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Tēnā koutou

Submission from the Manawātū District Council on Education and Training (Vocational Education and Training System) Amendment Bill

The Manawātū District Council (MDC) thanks the Tertiary Education Commission for the opportunity to provide feedback on the Education and Training (Vocational Education and Training System) Amendment Bill.

Our understanding of the Amendment Bill is that it restores a regional polytechnic model with local councils and duties, replacing the fully-centralised Te Pūkenga approach from 1 July 2026. Appointment criteria emphasise councils that reflect regional communities and industries, with added local duties and reporting to Tertiary Education Commission (TEC). We also understand that the Bill will introduce Industry Skills Boards (ISBs) to replace the current Workforce Development Councils.

Why we have an interest

While education is not a core function local government function, MDC has an interest in the future configuration of vocational education and training, given its influence on local employment, skills development and regional economic resilience.

Background

The Manawātū District has a current population of approximately 33,700 (Stats NZ, June 2024). Just over half of the District's population lives in the main urban centre of Feilding, with the remainder living rurally or in the rural villages. The agricultural, forestry and fishing industry contributes significantly to the Manawātū District economy, accounting for a larger portion of local Gross Domestic Product (GDP) than both the wider Manawātū-Whanganui region and New Zealand overall.

Fibre providing high-speed internet access is currently limited to the main urban areas of the Manawātū District, particularly Feilding and the smaller villages along main transport routes. This coverage accounts for around 60% of the District. Wireless internet reaches most other areas, but connection quality can vary, with speeds often slower and less reliable than fibre.

MDC notes that there are several tertiary and training institutions serving learners and employers in the Manawātū District that may be impacted by these reforms. These include the Universal College of Learning (UCOL) based in Palmerston North, currently operating as part of Te Pūkenga and Private Training Establishments (PTEs) including Land Based Training. While Massey University (Manawātū Campus) may not be directly impacted by the reforms, there could be some indirect impacts, such as in the areas of partnerships, vocational pathways, and bridging from tertiary education to university.

Transitional Risks

We understand that this Bill may result in changes to the way that these current tertiary and training institutions are governed and funded, and what training is offered. There are operational and governance risks with the transition from Te Pūkenga to new regional polytechnics and from Workforce Development Councils to ISBs. This transition will need to be carefully managed to ensure that service delivery is not compromised during this period.

Given the considerable disruption associated with changing the way that vocational education and training is governed and delivered in New Zealand, MDC recommends that the Government seek bipartisan support for the proposed system.

Decisions sought:

- That the Government and TEC develop a transition plan for the establishment of regional polytechnics and ISBs and provide transitional support to ensure continuity of service during restructuring; and
- That the Government and TEC work closely with regional stakeholders including local authorities, CEDA, and industry representatives to identify and manage any risks to continuity of training and workforce development.
- That Government seek bipartisan support for the proposed vocational education and training system so as to avoid future disruption that comes with reorganisation and reform.

Support for Regionalisation

MDC generally supports the intent of the Bill to restore regional governance for polytechnics. This support is based on the understanding that the reforms will enable vocational education and training to be more reflective of local and regional education, training and industry workforce needs. However, a more nuanced approach may be needed for some sectors that rely on economies of scale, such as the building industry. Rather than a complete shift from nationalisation to regionalisation of vocational learning, Government and the TEC could explore on a case-by-case basis the metrics of sector-specific national coordination, where this would be beneficial.

The Central Economic Development Agency (CEDA), jointly owned by the Manawātū District Council and Palmerston North City Council, plays a key role in supporting economic growth, workforce development, and investment attraction across the region. CEDA's focus on developing skills and talent to meet the needs of local industries, such as agriculture and food production, manufacturing, and logistics, aligns closely with the intent of this Bill.

The proposed reforms to vocational education present an opportunity to strengthen collaboration between training providers, local government, and agencies like CEDA helping

to ensure that training provision aligns with current and future local workforce needs and supports economic development priorities.

MDC supports in part new section 318 of the Bill that requires sets out the matters to be considered when appointing members of the polytechnic's council. That is, MDC supports the requirement that the membership, as far as reasonably practicable *"...reflect the communities in the region that the polytechnic serves."* It is important that these councils genuinely reflect the diversity, industries, and aspirations of the communities they serve. However, MDC has concerns over the level of control given to the Minister of Education in the appointment of council members. MDC recommends that sections 317 and 318 of the Bill be amended to allow the Minister to recommend people for appointment to the council of a polytechnic, but that the decision-making authority sit solely with council members.

Given our aforementioned concerns about rural internet connectivity, MDC requests that greater consideration be given to how regional polytechnics can be designed and equipped to help bring advanced industry-relevant training to rural communities. MDC is keen to partner with regional polytechnics to explore how to improve digital connectivity and skills training for rural communities, such as through remote learning or mobile training units.

Decisions sought:

- That sections 317 and 318 of the Bill be amended so as to remove any decision-making authority from the Minister for the appointment of members to a polytechnic's council.
- That local voice is maintained through genuine community and industry representation in governance;
- That the Government and Tertiary Education Commission (TEC) ensures that regional polytechnics establish formal mechanisms for ongoing collaboration with local authorities, iwi, industry, and economic development agencies such as CEDA; and
- That these partnerships are used to align training priorities and outcomes with local workforce needs and regional economic development strategies; and to help overcome rural connectivity disadvantage.

Composition of Industry Skills Boards

MDC has some concerns about the level influence given that the Bill gives the Minister of Education and central agencies over the appointment of ISB members and the structure in which the ISB must operate. While we understand that the intent of the Bill is to strengthen links between industry and the vocational education system, several provisions in the Bill appear to limit the independence of the proposed ISBs. For example, under section 364, ISB members are appointed by the Minister following recommendations from the TEC. In addition, section 362 requires each ISB to operate in accordance with the Order in Council that establishes it, given the Minister significant control over its functions and structure. MDC is concerned that, when considered collectively, these provisions suggest that ISBs may be subject to a high degree of ministerial and TEC direction, potentially constraining their ability to respond independently to industry and regional workforce needs.

MDC is concerned that if these risks are not adequately addressed through safeguards that guarantee genuine industry participation and independence, ISBs could be viewed as a tool

for the government to exert control, rather than ensuring industry leadership. Sections 363 to 365 of the Bill should be amended to remove the authority given to the Minister to appoint members to the industry skills board, thereby providing for genuine industry participation and independence and balanced representation across industries, workforce groups and regions.

Decisions sought:

- That sections 363-365 of the Bill be amended to remove the authority given to the Minister to appoint members of the Industry Skills Board.
- That the Bill provide sufficient flexibility to enable ISBs to respond to regional workforce needs and trends, in addition to any strategic guidance issued by the Ministry and the TEC.
- That ISBs be required to maintain regular communication with local authorities and regional economic development agencies such as CEDA, to ensure that national training strategies align with local labour market realities.

Financial Sustainability and Rural Disadvantage

While a regionalised approach to vocational education and training is generally preferred to the current centralised approach, MDC questions how government will ensure the financial sustainability of regional institutes.

MDC understands that declining domestic enrolments and structural issues were key drivers for centralisation of regional institutes into Te Pūkenga. MDC also understands that, with the breakup of Te Pūkenga, Treasury officials signalled that polytechnic councils may need to consider selling surplus campus assets to balance the books (though there is no mandated asset sale program). MDC is concerned with the potential for regions to lose education infrastructure if funding shortfalls force asset sales. MDC is concerned that a one-size-fits-all funding model risks undermining smaller campuses that serve dispersed populations, but are critical to local training access.

MDC seeks assurance that the proposed governance, performance frameworks and funding model will ensure ongoing financial sustainability, particularly in regions with smaller, more dispersed populations. MDC suggests that the Government could, with TEC oversight, look to develop a financial sustainability plan for each new institute, particularly where such institutes are located in regions with smaller, more dispersed populations.

The Manawātū District includes significant rural areas where learners already face barriers due to transport, connectivity, and distance. MDC is concerned that if the underlying structural and enrolment issues are not addressed with this shift from centralisation to regionalisation, these reforms could exacerbate rural disadvantage. MDC recommends explicit recognition within the legislation or implementation framework of the need to maintain equitable access to vocational training for rural learners.

Decisions sought:

- That principles of regional equity and rural access are imbedded in implementation policy.
- That the Government and TEC ensure sustainable funding for polytechnics, such as through developing a financial sustainability plan for each new institute, regardless of population size.

Data and Local Accountability

The Bill strengthens institutional reporting requirements, but there is limited reference to regional transparency. MDC recommends that regional outcome data (e.g., participation, completion, and employment rates) be made publicly available to enable local government and economic development agencies to plan and evaluate workforce initiatives.

Decisions sought:

That the Government and the Tertiary Education Commission (TEC):

- Ensure that regional polytechnics and Industry Skills Boards are required to collect and report consistent regional data on learner participation, achievement, and employment outcomes;
- Make this data available to local authorities, economic development agencies such as CEDA, and other regional partners to support evidence-based planning and workforce development; and
- Use this information to strengthen transparency and accountability for how vocational education contributes to economic and social development goals.

MDC supports the overall direction and intent of the Bill to strengthen regional vocational education and ensure it is responsive to local needs. However, we seek reassurance that smaller regional centres and rural districts will not be disadvantaged by funding, governance, or transition arrangements. MDC looks forward to continued collaboration with regional education providers, central agencies, and industry partners to ensure the success of these forms.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Shayne Harris', is written over a faint, larger blue ink signature that is partially visible in the background.

Shayne Harris
Chief Executive