



**Submission to the Ministry of Education on the Reform of  
Vocational Education**

**5 April 2019**

## About the NZACA

1. This submission is from the New Zealand Aged Care Association (NZACA) the peak industry body for the aged residential care (ARC) industry in New Zealand. We represent 93% or approximately 36,000 beds of the country's rest home industry. Our members' services include four categories of care, rest home, hospital, dementia and psychogeriatric, as well as short-term care, such as respite.
2. Our members range from the very small stand-alone care homes from as little as six beds in more remote areas of the country right through to the larger care centres of more than 100 beds, some of which are co-located with retirement villages.
3. Advocating and lobbying to government to shape policies and create an environment that helps our members provide outstanding quality care for older New Zealanders is at the heart of what we do. We provide leadership on issues that impact on the success of our members, for example, the annual contract negotiation with District Health Boards (DHBs), the pay equity settlement and workforce recruitment and retention.
4. We produce valuable research, professional development opportunities, information and publications to help our members make informed business decisions, improve capability and keep them up-to-date with industry developments. We also run the annual industry conference, which is the showcase event for New Zealand's aged care sector.
5. Any enquiries relating to this paper should in the first instance be referred to Alyson Kana, Senior Policy Analyst at [alyson@nzaca.org.nz](mailto:alyson@nzaca.org.nz) or by phone on 04 473 3159.

## Overall comment

6. The NZACA supports the Government's approach to reforms of the vocational educations and training system.
7. The reforms are vital to ensuring the aged care sector can meet the changing needs of its residents who are increasing not only in number and age, but acuity. We need a vocational education system that is flexible and able to respond to these changing needs. These reforms are urgently needed at a time of critical shortages of New Zealanders wanting to work in the aged care sector, combined with historically low unemployment.

## General comments

8. The ARC industry is facing significant pressure from an ageing population with an increasing number of older New Zealanders requiring ARC. We need to have a workforce with the right skills to support these people who have increasing acuity. To ensure we have the right skilled workforce we need a vocational education system that responds and is reactive to our needs.
9. Currently, our workforce includes 30,000 employees (20,000 caregivers) that could potentially, are currently undertaking or hold qualifications that have achieved through vocational education.

10. This number, however, needs to grow significantly to ensure our industry has enough employees to care for the vulnerable older people modelling has suggested is needed. Workforce modelling completed for the ARC sector by Grant Thornton<sup>1</sup> has projected that between 12,000 and 20,000 extra residents will need rest home care by 2028. This will require the recruitment of 1,000 extra caregivers each and every year until that time. While the pay equity settlement in 2017 vastly improved pay rates and helped retention, it has not led to more Kiwis wanting to take up the job.
11. To have a workforce with the right skills we need a vocational education system that is agile to deliver training to meet the changing needs of our rest home residents, who are increasing in both number and acuity as well as provide leadership for workforce development.

#### *Training environment*

12. The ARC industry needs a training environment that can cater for and support all business types in our industry. Within our industry we have small businesses who do not have a lot of internal resources to support training right through to large corporates who have the capacity to support their own training programmes.
13. We need a vocational education system that can move and transform quickly with the different and changing needs to businesses within our industry. The system also needs to meet the evolving needs of industries, business and trainees as well as technological and societal changes and advancements.
14. The system needs to be responsive to the needs of large and small business. Small businesses must not be ignored, and as major employers in the ARC industry, they too need to be embraced in any model.
15. There also needs to be greater employer choice in training options compared to what exists in the current system.

#### *Employer voice*

16. The vocational education system needs to have employers and industry/peak bodies at the forefront. Employers need to be at the centre of any training model to ensure that the system is engaged and has up-to-date knowledge of industry workforce needs. There needs to be more direct engagement between employers and the training that is being taught.
17. As a peak industry association, the NZACA would welcome the opportunity to take a greater leadership role, on behalf of members, in the training requirements of our workforce.

#### *Funding arrangements*

18. Vocational education funding arrangements need to be reviewed. We need to see a system that is affordable for trainees and employers to engage within. Cost should not hinder any trainee or employer from engaging in training to upskill and reskill as an individual or employer's workforce.

---

<sup>1</sup> Grant Thornton (2010) *Aged Residential Care Service Review*.

19. The ARC industry already struggles to meet the everyday, business and compliance costs within a capped funding model where funding has not kept up with inflation. Any changes in funding to training needs to ensure they are made based on upskilling a workforce for the same or reduced cost as currently experienced. We would not like to see an increase in costs to businesses and/or trainees that does not add value to the workforce.
20. Also, training needs to be affordable and accessible for all business sizes.
21. The funding arrangements under the new proposed system are unclear. We would like to see more detail before any system is implemented.

#### *Transition to a new system*

22. Any transition to a new system needs to ensure that it does not affect those currently training and the employers who are involved in this training. There needs to be a well-planned and seamless transition.
23. Any new system also needs to ensure it does not disadvantage new trainees.

#### *Other comments*

24. The system needs to promote clear career pathways for both school leavers and those retraining to ensure there is a flow of new employees. Particularly as the ARC industry has an older workforce that is increasingly reaching retirement aged and younger generations not interested in working in our industry.

#### **Next steps**

25. The NZACA would like to see the Tertiary Education Commission (TEC) and the Ministry of Education engage with industry bodies on what comes out of this round of consultation. The industry needs more detail on the proposals and the opportunity to engage further. The reform in its current proposed state does not provide enough detail to ensure we are fully informed of the impacts it will have on the training system used by the majority of our workforce.

#### **Conclusion**

26. The NZACA is supportive of the Government's proposed reforms. We need a system that is responsive, reactive and accountable to the needs of providers and the industry to ensure we can care for the increasing number of older residents as well as their increasing acuity. To do this, employers need to be at the centre of any training model and the system needs to be properly funded and supported.

END