Aged Care Association
NEW ZEALAND

Aged Care Association submission to the Education and Workforce Select Committee on the 'Education and Training (Vocational Education and Training System) Amendment Bill'

June 2025

Contents

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 Education and Workforce Select Committee on the 'Education and Training (Vocational Education and Training System) Amendment Bill'. The ACA represents nearly 100% of the aged care sector and this submission reflects the views of a section of our membership.

The ACA would also like the opportunity to present orally before the Select Committee on this Bill.

Context

1. The ARC sector is a core pillar of NZ's healthcare system, providing various levels of care for residents with complex needs across four key 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. Care staffing in aged care includes Registered Nurses (RNs), Enrolled Nurses (ENs), Caregivers, Diversional Therapists among others.
3. The workforce is under-resourced and overworked, with around 70% being internationally qualified requiring specific New Zealand contextual training. Workplace learning is, therefore, considered critical.
4. The Association has been actively involved in consultations with the Tertiary Education Commission to set up an industry-led independent work-based learning model. We support the setting up of the Industry Skills Board.
5. **The ACA would also like the opportunity to present orally before the Select Committee on this Bill.**

Recommendations

6. The Association acknowledges that the vocational training sector has undergone multiple reforms in the last couple of years. Every reform has brought with it uncertainty for the trainers, the learners, and therefore, the employers.
7. In our previous submissions, the Association had strongly recommended a seamless transition process. Therefore, the proposed two-step transition process with the ISBs, does concern us.
8. The Association also endorses BusinessNZ's view that "While the Bill signals a structural shift in the vocational education system, it falls short of enabling the significant change required to genuinely lift skill standards across the workforce. Key powers remain within government agencies, limiting the ability of industry to influence outcomes in a timely and meaningful way. There is no substantive change to the functions or levers that would signal a new expectation for the sector to become more responsive and adaptive to rapidly evolving skill needs. The leading vocational systems globally are 'industry led and government enabled'."
9. The Association also recommends that further consultations be held to provide clarity on the

purpose and functions of the new organisational entities and how they will strategically drive improvements in workforce capability.

10. **ISB coverage:** The Bill enables ISB establishment by Order in Council following TEC's consultation on ISB coverage. The proposed coverage document (which informs the Bill's implementation) places aged care within a broad Social and Community ISB, a grouping that the Association has voiced concerns about in their submission to TEC. **We would like to reiterate our strong recommendation for a standalone Health Care and Social Assistance ISB** and submit against the proposed broad grouping as outlined in the consultation document, as the proposed grouping violates the Bill's principle of taking into account views on avoiding duplication.
11. **Concerns around temporary ISB training role and transition certainty**: The transition period of up to two years when ISBs will take over training from the current work-based learning business divisions in Te Pūkenga, creates a period of transition rather than growth. The Bill solidifies the temporary nature of the ISB training role (until Dec 2027) and requires transferring learners/activities to tertiary providers. We'd previously voiced concern about uncertainty and ensuring a steady workforce supply during this transition. The Bill introduces the specific detail that ISBs cannot enrol new trainees without TEC approval during this period. We therefore highly recommend:
    - The need for a seamless transition implementation plan that minimises disruption for existing learners and providers.
    - The potential risk to workforce supply if the TEC approval process for new enrolments during the transition period is slow, restrictive, or bureaucratic. Advocate for a clear, efficient process that facilitates continued training uptake.
    - Emphasis on clear communication to employers and learners about the transition process as mandated by the Bill.
    - Peak bodies and industry associations be given a priority voice in the establishment of industry governed PTE for work-based learning.
12. **Funding Model Implementation Details**: The Bill provides the framework for ISB funding (TEC, provider charges, levies). However, the specific amounts and operational models for funding are not in the Bill itself. To ensure that funding does not become an issue again, as it clearly did with the previous reforms, the Association recommends the following:
    - The need for robust, detailed consultation with industry stakeholders on the actual funding rates and models for ISBs once these are developed under the Bill's framework.
    - Funding levels must be adequate to support high-quality training, particularly in the health sector. From an ARC perspective, reflecting on the complexity of care needs and attracting/retaining staff, we strongly recommend an industry-governed PTE for work-based learning.
    - With concerns about the potential for provider charges for QA functions to increase costs for providers, which could be passed on to learners or impact the sector's already strained finances, we strongly recommend that these charges to be reasonable and transparent.
    - Any industry levy implemented under the Bill's provisions must be genuinely industry-supported and used for purposes that directly benefit the aged care sector as a whole, consistent with the Bill's limitations on levy use.

13. Ensuring Aged Care Representation: While the Bill mandates 75% industry representation on ISB boards and general appointment criteria, we note that it doesn't guarantee specific sub-sector representation. The Association recommends that the Order in Council ISBs make specific recommendations for the constitution of the Boards, ensuring adequate representation from the sectors that it serves. Given the significance of ARC in the health care ecosystem, we would strongly urge for guaranteed representation from the aged care sector. We also recommend a transparent process for selecting the industry representatives to ensure adequate sector voice.
14. On this note, we also note that the 'industry-led' factor in the reforms need to be strengthened further. The Bill still gives significant levers to the TEC, Minister and NZQA to direct the activities of ISB's, over and above the powers of the ISB boards.
15. Prioritising Practical/Workplace Learning: The Bill gives ISBs the power to set standards and endorse programmes. To ensure the sector's confidence in vocational training, especially as the system undergoes a major change, the Association strongly recommends that the legislation consider further strengthening the accountability of ISBs to the industry it serves, The implementation of the Bill's provisions for ISB functions and TEC funding advice must actively prioritise, incentivise, and adequately fund high-quality, practical, workplace-based training models suitable for the aged care sector, in consultation with industry bodies and sector stakeholders.
16. Strengthening Workforce Pipeline Planning: The Bill includes strategic workforce analysis and planning as an ISB function. However, it needs to be noted that sector stakeholders, specifically industry bodies, are already acutely aware of their workforce challenges and opportunities. Hence, there's a need to ensure adequate sector consultation at periodic intervals, which should include wider consultations than recommendations from the ISB Boards. Such a process will ensure this function is implemented in a way that focuses on proactive, detailed workforce pipeline planning specifically for high-demand sectors like aged care, addressing attraction, retention, and the integration of international workers.
17. Mandating In-work Career Pathways: The Bill includes apprenticeship provisions. The Association acknowledges that and recommends that the legislation require ISBs and tertiary providers (polytechnics, PTEs, wānanga) to actively develop and promote clear, accessible in-work career pathways as part of the programmes endorsed and delivered under the new system. This would be particularly useful for sectors such as aged care, where we witness a high turnover due to lack of understanding and opportunities to move up further in the career pathways.
18. Change Management During Transition: The Association has consistently raised concerns about change fatigue and the need for a smooth transition. While the Bill details the mechanisms for transition, it doesn't explicitly require specific change management strategies. The Association therefore recommends the need for the implementation of the Bill's transitional provisions to be accompanied by a comprehensive, well-resourced change management plan providing clear communication and support to aged care providers, staff, and learners.