

Toi Mai submission on the Government’s proposed reforms of the vocational education and training system

The scope of this submission relates largely to the options within Proposal 2 - *Establishing an industry-led system for standards-setting and industry training.*

Contents

About Toi Mai _____	2
Executive summary _____	2
The creative, cultural, recreation and technology industries must be represented in any new standard-setting system _____	3
<i>The industries represented by Toi Mai contribute heavily to the economy...</i> _____	3
<i>...with wider benefits to businesses and communities across Aotearoa...</i> _____	4
<i>...and our industries hold the jobs we will need most over the next decade</i> _____	5
Delivering for Māori also requires whole-of-industry standards setting coverage ____	5
The system also needs to cater to Pacific communities... _____	6
...and enable tāngata whaikaha to contribute and thrive in our industries _____	7
The current options are unlikely to achieve the Minister’s reform objectives _____	8
Training matters – the right kind of training is crucial _____	8
What is more valuable to industry — alternative delivery models _____	9
Feedback loops are getting better – the proposals would make them worse again	9
There is a need for honest brokers and trusted advisors in the skills system _____	11
<i>A wider view of industry needs would better support them and government to boost productivity</i> _____	11
To be effective and meet industry and government needs the new industry bodies must have a broader mandate than is currently proposed _____	13
Responses to consultation questions _____	15
Proposal 2: Establishing an industry-led system for standards-setting and industry training _____	15
Proposal 3: A funding system that supports stronger vocational education _____	17
Glossary _____	19

About Toi Mai

Toi Mai Workforce Development Council represents the creative, cultural, recreation and technology sectors in the vocational education and training system. Our purpose is to ensure these sectors are supported by a skilled, diverse and thriving workforce. We work to ensure the vocational education system meets industry and workforce development needs through engaging with industry, whānau/hapū/iwi, education providers, under-represented and diverse communities.

Toi Mai has developed seven Workforce Development Plans for the industries we represent, available [here](#).

This submission is informed by Toi Mai data insights and extensive engagement with industry and education providers.

Toi Mai WDC is available to discuss this submission and can provide additional information where needed.

Executive summary

The Minister for Tertiary Education and Skills has released the Government's proposal to reform the vocational education and training system and is seeking feedback on proposals to change how skills training is designed and organised across the country.

The proposals include replacing workforce development councils with standard setting entities, which could involve arranging training. It is also proposed to move standard setting and qualification design for industries without formal work-based learning programmes to NZQA, which has large implications for most of the industries Toi Mai covers.

Toi Mai has considered the proposed reforms and has identified opportunities that better meet the Minister's reform objectives. We are suggesting an alternative that provides all industry with a stronger, more strategic and direct voice in ensuring New Zealand's VET sector delivers better outcomes for learners and employers, so that industry gets a skilled workforce; the economy grows jobs, and workers grow incomes.

Both current options for reforming standards-setting and industry training in the proposal document are unlikely to achieve the Minister's reform objectives, and would set the creative, cultural, recreational and technology sectors back in their ambition for a skilled, sustainable and productive workforce.

Toi Mai recommends establishing and empowering New Zealand Jobs and Skills Councils that cover all industries in the New Zealand economy. They will boost the

innovative and productive capacity of Aotearoa and better meet the Minister’s VET objectives as well as the government’s productivity and economic growth objectives.

Whatever new structures are created in these reforms, it is crucial that the creative, cultural, recreation and technology industries remain represented. These industries – the innovating, problem-solving, culturally enriching and wellbeing-lifting industries – are at the heart of jobs and exports for the next decade and beyond and are well poised to accelerate productivity and economic growth.

Toi Mai proposes three recommendations to strengthen the reforms and accelerate the skills system in Aotearoa:

- the creative, cultural, recreation and technology industries remain represented by a dedicated standards-setting entity following these reforms.
- all new standards-setting entities retain a priority focus on improving outcomes of the Māori and Pacific workforce.
- Government create New Zealand Jobs and Skills Councils to align with Australia’s approach and existing WDC industry groupings.

The creative, cultural, recreation and technology industries must be represented in any new standard-setting system

The industries represented by Toi Mai contribute heavily to the economy...

Last year Toi Mai industries contributed \$21.6b in direct revenue to the domestic economy, with the broader effects from this income likely to be between three and six times this amount – e.g. between \$65b and \$130b a year in total economic contribution. This figure is only expected to grow as more workers attain and grow the skills industry needs to realise more of their economic potential.

The industries represented by Toi Mai are experiencing significant economic growth, outpacing the wider domestic economy. They outpaced the national GDP growth between 2015 and 2022 and could unlock significant latent economic and productive potential with a well-trained and skilled workforce.

The digital technology sector is set to overtake the primary sector as New Zealand’s largest export sector, and a highly skilled domestic workforce is needed to support this growth. Infometrics has forecast the need for a further 20,000 workers with advanced technology training by 2030.

With a total workforce of 151,052 (in 2023), Toi Mai workers make up 5.5% of total employment but have an outsized impact on the economy. Between 2018 and 2023, Toi Mai industries have grown in economic value by an average 5.6% pa, vs 2.8% pa growth for the general economy. Compare the national GDP growth of 3.2% between

2015 and 2022 and other statistics with some of Toi Mai industries, taken from our advice to incoming ministers following the 2023 General Election:

The screen industry

- grew by 8.0% a year (vs. 3.2% at a national level)
- attracts significant international investment
- spends over \$2b a year in the local economy
- represents 6% of tourism earnings (around \$200m a year)
- has a high self-employed workforce (64% - around four times the national average)

The creative arts industry

- grew by 3.4% a year
- worth \$2.8b a year to the local economy
- has a high self-employed workforce (65%)

The sport and recreation industry

- grew by 4.1% a year
- worth \$4.8b to the local economy

The technology sector

- grew by 6.8% a year
- generated over \$15b in export revenue in 2022.

...with wider benefits to businesses and communities across Aotearoa...

But it's more than just economic growth.

- New Zealand's technology industries create and export new technologies to deliver faster, better services to people across the globe
- Our creative industries tell our stories to an increasingly hungry international audience and enable new and exciting ways to tell stories through many digital forms and channels
- Our cultural industries imbue Aotearoa with a unique identity, create new knowledge and significant economic value for our businesses and wider economy
- Our recreation and sport industries deliver vital community infrastructure and unforgettable tourist experiences and are a source of national pride when we demonstrate outsized achievement on the world stage

- Our exercise industries improve the mental and physical health outcomes of New Zealanders, considerably lessening the burden on the health system.

...and our industries hold the jobs we will need most over the next decade

The industries represented by Toi Mai are expected to underpin job growth over the next decade and beyond.

Compare New Zealand's agriculture industry, which feeds 40 million global consumers each year according to New Zealand Trade and Enterprise, to technology, createch and screen, where weightless exports have unlimited potential and scale to service the global appetite for our services and entertainment to billions of people.

Establishing a standard-setting system without these industries risks underpowering the future workforce Aotearoa will most rely on to drive our future growth and underpin our economy.

Any new standard-setting and skills system coming out of these reforms must ensure it includes whole-economy coverage of the human capital needed to accelerate the New Zealand economy.

Toi Mai recommendation: that the creative, cultural, recreation and technology industries remain represented by a dedicated standards-setting entity following these reforms.

Delivering for Māori also requires whole-of-industry standards setting coverage

The redesign of the vocational education and training system — from consultation to the creation of new entities — must uphold the Crown's responsibility to improve outcomes for Māori and maintain the Māori-Crown relationship.

New Zealand's growing and young Māori populations are the taxpayers of the future. The prosperity of all people in Aotearoa depends on increasing the number of Māori who can access higher-skilled, higher-paid, and highly valued employment and entrepreneurship.

Because they focus on arranging training/apprenticeships in traditional industries, the current proposals limit Māori to earning while learning in many legacy industries which have not paid as well as the newer industries like digital technology. The education system needs to support Māori learners into industries that value their contribution and provide them opportunities to access jobs and careers that realise high incomes.

Raising the participation of Māori in the technology sector to at a minimum population parity (currently at around 5%) is forecast to require 60,000 new highly

skilled jobs. To deliver these jobs requires a concerted and strategic effort involving standard setters, providers, government and industry working together.

With transferability and portability of skills being the currency of our future workforce, the new VET system needs to be an all-industry integrated network to ensure seamless ākongā pathways. Māori learners need to be able to move between off-job and on-job training, between providers, regions, or online VET as economic or life circumstances require, and between industries and employers.

Lifting Māori achievement is a whole of industry project, not just something that a few industry standard setters can or should do. Nor is it simply a matter of NZQA designing better qualifications for Māori peoples. Because the challenge is whole of system, not single industry-related, this work requires whole economy/cross-industry solutions.

There are already economies of scale, governors and leaders collaborating across boards, staff collaborating across councils and a shared culture supporting Māori and Pacific success inside WDCs. Māori industry leaders consider this to be working well.

The system also needs to cater to Pacific communities...

Pacific communities are integral to New Zealand's future workforce. A VET system responsive to their needs can unlock significant economic potential, driving productivity and filling critical skill shortages in key industries.

The Pacific population is expected to reach approximately 480,000 by 2038. Any reforms to the VET system must prioritise Pacific inclusion to harness this growing workforce for the nation's economic benefit. Any standard setting bodies need to ensure they have working with and delivering for Pacific communities built into their design.

The pursuit of Pacific prosperity must be reflected throughout the education and training system. It is vital to incorporate Pacific perspectives and address the unique needs of Pacific communities across the entire vocational education system. There is an ongoing responsibility to ensure that the VET system protects and enhances the cultural heritage, languages, and values of Pacific peoples. As the vocational education and training system undergoes restructuring – from the consultation phase to the establishment of new structures – there must be a concerted effort to improve outcomes for Pacific communities and sustain a strong, collaborative relationship with Pacific stakeholders.

Pacific leadership plays a central role during the transition to the new vocational education and training (VET) system. Pacific experts must be involved in both governance and operational roles to ensure that the system effectively nurtures and

develops the Pacific workforce, contributing to the broader prosperity of Aotearoa. Recognition of the contributions of Pacific VET experts, who possess a deep understanding of the needs of Pacific learners and industries, is equally important.

...and enable tāngata whaikaha to contribute and thrive in our industries

The proposed reforms must not lose sight of the opportunity to leverage the significant talents of our tāngata whaikaha population (disabled and neurodivergent people), who remain underrepresented in our industries. Tapping into our diverse whaikaha populations can widen our domestic talent pool, fill skill gaps and contribute to a more innovative, mature and resilient economy.

Greater participation of tāngata whaikaha in our industries can lead to increased business success while improving economic outcomes for whaikaha households. It is critical – both for our diverse communities and for our industries – that tāngata whaikaha can successfully access and progress through study and into employment.

One useful example is in focusing on lifting the focus on whaikaha in technology training and employment. Soon to be published research by Toi Mai found significant barriers to education, training and employment for whaikaha – in terms of accessing education and training (finding providers that would cater to their access and learning needs), and employment (finding employers who will recruit capable candidates and support them to progress through the industry).

The whole pipeline needs to be considered, if we are to leverage this largely untapped and significantly underutilised workforce – starting with education. For example, our research identified significant declines in people identifying as disabled or neurodivergent enrolling in sub-degree programmes in recent years.

Between 2012 and 2017 an average of 3,100 whaikaha were enrolled in level 0-6 technology programmes. Between 2018 and 2023 enrolment collapsed to an average of 607 learners – an 80% decrease. Enrolments in level 7 (degree-level) programmes and above stayed relatively consistent, however.

Toi Mai recommendation: that all new standards-setting entities retain a priority focus on improving outcomes of the Māori, Pacific and whaikaha workforce.

The current options are unlikely to achieve the Minister’s reform objectives

In the introduction to the Ministry of Education’s proposal document, the Minister outlines the driving question behind the proposals: *“how to put the vocational education system on a sustainable path and restore accountability and responsibility to communities and industries, while removing unnecessary complexity and bureaucracy. We are consulting on options for how this will be structured.”*

The government’s proposal is to disestablish workforce development councils (WDCs) and replace them with *“a more efficient system focused on the functions that industry find most valuable and with greater Industry ownership and involvement.”*

Both approaches in Proposal 2 seem to assume that in disestablishing WDCs, the ‘functions that industry find most valuable’ are the arranging training functions. Finding a home for the arranging training functions underpins the standard setting structures and the contextualising narrative for both options in proposal 2.

Toi Mai contends that the options presented for arranging training in the proposal are not the answer to the problems articulated by the Minister.

Training matters – the right kind of training is crucial

Aotearoa must invest in training now to ensure our workforce has the skills they need to unlock the economic and productive potential of our industries over the next decade and beyond. This is especially important if we are to realise the Government’s goal to double the value of our exports within 10 years. The industries positioned to contribute to this export growth sit within the creative, technology, culture and recreation sectors. These reforms are an opportunity to power up our industries’ economic potential.

Over the past 3 years, Toi Mai has produced seven workforce development plans and engaged with over 725 individual industry representatives, employers and learners – many of whom we have engaged with multiple times. We have a team of dedicated relationship managers who regularly engage and keep with to date with the needs of our industries and employers and our board is comprised of industry leaders.

Analysis of their industry needs has highlighted some of the main challenges they face in the VET space:

- (i) Training is crucial for developing a skilled workforce. However, the current funding settings favour the ‘formal’ tertiary education system. The formal training system has different drivers to those required by industry, with a

funding system that incentivises long form, formal provision. Education provider business models, rather than industry skill needs, often determine what is offered by a provider and how long a learner is in the education system.

- (ii) There is a significant skills mismatch between workers and industry demands. Learners are increasingly doing longer, less industry-appropriate courses and exiting tertiary training without the skills to be work-ready. Industry then needs to invest in expensive, remedial bespoke training or to outsource talent from overseas, which creates downstream pressures on New Zealand infrastructure.
- (iii) The post-secondary education system needs to move away from directing most of its investment into lengthy qualifications that are focused on what it takes to achieve the learning outcomes of a qualification, rather than what it takes to learn an industry skill or set of skills in the workplace.

What is more valuable to industry — alternative delivery models

Toi Mai industries have told us what is more valuable to them is:

- (i) A quick, agile and responsive system preparing learners to enter or progress in industry, with training adapting to fast-changing needs. The screen sector can point to documents asking for this type of VET provision over 20 years ago, and yet nothing has transformed in system settings to support this other than the establishment of the WDCs.
- (ii) The system needs to move away from assuming that traditional apprenticeship models such as those as delivered in New Zealand’s legacy industries, which is largely what the Te Pūkenga WBL divisions represent, is the sole and perfect model for delivery of work-based/earn while you learn provision.
- (iii) The system needs to be open to alternative models of industry-led, work-based or hybrid models of delivery that enable learners to earn while they learn, which could involve reforming system settings in NZQA and TEC over and above finding a new home for the standard setting and arranging training functions and structures.

Feedback loops are getting better – the proposals would make them worse again

Both approaches in the government’s proposal for replacing WDCs require formal provision of work-based learning such as employer-based apprenticeships as a pre-

requisite for representation in the new system, modeled on the WBL provision currently part of Te Pūkenga.

Option 2a seems to assume that merging the standard setting and arranging training functions will lessen delays in feedback loops between employers/trainees and standards-setters.

Firstly, there is no evidence that WDCs have created longer feedback loops than the previous system. If anything, survey evidence from industry shows the opposite. As completely new feedback loops, WDCs have been delivering feedback to places where it wasn't going before, and for industries whose voice was not heard and needs not attended to in the former system, making WDCs a high leverage point in the information structure of the current system.

What is being offered in option 2a is a self-correction back to a historically flawed feedback loop. It was flawed because:

- it only covered New Zealand's legacy industries, not New Zealand's emergent industries
- it included a universally basic tension between ITOs being an independent standard setter (in the public good) and the incentive to earn commercial revenue in order to become financially self-sustaining.

Under option 2a, most of the industries Toi Mai covers would be transferred to NZQA coverage, as they do not yet have the employer-based apprenticeships to sustain them. Hairdressing, sport, recreation and entertainment technology have elements, but for the rest, Toi Mai needs more time to develop industry-appropriate models because the current system settings are prohibitive. With the exception of hair and beauty (HITO), sport and recreation (Skills Active), and journalism (in the pre-2000s JTO), our sectors have not been supported or represented by ITOs. Moving back to an ITO model would exclude almost all of our industries.

Around two-thirds of the Toi Mai industry workforce are self-employed/independent earners. They have no spare capacity to deliver formal apprenticeships or internships. New and innovative models are required to suit the particularities of Toi Mai industries.

To compensate for the system not accommodating alternative forms of work-based learning to the employer/apprentice model, providers have built formal work-based learning built into their creative cultural, and technology industry training. Almost all the 152 Toi Mai qualifications and programmes are purposely designed to be highly vocational. This includes work-based learning and work-integrated or industry project-based learning. The more practical, but not classically "work-based learning" qualifications cover areas such as applied software development, jewellery, journalism, make-up artistry, cybersecurity, library practice, floristry.

In 2022, more than 19,000 learners were enrolled in a Toi Mai qualification in a provider-based setting (complete data from 2023 is not available at time of writing). At the same time, there were a further 4,784 trainees and apprentices undertaking work-based learning in our industries.

In the TEC industry engagements, we were informed that financial sustainability is apparently central to the model presented in option A. However, the few extra controls proposed (setting the ITBs up as independent statutory bodies through Orders in Council, governed by a combination of industry and ministerial appointees) are unlikely to remove the central conflict of interest.

At a time when the work-age domestic labour market is shrinking, the primary driver will inevitably become competition between industry training bodies for learners and revenue in a narrow range of legacy industries, as it is for PTEs, ITPs and TEOs. The driver will not be productivity growth for all, let alone emergent, industries which is needed by the New Zealand economy.

The vocational education system urgently needs evolution, innovation and experimentation. These reforms are a vital opportunity to accelerate our economy and ensure our industries have the skills they need to boost productivity and enhance our global position, while creating a world-leading skills system.

There is a need for honest brokers and trusted advisors in the skills system

A fit-for-purpose VET system relies on robust partnerships between industry, Māori, Pacific peoples and government, while meeting the expectations of Aotearoa of a robust skills training system.

A wider view of industry needs would better support them and government to boost productivity

From three years' deep engagement with industry, Toi Mai has heard that the mahi required to provide all industry with a strategic voice in ensuring New Zealand's VET sector requires a much broader focus than just standard-setting and arranging training. Driving performance in the creative, cultural, recreation and technology VET sector requires:

- gathering, using and disseminating data and insights into occupations and skills that will be in greatest demand in the future that all providers (including universities), industries and government can use in their future planning
- supporting providers to deliver best-practice programmes and resources that genuinely support industry needs

- facilitating industries to work together to set workforce targets, lift jobs and harness transferable skills across the economy
- providing advice to a wide range of other government portfolios and agencies on wider system settings and policies that act as barriers to job growth and thriving industries
- being responsive to different regional workforce needs with regionally appropriate training solutions, which may or may not be apprenticeships
- working collaboratively across all industry sectors to find ways to lift participation, success and opportunities for the Maori, Pacific, whaikaha and other priority workers
- working with Māori businesses to raise the profile and value of their skills and mahi to the economy
- meeting the skills and workforce needs of iwi and the Māori economy as well as the non-Māori economy
- mapping and promoting visible career pathways for mid-career changers as well as school leavers
- supporting businesses to lift their cultural competence to help them employ a more diverse workforce.

There is significant benefit for industry and govt in having independent bodies working with industry, communities, education and government. Any reforms to the system should aim to balance the interests of these stakeholders to enable a more sophisticated and cohesive view of the opportunities to strengthen all New Zealand's industries and ensure they have the skills they need to thrive and innovate.

What industry should expect from any new skills body

- Responsive and purposeful qualifications and training
- Value-added information and insights they can use
- Identifying current and future workforce needs to enable a steady stream of workers

What New Zealanders should expect from any new skills body

- Clarity on what skills New Zealanders need now and, in the future
- Support to make informed decisions about pursuing a great career
- High quality skills that enable great, highly paid jobs and thriving and resilient Māori and Pacific businesses and workforces

What Government should expect from any new skills body

- Expertise on their sectors to support delivery of trusted advice
- Support to think big – to develop a vision and set ambition for their industries.

These are not expectations that the NZQA will be able to meet for the Toi Mai industries, should their standards setting functions be transferred to it.

To be effective and meet industry and government needs the new industry bodies must have a broader mandate than is currently proposed

Given the government’s priority to increase skilled jobs, Toi Mai recommends the reforms align with the Australian approach and establish **Jobs and Skills Councils**.

Australia’s Jobs and Skills Councils provide industry with a more strategic voice in ensuring Australia’s VET sector delivers stronger outcomes for learners and employers. Jobs and Skills Councils identify skill and workforce needs for their sectors, map career pathways across education sectors, develop VET training products, support collaboration between industry and training providers to improve training and assessment practice and act as a source of intelligence on issues affecting their industries.

This approach would create synergies and share best practice with what’s happening in our closest economic partner. Australia is also grappling with the same skills and workforce shortage issues as New Zealand. With the trans-Tasman job market as competitive as ever, New Zealand does not want to fall behind Australia in its approach to industry training.

Australia’s Jobs and Skills Councils are responsible for the following four core functions:

- **Workforce Planning** Workforce Planning is the strategic centrepiece for Jobs and Skills Councils and informs the other functions. Workforce planning will underpin intelligence-gathering for strategic priorities and will be a critical focus to guide strategic planning.
- **Training Product Development** Training product development requires Jobs and Skills Councils to develop training products in line with standards set by Skills Ministers to improve the quality, speed to market and responsiveness of training products.
- **Implementation, Promotion and Monitoring** Jobs and Skills Councils will partner with training providers and organisations to align workforce planning objectives and national training products with career advice and ‘on the ground’

training delivery.

- **Industry Stewardship** Jobs and Skills Councils will act as a source of intelligence on workforce issues affecting their industries and provide advice on national training system policies.

Toi Mai suggests the new New Zealand Jobs and Skills Councils adopt similar functions, as well as additional functions that ensure the councils continue to contribute to education system that honours Te Tiriti o Waitangi and supports Māori Crown relations; and to ensure that the needs of New Zealand’s diverse and priority learners are covered:

Additional functions:

- **Māori Outcomes** Support industry and Iwi/Māori business to deliver stronger vocational outcomes for Māori learners and employers
- **Priority Learners** Lift vocational participation, success and opportunities for Māori, Pacific, tāngata whaikaha and other priority workers

Toi Mai also recommends the new New Zealand Jobs and Skills Councils be given powers to commission programmes and expand provider quality assurance functions so all industry are given a stronger, more strategic and direct voice:

- **Commission programmes** Allocate the government’s investment into VET programmes in alignment with industry need, the needs of Māori, Pacific and other priority workforces, and the government’s economic growth objectives.
- **Monitor and evaluate providers** Monitor provision to ensure it is meeting its funding objectives.

If the government is looking for the leverage points in the VET system where a small shift in one thing can produce big changes in everything, it needs to look no further than which agency distributes VET funds to providers.

Currently industry control over how funding is directed to providers is mediated by the TEC, which applies its own lens to the distribution of funds, two steps removed from industry. This will only be exacerbated by the proposal to remove the WDC’s (industry) advice function from legislation.

Commissioning models already exist in the creative and cultural sector. The New Zealand Film Commission and NZ on Air receive their funding through government departments and distribute funds direct to content producers. Toi Mai suggests a similar model in the VET system.

To make the system more responsive to industry need, it needs to open up a way for the Jobs and Skills Councils to commission programmes directly from providers, on the advice of industry and approved by boards.

To close the loop, the Jobs and Skills Councils should be given additional functions to audit provider delivery of commissioned programmes, to ensure the funding is meeting industry need.

Given the already significant investment the government has made in workforce development councils to date, and the officials' Regulatory Impact Statement does not indicate there is a fundamental problem with WDCs, these jobs and skills councils should be established along the same lines and with responsibility for the same industry configuration as the current WDCs.

Toi Mai recommendation: that Government create New Zealand Jobs and Skills Councils to align with Australia's approach, and existing WDC industry groupings.

Responses to consultation questions

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

6. Which option do you prefer overall?

Option B replace WDCs with industry-specific standard-setting bodies - Slightly prefer

Why?

- It maintains standalone industry-led bodies that are dedicated to standards-setting, qualification development, workforce forecasting, and ensuring that provision meets industry needs.
- It does not re-establish the potential conflicts of interest that can arise when these functions are connected to arranging training.
- It provides more choice to industries, businesses and learners as to where they do work-based learning, greater regional flexibility and targeted delivery to different learner needs. This is especially important for industries like the creative, cultural, recreation and technology industries where learners are often neurodiverse, dyslexic and haptic. It focuses on the best outcome for the learners.
- This flexibility is needed to drive an increase in innovation and choice within education, and increase the quality of vocational education.

But this comes with major reservations, particularly around the lack of representation for our industries.

Instead of option B, Toi Mai recommends the establishment of Jobs and Skills Councils with expanded functions as outlined in the Toi Mai submission.

We also recommend funding agencies broaden the definition of “trades training” to include new non-traditional trades and ensure our industries have access to funded training in any new system.

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

Toi Mai does not support the return to Option A.

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

Choose an item.

Why?

Toi Mai does not support the return to Option A.

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

- (i) Whole of economy coverage. The current system has the benefit of covering the range of industries in the New Zealand economy, both old and new; twilight and emerging. If we are to lift skills across the whole economy, all industries need to have dedicated standard setters, and need to have government encouragement to take on more work-based learning.
- (ii) The same functions as the Australian Jobs and Skills Councils with additional functions as outlined in the Toi Mai submission.
- (iii) Toi Mai also recommends the same six industry groupings as the current WDCs be retained and renamed as JSCs. Retaining the current reo names alongside Jobs and Skills Councils, e.g. Toi Mai Jobs and Skills Council.
- (iv) A shared services function and requirements to collaborate across councils, as is built into the current legislation
- (v) Māori and Pacific governors, operational leaders and a culturally capable workforce focused on improving the outcomes for Maori and Pacific workforces

In addition to the above, Toi Mai supports the return of education-based standard-setting at levels 1-2 to NZQA, so that industry-specific standard-setting bodies can focus on industry-led tertiary education outcomes.

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

All (as in our answer to 9 above).

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

Pastoral care of trainees and promotion of careers are important parts to carry into any new system.

New workplace training and apprenticeship models would also be needed. Industry bodies can enrol and receive TEC funding for volunteer and self-employed trainees and apprentices as they move in and out of work.

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

As our industries would require new training infrastructure to be established, we would not want to see a moratorium that might stifle this development.

Proposal 3: A funding system that supports stronger vocational education

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

One of the key factors behind the misalignment between formal training and industry needs is the way funding incentivises longer, often more academic programmes over more targeted and industry-relevant courses. Any changes to funding shifts need to ensure funding incentives align with industry training needs, while supporting financial sustainability of providers.

Many qualifications in the creative, culture and recreation sectors have historically been misunderstood and under-funded, but have high delivery costs with expensive equipment, resources and high staff to student ratios.

The UFS harmed many providers in our industries and incentivised them to shift their programmes to degrees rather than offering certificates and diplomas. This imbalance weakened VET in our sectors and goes against what most employers tell us they want, which is for more industry-led, shorter form training.

Our industries would like to see funding that supports the establishment of work-based learning in new industries and can assist programme set-up and development, group apprenticeship models, and workplace infrastructure development.

Our industries also want MSD support for student loans and allowances for learners enrolled in micro-credentials to encourage their uptake and support learners to enrol in formal training.

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

There is a risk that low volume, specialist and niche courses are not funded at a rate that allows providers to deliver. With pressure on organisations to be financially viable there is a risk that the creative culture, recreation and technology sectors are

marginalised, and their industry training is not supported within the formal training system.

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

Funding should include consideration of current industry GDP contribution and forecast GDP growth and wider contribution to our economy and society as a whole – instead of simply relying on the number of qualifications system products (as is how current funding is determined). Funding based on qualifications creates a perverse incentive to maintain the number of qualifications to maintain funding, even if those qualifications should be expired and not replaced.

Unlike the current standards-setting funding system which was based on the number of qualifications system products – a system that disadvantaged Toi Mai as the newest kid on the VET block – standards setting should be funded through a formula that balances current industry GDP contribution and forecast GDP growth. Additional resource needs to be allocated to those industries that are growing the skilled workers of the future.

There also needs to be a strategic component to support standard setting for industries that have low numbers of Māori and Pacific workforces, to enable standard setters to deliver options that increase the proportion of Māori and Pacific workers to population parity.

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

International student attraction should be part of Education NZ funding. Engaging with industry in programme development is a core part of an ITP's role and can be covered from existing funding. Incentives could be applied to attract providers to pick up strategic programme development and delivery for new or niche areas and to support Māori, Pacific and other under-served learners.

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

Funding should support the strategic value of a programme to our domestic economy, to mitigate for the 'bums on seats' approach that incentivises and dominates how providers select programmes. This should be strategically allocated to providers to support industries that have low-volume but high value enrolments, such as those in the creative, culture, recreation and technology sectors, and to support under-served learners. Allocation should be granted by the Jobs and Skills Councils who have a close understanding of their current and future workforce needs as part of their commissioning role.

Glossary

HITO	NZ Hair and Beauty Industry Training Organisation
ITO	Industry Training Organisation
JTO	Former Journalism Training Organisation
NZQA	New Zealand Qualifications Authority
Skills Active	Former standard-setting body for sport, recreation, event and entertainment technology
TEC	Tertiary Education Commission
Te Pūkenga	New Zealand Institute of Skills and Technology
VET	Vocational education and training
WBL	Workbased Learning Division (Te Pūkenga)
WDC	Workforce Development Council