

18 June 2025

Education and Workforce Committee

via e-mail: ew@parliament.govt.nz

Submission on the Education and Training (Vocational Education and Training System) Amendment Bill

Introduction

1. Energy Resources Aotearoa is New Zealand's peak energy sector advocacy organisation. We represent participants right across the energy system, providing a strategic sector perspective on energy issues and their adjacent portfolios such as skills, training and workforce development. Our purpose is to enable constructive collaboration across the energy sector through and beyond New Zealand's journey to net zero carbon emissions in 2050.
2. We have a long and proud history of engagement in vocational education and training at both strategic and operational levels. Established by the energy industry in 2010, our workforce development unit, Energy Skills Aotearoa, plays a critical role in addressing sector-wide workforce challenges and implementing targeted skill development initiatives. These efforts are guided by a strategic framework focused on attraction, development, and collaboration.
3. This submission addresses three areas of interest, Industry Skills Boards (ISBs), industry levies and polytechnics, in the education and training (vocational education and training system) amendment bill. Our submission supplements previous contributions, including the September 2024 Vocational Education and Training (VET) consultation, the February 2025 Work-based learning consultation and the May 2025 ISB's) coverage consultation.
4. We welcome the opportunity to appear before the Select Committee to present our submission.

Key Messages

5. Energy Resources Aotearoa's key messages are:
 - a. **the energy sector is crucial to New Zealand's social and economic development:** it underpins economic productivity, supports industrial competitiveness, and ensures affordable, reliable energy for households and communities;

- b. **a fit for purpose VET model is critical for the energy sector:** the energy sector relies on a highly skilled, safety-conscious workforce to operate in a complex and highly regulated environment. As the sector evolves with new technologies, renewable energy, and decarbonisation goals, the VET system must be responsive, future-focused, and aligned with industry needs;
- c. **industry levies must be founded through industry partnership:** the proposed levy setting powers shift too much control to government, bypassing the need for majority industry support. For levies to be fair, effective, and sustainable, they must be developed in genuine partnership with industry. Without this, the system risks eroding industry trust and limiting buy in for long-term skills development;
- d. **lack of clarity and limited industry control undermine ISB effectiveness:** while the introduction of ISB is a step toward strong industry input, the Bill lacks clarity on ISBs purpose and scope, raising concerns about how effectively they will contribute to workforce planning, implementation, and ongoing accountability. Decision making powers remain with government agencies, limiting the ability of ISBs to make timely, sector-informed decisions; and
- e. **we support the reinstatement of polytechnics as standalone institutions:** we support the return to autonomous polytechnics, particularly to better align training with regional workforce needs. However, for those placed under a federation model, such as in Taranaki, the government must consult with local industry to provide certainty around the transition path towards sustainability.

Submission

Clarity, industry/government co-design, and defined governance are essential to ensure ISBs deliver effective, industry-led workforce planning.

- 6. We acknowledge urgent reform is required to ensure the vocational education system delivers the skills and capabilities essential for New Zealand's energy security, economic productivity, and workforce resilience. As our sector transitions to new technologies, decarbonisation targets, and deals with evolving workforce demands, the vocational system must be responsive, industry-led, and focused on lifting the technical skills needed to support a safe, reliable, and low-emissions energy future.
- 7. Although ISBs are to be established with the objective of strong industry governance and decision making we are concerned that overall influence and decisions still remain with government agencies and therefore defeats the purpose of "industry governance".
- 8. The proposed new entities ISB's are not yet well defined in either purpose or scope, creating uncertainty about how they will contribute to workforce capability planning, implementation, measurement and accountability. While we understand that ISB

establishment boards will have a key role in shaping these functions, there is currently little detail on how this will be structured or delivered.

9. To address the lack of clarity around the purpose and scope of the proposed ISBs, it is essential that government co-designs the ISB model with industry to ensure genuine sector leadership and alignment. A detailed framework should be published outlining ISB roles, responsibilities, governance, and how they will influence workforce planning, training product development, and funding decisions.
10. Clarity is also needed on how ISBs will integrate with existing vocational education structures, supported by clearly defined performance indicators and accountability mechanisms. Piloting the model with targeted sectors, such as energy, could provide valuable insights, with an independent review to refine the approach before full implementation.
11. Ongoing transparent communication and feedback loops with stakeholders are critical to building trust and ensuring the ISBs become an effective, industry-responsive mechanism for addressing skills gaps and workforce capability needs.

Recommendations for Industry Skills Boards

12. We recommend the following legislative amendments to the bill regarding ISBs:
 - a. **remove Section 362 (2) (b) (ii) establishment of ISBs** that allow for the ISB to be directed on how to use its assets by order in council on recommendation by the Minister;
 - b. **amend Section 362 (3) (a) establishment of industry skill boards** to require consultation with all representatives of industry to be covered or proposed to be covered by an Industry Skill Board;
 - c. **add a new provision to Section 367 (1),** as follows:
 - i.) **section 367 (1) (k)** An ISB may set quality assurance requirements for education or training providers that deliver programmes leading to qualifications, credentials, or standards within the Board's specified industry coverage;
 - d. **add a new provision to Section 367 (1),** as follows:
 - i.) education Products and Services by ISBs;
 - ii.) ISB's are enabled, with appropriate consultation and board direction, to **deliver education products and services** that support industry recognition of skills, both domestically and internationally; and
 - iii.) an ISB may, at the direction of its governing board and following consultation with the relevant industry, the New Zealand Qualifications

Authority (NZQA), and the Tertiary Education Commission (TEC), design and deliver education-related products and services to support skills recognition and workforce development within the specified industries it covers;

e. **amend Section 369 Duties of Industry Skill Boards**, as follows:

- i.) **remove Section 369 (1) and replace with:** an ISB may set or recommend quality assurance requirements for education or training providers that deliver programmes, standards, qualifications, or micro-credentials within the ISB's recognised industry coverage to ensure programmes are delivered in a manner that is educationally and occupationally effective.

Levies must be founded through industry partnership, not imposed through ministerial discretion.

- 13. We acknowledge the government's intention to create a sustainable funding framework for ISBs. However, we hold reservations about the levy-setting provisions included in the proposed legislation, particularly the proposal to shift the threshold from requiring majority industry support to a mechanism driven by consultation with, and agreement from, the Minister.
- 14. This change undermines principles of industry accountability and trust. Given ISBs are intended to support industry led workforce planning, we believe any levy proposal must be co-designed and agreed upon by the affected industries, not imposed without demonstrable industry mandate.
- 15. The proposed legislation does not provide any cost modelling for the standard-setting function or levy application.
- 16. We are also concerned that Schedule 16 of the bill allows levies to be used for potentially unrelated or commercial purposes, such as producing promotional materials or investing surplus funds. This raises questions about the absence of detailed financial oversight, reporting requirements, or defined benefit to industry funding the levies.
- 17. This stands in stark contrast to existing levies, such as those in the primary sector, which are managed by established industry associations with strong governance and direct member representation. In the energy sector, we already invest heavily in workforce development and would welcome mechanisms that recognise and build on these efforts, not mechanisms that centralise decision-making without reciprocal accountability.
- 18. We urge the government to reconsider the levy framework and adopt a model that requires majority industry support through some type of consensus process; clearly defines levy use, cost thresholds, and reporting obligations; and prioritises co-design with industry to ensure fairness, transparency, and alignment with real sector needs.

19. If the government is seeking long term industry buy in, then levies must be grounded in partnership, not prescription.

Recommendations for Industry Levies

20. We recommend the following legislative amendments to the bill regarding industry levies:
- a. **retain sections 381 – 384** of the current Education and Training Act 2020 regarding levy provisions; and
 - b. **remove section 385** of the Education and Training (Vocational Education and Training System) Amendment Bill as the existing levy provision of 60% industry ballot and agreement is sufficient to ensure levies can be triggered if industry wishes to.

The energy sector supports the reinstatement of polytechnics as standalone institutions.

21. The previous Te Pūkenga model failed to resolve the underlying financial and structural challenges and, in many cases, made them worse. Reinstating autonomy allows for more targeted investment planning and performance metrics that reflect regional training demand, particularly important in high-skill, high-compliance sectors like energy.
22. For polytechnics placed under a “federation model,” we strongly urge the government to engage in meaningful consultation with local industry on the transition pathway toward stand-alone status. In Taranaki, where the energy sector plays a critical economic role, there remains significant uncertainty, after several years, about the future of the local polytechnic. This uncertainty continues to hinder long-term workforce planning and sector investment in training partnerships.
23. Finally, we believe that polytechnic research should be clearly defined as practice oriented and industry focused. Academic research should be the remit of universities and Crown Research Institutes, not polytechnics. In vocational education, applied research should be embedded in real-world training and innovation that supports workforce development, particularly in technically complex sectors such as energy.

Recommendations for Polytechnics

24. We recommend the following legislative amendments to the bill regarding Polytechnics:
- a. **amend Part 314, include a definitive clause that polytechnics are employment-linked regional institutions of learning** to make explicit that the core purpose is to equip learners with the skills, credentials and experience to enter, remain in and progress through work, particularly within their local and regional labour markets;

- b. **amend 314 (c)** to specify polytechnics undertake industry focussed or practice oriented applied research to reflect that research needs to be undertaken with an industry partner to address 'real world' industry problems and does not seek to overlap with academic research in other sectors; and
- c. **amend Part 315 establishment of polytechnics with amendment to 315 (2)** to include a requirement for the Minister to consult with regional stakeholders on the establishment of a regional polytechnic.

Concluding comments

- 25. We appreciate the opportunity to offer insight into our areas of interest of the vocational education and training amendment bill. We consider vocational education and training to be a vital component of our industry's future workforce development.
- 26. We wish to formally acknowledge our support for the submission made by BusinessNZ and confirm our alignment with the key positions and recommendations it outlines. We share BusinessNZ's overarching objectives for a vocational education system that is industry-led, responsive to workforce needs, and focused on delivering the skills required to support New Zealand's economic growth and productivity.
- 27. We look forward to working alongside government and welcome further engagement with officials. Please do not hesitate to contact Sheree Long, Director, Workforce Development at sheree.long@energyresources.org.nz should you wish to discuss or clarify any parts of our submission.