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Big changes to NCEA and polytechs must deliver the skills NZ urgently needs

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This week's major overhaul of the NCEA qualification system isn't just about measuring academic achievement at secondary school. The government's plans also include "working with industry to develop better vocational pathways" into the workforce.

The policy dovetails with big changes to the country's polytechnic system, which have also been promoted as improving vocational education. Both that, and the NCEA reforms, go to the heart of an urgent problem facing New Zealand.

Even a brief glance at Immigration New Zealand's "Green List" – formerly the Skills Shortage List – raises an obvious question: why are the country's own training and education pathways not delivering these much needed skilled workers?

The skills shortages are found in everything from construction and engineering to health and social services, information technology and science. We need chefs, project managers, mechanics, forklift drivers and teachers.

Ten new skilled trades will be added to the list in August. But relying on immigration to meet these needs also represents a missed opportunity to connect young New Zealanders with skilled and meaningful work.

It's a problem successive governments have grappled with for over a century, going back to schools being encouraged to include manual and technical subjects in the 1890s, the creation of "technical" high schools in the 1900s, and their eventual demise in the 1950s.

More than a restructure

Vocational education and training has long suffered from the perception that it is a pathway for the non-academic and "working class". That public stigma led to general dissatisfaction with technical high schools, and a perception they were a remedial solution to "fix" unemployment or low school achievement.

The system also never really recovered from the impacts of market-based reforms to education in the 1980s and 1990s, and from the demise of apprenticeships when large state-owned enterprises were privatised during that time.

More recently, polytechnics have struggled financially, with many running huge budget deficits. The previous Labour government responded by merging them into the Te Pūkenga mega-institute, designed to save costs by centralising services.

The current government is now reversing that policy. From January 2026, ten polytechnics will revert to regional governance, which Vocational Education Minister Penny Simmonds says will create a "locally led, regionally responsive and future-focused" vocational education system.

The remaining polytechnics, deemed not financially viable, will form a "federation" under the Open Polytechnic. Eight new Industry Skills Boards will be created to oversee standards and qualifications, with polytechnics on notice to be financially solvent.

The job and course losses from this decentralisation will be significant. In the meantime, we have a system in near-constant flux, change-weary workers and declining confidence in the system.

But it is vital New Zealand gets this right. Many of the more than 200 occupations on the Green List – and the economy in general – would benefit from a strong and stable vocational education and training system, well linked to industry.

Connecting school leavers with training

At stake are the futures of many of the 60,000 young people who leave school each year. About 30% enter university, 13% head to a polytechnic, 10% to a private training establishment, and just 6% enter an apprenticeship.

Some of the rest go straight into work or head overseas. But 17-20% of school leavers annually are classified as being “not in education, employment or training” (NEET) one year after leaving school.

NEET numbers have remained stubbornly high in New Zealand compared to other OECD countries, where numbers have dropped in recent years. How we connect this large number of school leavers to further education and training is the real challenge, beyond the structural components of the system.

While the government says the system changes will improve flexibility and regional responsiveness, regional polytechnics are among those required to be part of the new centralised federation.

The risks of ongoing instability for trainees, students, educators and industry are clear: increased fragmentation of services and ongoing funding uncertainties.

What is needed is a plan to ensure a credible, stable, cooperative system where government, industry and education providers work together to provide the right skills that serve industry, individuals and community.

5 questions for the government

As the January 2026 change date approaches, there are a number of important questions the government needs to be asking to ensure the new structure delivers what the country needs:

- how will tertiary education organisations remain solvent without raising student fees?
- how do niche courses, with small enrolment numbers but which provide essential skills for a range of enterprises, remain open?
- what is the opportunity for business and industry to contribute more to the costs of training?
- how do institutions ensure they stay relevant and provide the right skills?
- how do we overcome the geographical challenges of connecting learners with courses, given the limitations of online learning?

Beyond the provision of vocational skills, there are also the well-known social and health benefits associated with higher skill and education levels. Skills and qualifications are associated with better self-esteem, better health and longer life expectancy.

Solving skills shortages through immigration does little to address the long-term problem of relevant, affordable and accessible education and training. Nor does it contribute to longer-term social cohesion and civic participation.

Getting New Zealand’s vocational education and training system right this time should be non-negotiable.