

Cabinet Paper material

Proactive release

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| Minister & portfolio | Minister Hipkins, Education |
| Name of package | Order in Council to Establish Six Workforce Development Councils |
| Date considered | 29 March 2021 |
| Date of release | 26 May 2021 |

These documents have been proactively released:

Cabinet Paper: Order in Council to Establish Six Workforce Development Councils

29 March 2021
Minister of Education

Cabinet Minute: CAB-21-MIN-0083

29 March 2021
Cabinet Office

Cabinet Minute: SWC-21-MIN-0031

24 March 2021
Cabinet Office

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
- Section 9(2)(g)(i) to maintain the effective conduct of public affairs through the free and frank expression of opinion
- Section 9(2)(h) to maintain legal professional privilege

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.

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

In Confidence

Office of the Minister of Education
Cabinet Social Wellbeing Committee

Policy Approvals: Orders in Council to establish six Workforce Development Councils Proposal

- 1 I propose to prepare Orders in Council (OIC) to establish six Workforce Development Councils (WDCs). These Orders will specify each WDC's name, scope of industry coverage, governance arrangements, and any functions additional to those set out in law.
- 2 The six WDCs' proposed names, denoting their broad coverage areas are:
 - 2.1 Waihangā Ara Rau Construction and Infrastructure Workforce Development Council;
 - 2.2 Toi Mai Workforce Development Council
(covering creative, cultural, recreation and technology industries);
 - 2.3 Community, Health, Education and Social Services Workforce Development Council;
 - 2.4 Hanga-Aro-Rau Manufacturing, Engineering and Logistics Workforce Development Council;
 - 2.5 Services Workforce Development Council; and
 - 2.6 Muka Tangata People, Food and Fibre Workforce Development Council
(covering primary industries).

Relation to government priorities

- 3 The WDCs are a foundational component of the Government's Reform of Vocational Education (RoVE). They give industry greater leadership across the vocational education and training system, helping to ensure people gain the skills they need to succeed. Establishing WDCs will contribute to two of the Governments overarching objectives which are to accelerate our economic recovery and lay the foundations for a better future.

Executive Summary

- 4 The six WDCs will give industry a central voice in New Zealand's reformed vocational education and training (VET) system. They will:
 - 4.1 Provide skill leadership to industry;
 - 4.2 Set industry skill standards, qualifications and capstone assessments;
 - 4.3 Endorse programmes and moderate assessments; and

- 4.4 advise the Tertiary Education Commission on its overall investment in VET, and on the mix of VET needed for the industries WDCs cover.
- 5 The Education and Training Act (2020) (the Act) sets the broad regulatory framework for WDCs, including their core functions and duties. The Act also states that WDCs may be established by an OIC following industry consultation, to allow stakeholders an opportunity to ensure OICs reflect the diversity of the industries and communities they serve.
- 6 To design the Order in Council proposals, the Tertiary Education Commission (TEC) established six interim Establishment Boards, one for each WDC, following a public expression of interest process. Each interim Establishment Board (iEB) included seven to eight industry and sector representatives who understand the context of their industries, such as the nature of workforce roles, skill acquisition challenges, and the depth of training cultures in their industries.
- 7 I propose to prepare six Orders in Council (OIC) to reflect the variations of governance arrangements and industry engagement requirements of each sector. This reflects both the interim Establishment Board and industry input into the policy development and the needs of diverse sectors with different workforces and industry needs. A more standard approach has been taken to accountability arrangements and the technical details of governance.
- 8 The proposals cover moderate sized councils (eight to twelve members), where appointments are made by either a selection or appointment committee made up of industry representatives, the council or in some cases the Minister. Similar provisions for industry engagement are included across all proposals.
- 9 Several councils have unique requirements for a minimum number of Māori members on council (as many as half of the members for some of the Councils) and co-chair arrangements. This variation reflects the different industry contexts and the connection between WDCs and the tertiary education system.

Background

- 10 Workforce Development Councils are one of seven key changes to create a unified vocational education and training system, as illustrated below.



- 11 In July 2019 Cabinet agreed to establish four to seven industry-governed WDCs with oversight of all vocational education [CAB-19-MIN-009]. The WDCs' purpose is to give industry greater control over all aspects of vocational education and training. Greater industry leadership will help to make graduates skills and other outcomes nationally consistent and relevant. They will strengthen providers' links with employers to help address skills shortages and will address employers' concerns about adequacy of industry input into provider-based learning.
- 12 Legislation laying out the new framework for vocational education and training came into effect on 1 April 2020. This included giving WDCs comprehensive responsibilities such as skills leadership, advising on TEC funding decisions, standard setting, assessment of learning, and employer brokerage. Budget 2020 provided funding for WDCs once established.

Key proposals

- 13 Following targeted industry engagement and public consultation, the key proposals for each WDC's Order in Council, for which I am seeking Cabinet's approval, are set out in detail in Appendix A and summarised below. They include:
- 13.1 The name of each WDC;
 - 13.2 Coverage areas – the industries and occupations each WDC will be responsible for;
 - 13.3 Governance arrangements – including any minor and technical provisions; and
 - 13.4 Any additional functions.

Names of the WDCs

- 14 The names of the WDCs as listed in Appendix A have been developed by the interim Establishment Boards and were included as proposals, as part of the consultation process. I am satisfied that the interim Establishment Boards have followed a good process for arriving at and consulting on the proposed names, including with Māori language experts where appropriate. I understand the intention is for all the WDCs to have a Māori name, but that two WDCs will decide those names after they are established.

Coverage areas

- 15 The proposed broad coverage areas of the WDCs are provided in the table below. Please see Appendix B for more information.

| Coverage area | Specific industries |
|---|--|
| Construction and Infrastructure | Construction (including heavy, civil residential, non-residential and related engineering) and associated industries and trades, and infrastructure including water supply, sewage and drainage, gas supply, electricity generation and distribution, telecommunication, road and bridge building, and related engineering. |
| Creative, Cultural Recreation and Technology | Graphic, creative and web design, Ngā Toi Māori, game and software development, museums and amusement parks, libraries and archiving, performing arts, film and music, hairdressing and beauty therapy, radio and television broadcasting, information and communications technology and systems, recreational facilities/venues and sport. |
| Health, Community and Social Services | Health care and health services (incl. mental health and addiction), public order and safety services, education, child and aged care, social services, beauty and skin therapy services, funeral, crematorium and cemetery services, urban pest control, health and safety, regulatory services, educational support services, residential care services, child care services, disability services. |
| Manufacturing, Engineering, Logistics | Manufacturing and processing, extractives and drilling, transport (including heavy and commercial), postal, warehousing, winemaking and related engineering. |
| Primary Industries | Agriculture, horticulture, fishing, aquaculture, equine, silviculture and harvesting, and sports turf management |
| Service Industries | Advisory services, aviation, cleaning services, business services, contact centres, financial services, hospitality, local government, real estate, retail, security services, state sector, tourism and travel |

- 16 During engagement and consultation, a number of industry sectors indicated that they would like to be in a new or different WDC, usually in response to an industry or grouping of similar industries being spread across different WDCs. Most of those concerns have now been addressed, but the technology sector remains displeased with their allocation to the Creative, Cultural, Recreation and Technology WDC, and would prefer to have their own WDC. I consider that provisions already in the Act that require WDCs to collaborate means they will do so, especially in cases where an industry, or groups of similar industries are covered by more than one WDC, like in the case of the technology sector.

Governance arrangements

Council membership provisions and criteria for appointment

- 17 Workforce Development Councils need strong and well-equipped governing bodies, to provide a voice for industry in vocational education and training, and to carry out their key functions such as standard setting, programme endorsement, and providing advice to the TEC.
- 18 In summary, I recommend:
- 18.1 Small council sizes - the smallest proposed is 6-8 members and the largest is 8-12 members;
 - 18.2 One member each (three in total) to represent employees, employers and Māori employers (as required by the primary legislation);
 - 18.3 A minimum number of Māori positions on the council which range from 2 members to half of the council; and
 - 18.4 Governance models where members are appointed based on their skills and experience.
- 19 The variation in size, criteria and representation across the councils reflects the needs and interests of the industries covered by each WDC.

Māori representation

- 20 All of the proposals set a minimum requirement for the number of Māori members on council. These numbers vary from 2 members to half the council. In addition, a co-chair model is recommended in several proposals where one of the chairs must be Māori.
- 21 However, while representation is an important step to getting good outcomes for Māori it is not sufficient. Consequently, all of the proposals contain minimum requirements that the council as a whole, or its members, have an understanding of te ao Māori. Several proposals go further than this and require skills and experience in mātauranga Māori and te reo Māori.
- 22 The variation in the numbers of Māori members on each council reflects consideration given during the engagement and consultation periods to the needs and interests of Māori in these industries. Māori have been engaged and consulted on those proposals.

- 23 The consultation showed support for a group made up of Māori WDC Council members being established formally, to provide coordinated support, guidance and advice across the WDCs in matters pertaining to kaupapa Māori, honouring Te Tiriti o Waitangi, and supporting Māori Crown relationships. Members of the interim establishment boards formed an informal group to play this role during the development of the Orders in Council. I have asked officials to provide further advice on options to formalise a group to play this role across Māori WDC members now and in future, and will report back if I decide to propose that it be established.

Appointment of the council

- 24 WDCs are an important part of New Zealand's response to COVID-19. To enable WDCs to start operating as planned, a two-stage appointment process is proposed. The first stage supports appointments to be made by June, with three and one half of WDCs' councils being appointed by an appointments panel, and two and one half councils being appointed by the Minister. Appointments are for as little as six months and up to four years. These differences in approach reflect feedback from industry.
- 25 Appointments to the ongoing councils are made by either an appointments committee, or by the council itself, following a nominations/selection process. The Minister continues to appoint one and a half councils. Appointments are rolling and appointees are appointed anywhere between 6 months to 4 years. Standard provisions are used for the removal of members by the council, or the Minister, as appropriate. It is worth noting that the Minister(s) for primary industries must be consulted over any ministerial appointments to the Primary WDC. I intend to inform the Cabinet Appointments and Honours Committee of my proposed appointments in June.

Purpose of each WDC and Te Tiriti o Waitangi (Te Tiriti)

- 26 Each OIC includes a purpose statement to capture the over-riding mandate of each WDC and to help guide its actions in the future as they contribute to the education system. As part of this, the purpose statements include wording that reflects section 4 of the Act. The Act states that the 'purpose of the Act is to establish and regulate an education system that honours Te Tiriti o Waitangi and supports Māori-Crown relationships.'

27

9(2)(g)(i)

28

I support the WDCs to aspire and operate in a way that honours Te Tiriti. 9(2)(g)(i)

29

9(2)(g)(i)

Minor arrangements

- 30 Other provisions in the OICs include a description of how each WDC must engage with their industries and ensure industry voice in the performance of the WDCs functions, and how WDCs should collaborate with each other.
- 31 Provisions that support WDCs' governance arrangements include provisions for chairs, co-chairs/deputy chairs, meetings, individual and collective duties, ordinary and extra ordinary vacancies.

Additional functions

- 32 WDCs will be new organisations, once established in 2021. For this reason, I want them to focus their attention on establishing their organisations and setting up the systems and processes they need to deliver on their core functions as outlined in the Act. However, three interim Establishment Boards (Primary, Construction and Infrastructure and Manufacturing Engineering and Logistics) have recommended including additional functions which are outlined in Appendix A.
- 33 I consider that these functions largely clarify that WDCs may undertake activities leading to outcomes I expect from a WDC anyway and need not impose additional costs. WDCs will be expected to manage within the funding allocations they are provided with. I consider these to be suitable for a WDC and propose that they be included as additional functions in the OIC.
- 34 One Order in Council, for Primary Industries, includes an additional function of undertaking commercial work on behalf of industry. I acknowledge this has the potential to take some of the focus of the WDC in the initial period. TEC will need to manage this risk in its monitoring of the WDC.
- 35 It is possible that when drafting the Orders, Parliamentary Counsel may consider that one or more of these functions repeat or interpret functions already provided in the primary Legislation. PCO will ensure their drafting of the OIC proposals into legislative language meets drafting standards and aligns with the approach of the Regulation Review Committee. If so it is possible that Parliamentary Counsel may remove them. Should this happen, I will raise the issue with Cabinet at the appropriate time.

Implementation

- 36 A WDC Establishment Unit, overseen by industry representatives, will be hosted as a separate unit in the TEC, reporting to the RoVE Programme Board until June 2021. The Establishment Unit will develop:
- 36.1 establishment plans for WDCs to carry out post-establishment;
 - 36.2 interim operating models;
 - 36.3 interim organisational structures; and
 - 36.4 systems and technology.

| Milestones / Major Activity | Dates |
|--|---------------------|
| TEC supports WDC council appointment processes | February – May 2021 |
| Establishment Unit prepares Establishment Plans for the 6 WDCs | March – June 2021 |
| Orders in Council come into effect and WDC council members are appointed | Early June 2021 |
| TEC Board approves Establishment Plans | August 2021 |
| TEC monitoring of WDCs performance begins | August 2021 |
| Staff and functions of Transitional Industry Training Organisations begin transferring into WDCs | September 2021 |

- 37 I propose to review and potentially amend the six Order in Councils in 3 to 4 years' time, following the WDCs initial establishment. This will help to manage the sectors expectations and any requests for change that I may receive in the meantime.

Financial Implications

- 38 There are no financial implications. Budget 2020 allocated funding to WDCs for their establishment and ongoing operational costs of \$46 million in 2020/21, increasing to \$65 million in 2022/23 and outyears. The initial \$46 million included \$4 million funding for establishment activities. I intend to develop a long-term funding model for WDCs around implementation at the end of the establishment phase, within the amount allocated at Budget 2020.

Legislative Implications

- 39 The proposals in this paper require the making of secondary legislation through an order in council to have legal effect. I am seeking authority to issue instructions to Parliamentary Counsel Office to make the orders.
- 40 Over the course of legislative drafting, further decisions will need to be made regarding the detail of the amendments. I request that Cabinet authorise the Minister of Education to make decisions on any issues of detail that may arise during the drafting process without further reference to Cabinet, subject to the decisions being consistent with the policy decisions in this paper.

Regulatory Impact Statement

- 41 A regulatory impact statement has been prepared and attached for Cabinet's information. Detailed governance arrangements that are the same across all WDCs and aspects of detailed governance arrangements that are unique to each WDC, including meetings, appointment of chairpersons, collective duties of Council, and industry engagement, are exempt from the requirement to provide a regulatory impact statement on the basis, that Treasury considers that they have no or minor impacts on businesses, individuals, or not for profit entities.
- 42 The Ministry of Education's internal Regulatory Impact Assessment Panel has assessed the regulatory impact statement. It has been assessed as partially meeting the Quality Assurance criteria. The RIS reflects the extensive consultation that has

shaped the specific governance arrangements proposed for each of the six Workforce Development Council and the industry driven approach used to identify and assess the possible options.

- 43 The analysis of options and impacts across six WDCs in a single RIS does present challenges for presentation of the analysis of the options and impacts. The limited options considered for some elements of the proposed arrangements is partly explained by the choices available. Despite these challenges, the rationale for the options selected, how they reflect the specific needs of the industry covered by the WDC, and how they will ensure effective governance of the statutory bodies, is adequately identified.

Population Implications

- 44 There are no population implications arising from this paper.

Human Rights

- 45 Pre-existing rights under Te Tiriti o Waitangi are safeguarded by section 28 of the New Zealand Bill of Rights Act 1990. This means that the right to participate at a governance level in decision-making that affects the needs or interests of Māori, in particular, the need to improve outcomes for Māori in work-based training, is not limited by the Act.

46 

- 47 If officials establish that further work is required to support the proposals, matters will be resolved ahead of the passing of the Orders in Council.

- 48 Several industries continue to have low female participation rates. Increasing participation rates requires increasing the number of women in vocational education and training, as well as, increasing the number of women at the governance level in training and education bodies. The requirements for female representation on the council differs across the WDCs, reflecting the situations of the industries and different approaches to increasing female participation.

Consultation

- 49 The RoVE Programme Board are overseeing the reforms of vocational education and training, including the process for the establishment of WDCs. The programme board is made up of representatives from the Ministry of Education, Treasury, the Tertiary Education Commission, the board of the Tertiary Education Commission, the New Zealand Qualifications Authority and two Independent Directors.

Relevant government departments and agencies

- 50 The following government departments and agencies have been consulted as appropriate on the Cabinet paper: the Treasury; the Public Services Commission; the New Zealand Qualifications Authority; the Tertiary Education Commission; the Ministry of Business Innovation and Employment; Te Arawhiti; and Te Puni Kokiri.

51 The Department of the Prime Minister and Cabinet has been informed.

Relevant private sector organisations and public consultation processes

52 Before issuing an Order to establish a WDC, the Minister of Education is required under section 363 of the Education and Training Act to consult with the representatives of the specified industries proposed to be covered by the OIC and take into account their views on the following:

52.1 name and governance arrangements;

52.2 the desirability of avoiding duplication of resources in the coverage of workforce development councils in relation to the specified industries; and

52.3 the capability required by the proposed workforce development council to perform and exercise its functions, duties, and powers efficiently and effectively.

53 The TEC on behalf of the Minister of Education undertook broad consultation on all proposals to be included in the Orders and the Minister of Education has considered all feedback received. The consultation ran for approximately 7 weeks from 16 December 2020 until 5 February 2021. The total number of submissions received (across all six proposals) was 214, including 131 organisations and 83 individual submissions.

54 The areas of most interest across the six Order in Council proposals were the names, council membership, coverage, and industry engagement. As a result of consultation, minor changes were made to the six proposals, to reflect the voices of industry and of those who commented during consultation.

Communications

55 The Minister of Education will announce the establishment of six Workforce Development Councils once the Governor General has agreed to the six order in councils.

56 A number of the proposals contain provisions for a minimum number of Māori members on council. This is possibly the first time that a statutory entity has had provisions that require half its members to be Māori and consequently may attract attention from the media or the opposition.

Proactive Release

57 I intend to proactively release this Cabinet paper in accordance with the Official Information Act 1982.

Recommendations

The Minister of Education recommends that the Committee:

- 1 **note** that in July 2019, Cabinet agreed to establish four to seven Workforce Development Councils [CAB-19-MIN-009] as a key aspect of the Reform of Vocational Education and Training;
- 2 **note** that following consultation with industry and an oral item at Cabinet on 2 December 2019, the Minister of Education announced on 17 December 2019, that six Workforce Development Councils would be established with the following coverage areas:
 - 2.1 Construction and Infrastructure;
 - 2.2 Manufacturing, Engineering and Logistics;
 - 2.3 Primary Industries;
 - 2.4 Service Industries;
 - 2.5 Creative, Cultural, Recreation and Technology; and
 - 2.6 Health, Community, Education and Social Services;
- 3 **note** that a Workforce Development Council must be established through an Order in Council which must include the name, the industries covered by the WDC, governance arrangements, and any additional functions;
- 4 **note** that interim Establishment Boards made up of representatives from the specified industries have supported the development of the Order in Council proposals;
- 5 **note** that the Education and Training Act 2020 requires the Minister of Education to consult with industry before recommending that an order be made to establish a Workforce Development Council;
- 6 **note** that the Tertiary Education Commission ran a public consultation on my behalf from 16 December 2020 to 5 February 2021, which included the specified industries and the general public;
- 7 **note** that the advice of Workforce Development Councils on skills needs will be considered by the Tertiary Education Commission alongside the regional perspectives put forward by the Regional Skills Leadership Groups (RSLGs);
- 8 **approve** the proposed names, coverage areas, governance arrangements, additional functions and minor arrangements of the six Workforce Development Councils, as detailed in Appendix A, subject to further Te Tiriti analysis;
- 9 **authorise** the Minister of Education to make decisions on the details of the proposals, for the purpose of drafting legislation, without any further reference to Cabinet, subject to these details being consistent with the policy intent set out in paragraphs 13-34 of this Cabinet paper and in Appendix A;

- 10 **agree** that the Minister of Education can make decisions about any minor, technical or consequential amendments necessary to give effect to the policy intent, and any transitional arrangements required for implementation;
- 11 **authorise** the Ministry of Education to issue drafting instructions to the Parliamentary Counsel Office to implement the recommendations in this paper;
- 12 **note** that drafting recommendations are subject to Parliamentary Counsel directions concerning how best to express each recommendation in the legislation.

Authorised for lodgement

Hon Chris Hipkins

Minister of Education

Appendix A: Decision table for the six Order in Council proposals

| | Construction and Infrastructure | Creative, Cultural, Recreation and Technology | Health, Community and Social Services | Manufacturing, Engineering and Logistics | Primary Industries | Service Industries |
|----------------|--|--|--|---|--|--|
| Name | Waihanga Ara Rau Construction and Infrastructure Workforce Development Council | Toi Mai Workforce Development Council | Community, Health, Education and Social Services Workforce Development Council | Hanga-Aro-Rau Manufacturing, Engineering and Logistics Workforce Development Council | Muka Tangata - People, Food & Fibre Workforce Development Council | Services Workforce Development Council |
| Coverage areas | Construction (including heavy, civil residential, non-residential and related engineering) and associated industries and trades, and infrastructure including water supply, sewage and drainage, gas supply, electricity generation and distribution, telecommunication, road and bridge building, and related engineering. | Graphic, creative and web design, Ngā Toi Māori, game and software development, museums and amusement parks, libraries and archiving, performing arts, film and music, hairdressing and beauty therapy, radio and television broadcasting, information and communications technology and systems, recreational facilities/venues and sport. | Health care and health services (incl. mental health and addiction), public order and safety services, education, child and aged care, social services, beauty and skin therapy services, funeral, crematorium and cemetery services, urban pest control, health and safety, regulatory services, educational support services, residential care services, child care services, disability services. | Manufacturing and processing, extractives and drilling, transport (including heavy and commercial), postal, warehousing, winemaking and related engineering. | Agriculture, horticulture, fishing, aquaculture, equine, silviculture and harvesting, and sports turf management. | Advisory services, aviation, cleaning services, business services, contact centres, financial services, hospitality, local government, real estate, retail, security services, state sector, tourism and travel. |
| Purpose | <p>In performing its functions under the Act, the purposes of the Waihanga Ara Rau Construction and Infrastructure Workforce Development Council are:</p> <ul style="list-style-type: none">to facilitate the voices of the prescribed industries to lead the development of a more sustainable, globally engaged and adaptive construction and infrastructure workforce in Aotearoa New Zealand;to contribute to an education system which provides opportunities for all people to reach their full potential and capabilities, including those who have been traditionally underserved by the education system;to ensure the construction and infrastructure vocational education system provides opportunities for all workers to reach their full potential;to contribute to an education system that honours Te Tiriti o Waitangi and supports Māori-Crown relations;to contribute to an education system that helps ensure fair and equitable outcomes for all;to contribute to a well-functioning labour market system in which industries and firms can access the skills they require, now and in future;to encourage visible career pathways and a sustainable workforce pipeline;to lead the response to Aotearoa New Zealand's current and future construction and infrastructure workforce needs, taking into account:<ul style="list-style-type: none">the transition to a low-emissions and climate resilient Aotearoa New Zealand;new global challenges;emerging technologies;global sustainability goals;the changing nature of work, andthe skills, knowledge and qualifications learners need in future to achieve success for themselves and their communities. | <p>In performing its functions under the Act, the purposes of Toi Mai are to:</p> <ul style="list-style-type: none">to facilitate the voices of the prescribed industries to contribute to the creation of a sustainable, globally engaged and adaptive Aotearoa New Zealand (includes Aotearoa me Te Waipounamu and all territories);contribute to an education system that provides opportunities for all people to reach their full potential and capabilities, including those who have been traditionally underserved by the education system;to contribute to an education system that honours Te Tiriti o Waitangi and supports Māori-Crown relations;to contribute to an education system that helps ensure fair and equitable outcomes for all;to contribute to a well-functioning labour market system in which industries and firms can access the skills they require, now and in future;to plan, implement and support the responses to Aotearoa New Zealand's current and future workforce needs, taking into account:<ul style="list-style-type: none">the transition to a low-emissions and climate resilient Aotearoa New Zealand;new global challenges;emerging technologies;global sustainability goals;the changing nature of work, andthe skills, knowledge and qualifications learners need in future to achieve success for themselves and their communities. | <p>In performing its functions under the Act, the purposes of the Community, Health, Education and Social Services Workforce Development Council are:</p> <ul style="list-style-type: none">to contribute to an education system that honours Te Tiriti o Waitangi and supports Māori-Crown relations;to contribute to an education system that helps ensure fair and equitable outcomes for all;to contribute to a well-functioning labour market system in which industries and firms can access the skills they require, now and in future;to facilitate the voices of the prescribed industries to contribute to the creation of a sustainable, globally engaged and adaptive Aotearoa New Zealand;to contribute to an education system which provides opportunities for all people to reach their full potential and capabilities, including those who have been traditionally underserved by the education system;to work with learners, industry (including, without limitation, employers, employees, self-employed people, volunteers, industry associations and unions), tāngata whenua, stakeholders and the other Workforce Development Councils to give effect to the Council's strategic direction;to plan, implement and support the responses to Aotearoa New Zealand's current and future workforce needs, taking into account:<ul style="list-style-type: none">the transition to a low-emissions and climate resilient Aotearoa New Zealand;new global challenges;emerging technologies;global sustainability goals;the changing nature of work, andthe skills, knowledge and qualifications learners need in future to achieve success for themselves and their communities.Actively collaborate with all other partners in the vocational education system towards common goals and priorities. | <p>In performing its functions under the Act, the purposes of the Hanga-Aro-Rau Manufacturing, Engineering and Logistics Workforce Development Council are:</p> <ul style="list-style-type: none">to facilitate the voices of the prescribed industries to contribute to the creation of a sustainable, globally engaged and adaptive Aotearoa New Zealand;to contribute to an education system which provides opportunities for all people to reach their full potential and capabilities, including those who have been traditionally underserved by the education system;to contribute to an education system that honours Te Tiriti o Waitangi and supports Māori-Crown relations;to contribute to an education system that helps ensure fair and equitable outcomes for all;to contribute to a well-functioning labour market system in which industries and firms can access the skills they require, now and in future;to work with learners, industry (including, but not limited to, employers, employees, self-employed people, volunteers, industry associations and unions), tāngata whenua, stakeholders and the other workforce development Councils and other organisations to deliver the outcomes the Council seeks;to plan, implement and support the responses to Aotearoa New Zealand's current and future workforce needs, taking into account:<ul style="list-style-type: none">the transition to a low-emissions and climate resilient Aotearoa New Zealand;new global challenges;emerging technologies;global sustainability goals;the changing nature of work, andthe skills, knowledge and qualifications learners need in future to achieve success for themselves and their communities. | <p>In performing its functions under the Act, the purposes of Muka Tangata - People, Food and Fibre is to provide strategic direction and leadership across the education ecosystem. It will do this by working collaboratively with learners, industry (including, without limitation, employers, employees, self-employed people, volunteers, industry associations and unions), tangata whenua, stakeholders and the other Workforce Development Councils to give effect to:</p> <ul style="list-style-type: none">Provide skills leadership to the vocational education sector so that education provision results in graduates with the knowledge, skills and abilities to meet the needs of current and future employers.Develop and set standards, assessments and qualificationsEndorse programmes to ensure they will meet graduate outcomesModerate assessments, monitor quality of educational outcomes and ensure they meet employer needs.Provide advice to TEC and government. <p>Through carrying out this purpose the WDC will:</p> <ul style="list-style-type: none">Facilitate and channel the industry voicecontribute to the creation of a sustainable, globally engaged and adaptive Aotearoa New Zealand;contribute to an education system which provides opportunities for all people to reach their full potential and capabilities, including those who have been traditionally underserved by the education system;contribute to an education system that honours Te Tiriti o Waitangi and supports Māori-Crown relations;to contribute to an education system that helps ensure fair and equitable outcomes for all;plan, implementing and supporting the responses to Aotearoa New Zealand's current and future workforce needs, taking into account:the transition to a low-emissions and climate resilient Aotearoa New Zealand;<ul style="list-style-type: none">new global challenges; | <p>In performing its functions under the Act, the purposes of the Services Workforce Development Council are to:</p> <ul style="list-style-type: none">to facilitate the voices of the prescribed industries;ensure as far as practicable that the people in the Services sector workforce have every opportunity to reach their full potential and capabilities within their chosen occupation, and to extend those opportunities to people who have been underserved by the education system;contribute towards the creation of a Services sector workforce that meets industry needs and is fit for work in a sustainable, globally engaged and adaptive Aotearoa New Zealand;to contribute to an education system that honours Te Tiriti o Waitangi and supports Māori-Crown relations;to contribute to an education system that helps ensure fair and equitable outcomes for all;to contribute to a well-functioning labour market system in which industries and firms can access the skills they require, now and in future; |

| | Construction and Infrastructure | Creative, Cultural, Recreation and Technology | Health, Community and Social Services | Manufacturing, Engineering and Logistics | Primary Industries | Service Industries |
|---|--|--|--|---|---|--|
| | | | | | <ul style="list-style-type: none"> emerging technologies; global sustainability goals; the changing nature of work; and the skills, knowledge and qualifications learners need in future, to achieve success for themselves and their communities. <ul style="list-style-type: none"> to contribute to a well-functioning labour market system in which industries and firms can access the skills they require, now and in future. | |
| Accountability Arrangements – Performance of functions | <ul style="list-style-type: none"> The Council must give effect to: <ul style="list-style-type: none"> the purposes of the Council; the Tertiary Education Strategy. The Council must consult with persons or bodies who represent: <ul style="list-style-type: none"> Māori; Specific population groups. | <ul style="list-style-type: none"> The Council must give effect to: <ul style="list-style-type: none"> the purposes of the Council; the Tertiary Education Strategy. The Council must consult with persons or bodies who represent: <ul style="list-style-type: none"> Māori; Specific population groups. | <ul style="list-style-type: none"> The Council must give effect to: <ul style="list-style-type: none"> the purposes of the Council; the Tertiary Education Strategy. The Council must consult with persons, iwi, hapu or bodies who represent: <ul style="list-style-type: none"> Māori; Specific population groups. | <ul style="list-style-type: none"> The Council must give effect to: <ul style="list-style-type: none"> the purposes of the Council; the Tertiary Education Strategy. Ka Hikitia – Ka Hāpaitia and the Action Plan for Pacific Education 2020–2030 and corresponding and future strategies. The Council must consult with persons or bodies who represent: <ul style="list-style-type: none"> Māori; Specific population groups. | <ul style="list-style-type: none"> The Council must give effect to: <ul style="list-style-type: none"> the purposes of the Council; the Tertiary Education Strategy; Ka Hikitia or subsequent Māori education strategies that relate to vocational education and training. The Council must consult with persons or bodies who represent: <ul style="list-style-type: none"> Māori; Specific population groups. | <ul style="list-style-type: none"> The Council must give effect to: <ul style="list-style-type: none"> the purposes of the Council; the Tertiary Education Strategy. The Council must consult with persons or bodies who represent: <ul style="list-style-type: none"> Māori; Specific population groups. |
| Accountability Arrangements – Statement of strategic direction | <p>The Council must publish statement every 3 years setting out its strategic direction for the next 5 years; including:</p> <ul style="list-style-type: none"> how the Council intends to give effect: <ul style="list-style-type: none"> to the purposes of the Council; and to relevant parts in the Tertiary Education Strategy. the performance measures that will be used by the Council to assess its performance. | <p>The Council must publish statement every 3 years setting out its strategic direction for the next 5 years; including:</p> <ul style="list-style-type: none"> how the Council intends to give effect: <ul style="list-style-type: none"> to the purposes of the Council; and to relevant parts in the Tertiary Education Strategy. the performance measures that will be used by the Council to assess its performance. | <p>The Council must publish statement every 3 years setting out its strategic direction for the next 5 years; including:</p> <ul style="list-style-type: none"> how the Council intends to give effect: <ul style="list-style-type: none"> to the purposes of the Council; and to relevant parts in the Tertiary Education Strategy. the performance measures that will be used by the Council to assess its performance. | <p>The Council must publish statement every 3 years setting out its strategic direction for the next 5 years; including:</p> <ul style="list-style-type: none"> how the Council intends to give effect: <ul style="list-style-type: none"> to the purposes of the Council; to relevant parts in the Tertiary Education Strategy; Ka Hikitia – Ka Hāpaitia and the Action Plan for Pacific Education 2020–2030 and corresponding and future strategies. the performance measures that will be used by the Council to assess its performance. | <p>The Council must publish statement every 3 years setting out its strategic direction for the next 5 years; including:</p> <ul style="list-style-type: none"> how the Council intends to give effect: <ul style="list-style-type: none"> to the purposes of the Council; to relevant parts in the Tertiary Education Strategy; Ka Hikitia or subsequent Māori education strategies that relate to vocational education and training. the performance measures that will be used by the Council to assess its performance. | <p>The Council must publish statement every 3 years setting out its strategic direction for the next 5 years; including:</p> <ul style="list-style-type: none"> how the Council intends to give effect: <ul style="list-style-type: none"> to the purposes of the Council; and to relevant parts in the Tertiary Education Strategy. the performance measures that will be used by the Council to assess its performance. |
| Accountability Arrangements – Annual report | <p>The Council must present to the Minister and specified industries:</p> <ul style="list-style-type: none"> an annual report on the performance of its functions and the audited financial statements of the Council. | <p>The Council must present to the Minister and specified industries:</p> <ul style="list-style-type: none"> an annual report on the performance of its functions and the audited financial statements of the Council. | <p>The Council must present to the Minister and specified industries:</p> <ul style="list-style-type: none"> an annual report on the performance of its functions and the audited financial statements of the Council. | <p>The Council must present to the Minister and specified industries:</p> <ul style="list-style-type: none"> an annual report on the performance of its functions and the audited financial statements of the Council. | <p>The Council must present to the Minister and specified industries:</p> <ul style="list-style-type: none"> an annual report on the performance of its functions and the audited financial statements of the Council. | <p>The Council must present to the Minister and specified industries:</p> <ul style="list-style-type: none"> an annual report on the performance of its functions and the audited financial statements of the Council. |
| Composition of Council | Council comprises of 8 members. | Council comprises of 7-9 members. | Council comprises of 8-10 members. | Council comprises of 7-9 members. | Council comprises of 8-12 members. | Council comprises of 9 members. |
| Employee/ Employer/ Māori Employer Representation on Councils | <ul style="list-style-type: none"> 1 nominated by employers in the specified industries to represent them. 1 nominated by Maori employers in the specified industries to represent them. 2 nominated by trade unions and/or the Council of Trade Unions to represent employees in the specified industries | <ul style="list-style-type: none"> 1 member who is able to provide collective representation of employees from 1 or more sectors covered by Toi Mai. 1 member who is able to provide collective representation of employers from 1 or more sectors covered by Toi Mai. 1 member who represents Māori employers. | <ul style="list-style-type: none"> 1 nominated by Māori employers in the specified industries. 1 nominated by employees to represent them in the specified industries. 1 nominated by employers to represent them in the specified industries. | <ul style="list-style-type: none"> 1 nominated by Māori employers in the specified industries. 1 nominated by trade unions and endorsed by Council of Trade Unions to represent employees. 1 to represent employers in the specified industries to represent them. | <ul style="list-style-type: none"> 2 members, including 1 member to represent Māori employees, nominated by Trade Unions (including NZCTU/CTU Rūnanga) in the specified industries, or nominations at large of individual employees involved in the specified industries. no more than 8 members nominated by employers, industry bodies or groups/associations, iwi and Māori, in the specified industries, including: <ul style="list-style-type: none"> at least 1 member nominated by industry associations to provide collective representation of employers in the specified industries; and at least 1 member nominated by Māori employers in the specified industries. | <ul style="list-style-type: none"> 1 nominated by employers in specified industries to represent them. 1 nominated by employees in specified industries to represent them. 1 nominated by Māori employers in specified industries to represent them. |
| Māori/ Pacific/Gender | <ul style="list-style-type: none"> The Council must have an approximately even balance between Māori and non-Māori. | <ul style="list-style-type: none"> At least 3 members who are Māori. Gender balance. | As far as is as reasonably practicable, half Māori. | The Council must be approximately half Māori. | The Council must have an approximately even balance between Māori and non-Māori. | <ul style="list-style-type: none"> At least 2 members who are NZ Māori. At least 1 member who is from the Pacific community. |

| | Construction and Infrastructure | Creative, Cultural, Recreation and Technology | Health, Community and Social Services | Manufacturing, Engineering and Logistics | Primary Industries | Service Industries |
|--|--|---|--|---|--|---|
| Representation on Councils | <ul style="list-style-type: none"> 1 each of the employee and employer representatives must be Māori. 2 members must identify as female. | | | | | |
| Co-opting members on Councils | May co-opt 1 additional member | Up to 2 additional members can be co-opted. | Can co-opt 1 or 2 members (no more than 10 council members in total). | Up to 2 members can be co-opted (no more than 9 council members in total). | Can co-opt other members provided that the Council comprises in total no more than the total number of members determined by the Council. | N/A |
| Skills and experience (that the council as a whole must have) | <ul style="list-style-type: none"> Membership of the Council should, reflect the diversity of ethnicity, cultural background and gender of the people within the specified industries and in New Zealand as a whole. The Council as a whole must have sufficient knowledge, skills or experience in the following: <ul style="list-style-type: none"> te ao Māori; the specified industries; the governance of organisations; vocational education; public administration; community organisations. | <ul style="list-style-type: none"> Knowledge and networks within Te Ao Māori. Commitment Te Tiriti o Waitangi, and te reo me mātauranga Māori. Commitment to eliminating inequality and meeting the needs of underserved learners. Industry leadership, knowledge, connections, experience. Vocational education and/or training experience. Government engagement abilities. Governance skills. | <ul style="list-style-type: none"> Experience in vocational education. Governance and/or public administration experience and/or understanding. Skills in te ao Māori including te reo Māori and mātauranga Māori. Commitment to the principles of Te Tiriti o Waitangi. Experience in financial analysis and management. Experience in establishing new organisations, enterprises or business. Experience in a leadership position in industry change management or business transformation. Representatives from both large and small enterprises within the specified industries and industry associations. Diversity of age, ethnic background, ideas and gender, with particular regard to representation of Māori, Pacific peoples and disabled people. Representation of Māori consistent with the partnership principles of Te Tiriti o Waitangi. | <ul style="list-style-type: none"> Reflect the diversity of age, ideas, ethnicity and gender with particular regard to representation of Māori, Pacific peoples, and disabled people, of the people within the specified industries and in New Zealand as a whole Have representatives from both large and small enterprises; Have sufficient representation of Māori, Pacific peoples and disabled people; Have sufficient experience in, or engagement with, the vocational education and training system. Have enough members with skills in te ao Māori, including te reo Māori and mātauranga Māori. Have a deep understanding and commitment to the principles of Te Tiriti o Waitangi. Have experience in financial analysis and management. Have an understanding of kaitiakitanga including of the low carbon, low waste circular economy. | <p>Sufficient leadership, knowledge and experience in the following areas:</p> <ul style="list-style-type: none"> the WDC's specified industries; the vocational education system; public administration; te ao Māori, mātauranga Māori, Te reo Māori and an understanding of the articles of Te Tiriti o Waitangi; and Māori business in the WDC's specified industries. | <ul style="list-style-type: none"> Experience in the sectors covered by the Services WDC. Experience as an employer in one of the sectors covered by the Services WDC. Experience in addressing the needs of underserved learners. Commitment to upholding Te Tiriti o Waitangi principles. Experience in governance and public administration. Knowledge of the vocational education system. Knowledge of Te Ao Māori and mātauranga Māori. The Council must reflect the contemporary and anticipated New Zealand workforce. All appointments will be based on skills and abilities and reflect the WDC's coverage of sectors, relationships with iwi, and ability to meet the needs of all learners, including those under-served. |
| Skills and experience (that individual members must have) | | | <ul style="list-style-type: none"> Leadership experience. A commitment to inclusion and addressing the needs of underserved learners. The support of at least one industry sector. In the case of the employee representative, the support of the Council of Trade Unions or unions representing employees. | <ul style="list-style-type: none"> Leadership experience. Experience, or an understanding of, either or both governance and public administration. A commitment to inclusion and addressing the needs of underserved learners. A commitment to act with impartiality, honesty, integrity, and manaakitanga. An understanding of, and commitment to, inclusion, eliminating inequality, and understanding the needs of underserved learners, including but not limited to Māori, Pacific peoples, and disabled people. In the case of the employer representative, the support of employers in the specified industries. In the case of the employee representative, the support of the Council of Trade Unions. | <ul style="list-style-type: none"> Have knowledge, skills and experience relevant to the strategic direction of the Council. Have, or have the ability to develop and maintain, good working relationships and connections with businesses within the specified industries. Have a mix of industry membership. | |
| Appointment of the first council | <ul style="list-style-type: none"> Chief Executive of the TEC establishes an appointments committee comprising of 5 members from the specified industries. The appointments committee appoints the first Council. | <ul style="list-style-type: none"> Minister appoints the first Council. Chief Executive of the TEC establishes a nominations committee comprising of 5 members from the specified industries. Nominations committee provides list of nominations to the Minister. | <ul style="list-style-type: none"> The Chief Executive of the TEC must establish an appointments committee comprising 5 members from the specified industries. Appointments committee appoints the first Council. | <ul style="list-style-type: none"> The Chief Executive of the TEC must establish an appointments committee comprising of 5 members from the specified industries. The appointments committee appoints the first Council. | <ul style="list-style-type: none"> Minister appoints the first Council. Chief Executive of the TEC establishes a nominations committee comprising 5 members who reflect the composition of the WDC (i.e employee representation, employer representation, Māori employer representation). Nominations committee provides list of nominations to the Minister. | <ul style="list-style-type: none"> Minister appoints 4 members (including a chairperson). Council appoints remaining members. |
| Term of appointment | <ul style="list-style-type: none"> Between 2-4 years. | <ul style="list-style-type: none"> Half the Council must be appointed for 18 months. Half the Council must be appointed for 3 years. | <ul style="list-style-type: none"> Between 1-3 years. | <ul style="list-style-type: none"> Between 1-4 years. | <ul style="list-style-type: none"> Between 6-18 months. | <ul style="list-style-type: none"> Members can be appointed for 1, 2 or 3 years. Chairperson will be appointed for 2 years. |
| Appointment of ongoing council | <ul style="list-style-type: none"> Council must establish a selection committee which then makes recommendations to the council. | <ul style="list-style-type: none"> Council must establish an Appointments Panel of 6 members (2 of which are Māori). | <ul style="list-style-type: none"> Council must establish a selection committee makes recommendations to the council. | <ul style="list-style-type: none"> The Council must establish an Industry Stakeholder Group which appoints the Council. | <ul style="list-style-type: none"> Minister appoints the council in consultation with the Minister(s) for primary industries. | <ul style="list-style-type: none"> Minister appoints 4 members (including designating 1 as chairperson). |

| | Construction and Infrastructure | Creative, Cultural, Recreation and Technology | Health, Community and Social Services | Manufacturing, Engineering and Logistics | Primary Industries | Service Industries |
|-------------------------------------|--|--|--|--|---|--|
| | <ul style="list-style-type: none"> Council then appoints council members. | <ul style="list-style-type: none"> The Council then appoints Council members. | <ul style="list-style-type: none"> Council then appoints Council members. | <ul style="list-style-type: none"> The Industry Stakeholder Group must appoint a Selection Panel comprising 5 members, including the chairperson of the Industry Stakeholder Group. The Industry Stakeholder Group must consider the recommendations made by Selection Panel. | | <ul style="list-style-type: none"> Council appoints remaining 5 members. |
| Term of appointment | <ul style="list-style-type: none"> Between 2-4 years. | <ul style="list-style-type: none"> 3 year terms (max 2 terms). | <ul style="list-style-type: none"> 1-3 years (9 years max). | <ul style="list-style-type: none"> 2-4 years (8 years max). | <ul style="list-style-type: none"> 3 year term (max 2 terms). | <ul style="list-style-type: none"> 3-year term (max 2 terms). |
| Appointment of the Chair(s) | <ul style="list-style-type: none"> The Council must appoint 2 members to be co-chairpersons – 1 must be Māori. | <ul style="list-style-type: none"> The Council must appoint 2 members to be co-chair – 1 must be Māori. | <ul style="list-style-type: none"> The Council may appoint 1 member to be a chairperson or 2 members to be co-chairpersons. | <ul style="list-style-type: none"> The Council must appoint 2 members to be co-chairpersons. | <ul style="list-style-type: none"> The Council must appoint 1 member to be a chairperson or 2 members to be co-chairpersons. | <ul style="list-style-type: none"> The Minister must appoint a member of the Council to be chairperson. |
| Additional functions of WDCs | <ul style="list-style-type: none"> The additional functions of the Council are: <ul style="list-style-type: none"> to promote opportunities for all people to reach their full potential and capabilities by supporting quality vocational educational outcomes; and to address the needs and aspirations of priority learners including Pacific learners and disabled people. | <ul style="list-style-type: none"> N/A | <ul style="list-style-type: none"> N/A | <ul style="list-style-type: none"> The additional functions of the Council are: <ul style="list-style-type: none"> to provide advocacy for industry and career promotion to support efforts to better match the supply and demand of skilled labour; to conduct research and development and such other activities to support its core and additional functions; to promote opportunities for all people to reach their full potential and capabilities by supporting quality vocational educational outcomes; and to address the needs and aspirations of priority learners including Pacific learners and disabled people. | <ul style="list-style-type: none"> The additional functions of the Council are: <ul style="list-style-type: none"> to promote opportunities for all people to reach their full potential and capabilities by supporting quality vocational educational outcomes; to address the needs and aspirations of priority learners including Pacific learners and disabled people; to provide advice to compulsory education, higher education, industry extension and professional development providers, based on a consideration of how the entire “skills ecosystem” must be mobilised to build the capability required in the future workforce; to undertake commercial work on behalf of industry where it is aligned to the overall objectives and functions of WDC. | <ul style="list-style-type: none"> N/A |

Appendix B: Initial engagement with industry on the number and coverage of the proposed Workforce Development Councils

In September and October 2019, the Tertiary Education Commission led engagement with industry on the broad industry groupings that WDCs could cover, the number of WDCs, and options for governance.

Industry indicated a preference for either six WDCs based on the Vocational Pathways, or the extended Vocational Pathways model with seven WDCs. I consider that reasonably sized WDCs would operate and engage across a community of industry groups. When proposing the coverage area of each WDCs, industry preference was considered. The coverage areas have been established using a mixture of industry preference, recommendations from ITOs and alignment of similar industries and skills.

Table 1: Proposed coverage areas of the 6 WDCs

| | Coverage area | Key potential components from existing ITOs | Potential qualifications under the WDC ¹ |
|--|--|---|---|
| Construction and Infrastructure | Construction (including heavy, civil residential, non-residential and related engineering) and associated industries and trades, and infrastructure including water supply, sewage and drainage, gas supply, electricity generation and distribution, telecommunication, road and bridge building, and related engineering. | <ul style="list-style-type: none"> - BCITO - Connexis - Reticulated gas pipelines from MITO - A range of trades industries from The Skills Organisation (plumbing, gasfitting and drainlaying, electrical services, scaffolding, rigging etc.) | 154 qualifications |
| Creative, Cultural Recreation and Technology | Graphic, creative and web design, Ngā Toi Māori, game and software development, museums and amusement parks, libraries and archiving, performing arts, film and music, hairdressing and beauty therapy, radio and television broadcasting, information and communications technology and systems, recreational facilities/venues and sport. | <ul style="list-style-type: none"> - Sport, recreation, performing arts from Skills Active - Hairdressing, barbering and beauty therapy from HITO - Communications and media from Competenz - Some design, web and animation qualifications currently developed by New Zealand Qualifications Authority (NZQA) - Floristry from Primary Industries - Museum services from ServiceIQ | 164 qualifications |
| Health, Community and Social Services | Health care and health services (incl. mental health and addiction), public order and safety services, education, child and aged care, social services, beauty and skin therapy services, funeral, crematorium and cemetery services, urban pest control, health and safety, regulatory services, educational support services, residential care services, child care services, disability services. | <ul style="list-style-type: none"> - Health and wellbeing from Careerforce - Emergency services and regulatory compliance from The Skills Organisation - Skin care therapy from HITO - Education and childcare qualifications developed by NZQA | 60 qualifications |

¹ Please note that this is based on initial analysis. There are qualifications that may move into a different WDC depending on final coverage decisions. In addition, the remaining National qualifications will expire over time.

| | Coverage area | Key potential components from existing ITOs | Potential qualifications under the WDC ¹ |
|--|---|--|---|
| Manufacturing, Engineering, Logistics | Manufacturing and processing, extractives and drilling, transport (including heavy and commercial), postal, warehousing, winemaking and related engineering. | <ul style="list-style-type: none"> - Competenz - MITO - Marine from NZMACITO - Joinery from BCITO - Petrochemicals, dairy and meat processing from Primary ITO | 218 qualifications |
| Primary Industries | Agriculture, horticulture, fishing, aquaculture, equine, silviculture and harvesting, and sports turf management | <ul style="list-style-type: none"> - Primary ITO - Forestry from Competenz | 107 qualifications |
| Service Industries | Advisory services, aviation, cleaning services, business services, contact centres, financial services, hospitality, local government, real estate, retail, security services, state sector, tourism and travel | <ul style="list-style-type: none"> - ServiceIQ - A range of services industries from The Skills Organisation - Caretaking and cleaning from Careerforce - Business and administrative qualifications currently developed by NZQA | 110 qualifications |

Regulatory Impact Statement: Establishment of Workforce Development Councils by six Orders in Council

Coversheet

| Purpose | |
|--|---|
| Decision Sought: | Analysis produced for the purpose of informing final Cabinet decisions on the establishment of six Workforce Development Councils by Orders in Council. |
| Advising Agencies: | Ministry of Education Tertiary Education Commission |
| Proposing Ministers: | Hon Chris Hipkins, Minister of Education |
| Date: | 25 February 2021 |
| Problem Definition | |
| Orders in Council are needed to establish the six Workforce Development Councils, as agreed to by Cabinet. | |
| Executive Summary | |

Policy problem and opportunity

As part of the Reform of Vocational Education (RoVE), Workforce Development Councils (WDCs) are required to be established by Order in Council (under section 363 of the Education and Training Act 2020 (the Act)). Regulatory impacts of the Orders need to be carefully considered to ensure that the functions and duties of WDCs are realised, while minimising the risk to industry of an inadequate supply of skilled workers, and risks to the Crown from poorly governed statutory bodies or non-compliance with the Act.

Regulatory functions of WDCs are circumscribed by legislative requirements, New Zealand Qualifications Authority (NZQA) rules and Tertiary Education Commission (TEC) investment plan requirements.

Key issues to be addressed in developing the Orders in Council (OiC) are:

- What represents good governance arrangements for a statutory body? and:
- How can the statutory body (WDC) best represent the needs of the industries it represents?

A key role of the WDCs will be to provide skills leadership for the industries they represent, greatly increasing the influence of industry/employers on the vocational education and training system. The OiC need to enable the WDCs to carry out this role effectively. In addition to skills leadership, WDCs will develop skill standards, provide advice on procurement of vocational education and training, and monitor assessment by providers of the skills standards.

A Regulatory Impact Statement (RIS) developed in 2019 relates to the wider RoVE programme. The RoVE RIS underpins this assessment. You can access the RoVE RIS here: [Regulatory Impact Assessment: Reform of Vocational Education](#)

Scope of proposals

WDC OiC are required to include purpose of the Council and accountability arrangements, governance arrangements, mechanisms for Industry Engagement and any additional Functions.

Options considered

When drafting the Act, a decision was made to establish the six WDCs via six OiC, rather than via primary legislation. Establishing WDCs through an Order in Council, rather than through primary legislation, was intended to allow the form and scope of WDCs to reflect the various and changing needs and interests of the industries they cover.

Interim establishment boards (iEBs) were created and tasked with (among other things) developing the OiC proposals for establishment of the WDC within their respective coverage areas.

The iEBs were provided with guidance to assist them in their decision-making. In some instances, default options were suggested where there was little opportunity for variation in approach, and in other cases, options were recommended based on best practice.

The result of this industry led process, is six bespoke OiC proposals which reflect the unique circumstances and needs of the industries covered by each WDC, while also

meeting the requirements of the Act.

What do stakeholders and the general public think?

Industry groups and employers will be directly impacted by the establishment of WDCs. Tertiary education organisations and learners will be indirectly impacted.

Prior to drafting the OiC, iEBs engaged with over 900 stakeholders, including representatives from industry sectors, peak bodies, educators, Māori business and industry.

Consultation on the draft OiC proposals occurred between 16 December 2020 and 5 February 2021. Following consultation, iEBs and the Ministry proposed a number of changes to the content of the OiC.

Potential impact of the preferred option

WDCs will be funded from 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, up to \$32.5 million of \$65.0 million in 2022/23 to 31 December 2022.

9(2)(f)(iv)

Non-monetised costs associated specifically with WDC establishment have been identified for Transitional Industry Training Organisations, employers, tertiary education organisations and learners, however, the impact of these non-monetised costs has been assessed as low.

Non-monetised benefits associated specifically with WDC establishment have been identified for the Crown, employers, and learners. These have been assessed as medium.

Monitoring, Review and Evaluation

Under the Act, NZQA and TEC have a number of monitoring functions relating to WDCs, including monitoring compliance with the Act (section 413 (1)) and quality assurance requirements (sections 371, 372, 433 and 458).

Plans for the review and evaluation of benefits are included in the wider RoVE programme benefits realisation planning. To date, the programme has undertaken the following assurance activities:

- Independent Quality Assurance (IQA) of programme controls.
- IQA of the RoVE business case.
- A Treasury Gateway review of RoVE implementation.

Limitations or Constraints on Analysis

The scope of this analysis is limited to the contents of the WDC OiC and does not relate to the policy to establish WDCs by OiC. The Act (sections 363 – 372) legislates for the establishment of WDCs by OiC, their functions, and duties.

A Regulatory Impact Statement (RIS) developed in 2019 relates to the wider RoVE programme. The RoVE RIS underpins this assessment. You can view the RoVE RIS here: [Regulatory Impact Assessment: Reform of Vocational Education](#)

The Minister of Education has requested all six WDCs be established by May 2021, requiring OiC to be considered by Cabinet LEG Committee in early April, with gazetting to occur in May 2021 (taking into account the 28 Day Rule).

Detailed governance arrangements that are the same across all WDCs and aspects of detailed governance arrangements that are unique to each WDC, including meetings, appointment of chairpersons, collective duties of Council, and industry engagement, are exempt from the requirement to provide a regulatory impact statement on the basis that Treasury considers that they have no or minor impacts on businesses, individuals or not for profit entities.

Responsible Manager(s) (completed by relevant manager)

Katrina Sutich

Group Manager

Graduate Achievement, Vocations and Careers / Te Ara Kaimanawa

Ministry of Education

25/02/2021

| Quality Assurance (completed by QA panel) | |
|---|--|
| Reviewing Agency/Agencies: | Ministry of Education |
| Panel Assessment & Comment: | <p>The Ministry of Education's Quality Assurance Panel has reviewed the Regulatory Impact Statement "Establishment of Workforce Development Councils by six Orders in Council" produced by the Ministry of Education and dated 24 February 2021. The panel considers that it partially meets the Quality Assurance criteria.</p> <p>The RIS reflects the extensive consultation that has shaped the specific governance arrangements proposed for each of the six Workforce Development Council and the industry driven approach used to identify and assess the possible options.</p> <p>The analysis of options and impacts across six WDCs in a single RIS does present challenges for presentation of the analysis of the options and impacts. The limited options considered for some elements of the proposed arrangements is partly explained by the choices available.</p> <p>Despite these challenges, the rationale for the options selected, how they reflect the specific needs of the industry covered by the WDC, and how they will ensure effective governance of the statutory bodies, is adequately identified.</p> |

Section 1: Outlining the problem

Context/Background Information

The establishment of Workforce Development Councils (WDCs) forms a project within a wider programme of work under the Reform of Vocational Education (RoVE), overseen by a cross-agency Programme Board.

In July 2019, Cabinet agreed to establish an integrated model of vocational education and training. The new model required the dis-establishment of 11 Industry Training Organisations (ITOs), and the re-allocation of their key functions, arranging training and standard setting. In the new structure, between four and seven industry governed WDCs will work with the industries they represent to develop a strategic view of their future skill needs, set standards, provide advice to TEC on investment in vocational education and determine the appropriate mix of skills and training for the industries they cover.

Unlike ITOs, WDCs won't be directly involved in arranging apprenticeships and other on-the-job training. The arranging training function of ITOs will shift to Te Pūkenga (New Zealand Institute of Skills and Technology), the newly established institution responsible for the delivery of both on-job and off-job vocational education and training. Training may also be arranged by private training establishments and Wānanga.

WDCs will ensure there is alignment between the skill needs of industry and the vocational education system. It is important that these statutory bodies meet the existing needs of industry, employers, and employees, while also planning for the needs of the future workforce.

The overall objective is to have well-functioning strategic governance of WDCs, that will satisfy both the needs of industry and government, in a well-functioning industry training system.

What is the policy problem or opportunity?

The decision by Cabinet to establish WDCs via OiC is one part of the response to the policy problems addressed by RoVE.

These six WDCs will be established by OiC (under section 363 of the Act). Regulatory impacts of the OiC need to be carefully considered to ensure that the functions and duties of WDCs are realised, while minimising the risk to industry of an inadequate supply of skilled workers, and risks to the Crown from poorly governed statutory bodies or non-compliance with the Act. Regulatory functions of WDCs are circumscribed by legislative requirements, NZQA rules and TEC investment plan requirements.

Who will be impacted?

Industry groups and employers will be directly impacted. Industry needs to be assured that the WDC will represent their long-term interests in:

- Setting standards, developing qualifications and help to shape the curriculum of vocational education
- Providing advice to TEC on investment in vocational education

- Determining the appropriate mix of skills and training for the industries they cover
- Endorsing programmes that lead to qualifications, whether work-based (such as apprenticeships), on-campus or online.

Training providers and learners are also indirectly impacted. Training programmes and skills standards need to be better aligned with employer requirements for hiring trainees and development opportunities for employees. Qualifications also need to be able to be delivered effectively by education providers in both provider-based and employer-based contexts (i.e. on-job and off-job).

What do stakeholders think?

In September and October 2019, the education agencies undertook engagement focused on the potential industry groupings that WDCs could cover ('coverage'), the number of WDCs, and options for governance. Engagement activities included:

- Five public workshops/meetings – two in Auckland, and one each in Wellington, Christchurch, and Hamilton (attended by 213 organisations and 294 people)
- Workshops with Industry Training Organisations (ITOs), government organisations/officials, and regulatory/skills standards bodies
- Around 30 meetings with individual industry associations and employers (or groupings of up to 10 organisations)
- Participation at around 25 ITO-arranged engagement events
- Regional engagement as a part of the wider RoVE programme, including participation at Ministry of Business, Innovation and Employment Regional Skills Leadership workshops

Additional feedback was also received via a public email address, WDCs@tec.govt.nz. A summary of feedback on the potential coverage and governance of WDCs can be accessed here: [What-we-heard-summary-of-WDC-engagement.pdf \(tec.govt.nz\)](#)

Following this engagement, it was announced that there would be six WDCs with the following industry groupings:

- Construction and Infrastructure
- Creative, Cultural, Recreation and Technology
- Community, Health, Education and Social Services
- Manufacturing, Engineering and Logistics
- Food and Fibre (primary industries)
- Services

Before recommending an OiC to the Governor-General, the Minister of Education is required to consult representatives of one or more of the specified industries covered, or proposed to be covered, by the WDC.

During the process of drafting the OiC proposals, iEBs engaged with their respective industries to test and seek initial feedback on the drafts, and to start building connections across the new WDC industry groupings. This engagement was carried out using a variety of methods, including an online feedback form, written submissions via email and direct engagement with stakeholders.

Wider consultation on the draft OiC proposals occurred between 16 December 2020 and 5 February 2021. This process was formally managed by the TEC using an internet-based submissions process. Engagement with industry was also undertaken in collaboration with iEBs.

Following consultation, the iEBs proposed revisions to the content of the OiC, based on the feedback received [METIS 1250938 refers]. The Ministry agreed to the majority of these proposed changes, but disagreed, or provided alternatives for, 18 of them. The Ministry also recommended a number of changes be made across all six OiC. The Minister made final decisions on the proposed changes on 24 February 2021.

The Ministry and the TEC have worked closely with the iEBs, at the same time as the iEBs have worked closely with their respective industries. The result of this process is six bespoke OiC proposals which reflect the unique circumstances and needs of the industries covered by each WDC.

What objectives are you seeking in relation to this policy problem or opportunity?

The policy objective for WDC OiC is to establish the WDCs and ensure that WDCs are able to effectively take on a skills leadership role, representing the skill needs of industry to the TEC, wider government, and the public. For WDCs to be fully effective, industry must 'buy into' or feel 'ownership' of the WDCs and be confident that their WDCs understand and are responsive to their skill needs. Council members will need to have the requisite skills, experience and networks to facilitate this process.

Secondary policy objectives relate to the need to balance governance arrangements that provide for strong strategic leadership, with the statute requirements to incorporate employer and Māori employer representatives and the collective representation of employees in the industries covered by each WDC.

WDCs perform a key role in the new system by ensuring that there is alignment between the skill needs of industry and the vocational education and training system.

Section 2: Option identification and impact analysis

What criteria will be used to evaluate options against the status quo?

The key criteria for evaluating the options for each OiC are:

- Do the proposed contents of the OiC meet the requirements of the primary legislation?
- Will the proposed governance processes enable the functions of the WDC to be carried out effectively and in a way that meets the needs of the industries it represents?

In addition to the above, consideration was given to:

- Mix of available skills on governance Council
- Effort involved in establishment and speed of establishment
- Degree of industry representation
- Industry involvement
- Credibility with stakeholders.

What scope are you considering options within?

TEC, with advice from its legal team and external consultants, provided guidance material on governance options for the iEBs to consider when formulating their recommendations. The guidance included analysis of risks and benefits, the pros and cons of the options described, and the trade-offs involved in choosing one option over another, e.g.:

- The need for decisions about the number of Council members to balance the desire for a broad Council, representative of a diverse range of industries, with having a smaller Council, able to make decisions expediently.
- The option of requiring Council appointments be made via an election process, which would ensure industry representation but be a lengthy process, needs to be balanced with the need to establish WDCs quickly.

The guidance was accompanied by a template for iEBs to use to record their recommendations for each of the aspects required, or allowed to be included, in the OiC they were advising on. In some instances, default options were suggested where there was little opportunity for variation in approach, and in other cases, options were recommended based on best practice. Many of the options presented were based on the Crown Entities Act, which does not apply to WDCs but provided a suitable framework for governance considerations. Other options have been drawn from the Education Act if a relevant structure exists for other bodies. However, if the iEB considered that another option (or a variation of the proposed option) would better meet the needs of the industries it represented, it was able to adjust the template accordingly.

Describe and analyse the options

The decision to establish WDCs by OiC, rather than through primary legislation was made to enable stakeholders the opportunity to shape their WDCs' design, governance arrangements and industry engagement requirements to reflect the diversity of the industries and communities they serve.

For example, the WDC serving creative industries must serve sectors with many independent earners and fewer formalised industry organisations. Other WDCs must work with more regulated workforces, established industry groups and unique factors shaping specific jobs (e.g., foresters working in geographic isolation with high health and safety needs). These and similar considerations have resulted in six proposed OiC, each with variations of design of governance arrangements and industry engagement requirements. A more standard approach has been taken to accountability arrangements and the technical details of governance.

The following table summarises the options / guidance provided to the iEBs and the proposed content of each OiC. Where iEBs were able to choose between a range of options, the rationale behind their decision is provided. In some cases, content proposed by iEBs required additional consideration by the Ministry and TEC to ensure that the policy intent was met and that OiC remained within the limits of secondary legislation. In these cases, additional analysis to support the final proposed content has also been provided.

Proactively Released by the Minister of Education

Proposed content of Orders in Council

| WDC name | | |
|---|--|---|
| <p>Guidance provided</p> <p>The Act requires that each Order in Council state the formal name of the workforce development council to which it relates. It is important to keep in mind, however, that a council may decide to operate under a different name once it is up and running. For example, the Broadcasting Commission operates under the name NZ On Air – Irirangi Te Motu.</p> <p>Deciding on a name for the WDC will involve significant resources and require intensive engagement with industry. It is recommended that for the Order in the Council, the iEB decides on a functional legal name (and maybe a separate trading name). For the purposes of this Order in Council, the name(s) the iEB chooses should:</p> <ul style="list-style-type: none">• attempt to reflect to the industries that are represented by the WDC;• be relevant to, and usable by, stakeholders of the industries that are represented by the WDC; and• be able to be used in legal contexts (such as entering into contracts) and public-facing contexts (e.g., marketing). | | |
| WDC | Proposed content (name) | Policy intent behind proposed content |
| Creative, Cultural, Recreation and Technology | Toi Mai Workforce Development Council | By suggesting this name, the iEB sought to: <ul style="list-style-type: none">• Choose a name that reflects the industries it represents• Is relevant to, and usable by, stakeholders of the industries that are represented by the WDC,• Is able to be used in legal contexts and public facing contexts• Be inclusive of te ao Māori, through the use of te Reo. |
| Construction and Infrastructure | Waihanga Ara Rau Construction and Infrastructure Workforce Development Council | As above |
| Health, Community and Social Services | Community, Health, Education and Social Services Workforce Development Council | As above (work continues to develop a te Reo name). |
| Manufacturing, Engineering and Logistics | Hanga-Aro-Rau Manufacturing, Engineering and Logistics Workforce Development Council | As above |
| Primary Industries | Muka Tangata People, Food and Fibre Workforce Development Council | As above |
| Services | Services Workforce Development Council | As above The iEB would like to have noted that this is the legal name of this Workforce Development Council leaving consideration of the vision, brand and trading name to the incoming Council and management. Establishing a te Reo name is also desirable and will require engagement with Māori. |
| WDC coverage areas | | |
| <p>Guidance provided</p> <p>It is intended that each WDC will cover the industries listed in Appendix A: List of ANZSIC Level 4 Industries.</p> <p>The TEC and RoVE Programme considered several options for how WDC coverage could be described in the OIC. In December 2019, after engagement with industry, a coverage framework based on industries was developed and agreed by the Minister of Education. This included the decision to use the ANZSIC 2006 Level 4 classification system as it offers a definitive starting point for the RoVE Programme to develop WDC Coverage. ANZSIC codes are agreed with the Australian Government as a common classification intended for statistical purposes.</p> <p>Once the WDCs are operational, they can describe their industries by the terms they want to use (rather than by the formal ANZSIC classification), e.g. they may group areas covered by different codes together to better describe the nature of the industries they cover. The ANZSIC framework will remain as the mechanism for delineating borders between coverage until further work is done.</p> <p>Process for deciding coverage areas</p> <p>The structure of WDC coverage was based on sector groupings, consistent with the approach taken in other jurisdictions. Existing Transitional ITO coverage included gaps and distributed coverage of some industries; for example, in</p> | | |

information technology or many of the creative arts. The Vocational Pathways, developed in partnership between the Ministry of Education and the Industry Training Federation between 2010 and 2014, provided the starting point for discussions about sector coverage for the WDCs.

Industry allocation was then proposed by staff of the TEC after consultation and engagement across New Zealand with a wide range stakeholders and input from ITOs based on the industries they work with. iEBs then reviewed these allocations, engaged with industry, and worked collaboratively to confirm or amend the proposed coverage.

| WDC | Coverage areas (summarised) |
|---|--|
| Creative, Cultural, Recreation and Technology | Graphic, creative and web design, Ngā Toi Māori, game and software development, museums and amusement parks, libraries and archiving, performing arts, film and music, hairdressing and beauty therapy, radio and television broadcasting, information and communications technology and systems, recreational facilities/venues and sport. |
| Construction and Infrastructure | Construction (including heavy, civil residential, non-residential and related engineering) and associated industries and trades, and infrastructure including water supply, sewage and drainage, gas supply, electricity generation and distribution, telecommunication, road and bridge building, and related engineering |
| Health, Community and Social Services | Health care and health services (incl. mental health and addiction), public order and safety services, education, child and aged care, social services, beauty and skin therapy services, funeral, crematorium and cemetery services, urban pest control, health and safety, regulatory services, educational support services, residential care services, child care services, disability services. |
| Manufacturing, Engineering and Logistics | Manufacturing and processing, extractives and drilling, transport (including heavy and commercial), postal, warehousing, winemaking and related engineering. |
| Primary Industries | Agriculture, horticulture, fishing, aquaculture, equine, silviculture and harvesting, and sports turf management. |
| Service Industries | Advisory services, aviation, cleaning services, business services, contact centres, financial services, hospitality, local government, real estate, retail, security services, state sector, tourism and travel. |

Purpose of Workforce Development Councils

Guidance provided

9(2)(g)(i)

Ministry of Education analysis of regulatory impact

9(2)(g)(i)

The Ministry recommended that all the IEBs have the following Treaty statement: ‘The WDC will contribute to an education system that honours Te Tiriti Waitangi and supports Māori-Crown relations’ and that the following words are retained elsewhere in the purpose statement: ‘The WDC will contribute to an education system that helps ensure fair and equitable outcomes for all.’

Te Taumata Aronui is a group that has been established to work with, and provide independent recommendations and advice to, Ministers and officials on how tertiary education can respond better to the needs of Māori learners and communities, with a focus on the design of an education system that reflects the Government’s commitment to Māori Crown partnerships. 9(2)(g)(i)

| WDC | Proposed content |
|---|--|
| Toi Mai Creative, Cultural, Recreation and Technology | <p>In performing its functions under the Act, the purposes of Toi Mai are to:</p> <ul style="list-style-type: none">• to facilitate the voices of the prescribed industries to contribute to the creation of a sustainable, globally engaged and adaptive Aotearoa New Zealand (includes Aotearoa me Te Waipounamu and all territories);• contribute to an education system that provides opportunities for all people to reach their full potential and capabilities, including those who have been traditionally underserved by the education system;• to contribute to an education system that honours Te Tiriti o Waitangi and supports Māori-Crown relations;• to contribute to an education system that helps ensure fair and equitable outcomes for all;• to contribute to a well-functioning labour market system in which industries and firms can access the skills they require, now and in future;• to plan, implement and support the responses to Aotearoa New Zealand’s current and future workforce needs, taking into account:<ul style="list-style-type: none">○ the transition to a low-emissions and climate resilient Aotearoa New Zealand; |

| | |
|--|--|
| | <ul style="list-style-type: none"> ○ new global challenges; ○ emerging technologies; ○ global sustainability goals; ○ the changing nature of work, and ○ the skills, knowledge and qualifications learners need in future to achieve success for themselves and their communities. |
| Waihanga Ara Rau Construction and Infrastructure | <p>In performing its functions under the Act, the purposes of the Waihanga Ara Rau Construction and Infrastructure Workforce Development Council are:</p> <ul style="list-style-type: none"> • to facilitate the voices of the prescribed industries to contribute to lead the development of a more sustainable, globally engaged and adaptive construction and infrastructure workforce in Aotearoa New Zealand; • to contribute to an education system which provides opportunities for all people to reach their full potential and capabilities, including those who have been traditionally underserved by the education system; • ensure the construction and infrastructure vocational education system provides opportunities for all workers to reach their full potential; • to contribute to an education system that honours Te Tiriti o Waitangi and supports Māori-Crown relations; • to contribute to an education system that helps ensure fair and equitable outcomes for all; • to contribute to a well-functioning labour market system in which industries and firms can access the skills they require, now and in future; • encourage visible career pathways and a sustainable workforce pipeline; • lead the response to Aotearoa New Zealand's current and future construction and infrastructure workforce needs, taking into account: <ul style="list-style-type: none"> ○ the transition to a low-emissions and climate resilient Aotearoa New Zealand; ○ new global challenges; ○ emerging technologies; ○ global sustainability goals; ○ the changing nature of work, and ○ the skills, knowledge and qualifications learners need in future to achieve success for themselves and their communities. |
| Community, Health, Education and Social Services | <p>In performing its functions under the Act, the purposes of the Community, Health, Education and Social Services Workforce Development Council are:</p> <ul style="list-style-type: none"> • to contribute to an education system that honours Te Tiriti o Waitangi and supports Māori-Crown relations; • to contribute to an education system that helps ensure fair and equitable outcomes for all; • to contribute to a well-functioning labour market system in which industries and firms can access the skills they require, now and in future; • to facilitate the voices of the prescribed industries to contribute to the creation of a sustainable, globally engaged and adaptive Aotearoa New Zealand; • to contribute to an education system which provides opportunities for all people to reach their full potential and capabilities, including those who have been traditionally underserved by the education system; • to work with learners, industry (including, without limitation, employers, employees, self-employed people, volunteers, industry associations and unions), tāngata whenua, stakeholders and the other Workforce Development Councils to give effect to the Council's strategic direction; • to plan, implement and support the responses to Aotearoa New Zealand's current and future workforce needs, taking into account: <ul style="list-style-type: none"> ○ the transition to a low-emissions and climate resilient Aotearoa New Zealand; ○ new global challenges; ○ emerging technologies; ○ global sustainability goals; ○ the changing nature of work, and ○ the skills, knowledge and qualifications learners need in future to achieve success for themselves and their communities. • Actively collaborate with all other partners in the vocational education system towards common goals and priorities. |
| Hanga-Aro-Rau Manufacturing, Engineering and Logistics | <p>In performing its functions under the Act, the purposes of the Hanga-Aro-Rau Manufacturing, Engineering and Logistics Workforce Development Council are:</p> <ul style="list-style-type: none"> • to facilitate the voices of the prescribed industries to contribute to the creation of a sustainable, globally engaged and adaptive Aotearoa New Zealand; • to contribute to an education system which provides opportunities for all people to reach their full potential and capabilities, including those who have been traditionally underserved by the education system; • to contribute to an education system that honours Te Tiriti o Waitangi and supports Māori-Crown relations; • to contribute to an education system that helps ensure fair and equitable outcomes for all; • to contribute to a well-functioning labour market system in which industries and firms can access the skills they require, now and in future; • to work with learners, industry (including, but not limited to, employers, employees, self-employed people, volunteers, industry associations and unions), tāngata whenua, stakeholders and the other workforce development Councils and other organisations to deliver the outcomes the Council seeks; • to plan, implement and support the responses to Aotearoa New Zealand's current and future workforce needs, taking into account: <ul style="list-style-type: none"> ○ the transition to a low-emissions and climate resilient Aotearoa New Zealand; ○ new global challenges; |

| | |
|---|--|
| | <ul style="list-style-type: none"> o emerging technologies; o global sustainability goals; o the changing nature of work, and o the skills, knowledge and qualifications learners need in future to achieve success for themselves and their communities. |
| Muka Tangata People, Food and Fibre | <p>In performing its functions under the Act, the purposes of Muka Tangata - People, Food and Fibre is to provide strategic direction and leadership across the education ecosystem. It will do this by working collaboratively with learners, industry (including, without limitation, employers, employees, self-employed people, volunteers, industry associations and unions), tangata whenua, stakeholders and the other Workforce Development Councils to give effect to:</p> <ul style="list-style-type: none"> • Provide skills leadership to the vocational education sector so that education provision results in graduates with the knowledge, skills and abilities to meet the needs of current and future employers. • Develop and set standards, assessments and qualifications • Endorse programmes to ensure they will meet graduate outcomes • Moderate assessments, monitor quality of educational outcomes and ensure they meet employer needs. • Provide advice to TEC and government. <p>Through carrying out this purpose the WDC will:</p> <ul style="list-style-type: none"> • Facilitate and channel the industry voice; • contribute to the creation of a sustainable, globally engaged and adaptive Aotearoa New Zealand; • contribute to an education system which provides opportunities for all people to reach their full potential and capabilities, including those who have been traditionally underserved by the education system; • contribute to an education system that honours Te Tiriti o Waitangi and supports Māori-Crown relations; • to contribute to an education system that helps ensure fair and equitable outcomes for all; • plan, implementing and supporting the responses to Aotearoa New Zealand's current and future workforce needs, taking into account: • the transition to a low-emissions and climate resilient Aotearoa New Zealand; <ul style="list-style-type: none"> o new global challenges; o emerging technologies; o global sustainability goals; o the changing nature of work; and o the skills, knowledge and qualifications learners need in future, to achieve success for themselves and their communities. • to contribute to a well-functioning labour market system in which industries and firms can access the skills they require, now and in future. |
| Services | <p>In performing its functions under the Act, the purposes of the Services Workforce Development Council are to:</p> <ul style="list-style-type: none"> • to facilitate the voices of the prescribed industries; • ensure as far as practicable that the people in the Services sector workforce have every opportunity to reach their full potential and capabilities within their chosen occupation, and to extend those opportunities to people who have been underserved by the education system; • contribute towards the creation of a Services sector workforce that meets industry needs and is fit for work in a sustainable, globally engaged and adaptive Aotearoa New Zealand; • to contribute to an education system that honours Te Tiriti o Waitangi and supports Māori-Crown relations; • to contribute to an education system that helps ensure fair and equitable outcomes for all; • to contribute to a well-functioning labour market system in which industries and firms can access the skills they require, now and in future; |

Accountability arrangements – Performance of Functions

The purpose statement and accountability provisions are designed to work together to create an overall framework for the performance of the WDC’s functions and to drive accountability. The WDC’s ability to successfully engage with industries, facilitate industry voice, and provide strategic leadership to industries, is crucial to their success.

Guidance provided

The Ministry recommended:

- A cross reference is made to the functions of WDCs in the primary legislation in the purpose section
- A new point within the purpose statement is included, to the effect that it is the purpose of WDCs “To contribute to a well-functioning labour market system in which industries and firms can access the skills they require, now and in future”
- That in developing its strategic direction, the council should “engage” with its industries, and “consult” the Minister, vocational education providers, and with...Māori” [abridged].

The iEBs agreed with these suggestions.

| WDC | Proposed content | Policy intent behind proposed content |
|---|--|--|
| Toi Mai Creative, Cultural, Recreation and Technology Waihanga Ara Rau Construction and Infrastructure Services | <ul style="list-style-type: none">• The Council must give effect to:<ul style="list-style-type: none">◦ the purposes of the Council;◦ the Tertiary Education Strategy.• The Council must consult with persons or bodies who represent:<ul style="list-style-type: none">◦ Māori;◦ Specific population groups. | |
| Community, Health, Education and Social Services | <ul style="list-style-type: none">• The Council must give effect to:<ul style="list-style-type: none">◦ the purposes of the Council;◦ the Tertiary Education Strategy.• The Council must consult with persons, iwi, hapu or bodies who represent:<ul style="list-style-type: none">◦ Māori;◦ Specific population groups. | |
| Hanga-Aro-Rau Manufacturing, Engineering and Logistics | <ul style="list-style-type: none">• The Council must give effect to:<ul style="list-style-type: none">◦ the purposes of the Council;◦ the Tertiary Education Strategy.◦ Ka Hikitia – Ka Hāpaitia and the Action Plan for Pacific Education 2020–2030 and corresponding and future strategies.• The Council must consult with persons or bodies who represent:<ul style="list-style-type: none">◦ Māori;◦ Specific population groups. | |
| Muka Tangata People, Food and Fibre | <ul style="list-style-type: none">• The Council must give effect to:<ul style="list-style-type: none">◦ the purposes of the Council;◦ the Tertiary Education Strategy;◦ Ka Hikitia or subsequent Māori education strategies that relate to vocational education and training.• The Council must consult with persons or bodies who represent:<ul style="list-style-type: none">◦ Māori;◦ Specific population groups. | Muka Tangata initially proposed a range of additional functions. Some of these, while not clearly functions, were included in other sections of the OiC, such as the Performance of Functions section. |

| Accountability arrangements – Statement of strategic direction | | |
|---|--|---|
| WDC | Proposed content | Policy intent behind proposed content |
| All WDCs | <p>The Council must publish statement every 3 years setting out its strategic direction for the next 5 years; including:</p> <ul style="list-style-type: none">• how the Council intends to give effect:<ul style="list-style-type: none">◦ to the purposes of the Council; and◦ to relevant parts in the Tertiary Education Strategy.• the performance measures that will be used by the Council to assess its performance. | Additions to the Statements of Strategic Direction were made following public consultation. |
| Hanga-Aro-Rau Manufacturing, Engineering and Logistics | <p>In addition to the above:</p> <p>The Council must publish statement every 3 years setting out its strategic direction for the next 5 years; including:</p> <ul style="list-style-type: none">• how the Council intends to give effect:<ul style="list-style-type: none">◦ Ka Hikitia – Ka Hāpaitia and the Action Plan for Pacific Education 2020–2030 and corresponding and future strategies. | |
| Muka Tangata People, Food and Fibre | <p>In addition to the above:</p> <p>The Council must publish statement every 3 years setting out its strategic direction for the next 5 years; including:</p> <ul style="list-style-type: none">• how the Council intends to give effect:<ul style="list-style-type: none">◦ Ka Hikitia or subsequent Māori education strategies that relate to vocational education and training. | |
| Accountability arrangements – Annual report | | |
| WDC | Proposed content | |
| All WDCs | <p>The Council must present to the Minister and specified industries:</p> <ul style="list-style-type: none">• an annual report on the performance of its functions, and• the audited financial statements of the Council. | |
| Governance – Council appointments | | |
| <p>Guidance / options provided</p> <p>Deciding how members will be appointed is one of the most complex issues the IEB will have to consider. Although there are recommended options for appointment, it will be up to the IEB to decide which option will best suit the industries that are covered by the WDC.</p> <p>However, it is also worth noting that the industries covered by each WDC will be able to influence the operational priorities of the WDC through its management, and the industries do not necessarily need to provide influence through the governance body. For example, the industries could be part of an advisory group to the council or create industry group forums. It is recommended that those additional features do not form part of the governance structure for the initial council but could be considered for implementation once the WDC is established.</p> <p><i>Appointment of initial council</i></p> <p>The IEB may wish to select a certain option above for the appointment of the council but be concerned that the option chosen (for example, an election process) would delay the establishment and operation of the WDC.</p> <p>One way to address this is to provide in the Order in Council for an abbreviated process to appoint the initial council members. An example of such a process could be to allow the Minister to appoint the initial members, and provide that those initial members vacate their positions when the full process for the appointment of members is complete, and the new members are able to take their place.</p> | | |

In the interests of getting each WDC established as quickly as possible, the approach that each IEB should recommend that 7 members be appointed initially by the Minister for a term either specified in the Order in Council (we suggest two years) or dependent on the completion of the full appointment process of a subsequent council. It would be sensible for the chair to be exempt from the re-appointment process, to ensure some level of continuity between the initial council and the subsequent council.

The approach that the IEB chooses to take for its appointment process will depend on its priorities for its first council. If the IEB intends that the WDC be established as soon as possible, the IEB should request that the TEC run an expression of interest process for candidates to ensure that the Minister can select and appoint candidates shortly after the Order in Council is made. On the other hand, if the IEB chooses to use an alternative process (for example, that involves elections) this is likely to take much longer, and the first council may not be in place until at least January 2021 or later.

Appointment of subsequent councils

The Order in Council will also need to specify the full appointment process to apply to the second council and subsequent councils. It is considered best practice to have a mixture of skills-based appointments and representative appointments.

Section 479(3) requires that the Minister, in making a recommendation relating to the governance arrangement of the WDC, as far as reasonably practicable, ensures that arrangements provide for:

- (a) the collective representation of employers and employees in the 1 or more specified industries covered by the; and
- (b) the representation on the council of Māori employers from any or all of the 1 or more specified industries.

In light of the above, it is suggested that:

to give effect to section 479(3), an elections process is run to appoint members that represent employers, employees, and Māori employers respectively;

the remaining members of the Council be appointed by the Minister, with some skill specifications – for example, that members must have experience in vocational education, public administration or Te Ao Māori.

Under that structure, it is suggested that the council have 7 members, but could co-opt up to an additional 2 members that can be appointed by the council (once established) to provide a balance of skills or further representation.

For clarity, there is nothing that would prevent a member of the IEB or the initial council being re-appointed to the initial council or a subsequent council (as the case may be). If the IEB considers it has found a suitable candidate within its own group, or otherwise, it will be able to put forward that recommendation to the Minister or nominate the person for election.

Term of appointment

The IEB can select any term it considers appropriate for the council members. By way of reference, members of NZIST's council cannot be appointed for longer than 4 years (see section 222J(1)).

It is recommended that the initial council members be appointed for a period of 2 years, or until the full appointment process of the subsequent council is completed, whichever comes first. Subsequent council members could be appointed for up to four years. The IEB should also consider whether there should be any restrictions on the number of terms a person can be appointed as a council member.

Option A: Industry appointment

Industry bodies could appoint members directly to the Council on the basis of specified skills. Industry bodies aggregate the businesses, employers and employees across the industry and include industry associations, Maori and community groups and unions. The industry body structure will vary across the WDCs.

As discussed further below in relation to an election process, this option presents challenges for ensuring that the council has an appropriate mix of skills if each industry appoints its own representative. There may also be challenges in determining the appropriate mixture of members from each industry (for example, if the IEB considers that there should be non-equal appointment rights from various industries), and determining who would appoint the members (e.g., whether a selection panel must then be created).

Option B: Elections

Another option for appointments is running an elections process. If an elections process is used to select some or all members of the Council, the Order in Council will also need to specify the rules of the elections process, including:

- who is able to vote, and what weightings are given to votes if they are not equal;
- who is able to be nominated;
- who is able to nominate;
- how the elections will be run; and
- how votes are determined.

If the IEB proposes to use an elections process, each of the matters above will require careful consideration. The most appropriate outcome will also likely be different depending on the overall structure of the council (e.g., whether some members are elected, and some are appointed, or there are specified groups that must be represented by an elected member).

Sub-option 1: all members of the Council are elected

Each member of the workforce development council would be elected by the persons in the specified industries that the workforce development council covers.

This could become a highly complex process, depending on the nature and size of the various industries that are involved in a WDC. On the other hand, the council would be more likely to be representative than if members were appointed by the Minister.

The election could be run in a similar way to the process set out in the Local Electoral Act 2002 (which is also used for elections for district health board members under the New Zealand Public Health and Disability Act 2000). Each industry could elect a certain specified number of representatives – it could be one representative per industry, but the IEB could also consider whether multiple representatives from one industry would be appropriate (for example, if one industry constitutes 70% of the industries covered by the WDC).

Sub-option 2: some of the members of the Council are elected, and some are appointed

Some members of the Council could be appointed by the Minister, and some members could be elected by the persons in the specified industries that the workforce development council cover (see section 222G(1) of the Education Act

1989).

This is discussed below in Option C, sub-option 2.

Option C: Appointments by Minister

Sub-option 1: Minister appoints all members of the Council

Under this sub-option the members of the Council would all be appointed by the Minister. Each appointment would be made by written notice that sets out the date on which the appointment takes effect and the terms of the appointment (drawn from section 28 of the Crown Entities Act).

This option would promote the objective of having a suitable mix of skills, and achievement of that objective could be enhanced by requiring the Minister to consider the skill mix through one of the following variations.

Variation A

The Order in Council would specify that certain members must hold particular skills or qualifications – for example, one member must have experience in vocational education (a similar provision exists in section 9 of the Commerce Act 1986). This does not have to be the only specified qualification – there could be a requirement to have another member with experience in industry, or public administration (for example).

This variation would help to ensure that there is an appropriate mixture and level of skills on the council.

Variation B

The Order in Council would specify that the Minister must not appoint a person as a member unless, in the opinion of the Minister, that person is qualified for appointment, having regard to the functions of the Council, by virtue of that person's knowledge of or experience in industry, vocational education, or public administration (a similar provision exists section 9 of the Commerce Act 1986).

This variation is similar to the above. However, rather than specifying that a certain number of members must have particular skills (e.g., one education background, one industry background), it would be up to the Minister to decide the particular mixture of skills that is appropriate to sit on the council, having regard to the person's experience. As with the above, it would help to ensure that there is an appropriate mixture and level of skills on the council.

Variation C

The Order in Council would specify that the Minister, in making appointments, must have regard to the need to ensure that the Council has amongst its members knowledge and experience of, and capability in certain areas, such as:

- (a) the industry to which the Council relates;
- (b) vocational education;
- (c) business generally.

The Order in Council could provide that the Minister may not appoint a person for membership of the Authority unless he or she has first publicised an invitation for nominations from interested parties and considered any nominations received.

(based on section 13 of the Electricity Industry Act 2010)

This variation strikes a balance between representation (in the style of an election) and a skills mix (which is more easily achieved through appointment processes). In this variation, the industry puts forwards nominations, and then the Minister could choose from among those nominations (although would not necessarily be obliged to), to ensure a mixture of skills.

Sub-option 2: Minister appoints some of the members of the Council

Under this sub-option, the Minister would appoint some members of the Council, but the remaining members of the Council would be appointed or elected (for example, by industry bodies). This could work in the same way as appointing the council for NZIST (see section 222G of the Education Act 1989).

For example, this could include (assuming a Council of 7-9 members):

- (a) 1 member being elected by employers in the specified industries covered by the workforce development council; and
- (b) 1 member being elected by employees in the specified industries covered by the workforce development council; and
- (c) 1 member being elected by Māori employers in the specified industries covered by the workforce development council; and
- (d) the rest of the members being appointed by the Minister.

This sub-option also represents a balance between representation and a skills mixture. This sub-option has the advantage that the people whom the member is intended to represent is elected by the relevant group, which would not necessarily be the case if all members of the council were elected.

Sub-option 3: Minister appoints members on the recommendation of industry bodies

Under this sub-option, before making appointments, the Minister would seek recommendations from industry bodies in the specified industries covered by the workforce development council, and then make appointments based on that.

The Minister could select the members from the recommendations on the basis of skill to ensure, for example, that the Council has a broad range of experience in:

- (a) the industry to which the Council relates;
- (b) consumer issues;
- (c) business generally

(see section 13 of the Electricity Industry Act)

This is similar to variation C of sub-option 1. However, in this sub-option, the Minister could only appoint members from amongst the recommendations they receive. This option gives the Minister less discretion to appoint members than in some of the other options / variations, which may influence the mix of skills on the council.

Ministry of Education analysis of regulatory impact

In developing their proposals, and through the engagement process, the iEBs came to a variety of very specific governance arrangements. Each iEB had strong views on their proposed governance structures, and these are closely tied to their industry characteristics and values.

The variations of appointment processes contained within the six OiC materialised as a result of the OiC process being an industry-led process. While WDCs have the same functions in the Act, they operate for different industries and the engagement iEBs have had with industry highlighted that having different governance structures to reflect industry needs and contexts is preferred over a uniform process. Governance arrangements that are reflective of the industries each WDC represents will better ensure industry have access to and use the WDCs as a way to influence the VET system.

| Options | Proposed content | Policy intent behind proposed content |
|--|---|--|
| Toi Mai Creative, Cultural, Recreation and Technology | <p>Appointments to the first Council – process</p> <ul style="list-style-type: none">Minister appoints the first Council.Chief Executive of the TEC establishes a nominations committee comprising of 5 members from the specified industries.Nominations committee provides list of nominations to the Minister. <p>Appointments to subsequent councils – Process</p> <ul style="list-style-type: none">Council must establish an Appointments Panel of 6 members (2 of which are Māori).The Council then appoints Council members. <p>Appointments to the first Council – term</p> <ul style="list-style-type: none">Half the Council must be appointed for 18 months.Half the Council must be appointed for 3 years. <p>Appointments to subsequent councils – term</p> <ul style="list-style-type: none">3-year terms (max 2 terms). | <p>Appointments to the first Council – process</p> <p>The CEO of TEC will call for nominations for and appoint a Nominations Committee to advise the Minister on who it considers should be appointed to the First Council. The Nominations Committee will comprise 5 representatives from the industries covered by the proposed WDC, including potentially those on the interim Establishment Board who are not nominating to be on the First Council:</p> <ul style="list-style-type: none">By involving iEB members who are not nominated for the first board in the board appointment process, the iEB is intending to avoid any conflict of interest while maintaining industry input;The involvement of TEC in the appointment process is due to the background and the knowledge that TEC has in dealing with both industry and the Minister during a Council appointment process.TEC has a proven capacity to conduct this process;The nominations list is intended to guide the Minister's selection of Council members and inform the Minister of the people whom the Nominations Committee think are suitable to be on the WDC. <p>Appointments to subsequent councils – process</p> <p>By requiring that all appointments will be nominated by an Appointments Panel that consists of 1 member from each WDC (including Toi Mai) it will:</p> <ul style="list-style-type: none">Ensure that Council members will have relevant experience and skills to fit in a Council based on other WDC members' experience governing WDCs.Give the WDCs, and the industry which feeds into the nominations process, more ownership of their own governance;Address potential skills shortages if some industries are not represented by current Transitional ITO's. <p>Appointments to the first Council – term</p> <p>By limiting the term for half of the initial Council members to 18 months, it will ensure there is some continuity between the first Council and the subsequent Council without all terms ending at the same time.</p> <p>Appointments to subsequent councils - term</p> <ul style="list-style-type: none">By stating that any member can be reappointed for a second term of three years, it will ensure the continuity of memberships and the maintenance of the knowledge of the Council.By limiting members to two terms, it will ensure new ideas and perspectives are brought into the Council. |
| Waihanga Ara Rau Construction and Infrastructure | <p>Appointments to the first Council – process</p> <ul style="list-style-type: none">Chief Executive of the TEC establishes an appointments committee comprising of 5 members from the specified industries.The appointments committee appoints the first Council. <p>Appointments to the first Council – term</p> <ul style="list-style-type: none">Between 2-4 years | <p>Appointments to the first Council – process</p> <p>For the purpose of appointing the first members of the Council, the Chief Executive of the TEC must establish an Appointments Committee comprising 5 representatives from the specified industries. The iEB considers this approach will:</p> <ul style="list-style-type: none">Allow for the management of conflicts of interest which might arise or be perceived to arise should the iEB be involved in the process.Give industry more influence over appointment decisions.Shorten the appointment process. |

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| | <p>Appointments to the subsequent Councils – process</p> <ul style="list-style-type: none"> • Council must establish a selection committee which then makes recommendations to the council. • Council then appoints council members. <p>Appointments to subsequent councils - term</p> <ul style="list-style-type: none"> • Between 2-4 years | <p>Appointments to subsequent councils – process</p> <p>In drafting the OiC proposal, the iEB proposed giving the first Council responsibility for establishing a selection process to appoint subsequent Council members. Making the first Council responsible for this process is intended to:</p> <ul style="list-style-type: none"> • Give more credibility, flexibility and industry ownership over the Council appointments process • Allow for more consideration on the full range of possibilities and more fulsome engagement with industry over what the selection process for subsequent Councils should look like. <p>Appointments to subsequent councils - term</p> <p>Making Council appointments for a period of 2-5 years allows the Council to create a cadence of new Council members and members leaving the Council, which will lead to continuity of membership. Additionally, it allows the Council flexibility when deciding the term of appointment, taking account of personal and professional circumstances.</p> <p>Council terms that are fixed and longer than 3 years might be a barrier to participation for some potential Council members, conversely, a longer upper limit will create certainty for some Council members who are seeking stability and longer-term appointments.</p> <p>8 year consecutive term lengths was seen as a suitable length of time at which to cap consecutive membership on the Council, with 6 being too short and 10 years too long. Making the limit consecutive years was intentionally included to allow Council members to come back as a member at a later stage of their career and contribute to the Council again.</p> |
| Community, Health, Education and Social Services | <p>Appointments to the first Council – process</p> <ul style="list-style-type: none"> • The Chief Executive of the TEC must establish an appointments committee comprising 5 members from the specified industries. • Appointments committee appoints the first Council. <p>Appointments to subsequent councils – process</p> <ul style="list-style-type: none"> • Council must establish a selection committee makes recommendations to the council. • Council then appoints Council members. <p>Appointments to the first Council – term</p> <ul style="list-style-type: none"> • Between 1-3 years <p>Appointments to subsequent councils – term</p> <ul style="list-style-type: none"> • 1-3 years (9 years max) | <p>Appointments to the first Council – process</p> <p>For the purpose of appointing the first members of the Council, the Chief Executive of the TEC must establish an Appointments Committee. Industry groups will make nominations to the Appointments Committee, which must, as far as reasonably practicable, have the same number of members who are Māori and non- Māori.</p> <p>The iEB chose this process for expediency, and to allow industry greater control over appointment decisions and to provide transparency for appointments by transferring some appointment responsibility from the WDC to industry.</p> <p>Appointments to subsequent councils – process</p> <p>The iEB determined that a selection committee comprised of industry, and equal Māori and non- Māori would make recommendations to the Council. The iEB chose this process for expediency, and to allow industry greater control over appointment decisions and to provide transparency for appointments by transferring some appointment responsibility from the WDC to Industry.</p> |
| Hanga-Aro-Rau Manufacturing, Engineering and Logistics | <p>Appointments to the first Council – process</p> <ul style="list-style-type: none"> • The Chief Executive of the TEC must establish an appointments committee comprising of 5 members from the specified industries. • The appointments committee appoints the first Council. <p>Appointments to Industry Stakeholder Group – process</p> <p>Appointments to subsequent councils – process</p> <ul style="list-style-type: none"> • The Council must establish an Industry Stakeholder Group which appoints the Council. • The Industry Stakeholder Group must appoint a Selection Panel comprising 5 members, including the chairperson of the Industry Stakeholder Group. • The Industry Stakeholder Group must consider the recommendations made by Selection Panel. <p>Appointments to the first Council – term</p> <ul style="list-style-type: none"> • Between 1-4 years | <p>Appointments to the first Council – process</p> <p>For the purpose of appointing the first members of the Council, the Chief Executive of the TEC must establish an Appointments Committee comprising 5 representatives from the specified industries and one other member who is appointed as an independent chairperson.</p> <p>The iEB considers this approach will:</p> <ul style="list-style-type: none"> • Allow for the management of conflicts of interest which might arise or be perceived to arise should the iEB be involved in the process • Give industry more influence over appointment decisions • Shorten the appointment process <p>Appointments to subsequent Councils – process</p> <p>The iEB determined that an Industry Stakeholder Group with a selection committee would provide a transparent process and provide for significant influence by industry over the membership of the Council.</p> <p>The opportunity for the Council itself to co-opt up to two members offers scope to augment the Council membership with skills and expertise to address specific capability gaps. The opportunity for the Council to co-opt up to two (non-voting) governance</p> |

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| | <p>Appointments to subsequent councils – term</p> <ul style="list-style-type: none"> • 2-4 years (8 years max) | <p>associates offers a pathway into governance roles for people from groups that have historically lacked access to such development opportunities.</p> <p>Appointments to subsequent councils – term</p> <ul style="list-style-type: none"> • The Council sets the term of each appointment between 2-5 years which provides flexibility for the Council to set the appointment period on the basis of the needs of the Council, while also taking into account the individual circumstances of the member being appointed. • By requiring a term of 2-4 years it will give the Council flexibility to create a cadence of new Council members and members leaving the Council. • Limiting a member's time on the Council to no more than eight years, helps to establish a natural attrition of members, ensuring new ideas and perspectives are brought into the Council and allow for some continuity of members over time. |
| Muka Tangata People, Food and Fibre | <p>Appointments to the first Council – process</p> <ul style="list-style-type: none"> • Minister appoints the first Council. • Chief Executive of the TEC establishes a nominations committee comprising 5 members who reflect the composition of the WDC (i.e. employee representation, employer representation, Māori employer representation). • Nominations committee provides list of nominations to the Minister. <p>Appointments to subsequent councils – process</p> <p>Minister appoints the council in consultation with the Minister(s) for primary industries.</p> <p>Appointments to the first Council – term</p> <p>Between 6-18 months</p> <p>Appointments to subsequent councils – term</p> <ul style="list-style-type: none"> • 3-year term (max 2 terms). | <p>Appointments to the first Council – process</p> <p>Having the Minister appoint the Council from a list of nominations provided a clear and simple process.</p> <p>The iEB decided that the Minister of Education make appointments based on:</p> <ul style="list-style-type: none"> • Industry nominations from outgoing members of the iEB • Consultation with his colleagues; the Ministers of Primary Industry and Associate Minister of Education <p>Appointments to the first Council – term</p> <p>The decision to provide 6 – 18 months for members' term on the first Council is to provide continuity and proper hand-over.</p> <p>Appointments to subsequent councils – process</p> <p>The Council will use a skills and representation matrix to inform appointments decisions by the Minister. Ministerial appointment of Council members lends legitimacy to the process. A ministerial appointment implies public good and provides delegated responsibility for public funds.</p> |
| Services | <p>Appointments to the first Council – process</p> <ul style="list-style-type: none"> • Minister appoints 4 members (including a chairperson). • Council appoints remaining members. <p>Appointments to subsequent councils – process</p> <ul style="list-style-type: none"> • Minister appoints 4 members (including designating 1 as chairperson). • Council appoints remaining 5 members. <p>Appointments to the first Council – term</p> <ul style="list-style-type: none"> • Members can be appointed for 1, 2 or 3 years. • Chairperson will be appointed for 2 years. <p>Appointments to subsequent councils – term</p> <ul style="list-style-type: none"> • 3-year term (max 2 terms). | <p>Appointments to the first Council – process</p> <p>Appointment to the first Council will be made in two phases. The first phase has the Minister appoint the Chair and three members, followed by 5 additional members appointed by the Council itself. Requiring the Council to have these two phases will:</p> <ul style="list-style-type: none"> • Give the Minister influence over the appointment of the initial Council members and allows for a wider range of skills and experiences to be appointed to the Council. • Ensure the Council has adequate industry input into the Council appointment process. <p>Appointments to subsequent councils – process</p> <p>Ministerial input is intended to provide an opportunity for a more diverse range of members to be included on the Council. Giving the Minister influence over the appointment process is intended to ensure there is a suitable mix of skills and industry representation on the Council by allowing for appointments from a different point of view. Through these two means of appointment to the Council it is hoped that a diverse range of members will be empowered to bring their skills to the Council, avoiding a single 'type' of candidate being repeatedly appointed through the same process.</p> <p>Appointments to the first Council – term</p> <p>Requiring that each member will be appointed for an initial term of 1, 2 or 3 years will ensure a consistent cadence of appointments and re-appointments of future councils enabling both regular succession and continuity of membership spread over a three – six-year cycle.</p> <p>Appointments to subsequent councils – term</p> <p>As in the <i>Appointment of First Council</i> above, the policy intent is largely the same, except for the following differences:</p> <ul style="list-style-type: none"> • By stating that any member can be reappointed for a second term of three years, it will ensure the continuity of memberships and the maintenance of the knowledge of the Council. |

- By limiting members to two terms, it will ensure new ideas and perspectives are brought into the Council.

Governance – Council composition

Guidance provided

Number of members

It is recommended that the initial council have 7 members, all subsequent councils have 7-9 members. However, the council can have fewer or more members if the IEB considers that is appropriate – for example, if it would be most efficient to appoint 5 members to the first council, to enable the WDC to be established and commence operations, but to appoint 9 members to all subsequent councils to ensure that all industries are represented.

Mix of skills

As a first step each IEB might like to consider what mix of skills is desirable on the council of their WDC, and the relative importance of skills as opposed to representation. That assessment will help the IEB to evaluate the options below.

It is desirable for the council to have a mixture of skills for diversity in ideas and approaches, and for those skills to be complementary, to help the council operate smoothly.

We suggest that it would be useful, as far as practicable, for the following skills to be represented on the council (both the initial and subsequent councils):

- experience in the industries represented by the WDC, and ideally a range of varying industries (e.g., both small and large industry groups);
- experience in vocational education;
- an understanding of public administration; and
- experience in Te Ao Māori.

Co-opting of members

The council could co-opt a certain number of members from other bodies – such as industry bodies or other WDCs. There can be restrictions on the co-option of members, for example, that the council may have a maximum number of co-opted members, co-opted members are not able to vote, or can only be co-opted to meet certain skill or representation requirements.

Section 24 of the Royal Society of New Zealand Act provides that:

The Council may co-opt members under subsection (1) if, in the opinion of the Council, it is necessary to do so having regard to the desirability of—

giving effect to the principles of the Treaty of Waitangi:

giving effect to the principle of equal opportunity for Maori, ethnic or minority groups, women, and disabled people:

providing representation for different geographic areas of New Zealand:

providing representation for different areas of science, technology, and the humanities not otherwise represented on the Council.

The council could adopt something similar to ensure that it meets any skills or representation requirements. This could assist with addressing any lack of skill on the council or representation that would arise as a result of using a pure appointment or election process. This option should not replace either an appointment or elections process but can act as a complement to either.

- The IEB should consider providing for co-opting in subsequent councils (rather than the initial council). In particular, it would be appropriate to use a co-opting process if the council has say, 7 members, but it does not have an employee representative. The council could co-opt an employee representative and the council would have 8 members.

Ministry of Education analysis of regulatory impact

While the iEBs were in broad agreement with the idea of a skills-based Council, they grappled with representation as an element of both composition and criteria for appointment.

The OiC proposals drafted by the iEBs include variances with regard to:

- a) Numbers of Council members;
- b) Proportion individuals on the Council who should identify as NZ Māori;
- c) Skills/knowledge of Council members;
- d) Requirement for Co-Chair arrangements, with one Māori Co-Chair required; and
- e) Representation across other aspects of diversity, including ethnicity, culture, gender, inclusion of disabled people, and diversity of thought and experience.

The Ministry proposes accepting the variety of Council compositions and criteria for appointments across the six OiC, which materialised as a result of the OiC process being an industry-led process.

The Ministry proposes, with the agreement of the iEBs, that the term ‘as far as is reasonably practicable’ be included in the provision related to Council composition and criteria for appointments, to mitigate the risk that WDCs might struggle meeting the requirements and criteria prescribed in their OiC.

‘As far as is reasonably practicable’ is a well understood legal term, where the onus is to do everything reasonable to meet the requirements. But if the WDC can demonstrate that they have done this and is not able to find anyone who meets all the requirements, only then could they consider appointing someone who meets most of the requirements.

| WDC | Proposed content | Policy intent behind proposed content |
|--|---|---|
| Toi Mai Creative, Cultural, Recreation and Technology | <ul style="list-style-type: none"> Council comprises of 7-9 members. 1 member who is able to provide collective representation of employees from 1 or more sectors covered by Toi Mai. 1 member who is able to provide collective representation of employers from 1 or more sectors covered by Toi Mai. 1 member who represents Māori employers. At least 3 members who are Māori. Up to 2 additional members can be co-opted. | <p>The policy intent behind having 7-9 members is to balance having a broad Council, representative of a diverse range of industries, with a manageable number of people able to make decisions expediently.</p> <p>The inclusion of at least three NZ Māori Council members increases the overall representation of Māori on the board and ensures Māori members are not isolated as a 'lone voice' on the Council.</p> <p>The board can appoint up to two additional co-opted members, this will allow the board to be more flexible should it lack the specific skills it requires and need to make additional appointments.</p> |
| Waihanga Ara Rau Construction and Infrastructure | <ul style="list-style-type: none"> Council comprises of 8 members. 1 nominated by employers in the specified industries to represent them. 1 nominated by Māori employers in the specified industries to represent them. 2 nominated by trade unions and/or the Council of Trade Unions to represent employees in the specified industries The Council must have an approximately even balance between Māori and non-Māori. 1 each of the employee and employer representatives must be Māori. 2 members must identify as female. May co-opt 1 additional member. | <p>The policy intent behind 8 members Council is to have a broad and inclusive Council representative of all voices and the diverse range of industries that need to be heard.</p> <p>Including at least two additional Council members who are NZ Māori is intended to be an additional means of putting the principle of partnership into practice. Guaranteeing more Māori voices on the WDC will stop them becoming a single member acting as a 'lone voice' and further empower them to advocate for Māori as an underserved learner group.</p> <p>The initial board can appoint one additional co-opted member, this will allow the board to be more flexible should it lack the specific skills it requires and need to make additional appointments.</p> |
| Community, Health, Education and Social Services | <ul style="list-style-type: none"> Council comprises of 8-10 members. 1 nominated by Māori employers in the specified industries. 1 nominated by employees to represent them in the specified industries. 1 nominated by employers to represent them in the specified industries. As far is as reasonably practicable, half Māori. Can co-opt 1 or 2 members (no more than 10 council members in total). | <p>Requiring the Council to have 8,9 or 10 members will ensure a wide range of industries are represented in the Council.</p> <p>The inclusion of an equal number of Māori and non-Māori Council members ensures that over the long-term there is adequate representation of Māori with the aim of contributing towards an education system that honours Te Tiriti o Waitangi and supports Māori-Crown relationships.</p> <p>The Board provided for the co-opting of two additional members to:</p> <ul style="list-style-type: none"> ensure that the First Council has flexibility to address gaps in skills and experience that were not met through the expressions of interest process. provide opportunities for different people to develop their experience in governance increase opportunities for participation at a governance level for Māori, Pacific and disabled people draw on the knowledge of learners ensure long term adequate representation of Māori. |
| Hanga-Aro-Rau Manufacturing, Engineering and Logistics | <ul style="list-style-type: none"> Council comprises of 7-9 members. 1 nominated by Māori employers in the specified industries. 1 nominated by trade unions and endorsed by Council of Trade Unions to represent employees. 1 to represent employers in the specified industries to represent them. The Council must be approximately half Māori. Up to 2 members can be co-opted (no more than 9 council members in total). | <p>The policy intent behind a 7 to 9-member Council is to have a broad and inclusive Council, representative of all voices and the diverse range of industries that need to be heard.</p> <p>The number of members reflects the size and complexity of the industries covered allows scope for a mixture of skills-based and representative Council members.</p> <p>Having a fixed number of Council members was considered, however, a fixed number of members offered the potential for councils to have vacancies or be unable to fill vacancies. A range gives the Council flexibility and the ability to co-opt members.</p> <p>The IEB proposed that the WDC <i>may</i> co-opt members to ensure that the First Council has flexibility to address gaps in skills and experience that were not met through the expressions of interest process.</p> |
| Muka Tangata People, Food and Fibre | <ul style="list-style-type: none"> Council comprises of 8-12 members. 2 members, including 1 member to represent Māori employees, nominated by Trade Unions (including NZCTU/CTU Rūnanga) in the specified industries, or nominations at large of individual employees involved in the specified industries. no more than 8 members nominated by employers, industry bodies or groups/associations, iwi and Māori, in the specified industries, including: <ul style="list-style-type: none"> at least 1 member nominated by industry associations to provide collective | <p>Having a range of 8-12 on the Council is intended to offer broad and inclusive representation of all voices and the diverse range of industries that are covered by this WDC.</p> <p>8-12 members also gives the WDC the opportunity to bring in expertise should it require specific skills, without being so large and unwieldy that it drowns out the voices of smaller industries.</p> <p>Having an equal number of Māori and non-Māori Council members reflects the intent of the reform and serves as a practical manifestation of the Mori-Crown partnership.</p> <p>Further to this, the 50/50 split of Maori and non-Māori members on the Council is representative of the participation that Maori</p> |

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| | <ul style="list-style-type: none"> representation of employers in the specified industries; and <ul style="list-style-type: none"> at least 1 member nominated by Māori employers in the specified industries. The Council must have an approximately even balance between Māori and non-Māori. Can co-opt other members provided that the Council comprises in total no more than the total number of members determined by the Council. | <p>and iwi organisation have in primary industries, as a significant proportion of the Primary Industries in Aotearoa are owned by Maori enterprises or employ a large Māori workforce.</p> <p>The iEB provided for the co-opting of members to ensure that each Council has flexibility to address gaps in skills and experience that are not met through the expressions of interest process and that the Council membership can fill their gaps by co-opting members with the requisite skills.</p> |
| Services | <ul style="list-style-type: none"> Council comprises of 9 members. 1 nominated by employers in specified industries to represent them. 1 nominated by employees in specified industries to represent them. 1 nominated by Māori employers in specified industries to represent them. At least 2 members who are NZ Māori. At least 1 member who is from the Pacific community. | <p>The policy intent behind a nine-member Council is to have a broad and inclusive Council representative of all voices and the diverse range of industries that need to be heard.</p> <p>The inclusion of at least two NZ Māori Council members increases the overall representation of Māori on the Council and ensures Māori members are not isolated as a 'lone voice' on the Council.</p> <p>The rationale behind including at least one Pacific Council member is because of the large Pacific participation in community and Services training and because Pacific learners have historically been underserved by the education sector.</p> |
| Governance – Council selection criteria | | |
| WDC | Proposed content | Policy intent behind proposed content |
| Toi Mai Creative, Cultural, Recreation and Technology | <p>Skills and experience (that the council as a whole must have)</p> <ul style="list-style-type: none"> Knowledge and networks within Te Ao Māori. Commitment Te Tiriti o Waitangi, and te Reo me mātauranga Māori. Commitment to eliminating inequality and meeting the needs of underserved learners. Industry leadership, knowledge, connections, experience. Vocational education and/or training experience. Government engagement abilities. Governance skills. Gender balance. <p>Skills and experience (that individual members must have)</p> <p>N/A</p> | <p>By including experience in addressing the needs of underserved learners as criteria, it emphasises the importance the Council has in this role.</p> <p>By requiring the Council will have commitment to upholding Te Tiriti o Waitangi principles, it embeds the Māori-Crown relationship in the Council.</p> <p>By requiring the Council will have commitment to upholding gender balance, it prevents one sex being singled out as a lone voice.</p> |
| Waihanga Ara Rau Construction and Infrastructure | <p>Skills and experience (that the council as a whole must have)</p> <ul style="list-style-type: none"> Membership of the Council should, reflect the diversity of ethnicity, cultural background and gender of the people within the specified industries and in New Zealand as a whole. The Council as a whole must have sufficient knowledge, skills or experience in the following: <ul style="list-style-type: none"> te ao Māori; the specified industries; the governance of organisations; vocational education; public administration; community organisations. <p>Skills and experience (that individual members must have)</p> <p>N/A</p> | <p>These provisions were largely taken as per the guidance document provided. They were uncontentious and agreed to by the iEB.</p> |
| Community, Health, Education and Social Services | <p>Skills and experience (that the council as a whole must have)</p> <ul style="list-style-type: none"> Experience in vocational education. Governance and/or public administration experience and/or understanding. Skills in te ao Māori including te Reo Māori and mātauranga Māori. | <p>These provisions were largely taken as per the guidance document provided. They were uncontentious and agreed to by the iEB.</p> <p>The iEB defined a skills matrix for the Board as a whole, and individual board members, to ensure:</p> |

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| | <ul style="list-style-type: none"> • Commitment to the principles of Te Tiriti o Waitangi. • Experience in financial analysis and management. • Experience in establishing new organisations, enterprises or business. • Experience in a leadership position in industry change management or business transformation. • Representatives from both large and small enterprises within the specified industries and industry associations. • Diversity of age, ethnic background, ideas and gender, with particular regard to representation of Māori, Pacific peoples and disabled people. • Representation of Māori consistent with the partnership principles of Te Tiriti o Waitangi. <p>Skills and experience (that individual members must have)</p> <ul style="list-style-type: none"> • Leadership experience. • A commitment to inclusion and addressing the needs of underserved learners. • The support of at least one industry sector. • In the case of the employee representative, the support of the Council of Trade Unions or unions representing employees. | <ul style="list-style-type: none"> • Diversity of representation – to reflect the broad industries this WDC will cover, as well as diversity of age, ethnicity, ideas, gender • Skills necessary for the governance of organisations during their establishment phase, • The legislated representation requirements are met • The skills needed to represent the interests of Māori are present, including a deep understanding of, and upholding commitment to principles of Te Tiriti o Waitangi. <p>Council members experience in the vocational education <i>eco-system</i> is seen by the iEB as a critical skill for future Council members. Including this in the criteria is an acknowledgement that vocational education involves a multitude of organisations with a complex set of interactions.</p> <p>For the first Council, experience in establishing new organisations and experience in leading transformations is specifically required to support the establishment of the WDC.</p> |
| Hanga-Aro-Rau Manufacturing, Engineering and Logistics | <p>Skills and experience (that the council as a whole must have)</p> <ul style="list-style-type: none"> • Reflect the diversity of age, ideas, ethnicity and gender with particular regard to representation of Māori, Pacific peoples, and disabled people, of the people within the specified industries and in New Zealand as a whole. • Have representatives from both large and small enterprises. • Have sufficient representation of Māori, Pacific peoples and disabled people. • Have sufficient experience in, or engagement with, the vocational education and training system. • Have enough members with skills in te ao Māori, including te Reo Māori and mātauranga Māori. • Have a deep understanding and commitment to the principles of Te Tiriti o Waitangi. • Have experience in financial analysis and management. • Have an understanding of kaitiakitanga including of the low carbon, low waste circular economy. <p>Skills and experience (that individual members must have)</p> <ul style="list-style-type: none"> • Leadership experience. • Experience, or an understanding of, either or both governance and public administration. • A commitment to inclusion and addressing the needs of underserved learners. • A commitment to act with impartiality, honesty, integrity, and manaakitanga. • An understanding of, and commitment to, inclusion, eliminating inequality, and understanding the needs of underserved learners, including but not limited to Māori, Pacific peoples, and disabled people. • In the case of the employer representative, the support of employers in the specified industries. • In the case of the employee representative, the support of the Council of Trade Unions. | <p>The iEB defined a skills matrix for the Council as a whole, and individual members, to ensure:</p> <ul style="list-style-type: none"> • Diversity of representation, • Skills necessary for the governance of organisations during their establishment phase, • The legislated representation requirements are met • The skills needed to represent the interests of Māori are present • Ensuring that the board was skills based and comprised members with leadership experience in at least one of the industries within its coverage. <p>In addition to those general requirements above, the following criteria was added:</p> <p>For the first Council, experience in establishing new organisations and experience in leading transformations is specifically required to support the establishment of the WDC. Once the WDCs are operating in a business as usual manner these skills are no longer required.</p> |
| Muka Tangata People, Food and Fibre | <p>Skills and experience (that the council as a whole must have)</p> <p>Sufficient leadership, knowledge and experience in the following areas:</p> <ul style="list-style-type: none"> • the WDC's specified industries; • the vocational education system; • public administration; • te ao Māori, mātauranga Māori, Te Reo Māori and an understanding of the articles of | <p>Council members experience in the vocational education eco-system is seen by the iEB as a critical skill for future Council members. Including this in the criteria is an acknowledgement that vocational education involves a multitude of organisations with a complex set of interactions. Experience with this eco-system is likely to be highly beneficial for the individual members and the success of the Council as a whole.</p> <p>Experience in public administration aka, the machinery of government, is another criterion for membership that the iEB considered to be vital for the success of the WDC Council. This enables the Council to effectively navigate its engagements</p> |

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| | <p>Te Tiriti o Waitangi; and</p> <ul style="list-style-type: none"> Māori business in the WDC's specified industries. <p>Skills and experience (that individual members must have)</p> <ul style="list-style-type: none"> Have knowledge, skills and experience relevant to the strategic direction of the Council. Have, or have the ability to develop and maintain, good working relationships and connections with businesses within the specified industries. Have a mix of industry membership. | <p>with public sector organisations and get the most out of these interactions.</p> <p>The first Council will develop a skills matrix for the Council as a whole and individual Council members to ensure diversity of representation and the right skills for the governance of the organisation during its establishment phase. The skills matrix would allow for meeting the legislated representation requirements and that the skills needed to authentically represent the interests of Māori are available.</p> |
| Services | <p>Skills and experience (that the council as a whole must have)</p> <ul style="list-style-type: none"> Experience in the sectors covered by the Services WDC. Experience as an employer in one of the sectors covered by the Services WDC. Experience in addressing the needs of underserved learners. Commitment to upholding Te Tiriti o Waitangi principles. Experience in governance and public administration. Knowledge of the vocational education system. Knowledge of Te Ao Māori and mātauranga Māori. The Council must reflect the contemporary and anticipated New Zealand workforce. All appointments will be based on skills and abilities and reflect the WDC's coverage of sectors, relationships with iwi, and ability to meet the needs of all learners, including those under-served. <p>Skills and experience (that individual members must have)</p> <p>N/A</p> | <p>Requiring membership based on skills will ensure that the Council has the right mixture of skills, diversity of ideas and approaches, and help the Council to operate smoothly.</p> <p>By including experience in addressing the needs of underserved learners in the criteria, it emphasises the importance the Council has in this role.</p> <p>By requiring the Council be committed to upholding Te Tiriti o Waitangi principles, it embeds the Māori-Crown relationship in the Council and aligns with the Services purpose statement.</p> <p>The criteria for members to be selected is based on a broad range of skills. This decision was made as the iEB highlighted the need for Council members to have a range of skills to complement a depth of knowledge in one or two particular fields.</p> <p>By requiring the Council to maintain and refresh its skills in the six bullet points listed at the end of the criteria section, the iEB is seeking to place responsibility for upholding each of these areas onto the Council as a whole. This is an attempt at stopping any of these areas of knowledge becoming the responsibility of a single Council member i.e. it is the responsibility of all Council member to understand te Tiriti o Waitangi, not just the NZ Māori Council members.</p> |

Additional functions of WDC

Ministry of Education Analysis

The Education and Training Act 2020 outlines the functions of the WDCs, but also allows for additional functions for each WDC to be specified in their respective OiC. The Ministry considers it is appropriate for WDCs to focus on their core functions in the first few years of operation, and that there will be opportunities further down the line for a mature WDC to seek to include additional functions.

The issue of additional functions was raised during the formal consultation process. The Ministry of Education considered how to best meet the intentions of WDCs who wanted to include additional functions in their proposals, while being mindful of potential funding implications and legal conventions. Some of the proposed additional functions were considered more suitable for inclusion in the Performance of Functions section of the OiC. The remaining proposed additional functions capture the iEBs aspirations and feedback from consultation, while not incurring any additional costs.

| WDC | Proposed content | Policy intent behind proposed content |
|---|--|--|
| Toi Mai Creative, Cultural, Recreation and Technology | There are no additional functions | |
| Waihanga Ara Rau Construction and Infrastructure | <ul style="list-style-type: none"> The additional functions of the Council are: <ul style="list-style-type: none"> to promote opportunities for all people to reach their full potential and capabilities by supporting quality vocational educational outcomes; and to address the needs and aspirations of priority learners including Pacific learners and disabled people. | These additional functions have been added following the consultation process. |
| Community, Health, Education and Social Services | There are no additional functions | |
| Hanga-Aro-Rau Manufacturing, | <ul style="list-style-type: none"> The additional functions of the Council are: <ul style="list-style-type: none"> to provide advocacy for industry and career promotion to support efforts to better | These additional functions have been added following the consultation process. |

| | | |
|--|---|--|
| Engineering and Logistics | <p>match the supply and demand of skilled labour; and</p> <ul style="list-style-type: none"> ○ to conduct research and development and such other activities to support its core and additional functions; and ○ to promote opportunities for all people to reach their full potential and capabilities by supporting quality vocational educational outcomes; and ○ to address the needs and aspirations of priority learners including Pacific learners and disabled people. | |
| Muka Tangata People, Food and Fibre | <ul style="list-style-type: none"> • The additional functions of the Council are: <ul style="list-style-type: none"> ○ to promote opportunities for all people to reach their full potential and capabilities by supporting quality vocational educational outcomes; and ○ to address the needs and aspirations of priority learners including Māori, Pacific learners and disabled people. | <p>There was strong agreement from initial consultation participants with the proposed additional functions. Some questions were raised regarding how certain functions can be made explicit in the OiC, rather than implicit by referring to the primary legislation (Education and Training Act 2020).</p> <p>The iEB discussed the feedback and changes were made to the original proposals as follows:</p> <ul style="list-style-type: none"> • The intentions supporting the proposed additional functions were retained in the most appropriate section of the draft Order in Council, or where they would have the most impact (for example in the purpose statement). • When the proposed additional functions overlapped with activities already covered by other parts of the education system, they were not included in the draft OiC. The WDC will give further consideration to include these issues in the WDC strategic plans. |
| Services | There are no additional functions | |

Conclusions

There is a trade-off between the benefits of a uniform approach to appointments across the OiC (reduced administration and monitoring) and a wide variety of governance arrangements across the six WDCs. The Ministry's view is that it is preferable to have a variety of approaches that each iEB is satisfied with and that reflects their consultation with their industry stakeholders.

The Ministry is confident that all six OiC meet the requirements of Section 363 of the Education and Training Act 2020, and will enable well-functioning strategic governance of WDCs, that will satisfy both the needs of industry and government.

Summary of the costs and benefits of the preferred option

| Affected groups (identify) | Comment: nature of cost or benefit (e.g. ongoing, one-off), evidence and assumption (e.g. compliance rates), risks | Impact \$m present value where appropriate, for monetised impacts; high, medium or low for non-monetised impacts | Evidence certainty (high, medium or low) |
|---|---|---|---|
| Additional costs of the preferred option compared to taking no action We do not yet understand the full cost implications of separating ITOs functions between WDCs, Te Pūkenga, Private Training Establishments and Te Pūkenga, but it is anticipated that there will be significant economies of scale to be gained by consolidating the arranging training and delivering training functions. The Minister of Education has provided the TEC with a Letter of Delegation to fund Workforce Development Council Interim Establishment Boards and Workforce Development Councils. WDC-Interim-Establishment-Boards-and-Councils-Letter-of-Delegation-17-June-2020.pdf (tec.govt.nz) | | | |
| Crown: Establishment of WDCs | Including but not limited to: <ul style="list-style-type: none"> the appointment of the first WDC Boards arranging a secretariat function identifying options for head / regional office locations and premises. | 5.7 | High |
| | 2020/2021 (ongoing costs) | 42.0 | Medium |
| | 2021/2022 | 54.0 | Medium |
| | 2022/23 | 32.5 ¹ | Medium |
| Crown: Various parties | Support for transition of work-based training from ITOs to providers | 9 | Low |
| Total monetised costs | 2020 - 2023 | 143.2 | Medium |
| Industry/employers | Cost of time to engage with WDCs | Low | Medium |
| Providers | Need to incorporate WDC advice into their investment plans | Low | Low |
| Non-monetised costs | | Low | Low |
| Additional benefits of the preferred option compared to taking no action | | | |
| Employers and | Increased say in the | Medium | High |

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This allocation is for half the calendar year.

| | | | |
|---------------------------------|--|----------------|--------|
| industry | purchase and quality assurance of vocational education delivered by providers | | |
| Māori | Strong representation on Councils increasing influence over VET system | Medium | Low |
| Learners | Improved skills matching. Increased credibility of qualifications. | Medium | Medium |
| TEC | Increased ability to coordinate the view of industry and inform the funding process | High | High |
| Wider government | Access to industry analysis that represents the workforce skill needs. Strategic leadership of VET system (Workforce Development Plans). | Low | Medium |
| | Increased engagement with industry (WDCs) ongoing. | Low | Low |
| Total monetised benefits | | As yet unknown | N/A |
| Non-monetised benefits | | Medium | Medium |

Further comments

The establishment of six WDCs is part of an interdependent package of changes as part of the wider RoVE programme. Additional information on programme benefits, risks and uncertainties, can be found in the RoVE Business Case here: <https://conversation-space.s3-ap-southeast-2.amazonaws.com/R+27+CP1+short+1+business+case.pdf>

Section 3: Implementing the preferred option

How will it be implemented?

A change management strategy and high-level roadmap have been developed that summarise the key change components for the impacted organisations. The programme is now developing a more integrated change plan that will build on the recent programme design work.

Transitional ITO – WDC transitional arrangements, including the transfer of staff from Transitional ITOs and NZQA, interim funding of WDCs prior to taking on their functions, and transfer of responsibility for NZQA registered products will be facilitated by RoVE officials. A mechanism is well established to coordinate across the three agencies (The Ministry, TEC and NZQA).

Implementation risks will be managed by the Monitoring and Reporting BAU team at TEC (in terms of BAU) and by the Rove Programme Governance Board (in terms of risks identified in the RoVE risk register and any new risks or issues that may develop and impact on programme implementation).

Communications on the OiC will be managed under the auspices of the RoVE Programme Board and supported by TEC.

Once implemented, the WDCs themselves, as statutory bodies, will be responsible for their own ongoing operation consistent with the functions outlined in the Act. They will have to prepare plans that meet TEC requirements in order to be funded and will be subject to TEC and NZQA monitoring. A range of statutory interventions apply for non-compliance with OiC and their functions and duties. All education products (e.g. qualifications, skill standards, endorsement requirements, moderation system designs and capstone assessments) must be approved by NZQA, consistent with NZQA Rules.

Monitoring of Workforce Development Councils

Under the Act, NZQA and TEC have a number of monitoring functions relating to WDCs, including monitoring compliance with the Act (section 413 (1)) and quality assurance requirements (sections 371, 372, 433 and 458).

Review and Evaluation of the RoVE programme

As noted earlier, the establishment of six WDCs is part of an interdependent package of changes comprising the RoVE. A number of processes and frameworks have been, or are in the process of being, established to review and evaluate the effectiveness of the RoVE changes, these include:

- An outcomes framework for RoVE (completed).
- A systems monitoring framework that will enable the Ministry to understand whether the intentions of RoVE have been achieved (currently in development).
- A Benefits Realisation Framework, consistent with the Treasury's benefits management guidance, which seeks to define benefits associated with the outcomes sought as part of the reform (currently in development).

In addition to the above, the programme has already undertaken the following assurance activities:

- A review of the programme's strategic risks by the RoVE Strategic Advisory Group.
- Independent Quality Assurance (IQA) of programme controls.
- Independent Quality Assurance of the RoVE business case.
- A Treasury Gateway review of RoVE implementation.



Cabinet

Minute of Decision

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.

Report of the Cabinet Social Wellbeing Committee: Period Ended 26 March 2021

On 29 March 2021, Cabinet made the following decisions on the work of the Cabinet Social Wellbeing Committee for the period ended 26 March 2021:

Out of scope

SWC-21-MIN-0031

**Orders in Council to Establish Six Workforce
Development Councils**
Portfolio: Education

CONFIRMED

Out of scope

Michael Webster
Secretary of the Cabinet



Cabinet Social Wellbeing Committee

Minute of Decision

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Orders in Council to Establish Six Workforce Development Councils

Portfolio **Education**

On 24 March 2021, the Cabinet Social Wellbeing Committee:

- 1 **noted** that in July 2019, Cabinet agreed to establish four to seven Workforce Development Councils as a key aspect of the Reform of Vocational Education and Training [CAB-19-MIN-0354];
- 2 **noted** that following consultation with industry and an oral item at Cabinet on 2 December 2019, the Minister of Education (the Minister) announced on 17 December 2019 that six Workforce Development Councils would be established with the following coverage areas:
 - 2.1 Construction and Infrastructure;
 - 2.2 Manufacturing, Engineering and Logistics;
 - 2.3 Primary Industries;
 - 2.4 Service Industries;
 - 2.5 Creative, Cultural, Recreation and Technology;
 - 2.6 Health, Community, Education and Social Services;
- 3 **noted** that a Workforce Development Council must be established through an Order in Council which must include the name, the industries covered by the Workforce Development Council, governance arrangements, and any additional functions;
- 4 **noted** that interim Establishment Boards made up of representatives from the specified industries have supported the development of the Order in Council proposals;
- 5 **noted** that the Education and Training Act 2020 requires the Minister to consult with industry before recommending that an order be made to establish a Workforce Development Council;
- 6 **noted** that the Tertiary Education Commission ran a public consultation on behalf of the Minister from 16 December 2020 to 5 February 2021, which included the specified industries and the general public;

- 7 **noted** that the advice of Workforce Development Councils on skills needs will be considered by the Tertiary Education Commission alongside the regional perspectives put forward by the Regional Skills Leadership Groups;
- 8 **approved** the proposed names, coverage areas, governance arrangements, additional functions and minor arrangements of the six Workforce Development Councils, as detailed in Appendix A of the submission under SWC-21-SUB-0031, subject to further Te Tiriti analysis;
- 9 **authorised** the Minister to make final detailed decisions for the purpose of drafting legislation, provided they are consistent with the policy intent set out in paragraphs 13-34 of the paper under SWC-21-SUB-0031 and in Appendix A;
- 10 **authorised** the Minister to make any minor, technical or consequential amendments necessary to give effect to the policy intent, and any transitional arrangements required for implementation;
- 11 **invited** the Minister to issue drafting instructions to the Parliamentary Counsel Office to prepare Orders in Council to implement the decisions in paragraphs 8 to 10 above.

Rachel Clarke
Committee Secretary

Present:

Rt Hon Jacinda Ardern
Hon Kelvin Davis
Hon Dr Megan Woods
Hon Carmel Sepuloni (Chair)
Hon Andrew Little
Hon Kris Faafoi
Hon Peeni Henare
Hon Willie Jackson
Hon Dr Ayesha Verrall
Hon Aupito William Sio
Hon Meka Whaitiri
Hon Priyanca Radhakrishnan
Hon Marama Davidson

Officials present from:

Office of the Prime Minister
Office of the SWC Chair
Officials Committee for SWC