Towards a Regionally Responsive Network
implementation challenges in New Zealand’s reforms to vocational education

Abstract
New Zealand has been undertaking major reform of its vocational education sector since 2019. Changes have been extensive, including the establishment of a national delivery body (Te Pūkenga), and the formation of workforce development councils, regional skills leadership groups, centres of vocational excellence, and a coalition of expert Māori advisors (Te Taumata Aronui). While a new government is reconsidering these structures, including stating a commitment to disestablish Te Pūkenga, it is timely to explore the key policy issues facing the vocational education sector. Accordingly, this case study considers how best to balance local and national interests. We suggest changes to ensure that the sector is well structured, governed and funded, and meets the needs of the communities it serves.

Keywords vocational education, educational reform, centralisation, decentralisation, regional programmes, equity
### Table 1: Seven key changes to drive improvement in vocational education

<table>
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<tr>
<th>Change</th>
<th>Description</th>
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<tbody>
<tr>
<td>1. Create a New Zealand Institute of Skills and Technology</td>
<td>The institute, named Te Pūkenga, was to bring together the existing 16 institutes of technology and polytechnics (ITPs) into a sustainable vocational education and training network</td>
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<td>2. Create workforce development councils</td>
<td>Four to seven industry-governed bodies with leadership and greater industry control across the entire vocational education and training system</td>
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<td>3. Shift workplace learning roles from Industry Training Organizations (ITOs) to providers</td>
<td>Te Pūkenga and other providers would deliver both work-based and provider-based learning to ensure better integration and connection with industry</td>
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<td>4. Establish regional development councils</td>
<td>To provide independent advice to the Tertiary Education Commission via the Ministry of Business, Innovation and Employment about the skills needs of regions – advice would guide investment decisions</td>
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<td>5. Establish centres of vocational excellence</td>
<td>To drive excellence and innovation in learning and teaching and strengthen links with industry</td>
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<td>6. Establish Te Taumata Aronui</td>
<td>An expert group of advisors to help ensure that the system reflects the government’s commitment to Māori–Crown partnerships</td>
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<td>7. Unify the vocational education funding system</td>
<td>A unified funding system covering all work-based and provider-based delivery from certificate level 3 to diploma level 7 (excepting degree qualifications)</td>
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Source: Ministry of Education, 2019a

Commission, 2019b; Tertiary Education Union, 2019).

These policy changes sought to address several longstanding challenges associated with the sector. The sector – with 16 regionally based, stand-alone ITPs and 11 ITOs – was administratively top heavy, duplicative and arguably unaffordable (Ministry of Education, 2019b). A history of financial difficulties (Smyth, 2012; Tertiary Education Advisory Commission, 2001), compounded by growing and projected deficits, illustrated that the sector was operating on financially shaky ground. Further drivers for change were competitive tensions between provider-based vocational education and work-based training; poor skills matching; deficits in systems integration; disconnection from industry; and access inequities (Huntington, 2022; Ministry of Education, 2019b; Treasury, 2019; Piercy and Cochrane, 2015; Smyth, 2012; Williams, 2020). The reforms were expected to achieve financial sustainability and provide significant benefits for learners, employers, industry, communities, regions, staff in the sector and the Crown (Treasury, 2019):

- The Government’s vision is for a strong, unified, sustainable vocational education system that delivers the skills that learners, employers, regions, and communities need to flourish. This includes addressing the financial instability in the current vocational education model – the status quo is no longer sustainable. (Ministry of Education, 2019b, p.14)

- Addressing equity issues and improving learner outcomes were also cited as drivers for change, with the reform programme positioned as a vehicle by which to create an integrated and networked system, more easily engaged with by employers and learners and providing better work-integrated learning opportunities (Ministry of Education, 2020; Piercy and Cochrane, 2015). Systems integration was envisaged as the mechanism by which to ensure increased equity of access for ‘underserved learners’, particularly Māori, Pasifika learners, people with disabilities and those lacking qualifications (Maurice-Takerei and Anderson, 2022; Ministry of Education, 2020; Tertiary Education Commission, 2019b; Tertiary Education Union, 2019):

To meet the needs of regions throughout New Zealand, Te Pūkenga–New Zealand Institute of Skills and Technology must –

- (a) offer in each region a mix of education and training, including on-the-job, face-to-face, and distance delivery that is accessible to the learners of that region and meets the needs of its learners, industries, and communities; and
- (b) operate in a manner that ensures its regional representatives are empowered to make decisions about delivery and operations that are informed by local relationships and to make decisions that meet the needs of their communities.
Establishment business case

A detailed business case analysis was completed as a precursor to the reforms (Ministry of Education, 2019b). Four system design models provided options for implementation: A) regional, B) regional plus, C) regional and some national, and D) more national (see Table 2).

Options were provided to address existing problems, particularly poor provider skills matching to industry need, counterproductive provider-based versus work-based delivery competition, non-resolution of longstanding issues of equity and access, particularly for Māori, and unsustainable fiscal deterioration across the sector (Ministry of Education, 2019b; Treasury, 2019). Within the four options, the business case recommended a cautious transition programme progressing from the ‘thin and small’ head office option A towards option C, noting that this would require major consultation and careful implementation. Option D was seen to involve high-risk change management and systems complexities/cost, and unlikely to deliver value to regions.

Despite being explicitly not recommended, option D was arguably the approach ultimately adopted by Te Pūkenga as implemented, despite the aspects of the reforms seeking to mitigate risks associated with over-centralisation. Given the clear importance of these factors in reform processes – i.e., centralisation and decentralisation – it is worth considering these terms in further detail.

Defining the concepts

Centralisation and decentralisation signify fundamentally differing approaches towards organisational structure and accountability in larger government and private sector entities. Fundamentally, they relate to points of power in both administrative and decision-making responsibilities (Ryan and Woods, 2015). In more centralised structures, the location of power and decision making rests almost exclusively at the entity’s highest level. By contrast, decentralised approaches are characterised by devolved authority and dissemination of power – at middle and lower levels of management, in public entities typically subnationally (Surbhi, 2023). Definitions vary, but the following are consistent themes:

- Centralisation involves consistent and systematic concentration of power and centrally controlled decision-making authority (ibid.). Centralisation is characterised by centralised points of power and decision making characterised by bureaucratic rules, standardised processes and unified systems (Jong and Faerman, 2020).
- Decentralisation refers to the dissemination or devolution of powers by top managers to local or lower-level management within an organisation and to relevant stakeholders in the community. It typically involves delegation of authority across all levels of an organisation and management (Surbhi, 2023). Decentralisation involves power sharing and provides opportunity for those closest to a community and closest to the work to contribute information and expertise (Jong and Faerman, 2020).

The relative merits of centralisation and decentralisation in public service delivery is a perennial policy debate, with a surprisingly sparse and contradictory evidence base (Brothaler and Getzner, 2010; Mok, 2004; Ryan and Woods, 2015). Both approaches have prima facie benefits: centralisation is often regarded as a means to achieve efficiencies via economies of scale (Acemoglu et al., 2016; Hernes, 2021), although criticisms are often articulated in respect of (over) centralised ‘one-size-fits-all’ systems as not being able to meet local aspirations and need (Duranton, 2018). Arguably, decentralised ‘place-based’ decision making more appropriately addresses local needs (Brownie et al., 2023; Duranton, 2018; Kline, 2010), enabling those with better knowledge of users and the community to make timely and appropriate decisions (Brady, 2002). Of note, consequences of errors and failures in completely centralised systems are potentially catastrophic, as they have an impact on the entire system (Arcuri and Dari-Mattiacci, 2010) – an over-centralised system could lead to the entity becoming a ‘single point of failure’ … ‘if it fails, the system fails’ (Treasury, 2019).

Centralisation and decentralisation in education

Rodríguez-Pose has built a convincing case against overly centralised services, arguing that they have led to ‘territorial neglect’ and ‘a geography of discontent’, a malady which arises when resources, decision making and power are centralised in large cities (Rodríguez-Pose, 2022). He highlights rising cultural and political discontent among those ‘left behind’ outside major cities and inadequately supported (Rodríguez-Pose, 2018, 2022). Proponents of decentralisation in education argue the benefits of empowering local stakeholders, particularly for marginalised communities (Arcuri and Dari-Mattiacci, 2010; Kline, 2010).

Early literature regarding global moves towards decentralisation in education described moves to achieve balance as ‘decentralised centralism’ or ‘decentralised centralism’, wherein attempts were made to achieve equilibrium between central and regional activities (Bray, 1991; Karlsen, 1999). More recently published literature concludes that combining both decentralised and centralised decision-making approaches is ‘indispensable for enhancing and leading education’ and actively encourages activity to ensure

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<td>A</td>
<td>Regional</td>
<td>A ‘thin’ and ‘small’ head office primarily focused on performance monitoring and management of the subsidiary providers, including establishment of 11 workforce development councils</td>
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<tr>
<td>B</td>
<td>Regional Plus</td>
<td>Like option A but with fewer regional operations and centralisation of functions such as programme design</td>
</tr>
<tr>
<td>C</td>
<td>Regional &amp; Some National</td>
<td>A central head with strong degree of control over operations but still having substantial regional delegations and presence</td>
</tr>
<tr>
<td>D</td>
<td>More National</td>
<td>Heavily consolidated central agency with most activities centrally performed</td>
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Table 2: Reform of vocational education and training system design options
balance within centralised-decentralised educational structures (Cornito, 2021). A balanced model example is the multi-level governance arrangements within the California community college system, which provides space for both national and regional and local input. Within this system, a central governing board articulates state-wide priorities and provides tools for effective local-level leadership, management and accountability. Boards at the local institutional level set strategic direction in line with state-wide priorities while ensuring that local needs are met (Community College League of California, 1998, 2022). OECD and European Training Foundation publications reflect the benefits of such a model in vocational education and training, wherein multi-level governance brings key stakeholders together in priority setting, implementation, monitoring, evaluation and review while facilitating and supporting regional distinctiveness and decision making (Arribas and Papadakis, 2019; Charbit, 2011, 2020; European Training Foundation, 2013, 2018; Ryan and Woods, 2015).

These debates are clear in the policy development of the reform of vocational education in New Zealand. A ‘roadmap’ provided by the Tertiary Education Commission to the minister of education (Tertiary Education Commission, 2018) highlighted the importance of empowered regional and local perspectives, suggesting that ITPs are not and should not be the same because regions, industries and labour markets are different. Advice provided under the following key headings emphasised caution in respect to centralisation of regional provider functions:

- First, do not harm;
- One size does not fit all;
- Do not embark lightly on mergers;
- The benefits of change must be compelling;
- In respect to regions, there should be ‘Nothing about us, without us.’ (Tertiary Education Commission, 2018)

Policy documents show that a key goal of reform was to achieve an optimal balance between centralised efficiencies, quality and control, while effectively serving the needs of unique communities and learners. Equally clear was the caution issued in respect to the risk of over-centralisation in the change process (Tertiary Education Commission, 2019b). Certainly, a system of 16 autonomous ITPs and separate, part government-funded ITOs across a small nation of around 5 million people, yielding increasingly large deficits, was unsustainable (Ministry of Education, 2019b; Sherwin, Davenport and Scott, 2017). Additional reform was required, noting that ITPs and ITOs had been merging periodically for much of the previous two decades (Williams, 2022). However, achieving the correct balance in these trade-offs was recognised as complex.

Treasury’s 2019 regulatory impact assessment of the proposed creation of Te Pūkenga warned that: ‘the Institute could be overly centralised and less responsive to local and regional skills needs due to a remote, centralised national leadership; or, alternatively, too “devolved”, failing to achieve greater national consistency and scale economies’ (Treasury, 2019, p.5).

**Examining progress**

The intent to disestablish Te Pūkenga and reset vocational education and training policy and return to a regionally empowered network was signalled within the 100-day plan of the newly elected National-led government (New Zealand National Party, 2023a). What had gone wrong for this to be necessary? A significant aspect of the problem might be attributed to Covid-19. Established in...
early 2020, Te Pūkenga fielded the brunt of pandemic responses and needed to rapidly divert attention to maintaining delivery during long periods of border closure and stay at home orders (Smart, 2021). That factor aside, the expected benefits and efficiencies associated with moving to a single provider with remodelled industry engagement and regional advisory functions have simply not yet emerged. Given the ‘rise and demise’ of Te Pūkenga, evidence-based consideration of a broad range of perspectives and diversity of voice is now needed in the ‘reset’ process (Russell, 2024). Reflection on a sample of publicly available data provides some pointers as to what may have gone awry.

**Centralised systems design**

The reform business case had advised against over-centralisation of the proposed national entity, giving clear warnings about the risks of progressing this option (Ministry of Education, 2019b). However, by mid-2023 a significantly centralised model had been implemented, combining 16 regional providers within four mega regions, the rationale for which remains unclear (see Figure 1). Regional stakeholders perceived that they had lost voice and agency in the new structures, driving much of the resulting political pushback (Te Pūkenga, 2022). Discontent was also evident among staff. The fourth employee survey undertaken by Te Pūkenga in late 2022 indicated that a third of the entity’s staff could see no future in the organisation, and half indicated that they would not recommend it to friends and whānau as a place of work (Kenny, 2023b).

**Establishing the network**

A large literature outlines adverse stakeholder and staff responses to complex system change (Hudson, Hunter and Peckham, 2019; Mueller, 2020; Newman, 2022). The reform of vocational education was both ambitious and complex, involving seven key change elements (see Table 1). Elements of perhaps unnecessary complexity included establishing workforce development councils and regional skills leadership groups on a similar timescale to a combined Te Pūkenga, some established and funded via the Tertiary Education Commission and others by the Ministry of Business, Innovation and Employment. Establishment of two centres of vocational excellence added to the mix (Ministry of Business, Innovation and Employment, 2022a; Tertiary Education Commission, 2019a). Analysis of the roles and responsibilities of the workforce development councils, regional skills leadership groups, centres of vocational excellence and Te Pūkenga highlights a high level of complexity and overlap of roles, a well-known risk to successful public policy implementation (Hudson, Hunter and Peckham, 2019).

**Māori participation and potential**

For more than four decades, New Zealand policymakers have placed considerable focus on closing the gap between Māori and non-Māori (Māori Tertiary Reference Group, 2003; Ministry of Education, 2022; Ministry of Business, Innovation and Employment, 2022a; Tertiary Education Commission, 2019b). However, by mid-2023 a significantly centralised model had been implemented, combining 16 regional providers within four mega regions, the rationale for which remains unclear (see Figure 1). Regional stakeholders perceived that they had lost voice and agency in the new structures, driving much of the resulting political pushback (Te Pūkenga, 2022). Discontent was also evident among staff. The fourth employee survey undertaken by Te Pūkenga in late 2022 indicated that a third of the entity’s staff could see no future in the organisation, and half indicated that they would not recommend it to friends and whānau as a place of work (Kenny, 2023b).

Māori are not a homogeneous group: connection to rohe, iwi, whānau and hapū matters; therefore, local and regional-level ‘voice’ is an unarguable expectation ...

**Implementation delays**

Timeliness of implementation, with missed deadlines, was a recurring theme in the establishment of Te Pūkenga. Auditor-
general reports from 2022 and 2023 on progress and issues in the tertiary sector make startling reading (Ryan, 2022, 2023). The 2023 report reiterated the continued lack of a full operating structure at Te Pūkenga detailing what the entity would do and how it would do it. This report noted that ‘[c]urrent plans suggest that the operating model will not be fully implemented until sometime between 2027 and 2033’, and ‘[a]lthough we acknowledge the scale and complexity of change required, we remain concerned by the time frame for this work’ (Ryan, 2023).

After more than three years of operation, growing deficits, adverse media attention (Davis, 2023; Simmonds, 2022), a replaced CEO and restructured senior executive, and the loss of talented staff, the entity was still in the midst of the final stages of the industry and structural changes required when the October 2023 general election saw a change of government. The incoming government, with the former ITP chief executive and Te Pūkenga critic Penny Simmonds as minister for tertiary education, moved quickly to disestablish Te Pūkenga, with signals of an increase in the number of regions from the current four to eight or more, restoring local decision making, and reducing decision-making power at the centre (New Zealand National Party, 2023a; Schwanecke, 2023). The new model is yet to emerge.

Unification of nursing curricula

In highlighting the risk and complexity involved in large-scale centralisation of services, it is useful to examine the proposed programme roadmap within the establishment business case, which gave a three-year timespan to harmonise (unify) all curricula gathered from the pre-existing ITPs and ITOs (Ministry of Education, 2019b). The scale of work is large across a network with more than 2,000 programmes and 200,000 learners. Unification aimed to standardise programme content and quality, removing variability, duplication and competition (Te Pūkenga, 2021). It was to provide easier credit and transfer pathways for learners and reduce costs. While the concept is laudable, challenges lie in implementation, particularly achieving the national buy-in, cooperation and consensus needed across the diverse range of existing providers.

Te Pūkenga took two approaches to the unification process. Unification by transition involves selection of an existing programme and updating it as a new unified programme into which all other programmes would be transitioned. The process for selecting the chosen/preferred programme from the options available was unstated; the degree of centralisation of decision making unknown. Unification by programme transformation involves full redesign and redevelopment of a programme of study. Programmes identified for full transformational redesign included Bachelors of Nursing and the Bachelor of Social Work degree (Te Pūkenga, 2021). In both cases, the extent to which the newly standardised programmes could be adapted to specific place-based industry, community and cultural needs remained unclear. However, the 2022 annual report signalled that the ground work had been laid for standardisation of over 300 programmes to fewer than 50 in 2023 (Te Pūkenga, 2022).

Successful outcomes for learners and employers and a ‘relentless focus on equity’ and ‘participation’ were identified as the highest priority for Te Pūkenga and the vocational education and training sector ...
2014; Winters, Prado and Heidemann, 2016). In contrast, the Te Pūkenga scenario had the appearance of a battle involving a management drive for efficiency at the expense of professionally owned buy-in for improving programme and learner outcomes (Tertiary Education Union, 2023; Tinetti, 2023).

**Learner and employer outcomes**
Successful outcomes for learners and employers and a ‘relentless focus on equity’ and ‘participation’ were identified as the highest priority for Te Pūkenga and the vocational education and training sector (Te Pūkenga, 2023c). The 2022 annual report was the first to capture learner outcomes across all 25 entities brought together in the reforms – a sizeable scale, with 270,993 learners (on-the-job, online and on-campus) and 48,037 graduates (Te Pūkenga, 2022). A snapshot of published outcomes reported overall course completions maintaining 2021 levels, but not meeting 2022 targets. While credit achievement for Māori and Pasifika was generally improved in comparison with 2021 results, neither group met priority targets for 2022. Work-based learning credit achievement for industry apprentices was behind schedule in 2022, primarily due to the inability to increase teaching and other resources fast enough to match growth flowing from the targeted training and Apprenticeship Fund, with construction sector trainees particularly affected. Progression rates for NZQF level 1–4 learners experienced a significant drop to 32.8%, with lags also evident across higher-level qualifications. Learners without NCEA level 2 or higher are noted as being much more likely to need additional support in numeracy, literacy and pastoral care (Te Pūkenga, 2022). Additional analysis is clearly needed to better understand non-completion causality and support requirements as part of the policy reset process – particularly for Māori, Pasifika, regional learners, and early school leavers entering work-based learning.

**Financial performance**
Increasing debt year on year was a key driver of the reforms, with high expectation that the proposed changes and a new, unified funding model would establish a pathway to financial sustainability (Ministry of Education, 2019b). Four years into the implementation process, the pathway to financial sustainability was no clearer, with Te Pūkenga’s briefing to the incoming minister in February 2023 projecting a continuing deficit of more than $60 million, despite the forecasts reflecting the January 2023 introduction of the new unified funding system (Te Pūkenga, 2023a).

**Going forward – what matters?**
The need for the vocational education and training reforms was inarguable, as the locally dispersed, internally competitive mobility, regional distinctiveness and local ‘ownership’. Informed and thoughtful consideration must be given to what functions and decisions should be centralised and what should be decentralised across a carefully balanced and appropriately funded network.

Figure 2 provides a visual illustration of areas critical to the policy ‘reset’ process, specifically: learners; regions; funding and national support provisions; and governance and leadership across the network.

**The learner**
Importantly, what is available to be learned should be aligned with job opportunities, including those within the unique geography and economic profile of New Zealand’s regions. A difficulty for learners and prospective employers is that training opportunities do not always meet the needs of employers (Ministry of Business, Innovation and Employment, 2022b). Further, mobility, rurality and marginality intersect with education, affecting the lives and prospects of learners (Gibson et al., 2022). Learner location influences and limits study choices and greater distance to education provision has an impact on academic achievement and course completion (Brownie et al., 2023). It is critical that a future model appropriately acknowledges the importance of place of learning, connects learners with regionally based labour market opportunity, and provides localised support for variances in learning style support needs.
Regions and the place of learning matter in respect to their capacity to support equity of higher education access and outcome (ibid.). A place-sensitive approach considering the differing needs of different regions is essential. To improve educational outcomes, regions should be appropriately resourced and supported with local decision-making power in respect to what programmes should be offered, how and where (Lamb et al., 2018). Anything less risks a rising geography of discontent such as that which has negatively affected the political landscape across many industrialised nations (Barca, McCann and Rodríguez-Pose, 2012; McCann and Rodríguez-Pose, 2011; Rodríguez-Pose, 2022), and which appears to be central to the ‘rise and demise’ of Te Pūkenga. Expert local governance and leadership capacity with autonomy to connect with industry, iwi and the community provides the responsiveness needed to reflect regional diversity and collaborate in the best use of existing infrastructure and services. An example of how resources can be shared rather than duplicated is the Australian model of regional study hubs. These hubs are a tertiary sector innovation to address equity issues and improve higher education access and support. Learners from any higher education institution can attend a local study hub, which are equipped with full learning facilities, administrative and academic support, and on-site pastoral care. Benefits include greatly enhanced access and support than would be possible with unilateral initiatives (Australian Government, 2023).

Multi-level governance and leadership
Federalism, with separate, regionally based entities operating within a collective structure, is an operating structure with potential promise going forward. Such an approach offers the ‘best of both worlds’ (Walker, 2023; Ryan and Woods, 2015), allowing for functions to be retained at the centre where this makes sense, but empowering regional entities to adapt and innovate at the local level with clear lines of decision-making authority and accountability. A structure based on federalism allows for shifts in responsibilities between the centre and the regions in response to changing circumstances, thus ensuring a system where the fundamental tensions between centralisation and decentralisation can be managed (Ryan and Woods, 2015). Determining the precise delineation of powers requires engaging regions and key stakeholders in authentic discussions about what may be selected for centralisation and what should be retained within regional and local control. In an instructive Treasury working paper, Brady argued that when considering matters of decision making, local staff do not seek centralisation and reduction in autonomy as the solution to issues of concern; they seek strategic guidance, transparent communication, and access to the resources, expertise, functional systems and tools to do their job (Brady, 2002). And they seek the autonomy of local-level governance and leadership to respond appropriately to regional diversity.

The regions

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and give voice to local industry, iwi and communities.

A high level of governance expertise and leadership is needed across a multi-level network. Government concern regarding Te Pūkenga’s performance and lack of progress saw the commissioning of an external review of Te Pūkenga’s governance capacity. Reviewers noted the need for greater sector experience, particularly experience in organisational transformation of a large organisation, along with a critical need for specific expertise and capability in education IT and finance (Te Pūkenga, 2022). A simple return to the previous, regionally structured model is not the solution for improved sector performance. Rather, the quality of governance and leadership is key to success. The recently published ‘tale of three regions’ (Brownie et al., 2024) provides detailed insights into the impact of governance decisions on educational participation and outcomes within the regions served by three former ITPs, namely Wintec, Toi Ohomai and Eastern Institute of Technology. The study illustrates how purposely focused strategic governance decisions are needed to address equity issues.

**Funding and national support**

Undoubtedly, opportunities for efficiencies exist, such as unifying systems like programmes development, learning management platforms, programmes accreditation, quality control, reporting, finance, human resources and marketing (Ministry of Education, 2019b). However, such activities will not address the underlying long-standing deficits. Within multi-level governance models such as the California community college system, centralisation of administrative supports such as educational resources, learning management systems, finance and IT provides financially prudent solutions, and decentralisation of a range of decision-making functions supports responsiveness toward local need, equity and access issues (Nguyen et al., 2017). In New Zealand, with a funding system primarily focused on student numbers, the sector has had no choice but to rely on alternative funding streams. Thus, the focus in the recent past was on expanding international education to cross-subsidise domestic revenue. Maybe it is not surprising that in the absence of an adequate funding system, with the lack of international students while borders were closed during the Covid-19 pandemic, and with the pressure on leaders to improve performance against long-standing deficits, the 2020–23 reform implementation decisions swung too far in the pursuit of financial efficiency versus regionally dispersed and socially inclusive educational delivery.

Given that the unified funding system aspects of the reforms were only introduced from 1 January 2023, it is difficult to provide an indication of their success vis-à-vis previous models. However, one might question whether the learner component (approximately 7% of funds) that the system allocates to support underserved learners is sufficient, or whether the mode-of-delivery allocations sufficiently account for differences in delivery costs between cities and regions. The newly proposed Australian model which compensates for the additional costs of delivery into regions is worthy of exploration (Department of Education, 2024). Ultimately, funding must be at a level that is sustainable, fit-for-purpose and recognises the true cost of delivery.

**Conclusion**

If public policy and government investment is skewed centrally, major risks associated with regional disempowerment will continue to give rise to increased dissatisfaction, and unresolved inequality. Over-centralisation also holds the risk of excessive complexity in change management, with major disruption to the nation’s future workforce pipeline, stalled programmes, missed deadlines, disenfranchised staff and educational deserts stifling economic development. Collectively, greater focus is needed on understanding and responding to specific learner needs within regions and enabling learners to continue learning over their lifetime. As the government resets vocational education and training policy, the appropriate balance of regional ‘voice’ must be re-established. Without doubt, New Zealand’s higher education sector is financially constrained, but if the desired labour market and equity outcomes are to be achieved, a sustainable funding model must be implemented to ensure the correct balance between centralisation and decentralisation, efficiency and social inclusion.

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1 Industry training organisations, established under the industry Training Act 1992, were mandated to set national skills standards for their specific industry, provide advice and information to employers and trainees, arrange training delivery in on and off-job contexts, arrange trainer assessment and monitor training quality (see New Zealand Qualifications Authority, 2023).


3 Of course, it is worth noting that the Tomorrow’s Schools reforms which saw New Zealand schools become largely autonomous from 1989 (largely in response to criticisms that the previous system was over-centralised) ultimately resulted in a highly disconnected system, with ‘winner’ and ‘loser’ schools (Barke, 2021).

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