

# Cabinet Paper material

## Proactive release

Minister & Portfolio	Hon Penny Simmonds Minister for Vocational Education and Training
Name of package	Industry Skills Boards: Number and Coverage
Date considered	30 June 2025
Date of release	11 August 2025

### These documents have been proactively released:

#### **Industry Skills Boards: Number and Coverage**

Date considered: 30 June 2025

Author: Office of the Minister for Vocational Education

#### **Cabinet Social Outcomes Committee minute SOU-25-MIN-0068**

Date considered: 25 June 2025

Author: Committee Secretary

#### **Cabinet Minute CAB-25-MIN-0208**

Date considered: 30 June 2025

Author: Secretary of the Cabinet

### Material redacted

Some deletions have been made from the documents in line with withholding grounds under the Official Information Act 1982. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

The applicable withholding grounds under the Act are as follows:

Section 9(2)(f)(iv)	to protect the confidentiality of advice tendered by Ministers of the Crown and officials
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Some deletions have been made from the documents as the information withheld does not fall within scope of the Minister's portfolio responsibilities, and is not relevant to the proactive release of this material.

You can read the Official Information Act 1982 here:

<http://legislation.govt.nz/act/public/1982/0156/latest/DLM64785.html>



## **In Confidence**

Office of the Minister for Vocational Education

Cabinet Social Outcomes Committee

## **Proposed number and coverage of Industry Skills Boards**

### **Proposal**

1. This paper seeks in principle agreement from Cabinet for the establishment and broad coverage areas of eight Industry Skills Boards. The paper is a companion to Proposed Establishment of Institutes of Technology and Polytechnics, which is currently being considered by the Cabinet Social Outcomes Committee.

### **Relation to Government priorities**

2. The Government made a commitment as a part of its 100-day plan to disestablish Te Pūkenga, and restore local and industry decision-making in the vocational education and training system. Establishing Industry Skills Boards continues this commitment.

### **Executive Summary**

3. I am seeking Cabinet agreement in principle to the number and broad industry coverage of Industry Skills Boards that will be established on 1 January 2026. Cabinet agreed to establish these as new vocational education standards-setting bodies for industries in December 2024 [SOU-24-MIN-0174 refers]. In April 2025 Cabinet agreed that Industry Skills Boards will also temporarily manage the work-based training currently managed by Te Pūkenga [CAB-25-MIN-0118 refers].
4. Following industry consultation, I am recommending that Cabinet agree to establish eight Industry Skills Boards, covering the following broad industry areas:
  - 4.1. Automotive, transport, and logistics
  - 4.2. Construction and specialist trades
  - 4.3. Food and fibre (including aquaculture)
  - 4.4. Infrastructure
  - 4.5. Manufacturing and engineering
  - 4.6. Service
  - 4.7. Health and community
  - 4.8. Electrotechnology and information technology
5. The changes agreed in December proposed that the New Zealand Qualifications Authority would take on standards-setting responsibilities for sectors not covered by an Industry Skills Board. After considering feedback from consultation, I am recommending that no sectors are initially covered by the Authority, but that this remains an option for the future.
6. The Education and Training (Vocational Education and Training System) Amendment Bill enables the establishment of the Industry Skills Boards. Once this Bill has passed, I will present Orders in Council to establish each Industry Skills Board. These Orders in Council will also set out the specific sectors, such as 'Viticulture' or 'Aged care', that are included within each Board's broad industry coverage.

## **Background**

7. In December 2024, Cabinet agreed to amend the Education and Training Act 2020 to disestablish Workforce Development Councils and replace them with Industry Skills Boards. Budget 2025 appropriated funding for their establishment and ongoing operation.
8. In April 2025, Cabinet agreed that responsibility for programmes and enrolments currently managed by Te Pūkenga's work-based learning divisions will temporarily move to Industry Skills Boards. This will allow time for work-based programmes to emerge at polytechnics private providers, and Wānanga. Transition plans for each division will be developed by Te Pūkenga and approved by the Tertiary Education Commission over 2025.
9. The Education and Training (Vocational Education and Training System) Amendment Bill gives effect to the changes Cabinet has agreed to and is expected to be passed in October 2025, coming into force on 1 January 2026. The Legislation Act 2019 allow for actions to be taken between the time of passage and commencement to prepare for implementation.
10. I am seeking the in-principle agreement of Cabinet to the number and coverage of Industry Skills Boards. This allows for appropriate establishment activities to get underway now, in order to stand up these Boards on 1 January 2026.

## **Industry Skills Boards will ensure that the Vocational Education and Training system works for industries**

11. Industry Skills Boards empower the industries they represent to take a greater leadership role in the vocational education and training system. They ensure that vocational providers offer fit-for-purpose training, and that employers, apprentices, and trainees can have confidence in the relevance and quality of industry credentials.
12. Industry Skills Boards will have responsibility for specific sectors set through an Order in Council. They will set skill standards, qualifications and micro-credentials, quality assure (through endorsement and moderation) the vocational programmes that providers deliver, provide strategic analysis of skill and workforce needs for industries, and give advice to the Tertiary Education Commission about what types of programmes to fund.

## **I have consulted on the number and coverage of Industry Skills Boards**

13. Over April and May 2025, the Tertiary Education Commission consulted with industry and other stakeholders on seven potential Industry Skills Boards.
14. This consultation also proposed that the New Zealand Qualifications Authority would take on the standards-setting role for Business administration, most creative sectors, and Information technology. These are all areas without work-based learning programmes.
15. The Tertiary Education Commission received 521 submissions to this consultation. A summary analysis of these submissions is attached as Appendix 1.

## **I propose that Cabinet agree to establish eight Industry Skills Boards**

16. After considering the results of consultation, I recommend that Cabinet agree in principle to establish eight Industry Skills Boards.
17. In proposing this set of Industry Skills Boards I have considered and balanced the following decision-making criteria:
  - 17.1. *Strength of industry support:* This is the fundamental factor I have considered. To be successful, an Industry Skills Board needs to have buy-in and credibility with the employers and employees it serves.

- 17.2. *Ensuring financial viability:* An Industry Skills Board's funding will be allocated on the basis of the number and complexity of qualifications and standards it maintains, and overly-specialised Boards may be too small to operate effectively and sustainably. More Industry Skills Boards will also require public funding to be distributed across more organisations. Appendix 2 discusses the funding model for Industry Skills Boards.
- 17.3. *Creating coherent coverage areas:* Grouping sectors into naturally aligned areas will create operating efficiencies, encourage the development of common qualifications and skill standards, and mean that the industries covered by an Industry Skills Board have shared interests and needs.
- 17.4. *Ability to maintain capacity and capability in the system:* Industry Skills Boards will need to draw on existing standards-setting expertise and resources. Less complicated movement of staff and assets from Workforce Development Councils and Te Pūkenga divisions will support this.
- 17.5. *Supporting stability and continuity:* Industries have emphasised their desire for minimal disruption and a smooth transition to the new environment.
18. The specific sectors within each Industry Skills Board's coverage will be set out in the Orders in Council that establish each Board. Determining the detailed coverage of each Board is not straightforward and will be an iterative process requiring discussion between industries and the Tertiary Education Commission. For example, the aviation and HVAC technology sectors can fit under multiple Boards
19. Table 1 below sets out current proposed allocations across the eight Boards and the approximate number of qualifications for which each Board would be responsible.<sup>1</sup>

**Table 1: Proposed Industry Skills Board coverage areas**

Proposed Industry Skills Board	Example sectors within broad industry coverage	Indicative number of qualifications
<b>Automotive, transport, and logistics</b>	Automotive mechanics, Commercial road transport Logistics, Maritime	85 to 90
<b>Construction and specialist trades</b>	Carpentry, Flooring, Plumbing, gasfitting, and drainlaying, Roofing, Scaffolding	70 to 75
<b>Electrotechnology and information technology</b>	Electrotechnology, Electronics, Communications technology, Computing	35 to 40
<b>Food and fibre (including aquaculture)</b>	Agriculture, Forestry, Horticulture, Aquaculture	140 to 145
<b>Health and community</b>	Aged care, Community health and support, Funeral services	75 to 80
<b>Infrastructure</b>	Electricity supply, Road construction, Telecommunications, Water infrastructure	75 to 80
<b>Manufacturing and engineering</b>	Food and beverage manufacturing, Mechanical engineering, Textiles, Wood manufacturing	130 to 135

<sup>1</sup> Individual qualifications can range from very specialised to very broad, and have very different numbers of learners pursuing them. However, the number of qualifications provides a useful indication of the amount of work involved in development, moderation, and similar functions.

<b>Services</b>	Business services, Creative arts, Hairdressing and barbering, Hospitality, Recreation, Retail, Tourism	225 to 230
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20. The proposed Industry Skills Boards represent natural clusters of industries, many of which have a strong history of working together in training, standards-setting, and other contexts. They will be sustainable, allow for smooth and logical transitions, and I am confident are generally supported by the sectors concerned.
21. The key changes in coverage from current Workforce Development Councils are:
- 21.1. Automotive, transport, and logistics sectors will be separated out and have a dedicated Industry Skills Board.
  - 21.2. Infrastructure sectors will be separated from Construction and have a dedicated Industry Skills Board.
  - 21.3. Electrotechnology and Information technology sectors will be separated out and have a dedicated Industry Skills Board.
  - 21.4. Creative sectors will not have a dedicated Industry Skills Board. As discussed below, most of the sectors currently covered by the Creative, recreation, and technology Workforce Development Council (Toi Mai) will be covered by the Services Industry Skills Board.
22. Representatives from Automotive and Infrastructure sectors presented strong arguments in earlier consultation that the distinctive interests of their industries have been poorly served by integration with other sectors under the Workforce Development Council model. I tested the creation of standalone Industry Skills Boards for these areas during the most recent public consultation.
23. There is strong industry support for these to be separate Industry Skills Boards. They both have a history of being independent Industry Training Organisations, their coverage can be designed to ensure they are comparable in size to other Boards, and they are large enough to be financially sustainable in their own right.
24. Other changes are discussed further below.
25. A small number of highly specialised qualifications (approximately 35) and associated standards were never fully integrated into Workforce Development Councils after the 2020 reforms. These will continue to be managed by their current developers.<sup>2</sup>

### **These proposals reflect feedback from consultation**

*I am not recommending that the New Zealand Qualifications Authority take on coverage for any sectors*

26. After feedback from the industries concerned, I am not proposing that any sectors move to the New Zealand Qualifications Authority at this point. As the Industry Skills Boards mature, it may become clear that these sectors are better suited to oversight by the Authority. However, I also consider it appropriate that these sectors are given an opportunity to demonstrate that they can deliver the industry buy-in and support that is needed for an Industry Skills Board to function effectively.

<sup>2</sup> Approximately 10 of these qualifications, all related to tertiary-level teaching or literacy and numeracy education areas, are managed by the National Centre for Tertiary Teaching Excellence (Ako Aotearoa). Funding for the National Centre was removed in Budget 2025, and these qualifications will need to be taken on by another developer.

27. I am proposing that creative sectors be covered by the Services Industry Skills Board. This aligns with my approach to the Hairdressing and the Sport & recreation sectors, which are both currently covered by the Creative, recreation, and technology Workforce Development Council and will be covered by the Services Industry Skills Board.
28. I am proposing that Information technology, which is currently covered by the Creative, recreation, and technology Workforce Development Council, move to be part of a new Electrotechnology and information technology Industry Skills Board (see below).
29. Business administration is currently covered by the Services Workforce Development Council, and I am proposing that it be covered by the Services Industry Skills Board.

*I am proposing to establish one additional Industry Skills Board compared to consultation*

30. During consultation, several industries argued for their own standalone Industry Skills Board. Most of them represented specialised sectors that could not support a standalone Industry Skills Board. I will use other levers – including investment plans, my appointment of Board members, and potentially Orders in Council – to meet these sectors’ concerns around their level of influence within an Industry Skills Board.
31. Some representatives from the Electrotechnology sector proposed the creation of an Electrotechnology Industry Skills Board. After considering the merits of this proposal, I am proposing to combine this sector with Information technology to create an Electrotechnology and information technology Industry Skills Board.
32. I consider that this combination of sectors meets the decision-making criteria above. Combining Electrotechnology and Information technology allows for a sustainable Industry Skills Board that is dedicated to the interests of both these specialist sectors, whereas neither could sustain a Board in their own right. And there are some synergies between the security, cybersecurity, and database areas.
33. The Electricity generation and supply sector will not be included in this Industry Skills Board. Stakeholders from this sector have made it clear that they identify as part of the Infrastructure industry and have more in common with other Infrastructure sectors than with trades such as electricians.
34. Creating an Electrotechnology and information technology Industry Skills Board will remove Electrotechnology from the coverage of the Construction and specialist trades Board. However, the relatively small number of qualifications involved mean that this should not significantly impact on that Board’s viability.

### **Risks and Mitigations**

35. Risks and mitigations associated with the establishment of Industry Skills Boards have been described in previous Cabinet papers.

### **Implementation**

36. Following Cabinet decisions, the Tertiary Education Commission will set up establishment advisory groups who will prepare for establishing the Industry Skills Boards following the passage of the Education and Training (Vocational Education and Training System) Amendment Bill.
37. Once this legislation has passed, I will present proposed Orders in Council to the Cabinet Legislation Committee. These will formally establish each Industry Skills Board on 1 January 2026 and describe the specific sectors in each Board’s broad industry coverage.

### **Cost-of-living implications**

38. The proposals in this paper have no immediate cost-of-living implications.

### **Financial implications**

39. The financial implications of establishing Industry Skills Boards and incorporating a temporary training management function have been discussed in my December [SOU-24-MIN-0174 refers] and April [CAB-25-MIN-0118 refers] Cabinet papers.

40. Budget 2025 has provided for a one-off \$10 million appropriation to cover Industry Skills Board establishment costs, and future operational funding of \$30 million annually. This compares to the \$65 million annual funding for Workforce Development Councils but Industry Skills Boards will have additional revenue sources. Appendix 2 discusses the Industry Skills Board funding model.

41. Each Board will also receive the assets, including financial assets, of the appropriate Workforce Development Councils and Te Pūkenga work-based learning divisions. Most of these assets will not be held permanently and will be disposed of as part of transition processes when an Industry Skills Board loses its training management function.

42. The more Industry Skills Boards that are established, the further these resources will need to be spread. This may affect the operation and viability of some or all Industry Skills Boards and increases the risk that additional public funding will be needed in the future.

### **Legislative implications**

43. The Education and Training (Vocational Education and Training System) Amendment Bill that enables establishment of Industry Skills Boards is before the House. Decisions made by Cabinet from this paper are subject to the House passing the legislation. This paper seeks agreement to policy decisions that will lead to the proposal of secondary legislation (Orders in Council) in late 2025. It also seeks agreement to issue appropriate drafting instructions to Parliamentary Counsel Office

### **Impact analysis**

#### **Regulatory Impact Statement**

44. A Regulatory Impact Statement will be provided alongside final decisions about the bodies to be established in January 2026, once the Education and Training (Vocational Education and Training System) Amendment Bill has passed.

#### **Climate Implications of Policy Assessment**

45. The Climate Implications of Policy Assessment (CIPA) team was consulted on the vocational education and training redesign proposals in December 2024 [CAB-24-MIN-0234]. They confirmed that the CIPA requirements do not apply, as the threshold for significance is not met.

### **Population implications**

46. The population implications of the proposed changes were addressed in my June 2024 Cabinet paper [CAB-24-MIN-0234].

47. The companion paper on polytechnic establishment currently being considered by the Cabinet Social Outcomes Committee further discusses implications of the proposed changes for learners and vocational education for school students.



## Human rights

48. These proposals do not have human rights implications.

## Use of external resources

49. The Tertiary Education Commission contracted resource from Allen + Clarke to assist with analysis of submissions to the consultation discussed in this paper.

50. A programme manager has been contracted to the Ministry of Education since June 2024 to lead the VET redesign work programme.

## Consultation

51. The following agencies were consulted on drafts of this paper: the Department of the Prime Minister and Cabinet, the Treasury, the Public Services Commission, the Ministry of Business, Innovation and Employment, the Ministry of Social Development, the Ministry for Primary Industries, the Ministry of Health, Health New Zealand, Ministry of Disabled People, Te Puni Kōkiri, the Ministry for Pacific Peoples, the Ministry for Women, the Ministry of Justice (Te Arawhiti – The Office for Māori-Crown Relations), the Tertiary Education Commission and the New Zealand Qualifications Authority

## Communications

52. Once Cabinet has agreed in principle to the Industry Skills Boards that will be established, I will issue a press release outlining these decisions

## Proactive Release

53. I intend to release the material within this Cabinet paper within 30 days after decisions have been made by Cabinet, subject to any redactions as appropriate under the Official Information Act 1982.

## Recommendations

The Minister for Vocational Education recommends that the Committee:

1. **note** Cabinet's decision in December 2024 [SOU-24-MIN-0174 refers] to disestablish Workforce Development Councils and establish Industry Skills Boards
2. **note** that agreement in principle as to which Industry Skills Boards will be set up is required so that the Orders in Council to establish them can be drafted and approved before 1 January 2026, subject to the passage of the Education and Training (Vocational Education and Training System) Amendment Bill currently before the House of Representatives, and Cabinet agreement to Orders in Council to establish each Industry Skills Board
3. **note** that seven Industry Skills Board groupings with the following broad industry coverage were tested in consultation:
  - a. Automotive
  - b. Construction
  - c. Food and Fibre
  - d. Social and Community
  - e. Infrastructure

- f. Manufacturing and technology
  - g. Services
4. **note** that a further Industry Skills Board with coverage for Electrotechnology and Information technology is proposed by the Minister for Vocational Education
5. **agree** in principle, subject to legislation passing and the approval of Orders in Council by the Executive Council, to establish Industry Skills Boards with the following broad industry coverage:
- a. Automotive, transport, and logistics
  - b. Construction and specialist trades
  - c. Food and fibre (including aquaculture)
  - d. Health and community
  - e. Infrastructure
  - f. Manufacturing and engineering
  - g. Services
  - h. Electrotechnology and information technology
6. **note** the allocation of specific sectors to each Industry Skills Board will be discussed with sector representatives, and detailed coverage set out in each Industry Skills Board's Order in Council
7. **agree** that the New Zealand Qualifications Authority will not initially be responsible for coverage of any industries
8. **note** that, subject to agreement to the decision in recommendation 5:
- a. The Tertiary Education Commission will set up an Establishment Advisory Group for each Industry Skills Board
  - b. The Minister for Vocational Education will present Orders in Council for the Industry Skill Boards to the Cabinet Legislation Committee in November, once legislation has been passed
9. **authorise** the Minister for Vocational Education to issue drafting instructions to the Parliamentary Counsel Office for Orders in Council implementing the establishment of each Industry Skills Board
10. **note** that the Minister intends to seek agreement from the Cabinet Legislation Committee to submit the Orders in Council to the Executive Council following the passing of the Bill
11. **note** that the Minister for Vocational Education will issue a press release announcing the Industry Skills Boards that have in-principle agreement to be established

Hon Penny Simmonds

Minister for Vocational Education

**Appendix**

Appendix 1 – Feedback from consultation on the number and coverage of Industry Skills Boards

Appendix 2 – The Industry Skills Board funding model

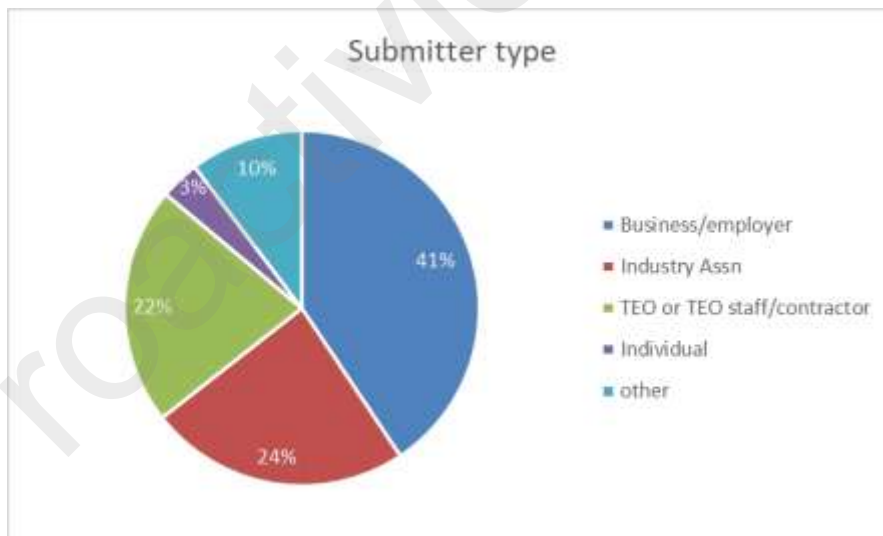
Proactively Released



## Appendix 1: Feedback from consultation on the number and coverage of Industry Skills Boards

### Consultation process, survey methodology and participation

1. The Tertiary Education Commission (TEC) ran a consultation on the number and coverage of Industry Skills Boards (ISBs) between 28 April and 20 May 2025. Six information webinars were held in the first two weeks, attended by around 700 people in total.
2. The consultation document proposed establishing seven ISBs covering distinct industry groupings.
  - Construction
  - Infrastructure
  - Social and Community
  - Services
  - Manufacturing and Technology
  - Food and Fibre
  - Automotive
3. The consultation document also proposed returning the information technology, creative and business sectors currently covered by Workforce Development Councils to the New Zealand Qualifications Authority (NZQA). The proposal was to return responsibility for these areas to the NZQA, who previously held this role before the establishment of Workforce Development Councils.
4. Feedback was gathered through a structured survey. TEC received 521 submissions in total (excluding incomplete, duplicate and invalid responses). Of these, 486 were received through the survey and 35 submission documents were emailed in.

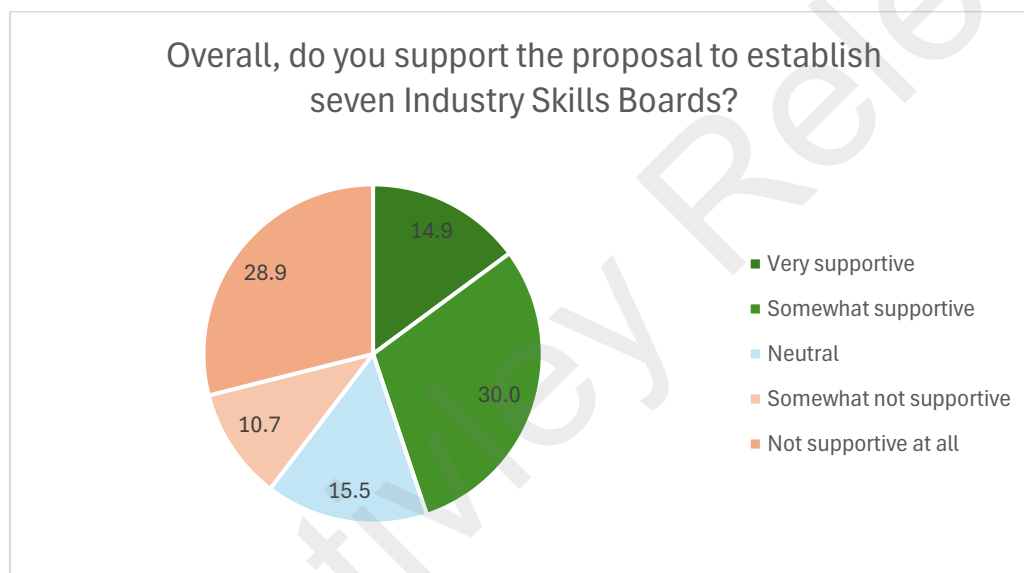


5. Just over 60% (309) of submissions were from business, employers or industry associations. Analysis of feedback below focuses on the feedback from these key stakeholders.

Table 1 Number of sector specific submitters (where clearly identified)

Automotive/Transport Logistics	13
Aviation	2
Construction	45
Creative and Information Technology	73
Electrical	101
Food and Fibre	31
Health and Community	11
Infrastructure	64
Manufacturing Engineering and Technology	21
Services	35

### Levels of support for the proposed ISB model



6. Almost 45% of all submitters supported the proposed model, while slightly more (47.7%) of industry submitters supported the proposed model. The strongest levels of support came from industries that could see a defined ISB they identified with.
7. There was recognition across many sectors that coherent industry groupings make sense given the roles and functions of ISBs. Several submitters noted that the key element for their industry was having adequate engagement and input into the ISB's work through sector reference and stakeholder groups.
8. The support for the proposed grouping of aligned industries acknowledged related skill requirements, operational contexts, and workforce patterns. Submitters recognised the opportunity for more coherent qualification pathways, efficient resource utilisation, and identification of common skill needs.
9. Support for the proposed ISBs covering infrastructure and automotive was received from relevant key stakeholders of these sectors. This is not surprising as specific ISBs for these two sectors are one of the key changes from Workforce Development Councils' coverage.

10. The majority of submissions did not offer direct commentary on the number of ISBs. Among those that did, there were mixed opinions. A common theme across these submissions was ensuring consideration of costs. There was concern that a higher number of ISBs would not be cost efficient, with the governance and management costs raised consistently.
11. Strong support for the proposed model of 7 ISBs was clear from infrastructure, automotive and food and fibre sectors.

*"We support a separate Infrastructure ISB to recognise the unique characteristics of the infrastructure sector as distinct from the broader construction sector. Infrastructure has different funding models, planning horizons, and skill requirements".*

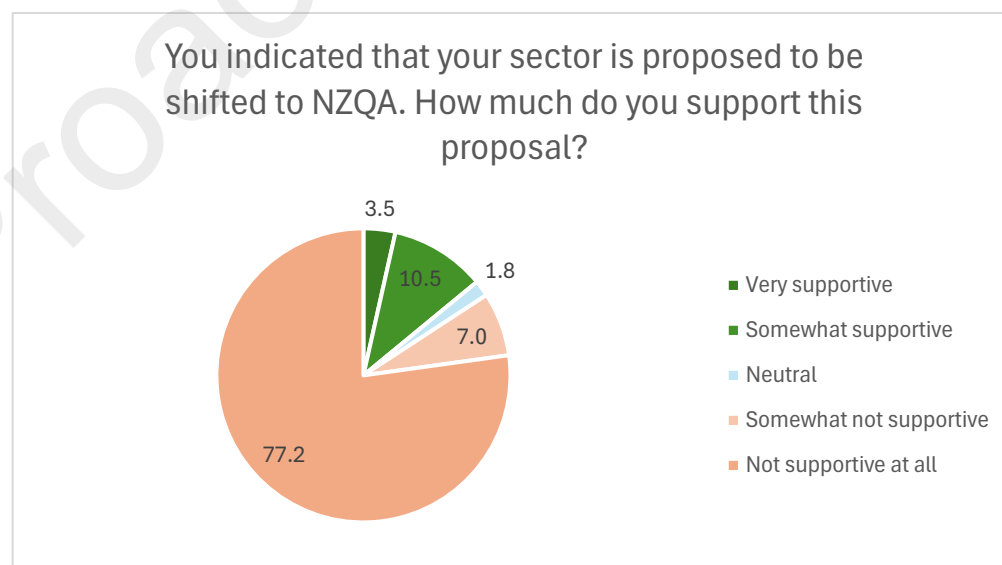
*"A dedicated Food and Fibre ISB recognises the central importance of these sectors to New Zealand's economy and provides a platform for coordinated workforce development that supports our strategic growth objectives".*

12. Key areas with low levels of support were from:

- creative stakeholders who did not support the move to NZQA
- information technology stakeholders who did not support the move to NZQA
- specialty trades who had concerns about being a minority within the construction ISB
- electrical trades who wanted their own ISB

## Levels of support for a shift to NZQA

13. There was significant opposition to the proposal to shift standard setting for some sectors back to NZQA.
14. From the submitters who responded to questions on the shift of industries to NZQA, 77% were not supportive at all and a further 7% were somewhat not supportive. There were very few submissions in support of the shift of information technology or creative sectors into NZQA. Both Business NZ and the Employers and Manufacturing Association were opposed to the proposal, noting the importance and value of information technology and creative to individuals and the economy, with the Employers and Manufacturing Association noting therefore *"training and qualifications should be supported by a fit-for-purpose entity"*.



15. Submissions on information technology argued for coverage under an industry-led body. Fifty-seven submissions preferred IT to be covered by an ISB. Key industry feedback came from IT Professionals New Zealand, Tech Users Association, NZ Game Developers Association, Auckland Tech Council, Spark NZ and several IT-related businesses.

*While we respect NZQA's role in quality assurance, we believe that qualification development must be co-designed with industry to remain relevant and future-focused. The pace of change in the game development and creative tech sectors is rapid, and training needs to reflect the current tools, practices, and pathways used in the field. NZQA is not structured to engage with industry in this way."*

16. Submissions on the creative sector also argued for coverage under an industry led body. Most submissions came from sector associations such as WeCreate, SPADA (screen production and development association), WOW, Screen Industry Guild, Creative Waikato, Te Taumata Toi-a-Iwi along with several from creative education provider associations and arts organisations.

*Without an Industry Skills Board for creative industries, our sectors will not be able to participate effectively in the vocational education and training system, with a loss of creative industry leadership in: research, data and insights; workforce planning; and development of future structured training pathways"*

*"We are disappointed that the creative and IT industries are excluded from the current Industry Skills Boards"*

17. Reasons for wanting to be covered by an ISB rather than NZQA included better industry engagement and influence over qualifications and standards, the pace of change in sectors, need for specialised knowledge, potential future focused growth and contribution to the economy.

## Submissions on alignment of suggested coverage

18. There were several key industry submissions which specifically commented on where a particular sector should be covered.

### Construction

19. Key industry associations for the heating, ventilation, air conditioning and refrigeration sector supported being covered by the Construction ISB rather than manufacturing and technology. The Strategic Leadership Forum (HEVAC&R Sector) and Climate Control Companies Association of New Zealand (CCCANZ) & Institute of Refrigeration, Heating and Air Conditioning Engineers of New Zealand Inc (IRHACE) stated a clear preference for inclusion in the Construction ISB.
20. The Crane Association of New Zealand requested that cranes be included in construction rather than Manufacturing and Technology as most of the crane work was construction related.

### Infrastructure

21. There was high degree of consensus on the inclusion of mining/ quarrying/ aggregates/ extractives/ tunnelling in the infrastructure ISB with 38 submissions supporting this. Submitters included Institute of Quarrying NZ, New Zealand Minerals Council, Fletcher Construction, Downer NZ and Holcim New Zealand.



## **Automotive**

22. Submissions from both The Warehouse Group and Foodstuffs supported a stronger focus on supply chain, and two other submitters proposed a broader ISB including automotive, transport and logistics. Such coverage could also include aviation, ports and rail as well as distribution and freight forwarding.

## **Services**

23. Several key industry stakeholders from the aviation sector requested aviation be shifted out of the proposed Services ISB. The Aviation Industry Association suggested that aviation could move to a transport-related ISB. Alternatively, it would support a move to Infrastructure as Services was a poor fit. The NZ Air Line Pilots Association also wanted a move away from Services and suggested moving aviation to an Infrastructure ISB alongside rail.

## **New ISBs to cover specific sectors**

24. Ten submissions specifically called for a specialist trades ISB and were largely from related industry associations.
25. There were 100 submissions from Master Electrician governance, staff and members calling for an Electrotechnology ISB. Most were pro-forma submissions supplied by Master Electricians.

## **Submissions informing detailed coverage**

26. Many submitters provided useful suggestions on which broad coverage heading their sector should sit within, where this was not sufficiently spelled out in the consultation document. Once the broad coverage of ISBs has been determined, Establishment Advisory Groups will compile and consult on detailed coverage provisions for the Order in Council for their specific ISB. This information will be very useful for that piece of work.

## Appendix 2: The Industry Skills Board funding model

Industry Skills Boards (ISBs) will have up to three sources of income.

*Public Funding* Each ISB will receive core funding from the Government to resource its statutory functions and operation. A total funding pool for all ISBs will be set through the annual Budget process. This will then be allocated between each ISB according to a formula set by the Tertiary Education Commission (TEC).

Budget 2025 has set the total ISB funding pool at \$30 million each year through to financial year 2028/29.<sup>1</sup>

*Provider Fees* An ISB will be able to charge fees to providers for the quality assurance services it provides to them – primarily the endorsement and moderation of programmes leading to the ISB's qualifications. These fees are limited to recovering the costs of providing those services

Each ISB will be responsible for setting its own fees. However, the fee schedule must be approved by the New Zealand Qualifications Authority (NZQA). For reference, NZQA's standard hourly rate for similar services is currently \$190/ hour (ex. GST).<sup>2</sup>

*Industry Levies* If there is demonstrated industry support, an ISB can request that the Minister for Vocational Education introduce a compulsory levy on their industry. This allows industries (or specific sectors) to provide additional funding to the ISB if they believe this is required.

The terms of this levy – including who pays, the amount, and what activities it can fund – would be set out in the Order in Council that establishes the levy. The amount of revenue gathered by any levies would likely vary on a case-by-case basis.

Public funding will support the core operation of each ISB. The funding formula used by the TEC will provide for fixed base costs (governance, senior leadership structure, shared services) to be shared equally, with funding for core functions (such as standards-setting) to be scaled according to the functional size of the ISB. Broadly, the larger the industry and number of qualifications covered by an ISB, the larger their share of the funding pool.

Quality assurance activities should ultimately be largely self-funding through provider fees. As fee schedules are approved and these begin generating revenue, the ISBs will be able to reprioritise their public funding from this to support other functions, such as their workforce analysis and planning activity and/or developing and reviewing more qualifications.

The cost structures of ISBs will vary depending on the business models and organisational decisions they make. Like all organisations, the ISBs will prioritise their workload to reflect both the resources they have available – including personnel, funding, and time – and the needs of industry.

Lower funding may lead to a slower pace for product development and review, and lighter approaches to investment advice, the scale of their engagement, and strategic work. Where industries want ISBs to undertake more activity (e.g. to develop additional qualifications and standards, or more extensive workforce analysis and planning) they can prepare a case for levies to resource this.

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<sup>1</sup> Budget 2025 has also appropriated \$10m to support establishment of the ISBs over 2025/26.

<sup>2</sup> As per NZQA Fees. (n.d.). <https://www2.nzqa.govt.nz/about-us/rules-fees-policies/nzqa-fees/>

9(2)(f)(iv)

[illegible]

### Funding models for previous standards-setting systems

*Workforce Development Councils*  
(WDCs)  
(2021 – 2025)

The WDCs also have the same levy provisions as ITOs (see below) but these have not been used.

*Industry Training Organisations*  
(ITOs)<sup>4</sup>  
(1992 – 2020)

Industries were also expected to contribute to the cost of running their ITO. Provisions existed to introduce industry

<sup>4</sup> A variety of ITO funding models existed during the 1990s (see Green et al. 2003), and additional funds for specific purposes were available at times. This summary covers the main funding model from 2002 on.

levies for this purpose, but legislation set criteria that were very difficult to meet, and no levies were ever established.<sup>5</sup>

As private bodies, ITOs could access other funding sources. This included charging fees to providers, although it is unclear how widespread that was in practice.

The number and size of ITOs fluctuated considerably over time. The financial sustainability of organisations – especially small and specialised ones – was a key concern that led to the consolidation of ITOs in the early 2010s. This process led to around 40 organisations being reduced to 11.

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<sup>5</sup> A ballot of employers with at least 60% turnout was required, and introducing a levy needed the support of at least 60% of votes both in total and when weighted the by size of each voter (Industry Training and Apprenticeships Act 1992).



# Cabinet Social Outcomes Committee

## Minute of Decision

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*This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.*

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### Industry Skills Boards: Number and Coverage

#### Portfolio Vocational Education

On 25 June 2025, the Cabinet Social Outcomes Committee (SOU):

- 1 **noted** that in December 2024, SOU agreed to disestablish Workforce Development Councils and establish Industry Skills Boards [SOU-24-MIN-0174];
- 2 **noted** that agreement in principle is required as to which Industry Skills Boards will be set up, so that the Orders in Council to establish them can be drafted and approved before 1 January 2026, when the Education and Training (Vocational Education and Training System) Amendment Bill (the Bill), which enables the establishment of the Boards, is expected to be enacted;
- 3 **noted** that seven Industry Skills Board groupings with the following broad industry coverage were tested in consultation:
  - 3.1 automotive;
  - 3.2 construction;
  - 3.3 food and fibre;
  - 3.4 social and community;
  - 3.5 infrastructure;
  - 3.6 manufacturing and technology;
  - 3.7 services;
- 4 **noted** that a further Industry Skills Board with coverage for electrotechnology and information technology is proposed by the Minister for Vocational Education (the Minister);
- 5 **agreed in principle**, subject to the passing of the Bill and the approval of Orders in Council by the Executive Council, to establish Industry Skills Boards with the following broad industry coverage:
  - 5.1 automotive, transport, and logistics;
  - 5.2 construction and specialist trades;

- 5.3 food and fibre (including aquaculture);
- 5.4 health and community;
- 5.5 infrastructure;
- 5.6 manufacturing and engineering;
- 5.7 services;
- 5.8 electrotechnology and information technology;
- 6 **noted** that the allocation of specific sectors to each Industry Skills Board will be discussed with sector representatives, and detailed coverage set out in each Board's Order in Council;
- 7 **agreed** that the New Zealand Qualifications Authority will not initially be responsible for coverage of any industries;
- 8 **noted** that, subject to agreement to the decision in paragraph 5:
  - 8.1 the Tertiary Education Commission will set up an Establishment Advisory Group for each Industry Skills Board;
  - 8.2 the Minister will present Orders in Council for the Industry Skills Boards to the Cabinet Legislation Committee in November 2025, once legislation has been passed;
- 9 **authorised** the Minister to issue drafting instructions to the Parliamentary Counsel Office for Orders in Council implementing the establishment of each Industry Skills Board;
- 10 **noted** that the Minister will issue a press release announcing the Industry Skills Boards that have in-principle agreement to be established.

Jenny Vickers  
Committee Secretary

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**Present:**

Hon David Seymour  
Hon Nicola Willis  
Hon Simeon Brown  
Hon Erica Stanford  
Hon Louise Upston (Chair)  
Hon Dr Shane Reti  
Hon Mark Mitchell  
Hon Tama Potaka  
Hon Matt Doocey  
Hon Nicole McKee  
Hon Casey Costello  
Hon Penny Simmonds  
Hon Karen Chhour

**Officials present from:**

Office of the Prime Minister  
Officials Committee for SOU  
Office of the Minister of Education  
Office of the Minister for Vocational Education

SOU-25-MIN-0068

**Industry Skills Boards: Number and Coverage**  
Portfolio: Vocational Education

CONFIRMED

