**Version 1: 30 August 2024**

***Vocational Education and Training Reforms***

**Guidance to help you prepare your submission**

### Purpose of the guidance

This guidance includes **notes and answer prompts** to help you prepare your submission on the proposed vocational education and training reforms.

The reform will change how vocational education and training is arranged, delivered and funded in New Zealand. The construction and infrastructure sector is a major user of workforce education and training and it will be heavily impacted by the reforms.

The Government is particularly interested in the views of industry and so we encourage you to respond to this consultation.

The answer prompts are designed to make it easier for you to respond to the consultation. We have developed the answer prompts from workshops and meetings with key employers, industry bodies and other stakeholders from the construction and infrastructure sector and represent the most held views. However, **it is important that you tailor your response so that it represents your views and meets your industry needs.**

We strongly encourage you to:

* include relevant evidence and examples to show the potential impact of any changes on you, your industry and the wider sector.
* Provide a summary of the key principles that you think must be maintained or areas the questions do not address in [question 33.](#_Are_there_any)

A short glossary of terms and acronyms is on 27.

### Ways of submitting a consultation response

You can submit a consultation response on the proposals in three ways:

1. **Complete the survey monkey survey.** You can also submit your feedback using an online survey provided (in which case you can copy and paste relevant answer prompts from this guidance document into the survey response). Online survey link: <https://education.surveymonkey.com/r/Vocational_Education_Training_Reforms_Consultation>
2. **Email and attach completed template**. Complete the following template (which uses the Ministry of Education’s submission template) using the answer prompts which are relevant to you. Save and attach your response, and email your feedback to [VocationalEducation.Reforms@education.govt.nz](mailto:VocationalEducation.Reforms@education.govt.nz)
3. **Email your feedback in a different form.** You can provide your feedback in another format rather than responding to the questions. Feedback in another format If you wish to provide your feedback in a different format, you can email feedback using the same email address [VocationalEducation.Reforms@education.govt.nz](mailto:VocationalEducation.Reforms@education.govt.nz)

**The deadline for all submissions closes on Thursday 12 September 2024.**

### How to use the guidance

Read any notes provided, review and use/adapt the answer prompts that are relevant to your response and delete prompts that are not relevant. We strongly encourage you to add relevant evidence and examples to show the potential impact of any changes on you, your industry and the wider sector.

For responses via the online survey, copy, paste and adapt relevant answer prompts from this document into the online survey. You are also free to adapt this information to create your own submission template.

### For further support and any questions

Please contact [Communications@waihangaararau.nz](mailto:Communications@waihangaararau.nz) or your [Relationship Manager](https://www.waihangaararau.nz/for-industry/industry-engagement/) at Waihanga Ara Rau.

### Summary of Ministry of Education notes on the submission process

* You do not have to respond to all of the questions.
* The information you share will be used by the Ministry of Education, the Tertiary Education Commission, and the New Zealand Qualifications Authority for analysis of options and a report on the themes of submissions, and to further develop policy advice for the redesign of the Vocational Education and Training system.
* Your full submission along with your name will be published on the Ministry of Education website at the end of the consultation period in line with a transparent decision-making process.
* If you do not want your name published or any part of your submission published you will have the opportunity to indicate which part of your submission should not be published and why, for example privacy or commercial sensitivity reasons.
* Submissions may be subject to requests under the Official Information Act 1982. The Official Information Act requires the release of the information unless there is good reason under the act to withhold it. will consult with you before releasing any information you requested not be published.

**Section 1 - Background Information**

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| ***If you are submitting as a company/organisation,*** *please use this box to briefly describe your organisations scale and national/regional coverage as the questions below do not fully cover this and the depth and breadth of representation. We have been told that this kind of context is an important consideration for the Government.*  *(i****). Scale and contribution of organisation:***  ***For employers*** *who have more than 100 employees please state the number and turnover as this is helpful to demonstrate contribution to Aotearoa’s economy (the upper range for question 12 is 101+ employees).*  ***For industry organisations*** *please provide information about your membership (e.g. the type, number of organisations whose voices you are representing), including listing out the names of the different organisations you are representing.*  ***(ii) Nationally v. regional coverage***  *Are you a national organisation, are you a regional organisation, or are you a mix of both?*  *If you have national and / or regional offices or bases, please list these out.* |

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| **Your Information** | |
| 1 | Are you submitting as an individual or on behalf of an organisation/company?  *Answer or select drop down if using survey.* |
| ***If as an individual***  *Then complete below. Companies / organisations move on to question 7.* | |
| 2 | What is your name? |
| 3 | Which region do you work/study in?  *Answer or select drop down if using survey.* |
| 4 | What is your ethnicity?  *Answer or select drop down if using survey.* |
| 5 | Do you consider your community to be urban or rural?  *Answer or select drop down if using survey.* |
| 6 | What best describes your relationship to the vocational education system?  *Answer or select drop down if using survey.* |
| **If you are submitting as a company / organisation**  *Then complete below. Individuals move on to question 14.* | |
| 7 | What is the name of your organisation/company? |
| 8 | Which region do you primarily operate in?  *Answer or select drop down if using survey.* |
| 9 | Do you consider your community to be urban or rural?  *Answer or select drop down if using survey.* |
| 10 | Which of the following best describes your organisation?  *Answer or select drop down if using survey (employer or Industry /Sector body halfway down the list)* |
| 11 | Would you consider yourself to be a part of Māori industry/a Māori education provider?  *Answer or select drop down if using survey.* |
| 12 | If you are an employer, how many staff are in your company/organisation?  *Answer or select drop down if using survey. See note at top of question set related to numbers of staff.* |
| 13 | Which industry grouping best represents your company/organisation?  *Answer or select drop down if using survey.* |

**Section 2 – Proposal 1: Regional ITPs**

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| Proposal 1: Creating a Healthy ITP Network that responds to Regional Needs | |
| **14** | Do you agree with the consultation document’s statements on the importance of ITPs? *ITPs refers to the Institutes of Technology and Polytechnics. Examples include Unitec in Auckland, WITT in Taranaki and Ara in Christchurch. ITPs primarily deliver campus-based training (i.e. courses that are completed on campus by people in full or part-time study). They may also provide off-job training (block courses) to learners in work-based learning and apprenticeships. All ITPs are based in specific regions of New Zealand but may have presence outside their region. One ITP, the Open Polytechnic specialises in nationally available online learning.*  *The type of campus-based learning that ITPs provide in the construction and infrastructure area is primarily focused on pre-trade training and offering diplomas and degrees in areas like construction management, surveying, quantity surveying and architectural technology.*  *Before Te Pūkenga was established, ITPs also provided off-job training under contract to ITOs who ‘arranged’ this training. The type of off-job training (block course) training provided by ITPs varied a lot depending on the industry or trade but included areas like joinery, painting and plumbing. Off-job training can include learning or be primarily assessment of competence.*  *In the past ITPs have also supported on-job apprenticeships, called Managed Apprenticeships. These programmes were generally similar to apprenticeships offered by Industry Training Organisations (ITOs).*  *One of the key drivers behind the proposals is making sure ITPs are financially viable so the degree of importance placed on ITPs is an important consideration.*  *This question requires an agree or disagree answer as there is no option for ‘neither agree not disagree’ in the dropdown box for the answer. This is unhelpful as an answer to the question is not straightforward. Option to leave the answer blank if agree or disagree are not your answer.* |
| *Answer or select drop down if using survey.* | |
|  | **Why / Why not?**  **Your answer**   * Specific areas that you, your organisation or your sector value * Areas that ITPs should support that are not mentioned or unclear. |
| *Answer prompts:*   * ITPs (and other providers) can play an important role in providing campus-based learning and supporting block courses for our sector. * We value the role of ITPs in providing …[include or exclude information below as appropriate and add examples]   + Providing pre-trades training * Block courses to support work-based learning.   + Online learning support.   + Vocational diplomas and degrees for our industry e.g. * We believe a model that supports better integration between campus-based, online and on-job learning would support industry and learners to select the right combination to best meet their needs. It is unclear if or how the proposals will support this. * We value on-the-job training, such as apprenticeships as it is an effective way of ensuring that workers are competent to workplace standards, safe and prepared for the dynamic nature of work in our sectors. In a construction and infrastructure context it also means that learners are actively contributing to the construction and maintenance of infrastructure as part of their learning. Learners also tend to prefer it because they can earn a living while they are learning. * The main purpose of ITPs should be to provide learners and employers with relevant skills, in turn supporting a thriving community and economy. The information outlining the role of ITPs places a heavy emphasis on their role in preventing unemployment and underemployment. While this is important it should not come at the expense of the primary role of ITPs as a mechanism for supporting vocational skills. | |
| **15** | What do you consider to be the main benefits and risks of reconfiguring the ITP sector? |
| *Answer prompts:*   * Some communities and some regional industries may feel that their needs are better understood by regional ITPs as there is greater potential for more localised delivery of campus-based training. * However, reconfiguring the ITP sector back into a regional model risks fragmentation. The major risk is that nationally consistent delivery may be harder to achieve if each ITP develops their own programmes. Consistency and quality are the number one priority for the construction and infrastructure sector, so this is a real concern. It is also important that a learner can transfer from one location to another provider without being disadvantaged. It is unclear how the proposed changes to the ITP sector will support national consistency and quality in the context of the proposal to weaken industry skills leadership and standard setting under both Option 2A and 2B. * In the construction and infrastructure sector most industries are national, rather than regionally based, and, therefore, regionally based courses are not necessarily desirable, and the national consistency may become even more of a challenge. * There is already a shortage of skilled tutors available which a regional model may exacerbate. * Some smaller industries may not be as well-serviced, as regional courses for them may be less commercially viable, given the imperatives on the regional ITPs to be financially viable. These smaller industries and specialist occupations are critical to our sector and to the economy. * The regional ITP model is underpinned by proposed funding changes, with money being redirected from work-based to provider-based training. This is not desirable for our sector which prefers and relies on the apprenticeship (on-job training) model. * Moving to a regional ITP model may not be cheaper than the existing national model (Te Pūkenga) as they will not have the benefit from economies of scale and delivery and related requirements will be duplicated. * In the past, competition between ITPs appears to have contributed to some of the issues with financial viability, and a lack of focus on regional and domestic skills priorities over pursuing growth and attracting international learners. We support competition provided it does not come at the expense of efficient use of limited funds or a focus on the role of ITPs to support vocational skills. * The government should consider the circumstances where ITPs are allowed to operate outside of their geographic area, including offering online and distance learning. This latter is especially important for work-based learning as quality online learning and support can be an important supplement to work-based learning. | |
| **16** | Do you support creating a federation model for some ITPs? *The federation model is intended to allow:*   * *The retention of regional presence and ‘brand’ for member ITPs* * *Some degree of regional influence over member ITPs, and maximum independence.* * *ITPs to exit the federation if they were able to establish a path to independent financial viability.*   *You may choose to disagree if you prefer a model not included in the proposal. For example, the establishment of 6-8 regional ITPs (e.g. Northland, Auckland, Waikato, North Island East Coast, West Cost/Central, Central/Upper South Island, Lower South Island). This would probably be permanent i.e. once established former ITPs could not reestablish themselves as independent entities.* |
| *Answer or select drop down if using survey.*  *No option for a ‘neither agree nor disagree’ response. Difficult to answer with an agree or disagree. Can choose not to select an answer.* | |
|  | **Why / Why not?** |
| *Answer prompts:*   * There is a risk we will end up with a two-tier system of regional ITPs, split between those which are independent and those which are in the ‘Federation’ under the Open Polytechnic. * It is not clear whether the Open Polytechnic is well equipped to anchor the federation model. There is concern that the Open Polytechnic as an open and distance learning organisation lacks clear capability to anchor the network. * There are lots of unknowns and lack of detail about the federation model. For example, we don’t know which ITPs will be independent and which ones will be in the federation under the Open Polytechnic, whether regional ITPs are able to combine (and therefore, create better economies of scale), the criteria for ITPs being in the federation, and how ITPs will move in and out of the federation. * Is it critical that national consistency, high quality training is delivered to support and build the workforce of the construction and infrastructure sector. * It is unclear how the potential for competition between Open Polytechnic and federation members might be managed. * We would prefer a smaller number of larger polytechnics over the combination of standalone ITPs and federated ITPs. This would balance regional representation with the benefits of economies of scale, reduce risks to quality and consistency and reduce the potential for ongoing instability due to ITPs moving in and out of a federation model. | |
| **17** | What are the minimum programmes and roles that need to be delivered by the new ITP sector for your region? |
| *This question assumes that you are a regionally based employer or organisation. If this is not the case, state this.*  *Answer prompts:*   * Literacy and numeracy and similar foundation skills would be the minimum programmes to be delivered. * All regions must have access to adequate learner services (e.g. learning support, study planning, pastoral care and career pathways) including for work-based learners if ITPs are to be contracted to provide this support. * All regions should have the flexibility to offer some regional support for leadership, business and digital skills for all learners including work based. * We are concerned that including ‘trades education ‘in the minimum standard:   + Will exacerbate issues with duplication, lack of consistency, poor quality, and put pressure on finite resources, such as skilled tutors, which are already in short supply.   + Will not address the fact that pre-trade courses do not have a strong history of consistently translating into employment in the sector.   + Spread limited resource too thin.   + Lead to an oversupply of learners in some areas, especially in the absence of any industry-led entity with influence over central planning and investment * It is critical that training for small industries and specialist occupations does not get ‘’lost’’ in any transition to a new model. For some of these small industries only one or two education providers are required with training (and block courses) only required in certain cities. * Rather than a minimum, regional specialisation for national skill needs should be explored (i.e. a ‘centre of excellence’ model). This would support the quality, consistency, programme viability and attractiveness of these offerings and provide an alternative means of ‘anchoring’ learning support and more generalised programmes. | |
| **18** | What are the critical factors needed (including functions and governance arrangements) to best support a federation model? |
| *Answer prompts:*   * It is difficult to answer this question in an informed way without clarity about how the industry voice will be reflected in the ITP sector beyond proposed incentives to respond to regional need. This is particularly challenging when the construction and infrastructure sector is largely national with limited regional focus. Regional construction and infrastructure projects do create short to medium term demand for regional training, but this tends to be focused on people who are in employment. While local training may be desirable it should be considered against the trade-offs in terms of quality, consistency and the availability to skill teaching staff. In some cases, travel to complete relevant training may be preferred. * It is unclear how regional polytechnics will be supported to respond to short-, medium- or long-term regional skills demand. The proposals do not make it clear who will be responsible for creating and providing regional data workforce forecasting. If polytechnics are to support regional development and respond to industry need there needs to be effective way of measuring that this is delivering outcomes. * We need detail and clarity as to which ITPs would be independent and which ones would be anchored under the Open Polytechnic, and the criteria and process for ITPs moving in and out of the federation. * We also need clarity around the criteria and process for ITPs to merge with one another rather than entering the federation (or moving out of it). * Regional specialisation / centres of excellence should be considered, where national demand may not exist, or may not be financially viable. Where possible, regional centres of excellence could align with natural areas of demand (for example, Waikato and geothermal). * Incentives may be required to support coverage for lower demand / volume courses, for example, specialist courses for smaller industries and specialist occupations that require investment in significant capital to run. A centres of excellence model is likely to support this approach as well. * An immediate programme to improve the attraction and training of skilled tutors, which are already in short supply, is needed. * All regions must have access to adequate learner services (e.g. learning support, study planning, pastoral care and career pathways) including for work-based learners if ITPs are to be contracted to provide this support. * Industry representation at a national and regional level, across different industries and sizes is essential to be able to provide an industry voice and input into courses to ensure that supply of training meets industry’s needs. * More detail is needed to understand how Open Polytechnics national governance arrangement would interact with regional governance, and how this would avoid replicating the kinds of issues that were a concern under Te Pūkenga including slow decision-making and high central management overheads. | |

#### Section 3 – Proposal 2: Industry Training Boards or Standalone Industry-Led Bodies

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| Proposal 2: Establishing an industry-led system for standards-setting and industry training *Answer prompts below are geared towards supporting option B as this reflects the feedback gathered from industry workshops. However, some potential counter points are included to reflect trade-offs.*  *The main features of each option are described below.*  ***NOTE: Neither option includes ‘Advice to TEC’ on their investment in vocational education or broader skills leadership functions like career pathways.***  *Option A (most similar to ITOs)*   * *Independent statutory body established by Minister with industry-appointed governance.* * *Standard-setting authority (qualification and skill standards development, programme endorsement and moderation) but combined with arranging training.* * *Arrange training, learning support and pastoral care and undertaken assessment for work-based learners but cannot deliver.* * *Strategic workforce analysis and planning.* * *The ITB is proposed to have a monopoly on arranging work-based (apprenticeship) learning.*   *Option B (most similar to WDCs)*   * *Independent statutory body established by Minister with industry-appointed governance (not explicitly stated but assumed)* * *Standard-setting authority (qualification and skill standards development, programme endorsement and moderation) but independent from all delivery or arrangement of training.* * *Strategic workforce analysis and planning.* * *All education providers including former ITOs, ITPs, PTEs and wānanga would be able to support and deliver work-based (apprenticeship) learning.* | |
| **19** | Which option do you prefer overall? |
| *Answer or select drop down if using survey.* | |
|  | **Why?** |
| *Answer prompts*  **2B**  *Standard-setting*   * National consistency and quality training is the highest priority for our industry from the Vocational Education and Training system and we view having an independent voice as the best way to achieve this. * Keeping standard setting separated from all arranging and delivery of training, will provide independence and removing any potential for conflict of interest. Linking standard-setting to funding for enrolling learners in any capacity introduces the risk that we will see the return of issues under the ITO scheme including:   + Focus on larger trades and occupations.   + Lack of responsiveness in terms of new qualifications and emerging need.   + Focus on qualification development activity that is most closely linked to revenue generation and general underfunding.   + Perceived conflict around ITOs ability to effectively moderate the consistency of their own assessment.   + Lack of adequate funding for moderation and quality assurance.   *Opening up work-based training to more providers*   * We favour allowing education providers to both arrange and deliver training. Not contracting out delivery and pastoral support is also likely to reduce management costs. * We believe that allowing more providers to support work-based learner will improve choice, service and foster innovation. This should be balanced by appropriate guardrails including strong standard-setting oversight and industry input into any expansion of provision to make sure competition is sustainable and maintains quality and consistency.   Advice to TEC   * It is vitally important that industry continue to have a voice and input into funding decisions that impact them in order to ensure that investment into vocational education effectively support the primary goal of delivering relevant skills. We wish to retain the “advice to TEC’’ function that the WDCs currently perform and believe that this requires independence from delivery.   **2A (if applicable)**   * We value a close relationship between standard-setting and arranging training highly because it ensures a feedback loop between training and qualification development. * This provides us with a one-stop-shop for standard-setting and arranging work-based training. * We are concerned that 2B would create an unsustainable level of competition in the work-based training in our sector and believe that this model will provide us with better control of work-based training for our industry.   **Further considerations:**   * The model needs to ensure that small but critical industries have a voice. * The model must maximise national consistency and quality for all forms of industry training (i.e. both campuses based and on-job learning). * Industry must have strong governance representation under these new entities and have the ability to sanction/sack the Board if they do not deliver to their expectations. | |
| **20** | What are the main features and functions that Industry Training Boards (Option A) need to be successful? |
| *Answer prompts:*   * This is primarily a return to the old ITO model (pre-2020) that did not work for large parts of the construction and infrastructure sector. There was limited focus on workforce planning and a perceived conflict between standard-setting and arranging training. * There needs to be a means of ensuring that the potential conflict of interest as ITBs take on both the ‘arranging training’ and ‘quality assurance’ functions (reviewing their own material as well as those from competitors) does not occur. * There needs to be mechanisms in place to ensure that there is national consistency in education and training provision. * There also needs to be mechanisms at Governance and operating levels to ensure that that commercial pressures on ITBs do not take priority over the long-term needs of industry (e.g. less focus on workforce planning, qualifications development and assurance as the model relies on learner numbers). * There is a risk for reduced industry voice into policy making and funding decisions at a national and regional level so a means of addressing this will be important. * It is difficult to fully comment on the features and function of ITBs as the detail provided is limited. For example, it is not clear whether ITBs will be industry specific (what they will be and how many there will be). There are several broad statements that raise concerns including: * Reference to a ‘weaker’ standard-setting function being a requirement of allowing ITBs to have a monopoly on arranging training with no detail about what this would entail. Industry influence over qualifications and standards, quality training and national consistency are a priority that cannot be compromised. * Reference to ‘stronger expectations around the types of support that an ITB must offer apprentices….’ While we support this in principle, we are concerned about the implications of increased support expectations in the context of Proposal 3 which intends to significantly reduce funding for work-based training. * Reference to ‘ensuring that qualifications and programme-approval requirements are fit-for-purpose for both provider-based and work-based learning.’   This appears to suggest that ITBs will not be able to specify aspects of the delivery and assessment of industry qualifications and standards where appropriate. We consider that industry confidence in the competence of graduates, especially in the many high-risk industries included in the construction and infrastructure space is more important that allowing for unrestricted access for education providers. It is critical that industry has a strong influence over delivery and assessment where appropriate.  This statement is also concerning in the context of the previous reference to a weakened standard-setting function. It also suggests that ITBs would be expected to support standard-setting for the vocational education system as a whole. However, the Proposal 3 intends to allocate the costs for all ITB functions to work-based learning only.   * The statement that ‘Giving ITBs a monopoly…would also ensure national consistency’ is also confusing in the context of reference to a weaker standards-setting function. * Industry must have strong representations on the Boards of these new entities and have the ability to sanction/sack the Board if they do not deliver to their expectations. * It is vitally important that industry continue to have a voice and input into funding decisions that impact them in order to ensure that investment into vocational education effectively support the primary goal of delivering relevant skills. We wish to retain the “advice to TEC’’ function that the WDCs currently perform and believe that this requires independence from delivery. | |
|  | Under Option A, how important is it that Industry Training Boards and non-Industry Training Boards be able to arrange industry training? |
| *Answer or select drop down in survey.*  *If you do not support Option A – you can leave blank.* | |
|  | **Why?**  If your industry is or has had access to an ITP or PTE that supported work-based learning, you may want to highlight that you would like to see this retained and reinstated. |
| *Answer prompts:*   * While Industry having a single point of contact for arranging training could be easier for some industries and employers (for example, those that are nationally based), standard setting needs to be separate from arranging training as otherwise it creates real or perceived conflict of interest and bias having the two functions together in the same organisation. * Our [business/industry/sector]’s apprentices/trainees are supported by [provider], and we are very happy with their service. We would not support a monopoly for ITBs over arranging training. | |
| **22** | What are the main features and functions that industry standards-setters (Option B) need to be successful? |
| *Answer prompts:*   * Competition is valuable in driving value for money and innovation, but profit-driven motivation can create risk. It is important that competition is not at the expense of the learner, quality and consistency. We need guardrails in place, such as clear expectations, rules and incentives to ensure national consistency, quality and standard (and sensible optimisation for things like programme development and curriculum). Industry needs to have a voice in these decisions. * There needs to be an advice function to the Tertiary Education Commission, and other agencies, to ensure that industry has a voice into government and can provide advice into programme funding and workforce planning so that supply of education and training meets demands. In addition, the funding will support workforce planning that is important for the sector and across Government Agencies such as MSD, TEC, Immigration, and MBIE. * Adequate funding must be provided to the industry standard-setter to ensure that it can effectively develop qualifications, quality assure and moderate activities to ensure national consistency, quality and support industry goals. * Industry must have strong representation as part of these new entities and have the ability to sanction/sack the Board if they do not deliver to their expectations. | |
| **23** | **Are there any key features of the Workforce Development Councils that need to be retained in the new system?** |
| *Answer prompts:*   * Workforce planning is highly valued by industry and is undercooked in reform proposals. It is important to link demand with supply and the role of education and training provision to support attraction, retention, skills development and future workforce needs in a system-level multi-year view. Industries really value workforce planning but do not have the capacity to model future workforce needs or process the necessary data to do this themselves, nor do they offer a wider sector focus. Without the workforce planning function, there is a risk that industry training provision may not meet future regional or national needs. * Industry voice - the interface between industry and government is key to ensuring that industry does not lose its voice and input into funding decision that impact them. Under the current proposals there is not a direct link to Government. This means that there is a risk industry may be operating in silos and be detached from policy makers and investment decisions. Without a direct link to and mandated requirement for the Tertiary Education Commission to give effect to industry advice on the funding of training in its sector, we are back in the past. In reality, the industry voice needs to have greater prominence across Government Agencies such as MSD, TEC, Immigration, and MBIE as all these agencies have an impact on the construction and infrastructure workforce. * The proposals are light on expectations around collaboration in the new Vocational Education and Training system. The existing Workforce Development Councils have expectations set on them around collaboration. Without effective collaboration, Industries fear that silos will occur. * Voice and focus on small industry and specialist occupations. There is a loss of focus on smaller industries in the Proposals. These industries are essential to the productivity of Aotearoa New Zealand and a well-functioning construction and infrastructure sector, and therefore cannot be forgotten. They need to continue to be represented and have a voice. Smaller industries value the Strategic Reference Groups (SRGs) which is something they wish to retain in the future vocational education and training system. * The retention of the Strategic Reference Groups (SRG) for each significant industry group that Waihanga Ara Rau runs. They are an effective mechanism for industry to come together to work on current and future opportunities and issues that impact them. * The Board is comprised of industry representatives from across the sector. | |
| **24** | **Are there any key features of how the previous Industry Training Organisations worked that should be re-introduced in the new system?** |
| *Answer prompts:*   * Standard-setting under ITOs did allow for a closer feedback loop between qualification development and employers and learners in workplace training. It also allowed the same entity that created qualifications to develop programmes leading to them. * Standard-setting being closely linked to training had tendency to preserve the status quo with qualifications mirroring current practice, rather than including emerging skills. * There was also a tendency for standard-setting to serve the business-side of ITOs i.e. focus on areas that would attract the most learners and therefore funding, often at the expense of smaller industries and specialist occupations. This also contributed to the substantial number of outdated standards and qualifications that were not reviewed or used, undermining the credibility and relevance of industry qualifications. * Quality assurance under ITOs was perceived as inherently conflicted, it also tended to be poorly funded as it was not linked to enrolling learners and therefore generating income. This contributed to a lack of action in addressing poor quality training and inconsistent assessment, furthering undermining industry confidence in the credibility of the vocational education system. | |
| **25** | **What are the possible benefits and risks of having a short moratorium on new industry training providers while the new system is set up?** |
| *Answer prompts:*  Benefits:   * Stability for employers and learners during the transition period. * Would allow industry, iwi and other stakeholders time to have a say in the design / redesign of new industry training providers so they are fit-for-purpose. * Likely to prevent resource required to support a smooth transition for learners and employers being redirected to competing providers   Risks:   * Existing industry training providers could entrench their current position and expand market share, leaving little room for competition once the moratorium is lifted. * Any moratorium should consider what the appropriate level of competition should be for occupations and sectors.   Further considerations:   * Barriers to entry for work-based learning are already high (for example, systems to report to the ITR). * The process and requirements for new industry training providers should be well-signalled by TEC and informed by industry requirements. * Parts of work-based learning that are equivalent to campus based/extramural learning should be funded at the same rate (i.e. off-job and guided online learning) to support the provision of relevant, innovative and quality training for work-based learners. | |

#### Section 4 – Proposed Funding Reforms

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| Proposal 3: A funding system that supports stronger vocational education | |
| **26** | To what extent do you support the proposed funding shifts for 2026? |
| *Answer or select drop down if using survey.*  *The answer prompts for question 27, below, assume a drop-down selection of ‘don’t support’ or ‘strongly don’t support’. There is not an option in the selection drop down for ‘neither support nor don’t support.’* | |
| **27** | What benefits and risks need to be taken into account for these changes? |
| *Answer prompts:*  Benefits:   * Increased viability of ITPs (funding re-balanced from work-based to providers) but this is short-sighted given that this is off-set by less investment into on-job learning which is what industry and learners want and need. * Potential for regional benefit from regional ITP being able to generate income from international learners. * Potential for better regional responsiveness related to specific construction and infrastructure projects. However, ITPs must be supported with adequate data and workforce forecasting.   Risks:   * Funding changes are very unlikely to improve outcomes to industry and learners (not at the heart of the changes), and they may have a detrimental impact. * Funding is moving work-based (on-job) to provider-based (off-job) education. highly valued by the construction and infrastructure sector as support workplace competency, supports the workforce, and our employees prefer it as they can earn a wage while learning. is the primary delivery mechanism for vocational education and training in the construction and infrastructure sector. It gives employers confidence of commercial competence and learners the ability to earn while they learn. * It is not clear that the ITP sector adequately delivers for the construction and infrastructure sector. Pre-trade courses do not necessarily lead to employment and are often too long. * Funding for work-based training needs to be retained at the current level to allow greater support for employers and learners, as well as encourage more employers to undertake training with the confidence they will be well supported. * Financial pressure may lead to some ITPs exiting some programmes, which could disadvantage smaller industries and specialist occupations (as less commercially viable) as well as cutting back on investing in up-to-date equipment. * The funding changes are driven by ensuring the financial viability of the regional ITPs, but the regional ITPs are likely to cost more than Te Pūkenga due to lack of economies of scale. If we want to deliver financial viability, then we need to look at a more comprehensive overhaul of the cost model for vocational education and training centred on industry and learners’ outcomes while bringing in different funding sources and delivering efficiencies and economies of scale. * The current funding system also allows for different modes of delivery within a programme to be funded at different rates, for example: work-based hours are funded at the work-based rate and block-courses are funded at the higher provider-based rate. The previous funding model funded work-based programmes at the same, lower rate. This led to lower quality courses and high fees for learners as it failed to recognise the true cost of including off-job training to supplement workplace learning. Any future funding system must continue to recognise the higher cost of including provider-based learning as part of work-based programmes. This is essential to ensure work-based learners can access appropriate off-job training including for areas that are not covered by all workplaces or reflect emerging skills. * The previous funding model differentiated between different types of work-based learning (i.e. New Zealand Apprenticeships vs. other types of work-based training). We would not support the return of different rates of funding depending on the level or size of qualifications. Where a qualification provides valuable skills for learners and employers, it should be funded at the same rate regardless of level or size, including micro-credentials. All workplace learners also deserve an equal level of pastoral care regardless of the size or level of their qualification and funding rates should reflect this. | |
| **28** | How should standards-setting be funded to ensure a viable and high-quality system? |
| *Answer prompts:*   * We support allocating dedicated (ring-fenced) funding for standard-setting. Nationally consistent, high-quality training and assessment is critical to industry confidence in the vocational education sector. This should be funded at level that reflects true costs in order to avoid:   + A lack of focus on small but critical occupations or industries [and/or include specifics about your area as appropriate]   + A lack of focus on emerging skills or industries [and/or add specific examples for your area]   + A lack of responsiveness and agility [and/or add specific examples or issues for your area].   + Inadequate quality assurance oversight of assessment and delivery against industry standards and qualifications [and/or add specific examples or issues for your area]. * Industry-led standard-setting is the cornerstone of national consistency and requires adequate funding to support effective quality assurance and moderation. * We do not support the proposal that standard-setting should be funded entirely from reallocation of work-based funding. Standard-setting serves the whole vocational education sector and the proposals state that the government intends to ensure that standard-setting supports campus-based, online and work-based learning. Therefore, it should be funded by reallocation of funding from both work-based and provider-based funding. * There is also potential for ring-fenced, non-volume-based funding to support standard-setting to be supplemented by further ‘user-pays’ volume-based funding including:   + Adding a modest standard-setting levy to fees already collected to report credits and award micro-credentials and qualifications (paid by the provider, and indirectly by the learner and/or employer).   *N.B. (ITOs previously received a small ‘rebate’ from the fee required to report the achievement of unit standards to NZQA. This was intended to support moderation but did not cover the full costs. WDCs do not receive this rebate as their functions are fully funded. The full fee is retained by NZQA.).*   * + Allowing standard-setters to charge for costs incurred to complete some or all of its moderation and quality assurance requirements.   *N.B. (WDCs cannot charge as they are considered to be fully funded by the government, charging for services was common among ITOs*).   * We also encourage the government to consider how the wider vocational education system, including compliance and quality assurance requirements imposed by TEC and NZQA are adding unnecessary costs and contributing to inefficiencies. Addressing these issues would reduce the cost burden of education providers, industry and learners and potentially address longstanding concerns about the speed to market for new and updated qualifications. * Funding is being diverted from work based (on-job) learning to provider based (off-job) learning however the cost of supporting standard setting including qualification development, quality assurance and workforce forecasting which benefits the whole VET sector is being drawn solely from the work based (on-job) funding allocation. If all VET sectors benefit from the wider standard setting functions surly all should contribute to covering the costs. | |
| **29** | How should the funding system recognise and incentivise the role that ITPs play in engaging with industry, supporting regional development, and/or attracting more international students to regions? |
| *Answer prompts:*  **Overall considerations, engaging with industry and supporting regional development.**   * The funding proposals do not appear to consider or incentivise the role of ITPs in addressing training at a national level. * The proposed ITP model suggests that ‘trades education’ is likely to be part of a minimum available in all regions. This appears to be based on an assumption that this is desirable and necessary. However, there are significant risks to this approach: * Provision in all regions could result in inconsistent, low-quality training that does not support learners to prepare for work and provides inadequate facilities to support necessary off-job training. There is a risk that this could also exacerbate challenges with attracting skilled people to teach trades education. * ‘Trades education’ could focus almost exclusively on pre-trade programmes which have limited outcomes in terms of the relationship to employment in the sector, and in some cases a reputation for poor quality, low relevance, and lack of focus on preparing learners for work. * Trades education available to support ‘off-job’ training would likely focus on a small number of trades with high volume (i.e. Carpentry, Plumbing and Electrical) at the expense of a wide range of specialist trades that have smaller numbers but are nevertheless critical to our economy. * Industry would like the government to consider whether an alternative means of supporting the regional viability of ITPs and/or delivery sites is supporting ITPs to specialise not just at a regional level but at a national level. Where industries are regional (e.g. seafood or forestry) the proposed arrangements would naturally support investment in the right facilities and staff with minimal risk of unnecessary duplication. However, in the case of construction and infrastructure training in many instances there is no clear regional alignment. ITPs should be encouraged to specialise in specific areas or specific types of trades education. This would support: * The viability of supporting small but significant trades and specialist occupations. * Support the viability of employing skilled teaching staff. * Support viability of regional ITPs and campuses where specialisation could anchor a wider range of programmes. * Allow investment to be concentrated into fewer places (aka centres of excellence) with state-of-the-art facilities and technology to support innovative delivery and provide learning that cannot be delivered at work. * Support consistency and industry confidence in the quality of training. * Support broader objectives such as the attraction of international students through the provision of world-class specialised programmes or training. * Equitable access for all learners is a potential trade-off from encouraging specialisation. However, it is common for learners to move to attend universities that excel in specific areas and a ‘centre of excellence’ model is common in other jurisdictions. Learners moving to regions to complete specific types of trade education due to a reputation for quality and successful employment would further supporting the regional economy and international reputation. * Where learners are primarily work-based, the funding model could consider how learners located outside of the region that they need to access ‘off-job’ training might receive financial support to minimise barriers presented by travel costs (especially in the context of lower funding for work-based learning).   **Attracting more international students to regions**   * The current proposal appears to redirect funding previously allocated to domestic tuition subsidies to support the attraction of international students (and presumably the financial viability of ITPs). * We do not support the redirection of funding intended to support domestic tuition subsidies to support ITPs to develop offerings for international students, especially at the expense of work-based training provision. * We suggest that other funding intended to promote NZ as a desirable location for international learners could be redirected to support this objective, or the objective of existing funding be refined to support this goal. * We also suggest that supporting ITPs to specialise in specific trade education programmes in addition to those that are highly relevant to their regional economy is an alternative way to support both:   1. The quality and relevance of programmes for domestic learners.   2. The attractiveness of programmes or training to international students. | |
| **30** | What role should non-volume-based funding play, and how should this be allocated? |
| *Answer prompts:*   * We would like to see non-volume-based funding incentivise innovation, collaboration and responsiveness across the VET system, as well as reflect the fact that some specialist occupations are not viable on a volume-funded basis.   Non-volume-based funding should:   * + Support the development and delivery of qualifications and micro-credentials that respond to emerging need.   + Support the development and delivery of qualifications and micro-credentials that are required to support critical specialist occupations.   + Support innovation and collaboration across the VET system. | |

#### Section 5 – Concluding Questions

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| **Concluding Questions** | |
| **31** | Could there be benefits or drawbacks for different types of students (e.g. Māori, Pacific, rural, disabled, and students with additional learning support needs) under these proposals? |
| *Answer prompts:*   * The changes being proposed are financially driven and are not centred on improving learner outcomes. There may be some benefits for Māori and iwi with a focus on supporting regional more localised provision. This is assuming the regional ITPs are engaging with local iwi to understand their needs and that they offer the provision that is needed. * The proposals are likely to preserve access to regional learning which is likely to be positive for rural learners. However, this may come at the cost of quality and consistency which creates drawbacks for both learners and employers. * The proposals do not acknowledge that New Zealand is in the process of major demographic change – by 2028 45% of 0–14-year-olds will be Māori or Pacific Peoples. A vocational educational system that supports Māori and Pacific success is critical to the future of New Zealand’s economy. * The proposals do not address the urgent need to improve integration between different modes of learning, and pathways from schools into vocational education. Reduced flexibility risks being a step backwards in being able to meet diverse learning needs. * Work-based learning risks being undermined by the proposed changes but supports diverse learners. Learners often prefer on-job training as they can stay near whānau and earn a living while they learn, which for many is a more viable option. * Wrap around support functions such careers advice, career pathways support and pastoral care, which are critical functions for learners (particularly those with diverse learning needs) are absent in the proposals. Any gains made in this area for work-based learners as a result of increased funding and the removal of restrictions on ‘delivering’ training are likely to be eroded by the proposals. * Employers are reporting that new employees and apprentices have increasingly high needs in terms of pastoral and learning support. A viable work-based training model needs to acknowledge the role of employers in training apprentices and provide adequate support for employers and work-based learners to access an equitable level of learning and pastoral support to that accessible to learners in online and campus-based learning. | |
| **32** | Could there be benefits or drawbacks from these proposals for industries or types of businesses? |
| *Answer prompts::*   * The vast majority of the construction and infrastructure industries are organised nationally, rather than regionally, therefore it may not be desirable to have courses delivered regionally. The highest priority for industry is high quality and consistent training and a regional model may result in fragmentation and variations in quality. * There is a loss of focus on smaller industries in the proposals. Incentives for providers who will have commercially imperatives under the proposals are lacking which could be a major disadvantage for smaller industries which lack volume for training, attempting to access to the training and education they need. | |
| **33** | Are there any other ideas, models, or decisions for redesigning the vocational education system that the Government should consider? |
| *Answer promptst:*   * Consistency and quality are the number one priority for construction and infrastructure sector. In a more fragmented model this is more difficult to achieve. * Future vocational education and training models need to take into account New Zealand’s size, as well as the needs of industry and learners (not just the financial viability of ITPs). We are a country of 5 million people and do not benefit from scale – solutions need to be simple, and the focus needs to be on efficiency and meeting the needs of industry, in order that they are able to contribute productively to our economy. * The primary role of the VET system should be the supply of skills to learners and employers. Investment into vocational education and training needs to align with Government priorities. This means that some industries should get more investment in training and education provision, and some should get less in order to create incentives that will support a better match between learner and employer choices and workforce skill requirements. The government has recently signalled moves to create long-term non-partisan agreement to support the development and maintenance of infrastructure. This is an example of an initiative that should be support by strategic investment in training. The construction and infrastructure are critical to the Government priorities with a $200Bn pipeline of work across roads, rail, electricity supply, water, and housing. Funding should be directly towards sectors such as ours that are critical to New Zealand's success. * The introduction to Proposal 2 suggests that under either option A or B the strategic workforce analysis and planning functions would be streamlined. The introduction goes onto suggest this could include activities such as labour market analysis, forecasting, and developing plans to support training investment and the ongoing supply of skilled workers. * The BCITO and more recently Waihanga Ara Rau has brought together construction and infrastructure project data with government workforce data and quantity surveying techniques to model the sectors workforce supply and demand gaps (or surpluses) and develop evidenced based advice, forecasting and plans to support training investment and the ongoing supply of skilled workers. * The thing with creating a workforce information platform like wip.org.nz is that the more industry and government know the more questions they have. Such as the workforce demand from a natural disaster. Rather than streamlining systems we need more accurate, timely and sector specific data covering projects, the workforce, businesses, training, immigration, national and regional economic drivers to better forecast workforce supply and demand so we can intervene early to address gaps. * In reality, evidence enabled industry voice needs to have greater prominence across Government Agencies starting with the TEC but including MSD, Immigration, StatsNZ and MBIE as all these agencies have an impact on the Construction and Infrastructure workforce. * We need to retain and invest in the apprenticeship system as it works. There is frustration that the apprenticeship model is under threat under the proposed changes. Learners prefer learning on the job and earning an income, and employers ensure that they are getting a workforce that can do the job well. The apprenticeship model is tried and tested. * There is already a shortage of qualified trades people. Further disruption to the vocational education and training system is likely to be disruptive to industry. This will have a knock-on impact on their ability to deliver. Also, employers may disengage from the formal training system. * There are some crucial functions that are missing from the proposals. For example, careers advice and pastoral care, are important in attracting and retaining people in the sector. * The proposal to do not address NZQA and TEC’s as part of this redesign. The government should consider this with a focus on reducing unnecessary compliance and finding opportunities to increase efficiency, reduce duplication of functions and increase the speed to market of qualifications. * The construction and infrastructure sector believes that there is enough money in the system and is interested in a sustainable funding solution. The proposed funding model is not viewed as sustainable and will lead to incentives to chase trainees as well as having a detrimental effect on on-job training. Funding solutions should consider other sources of funding (for example, Ministry of Social Development funding), growth and income-generating / commercial models | |

## Glossary

* **Campus-based training** - courses that are completed on campus by people in full or part-time study.
* **ITOs** – Industry Training Organisations – previous industry-owned, government gazetted organisation that undertook standard setting functions as well as arranging work-based training.
* **ITPs** – Institute of Technology and Polytechnics
* **MoE** – Ministry of Education – has oversight of the tertiary education system as a whole, supports policy and monitors the performance of TEC and NZQA.
* **On-job training** - raining that occurs on-the-job. An example is apprenticeship training.
* **TEC** – Tertiary Education Commission – responsible for investment funds to support the achievement of the government’s tertiary education commission. Monitors the performance of education providers in terms of learner achievement and financial viability. Funds and monitors WDCs.
* **Standard-setting** – setting industry skill standards and qualifications and moderating the consistency of assessment against those standards.
* **WDC** – Workforce Development Council.