



8 June 2020

Ref: C014879

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

Dear Jenn

Delegation to provide support funding for Group Training Schemes

I am writing to advise you of my delegation of responsibility to the Tertiary Education Commission (TEC) for administering funding for supporting Group Training Schemes. This funding is to ensure apprentices employed by these schemes are able to be retained by making these schemes viable during the immediate aftermath of the lockdown due to COVID-19. The intention is that these apprentices should be moved back into work once firms can host them again, but that they remain employed, and access off-job training opportunities if possible, in the meantime.

I recognise that to remain viable, a Group Training Scheme is likely to require sufficient income to cover the cost of employing each apprentice and a sufficient volume of apprentices overall. In addition, I recognise that some apprentices may have lost their place and that the volume of signups is likely to be currently below what Group Training Schemes would normally expect.

The TEC should therefore use the support funding under this delegation so that existing Group Training Schemes, in order of priority:

1. Maintain current apprentices employed by the Scheme.
2. Reconnect with apprentices that have been let go since the impacts of COVID-19 began (i.e. they must offer those apprentices their places back if possible).
3. Employ any additional apprentices necessary to bring them up to a viable level, not exceeding their usual level, as long as training arrangements are in place for the additional apprentices, and the Group Training Scheme can show a viable pathway to in-work training.

The TEC must negotiate with the existing Group Training Schemes an amount of funding to be allocated and paid within the overall appropriated amount that is no more than the amount most likely to enable the continued engagement of the schemes' apprentices. The TEC must also when allocating funding, take into account all the forms of income relevant to the viability of each Group Training Scheme (including access to other support for employees and apprentices that the Schemes may be eligible for at any point), and the specific mix of apprentices employed by each scheme.

The TEC must seek to encourage existing Group Training Schemes to become sustainable using other forms of income as soon as possible, and to work towards reducing reliance on the funding via this delegation, while skill acquisition and outcomes of the apprentices employed by the schemes are preserved and enhanced.

Existing Group Training Schemes identified as such by the TEC are eligible for this funding. The TEC must also ensure transparent reporting on how the funding is allocated by the TEC and used by Group Training Schemes.

This delegation will utilise funding appropriated within the Access to Tertiary Education appropriation in Vote Tertiary Education. Up to \$3.23 million can be used in 2019/20, and \$16.13 million in 2020/21.

I delegate to the Tertiary Education Commission (under section 159F(1)(e) of the Education Act 1989) authority to pay funding:

- to existing Group Training Schemes identified as such by the TEC;
- to support the retention of apprentices employed by existing Group Training Schemes, for the time needed for the Group Training Scheme to stay viable while supporting their apprentices;
- of up to \$3.23 million in 2019/20, and \$16.13 million in 2020/21.

I expect the TEC to:

- place such conditions or other constraints as necessary on the funding given to the Group Training Schemes to ensure the Group Training Schemes continue to support their apprentices while host employers are not available, including working with Industry Training Organisations and vocational education providers, as necessary, for training to continue off-job, or to enable apprentices to be placed with host employers where those employers are not able to pay the required subsidy to the Group Training Schemes;
- place conditions or other constraints as necessary on the funding given to the Group Training Schemes to ensure apprentices are placed with suitable host employers as soon as practicable (i.e. not incentivise schemes to delay placing apprentices with suitable host employers so that they can access further funding paid under this delegation);
- develop and publish funding conditions that include a condition or conditions to state that funding may be recovered from Group Training Schemes if it has not been, or is not being, used or used appropriately;
- report to me regularly on the Group Training Schemes it has funded and apprentices that are being supported, and the extent to which those apprentices are on training pathways that will lead them back into in-work training;
- publish information on the Group Training Schemes it has funded, including a public list that itemises each Group Training Scheme that is funded, and for each Group Training Scheme, the amount of funding, timeframe, and number of apprentices it has supported and their demographic profile.

This delegation applies from the date of this letter until 30 June 2021.

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

Yours sincerely



Chris Hipkins
Minister of Education