

## **Cabinet Paper material Proactive release**

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### **Material redacted**

Some deletions may have been made from the documents in line with withholding grounds under the Official Information Act 1982. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

The applicable withholding grounds under the Act are as follows:

No redactions have been made to these documents.

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<http://legislation.govt.nz/act/public/1982/0156/latest/DLM64785.html>

# Reform of Vocational Education

Consultation discussion document

Embargoed until 13 February 2019

>>>>>>>>> DRAFT, IN CONFIDENCE <<<<<<<<<<

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# Ministerial foreword

Every New Zealander deserves access to quality education and training throughout their lives, so they can realise their potential and participate fully in our economy and society.

The world around us is changing rapidly and will continue to do so. Our education system needs to keep up.

Our vocational education system is a case in point. At a time when we're facing critical skill shortages, our polytechnics and institutes of technology are going broke.

The strong labour market is encouraging young people to move directly into the workforce rather than continue in formal education, and our system isn't geared up for the future economy, where re-training and up-skilling will be a regular feature of everyone's working life.

It's time to reset the whole system and fundamentally rethink the way we view vocational education and training, and how it's delivered.

We need to move from a system where educational institutions and on the job training compete with one another, to a system where on the job and provider-based learning is seamlessly integrated.

We need to move away from the cycle that sees course delivery at institutes boom when the economic cycle turns down and then dive when the economy improves, while on the job training providers face the opposite cycle.

Instead of our regional institutes of technology retrenching, cutting programmes, and closing campuses, we need them to expand access to consistently high-quality quality vocational education their course delivery throughout the country.

We need a model where businesses, industry, iwi and local government in every region play an active role in driving skills development. We need to shift from the current approach where they ask their local education providers "what can you do for us?" to one where they say "this is what we want from you".

We need a system of training and skills development that is more flexible and more nimble, so we can get people with the right skills into the right jobs much faster.

Our thinking needs to shift from the idea that the ultimate goal of senior secondary schooling is to prepare young people for university to add a much greater focus on the career pathways of the two-thirds of school leavers who do not go on to study degrees.

Our Government is committed to delivering a step-change. We know that big change is required, and that's what the proposals contained in this document are designed to achieve.

We propose to establish a unified, coordinated, national system of vocational education and training.

The roles of existing Industry Training Organisations (ITOs) would be re-shaped so that they are much more focussed on skills leadership and making sure that the education and training provided meets the needs of employers.

A new institution, the New Zealand Institute of Skills and & Technology, would replace our 16 existing polytechnics and institutes of technology. The new Institute would have a strong regional focus, giving local leaders much more say in the education and training offered in their region.

The development of courses and programmes would be consolidated, freeing up resources to expand front-line delivery. There will be more sharing of expertise and best-practice, and more use of on-line, distance, and blended learning.

Our proposals are ambitious, and necessarily so. We cannot continue to tweak the system knowing that the model is fundamentally broken, and isn't delivering our workforce the skills that they need to thrive.

I look forward to hearing your feedback. Consultation closes on **Wednesday 27 March 2019**. Make sure that you have your say before then, and thank you for taking the time to contribute your thoughts to this important work.

[signature]

Hon Chris Hipkins, Minister of Education

# Introduction

## How to read this document

This document sets out an integrated package of reforms the Government is considering for New Zealand's vocational education system. The three proposals of the reforms will:

- » redefine the roles of education providers and ITOs, and extend the leadership role of industry and employers across all vocational education through new Industry Skills Bodies (page 15);
- » create an institution, with the working name of the New Zealand Institute of Skills & Technology, bringing together our 16 public Institutes of Technology and Polytechnics (ITPs) as a single entity (page 18); and
- » create a unified vocational education funding system, removing barriers to collaboration and flexibility, ensuring a sustainable network of provision, and supporting the wider reforms (page 21).

After describing the proposed changes, we discuss what these changes may mean for learners, employers, the community and people and organisations working across the vocational education system.

We want to hear your views on these proposals. The changes we propose are complex, and we need the detailed knowledge and different perspectives of people across New Zealand to get them right. Over the next six weeks, we will be undertaking an extensive engagement and consultation process across the country. You don't need to write a formal submission or limit your feedback to the questions asked – any and all feedback, written and verbal, will be taken into account as the Government makes its final decisions. We need to receive your feedback by **Wednesday 27 March 2019**.

## What do I need to know for 2019?

The proposals in this document may go ahead in this or another form, but the Government won't make any decisions until we have heard and carefully considered feedback from this consultation process. Even if the proposals for change go ahead, we do not expect learners to experience any substantial change in their education and learning during 2019; and any changes from 2020 onward would be implemented in a way that minimised disruption to learners and employers. So, in the meantime, what do you need to know for 2019?

### Regional communities

Our regions keep New Zealand moving. The proposals outlined in this document will increase the amount and range of delivery available to regional New Zealand through our proposed vocational education network.

This document proposes the creation of a New Zealand Institute of Skills & Technology. This new institution would build on the current relationships, skills and unique identities of our current national network of ITPs. The vocational education system would enable more and better regional delivery in a sustainable way across all of New Zealand.

If you work or partner with a regional ITP, for example as a school, employer, iwi, non-government organisation (NGO) or local Government official, you should continue to do so. The proposed reforms aim to maintain and expand, rather than reduce or withdraw from, education and training activity in the regions. You can continue to build and maintain enduring and highly valuable relationships with ITPs.

These proposals support my International Education Strategy objectives to enable greater regional provision of international education and share the benefits of the international education industry with our regions.

## Domestic or international learners

If you are a student or trainee, whether domestic or international, you can confidently enrol in your vocational education courses in 2019. You will be able to proceed with your study through any future change process. Your course fees for 2019 won't change due to the proposed reforms. Over time, fees for students in vocational education may become more consistent around the country. Local scholarships and fee support programmes that ITPs have committed to with their communities will remain. The Government's policy of a Fees-Free first year of tertiary education and training will continue. If you are an international student, any approved visas and study arrangements will continue, and the courses and qualifications you are enrolled in will continue to be recognised.

If the changes go ahead as currently proposed, you should not notice any major changes to how the system operates in 2019. Education providers and ITOs will be gearing up for transformation, but it will be "business as usual" for you as a learner. Ensuring you can complete your study as planned – during 2019 and beyond – will be a top priority throughout any change process, including for international students on multi-year visas.

If the proposals presented in this document go ahead, students at ITPs who finish their studies in 2020 or later may be awarded their qualifications by the New Zealand Institute of Skills & Technology, which your institution would become a part of. Similarly, if you are a trainee or apprentice enrolled with an ITO, you may finish your qualification with an education provider. The Government will consult separately with learners at a later date on how best to reflect these changes on your Record of Achievement and other documents.

## Employers engaged in industry training

If you are an employer engaged in industry training, and the changes outlined in this document go ahead as proposed, then your ITO might start gearing up for change in the second half of 2019. The Government will work closely with ITOs and vocational education providers to make any change process as smooth as possible for you, your trainees and apprentices. In the meantime, and indeed throughout any future change process, you can continue to invest in vocational education and training for your staff with the confidence that they will be able to complete their programmes.

## Where you can learn more, and how you can provide feedback

To help you find out what you need to know, we have developed a range of factsheets and more technical discussion documents. These documents, and the Consulting on Proposals for Vocational Education System Reform January 2019 Cabinet paper, are published online here:

<https://conversation.education.govt.nz/conversations/reform-of-vocational-education>.

Our factsheets can help you to learn more about the proposals, and the technical discussion documents will seek your feedback on specific design elements of the proposals.

This link will also take you to a regularly updated database of FAQs, as well as our online survey where you can respond to the questions posed in this document and more. You can find a list of factsheets and technical discussion documents on page 28, along with a glossary.

## Have your say

You can provide feedback by attending a face-to-face consultation event in the coming weeks. These will include:

- » four community engagement days, where a wide range of community stakeholders can engage with the Reform of Vocational Education team. These community stakeholders will include, but not be limited to, employers, learners (including students, trainees and apprentices), iwi and community representatives, unions, as well as education providers/schools and ITOs – in Auckland, Rotorua, Palmerston North, and Christchurch;



- » six dedicated hui for iwi and Māori stakeholders, in Northland, Auckland, Gisborne, Rotorua, Wellington and Christchurch, as well as iwi and Māori engagement in each region via the regional workshops and visits to ITPs);
- » two fono for Pacific stakeholders, in Auckland and Porirua;
- » Engagement with ITO Boards, followed by 11 visits to ITOs;
- » 16 meetings with individual ITPs, at a major campus of each ITP through the country, with separate feedback sessions for management teams, staff and students;
- » partnership meetings with the three wānanga; and
- » meetings with Universities New Zealand and with peak bodies in the private training establishment sector.

If you give us feedback at a face-to-face consultation event, you don't need to also submit your thoughts in writing – but you're welcome to if you'd like to.

If you prefer to write your own response separate from the questions posed in this document, you can submit it at [\[email\]](#). You can also use this email address to contact the Reform of Vocational Education team.

If you have any questions, or would like to discuss the proposal with someone, please call 0800 462 543.

Consultation on these proposals closes on **Wednesday 27 March 2019**.

# Setting the scene

## What is vocational education?

Vocational education has a special emphasis on the skills, knowledge and attributes required to perform a specific role to or work in a specific industry.

For this work, vocational education is defined as:

- » all industry training (training and apprenticeships people undertake in employment); and
- » provider-based education at levels 3-7 of the New Zealand Qualifications Framework, excluding:
  - » degree study;
  - » Te Reo and tikanga Māori;
  - » English for Speakers of Other Languages;
  - » any university provision; and
  - » other non-formal provision.

Changes to vocational education need to be designed with consideration of wider settings to retain the coherence of the skills system as a whole, and to respond to changes needed in the workplace as signalled in our Future of Work agenda.

Vocational education matters to learners and employers, and to the communities in which they work and live. People also use vocational skills outside the workplace, for example on the marae, or in doing voluntary work for a local community group or school.

## How does our current system work?

Vocational education qualifications in New Zealand are mainly New Zealand Certificates and Diplomas. This means there is a specific national qualification in a range of defined subject areas, but learners can achieve it in different ways via the many “programmes” on offer at different tertiary education organisations. Learners can work toward qualifications:

- » by enrolling in a **programme of study at an education provider** (for example, an ITP, a private training establishment or a wānanga) and doing mainly classroom-based learning; or
- » by participating in a **programme of industry training**, if they are employed and their employer supports their learning. Industry training involves learners doing formal education and training through their workplace, including apprenticeships, with most learning happening on the job.

The Government pays education providers and ITOs mainly according to how many learners they each enrol. Funding rates for provider-based study are higher than for industry training.

## What other relevant changes are underway in education?

Alongside reforms in vocational education, this Government is undertaking other work that will also support a stronger education system. This includes the National Certificate of Educational Achievement review, the review of Tomorrow's Schools, the Tertiary Education Strategy, ongoing tertiary Fees Free settings, the International Education Strategy, the review of the New Zealand Qualifications Framework, and the Careers System Strategy (which includes the Careers Action Plan). You can read about many of these on the Education Work Programme website: <https://www.education.govt.nz/our-work/information-releases/information-releases-from-2018/education-portfolio-work-programme/>.

# Why are changes being proposed?

Our vocational education system must change to meet current and future challenges, and deliver better outcomes for New Zealand. Vocational education can help to ensure that all New Zealanders have the skills, knowledge and capability to adapt and succeed in a world of rapid economic, social and technological change. It can improve people's resilience, employment security and life outcomes, and reduce social inequities.

## We need to be ready for a fast-changing future of skills, learning and work

It is important that the vocational education system is ready and equipped to respond to future needs to help New Zealand thrive, and be resilient to change. Our current vocational education system is poorly positioned to deliver on our future needs. Technology continues to change the world in which we live, learn and work, both onshore and overseas, and these changes are likely to accelerate. Automation will change the nature of work in New Zealand, with around a third of current jobs likely to be significantly affected. As these jobs change, other new jobs will emerge. However, people with no or low qualifications are most likely to see their jobs become extensively automated, and many will find it difficult to adapt to new jobs and new technologies.

The proposed reforms, which go a step further than the options explored and developed through initial consultation last year, are about creating a system that is agile and responsive to the opportunities and challenges that we currently face, and that will meet New Zealand's needs in the future.

**A recent OECD study estimated that around a third of jobs in New Zealand are likely to be significantly affected by automation, including around 10% with a high risk of being automated. Most workers in the 10% have no qualifications and are in the lowest income bracket.**

*Source: Nedelkoska, L., & Quintini, G. (2018). 'Automation, skills use and training' (OECD Social, Economic and Migration Working Papers No. 202).*

Workers will need to either upskill to do new aspects of a job, or reskill to adapt to a digitally automated environment or to a new field. The 2018 World Economic Forum Future of Jobs report reflects this, identifying that by 2022, no less than 54% of all employees worldwide will require significant re-and upskilling. As indicated in the 'From Education to Employer' report published by Infometrics in 2018, the labour force participation rate of people over the age of 65 has tripled since 2001, from 7.9% to 24%, and will continue to rise, albeit more slowly. This means more older people in the workplace needing to upskill, reskill or retrain, alongside younger people, to keep their skills relevant in a changing world.

Our vocational education system needs to be ready to respond positively to these changes.

## Employers need confidence the vocational education system will respond to their needs

Employers need to have confidence that employees have the skills to successfully contribute to the economy, and part of this is enabling better connections between business, employers, industries, local communities and the education sector. We've heard from industry representatives, as well as individual businesses and employers, that the current system isn't always delivering what they need. Our vocational education systems need to be better aligned to the needs of industry and employers, to ensure we are getting the most from our investment in education – and our people.

Employers need to be given, and must take on, a greater leadership role in building more effective partnerships with education specialists, so that people in the current and future workforce benefit from on-job training, and high quality teaching and support. The system needs to increase the amount of vocational learning that takes place in

the workplace, and it needs to suit learners from diverse cultural and socioeconomic backgrounds. Shorter blocks of training via micro-credentials will increasingly be used to ensure skills remain relevant in variable, fast-paced and highly technological work environments. We want to make sure that our vocational education system enables transitions between, and combinations of work and training, in order to best facilitate the needs of both learners and industry.

## **The regions of New Zealand need a collaborative, flexible and sustainable vocational education system**

A strong, healthy vocational education system is critical to supporting the Government's regional economic development strategies and action plans, and our comprehensive work to raise New Zealand's living standards. Supporting thriving, sustainable regions is one of the Government's key strategies for achieving '*Government Priority 1 – an economy that is growing and working for all of us*'. The system must respond better to skills and education needs at a regional level.

The current ITP network plays an important role in ensuring that access to vocational education is available throughout the regions of New Zealand. Without educational reform to help stabilise the sector, the range of vocational education options in some regions of New Zealand will likely decline. Educational relevance to regions could be at risk and some existing ITP campuses may no longer be sustainable.

New Zealand needs a robust regional network of vocational education provision, which serves both national and regional interests in balance with each other. The proposals will help to strengthen vocational education throughout the regions of New Zealand in terms of meeting the needs of local communities, iwi, employers, and industry. We want regional agencies to work alongside central Government to collaborate in building regional economies.

Our proposals aim to increase the availability and relevancy of vocational education in our regions. We need to make sure that we create a system that has the capacity and capability to deliver the skills that our regions are urgently seeking, and we need to do this quickly.

## **We need a vocational education system that delivers to the needs of all learners**

The ethnic diversity of our society and workplaces is also increasing, with the share of New Zealand's total population that is Māori, Asian or Pacific projected by Statistics New Zealand to grow from about 34% of New Zealand's total population now to about 51% by 2038. Statistics New Zealand also projects that the proportion of young people aged 15-24 who identify as Māori will increase from about one in five in 2018 to more than one in four by 2038; over the same period, it projects that the proportion who identify as Pacific will increase from about one in ten to about one in seven.

The current system persistently under-serves some learner groups, including Māori and Pacific people, disabled people, learners in remote areas of New Zealand, and learners with limited prior achievement in education. We need to ensure that these learners can access and succeed in a vocational education system that responds to their needs.

The proposals in this paper would improve outcomes for all learners, and they align and complement other Government initiatives to improve outcomes and wellbeing for New Zealanders, specifically for Māori, Pacific and disabled people and those with learning support needs.

## **We want to build on New Zealand's international reputation as a great place to study**

There is wide recognition of the social, cultural and economic benefits that international students bring to New Zealand. International students make a huge contribution to the richness and diversity of New Zealand's society and culture, and bring valuable global connections and perspectives with them. These yield social and economic benefits not just while the students are studying, but also after they graduate and return home or engage in skilled work in New Zealand.

New Zealand has a deservedly great reputation as a high-quality, safe and caring country for international students to study, live and work. Students need to continue to see New Zealand's vocational education system as robust and sustainable, delivering education that develops the contemporary skills sought by employers. Competition for international students is intense, and the system needs to be agile and responsive to maintain and strengthen our standing on the world stage.

The proposals in this document would significantly bolster New Zealand's standing in the international market – especially the proposal to create a single high-quality New Zealand Institute of Skills & Technology. A new institution of this kind would represent a great value proposition for international students, and due to its size and scale should be able to achieve a much higher level of visibility in international markets.

## Education technology is changing

Education technologies are evolving fast. Today's young people have access to technologies that were hard to imagine just a generation earlier, for example:

- » ultrafast access to the internet where information of all kinds is constantly available, usually for free;
- » personalised interactive online learning programmes available 24/7; and
- » increasingly, virtual and augmented reality as a means of providing immersive learning in the classroom.

**It is critical that businesses take an active role in supporting their existing workforces through reskilling and upskilling, that individuals take a proactive approach to their own lifelong learning and that governments create an enabling environment, rapidly and creatively, to assist in these efforts.**

*Source: World Economic Forum (2018). 'The Future of Jobs Report 2018'*

Many vocational education providers are using technology to enhance their existing approaches to training, and some are using it to change the way they engage with learners. Face-to-face learning will remain important for large numbers of learners and for developing particular kinds of skills. However, our vocational education system needs to make the best use of technology to make high-quality learning accessible to people who might otherwise miss out.

## We can turn our challenges into opportunities

By working now to create a better system, we can transform many of the challenges facing New Zealand's vocational education system into opportunities for learners, employers and communities – and therefore the nation as a whole – to thrive.

## To achieve this we must solve some pressing and long-standing problems

This Government has taken action to address various immediate issues with skills supply in New Zealand, such as through the Construction Skills Action Plan, and by investing funds to address financial viability issues in ITPs. This work is important, but more fundamental change is needed if our vocational education system is to meet New Zealand's long-term needs.

Through the Kōrero Mātauranga, the national Education Conversation, and through ITP Roadmap 2020 and the review of vocational education and training, Ministers and their officials have collected information and ideas from learners, educators, parents, employers, iwi, Pacific people and community members across the country. We have heard about what is – and isn't - working in New Zealand's vocational education system. You can read summaries of what New Zealanders have told us online at <https://conversation.education.govt.nz/conversations/reform-of-vocational-education/> .

This discussion and analysis has made it clear that our current system has some long-standing problems which need solving.

ITPs are under considerable financial stress. This is due to declining enrolments, high fixed costs, the pressure of responding to changes in policy, and funding that does not reflect their cost structures.

The Government can't continue tinkering at the edges, or adding more layers of complexity and "band-aid solutions" to an already complex system. These problems call for decisive action to safeguard New Zealand's skills pipeline and economic development for the future. These issues with our current system are holding New Zealand back, and some groups bear the costs much more than others. New Zealand deserves better.

**We need a more flexible system that can meet the needs of industry. It feels like the system has had a lot of bolt or add-ons in the past.**

*Source: Peak Body*

## The change we need

Challenges we face...	What we need in our future system...
...for employers	
Employers and industry have limited influence over what education and training is delivered. Some industries and employers face enduring skills shortages.	Employers and industry have a strong local and national voice, across all forms of vocational education, ensuring programmes consistently meet the skills needs of industry and regions for the future.
We place too much reliance on immigration to fill skills gaps and shortages.	Vocational training responds more quickly to changing skills demands. New and more flexible learning methods (including micro-credentials and improved online options) will provide opportunities for upskilling and reskilling to develop our new and existing workforce and reduce our reliance on immigration to meet skill shortages.
Our system is complex, and employers don't always know where to get help or how they can contribute. It can be hard and costly for employers to "find a way in". Employers deal with multiple ITOs and education providers.	The system is simplified and everyone is clear about their roles and responsibilities. Programmes are consistent and employers find it easier to engage with the vocational education system to meet their skills needs.  Employers to be direct and active participants rather than recipients.
...for learners	
Some qualifications don't provide skills that employers recognise and value, so learners don't get the job opportunities they deserve. Learners cannot transfer or progress within or across industries.	Qualifications, credentials, programmes and assessment are consistent nationwide, so learners can be confident their skills and knowledge will be valued. Learners have flexible options to move smoothly between work and study in different places.
Some learners experience persistently poor access and outcomes. Māori and Pacific learners are under-served and often poorly supported by the current vocational education system. So too are learners with low prior	The system meets all learners' unique learning and pastoral needs and is responsive and flexible to learner pathways.

achievement, disabled learners, and people living in more remote areas.	
Vocational education is undervalued. Some young people and key influencers such as schools, parents and employers don't view vocational education pathways as desirable.	Vocational education is recognised as a credible pathway for our most talented and capable young people and is seen to have equal esteem to academic study.
Our network of international education providers is well-regarded, but unless it makes a shift toward higher quality it will fall behind in an increasingly competitive market.	New Zealand has a public vocational education system that is internationally recognised and consistently branded and is attractive to both domestic and international learners.
<b>...for everyone</b>	
The range and availability of education that is being offered in regions is decreasing and not aligned with regional economic development strategies.	There is more regional programme delivery, and regional stakeholders have formal input into local programme requirements aligned with regional economic development strategies and local workforce and skills needs. Nationwide resources will provide focused delivery to regional communities.
Structural features of the current system drive providers and ITOs to compete over funding rather than collaborate to offer effective on-job and off-job training for learners and employers.	Our vocational education system encourages and incentivises providers and employers to collaborate to give each learner the appropriate mix of employer-based and provider-based training.
The system doesn't respond well to economic cycles.	A network of public provision sustainably supports vocational education throughout the economic cycle and can adapt and respond to changes in the market trends.
There are too many small programmes of similar nature that create complexity for employers and learners and waste resource.	Qualification and credentials are nationally consistent. They are valued by industry and draw on the expertise of national leaders in their field.
The sector as a whole is unsustainable without significant organisational change.  ITPs struggle to scale up and down as people move in and out of work.	A sustainable distributed public vocational education network gains the quality and efficiency benefits that result from larger scale, while maintaining the ability to respond quickly to required demand and supply for skills both regionally and nationally.



# What changes are proposed, and how would these changes benefit New Zealand?

At the heart of the Government's reform of vocational education is a goal to ensure that the needs of learners, employers and communities drive the system, to help us raise living standards for everyone in New Zealand. We want a system that truly delivers to the regions of New Zealand, and our proposals will help to ensure that there is greater availability of provision throughout New Zealand.

To achieve this goal, every participant in a future system needs to have a clear and well-understood contribution to make, with roles that are complementary rather than competitive.

The Government's integrated programme of reform comprises three main proposals:

- 1 Redefined roles for education providers and industry bodies;
- 2 An institution with the working title of New Zealand Institute of Skills & Technology, bringing together the 16 existing ITPs as a single entity; and
- 3 A unified vocational education funding system.

These proposals are a linked and interdependent package. Collectively, they will result in a single streamlined, and effective system of vocational education and training to meet New Zealand's current and future needs.

## What is the Government consulting on?

The Government hasn't yet made decisions on any of the proposals. We want to hear from you whether these proposals would meet New Zealand's needs, what you think would make them work in practice, and whether we have missed any factors that need considering.

When considering each proposal, we encourage you to consider not only the implications for that particular proposal, but how it could contribute to a wider system of reform.

## Proposal 1: Redefined roles for industry bodies and education providers

In the Government's proposed vocational education system, industry, employers and education providers would each have clear and complementary roles to play in ensuring learners, employers and communities get what they need. We would clarify their roles and minimise overlapping responsibilities, so they are positioned to act collaboratively.

We want to hear your view on our proposals to:

- » extend the leadership role of industry and employers across all vocational education, including provider-based vocational education, through new "Industry Skills Bodies";
- » transfer to vocational education providers the ITOs' current role of supporting workplace learning and assessment for work-based vocational education; and
- » provide industry with a purchase role across all vocational education, through advice to the Tertiary Education Commission (TEC), which TEC must give regard to.

We believe these changes would better align New Zealand's vocational education system to those in other high-performing jurisdictions such as Scotland and Singapore. The changes would align responsibilities across industry



and providers and support employers and learners to meet their training needs in similar ways to the top vocational education systems around the world.

The table below describes the proposed changes to current organisations’ roles and responsibilities in more detail, with further explanation of the key elements below.

**Table One: Proposals to redefine roles to create a single vocational education system**

Proposal	Rationale / details
<p>Industry Skills Bodies provide advice to TEC (the Government’s main investor in tertiary education) on industry needs.</p> <p>TEC would purchase all vocational education, acting on advice from Industry Skills Bodies.</p>	<p>TEC considers social and network objectives.</p> <p>Industry Skills Bodies advise on industry need.</p> <p>We propose to consult on how the interaction between TEC and Industry Skills Bodies could work best.</p>
<p>Providers would be responsible for all vocational education provision, including supporting workplace training.</p>	<p>Work-based learners would be more supported in their learning and pastoral needs.</p> <p>Alignment between on-job and off-job provision would be strengthened.</p>
<p>Alongside the New Zealand Qualifications Authority (NZQA), Industry Skills Bodies would approve all vocational education programmes.</p>	<p>Ensures learners gain the skills and competencies they need to work in a particular industry.</p>
<p>Industry Skills Bodies would ensure industry needs are met by:</p> <ul style="list-style-type: none"> <li>» setting standards across all vocational education;</li> <li>» moderating end of study assessments; and</li> <li>» contributing to curriculum development.</li> </ul>	<p>Industry Skills Bodies would largely act as “bookends” to the vocational education system by setting expectations at the outset about what learners need to achieve, and then ensuring learners have acquired the skills and competencies employers need.</p>
<p>Centres of Vocational Excellence (see Table Two below) would support programme and curriculum development.</p>	<p>Ensures consistency of core programme content and qualifications.</p>

### **A clear role for industry and employers in identifying and describing their skill needs**

In place of existing ITOs, the Government is proposing to recognise and fund “Industry Skills Bodies”.

To give industry and employers a stronger voice, these new Industry Skills Bodies would:

- » provide skills leadership, coordinating industry efforts to identify and plan to address future skills needs;
- » set skill standards and approve programmes in vocational education across the entire vocational education and training system;
- » set or moderate end of study assessments;

- » support high-quality programmes, core curricula, and teaching and learning resources, working with Centres of Vocational Excellence (see below) where appropriate; and
- » advise and guide the TEC's priorities for purchasing vocational education

Vocational education providers would be required to adhere to the relevant skills standards. This could potentially take the form of an approved nationwide core vocational programme. The Industry Skills Bodies would have new powers to set standards and co-approve programmes with the NZQA for all vocational education and training.

Industry Skills Bodies could also administer “capstone” assessments (exit assessments for graduates at the end of programmes), if they chose.

We envisage that Industry Skills Bodies would collectively set standards for all vocational skill areas, and would progressively include areas that have no ITO coverage at the moment (for example, Information and Communications Technology).

**At a trades union meeting we found that a lot of industry feel that the qualifications [offered] are not relevant to what industry needs.**

*Source: ITP representative*

Instead of purchasing provider-based components of work-based training programmes for employers, as ITOs currently do, Industry Skills Bodies would have a formal role in advising the TEC about where investment is best utilised. Industry Skills Bodies could also significantly contribute to curricula design in partnership with Centres of Vocational Excellence (which are addressed later in this document), where appropriate.

We propose that Industry Skills Bodies be industry-led organisations, similar to ITOs. Industry groups would apply to the Minister of Education for recognition. Initially, some industries and cross-industry qualifications would lack coverage. Approximately two-thirds of vocational education has ITO coverage at present. In the short term, current arrangements are adequate to cover the gaps. Over time, Government would facilitate the Industry Skills Bodies to fill these gaps if necessary.

Supporting workplace training currently accounts for much of the work of ITOs. We anticipate some current ITO employees who support workplace learning and assessment would take up similar roles at providers (particularly the new Institute).

### **A clear role for education providers**

In the Government's proposed future state, vocational education providers would be responsible for delivering and supporting all vocational education and training, whether it took place at a provider's facilities on campus or in a workplace.

For providers, the biggest change would be taking on the role of supporting work-place learning. This change would promote better alignment between on- and off-job education and training, and stabilise provision of vocational education across the economic cycle. Providers would take responsibility for approximately 140,000 trainees and apprentices in addition to the approximately 110,000 vocational education learners they already serve (based on 2017 Ministry of Education figures). This would require increased capability and capacity.

Workplace learning would become part of the core business of vocational education providers, putting them in day-to-day contact with employers.

Over time, programmes that integrate structured learning with the workplace would become the norm, making it easy for learners to transfer between providers and between on-job and off-job training throughout their programme of study. More vocational education could resemble apprenticeships, with education providers and

employers working together to help a learner meet industry skill standards via a mix of work-based learning occurring in the course of doing a job, and structured learning supported by a provider off-job where needed – regardless of whether the learner is employed.

**We have heard from industry that there is too much confusion [for employers] around the different providers offering the same qualifications, in different ways.**

*Source: ITO representative*

The changes set out above would require significant change processes for providers and ITOs. If these changes proceed, Government will need to provide support for the change processes to ensure they are smooth and effective, including supporting existing trainees and apprentices and their employers to easily shift training arrangements.

The funding system would need to change to support more work-integrated learning and Industry Skills Bodies. See “A unified funding system” on page 22.

### **The special role of wānanga**

We are committed to working in partnership with wānanga to determine how the proposals could best support their aspirations, and whether there are alternative approaches that should be considered for their sector. In particular, we need to ensure that we acknowledge the unique role of the wānanga throughout any vocational education reforms.

The Government wants to work with wānanga to understand where the biggest opportunities for them and their learners lie in these proposals, and what adaptations might be needed to reflect their unique role in the system. There are opportunities for wānanga to strengthen their connections with employers and work-place vocational education, and to provide nationwide leadership in developing high quality teaching and learning that meets the needs of Māori learners, their whānau, hapū, and iwi. Wānanga may wish to adopt, adapt and contribute to national qualifications and vocational programmes so that they are appropriate and effective for unique local contexts.

### **Brokerage and advisory services for employers**

Many employers will, from time to time, want advice from an impartial source about training options for their staff, before they decide where and when to invest. It can be costly and difficult for employers to gather this information for themselves and to know who to contact to learn more.

In the proposed future state, impartial training advisory and brokerage services for employers could potentially be provided by Industry Skills Bodies, by wānanga, or by the skills and employment “hubs” the Government is currently considering as part of its immigration changes (see <https://www.mbie.govt.nz/have-your-say/consultation-on-a-new-approach-to-employer-assisted-work-visas-and-regional-workforce-planning>

). The Government is interested in your feedback on what you think might work best.

### **Proposal 2: Create a New Zealand Institute of Skills & Technology with a robust regional network of provision**

The Government proposes to create a New Zealand Institute of Skills & Technology to offer high-quality vocational education throughout New Zealand, building on and expanding the regional presence of the current ITP network.

The proposal to create the New Zealand Institute of Skills & Technology would bring together all 16 existing ITPs in New Zealand. The creation of a new institution that encompasses the delivery previously offered through our

current 16 ITPs will allow greater and faster improvements, compared to continuing with ad-hoc mergers of competing ITPs across New Zealand, as individual institutions run into financial difficulties.

At the national level, the New Zealand Institute of Skills & Technology would have a leadership role for vocational education nationally and regionally, driving efficient and effective education delivery. It would be governed by a national Council appointed by the Minister of Education, overseeing a single combined management team and balance sheet to manage capital and operational budgets, staffing, and student and learning management systems. A consolidated organisation could make strategic use of capital, achieve greater efficiency in programme design, development and delivery, and reduce the duplication of back-office functions within the current vocational education network.

A dedicated charter in the legislation would set out the purpose and functions of the institution, including specific obligations for the Institute to ensure it was responding to the needs and aspirations of regional New Zealand and of Māori as tangata whenua.

The “New Zealand Institute of Skills & Technology” is a working name, and we are interested in your feedback on the name. The Government would like the New Zealand Institute of Skills & Technology to be in operation from 1 January 2020. The process of transformation would be phased to ensure minimal disruption to learners.

The table below describes the proposal for the New Zealand Institute of Skills & Technology in more detail.

**Table Two: Details of proposal for the New Zealand Institute of Skills & Technology**

Detail of proposal	Rationale / details
A national office and governing council would drive regional performance and support a strong regional voice.	Balancing national and regional needs. Could show our commitment to regions by locating national office functions in one or more regions.
Members of the governing council would be appointed by the Minister.	Ensure Government has adequate oversight. There are a number of ways to ensure learners and staff have their voices heard by the council.
Local campuses would be responsible for delivery (there may be more or fewer main campuses than the current number of ITPs).	Better connected education at the regional level, particularly with schools. Over time, coverage could expand to regions where ITP presence is currently weak.
Each region would have a Regional Leadership Group to advise the Institute’s national office and TEC on local skills needs.	Ensure strong local Government, industry, community and iwi participation. “Regional Leadership Group” is a working name, and we are interested in feedback on the most appropriate name.
The Institute would be guided by an institutional charter set in legislation.	Ensure Government has adequate oversight. The charter could describe Government’s expectations (including how the council engages with learners and staff) and guide autonomous decision-making.
The Open Polytechnic of New Zealand would be incorporated into the Institute for the provision of online learning.	Ensure national online provision is retained, and is integrated nationwide with employer-led and provider-led education and training. Capitalise on the Open Polytechnic’s online expertise.

Detail of proposal	Rationale / details
Regional campuses and wānanga could host Centres of Vocational Excellence that reflect the key industry (or industries) in their region.	Centres of Vocational Excellence could: <ul style="list-style-type: none"> <li>» be partnerships between regional campuses and relevant Industry Skills Bodies;</li> <li>» incentivise high-quality provision and contribute to a strong international reputation;</li> <li>» take a leadership role in applied research;</li> <li>» lead programme and curriculum development; and</li> <li>» improve consistency across regions.</li> </ul>
A number of activities would be centralised at national office or at one or a few regional campuses.	Eliminate duplication, and improve efficiency and quality. Engagement in 2018 showed support for centralising some functions to address inefficiencies.
The governing council and/or national office would agree long-term capital and operational strategies, oversee capital asset management, and set and oversee operational budgets.	Ensure decision-making prioritises long-term viability. Ensure investments are made where most needed. Ensure consistency across all regions. Greater visibility of these activities for the Crown.

## Delivering for the regions

Regional and local campuses of the New Zealand Institute of Skills & Technology would be focused on delivering high-quality and relevant services to learners, employers and communities across all of New Zealand, rather than competing with each other for enrolments. These campuses would spend more time on the delivery of quality teaching and learning, with delivery and responsiveness led through engagement with regional and local stakeholders. Regional campuses of the Institute could:

- » connect strongly with local regional and economic development strategies;
- » have strong relationships with local Government; and
- » work closely with other local education providers, particularly secondary schools.

This would ensure that delivery is tailored to regional need – including those needs identified through regional and local bodies and Government. The Government could show its commitment to regions by locating national office functions in one or more regions.

The creation of a New Zealand Institute of Skills & Technology will help increase the accessibility and relevance of vocational education across New Zealand. A new model of delivery through a New Zealand Institute of Skills & Technology, with regional campuses, could allow small but relevant niche courses to be run regionally, giving learners and employers access to greater education and training options without the need for travel.

Each region would have a Regional Leadership Group – aligned to other regional advisory organisations being developed through various Government agencies - to advise the Institute's "national office" and the TEC on local skills, to link with local and regional development strategies, and to advise on what mix of courses should be offered in that region. This would include both existing offerings that it was important to maintain, and new areas of provision where local needs weren't currently being fully met.

Part of the role of the Regional Leadership Group could be identifying how the regional campus can work to identify future labour demand needs for the region, and how these could be addressed through upskilling both our domestic and international student market. The courses on offer in each region would not be limited by what the

local or regional campuses could provide on their own – each campus will be able to draw on the resources of the whole New Zealand Institute of Skills & Technology system to offer what the region needs. In this way, regional delivery and responsiveness will be not just maintained, but enhanced and expanded.

“Regional Leadership Group” is a working name, and we are seeking input from stakeholders on the most appropriate name for this function. We are also interested in feedback about what Regional Leadership Group structure might best serve multiple needs across immigration, education and labour markets. They have a critical role to play in bringing together employers, education providers and other stakeholders such as community leaders, iwi and local government, to ensure these regional voices are heard in decision-making that affects them.

Groups of this kind have been mooted in recent consultation on proposed changes to immigration settings (see <https://www.mbie.govt.nz/have-your-say/consultation-on-a-new-approach-to-employer-assisted-work-visas-and-regional-workforce-planning>) as well as in education contexts, such as the Tomorrow’s Schools proposals (see <https://conversation.education.govt.nz/conversations/tomorrows-schools-review/>). The introduction of Regional Leadership Groups provide another opportunity for regions to ensure that they are best served through our vocational education system.

Our proposals also consider the unique contribution that Māori can make towards our vocational education model. We consider it important that iwi and Māori have the opportunity to be represented on Regional Leadership Groups to influence the behaviour and offerings of their local campuses of the New Zealand Institute of Skills & Technology. However, the Treaty partnership is and will remain with the Crown – so Māori also need ongoing opportunities to participate in vocational education policy and operational decision-making with central government.

### **Collaboration through Centres of Vocational Excellence**

The Government envisages that the New Zealand Institute of Skills & Technology, and perhaps also wānanga, would host Centres of Vocational Excellence focused on teaching and learning, and possibly applied research, in areas of study of particular importance to New Zealand.

Centres of Vocational Excellence would cover key sectors and industries, which could be broad (eg, agriculture) or specific (eg, viticulture). They could potentially also cover key types of educational delivery or activity, for example kaupapa Māori delivery. We envision these would be located across the country, including in regional New Zealand. Centres of Vocational Excellence would bring together a critical mass of knowledge and expertise in their areas, helping drive innovation and lift quality, and improve links to industries and communities.

Expert educators at Centres of Vocational Excellence would work closely with Industry Skills Bodies to develop and maintain high-quality programmes, curricula and teaching and learning resources. This would also occur in areas not covered by Centres of Vocational Excellence – the system realises the greatest benefit when education providers and industry, businesses and employers work together to build skills pipelines that meet workforce needs.

Within the New Zealand Institute of Skills & Technology, programme and curricula development for any given field of study would be done by dedicated specialist teams (at a Centre of Vocational Excellence where relevant) for delivery nationwide. Teaching staff at the New Zealand Institute of Skills & Technology’s local campuses, and perhaps also at other education providers in the system, could then use these core teaching materials and adapt them as needed for delivery that reflects local needs and opportunities.

Students could move around the country from campus to campus of the New Zealand Institute of Skills & Technology (and potentially between other education providers too, if programmes were common across the sector) without interrupting their studies. Large national employers could deal with a single organisation to arrange consistent packages of pre-work and in-work skills training nationwide.

### **Other features of the proposal**



The Government envisages that the New Zealand Institute of Skills & Technology would support delivery via a single high-quality learning management system nationwide, using a mix of online and face-to-face options to enable quality access for the largest possible number of people.

**Sometimes online learning is more important for those students who can't access learning, and sometimes it is not appropriate. It's about providing the learning where the student needs to engage – either online, blended, mixed or workplace-based.**

*Source: ITP Tutor*

Alongside its vocational delivery (which, subject to the first proposal outlined above, would include workplace delivery), the New Zealand Institute of Skills & Technology would continue to deliver foundation education, non-vocational certificate and diploma delivery (eg te reo and tikanga Māori provision), and degree and postgraduate education, as ITPs currently do.

The New Zealand Institute of Skills & Technology would also continue to deliver to international students, both onshore and offshore. International students in vocational education make a significant economic and cultural contribution to New Zealand's regions. The new institution should have the size, scale and expertise to significantly improve its visibility and impact in the international market, and share more of the benefits of international education with our regions.

### **Proposal 3: A unified vocational education funding system**

The proposed changes above would need to be supported by a new funding system. Creating one funding system for vocational education would ensure learners get the skills, experience and support they need to be successful, providers have the funding they need to be sustainable and to support our regions, and Industry Skills Bodies can fulfil their roles.

The Government will work through the details of the new funding regime after consultation. We want to hear your ideas about how it could work, and what kind of incentives different arrangements might create. At this stage, the Government envisages that a new funding system would include:

- » a consolidated set of funding rates for both on-job and off-job provision;
- » funding for strategically important delivery that comes at higher costs (for example, where more delivery is in remote regions or in areas with lower populations). This could be a per-learner top-up or through a base grant;
- » funding for Industry Skills Bodies (since they would not receive funding for individual trainees and apprentices), balanced with employer contributions to ensure Industry Skills Bodies are responsive to employers;
- » continued industry/employer contributions to the cost of training; and
- » continued fees to learners in some cases.

## **What could the proposed changes mean for you?**

If the changes went ahead as currently proposed, different parts of the vocational education sector would experience transformation as outlined below.

Remember, even if our proposals for change go ahead, we do not expect learners to experience any substantial change in their education and learning during 2019; and any changes from 2020 onward would be implemented in a way that minimised disruption to learners and employers.

## Regions

Regional stakeholders would be able to access a sustainable, stable and supportive network of regional campuses as part of a New Zealand Institute of Skills & Technology. These campuses would offer a wider range of delivery, with offerings tailored to the needs of local communities, employers and industry, through the Institute's engagement with Regional Leadership Groups and other relevant bodies.

## Domestic and international learners

Learners would be able to move easily between education providers and regions, and between on- and off-job training, all while gaining skills they can be confident will help them to succeed in work and life.

Learners at the New Zealand Institute of Skills & Technology would be enrolled at an organisation that is sustainable, resilient, and able to make investments in quality education that is valued by employers.

Trainees and apprentices would benefit from more hands-on learning support.

Learners in regional New Zealand would have access to a wider range of study choices via the New Zealand Institute of Skills & Technology, thanks to a well-supported mix of face-to-face, blended and online delivery options.

## Employers and industry

Employers and industry would have more choice about how they engage with vocational education providers to meet the skill needs of their current and future workforce. Employers would have a choice of education providers to work with, rather than having to arrange on-job training via their ITO. Better integration of work-place and provider based vocational education programmes would enable employees to gain the skills that employers and industry need.

Via Regional Leadership Groups, employers would be able to tell the New Zealand Institute of Skills & Technology and the Government what their skill needs are, and how well the Institute was meeting them.

Via Industry Skills Bodies, employers would have a greater leadership role across the entire vocational education system, in setting skills standards and overseeing qualifications and programmes for their industry. They would have greater confidence about what employees know and can do, as well as a stronger voice to articulate their changing skills needs to the Government.

## Vocational education providers (the New Zealand Institute of Skills & Technology, private training establishments and wānanga)

Vocational education providers would be able to deliver on-job as well as provider-based vocational education, moving them much closer to the world of work. This would be a big shift for some education providers, and some might choose not to make the shift – but others would embrace it, and rapidly build on their existing capability in working with employers and employees.

Vocational education providers would be able to offer a complete “workforce development service” to employers, from pre-employment training through to professional development, supported by a mix of Government and private funding.

## Teaching staff in the vocational education system

Teaching staff in the vocational education system would have more time to spend “at the frontline” with learners and employers – something many of them have been wanting for a long time. Most New Zealand Institute of Skills



& Technology staff would spend little or no time designing curricula and assessment from scratch, as these would be centralised. The exception to this would be those who have the expertise and mana to do the work on behalf of the whole New Zealand Institute of Skills & Technology network, at a Centre of Vocational Excellence or otherwise, and who choose to focus on this particular function (perhaps for a set period of time).

You can find more detail in the factsheets online <https://conversation.education.govt.nz/conversations/reform-of-vocational-education/> explaining what the proposed changes would mean for key stakeholder groups.

## What other options were considered?

Alongside the proposals presented above, the Government considered a number of other options for resolving problems with the current vocational education system, and preparing for a changing future. These were drawn both from overseas models (including England, Scotland, Ireland, Canada and several U.S. and Australian states) and from suggestions from the sector and from Government officials.

The main alternative models of structural change the Government considered for the ITP sector were:

- » A centralised ITP “shared services entity” serving two different types of ITP (programme lead ITPs and regional access ITPs), plus an online delivery arm function;
- » Federation and franchise models; and
- » A smaller number of ITPs (from three to six).

### Tū Kahikatea (the Strength of a Network) – a network model with four types of entities

Following the ITP Roadmap co-design process, the TEC explored an option designated *Tū Kahikatea, the Strength of a Network*, a network model with four types of entities:

- » **An ITP centralised entity:** a new organisation proposed to provide a range of services to ITPs, possibly including a shared Learning Management System, a shared Student Management System, a pool of learning and assessment designers, specialist capability in data analytics and reporting, common business processes and workflows, central expertise in asset management, and infrastructure and training to strengthen “student voice”.
- » **Programme lead ITPs:** Most ITPs would be Programme Lead ITPs. They would deliver a range of programmes, develop programmes in their areas of expertise, and share programmes across the ITP network, for delivery by other ITPs.
- » **Regional Access ITPs:** A proposed model for ITPs delivering to small or dispersed populations. They would arrange the delivery of a package of education and training across their region mainly by brokering and hosting delivery from other providers.
- » **An ITP specialising in open flexible distance learning:** The Open Polytechnic would serve the open and flexible distance learning needs of the whole ITP network.

This option was proposed as a way to replicate a number of the gains from a “one ITP” model with less potential disruption and potential adverse reactions. A separate project would work to strengthen ITP governance capabilities.

However, on balance, the Minister of Education considered this network model was convoluted with a number of moving parts, and many previously untried arrangements. Some transitions could be contentious and contested (eg the designation of Programme Lead ITPs) while others (eg an ITP centralised entity) could gain very limited traction.

It was not clear that the key objective of sustainably addressing ITPs' financial viability would have been achieved, and as a number of changes were being proposed in parallel, responsibility for coordinating them and ensuring they were successfully implemented would largely have landed with Government agencies rather than the sector being accountable for its own successful transition.

It was also uncertain whether the components of this option would align well with the wider vocational education reforms that were being developed.

## Federation and franchise models

Options were also considered that combined some features of *Tū Kahikatea* and some features of the one ITP model. In these options, the ITP network would consist of both individual ITPs and an ITP centralised entity. The central entity's roles would include programme development and some back-office and delivery support functions. The central entity would be funded by the ITPs under a "fee for service" model.

Both federation and franchise arrangements were considered, the main difference being the ownership structure and decision rights of the ITP centralised entity:

- » **Federation model:** The centralised entity would be a jointly-owned subsidiary of the ITPs, and thus under their governance and management control. It would have limited decision rights over individual ITPs.
- » **Franchise model:** The centralised entity would be a separate body, probably owned directly by the Crown. It would have significant decision rights over individual ITPs. Decision rights could include funding distribution and use of programmes, materials, and technology.

However, federal arrangements - where all participants have veto rights - could limit the strategic effectiveness of a centralised entity. The franchise model would avoid this risk, but create an unwieldy network with individual ITPs still existing nominally but with little control over their own destiny.

## A small number of ITPs (three to six)

The ITP network could be consolidated into a few larger entities, rather than a single one. This would avoid a single high-stakes transition, but would open up more contentiousness and uncertainty; leave more scope for internal rivalries and external competitive positioning; and largely side-line the potential system role of The Open Polytechnic. Coordinating the success of the mergers and the relationships between the resulting entities would largely be left to Government agencies rather than the sector being accountable for its own successful transition.

# Government next steps and timelines for change

The Government's proposals outlined in this document would fundamentally change the nature of the New Zealand vocational education system. Every New Zealander has a stake in the system, and we look forward to hearing your views about the proposals.

Even the best change can be stressful and disruptive, and ongoing uncertainty will make it harder for vocational education organisations to continue delivering their best for their learners, employers and communities. For this reason, the Government will consider all feedback received during consultation, and then make decisions quickly – likely in May or June 2019 – about how to proceed. Public announcements will follow shortly after decisions are made.

The Government would aim to pass any new legislation during 2019 to enable a new institution to be in place from 1 January 2020. While this means that the implementation of change will be fast, it will also be phased to ensure

that disruption is minimised, time is given for new capabilities to be put in place and that the continuing education of learners and trainees is our top priority.

Whatever change is agreed, we will work closely with stakeholders to support those affected to make the most of the opportunities it presents.

# Glossary

## **Equivalent full-time student (EFTS)**

EFTS is a measure of consumption of education (or the size of a qualification in relation to workload). One EFTS unit is defined as the learner workload in a single academic year (12-month period) by a learner enrolled full-time. Usually is 120 credits on the New Zealand Qualifications Framework (NZQF).

## **Industry training organisation (ITO)**

ITOs co-ordinate structured training for employees, both on-job and off-job. This enables employees to gain a qualification from the New Zealand Qualifications Framework (NZQF) while working and earning money.

## **Institute of technology and polytechnic (ITP)**

ITPs focus on delivering technical, vocational and professional education up to degree and postgraduate levels. They also promote applied research to support vocational learning.

## **Ministry of Education (MoE)**

The Government's lead advisor on the New Zealand education system.

## **National Certification of Educational Achievement (NCEA)**

The NCEA is New Zealand's main national qualification for senior secondary school and is available in three levels.

## **New Zealand Qualifications Authority (NZQA)**

The Crown entity charged with ensuring that New Zealand qualifications are robust and credible nationally and internationally.

## **Private Training Establishments (PTEs)**

PTEs delivery foundation level programmes and qualifications, up to higher level post-graduate qualifications, depending on their educational subject areas.

## **Programme (of study)**

A coherent arrangement of learning or training that is based on clear and consistent aims, content, outcomes and assessment practices, and which leads to a qualification on the New Zealand Qualifications Framework.

## **Qualification**

Formal certification for a given purpose of the achievement of specified learning outcomes to a given standard.

## **Student Achievement Component (SAC)**

The SAC is the Government funding contribution or subsidy to the costs of teaching and learners and other costs driven by student numbers.

**Standard training measure (STM)**

An STM is defined as the amount of training that is required for a trainee to achieve 120 credits (or its equivalent) in an approved structured training programme.

**Tertiary Education Commission (TEC)**

The TEC leads the Government's relationship with the tertiary education sector and provide career services from education through to employment.

**Tertiary Education Organisations (TEOs)**

TEOs are any organisations that supply tertiary education and/or training and/or assessment services.

# List of factsheets and technical discussion documents

You can find more information for specific stakeholder groups about what the proposals could mean for you, as well as more detail about the proposals, in factsheets and technical discussion documents online: <https://conversation.education.govt.nz/conversations/reform-of-vocational-education/> .

The list of factsheets and technical discussion documents published on 13 February 2019 is below; more may be added during consultation. You can also read FAQs on the website which will be updated regularly.

Technical information documents	Factsheets with more information for specific groups about what the proposals would mean for you:	Further information:
» Proposal on roles of providers and industry bodies	» Learners	How your feedback during 2018 has informed the proposals Understanding the current vocational education and training system
» Proposal on a single New Zealand Institute of Skills & Technology	» Employers » Iwi and Māori stakeholders	
» Proposal on a unified funding system	» Pacific learners, their families and communities » Disabled learners and learners with additional learning support needs » Regions of New Zealand » International education » ITO management and staff » ITP management and staff » Private training establishments » Wānanga » Universities » Secondary schools	

# We need your feedback

## Feedback questions

*The questions below are just a guide – we welcome any additional feedback you have. You can see more questions or provide additional feedback online.*

- » Does this document's description of the current problems and opportunities within the vocational education sector look right to you? Is there anything you would add or remove? What problems or opportunities do you think should be the priority?
- » What do you think the Government needs to understand about the current system to inform its work on changes?
- » How strongly do you agree or disagree with the following statement?

*"To meet New Zealand's future needs, our vocational education system needs a big change"*

<i>Strongly agree</i>	<i>Agree</i>	<i>Neither agree nor disagree</i>	<i>Disagree</i>	<i>Strongly Disagree</i>	<i>Don't know / no opinion</i>
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### Proposal 1: Redefined roles for industry bodies and education providers

- » Do you agree that the creation of Industry Skills Bodies would be a positive step in ensuring the vocational education delivers to the needs of industry? What do you think these bodies should be called – is “Industry Skills Bodies” the right name?
- » What do you think about the new roles proposed for industry, employers and education providers? How might they benefit employers and learners? What will the risks be? What is needed to help them work well?
- » The Government wants to help more employers get involved in the vocational education system. Do you think the proposed changes would achieve that? Why or why not?
- » To make the proposals for new roles for industry bodies and providers work well, what changes would be needed at education providers? What in turn would be needed to ensure those changes happen?
- » Thinking about “Regional Leadership Groups”, is this the right name for these proposed new bodies?
- » What are your thoughts on Centres of Vocational Excellence? How should their roles be defined and how should they work with Industry Skills Bodies and providers? What should their relationship with Regional Leadership Groups be?
- » Do employers need access to impartial advice on their training options, and help making the right connections with education providers? If so, how should this service be provided?
- » Please indicate how much you agree or disagree with the following propositions:

	<i>Strongly agree</i>	<i>Agree</i>	<i>Neither agree nor disagree</i>	<i>Disagree</i>	<i>Strongly Disagree</i>	<i>Don't know / no opinion</i>
Recognise and fund “Industry Skills Bodies” to set skill standards in vocational education						
Make vocational education providers responsible for delivering and supporting all vocational education and training at providers and in workplaces						
Create Centres of Vocational Excellence focused on teaching and learning, and applied research, in areas of particular importance to New Zealand						



## Proposal 2: Proposals for the New Zealand Institute of Skills & Technology

- » Do you agree with the Government's proposal to introduce a single New Zealand Institute of Skills & Technology? What do you think institution should be called – is the New Zealand Institute of Skills & Technology the right name?
- » What should Government, the ITP sector and its stakeholders keep in mind if we were to design and implement a New Zealand Institute of Skills & Technology for all New Zealand?
- » What purposes and functions could be included in the charter of a New Zealand Institute of Skills & Technology?
- » How could we best ensure that a New Zealand Institute of Skills & Technology would deliver to the needs of New Zealand's regions?
- » What kind of Regional Leadership Group structure might work best, and what other functions could these groups fulfil? What should the term for these regional groups be?
- » Do you believe that Regional Leadership Groups will be able to actively and representatively consider iwi and Māori interests? If not, what other vehicle or means of understanding Māori skills needs could be considered?
- » How strongly do you agree or disagree with the following statements?

	<i>Strongly agree</i>	<i>Agree</i>	<i>Neither agree nor disagree</i>	<i>Disagree</i>	<i>Strongly Disagree</i>	<i>Don't know / no opinion</i>
Creating a New Zealand Institute of Skills & Technology to serve all of New Zealand would help employers and learners						
Creating a New Zealand Institute of Skills & Technology would make provision more consistent and easier to access across the country						
A New Zealand Institute of Skills & Technology would be financially stronger and more resilient than the current network						

### Proposal 3: A unified vocational education funding system

- » Do you agree that a unified funding system for vocational education, encompassing both provider-based and work-based learning, will help to improve our overall vocational education system?
- » What do you think the Government needs to consider in designing a funding new system?
- » Are the suggested elements for a vocational education funding system the right ones? What might be missing?

### Concluding questions

- » What do you think about the impacts described above? Is anything big missing from the list?
- » How might different groups of learners be impacted by the proposals? In particular:
  - » What unique issues or opportunities arise for Māori learners in the proposed new system?
  - » What unique issues or opportunities arise for Pacific learners in the proposed new system?
  - » What unique issues or opportunities arise for disabled learners?
- » How might different groups of employers be impacted by the proposals? In particular:
  - » What unique issues or opportunities arise for small and medium-sized enterprises in the proposed new system?
  - » What unique issues or opportunities arise for Māori enterprises in the proposed new system?
- » How could the new system best ensure that specific learner groups – such as those identified above - can participate and achieve in vocational education?
- » Overall and in the long run, do you think the future arrangements being proposed for vocational education would be better or worse for you personally than the current arrangements? What about for any groups or communities you are a part of?
- » What other ideas or models do you think we should be considering?



# Cabinet

## Minute of Decision

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*This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.*

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### Reform of Vocational Education: Final Consultation Discussion Document

**Portfolio**                      **Education**

On 11 February 2019, Cabinet:

- 1        **noted** that on 29 January 2019, Cabinet:
  - 1.1        noted that a comprehensive reform of vocational education is proposed, to achieve a strong, unified and sustainable vocational education system that will meet the needs of learners, industry and employers in all regions and is fit for the Future of Work.
  - 1.2        noted that the three key change proposals are to:
    - 1.2.1        redefine the roles of education providers and Industry Training Organisations, and extend industry and employers' leadership roles across all vocational education through new industry skills bodies;
    - 1.2.2        create a New Zealand Institute of Skills and Technology, bringing together the current 16 public Institutes of Technology and Polytechnics as a single entity;
    - 1.2.3        create a unified vocational education funding system, removing barriers to collaboration and flexibility, ensuring a sustainable network of provision, and supporting the wider reforms.
  - 1.3        agreed to consult on the proposal to create a New Zealand Institute of Skills and Technology;
  - 1.4        noted that a consultation document is being prepared, setting out the proposals for change to the vocational education system and inviting public feedback.
  - 1.5        invited the Minister of Education to:
    - 1.5.1        finalise the consultation document, in consultation with the Minister of Finance, the Associate Minister of Education (Hon Tracey Martin), and other Ministers as appropriate;
    - 1.5.2        submit the consultation document to Cabinet for approval for release.
  - 1.6        noted that it is proposed that public consultation will be for a period of approximately six weeks, starting in mid-February 2019
  - 1.7        invited the Minister of Education to report back to the Cabinet Social Wellbeing Committee in mid-2019, following public consultation, with more information and with recommendations for changes to the vocational education system, which could be followed by legislative reform in the second half of 2019;

[CAB-19-MIN-0009]

- 2 **noted** the contents of the discussion document on the Reform of Vocational Education attached to CAB-19-SUB-0023;
- 3 **agreed** to the release of the consultation document, subject to any final editing changes agreed to by the Minister of Education.

Michael Webster  
Secretary of the Cabinet

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**Hard-copy distribution:**

Prime Minister  
Deputy Prime Minister  
Minister of Education