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Tēnā koe Minister

We are pleased to present our advice to you as Minister on options for a future structure of the vocational education system following the Government's proposed disestablishment of Te Pūkenga.

Given the complexity and level of integration of the vocational system, the scope of our advice has been focused particularly on the structure of the current regional divisions of Te Pūkenga (what were previously regional Institutes of Technology and Polytechnics), possible high-level options for the work-based learning divisions (what were previously the training divisions of Industry Training Organisations) and other areas we considered will make a significant contribution to the vocational education system and its financial viability. This includes the establishment of a Central Services Unit and increased role for the Open Polytechnic of New Zealand.

We consider that further work will be required to develop detailed advice on a greater breadth of significant matters that need to be considered in reconstructing the future vocational education system from the disestablishment of Te Pūkenga.

To inform this advice we have used information and data sources provided by Te Pūkenga across its network, engagements with staff and subject matter experts from Te Pūkenga and key Government agencies. We have also considered academic and government literature.

It is important to note that we have not engaged with external non-Government key stakeholder groups, nor has the 'voice of ākonga' been effectively incorporated into this report.

Financial modelling was completed by external consultants with the Specialist Advisors and senior staff at business divisions examining and inputting into the forecasts. Te Pūkenga financial staff provided support as required. The modelling uses a number of assumptions provided by the Tertiary Education Commission and our own knowledge and experience in the vocational education system. At this point in time, it remains a very high-level analysis based on high-level assumptions.

It is clear from the financial modelling that the vocational system is in a precarious state and a number of conditions will need to be met to create a viable network of regional and industry focused entities that also support New Zealand's social and economic goals.

We would like to thank Te Pūkenga staff who provided key information, data and support during this process.

We hope this advice proves useful in the Government's consideration of the future vocational education system.

We are very keen to meet with you prior to you finalising your proposals to discuss this advice in more detail or answer any questions you may have.

Nā mātou noa, nā

Specialist Advisor Group

Cc. Sue McCormack – Acting Chair, Te Pūkenga

Cc. Tim Fowler – Chief Executive, Tertiary Education Commission

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An integrated regional network of vocational education

Report to Hon Penny Simmonds

Minister for Tertiary Education and Skills

27 May 2024

RELEASED UNDER THE
OFFICIAL INFORMATION ACT 1982

Context

1. The Government intends to disestablish Te Pūkenga – New Zealand Institute of Skills and Technology. The Minister for Tertiary Education and Skills wrote to Te Pūkenga in December 2023 to outline the Government’s intention and her expectations of Te Pūkenga to begin preparing for disestablishment.
2. It is the Minister’s intention to establish regionally based individual institutions (subject to legislative processes). The Minister subsequently clarified those expectations in May 2024, with reference to the current financial situation of Te Pūkenga and its business divisions, and that Te Pūkenga should continue exploring plans to improve the future sustainability of a regional network.
3. In the meantime, the Government has been determining its policy direction and work programme required to give effect to the disestablishment of Te Pūkenga and establishment of the future system. We understand that the Government intends to take decisions on the disestablishment of Te Pūkenga by the end of June 2024.
4. We provide the following analysis and advice to inform options for the future reconstruction of a viable polytechnic and work-based learning network in Aotearoa New Zealand.

Vision for an integrated regional vocational education network for New Zealand

5. A thriving vocational education system is vital to grow New Zealand’s economy, enable learners to acquire advanced technical skills and give people productive working lives as employees or as entrepreneurs and job-creators. Such a system is also committed to Te Tiriti o Waitangi and proactively accepts the authority and responsibility to improve outcomes for ākonga Māori and support the Crown to give effect to Te Tiriti o Waitangi.
6. A highly integrated and innovative Institutes of Technology and Polytechnics (ITP) and work-based learning network will be critical to meeting training needs over the coming decade, delivering practical and hands-on training in conjunction with theoretical learning for direct entry into and progression within the workforce.
7. In the current economic environment skilled labour provides for improved personal outcomes for learners while contributing to an innovative New Zealand. We expect to see increased demand for upskilling and retraining options for people already in work whose jobs are affected by technological change and recent economic impacts resulting from Covid-19. Skills development gives people greater employment prospects and transferable skills that enables them to advance or change careers.
8. ITPs are critical enablers of economic growth in regional New Zealand, by understanding and responding to the skill needs of their local and regional labour markets. In a complimentary way, work-based learning entities are enablers to regional and national industry and employer growth. ITPs also make a significant and often underestimated contribution to the social wellbeing of the learners they engage with.
9. ITPs share a mission to support regional economic growth and community wellbeing, by providing work-relevant vocational training to diverse learners, and by doing applied research that solves practical problems for local end-users. They also play a role in coordinating research into vocational and professional practice to seed new ideas into regional and national businesses. ITPs are important employers and feeders into regional economies and

centres and are important in developing and contributing to the goals and aspirations of their regions.

10. The vocational education system must be responsive to the educational, skills, training, research, and innovation needs of learners that have been traditionally underserved, particularly Māori as tangata whenua, Pacific peoples, People with disabilities and young people. This is a system responsibility and will need to apply to all modes of vocational education delivery – on campus, in work, online or a combination.
11. The vocational education system has experienced fundamental changes in the last four years following the Reform of Vocational Education (RoVE). Reconstruction must ensure financial stability now, and in the future if it is to remain relevant for developing future human capital. However, the system also needs to fundamentally change its operating models and approaches for the future. This will not just support the creation of a viable system but one that can think about and plan for what the challenges of the future will be, and how we can be best positioned to confront them.
12. Simply combining our current capabilities will not be enough to address future challenges. Institutions will need to refocus their purpose, core activities, business processes and relationships within and beyond their communities and industry. It is a challenging task and, in many instances, will be an existential undertaking.

We currently face a number of challenges and opportunities

13. We face a number of challenges in the system but we are also presented with a number of opportunities. While RoVE attempted to address most of these with comprehensive system and structural reform, we consider the over emphasis on structural change, complexity, scale, cost and time required to realise the benefits were underestimated.

Funding

14. We consider that the funding system needs to more accurately reflect the cost to serve and account for the broader macroeconomic conditions that provide geographical and modal advantages that are cyclical and that simultaneously create fiscal challenges in other parts of the network.
15. Simply reverting to volumetric, based on market share, and often counter-intuitive funding as a long-term approach will not provide sufficient funding for key activities in the system. A volumetric funding market share approach continues to drive perverse growth behaviour and unsound investment decisions. The sector remains vulnerable to modest reductions in domestic and international enrolments. We consider that this requires a rethink at a fundamental level of funding models and shared services.
16. The future funding system needs to specifically prioritise improving learner outcomes, particularly for Māori, Pacific Peoples, people with disabilities and young people. Funding needs to provide sufficient resources and flexibility for entities to navigate: (1) geographical dispersion and population density factors; (2) infrastructure underdevelopment; (3) the underperformance of prior educational pathways; and (4) mitigating the negative impact of broader socio-economic-cultural determinants of inequity. This includes recognising the cumulative negative impacts of failing to fulfil the promise of Te Tiriti o Waitangi. This recognition helps position the future network and the broader system as proactive agents of change to improve ākongā Māori, whānau, hapū and iwi outcomes. Moreover, evidence has been provided to this group supporting the proposition that equity initiatives provide overall beneficial outcomes for all ākongā.

17. If growth funding occurs, it will be vital to figure out the design for learning assumptions and how sustainable the funding will be. Some smaller entities may benefit from investment and growth if this funding is sustainable, otherwise, growth may make them more vulnerable.
18. The ITP network would benefit from funding incentives that encourage members of the regional network to collaborate, such as, with open and flexible learning specialists, accessing digital courseware and assessments, while providing quality, regional facilitation and support.

Other challenges and opportunities

19. Other challenges and opportunities are outlined below:
 - a. **Costs** – Will continue to increase and will need to be systematically managed while recognising the fixed nature of many costs, capital and personnel. We need to drive greater efficiency and more effective use and flexibility of physical and human resource by the system.
 - b. **The quality and responsiveness of provision is variable** – While some regional communities are highly satisfied with their local ITP's activities and contribution, others express frustration and discontent with the mismatch between what the ITP offers and what they need.
 - c. **Growing demand raises issues of capacity** – It is uncertain how each region will cope with a significant increase in demand from domestic students between now and 2028, particularly as they consider and implement cost saving initiatives.
 - d. **Risk management** – Willingness to take risks and preparedness for adverse events (e.g., forest fires, floods, natural disasters) are vital considerations for leaders and institutions. Risk and risk management also includes understanding Te Tiriti o Waitangi and practical implementation of actions that improve outcomes.
 - e. **Dynamic labour market** – We are experiencing more people changing jobs and careers more frequently over their working lives. Skills shortages in different regions and sectors of the economy continue to persist, as job displacement occurs in others. This also requires greater responsiveness to market demand in teaching and learning capability.
 - f. **Change fatigue and sector capacity and capability** – The vocational education sector has faced significant change in the last four years. The system has lost capability and capacity. We consider that the skills gap is now worse than it was prior to RoVE. It will require significant investment and a concerted effort to rebuild capacity. There continue to be gaps in Māori capacity and capability, especially growing and retaining staff and Te Tiriti expertise.
 - g. **Lack of professional development and learning for staff** – Cost saving initiatives often target staffing professional development. Development is vital in achieving some of the goals for the system and embedding innovation in not only the subject matter (what) of vocational education and training but in its delivery (how). We need to improve the confidence of staff for mixed modality development and use.
 - h. **Work-integrated learning** – A greater level of focus is required to support and develop work-integrated learning in the system. This shift has not kept pace with the

requirements of the modern workplace. Other comparable jurisdictions see up to 60 percent work-integrated learning in some form¹.

- i. **New curricula** – Given the changes taking place in the nature of work, the deployment of technology and new fields of work (e.g., new forms of construction, new approaches to health), entities will face new curricular challenges. It is vital that organisations respond quickly to develop programmes that can respond to emerging opportunities given declining funding and increasing government requirements and compliance.
- j. **Innovation** – It is crucial to consider how creative entities and leadership can be. It's also important to examine how much appetite exists for significant change especially given the disruption of the last four years. Entities need to collaborate, not compete in creating, developing, and implementing new ideas, products and services or processes that bring about the opportunity for significant improvement or necessary change.

We considered five key criteria when evaluating possible options

20. We considered and assessed various options against a set of five criteria. These are aligned to statements the Minister has made in her Letter of Expectations and publicly, the vision for a regional vocational education network outlined above, our engagements with subject matter experts within Te Pūkenga, and a range of academic and government literature on the vocational education system.
21. These criteria are also informed by the current vocational education environment and key challenges facing the sector.
22. The high-level assessment for each option we considered is provided in Appendix One.

Table One: High-level assessment criteria used to evaluate options

Criterion	Comments
Establish financially viable sector entities and network	<p>Considers:</p> <ul style="list-style-type: none"> • creation of viable entities using financial forecasts which were based on high-level assumptions • ability to create cost efficiencies through scale • level and ease of network collaboration and operation. <p>The assessment of 'viability' is based on Te Pūkenga unmitigated ITP financial forecasts (2024 - 2028). An entity is considered 'viable' if it returns to (or is close to) surplus in FY28.</p>
Give effect to Te Tiriti o Waitangi	<p>Considers:</p> <ul style="list-style-type: none"> • hapū and iwi partnership responsiveness • efficient and equitable distribution of funding and other resources (such as people or equity initiatives) to support Māori success • capability to deliver on Māori success. <p>Assumes establishment of strategic Te Tiriti o Waitangi expertise (partnership, ākonga, taonga) within a Central Services Unit (CSU), and regionalised WBL training advisory – refer 'National Options'.</p>
Improve regional and industry responsiveness and participation	<p>Considers:</p> <ul style="list-style-type: none"> • scale for investment in responsiveness and participation (including online) • distance between communities/localities/industry and employers, and 'regional' decision-makers • breadth and depth of service and offerings.
Enable integrated learning modes	<p>Considers:</p> <ul style="list-style-type: none"> • operating synergies for development of sustainable integrated learning operating models (and capability)

¹ [The Future of Higher Education in Canada: 15 Challenging Issues | Welcome to TeachOnline](#)

	<ul style="list-style-type: none"> creates or maintains scale to enable investment in programme development and servicing of remote communities ability and infrastructure to work across all network entities <p>Assumes establishment of Academic Centre within CSU – refer 'National Options'.</p>
Better learner outcomes	<p>Considers:</p> <ul style="list-style-type: none"> operating synergies allow development of academic and learner support capabilities for better learner outcomes provides for frontline (in any mode) support to learners creates scale for development of academic and learner support capabilities.

23. We acknowledge that none of the options considered will fully meet all the evaluation criteria above. Several trade-offs have been made during the evaluation. In addition, given the high-level analysis, we consider that much more detailed analysis (with updated assumptions) is required to further test the options.

Our preferred option – An integrated regional network of vocational education

24. The option described below is a structural concept whose design is suggestive rather than definitive. We would expect the detail to be refined and adapted as the proposals are tested and explored within government and through public consultation. We recommend further financial and economic, social, and tangata whenua analyses are conducted to further test and refine the design.
25. We consider the system should be greater than the sum of its parts. The network should generate benefits by acting collaboratively, over and above what each individual entity could achieve on its own.
26. We consider that the two key parts of the system (ITPs and work-based learning) should not operate as separate systems. They must be integrated, which provides a sounder pedagogical approach. Public sector vocational education provision should be seamless, operating across an integrated network of provision with on-job, on-campus, and online modalities. We consider that this is one of the benefits of RoVE that Te Pūkenga has been working towards. We consider the system needs to avoid the unproductive competitive environment of the past between ITPs and previous ITOs.
27. We consider that this will also help improve future forecast viability issues that will exist if separated as two distinct systems, that unproductively compete, and likely reduce the level of government capital investment required. One of the seven advisors supported a model that established industry owned private training providers.
28. Under our preferred option we propose four types of entities or components within an integrated regional network of vocational education:
- Regional Institutes of Technology and Polytechnics** – a network of eight regional ITPs across New Zealand whose role would be to deliver a range of vocational education and training for their region. It would also include many of the functions currently undertaken by Te Pūkenga business divisions although not those functions proposed under the CSU.
 - Central Services Unit** – a small and flexible unit, relying on the expertise within the ITPs and work-based learning divisions to coordinate initiatives and provide expertise. The CSU would be a subsidiary of the collective ITPs, with their chief executives comprising a Board led by an independent chair. The CSU would provide a range of services, proving economies of scale at a national level across the network and national coordination

functions. It would also house transitional work-based learning structures. The CSU would provide invaluable Te Tiriti o Waitangi expertise, to support and walk alongside the network to be agile, responsive and leverage economies of scale in this specialist area (i.e., shared tools, common insights and approaches that work to improve ākongā Māori outcomes).

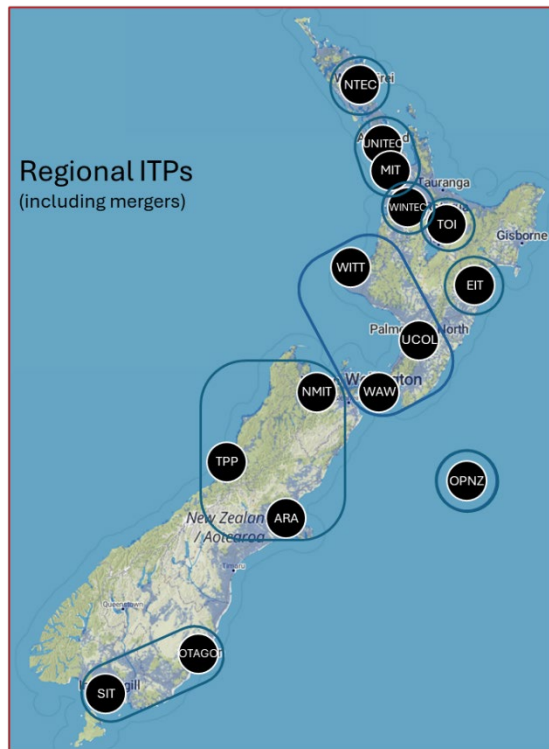
- **Open Polytechnic of New Zealand (OPNZ)** – a national ITP providing online distance programmes and a partner to the regional ITP network providing online courses for blended deliveries, digital assets for teaching assistance, and nationally managed digital assessment services. With the incentive of a ‘dual enrolment’ funding initiative, OPNZ could effectively support regional ITP enrolments in programmes with blended deliveries.
 - **Integrated regionalised work-based learning** – current work-based learning divisions would be integrated within the ITP network. Regional work-based delivery functions would be located within regional ITPs housed as a transitional function under the proposed CSU. The CSU would house the national components of work-based learning, allowing for national account management, geographic coordination and resource development and maintenance.
29. Under this option further detailed work will be required to consider how some of these entities can be made sustainable. Based on the financial forecasts and modelling conducted as part of this work it is highly probable that ongoing vulnerabilities in network viability will remain. We consider this to be the case for those ITPs that may be unable to realise efficiencies from sufficient scale.

Regional Institutes of Technology and Polytechnics

30. Our proposed option for regional ITPs creates eight ITPs from the disestablishment of Te Pūkenga. This option requires 11 existing Te Pūkenga regional business divisions to merge. These mergers are largely based on close geographical location but we have also endeavoured to balance viability with regional and industry responsiveness and participation. There will likely be significant cultural differences in some areas (e.g., Whitireia, Wetec, WITT and UCQL) given the regional/urban, industry and regional economic differences.

31. The eight proposed regional ITPs would be created from the following business divisions.

Figure One: Proposed regional ITPs across New Zealand



1. NorthTec
2. Unitec and MIT
3. Wintec
4. Toi Ohomai
5. EIT
6. Weltec, Whitireia, UCOL and WITT
7. NMIT, TPP and ARA
8. Otago and SIT

32. We consider this option strikes the balance between creating regionally autonomous ITPs which can be responsive to their regions, communities, and industry while creating sufficient critical mass to support financial sustainability in the longer-term. While more than eight regional entities would improve regional and community responsiveness, it sacrifices long-term sustainability of the network (see Appendix One for options analysis).
33. We expect that there will likely be differing levels of responsiveness across entities. Establishing approaches and processes to engage with and respond to regional and local industry demands and needs will need to be a priority for these entities. This is particularly the case for Te Tiriti inspired relationships with hapū and iwi that result in tangible actions and not just performative kōrero.
34. There will likely need to be a mindset of 'healthy' competition between regional ITPs. Such an approach to competition would encourage improved performance and drive innovation however it will also require clear and strong oversight from government agencies without increasing compliance. This needs to be balanced with the collaborative activities sought from the network.
35. One of the fundamental roles of vocational education and training is to be aligned and responsive to workplace training needs. One of the benefits of RoVE which Te Pūkenga has been working towards is better integration of provision with on-job, on-campus, and online modalities. We consider this eliminated the unproductive competition that existed between the provider and industry training systems prior to RoVE. We consider the future system should continue to build on the recent gains made in this space.
36. It is assumed that appropriate regional boundaries will be defined for each regional entity, and that regional ITPs will deliver services within their boundaries only. While prior to RoVE, generally accepted regional ITP boundaries existed, there were cases where an ITP delivered out of region though mostly this was in niche or specialist areas. Further work would be

required to determine the specifics of this approach and whether in a more integrated network this is still a valid assumption. Equity considerations will also need to be further explored. There may need to be an exception where poor regional performance (over time) is not improving ākonga Māori success.

37. Our advice is that regional entity boundaries should not undermine the social structure of Māori society. Consideration should be given to how entity boundaries could align with iwi and hapū boundaries. We consider that any changes to current boundaries and groupings should prompt re-engagement with Te Tiriti partners, as this is likely to affect the entity's responsiveness in partnering with iwi and hapū.
38. We also consider that each regional ITP will need to include Māori expertise. This is to give effect to Te Tiriti o Waitangi in its governance, executive and senior management, and that they have the authority and shared responsibility with all leadership for improving outcomes for Māori and supporting partnerships with iwi and hapū.
39. Any regional and local entity structures should enable and support entities in being agile and responsive to Te Tiriti partnerships and relationships.

Central Services Unit (CSU)

40. Entities that emerge because of disestablishment - dependent on the final number and configuration - are likely to have reduced capacity to leverage these pathways to financial sustainability. This increases the financial risk to the system and the entities within it.
41. There are economies of scale that will create cost savings and increase the quality of outcomes in a more connected network that is incentivised to collaborate. There are potentially significant cost and quality advantages from a central strategy, data and insights, capability, capacity and a rangahau (research) function being shared across the network. A system-based approach to Te Tiriti o Waitangi considerations would also provide strong coordination and alignment of effort for the proposed network.
42. Our proposed model creates a small and agile CSU that provides national services to the ITPs. The CSU would also rely on staff within the ITPs to lead initiatives and provide expertise. The CSU would provide a range of services that can assist the ITPs with sustainability at a network and entity level. We consider the CSU could cost around \$7.5million in operating costs but further work would be required to consider the structure to support its proposed functions.
43. It is envisaged that the CSU would have a Board (comprised of ITP chief executives) and an independent chair. As key users of the services of the CSU they would guide the strategic direction of the CSU itself. This governance model would also create the conditions for regional ITPs to collaborate under a network approach. Options for the legal structure of the CSU would need to be further explored based on the functions and behaviours the CSU is expected to create and encourage. However, we consider that it would likely be a sector-owned subsidiary.
44. The CSU would take all the cost saving benefits that currently exist within Te Pūkenga by consolidating certain services at a central level. This would enable the network and individual ITPs to continue achieving economies of scale and reduce costs. It would also centralise specific functions such as IT platform management (e.g., FMIS) and procurement (e.g., insurance), which can and have (under Te Pūkenga) led to cost savings through bulk purchasing and shared resources.

45. The system must also continue to provide rangahau, research and innovation services across the network. These provide opportunities to access and contribute to the broader science, research, and innovation systems of Aotearoa New Zealand more effectively. It will also allow for the broader collaboration of researchers, scientists, and innovators across the network to access competitive research funding. It is an opportunity to increase revenue and drive innovation for the Māori and New Zealand economies.
46. Critically the CSU would progress with the unification of qualifications initiative, that builds collaboration across the network, provides seamless transitions for learners and creates cost savings through single NZQA approvals.
47. The CSU would need to provide effective pathways for developing stronger Māori partnerships for co-investment by utilising the significant capacity within the network and the science, research, innovation, and educational needs of Māori.

Table Two: Services provided by the Central Services Unit

Services delivered	Comments
National consistency and standardisation	Will ensure consistency and standardisation across the ITP network. This includes, where beneficial, standardising administrative processes, academic policies, and technological infrastructure, which can streamline operations and improve efficiency (e.g., academic curricula approval documentation). However, each ITP would still require its own Academic Board.
Quality assurance	Will help ensure quality assurance (through a common Quality Management System and Academic Board with network oversight functions) and consistency in educational standards across the network of ITPs. This includes approval activities for unified programmes that each ITP can seek accreditation for.
Coordination activities	<ul style="list-style-type: none"> communities of practice and resource sharing among ITPs, allowing institutions to pool resources and expertise to better serve students designing Networked and Integrated Solutions - development of new products, services and integrated solutions that utilize the capabilities of a nationwide network.
Managing national accounts	Will effectively respond to national employers and clients seeking education and training services from the network for nationwide delivery options.
Te Tiriti o Waitangi	<p>Support the entities to give effect to Te Tiriti o Waitangi and support the Māori-Crown relationship where there are quality, scale, and cost efficiencies from specialist central Te Tiriti o Waitangi expertise. This will support consistent Te Tiriti accountability and responsibility and better support the Crown's responsibility to honour Te Tiriti o Waitangi. To coordinate a sector wide approach to mātauranga Māori, informed Te Tiriti strategy, partnerships, rangahau and capability development of kaimahi, to support regional provision for ākonga Māori success. The areas where shared services will most likely improve outcomes for ākonga Māori include:</p> <ul style="list-style-type: none"> a systems approach to Tiriti strategy Te Tiriti excellence CQI framework and standards. It should share data, quality assurance processes and standards and have shared monitoring activities that report entity and system performance a system-wide approach to sharing Māori success initiatives and interventions that provide scale and impact a systems approach to ākonga Māori data, analytics, and insights professional development.
Specialised expertise and innovation	<ul style="list-style-type: none"> provide access to specialised expertise that may not be available at individual ITPs. This can include specialised academic support services, research leadership, and professional development opportunities for staff.

	<ul style="list-style-type: none"> foster collaboration and innovation by providing platforms for industry engagement and research activities. Bringing staff together from different ITPs will enable cross-pollination of ideas and enhanced innovation.
Transitional Services	As Te Pūkenga functions are disestablished, and ITPs are reintroduced, there will be many services and products that will need to be reintegrated into ITPs at a slower pace than the disestablishment. A central service facility can assume a temporary host role that supports effective transitions (e.g., Treasury function, WBL structures).

48. More detailed functions provided by the CSU are provided in Appendix Two.

OPNZ – Provider and partner to the regional ITPs

49. Under the proposed model, OPNZ continues to act as a national distance education provider but also becomes a digital partner to members of the ITP regional network, providing online courses for blended deliveries, digital assets for teaching assistance, and nationally managed digital assessment services. The CSU Board would oversee development, delivery, and assessment plans.
50. We expect that models for collaboration between regional ITPs and OPNZ will operate more effectively through the CSU. The CSU would be responsible for maintaining the network's portfolio, coordinating the development of multi-modal curricula, creating a single Quality Management System, and gaining NZQA approvals for unified programmes. This provides an independent position regarding decisions on programme designs, programme development leadership, delivery, and assessment options, across asynchronous, work-based, and regional campus domains.
51. During the design of new and revised programmes, recommendations would be made to the CSU Board. This would include the extent of common courses across programmes and opportunities to maximise the development of on-job, off-job, and on-line options prior to seeking NZQA approvals.
52. The following points provide further details on OPNZ and regional ITPs engagement in collaborative developments.
- Curriculum prepared (coordinated by CSU and approved by CSU Board) utilising common courses wherever possible and enabling multiple delivery modalities.
 - OPNZ develops fully online materials, specifically for theory-based courses, and may also provide derivative digital assets for use in synchronous delivery across the sector.
 - Delivery of online materials could be via:
 - regional ITPs
 - single network provider on behalf of all ITPs (including OPNZ)
 - employer led, via regional ITPs
 - learner engagement only (AI and machine learning support).
 - Digital assessment could be:
 - administered nationally
 - administered locally
 - real time (computer generated)
 - RPL (digital challenge assessment).
 - Funding arrangements – a number of approaches are possible:
 - the CSU could assign funding arrangements for programme development leadership (backfill), and digital resource development

- blended delivery of OPNZ digital programmes, in regions, could be through a dual enrolment if the system supported dual enrolments. Regional ITPs could ‘manage’ the blended product, and particularly if dual enrolment capability was not in place, agree commercial revenue splits with OPNZ
 - programmes that include distinct online theory and face-to-face regional courses could be delivered by two parties with an arrangement for OPNZ to make financial contribution to costlier provision.
- f) Te Tiriti and Ākonga Māori success
- provide digital courseware that is aligned with tikanga Māori and mātauranga Māori (as required)
 - develop digital strategies to support lack of digital equity across nationwide ākonga
 - share best practice digital learning for Māori ākonga with regional ITPs.

Integrated regionalised work-based learning

53. To ensure that public sector vocational education is financially viable and resilient to economic cycles, while all are not in full agreement on this, we propose that the current work-based learning divisions should be integrated within the regional ITP network. Regional work-based delivery functions should be located within regional ITPs. It is critical that any new design of vocational education does not establish competing systems. The system’s components should be discrete but integrated.
54. One of the benefits of Te Pūkenga was the potential resilience to economic cycles. The financial modelling (outlined in the next section) shows that most work-based learning divisions are in surplus by 2028. Much like the 2023 financial year for Te Pūkenga, these surpluses improve the viability for the whole sector to create a more stable system. This assumes significant change in the proposed entities’ purpose, core activities, business processes and relationships within and beyond their communities and industry.
55. The individual system activities of standard setting and vocational education provision should be held in different parts of the system to avoid conflicts of interest and destructive competition. We do not consider that this restricts competition between individual educational providers in the system to encourage and drive innovation and performance. We strongly advise against competition solely on price, as this could degrade quality and outcomes, and drive perverse behaviour.
56. National consistency can be achieved through national programmes and quality assurance functions, owned by standard setting bodies (currently Workforce Development Councils).
57. We consider that the role of ‘Arranging Training’ should be clarified and returned to its original intent, as an administrative function connecting the parties engaged in industry training. It should be referred to as “arranging training agreements” for clarity. This function should logically reside with standard setting bodies to avoid conflicts of interest. We also note that standard setting bodies must be prohibited from providing training themselves.
58. It is important to acknowledge the historical financial contributions to ITOs from industry, which supported their standard setting and arranging training functions. It is also important to note the very significant public sector funding that sustained ITOs. Over 90 percent of total revenue that went to the work-based learning divisions in 2023 came from government funding.

59. Work-based learning funding could either be paid to the standard setting bodies who then arrange training agreements with providers (ITPs, PTEs, wānanga) and pass on the funding for training. This is a less desirable approach as it raises many of the issues that arose in the previous ITO and provider-based system. Alternatively, it could be paid directly to providers (as it is currently paid to Te Pūkenga) by the standard setting body. In the latter model, funding would also be provided to the standard setters for each industry trainee/apprentice agreement put in place.
60. Appendix One outlines alternative options for how work-based learning could be considered. One of the seven advisors supported a model that established industry owned private training providers. Should this occur, it would be important that resources developed under public funding are retained within the public system. Training funds could be available to ITPs, PTEs and wānanga. Some of us consider that removal of work-based learning from the ITP network would seriously compromise integrated learning in the system, impact on financial viability and create destructive competition.
61. Work-based training could be delivered outside of the industry training funding system (as it is now), but that the funding rate would be the same for the individual programmes irrespective of the funding source (previously SAC or ITF). This refers to the 'managed apprenticeships' currently successfully delivered across the ITPs.
62. If work-based learning divisions are integrated within the ITP network, there would need to be a transitional phase, as future structures, system requirements and compliances for work-based learning are established within the ITP network. Initially, this would be best housed in the CSU owned by the ITPs.
63. Any new structures must support work-based learning entities to develop and improve their relationships with iwi, hapū, Māori businesses, and industries across Aotearoa, New Zealand, to support the growth of the Māori economy. With integration, there will be a common high standard across the regions and networks about why, when, and how to implement Te Tiriti alongside measurement of success and agility to improve performance when required.
64. Regardless of our individual views on work-based learning options, we are all in agreement that work-based learning is an integral part of the vocational education system and must be considered and balanced carefully and at the same time as disestablishing Te Pūkenga.

Getting to system viability will need a sustained effort

65. Financial sustainability for vocational education is best achieved through scale efficiencies, a balanced portfolio of products that are resilient to macroeconomic conditions, reduction in process and product duplication, and unproductive competition, alongside responsive provision and growing participation.
66. As outlined in Appendix One we considered a number of options with a variety of configurations. A range of scenarios have been modelled under assumed financial conditions to determine the likely viability of various public vocational education sector options.
67. As outlined in the above sections, the precarious financial state of the sector has been an important factor when considering the options but has had to be carefully balanced with the other criteria developed.
68. Given the time constraints for this advice we have not yet modelled scenarios with the work-based learning divisions integrated into the network as proposed. However, we provide the

forecast financial positions of each of the business divisions in both ITPs and work-based learning. Further detailed analyses will be required.

69. The following table illustrates the modelled sector deficits for the ITP components under the various scenarios.

Table Three: ITP Division Surplus/ Deficit 2025-2028*

Option		2025 (\$millions)	2026	2027	2028
1	12+1	-\$95.6	-\$82.3	-\$67.1	-\$49.4
2	8+1 (preferred option)	-\$91.6	-\$78.2	-\$62.0	-\$44.3
3	4+1	-\$87.5	-\$74.0	-\$57.2	-\$39.3
4	7 + (6+1)	-\$96.3	-\$83.1	-\$67.9	-\$50.3

* The above forecasts are at the comprehensive surplus/deficit level.

70. All scenarios show a projected gradual improvement from a significant sector deficit position, based on broad growth projections, particularly in the return of international students.
71. Work-based learning divisions have been modelled broadly as divested standalone entities (which include assumed executive management and governance costs) as shown below and based on assumed Standard Training Measure (STM) funding rates.

Table Four: Work-based learning Division Surplus/ Deficit 2025-2028

s 9(2)(b)(ii)

72. While there are a number of WBL divisions that could be successful if divested, a number are significantly challenged under the assumed funding conditions. In consultation with the TEC we have assumed indicative future funding rates. Future profitability will likely be impacted and it is likely that past profitability at previous levels will not continue.
73. If the WBL divisions were divested outside of the public vocational sector it could result in under-provision, or no vocational provision/industry training to certain industry sectors unless additional resources were made available. We would expect these sector surpluses would be larger if work-based learning divisions are incorporated into regional ITPs, as no standalone governance or ELT costs would be required.
74. As one of the primary modelling assumptions is that individual entities require governance and executive leadership teams, the sector costs of scenarios with fewer entities are the most viable. A scenario where work-based learning divisions are regionalised within a 4+1 or

8+1 structure would see around a \$20-\$25 million sector wide deficit in 2028 before significant cost-out operations have occurred (for example asset sales and cost savings from governance and management set up).

Capital investment

75. Irrespective of the structure and number of regional ITPs established and the agreed model for work-based learning, any implementation programme will require significant capital investment. This will be needed from both a transformational capital perspective and ongoing working capital funding perspective.
76. The current Council and senior management of Te Pūkenga have been working to maximise cost savings and utilisation of capital. They will continue to do so over the period prior to any new model being implemented. While this will partially mitigate capital requirements, there remains a need for significant capital investment for:
 - a) transformation funding, including likely organisational restructuring
 - b) ongoing capital funding for property assets
 - c) working capital
 - d) Information Technology and digital systems, and assets.
77. Part of this can be sourced from free cash flows, as while the network of ITPs will still trade at comprehensive deficits, these are materially impacted by overall annual depreciation costs of around \$150 million.
78. Te Pūkenga has focused to date on financial performance. Additional in-depth work is required to look at the balance sheets and capital structures of any new entities once the new model is agreed.

International education must be a priority for the future

79. International education provides one of the few significant growth and development opportunities for ITPs in the future. There is an opportunity to set a revised approach to ensure that ITP engagement with international education, such as learners, institutional partners, or industry/government-to-government partners, is future focused and provides positive outcomes for New Zealand Inc.
80. Financial forecasts for the regional business divisions show that by 2028 international student fee revenue will have increased by \$98.4 million (76 percent increase) compared to 2024.
81. We consider that there exists some value in aspects of the Te Pūkenga international strategy, including those that give emphasis to an excellent education and cultural experience (with manaaki from tangata whenua). This has alignment of value to our communities from workforce development, skills needs and regional capability building and global citizenship.
82. While diversification of markets and product should remain a focus, the context of population significance and geographically aligned countries to meet immediate short-medium term skills shortages, should not be ignored.
83. We recommend the following features and activities form the basis of the sector's international education approach.

Table Five: Features and activities forming the international education approach

Feature / Activity	Description
'Institute to Institute' partnerships	We recommend the current focus for development should remain; that is providing regional ITPs the opportunity to foster and grow 'institute to institute' partnerships. This allows for innovation and productive relationships to develop and to be further established. This should occur alongside 'control settings and approvals' that ensure mitigation of risk and agreed milestone outcomes for progression of partnerships.
A 'collaborative' sector model	We recommend a 'collaborative' sector model should be developed that has a role to play in setting some of the future international activity and in providing recruitment guiderails i.e., ensuring that in-market competition is based on quality and non-duplicative programmes, rather than approaches that see fee cutting to a lowest 'default' position.
Collective leadership	We recommend targeted collaboration that would also provide collective leadership, working alongside Immigration New Zealand (INZ), Education New Zealand (ENZ), and New Zealand Trade and Enterprise (NZTE) in all aspects of the international education recruitment/institutional partnership and workforce development space. This would provide further opportunity for: <ul style="list-style-type: none"> improved conversion rates and stronger recruitment outcomes a viable network of quality delivery to international students both in on-shore and off-shore activities supporting workforce development and demand in New Zealand.
Auckland international student strategy	There is a requirement to develop an Auckland international student strategy as historically some 60 percent of international students are based in Auckland. We recommend this strategy development is led by the two Auckland ITP's, MIT and Unitec, including contribution from existing ITP's delivering in Auckland as well as the wider ITP sector.
Auckland 'Reward from the Game'	Our recommendation includes consideration and discussion about 'reward from the game' financial benefits factored into the Auckland international student strategy. This would be for all ITPs from Auckland activity with added opportunity for delivery where complimentary and/or specialist/niche programmes could provide increased options for students that would not easily be realisable in a region.
International EFTS growth	We recommend (excluding offshore revenue) International EFTS growth is set at 20 percent*, reaching 2019 levels by 2028, with an average EFTS value of \$23k. Offshore delivery revenue should be seen conservatively from a revenue perspective. The 2024 academic year would be set as the base year at 6124 EFTS.
Rebuilding the capability and brand awareness	To achieve this growth there is an urgent need for rebuilding the capability and brand awareness of ITPs. It is recommended that where resources were removed or lost in the development of a centralised international recruitment approach, these are redeveloped as a priority for ITPs in their remaining 2024, and 2025/2026 forecast budgets.
International fees and study grants	It is recommended that the recent International Fees and Study Grants (2025) report prepared by Te Pūkenga ITP International Directors is approved. However, in addition to the allocation and rates provided, an allocation of study grants for indigenous peoples could be made at a rate equal to the fee reduction allocated for students coming from partner institutions.

Te Tiriti o Waitangi

84. Te Pūkenga and the entities that emerge as a result of Te Pūkenga disestablishment have explicit commitments to Te Tiriti o Waitangi. These responsibilities are constitutional and legislative. The constitutional responsibilities are broad, however specific legislative requirements to consider Te Tiriti o Waitangi arise from the current Education and Training Act 2020, particularly S4(d), the statutory functions of Te Pūkenga, S315 (f), and Te Pūkenga Charter 4(d).
85. These legislative requirements give authority and create responsibilities on Te Pūkenga, and potentially the entities that emerge. It is expected that they, like Te Pūkenga, will continue to

have the authority and responsibility to improve outcomes for ākonga Māori and support the Crown to honour Te Tiriti o Waitangi.

86. More broadly, the vocational education system must also be responsive to the educational, skills, training, research and innovation needs of Māori communities and Aotearoa New Zealand as a whole. We make the following recommendations, some of which are discussed elsewhere in this document:
- a) Governance, management and operations are responsible for improving outcomes for ākonga Māori and managing the Māori-Crown relationship.
 - b) Legislative authority and responsibility for giving effect to Te Tiriti o Waitangi is conferred in legislation for new entities and this authority and responsibility be extended horizontally and vertically to all system actors including MoE, TEC, NZQA and WDCs.
 - c) Regional boundaries should align with iwi and hapū boundaries. As a minimum, discussions with iwi and hapū are required to finalise the same.
 - d) Māori expertise be required in the governance, executive and senior management, and operational leadership of future entities, but it is the shared responsibility of all leadership for improving outcomes for ākonga Māori and supporting partnerships with iwi and hapū.
 - e) Entities should be supported to give effect to Te Tiriti o Waitangi by a shared service that provides quality, scale and cost efficiencies from specialist central Te Tiriti o Waitangi experts.
 - f) Any new regional ITPs should be agile and responsive to Tiriti partnerships and relationships.
 - g) The establishment of new regional entities should also support work-based learning entities to improve outcomes for ākonga Māori and develop their relationships with iwi and hapū.
87. Staff across new entities require professional development to support the implementation of Te Tiriti excellence initiatives to achieve ākonga Māori success and grow Te Tiriti partnerships.
88. Shared access to capability across regional boundary structures is necessary to ensure smaller entities and those with developing capabilities can continue to perform Māori success initiatives effectively.

OFFICIAL INFORMATION ACT 1982

Appendix One – Options Overview A3

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Appendix Two - Core Central Service Unit Detailed Functions

CSU functions	Detailed CSU functions
Academic development	<ul style="list-style-type: none"> • maintain qualification register • maintain central Quality Management System (QMS) • maintain a central Academic Board alongside ITP Academic Boards • coordinate the development of unified programmes • seek programme approval from NZQA • coordinate forums for academic/research/library managers and subject specialists • coordinate any learning resource development requirements • support school activities and secondary/tertiary pathways.
Digital Services	<ul style="list-style-type: none"> • provide expertise on software licensing, management and assurance • maintain and support networking services, including security devices for inter-campus and external services, such as internet or cloud connections • offer cyber security, policy, monitoring, mitigation, and prevention services to entities • provide technical expertise to support the procurement of platforms, with some business analysis capability for requirements capture • arrange joint memberships (Gartner, CAUDIT, EBSCO, REANNZ) • coordinate forums for IT Managers and specialists • support transition activities with common IT solution • note the digital function relies heavily on expertise from within the network when working on complex technology contracts <p>*Note that this does not provide for any central digital services or products, so does not address current technical debt accumulated by each business division. It also does not address the risk of cyber and difficulties of retaining the required level of staffing and/or arrangements to protect each site.</p>
Strategic and Corporate Services	<ul style="list-style-type: none"> • transitional treasury function to provide sustainable establishment of individual ITPs • host FMIS platform for consistency and currency • provide cost effective coverage for ITPs through collective insurance procurement • provide internal audit and risk expertise to support ITPs in the network • provide central facility stock take and support • provide any required central strategy, analysis, and reporting services • provide international expertise to assist recruitment of quality learners • coordinate forums for Finance, Facilities, MarComs, International managers.
Work Based Education and Engagement	<ul style="list-style-type: none"> • provide transitional services for WBL divisions including resource distribution and reporting functions and develop transition plan • provide ongoing national account management for employers that can be communicated to ITPs for delivery and support • liaise with national standard setters (currently WDCs) • maintain and arrange development of work-based learning resources for regional delivery.
Te Tiriti o Waitangi	<ul style="list-style-type: none"> • support ITPs to give effect to Te Tiriti o Waitangi • provide support for a sector wide approach to mātauranga Māori informed te Tiriti strategy, partnerships, rangahau and capability development for kaimahi.

Appendix Three – Potential Standard Setting model

The following table has been completed to explore the implications of implementing a national standard setting model with regional delivery, providing two different scenarios depending on who registers the enrolment. The difference between the two models is the funding flow (enrolment).

If enrolment/money goes to Industry Training Boards (Model A), they would need to be accredited for the programme and would be responsible for enrolments, compliance, and reporting. As an alternative (Model B), funding would go to the Tertiary Education Organisations whereby they are responsible for enrolments, compliance, and reporting. Under Model B, a proportion of the student fund would go to the Industry Training Board for their services.

The Reform of Vocational Education (RoVE)	Proposed future TEO network	
<i>Education (Vocational Education and Training Reform) Amendment Act 2020</i>	Standard Setting Model A	Standard Setting Model B
<p>6 Workforce Development Councils (WDCs) established to take on the <i>develop and maintain skills functions</i> from the ITOs.</p> <p>WDC legislative Functions</p> <ul style="list-style-type: none"> • Skills and Workforce Leadership • Developing and setting standards, capstone assessments, and qualifications <i>(for Levels 1-6)</i> • Endorsing programmes and moderating assessments • Advisory and representative role 	<p>Industry Training Boards provide standard and training setting.</p> <p>Standard Setting</p> <ul style="list-style-type: none"> • Skills and Workforce Leadership • Developing and setting standards, capstone assessments, and qualifications and national programmes for Levels 1-6 • Endorsing programmes and moderating assessments • Advisory and representative role <p>Training Setting</p> <ul style="list-style-type: none"> • Investment plan with Mix of Provision • Recruit and enrol learners • Confirm delivery models with industry • Contract TEO for delivery of training and assessment • Monitor and oversee learner journey • Monitor and oversee quality assurance and contract outcomes • Market and promote sectors/industry 	<p>Industry Training Boards deliver standard and training setting.</p> <p>Standard Setting</p> <ul style="list-style-type: none"> • Skills and Workforce Leadership • Develop and sett standards, capstone assessments, and qualifications and national programmes for Levels 1-6 • Endorse programmes and moderating assessments • Advisory and representative role <p>Training Setting</p> <ul style="list-style-type: none"> • Receive funding from TEO enrolment funds via % of work-based UFS enrolment per learner • Confirm delivery models with industry • Monitor and oversee earner journey • Monitor and oversee quality assurance and contract outcomes • Market and promote sectors/industry
<p>Te Pūkenga</p> <p>Work-based Learning (WBL) Division established to take on <i>Develop and maintain arrangements for the delivery of industry training functions</i> from the ITOs, and other remaining functions and workforce.</p> <p>9 ITOs transitioned into WBL/Te Pūkenga; BCITO, Careerforce, Connexis, Competenz, EarnLearn (parts of Skills Org), HITO, MITO, Primary ITO Service IQ.</p> <p>Private Training Establishments (PTEs) were also eligible to take on</p> <p>Develop and maintain arrangements for the delivery of industry training from the ITOs, and other remaining functions and workforce.</p> <p>2 ITOs transitioned into PTEs; Skills Active (now Te Mahi Ako) and New Zealand Marine and Composites Industry Training Organisation - NZMAC ITO (now MAST Academy)</p> <p>Other PTEs that received arranging training functions from ITOs include Ianite, ETCO, ICE, Vertical Horizons, Strateqi, ATNZ.</p>	<p>Tertiary Education Organisations</p> <p>For the purposes of Work-based learning delivery</p> <ul style="list-style-type: none"> • Seek a credit tion to deliver • Develop training and assessment resources for employers and learners • Develop individual training plans • Arrange training and assessment • Monitor learner progress • Provide holistic support and pastoral care • Support the employers • NZQA and TEC deliver monitoring and compliance • Schools activity 	<p>Tertiary Education Organisations</p> <p>For the purposes of Work-based learning delivery;</p> <ul style="list-style-type: none"> • Investment plan with Mix of Provision • Seek accreditation to deliver • Recruit and enrol learners • Develop training and assessment resources for employers and learners • Develop individual training plans • Arrange the training and assessment • Monitor learner progress • Provide holistic support and pastoral care • Support the employers • NZQA and TEC deliver monitoring and compliance • Schools activity • Market and promote programme

Disestablishing Te Pūkenga: Sector Reconstruction Options

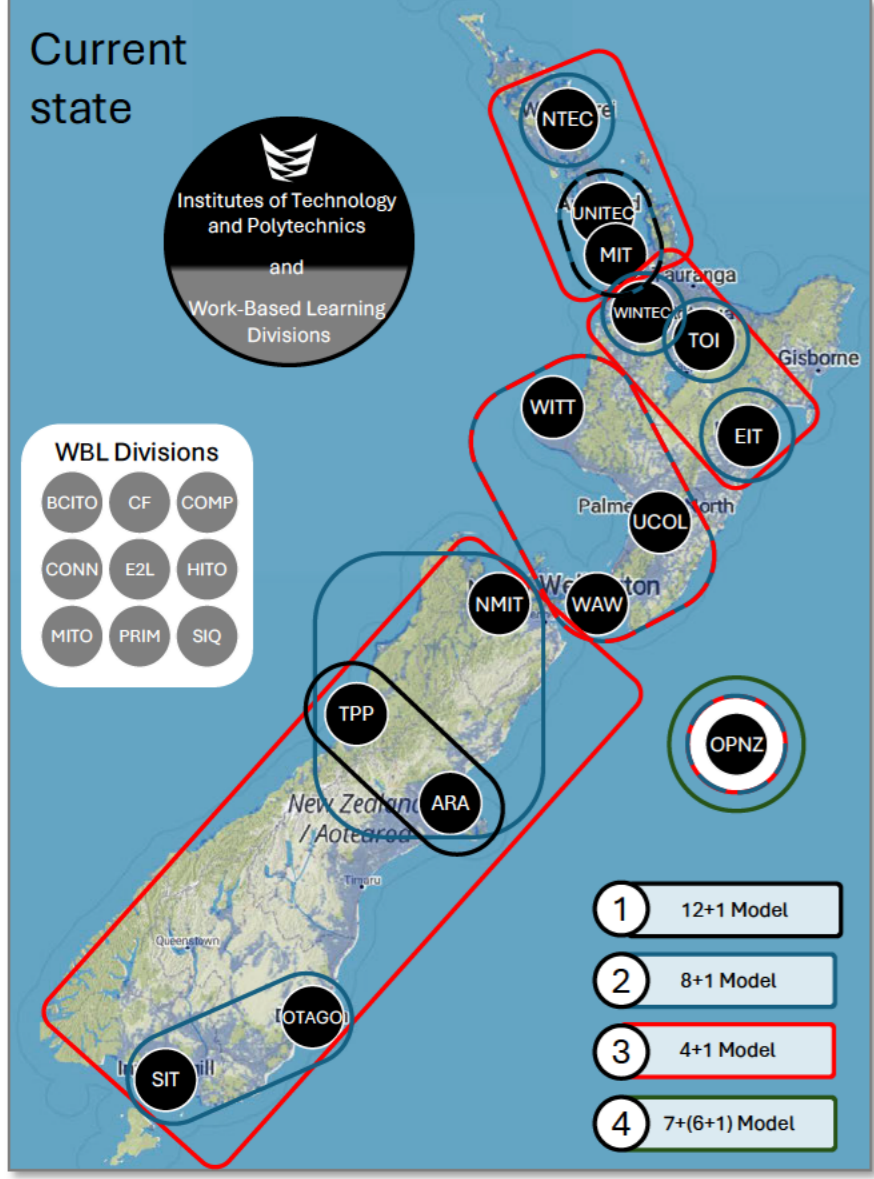
APPENDIX ONE

Reconstruction must ensure financial stability (including entity viability*) and restore regional decision making for local institutions to ensure they can better respond to the education needs of their communities, including hapū and iwi.

This A3 should be read in conjunction with the SAG paper, 'An integrated regional network of vocational education' and provides an overview of options for regional reconstruction in addition to options for nationally oriented capabilities within the sector, such as OPNZ and WBL Divisions.

SAG considers, on balance Regional option 2 (8+1) + OPNZ (B) + CSU (C) + WBL (A) is the best combination of options – as highlighted.

* The assessment of 'viability' is broadly based on Te Pūkenga unmitigated ITP financial forecasts (2024 - 2028). An entity is considered 'viable' if it returns to (or is close to) surplus in FY28.



Regional Options

1 12 +1

2 8 +1

3 4 +1

4 7+ (6+1)

Entity structure

Current ITP structure re-established except:

- UNITEC + MIT
- ARA + TPP

- NITEC
- UNITEC + MIT
- WINTEC
- TOI
- EIT

- WAW + WITT + UCOL
- ARA + NMIT + TPP
- SIT + OTAGO
- OPNZ

- NITEC + UNITEC + MIT
- WINTEC + TOI + EIT
- WITT + UCOL + WAW
- NMIT + TPP + ARA + OTAGO + SIT
- OPNZ

- 7 viable entities re-established (UNITEC+MIT, WINTEC, EIT, NMIT, ARA, OTAGO, SIT).
- 6 non-viable entities* held alongside OPNZ in 'HOLDSCO' to determine return to viability (NITEC, TOI, WITT, UCOL, WAW, TPP).

EVALUATION FRAMEWORK

	Option 1 (12+1)	Option 2 (8+1)	Option 3 (4+1)	Option 4 (7+(6+1))
Give effect to Te Tiriti o Waitangi <small>(evaluation assumes establishment of strategic Tiriti expertise [partnership, ākonga, taonga] within CSU, and regionalised WBL training advisory – refer 'National Options')</small>	Low: <ul style="list-style-type: none"> Increased responsiveness as iwi/hapū boundaries align with most regions Localised interventions/initiatives, but costly and requires funding changes (inequitable funding distribution likely, no ability to scale initiatives in smaller entities) Limited access to shared capabilities particularly for smaller entities, Māori success most at risk. 	Moderate: <ul style="list-style-type: none"> Regions cross many iwi/hapū boundaries and may impact responsiveness Some regions relatively large but with resources to enable meaningful engagement and partnerships Limited ability of smaller entities to successfully resource initiatives and use data, but capability sharing possible 	Highest: <ul style="list-style-type: none"> Mega-regions cross multiplicity of iwi/hapū boundaries – impacting responsiveness and on-ground action and partnerships Scale for funding equity and meaningful partnership opportunities Increased likelihood of scaled capabilities and initiatives with national data and insights are leveraged. 	Lowest: <ul style="list-style-type: none"> Viable entities with resources to enable meaningful engagement and partnerships Decision making and resource allocation for unviable entities largely delegated to HOLDSCO
Establish financially viable sector entities and network	Lowest: <ul style="list-style-type: none"> Re-establishes 6-7 non-viable entities, Operating synergies not achieved Network remains non-viable Highest management overhead costs Limited financial advantages Perpetuates pre-RoVE performance levels. 	Moderate: <ul style="list-style-type: none"> Potential viability for some (but not all) combinations Some increase in scale for operating synergies and reduced management overhead (circa ~\$10-15m) Ongoing vulnerabilities in network viability Possible reduction in physical network footprint. 	Highest: <ul style="list-style-type: none"> Increased viability achieved by merging small with large entities to create combined operating surplus plus implied operating efficiencies and ongoing cross-subsidisation Likely cost efficiencies through financial advantages, and reduced management overhead (circa ~\$10-15m) Some regions inherently non-viable without intervention (regions 2 and 3) Likely reduction in physical network footprint. 	Moderate: <ul style="list-style-type: none"> Re-establishes viable entities Significant additional resource required to return entities to viability (concurrently) Enables management of non-viable entities and return to viability (via shift to online delivery and lower cost to operate) Restricts genuine network collaboration May compromise viability of OPNZ (and learner participation).
Improve regional and industry responsiveness and participation	Moderate: <ul style="list-style-type: none"> Most responsive (decision-making proximity to employers and community), but unscalable and potentially less impact (for non-viable entities) Sub-scale and lack of depth to service breadth of vocations. 	Highest: <ul style="list-style-type: none"> Differing levels of responsiveness Sub-scale for investment in participation. 	Lowest: <ul style="list-style-type: none"> Scale for investment in responsiveness and participation (including online), but less employer and community-led Potential large distance (and disconnect) between localities and 'regional' decision-makers. 	Moderate: <ul style="list-style-type: none"> Viable entities positioned for regional and industry responsiveness Likely disconnect across viable and non-viable entities impacting collective industry responsiveness HOLDSCO non-viable entities unable to effectively respond while focused on return to viability Participation may be impacted for regions/industry otherwise serviced by non-viable entities.
Enable integrated learning modes <small>(evaluation assumes establishment of Academic Centre within CSU – refer 'National Options')</small>	Lowest: <ul style="list-style-type: none"> Sub-scale and lack of depth to service breadth of vocations Sub-scale and inability to sustain integrated learning operating models (and capability). 	Moderate: <ul style="list-style-type: none"> Scale to enable investment in programme development and motivation to service remote communities 	Moderate: <ul style="list-style-type: none"> Operating synergies for development of sustainable integrated learning operating models (and capability). 	Moderate: <ul style="list-style-type: none"> Compromises OPNZ ability to work across all network entities and role as specialist distance provider Likely scale to enable investment in online programme development and motivation to service remote communities.
Better learner outcomes (qualification and employment)	Lowest: <ul style="list-style-type: none"> Sub-scale development of academic and learner support capabilities. 	Moderate: <ul style="list-style-type: none"> Some operating synergies achieved through scale for development of academic and learner support capabilities. 	Highest: <ul style="list-style-type: none"> Operating synergies allow development of academic and learner support capabilities for better learner outcomes Risk of less frontline support to learners at expense of overhead costs. 	Low: <ul style="list-style-type: none"> Implied reduction in on-campus delivery in remote regions with less access to larger (viable) ITPs.

National options

(applicable across all region models)

	OPEN POLYTECHNIC NZ (OPNZ)			CENTRAL SERVICES UNIT (CSU)			WORK-BASED LEARNING (WBL)													
	A	B	C	A	B	C	A	B	C	D										
Primary advantage	OPNZ as Provider	OPNZ as Provider and Resource Partner	OPNZ as entity within HOLDSCO (regional option 4)	No CSU, entities have end-to-end accountability	CSU including 'Academic Centre' for Programme Development (incl. work-based learning programmes*)	CSU (option B) plus limited Shared Corporate Services (e.g. Tiriti Centre of Expertise, FMIS, Insurance, Treasury)	Regionalised WBL Divisions Training Advisory and Assessment	Merge WBL Divisions with Workforce Development Councils	WBL Divisions divested to Industry as Private Training Establishments	WBL Divisions re-established as separate entities or combined as national entity										
Critical disadvantage	• Least disruptive	• Promotes partnership and integrated learning	• Promotes partnership and integrated learning across unviable ITPs	• Limits collaboration for integrated learning	• May compromise OPNZ as specialist online/distance ITP	• Erodes OPNZ value, shifting OPNZ from viable to non-viable within HOLDSCO	• Full accountability and regional decision making for local institutions	• Programme disunity	• Promote programme unification and quality	• Cost efficiencies through financial advantages	• Provision of expertise not otherwise sustainable regionally	• Increased network cohesion, and	• National management of national training accounts (e.g. NZDF)	• Dilutes entity end-to-end accountability	• Requires centre for WBL programme development and national employer engagement	• Better connected local training advisory engagement with industry strategies	• More industry-led	• Functional conflicts	• 'Old' ITO model	• Compromises integrated learning, erodes regional financial advantages, potential for destructive competition