



Options for the
future of
Work-based
Learning
Consultation





Te Tāhuhu o
te Mātauranga
Ministry of Education

Options for the future of Work-based Learning

Consultation Document



Te Kāwanatanga
o Aotearoa
New Zealand Government

Executive Summary

As Skills Group Training Ltd (EDUMIS 7502), operating through our trading brands (Ignite Colleges, Industry Connection for Excellence (ICE), Premier, E-tec, and Etco), we support over 7,000 learners and 5,500 apprentices, and directly employ over 600 apprentices through our Group Employment Scheme. This breadth of experience brings unique practical insights into what makes training successful for both learners and employers. Our extensive operational experience spans both ITO and PTE delivery models, providing valuable perspective on system effectiveness.

The proposed reforms to work-based learning aim to improve industry responsiveness and learner outcomes in New Zealand's vocational education system. Based on our substantial operational experience and analysis of international evidence, we strongly support Option B (Independent Work-based Learning) as better serving the interests of learners and employers while maintaining high standards of pastoral care and industry engagement.

Our analysis demonstrates that successful work-based learning depends on three fundamental elements:

1. Integrated delivery drives learner success through:
 - Clear accountability for both learning and support
 - Rapid response capability for emerging issues
 - Seamless coordination between education and pastoral care
2. Provider choice enhances quality through:
 - Market responsiveness to industry needs
 - Innovation in delivery approaches
 - Competition driving continuous improvement
3. System sustainability requires:
 - Efficient resource allocation
 - Building on proven delivery capability
 - Avoiding unnecessary duplication

These elements are reflected in our evaluation framework on the next page, which demonstrates how Option B better serves these core requirements while providing a foundation for future improvements:

Key Principles for Effective Work-based Learning

| Principle | Description | Option B | Option C |
|---|--|--|--|
| Clear Accountability for Learner Success | Single point of responsibility for learner outcomes and EPIs | <input checked="" type="checkbox"/> Provider fully accountable for both learning outcomes and EPIs | <input checked="" type="checkbox"/> Split responsibility creates critical gap – potential with Provider and ISB not fully accountable for EPI achievement |
| Integrated Learning Support | Seamless delivery of education and pastoral care | <input checked="" type="checkbox"/> Provider delivers coordinated support | <input checked="" type="checkbox"/> Artificial separation of learning and pastoral care |
| Employer Choice | Freedom to select training partners | <input checked="" type="checkbox"/> Employers choose their provider | <input checked="" type="checkbox"/> Must work with assigned ISB |
| System Simplicity | Straightforward engagement process | <input checked="" type="checkbox"/> Single point of contact | <input checked="" type="checkbox"/> Multiple relationships required |
| Quality Through Competition | Providers compete on performance | <input checked="" type="checkbox"/> Market drives improvement | <input checked="" type="checkbox"/> Limited competition with fixed relationships |
| Operational Efficiency | Resources focused on learner support | <input checked="" type="checkbox"/> Streamlined administration | <input checked="" type="checkbox"/> Duplicate systems and coordination overhead |
| Innovation in Delivery | Ability to develop new approaches | <input checked="" type="checkbox"/> Providers can integrate new models | <input checked="" type="checkbox"/> Split functions limit innovation |
| Value for Money | Cost-effective delivery maximising learner funding | <input checked="" type="checkbox"/> Integrated delivery reduces overhead costs and maximises funding for learner support | <input checked="" type="checkbox"/> Duplicate systems and split responsibilities increase administrative costs and reduce funds available for direct learner support |
| Industry Voice | Strong industry input into training delivery on the ground. | <input checked="" type="checkbox"/> Direct industry relationships with providers who must compete for industry support | <input checked="" type="checkbox"/> Industry influence diluted through split responsibilities |
| Effective Pastoral Care | Comprehensive support for learners | <input checked="" type="checkbox"/> Integrated support delivered when and where needed through single provider | <input checked="" type="checkbox"/> Fragmented support with unclear handovers between organisations |
| Industry-specific Needs | Meeting unique sector requirements | <input checked="" type="checkbox"/> Providers can specialise in industry-specific delivery models | <input checked="" type="checkbox"/> One-size-fits-all approach to pastoral care across industries |
| Increasing Employer Participation | System encourages more employers to engage in training | <input checked="" type="checkbox"/> Simple system with employer choice encourages participation | <input checked="" type="checkbox"/> Complex arrangements and lack of choice may discourage engagement |
| System Flexibility | Ability to adapt to different employer needs | <input checked="" type="checkbox"/> Providers can tailor approaches to employer circumstances | <input checked="" type="checkbox"/> Fixed relationships limit adaptation to employer needs |

Executive Summary ...

Additional Considerations for System Improvement

Beyond structural reform, several complementary policy initiatives could further strengthen the vocational education system:

- Establishing a New Zealand National Apprenticeship Week to raise awareness and celebrate success
- Exploring targeted incentive mechanisms for employers
- Enhancing promotion of apprenticeship pathways in schools
- Supporting expansion of group training schemes
- Providing targeted support for SMEs to engage in training

These initiatives would be most effective within Option B's framework of clear accountability and integrated delivery. International evidence, including OECD data showing New Zealand's strong current performance in enterprise training participation, suggests that such targeted policies, rather than structural change alone, are key to increasing employer engagement and workforce participation.

Based on this analysis, we strongly recommend Option B supported by targeted policy initiatives as the best path forward for New Zealand's vocational education system. This approach would:

- Maintain proven integrated delivery models
- Support genuine employer choice
- Enable system innovation
- Provide a foundation for increased participation
- Ensure sustainable funding for quality provision

Question 1: Which of the two models – Independent or Collaborative work-based learning – does your organisation prefer?

Of the two options, we strongly prefer the **Independent Work-based Learning model**. This is based on extensive operational experience, international research, and detailed understanding of quality delivery requirements.

While recognising the objectives driving the Collaborative model's development, our analysis suggests these goals can be better achieved through an integrated and holistic delivery structure, underpinned by strong industry leadership and engagement.

Evidence Base for Integrated Delivery

Operational Experience

Across our Group we currently support and deliver training to over 7,000 trainees and 5,500 apprentices - and further employ 600 apprentices through our group employment scheme. We have direct evidence that integrated delivery leads to better outcomes (see "Research Evidence" below). For learners to succeed, 'pastoral care' and 'learning support' must remain integrated. Separating these functions would create a critical accountability gap - no single organisation would be fully responsible for learner outcomes. Our experience shows that when responsibility is split, learners fall through the cracks between systems and support quality suffers.

The advantages of integrating learner and learning support 'under one roof' are

- Direct alignment between learning and support needs
- Rapid response capability for emerging issues
- Clear accountability for outcomes
- Efficient resource utilisation - creating a significantly more cost-effective system, particularly important given the financial constraints already facing apprentices and employers

Research Evidence

Our research team's analysis of international systems further demonstrates the effectiveness of integrated delivery:

- Australia's Jobs and Skills Councils model (and predecessor standard-setting structures) show the stability and workability of government-enabled and industry-led organisations setting industry standards informed by strong industry voice, that public and private providers then deliver and support.
- The UK has experienced a major resurgence in Apprenticeships since its 2013 reforms. While this has been substantially driven by a centralised training levy, this has incentivised take-up of apprenticeships, including at advanced and degree level. These apprentices are undertaking learning through their companies and provider-based components, but supported throughout by an educational institution, which attends to both the apprentices learning support and wider learner support needs.
- The 'dual' systems of Germany and Switzerland are widely regarded as world leading, while making no use of intermediary organisations: work-based learning is widely understood and delivered through close and effective collaboration between companies and vocational colleges, with both parties attending to both learning and wider learner support needs, towards shared and agreed professional/occupational standards.
- Singapore's ITE system demonstrates the benefits of integrated delivery, whereby learners access consistent quality learning and pastoral support through flexible models of provision – institution-based, online, and through the workplace.

There is also clear New Zealand-based evidence that holistic support for learners in terms of both pastoral and learning support is key to learner success. Notably, ITO-led research in 2016 into reasons for non-completion strongly indicated that wider issues in trainees' life or employment circumstances were more often reasons for non-completion than the actual quality of training or training programme. This understanding of holistic support needs is one reason why PTEs often achieve stronger results with Māori and Pasifika learners than larger institutions - we can provide integrated, culturally responsive support that addresses both learning and broader pastoral needs through a single trusted relationship. Among many other examples, we would also point to 2019 ITO, ITP, and Iwi *SET for Work, SET for Life* research, which explored critical aspects of a responsive and collaborative VET sector. Its resulting good practice guidelines strongly highlight the need for strong connections between education and employment, through strong pastoral care, through mentoring, 'wrap around' learner support through and beyond their training.

This all points to the critical importance of a workplace learning system with both the focus and range to address issues at their source, through strong and trusted relationships between employers, apprentices and their training partners. The effectiveness of these relationships underpins the employers' choice of training partner: they should not have such a choice removed, particularly in relation to their wider pastoral care needs.

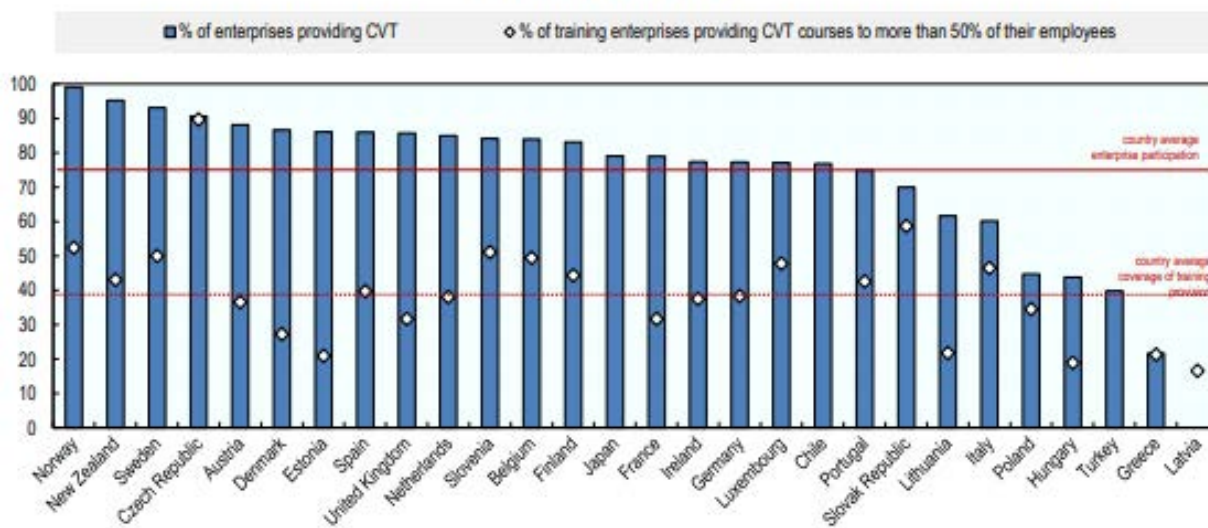
Increasing Employer Participation in Work-based learning

From our stakeholder interactions during this consultation (including a session with the Minister of Vocational Education on 10 February), we understand that a core driver of the redesign is to increase participation by apprentices, and especially, the proportion of employers engaged in work-based learning.

In that regard, we note OECD findings that demonstrate that internationally, New Zealand employers have a strong training culture. In 2019, OECD's Future-Ready Adult Learning Systems study demonstrated very high relative participation of enterprises providing continuing vocational training (New Zealand ranked 2nd in OECD, behind Norway).

Figure 2.5. Participation of enterprises in the provision of adult learning

Share of enterprises providing continuing vocational training (% of all enterprises) and coverage of provision (% of training enterprises)



OECD (2019), Getting Skills Right: Future-Ready Adult Learning Systems, Getting Skills Right, OECD Publishing, Paris. <https://doi.org/10.1787/9789264311756-en>

In 2017, OECD's Adult Skills Survey (PIAAC), ranked New Zealand first in the OECD for the proportion of workers receiving job-related training, including a strong result for formal (qualifications-linked) learning.

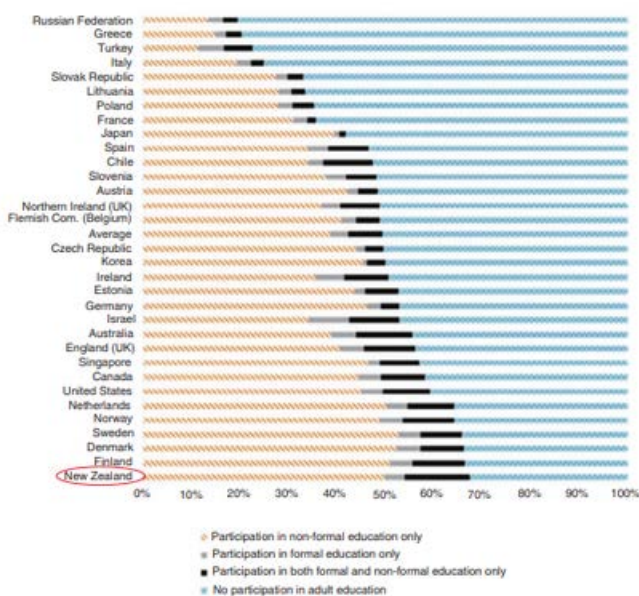


Fig. 2.1 Share of adults aged 25–64 that participated in informal or non-formal adult education or training for job-related reasons, 2012 or 2015. (Adapted from OECD, 2017)

As of February 2024, New Zealand has 164,620 firms employing one or more people. (Stats NZ Business Demography Data). While we do not have access to precise data, the often-quoted figure of 25,000 firms offering traineeships or apprenticeships suggests 15 percent of New Zealand's employers are engaged with formal education. This again compares well internationally, even with the 'gold standard' systems of Germany, which cites 20 percent of its companies' offering apprenticeships at any one time.

Lastly, for perspective, New Zealand's 135,000 trainees and apprentices represent a comparatively large proportion of the workforce, and of post-school study: approximately one in five of all tertiary learners in New Zealand is a New Zealand Apprentice.

While these results show strong foundations, we support efforts to further increase participation. International evidence suggests this is best achieved through targeted policy initiatives rather than structural change. Successful approaches include:

- Establishing a National Apprenticeship Week to celebrate success and raise awareness, like the UK's successful model which drives significant engagement
- Enhancing promotion of apprenticeship pathways in schools and careers guidance to build stronger talent pipelines
- Supporting group training schemes like those offered by Skills Group for electrical apprentices that reduce barriers for smaller employers.
- Providing targeted assistance packages for SMEs to engage in training
- Exploring incentive mechanisms such as the UK's levy system, where large employers build 'training credits' through a payroll levy that can be used for approved programmes

These initiatives have proven successful internationally because they operate within simple, flexible systems that give employers choice in how they engage with training. Option B provides this foundation through:

- Clear, single-point relationships with providers
- Freedom to choose training partners
- Streamlined administration
- Integrated support systems

In contrast, Option C would create additional complexity through split responsibilities and reduced employer choice - likely working against efforts to increase participation. The experience of the previous ITO system showed that employers did not appreciate being required to work with specific organisations. Option C would compound this by requiring relationships with both ISBs and providers.

If increasing participation is the goal, we recommend Option B supported by targeted policy initiatives that incentivise employer engagement while maintaining system simplicity and flexibility.

Question 2: Why will your preferred model work best for employers and learners in work-based learning?

Employer choice and avoidance of monopolies.

As we stated in our submission in 2024, we fundamentally support choice for employers, and fair competition in the sector. We strongly believe that employers can be trusted to choose their favoured training partner, should not be forced to work with any specific provider in a monopolistic situation, as in the ITO system – or with respect to their ‘pastoral care’ provider under the proposed ‘collaborative’ model.

This extends to the proposal to re-establish Te Pūkenga’s WBL business divisions as other industry or privately-owned training providers, because we genuinely welcome choice and competition as fundamental to a well-functional vocational education system. In work-based training especially, the role and contribution of employers is central to achieving outcomes and improving workforce skills. Given that, employers should choose whom they choose to collaborate with to meet their skills and workforce development needs.

Holistic and integrated training delivery and support:

A fundamental flaw in the Collaborative model is assigning pastoral care to ISBs. This would create a weak feedback loop for their standards setting function, as meaningful insight about the currency and effectiveness of standards and qualifications comes primarily from teaching, learning, and assessment activities - not from pastoral care interactions. Our experience operating as both an ITO and PTE provides clear evidence of why integrated delivery is crucial. In the ITO era, ITOs were precluded from ‘delivery’ but were required (and funded) under New Zealand Apprenticeships to provide effective mentoring and coaching. This created artificial barriers when apprentices needed learning support - a training advisor providing mentoring could be standing with an apprentice but was not allowed to deliver actual training support. In some industries, this even led to recruiting less credible training advisors, as they didn't need specific technical industry knowledge.

The Collaborative model risks recreating these exact issues. We should not create a system where one organisation can help the learner but not the learning, while another can help the learning but not the learner. This would be confusing, wasteful, and unnecessarily complicated - and for employers, both annoying and off-putting.

The Independent model, by contrast, delivers superior outcomes through:

1. Programme Design and Delivery

- Direct feedback loops between workplace and training components
- Rapid programme adaptation to industry needs
- Integrated assessment and moderation processes
- Clear quality accountability frameworks

2. System Efficiency Benefits

- Single point of contact for employers
- Streamlined administration
- Coordinated support services
- Efficient resource allocation

In this regard, we note that the two models propose different futures for Te Pūkenga's Work-Based Learning divisions. Under the Independent model, these divisions will be reestablished as private training providers through a two-step process. Under the Collaborative model, their capabilities, activities and associated assets will be redistributed as part of the ITP network.

We believe that the WBL business divisions should instead be empowered to consult and determine their own best option alongside their industries. For some this might include to remain with the ITP network, in keeping with the choice.

The ITP network would seemingly benefit from retaining this capability and capacity. These WBL business units exist as part of Te Pūkenga because of TEC-approved transition plans, specifically designed to integrate transitional ITOs into the NZIST - Te Pūkenga network. Requiring their divestment appears to work against this original strategic intent.

Pastoral Care Integration

The integrated model ensures comprehensive pastoral care through:

1. Strategic Planning and Implementation

- Full ownership and accountability for learner wellbeing
- Holistic approach to learning and support needs
- Coordinated support initiatives aligned with learning goals
- Integrated planning of learning and pastoral interventions

2. Operational Effectiveness

- Single point of contact for learners and employers
- Seamless integration of learning and pastoral support
- Immediate response capability for all learner needs
- Clear pathways for support and issue resolution

Question 3: What does your organisation think are the main benefits, costs and risks of each option for employers and learners in your industry?

Introduction

Our analysis of both models, informed by practical experience and international research, identifies significant differences in benefits, costs, and risks for employers and learners.

System Sustainability Considerations

Before examining each model, we must acknowledge key system-level considerations that affect both options:

- The need to maintain sufficient scale for financial viability
- Efficient allocation of limited funding resources
- Avoiding unnecessary duplication of systems and infrastructure
- Supporting existing providers with proven capability.

Independent Model

Benefits

Learner Success and Support

- Clear accountability through single provider ownership of learner success
- Integrated delivery of learning and pastoral care
- Seamless support across all aspects of learning journey
- Rapid response capability for learner needs

Operational Efficiency

- Efficient resource utilisation through established systems
- Single point of contact for employers and learners
- Streamlined administration and reporting
- Leveraging of existing provider capability

Quality and Innovation

- Strong quality frameworks built on provider experience
- Competition driving continuous improvement
- Flexibility to meet diverse industry needs
- Innovation in delivery approaches

Market Choice

- Employer choice of training partners
- Options across different types of providers
- Ability to match provider capability to industry needs
- Freedom to change providers if needs not met

Cost and System Implications

Building on Existing Provider Capability:

- Leverages existing systems and infrastructure
- Minimal additional compliance costs
- Builds on established industry relationships
- Utilises proven delivery models
- Maintains sustainable funding allocations

Creating New PTEs from WBL Divisions:

- Significant establishment costs for new entities
- Risk of diluting funding allocations across more providers
- Additional administration and compliance costs
- Potential duplication of existing capability
- Risk of unsustainable competition

Collaborative Model

Benefits

- Potential for coordinated provision at regional level
- [Note: Many claimed benefits like standardisation and national consistency are risks as they don't guarantee quality and may reduce responsiveness]

Costs

- All the same costs as the independent model
- Additional costs for pastoral care functions already provided by TEOs
- Duplicate systems and processes across providers and ISBs
- Complex coordination requirements between organizations
- Additional reporting and compliance costs
- Risk of diluted funding across multiple organisations.

Risks

The proposed separation of pastoral care from learning delivery contradicts established practice across New Zealand's tertiary education system. Our tertiary system has long recognised that providers must take responsibility for pastoral care - a requirement formally established through the Code of Practice for tertiary and international students. The Collaborative model would create an unprecedented exception for workplace training, where providers would neither be responsible nor funded for pastoral care.

Of particular concern is the fundamental accountability gap this model creates for Educational Performance Indicators (EPIs). With providers responsible for educational delivery but ISBs handling pastoral care, neither organisation has full ability to influence these critical outcome measures. This split responsibility will inevitably result in:

- Confused accountability for completion rates
- Lack of coordinated interventions when learners are at risk
- Inability to take holistic approach to improving outcomes
- Degraded performance reporting and quality assurance

This accountability gap represents more than just an administrative challenge - it directly threatens learner success by creating systematic barriers to effective support and intervention.

This contradiction creates challenges for providers like Skills Group that offer multiple modes of delivery. Under the proposed model, we would be required to provide pastoral care for some learners but not others, based solely on their mode of study. This artificial division makes little sense when many of these learners have similar needs and face similar challenges.

The problem becomes even more acute given that modern work-based learning typically blends on-job, off-job and online delivery. In this environment, separating pastoral care from learning delivery would create significant confusion about responsibilities and accountability. More importantly, it risks creating gaps in learner support that could compromise both their wellbeing and their educational success. This risk is particularly concerning given the clear evidence that integrated learning and pastoral support is crucial for learner achievement. These systemic issues would manifest in specific operational and quality risks:

1. Operational Risks

- Complex handovers between organisations
- Delayed responses to learner needs
- Duplicate systems and processes
- Increased administrative burden

2. Quality Risks

- Fragmented learner support
- Unclear accountability
- Potential gaps in service
- Compromised response capability

Additional Systemic Risk - Unclear National Coordination Role

The Collaborative model proposes that ISBs would "provide national training coordination" functions, but this role is not defined and raises several critical concerns:

- **Role Confusion:** There is significant potential for overlap and confusion between ISBs' coordination role and providers' core functions in managing enrolments, materials, assessment and training delivery
- **Resource Allocation:** The proposed funding split between providers and ISBs would need to cover these additional coordination functions, potentially further diluting already limited resources
- **National Account Management:** The model fails to address how relationships with national employers would be managed across multiple providers while maintaining consistency
- **System Complexity:** Adding a coordination layer between providers and employers' risks creating unnecessary bureaucracy and complexity in the system

This poorly defined coordination role appears to recreate elements of the former ITO "arranging training" function, which was deliberately removed during the RoVE reforms due to its problematic nature. Reintroducing such a function, particularly without clear scope and accountability frameworks, risks recreating historical issues around role clarity and system efficiency.

Question 4: Both models will involve a transition process but this will be different for each. What will be the critical factors in making transitions work for your industry?

Introduction

Successful transition requires careful consideration of practical realities, existing relationships, and system capabilities. Our experience managing both the ITO-PTE transition and ongoing delivery of large-scale apprenticeship and other Work based learning programmes provides valuable insights into critical success factors.

Critical Success Factors

1. Sustainable System Design

- Maintain sufficient scale for financial viability through appropriate provider size
- Avoid dilution of funding across too many providers
- Ensure efficient allocation of limited resources
- Build on existing provider capability and infrastructure

2. Stakeholder Management

- Maintain employer relationships and confidence
- Protect learner interests and support
- Ensure staff engagement and retention
- Support industry connections

3. System Continuity

- Preserve effective learning management systems
- Maintain quality assurance processes
- Ensure uninterrupted support service delivery
- Sustain critical administrative functions

4. Resource Management

- Focus on providers with proven capability and track records
- Support system adaptation within existing frameworks
- Enable process refinement without duplication
- Meet documentation requirements efficiently

Recommendations for Government Consideration

Introduction

Drawing on our analysis and extensive experience in work-based learning, we propose the following key recommendations for consideration in the final policy development.

Key Policy Recommendations

1. *Strengthen Work-based Learning Participation*

- Establish a New Zealand National Apprenticeship Week to raise awareness and celebrate success
- Enhance promotion of apprenticeship pathways in schools and careers guidance
- Support expansion of group training schemes to reduce barriers for smaller employers
- Provide targeted support packages for SMEs to engage in training
- Explore targeted incentive mechanisms including UK-style levy system for large employers

2. *Maintain Integrated Delivery Excellence*

- Support proven integrated delivery models that combine learning and pastoral care
- Enable seamless coordination between education and support services
- Strengthen quality assurance frameworks while maintaining flexibility
- Support the integration of WBL divisions into experienced providers
- Ensure sustainable funding rates that reflect true delivery costs

3. *Enhance Industry Voice and Choice*

- Enable genuine employer choice in training partnerships
- Establish clear industry feedback mechanisms at point of delivery
- Support diverse delivery models to meet varying industry needs
- Allow WBL divisions flexibility in determining their optimal future structure
- Create frameworks for recognising emerging industry needs

4. *Drive System Efficiency*

- Streamline administrative requirements to reduce overhead costs
- Implement clear accountability frameworks for learner outcomes
- Avoid duplicate systems and unnecessary complexity
- Ensure efficient resource allocation across the system
- Build on proven delivery capability and infrastructure

5. *Foster Innovation and Development*

- Support development of new delivery approaches including digital solutions
- Enable pathways for advanced and degree-level apprenticeships
- Promote cross-industry collaboration and shared learning
- Support group training schemes and innovative delivery models
- Create mechanisms for rapid response to industry needs

6. *Enhance Quality Through Competition*

- Develop integrated performance metrics covering both learning and pastoral care
- Establish clear accountability for Educational Performance Indicators (EPIs)
- Enable market responsiveness to industry needs
- Support continuous improvement through provider choice
- Maintain high standards while enabling innovation

CONCLUDING COMMENTS

Based on our extensive operational experience supporting over 13,000 learners, combined with our research capabilities and international analysis, we strongly recommend adoption of the independent model (Option B).

This model provides the foundation for a responsive, efficient and high-quality vocational education system by:

- Maintaining clear accountability for learner success through integrated delivery
- Supporting employer choice and innovation in training approaches
- Ensuring efficient use of resources through streamlined systems
- Building on proven provider capability and delivery models

The Independent model also creates the right foundation for implementing targeted initiatives to further strengthen New Zealand's vocational education system.

Combined with policy enhancements like a National Apprenticeship Week, targeted employer support mechanisms, and enhanced promotion of vocational pathways, this approach would:

- Increase employer participation through simplified engagement
- Support innovation in delivery methods
- Enable development of advanced apprenticeship pathways
- Maintain strong industry voice in training design and delivery
- Ensure sustainable funding for quality provision

Looking ahead, Option B supported by these additional initiatives offers the best path forward - one that builds on New Zealand's existing strengths while creating new opportunities to enhance participation, quality and innovation in vocational education and training.

We welcome the opportunity to further discuss these recommendations and to support their implementation. Our goal remains to enhance New Zealand's vocational education system while maintaining its effectiveness, efficiency and responsiveness to industry needs.



Signed: Rosanne Graham,
Chief Executive Officer

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+64 9 525 2590

Millennium Centre
Building C, Level 2
600 Great South Road
Ellerslie, Auckland

Level 5,
Wellington Chambers,
154 Featherston St,
Wellington 6011

WWW.SKILLS-GROUP.ORG