



MITO SUBMISSION

For Targeted Consultation on Work-Based Learning Models

February 2025

Introduction

MITO acknowledges the role of the Government to establish an effective, efficient, and responsive vocational education and training system that serves all New Zealanders.

Industry training and New Zealand Apprenticeships are fundamental to the country's economic growth and workforce development. We support a system that not only attracts new talent but also enhances career pathways, strengthens retention of skilled workers, and encourages the continuous upskilling of the existing workforce—providing a clear strategy that builds long-term resilience and adaptability of industries. Given that industry training integrates both vocational education and the labour market, it is essential to adopt a strategy that recognises and reinforces its unique and special contribution to the economy's overall health and future success.

MITO has been a leading force in the industry training sector for over 30 years, providing industry-focused training solutions for businesses and learners in the automotive, commercial road transport, extractives, gas, drilling, and logistics sectors. Our track record of delivering high-quality educational outcomes speaks for itself. Employers engage us to support their skill needs and recognise the value in offering their employees on-the-job training aligned to national standards leading to qualifications or micro-credentials.

Our industries are largely unregulated and participation in structured training is not compulsory. However, employers continue to place a high value on the services MITO offers, recognising our integral role in shaping training services at both the national level and within individual businesses throughout New Zealand.

MITO has consistently demonstrated an ability to deliver outcomes that drive credit achievement for all learners, including Māori, Pasifika, learners with low educational outcomes, and learners with disabilities. Our proven approach is not only effective in meeting the diverse needs of learners, but also cost-efficient for both Government and industry. Given our history of success and expertise, we believe that MITO is well-positioned to lead the way in ensuring equitable and impactful outcomes for all learners in the industry training space for the industries we serve.

We understand the complexities of dismantling existing infrastructures. There is significant risk that learners, employers, and industry will experience disruption to their industry training arrangements.

MITO's industries support a system that provides industry ownership and leadership for their vocational education and training system. Industry is best placed to decide and drive the training system to meet current and future needs.

Our feedback reflects the principles we supplied in our 2024 submission:

- Minimise disruption to learners and employers
- Add value and be effective/achieve quality outcomes that meet industry needs
- Be appropriately funded to successfully achieve outcomes
- Be efficient and cost-effective
- Be speedy and straightforward to implement
- Retain industry knowledge and skills within the system, and
- Be enduring and sustainable.

It is important to restore stability to the New Zealand Vocational Education and Training (VET) system following the significant changes of the last few years, and to include industry stakeholders in the decision-making around their future industry training system. Characteristics that the future system should have are:

- **Industry Led and Owned:** Industry training should be led by industry needs to ensure relevance, economic growth, and engagement from employers.
- **Transparency of Outcomes and Funding Investment:** Clear outcomes and effective use of TEC funding are crucial, with particular attention to the needs of learners transitioning from school or those with additional learning requirements.
- **Strategic Collaborative Partnerships:** Foster collaboration between industry, educational institutions, and Government to promote innovation and solutions.
- **Equitable and Accessible Pathways:** Industry training should be inclusive, particularly for Māori, Pasifika learners, and those with disabilities, while respecting Treaty principles.
- **Strengthening Certainty for the VET Sector:** Stability in the VET system is critical to prevent industries from exploring alternative solutions, ensuring all industries, including smaller ones, continue to have access to high-quality training.
- **Responsiveness and Agility:** An enabled system that is flexible, adaptive, and able to move at pace to respond effectively to the evolving needs of industry and technological advancements.

1. Which of the two models—Independent or Collaborative—does your organisation prefer?

MITO, based on advice from all its industry stakeholders, supports the Independent Model. This model aligns with the principle of being Industry Led and Owned. The risk to current work-based learners in the system is too significant to completely dismantle all former ITOs and transfer responsibility to government-owned polytechnics.

We acknowledge the concerns raised by former ITOs regarding the dismantling of existing infrastructures and the potential risk of employer and industry disengagement.

We trust that the feedback from this targeted consultation, along with the input provided by many industries last year, will be considered as part of a comprehensive review. We understand that some industry stakeholders and employers may opt not to participate, as they believe they have already communicated their preference for the Independent Model during the previous consultation.

By maintaining the autonomy and stability of divisions within Te Pūkenga—such as MITO—we have successfully navigated reforms and ongoing uncertainty while ensuring stability for our customers and our industries. In other words, we have minimised disruption to services, which would be at serious risk with the proposed Option C.

2 and 3. Why will your preferred model work best for employers and learners and what are the main benefits?

The Independent Model works best for both employers and learners for several key reasons:

- **Apprenticeships have Long Durations:** Typically spanning several years, apprenticeships allow employees to develop their skills and master their craft while being employed. Unlike students undertaking a course at a polytechnic or training provider in a simulated environment to achieve the same qualification, apprentices are first and foremost employees in the occupation that they will build their career pathway in, learning directly in that workplace, which serves as their unique learning environment. This hands-on, real-world setting cannot be simulated in a classroom. Apprenticeships focus on more than just theoretical knowledge; they are about becoming effective, productive employees who contribute to the success of the business from day one. Continuity in training is crucial for apprentices. Any disruption can impede the development of their skills, hinder their ability to perform effectively, and damage the valuable relationship between the employer and apprentice. Since the workplace is where apprentices gain practical experience, maintaining a stable training environment is essential for them to fully master their trade or profession. Apprenticeships are cost-effective for the Government. Employers take on the primary responsibility for training their apprentices including the training cost, while apprentices contribute as employees, building their productivity as they gain experience and skills and are themselves taxpayers contributing to the economy.
- **Minimising Disruption:** The Independent Model helps minimise disruption to current training structures. Transitioning to institutional providers with no or limited work-based training experience could create significant challenges. By maintaining continuity, the model ensures that employers and learners avoid the risks associated with abrupt changes in training delivery, as seen with concerns around the dissolution of the Te Pūkenga divisions.
- **Continuity and Stability:** By keeping established divisions as separate entities, the Independent Model ensures stability, which is crucial for maintaining industry expertise, programme delivery, and quality assurance. This stability supports both employers and learners, as apprenticeships require long-term commitment and a consistent approach to training.
- **Confidence and Industry Support:** The Independent Model has strong industry support. The MITO staff were also consulted on their preference for industry and unanimously confirmed the Independent Model. Industry, employers, learners, and staff stated that MITO is a highly trusted brand that focuses on the needs of its customers, stakeholders, and wider industry.
- **Trusted Relationships:** The Independent Model enables learners and employers to work with who they know. For industry and employers, we have long established relationships at a national and regional level.
- **Industry Leadership through Industry Skills Boards (ISBs):** Industry leadership is crucial to the success of its role within the national training framework. MITO strongly supports greater industry influence of the ISBs and the ongoing arrangement where the Government funds the standards setting, qualification development, and quality assurance functions. MITO's industries have expressed a clear desire and commitment to providing strategic leadership for their skill development needs. They seek a system that is more aligned with their needs, where they can clearly see themselves represented and fully included.

- **Quality Training:** The high standard of training delivered will be maintained. MITO is delivering quality outcomes for industry—our programmes are designed by industry for industry. We consistently achieve top rankings based on the educational performance indicators that measure how MITO is contributing across the VET sector to the key outcomes Government is seeking from industry training.

The Collaborative Work-based Learning Model

In the Collaborative Work-based Learning Model, WBL Divisions would be disbanded, and learners would transition to local polytechnics. Providers would be responsible for the educational aspects of work-based learning, including enrolments, developing training materials, managing assessments, delivering off-job training, and awarding qualifications. ISBs would oversee standard setting and pastoral care for learners.

Costs and Risks of This Model:

- **Employer Engagement Risk:** A major risk is that, without mandatory qualifications in certain industries and sectors, employers may reduce their involvement in apprenticeship programmes. If employers are not required to support qualification achievement, they may withdraw from the system entirely. This risks our productivity and the potential for significant skill gaps and skill shortages that will take considerable time to recover.
- **Provider Readiness:** Most providers are not currently equipped to deliver work-based programmes, meaning the transition could be disruptive for learners and employers. Providers may lack the infrastructure and resources needed to support work-based learning effectively, leading to potential service gaps.
- **Increased Classroom Learning:** Transitioning learners to providers could result in more classroom-based training, potentially reducing the hands-on, on-the-job experience that is essential in many industries. This shift could increase overall delivery costs and undermine the value of apprenticeships.
- **Duplication of Roles:** There is a risk of overlapping responsibilities between ISBs and providers, particularly regarding pastoral care and learner support. This could create confusion and inefficiencies, leading to a less cohesive support structure for learners and employers.
- **Coordination Challenges:** It is unclear how ISBs would access learner enrolment data from providers to manage pastoral care effectively. This could result in additional administrative burdens and potential data management issues, increasing costs across the system.
- **Employer Time Demands:** With both ISBs and providers requiring engagement with employers, there could be an increased administrative burden, leading to employers needing to allocate more time for engagement, which could be seen as a barrier to participation in the system.
- **Complexity and Risk of Unravelling a Working System:** The Collaborative Model introduces significant complexity and uncertainty. It risks unravelling a system that has been functioning well within its current structure. By disbanding existing WBL Divisions and creating new roles and responsibilities, there is a danger that the stability and success of the current system could be undermined, potentially creating a system that lacks industry-specific expertise and continuity.

- **Lack of Definition of Pastoral Care and National Coordination:** A key risk of the Collaborative Model is the lack of clarity around the definition and scope of pastoral care and national coordination. Without clear guidelines, it becomes difficult to communicate to industry stakeholders and employers what these responsibilities entail and what impact they might have on learners, employers, and the wider training system. This ambiguity could lead to confusion and misalignment between the parties involved, resulting in inconsistent support for learners and a lack of national coherence.
- **Potential for Disjointed Responsibility and Conflict:** While the provider is responsible for the Educational Performance Indicator Commitments (EPICs) agreed with TEC, there is a risk that providers may shift blame to the ISB for poor learner performance, particularly if the quality of standards or qualifications is questioned. Similarly, the ISB may challenge the provider over their performance, leading to conflict and miscommunication. This could mirror the issues experienced under the previous system for Modern Apprentices, where fragmented responsibilities led to blame-shifting, diminished accountability, and a lack of cohesion in the delivery of training.
- **Financial Viability:** Polytechnics are experiencing financial pressures that may impact their capacity to adapt and deliver services currently managed by WBL Divisions. With reduced ISB funding and financial constraints within the sector, particularly for those under the Federation's stewardship, there is a risk that service levels could vary depending on the ability of regional polytechnics to manage the additional costs of new functions. This may lead to inconsistencies in service delivery for apprentices and industry training across regions.
- **Conflict Arising from Shared Financial Incentives Between ISBs:** A significant risk in the Collaborative Model is the conflict that arises when both ISBs and training providers are financially incentivised by learner enrolment numbers. While ISBs are responsible for ensuring quality and providing pastoral care, their income is tied to learner enrolment, which may lead them to pressure providers to increase enrolment numbers. This creates a conflict of roles, as the ISB's focus on maintaining quality may be influenced by the financial drive to prioritise quantity of learner numbers to drive income. Similarly, providers, motivated by the same enrolment-based funding, might focus on increasing learner volumes, potentially compromising the quality of training. There is a tension and conflict in the model between quantity and quality.
- **National Consistency:** Multiple regional providers managing training delivery is likely to result in differing programmes, models of support, training standards, and potentially different fees across New Zealand, when employers require national consistency. This will be confusing to learners, especially those who change employers during their apprenticeship—requiring re-enrolment in another provider if moving regions.

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

Critical Factor Description

Service Continuity

Ensure there are minimal disruptions in service delivery during operational changes, including new pipelines of talent into industry.

Industry Ownership and Leadership

Industry ownership and leadership is essential to the success of the model. Without active involvement from industry, there is a risk of employer and industry disengagement, which could destabilise the entire vocational education system. Ensuring ongoing collaboration and industry leadership in the governance of the model is vital for its long-term success.

National Consistency

Retain national consistency in programmes and services, ensuring programmes are offered across the country without fragmentation. Work-based learning needs a nationally consistent approach, with systems and processes to ensure that every employer and learner engaged in a training agreement is receiving the same product and the same level of service.

Maintaining Skills, Talent, and Expertise

Retain experienced staff with the expertise, skills, and critical knowledge to maintain and provide high-quality, industry-relevant training and services.

Financial Sustainability

Ensure the system is financially sustainable and cost-effective for both industry and employers. Industry and employers already make significant financial contributions to training, and the Collaborative Model risks shifting more of the financial burden to Government. The success factor is creating a system that remains viable for both industry and Government, supporting long-term sustainability without undermining employer contributions.

Systems and Technology Integration

Ensure existing systems are maintained and supported to maximise operational efficiencies.

Stakeholder Engagement

Keep clear and transparent communication with learners, employers, and other stakeholders to maintain engagement and manage expectations.

Employer Relationships

Continue to strengthen relationships with employers to ensure work placements and industry relevance of training programmes.

Legal and Regulatory Compliance

Maintain compliance with vocational education and training standards and regulatory requirements.

Agency Cooperation

Ensure TEC, MOE, NZQA, and other relevant regulatory bodies work collaboratively for a smooth and fast transition, reducing unnecessary barriers and reducing the cost to setting up new entities. Principles and rules need to be assessed for workability rather than being enforced if they won't work during transition. The system needs to remain responsive to the needs of employers and learners, while also maintaining quality and compliance.

Brand and Identity Management

Maintain established brand and reputation in the industry while adapting to future challenges.

Learner and Employer Impact

Ensure minimal impact on learners and employers, with smooth transitions in programme delivery and uninterrupted access to high-quality training, so they experience no disruption and can continue seamlessly, allowing learners to complete their programme within or before the designated duration.

Transition Costs

Carefully plan and manage the costs of any operational restructuring, ensuring the process is cost-effective.

Industry Alignment

Keep plans aligned with industry expectations and needs.

Retention of Intellectual Property

When MITO was transferred to Te Pūkenga, industry entrusted its training systems, resources, and apprenticeship models in good faith and without charge. Given the upcoming changes, it is both fair and appropriate to return these systems to industry control, honouring the original transfer and ensuring continuity. The intellectual property tied to these systems remains closely associated with industry.

Minimise Disruption to Training Agreements

Ensure there is minimal disruption to training agreements, especially in industries where qualifications are not mandatory, to maintain the continuation of apprenticeship programmes.

Industry-Relevant Contacts

Ensure that employers continue to engage with individuals who understand their specific industry needs, especially for small businesses where owners may be less familiar with academic processes.

Simplicity of Transition

Make the transition process as simple as possible to avoid confusion, especially for smaller employers, ensuring they understand the changes and remain engaged.

Adequate Funding for Transition

Ensure that sufficient funding is allocated to support the transition process and to set up any new entities or programmes.

Clear Communication

Provide regular, clear, and concise communication to employers and learners to ensure that they fully understand the changes and the impact on them, helping to mitigate any confusion.

In closing, the Independent Model is the approach industry stakeholders expressed a preference for during the 2024 consultation and have reaffirmed a preference for in 2025. It offers a cost-effective and seamless solution that aligns with industry expectations and the resources required to manage the current apprenticeship and industry training programmes. This model strongly resonates with our industries.

MITO industries and their employers make a significant contribution to the New Zealand economy. Industry and employers are generally not regulated and are not obligated to train apprentices. Their commitment to the system stems from their historical ownership and leadership of industry training to support workforce development, enhance skills, and create career pathways that attract new talent and drive productivity.

MITO industries have indicated their intention to establish a standalone industry-owned entity, building on the legacy of the highly respected former ITO, ensuring the strong connection to their industries and priorities. This model is cost effective for Government and provides a seamless transition with minimal impact to learners and employers. Mitigating disruption and empowering the industry to move forward in a way that is both impactful and sustainable for employers, learners, and the broader workforce development system is essential for long-term success for our apprenticeships and industry training system.