**Hon Chris Hipkins  
Minister of Education  
Speech/Talking points  
 Announcement of Reform of Vocational Education (speech for livestream to general audience)**

**Thursday, 1 August 2019**

Aotearoa whenua

Aotearoa tangata

Tēnā koutou

Kia ora

Thanks for joining me via this live stream. I’ll start with the announcement and if you’ve got any questions, send them through and I’ll answer as many as I can at the end.

Today is the day we start to create a new future for vocational education in New Zealand.

Repeated forecasts show that one third of all jobs in New Zealand are likely to be significantly affected by automation. Some estimates suggest that by as early as 2022 more than half of all employees will require significant retraining.

There are some really exciting opportunities created by automation and Artificial Intelligence, but as lower-skilled jobs disappear we need our people to learn new skills, often while on-the-job, earning while they are learning.

We also know the regions are increasingly struggling to find enough skilled people to keep their economies strong. And too many Māori, Pacific and disabled learners are being left behind. They’re achieving at a lower level because the system just isn’t responding to their needs.

New Zealand needs to lift productivity. For that to happen, we need more companies to be involved in training and taking on more apprentices.

Currently however, nearly nine out of ten of our businesses are not training through industry training. Yet at the same time, 71% of employers surveyed say there is, or will soon be, a skills shortage in their area.

The plain truth is the current system is not set up to deliver education and training at the scale we need.

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Taken as a whole, the vocational education system has not been able to keep up with demand for skills.

We need to make it easier for employers and learners to engage with vocational education.

We need to make sure that trades and vocational education are recognised and valued. There are great, well paid jobs available for people with the right skills. We just aren’t meeting their skills needs at the moment.

Part of the problem is the system is fragmented and too difficult to engage with.

The polytechnic and industry training systems work and are funded independently of each other. Employers often say there is a significant mismatch between the qualifications employees have and the skills they need to do their jobs.

We also know that qualifications are too often inconsistent or not transferable across the country. That’s really unfair on employees.

There are, of course, exceptions. But when you look at what is needed strategically in our fast changing world, the present system is not set up for success.

A strong vocational education system is vital for people who want to learn work-based skills that will get them into interesting and well-paid jobs. It’s also vital for employers who increasingly need skilled workers to succeed.

To address these issues, we are lining up all the working parts so that they work together as one cohesive system.

We want employers to have more confidence that their training needs – both on and off the job – can be met by our vocational education system. And we want more learners to be able to develop skills that are in demand, portable and transferable.

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These are long-term challenges that this government is committed to fixing. To rise to meet them we have agreed to a set of comprehensive reforms.

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First, around four to seven industry-governed Workforce Development Councils will be created by 2022. They’ll replace industry training organisations and mean employers and industry will have leadership across the whole vocational education system.

The change will give industry greater control over all aspects of vocational education and training and make the system more responsive to employers’ needs and to the changing world of work.

Though these councils, industry and employers will identify skills needs, set standards, approve qualifications and credentials, and influence funding decisions.

Holding organisations will be formed from industry training organisations. They’ll be able to continue to operate current arrangements to support work-based training up until the end of 2022. This gives employers who are satisfied with their current support a smooth transition.

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Second, Regional Skills Leadership Groups will work across education, immigration and welfare to respond to the needs of regional labour markets.

These groups will draw together local government, business and industry players, iwi and the community. They’ll identify what local skills are needed and make sure the right mix of education and training is delivered to meet them.

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This marks quite a shift from what we’ve got now.

Local education and training options will be determined by what’s needed rather than what the local polytechnic can provide.

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Third, the 16 polytechnics and institutes of technology will become part of one institute from next April. They will form a national network of campuses throughout the country, and for the first two years they’ll be subsidiary companies of the Institute. This provides continuity to learners, staff and the employers they work with.

The head office will be outside of Wellington or Auckland. It will be responsible for setting strategy and reducing duplication in areas such as programme design and development. It will take a network-wide view to investments.

At the same time, the heads of the regional operations will have financial delegations to make decisions on behalf of their communities.

A transition board will lead the change process. It will be made up of 10 people with an extensive range of skills. I’ll be announcing the board members in the coming days.

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A charter for the Institute will be set out in legislation.

It will provide an enduring guarantee that the Institute and future Governments will be responsive to the regions.

It will ensure that staff and students will be involved in decision-making, and that regional provision will be expanded. The charter will also provide a reassurance that regions and learner groups that are currently under-served will get more support.

It will also ensure more flexibility for students and trainees as they move between locations and between classrooms and workplaces.

Staff will be represented on the transition board, and a system of student representation will be established.

Over the next two to three years, the role of supporting workplace learning will shift from industry training organisations to training providers. This will occur gradually and a key factor will be to retain relationships between trainers and employers.

I want to be very clear here, we want to see more workplace learning and more apprenticeships, not less.

Consolidation of the system is designed to ensure those who are doing work-based training and their employers are better supported. It doesn’t mean apprenticeships will be replaced by classroom-based learning.

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We want to build on existing regional strengths and make sure every region is contributing to, and benefiting from, the vocational education and training system.

That’s one of the reasons we’re setting up Centres of Vocational Excellence to drive innovation and create stronger links between industry, the Institute, other providers, research organisations and communities. We will be announcing more on this shortly.

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We’ll also ensure that Māori are included as key partners. We’re setting up Te Taumata Aronui, a Māori Crown Tertiary Education Group – that will work with education agencies and Ministers. Their work will cover all aspects of tertiary education.

This confirms the Government’s commitment to Māori Crown partnerships. It recognises both the needs of Māori learners and that Māori are significant employers with social and economic goals – with an estimated national Māori asset base valued at over $50 billion.

The combination of the Institute, the Regional Skills Leadership Groups and Te Taumata Aronui will bring the tertiary and vocational education system closer to Māori, and support Maori to achieve at higher levels, such as completing full apprenticeships.

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And the funding system will be simplified and fairer.

We will work with everyone with an interest in vocational education over the next 2 to 3 years to develop and implement a new funding system. It’ll apply to all provider-based and work-integrated education at certificate and diploma levels and all industry training.

As we work through these changes, the Government is also prioritising vocational education and apprenticeships in a number of different ways.

We know the need for tradies and other skilled workers is great, and we know they are well paying jobs. But we need, as a country, to do a much better selling job.

We’re already underway, with plans to be more active in schools to promote vocational education and provide more flexible options such as micro-credentials.

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During consultation earlier this year, we received almost 3000 submissions and met more than 5,000 people at about 200 events, meetings and forums.

We listened carefully to your feedback.

We want to assure you that implementing this change will not be rushed. We have given a great deal of thought to how to minimise disruption, and listened carefully to the concerns of employers, staff and students alike.

Any reform of this size and complexity has to be implemented methodically and in stages. It’ll be done with clear signposts and communication at every stage for staff, learners both here and overseas, local decision makers, industry and employers. It will take three to four years to really get it underway.

Learners should enrol in the education provider of their choice as they normally would this year and next year, including in multi-year programmes. I encourage people in the workplace to keep training and employers to encourage more workers to sign up.

You told us you wanted to keep the best of what we have now and fix what’s wrong. You said regional responsiveness and innovation is important and that staff and student voices need to be heard and embraced.

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We’ve heard that message. Today’s announcements and the changes we’ve made to our original proposals have responded to that.

This is the first step in creating a unified and collaborative vocational education and training system that will better serve our economy and all New Zealanders.

There’s still a lot of work to be done.

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To get the best possible system that we can, we want to work closely with providers, industry training organisations, iwi, staff, students, employers and industry.

This is vital to ensure we get the decision-making balance right. It’s about giving vocational education a stronger voice in cities and regions across the country while ensuring the system is set up in way that can support them to succeed.

Thank you very much for this opportunity to talk with you about the Reform of Vocational Education.

Tēnā koutou, tēnā koutou, tēnā koutou katoa.

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I’m going to respond to some of the questions that you’ve asked now. If I don’t get through all of them this time, we’ll make sure they get answered.