



5 April 2019

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Via email: [vocationaleducation.reform@education.govt.nz](mailto:vocationaleducation.reform@education.govt.nz)

Chartered Accountants Australia and New Zealand (CA ANZ) welcomes the opportunity to comment on the Reform of Vocational Education Consultation Discussion Document.

The vocational education and training (VET) system provides an important talent pipeline for New Zealand, including for students wishing to pursue a career in Chartered Accountancy. The VET system enables students to meet the academic prerequisites for entry to the Chartered Accountants Program (CA Program), completion of which is a pre-requisite to full CA ANZ membership. This gives us a vested interest in any changes proposed for the sector. More information about Chartered Accountants Australia and New Zealand is provided in Appendix A.

We acknowledge the need for substantial reform of New Zealand's VET system. As stated in the discussion document, for a variety of reasons, many Institutes of Technology and Polytechnics (ITPs) are under considerable financial stress and many stakeholders agree that the current system is poorly positioned to deliver on our future needs. This threatens the sustainability of the sector, and must be addressed.

While we are broadly supportive of many of the proposed reforms, we have significant concerns about the process - in particular the length of the consultation period, the level of analysis provided, and the overly ambitious implementation timeframe, as discussed below.

Changes of this magnitude and importance cannot and should not be rushed. The proposals are far too important to New Zealand's future, and the sector vital to ensuring that all New Zealanders have the skills, knowledge and capability to adapt and succeed in a world of rapid economic, social and technological change.

### **Consultation Period**

Given the fundamental and far reaching nature of the proposed changes, it is imperative that extensive stakeholder consultation and engagement is undertaken, with careful consideration given to any feedback received. The proposed changes are significant, and contentious within the sector. Meaningful engagement and consultation takes time, and cannot be rushed.

The discussion document states that extensive engagement and consultation will be undertaken with those impacted by the proposed changes. This includes students, apprentices, industry and business groups as well as current providers and iwi. We question whether a seven week consultation period is sufficient to ensure the outcome of this engagement and consultation is meaningful. Also, seven weeks may be inadequate for those stakeholders wishing to analyse the impact of the proposed changes on the VET sector, and to formulate a considered and evidence based response to the discussion document.

### **Lack of Sufficient Analysis**

The discussion document claims that a merger of the 16 current ITPs into the New Zealand Institute of Skills and Technology will result in significant economies of scale, improved coordination, and enable better use of ITP assets and expertise. Effectively, by centralising many of the functions of the 16 ITPs, the Government anticipates a significant reduction in overall sector costs, and an eventual increase in the quality of output and outcomes from the sector.

However, in the January 2019 Cabinet Consultation paper, Treasury expressed its concerns about the lack of a clear indication of the likely overall financial implications of the changes proposed, including short-term transition costs, and enduring funding changes.

We share Treasury's view and its concerns. The rigour of the proposals would be greatly enhanced by the inclusion of sufficient financial analysis to support the business case for the proposed reform.

### **Timeframe**

We note that the Government intends to pass the proposed changes through the legislative process and fast-track their implementation so that they are in effect by January 1, 2020. In our view this does not provide sufficient time for due process to be followed and for robust and effective legislation to be drafted and enacted.

Should you have questions concerning the matters discussed above or wish to discuss them, please contact Charlotte Evett via email at [charlotte.evett@charteredaccountantsanz.com](mailto:charlotte.evett@charteredaccountantsanz.com) or phone on +64 4 910 1130.

Yours sincerely



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## About Chartered Accountants Australia and New Zealand

Chartered Accountants Australia and New Zealand is a professional body comprised of over 120,000 diverse, talented and financially astute members who utilise their skills every day to make a difference for businesses the world over.

Members are known for their professional integrity, principled judgment, financial discipline and a forward-looking approach to business which contributes to the prosperity of our nations.

We focus on the education and lifelong learning of our members, and engage in advocacy and thought leadership in areas of public interest that impact the economy and domestic and international markets.

We are a member of the International Federation of Accountants, and are connected globally through the 800,000-strong Global Accounting Alliance and Chartered Accountants Worldwide which brings together leading Institutes in Australia, England and Wales, Ireland, New Zealand, Scotland and South Africa to support and promote over 320,000 Chartered Accountants in more than 180 countries.

We also have a strategic alliance with the Association of Chartered Certified Accountants. The alliance represents 788,000 current and next generation professional accountants across 181 countries and is one of the largest accounting alliances in the world providing the full range of accounting qualifications to students and business.