

**SUBMISSION TO MINISTRY OF EDUCATION:
REDESIGN OF THE VOCATIONAL EDUCATION AND TRAINING SYSTEM**

Executive Summary

Proposed further reform of Vocational Education and Training is an opportunity for New Zealand to make meaningful changes that set the system up to improve outcomes. It's critical that we do not just return to old models or tweak a system that is currently not fit for purpose.

Our view is that Institutes of Technology and Polytechnics (ITPs) play a crucial role in the network of vocational training provision, which need to continue to provide learners with choice to meet their diverse needs. Healthy competition among providers also helps drive innovation and continuous improvement.

Our bottom line is that the vocational education system should be geared to meeting industry needs so that learners are best equipped for their vocational path, helping to drive productivity, rather than being inherently government facing.

In this context, we do not support Proposal 2A. We do support the general direction outlined in Proposal 2B, but do not believe it goes far enough to deliver meaningful outcomes. We propose two key enhancements to strengthen this:

- Accountability for final sign-off on all standards to sit with respective industry peak bodies rather than with NZQA to ensure that standards-setting is truly industry-led; and
- Introduction of new measures to incentivise more on-job apprenticeship training and to share the cost of that among all employers within industries, as well as encourage the development and uptake of 'train the trainer' opportunities and increasing the number of employers who train.

BCTF represents 18 trade members, their 12,000+ employer firms and around 25,000 learners. The views in this paper reflect the outcomes of a number of workshops that have been held with our members nationwide.

We appreciate the opportunity to provide feedback on the Vocational Education and Training Reform Proposal and welcome the opportunity to be a part of further engagement moving forward.



**Grant Florence
Chief Executive**



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

1. *Do you agree with the consultation document's statements on the importance of ITPs? Why or why not?*

We agree that ITPs continue to play an important role in the vocational education system, as part of the range of choices of training provision to meet the diverse needs of learners. However, we would suggest that national consistency of programmes and outcomes is significantly more important than regional influence in structuring the network of ITPs.

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

The main benefit of further VET reform overall is the opportunity to make meaningful changes to enable improved outcomes rather than just return to an old model or tweak things at the margins. This includes genuinely enabling the system to be more responsive to industry needs, which is why we propose enhancements to option 2b and recommend ongoing consultation with industry as the reform takes shape.

A key risk of the proposals around the ITP network is that it creates further change and uncertainty for the whole sector but just reverts to the old model that saw 'turf wars' between polytechnics that undermine efficiency and consistency of educational outcomes, and lead to loss of industry confidence in ITPs.

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

We do not have a particular view on the federation model, other than to note that it appears to be about grouping poorly performing ITPs together, without creating any real incentives for them to improve and become self-sustaining.

We question whether it might not be better to flip the model: Focus more on the Open Polytechnic as the lead organisation (rather than as the back office for federated individual ITPs) with the existing ITPs being regional delivery partners of Open Polytechnic (maintaining their regional branding, if this is important). This would help avoid the kind of fragmentation and unconstructive competition between ITPs that we saw in the past.

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

From an industry rather than a regional perspective, ITPs play a key role in delivering pre-trade and gateway programmes, as well as block courses in specific areas (such as joinery), which need to be retained. There is an opportunity for ITPs to offer more block course-based programmes for micro-credentials (e.g. for Gib fixers and kitchen installers), which are essential to the building and construction industry, but are still not provided for after many years of industry advocacy around this.

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

As outlined in our response to question three, we propose consideration of the potential benefits of reversing the model (focusing on Open Polytechnic with regional delivery partners, rather than maintaining regional ITPs as separate entities with back-office support from Open Polytechnic) in the best interests of improved and consistent learning outcomes, and efficiency, transparency and accountability.

It is easier to have best practice governance of one entity (Open Polytechnic) than to secure strong commercially-focused governance of multiple regional ITPs.

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

6. Which option do you prefer overall? Why?

We do not support Option 2A. Between options 2A and 2B we prefer Option 2B. However, we do not think that Option 2B goes far enough to make the most of this opportunity to make meaningful change and to create better outcomes from the VET sector than have been achieved to date.

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

We do not believe Option 2A is feasible if the aim is to improve outcomes. It is crucial that standards setting and delivery are independent of each other to avoid perverse incentives. If these two key elements are governed by the same body, decisions are driven by funding incentives rather than by what's best for learner outcomes.

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

We are not sure but note that there is a lack of clarity around what is meant by "arranging training" and "delivering training". Lack of clarity creates risks of conflicts of interest, and ambiguity and uncertainty that leads to loss of employer and industry confidence in the VET sector's ability to deliver.

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

Standards-setting needs to be industry-led and learner-focused. We agree with the governance structure being dominated by industry, with four industry representatives and two ministerial representatives, but the main issue is that under this proposal standard-setting will still ultimately be beholden to NZQA & TEC who have final sign-off of standards.

It's also critical that standards that are set are applicable to all providers in the sector, including PTEs, ITPs and Wānanga to ensure consistency.

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

Workforce Development Councils' current role in workforce planning, identification and development of new qualifications, and advice to TEC on qualifications needs to be retained, and should sit with the statutory bodies as identified in Option 2B.

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

Yes, the active promotion of trades and vocational education to create demand from learners that the ITOs previously undertook needs to be retained in the new system. ITO's also effectively cross-subsidised standards development and delivery of training for smaller trades (e.g. Monumental Masons) which needs to be considered in shaping the new system.

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

The bigger issue is managing risk around the standards-setting and quality assurance processes. Setting standards is more important than who is delivering the programmes, especially with the right quality assurance in place. This is especially the case given that the delivery of training programmes by the network of vocational education providers has remained relatively consistent despite the many changes to the vocational education system in recent years. That said, in principle our view is that any competition is healthy, so a moratorium on it would not be ideal.

Proposal 3: A funding system that supports stronger vocational education

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

We support the funding shifts proposed provided that the standards-setting and delivery functions are split, as is proposed under Proposal 2 Option B. We support the proposal to have specific ring-fenced funding for standards-setting, as long as there is transparency and accountability to the industry around that funding. We also want to highlight the importance of ensuring that smaller trades are kept in mind as funding decisions are made.

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

If there is no split between standard setting and delivery as per Proposal 2 Option A, there would be significant risk of a lack of accountability and transparency to industry around standards-setting.

There is a risk of shifting funding away from work-based to campus-based that it will not meet construction sector or learners' needs. Campus-based training does not work for many trades and learners prefer earning a wage while learning, which attracts people into working in the sector.

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

BCTF doesn't have a specific view on the funding mechanics, but we would say that standards-setting needs to be properly funded. This is because standard setting and quality assurance, that is truly reflective of and responsive to industry needs, is the key to meaningful improvements in VET sector outcomes. For this reason, we would welcome the opportunity to be a part of developing these funding models further.

16. *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?*

That's a question for ITPs to answer, but from an industry perspective what's critical is that the funding system is primarily focused on meeting industry needs, not just regional needs or organisations' own priorities.

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

As above, that's a question for ITPs to answer, but from an industry perspective what's critical is that the funding system is primarily focused on meeting industry needs, not just regional needs or organisations' own priorities.

Concluding questions

18. *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?*

We question the funding proposal's apparent shift away from addressing equity issues. In the building and construction sector, Māori and Pasifika are still not well represented, especially in the skilled/qualified space, so we would argue that equity-based funding is still required. It is in New Zealand's best interests to promote equity of access to vocational education and especially in the trades sector where there are typically periods of significant skills shortfalls, requiring a strong pipeline of qualified tradespeople.

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

The biggest risk is the potential for industry standards to effectively continue to be set by government rather than by industry, which is the case under proposal 2 option A and to some extent under proposal 2 option B because it does not go far enough to manage this risk. The risk is heightened for smaller vocational areas that are fully beholden to NZQA to set their standards because they would not have the scale to have an ITB (2a) or a statutory body (2b).

In addition, the role of the Tertiary Education Commission (TEC) remains unclear and these proposals do not address the roadblock TEC and NZQA has created to date in the development of micro-credentials and new qualifications in general.

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

Yes. As outlined above, BCTF supports the general direction of Proposal 2B, but in our view it does not go far enough to deliver meaningful outcomes. We propose two key enhancements to strengthen this:

1. Where possible, accountability for final sign-off on all standards to sit with respective industry peak bodies (e.g. trade associations, Nursing Council) rather than with NZQA. This is the only way to ensure that standards-setting is truly industry-led.
2. Introduction of new measures to incentivise more on-job apprenticeship training and to share the cost of that among all employers within industries. For example, in the building and construction sector, there is an opportunity to charge a training levy to the Licensed Building Practitioner Framework (LBPF), which can be used to help fund apprenticeship training (including employer incentives and train-the-trainer initiatives) and ensures all potential employers of qualified tradespersons are sharing in the cost of their training rather than coat-tailing on the efforts of employers who do train apprentices. This may encourage more employers to offer apprenticeships.

It is also worth noting that past issues with lack of consistency in how standards are interpreted and delivered are not addressed in these proposals at all. For successful reform, consideration will need to be given to assessment and moderation and ensuring that these processes do not become proxy methods of standard-setting that circumvent the industry-led direction that is signalled.