

**Submission**

**by**

**THE  
NEW ZEALAND  
INITIATIVE**

**to the Ministry of Education**

**on**

**Options for the Future of Work-Based Learning**

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Prepared by:

Michael Johnston, Senior Fellow, Education  
The New Zealand Initiative  
PO Box 10147  
Wellington 6143  
[michael.johnston@nzinitiative.org.nz](mailto:michael.johnston@nzinitiative.org.nz)

## **1. INTRODUCTION AND SUMMARY**

- 1.1 This submission on Options for the Future of Work-Based Learning is made by The New Zealand Initiative (the **Initiative**), a Wellington-based think tank supported primarily by major New Zealand businesses. In combination, our members employ more than 150,000 people.
- 1.2 The Initiative undertakes research that contributes to developing sound public policies in New Zealand. We advocate for the creation of a competitive, open and dynamic economy and a free, prosperous, fair and cohesive society.
- 1.3 The Initiative's members span the breadth of the New Zealand economy; a high-quality industry and trades training sector is important for economic growth and prosperity. The views expressed in this submission are those of the author rather than the New Zealand Initiative's members.
- 1.4 The New Zealand Initiative agrees with the government's decisions to disestablish Workforce Development Councils (WDCs) and to replace them with Industry Skills Boards (ISBs). WDCs are insufficiently accountable to industry. Establishing mechanisms for accountability will be key to the success of ISBs.
- 1.5 The New Zealand Initiative supports the Independent model for ISBs outlined in the consultation document.
- 1.6 Suggestions are made in this submission for the scope of ISBs, and for enhancing the accountability of ISBs to industry under the Independent model.

## **2. THE CASE FOR THE INDEPENDENT MODEL**

- 2.1 The key difference between the Independent and Collaborative options for ISBs outlined in the consultation document is that, under the latter, ISBs would be parties to training agreements alongside trainees, employers and providers. Specifically, they would be responsible for the pastoral care of trainees in addition to their core function of standard setting. They would be paid a share of enrolment funding to support the provision of pastoral care to trainees and apprentices.
- 2.2 The consultation does not provide any detail on the nature of the pastoral care for which ISBs would be responsible under the Collaborative model. More seriously, it does not provide an explicit rationale for making ISBs, rather than providers, responsible for pastoral care.
- 2.3 According to the consultation document, potential benefits of the Collaborative Model include "positive impacts on learner success from an ISB having a dedicated pastoral care function" (p. 12). However, there is no obvious synergy between standard setting – the core function of ISBs – and pastoral care provision. On the other hand, there is a clear and established synergy between the provision of education and pastoral care. Providers, therefore, seem more suited than ISBs to provide pastoral care.
- 2.4 The consultation document notes two potential risks of the Independent model, both referring to the funding of ISBs. This implies that the main rationale for the Collaborative model is that, if ISBs were responsible for pastoral care, splitting enrolment funding between providers and ISBs would be justified. If revenue shortfalls for ISBs are a concern, other mechanisms for revenue generation should be explored. It does not make sense to give responsibility to ISBs for such disparate functions as standard setting and pastoral care simply to secure them an additional source of revenue.
- 2.5 The consultation document notes that ISBs have three sources of revenue available (other than the enrolment funding that would be attendant on the Collaborative model).

These are: public funding for their standard setting function; fees for quality assurance services; and the power under the Education and Training Act to levy industry. The latter two sources depend on ISBs providing value to industry. If they provide excellent quality assurance services, those services will be in demand. If they provide value to industry, levies commensurate with that value would be more likely to be tolerated. The key to financial viability for ISBs, therefore, is not the provision of pastoral care, but performing their core functions well. Establishing them with sound accountability mechanisms will be essential in that regard.

### **3. THE SCOPE OF ISB FUNCTIONS**

- 3.1 Rather than making ISBs responsible for pastoral care under the Collaborative model, they could be given additional roles more aligned with their core function of standard setting. Specifically, they could be delegated NZQA's programme approval and qualifications recognition functions.
- 3.2 The consultation document notes that ISBs will “*Endorse* the vocational programmes that providers develop. An ITP, private provider, or Wānanga will not be able to offer these programmes without an ISB's endorsement” (p. 6, emphasis added). However, while endorsement by an ISB will be necessary for the approval of a programme, it does not constitute final approval, which is currently a function of NZQA.
- 3.3 As industry bodies, ISBs will have access to greater expertise than NZQA to approve programmes in respect of their specific areas of industry. Moreover, there is a clear synergy between standard setting and programme approval. If ISBs are set up with accountability mechanisms that make them responsive to industry, they are likely to be more efficient and expert than NZQA in performing a programme approval function.
- 3.4 Delegating NZQA's programme approval function to ISBs would have the additional benefit of simplifying the approval process for providers. Rather than gaining endorsement from an ISB followed by approval from NZQA, providers would need only to gain approval from the relevant ISB.
- 3.5 Evaluating international qualifications for comparability with New Zealand qualifications is another NZQA function that could be delegated to ISBs. Like programme approval, qualifications evaluation services would benefit from the industry expertise to which ISBs will have access.
- 3.5 NZQA charges fees for programme approval and qualifications evaluation. If these functions were delegated to ISBs, they could also charge fees. That would provide them with additional revenue streams, thereby helping to ensure their financial viability. NZQA could also continue to provide these services, introducing an element of competition.
- 3.6 If programme approval and qualifications evaluation were delegated to ISBs, NZQA should retain authority to consider appeals against ISBs' decisions. In these cases, NZQA's decision should be final and binding.

### **4. ACCOUNTABILITY MECHANISMS FOR ISBs**

- 4.1 The consultation document is silent on what mechanisms will be established to make ISBs accountable to industry. Two mechanisms are suggested here: having industry associations elect Board members, and mandatory reporting of programme outcomes.
- 4.2 It is noted that six of the eight Board members of each ISB “will be appointed to represent industry through an industry-led process” (p. 7), with the other two members being Ministerial appointments. The nature of the industry-led process by which appointments will be made is not elaborated.

- 4.3 Industry representatives on ISBs should be elected by industry associations. That would establish a clear line of accountability for ISBs to the businesses represented by affiliated associations.
- 4.3 There will be a variable number of industry associations affiliated to each ISB, and associations themselves vary greatly in size. These differences should be taken into account in the process used to elect industry representatives to ISBs. It is suggested that each industry association be empowered to cast a number of votes proportional to its share of trainees and apprentices in the industry sectors covered by the relevant ISB. This approach would align with the ISBs' core functions, which pertain to training. The electoral system itself should result in proportional representation on Boards.
- 4.4 A second mechanism to make ISBs accountable should be mandatory public reporting of programme outcomes. The Orders in Council that establish the ISBs should include requirements for reporting, including programme completion rates; the proportions of programme graduates gaining employment in an industry for which they are qualified; the retention of graduates in those industries over time; and the results of employer surveys canvassing satisfaction with the graduates of each programme.

## **5. CONSIDERATION OF SECONDARY SCHOOLS AS PROVIDERS**

- 5.1 The consultation document is silent on the secondary sector. A long-standing issue in the senior secondary education system is the dominance of university-track education at the expense of industry training-track education. Many factors contribute to this dominance, one of which is lack of capacity in secondary schools to establish high-quality work-based learning programmes.
- 5.2 Orders in Council for ISBs should note a specific responsibility to support programme development in secondary schools. While this function would entail an upfront cost, that cost should be seen as a sound investment in increasing the flow of well-prepared school graduates into traineeships and apprenticeships.

## **6. CONCLUSION**

- 6.1 The Independent model for ISBs described in the consultation document has potential to enhance the quality of industry traineeships and apprenticeships in New Zealand. To fully realise this potential, the Orders in Council that establish them must build in robust accountability mechanisms. Additionally, the processes of programme approval and qualifications evaluation would be enhanced and made more efficient if responsibility for these functions was under the auspices of accountable ISBs. ISBs should also have some focus on the secondary sector to increase the flow of school graduates into industry traineeships and apprenticeships.
- 6.2 We appreciate the opportunity to submit on this matter and hope the Ministry finds our submission constructive.

**ENDS**