

Education and Workforce Select Committee
By public submission

18 June 2025

Tēnā koutou katoa

Thank you for the opportunity to make a submission on the Education and Training (Vocational Education and Training System) Amendment Bill (the Bill).

Toitū te Waiora is the Workforce Development Council for the education, health, community, and social sectors. We are the standard setting body for most (but not all) level 2 to level 7 qualifications relating to these sectors. We work closely with our sectors and industries to review, maintain and develop qualification products to ensure those workforces are appropriately skilled and qualified.

Learners achieve those qualifications through completion of programmes delivered by Te Pūkenga and Private Training Establishments. We ensure those providers assess student achievement appropriately and conduct moderation to ensure national consistency of those assessments. We also work with industry stakeholders to carry out workforce analysis and provide advice to the Tertiary Education Commission on the future mix of investment in these qualifications.

We have a particular interest in ensuring the vocational education and training system is fit for purpose now and in the future.

We disagree that the disestablishment of six Workforce Development Councils and creation of potentially seven separate Industry Skills Boards will result in the desired outcome of increasing industry engagement in vocational education and training. Our industries are already engaged, and our industry-led approach to qualification standard setting has been commended by the New Zealand Qualifications Authority.

Having potentially seven separate entities, with seven boards (56 board members), with only \$30m per annum in funding between them will result in:

- reduced industry engagement, as funding will not enable meaningful engagement with stakeholders nationally or regionally.
- a return to compliance-focused quality assurance and moderation rather than the current approach of compliance AND lifting system capability and performance, because working in partnership to lift provider capability takes time.
- an inability to respond quickly to industry need when setting standards and developing new qualification products. It costs more to partner with industry to identify emerging needs and develop responsive qualification products than to simply review existing products in the requisite timeframes.

That said, we are committed to supporting implementation of Cabinet decisions.

Our comments on the Bill are limited to sections relevant to the disestablishment of Workforce Development Councils, and creation of industry skills boards. Overall, the functions of the industry skills boards are no different to those already performed by the Workforce Development Councils. The following paragraphs comment on specific sections of the Bill and other related matters.

Section 363 – Membership of industry skills board

This section provides for eight board members for each industry skills board. The current proposal is for seven industry skills boards to be created. That means 56 board members ‘governing’ just \$30m of Crown funding across seven entities. Based on current Workforce Development Council board member fees, that equates to almost \$2m expended on board fees alone.

We suggest having just one ‘industry skills board’ entity, with one governance board, and multiple industry advisory groups. This would also simplify and reduce overheads on corporate functions and shared services.

If the number of industry skills boards is not reduced, we suggest reducing the number of members of each board. We also believe that all members of industry skills boards should have strong corporate governance capability.

Section 367 – Function of industry skills boards

We note the functions of industry skills boards are largely the same as the current Workforce Development Councils. We also note the advisory and representative role to advise TEC about the mix of vocational education and training needed. However, proposed amendments to Section 411 only require TEC to ‘have regard’ for that advice. Currently TEC must ‘give effect’ or ‘have regard’ to that advice. ‘Industry’ sought investment advice be retained as a core function of ISBs throughout earlier consultation processes. This Bill could render that advice meaningless if TEC are not required to act on it. We suggest retaining current legislative requirements for TEC to ‘give effect’ to that advice.

Section 373 – industry skills board may charge fees for quality assurance functions

Charging fees for quality assurance functions seems wasteful. Determining fees, entering into contractual agreements with providers, invoicing, processing payments, and accounting for fees is administratively burdensome and costly, on both sides of the equation. Especially when the funding will simply be moved from one part of Tertiary Education (the providers) to another part of Tertiary Education (the industry skills boards).

Also, providers are unlikely to ‘pay’ for the quality assurance coaching and supporting materials they currently receive and are likely to instead focus on reducing their costs and meeting only the minimum requirements. System level improvements in assessment practice are unlikely under this model.

We suggest that industry skills boards should be directly funded to deliver quality assurance functions from Vote Tertiary Education.

Section 374 – Annual fee payable by industry skills board to NZQA

This provision currently exists but is not used. As noted above, fee charging between entities within Vote Tertiary Education simply creates administrative burden and cost to both parties and only serves to move money from one part of Vote Tertiary Education to another part of Vote Tertiary Education.

Section 377 – Application of the Public Audit Act 2001 to industry skills boards

We agree the application of the Public Audit Act to the industry skills boards but note the cost of this to apply to seven boards all performing exactly the same functions. Seven audits, plus the audit of a shared services organisation equates to approximately \$480,000 per annum (excluding the cost of staff time).

Having just one industry skills board with multiple industry advisory groups, with one corporate function and one annual report, would significantly reduce cost to the Crown.

Section 385(a) Industry skills board levy may be imposed by Order in Council

There are currently levy provisions for Workforce Development Councils, which are not used. The only 'barrier' to the levies this Bill removes is the requirement for a proportion of 'industry' to be surveyed and for a proportion of 'industry' to agree the levy. The Bill simply replaces those requirements with 'general consultation'. This amendment contravenes the Bills intention for greater industry involvement in decision making.

It is not clear what an industry levy will fund.

The cost and process of levy consultations will reduce ability to engage with industry on core functions due to industry 'consultation fatigue', and time and money prioritised to levy setting and administration over prioritising delivery of core functions.

For the 'industries' currently supported by Toitū te Waiora, levying could simply result in movements from one Vote to another Vote, with administrative burden and cost to both parties, as many of our 'industries' are government agencies (for example, Department of Corrections, Fire and Emergency New Zealand, National Emergency Management Agency).

If levies are raised, there is additional administrative burden in performance reporting for the seven proposed industry skills boards and the Minister in tabling Annual Reports in Parliament.

Section 411- Duties of TEC in relation to industry skills boards

As noted above in relation to the functions of industry skills boards, proposed amendments to Section 411 only require TEC to 'have regard' for investment advice. Currently TEC must 'give effect' or 'have regard' to that advice. 'Industry' asserted that investment advice should be

retained as a core function of industry skills boards throughout earlier consultation processes. The Bill could render that investment advice meaningless if TEC are not required to act on it, which would contravene the Bill's stated purpose of increasing industry involvement in vocational education and training. We suggest retaining current legislative requirements for TEC to 'give effect' to that advice.

Amendment to the Income Tax Act 2007

We note that industry skills board will be exempt from income tax. We support this amendment, and note it is preferable to the current situation where Workforce Development Councils were established as registered charities to avoid tax liability. The amendment will also provide the Crown with greater control of any surplus.

Amendment to the Public Records Act 2005

We note that the Bill does not seek amendment of the Public Records Act to cover industry skills boards. We suggest that the Public Records Act should apply to industry skills boards as this will improve the record keeping practice of these public entities.

Further comment on other matters

Standard setting bodies

We are disappointed the draft legislative changes do not provide stronger mechanisms to require the transfer of all standard setting to the relevant industry skills boards. Currently, Workforce Development Councils and a range of other organisations are standard setting bodies. We recommend that the Bill be amended to ensure all qualifications relevant to a specific industry or occupation are brought together within one industry skills board. This may require transfer of qualifications from other standards setting bodies.

Work-based-learning divisions

We note the intent to move work-based-learning divisions from Te Pukenga into industry skills boards for a period of up to two years. This could cause significant conflicts of interest within the organisations, and substantial investment will be necessary to keep systems, processes, and information separated (for example, work-based-learning staff should not be able to access quality assurance documents or systems as this information is commercially sensitive).

Enactment dates

The enactment dates set out in the Bill are confusing – it will not be possible for industry skills boards to make offers of employment until they exist as a legal entity on 1 January 2026. However, Workforce Development Councils have been advised by TEC they will be disestablished and all staff made redundant by 31 December 2025 rendering the provisions around transfer of staff moot (although the Bill provides continuance to 31 December 2026).

Similarly, assets cannot be transferred from Workforce Development Councils to industry skills boards until the industry skills boards exist as an entity.

Data and information sharing

The Workforce Development Councils have been limited in the effectiveness of investment advice to TEC due to a lack of data around current enrolments and completions. The data provided by TEC is aggregated and suppressed in a way that limits usefulness. There is no provision in primary or secondary legislation that enables the Ministry of Education, TEC, or NZQA to provide data to the Workforce Development Councils or future industry skills boards.

The current Education and Training Act allows any information collected by TEC or NZQA to be disclosed to any agency that is entitled to receive it (Section 254). We recommend primary or secondary legislation is used to provide industry skills boards with the data and information needed to effectively conduct functions. There are numerous options to achieve this, as described in the table below.

Table 1: Options to improve data and information sharing

Option	Current legislation	Potential amendment
Amend section 254 of the Education and Training Act	Any information collected by TEC or NZQA - a) may be held by the Ministry on behalf of TEC or NZQA; and b) may be disclosed by the Ministry to TEC or NZQA or to any other person or agency that is entitled to receive it.	Any information collected by TEC or NZQA - a) may be held by the Ministry on behalf of TEC or NZQA; and b) may be disclosed by the Ministry to TEC or NZQA <u>or an industry skills board</u> , or to any other person or agency that is entitled to receive it.
Amend Schedule 24 of the Education and Training Act	Section 4(1)(c) sets out the purposes for which national student numbers may be used.	Add a section 4(1)(c) purpose that allows national student numbers to be used for the functions of the industry skills board
Order in Council for the industry skills boards	-	Include a section to enable information exchange between the TEC and each industry skills board, with schedules detailing the level of anonymity required by the TEC to comply with the Privacy Act



Regulations	-	Add a regulation to allow the exchange of information between TEC and industry skills boards. This option has been used by many agencies to include provisions for information sharing agreements
-------------	---	---

Thank you for the opportunity to comment on the Bill. We can provide further information to the Committee if needed and are available to speak with the Committee if required.

Ngā mihi nui,

Sean McKinley

Chief Executive