

Submission by

The Employers and Manufacturers Association

to the

Ministry of Education

on the

2024 Review of Vocational Education

September 2024



About the Employers and Manufacturers Association (EMA)

Established in 1886, the EMA is New Zealand's largest business association representing more than 7,000 businesses in the upper half of the North Island. Combined, our members are responsible for employing around 25% of the country's workforce.

We are the unapologetic voice of the business community, advocating strongly on behalf of our members and the wider business community to ensure their voices are heard by government and decision-makers. In collaboration with our nationwide network, including BusinessNZ, Business Central, Business Canterbury and Business South, we represent and support over 76,000 member companies.

As a not-for-profit association, we provide trusted, expert and affordable advice to our members. Delivering a wide range of services, including learning and training courses, health and safety advice, employment support, and HR and PX services, we support our members to upskill and build capability in their teams.

More broadly, we aim to create an ecosystem of support for all businesses in New Zealand, enabling them, their people and their communities to prosper.

Contact

For further contact regarding this submission:

Joanna Hall
Senior Policy Advisor
Employers and Manufacturers Association
Private Bag 92-066
Auckland 1142
New Zealand

Mobile: +64 27 807 5450
E-mail: joanna.hall@ema.co.nz

Introduction and background

Thank you for the opportunity to give feedback on the future of the Vocational Education system in New Zealand.

The Vocational Education and Training (VET) system is critical to the future workforce pipeline of NZ businesses, and change is needed to drive better outcomes for industry and learners.

We've heard from our members that they're concerned about the state of the Vocational Education system, along with the quality of qualifications and support. They're seeing the impact of this coming through in their employees, and they're worried about what the future holds if we cannot train for the skills we need in New Zealand.

We support the Government's aims of achieving better financial viability, more regional/local responsiveness and strong connection to industry. However, the overall objective of delivering quality education and training that serves the needs of both employers/industry, as well as learners, should be first and foremost.

Overall functions of a successful VET system

For the VET system to be effective, we believe it needs to be:

- *Integrated*- all elements of the various systems that engage with workforce planning and upskilling need to work together, as part of an integrated system, to solve our workforce needs now and into the future. This includes tertiary and secondary education/ training/careers and pathways work /immigration etc.
- *Stable*- the VET system has undergone significant change. Employers want to have confidence that the right settings and appropriate funding mechanisms are in place for the VET eco-system to deliver the quality they need, along with clear measures of success.
- *Responsive*- to both changing industry capability needs, as well as to regional/local needs. Taking years to set up a qualification isn't good enough and will result/has already resulted in employers seeking out other options.
- *Engaged*- through meaningful industry engagement and interaction. Industry needs to be involved and have oversight across many different stages of the system e.g. peer-reviewing qualifications, auditing of assessments etc. Industry wants this involvement.
- *Informed*- the VET system must use robust data and forecasting to accurately deliver the workforce pipeline industry needs. The work around workforce forecasting, insights and international benchmarking is important and gives confidence that we're heading in the right direction.

Comments on proposals

Proposal One: ITP Network

We support regional delivery and decision making for the Institutes of Technology and Polytechnics (ITPs). However, we do acknowledge that the system needs to be financially viable, so there may need to be some adjustments to operating models to ensure this is the case. This may be through mergers, better use of capital assets, or through accessing support for smaller entities in a federation model.

While some of the ITPs may be able to stand alone early on, we would urge some thought be given to where the ITP network could still work together to get economies of scale. There may be many areas of shared services or systems that benefit all ITPs where it may make sense to group together, to improve efficiencies and increase purchasing power, not just in a federated model.

The federation model has some advantages for those smaller entities on both the operational and academic sides, but there are also some challenges with industry and community connection with that model. Further consultation and information around the governance and decision-making elements of this model are recommended to ensure clarity and buy-in from stakeholders.

Additional comments on consultation questions:

- *Do you agree with the consultation document's statements on the importance of ITPs? Why or why not?*
 - The functions outlined are important, however, ITPs are part of an overall system, and in many locations some of these functions are being served by various other channels. ITPs are important in the sense that having a regional hub to connect with the community and local employers is valuable. But they need to be evaluated within their wider eco-system, and consideration needs to be given to the unique value they'll provide in the future with current challenges like financial viability, low enrolments, weak industry confidence (in some areas) etc.
- *What do you consider to be the main benefits and risks of reconfiguring the ITP sector?*
 - The main benefits are bringing industry close and showing the opportunities to create a responsive, engaged and integrated vocational education system that employers can have confidence in. The main risk is that, after all the instability, having a further period of instability could continue to weaken both employer and learner confidence in the value ITPs offer. In addition, burn out and further loss of staff could make these issues worse in whatever the new system looks like.
- *Do you support creating a federation model for some ITPs? Why or why not?*

- Yes, however as stated above there should be more clarity around what that means, and what governance/decision making will look like, so it can be better evaluated.
- There are also opportunities for the whole system to work together, not just within the federation, to achieve economies of scale, that should strongly be considered.
- *What are the minimum programmes and roles that need to be delivered by the new ITP sector for your region?*
 - There will be many nationally consistent offerings needed, and an ITP sector needs to provide these. However, being able to be regionally responsive, depending on industry feedback and local learner needs, should be a key function.
- *What are the critical factors needed (including functions and governance arrangements) to best support a federal model?*
 - As mentioned above, clear guidance around governance and decision making should be presented to provide comment.
 - With so much change in the past, and into the future, strong, committed leadership with clear roles and responsibilities will be needed across the ITP system to ensure success.

Proposal Two: Skills Standards setting and Work-Based Learning

We would prefer an additional option that is neither A nor B. We support the Industry Training Boards (ITBs), but would prefer more employer choice on delivery retained, as a monopoly on training does not work for all industries, especially if quality is not being provided.

ITBs need to be responsive to, deeply engaged with, and informed by industry. The quality of what is being delivered is a key concern of employers. They need to be confident that the direction ITB's take is based on industry needs, rather than the pursuit of volume to chase funding.

Additional comments on consultation question:

- *Which option do you prefer overall? Why?*
 - As mentioned above, our preferred option is a hybrid of both Option A and B with ITBs, but more choice for training delivery.
- *What are the main features and functions that Industry Training Boards (Option A) need to be successful?*
 - ITBs need to be able to provide standards and qualifications that industry believe set learners up for success when it comes to application in a work environment. These must be based on what skills and capabilities are actually needed by industry now and into the future.
 - This requires strong, authentic relationships and feedback loops with industry, and should be backed up with a clear outline of accountability, the measures of success, and the responsibilities.

- The role of Peak Industry Bodies and how they can support ITBs and the overall system should be considered.
- *Under Option A, how important is it that ITBs and non-ITBs be able to arrange industry training? Why?*
 - As mentioned earlier, we do not support a monopoly and believe that employers should have a choice to engage with the training that best suits them and their learners' needs. Suppliers should be consistently seeking industry engagement to make sure their offering is relevant.
- *What are the main features and functions that industry standards setters (Option B) need to be successful?*
 - Standards setters need to work closely with industry and Peak Bodies. We've heard a lot of feedback from employers that often the quality is not there, and instead they rely on other indicators to assess if the worker has the skills needed (e.g. what company they did their apprenticeship with). This is because their expectations of skills needed are often higher than the skill set the learner gained during their qualification.
 - Having real industry evaluation of qualifications or assessments could provide more confidence for employers and a better indication of areas for improvement or evolution as skills/technology needs change.
- *Are there key features of the Workforce Development Councils that need to be retained in the new system?*
 - Some of the insights work that the WDCs did is beneficial, as is the information platform they built. This could be extended in many areas to provide a greater impact on workforce planning.
 - Feedback from members on the WDCs is varied depending on the WDC, and the industry. Smaller industries or smaller employers still indicated some confusion around WDCs, their role, and how they can provide feedback to improve the system.
 - This channel role needs to be retained somewhere, and improved upon, so that the VET system's connection to industry is authentic and not just limited to size or industry or capability to navigate the system.
- *Are there key features of how the previous Industry Training Organisations worked that should be re-introduced in the new system?*
 - Many of the ITOs did a lot of work on elements that were complementary to their service offerings, especially in the pathways, pastoral care and industry promotion space, and employers have expressed that they don't see where this work will land within a new VET system.
- *What are the possible benefits and risks of having a short moratorium on new industry training providers while the new system is set up?*
 - We don't believe this is necessary, Government should be seeking to engage with industry on the new system, to give confidence that it can deliver in the future. In the meantime, employers need to be able to access the services that they believe work for them.

Proposal Three: Funding Changes

We've heard from both providers and employers that the funding system is still very much driven by volume, so any changes to funding need to ensure that the behaviour changes that will result are aimed towards delivering quality.

We don't support reducing funding for work-based learning as this is a crucial part of the system for employers. Profits from this should be re-invested for ongoing development of industry training and to improve responsiveness in the system to changing skill demands.

We are supportive of skills standards being funded; however, this could be from the strategic component rather than work-based learning rates. Also, if skills standards setting fall under ITBs, this funding and provision should be treated and evaluated separately to ensure this function is being delivered to a high standard.

Additional Comments

With such a large and impactful reform, it would have been good to see the consultation be more high level. This felt like it wasn't future focused, nor led by outcomes and desired behaviours. It also didn't seem to consider the learner experience, and it wasn't accessible for the every-day employer to feed back on.

Conclusion

Thank you for the opportunity to comment on this consultation.

The future of the Vocational Education and Training system in New Zealand is hugely important to our members, and authentic industry engagement throughout this process is key to ensure a new VET system produces positive outcomes for employers, learners, and our country.