

Toi Mai submission on establishment and makeup of Industry Skills Boards

Do you support the proposal to establish seven Industry Skills Boards?

Toi Mai Workforce Development Council (Toi Mai) does not support the current proposal to establish seven Industry Skills Boards (ISBs) as it excludes the creative and digital technology industries.

Toi Mai also considers there should be fewer rather than more ISBs as there are many financial efficiencies that can be gained by consolidating the qualifications and quality assurance functions across WDCs, leaving more funding to focus on addressing the strategic workforce analysis and planning functions for individual industries.

More rather than fewer ISBs risks a disproportionate ratio of governors to staff in each ISB. Seven ISBs means up to 56 governors, which is top-heavy and highly bureaucratic for small agencies undertaking similar tasks and processes – particularly within a constrained funding envelope.

A more sophisticated, future-focused and ambitious approach would be to move away from grouping industries by traditional classifications to better reflect contribution to economic growth, innovation, social impact and consumer services. For example:

1. Foundational drivers of the economy
 - a. construction
 - b. infrastructure
 - c. engineering
 - d. transport
 - e. primary industries (such as food and fibre, agriculture, meat processing, milk product manufacturing)
2. Innovation and technology – future-oriented industries pushing the boundaries of creative materials and digital technologies and enhancing Brand New Zealand
 - a. advanced manufacturing
 - b. digital technology
 - c. creative industries (including screen, game development, artificial intelligence, design, content creation, music, ngā Toi Māori, audio engineering, event and entertainment technology)
 - d. materials technology
 - e. robotics
3. Social and community investment – industries focused on human services
 - a. healthcare
 - b. education
 - c. social and community services
 - d. performing arts

- e. sport and recreation (exercise and fitness, outdoor recreation, aquatics, diving, snow-sports and equestrian)
 - f. cultural industries (museums, libraries, journalism, archives and conservation etc)
4. Consumer and service economy – industries focused on consumer engagement
- a. retail
 - b. tourism
 - c. piano tuning
 - d. floristry
 - e. casino operations
 - f. hairdressing and barbering
 - g. hospitality
 - h. automotive servicing
 - i. business services

Grouping industries in this way would enable a coordinated and more effective approach to developing meaningful relationships and engaging with communities at a local level, including Māori employers, businesses, hapū and iwi.

This potentially makes the first ISB larger than the others, though these foundational sectors have significant training and development infrastructure so may not need as much new qualification development as newer industries.

In the interests of value for money, these four ISBs (or however many are established) should be supported by a shared services agency much as the WDCs have been supported by Hāpaitia.

Please rate your level of support, what aspects do you support and why?

Our overall level of support for this proposal is very low.

While our overall support is low, Toi Mai supports continuing industry involvement in developing qualifications, as this is an essential component of ensuring work-based learning and industry training reflects industry need.

What aspects do you have concerns about and why?

The creative and digital technology industries need work-based skills, but traditional apprentice models don't work.

The criteria the Minister for Vocational Education is publicly using to justify the proposed ISB coverage seems to be based on a single benchmark: the delivery of apprentices and trainees to traditional industries.

This criterion misses the range of ways in which work-based learning occurs across the economy – particularly in industries with high levels of self-employment and gig-based work that don't fit traditional industry models.

The creative and digital technology industries don't have apprenticeships like the traditional industries. Despite heavy reliance on work-based learning in our industries, high levels of self-employment and contract-based work means traditional apprenticeship models are out of reach. Gig-based workers and independent earners lack the resources to take on apprenticeships, and there are few industry bodies driving national professional standards.

In addition, while the creative and digital technology sectors don't have access to formalised apprenticeships, the sectors have continued to invest significant sums of money into informal training. Unfortunately, this training is not formally recognised by the education system, which means it, nor the considerable industry investment in it, is also not captured in national datasets such as the IDI.

In this way, the creative and digital technology industries are paying for informal training to make up for the failures of publicly funded formal training to provide a skilled workforce. This would only be exacerbated by shifting responsibility for their qualifications to NZQA.

Despite wanting work-based learning, these industries may never reach the narrow threshold for a traditional apprenticeship. Current apprenticeship models – which only fund apprentices to level 4 – are outdated and do not recognise the needs of high-growth industries that require higher levels of learning and specialisation – at levels 5 and 6 – such as cybersecurity and software development. System change is needed so apprenticeships can be created for the creative and digital technology industries.

Our research and engagement with the creative and digital technology sectors shows the value of a broader approach to supporting industries to get the skills they need.

These industries change quickly, adapting to new technologies and innovation, and they need a flexible skills system that can keep up with them.

In the absence of a responsive work-based learning system, our creative and digital technology industries will continue to rely on immigration to fill skills gaps, which puts strain on national infrastructure. At the same time, we have massive workforce gaps in digital technology with almost half of the industry currently employed with some form of working visa.

Research undertaken by Toi Mai highlighted the specific barriers tāngata whaikaha (disabled people), Māori and Pacific peoples face accessing training and entering the digital technology workforce. That same research also identified that barriers also impinged on Māori and Pacific learners gaining access, entering and staying in the digital technology workforce. This was because

that industry was not built to incorporate and acknowledge their cultural knowledge and needs. These barriers would only increase if responsibility for these qualifications falls under NZQA.

Toi Mai has been working to strengthen and introduce work-based learning into our industries, through investigating group training organisations (GTOs) and piloting new approaches to on-the-job training – such as our recent pilot to train and qualify film crew in the screen sector. Not only do these take time to develop, they require government investment to support providers and industry to develop new models of training delivery.

Rather than rigidly adhering to traditional models of delivery, the economy needs a more flexible ISB approach to the delivery of work-based learning and vocational qualifications that are responsive to different industry structures, skills gaps, business and iwi needs.

Do you have feedback relating to a specific industry?

The creative and digital technology industries are significant drivers of our economy and need similar government support to other industrial sectors.

We consider the decision to exclude creative and digital technology industries from ISB coverage to be a risk that appears to be at odds with the Government's economic growth agenda ambitions.

The creative and digital technology industries are significant contributors to our economy. In 2023, New Zealand exported nearly \$4b in creative goods and services. The same year, we exported around \$10.7b in technology including software services and expertise.

These industries will underpin New Zealand's economic growth over the next few decades. Our economic success relies on these industries having access to the skills they need to realise their economic potential. Equally, our economic success relies on our system's ability to develop these skills through our education and training system.

What the economy needs, including the regions, is greater (not lesser) investment in the creative, screen, game development and other IT/digital technology industries that are growing employment, wages, productivity, export earnings and GDP at a faster rate than the rest of the economy. Crucially, while these sectors' exports are weightless internationally, they are also weightless domestically, opening up the economic potential of the regions to international markets.

If the Government wants to double exports, it needs to support skills development in the creative and digital technology industries. This requires more than simply NZQA reviewing existing qualifications and quality assuring unit standards in secondary schools. It requires the investigation and development of new modes of industry-appropriate work-based learning that only an ISB, working closely with industry, can develop.

The creative and digital technology industries have told Toi Mai they want representation under the proposed ISB regime and have instructed us to advocate for their inclusion for ISB coverage. They

need government help to access a skilled workforce, and they want a skills system that responds to their needs.

Since our establishment three years ago, Toi Mai has worked hard to develop relationships with these industries to identify their skill needs and advocate on their behalf. Unlike more established industries with government-recognised industry 'peak bodies', industry representation in the creative and digital technology industries is dispersed and under-developed with high levels of self-employment and few coherent voices to organise and advocate for their industries' skill needs.

This issue complicates engagement and requires a more sophisticated approach to understanding systemic and structural issues facing these industries than is needed for more traditional, centralised industries, or that NZQA is necessarily geared up to support.

You indicated that your sector is proposed to be shifted to NZQA. How much do you support this proposal?

The creative and digital technology industries do not support this proposal.

Shifting these industries to NZQA would limit industry voice and leadership in skill development for the creative and digital technology industries, which clashes with the Government's stated ambition for growth in our creative and digital technology industries.

No industry is changing faster than the creative and digital technology industries. The rapid growth, development and adoption of artificial intelligence means the system needs to be equally adaptive with its training development and delivery to keep up. Without a requirement to be industry-led, NZQA would be unlikely to keep pace with changing needs, preventing the industry from having relevant and timely qualifications.

Embedding these industries within NZQA would also mean dropping key initiatives to support skill development and delivery to the creative and digital technology industries. This includes important and ground-breaking approaches such as:

- responding to calls from the screen sector by developing and testing pilots to deliver work-based learning to people wanting to work in the screen industry and advice on how to use existing funding for significantly better outcomes
- supporting the implementation of *Amplify* – the Government's creative arts strategy
- re-establishing TEC funding for digital technology courses to the regions and re-balancing TEC investment where there is a mismatch in provision between degree and sub-degree courses
- ensuring the technology workforce aspires to population parity when it comes to skills acquisition for the Māori and Pacific workforce while lessening the reliance on immigration

to fill skills needs (currently almost half our domestic digital technology workforce is on some form of working visa).

It is crucial these industries are covered by an ISB to strengthen industry infrastructure and respond to their rapidly evolving needs.

If your sector was to be assigned to an ISB which one would it be?

We have signalled above a more logical and economical configuration of current Toi Mai industries than in the proposal.

If we are required to pick an ISB from the proposal document, we suggest **Manufacturing** given that the manufacturing, creative and digital technology industries are all inter-related “maker” industries.

Do you have any feedback on the proposal?

The approach of the Government to work-based learning and industry skill development is out of sync with what is happening in larger more successful economies. The UK Government, for example, has recently established Skills England to:

- provide an authoritative assessment of national and regional skills needs in the economy now and in the future, combining the best available statistical data with insights generated from employers and other key stakeholders
- **ensure that there is a comprehensive suite of apprenticeships, training and technical qualifications for individuals and employers to access, and which are aligned with skills gaps and what employers need.** As part of this, it will play a crucial role in identifying which training should be available via the new Growth and Skills Levy
- work together with Combined Authorities 13 and regional organisations (such as employer representative bodies) to ensure that regional and national skills needs are met (at all levels – from essential skills to those delivered via higher education), in line with the forthcoming Industrial Strategy.

Its first report says:

Looking to the future, many of the skills needed in the labour market in 2035 will be impacted by demographic and technological shifts, as well as the transition to more green skills. **Many of the occupations currently in demand are also those projected to see employment growth in the future, including those in health, social care and life sciences, green jobs, AI, creative industries and service-orientated roles.** Occupations requiring higher education (such as building and civil engineers) and interpersonal skills (e.g. youth and community workers) are expected to see the most employment growth by 2035.

While rapidly changing technologies can create uncertainty around upskilling and reskilling needs, we know that an organisation's ability to adopt and deploy new technologies directly affects their ability to grow and innovate. **Technology developments in areas such as AI will increase the demand for skills to harness these new technologies in many sectors, while in others (for instance, cyber security) such developments may change the focus of roles and lead to the development of new specialisms.**

<https://www.gov.uk/government/collections/skills-england>

The proposal to sideline the creative and technology industries from ISB coverage is short-sighted and risks New Zealand falling behind more ambitious countries.

The Government should seize the opportunity created through these reforms to demonstrate its collective ambition for a highly productive, thriving and innovative economy centred around our future-focused creative and digital technology industries.