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Change and Persistence

The Legacies for VET in Aotearoa, New Zealand

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Abstract *This paper provides a background to vocational education and training in Aotearoa New Zealand with a focus on the legacies that continue to impact the environment and conditions for a stable and viable VET system. Despite ongoing measures to reform and organise VET through legislative shifts and changes in administration and organisation, the sector continues to be unsettled and in flux. There are several embedded attitudes associated with vocational, trade and technical education that have thwarted efforts to develop a strong vocational and technical education system in Aotearoa, New Zealand over time and these have had an impact on efforts at reform. This paper examines some of the historical conditions that have led to the environment for VET as we now find it – underdeveloped, underfunded and in a constant state of reform.*

Title *Change and Persistence – The Legacies for VET in Aotearoa, New Zealand*

Keywords *Vocational Education and Training, Technical Education, Educational Reform, Educational Change*

1 A Reform Environment

There are few periods over the past 30 years in which New Zealand has not been involved in reform activities associated with Vocational Education and Training (VET). The Organisation for Economic Co-operation and Development (OECD) noted in its review of the New Zealand tertiary education system back in 1997, that the context was one of "Reforming Again and Yet Again" (Mclaughlin, 2003, p.13) through significant and frequent policy change and "radical reform agendas" (p.13). Reform activities have continued over the last 20+ years. The move to merge New Zealand's 16 polytechnics and nine Industry

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Training Organisations (ITOs) into one large entity in 2020 involved a massive restructure, which was halted in 2023 by the incoming National government. The disestablishment of Te Pūkenga, the *mega polytechnic* has been announced, and consultations continue. What is clear is that institutions and organisations need to cut costs if they are to survive as autonomous and independent organisations.

Changes to tertiary level vocational education and training in New Zealand will include a return to standalone institutions. Consultation, undertaken in 2024 is extended to 2025 as work-based learning options are explored with industry representatives. The consultation document, "Redesign of the vocational education and training system" (Ministry of Education, 2024) proposes a new structure where smaller institutions and those with financial deficits will form a federation under the Open Polytechnic. Te Pukenga and Workforce Development Councils (WDCs), established in 2020, will be disestablished at the end of 2025. Industry Skills Boards will replace Workforce Development Councils (WDCs) in 2026 as standard-setting bodies.

Consultation documents are focussed on structural change, and the arrangement of roles for each of the key players in VET, including polytechnics, Industry Skills Boards and Private Training Establishments (PTEs). Discussion about the purpose and vision for VET is sidelined. There is an opportunity to focus on a vision for VET as a vehicle for building local skills relevant to industry, employers, individuals and communities and build a system that is responsive to a broad skills, industry and community-based vision. Commentator, Phil Kerr (2024) suggests that Vocational Education and Training in New Zealand is being provided, through the current reform, with a structure, but is in want of a system that supports a long-term plan. Phil Kerr (2024) observes that more than anything the VET sector in New Zealand needs a simple and viable system, that mandates and provides the conditions for co-operation. Acknowledging and building on the contribution of VET to the educational and employment landscape within New Zealand is essential.

2 A Disparate Sector

One feature of VET in New Zealand is that it is only relatively recently that the term VET has been used in policy and legislative documents. The term is used to refer to the range of training and education provision available including trade training, technical education, industry training, workplace learning, polytechnic education (ITPs), apprenticeships, or any post school non-university training and qualification (Maurice-Takerei & Anderson, 2021).

Only in 2020 was the concept of a VET system introduced through The Education and Training Act, 2020. The lack of a long-term national level strategy over time has supported the development of separate entities, organisations, and representations (Abbott, 2000). In fact, even in its early days technical education sprung up from a series of local initiatives rather than through any kind of national plan (Dougherty, 1999).

This is a disparate sector with a long history that has led to its current state. As different entities and organisations connected to VET developed along their own lines, they have tended to operate separately and sometimes in competition with each other

(Maurice-Takerei, 2016). By 1980, New Zealand's vocational education and training (VET) environment was extensive but fragmented: multiple qualification authorities, a proliferation of industry boards and local apprenticeship committees, and polytechnics. There were multiple qualifications provided by different entities (Abbott, 2000). The rather complicated range of offerings and organisations combined with looming economic changes, set the stage for sweeping reforms that unfolded in the late 1980s and 1990s. These reforms fundamentally changed vocationally based education and training, trade training and apprenticeships.

Much trade related education and training had disappeared by the 1990s (Abbott & Doucouliagos, 2004) when large formerly state-owned enterprises and government departments were broken up and sold off during the 1980s. An overall de-emphasis on technical training (Ross & Bamber, 2000) alongside a decline in manual and workshop-based education in schools meant that by the 2000s it was stated that New Zealand had a *skills crisis*. The skills shortage was further highlighted by the call for trade skills following the 2011 Christchurch earthquakes and the subsequent rebuild of the city. Concern was raised about the reliance on *imported* skills and the lack of *home-grown* tradespeople.

What is clear is that attempts to successfully re-organise Vocational Education and Training in New Zealand has a long history of effort held back by a legacy of attitudes and practices. The following sections identify and discuss some of the attitudes that have over time contributed to the current VET reform environment where a pre-occupation with structure and organisation trumps.

3 Persistent Challenges

Despite continued attempts to manage and promote VET, there are a range of challenges that have remained constant over the last century or more, the most persistent remain stubbornly averse to change, including a) the reliance on immigration to fill skills gaps, b) a problem of esteem for trade related training and employment, c) issues of access and equity d) the problem of costs and funding, e) contestation about the content of qualifications and training including the mix of generic and specialist skills and f) ongoing complaints about the mismatch between training and employer needs.

3.1 An Over-Reliance on Importing Skills – The Underinvestment Challenge

New Zealand's economy has long contended with skill shortages in key sectors, a challenge that has prompted a heavy reliance on immigration to fill critical gaps in the labour market. Indeed, as stated by the New Zealand Productivity Commission in 2021, "Skilled migrants are an integral part of the New Zealand economy" (NZ Productivity Commission, p.21). The reliance on immigration over many decades has seen insufficient investment in vocational education and training and contributed to a shortage of home grown, job-ready skills. The idea that skills can be easily imported has hampered a commitment to building a long-term strategy for skills development.

The reliance on immigration to provide a skilled workforce has a long history in New Zealand. From the late 19th and early 20th centuries there was little emphasis on trade

training since there was not much demand for technical skills (Abbott, 2000). For the skills that were needed employers relied on those with existing skills.

Currently, employers, facing immediate operational pressures and the high costs of internal training, are more likely to hire individuals who already possess the required skills. Companies in sectors such as construction, engineering, healthcare, education and information technology turn to international recruitment as a remedy for the shortfall in homegrown skills and expertise and immigration policies have provided mechanisms through which employers and industries can access workers.

The tendency to use immigration as a basis for relieving skill shortages was very active in the 1960s and 1970s where immigration policy provided a portion of the country's skilled workers (Kappert, 1997). Active immigration policies have a focus on skills shortage lists and there is an immigration environment that the government, sees as "fundamental to rebuilding the economy", (Erica Standford, 2024).

Part of the reluctance of employers to engage in the training and skills development of employees is the nature of the New Zealand economy with a large proportion of small and medium-sized enterprises (SMEs). Here, investment in long-term training programs is seen as economically risky, particularly when the benefits of such investments are not immediately tangible. Consequently, hiring trained workers from abroad is seen as cost-effective and quick, providing a short-term solution.

One of the potential damaging effects of relying on immigration to fill labour and skill gaps is that the domestic employment market can see an impact on wages (New Zealand Productivity Commission, 2022). This exacerbates concerns about the status of trade-based roles and contributes to the view that training does not lead to high wage employment. Recognising the pitfalls of an immigration-dependent approach to obtaining skilled workers, successive governments have implemented various measures to strengthen VET. These measures have included an increase to public funding, the introduction of performance-based funding models, and initiatives aimed at fostering closer collaboration between educational institutions and industry. However, the effectiveness of these reforms has often been limited by the short-term way in which they have been implemented. When skills are short, and times are tough New Zealand employers and industry revert to immigration as a solution to skills needs.

According to the New Zealand Productivity Commission's report (2022), Immigration – Fit for the Future, "immigration has reduced the risk of labour shortages for employers in diverse sectors of the economy – from aged care to the dairy industry and the IT sector" (2022, p.2).

However, while skilled immigrants can quickly fill labour market gaps, the practice does little to address the systemic weaknesses in domestic VET. There has become an entrenched dependency on externally sourced skills and labour, inhibiting the development of a sustainable, home-grown skills-based workforce. While immigration policies have served as an effective short-term remedy, they are not a substitute for a robust domestic training system and by favouring already trained overseas workers, employers effectively reinforce the very system that has failed to cultivate home grown expertise (Maurice-Takerei, 2014).

New Zealand's reliance on immigration to solve skill shortages is intertwined with an historical underinvestment in vocational education and training. The under investment

and consequent neglect of VET has resulted in a labour market that is ill-equipped to meet the evolving demands of current and future industry.

3.2 Parity of Esteem – The Status Challenge

Vocational, technical and trade education in New Zealand has suffered from being undervalued as a viable educational and career pathway. Vocational Education and Training has been regarded as inferior to academic or university pathways and this has resulted in the problem of *parity of esteem* (Harris & Clayton, 2020). This attitude has a long history, demonstrated here in a brief overview of efforts starting in the early 1900s to develop and maintain manual, technical and vocational education provision.

Efforts to introduce manual, technical and vocational skills into schools in the early 1900s were not taken up by schools or were actively resisted (Maurice-Takerei, 2014) despite active legislation. Due to a lack of take-up, technical secondary schools were developed to sit alongside standard secondary schools, however, notwithstanding a promising start, they failed to thrive and eventually became technical institutes offering post-secondary school training. Mirrored in this early failure of secondary schools to embrace vocational and technical subjects, technical institutes, or institutes of technology and polytechnics (ITPs), the progeny of technical schools, embraced more academic pathways in the 1980s and the *academic drift* saw several polytechnics move into offering degree level and post-graduate programmes in the 1990s, enabled by the Education Act 1989. Some polytechnics sought university status. Vocational Education and Training has failed to find a reliable place to sit and this has exacerbated the problem of perception and identify and held back the development of a strong, viable and sustainable VET system.

Because there is not a strong vocational education culture in New Zealand educational pathways have traditionally been limited to *academic* or *other* (Tearney, 2016). The focus of secondary schools has tended to be on academic attainment as a pathway to university, and vocational education seen as an option for students deemed less capable of succeeding in academic environments.

The cultural biases inherent in an education system based on a colonial model meant that technical skills were considered secondary to the intellectual rigor of academic subjects. This early stratification laid the groundwork for a "parity of esteem" problem in New Zealand's education system (Maurice-Takerei, 2014) and the idea that VET is inferior to an academic education. This view has been reinforced over time as vocational education and training continues to be identified as a site through which to manage social and educational problems (Maurice-Takerei, 2014) including unemployment, literacy and numeracy skills and the problem of youth characterised as NEETs (not in employment education or training). VET is often seen as a remedial pathway.

Despite the strong influence of British models in the early years, which privileged classical and academic learning over technical or practical instruction, there have been pockets of time where the need for a skilled workforce has been recognised. Technical and manual education was introduced into schools through the Manual and Technical Instruction Act of 1895 which provided for practical subjects in the curriculum and enabled the establishment of technical classes and schools.

Legislation was widened in 1900 and 1902 to provide funding incentives for schools reluctant to include manual and technical subjects. However, despite funding incentives for subjects like cooking, woodwork and agriculture, schools were slow to embrace vocational subjects. Parents wanted their children to be able to access an academic curriculum (Tearney, 2016).

The establishment of technical high schools in the early 1900s laid the groundwork for a dual education system however, by the 1920s academic high schools were seen as a pathway to high status professions and technical schools as suitable for the less able and the working classes (Guscott, 2000). As a result, technical high schools became less popular and struggled to survive (Maurice-Takerei, 2016). Technical high schools responded by keeping academic pathways open for all students and so became less distinguishable from other high schools.

The mid-20th century marked a period of reconstruction and rapid economic development. The post-World War II era saw significant government intervention in the education sector, including initiatives aimed at expanding technical education to meet the country's evolving industrial demands. However, despite these efforts, the legacy of colonial-era educational hierarchies persisted and trade and technical schools continued to be perceived as "second choice" options relative to more academically oriented institutions.

Throughout the 20th century, the status of VET remained compromised with a dual system where the academic stream was seen as the prestigious, future-oriented pathway, and technical education relegated to remedial status. However, a change was to come following the first Labour Government (elected in 1935) and their support for educational opportunity as a social right. In 1936, secondary education was made free, and from 1944, secondary schooling became compulsory until age 15.

A common, core secondary curriculum for all students was established in the late 1940s following a broad and sweeping report (known as the Thomas Report, 1944). The curriculum, blended academic and practical subjects. The aim was to provide a general education that also catered to different abilities and future educational and career choices and to unify academic and vocational education under one system. In practice, however, as with the reluctance to include technical and manual skills at the turn of the century, schools streamed students by ability and gender into different tracks: "academic" streams for those bound for university, "commercial" (office work) or "technical"/ "domestic" streams oriented towards trades or homemaking skills. The technical/domestic streams were less desirable for families seeking upward mobility and tended to be made up of a collection of young people who were not seen as destined for university.

Public concern about the social stratification of education and the reluctance by parents and industry to support a dual system (McKenzie 1992) shows a similar pattern to the experiences in the United Kingdom where a school curriculum designed to prepare students for university has prevailed (McCulloch, 1989). In New Zealand, school based vocational and technical education did not really gain traction.

By the 1950s a post-war boon in demand for technology and skills and changes to apprenticeship requiring more technical instruction meant that technical schools be-

came focussed on post-school training. In the 1960s former technical high schools became technical institutions and were set up in large urban centres (Abbott, 2000).

Through the 1960s and 1970s Technical Institutes began to offer a greater proportion of apprenticeship training (Kappert, 1997) and the traditional apprenticeship system started to come under some significant strain. An overhaul of the apprenticeship system was recommended and a 1970 government committee noted the "low status of trades and the small wages for apprentices". The status of trades was cited as a significant reason for a shortage of skilled tradespeople. Suggestions relating to improved wages for fully skilled people were made (Murray, 2001) and changes to the apprenticeship system from a time-served model to a competency-based system was discussed.

In the meantime, the challenge of provision for manual and technical instruction in secondary schools continued. With the demise of technical high schools, it was envisaged that secondary schools would provide the common core curriculum, including access to manual and workshop classes. However, over time these resources were run-down and by the 1980s there were fewer manual classes in schools and the introduction of a technology-based curriculum (Ferguson, 2009) meant a preference for computer suites over manual workshops (Ferguson, 2009).

In another attempt to promote vocational education in schools Vocational Pathways were introduced into the education system in 2013. The goal was to align industry standards with the curriculum to provide pathways for students into further study or employment. However, a 2016 review of the programme found that schools viewed Vocational Pathways as relevant only to students who were not achieving academically (Education Review Office [ERO], 2016), and schools have tended to use the pathways as an add-on for disengaged students rather than something to be integrated into the wider curriculum.

Over the past few decades, several policy initiatives have attempted to redress the imbalance in status, uptake and availability between academic and vocational education in the secondary and tertiary sector. For the tertiary sector, the neoliberal reforms of the 1980s and 1990s which introduced market-oriented changes across all post school education and training, attempts were made to align curriculum more closely to industry and employers. There have been ongoing calls to make vocational education and training more responsive and accessible, yet, despite reforms, the deep-seated cultural bias of academic over vocational education has proven difficult to overcome.

The failure to carve out a strong place for technical and vocational education through the secondary school system and echoed in the tertiary education system has been difficult to overcome. Through the Education Act, 1989 technical institutes and polytechnics became Crown entities managed by chief executives and were enabled to award degrees and to enrol international students. With this change, the differentiation between universities and polytechnics became diluted. As secondary and technical schools failed to differentiate themselves some half a century earlier, universities began offering what were traditionally vocational education programmes and technical institutes and polytechnics began offering academic degrees.

Despite increases in enrolments at post school organisations, polytechnics and universities now both provide degrees and sub-degree programmes. While polytechnics have generally focused on teaching and practical training and universities have emphasized research, this *academic drift* has seen polytechnics lose their unique position.

This overlap between universities and polytechnics has been left relatively unchecked and has prompted debates on the role and mission of ITPs. However, as was experienced in the early 20th century, the attempt to provide an institutional space dedicated to vocational education and training has not been fully successful.

The measures taken to improve the up-take and status of VET have not dismantled the historical hierarchy that privileges academic pathways. Attempts to understand and shift perceptions of VET are seen in a report on tertiary education, "Perceptions of vocational education and careers in New Zealand", (Tertiary Education Commission 2018b), where the education system itself is highlighted as "perpetuating mistaken perceptions of VET" (p. 14).

The tensions between academic and vocational education have continued to thwart attempts to provide a strong VET environment in New Zealand. Schools, reluctant to include manual subjects have deemed vocationally based courses for the less able, and post school education organisations, concerned for economic survival, have competed for students across a vocational/academic divide. The undervaluing of vocational education exacerbates inequities. The issues of parity of esteem and equity in access are intertwined. When VET is perceived as a lower-status option, students from disadvantaged backgrounds are further stigmatized by enrolling (or being enrolled) in what is seen as non-academic programmes.

Positioning VET as a pathway to rewarding, high-skill careers will help to break down the negative stereotypes that have long marginalized these programmes. However, such a transformation requires a holistic approach that addresses the cultural narratives that have historically devalued technical education (Strathdee & Cooper, 2017).

3.3 Participation – The Access and Equity Challenge

New Zealand has a very diverse educational environment. Geographically, socially and ethnically, there are significant disparities in access and outcomes. Educational access is especially limited for Māori communities (McClelland, 2006) with Māori students in both regional or urban contexts less likely than their non-Māori counterparts to pass first-year subjects in tertiary education institutions and more at risk of non-completion. Critics (for example Bishop, 2008) argue that many reforms have been piecemeal and have failed to address the underlying structural issues that contribute to inequitable outcomes.

Successive governments have implemented a range of policies to improve equity in vocational trade and technical education. Policies have included targeted funding initiatives, frameworks, scholarships, and the development of culturally responsive curricula that better reflect the needs and experiences of Māori and Pasific students (Brownie, et al, 2024). Despite these measures, significant gaps remain. Some improvements are evident, however as stated by Brownie et al (2024), educational deserts or areas of limited tertiary education provision and continued low participation rates remain.

Ongoing debate among educators and policymakers centres on how best to organise vocational education and training to be both more inclusive and more responsive to the diverse needs of New Zealand's population. However, Strathdee and Cooper (2017) contend that despite a focus on increasing educational equity through participation and

achievement in vocational education and training, outcomes remain structured by background factors including ethnicity, socioeconomic status and gender.

Rural communities have had challenges accessing decent educational alternatives to an academic education over time. Technical high schools and technical institutes, established in major centres, have tended to be based in areas with larger populations. However, in support of more rural communities and to encourage returning servicemen to complete apprenticeships, the technical correspondence school was established in 1946. The correspondence school increased the reach of trade and technical formal training to support and encourage veterans and others to complete trade and technical qualifications and examinations regardless of their geographical location (Abbott, 2000). The programmes and staff were reflective of the male-dominated trade and technician courses.

Apprenticeships, by the 1950s, were common in fields like building, plumbing, printing, and engineering, typically lasting 4–5 years with part-time attendance at technical classes provided by polytechnics or the technical correspondence school accompanied by block courses (Dougherty, 1999). Government provided subsidies and educational infrastructure (technical colleges and night schools), and employers and unions provided training placements and input on curricula.

Still, equity issues persisted, and Māori participation lagged. In 1953, 40 % of Māori children still attended segregated Māori primary schools, and very few transitioned to secondary technical education (TEC, 2018). The gap in educational opportunity across class and race remained a challenge. Women were also under-represented in many apprenticeships. Later, in the 1980s the Hawke Report (1989) highlighted that the trades continued to have an image problem among youth.

Targeted efforts to improve access and equity in VET were introduced in the late 1950s and 1960s. One landmark initiative was the Māori Trade Training Scheme launched in 1959 by the Department of Māori Affairs (Te Puni Kokiri, 2009). This scheme recruited young Māori (often from rural areas) and placed them into apprenticeships in the cities, initially in carpentry and later expanding to plumbing, electrical, mechanics, and other trades. Trainees were housed in hostels with pastoral support, easing their transition to urban life and work culture.

By 1966 the Māori Trade Training Scheme had an intake of 144 apprentices per year, and by 1970 over 1,100 Māori youths had participated at training centres in Auckland, Lower Hutt, and Christchurch. This program significantly increased Māori representation in skilled trades during its operation, addressing the concern that Māori were overrepresented in unskilled jobs (Te Puni Kokiri, 2009). The programme was in place until the early 1980s and became a model for how culturally aware support with focussed vocational training could create more equitable outcomes. In addition to Māori trainees, increasing numbers of women began entering vocational programs beyond the traditional "female" domains. For instance, the 1960s saw women training as laboratory technicians, radiographers, and in other technical fields, although trades like carpentry or engineering remained overwhelmingly male (Dougherty, 1999).

Despite these advances, issues of equity and reach have remained. As reported by Strathdee (2012) official data showed that participation in VET remained structured by background factors including ethnicity, socio-economic status and gender. The model of tertiary and vocational education, whether centralised or regional seems to make little

difference to the numbers of successful outcomes (Brownie, et al. 2024). What is important according to the study conducted by Brownie et al (2024) is that clear governance, strong and competent leadership and regular monitoring is required for success. Morris and Jacobi (2022) make clear that supporting educational access and equity requires purposeful interventions.

For this kind of activity to lead to more equitable access and outcomes, a structured and organised system is required, one with a long-term view, a vision for VET and clear and sustainable goals for the future.

3.4 Who Pays? – The Funding Challenge

The funding of vocational education and training in New Zealand has long been a subject of debate. Reforms of the early 2020s were prompted by a financial crisis in the ITP sector including multi-million dollar *bailouts* for organisations with significant deficits.

The funding model for vocational education, focussed heavily on government subsidies sees government directly fund ITPs and pay subsidies to employers for certain apprenticeship training programs. This has reflected a policy consensus that investing in skills yields public benefits.

As the financial demands for vocational and technical education expanded in line with the expansion of New Zealand's industrial base in the early 20th century, vocational education and training became more formalised through the establishment of technical colleges and trade schools. While this was seen as necessary to support the growing manufacturing and construction sectors, the financial responsibility for these institutions continued to remain largely in the public domain. Government funding, although sporadic and often insufficient, was seen as the main driver for VET, with employers contributing minimally (Maurice-Takerei, 2014).

The late 1970s, however, brought a series of economic challenges that strained public finances and prompted the rethinking of funding and efficiency in the 1980s. Market driven reforms in the 1980s and 1990s shifted the position of education and training from its funding as a public good, to education and training as a private good (Abbott, 2000) where individuals contributed more financially to their qualifications. Views about the purpose and function of VET as either a public or private good; designed for the benefit of employers and industry or for the benefit of individuals and society may provide a basis for funding. Those who favour the idea of a strong public education system with strong state sponsorship point to improved health outcomes, broader participation in a democratic society, reduced poverty and crime and other social benefits including social and educational equity (Riddle, 2014). The neo-liberal view that education provides a private benefit where an individual reaps the rewards of their *investment* in the educational market is measured in terms of economic and social status and attainment (Riddle, 2014). A change in view about who benefits from education and training sits at the base of the neo-liberal reforms which fundamentally changed the way education and training was funded in New Zealand.

While the market-led reforms of the 1980s and 1990s created a market for vocational education and training, this encouraged competition between providers and opened the *market* to private providers who had access to state funding. This was part of the funding

crises for ITPs where the previous centralisation process via Te Pūkenga was viewed as palliative by Strathdee (2024). It is unlikely that the dismantling of the centralised system will provide for ongoing financial stability in the sector.

Unlike many continental European systems, where employers play a central role in co-funding training through levies and structured apprenticeship and dual training models, New Zealand has traditionally relied on a mix of government funding, student fees, and minimal employer contributions. High costs and time away from productive work are cited by employers as key barriers to engaging in high levels of employee training (Dalziel, 2010). The continued funding of VET in New Zealand is a dilemma which has deep historical roots and reflects broader socio-economic factors, the nature of enterprises in New Zealand, and cultural perceptions of vocational education.

From the legislative beginnings that promoted and supported vocational and technical skills development in New Zealand and the first technical school in 1885, to the current VET environment there has been a lack of sustained long-term national planning for workforce development and the development of skills. The financial model for training has been correspondingly underdeveloped. Funding, largely provided by the state and, in some cases, by local communities, demonstrated little expectation that employers would invest in the education of their potential or current workforce. This lack of employer engagement, described as a *disinclination* by Abbott (2000) is often attributed to the small-scale nature of many organisations and employers (Dalziel, 2010), often operating on thin margins, and with little incentive to bear the costs of training when the immediate returns were uncertain.

Historically, New Zealand's economy has been characterized by a significant proportion of small and medium-sized enterprises (SMEs). Unlike large corporations that might have the resources to invest in training programmes, SMEs face more financial constraints that preclude substantial investment in vocational training and consequently have lower levels of training and skills development (Dalziel, 2010). However, this lack of investment by employers in skills training is also a function of employer attitudes towards vocational education and training evidenced in a study by Dalziel (2010) where the authors state that SME employers tend to be suspicious of formal training and education and prefer to manage skill deficiencies through on-the-job unstructured training or by employing previously trained staff (Dalziel, 2010).

The lack of confidence in vocational education and training reduces the incentive for employers to invest in a system that is not highly regarded either by the public or by prospective employees and is linked to a wider societal perception that positions VET as less desirable than academic education. However, overall, employers have been content to rely on government-subsidized training designed to meet the minimum requirements of the workforce, rather than investing in high-quality, employer-led training initiatives.

Research in 2012 by James and Holmes highlighted how a cultural devaluation of vocational and technical education has led to a cycle in which low employer investment has contributed to lower overall quality and, in turn, reinforced negative perceptions. With vocational training perceived as a second choice, and vocational qualifications being perceived as inferior to academic credentials, employers have tended not to see the strategic value in sponsoring or developing local training programmes. This has further entrenched the model in which public funds, and private contributions (through student

fees) rather than industry resources, have taken responsibility for much of the financial burden and highlights how the long-standing stigma attached to VET has perpetuated a cycle of underinvestment, reinforcing employer reluctance to engage in comprehensive workforce development.

The reforms of the 1980s and 1990s did little to incentivize employers to invest in vocational training. Instead, the burden of adapting to changing economic conditions has fallen largely on the state and on individual training institutions. The government continues to shoulder the lion's share of funding, often supplemented by student fees. Indeed, despite policy initiatives that encourage partnerships between industry and education providers, structural problems persist. The result has been a persistent funding gap, where industry benefits from the trained workforce but contributes only marginally to the costs of producing that workforce (Ministry of Education, 2013) and so the skills development does not meet the needs and expectations of industry.

International comparisons highlight the challenges faced in New Zealand. In countries such as Germany and Switzerland, employers are integral to the funding and delivery of vocational training through dual education systems. In these models, significant financial and logistical support is provided by employers, which leads to a tighter alignment between training and industry needs. New Zealand's reluctance, or inability to replicate this model is partly rooted in its unique economic structure and cultural history. As a result, while these countries have enjoyed a strong correlation between employer investment and training quality, New Zealand has struggled to mobilize similar levels of commitment from the private sector (Dalziel, 2010).

The question of "who pays" for vocational education and training in New Zealand has long been a contentious issue. From its origins in the late 19th century, when much skills training was predominantly a state-funded enterprise due to both cultural and economic factors, through to contemporary debates over employer engagement, the system has struggled with underinvestment from the private sector. While the desire to increase participation was an accepted rationale for reforms in the 1990s, fiscal constraints sat behind many of the changes. How social benefits for education should be conceived remained and continue to remain in debate (Crawford, 2016). Historical economic constraints, a fragmented employer base, and cultural perceptions that devalue vocational and technical education have all contributed to a funding model that continues to rely heavily on government support.

3.5 Skills Development – The Skills Mismatch Challenge

Discussions about the funding of Vocational Education and Training in New Zealand and the legacy of public funding leads directly to the question of content and curriculum or the match between what industry and employers want and the ability of vocational education and training efforts to provide it.

There have often been criticisms that the training provided through government-funded VET programs does not align closely enough with the specific skills required by employers. This misalignment reduces the perceived value of employer contributions, since companies feel that their investment will not directly translate into better job per-

formance or competitive advantage (Dalziel, 2010). There is an overall lack of trust that the training and education initiatives will result in improved profitability.

Concerns about the mismatch between training and employer requirements are not new and are seen in a 1977 Apprenticeship Review Discussion Paper that raised concerns about mismatches between the supply and training of apprentices and industry demand, and about the quality of both on-job and off-job training. This was followed in 1989 by a Department of Labour report titled "Further Education and Training of the Labour Force" (1989) which documented the "lack of cohesion" in the apprenticeship system. Accompanied by this were concerns about *provider capture* where employers and industry organisations considered that those providing training had too much influence over what was delivered in training. Many of these concerns were addressed in legislation through the Education Act in 1989 and the Education Amendment Act in 1990 (Levin, 2001).

Attempts to manage this perceived mismatch have resulted in a range of reforms to the management of apprenticeships over the last 30 years. Apprenticeships in the traditional sense all but disappeared in the 1990s and through the Industry Training Act of 1992 Industry Training Organisations (ITOs) took over the government funded responsibility for training. The number of trainees in structured industry training fell sharply in the early years of the new system, prompting concern about skill shortages in trades (Maurice-Takerei, 2016) once again.

By 1999, New Zealand was starting to feel the effects: only a modest share of employers were training through the new ITO system, the success and completions of the system were marginal and there was public worry that the country wasn't producing enough electricians, carpenters, and plumbers to replace an aging trades workforce. The Modern Apprenticeships scheme beginning in 2002 aimed to combine ITO training with workplace-based apprenticeships. As part of the COVID-19 response, the government injected extra funding into trades training schemes and apprenticeships and numbers increased markedly.

However, an overhaul of the system and qualifications linking industry more closely with training has provided little relief and many industry-based organisations have preferred to undertake their own training rather than work alongside ITPs. The problem of public funds used to support the needs of private industry however needs to be measured and considered. There is a balance to be struck regarding the social and educational priorities that is the duty of a public institution, and the responsibilities to industry and trainees.

Overall, the more recent policy reforms have sought to improve alignment with industry needs. However, a more collaborative approach that includes enhanced incentives, public-private partnerships, and industry-specific strategies may be necessary to shift the funding paradigm. Ultimately, addressing the issue of who pays for vocational training is critical.

4 Recent Developments – Centralisation and Decentralisation

In April 2020, Te Pūkenga was established to be a unified national institute aiming to provide both on-campus programs and on-the-job training, delivering everything from

foundation level certificates to degrees and apprenticeships under one roof. This massive overhaul of vocational education and training was halted in 2023 by a new National-led government which is developing a new structure of stand-alone polytechnics with some centralisation and a reorganisation of other stakeholders involved in vocational education and training in New Zealand. This does, however, demonstrate a long term problem for VET in New Zealand – the tendency for successive governments to reform structural arrangements in response to critical periods over time, and the lack of long-term planning which sees reforms put in place by one government, undone by a subsequent government.

Current areas of discussion in the latest attempts at reform focus on structure and configuration, financial viability and cost effectiveness, the function of public and private provision and localisation. These discussions are not new. What is promised is that there will continue to be significant change and uncertainty for many educators in the sector (Ministry of Education, 2024) including ministerial signals that some polytechnics may close. Recent redundancies have impacted the sector where staffing levels have seen a steady decline since 2018 and domestic student numbers have dropped.

5 Conclusion

Vocational education and training in New Zealand has evolved in response to immediate needs, entrenched attitudes, biases and practices that have developed over time. From the first manual training classes through the creation of technical schools and polytechnics, overhauls of apprenticeship systems, to market models, the integration of ITPs under Te Pūkenga, and the current programme of planned decentralisation, VET remains unsettled and lacking in a long-term vision.

Attempts to develop a cohesive and coherent VET system in New Zealand have been thwarted by persistent attitudes and practices that have seen VET lurch from a state of neglect punctuated by short periods of intense funding and focus to try to assuage various skills concerns. This has negatively affected efforts for the development of a strong and co-operative system.

One of the problems for VET is the short-term approaches to skill development. Employers have found ways to manage skills shortages by relying on immigrant skills and immigration policy, policymakers intervene with short term 'packages or initiatives when the *skills crisis* becomes one of national concern. Attempts at reform over the last 20 years sees changes put in place by one government and undone by the next so that the impact of reforms cannot be fully embedded or realised.

Addressing the root causes of skill shortages requires targeted planning, investment and leadership in VET, alignment of training programs with industry needs, and initiatives that incentivise employers to contribute to workforce training and growth. VET in New Zealand requires good programmes of learning and development with good access and strong links across the different functions. Vocational Education and Training depends on committed, well trained educators and trainers.

Raising the status of VET is not an easy task. It begins with the building of a trustworthy and reliable identity. A decent VET identity will acknowledge the legacies of the

past in order to avoid repeating them and will build on the common commitment to a highly skilled, future-focussed workforce. A dedicated, well-funded and legitimate VET focussed space that brings together the component parts of the system in genuine co-operation, and is informed by high quality research and provision will provide a basis for a VET identity. The provision of a long-term strategy that is immune to the constant policy lurches of the last few decades will provide sustainable long-term benefits for everyone involved.

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