



**Aged Care
Association**
NEW ZEALAND

Aged Care Association submission to Tertiary Education
Commission's consultation on the 'Redesign of the vocational
education and training system'

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About the Aged Care Association

This submission is from the Aged Care Association (ACA), the peak body for the aged residential care (ARC) sector in New Zealand.

New Zealand has over 670 aged residential care facilities, with more than 40,000 beds and 35,000 residents. In comparison, Te Whatu Ora oversees 10,748 public hospital beds.

Our members provide rest home, hospital, dementia, psychogeriatric, respite, and palliative care and care for around 700 younger people with disabilities.

Sixty six percent of beds are run by religious institutions, charitable trusts, family-owned, not-for-profits, and privately owned facilities. Most of the remaining beds are operated by listed companies (34 percent), with less than 1 percent provided by Te Whatu Ora.

Residents may be

- very frail and clinically unstable,
- well but disabled and have very high care needs,
- cognitively impaired or with mental health issues, with some requiring a secure environment,
- receiving end of life care.

Funding for aged residential care is a mix of means-tested user-pays and government subsidy.

Aged residential care providers are contracted by Te Whatu Ora to provide care services at a rate that is set annually.

The aged care workforce is under-resourced and overworked.

The ACA welcomes the opportunity to make a submission to *the Tertiary Education Commission* on the ***Redesign of the vocational education and training system***. The Association is available for discussion at any time that suits TEC.

Context

1. The ARC sector provides services across four care categories:
 - Rest home care: the resident is assessed as generally able to be independent (are mobile and can feed themselves) but needing assistance with personal care or supervision of activities of daily living. The residents are assessed as unable to safely live in their own homes (or other community settings) either due to their disability needs and/or lack of informal supports.
 - Hospital level care or continuing care: the resident is assessed as having significant disability, usually in combination with medical problems, which requires 24-hour supervision with registered nurse input for their care.
 - Dementia care: the resident is assessed as needing 24-hour supervision and care, in a secure environment due to risk of wandering or becoming lost due to memory loss or confusion.
 - Psychogeriatric care (also known as specialised hospital care): the resident is assessed as needing 24-hour supervision and care. This level of care is for people with major behavioural issues (including severe dementia or addictions). They need a high level of specialist nursing care.
2. The staffing requirements, including skill level of the workers, vary significantly across these four levels, as the acuity and medical needs of residents also vary.
3. The Age-Related Residential Care Services Agreement, which is the sector agreement between Te Whatu Ora and ARC facilities, set annually and negotiated by the Aged Care Association, lays down the requirements for staffing across these four levels. It also specifies the training and certification requirements for care workers across these levels. Given that the agreement is negotiated on an annual basis and in close consultation with the aged residential care sector, **the standard of vocational education and training in ARC is already well aligned with the sector's requirements, with the scope to review its efficacy on a periodic basis.**
4. However, there are several other unique workforce challenges impacting the sector. Primary among them is the lack of sufficient New Zealand-specific contextual training to the internationally qualified workforce.
5. Approximately 70 percent of the ARC workforce is made up of internationally qualified care workers and nurses. Our members have told us that a recurring challenge for our sector, is that the migrant workforce has insufficient opportunities to gain contextual learning around the provision of clinical services in New Zealand, especially at the entry-level.
6. While some large facilities can support these workers as they adapt, smaller facilities, those most likely to require a migrant workforce, find it difficult to identify a suitably experienced care worker or registered nurse.
7. Even those workers who meet the qualification requirements are often not confident in providing clinical or personal support without supervision or professional assistance. While facilities have historically supported and invested in training their employees, the opportunities to do so are limited.
8. **This makes vocational training, particularly the ones that provide workplace learning as opposed to online or classroom-based learning, critical to adequately skilling the ARC workforce.**

9. In preparing our submission, we have consulted with our members, and other key stakeholders including BusinessNZ and Careerforce; the latter two which have also made submissions on this consultation.

Proposal 1: Creating a healthy ITP network that responds to regional needs

10. The Association agrees with the consultation document's statement that highlights the importance of ITPs as critical to responding to regional needs. However, while there's strong emphasis on ensuring financial sustainability of the ITPs, we believe that there's a need for more strategic thinking around ensuring that the training programmes offered by ITPs are in response to industry needs.
11. The consultation document also outlines the requirements for ITPs to respond to the needs of students, industries and employers while also developing meaningful partnership with communities at a local level. However, there's no clarity on how polytechnics are performing these functions currently and with what outcomes.
12. The Association strongly believes that there's a much bigger scope to learn from the ITP model that existed before Te Pūkenga, as well as learnings from Te Pūkenga and the Workforce Development Council's operations, which goes beyond financial viability. Unless these learnings are assessed and factored in the development of the new model, the Association is concerned that the new model would be limited in its ability to actually respond to industry needs.
13. The Association would also like to strongly reiterate the concerns raised in BusinessNZ's submission which states the numerous risks associated with reconfiguring the sector, including (but not limited to), the sector being more focussed on change processes and government settings than the core function of meeting the needs of industry and learners; change fatigue of the workforce contributing to further declining service delivery; compounding financial deficits creating significant fiscal risk to government of an uncostered change programme; a single point of failure of the federation model, similar to Tē Pukenga, but without the contributing profitability of successful ITP's or work-based learning to cross-subsidise loss making divisions; lack of confidence of business and learners; and an ongoing inward focus resulting in ITP's failing to recognise and respond to rapidly changing skill demands.
14. The Association believes that the proposed federation model could potentially be a more efficient approach, both from a financial and operational perspective. The Association strongly recommends further consultation in developing and refining this model of operation.
15. The consultation document outlines that ITPs facing serious financial issues with low student enrolment numbers will be encouraged to offer more blended and online learning opportunities. The Association does not support this view. While financial viability is important, the Association strongly believes that it should not come at the cost of delivering quality and relevant training programmes. Programmes that need a practical component, such as in the case of health programmes where it is important that trainees also have the practical clinical context, the Association would strongly encourage ITPs to undertake innovative models to encourage practical trainings. This could include apprenticeships offered in partnership with industry stakeholders.

Proposal 2: Establishing an industry-led system for standards-setting and industry training

16. Of the two options suggested under this Proposal, the Aged Care Association prefers Option A as we believe it to be better aligned to:
 - encourage employer buy-in to the system
 - enable flexible and relevant responses to sector skill needs
 - support successful learner outcomes
 - promote an integrated, sustainable, and clear system
 - can be implemented promptly without undue complexity.
17. The Association also supports this option as it promotes sector representation in governance structures.
18. We highly recommend a model that encourages industry-led standards-setting. In setting up the 'Industry Training Boards' (ITB) as proposed under this option, we recommend the following:
 - a. The ITBs must adequately represent all sub-sectors. We strongly advocate for the aged care sector to be well-represented, with at least one of the industrial representatives in the proposed governing body to be nominated from the sector.
 - b. The ITBs must be well-resourced with the capacity to ensure that the transition is nimble and responsive to workforce needs. It would be useful, particularly from an ARC perspective, for the body to also work on workforce pipeline planning and strategy.
 - c. The Association, however, does not support the suggestion that ITBs should be bound by the letter of expectations issued by the Minister for Tertiary Education and Skills. Instead, we recommend that the Ministry co-design a strategy and performance expectation with each ITB to improve accountability and direction-setting, while also ensuring that the process remains industry-led.
 - d. In this regard, we would like to reiterate Careerforce's submission that "some industries will see this model as over-reach and dilution of industry ownership of training through the proposal for the organisations to operate under a letter of expectation (LoE). Rather than a LoE, the proposed entities could produce an investment plan or similar that provides a multi-year plan for standard setting (in its broad sense) and training and the investment required to achieve the plan."
 - e. The Association supports TEC's view that the new model would be able to provide multiple options for employers and those seeking trainings. However, the Association is also concerned about the possibility of this diluting the quality of trainings offered. To mitigate this risk, we would strongly recommend that the ITBs be responsible for setting minimum standards for all trainings providers, which would be specific to the different sectors. For instance, in the case of the trainings provided for those interested in joining the care workforce, emphasis should be given on workplace training, as opposed to online or classroom education, where a trainee would have limited opportunities to learn about the practical skills required for the job. While online trainings are often the most economical, both for the providers as well as the trainees, it may not be the best pathway for a highly skilled workforce.

- f. The ITBs should focus on providing more micro-credentials to align with learner and employer needs.
- g. Vocational training must be seen from a holistic perspective. Apart from focussing on technical skills, in the case of people-facing jobs such as care workers, there should be an equal emphasis on cultural and language competency required to communicate well and provide adequate care.
- h. The Association strongly recommends that ITBs should work closely with the industry and regulatory bodies to promote in-work career pathways – such as training for Health Care Assistants to qualify as an Enrolled Nurse – preferably through an apprenticeship model. This would potentially make vocational trainings more attractive for a wider cohort of people, when clear career pathways are outlined.

Proposal 3 – A funding system that supports a stronger vocational education sector

- 19. The Association strongly supports BusinessNZ’s submission which states that “basing funding decisions on trying to balance profitability of the sector, rather than ensuring institutions are successful because they are delivering education products and services that business and learners value, will drive a work programme based on incorrect fundamental assumptions.”
- 20. From the aged care sector’s perspective, the Association has heard from its members that clinical and medical advancements have meant that residents are entering ARC with medical conditions such as HIV, Down Syndrome and other rare disorders which had previously prevented people from living a long life. As the needs of the aging population becomes more complex and also culturally diverse, the demand for a highly skilled workforce that is trained in addressing these complexities is vital. This, coupled with high rates of unemployment across sectors and with a new vocational education system incentivising innovative training solutions, New Zealand would have the potential to train a highly skilled workforce to meet growing need.
- 21. The Association recommends that ITBs be charged with the responsibility of incentivising a highly competitive market, where innovation in terms of the trainings offered, is both encouraged and supported.
- 22. The Association also supports BusinessNZ’s view that “a return of industry training rates to previous levels fails to recognise high inflation over recent years, and will limit the ability of ITB’s to respond to the different needs of business and learners.”
- 23. We are particularly concerned for the ARC sector, where ARC providers often fund the training fees for care workers to seek adequate training and certification to provide higher levels of care for some of New Zealand’s most vulnerable residents. A return to the 2020 funding rates would compel training providers to increase fees to generate sufficient operational revenue. This would be a huge burden on an already under-funded sector and could have devastating impacts on attracting and maintaining a steady supply of qualified care workers in the sector.
- 24. The Association also supports Careerforce’s submission that states “the funding model must recognise that standard setting, qualification development and quality assurance provide benefits the whole system, not only workplace training and as such should seek contribution from all parts of the VET system.”