



WAIHANGA ARA RAU
Construction and
Infrastructure
Workforce Development Council

August 2024

VET Reform Consultation Information Webinars



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1.

Overview of the consultation proposals and timelines

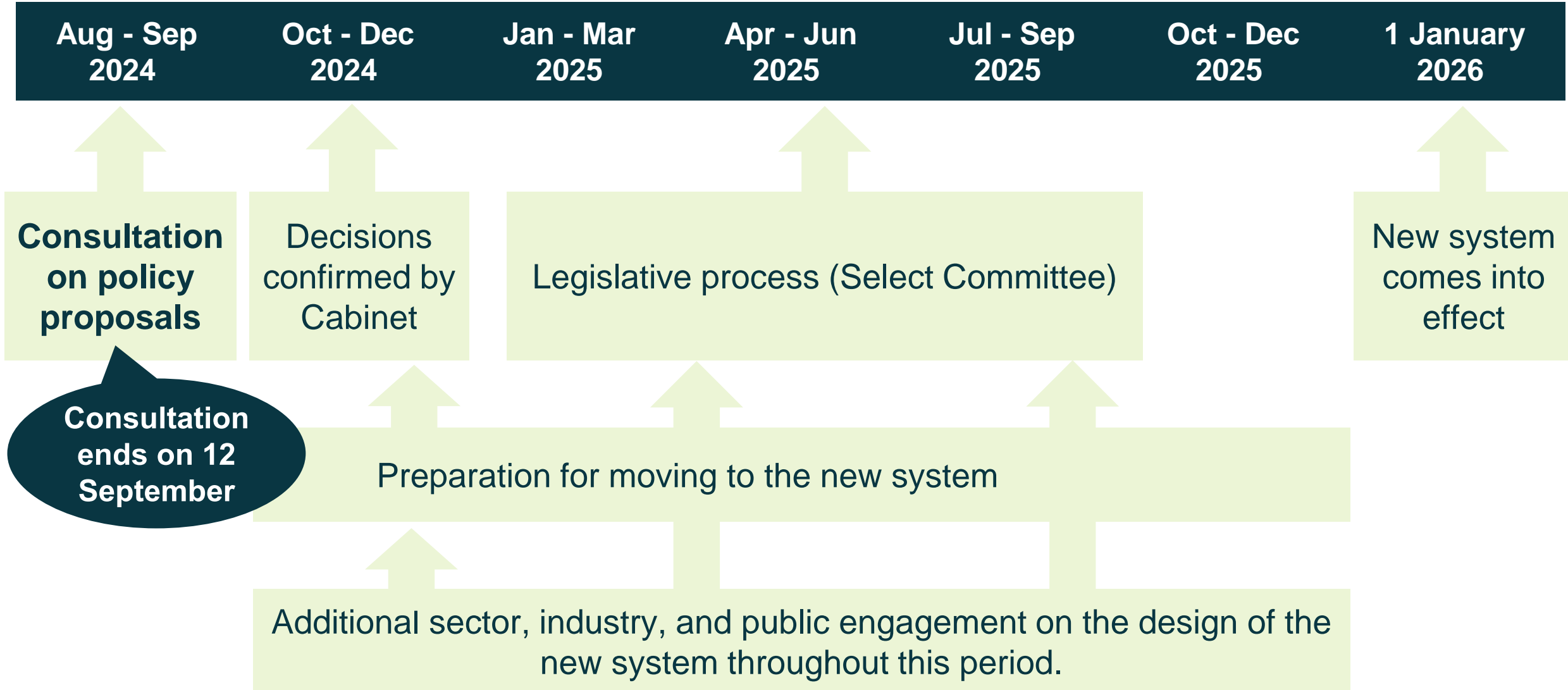
Four proposals are currently being consulted on.

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 standards 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 is 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 new 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.

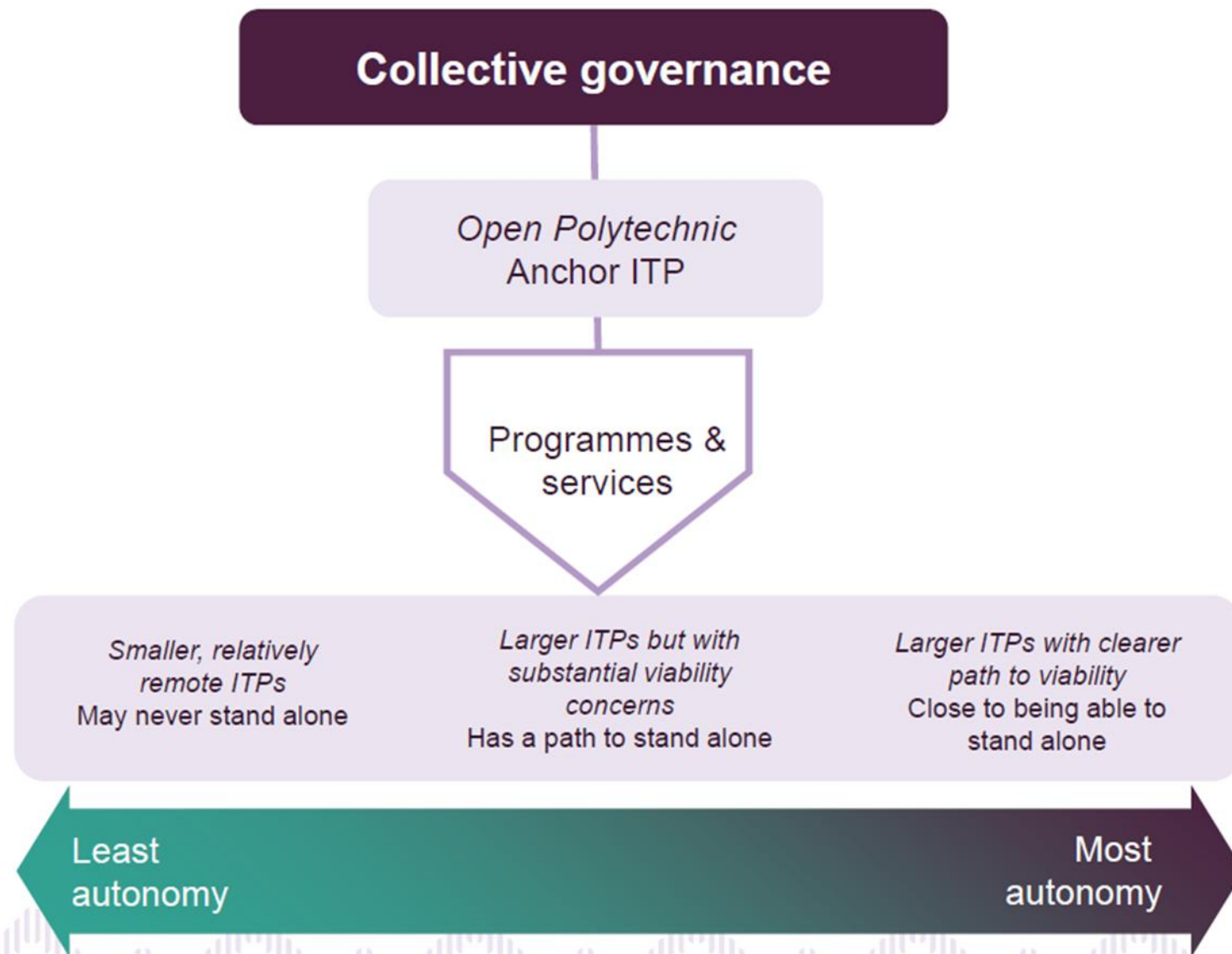
Proposal 1

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 can deliver courses and programmes.
- ▶ Maintain core provision that is critical to regional communities, employers and economies.

Potential Federation Model



Proposal 2

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

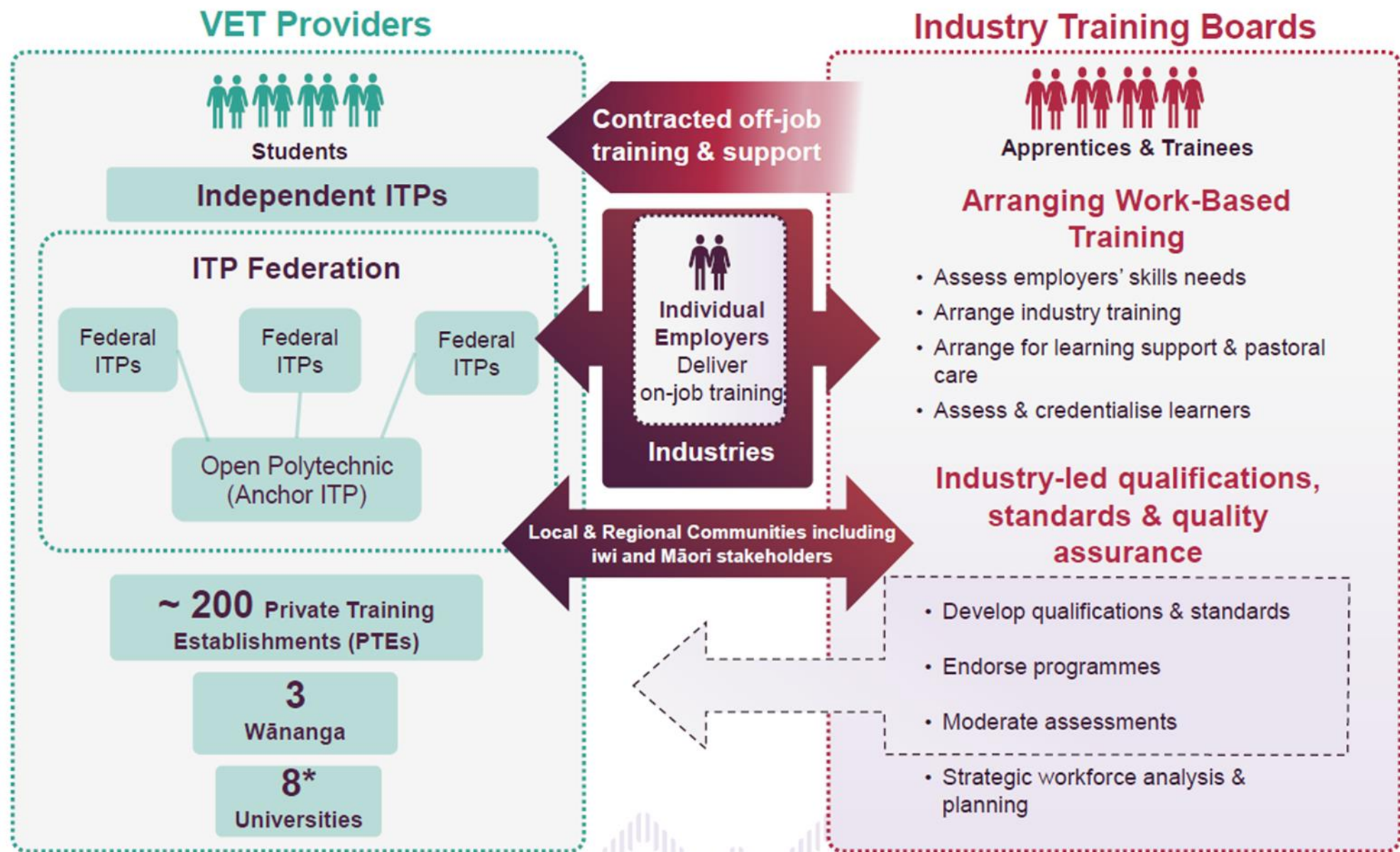
The Government is considering two approaches for the structure of standards-setting and industry training.

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

The Redesigned Vocational Education and Training System (Option A)



The Redesigned Vocational Education and Training System (Option B)

Independent Industry Standards-setters

Develop qualifications & standards

Endorse programmes

Moderate assessments

Strategic workforce analysis and planning

Providers deliver vocational education and training
(Tertiary Education Organisations)



Students, Apprentices & Trainees

ITP Federation

Federal ITPs

Federal ITPs

Federal ITPs

Open Polytechnic
(Anchor ITP)

Independent ITPs

**Up to 8 former
WBL Division
units**

(New PTEs or TEO type)

~ 200

Private Training
Establishments
(PTEs)

3

Wānanga

8*

Universities



**Individual
Employers**
Deliver
on-job training

Industries

**Local &
Regional
Communities
Including iwi
and Māori
stakeholders**

Proposal 3

A funding system that supports stronger vocational education.

The Government is:

- ▶ Disestablishing the Strategic Component of the (Unified Funding System) 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)
- ▶ 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.

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

2.

Our approach

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

- ▶ Industry first
- ▶ Whole system
- ▶ Maximum coverage
- ▶ Maximum impact
- ▶ Alignment with other organisations (where possible)

What we have previously heard 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 based on industry feedback

Our initial analysis (1 of 3)

Proposal 1 - Polytechnics

- ▶ Being 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-serviced
- ▶ Nationally consistent delivery may be harder to achieve if each Polytechnic develop their own programmes
- ▶ Could be potential for a two-tier system of regional Polytechnic split (between those which are independent and those which 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
- ▶ 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
- ▶ Relies on regional polytechnics being connected to industries and employers
- ▶ Potential for less consistency in standards
- ▶ Collaboration expectations across Industry Training Boards (ITBs) are unclear

Proposal 2 – Option (B)

- ▶ “WDC-like” entities with training being offered by a range of providers (closest to BAU)
- ▶ Less funding for WDC-like entities to engage and support industry
- ▶ Retained independence with WDC-like structure on standard-setting and strategic workforce planning
- ▶ Providers remain responsible for on-job and off-job training will lead to more choice & competition
- ▶ Likely less focus on small industries

Our initial analysis (3 of 3)

- ▶ Not aspirational and narrowly focused
- ▶ Harder to achieve national consistent training
- ▶ The role of industry input into Government funding decisions not retained in any model
- ▶ Limited recognition of underserved learners, particularly Māori and Pacific
- ▶ Suggests Construction and Infrastructure are split into two. A loss of transferable programmes & initiatives
- ▶ Much less focus on work-based (on-job) and less funding
- ▶ Less focused on small industries
- ▶ Funding likely to drive behaviours and increased competition
- ▶ Focused on supporting regional Polytechnics - less on other functions
- ▶ Silent on the role of TEC and NZQA
- ▶ No provision for advice to TEC
- ▶ Silent on career pathways and who is respond for attracting people into our sector.