

Position Paper:

Disestablishing Te Pūkenga and the Future of Industry Training

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Introduction

Industry training in New Zealand equips individuals with the skills needed to boost the economy and address the current and future demands of the nation. This system involves active participation from all industry employers, regardless of their size. By providing relevant standards and qualifications, industry training contributes to both short-term and long-term economic productivity. It enhances on-the-job training opportunities for learners and strengthens the overall education system.

With the disestablishment of Te Pūkenga, a solution that meets the needs of industry and the Government is needed. The path forwards should minimise disruption for learners and employers, be outcome driven, efficient and cost-effective, quick to implement, retain industry knowledge and skills, and be fit for purpose in the long-term.

The future of Te Pūkenga is a major concern to MTA; more specifically, the future of MITO, which our industry was compelled to cede to Te Pūkenga by the previous Labour Government.

The Former ITO Model

The former Industry Training Organisation (ITO) model, with its industry ownership and governance, provided the flexibility for employers and industry to have a voice in governance structures, decision-making processes, standard setting, training, and advisory committees.

Industry training stands out from other vocational training as it is conducted at the workplace, under employment conditions, with support from organisations such as MITO. This ensures the training meets NZQA requirements and happens in a commercial environment. This method differentiates learners from those at other providers and highlights the employer's key role.

Each former ITO had unique service models tailored to their industries. To ensure ongoing in-work training, it is beneficial to have increased employer support for training, taking on apprentices, and business success. This includes capability building, coaching for SME employers, and minimal fees.

Implementation of RoVE

Before the implementation of the Reform of Vocational Education (RoVE), ITOs were entrusted with the responsibilities of Standard Setting and ‘arranging training’ for their respective industries. The standard setting function was later transferred to Workforce Development Councils (WDCs), leaving the ‘arranging training’ function. This function, previously handled by nine ITOs, was transferred to Te Pūkenga and is now managed by its eight business divisions. The lack of a unified approach to standard setting has driven a wedge between NZQA qualifications and the needs of industry.

Standard Setting and Arranging Training

Standard setting involves:

- The creation, development, and maintenance of industry standards
- The development of New Zealand Qualifications and credentials with continuous industry input
- The provision of workforce development strategies
- The moderation of learner assessments
- The management of learning outcome consistency across New Zealand

Arranging training involves all functions aimed at attracting and supporting employers, trainers, and learners in the workplace throughout their learning journey, including:

- Setting up training agreements
- Developing training plans and programmes
- Providing subject matter experts
- Developing support materials for employers and apprentices/trainees
- Verifying and assessing each unit standard
- Providing off-job training and assessment
- Supporting learners to succeed
- Explaining and promoting the benefits of full programme requirements
- Registering credit for assessment with NZQA

Reestablishing ITOs

In the process of reestablishing the former ITOs, transparency will be crucial; organisations will need to show clear outcomes for Tertiary Education Commission (TEC) funding and increased levels of learner progression and success across all sectors. Increased support is another key aspect, as many learners today require additional assistance to succeed. This is particularly true for apprentices and trainees who are primarily full-time employees.

The aim is not to simply revert to the ‘old system’ but to take the lessons learned from both systems and ensure a high degree of transparency and a greater focus on outcomes for those from disadvantaged backgrounds. Changes to MITO’s constitution are suggested to ensure that its industry governance proportionally reflects its learners.

Innovation and engagement are vital to ensure the relevance of the standards set and to drive the productivity and success of the New Zealand economy. Industry training and standard setting must be responsive and agile to ensure relevant standards and programs and timely, innovative, and responsive solutions. Given the rapid changes in technology, climate, and population demographics, agility and innovation are key to successful outcomes for vocational education.

The new organisations should be able to use Institutes of Technology and Polytechnics (ITPs) and Private Training Establishments (PTEs) to supplement training where it is beneficial to do so. Further, the WDCs should be disestablished, which will provide a cost saving to the Government. MTA does commend the intentions of the WDC model on industry engagement and standard setting, however its effectiveness remains questionable.

Lastly, retaining existing national brands – in our industry’s case, MITO – is important to provide consistency, quality, portability, equity, access, and coverage for employers and learners. This approach ensures regional responsiveness and cost-effective solutions and enables access and portability of training and qualifications for learners in all regions.

Importance of Certainty

Certainty is crucial for the vocational education sector to address the growing calls for industries and employers to disengage from the system. Learners and employers currently in industry training with Te Pūkenga divisions, and industries relying on timely and responsive standard setting and programmes, need assurance that the system will continue to work for them. Given MTA has been excluded from any discussion relating to the disestablishment of Te Pūkenga thus far, we are exploring the option of developing and funding private training to support our more than 4,000 employers. MTA has significant support from the industries that fall under MITO’s remit.

Success of the Industry Training Model

The success of the Industry Training model was due to employers training their employees at a lower cost to the education system or taxpayer than an ITP-based training model. The ITOs ensured that the full programme requirements of NZQA were met, rather than just the requirements of the individual employer. This proved advantageous for both the learner and the education system. The learner acquired a recognised and transferable skill set, which could contribute to New Zealand's benefit, not just a single employer. Previous ITOs were able to operate in a commercial environment, reporting to industry-based boards, ensuring the best outcomes for industry with cost-effective service models.

Conclusion

The establishment of new industry-led and owned entities to replace the ITOs requires clear expectations and appropriate funding. The funding for these entities should be specifically for employed learners and should allow for increased learner support across all industry sectors. Any excess funding or fees provided by the industry should be reinvested into the education and support components of the business. Those funds should not be used to subsidise lower-performing polytechnics.

The most efficient path forward would be for the Government to enable industry to re-establish organisations aligned to the current Te Pūkenga divisions, making industry responsible for standard setting, workforce development, and arranging training. This model worked before and will do so again, particularly given the opportunity to make improvements.

This pathway will ensure that the entities are well-equipped to meet industry and learner needs and can adapt to changes in demand for various vocations over time. Clear expectations for learner outcomes should be set and monitored to ensure the effectiveness of these entities. This approach will ensure a robust and responsive vocational education system for New Zealand.