

16 June 2025

Education and Workforce Committee
Parliament Buildings
Wellington

Email: ew@parliament.govt.nz

Tēnā koe

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

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

This submission reflects the views of Engineering New Zealand. Engineering New Zealand is the largest professional body for engineers in New Zealand. We have both regulatory and membership roles, with over 23,000 members. We also accredit two-year engineering diplomas and three-year engineering degrees at Te Pūkenga, covering disciplines such as Civil, Mechanical, Electrical, Electronics, and Fire Engineering. Our experience in accreditation and system engagement informs the views we share in this submission.

Overview

Engineering New Zealand appreciates the Government's commitment to strengthening the vocational education system. We agree that the system needs to better reflect industry needs and support high-quality training pathways. One of our key focuses through the reforms has been to advocate for maintaining and enhancing the number of engineers and ensuring a nationally consistent quality. The Bill, as currently drafted, introduces several risks at a time when the retention and training of skilled workers is critical to be able to deliver on the Government's ambitious infrastructure pipeline.

Our submission focuses on three areas where we believe the Bill does not yet address key concerns raised through earlier consultations:

- The structure and role of Industry Skills Boards (ISBs)
- The industry levy and its role in the broader funding context
- The transition arrangements for work-based learning and system change.

Structure and role of Industry Skills Boards

The proposed ISBs carry over many of the functions currently held by Workforce Development Councils (WDCs). However, the way these functions are proposed to now be structured risks introducing fragmentation and complexity. The Bill does not set a limit on the number of ISBs, this is important as more ISBs would lead to more complexity within the system and increases demand on an already limited funding envelope. Additionally, there is no clear framework for how cross-cutting disciplines like engineering will be grouped. Engineering is already proposed to be split across multiple ISBs (at least four), which increases the risk of duplication and makes national consistency harder to achieve. While we acknowledge that this falls under the consultation process that recently closed, it is challenging and concerning to engage with this Bill without an understanding of the

number and scope of ISBs. We believe this should have been reflected in the legislation or the Bill should at least have a provision to outline ISBs and their coverage in regulations.

The Bill also does not account for the future of existing standards setting bodies such as [Vocational Engineering Education, New Zealand](#) (VEE.NZ). VEE.NZ is recognised by NZQA as the industry standards-setting body for the Level 6 and 7 vocational engineering qualifications related to civil, mechanical, electrical, and fire engineering. VEE.NZ's standards setting role is currently recognised by Waihangā Ara Rau and Hanga Ara Rau, with both organisations represented on the VEE.NZ Board. This omission puts at risk an established and effective part of the vocational education system. Our reading is also that a provider such as VEE.NZ would not be able to utilise funding provisions for standard and qualification development that are provided to the ISBs. VEE.NZ has a key role in maintaining standards in engineering education, but it does not receive public funding. We recommend ensuring flexibility to allow ISBs to utilise specialist standards setting bodies and having the ability to ensure they are appropriately compensated (which is a challenge in the existing system).

We are also concerned that the governance and advisory model for ISBs has been narrowed. Unlike WDCs, ISBs will no longer have a legislated role in supporting career pathways, equity or underserved learner groups. Their function has shifted from skills leadership to more limited workforce planning. It is critical that the new system, and all entities within the new system, put learner outcomes first and ensure those who face additional barriers are supported to be able to benefit equally from vocational education.

Further, we also note that the ability of ISBs to provide advice to the Tertiary Education Commission (TEC) has been reduced. Clause 411 of the Bill states that TEC must now only 'have regard' to the advice of ISBs, rather than 'give effect'. In our view, these changes risk weakening the influence of industry in shaping training delivery.

We strongly recommend this is changed back to 'give effect' to ensure TEC takes on the advice of the industry.

Industry levy

We are cautious about the broader levy provisions set out in the Bill. While we support the principle of ISBs being able to charge providers for activities such as moderation and programme endorsement, the wider levy framework lacks clarity and introduces risks, particularly for diverse and cross-cutting industries like engineering. There is concern that reduced public funding will be offset by substantially increasing industry contributions. This approach ignores the fact that vocational education training, particularly the apprenticeship model, creates a significant cost for businesses. Increasing the financial burden on the industry is particularly challenging in the current context where the limited pipeline of infrastructure work is forcing many firms to restructure and skilled workers are leaving for better opportunities overseas.

Further, there is still no explanation of how the levy will be collected, managed, or applied in practice. The operational aspects of the industry levy are critically important for two reasons. The first being that levy provisions have not been used previously so it is unclear how it would work in practice causing scepticism about the burden it would place on the industry. The second is there is some concern that the administration of the levy would be costly due to the complexity involved with a risk that the administrative costs could outweigh the benefits of having a levy in the first place. It is important that revenue generated by the levy is used to benefit the industry rather than administer the process.

The threshold for introducing a levy has also been lowered, from 60% industry support to a more ambiguous test based on 'adequate consultation'. In our view, this makes the process less transparent and introduces uncertainty for all. There is no guidance on how levies will apply to overlapping industries, or how smaller sectors will be protected if a broader levy is introduced. We recommend reintroducing the industry support threshold. Our preference would be to retain 60% but a lower threshold of 50% would still be preferred to the ambiguous 'adequate consultation'.

Transition arrangements

We remain concerned about the complexity and risks involved with transition arrangements. It is our view that the staged process where ISBs temporarily deliver work-based training before handing it over to providers, adds complexity and cost without clear benefit and risks creating gaps in provision during the handover.

We recommend the transition of WDC functions be reviewed. The focus should not be on transferring functions alone, but on retaining the people currently delivering them. Staff within WDCs have built strong sector

knowledge and relationships, and there is no guarantee that this capability will be preserved through the move to ISBs.

Without a clear plan to retain and integrate that existing expertise, the system risks losing critical talent at a time when stability is needed. It is our belief that a better transition model would focus on rescoping and rebranding the existing WDCs rather than creating completely new entities. This would remove the cost of the new establishment phase.

The transitional arrangements also introduce significant complexity and disruption for Industry Training organisations (ITOs) that have clear scope and function in the existing model (i.e. Connexis and BCITO). These ITOs should not have to undertake an expensive and disruptive two-step transition where they transfer into an ISB to have to transition out again. The Bill's provisions should allow ITOs that are able to establish within the required timeframes to be able to do so in one step (i.e. to leave Te Pūkenga and establish as an independent ITO immediately). This would result in significant cost savings and reduce stress placed on staff and learners.

Conclusion

Thank you for the opportunity to provide feedback on the Education and Training (Vocational Education and Training System) Amendment Bill. If we can be of any assistance or provide further information, please do not hesitate to contact us.

Nāku, nā

A handwritten signature in blue ink, appearing to read 'R. Templer', written in a cursive style.

Dr Richard Templer
Chief Executive