Proposed Redesign of the Vocational Education and Training System

MITO Submission

12 September 2024

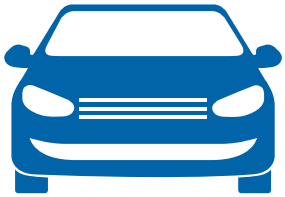
Submission Summary

MITO advises that any changes to the Vocational Education and Training (VET) system must focus on stabilising what is already working well to prevent further loss of momentum, maintain public confidence, and ensure that learners entering the system can pursue pathways that are valuable, meaningful, and relevant to them. This includes protecting the strong reputation and brand of New Zealand Apprenticeships, promoting clear career pathways for school leavers, supporting specialised industry-focused pastoral care for learners, and ensuring flexible and innovative training solutions that cater to the diverse needs of learners.

We also emphasise the need to build in an unrelenting focus on improving sector performance for all underserved learners, including Māori, Pasifika, and learners with disabilities, ensuring equitable access, participation, and an expectation that the sector will set those learners up to succeed and achieve their career aspirations. There must be robust funding to ensure the sustainability and quality of public education provision; the financial challenges facing the public education sector are longstanding, and this review provides an opportunity to establish funding systems that will future proof the sector.

We recommend:

- An alternative proposal—Option C: MITO recommends an alternative approach to the two options proposed in the VET Reforms 2025. We suggest an Option C: a fully industry-owned and led entity responsible for all aspects of industry training. This model would ensure an agile, nationally consistent, and industry-focused system capable of effective workforce development planning to meet the diverse needs of New Zealanders.
- Support for regional polytechnic delivery: We advocate for regional polytechnic delivery that addresses the specific needs of local communities. Improving the funding model for polytechnics is crucial to enabling appropriate regional public education. We recommend that polytechnic funding includes a portion not tied to enrolment numbers but dedicated to covering essential operational needs, ensuring the financial sustainability of these institutions.
- Evidence-based decision making: We emphasise the need for better use of comprehensive evidence-based performance data to inform decision-making, identify best practices, and respond effectively to shifts in the labour market.



About MITO

MITO is a business division within Te Pūkenga. We support on-job learning for people working in the automotive, commercial road transport, extractives, gas, and logistics industries. Until 2020 MITO was an Industry Training Organisation.

MITO's standard-setting function transferred to Hanga-Aro-Rau and Waihanga Ara Rau Workforce Development Councils. The MITO Transition Plan and Transfer Agreement outlined the conditions under which the transfer of the arranging training was to occur, with the intention that the Ports Industry would be transferred to their Private Training Establishment (still in progress).

MITO works with employers across the industries to support their apprentices and/or trainees to ensure that they get the best possible opportunities to learn and advance their career, while developing a skilled workforce for the industries we serve.

In 2023 we supported 7,328 learners through TEC funded Training Agreements and 763 school students completed micro-credentials through Gateway programmes in our industries. In 2024 in the year to September, we have supported 6,294 TEC-funded learners and 1,039 school students.

In 2023 our industries contributed $22,843m (in 2023 prices) to GDP in New Zealand. This equates to 6.0% of total New Zealand GDP. The number of filled jobs in our industries in New Zealand averaged 177,776 in the year to March 2023. This accounts for 6.5% of overall filled jobs in New Zealand. In 2023 there were 33,099 businesses in the industries we serve in New Zealand. SMEs accounted for 95.4 percent of all employment in these industries.

Automotive

65,095
Employment 2023

14,194
Business Units 2023

Collision Repair & Refinishing

10,626
Employment 2023

2,781
Business Units 2023

Commercial Road Transport

56,002
Employment 2023

10,846
Business Units 2023

Gas

1,113
Employment 2023

83
Business Units 2023

Drilling, Mining & Quarrying

5,072
Employment 2023

796
Business Units 2023

Passenger Service

10,357
Employment 2023

1,076
Business Units 2023

Resource Recovery

11,060
Employment 2023

1,365
Business Units 2023

Ports & Stevedoring

7,074
Employment 2023

506
Business Units 2023

Warehousing & Logistics

13,602
Employment 2023

1,712
Business Units 2023

MITO is a high-performing tertiary educational organisation. This is evidenced by our Educational Performance Indicators. The 2023 results are summarised below, showing MITO learner achievement as compared to combined rate of the eight Te Pūkenga work-based learning divisions.

All learners	MITO	Te Pūkenga work-based divisions	Rank
Credit achievement rate	100.0%	78.0%	1
Programme completion rate	62.2%	59.5%	3
First-year apprentice retention rate	78.0%	61.1%	1

Māori learners	MITO	Te Pūkenga work-based divisions	Rank
Credit achievement rate	100.0%	69.8%	1
Programme completion rate	56.1%	52.1%	2
First-year apprentice retention rate	72.5%	58.6%	1

Pacific People learners	MITO	Te Pūkenga work-based divisions	Rank
Credit achievement rate	100.0%	66.5%	1
Programme completion rate	70.7%	54.8%	1
First-year apprentice retention rate	76.2%	57.4%	1

Introduction

MITO welcomes the opportunity to contribute to the Government's consultation on the redesign of New Zealand's Vocational Education and Training (VET) system. Our submission is informed by extensive experience and insights into industry training needs, offering a comprehensive response to the Government's proposals. The consultation document provides a broad overview but lacks detailed information in several key areas. This high-level presentation makes it challenging to provide comprehensive feedback, as there are numerous unanswered questions and gaps that need addressing. For effective and meaningful input, a more detailed exploration of the proposals and their implications would be beneficial. This additional detail would enable stakeholders to offer well-informed responses and contribute constructively to the development of the VET system.

We acknowledge the crucial role of the Government in establishing an effective, efficient, and responsive public education system that serves all New Zealanders. We support the objective of creating a healthy and resilient system and emphasise the need for a clearly articulated vision. It is essential that the roles of government, industry, learners, employers, regions, iwi, tertiary education organisations, communities, and other stakeholders are well-defined within this system.

Industry training significantly contributes to the economy and should be given greater prominence for its impact on both tertiary education and labour market outcomes. Industry must take the lead in identifying and addressing its own skill needs, with education and training serving as a key, but not sole, component of this approach. A broader strategy to addressing current and future skill needs including skill shortages and workforce development is required. Industry ownership is crucial for effective workforce development planning. Unlike the public polytechnics, which are essential in delivering region-specific educational services, the role of industry is more directly involved in addressing its own skill needs. In this context, the Government's role should be supportive and complementary, fostering partnerships that enhance the effectiveness of industry-owned and led training and skill development strategies.

We support regional polytechnic delivery that caters to the specific needs of local communities, recognising its significant value. Regional polytechnics play an essential role in connecting education with community needs, offering localised programmes that address regional skill needs and employment opportunities. It is the Government's responsibility to provide and support these essential services, ensuring that communities have access to relevant and effective training opportunities.

Industry possesses unique insights necessary for crafting solutions that are relevant and effective for its context. Therefore, industry leadership is vital in shaping training that aligns with evolving requirements. The Government is encouraged to serve as a supportive partner, focusing on enhancing and complementing industry-led initiatives. While the Government's role involves addressing the broader public good and supporting the overall system, industry is well-placed to concentrate on its specific needs and challenges. It is important for the Government to have trust in industry's ability to address its own requirements effectively, while providing the necessary support to facilitate and strengthen industry-owned and driven efforts, and for industry to have confidence in the Government to provide it the necessary support it requires to future proof its skill development needs.

Fostering a collaborative approach between government and industry will ensure that the VET system remains dynamic and responsive. This partnership is crucial for driving economic well-being and sustainable growth, supporting a well-trained workforce that can adapt to the changing environment of the industry and workplace. This approach is particularly important for New Zealand as an island nation, where economic resilience is essential.

The review of New Zealand's VET system has been a prolonged and challenging process, marked by continual internal changes that have often distracted from the important work of improving the experience for industry training. There are genuine concerns that industry feedback may not be fully considered, given past reviews where there was a loss of influence, ownership, and visibility. It will be important to reassure stakeholders that their current input will be genuinely valued. To build trust and confidence, it is crucial that this review demonstrates a strong commitment to listening to and incorporating industry insights and that their contributions are given the serious attention they merit.

The Government plays a vital role in supporting public tertiary education and we urge that funding for polytechnics be allocated appropriately. This should include a portion that is not tied to enrolment numbers but also a portion dedicated to covering essential operational needs that keep institutions running effectively.

We Support:

- Upholding industry ownership and influence in the system
- Building a stronger standard setting and skills leadership role within the system that is more deeply connected to industry
- Increasing the national confidence in the NZ apprenticeship brand with a focus on improving performance outcomes for industry
- Nationally consistent delivery and adherence to industry standards across the VET system
- Financial stabilisation of publicly funded and owned vocational education providers
- Improved agility of the system and regulatory framework(s) to respond with pace to the needs of New Zealand Inc
- Retaining the expertise, capability, and capacity within the VET sector to provide continuity and stability within the system.

We encourage the redesign of the VET system to drive excellence and future-proof our training and education framework. By ensuring that our industry training system and regional polytechnics are well-resourced, and by granting greater autonomy to both industry and polytechnics, we can provide exceptional, up-to-date training and education to the industries and communities they serve. By focusing on key priorities and fostering collaboration, this redesign has the potential to significantly strengthen New Zealand's VET system and better meet its needs.

Feedback from our stakeholders, including employers, learners, and MITO staff has informed and shaped this submission.

Key Principles

In responding to the consultation document, it is essential to ground our feedback in key principles that reflect both industry needs and the broader goals of the vocational education system with a particular focus on the industry training system. While these key principles have a focus on industry training, there will be a similar set of key principles to address the needs of the polytechnic sector. This aspect falls outside the scope of our expertise, and we trust those in the polytechnic sector would have addressed these in their submissions.

These principles have been carefully developed to address the core components of effective industry training and ensure that the system supports economic growth, learner success, and industry engagement. By adhering to these principles, we aim to provide feedback that is both relevant and constructive, addressing the current gaps and uncertainties in the consultation document. These principles are crucial for shaping a vocational education system that is responsive, equitable, and aligned with the needs of all stakeholders, ultimately contributing to a more robust and effective training framework for New Zealand.

Industry led and owned	Industry training should be driven by industry needs to ensure economic growth and relevance. Full engagement from employers of all sizes is essential for effective training, standard-setting, and productivity enhancement.
Transparency of outcomes and funding investment	Clear outcomes and efficient use of TEC funding are crucial. Increased support for learners, especially those transitioning from school or with additional needs, is necessary for their success.
Strategic collaborative partnerships	Foster collaboration between industry, educational institutions, and government to drive innovation and effective solutions. Utilise resources to raise awareness and enhance industry engagement.
Equitable and accessible pathways	Ensure industry training is inclusive and accessible, particularly for Māori, Pacific learners, and those with disabilities, while respecting treaty principles.
Tripartite training agreements for industry training	Implement training contracts between employers, learners, and training entities to ensure alignment with industry and NZQA requirements. Support from employers and training entities is vital for success.
National approach via trusted brands	A consistent national framework ensures quality, portability, and accessibility of training, benefiting both employers and learners across regions.
Responsiveness and agility	Maintain flexible and adaptive training programmes to meet evolving industry needs and technological changes. Regular feedback and updates are essential for relevance.
Stabilisation and certainty for the vocational education sector	Provide stability to prevent industries from seeking alternative training solutions. Ensure the VET system meets the needs of learners and employers, supporting smaller contributors to the economy.

Priorities and Assumptions

Any option developed as a result of the consultation feedback needs to uphold the following assumptions and priorities. That is, such an option will:

- minimise disruption to learners and employers
- add value and be effective/achieve quality outcomes
- be appropriately funded to successfully achieve outcomes
- be efficient and cost-effective
- be speedy and straightforward to implement
- retain industry knowledge and skills within the education system, and
- be enduring and sustainable.

Background

Industry training is presently carried out by eight Te Pūkenga business divisions.

Industry training serves 105,555 learners across many different industries and 86 NZSCED, with 12% of these having no ITP provision. ITPs have a similar number of learners, 109,245 across their network.

Industry training is different to other vocational education and training:

- Learners are in employment and the training is completed under a tripartite agreement between the employer, learner, and industry training entity.
- Training takes place under a unique model where training is facilitated and supported by industry training entities (work-based learning divisions/former Industry Training Organisations (ITOs)) to ensure NZQA-approved training programmes delivered in the workplace via employers meet NZQA and industry standards, and to ensure the apprentice/trainee/learner is supported to achieve a nationally recognised and industry valued qualification or competency.
- Individuals learn while working under the guidance of experienced professionals in their workplace.

Past success:

- Prior to RoVE, ITOs were responsible for the standard setting and workforce development functions that are now the responsibility of WDCs, as well as the 'arranging training' functions within the vocational system. The standard setting function involves setting, developing, and maintaining industry standards, developing New Zealand qualifications and credentials with constant national industry input, and providing workforce development strategies, along with moderation of assessment of learners and managing consistency of learning outcomes across NZ on behalf of NZQA.
- The success of the ITO model was that industry leadership and ownership meant industry took responsibility for driving engagement with standard setting and training to national standards, along with developing bespoke, cost-effective service models that met needs of employers across their industries, as well as meeting learner and system needs.

Insights

As we consider the redesign of New Zealand's VET system, we are guided by the Minister's statement: "To achieve this, the Government proposes to disestablish Workforce Development Councils and establish an industry-led system for standard-setting, qualification development, workforce forecasting, and industry training. We are consulting on options for how this will be structured. Our proposals will put the vocational education system on a sustainable path and restore accountability and responsibility to communities and industries, while removing unnecessary complexity and bureaucracy." These words reflect a bold shift towards greater industry leadership and a more streamlined approach to vocational education.

In light of this vision, we'd like to offer some clarifications and positive insights about key aspects of the VET system, while recognising both the opportunities and potential complexities that come with these proposed changes.

1. Encouraging diversity in delivery within the VET system

We have heard there are concerns that having multiple providers in the VET sector might lead to fragmentation and competition. On the contrary, a diverse range of providers can be a significant driver of quality and innovation. Fostering quality and innovation in the VET system should encourage a balanced approach to meet the evolving needs of the workforce. To ensure fairness, equity, and effectiveness, it is important that there is an even playing field, i.e. a requirement to meet industry standards, the same levels of Government funding, national consistency, and a requirement to demonstrate a clear need with industry endorsement. It is vital that all training programmes approved in the VET system incorporate standards developed by the industry standard-setters, meaning transportability within the system and quality assurance through standard-setters' moderation systems. This approach will allow both public and private delivery of equal quality to support the changing workforce needs.

2. Navigating the complexity of the new industry-led system

While the Minister's proposal to move towards an industry-led system aims to cut through unnecessary complexity and bureaucracy, it's important to acknowledge that this transition might bring about new challenges. Disestablishing Workforce Development Councils and setting up new frameworks for standard-setting and qualification development will need careful planning. Clear communication and effective coordination will be key to ensuring a smooth transition and maintaining the clarity and efficiency of the VET system.

The former ITOs that transferred into Te Pūkenga have raised concerns about the complexities and risks of dismantling their existing infrastructures. These divisions have remained intact through substantial changes, maintaining a strong focus on serving their learners, employers, industries, and stakeholders. This stability has enabled continuity, even while managing considerable budget constraints aimed at offsetting financial losses elsewhere in the network. When asked to provide advice to the Strategic Advisors on options and a vision for industry training, the eight divisions unanimously agreed that the priority should be to minimise further disruption to learners, employers, industry, and staff, and to reduce risk by ensuring continuity and stability. The option of least risk—and most practical for industry—is to establish these divisions as separate entities, providing a clear pathway to maintain continuity and stability. This option aligns with the approach

being considered for polytechnics, which are being given the option to retain their brands and regional presence. During the consultation, we have heard that these eight divisions may not be allowed to remain as they are, and we believe this poses significant risks. There are complexities and interdependencies within the operational models of these divisions, including systems, programme delivery modes, infrastructure, and specialised expertise. Many divisions have successfully maintained capability in quality assurance and programme development. Further, the experience associated with qualification development and standard-setting is deeply ingrained over many years, making divisions well-positioned to adapt and respond with minimal disruption. This stability in capability is critical for ensuring that the VET system remains effective and responsive to the needs of both learners and employers.

We do not understand why this option is not being considered a viable pathway. These divisions have demonstrated their ability to operate as financially viable organisations, even with the potential to move the funding to the former STM rates, they would remain as viable entities. Moreover, any poor performing ITOs of the past no longer exist, highlighting that further significant changes could undermine the progress made. Additional significant change to their operating models puts industry training at risk of losing further momentum and potential disengagement of industry from the apprenticeship and VET system.

3. Supporting seamless transitions without solely relying on government ownership

There's a belief that government ownership is essential for smooth transitions between on-the-job and off-job training. In reality, effective transitions depend more on strong collaboration and well-designed processes than on ownership alone. By establishing clear pathways, fostering communication between employers and training providers, and creating supportive frameworks, we can ensure that transitions are smooth and efficient, regardless of ownership structures.

The premise that unifying industry training and polytechnic education offers a seamless transition between workplace learning and further study overlooks a critical opportunity: enabling individuals to continue their education in different industries as they change careers or seek new employment because they need an income to meet their personal economic pressures and/or responsibilities. A more effective approach would focus on a flexible vocational education system that supports learners in adapting to new fields while allowing them to earn an income to cover living costs. Full-time education alone is not the answer; instead, the system should accommodate the need for both continued learning and immediate employment, allowing individuals to navigate economic changes and challenges more effectively.

4. The value of industry training

Industry training plays a crucial role in a responsive and relevant VET system. This approach involves close collaboration between industry, employers, and providers to ensure that training meets industry needs. Through apprenticeships, work placements, and industry-driven curriculum development, industry training equips learners with practical skills that are directly applicable in the workplace. This partnership enhances the quality of education and ensures that graduates are well-prepared to have sustainable careers.

5. Acknowledging shared financial investment in training

It is important to recognise that the financial burden of training apprentices and industry trainees is shared. Businesses make significant investments in apprenticeships and traineeships, covering costs such as wages, on-the-job training, and training materials. Industry also makes a significant contribution through their time volunteered and expertise to support the development of standards and qualifications and ongoing reviews. This shared responsibility underscores the vital role industry and businesses play in developing a skilled workforce and highlights the collaborative nature of the VET system. This shared investment and responsibility ensures that the system is cost effective and sustainable.

6. Greater accountability

The difficulties and issues experienced in the past for industry training highlighted the need for more effective oversight and intervention. We believe there were sufficient levers that existed in that system to encourage better outcomes. However, focusing solely on ownership as a remedy has unintentionally impacted the quality, responsiveness, and effectiveness of industry training, with key stakeholders feeling disconnected and less influence in the system than they had prior to RoVE. A system that pivots towards more trust in industry to own, lead, and manage their industry training needs creates a system that is focused on the priorities as well as having a future focus. Accountability of past problems is a shared responsibility - being clear on the roles that industry, providers, stakeholders, and the Government has in the system is essential to addressing systemic issues.

Counterproposal

MITO acknowledges the importance of the proposed reforms. We propose an alternative approach that addresses key concerns while leveraging the strengths of our existing framework. Our counterproposal aims to ensure that the system remains agile, regionally, and industry-focused, and effective in meeting the diverse needs of New Zealanders.

- **Industry-owned and led:**

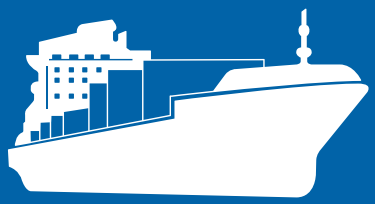
  We recommend a new Option C, which proposes a fully industry-owned and led entity that has responsibility for all aspects associated with its industry training system. This approach would enable industries to coordinate and address their current and future skill needs, enhance their leadership role in managing training systems, and ensure the quality of skills, qualifications, programmes, and delivery models. The separation of functions diverts attention from the core principle that industry training is most effectively managed by the industries themselves.

- **Enhance polytechnics funding:**

  We recommend improving funding for polytechnics to support the Government's responsibility for providing regionally based public education. Clearer scoping of the role of polytechnics and their distinctive contribution is essential to supporting the current work to achieve financial viability of those institutions. We believe that the future funding model must support the core operations of those institutions, where there is agreement of what falls within scope and what is out of scope for that funding along with the plans required to support those institutions achieve financial viability. Having all funding linked to learner enrolment numbers does not future proof those institutions. Supporting them to keep the lights on (agreed fixed costs), with variable funding linked to enrolment numbers, would set them up for success to be an asset and stable influencer in their communities. We acknowledge the funding challenges and urge the Government to determine whether it will commit to sustaining public education or consider privatisation as an alternative to address these regional needs.

- **Evidence-based decision making:**

  We recommend strengthening decision-making by making better use of the available comprehensive performance data. Utilising data-driven insights is crucial for effective decisions. We suggest conducting more detailed analyses, as broader information may not capture or reveal important trends, for example, former ITOs now within Te Pūkenga have less visibility in the reporting framework. Understanding successful practices and the impact of labour market shifts is vital, i.e. while campus enrolments often rise during economic downturns, those already employed may prefer alternative employment to full-time study due to economic pressures.



Proposal 1: Creating a healthy ITP network that responds to regional needs

1. Do you agree with the consultation document's statement on the importance of ITP's? Why or why not?

MITO agrees with the consultation document's statements on the importance of Institutes of Technology and Polytechnics (ITPs). ITPs play a critical role in delivering region-specific vocational training, addressing local skill needs, and supporting economic development. Their ability to tailor programmes to regional needs ensures that training is relevant and aligned with local industry requirements, fostering both individual and community growth.

However, despite their importance, some ITPs face significant financial pressures and sustainability challenges. Addressing how much the Government wants to increase its investment in the public system is vital to determining the extent to which it can deliver on maintaining regional delivery. Some assessment of the public good and whether this is currently being filled by private provision that compromises the public delivery is recommended. While the importance of ITPs is recognised, it is essential that the new system addresses these financial and operational challenges to ensure the success of regional delivery by ITPs.

Support for ITPs:

Localised expertise
ITPs are vital for addressing the specific educational and training needs of different regions. They are well-positioned to develop programmes that reflect local skill needs which enhances the relevance and effectiveness of vocational training.

Regional development and growth
ITPs play a crucial role in the community and the economy. ITPs contribute significantly to regional development by supporting local businesses, enhancing workforce capabilities, and promoting economic growth within communities.

Access and equity
They provide crucial access to training in regions that might otherwise be underserved, ensuring that rural and remote communities are not disadvantaged. This local presence supports balanced regional development and helps mitigate urban-rural educational disparities.

Challenges:

Sustainability
Some ITPs face significant financial pressures and sustainability challenges. These issues are hindering their ability to continually adapt and respond to regional needs effectively. Therefore, while the importance of ITPs is recognised, it is essential that the new system addresses these financial and operational challenges to maintain their effectiveness.

Responsiveness
ITPs should also play a crucial role in providing vocational education that is responsive to regional needs, equipping learners with skills that prepare them for the workforce; however, this is not true since the introduction of WDCs, which has prevented industry responsiveness that would have ensured qualifications are reflective of industry trends, fit for purpose, and are current. The disconnect between the qualification and programme development cycles has created significant delays in getting products to the market—adding cost and time to the system.

Funding
Funding has driven behaviour that isn't in the best interests of New Zealand, resulting in a proliferation of programmes of study, a proliferation of campuses out of region, an excessive focus on international learners, a lack of niche or specialist subject training, and a lack of consideration of the ITPs' purpose and place within the tertiary education sector.

2. What do you consider to be the main benefits and risks of reconfiguring the ITP sector?

Benefits:

Enhanced relevance
Reconfiguring the ITP sector could lead to better alignment of training programmes with local and regional industry needs. This alignment can result in a more skilled workforce that meets the demands of employers in specific areas. Research is critical to determining industry skill and labour market needs. Optimising the regulatory framework is critical to supporting a more responsive and agile system with incentives created to support learners into careers. A future funding system that recognises and rewards ITPs to shape their products towards learners' career aspirations is vital.

Resource optimisation
Streamlining the ITP network may lead to more efficient use of resources, reducing duplication of services, and fostering better resource allocation across institutions.

Increased collaboration
A reconfigured network could encourage greater collaboration between ITPs and local businesses, leading to shared expertise and more comprehensive support for regional economic development.

Risks:

Disruption of services
The transition to a new configuration may disrupt existing training programmes and services, potentially affecting learners and employers who rely on current ITP offerings.

Regional disparities
If the reconfiguration process is not carefully managed, it could exacerbate regional disparities, leaving some areas under-resourced or without adequate training options.

Stakeholder resistance
Existing stakeholders, including staff, learners, and industry partners, may resist changes due to uncertainty or perceived loss of local control and autonomy, impacting the overall success of the reconfiguration.

ITP regionality
Data accessed at the beginning of September 2024 show that 2024 ITP provision is not limited to the regions they are in. To truly serve local and regional needs, this out-of-region provision should cease under any reconfiguration. The financial implications of this should be factored into any viability calculations. The blue cells in the table (page 15) indicate in-region provision. Weltec is the only ITP that is delivering 100% in its region.

ITP provision to learners by region (blue denotes in-region provision)

ITP	Number of learners 2024	Northland	Auckland	Waikato	Bay of Plenty	Gisborne-Hawke's Bay	Taranaki	Manawatu-Whanganui	Wellington	Nelson-Tasman Marlborough	Canterbury	West Coast	Otago	Southland	Other
6012 - NorthTec	3,273	88.9%	4.7%	3.3%			1.6%				0.3%			0.4%	1.0%
6010 - MIT	8,022		78.9%	0.2%				20.7%	0.1%						
6004 - Unitec	8,797	0.3%	98.2%		0.2%										1.4%
6019 - Wintec	8,795		0.3%	98.1%	0.2%	0.2%	0.3%	0.1%	0.1%	0.1%	0.3%		0.1%		
6025 - Toi Ohomai	8,575	0.3%	5.2%	7.4%	82.4	0.6%	0.4%	0.6%	0.58%	0.4%	1.4%	0.1%	0.5%	0.3%	0.6%
6007 - EIT	8,761		5.7%	0.1%		80.4%									15.0%
6017 - WITT	3,616						99.7%		0.3%						
6009 - UCOL	4,972		0.7%	0.5%				85.7%	12.9%		0.2%				
6014 - Whitireia	2,903	0.6%	1.6%	2.0%	0.9%	0.8%	0.5%	0.9%	72.9%	0.5%	4.6%		0.9%	0.2%	13.9%
6008 - Weltec	2,759								100.0%						
6011 - NMIT	5,259	0.7%	4.1%	1.2%	0.6%	0.4%	0.2%	0.8%	1.5%	70.4%	3.9%	0.1%	0.6%	0.2%	18.3
6006 - Ara	11,398	0.1%	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%	0.3%	0.3%	95.8%	0.1%	0.5%	0.1%	2.1%
6024 - Tai Poutini	657		9.0%					2.4%	3.8%	4.4%	3.8%	72.0%	5.2%	1.7%	
6013 - Otago	7,258	0.7%	15.7%	3.7%	1.5%	0.9%	0.8%	1.3%	3.8%	0.9%	3.5%	0.2%	64.2%	1.4%	1.7%
6015 - SIT	9,027	1.3%	11.0%	5.5%	2.6%	2.2%	1.7%	2.1%	4.5%	2.2%	14.5%	0.6%	12.4%	38.5%	1.3%
6022 - Open Polytechnic	32,803	4.1%	26.7%	10.5%	6.7%	4.1%	2.9%	5.5%	11.8%	3.7	14.7%	0.8%	5.4%	1.8%	1.4%

3. Do you support creating a federation model for some ITPs? Why or Why not?

A federated approach could facilitate resource sharing, promote best practices across institutions, and ensure a more unified response to regional needs. It could also enhance the bargaining power of ITPs with industry partners and government bodies, leading to more impactful outcomes for learners. This model could preserve the local identity and autonomy of individual ITPs while benefiting from collective strength and coordination, enhancing the overall effectiveness of the sector.

However, if a federation model is going to be developed and adopted then all ITPs should be a part of the federation to ensure consistency of programmes, assessment, moderation, quality assurance processes, implementation of academic regulations, and better use of resource across all ITPs.

The assumption that a federated ITP model will achieve financial sustainability for individual institutions requires careful consideration, as it depends on strong systems and clear processes being in place. If an ITP continues to face financial challenges, it is unclear how this would be managed and to what extent the Government is prepared to provide ongoing support. Conversely, if an ITP becomes sustainable, there is a lack of clarity on how it would transition out of the federation and whether such a transition could impact the overall sustainability of the federation itself. The proposal currently lacks sufficient detail on these mechanisms, making it difficult to fully evaluate the feasibility and long-term stability of the federation model. The Government should focus on providing stable and sufficient funding to polytechnics to support their core operations, rather than pursuing complex federation models with many uncertainties, to ensure a strong and reliable public education system.

Benefits:

Resource sharing
A federation model can facilitate the sharing of resources, expertise, and best practices among institutions. This can lead to more efficient operations and better support for a broader range of programmes and services.

Consistency and quality
Federated institutions can work together to standardise quality and ensure consistency in programme delivery, which can enhance the overall quality of vocational education across regions.

Governance and collaboration
Effective implementation of a federation model requires clear governance structures and strong collaboration among institutions. If these elements are well-established, the model can foster a unified approach to addressing regional needs and challenges.

Concerns:

Complexity and risk
The Ministry of Education has warned that creating the federation would be complex and could lead to the failure of both the federation and standalone institutions.

Complex governance
The success of a federation model hinges on complex governance arrangements and clear roles. Misalignment or conflicts within the federation could hinder effective decision-making and implementation.

Financial instability
ITPs have been running significant deficits. The federation model might not address these underlying financial issues. This Government needs to decide the extent to which it wishes to retain the delivery and how much it wants to pay to retain those services.

Staff concerns
There are worries about further job losses at polytechnics, which could impact staff morale and the quality of education.

Competition and funding issues
The model does not solve problems related to funding and institutions competing for learners, which are significant issues within the sector.

Institutional autonomy
Institutions may be concerned about losing autonomy or having their local needs overshadowed by a centralised federation, which could impact their ability to respond to specific regional demands.

Sector consistency
Having some autonomous ITPs and some governed by the federation is not an ideal way to create cohesion and consistency. Instead, it may drive competition and inconsistency, and those ITPs who are already in a stronger position will do well, while others will continue to struggle to find their niche or point of difference within the sector.

Quality of provision
Financial stability shouldn't be the only consideration when determining which ITPs can stand up on their own and which should be part of the federation. The following table shows 2023 Educational Performance for the ITPs. The blue cells show those rates that are equal to or above the overall ITP rate for 2023. Educational performance needs to be included as a key consideration when determining viability of an institute.

Educational Performance by ITP, 2023 (blue denotes higher than sector average)

	First-year retention rate	Qualification completion rate	Course completion rate
Ara	76%	45%	85%
EIT	81%	56%	83%
MIT	77%	53%	81%
NMIT	69%	64%	83%
NorthTec	78%	60%	86%
Open Polytechnic	45%	33%	75%
Otago	66%	70%	84%
SIT	55%	48%	75%
Toi Ohomai	67%	60%	82%
UCOL	75%	61%	79%
Unitec	65%	64%	83%
Weltec	43%	64%	76%
Whitireia	62%	66%	87%
Wintec	70%	59%	76%
WITT	71%	59%	77%
ITPs	**65%**	**53%**	**81%**

Federation sustainability
How will it work in practice for an ITP to move out of the federation once on the path to financial viability? Will funding that the federation had been receiving be redirected to the newly autonomous ITP so they can adequately resource roles such as an independent academic board, quality assurance and moderation teams, administration, etc? Would the decision to allow an ITP to become autonomous also have to consider the impact of this on the federation? If the funding allocated to establishing and maintaining the federation was given directly to ITPs, then perhaps there would be no requirement for a federation.

Anchor ITP
We don't understand the proposal to anchor the federation to the Open Polytechnic. Many other ITPs have online programmes, so basing this decision on the fact that Open Polytechnic has online programmes and systems to support these is ill-considered. Open Polytechnic has the lowest Educational Performance Indicator results of all ITPs, so proposing a model where this ITP is providing academic support is alarming.

Online delivery
The proposal is for federated ITPs to be able to deliver Open Polytechnic programmes in a blended model; however, other existing programmes from other ITPs can just as easily be adapted to blended delivery models.

4. What are the minimum programmes and roles that need to be delivered by the new ITP sector for your region?

An understanding of the alignment between regional needs and the mix of provisions is crucial, as well as an analysis of how much educational provision is required across all providers in the region. Without this information, it is challenging to provide a precise answer. At a minimum, the following programmes and roles are critical to all regions.

Core programmes:

Vocational pre-trade training
Essential programmes include those in high-demand sectors such as automotive, engineering, and manufacturing, as a gateway to employment and apprenticeship training. These programmes should align with the predominant industries in the region to ensure relevance and employability.

Skills development and employability
Programmes that provide foundational skills and qualifications required by local employers.

Addressing skill shortages
Programmes tailored to address specific regional skill shortages and emerging industry needs, ensuring that training remains relevant and effective.

Core roles:

Career counselling
Services that help learners navigate career pathways and connect with potential employers.

Job placement
Assistance in securing employment opportunities, internships, or apprenticeships that provide practical experience and improve job readiness.

Community and support services
Roles to support the engagement of diverse communities, including Māori, Pasifika, learners with disabilities, and rural populations.

Academic integrity
Skilled assessors, moderators, and curriculum developers who not only know industry but understand the fundamentals of sound curriculum standard creation and development.

Information technology support
Roles in this area should be diverse and comprehensive to effectively manage the various needs of learners, faculty, and staff, and to ensure that the IT infrastructure is robust and secure.

5. What are the critical factors needed (including functions and governance arrangements) to best support a federal model?

Governance structure:

Clear roles and responsibilities
A well-defined governance structure is essential, with clear roles and responsibilities for each federated institution to ensure effective decision-making and accountability.

Regional focus
Governance structures that balance local autonomy with centralised coordination, and strong industry representation to ensure that programmes meet current and future regional workforce needs.

Transparent processes
Transparent processes for decision-making and conflict resolution to maintain trust and cooperation among federated institutions.

Accountability
Clear, concise measures of accountability, quality, and consistency, with transparent monitoring and measuring of performance.

Financial targets
Clear financial accountabilities and financial viability targets—clear guidelines ensuring that the model can deliver the regional provision within budget.

Coordination and collaboration:

Unified approach
A coordinated approach to programme development and resource allocation is necessary to ensure consistency and quality assurance across the federation.

Standard systems and processes
Finance System, Learner Management System, policies and procedures.

Communication channels
Effective communication channels between federated institutions to share information, best practices, and address issues collaboratively.

Operational flexibility
Sufficient flexibility in operational policies to adapt to regional and industry changes.

Support and training:

Training for staff
Provide training and support for staff and management to adapt to the new governance model and ensure smooth integration and operation within the federation.

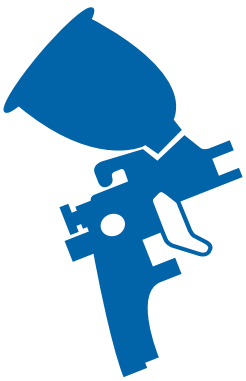
Strong processes for entry and exit of the federation

Entry criteria

- Financial viability assessment: Comprehensive evaluation of the ITP's financial health and sustainability prior to entry.
- Strategic alignment: Ensuring the ITP's mission and goals align with the federation's overall objectives and strategic plan.
- Operational readiness: Assessment of the ITP's operational capacity, including infrastructure, staffing, and governance.
- Performance metrics: Establishment of clear performance indicators and benchmarks for integration and success within the federation.
- Approval process: Defined procedures for vetting and approving new ITPs, including formal agreements.
- Stakeholder communication: Transparent communication with relevant stakeholders regarding the ITP's entry, including rationale, benefits, and integration plans.

Exit criteria

- Financial performance review: Regular assessment of the ITP's financial health to determine readiness for exit.
- Transition plan: Development of a comprehensive plan for transitioning the ITP out of the federation, including timeline and resource allocation.
- Impact assessment: Evaluation of the potential impact on the federation's stability and operations, including financial and structural implications.
- Stakeholder communication: Transparent communication with all stakeholders regarding the reasons for exit and the transition process.
- Continued support: Arrangements for ongoing support and monitoring during and after the transition to ensure stability and mitigate risks.



1. Which option do you prefer overall for establishing an industry-led system for standard-setting and industry training? Why?

We have concerns with both options, as in each option New Zealand industries would have no ownership or control and would be at the mercy of government priorities. For industry training to be agile, responsive, and truly serving the needs of their workforce priorities, our experience shows that industries themselves need to own the organisations and have decision-making powers. Government's role in industry training should be to establish the system, manage the funding allocations to ensure it is being spent on quality and necessary provision, and to monitor the quantity and quality of training. Its role should not be to own and control.

The model of government-owned Workforce Development Councils for developing and maintaining standards and qualifications has not been effective for all industries, as the priorities are not set by those within the industry. The system has lacked agility and responsiveness, falling behind in meeting evolving industry needs and specific skill demands. The process for developing standards, qualifications, and programmes has become overly complex, creating a disconnect between those involved in the development cycle of the standards and qualifications and on the programme side of the equation (programme developers, industry stakeholders, customer input), and those engaged in the day-to-day operations of the programme i.e. training advisors. This disconnect limits the overall effectiveness of the system.

Similarly, the model of using government-owned training providers to develop and maintain training programmes and arrange training for those programmes for learners in employment has not worked well for all industries, as the priorities are not determined by industry. This model has resulted in decisions on programme priorities and budgets being made by decision-makers far removed from the realities of what was needed for a productive New Zealand workforce.

To fully understand how each option would work in practice requires a definitive understanding of what 'arranging training' is in the context of the proposals. Officials explained in the consultation sessions that anything that Open Polytechnic could deliver would not be allowable under the definition of 'arranging training'. The notion that Open Polytechnic would take ownership and management of all online delivery from all current Te Pūkenga work-based divisions is worrying, as much of this provision has been developed for specific industry models and requires specialist support that is likely beyond Open Polytechnic's capabilities.

We have concerns about how potential industry groupings and options have been presented in the VET consultation document. While the document provided industry grouping examples, it was only through further questioning that it became clear the government has not yet decided on those groupings. This lack of clarity creates uncertainty and could lead to misinterpretations. Similarly with Option B, some stakeholders have misunderstood the document and thought that providers would be industry-owned. However, through questioning it was clear that those decisions have not yet been made, and potentially this could simply be Option A—government ownership with the functions simply separated out. Such confusion risks skewing feedback and undermining the consultation's effectiveness.

We believe an Option C where all functions are industry owned is a viable proposition. We see both benefits and risks in the proposed organisation of the functions, i.e. whether they are within the one entity or separated out. We understand that there will be a variety of preferences from industries based on their current and past experiences, but a key decision for this consultation should be whether industries will own and drive their own training systems, or whether the Government will own and drive all training systems, or whether there should be a blended model.

At the time of transfer of MITO to Te Pūkenga, industry transferred free of charge and in good faith its training systems, resources, and on-the-job training and apprenticeship models. With future changes, it is appropriate and fair to return these to industry control, in recognition of the original transfer and to maintain continuity. The intellectual property associated with these systems remains closely tied to industry.

In proposal one, ITPs have a pathway to become independent entities. What about the financially viable former ITOs with a proven track record? Should they not be first in line to become independent entities and able to revert back to being industry-owned organisations? MITO has at no time been financially at risk. Our modelling out to 2026 shows that MITO would be able to stand up as an independent organisation and be financially viable.

In the early 1990s, the National Government established ITOs as part of a significant VET reform. The aim was to bring vocational training under industry control, based on the belief that industries are best equipped to understand skill requirements and manage training effectively.

ITOs were intended to align training with employers' real needs, a principle that remains relevant today. Industry must have true ownership and leadership in developing qualifications and arranging training.

MITO has a long history of working with both small local enterprises and large national corporate enterprises. Twenty per cent of employers with an apprentice/trainee today took on their first apprentice/trainee over 25 years ago.

We surveyed the employers and learners currently engaged in industry training and found that:

- 94% feel that industry should have a significant or moderate amount of influence over national training standards and curriculum development.
- 93% of respondents believe national consistency in industry training is very or somewhat important for the effectiveness of their industry training (e.g. apprenticeships, traineeships, and workforce development).
- Just 8% thought a government-owned entity would be more effective in ensuring high-quality training and standards.

We consider our learners and employers know best what is important and most effective in industry training and standard-setting, and these survey results have helped inform this submission.

Our MITO whānau have also been involved in industry training for a long time. 23 percent of current employees have been employed by MITO for over 10 years—with half of these over 15 years—where they have fostered a culture of innovation, continuous improvement, and a strong employer- and learner-centric approach.

We surveyed our staff and found that:

- 94% feel that industry should have a significant or moderate amount of influence over national training standards and curriculum development.
- 93% of respondents believe national consistency in industry training is very or somewhat important for the effectiveness of industry training (e.g. apprenticeships, traineeships, and workforce development).
- Just 4% thought a government-owned entity would be more effective in ensuring high-quality training and standards.
- 84% think the current system with Workforce Development Councils looking after the standard-setting and qualification development is less responsive than when MITO was an ITO responsible for both standard-setting and arranging training, with just 1% thinking it is more agile in adapting to industry.
- 83% feel that industry has less influence than when MITO was an ITO owned and governed by industry.
- 37% feel not secure at all in their current employment since the transition to Te Pūkenga and the proposed changes ahead. Just 6% feel very secure.
- 47% would describe the stability of the organisation since moving into Te Pūkenga as "unstable" or "not very stable".

The views of our staff have also helped inform this submission, as MITO staff are pivotal to the ongoing success of industry training in our industries. This success is apparent in how well our learners achieve, shown below. Of concern is the number who do not feel secure in their employment and who feel the stability of the organisation is in question. As noted above, MITO has always been and continues to be financially secure; it is uncertainty that is unsettling. A successful model relies on a dedicated, talented workforce.

MITO learners' credit achievement rates

Year	Credit achievement rate			
	All	**Māori**	**Pacific People**	**Disability Identified**
2024 Jan-Aug	>100%	>100%	>100%	>100%
2023	>100%	>100%	>100%	>100%
2022	99%	100%	>100%	87%
2021	97%	97%	97%	91%
2020	>100%	99%	>100%	94%
2019	>100%	>100%	>100%	>100%

Comments on Option A:

Relevance of programmes
Industry Training Boards can offer targeted expertise and a direct link between industry and programme ITBs developers, enhancing the relevance and quality of vocational education.

Direct industry integration
ITBs offer direct integration with industry, ensuring that training standards and programmes are closely aligned with current and future industry needs.

Sector-specific expertise
ITBs bring specialised knowledge and expertise from their respective sectors, leading to more relevant and effective training programmes.

Established relationships
ITBs can leverage existing industry relationships to facilitate better alignment between training and employment outcomes, enhancing the overall relevance of vocational education.

Comments on Option B:

Sector-specific expertise
This option may not provide the same level of sector-specific expertise and direct industry engagement as ITBs. The effectiveness of Option B would depend on the ability of standards-setters to maintain strong industry connections and keep up with evolving needs.

Training providers
It is not clear what type of entity the ex-ITOs will transition to in this model, nor who would make the decision on this. There are no guarantees that new PTEs would be registered by NZQA or funded by TEC, so presenting this as a possible solution seems disingenuous. We are being asked to comment on an option that is not scoped.

2. What are the main features and functions that Industry Training Boards (Option A) need to be successful?

To be successful, the ITBs would need to be industry-owned. This ensures industries are the decision-makers, prioritising investment for their workforce development needs.

Industry representation:

Sector expertise
Ensure strong representation from industry stakeholders who possess deep knowledge of current and emerging trends within their sectors.

Collaborative engagement
Foster collaboration with industry partners to align training standards with real-world requirements and ensure practical applicability.

Communication and coordination:

Effective channels
Establish effective communication channels with educational institutions to align training programmes with industry standards and expectations.

Feedback mechanisms
Implement robust feedback mechanisms to gather input from employers, learners, and industry experts, and use this feedback to continuously improve training standards.

Funding and resources:

Adequate support
Stable and sustainable funding and resources to support the development and maintenance of high-quality standards and training programmes.

Relevance
Funding to research and innovate to stay ahead of emerging trends and developments and workforce needs

Experienced leaders
Retain the current leadership across the Industry Training divisions who have successfully delivered vocational education with high relevance, achievement and performance.

Skilled standard-setting workforce
It is critical for quality outcomes that those who are developing unit/skill standards, qualifications, and learning solutions have knowledge of both industry and academic theory and research, particularly andragogy, effective assessment design, academic processes, and how to ensure qualifications are fit for purpose.

Skilled arranging training workforce
Industry training relies on talented and dedicated front-line staff who are responsible for proactively managing and supporting learners' credit achievement and qualification completion by regular coaching, mentoring, assessing, and monitoring of learner progress. Learner support teams such as mentors are critical. Administration teams who can respond quickly to customer requirements are also critical.

Skilled programme development workforce
People with both industry expertise and a very sound understanding of academic programme design, development, assessment, and moderation.

Processes:

Dynamic and responsive
The rapid pace of technological change requires skills and training methods to be able to be changed with ease and speed. Processes for qualification review and adaptation should be streamlined to ensure swift change where it is needed.

Operational systems and processes
There are very mature systems and processes already being used across the network that should not be lost.

Accountability:

Performance metrics
Transparency of performance to track the effectiveness of standards and training programmes and ensure they meet industry needs.

3. Under Option A, how important is it that ITBs and non-ITBs be able to arrange industry training? Why?

This question requires clarification on what information is being sought. Why would providers need to 'arrange training' and be constrained by that definition, when they can provide training directly? The underlying question appears to be ***'what should we do about situations where, under RoVE, former ITOs were able to transition to PTEs and provide training to on-job learners, do we need to unpick these and return 'arranging training' to be solely within the proposed ITBs?'.***

Note that there is no arranging training function currently; former ITOs are not currently constrained by any concept of having to adhere to any definition of 'arranging training'. MITO, as a business division of Te Pūkenga, is a provider, as are all other former ITO business divisions of Te Pūkenga.

Importance of flexibility:

Diverse training options
Allowing both ITBs and non-ITBs to arrange industry training provides a broader range of training options and flexibility to meet diverse industry needs.

Innovation and adaptation
Non-ITBs may have more ability to prioritise introducing innovative training approaches or focusing on niche areas that ITBs might not be able to fund, enhancing overall system flexibility and responsiveness.

Sector-specific needs
Ensuring that various training providers can contribute to industry training allows for better coverage of sector-specific and emerging training needs.

Risks:

National consistency
Industry training needs a nationally consistent approach, with systems and processes to ensure that every employer and learner engaged in a training agreement is receiving the same product and the same level of service.

Industry confidence
Allowing non-ITBs to arrange training could lead to confusion, fragmentation, and inconsistency. This would undermine national standards and the confidence that employers and trainees have in the qualifications.

4. What are the main features and functions that industry standards-setters (Option B) need to be successful?

Expertise and insight:

Industry knowledge
Standards-setters must possess deep expertise in industry trends, skill requirements, and future developments to create relevant and forward-looking standards.

Adaptability
Ability to adapt standards based on emerging trends and feedback from industry stakeholders to ensure continued relevance and effectiveness.

Data-driven decisions
Access to industry data and trends to inform standards development.

Collaboration:

Partnerships
Build strong partnerships with training providers, industry associations, and other stakeholders to ensure that standards are practical and achievable.

Review mechanisms
Regularly review and update standards and qualifications based on industry feedback and changes to maintain high quality and relevance.

5. Are there key features of the Workforce Development Councils that need to be retained in the new system?

National and sector-specific focus:

Tailored strategies
Retain the focus on addressing national and sector-specific needs to ensure that training programmes are aligned with local and industry demands.

Stakeholder engagement
Maintain mechanisms for engaging stakeholders to gather input and ensure the relevance of training programmes.

Workforce planning
Keep the focus on forecasting and workforce planning to align training programmes with market demands

Standard-setting and qualification development:

Quality assurance
Retain robust mechanisms for monitoring and ensuring the quality of education and training services.

Standards and frameworks
Retain industry standards and competency frameworks that guide training and assessment practices.

6. Are there key features of how the previous Industry Training Organisations worked that should be re-introduced in the new system?

Industry governance
Maintain industry ownership with industry governance structures that allow for direct input from industry professionals.

Flexibility in training delivery
Retain options for flexible training delivery models that cater to different industry needs.

Elevating our apprenticeship and industry pathways
Increasing the promotion of apprenticeship and industry career pathways to support pipelines of talent into industry.

Employer and industry relationships
This direct connection allowed for responsive and relevant training programmes. The feedback loop between training delivery and standard-setting, which ensured that qualifications remained current and effective, is a valuable feature that should be reinstated, as this has been lost with the current system.

7. What are the possible benefits and risks of having a short moratorium on new Industry Training Providers while the new system is set up?

Benefits:

Stability
Allows for a stable transition to the new system without the complications of integrating new providers.

Quality control
Ensures that new providers meet the standards and requirements of the revamped system before being accredited.

Resources
Resources and funding are directed at building the new system.

Risks:

Service gaps
Potential gaps in training provision if existing providers cannot meet all industry needs.

Reduced innovation
Limiting new providers might stifle innovation and limit the diversity of training options.

Opportunities
Uncertainty for future providers to invest in the sector resulting in loss of opportunities.

Proposal 3: A funding system that supports stronger Vocational Education

1. To what extent do you support the proposed funding shifts for 2026?

MITO favours the development of a funding system that supports the priorities of the VET system to ensure that funding changes are based on a thorough understanding of current and future workforce needs. Funding changes should be implemented with careful consideration of industry, regional provision, and iwi needs. A reallocation of funding to better align with industry demand and regional priorities could enhance the effectiveness of vocational education.

It is important that clear and transparent criteria is developed, and stakeholders are engaged to ensure that funding changes consider all perspectives, and that funding decisions are well-informed. The new funding system should be designed to provide for greater flexibility and adaptability to respond to changing industry needs and economic conditions. We would support strengthening accountability for how funding is to be used to improve the effectiveness and efficiency of the system. We also support innovation and encouraging innovative approaches to training and education that can enhance the quality and relevance of the VET system in light of any funding changes.

Fundamentally the Government needs to decide how much value it places on its public provision to the regions and how it will fund that provision. Industry training offers a cost-effective option for the Government. There needs to be a reduction in the complexity of the current system to reduce compliance costs associated with managing allocations, monitoring, and administration costs to tertiary education organisations. We do not fully support a reduction in industry training funding and more work is required to understand the full costs associated with all modes of delivery to determine a funding system that is better aligned to the outcomes that will better serve New Zealand economic growth.

2. What benefits and risks need to be taken into account in these changes?

It is essential to acknowledge the role that industry and employer contributions make to the VET system. Industry training involves costs for businesses and relies not only on government funding. This presents an opportunity to embed and better acknowledge these contributions within the system and highlight the importance that those contributions make in industry training to create a cost-effective and sustainable VET system.

Benefits:

Alignment with industry needs
Better alignment of funding with industry requirements could improve the relevance of training programmes.

National development
Targeted funding could support national development and address local skill shortages, contributing to a workforce that can effectively support economic growth.

Risks:

Transition challenges
Potential difficulties in transitioning to the new funding model, including adjustments for current providers.

Equity issues
It will be important to ensure that funding changes do not disproportionately disadvantage smaller or less resourced regions and/or priority learners.

3. How should standard-setting be funded to ensure a viable and high-quality system?

Standard-setting should be funded through a combination of government support and industry contributions. This approach ensures that standards are developed with input from both public and private sectors, maintaining high quality and relevance.

4. How should the funding system best recognise and incentivise the role that ITPs play in engaging with industry, supporting regional development, and/or attracting more international students to regions?

The funding system should include performance-based incentives linked to regional development, and international student recruitment. Recognising ITPs that demonstrate strong partnerships with local businesses, and how they contribute to regional economic growth, or successfully attract international students.

5. What role should non-volume-based funding play and how should this be allocated?

Non-volume-based funding should support activities that enhance the quality and relevance of vocational education, such as standards, qualifications and programme development, industry collaboration, and learner support services. Allocation should be based on criteria that reflect the impact of these activities on educational outcomes, national, and regional needs. Additionally, it is important to include funding that ensures polytechnics can cover essential operational costs, thereby keeping their services running effectively. We also consider the importance to supporting smaller industries to participate in the VET system, particularly where they value qualifications and career pathways.

It is important to acknowledge that the Government may not be the only contributor as other stakeholders do make contribution in various forms, which collectively support the outcomes of vocational education and training.

Concluding questions

1. 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?

The Government plays a crucial role in setting expectations and managing performance within the VET system. To maximise the benefits of their investment, it is essential that the Government clearly defines its expectations and performance metrics. Different types of students—such as Māori, Pasifika, rural, disabled, and those with additional learning support needs—could experience both benefits and drawbacks under various proposals. Ensuring that these groups are supported to succeed involves addressing their unique challenges and providing equitable access to high-quality education. It is important to tailor support services to meet their specific needs and ensure that the provision is as cost-effective to them as possible as customers, thereby minimising additional financial barriers. A well-defined framework that accommodates the diverse needs of all students will help in achieving inclusive and effective educational outcomes.

Benefits:

Tailored programmes
More region-specific and industry-aligned programmes could better meet the needs of diverse learner groups.

Increased access
Enhanced focus on regional development might improve access for rural and remote learners.

Drawbacks:

Potential disparities
There is a risk of inequitable access to quality training if funding or programme availability does not adequately address the needs of specific learner groups.

Support services
The adequacy of support services for learners with additional learning needs must be carefully monitored to ensure inclusivity.

2. Could there be benefits or drawbacks from these proposals for particular industries or types of businesses?

In an industry-led and industry-owned system, it is critical for the Government to have confidence that industries possess an in-depth understanding of their own people and will prioritize the needs of their workforce and employers. Industry ownership ensures that decisions and initiatives are driven by those who are closest to the practical realities of the sector as industries are inherently motivated to align their efforts with the specific needs and challenges of their workforce. It is essential to consider how industry ownership can deliver targeted benefits and address the unique needs of different industries and types of businesses, potentially offering a more tailored and impactful approach than government-managed alternatives.

Current industry training practices should not be penalised due to the actions of a few who have previously demonstrated poor behaviour. The focus should be on improving and elevating standards, rather than lowering expectations to accommodate past mistakes. It is essential to enhance the quality of training for the majority who are committed to excellence, rather than adjusting the system to the lowest common denominator.

Benefits:

Industry relevance
Enhanced alignment of training with industry needs could improve workforce readiness and address skill gaps.

Regional growth
A focus on regional development could stimulate growth in local industries.

Drawbacks:

Short-term adjustments
Industries may face short-term disruptions during the transition period.

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