



## Education Report: Revised Delegation to fund Workforce Development Council Interim Establishment Boards and Workforce Development Councils

To:	Hon Chris Hipkins, Minister of Education		
Date:	10 December 2020	Priority:	High
Security Level:	In Confidence	METIS No:	1245624
Drafter:	Kathryn Cammell	Phone:	9(2)(a)
Key contact and number:	Katrina Sutich	Phone:	s 9(2)(a)
Messaging seen by Communications team:	No	Round robin:	No

### Purpose of report

This paper and annex are amending the letter delegating authority to the Tertiary Education Commission (TEC) to administer funding for Workforce Development Council Interim Establishment Boards and Workforce Development Councils (WDCs).

### Recommended actions

The Ministry of Education recommends you:

- a. **note** that you agreed to delegate authority to the TEC to fund Workforce Development Council Interim Establishment Boards and Workforce Development Councils under section 409(1)(j) of the Education and Training Act 2020 [METIS 1218242 refers]

**Noted**

- b. **note** that you agreed to allow the Establishment Unit and Workforce Development Council Interim Establishment Boards to access funding to perform pre-establishment activities [METIS 1246615 refers]

**Noted**

- c. **sign** the attached draft letter of delegation (attached as Annex One) that, under section 409(1)(j) of the Education and Training Act 2020, delegates responsibility to the Tertiary Education Commission to administer this funding

- d. **agree** that this paper will be proactively released in accordance with the provisions of the Official Information Act 1982.

**Agree**  **Disagree**



Katrina Sutich  
**Group Manager, Tertiary Education**  
**Graduate Achievement, Vocations and Careers**  
10/12/2020



Hon Chris Hipkins  
**Minister of Education**

15/12/2020

Proactively Released

## Funding Workforce Development Council Interim Establishment Boards and Workforce Development Councils

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1. On 3 June 2020, you agreed to delegate authority to the TEC to fund WDC Interim Establishment Boards and Workforce Development Councils under section 409(1)(j) of the Education and Training Act [METIS 1218242 refers].
2. We have provided you with advice on allowing the Establishment Unit and Workforce Development Council Interim Establishment Boards to access funding to perform pre-establishment activities [METIS 1246615 refers].
3. This authority is delegated through a letter of delegation under section 409(1)(j) of the Education and Training Act 2020. The proposed letter of delegation (Annex One) provides the basis for how the TEC will administer the funding.
4. Annex One reflects the policy decisions outlined in the education report '*Proposed Establishment Unit to support Workforce Development Councils*'. If you agree to the recommendations in that report, we recommend that you sign the proposed letter of delegation attached as Annex One, to enable the TEC to administer the funding. This should then be sent to the Chair of the TEC Board.
5. We recommend signing the letter of delegation as soon as possible so the Establishment Unit can be formed. This will help accelerate the development of the WDCs.
6. We recommend proactively releasing this report once the letter of delegation is sent to the TEC.

### Annexes

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Annex One: Revised Delegation to fund Workforce Development Council Interim Establishment Boards and Workforce Development Councils

Jenn Bestwick  
Chair  
Tertiary Education Commission  
PO Box 27-048  
Wellington 6141

Dear Jenn

**Delegation to fund Workforce Development Council Interim Establishment Boards and Workforce Development Councils**

I am writing to advise you of a delegation to fund Workforce Development Council Interim Establishment Boards and Workforce Development Councils (WDCs) during their development period until the end of 2022. WDCs are a foundational component of the Reform of Vocational Education and will provide greater industry leadership across all aspects of the vocational education and training system.

Establishment of WDCs will be enabled by the appointment of six WDC Interim Establishment Boards, one for each WDC. The Interim Establishment Board members will be appointed by the TEC, and each Interim Establishment Board will have a primary responsibility to establish its respective WDC through Orders in Council. Once established through an Order in Council, I expect WDCs to work at pace to fulfil their functions as described in the Education and Training Act 2020.

***WDC Interim Establishment Boards***

The WDC Interim Establishment Boards, hosted by TEC, have the key responsibility for setting up their respective WDCs by Order in Council. WDC Interim Establishment Boards formed through the TEC-led appointment process will be eligible for funding from this part of the delegation. Interim Establishment Boards will work to deliver on the activities stipulated in their Terms of Reference.

I expect the WDC Interim Establishment Boards to be funded for those activities directly related to establishing individual WDCs, as stated in the Terms of Reference. Funding will not be given directly to the Interim Establishment Boards. The TEC will administer the funding to cover costs relating to:

- Interim Establishment Board member fees paid in accordance with the Cabinet Office Fees Framework for bodies for which the Crown has an interest (CO 19/1). Members will be entitled to claim a daily fee of \$750. The Chair, in recognition of the additional responsibilities, is entitled to claim a daily fee of \$1,100.
- Reasonable and out-of-pocket expenses incurred in the course of undertaking WDC business for travel, meals, and accommodation on presentation of GST receipts.

- Work carried out, or commissioned by the Interim Establishment Board in order to deliver their activities as per the Terms of Reference, with agreement from the TEC
- Secretariat support for the Interim Establishment Boards.

Interim Establishment Boards must draft an establishment plan outlining the activities their respective WDC will undertake in their first 90 days. Establishment plans must include:

- how WDCs will support their industries in the immediate term in light of COVID-19; and
- demonstrate broad industry support for their plans.

The TEC RoVE Programme must provide guidance on the expected content of these establishment plans. Though the Interim Establishment Boards can negotiate these plans on behalf of incoming WDC Boards, the incoming boards will review and approve their respective establishment plan. The TEC must only enter into funding arrangements for the WDC, with the established WDC board itself.

The TEC must be satisfied that Interim Establishment Board members are adhering to the terms of their appointments as stipulated by their Terms of Reference.

Interim Establishment Boards may be funded until 30 June 2021 or until the point at which handover to their equivalent WDC is complete.

The TEC may also use funding for establishment activities done on behalf of Interim Establishment Boards and incoming WDC Boards. These activities may include, but are not limited to:

- the appointment of the first WDC Boards
- arranging a secretariat function
- identifying options for head / regional office locations and premises.

To support these activities, up to \$5.7 million can be used until 30 June 2021. The TEC may utilise the funding appropriated in the Tertiary Sector/Industry Collaboration Projects appropriation within Vote Tertiary Education.

I delegate to the Tertiary Education Commission under section 409(1)(j) of the Education and Training Act 2020 authority to pay funding:

- to cover the costs relating to the activities mentioned in this delegation;
- of up to \$5.7 million in total until 30 June 2021.

### ***Established WDCs***

WDCs that are established by an Order in Council under section 363 of the Education and Training Act 2020 are eligible for funding described in this part of this delegation.

Once established, WDCs will receive funding agreements for the length of time their plan reflects. I expect that after an establishment plan, WDCs will develop a further plan laying out their strategic plans and direction up to December 2022. The TEC must

ensure that both these plans demonstrate industry support, and describe how each WDC will support their industries in light of COVID-19.

The TEC must negotiate with each WDC about its proposed further plan and activities and base a final allocation of funding on activities, key deliverables and milestones agreed with the WDC. The TEC must ensure funding takes into account the anticipated level of fixed costs for WDCs. The TEC must also take into account, when negotiating plans, the scale of the industries covered by each WDC, and other factors that the TEC considers relevant.

The TEC will utilise the funding appropriated in the Workforce Development Council appropriation within Vote Tertiary Education. Up to \$42.0 million can be utilised to fund established WDCs in 2020/21, up to \$54.0 million in 2021/22, and up to \$32.5 million in 2022/23 to 31 December 2022.

I delegate to the Tertiary Education Commission under section 409(1)(j) of the Education and Training Act 2020 authority to pay funding:

- To WDCs established under section 363 of the Education and Training Act 2020;
- For the activities agreed to by the TEC in their lodged plans;
- Of up to \$42.0 million in 2020/21, up to \$54.0 million in 2021/22, and up to \$32.5 million in 2022/23 to 31 December 2022 from the WDC appropriation.

TEC must require WDCs to participate in cost-benchmarking exercises throughout their development.

I expect the TEC to:

- report to me on the progress of Interim Establishment Boards regularly;
- report to me on established WDCs quarterly, including the progress of negotiations and any issues that may arise;
- publish information on the work of Interim Establishment Boards and WDCs regularly, including a public list that itemises each Interim Establishment Board and WDC that is funded and the amount of funding they have received. The Interim Establishment Board list may cease upon completion of handover to WDCs. For WDCs, I expect their plans to be published publicly.
- work to ensure that WDCs are collaborating with each other and demonstrating how they are maximising efficiency and effectiveness for the use of Government funding.

This delegation applies from the date of this letter until 31 December 2022.

The TEC may exercise any of its administrative functions as required to give effect to this delegation outside of those dates.

Yours sincerely

Chris Hipkins  
Minister of Education

Proactively Released