

26 March 2019

## **SUBMISSION ON THE REFORM OF VOCATIONAL EDUCATION**

### **Details:**

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## 1. **INTRODUCTION**

This submission is presented by the Invercargill City Council (the ICC). The ICC is chosen by the Invercargill public to govern the City's affairs and to provide and maintain services and amenities for the public of Invercargill.

The Local Government (Community Well-being) Amendment Bill, currently at Select Committee stage, has the objective of restoring the purpose of local government to be "to promote the social, economic, environmental, and cultural well-being of communities". The ICC considers that promoting these well-beings within its community is already a key role of the ICC and intends to do so through this submission.

The Invercargill District encompasses an area of 49,142 hectares and has a population of approximately 54,000.

The ICC enables democratic local decision-making by, and action on behalf of, our local communities.

The Reform of Vocational Education consultation document and technical documents have been provided to the ICC's Elected Representatives and Senior Staff. Their comments and views have been included in this submission.

**The ICC welcomes the opportunity to provide commentary on the proposal and has outlined its concerns below and provided recommendations.**

## 2. **GENERAL COMMENTS**

### Development of the Proposal

The ICC considers that the analysis of the proposal undertaken to date has been insufficient. The ICC does not consider that adequate rationale has been provided for a one-size-fits-all approach, and that the potential learnings from those institutions that are performing well have been overlooked in the development of the proposal.

The financial implications of the proposal have not been assessed and ICC wishes to be given assurance that there will be adequate opportunity to submit on any proposals that may require funding or resource from local government.

The draft Regulatory Impact Statement that accompanied the proposal stated:

*We have not yet monetised these impacts, but hope to be in a position to do so once we have further information on detailed design issues and impacts.*<sup>1</sup>

The draft Regulatory Impact Statement also provides under the heading 'Where do the costs fall?' that:

*Monetised and non-monetised costs; for example, to local government, to regulated parties.(emphasis added)*

*The financial implications of the proposed reform are under development and will be included in the final Regulatory Impact Statement. The Cabinet Paper seeking final decisions will provide analysis and options on who bears these costs. However, we expect significant system change to involve significant*

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<sup>1</sup> Draft Regulatory Impact Statement: Proposed reform of vocational education, Page 2

*transition costs, such as for organisational redesign, meeting obligations to employees and suppliers, and establishing new systems and relationships. We expect that the Crown would meet some, but not all, of these costs.<sup>2</sup>*

As the potential significant financial impacts may be, in some part, borne by local government, the ICC considers it appropriate that adequate time is given for stakeholders, including ICC, to consider the final proposal prior to the drafting of any legislation.

The draft Regulatory Impact Statement further provides that:

*We do not yet sufficiently understand the likely impacts of the proposal and alternative options. Significant costs have not yet been adequately quantified. We consider that formal consultation and further analysis will provide a better basis for final decisions<sup>3</sup>.*

The ICC accepts that these impacts and costs will be better quantified following this consultation period and acknowledges that ICC would likely choose to add to our current feedback based on this quantification.

The Consultation Discussion Document outlines the Government's proposed timeline for these changes.

*... the Government will consider all feedback received during consultation, and then make decisions quickly – likely in May or June 2019 – about how to proceed. ... The Government would aim to pass any new legislation during 2019 to enable a new institution to be in place from 1 January 2020.<sup>4</sup>*

The ICC expresses concern that the Government's proposed timelines for change will not allow adequate opportunity for potentially affected stakeholders to consider and feedback on the impacts and costs of the final proposal before legislation is enacted.

The ICC submits that it is sensible to offer adequate time for the Government to receive information from stakeholders based on a full and final proposal, including financial costs, and other cost/benefit analysis, prior to drafting legislation. This will militate against the risk of requiring subsequent amendments to the legislation to rectify unintended consequences and the uncertainty within the community that invariably comes from that.

**The ICC strongly recommends that all potentially affected stakeholders have adequate opportunity to consider and provide feedback on the final proposals.**

### 3. **THE SOUTHLAND SITUATION**

The Southland Institute of Technology (SIT) directly contributes to the social, economic and cultural well-being of the Invercargill and wider Southland area. Any reduction in operations at SIT would have a significant impact on Invercargill and the wider Southland area.

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<sup>2</sup> Draft Regulatory Impact Statement: Proposed reform of vocational education, Page 2

<sup>3</sup> Ibid, Page 5

<sup>4</sup> Consultation discussion document, Page 32

As previously mentioned ICC does not consider adequate rationale has been provided for a one-size-fits-all approach. It feels the potential learnings from those institutions that are performing well have been overlooked in the development of the proposal. The ICC considers the SIT is an institution that is performing well and could provide learnings for the wider sector. The SIT has continually adapted to meet local needs and to ensure it remains relevant as a tertiary education provider. It is vital that the SIT be able to retain its autonomy.

The Consultation Discussion Document makes a number of statements about the sector that groups all existing providers into one. It does not adequately recognise those providers who are performing well.

The ICC appreciates the opportunity to provide decision-makers with information on the impact that the SIT has on the Invercargill area, and to clarify for decision-makers how the operation and performance of the SIT counters some of the reasons provided for the initial proposal.

The Consultation Discussion Document states:

*Supporting thriving, sustainable regions is one of the Government's key strategies for achieving 'Government Priority 1 – an economy that is growing and working for all of us'.<sup>5</sup>*

The ICC considers that the proposal as put forward could have the direct opposite effect on the Southland region. The ICC submits that this proposal runs counter to what the Government is trying to achieve through the Provincial Growth Fund.

The SIT is one of the largest employers in Southland and its programmes bring many people to the region. A reduction in the operation of SIT will affect our economy, communities, diversity, culture, arts and sports.

The SIT has assets that add real value to Invercargill and the wider Southland area, including accommodation apartments and childcare activities. The SIT has recently purchased the St Johns Church; a Category 1 Heritage New Zealand rated building, with the intention of utilising it for its Arts programme. The investment in protecting one of the City's most important heritage buildings may not have occurred if the SIT was controlled from a central body.

In his Ministerial foreword to the Consultation Document, Hon Chris Hipkins states:  
*... our polytechnics and institutes of technology are going broke.<sup>6</sup>*

This assertion is used as one of the key drivers for change within the sector. While acknowledging that some providers within the sector are not proving themselves financially sustainable, the ICC draws attention to the fact that this is not the case for all providers. Using the SIT as an example, ICC submits that:

- SIT has never run a deficit
- SIT monitors budgets and expenditure all year round ensuring it does not spend money that it does not have
- SIT makes annual financial contributions to arts, cultural and sports events in the Invercargill community
- SIT has significant assets including cash reserves.

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<sup>5</sup> Consultation Discussion Document, page 12

<sup>6</sup> Ibid, page 4

In a technical discussion document it is stated that:

*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.<sup>7</sup>*

The ICC submits that once again the SIT is very successful in these areas. In example:

- SIT staff and Council are members on many local business, industry and community committees. The SIT is a shareholder in the recently established Southland Regional Development Agency.
- 97% of SIT graduates surveyed (51% response rate) are in employment or further study.
- 94% of SIT students and graduates are satisfied with the SIT and their programme of study.
- Students in Invercargill who are eligible for the Government's Fees Free scheme also get an accommodation bursary of \$100 per week from the SIT. Many SIT graduates finish their studies debt free.

**The ICC recommends that SIT be used as an example of good practice, and that the Government consider methods of lifting other providers to this level, rather than risking the success of the SIT by combining it into a single entity.**

#### 4. **CONCLUSIONS**

- The ICC has concerns that –
  - Some of the proposed changes will adversely affect the Invercargill and wider Southland area, and that the impacts of these changes have not yet been adequately assessed.
  - The proposed changes will remove autonomy from the SIT. This will negatively impact on its ability to quickly react to a changing environment and continue to provide a successful education service to the community.
  - The proposal, as drafted, rather than strengthening the regions of New Zealand and in particular Southland, will instead undermine this goal of the Government.
- The ICC would like to register its support for the submission provided by the SIT.
- The ICC thanks the Minister for the opportunity to submit on the proposal.
- The ICC encourages the Minister to undertake further evaluation on the costs and benefits, both financial and on the well-being of individual regions, of this proposal prior to requesting the drafting of legislation.
- The ICC requests that it and other stakeholders be given adequate opportunity to submit on the final proposal once the further evaluation has been completed and published.



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<sup>7</sup> Proposal on a single New Zealand Institute of Skills and Technology Technical discussion document, page 2