



**RINGA HORA**  
Services  
Workforce Development Council

Submission on

# Redesign of Vocational Education and Training

11 September 2024



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## About our submission

This submission is the response of the Ringa Hora Services Workforce Development Council to the Government's proposed Redesign of the vocational education and training (VET) system. We welcome the opportunity to make a submission and for the consideration given to our voice. We are committed to working with industry and Government to ensure a successful transition into a new future.

In this submission, Ringa Hora is presenting its own perspectives, informed by the views of the Service sector.

We want to acknowledge the considerable time that industry has taken to engage with us, the Tertiary Education Commission (TEC) and Ministry of Education (MoE) around this proposal. These conversations and the feedback provided through industry submissions have helped inform our perspectives. We also want to acknowledge the submissions developed by Te Kāhui Ahumahi, Pacific Fono and Hāpaitia.

## Executive Summary

Like the Government, Ringa Hora shares a desire to see a VET system that “provides skills, knowledge and career pathways for learners into industries and professions that are vital to the economic prosperity of New Zealand”.

Our perspectives on the overall reforms are:

- **Business growth requires a whole-of-economy approach to vocational education and training.** Given that significant future economic growth will come from industries that currently participate less in credentialised learning, we consider that investment and coverage for all industries should be maintained.
- **Thriving Māori and Pacific economies are critical for NZ** and the VET system will need to meet the needs of Māori and Pacific populations that are growing at a significantly faster rate (14.4% and 16.0% growth respectively since 2018) than the general population.
- **Independent standard-setting organisations can be an effective conduit between industry, government and the VET system.** While standard setting is the core of Ringa Hora's work, there is much more value that can be generated by leveraging the relationships, expertise and industry insights gained through standard setting to better inform government policy and vice versa.
- **Without a compelling vision for industry training, it is difficult to justify large-scale, disruptive reform.** The effort and costs involved to instigate a large scale legislative and structural reform programme should only be undertaken if there is a strong case that it will improve outcomes for industry and improve workplace training for learners. This is not evident from the proposals, instead there is a real chance that the disruption from further reforms will cause more employers (and learners) to lose confidence in the system, deepening the decline in VET we have seen over the past years.

Based on our considerations of the proposals, Ringa Hora prefers Option B for Proposal 2, as it creates a level playing field for providers with more choice for learners and employers, and delivers the Government's objectives more efficiently. However, we propose a number of enhancements to ensure option B can deliver better value for money, move more quickly, and align with wider Government priorities:

- Reform Workforce Development Councils within the current legislative framework through revising their Orders in Council, to streamline governance and deliver efficiencies

- Allow the new standards-setting organisations to cost-recover and be partially self-funded
- Consider efficiencies in the relationships between the new standards-setting organisations, TEC, NZQA and providers
- Align the new standard-setting organisations with Australian ‘Jobs and Skills Councils’

On Proposal 1, we recommend giving Te Pūkenga the chance to stabilise before implementing further changes that could disrupt learners, employers, and staff. If disestablishment proceeds, Ringa Hora suggests establishing a small number of regionally based ITPs, strategically combining financially viable and non-viable institutions to ensure regional coverage and financial sustainability.

On proposal 3, we believe the VET system needs to be supported by a transparent and equitable funding system, tailored to the needs of learners and employers, rather than the needs of ITPs and providers. We advise that WDCs are closely involved in any future work to determine how to support the ongoing funding of standard setting functions into the new entities, and how funding for workplace learning will be calculated and allocated.



## The voice of the Service sector

### Service sector contribution to the NZ economy

The Service sector is fundamental to Aotearoa and its people; it is a vital component of everyday life, encompassing diverse industries that underpin people's daily routines. An estimated two out of every three Kiwis work in the Service sector at some point in their careers.

The Service sector <sup>1</sup>:

- contributes approximately \$110b per year to New Zealand's GDP.
- comprises 306,000 businesses (of which 7,000 are Māori-owned), representing approximately half of all businesses in the country.
- encompasses 946,000 kaimahi, over a third of the New Zealand workforce, of which:
  - 12.8% are Māori, 6.9% are Pacific peoples, and 19.4% are Asian;
  - 2.4% are Tāngata Whaikaha (disabled people);
  - 20.2% are between 15 and 24 years old.

The Service sector develops “soft” but essential skills like teamwork, customer service, and conflict resolution. These transferable skills are not just critical for Services, but are an asset for all other industries. Deloitte predicts that soft skill-intensive occupations will account for two-thirds of all jobs in by 2030 <sup>2</sup>, growing at 2.5 times the rate of other jobs. Thus, the Service sector provides a conduit to employment, including over half of the opportunities for beneficiaries to transition to work.

The last few years have been tough for the Service sector. For example, a recent survey of Retail NZ's members shows almost 43 percent are unsure that their business will survive the next 12 months <sup>3</sup>. Right now, the motto is “survive till 2025”, but this environment has taken its toll on the retention and training of workers. The sector will need to make a concerted effort if it wishes to develop the skills required for a quick recovery.

Technology, sustainability, changing demographics, and customer expectations present great opportunities for Service businesses, workers, and customers. New skills are required to take advantage of these opportunities. The rapid acquisition of these skills should be a priority, but businesses and learners are choosing to invest less in vocational education and training. The rate of enrolments in Service sector qualifications has been on the decline (apart from compliance-driven qualifications in Real Estate & Rental services and Financial & Advisory services). Overall, enrolments in Service sector qualifications have decreased by 11% between 2018 and 2023 <sup>4</sup>.

The prospect of further reforms to the VET system are eroding businesses' confidence in formal vocational education. It is critical that businesses can see how the reformed system will better meet their needs, if we wish to drive productivity growth and recovery.

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<sup>1</sup> Stats NZ – 2018 census

<sup>2</sup> <https://www.deloitte.com/au/en/services/economics/perspectives/soft-skills-business-success.html>

<sup>3</sup> <https://www.rnz.co.nz/news/business/522983/almost-half-of-retail-businesses-unsure-of-survival-before-inflation-drop>

<sup>4</sup> Data provided to Ringa Hora by the Tertiary Education Commission.

## Service sector views on the Government's proposals

This section summarises Service sector perspectives on the Government's proposals. The short consultation window and a lack of prior discussion has not allowed for comprehensive engagement by Ringa Hora.

Over the past six weeks, the Ringa Hora Partnership & Engagement Team engaged with over 200 stakeholders, including:

- 126 businesses / employers
- 30 industry associations
- 23 Māori and Pacific business groups
- 4 Tāngata Whaikaha groups
- 22 providers

Ringa Hora also organised five Service sector webinars / hui – attended by over 100 participants – during which we discussed the Government's proposals, answered questions from participants, and aimed to understand industry views and preferences in relation to the proposals.

### **What the Service sector needs from the VET system:**

1. Fit-for-purpose, high-quality and timely qualifications and standards.
2. Accessible, flexible and affordable training delivery options suited to learners and employers.
3. Learners with relevant knowledge and skills, complemented by practical experience.
4. Influence across the VET system, including where funding gets directed and overall policy settings.
5. Less complexity and bureaucracy.

### **The Service sector's views on the Government's proposals:**

1. General support for the work done by Ringa Hora to date.
2. Concern about disruption to learners and businesses.
3. A preference for incremental change, rather than large-scale reform.
4. Less interest in going back to the 'old system', because of the issues in that system.
5. The proposals are confusing, lack detail and a compelling case for change, and are poorly timed (due to economic circumstances and other pressing consultations).
6. That industry struggles to see themselves in the proposals; it is not clear how it will work for them and how they will connect into VET.
7. Confidence in the VET system is low and dwindling due in part to constant change.
8. Industry values WDCs' roles offering insights and advice, and brokerage support.
9. Removal of the 'Investment advice to TEC' function reduces the industry feedback loop into VET, creating 'toothless' entities.
10. Proposals lack consideration of Māori, Pacific and Tāngata Whaikaha learners and businesses.
11. There is a risk that large players drown out the voice of the rest of industry, and that the system will cater for fewer industries.
12. Small industries (with few qualifications) are concerned about potentially no longer having a 'home' and losing access to skills leadership and advocacy.
13. Disappointment with the removal of the 'learner component' funding.
14. Concern about funding changes which reduce amounts for work-based learning and thereby undermine training delivery and provider viability.

## Our perspectives on the overall VET redesign

### **Business growth requires a whole-of-economy approach to vocational education and training**

Currently, Workforce Development Councils cover the whole New Zealand economy and – as a result – 100% of the economic growth. Having six entities of similar scale and influence creates a positive, balanced environment where traditional, transferable and emergent industry skill needs can all be accommodated.

### **The NZ economy needs to grow transferable and essential skills as well as technical skills**

The World Economic Forum's Future of Jobs Report 2023 estimates that 44% of workers' skills will need to adapt within the next five years <sup>5</sup>, driven primarily by rapid technological advancements. With this rate of change, our future economic prosperity depends on the increased adoption and participation of work-based learning across all industry and learners, not only those who have been heavy users of the system to date (e.g. trades-based apprenticeships).

While we recognise the importance of the trades, the need for VET is much wider. In 2022, the top four industries with the highest contribution to New Zealand GDP <sup>6</sup> were:

- Professional, scientific and technical services (\$31b)
- Manufacturing (\$31b)
- Owner-occupied property operation (\$27b)
- Rental, hiring and real estate services (\$25b).

Given that significant future economic growth will come from industries that currently participate less in credentialised learning, we consider that investment and coverage for all industries should be maintained. Meeting emerging skill needs will require more - not less - focus, especially where there is not a history of formal workplace training.

In addition to changing skill requirements, our workforce is becoming increasingly mobile. Of the 315,600 new entrants into the New Zealand Service sector in 2021, 59% came from a different sector, while 12% and 9% were secondary school graduates and tertiary graduates respectively <sup>7</sup>. The skills acquired in the Service sector go on to power other parts of the New Zealand economy, with two thirds of all New Zealand workers having worked in a Service business at some time. It is important that qualifications are transferable and portable across the economy. We will need qualifications that can span multiple or even all industries, which will require standard-setting organisations with the ability to understand the unique needs of each industry and the cross-cutting needs of the economy as a whole.

We strongly oppose the Government's plan to return standards-setting responsibilities for certain industries to the New Zealand Qualifications Authority (NZQA). NZQA's purpose, structure, and focus are primarily geared towards supporting learners through the monitoring of education providers by legislated compliance and regulation functions, not meeting the needs of industry. We believe that small, industry-led entities are better positioned to build strong relationships with industries, especially in addressing new and emerging skill needs which are the sectors that Government plans to shift to NZQA.

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<sup>5</sup> Future of Jobs Report 2023 – Insights Report, May 2023

<sup>6</sup> <https://webrear.mbie.govt.nz/theme/gdp-by-industry/map/barchart/2022/new-zealand/professional-scientific-and-technical-services?accessedvia=new-zealand&right-transform=absolute>

<sup>7</sup> Data from Stats NZ, accessed through Scarlatti.

### **Bringing 19 industries together to develop a new approach to growing leadership skills at work**

The Te Manu Arataki Leadership project, led and managed by Ringa Hora, is an example of how any future VET system could operate. Currently underway, this project has brought together 19 industries to date to understand where the skills needed for leadership are common, or industry specific. Where the skills required are common, a single suite of qualification products can be agreed across all industries, saving industry time and money that would have gone into developing same or similar qualifications. It also gives learners a nationally recognised, transferable and therefore valuable qualification and reduces the amount of administrative and government overhead required by supporting a single qualification (rather than one for each industry) on the framework.

## **Thriving Māori and Pacific economies are critical for NZ**

Over the past 20 years, the Māori economy has grown from \$16 billion to \$70 billion, with projections to reach \$100 billion by 2030<sup>8</sup>. Iwi and Māori entities are increasingly investing in diverse sectors such as infrastructure, food and beverage, and technology. This dynamic growth highlights the need for a VET system that can address the full spectrum of Māori workforce needs and effectively integrate Te Tiriti o Waitangi in both partnership and delivery.

The Māori population, growing at 14.4% since 2018 compared to 6.3% for the general population<sup>9</sup>, is a vital contributor across all industries and regions in Aotearoa. Our VET system must engage with iwi/Māori, industries, and regions to attract, develop, and promote Māori talent, reflecting the expectations of a generation shaped by kura kaupapa and the te reo Māori revitalisation movement. Māori businesses, learners, and workers will seek a VET experience tailored to their unique cultural context.

Similarly, the Pacific population has increased by 16.0% since 2018 and is expected to reach approximately 480,000 by 2038. It is essential that the VET system collaborates closely with Pacific communities to nurture and elevate Pacific talent, maximising the benefits of this growing workforce for the nation.

Current proposals lack clarity on how the changes will improve outcomes for Māori, Pacific, and Tāngata Whaikaha learners, and their potential impacts remain unclear. As a disability advocate stated, “When you design for the 80% it works for the 80%, when you design for the 20% it works for all”. We strongly recommend to Government to involve these communities more deeply in the next steps of the reforms to ensure their needs are effectively met.

## **Independent standard-setting organisations can be an effective conduit between industry, government and the VET system**

Standard setting is the core of Ringa Hora’s work, and we agree that it is an essential function for any future VET system. It is reassuring that the government has committed to funding this function in the future, but it is also important to note that industry (in terms of time and resources) also contributes when delivering learning at work. We want this investment to provide better value by using the information and insights for more than just setting standards. Non-standard setting functions benefits are less immediate and more difficult to measure, and less visible to government, however, we have heard from industry that these functions are highly valued and cannot be filled elsewhere.

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<sup>8</sup> <https://www.nzte.govt.nz/page/partnering-with-maori>

<sup>9</sup> Stats NZ – 2023 census



### **The basics of qualification design, maintenance and quality assurance are critical to credibility**

At its inception, Ringa Hora inherited a backlog of 32 qualifications and 742 unit standards that were overdue or due for review. Within two years, this backlog was cleared and at present, the Service sector has 102 current qualifications and 1,718 current standards.

Since October 2021, our moderation team has worked alongside more than 400 education organisations to enhance their assessment capability and give akōnga I learners the best opportunities to succeed. We have carried out numerous site visits, completed over 1,300 pre-assessment moderation requests and 1,700 post-moderation activities. We have supported more than 1,200 consents to assess and 180 programme endorsement requests. Any future standard-setting organisations must be equipped to continue to deliver these functions to a high standard, and it will be key to retain talent and capability for these functions throughout the reform.

### **Neutrality is key to setting up trusted connections across the VET system**

As independent but publicly-funded entities, Workforce Development Councils have been seen as organisations where self-interest can be put aside and views from all parts of industry will be heard openly and with respect. Trusted relationships are deepening with industry – including industry associations, employers, Māori and Pacific businesses, Tāngata Whaikaha organisations, and many others. Without trust, standard setting bodies will lack the credibility required to get industry to participate in developing and agreeing standards.

### **Skills leadership and advice helps industry and Government invest in skills wisely**

The consultation document talks about a ‘narrower’ Skills Leadership function for the entities that will replace Workforce Development Councils, but there is not much detail on what this would mean. We do not believe that narrowing this function is in line with what industry values and wants from the VET system.

The ‘Skills Leadership’ function, introduced to enhance industry’s role in the VET system, has been widely welcomed. It gives Workforce Development Councils (WDCs) greater input and influence over skills development, ensuring consistency across programmes, preserving industry perspectives, and enabling a more strategic approach to aligning government investment with workforce needs.

The function ensures that skills development decisions made by Workforce Development Councils (WDCs) and government agencies, including the TEC, are driven by data and evidence. Through research and analysis, WDCs provide critical insights that fill a significant information gap for many industries in New Zealand. Many industry associations are small and lack the resources to conduct their own research, they have begun to rely heavily on the data and expertise provided by WDCs to guide their work.

Over the last couple of years WDCs have learnt more about how this broader view of skills leadership can play out. For example, when developing the standards required to perform a role, it is inevitable that information on the environment in which people are performing the role (regulatory, cultural, economic, operational) is also gathered. Further value could be generated by leveraging the relationships, expertise and industry insights gained through standard setting activity to better inform government policy and industry itself.

Thus, as well as informing TEC investment decisions, an independent standard setting body - through skills leadership - both directs industry expertise to ensure the VET system is relevant but can also stimulate a more strategic approach to workforce development back towards industry.

### **Ringa Hora has been advising and working in partnership with the Aviation industry**

The success of aviation industry is fundamental to New Zealand and New Zealanders. Early discussions with industry indicated that there had been ongoing concerns regarding aviation workforce and the training provision. The size of these perceived gaps and the drivers behind these challenges are much less understood.

In partnership with the Aviation Industry Association as well as a group of aviation businesses, Ringa Hora has initiated a suite of aviation projects including:

- The delivery of 10-year aviation workforce projections focusing on estimating the supply, demand and gaps across aviation roles.
- Hosting industry events to help understand the opportunities and challenges for Māori and Pacific people in aviation and airport services.
- The development of a business case for change, identifying areas for actions across businesses, education providers and policy settings to deliver better skills pipeline for the Aviation Industry.

### **Removal of the (investment) ‘advice to TEC’ function leaves a gap in evidence required for Government to make smarter investment decisions.**

The ability of Workforce Development Councils (WDCs) to submit investment advice, coupled with the legislative requirement for the TEC to consider and act on this advice, offers a powerful mechanism for industry to shape the vocational education and training (VET) system. This ensures that industry, those who directly rely on the VET system, can influence investment decisions without their input being filtered through providers.

The consultation document doesn’t provide a rationale for removing this function from the new standard-setting organisation. Removing this function risks creating a vacuum of information for the TEC to make funding decisions and risks that lobbying and biases will creep into the investment process. It is also likely that status quo becomes more entrenched as established voices are heard and favoured over smaller, emerging industries.

Rather than removing ‘Investment advice to TEC’ as a function, we suggest making changes to the function so that it can be carried out more effectively and efficiently (refer to ‘Suggestions to enhance Option B’). The main challenge with the investment advice process is the lag between identifying an issue and the time it takes for investment to take effect, i.e. by the time businesses and regions feel the pain, it is too late for developmental intervention, and we end up with reactive intervention (e.g. changes to immigration policy). Instead, there needs to be a way for the TEC to invest in long-term development and trends, while also having a mechanism to deploy rapid, targeted intervention.

### **Without a compelling vision for industry training, it is difficult to justify large-scale, disruptive reform**

To provide a meaningful and practical response to the proposals, we believe an evidence-based problem definition and vision of the future are a prerequisite. The consultation document lacks relevant details and the options presented are not supported by financial modelling, making it difficult to make an informed decision on the proposals and potential trade-offs presented.

The proposed options fail to present a compelling vision for how the reformed system will better serve both industry and learners, particularly in the realm of workplace training. The reforms appear to be pursued primarily to address the challenges faced by polytechnics, treating industry and work-based training as secondary issues to be resolved. This approach raises significant concerns that the disruption caused by these

further reforms could lead to even more employers and learners losing confidence in the system, thereby worsening the decline in VET participation and effectiveness that we have observed in recent years.

The reason for disestablishing the Workforce Development Councils (WDCs) is unclear, and could jeopardize a government investment that is just beginning to be valued by industry. Engagements across multiple industries have shown strong support for Ringa Hora and the WDCs generally. According to the Government's Regulatory Impact Statement (RIS):

*“Pending feedback from consultation, our current view is that there does not appear to be a fundamental problem with the current model for WDCs and that they have been making good overall progress. [...] While anecdotally some industries do not consider that they have as much influence over the WDCs as they did with the previous ITOs, this is not consistently the case across industries and reflects at least in part the fact that WDC functions are still maturing. [...]”<sup>10</sup>*



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<sup>10</sup> Regulatory Impact Statement – Vocational Education and Training System Redesign

## Our perspectives on Proposal 2

The focus of our submission is Proposal 2, as it pertains directly to industry training and our role as a Workforce Development Council.

### Option A – Establishing Industry Training Boards

Ringa Hora does not support the establishment of Industry Training Boards. We acknowledge the benefits of Option A (e.g. strong feedback between delivery and standard-setting, a single point of contact for industry for arranging training, potential for economies of scale through vertical integration of arranging training and standard-setting) and appreciate that ITOs worked well for some, but we do not believe they outweigh the drawbacks of returning to an ITO-like model.

### Takes away flexibility for learners to move between provider-based and work-based learning

In recent years, Te Pūkenga became responsible for both provider-based (off-job) and work-based (on-job) training<sup>11 12</sup>. While progress to integrate delivery modes has been slow, Ringa Hora believes that reinstating a division between provider-based and work-based learning would take us back to a VET system where delivery doesn't span the learner journey, and transition between delivery modes is clunky and slow.

In 2023, 30% of Service sector learners engaged in on-the-job training through Te Pūkenga, while 70% pursued off-job learning<sup>13</sup>. Industry and learners expressed their desire for enhanced opportunities for students to transfer within the vocational education and training (VET) system and to transition more easily between different types of delivery methods. The NZ Defence Force has indicated that this is an essential requirement for their learners. Apprentices and trainees emphasised the importance of continuing to earn while they learn, while students voiced the need for improved pathways to employment<sup>14</sup>.

Integration between provider-based and work-based learning allows for:

1. Learners to acquire both theoretical understanding and practical skills, creating well-rounded professionals.
2. Programmes that are designed with both aspects in mind, e.g. provider-based with more meaningful work experience and work-based with better pedagogical content.
3. Learners to move between delivery types as economic conditions change, especially in situations where learners lose the job that they are doing their work-based learning through.

In the past, Industry Training Organisations were incentivised to maximise revenue by developing programmes for industry training that were fully on-job and did not require contracting of training to providers. Ringa Hora, as an independent standard-setting body, encourages providers to develop programmes that cater for varying delivery modes and meet differing learner needs. We do this through all aspects of our standard-setting functions but in particular through the programme endorsement and consent to assess (CTA) functions. This approach is supported by providers and industry alike.

Finally, integrating provider-based and work-based learning improves resilience across the economic cycle. Separating them reduces the opportunities for providers, especially ITPs, to build a portfolio of provision that can adapt as demand shifts between provider-based and work-based learning. Removing work-based learning

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<sup>11</sup> Other providers also took on this integration role, but we focus on the major change through Te Pūkenga.

<sup>12</sup> The last WBL divisions of Industry Training Organisations transitioned into Te Pūkenga in late 2022.

<sup>13</sup> Data provided to Ringa Hora by the Tertiary Education Commission.

<sup>14</sup> What we heard - Summary of public consultation and engagement (Reform of Vocational Education)

from ITPs will weaken them financially and significantly limit their options to become independently financially viable in the future.

### **Removes the independence and credibility of the standard-setting function**

An independent standard-setting function plays a vital role in maintaining the integrity, relevance, and quality of the VET system, ensuring that it effectively prepares students for the workforce and meets the needs of employers. A standard-setting body that is conflicted – even if it is only a managed conflict – takes away its credibility and undermines its ability to influence and get buy-in from providers and other players in the system.

Industry Training Boards (under Option A) will have cost pressures and incentives to ensure their own financial viability. They are not incentivised to collaborate closely with providers, and it is conceivable that the standard-setting unit of an ITB may develop qualifications that align more closely with the type of training offered by the arranging-training unit within that ITB. Likewise, providers will not be incentivised to work with ITBs to get learners into employment



## **Option B – Establishing more focused, industry-specific standards-setting bodies**

Ringa Hora recommends an Option B+, i.e. Option B with some enhancements. The new standard-setting organisations (SSOs) can exist alongside the entities that make up the ‘ITP network’ and support greater integration and consistency across the VET system.

### **Creates a level playing field for providers with more choice for learners and employers**

Taking proposal 1 as a given, we believe that Option B (Proposal 2) leads to a more level playing field between providers, laying the groundwork for them to compete to deliver the best – blended learning – programmes for learners and employers.

Allowing all providers to deliver training through different modes could potentially result in:

- more options for learners to choose programmes that work best for them and their unique circumstances.
- more responsiveness to industry needs and the type of skills employers expect from their apprentices, trainees and new hires.
- more innovation in programmes and how training is delivered to accommodate what learners and employers want and expect.
- cheaper provision of training as a result of competition between providers.

While competition in training delivery can be beneficial, it's crucial to also encourage collaboration and innovation. Under Proposal 1, the establishment of stand-alone ITPs will likely lead to less consistency in the programmes offered and in the way employers interact with ITPs and other providers. This will particularly affect large, national employers who operate and train staff across multiple regions.

Finally, we stress the importance of a strong transition plan for the work-based learning division of Te Pūkenga. The aim should be to minimise learner disruption and to quickly establish a level playing field for all providers while they build up their work-based learning capability.

### **Delivers the Government's objectives more efficiently**

The VET system has been in a state of change for several years (many employers would have been around when the Government started merging ITOs in 2010). There is a high level of change fatigue within industry, especially at a time where businesses across the country are under pressure to survive. Businesses do not need another large-scale transformation that will impact their ability to develop their staff.

As the implementation of Proposal 1 will introduce significant disruption to the VET system, we recommend that the Government minimise the disruption caused by Proposal 2. We believe that option B delivers the Government's objectives of disestablishing Te Pūkenga and streamlining WDC activities more efficiently and is less disruptive to industry.

## Suggestions to enhance Option B

We believe the suggested enhancements to Option B ensure better value for money, move more quickly, and align with wider Government priorities.

### **Reform Workforce Development Councils within the current legislative framework through revising their Orders in Council, to streamline governance and deliver efficiencies**

The Minister of Education could consider revising the governance and coverage of Workforce Development Councils (WDCs) by amending their Orders in Council, rather than pursuing changes to primary legislation. This approach could be significantly faster and more cost-effective, allowing for consultation with both industry stakeholders and WDCs.

Amendments to the Orders in Council could include:

1. **Standardising Governance:** Making the composition and appointment processes of governance more consistent across WDCs.
2. **Ministerial Authority:** Providing the Minister with more options to direct and intervene when necessary.

While changes to the core functions of WDCs must be made through primary legislation, it is important to note that most of their functions will transition to the new standard-setting entities. One function that is currently proposed for removal from WDCs is the 'Advice to TEC on investment.' However, the Minister might consider retaining this function in its current form but requiring WDCs to provide 'combined' or very specific investment advice to TEC (refer to suggestion 3).

### **Allow the new standards-setting organisations to cost-recover and be partially self-funded**

Under the current legislation and regulation, Workforce Development Councils are not able to offer services for which they can recover the cost. We believe there is a willingness by industry and by providers to pay for certain products or services offered by the new standard-setting organisations. Examples include the development and licensing of curriculum and assessment materials to providers and undertaking bespoke research and advisory services for industry.

These funds could be used by SSOs to innovate and invest in other 'value-add' activities for industry (which are at risk of being removed or reduced under these proposals), such as workforce research, industry action plans, development of curriculum and (assessment) tools, materials for schools, etc.

If the new standards-setting organisations are allowed to cost-recover, we believe it is important that guardrails are established so that commercial activity do not become a distraction; the core responsibility of SSOs should remain standard-setting and skills leadership.

### **Consider efficiencies in the relationships between the new standards-setting organisations, TEC, NZQA and providers**

As part of this VET redesign, we recommend that the Government take a system-wide lens and consider how the new standard-setting organisations, TEC, NZQA and providers interact with each other. We believe there are efficiencies to be found through shifts in the responsibilities within the VET system and changes in the way the VET organisations work together to reduce double handling of work.

For example, the new SSOs could provide ‘combined’ investment advice to TEC. This way, the TEC can continue to rely on the much-needed insights on industry needs, while no longer having to weight advice from different organisations against each other.

We would be happy to work with TEC, NZQA and others to explore these opportunities further.

### **Align the new standard-setting organisations with Australian ‘Jobs and Skills Councils’**

The Australian Government recently established ‘Jobs and Skills Councils’ (JSCs) as part of its own reform of the Australian VET system. There are many similarities between the challenges experienced in the Australian and the New Zealand VET systems, and we believe the Government could consider in its decisions what is working well in Australia.

The Australian Jobs and Skills Councils were created to provide industry with a stronger voice to ensure Australia’s vocational education and training (VET) sector delivers better outcomes for learners and employers. These Councils bring together employers, unions and governments in a tripartite arrangement to find solutions to skills and workforce challenges.<sup>15</sup>

We would like to see a similar focus in New Zealand to provide industry with a stronger voice to ensure VET delivers better outcomes for learners and employers, but also to support the Government with its wider economic and social priorities, such as informing wider labour market and skills policy settings (e.g. immigration policy), supporting Employment Actions Plans, etc.



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<sup>15</sup> <https://www.dewr.gov.au/skills-reform/jobs-and-skills-councils>



## Our perspectives on Proposal 1

While our submission is focused on Proposal 2, we want to comment on Proposals 1 and 3 as they directly impact industry training, and the ability for employers to participate in VET.

Service sector learners and businesses have a significant stake in the future of the ITP sector; 71% of Service sector learners in 2023 enrolled through Te Pūkenga, of which 42% of delivery was work-based (on-job) and 58% provider-based (off-job – i.e. online or classroom) <sup>16</sup>.

Provider	2023 Learner enrolment	% of total enrolment	Te Pūkenga enrolment type	2023 Learner enrolment	% of Te Pūkenga enrolment
Te Pūkenga	33,420	71%	WBL	14,150	42%
			Open Polytechnic	13,090	39%
			Other ITPs	6,180	18%
PTEs	11,565	25%			
Wānanga	2,115	4%			
<b>TOTAL</b>	<b>47,100</b>	<b>100%</b>			

Table: Service Sector enrolments by provider type

We acknowledge the Government’s concerns with the lack of progress made by Te Pūkenga in delivering its intended benefits. However, the benefits of Te Pūkenga were expected to take five to ten years to realise, and recent signals about Te Pūkenga’s financial viability have been positive. Te Pūkenga’s most recent Annual Report (the first year of reporting with all its 25 polytechnics and work-based training organisations under the one entity) shows an operating deficit of \$38 million at the end of 2023, a significant reduction on the forecasted deficit of \$93 million. During a recent Select Committee, the Chief Executive of Te Pūkenga stated that the 2024 deficit is estimated to reduce to \$16 million.

Given this progress – especially compared to the financial state of the ITP sector in 2019 <sup>17</sup> – we prefer to see Te Pūkenga given the chance to stabilise, before introducing another round of significant (and undoubtedly costly) change which will impact learners, employers (i.e. users of the system), ITP staff, etc.

In the scenario presented in Option 1, Ringa Hora supports the creation of a smaller number of regionally based ITPs, combining both financially viable and non-viable institutions. New Zealand’s size does not allow for comprehensive local coverage by ITPs, so there should be few enough to remain financially sustainable and integrated with each other and the wider vocational education system to avoid harmful competition. Regionally based ITPs should be able to deliver both work-based and industry training and should be given sufficient time to implement these changes effectively. To support this, the Open Polytechnic could serve as a blended learning platform for the entire ITP network.

The proposed reconfiguration of the ITP system risks returning to a system that proliferates or re-introduces past problems, such as fragmentation, harmful competition, conflicts of interest, disconnection from industry, and financial unsustainability. The Government’s focus on financial viability risks coming at the cost of quality of delivery and learner outcomes, with ITPs focusing only on the most financially viable learners and programmes.

One of the primary aspirations identified by stakeholders was the need for improved quality and consistency in the qualifications and programs offered by Polytechnics and other providers. However, under these proposals,

<sup>16</sup> Data provided to Ringa Hora by the Tertiary Education Commission.

<sup>17</sup> Financial modelling for the ‘ITP Roadmap 2020’, which laid the foundation for the Reform of Vocational Education, estimated that under the base case scenario (reflecting policy settings and historical trends at the time) the overall ITP sector would return an overall deficit of \$44m in 2018, increasing to just under \$96m by 2022.

achieving nationally consistent delivery is unlikely, as it is anticipated that most Polytechnics will opt to develop their own programs independently.

On top of reintroducing ‘historic risks’, the Government is creating an ‘unknown quantity’ by amalgamating all non-financially viable ITPs together under the ‘ITP Federation’, which could fail and require significant investment in future. In order to become financially viable, we expect that ITPs that are part of the ITP Federation (anchored by Open Polytech) will shift their delivery towards distance learning, which does not work for all learners or employers. Evidence from NZ and internationally shows that distance learning works less well for priority learner groups; according to a report <sup>18</sup> from the Ministry of Education, “Learners and whānau in inequitable situations often also experience a variety of challenges to accessing internet connectivity or using devices.” We would expect to see a very considered approach alongside increased access to funding (see Proposal 3 perspectives below), so that learners who have much to gain from vocational education continue to be able to participate and succeed.



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<sup>18</sup> Evaluation of Provision of Connectivity and Devices - A Covid-19 Response  
[https://www.educationcounts.govt.nz/\\_data/assets/pdf\\_file/0007/214468/Full-Report-Evaluation-of-Provision-of-Connectivity-and-Devices-A-Covid-19-Response.pdf](https://www.educationcounts.govt.nz/_data/assets/pdf_file/0007/214468/Full-Report-Evaluation-of-Provision-of-Connectivity-and-Devices-A-Covid-19-Response.pdf)

## Our perspectives on Proposal 3

We believe the VET system needs to be supported by a transparent and equitable funding system, tailored to the needs of learners and employers, rather than the needs of ITPs and providers.

We want to raise our concerns with the Government's proposal to change the way vocational education is funded:

1. The source of ongoing funding for the new standards-setting organisations remains unclear, as does whether this funding will be adequate to maintain the level of service and quality that industry stakeholders expect from Workforce Development Councils (WDCs). We recommend that WDCs be actively involved in the next steps of this process to help determine appropriate funding levels, as we are uniquely positioned to provide data on the actual costs associated with standard-setting and other functions. Additionally, our involvement will allow us to assess the implications of any changes in funding levels comprehensively.
2. These proposals create many smaller entities, i.e. more ITPs, potentially more standard-setting organisations (up to 8), potentially new WBL-entities (depending on whether work-based learning remains with ITPs and other providers). The total funding required to support more entities, both through establishment and ongoing delivery will likely be more than currently required. If increased funding is not available, the quality of functions that industry expects and learners deserve, may be compromised.
3. The removal of the Learner Component funding is disappointing, particularly as it plays an important role in supporting learners with low prior achievement, including Māori, Pacific, and Tāngata Whaikaha learners. Unfortunately, we continue to observe persistent disparities in outcomes for Māori and Pacific learners within the Vocational Education and Training (VET) system. For example <sup>19</sup>, three years after completing a Level 4 or higher certificate or diploma, only 57% of Māori and 54% of Pacific learners are employed, compared to 64% of their non-Māori and non-Pacific counterparts. Additionally, median earnings for Māori learners stand at \$50,000, while Pacific learners earn \$48,000; in contrast, non-Māori and non-Pacific learners earn a median of \$54,000.

We believe that targeted funding is vital to support the unique needs to these learners and improve the outcomes from the VET system. The TEC has been working with TEOs and other providers to improve outcomes in these areas for over a decade with little improvement. The most recent funding changes recognised the past system was not working for priority learners and that meeting equitable VET outcomes for all required both targeted funding and focus. We consider that changing incentives now and going back to a system that was proven to not work will have a disparate effect on these learners for many years to come.

4. Shifting funding for work-based learning towards provider-based delivery is contrary to what employers and learners tell us they want and need from VET. Learners who work while building skills graduate with less debt, gain more applied experience and clear evidence that they can do the work at the level required by industry. Work based learning benefits the Service sector as it enables businesses to invest in growing people and productivity around the ebbs and flows of customer demands and seasonality that underpin most of our operations.
5. Funding decisions impact the choices learners make. If work-based training is less financially supported, learners might be discouraged from pursuing these pathways, even if they offer better

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<sup>19</sup> <https://www.tec.govt.nz/funding/funding-and-performance/performance/data-on-post-study-outcomes-for-tertiary-education-graduates/>

employment outcomes in the long run. This can lead to a situation where educational choices are driven more by funding availability than by alignment with career goals or industry needs.

6. There is a risk of re-introducing issues from the past; where competition between providers (responsible for provider-based learning) and Industry Training Organisations (responsible for work-based learning) created non-collaborative behaviours due to government disincentives if a learner wanted to move from provider-based to work-based learning. This created an environment where there was limited collaboration between the two delivery modes, preventing smooth transition for learners.

## Our involvement in next steps

Ringa Hora offers its continued support and wants to express its desire to be involved in the Government's next steps. We are eager to engage on policy and operational design, particularly on matters like system interaction, industry coverage, functional design, funding of the new standard-setting bodies, and transition arrangements.

We thank the Minister for the opportunity to comment on the 'Redesign of the vocational education and training system' and look forward to a strong VET system to ensure our people, industries and communicates can thrive.



## Appendices

### Appendix A – About Ringa Hora

Ringa Hora is one of six Ohu Ahumahi | Workforce Development Councils (WDCs), established in October 2021 with 14 transitioned kaimahi from NZQA and ServiceIQ.

Ringa Hora is an industry-led, statutory organisation; we are governed by a council (board) made up of well-respected business leaders across Aotearoa with the Chair and 3 other members nominated by Minister and the remaining 5 members nominated by industry and appointed by Council. We are funded through the Tertiary Education Commission.

It is Ringa Hora's role to ensure the VET system connects with the workforce capability needs of the Service sector, developing graduates with skills that make them ready for work today and building a pipeline of skills needs industry needs in the future.

We cover a wide range of industries that are connected through their value of being in service of others; Aviation & Airport Services, Business & Professional Services, Cleaning Services, Contact Centres & Industry Support Services, Financial & Advisory Services, Government, Security & Defence Services, Hospitality & Food Services, Real Estate & Rental Services, Retail & Distribution Services, and Tourism & Travel Services.

Ringa Hora is responsible for setting standards, developing qualifications and shaping vocational education to align the needs of the Service sector. We provide skills leadership for the Service sector by identifying current and future workforce needs and advocating for those needs to be met. We fulfil an advisory and representative role by providing industry with brokerage and advisory services and by issuing investment advice to the Tertiary Education Commission on behalf of the Service industries. We make connections across the VET system; between industry, employers, Māori and Pacific businesses, Tāngata Whaikaha organisations, government, and many others.

As part of its Budget 2024 release, the Government announced that funding for Workforce Development Councils will not continue past July 2025.

## Appendix B – Government submission template

<b>Are you submitting as an individual or on behalf of an organisation/company?</b>	Organisation/Company
<b>What is the name of your organisation/company?</b>	Ringa Hora – Services Workforce Development Council
<b>Which region do you primarily operate in?</b>	Nationwide
<b>Do you consider your community to be urban or rural?</b>	N/A
<b>Which of the following best describes your organisation?</b>	Workforce Development Council
<b>Would you consider yourself to be a part of Māori industry / a Māori education provider?</b>	N/A
<b>If you are an employer, how many staff are in your company/organisation?</b>	N/A
<b>Which industry grouping best represents your company/organisation?</b>	Service sector, including: <ul style="list-style-type: none"> <li>• Aviation &amp; Airport Services,</li> <li>• Business &amp; Professional Services,</li> <li>• Cleaning Services,</li> <li>• Contact Centres &amp; Industry Support Services,</li> <li>• Financial &amp; Advisory Services,</li> <li>• Government,</li> <li>• Security &amp; Defence Services,</li> <li>• Hospitality &amp; Food Services,</li> <li>• Real Estate &amp; Rental Services,</li> <li>• Retail &amp; Distribution Services, and</li> <li>• Tourism &amp; Travel Services.</li> </ul>

*(Note that the question numbers reflect those outlined in the proposal document. Questions 1 – 13 relate to demographic questions)*

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

#### 14. Do you agree with the consultation document’s statements on the importance of ITPs?

We agree that ITPs are “often valued as an ‘anchor institution’ in their regions with a strong commitment to their local communities and can contribute to broader social and economic development goals”. However, New Zealand’s size does not accommodate comprehensive local coverage by ITPs, and ITPs should be sufficiently few to be financially sustainable and sufficiently integrated amongst themselves and with other parts of the VET system to prevent zero-sum competition.

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

The proposed reconfiguration of the ITP system risks returning to a system that proliferates or re-introduces past problems, such as fragmentation, harmful competition, conflicts of interest, disconnection from industry, and financial unsustainability. The pressures and choices that a larger number of smaller entities may face to maintain financial viability and therefore independence may come at the cost of quality of delivery and learner outcomes; with ITPs focusing only on the most financially viable learners and programmes.

On top of reintroducing historic risks, the Government is creating an ‘unknown quantity’ by amalgamating all non-financially ITPs together under the ITP Federation, which could fail and require significant investment in future. The recent Te Pūkenga Annual Report, combined with work that is underway by the appointed financial advisors, show a pathway towards overall fiscal viability. It is unclear why the option of moving Te Pūkenga towards devolved regional decision-making, as is proposed in the Federation model couldn’t be done without taking on additional large-scale debt to support the proposed changes back to regional ITPs.

**16. Do you support creating a federation model for some ITPs?**

Disagree. Given this progress – especially compared to the financial state of the ITP sector in 2019 – we prefer to see Te Pūkenga given the chance to stabilise, before introducing another round of significant (and undoubtably costly) change which will impact learners, employers (i.e. users of the system), ITP staff, etc.

If the disestablishment of Te Pūkenga is to proceed, Ringa Hora prefers the creation of a small number of regionally based ITPs, made up of a combination of financially viable and non-viable institutions. Regionally based ITPs can deliver work-based and industry training and should be given an ample implementation pathway to ensure they can be successful. To assist with this, the Open Polytechnic could be established as a blended learning platform for the entire ITP network.

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

No comment.

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

Members of the ITP Federation should be consulted on the features that they would like to see included in any shared services provision and a Service Level Agreement should be developed to underpin these expectations. Monitoring entities may wish to consider how these expectations for supporting shared functions may be promoted in any arrangements. If there is not strong buy-in from users, and high satisfaction in service provision from the centralised provider there is a significant risk that members could end up creating parallel and costly services within their own ITP.

Careful consideration should also be given to the membership of any shared function governance. This should include how the conflict for leaders of any non-viable entities may be mitigated to support independent decision making that supports the overall Federation. If leaders of the Federation ITPs are expected to take on roles on any governance board for shared or Federation functions, then including Independent Chair and deputy roles will better support collective decision making across the Federation.

Governance of the Federation will also benefit from membership, or advisory functions that represent and can connect with learners, businesses and communities from priority learner groups. In this way progress towards improved learner outcomes can be supported from the top.

## Proposal 2: Establishing an industry-led system for standards-setting and industry training

### 19. Which option do you prefer overall?

Ringa Hora prefers Option B. However, we propose a number of enhancements to ensure option B can deliver better value for money, move more quickly, and align with wider Government priorities. We believe that Option B creates a level playing field for providers and more choice and competition that will benefit learners and employers. It can deliver the Government's objectives with less disruption to industry. The proposed enhancements to Option B include:

- Reform Workforce Development Councils within the current legislative framework through revising their Orders in Council, to streamline governance and deliver efficiencies
- Allow the new standards-setting organisations to cost-recover and be partially self-funded
- Consider efficiencies in the relationships between the new standards-setting organisations, TEC, NZQA and providers
- Align the new standard-setting organisations with Australian 'Jobs and Skills Councils'

While we acknowledge that Option A has some benefits, we do not believe they outweigh the drawbacks of returning to an ITO-like model, including:

- Takes away flexibility for learners to move between provider-based and work-based learning
- Removes the independence and credibility of the standard-setting function

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

While Option A is not our preferred option ITBs will need mechanisms to:

- Allow learners to move freely and easily between work-based (ITBs) and provider-based (ITPs, PTEs, wānanga) learning, without promoting one over the other or penalising parties when such a move occurs.
- Prevent harmful competition between ITBs and providers.
- Prevent the pursuit of only the most viable (and valuable) learners and programmes.

Industry Training Boards need the following features and functions:

- Independent standard-setting and quality assurance (moderation, programme endorsement, consent to assess) functions.
- Adequate funding to undertake and uphold the service and the quality that industry has come to expect from the current Workforce Development Councils.
- A strong skills leadership function (research, insights, workforce planning, etc.) to their standard-setting function.
- The ability to cost-recover and be partially self-funded.
- Ability to influence the VET system (i.e. investment advice to TEC) and support the Government with its wider economic and social priorities (i.e. refer to Australian Jobs and Skills Councils).
- Trusted partnership and engagement with industry, Māori, Pacific and Tāngata Whaikaha organisations, providers, etc.
- Close collaboration between all industry standard-setters (WDCs currently use shared services, shared CRM and HRIS systems, shared property, etc.).



**21. Under Option A, how important is it that Industry Training Boards and non-Industry Training Boards be able to arrange industry training?**

We believe that industry will benefit from choice and that work-based learning should be arranged by providers (ITPs, wānanga and PTEs), who can deliver both provider-based and work-based learning. Removing the ability to deliver work-based learning from the ITPs will weaken the ITPs financially, and disadvantage learners being able to move seamlessly across the VET system.

The standard-setting function needs to be independent from any form of delivery. A standard-setting body that is conflicted – even if the conflict is well-managed – takes away its credibility and undermines its ability to influence and get buy-in from providers and other players in the system.

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

Industry standard-setters need the following features and functions:

- Independent standard-setting and quality assurance (moderation, programme endorsement, consent to assess) functions.
- Adequate funding to undertake and uphold the service and the quality that industry has come to expect from the current Workforce Development Councils.
- A strong skills leadership function (research, insights, workforce planning, etc.) to their standard-setting function.
- The ability to cost-recover and be partially self-funded.
- Ability to influence the VET system (i.e. investment advice to TEC) and support the Government with its wider economic and social priorities (i.e. refer to Australian Jobs and Skills Councils).
- Trusted partnership and engagement with industry, Māori, Pacific and Tāngata Whaikaha organisations, providers, etc.
- Close collaboration between all industry standard-setters (WDCs currently use shared services, shared CRM and HRIS systems, shared property, etc.).

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

Refer to question 22.

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

Due to their operating model, ITOs were well-positioned to build relationships and capturing the voice of employers – however, often this was limited to employers they had a good relationship with in the first place and to employers where it made commercial sense.

**25. What are the possible benefits and risks of having a short moratorium on new industry training providers while the new system is set up?**

Benefits:

- Allowing our current providers to set themselves up for success rather than create an environment of frantic competition.

Risks:

- Delay introducing (potentially healthy) competition in the system.

### **Proposal 3: A funding system that supports stronger vocational education**

#### **26. To what extent do you support the proposed funding shifts for 2026?**

Strongly don't support. Limited information and evidence has been provided. We are concerned that the proposed shifts will negatively impact learner outcomes and compromise delivery of blended (work-based and provider-based) learning.

#### **27. What benefits and risks need to be taken into account for these changes?**

Benefits:

- Prop up ITPs by encouraging more classroom-based learning.

Risks:

- More difficult for learners to move from classroom-based learning into industry training.
- More competitive behaviours across ITPs, PTEs, ITO/ITB, Wānanga for bums on seats, again making it difficult for learners to move across the system.
- Does not encourage common sense collaboration between players in the system.
- Returns to a system that penalises providers for having a learner move from classroom to workplace (having to move from a classroom provider to a work-based learning programme).

#### **28. How should standards-setting be funded to ensure a viable and high-quality system?**

Standard-setting should be funded by:

- Government funding (ring-fenced).
- Ability to cost-recover and be partially self-funded (e.g. licensing of curriculum and assessment materials, undertaking bespoke research and advisory services).
- A portion of monies from learners enrolled (both in work-based and provider-based learning).

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

ITPs should already be incentivised to do these matters as part of their modus operandi.

Providers should be encouraged to address critical skills needs (national and regional) and could receive financial incentives if would be loss-making to do so.

We believe the New Zealand VET system should focus on domestic learners first and international learners second. ITPs should be free to pursue the international student market but should not receive additional incentives to do so.

### **30. What role should non-volume-based funding play, and how should this be allocated?**

We believe that non-volume-based funding can support:

- Qualifications that are critical to industry but don't have sufficiently high volumes of learners.
- Critical, technical delivery that requires significant capital or other investment in delivery infrastructure (e.g. aviation engineering).

Allocation decisions of non-volume-based funding should consider nation-wide provision and should be part of a long-term (national) investment plan.

## **Concluding questions**

### **31. Could there be benefits or drawbacks for different types of students (e.g. Māori, Pacific, rural, disabled, and students with additional learning support needs) under these proposals?**

The removal of the Learner Component funding, which aims to support learners with low prior achievement (including Māori, Pacific and Tāngata Whaikaha learners) returns to a system that was proven to not work. We believe that targeted funding is vital to support the unique needs to these learners and improve the outcomes from the VET system.

To become financially viable, we expect that ITPs that are part of the ITP Federation (anchored by Open Polytech) will shift their delivery towards distance learning, which does not work for all learners or employers. Evidence from NZ and internationally shows that distance learning works less for priority learner groups. According to the MoE report (Evaluation of Provision of Connectivity and Devices - A Covid-19 Response) "Learners and whānau in inequitable situations often also experience a variety of challenges to accessing internet connectivity or using devices."

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

Under Proposal 2, small and emerging industries could miss out on having a voice in the VET system that supports them as they grow and mature as they might no longer be covered by their own standard-setting organisation.

Returning to an ITO-like model (Option A) could re-introduce historic issues where industry training worked well for some industries and businesses, i.e. the most profitable industries/businesses, industries/businesses with existing relationships into VET, etc.

Businesses that rely on classroom or online based delivery to fill any gaps in work-based training and knowledge could find it much harder and potentially more costly to move across the system.

### **33. Are there any other ideas, models, or decisions for redesigning the vocational education system that the Government should consider?**

The Government could consider:

- Aligning the new standard-setting organisations with Australian 'Jobs and Skills Councils'.
- Creating a small number of regionally based ITPs, made up of a combination of financially viable and non-viable institutions. ITPs can delivery work-based and industry training and should be given an ample implementation pathway to ensure they can be successful.
- Open Polytechnic could be established as a blended learning platform for the entire ITP network.
- Integration of WBLs with the ITP Federation, to support the regional ITPs with industry training needs.
- Improve the process and requirements (through technology and reduced regulatory controls) to set and maintain industry standards and qualification.



**RINGA HORA**

**Services**

Workforce Development Council

