Submission to the Ministry of Education and the Tertiary Education Commission on the Redesign of the Vocational Education and Training System

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This submission is from:

An automotive industry taskforce, assembled and led by MTA

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Kind regards,

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About the submitters

The Motor Trade Association (MTA) is the peak body for New Zealand's automotive industry. We represent more than 4,200 businesses that fix, fuel, buy, sell, and inspect the country's vehicle fleet – helping families and communities travel and connect safely. Our members work in general and specialist automotive repair, service stations, parts and accessories, auto electrical, new and used vehicle importers and dealers, inspection, collision repair, and vehicle recovery.

This submission is supported by and produced alongside an automotive industry taskforce led by MTA, which covers the broad spectrum of automotive including collision repair, commercial road transport, freight, and passenger service sectors. Our industry employs over 140,000 people and makes up 4% of GDP. Collaborating organisations include the Collision Repair Association (CRA), Motor Industry Association (MIA), Imported Motor Vehicle Industry Association (VIA), New Zealand Trucking Association, Bus and Coach Association New Zealand, National Road Carriers Association, Tractor and Machinery Association (TAMA), Ia Ara Aotearoa Transporting New Zealand Inc, New Zealand Auto Electrical Group, Rental Vehicle Association, Hire Industry Association of New Zealand, I-CAR New Zealand, Collins Automotive Ltd, European Motor Distributors (EMD) / Giltrap Group, Rutherford & Bond Limited, AMI MotorHub, CablePrice Ltd, Norwood, and Tandem Smash Repair Ltd.

Together, we represent the diverse spectrum of the automotive industry, including associations, employers, and the broader interests of New Zealand motorists. We also encompass heavy transport and agriculture and emphasise the scale and importance of the primary sector. By involving employers alongside associations, we have gained valuable direct feedback from those who provide a significant number of apprenticeships in the automotive industry. Our taskforce collectively represents approximately 90% of the training that MITO, currently part of Te Pūkenga, provides.

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1. Introduction

a. We thank the Minister for Vocational Education for the opportunity to submit on these crucial reforms. We further appreciate the Minister's efforts in returning to industry and engaging with numerous stakeholders. We acknowledge the Government's aim of transitioning to an effective, efficient, and responsive vocational education and training system that serves all New Zealanders.

b. In the automotive industry, employers rely heavily on on-job training, typically supplemented by off-job training at Institutes of Technology and Polytechnics (ITPs). MITO has been the industry's primary support body for over 30 years, playing a crucial role in workforce development, skill enhancement, and creating career pathways that attract new talent and drive productivity. While other former Industry Training Organisations (ITOs) are also utilised in automotive, MITO remains the most significant.

c. We recognise that not all industries engage with vocational education or rely on on-job training. However, in our industry, it is both the norm and best practice. The largely unregulated nature of automotive means that industry and employers can easily disengage from a system that does not meet their needs, leading to fragmentation and a loss of standardisation.

d. It is essential that these reforms prioritise the needs of employers and learners to ensure a quality and sustainable workforce that supports a productive economy and drives economic growth. The new system must mitigate disruption for learners and employers, be responsive, accountable, and achieve quality outcomes that meet industry needs. It must be appropriately funded, efficient and cost-effective, and retain industry knowledge and skills within the system.

e. We are committed to supporting these reforms to create a robust vocational education and training system that benefits all stakeholders.

f. Our response necessarily contrasts the two models proposed, and it should be noted from the outset that our support for IWBL as the preferred option is equally for its merits and the significant drawbacks inherent to the CWBL option.

2. Preferred option

a. To maintain high-quality training and future-proof career pathways, we strongly prefer the Independent Work-based Learning (IWBL) model over the Collaborative Work-based Learning (CWBL) model.
b. Our submission outlines why IWBL is the best fit for our industry and how it will benefit employers, learners, and the vocational education system.
c. Our submission includes industry concerns regarding CWBL.

3. Why industry supports IWBL

a. The IWBL model enables industry stakeholders to take a strategic role in shaping vocational training, ensuring it remains relevant and directly aligned with business needs. By closely embedding learning within familiar real-world work environments, industry can assess whether training supports both the technical functions of the trade and the long-term success of employers and employees.
b. Industry ownership supports a pipeline of skilled workers who are job-ready, reduces skill gaps by addressing evolving industry demands in real time, and strengthens workforce retention by providing clear career pathways. Additionally, it ensures that businesses have direct input into training content, making it more adaptable to technological advancements, regulatory changes, and shifting market conditions.
c. In contrast, the CWBL model removes industry's influence over training, enabling a continued disconnect between the workplace and the skills being taught on a national scale. By shifting control away from employers, the CWBL model may result in graduates who are not fully equipped for the demands of the trade, ultimately widening skill gaps and limiting the ability of businesses to meet their workforce needs.

4. On-job training in the automotive industry

a. Workshops in automotive provide more than 95% of the teaching, making it illogical to transfer the custodianship of learners to educational institutions that in many cases have a poor track record of learner outcomes.
b. As the primary trainers of the industry, employers play a crucial role in turning apprentices into highly skilled professionals. Therefore,

qualifications must align with real-world workplace demands, equipping learners with practical and relevant technical skills.

c. The IWBL model enables work-based entities – post-Te Pūkenga – to be returned to industry, a positive shift away from the experiment that was central control.
d. The CWBL model would undermine employers, and place oversight in the hands of institutions that have historically only provided a fraction of the learning, and where many of their graduates have needed to be retrained in the workplace. There will be a misalignment between training and workplace demands, diluting employer influence over skill development and reducing the effectiveness of apprenticeship pathways.
e. Of concern is that the CWBL model risks creating an incentive for ITPs to channel learners into their own courses, irrespective of efficacy.

5. Minimising disruption and ensuring continuity

a. The CWBL model requires a significant structural shift and would result in employers and employees having to build new relationships with two additional parties – neither of which have clear responsibility for learner outcomes.
b. This added complexity will create confusion over roles and accountability. Without clear ownership of learner success, the system could become fragmented, making it harder to ensure that training remains relevant, responsive, and seamlessly integrated with employment. The CWBL model would erase significant work done both for and by industry alongside the work-based learning divisions and generate unnecessary bureaucracy for the sake of reinvention.
c. On the other hand, the IWBL model provides a smoother transition by allowing existing work-based learning divisions to transition into standalone entities at minimal disruption to employers and employees, with one entity accountable for learner success.

6. Flexibility for employers and learners

a. Under the IWBL model, training providers can offer both work-based and provider-based learning, giving employers the flexibility to choose training arrangements that best suit their operations and expertise. This ensures that

apprentices and trainees receive industry-relevant training without unnecessary bureaucratic hurdles.

b. As emphasised in our previous submission, employers often need to retrain or upskill graduates from ITPs once they enter the workforce. This poses a financial burden on businesses already struggling with staff shortages. It is unfair to the learner who often faces a significant set-back in their confidence, while additionally, learners are likely to be burdened by student loan debt.
    i. Institutions should focus on preparing young people for the workforce rather than allowing them to accumulate debt by completing a one-year Level 3 qualification in a simulated environment. Institutions should be financially incentivised to ensure work-ready learners are available for employment as soon as they are prepared and there are employers ready to hire them. This approach would meet industry demand and reduce the financial burden on learners.

7. How Industry Skills Boards (ISBs) can work for industry

a. We are depending on the creation of a dedicated automotive ISB, given automotive is one of ~5 core industries that rely almost exclusively on work-based learning.
b. The automotive industry requires practical, hands-on experience to develop skilled professionals. In the event of MITO transitioning to industry ownership under IWBL, we support the establishment of ISBs – with majority industry representation – to manage standard setting.
c. We believe this model can serve the automotive industry (including commercial road transport and passenger services) well by ensuring training aligns with real-world industry needs.
    i. Our employers require highly specialised training across repair, collision repair, and auto electrical, which cannot effectively be addressed through a one-size-fits-all approach, i.e. grouping automotive with unaligned industries; this would continue to slow automotive down (as it has with the current WDC setup) at a time when the automotive industry is experiencing rapid technological advancement.
    ii. An automotive-specific ISB would allow for greater responsiveness to such advancements, workforce shortages, and evolving industry

standards, ensuring that training remains relevant and directly linked to workplace competency. The alternative is that we let the current system slide into irrelevancy.

d. Pastoral care is a critical component of vocational education, and it would work best under the IWBL model. ISBs should not be tasked with pastoral care – as is the case under the CWBL model; it would create a complex and disconnected environment for learners, employers, and providers. It is unimaginable how this would work in the automotive context, which relies so heavily on employer-based training.
e. The ISBs are however the right place for moderation and quality assurance, with a focus on assessing the effectiveness of programmes and learner achievement. Under majority industry leadership, they would provide impartial indicators of success without undermining and policing providers.
f. The IWBL model ensures that learners receive targeted support directly from those who understand the industry's demands, creating stronger engagement, retention, and success rates. A hands-on approach allows for immediate feedback loops, mentorship, and tailored skills development. Under CWBL – with pastoral care given to ISBs – all these factors are put at risk.
g. ISBs should be able to provide strategic workforce analysis and investment advice to TEC and NZQA for qualification development; essential for keeping pace with industry advancements. Likewise, ISBs should be performance managed by TEC.
    i. We have seen significant duplication between the WDCs and NZQA, leading to inefficiencies and delays in qualification development. To address this, ISBs should have the authority to set clear expectations for industry training needs and ensure these are actioned by NZQA without unnecessary red tape and bureaucracy, which has hindered progress under the current model.
    ii. A review of NZQA's compliance settings needs considering, especially as the lengthy delay in NZQA's processes is already seeing some in industry collaborate and move away from accredited programmes; they have embarked on creating programmes endorsed by the associations to supplement the growing skills gap. Automotive does not significantly have this problem at the moment – please do not create it.
    iii. Additionally, ISBs could instead report to the Ministry of Education on the tangible outcomes of their work, especially around the

submissions to NZQA and TEC. This can ensure accountability and responsiveness across all entities to respond to industry needs more effectively and efficiently.

h. Employers play a vital role in training apprentices. The IWBL model allows them to maintain direct relationships with their chosen training providers rather than navigating a fragmented system where responsibilities are split between ISBs and providers, and where the training organiser would have conflicting interests.

8. Maintaining critical structures and the role of employers

a. It is important to emphasise the role of employers in conducting evidence-based assessments. The industry can ensure that apprentices are evaluated rigorously and fairly, leading to higher-skilled tradespeople upon qualification completion. This approach not only maintains the integrity of the assessment process but also unites the industry, where employers are deeply engaged in both the training and the vocational development of their workforce. This engagement ensures that employers remain connected to the broader goals of the industry, rather than becoming disconnected from the vital role of shaping future professionals.

b. Work-based learning supports equitable and accessible pathways, particularly for Māori and Pasifika. The structure of traditional classroom learning does not always align with the demands of life in these communities, where collective financial contributions and family obligations can take priority. Work-based learning offers a pathway that is more flexible and generates an income, enabling learners to earn while they learn and engage in real-world experiences that reflect the importance of their cultural responsibilities.

9. Addressing potential challenges

a. Some concerns about the IWBL model include funding constraints and the risk of small, less viable providers emerging. However, these risks can be mitigated by:

    i. Industry co-investment and strategic partnerships: Supporting training providers through centres of excellence and sponsorship from global brands currently filling training gaps.

ii. Clear regulatory oversight: Ensuring provider viability and preventing fragmentation.
iii. Encouraging scale and collaboration: Enable industry stakeholders to establish strong, sustainable training organisations.
iv. Conducting needs analysis: Allocating appropriate funding for training to produce future employees with the right skills for the job.

b. To ensure the success of the IWBL model in the automotive industry, we recommend sustainable funding for work-based learning to prevent resource constraints, with a good portion of funding allocated to STM-funded programmes rather than EFTS-funded. This will reflect the industry's preference for work-based training as the most effective method.
c. It should also be acknowledged that the employer is the primary funder of work-based learning – devoid of mention in both proposals. Employers immediately pay wages to apprentices who remain less productive throughout their learning and require time off-site for external training. Equally, investing time in teaching apprentices diverts highly productive staff away from productive work. Many employers gladly do this for the future of the industry, and it deserves to be acknowledged.

10. Urgency of industry ownership

a. According to a recent large-scale industry survey, 38% of New Zealand's automotive industry is experiencing workforce shortages, with the panel and paint sector facing a growing crisis at 57%.
b. 28% of businesses report that employees lack the required skills, highlighting a growing skills gap that is affecting workshop productivity and service quality. Compounding this issue, projections indicate that 46% of current business owners will retire within the next 10 years, raising serious concerns about whether the industry will have enough skilled professionals to meet future demand.
c. These challenges reinforce the urgent need for industry ownership of training, ensuring that the automotive sector can directly influence, develop, and deliver training content that produces competent and work-ready technicians.
d. The industry does not wish to see the Government try to reorganise and further centralise state-owned entities – an approach that has failed to deliver meaningful outcomes.

e. The path forward therefore must be IWBL, where industry itself takes on the responsibility of directly shaping the training pipeline. This model ensures that training directly aligns with industry needs, rather than being micromanaged by disconnected Government entities with conflicting priorities.
f. The automotive industry cannot afford to rely on models that do not deliver results. If New Zealand is to maintain a sustainable and skilled workforce, training must become industry-owned, competency-based, and responsive to real-world demands – not just theoretical frameworks that do not translate into practical expertise.
g. Finally, we appreciate that CWBL may have been born in part because of a desire to shore up the financial sustainability of the ITPs, who provide a valid career pathway for many types of learners, including a small number for automotive, some of which go on to be highly successful. We understand that diverting work-based learning funds into ITPs would be helpful from the perspective of an ITP however, we are resolute that future of the automotive industry cannot be sacrificed at the altar of funding redistribution.

11. Centres of Excellence

a. ITPs play an important role in providing off-the-job training, but the financial burden of keeping pace with rapid technological advancements in the automotive sector poses a significant challenge across 16 ITPs. By contrast, establishing 5-7 Centres of Excellence would provide a sustainable solution, ensuring that off-the-job training remains – or becomes – relevant.
b. Under the IWBL model, industry would continue to engage with ITPs, with employers utilising off-job training for apprentices and upskilling their workforce, choosing the best option for their requirements. Centres of excellence could serve as hubs of innovation, pooling resources from industry to invest in state-of-the-art technology and equipment that individual institutions may struggle to afford. By consolidating specialised training in key locations, ITPs could enhance their financial viability, reduce duplication of resources, and offer higher-quality training that meets evolving industry standards.

12. Efficient use of resources

a. The IWBL model reduces the complexity of funding and administration. Providers are responsible for managing training, while ISBs focus solely on standards-setting, quality assurance, and strategic workforce planning. This delineation of responsibilities ensures more effective allocation of resources.
b. Under IWBL, providers could leverage industry levies to support the development of training in collaboration with leading industry organisations. This approach would enable short upskilling courses focused on overall business efficiency and advanced technical training, adding significant value to both employers and employees. At present, businesses often need to source expertise from overseas or directly from manufacturers to keep technicians upskilled.
    i. An example of the above was a much-needed EV/BHEV programme based on MTA's development of EV safe handling standard operating procedures (example GPC/Unitec), which was constructed in a six-month period. This project was the first of its kind in our automotive where industry and the tertiary education sector worked together to produce a product that is essential for health and safety, while upskilling technicians, emulating the vision of a centre of excellence.
c. By providing structured opportunities for continuous development, the IWBL model would support the industry in keeping senior technicians engaged in training, without the lengthy review and development durations of micro-credentials and training programmes.

13. Funding for industry training

a. Prioritising funding for industry training is critical to supporting employers in delivering high-quality work-based learning, ensuring that apprentices and trainees gain practical, hands-on experience while contributing to the productivity of their workplaces. The current funding model disproportionately allocates resources to 16 polytechnics offering full-time Level 3 pre-trade automotive courses – many of which fail to produce job-ready graduates.
b. At a time when many polytechnics are operating at a financial deficit, and the cost of advanced equipment, technology, and training resources is escalating rapidly, it is important that funding be directed towards industry

training that prioritise workplace-based learning. Rather than funding an excessive number of polytechnics offering full-time pre-trade courses, the focus should shift towards establishing well-resourced Centres of Excellence that work in partnership with employers and ITPs under an IWBL model.

14. School to Work transitions

a. The omission of Gateway programmes is an oversight of the proposals, as it is a key factor in ensuring effective transitions from education to employment, particularly for secondary students seeking structured workplace learning opportunities.
b. Gateway's funding structure prevents the tertiary sector from leading and managing outcomes intended to meet industry needs. As a consequence, the automotive sector increasingly relies on immigration to address the talent shortage in New Zealand.
c. While Gateway is led by secondary schools, there is limited oversight on how effectively it transitions students into formal training pathways such as apprenticeships. Without clear accountability, funding may not always be directed toward genuine workforce development, and industry engagement can become fragmented.
d. To ensure that Gateway funding delivers meaningful results, there should be a more structured approach that connects secondary education with tertiary and industry-led training. Establishing a clear line of accountability to the tertiary sector would enable better tracking of learner progress, ensuring that funding supports real opportunities for students to move into apprenticeships or work-based training. This would also create a stronger industry link, aligning the programme's intent with workforce demands rather than just school-based outcomes, such as selecting any subject to gain credits toward NCEA.
e. By reviewing the functionality and oversight of Gateway, we can ensure that funding is used effectively to create a direct and measurable pathway into the automotive workforce, rather than being siloed within the secondary education system.

15. Concluding remarks

a. The Independent Work-Based Learning (IWBL) model is the best approach for the automotive industry. It allows industry direction for training, ensures flexibility for employers and learners, minimises disruption, and improves resource efficiency.
b. Officials must remember that in the majority of cases the employer is the primary trainer in the automotive industry – and this works. Employers also verify competence; it is imperative to keep the industry fully integrated with the system.
c. MITO, as the main training organisation for the sector, is committed to industry and has a track record of managing the shortcomings of full-time, classroom-based training in the automotive sector, at the expense of the taxpaying employer who often resorts to sourcing talent internationally through immigration to address the growing skill shortage.
d. We strongly disagree with the Collaborative Work-based Learning (CWBL) model and do not believe it would effectively support employers, learners, or the automotive industry. It would disrupt the entire system of work-based learning to push toward a system with no clear benefit, but many obvious drawbacks.
e. Were CWBL progressed, some employers and industry representatives would likely disengage from the system; they will increasingly bypass formal qualifications in favour of unaccredited programmes that move faster and better meet their needs. We are already seeing this shift, and this model would accelerate it.
f. CWBL would create unnecessary complexity, duplication of roles, conflicting priorities, and fragmented accountability.
g. Employers deserve a system that works with them - not one that complicates their ability to train and retain skilled workers. A work-based learning model should be driven by those who understand the industry's needs first-hand – employers and industry representatives. Not by a structure that separates education from direct industry engagement.
h. With an apprenticeship requiring up to four years for completion, it is concerning to consider the idea that work-based learning might be housed with institutional providers with little to no work-based learning experience.
i. Shifting the functions of existing work-based learning into ISBs would be an attempt at providing a one-size-fits-all solution, which would fail to address

the specific challenges faced by the automotive sector, ultimately reducing engagement, retention, and the effectiveness of training programmes.

j. CWBL, in a sense the ‘supply side’ solution, would significantly undermine the 'learning by doing’ model that we rely on. It also imposes severe risks to continuity and will derail training delivery, therefore the automotive industry strongly considers IWBL as the only viable path forward.
k. While we cannot speak for other industries, it seems necessary to reconsider the one-size-fits-all approach. In practical reality, there are just five or six large industries that rely on the work-based learning system as their primary means of training. It therefore makes sense that these core industries be heard and their needs clearly met.
l. Should the government insist on pursuing the CWBL model, we would seek that the automotive industry be treated as an exception, and for MITO to be established as a PTE under the IWBL model. The industry can and would take direct ownership if required.

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