

Submission to:

Ministry of Education

on:

- The Future of Work-Based Learning

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About VIA

The Imported Motor Vehicle Industry Association Incorporated (“VIA”) is the business association that represents the interests of the wider trade involved in importing, preparing, wholesaling, and retailing used vehicles imported from Japan, UK, and other jurisdictions.

Our members include importers, wholesalers, Japanese auction companies and exporters, shipping companies, inspection agencies, KSDPs¹, ports companies, compliance shops and service providers to the trade, as well as retailers.

We provide legal and technical advice to the trade, and liaise closely with the relevant government departments, including Waka Kotahi (NZTA), Ministry of Transport, New Zealand Customs Service, Ministry for Primary Industries (MPI), Ministry of Consumer Affairs, Commerce Commission, EECA, MfE, etc.

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Official Information Act 1982:

VIA has no objection to the release of any part of this statement of support under the Official Information Act 1982.

Privacy Act 1993:

VIA has no objection to being identified as the submitter.

¹ KSDP - key service delivery partner, organisations that are contracted or appointed by the Transport Agency to delivery regulatory products or services and who have sufficient market share and/or are of sufficient size and standing within an industry segment to be able to represent and influence the customer expectation of that industry segment.

Contents

Submission on The Future of Work-Based Learning	4
Introduction	4
1. Preferred Model for Work-Based Learning	4
.....	4
2. How Industry Skills Boards (ISBs) Should Be Structured to Serve Industry Effectively	4
.....	5
3. Pastoral Care Responsibilities	5
.....	5
4. Funding and Resource Allocation	5
.....	6
5. Additional Comments and Recommendations	6
.....	6
Conclusion	6

Submission on The Future of Work-Based Learning

Introduction

VIA represents the interests of the wider trade involved in the independent importing, preparing, wholesaling, and retailing of vehicles imported from Japan, the UK, and other jurisdictions. Our members include importers, wholesalers, Japanese auction companies, exporters, shipping companies, inspection agencies, ports companies, compliance shops, service providers to the trade, and retailers.

VIA takes an interest in the automotive vocational education sector because so many of our member and stakeholder businesses rely on well-trained automotive technicians for vehicle inspection, repair, and compliance.

1. Preferred Model for Work-Based Learning

VIA strongly supports the adoption of the Independent Work-based Learning Model. This model is the most suitable option for the automotive industry because it provides greater flexibility, industry-specific ownership, and continuity. It allows work-based learning divisions to transition into standalone private entities with strong ties to industry, enabling them to tailor training to meet the specific and evolving needs of the sector.

Key advantages include:

- **Industry Ownership:** Ensures that industry stakeholders have direct control over training programmes, making them more responsive and aligned with real-world business needs.
- **Efficient Use of Resources:** Reduces administrative complexity by assigning responsibility for training delivery to providers and leaving ISBs to focus on quality assurance.
- **Flexibility:** Enables employers to choose between work-based and provider-based programmes, offering tailored solutions for different businesses.

We oppose the Collaborative model as it introduces unnecessary bureaucracy, risks centralisation, and dismantles well-performing systems, effectively “throwing the baby out with the bathwater.”

2. How Industry Skills Boards (ISBs) Should Be Structured to Serve Industry Effectively

VIA supports the establishment of ISBs with a structure that ensures strong industry leadership and minimal government overreach. The following points outline how ISBs should function to serve industries effectively:

- **Balanced Governance:** ISBs should consist of a majority of industry representatives, ensuring that the unique needs of sectors like automotive are properly addressed.
- **Focused Role:** ISBs should focus solely on standards-setting, programme endorsement, and quality assurance. They should not be involved in the direct management of training delivery or learner support.
- **Sector-Specific ISBs:** Automotive should have its own dedicated ISB due to its reliance on industry-specific qualifications, health and safety requirements, and extensive job placement outcomes.
- **Clear Accountability:** ISBs should have transparent reporting mechanisms to ensure they remain accountable to industry stakeholders.

This structure will enable ISBs to maintain high standards and ensure training programmes are aligned with industry needs, without creating additional administrative burdens.

3. Pastoral Care Responsibilities

VIA strongly believes that pastoral care should remain the responsibility of training providers rather than being managed by ISBs. Splitting this responsibility, as proposed in the Collaborative model, would create confusion and inefficiencies. Key reasons for our stance include:

- **Direct Contact with Learners:** Providers have day-to-day interactions with learners and are best positioned to offer timely support and guidance.
- **Maintaining Accountability:** Assigning pastoral care to ISBs dilutes accountability, making it difficult to ensure learners receive consistent support.
- **Avoiding Duplication:** Allowing providers to manage pastoral care avoids duplication of roles and reduces administrative overhead.

Employers already play a significant role in providing pastoral care through mentorship and workplace guidance, and any additional levies on them to fund this service would be burdensome and counterproductive.

4. Funding and Resource Allocation

VIA recommends a strategic reallocation of resources to ensure funding is directed towards workplace-based learning, which has proven to be the most effective method for the automotive sector. Our key recommendations include:

- **Prioritising STM-Funded Programmes:** Shift funding from polytechnic-driven models to workplace-based learning programmes that are aligned with real-world demands.
- **Establishing Centres of Excellence:** Concentrate funding on creating well-resourced Centres of Excellence that can provide advanced training and support industry needs.
- **Transparent Funding Mechanisms:** Introduce ringfenced funds and independent audits to ensure that funds are used effectively and in line with industry priorities.
- **Opposing Excessive Levies:** We strongly oppose any move to impose excessive industry levies to fund pastoral care or other administrative functions.

Introducing Tax Relief for Employers Supporting Apprentices

The Apprenticeship Boost programme previously provided \$1,000 per month for first-year apprentices and \$500 per month for second-year apprentices. However, from January 2025, it has been reduced to only \$500 per month for first-year apprentices, with no support for second-year apprentices. This creates a funding gap for employers, who must absorb the cost of instruction, supervision, and mentoring during the most resource-intensive years of training.

To address this gap, VIA recommends that the Government introduce **targeted tax relief for businesses employing first- and second-year apprentices** to offset these costs. This could be implemented through:

- **A tax credit or deduction** for businesses based on the number of apprentices they employ, recognising the non-billable time spent on training.
- **Direct wage subsidies or grants** for second-year apprentices to compensate for the loss of funding from Apprenticeship Boost.

By providing financial relief, the Government can encourage more businesses to take on apprentices, ensuring a strong pipeline of skilled workers without placing undue financial strain on employers.

5. Additional Comments and Recommendations

We make the following observations and comments.

- A. **Clarifying Engagement Data and Employer Participation:** We have heard a statistic is being promoted that claims that only 10-20% of employers engage in industry training. That might be true across all New Zealand businesses, but it is misleading and inaccurate when talking about the automotive sector. Apprenticeships are at the heart of our sector, but as noted above, the costs of training mean that only the more profitable businesses can readily engage in training programmes. The Ministry should differentiate between industries and acknowledge automotive as a high-participation sector with extensive end-use of the qualifications delivered.
- B. **Avoiding the Complexity and Risks of the Collaborative Model:** The Collaborative Model introduces significant complexity without clear benefits. As we understand it, few if any industry participants have voiced strong support for it. VIA urges the Ministry to reject the Collaborative model in favour of the proven stability and continuity offered by the Independent model.
- C. **Preserving Effective Systems:** Automotive training under MITO has been successful due to strong employer engagement and well-established training pathways. Disrupting these systems under the Collaborative model would waste valuable industry knowledge and resources.
- D. **Addressing the Funding Gap and Hidden Costs:** The consultation paper lacks transparency regarding the future funding model. We oppose any reductions in funding for work-based learning and caution against shifting the financial burden onto employers through levies. Any new funding model should prioritise affordability and sustainability for employers.
- E. **Need for Detailed Analysis:** The Ministry should conduct a detailed analysis of industry-specific training needs, including factors such as job placement rates, health and safety requirements, and the critical role of qualifications in sectors like automotive.
- F. **Ensuring ISBs Have Sufficient Authority:** ISBs must be empowered to call out underperforming providers and direct funding toward high-performing training programmes. Their oversight should include monitoring outcomes and ensuring alignment with employer needs.

Conclusion

VIA appreciates the opportunity to contribute to this consultation. The Independent Work-based Learning Model offers the best opportunity to create a sustainable and industry-driven vocational education system that supports both learners and employers. VIA urges the Government to prioritise industry ownership and provide the necessary support to ensure a successful transition.

We look forward to continued engagement with the Ministry of Education on this important matter.