

Submission to the Education and Workforce Committee on:

Education and Training (Vocational Education and Training System) Amendment Bill

Submitted by the New Zealand Council of Trade Unions Te Kauae Kaimahi

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This submission is made on behalf of the 32 unions affiliated to the New Zealand Council of Trade Unions Te Kauae Kaimahi (NZCTU). With over 340,000 union members, the NZCTU is one of the largest democratic organisations in New Zealand.

The NZCTU acknowledges Te Tiriti o Waitangi as the founding document of Aotearoa New Zealand and formally acknowledges this through Te Rūnanga o Ngā Kaimahi Māori o Aotearoa (Te Rūnanga), the Māori arm of Te Kauae Kaimahi (NZCTU), which represents approximately 60,000 Māori workers.

1. Executive summary

- 1.1. The NZCTU opposes the Education and Training (Vocational Education and Training System) Amendment Bill.
- 1.2. This Bill will implement another significant restructure of the vocational education and training (VET) sector, even though the reforms of the previous government have only finally started to bed in.
- 1.3. There is significant change fatigue in the sector, which is negatively affecting learners and staff. The implementation of this Bill will lock in at least another 2–3 years of change – learners and VET staff will bear the brunt of this upheaval.
- 1.4. The Bill seeks to establish a needlessly complex structure for the polytechnic sector. We have not seen compelling evidence presented as to how this will fix the financial difficulties in the sector, which are primarily the result of systemic underfunding over many years.
- 1.5. The Bill disestablishes the Workforce Development Councils (WDCs) on the basis that they weren't sufficiently connected to industry. It will replace them with a very similar mechanism in Industry Skills Boards (ISBs). As we have noted in previous submissions to the Tertiary Education Commission, the reality is that the level of connection between WDCs and industry varies, and improvements could be made within the existing structure of the system, rather than the larger reform this Bill would enact.
- 1.6. The Bill does not ensure that worker voice is represented in the new system. Staff and student representation on polytechnic councils is not required, and worker representation is not required on the ISBs. Worker voice is essential in ensuring the VET system delivers the right kinds of skills and qualifications, and that any barriers to access or completion of courses that workers face is understood.
- 1.7. The Bill significantly weakens the obligations on polytechnics to uphold Te Tiriti o Waitangi and fails to ensure that Māori are represented on polytechnic councils and ISBs. This is a significant and highly concerning change, that will likely undermine the ability of the VET system to support equity outcomes for Māori.
- 1.8. The NZCTU believes that further work is needed to get the VET system functioning well, and that there needs to be strong regional provision of VET for all communities. But

another large-scale institutional reform is not the answer. New Zealanders need stability and long-term thinking in our educational institutions.

- 1.9. **The NZCTU encourages the government to adopt a more responsible and measured approach to strengthening New Zealand's VET system. This would involve, first, ensuring the VET system is adequately and stably funded, and second, tweaking the existing institutions where regional responsiveness or connection with industry could be improved.**
- 1.10. The NZCTU supports the Tertiary Education Union's submission on this Bill.

2. Problems with the proposed system

- 2.1. The NZCTU is highly concerned about change fatigue in the VET sector. Polytechnic staff and the public servants that do tertiary sector work have now undergone, or worked on delivering, significant structural change for five years – a period which also included the disruption of the COVID-19 pandemic. This has caused attrition and low morale in the VET workforce.
- 2.2. Change fatigue and declining sector capacity was raised as an issue in the Specialist Advisor Group report to Minister Simmonds dated 27 May 2024. The authors noted that through the change of recent years, the system has lost capacity and capability.¹
- 2.3. The government is now asking this workforce and those learners currently in the system to embark on another significant change process. The proposed model is complex, comprising standalone, anchor, and federation polytechnics. There is widespread confusion about how this model will work and how it will address financial viability problems.
- 2.4. The NZCTU expects the structural reform proposed in the Bill will have an ongoing negative impact on the VET workforce and learners.
- 2.5. The proposed structure is also likely to create coordination problems across the sector in terms of curriculum development and delivery. It is also very likely that it will mean the duplication of infrastructure such as IT systems and enrolment platforms.
- 2.6. Further, the ability for a polytechnic to move from being a member of the federation to a stand-alone institution, based on its financial viability, means that further restructures are baked into the system. This is wasteful and needlessly disruptive for the workforces and learners in the system.
- 2.7. **If structural reform of the sector is pursued, the Ministry of Education's preferred option of a devolved Te Pūkenga should be adopted. This is vastly preferable to the structure this Bill would create, as it helps maintain the advantages of centralisation**

¹ Specialist Advisor Group, "An Integrated Regional Network of Vocational Education", report to Hon Penny Simmonds, May 2024, p. 6, released under the Official Information Act.

while also addressing the concerns about regional responsiveness. It will also be far less costly and disruptive as a reform process.

3. Transition to the new system

- 3.1. The transition process involves a two-year period where some work-based learning functions are outsourced to ISBs. These functions will essentially be “tacked on” to ISBs, which are not intended to be education providers. We have not seen a justification provided as to why this is considered a sensible course of action.
- 3.2. Some work-based learners caught up in the middle of this transition will move from Te Pūkenga to an ISB and then to a polytechnic, wānanga, or private training establishment – so they will move through three different providers during their course of study. Again, this is needlessly disruptive and creates significant risks in terms of learner disengagement and poor educational outcomes.
- 3.3. **If structural reform of the sector is pursued, the NZCTU recommends that work-based learning delivery remains within Te Pūkenga during the transition period. This will help to minimise disruption to learners.**

4. The Industry Skills Boards

- 4.1. The NZCTU is pleased that the Industry Skills Boards will retain most of the functions of the Workforce Development Councils. However, this does raise the question of why these changes are being made in the first place.
- 4.2. The NZCTU does not believe a compelling justification has been provided for replacing the WDCs with the ISBs. The sponsoring Minister has sought to frame the WDCs as disconnected from industry. However, the connections between WDCs and industry are clearly visible in the documents setting out the WDCs investment advice to TEC for 2025, which draw heavily on industry intelligence. And in the Regulatory Impact Statement accompanying the 2024 consultation, the Ministry of Education did not identify a “fundamental problem” with WDCs and recommended they be maintained.
- 4.3. It is also concerning that some industries, such as creative and IT, will not be covered by the ISBs. Both the creative sector and IT are growth areas that contribute significantly to New Zealand’s economy, and the creative sector in particular has been poorly served by the skills system in the past. Transferring these industries to NZQA means they will miss out on the benefits of industry-led qualifications and assessments and strategic workforce analysis and planning.
- 4.4. **The NZCTU reiterates that, although there is further work to do to ensure that all industries are well-connected to their relevant WDC, the wholesale dismantling and reassembly of these entities, which this Bill enables, is unnecessary and wasteful.**

5. Worker voice

- 5.1. It is concerning that there is no provision to ensure worker voice in the new VET structure this Bill will create. The Bill does not include a requirement for a staff or a student representative on polytechnic councils. And it does not include a requirement for a worker representative on the ISBs.
- 5.2. Staff and students are two of the most significant stakeholders in the VET system. It is essential that they are represented on polytechnic councils to ensure that problems with education delivery can be identified and addressed, polytechnics are delivering the right kinds of skills and qualifications, and the needs of staff and students are understood by management.
- 5.3. Likewise, it is essential that worker representatives are members of the ISBs. This will help to ensure that these institutions develop the standards and qualifications that workers require, and that their workforce planning mahi and advice to TEC is informed by on-the-ground intelligence.
- 5.4. **If structural reform of the sector is pursued, the NZCTU recommends the Bill is amended to require at least one staff representative and at least one student representative is appointed/elected as members of each polytechnic council. The NZCTU also recommends the Bill is amended to require at least one worker representative is on each ISB.**

6. Te Tiriti o Waitangi

- 6.1. The Bill significantly weakens the obligations on polytechnics to uphold Te Tiriti o Waitangi.
- 6.2. Section 9(1)(g) of the Education and Training Act provides that “Te Pūkenga—New Zealand Institute of Skills and Technology must operate in a way that allows it to develop meaningful partnerships with Māori employers and communities and to reflect Māori-Crown partnerships to ensure that its governance, management, and operations give effect to Te Tiriti o Waitangi and to respond to the needs of, and improve outcomes for, Māori learners, whānau, hapū, and iwi”.
- 6.3. The Amendment Bill replaces s 9(1)(g) with the far weaker requirement that “the council of a polytechnic must ensure that the polytechnic operates in a way that allows the polytechnic to develop meaningful relationships and engage with communities at a local level, including with Māori employers and hapū and iwi”.
- 6.4. This change effectively removes the obligation on polytechnics to uphold Te Tiriti, and will likely mean inconsistent application across different polytechnics, leading to inequitable outcomes for some Māori learners and communities.
- 6.5. **If structural reform of the sector is pursued, the NZCTU recommends that the original intent of s 9(1)(g) is retained.**

- 6.6. The Bill also fails to ensure that Māori are represented on polytechnic councils. It provides only that polytechnic councils should “as far as is reasonably practicable [...] include Māori”. This means that, in practice, some polytechnic councils may not have Māori representation. The Bill also fails to ensure that Māori are represented on ISBs.
- 6.7. It is essential that Māori representation is baked into the structure of VET system, to ensure that the needs of Māori learners are understood and that VET institutions are properly responsive to these needs.
- 6.8. **If structural reform of the sector is pursued, the NZCTU recommends the Bill is amended to require at least one Māori representative is on each polytechnic council and ISB.**

7. Conclusion

- 7.1. Further work is needed to get the VET system functioning well. The NZCTU agrees that strong regional provision of VET for all communities is desirable, and that it is important for industry – including workers and their representatives in unions – to be well connected to the system.
- 7.2. However, the comprehensive reform of the sector that this Bill would enact is not the right way to achieve this. The government should instead focus on adequately funding the VET system and on tweaking the existing institutions where necessary to ensure regional responsiveness and good connection with industry.
- 7.3. **The NZCTU urges the Committee to reconsider this Bill and to develop a solution to our challenges in the VET sector that prioritises quality of education and training, equitable access and provision, and long-term sustainability.**
- 7.4. The NZCTU thanks the Education and Workforce Committee for the opportunity to submit on this Bill.

For further information, please contact

Jack Foster

Policy Analyst, NZCTU

jackf@nzctu.org.nz