



WAIHANGA ARA RAU
Construction and
Infrastructure
Workforce Development Council

August 2024

VET Redesign Consultation Information



1.

Overview of the consultation proposals and timelines

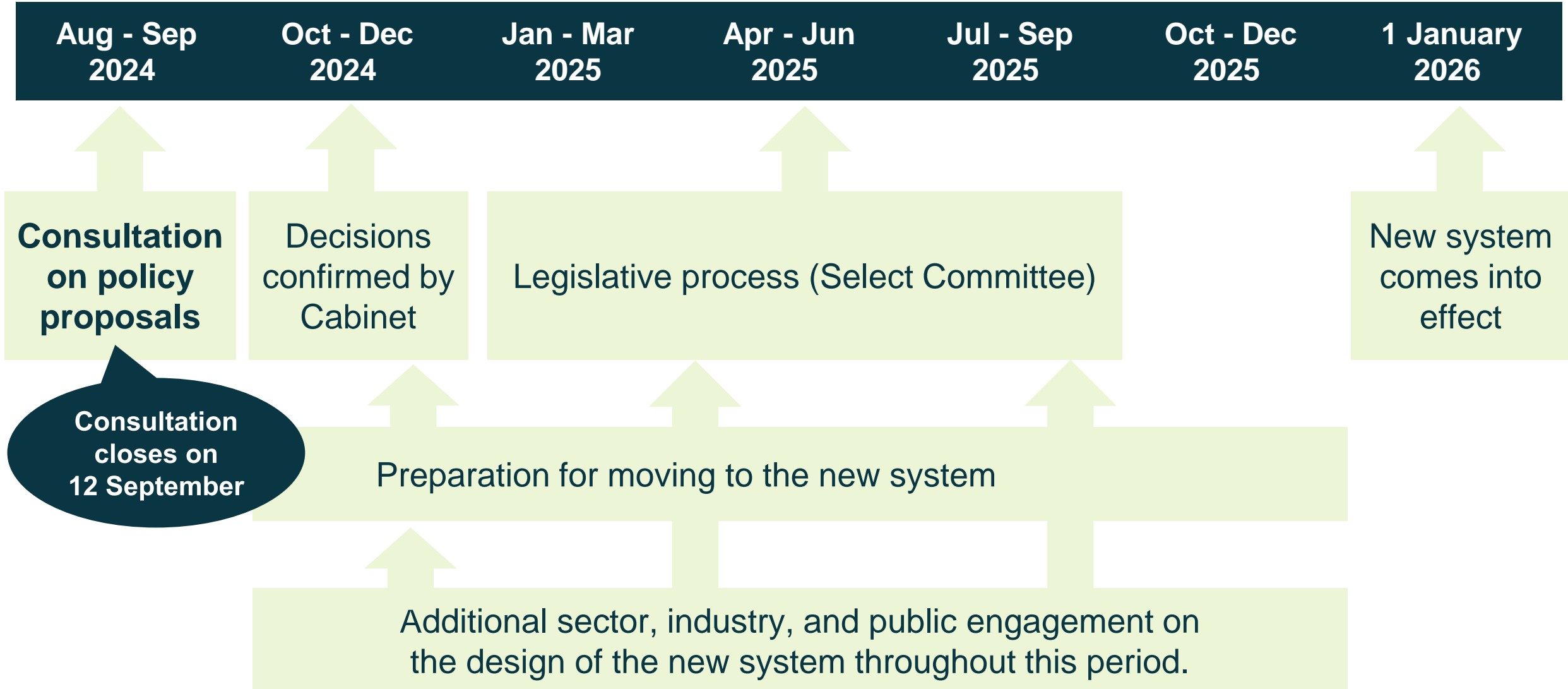
Four proposals are currently being consulted on.

Together these cover:

- ▶ Replacement for Te Pūkenga (independent regional Polytechnics and a Federation Model anchored on the Open Polytechnic) **Proposal 1.**
- ▶ **Two** different options in the mix for standard setting and industry training. **Proposal 2 - Option (A)** and **Proposal 2 - Option (B).**
- ▶ New funding arrangements. **Proposal 3.**

This consultation is important because it will result in changes to how vocational training and education are undertaken in Aotearoa for employers and learners for decades to come.

Estimate timeline for redesign of VET system



Key drivers for changes to the vocational education and training system.

The Government has three main drivers behind the proposed changes:

- ▶ **Financial viability of the polytechnics** - they have faced difficulties for over a decade.
- ▶ **Regional and local responsiveness** - the government's focus on the regions.
- ▶ **Responsiveness to industry** - specifically, standard setting in the system needs to have a sharper focus on the activities that industries most value.

Proposal 1

Creating a healthy polytechnic network that responds to regional needs.

The Government proposes to:

- ▶ Re-establish independent regional polytechnics that can show a robust pathway to financial sustainability.
- ▶ Establish a federation of smaller polytechnics, anchored on the Open Polytechnic, so they share academic and financial support and can deliver courses and programmes.
- ▶ Maintain core provision that is critical to regional communities, employers and economies.

Proposal 2

Establishing an industry-led system for standard-setting and industry training.

The Government is considering two approaches for the structure of standard-setting and industry training.

Both proposed options aim to create the opportunity for a more efficient system, focused on the functions that industries consider most valuable and with greater industry ownership and involvement.

Under both options:

- ▶ Industry-specific standard-setters would not provide advice to TEC.
- ▶ Some industries would not have industry standard-setters and would have education standards set by NZQA instead.

Proposal 2 Option (A).

- ▶ Establish a small number of Industry Training Boards, similar to the previous Industry Training Organisations (ITOs).
- ▶ Industry Training Boards would take responsibility for existing work-based programmes offered by Te Pūkenga's Work-Based Learning division and have responsibility for standard setting, qualification development and strategic workforce planning.
- ▶ Industry Training Boards would be responsible for industry standards setting and arranging training (currently undertaken by the workforce development councils).
- ▶ To improve performance and avoid historic issues re-emerging, under this option (2A) the Government would clarify and strengthen:
 - Industry Training Boards' relationship to providers, and issues such as the boundary between 'arranging' training and off-job delivery.
 - Expectations around the types of support that an Industry Training Board must offer to apprentices and trainees.
- ▶ There may be restrictions on who can offer industry training, as there were in the previous ITO-led system.

Proposal 2 Option (B).

- ▶ Stand-alone industry-led bodies (WDC-lite) would be responsible for standard-setting, including qualification development, workforce forecasting, and ensuring that provision meets industry needs.
- ▶ Te Pūkenga's Work-based Learning division would become new standalone providers looking after on-job work-based training (apprenticeships) and would also be able to provide delivery.
- ▶ Polytechnics, private providers, and wānanga would continue to be able to offer work-based training and could engage in the on-job work-based (apprenticeships) system.
- ▶ A more competitive model with lots of providers able to offer work-based training.

Proposal 3

These changes would see a rebalancing of funding for provider-based and work-based VET that will help improve the viability of polytechnics.

A funding system that supports stronger vocational education.

The Government is:

- ▶ Disestablishing the strategic component of the Unified Funding System (UFS) and using the funding to remove the lower funding rates for extramural delivery and increase funding rates for provider-based delivery in 2025 by around 10%.

From 2026 the Government proposes to:

- ▶ Restore funding rates to what they would have been under the previous system (pre-2020) therefore reducing the funding for work-based training.
- ▶ Establish funding arrangements to support and incentivise polytechnics to engage with regional industries and maximise the benefits of international education for regional New Zealand.
- ▶ Take some funding from work-based training to fund industry standards-setting, to continue dedicated funding for this function.

2.

Our approach

We have identified key principles which underpin our approach to engaging on the consultation:

- ▶ **Industry first** – Waihanga Ara Rau is fulfilling our role to be industry’s voice in vocational education and training. We will engage with and listen to industry.
- ▶ **Whole system** - we will consider the consultation as a whole system: Our primary focus is vocational education and workforce, but we will consider wider implications, such as those in the wider education system.
- ▶ **Maximum coverage** - everyone, e.g. industry, providers and other stakeholders, has a role to play in the consultation process.
- ▶ **Maximum impact** - for example, by developing a single joint consultation sector response showing a united front as well as encouraging individual responses.
- ▶ **Alignment with other organisations (where possible)** - we will identify opportunities to align themes with other organisations and sectors.

What we have heard previously that is important to our sectors:

- ▶ High quality, nationally consistent training.
- ▶ Greater support for individual employers and trainees/apprentices.
- ▶ A voice in how training works and where funding is spent.
- ▶ Support for small industries.
- ▶ Long term strategic view.
- ▶ Ability to be responsive and agile.
- ▶ Choice in training provision.
- ▶ Confidence in the vocational education and training system.
- ▶ Clear pathways to attract people into the sector.

3.

Our initial analysis of the proposals

Our initial analysis (1 of 3)

Proposal 1 - Polytechnics

- ▶ The proposal appears to be presented as a given.
- ▶ Communities and industries in regions may feel more supported.
- ▶ Ongoing pressure on regional polytechnics to be financially viable.
- ▶ Smaller industries may not be well-served.
- ▶ Nationally consistent delivery may be harder to achieve if each polytechnic develops its own programmes.
- ▶ Could be potential for a two-tier system of regional polytechnics, split between those that are independent and those that are in the 'federation' under the Open Polytechnic.
- ▶ Potential for greater competition in certain areas.

Proposal 3 - Funding

- ▶ Funding often drives behaviours so funding proposal is important.
- ▶ Support for international education in regions could be helpful.
- ▶ Promotes more provider-based (off-job) vocational education and training, rather than on-the-job training (which is our sector's preferred model).
- ▶ Could be helpful to have performance standards/ KPIs to provide guardrails/parameters.
- ▶ Financial pressure may lead to some polytechnics exiting some programmes as well as cutting back on investing in up-to-date equipment.

Our initial analysis (2 of 3)

Proposal 2 – Option (A)

- ▶ Back to the future - returning to an ITO-like system responsible for arranging training with these entities not able to deliver.
- ▶ Loss of independence regarding qualification development and assurance functions.
- ▶ Competition between on-job and off-job delivery.
- ▶ Model relies on learner numbers ('bums on seats') which may mean less focus on workforce planning, qualification development and assurance.
- ▶ Potential for less consistency in standards.
- ▶ Collaboration expectations across Industry Training Boards (ITBs) are unclear.

Proposal 2 – Option (B)

- ▶ 6-8 “WDC-like” entities established (closest to BAU).
- ▶ Retained independence with WDC-like structure on standard-setting (qualification development, assurance) and strategic workforce planning.
- ▶ Less funding for WDC-like entities to engage and support industry.
- ▶ Current workbased learning subsidiaries (previously ITOs) will be set up as training providers.
- ▶ Providers remain responsible for on-job and off-job training will lead to more choice and competition.
- ▶ There may be less focus on smaller industries.

Our initial analysis (3 of 3)

- ▶ The proposals appear to be heavily focused on the financial viability of the polytechnic sector.
- ▶ Harder to achieve nationally consistent training.
- ▶ The role of industry input into Government funding decisions not retained in any model - no provision for advice to TEC.
- ▶ Limited recognition of a range learners, particularly Māori and Pacific.
- ▶ Suggests Construction and Infrastructure are split into two. A loss of transferable programmes and initiatives.
- ▶ Much less focus on and funding for work-based (on-job) learning.
- ▶ Less focused on small industries.
- ▶ Funding likely to drive behaviours and increased competition across providers.
- ▶ Focused on supporting regional polytechnics - less on other functions.
- ▶ Silent on the roles of TEC and NZQA.
- ▶ Silent on career pathways and who is responsible for attracting people into our sector.

4.

What you can do

How you can help:

1

Consider supporting the joint consultation submission.

2

Develop your own submission.

3

Share information across your network.

4

Tell us your views.

5

Talk to Ministers, your local MP and key influencers.

Remember:

This consultation is important because it will result in changes to how vocational training and education are undertaken in Aotearoa for employers and learners for decades to come.