delivery, and reduce the duplication of back-office functions within the current vocational education network.

A dedicated charter in the legislation would set out the purpose and functions of the institution including specific obligations for the New Zealand Institute of Skills & Technology to ensure it was responding to the needs and aspirations of regional New Zealand and of Māori as tangata whenua.

The Government would like the New Zealand Institute of Skills & Technology to be in operation from 1 January 2020. The process of transformation would be phased to ensure minimal disruption to learners.

This proposal goes further than the advice that arose from the ITP Roadmap 2020 and VET system review projects that the Tertiary Education Commission (TEC) and the Ministry of Education have undertaken. This reflects the Government's view that more fundamental change is needed to create a vocational education system that is sustainable and fit for the future of work.

The table below sets out the key elements of the proposal for a New Zealand Institute of Skills & Technology, with a focus on matters that would need to be decided before legislation could be introduced. For several of the items in the table, some policy details still require work before they can become part of any proposed legislation to support the establishment of the new Institute.

Detail of proposal	Rationale and further details
<b><i>Governing Council and its committees</i></b>	
A national office and governing Council would drive regional performance and support a strong regional voice	To balance national and regional needs Could show Government commitment to regions by locating national office functions in one or more regions
Members of the governing Council would be appointed by the responsible Minister	To ensure government has adequate oversight of the New Zealand Institute of Skills & Technology There are a number of ways to ensure learners and staff have their voices heard by the council
<b><i>Organisational Charter</i></b>	
The New Zealand Institute of Skills & Technology would be guided by an institutional charter set in legislation	To ensure government has adequate oversight of the institute The charter could describe Government's expectations (including how the council engages with learners and staff) and guide autonomous decision-making.
<b><i>The division of regions and campuses, and national office</i></b>	
Local campuses would be responsible for delivery (there may be more or fewer main local campuses than the current number of ITPs)	Better connected education at the regional level, particularly with schools Over time, coverage could expand to regions where ITP presence is currently weak
The Open Polytechnic of New Zealand would be incorporated into the New Zealand Institute of Skills & Technology for the national provision of online learning	To ensure national online provision is retained, and is integrated nationwide with employer-led and provider-led education and training Capitalise on the Open Polytechnic's online expertise
A number of activities would be centralised at "national office" or at one or a few regional campuses	To eliminate duplication and improve efficiency and quality Engagement in 2018 showed support for centralising some functions to address inefficiencies
<b><i>Regional Leadership Groups</i></b>	
Each region would have a Regional Leadership Group to advise national office and TEC on local skills needs	To ensure strong local Government, local industry, local community and iwi participation in national processes "Regional Leadership Group" is a working name, and we are interested in feedback on the most appropriate name

## **Capital and financial transactions**

The governing council and/or national office would agree long-term capital and operational strategies, oversee capital asset management, and set and oversee operational budgets

To ensure decision-making prioritises long-term viability  
To ensure investments are made where most needed  
To ensure consistency across all regions  
There would be greater visibility of these activities for the Crown

In addition to the above, you may be interested in detailed matters of design that the legislation does not need to cover. If the proposal goes ahead, we would continue to engage closely with the sector on these issues throughout the design process.

The changes detailed above would require various consequential changes to (for example) TEC's Investment Plan process for ITPs, and the New Zealand Qualifications Authority's (NZQA's) quality assurance activities. Transitional issues would need to be well understood and worked through in detail. Aspects of these that could require changes to the Education Act 1989 are discussed in this document, and other matters would be worked through later in 2019.

## **Delivering for the regions**

Regional and local campuses of the New Zealand Institute of Skills & Technology would be focused on delivering high-quality and relevant services to learners, employers and communities across all of New Zealand, rather than competing with each other for enrolments. These campuses would spend more time on the delivery of quality teaching and learning, with delivery and responsiveness led through engagement with regional and local stakeholders. Regional campuses of the Institute could:

- » connect strongly with local regional and economic development strategies;
- » have strong relationships with local Government; and
- » work closely with other local education providers, particularly secondary schools.

This would ensure that delivery is tailored to regional need – including those needs identified through regional and local bodies and Government. The Government could show its commitment to regions by locating national office functions in one or more regions.

The creation of a New Zealand Institute of Skills & Technology would help increase the accessibility and relevance of vocational education across New Zealand. A new model of delivery through a New Zealand Institute of Skills & Technology, with regional campuses, could allow small but relevant niche courses to be run regionally, giving learners and employers access to greater education and training options without the need for travel.

Each region would have a Regional Leadership Group – aligned to other regional advisory organisations being developed through various Government agencies – to advise the Institute's "national office" and the TEC on local skills, to link with local and regional development strategies, and to advise on what mix of courses should be offered in that region. This would include both existing offerings that it was important to maintain, and new areas of provision where local needs weren't currently being fully met.

Part of the role of the Regional Leadership Group could be identifying how the regional campus can work to identify future labour demand needs for the region, and how these could be addressed through upskilling both our domestic and international student market. The courses on offer in each region would not be limited by what the local or regional campuses could provide on their own – each campus would be able to draw on the resources of the whole New Zealand Institute of Skills & Technology system to offer what the region needs. In this way, regional delivery and responsiveness would be not just maintained, but enhanced and expanded.

“Regional Leadership Group” is a working name, and we are seeking input from stakeholders on the most appropriate name for this function. We are also interested in feedback about what Regional Leadership Group structure might best serve multiple needs across immigration, education and labour markets. They have a critical role to play in bringing together employers, education providers and other stakeholders such as community leaders, iwi and local government, to ensure these regional voices are heard in decision-making that affects them.

Groups of this kind have been mooted in recent consultation on proposed changes to immigration settings (see <https://www.mbie.govt.nz/have-your-say/consultation-on-a-new-approach-to-employer-assisted-work-visas-and-regional-workforce-planning>) as well as in education contexts, such as the Tomorrow’s Schools proposals (see <https://conversation.education.govt.nz/conversations/tomorrows-schools-review/>). The introduction of Regional Leadership Groups provide another opportunity for regions to ensure that they are best served through our vocational education system.

The proposals also consider the unique contribution that Māori can make towards New Zealand’s vocational education model. We consider it important that iwi and Māori have the opportunity to be represented on Regional Leadership Groups to influence the behaviour and offerings of their local campuses of the New Zealand Institute of Skills & Technology. However, the Treaty partnership is and will remain with the Crown – so Māori also need ongoing opportunities to participate in vocational education policy and operational decision-making with central government.

### **Collaboration through Centres of Vocational Excellence**

The Government envisages that the New Zealand Institute of Skills & Technology, and perhaps also wānanga, would host Centres of Vocational Excellence focused on teaching and learning, and possibly applied research, in areas of study of particular importance to New Zealand.

Centres of Vocational Excellence would cover key sectors and industries, which could be broad (eg, agriculture) or specific (eg, viticulture). They could potentially also cover key types of educational delivery or activity, for example kaupapa Māori delivery. We envision these would be located across the country, including in regional New Zealand. Centres of Vocational Excellence would bring together a critical mass of knowledge and expertise in their areas, helping drive innovation, lift quality, and improve links to industries and communities.

Expert educators at Centres of Vocational Excellence would work closely with Industry Skills Bodies to develop and maintain high-quality programmes, curricula and teaching and learning resources. This would also occur in areas not covered by Centres of Vocational Excellence – the system realises the greatest benefit when education providers and industry, businesses and employers work together to build skills pipelines that meet workforce needs.

Within the New Zealand Institute of Skills & Technology, programme and curricula development for any given field of study would be done by dedicated specialist teams (at a Centre of Vocational Excellence where relevant) for delivery nationwide. Teaching staff at the New Zealand Institute of Skills & Technology’s local campuses, and perhaps also at other education providers in the system, could then use these core teaching materials and adapt them as needed for delivery that reflects local needs and opportunities.

Students could move around the country from campus to campus of the New Zealand Institute of Skills & Technology (and potentially between other education providers too, if programmes were common across the sector) without interrupting their studies. Large national employers could deal with a single organisation to arrange consistent packages of pre-work and in-work skills training nationwide.

### **Other features of the proposal**

The Government envisages that the New Zealand Institute of Skills & Technology would support delivery via a single high-quality learning management system nationwide, using a mix of online and face-to-face options to enable quality access for the largest possible number of people.

Alongside its vocational delivery (which, subject to the first proposal outlined above, would include workplace delivery), the New Zealand Institute of Skills & Technology would continue to deliver foundation education, non-vocational certificate and diploma delivery (eg, te reo and tikanga Māori provision), and degree and postgraduate education, as ITPs currently do.

Officials anticipate that the New Zealand Institute of Skills & Technology would retain full responsibility for developing non-vocational programmes. For vocational education, however, there is a question as to whether programmes and curriculum will be developed by the proposed industry skills bodies (see proposal 1 <https://conversation.education.govt.nz/conversations/reform-of-vocational-education/>). This could potentially take the form of an approved nationwide core programme for each vocational qualification, with some variation by region and delivery mode; or (as now) different education providers may develop different programmes to deliver the same qualification.

The New Zealand Institute of Skills & Technology would also continue to deliver to international students, both onshore and offshore. International students in vocational education make a significant economic and cultural contribution to New Zealand's regions. The new institution should have the size, scale and expertise to significantly improve its visibility and impact in the international market, and share more of the benefits of international education with our regions.

## Implications of the proposal

### How would the proposal affect current ITPs?

If the proposal proceeds, existing ITPs would be disestablished and their campuses would become part of the new institution, governed by a single national-level Council. The Government and officials would work in conjunction with regional campuses to map out and create a process and timeline for transferring current institutions into the New Zealand Institute of Skills & Technology. This would be carefully considered, managed, and communicated to ensure continuity of education while the reforms occur.

Officials consider that it is likely that, over time, the new Institute would make changes, for example to job descriptions and possibly the number and location of staff, in line with the final form and function of any new institute that is approved. In addition, it is possible that management staff would experience changes to their jobs as new structures and accountabilities are created by the new Institute, should it be established.

Many existing ITPs have special arrangements in the current network and consideration would need to be given as to how these would be translated into the new system. One example is the Southern Institute of Technology's offer to learners of zero fees or accommodation funding support. Many ITPs also have contracts, agreements and understandings with communities and stakeholders that need to be honoured throughout any transition.

In addition to current functions and services it is also proposed that the New Zealand Institute of Skills & Technology, along with wānanga and private training establishments, take on the role of coordinating workplace training that is currently being performed by Industry Training Organisations. This would mean that the regional campuses would each have a new and substantial role to perform. You can read more about this under Proposal 1 in the main consultation document and the Roles of Providers and Industry Bodies technical document.

Given the size and nature of the reform exercise, new systems, processes and integration work would take time to achieve. Over time the regional campuses would develop in their new roles, and decisions would be made about which national functions would be hosted by each of them.

### How do current ITPs have a voice in how the decisions are implemented?

As part of any transition, the Government will be looking at ways to bring ITPs into the design and decision making process. As a way of ensuring the right structure, processes, and policies are developed, officials will need to talk to ITPs about their current operations, plans, and services. Mostly likely this would involve a series of regular on-going consultations with ITPs throughout the project implementation. Alternatively officials may need to look at a more formal series of committees or forums to facilitate this – but we'll be in a better position to work that out following the conclusion of this initial consultation period.

### What is the timeline for change?

Until all the feedback and input are gathered from this consultation exercise, the Government won't be in a position to confirm a design and plan, or provide an estimate of the total time needed for the reform process. Added to that, the proposal to create a new entity is part of a broader set of vocational education reforms being proposed at this

time. You can expect, therefore, that the end to end process would likely involved a phased implementation and integration of existing services, assets, and people over a period of time.

Once it becomes clear, post consultation, what the options and objectives will be, the Government will move quickly to ensure that learners, staff, communities, and industry have certainty about things like programme delivery, staffing, employment and management, and can plan accordingly. At the very least, the Government would be looking to have the corporate head office of the new entity up and running with some support systems in place, by the start of 2020.

### **What support would ITPs receive?**

The provision of support to existing ITPs would be part of the overall design and implementation process. Officials would need to sit down with affected institutions to work out what support is needed prior, during, and following the proposed reform and change process. Following consultations we'll be in a better position to confirm and plan what sort of support we can provide, but at this stage support would likely be twofold:

- » Project support (administration, project management, change management and communications) as we go through the process of transitioning current institutions into the new entity; and
- » Financial support to help meet the costs of change.

Officials will also work with ITPs to ensure that all their impacted stakeholders are kept informed of what is happening and progress to date. Again, following the consultation process we'll be in a better position to clarify what support we can offer here.

### **The Government is looking for specific feedback on the details of the proposal presented here**

The Government needs the views of ITP leaders, staff and students, industry, professional associations, iwi and other stakeholders on the proposal to create a New Zealand Institute of Skills & Technology, its strengths and weaknesses, and the potential impacts of change.

This includes your views about what we need to keep in mind as the form of the new organisation is developed and implemented, about what should be included in the proposed charter of the organisation, and how we can best ensure that it delivers best to New Zealand's regions (including local communities in urban and regional areas).

A number of technical details would need to be confirmed if, following consultation, the Government decides to establish a single New Zealand Institute of Skills & Technology. These are details that are new or expand upon those noted in the table on pages three and four.

### **Governing Council and its committees**

The New Zealand Institute of Skills & Technology is proposed to have a "governing Council" as tertiary institutions currently do under the Education Act.

Officials anticipate that legislation about the Council would include provisions relating to:

- » the Council's functions and duties
- » the composition and appointment of the governing Council, including sub-committees
- » the powers of the Council and the powers of the Institute.

### **Size of governing Council and factors to consider in appointment of Councillors**

Approaches to the size, composition and appointments to Councils have varied over the years. Institutions once had Councils of 16-20 members, which represented the institution, its staff, students and community. A more skills-based approach was taken more recently, which the government has modified by re-introducing staff and student representation.

Officials would suggest that the new institution would need a Council that could honour its charter (see Organisational charter, on page 12), and that was capable of taking both a national view of the needs of the organisation's stakeholders, and was accountable to the regions. The Council would be accountable for the financial and educational performance of the new Institute.

Current ITP Councils have 8-10 members, whereas a Crown agent such as the TEC has a Board of nine members. In both cases, in making appointments, the Minister must consider:

- » that appointees have the relevant knowledge, skills, or experience for the position
- » are likely to be able to fulfil their individual duties and responsibilities as members of the Council
- » that they have the collective breadth of experience and expertise, and depth of knowledge, regarding areas of the tertiary education sector in the case of a Crown agent.

#### **Feedback questions**

*The questions below are just a guide – we welcome any additional feedback you have. You can see more questions or provide additional feedback online.*

What principles should the Government use in deciding its approach to the governing Council of the New Zealand Institute of Skills & Technology?

How can the way the Council is appointed and its composition help the proposed New Zealand Institute of Skills & Technology to be responsive to both national and regional needs?

What other factors should the Government consider in designing the New Zealand Institute of Skills & Technology's governance arrangements?

### **Functions, duties and powers of the institution and Council**

The current functions of ITP Councils include appointing a Chief Executive, preparing, submitting, managing according to and implementing Investment Plans, determining policies for the institution and undertaking general planning.

The duties of ITP Councils are a set of principles related to excellence, the Treaty of Waitangi, participation in education by the community, and to be non-discriminatory, responsible financially and to act with integrity.

Institutions and Councils also have powers set out in the Act covering the powers enjoyed by natural persons or given over by enactments, and powers related to financial management and investments.

ITP Councils have various powers allowing them to offer programmes, grant awards, offer scholarships and otherwise manage the institution. The institutions themselves also have various powers, with some limitations, for example, by the need for the Secretary for Education to approve certain borrowing, leases and disposal of assets.

Officials assess that it is possible that the current functions, duties and powers of ITP Councils and of the ITPs themselves remain appropriate for the proposed New Zealand Institute of Skills & Technology, with a potential need for minor changes to reflect the proposed charter of the Institute.

## Feedback questions

The questions below are just a guide – we welcome any additional feedback you have. You can see more questions or provide additional feedback online.

Are the current powers and duties of Councils set out in the Education Act 1989, and the powers of institutions (with the exception of limitations on borrowing, leases and disposals of property) appropriate for a single New Zealand Institute of Skills & Technology? (refer to sections 181 and 193 for powers and duties of Councils, and section 192 for the powers of institutions)

How strongly do you agree or disagree with the following statement?

	<i>Strongly agree</i>	<i>Agree</i>	<i>Neither agree nor disagree</i>	<i>Disagree</i>	<i>Strongly Disagree</i>	<i>Don't know / no opinion</i>
In addition to the current powers and duties of Councils in the Education Act 1989, the Councils of the New Zealand Institute of Skills & Technology should have duties with respect to the proposed organisational charter (for example have regard to or give effect to) (refer to (sections 181, 193 of the Education Act 1989)						

### Appointment of the Council

Given the critical role and size of the new Institute, the Government is proposing that the Minister appoint its governing Council, in the way the Minister appoints the boards of specific Crown Entities (such as the TEC and NZQA).

**Feedback questions**  
*The questions below are just a guide – we welcome any additional feedback you have. You can see more questions or provide additional feedback online.*

How strongly do you agree or disagree with the following statement?

	<i>Strongly agree</i>	<i>Agree</i>	<i>Neither agree nor disagree</i>	<i>Disagree</i>	<i>Strongly Disagree</i>	<i>Don't know / no opinion</i>
The governing Council of the New Zealand Institute of Skills & Technology should be appointed wholly by the Minister.						

### Academic Boards, and other committees

Subject to further advice and feedback, officials would suggest that the current provisions in the Act related to the structure and function of Academic Boards may be fit for purpose for the proposed New Zealand Institute of Skills & Technology. In other words, officials currently think it makes sense for the new institution to have a national Academic Board, with a role and function in line with existing ITP Academic Boards.

In addition, Councils of tertiary education institutions are currently able to create sub committees as they see fit and officials think this is still appropriate. This means the Institute could have formal academic advisory bodies feeding into its national Academic Board if it chose, as well as any other committees it saw fit to establish.

The Government wants the voices of staff and students to be a strong part of the New Zealand Institute of Skills & Technology's governance. The merits of requiring a new committee or committees to ensure the governing Council takes account of the voices of students and staff members could therefore be considered. Such committees would have the power to advise the governing Council, with a reciprocal responsibility of the Council to consult the new committee or committees on important matters and to have regard to its advice.

## Feedback questions

The questions below are just a guide – we welcome any additional feedback you have. You can see more questions or provide additional feedback online.

How strongly do you agree or disagree with the following statements?

	<i>Strongly agree</i>	<i>Agree</i>	<i>Neither agree nor disagree</i>	<i>Disagree</i>	<i>Strongly Disagree</i>	<i>Don't know / no opinion</i>
The existing arrangements for Academic Boards in section 182 of the Education Act 1989 are fit for purpose for the New Zealand Institute of Skills & Technology.						
The existing arrangements for the establishment of other subcommittees in section 193 of the Education Act 1989 are fit for purpose for the New Zealand Institute of Skills & Technology						
There should be subcommittee(s) to the Council of the New Zealand Institute of Skills & Technology representing the voice of students and staff of the NZ, which the Council must take into account in its decision making.						

### **Crown interventions**

In the unlikely event of serious failures of governance and management at the proposed New Zealand Institute of Skills & Technology, the Government needs to be able to intervene to protect the public interest. Officials will develop advice about what these powers should look like, and whether changes to the status quo are required, once key decisions about the institution's legislative and governance framework are made. Officials anticipate further consultation on any changes that may be proposed.

## Organisational charter

### Creating a new institutional charter

Officials envisage that the new institutional “charter” could be drafted as a section of the Education Act 1989 with the purpose of establishing, emphasising, and maintaining long term and enduring aspirations and requirements important to the overall mission of the new Institute.

The charter might therefore provide the Institute with a set of principles and values that apply to its operation and education delivery. This in turn might influence how it acts as an education provider, national institution, regional citizen, and iwi partner.

We would welcome your feedback about the things that the charter might include, such as potentially:

- » the overall purpose of the Institute;
- » long term aspirational goals for education and learner success;
- » objectives and expectations regarding education delivery, and the involvement of the community and regions in determining and developing those objectives;
- » protection of academic freedom;
- » expectations that the new Institute:
  - manages resources effectively, and operates as a responsible employer and regional citizen;
  - actively engages and collaborates with industry to work out how regions can be supported;
  - acts as a collaborative presence within the wider vocational education system;
  - works in partnership with Māori and iwi to meet the needs and realise the aspirations of Māori as tangata whenua; and
  - creates and develops a supportive environment for staff and students, and has mechanisms for ensuring that students and staff can meaningfully participate in decision-making at all levels of the institution.

Officials’ assumption is that a charter would not direct or control the operation of the new Institute in detail, but rather influence the overall direction, culture, and intent of the organisation through the expectations it sets.

Members of the governing Council might have duties to have regard to, or give effect to, the charter in their decision making.

#### Feedback questions

*The questions below are just a guide – we welcome any additional feedback you have. You can see more questions or provide additional feedback online.*

How should the charter influence the operation of the proposed New Zealand Institute of Skills & Technology? For example, should the Council have to “have regard to” the charter in its decisions, or should it have to “give effect to” the charter (a stronger requirement)?

## The division of regions and campuses, and national office

### Incorporation of the Open Polytechnic

The Government proposes that the Open Polytechnic of New Zealand would be incorporated into the new Institute for the provision of online learning.

The Open Polytechnic has depth of expertise in designing and delivering fully online tertiary education, which is and will continue to be critically important for enabling access for some learners. The new Institute would also be expected to integrate online learning into its face-to-face delivery, both on campus and in workplaces. Some ITPs already use online programmes designed by the Open Polytechnic to support their face-to-face delivery; this would be extended throughout the new Institute. Other ITPs have other online learning systems and technologies in place, which means a transition phase of change would be required for some.

## Feedback questions

*The questions below are just a guide – we welcome any additional feedback you have. You can see more questions or provide additional feedback online.*

How strongly do you agree or disagree with the following statement?

	<i>Strongly agree</i>	<i>Agree</i>	<i>Neither agree nor disagree</i>	<i>Disagree</i>	<i>Strongly Disagree</i>	<i>Don't know / no opinion</i>
I support the proposal for the New Zealand Institute of Skills & Technology to incorporate the Open Polytechnic of New Zealand's online platforms for the purposes of online delivery						

### **Which organisational functions would be best to consolidate at head office, and what would be better distributed or retained by the regions?**

Officials want to hear the ITP sector's views on these questions. We consider that centralisation of activities and staff can bring big benefits through creating economies of scale and bringing together a critical mass of people with depth of expertise. But we need to get the balance right. Our new Institute needs to be efficient and financially sustainable, while also ensuring that local campuses can respond to local needs, and retain (and where possible, grow) expertise, diversity and jobs in regional New Zealand.

“Centralisation” need not mean bringing a function into head office; it could be centralised at a regional location instead. It also doesn't need to mean everyone is in the same geographic location – a geographically distributed group of staff can operate as a virtual team nationwide, and still be “centralised” in functional terms because they are acting as a single team.

## Feedback questions

*The questions below are just a guide – we welcome any additional feedback you have. You can see more questions or provide additional feedback online.*

What factors should determine whether functions are centralised or left for each region or campus to manage in its own way?

Who should decide what centralisation happens and to where – the Government, or the new Institute itself?

### **Number of administrative regions**

New Zealand currently has sixteen ITPs that, at least in theory, cover all of New Zealand. Each ITP serves a diverse range of delivery sites to suit the needs and demands of their particular contexts. The proposed Institute might choose to make change in some of its delivery sites. Government would want to ensure that overall provision to the regions is at the least maintained, and where possible, expanded.

Officials would suggest that there may be some advantage in moving to a different number of “main campuses”, which could be more or fewer than the status quo, with areas of regional responsibility that align with existing administrative regions.

Possible administrative regions that currently exist or are proposed include:

- » DHB boundaries (20 regions);
- » Education Hub boundaries proposed by the Tomorrow’s Schools reforms (about 20 regions);
- » local government boundaries (a combination of 11 regional Councils and 13 city Councils excluding Auckland); and
- » Work and Income delivery regions (11 regions).

The ultimate make-up of the regional structure needs to be carefully thought through. The Government will want every region to have a Regional Leadership Group to guide its provision; as noted in the consultation document and outlined further above, these Groups might play multiple roles in their region, which would affect how many there need to be nationwide. It would likely take some time for the right regional structure to become clear.

It may be that the most likely transition path to the new entity would be for the existing ITP campuses and delivery sites to continue during the transition phase, as the regional campuses and delivery sites of the New Zealand Institute of Skills & Technology, in 15 or 16<sup>1</sup> administrative groupings reflecting their ITP predecessors. Any administrative rearrangement of sites to new regional boundaries would then happen somewhere down the track. However, we seek your feedback on which approach is best.

### Feedback questions

*The questions below are just a guide – we welcome any additional feedback you have. You can see more questions or provide additional feedback online.*

What factors should the Government or the Institute’s transitional body consider in determining the regional structure (including the arrangement of regional campuses, and any regional administrative groupings below the level of national office) of the New Zealand Institute of Skills & Technology?

## Regional Leadership Groups

### *Details about the operation of Regional Leadership Groups*

The Government is currently considering what kind of Regional Leadership Group structure might best serve multiple needs across immigration, education and the labour market. They have a critical role to play in bringing together employers, education providers and other stakeholders such as community leaders, iwi and local government, to ensure these regional voices are heard in decision-making that affects them.

Officials would suggest that, to be effective, each group would need to have the ability and mandate from its region to represent the skill needs of regions, and the capability to provide advice to the New Zealand Institute of Skills & Technology and the TEC. They would therefore need to have the right membership, and be able to develop and use the right information, including through having appropriate networks with local communities and employers and industry.

We need your feedback and ideas about how Regional Leadership Groups should work. The main consultation document asks for feedback on what the structure and functions of Regional Leadership Groups should be, and also what they should be called (as Regional Leadership Group is just a working name).

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<sup>1</sup> We have allowed for Weltec and Whitireia being seen as a single unit.

## Feedback questions

*The questions below are just a guide – we welcome any additional feedback you have. You can see more questions or provide additional feedback online.*

Who should be represented on Regional Leadership Groups (e.g. iwi; hapū; industry groups; employers; local government)?

How should members of the Regional Leadership Group be appointed?

What should the principles of operation be for Regional Leadership Groups?

How can we make sure Regional Leadership Groups would produce the information regions require?

What information would Regional Leadership Groups require to successfully represent the skill needs of regions?

### **Regional skills bodies in relation to labour market coordination**

The Ministry of Business, Innovation and Employment (MBIE) is also currently consulting on whether a regional skills body, or network of organisations carrying out these functions, could help improve coordination across the education/skills, welfare/employment and immigration systems. Membership would likely include employers and regional industry organisations, alongside other regional partners. You can read more about MBIE's proposal here: <https://www.mbie.govt.nz/have-your-say/consultation-on-a-new-approach-to-employer-assisted-work-visas-and-regional-workforce-planning>.

## **Capital and financial transactions**

### **Framework for acquisitions, borrowing and disposal**

To manage the Crown's ownership interest in tertiary education institutions, the Education Act 1989 imposes some limitations over tertiary education institute decisions, where the Secretary of Education must grant written consent for all tertiary education institutions (within the parameters of any formula set by the Minister) in the following areas:

- selling or otherwise disposing of assets or interests in assets;
- mortgaging or otherwise charging assets or interests in assets;
- granting leases of land or buildings or parts of buildings (longer than 15 years); and
- borrowing, issuing debentures, or otherwise raising money.

The scale and scope of a single New Zealand Institute of Skills & Technology would mean that no single financial transaction is likely to place the viability of the overall institution at risk. However, if failures did occur, their consequence would be much more significant for New Zealand.

Officials suggest that it may be desirable therefore to retain the requirement for the Secretary of Education to consent to financial transactions, but to extend it to cover all major financial transactions including major acquisitions and investments.

### Feedback questions

*The questions below are just a guide – we welcome any additional feedback you have. You can see more questions or provide additional feedback online.*

Would the broad framework of the consent process outlined in section 192 of the Education Act 1989 be fit for purpose when considering a single New Zealand Institute of Skills & Technology?

Should the framework consent process outlined in section 192 of the Education Act 1989 be extended to include all major financial transactions for the New Zealand Institute of Skills & Technology?

To make this practicable, it would be important to identify what constitutes a “major” transaction in the context of the proposed New Zealand Institute of Skills & Technology.

The Government recently set thresholds as to what constitutes significant enough disposals, mortgages or borrowing or raising money for the consent process to be necessary. The thresholds include a maximum valuation price of property the institution can dispose of without the approval of the Secretary of \$5 million for an institution with a group equity value of an institution between \$100 million and \$250 million, and \$15 million where the institution has a group equity value of over \$250 million.

These thresholds, both for the existing consents and its possible extension to all major transactions, could be reconsidered in light of the New Zealand Institute of Skills & Technology, so that the risks to the Crown can be managed but the day to day operations of the organisation are not unnecessarily impacted.

### Feedback questions

*The questions below are just a guide – we welcome any additional feedback you have. You can see more questions or provide additional feedback online.*

How strongly do you agree or disagree with the following statement about the current thresholds for what constitutes significant enough disposals, mortgages or borrowing or raising money to trigger the consent process outlined in section 192 of the Education Act 1989?

	<i>Strongly agree</i>	<i>Agree</i>	<i>Neither agree nor disagree</i>	<i>Disagree</i>	<i>Strongly Disagree</i>	<i>Don't know / no opinion</i>
The thresholds are sufficient to manage risks to the Crown without unnecessarily impacting on the day-to-day operation of the New Zealand Institute of Skills & Technology						

### **Making changes to the capital base of the Institute**

The proposed New Zealand Institute of Skills & Technology would inherit a big network of physical assets (land, buildings and facilities) from ITPs. Some of the buildings and facilities are modern and fit-for-purpose; others are near the end of their useful life.

The Government wants all New Zealanders to have access to great quality institutional facilities. It also wants to make the best use of public spending in an era where online and blended learning options are increasingly used by learners to access to skills.

Is there an opportunity for the Government or the new Institute, or both together, to take a holistic look at the Institute's nationwide asset portfolio during 2020 and set the stage for a new, efficient and consistent national approach to capital asset management for the Institute.

This might involve doing a comprehensive stocktake and assessment of need, formulating a capital asset management strategy, and then determining – in line with the evidence base and strategy – what assets to dispose of and what new or existing assets to invest in, to create a new “baseline” of assets that were well-placed to deliver on the Institute's and Government's goals.

To make the best use of public spending, officials suggest that the strategy would need to look beyond the Institute to other networks of public assets, for example secondary schools, and identify opportunities to share or co-invest rather than duplicate public spending. It would also need to build on existing good practice at some ITP campuses in co-investing in facilities with businesses, local government and community groups.

Officials consider that, if there were to be an exercise of this kind, it would require significant depth of expertise and large-scale capital asset management experience of a kind unlikely to be held by current ITPs, by virtue of their smaller size. It may therefore need to be supported by an independent third party which could undertake the work in partnership with the institute during 2020 (potentially starting to collect information from ITPs in 2019), and provide advice to decision-makers for implementation in mid-late 2020 onward.

*Do you feel that an exercise of this kind would be worthwhile? If so, what might it need to take into account?*

Officials are also interested in feedback on whether final decisions about the new institute's capital asset management strategy, and the associated “baseline” asset disposals and investments made in the first year or two of its existence, should sit with the new Institute or with the Government.

## Feedback questions

The questions below are just a guide – we welcome any additional feedback you have. You can see more questions or provide additional feedback online.

How strongly do you agree or disagree with the following statement?

	<i>Strongly agree</i>	<i>Agree</i>	<i>Neither agree nor disagree</i>	<i>Disagree</i>	<i>Strongly Disagree</i>	<i>Don't know / no opinion</i>
There is value in a one-off review of the assets for the proposed New Zealand Institute of Skills & Technology						

## Feedback questions

The questions below are just a guide – we welcome any additional feedback you have. You can see more questions or provide additional feedback online.

Should a one-off review of the assets for the proposed New Zealand Institute of Skills & Technology be instigated, who should lead such an exercise?

Do you have any other feedback or ideas about how the assets of a New Zealand Institute of Skills & Technology should be changed to support a modern, future-focussed institution?

## Funding and investment plans

### Implications for investment plans

The current framework for Investment Plans was set up to administer multiple tertiary institutions, generally with a regional rather than a national focus.

If a single New Zealand Institute of Skills & Technology was established, it could be required to identify regional as well as national goals in its Investment Plan, and an intended mix of provision for each region as well as the country as a whole. This could be achieved either via legislative change (as per the examples set out in the questions below) or via operational change by the TEC.

A range of options is available including possible legislative change, but more feedback and work is needed on how best to ensure these goals and objectives are included in the overall investment plan.

The TEC would also work with the Institute to ensure there is a mix of regional and national goals and outcomes, and review the plan on an ongoing basis with reference to regional as well as national outcomes, and the Institute's charter.

## Feedback questions

The questions below are just a guide – we welcome any additional feedback you have. You can see more questions or provide additional feedback online.

How best should regional and national goals, and an intended mix of provision for each region as well as the country as a whole, be included in the overall investment plan of the proposed New Zealand Institute of Skills & Technology?

In the event that a single New Zealand Institute of Skills & Technology is set up, how strongly do you agree or disagree with the following statements?

	<i>Strongly agree</i>	<i>Agree</i>	<i>Neither agree nor disagree</i>	<i>Disagree</i>	<i>Strongly Disagree</i>	<i>Don't know / no opinion</i>
The Education Act (1989) should be changed so its proposed investment plan contains regional as well as national goals, and sets out an intended mix of provision for each region as well as the country as a whole						
The Education Act (1989) should be changed so that the regional content of proposed plans must take account of advice from Regional Leadership Groups						
The Education Act (1989) should be changed so that the TEC must assess proposed plans with reference to regional as well as national outcomes						
The Education Act (1989) should be changed so that the TEC must assess proposed plans with reference to the Institute's charter						

## Ability for the Minister to design a funding mechanism specifically for the New Zealand Institute of Skills & Technology

The main consultation document outlines proposals for a unified funding system that include operating grants for providers to meet their fixed costs, and special funding where the costs of delivery are unavoidably higher - for example, because of the location or nature of the learners.

As the Government works through analysing the financial and business model of the proposed new institution, it may decide that (in the short or long term) specific funding is required to manage risks or maximise opportunities, or that the Minister may need to place conditions on funding of the Institute.

The Government may therefore need the ability to direct funding specifically to or to place special conditions on the funding of the New Zealand Institute of Skills & Technology, which a Minister cannot do currently through general funding mechanisms under the Education Act 1989.

### Feedback questions

*The questions below are just a guide – we welcome any additional feedback you have. You can see more questions or provide additional feedback online.*

In the event that a single New Zealand Institute of Skills & Technology is set up, how strongly do you agree or disagree with the following statements?

	<i>Strongly agree</i>	<i>Agree</i>	<i>Neither agree nor disagree</i>	<i>Disagree</i>	<i>Strongly Disagree</i>	<i>Don't know / no opinion</i>
The Education Act 1989 should be amended to allow the Minister to issue funding mechanisms for the New Zealand Institute of Skills & Technology only, as a specified organisation.						

## What happens after I provide feedback?

We expect that many people will be interested in having a say on the future of vocational education in New Zealand. Everyone's feedback is welcome. Officials will carefully consider what we've heard in engagement meetings, along with the feedback that is sent in to the survey, email address and phone line.

The Minister and Cabinet will receive a summary of all the feedback and it will inform their decisions about the Reform of Vocational Education. You can expect to hear about these decisions around mid-2019.

Officials will also continue to draw on feedback and ask for more conversations as we work through how to implement Government's decisions.

## Are you looking for more detail?

Technical discussion documents that go into greater detail on the specifics of the other two proposals are available at <https://conversation.education.govt.nz/conversations/reform-of-vocational-education/>. Questions on the details are available on the technical discussion documents and online when you indicate that you wish to provide specific feedback to the following topics:

- » Proposal on new roles for providers and industry bodies
- » Proposal on a unified funding system