

Submission by

The Employers and Manufacturers Association

to the

Ministry of Education

on the

Options for the future of work-based learning

February 2025



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.

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Introduction

Thank you for the opportunity to give feedback on the options for the future of work-based learning as part of the redesign of the Vocational Education system in New Zealand.

We appreciate the intent to engage with industry on what these options look like and what would drive the best outcomes for both employers and learners to support the country's economic growth.

Delivering quality education, focusing work-based learning on the needs of industry and employment outcomes, and optimising the performance of the overall system is key to both lifting productivity for employers as well as providing sustainable employment opportunities for learners into the future.

Comments on proposals

Initial Comments

We support Option B, the independent work-based learning (WBL) option, as we believe this structure will result in better, more fit-for-purpose programmes and providers for various employers and industries and stronger employment outcomes for learners.

We oppose Option C as it would create an overly complex model that won't result in good outcomes for learners, employers or providers. We believe that the separation of pastoral care from providers will cause confusion and unnecessary duplication.

We agree with the establishment of Industry Skills Boards (ISBs) as independent statutory bodies who are tasked with the standards-setting and qualification development roles for their industries and have a governance role in endorsing entities who can offer WBL, including monitoring and review.

We strongly oppose industry levies. Increasing costs for employers -when they already bear a large amount of additional cost with taking on learners e.g. training fees, time from other staff, lower productivity, administration costs- risks them disengaging with the system, and provisions are already in place should certain groups of employers desire to undertake specific initiatives that require funding as a group through their Workforce Development Council (WDC)/ISB.

It will be important to ensure genuine engagement with, and influence of, both 'industry' as well as individual employers. The system must be guided by the needs of industry now and into the future, and without focusing on this as the leading principle, this reform risks repeating the issues found with the previous one where change didn't deliver the results needed.

Proposal B: Independent Work-Based Learning Model

As mentioned earlier, we believe that Option B is the right pathway as **employers and industries should have a choice to engage with the training provider that best suits them** and their learners' needs. Suppliers should be consistently seeking industry engagement to make sure their offering is relevant.

The **pastoral care element needs to stay with the training provider** as:

- Having too many entities involved in the support of a learner creates unnecessary complexity in an already complicated environment and will result in both the learner and the employer feeling disengaged.
- Employers also provide a large level of pastoral care. They need to be working alongside the provider on how best to support a learner, and adding another player into the mix will create either overlap or underservice due to confusion.

We believe that Option B does not inherently mean that there is no feedback loop from both employers and learners into ISBs as inferred by the consultation document. We think that **it's entirely possible within the Option B structure to have a strong feedback loop** with ISBs without having to sit underneath the pastoral care function and would like to see more discovery work done on how best to capture these voices.

Proposal C: Collaborative Work-Based Learning Model

The Option C collaborative model is not workable in our view as **pastoral care shouldn't be split from learning provision**. As mentioned earlier this would only result in complex and negative customer experience from both learners and employers' perspectives. It also has too many players in the mix, leading to confusion and scope creep for employers, learners, providers and ISBs.

The **'Employer Coordination' function by ISBs should be happening anyway**, insofar as getting employer feedback on programmes. In terms of organising pastoral care however, this gets away from their core functions of standard setting and quality assurance.

There is a **question around whether ITPs are the right area for learners/programmes to transition into**. This structure has drawbacks around not having national consistency between ITPs, entities not being as close with industry as potentially WBL divisions or Private Training Establishments (PTEs)/Wananga, and challenges around viability of programmes in certain areas. This model seems to favour the ITPs instead of being open to learners/programmes going to the right provider based on industry demand.

Industry Skills Boards

Focus on engagement with and accountability to industry

ISBs should be focused on how vocational education builds skills that are needed by businesses now and into the future. This is what their standard setting and quality assurance

should focus on, and they should have **accountability and transparency back to industry on how they deliver this.**

ISBs need to be able to provide standards and qualifications that industry believes sets learners up for **success when it comes to application in a work environment.** 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 for various parties.

Feedback previously on WDCs from our members was varied depending on the WDC, and the industry. Smaller industries or smaller employers indicated some confusion around WDCs, their role, and how they could provide feedback to improve the system. This needs to be improved upon with ISBs, so that the **VET system's connection to industry is authentic and not just limited to size, industry or capability of the business to navigate the system.**

The role of Peak Industry Bodies, Industry Associations and how they can support or work with ISBs and the overall system should be considered.

In both Options B and C, it appears that the voice of industry is going to be represented by the ISBs. While measures should be taken to **ensure an ISB is an accurate representation of an industry, there is also a distinction between that representation and direct contact with individual employers.** Both voices are needed at the table to achieve impactful systems change so thought needs to be given as to how this will be enabled.

Should not hold pastoral care responsibility

We disagree with the assumption that having the ISBs hold the pastoral care function would enable a better feedback loop with employees. As referenced earlier, there are better ways to achieve this without splitting pastoral care from the provider.

There are also numerous existing pastoral care networks and programmes with good track records that could be leveraged, expanded, or replicated if further resource is deemed to be needed in this space.

Rather than being a pastoral care provider, ISBs also need to consider how they support providers and employers with best practice as trainers/training environments and enable them to tap into further pastoral care support if needed.

Insights work

Insights work should feed into a workforce analysis and planning function that needs to be across **all areas covering labour supply - immigration, education, etc.** Ownership by one organisation is needed within government (not the ISBs) but the work various organisations do in this space (e.g. insights work by ISBs) should feed into, and be informed by, this **integrated workforce strategy.**

Some of the insights work that the WDCs did was beneficial, e.g. building the workforceskills.nz platform. This could be extended in many areas to provide a greater impact on workforce planning however doesn't necessarily need to sit under the ISB remit.

Advocacy and marketing function

During the consultation, there was verbal mention by the Minister that ISBs would undertake an advocacy and marketing function for industries. This was not touched on in the consultation so while it is important to ensure that this is addressed, there was not enough information to provide robust comment on what it would look like and whether it's the right solution- **we want to see further details as it's important industry gets a view and a say across this.**

If ISBs are to have responsibility for marketing and promotion of an industry, they need to be appropriately funded to do so and informed through the integrated workforce strategy mentioned earlier.

They would also need to **consider careers and pathways information, including Secondary Tertiary Pathways (STP) and Trades Academy (TA)**, as part of this advocacy work and work with the Tertiary Education Commission (TEC) alongside the Careers Systems Strategy to ensure a joined-up approach.

Governance

We agree that the two ministerial appointees to the ISBs will help leverage national consistency of approach and help form relationships with government agencies and central government. They will hopefully assist with key relationships and strategic planning and insights across organisations i.e., NZQA, TEC, Ministry of Education (MoE) etc.

Funding considerations

In the consultation document, it states that a downside of Option B is that ISBs would have a limited range of funding sources. With the difference between Option B and C being that pastoral care would fall under ISBs in Option C, we consider that there is an issue here in assuming that the additional funding to support an ISB's standard setting function needs to be boosted by the funding they would get from pastoral care. This is an entirely separate function and should be treated and funded as such, therefore this argument is invalid.

Standard setting is a core function of the system and should be fully funded rather than reallocated from WBL subsidies. We don't support reducing funding for work-based learning as this is a crucial part of the system for employers.

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.

Additional Comments

Transition arrangements make sense where, under Option B, all current WBL providers would be moved into a PTE-type of entity which enables them to work with their respective industries on the development (or not) of a delivery organisation i.e. a separate PTE. Should a WBL entity decide to establish its own PTE then it is crucial that it has industry representation in the set-up process, and a plan around a pathway to financial viability.

There needs to be clarity around ensuring access to nationally consistent programmes where appropriate, especially for companies that have national presence. However, we do not believe that Option C with the ITPs taking programmes and learners on is the way to solution this.

Where industries are not covered by ISBs, the question remains how they'll be best served for qualification development. Is NZQA set up to provide these functions for them, and is this the best outcome for consistency and efficiency if this is not a core function of NZQA? If advocacy and marketing work is also meant to sit under ISBs, then where this would land for those smaller industries needs to be considered too.