

Tertiary Education Report: Approval of Workforce Development Council Establishment Plans

Date:	20 August 2021	TEC priority:	High
Security level:	In Confidence	Report no:	B-21- 00518
		Minister's office No:	

ACTION SOUGHT		
	Action sought	Deadline
Hon Chris Hipkins Minister of Education	<p>note that the TEC Board has endorsed the six WDC Establishment Plans for the period from 04 October 2021 to 30 June 2022;</p> <p>approve the six WDC Establishment Plans for the period from 04 October 2021 until 30 June 2022, copies of which are attached to this briefing; and</p> <p>agree that the TEC release this briefing in full at the same time the Workforce Development Councils publish their approved Establishment Plans.</p>	1 September 2021
Enclosure: Yes	Round Robin: No	

CONTACT FOR TELEPHONE DISCUSSION (IF REQUIRED)				
Name	Position	Telephone		1st contact
Gillian Dudgeon	Deputy Chief Executive, Delivery	9(2)(a) [REDACTED]	[REDACTED]	✓
9(2)(a) [REDACTED]	[REDACTED]	9(2)(a) [REDACTED]	[REDACTED]	

THE FOLLOWING DEPARTMENTS/AGENCIES HAVE SEEN THIS REPORT						
<input type="checkbox"/> DPMC	<input type="checkbox"/> MPI	<input type="checkbox"/> ENZ	<input type="checkbox"/> ERO	<input type="checkbox"/> MBIE	<input type="checkbox"/> MoE	<input type="checkbox"/> MFAT
<input type="checkbox"/> MPP	<input type="checkbox"/> MSD	<input type="checkbox"/> NZQA	<input type="checkbox"/> NZTE	<input checked="" type="checkbox"/> TEC	<input type="checkbox"/> TPK	<input type="checkbox"/> Treasury
Minister's Office to Complete:						
<input type="checkbox"/> Approved	<input type="checkbox"/> Seen	<input type="checkbox"/> Withdrawn	<input type="checkbox"/> Declined	<input type="checkbox"/> Needs change	<input type="checkbox"/> Overtaken by Events	
<input type="checkbox"/> Noted						

Recommendations

Hon Chris Hipkins, Minister of Education

It is recommended that you:

1. **note** that the TEC Board has endorsed the six Workforce Development Council (WDC) Establishment Plans for the period from 04 October 2021 to 30 June 2022;
2. **approve** the following six WDC Establishment Plans for the period from 04 October 2021 until 30 June 2022, copies of which are attached to this briefing; and

a. Waihanga Ara Rau Construction and Infrastructure WDC

Agree/Disagree

b. Toi Mai WDC

Agree/Disagree

c. Toitū te Waiora Community, Health, Education and Social Services WDC

Agree/Disagree

d. Hanga-Aro-Rau Manufacturing, Engineering and Logistics WDC

Agree/Disagree

e. Muka Tangata – People, Food and Fibre WDC

Agree/Disagree

f. Services WDC

Agree/Disagree

3. **agree** that the TEC release this briefing in full at the same time the Workforce Development Councils publish their approved Establishment Plans.

Agree/Disagree



Gillian Dudgeon

Deputy Chief Executive, Delivery
Tertiary Education Commission

20 August 2021



Hon Chris Hipkins

Minister of Education

23 / 09 / 2021

Purpose

1. This briefing seeks your approval of all six Workforce Development Councils (WDCs) Establishment Plans. The Tertiary Education Commission (TEC) Board endorsed all six Establishment Plans at its meeting on 19 August 2021.
2. A briefing on the purpose, content, timeline and approval process for WDC Establishment Plans (AM-21-00386) was approved by you on 15 July 2021.
3. The TEC Board has also approved the funding allocations sought by each WDC noting that funding agreements will not be distributed until the Establishment Plans have Ministerial approval.

Background

4. One of the most highly anticipated components of Reform of Vocational Education (RoVE) has been the establishment of six WDCs that will give industries greater leadership and influence across vocational education.
5. On 11 June 2021, the six WDCs were formally established by way of an Order in Council. The six WDCs are Waihanga Ara Rau Construction and Infrastructure; Toitū te Waiora Community Health Education and Social Services; Toi Mai; Hanga Aro Rau Manufacturing Engineering and Logistics; Muka Tangata People Food and Fibre; and Services.
6. The WDC Establishment Unit, which was set up and funded as part of the TEC RoVE Programme, has supported the process of getting the new WDC model in place for 4 October 2021. As part of this work, it has provided support to the WDCs to prepare and finalise their Establishment Plans. A proposed final allocation of funding for each WDC is based on the key activities and deliverables set out in their plan, taking into account the anticipated level of establishment and fixed costs as well as the scale of the industries they cover.
7. Each WDC has now met as a Council and had the opportunity to consider their Establishment Plan. All six WDCs have submitted their Establishment Plan to the TEC Board for endorsement, a step prior to your final approval. The TEC Board endorsed each Establishment Plan on 19 August 2021, and also approved the proposed funding allocation for each WDC.
8. To support WDCs to deliver on their Establishment Plan and longer term strategy and objectives, a Shared Services Centre (Hāpaitia) is being created to act as a centralised support services entity. Hāpaitia will provide an informing and advisory role to the WDCs and undertake core processes and transactional activities necessary for a new organisation like a WDC to operate (e.g. the finance function). It will be operated as a separate company with its Board, comprising either a Council member or a senior member of a WDC leadership team.

Establishment Plan Content

9. The first plan to be lodged by a WDC is their Establishment Plan, which covers the period from 04 October 2021 to 30 June 2022.
10. The six Establishment Plans set out how each WDC will form and build into a fully operational entity. The Plans cover the vision and purpose of the WDC; their immediate priorities, establishment activities, timeline and budget; their approach to engagement with key sector organisations; and how they will support their industries in the immediate term given Covid-19.

11. While the format of the Establishment Plans are the same for all WDCs, the content varies as the WDCs have identified priorities and focus areas specific to the needs of the industries they are responsible for.
12. However, the WDCs have identified some common areas of focus including setting a culture and vision that contributes to an industry-led and learner-centric vocational education model, and which gives effect to Te Tiriti o Waitangi; establishing and strengthening key relationships; and collaborating across WDCs.
13. Each Establishment Plan sets out the core legislated functions each WDC is required to undertake and a brief summary of their proposed approach in year one to meet these. Muka Tangata has signalled that in its first year it will not be focussing on the additional functions allowed under its Order in Council. A high level overview of the approach for each legislated function in the establishment phase is below:
 - **Skills Leadership** - build or ramp up their Skills Leadership capabilities.
 - **Qualification System Products** - plan a strategy to develop and maintain these products, prioritise areas of delivery for their industries, and complete reviews for overdue standards/ qualifications.
 - **Endorse Programmes** - recognising this is a new function, they intend to work with NZQA, TEC, MoE and providers to undertake design work to deliver this function in future periods.
 - **Moderation Activities** - engage with industries to understand their priorities for moderation and develop a work plan.
 - **Brokerage and Advisory Services** - build relationships and trust with industry to allow this function to be carried out in future periods.
 - **Advise the TEC** - intend to provide advice in April 2022 and June 2022 to inform TEC's investment for 2023.
14. Appendix One provides a brief summary of each Establishment Plan and what their key areas of focus will be for their establishment year. The TEC will continue to work closely with each WDC during the year as it is expected that some of their priorities may change as they start engaging with industry and the recruitment of new staff into roles progresses.
15. In determining the proposed structures for each WDC, the Establishment Unit worked with the Interim Establishment Boards, Transitional ITOs and NZQA to formulate an initial working structure. This took into consideration the number of qualifications, standards and industries allocated to each WDC. These structures have been used to support the recruitment processes with existing Transitional ITO and NZQA staff. It is expected that when the new Chief Executives are appointed and each WDC has had the opportunity to engage with their respective industries, the structures will evolve to support the needs of each WDC.

Establishment Plans and Funding

16. Through the delegation to fund WDC Interim Establishment Boards and WDCs, you delegated authority to the TEC to pay funding to WDCs for activities agreed to by the TEC in their lodged plans.
17. The total amount of funding appropriated in 2021/2022 for the six WDCs to deliver on their Establishment Plans is \$48 million. Based on the needs of each WDC, a total of \$36 million will be provided for operating expenditure and \$12 million will be provided for capital expenditure.

18. The following table summarises the funding the TEC Board has approved to be allocated to each WDC (subject to Ministerial approval of the WDC Establishment Plans):

	Waihanga Ara Rau Construction and Infrastructure WDC	Toi Mai WDC	Community, Health, Education and Social Services WDC	Hanga-Aro-Rau Manufacturing, Engineering and Logistics WDC	Muka Tangata – People, Food and Fibre WDC	Services WDC
OPEX	\$6,657,772	\$5,075,501	\$5,362,739	\$6,978,048	\$5,737,352	\$6,169,922
CAPEX	\$2,021,258	\$2,021,258	\$2,021,258	\$2,021,258	\$2,021,258	\$2,021,258
TOTAL	\$8,679,029	\$7,096,258	\$7,383,997	\$8,999,306	\$7,758,609	\$8,191,180
Share of Funding	18%	15%	15%	19%	16%	17%
Estimated Number of Staff	71 FTE	46 FTE	50 FTE	74 FTE	56 FTE	65 FTE

19. The variance in the size of each WDC’s funding allocation is based on a combination of the number of qualifications in their respective sectors and the complexity and number of industries and sectors being supported.

20. Approximately 60% of the operating funding being provided is to cover salaries and people related costs, including travel and software licences. Staffing costs will increase steadily during the first year, with a target of 30% operating capacity being reached by October 2021 and 80% by April 2022. The phased approach to staffing levels is driven by the organisational design chosen by each WDC; the number of TITO staff who choose to transition to a WDC; and the scope and scale of priorities each WDC has set themselves in their Establishment Plan.

21. The funding allocated to each WDC to contribute to the successful execution of Hāpaitia (their shared services entity) in 2021/2022 is \$684,817.

22. The WDC Establishment Unit, which has been separately funded, will be able to contribute a small amount of additional funding to the pool for 2021/ 2022 from unspent funds. The above budgets have allowed for an initial \$100k to be available (in total). Decisions on how any additional unspent funding from the Establishment Unit will be allocated will be made once that team has completed its work.

23. A high level forecast for the 2022/2023 year was undertaken to ensure that the proposed structures when fully stood up can be accommodated within the agreed funding envelope of \$64 million. Each WDC will need to carefully prioritise its focus areas to ensure it can continue to operate within the agreed funding envelopes.

24. The Funding Agreement which will be put in place between each WDC and TEC will be the key document to inform the ongoing monitoring of a WDC by TEC. While the WDCs may develop any performance measures that they believe will help them meet their goals and objectives, the measures must be agreed with and reported to TEC and include:
- a. Management Measures (which ensure the effective operation of the WDC). Covering focus areas such as financial management, risk management and governance
 - b. Function Measures (which ensure the WDC activities aligns with legislative functions and government priorities). Covering focus areas such as the WDC's operating model, industry engagement model, standard setting and skills and workforce development plans
 - c. Impact Measures (which ensure that the WDC as an entity achieves the policy intent of the WDCs and government priorities).
25. For the Establishment Plan phase, TEC will not be requiring Impact measures to be put in place. These will be developed as part of the WDC plans for the 2022/ 2023 year.
26. TEC has planned for a high level of ongoing extensive engagement during the Establishment period to support each WDC, especially once the new Chief Executives have been appointed. Two dedicated TEC Business & Partnership Managers have been appointed to work with the six WDCs.

Next Steps

27. Subject to you approving the Establishment Plans, we will notify each WDC of your decision and final drafts of the funding agreements will be prepared for signing by the TEC Chief Executive and the WDC Chair.
28. The TEC will pay WDCs an initial lump sum of 50% of their total funding on day one to give them sufficient liquidity to confidently make key organisational decisions. The remaining funding will be distributed equally across two further payments in January 2022 and April 2022.

Appendices

- Appendix 1 : Summary of Key focus areas for each WDC
- Annex 2: Waihanga Ara Rau Construction and Infrastructure WDC Establishment plan
- Annex 3: Toi Mai WDC Establishment plan
- Annex 4: Toitū te Waiora Community, Health, Education and Social Services WDC Establishment plan
- Annex 5: Hanga-Aro-Rau Manufacturing, Engineering and Logistics WDC Establishment plan
- Annex 6: Muka Tangata – People, Food and Fibre WDC Establishment plan
- Annex 7: Services WDC Establishment plan

APPENDIX One: Summary of Key focus areas for each WDC



Forward

Emphasis placed on voicing a commitment to building the capability and capacity needed to deliver on their functions, including in collaboration with the other WDCs and partners in the VET system.

Recognise the significant work to do in building the confidence of industry, strengthening their own capabilities to realise our contribution to the benefits sought through the reform of vocational education.

Note their ability to deliver on mandated functions and meet the expectations of the TEC and NZQA once these are defined is limited by the planning assumptions of the funding available to the new organisation.

Areas of focus

Waihangara-Rau's priorities in the Establishment Phase include the following activities:

- Work to support collaboration across the WDCs.
- Set a culture and vision that contributes to an industry-led and learner-centric vocational education model, and which gives effect to Te Tiriti o Waitangi.
- Minimise the disruption to our industries of the transition from Transitional ITOs to the WDC.
- Develop an industry partnership and engagement model, and engage with industry as soon as possible.
- Design approach to skills leadership, start to undertake research, and apply the gathered insights.
- Ramp up to a 'BAU' state for qualification development and review, moderations, and programme endorsements.
- Carry out scheduled reviews of standards initially, but scaling this up by the end of the Establishment Phase.
- Maintain work programmes related to the COVID-19 response and disseminating knowledge and learning to other WDCs and VET partners.



TOI MAI

Workforce
Development
Council

Forward

Committed to working towards eliminating inequality and supporting the aspirations of our sectors to contribute to Aotearoa. The future of our workforce is diverse, our population is growing with Asian, Pacific Islands and other immigrant communities requiring our duty of care.

The sectors that Toi Mai serve contributed more than \$24 billion (7.5%) to NZ's GDP in 2020. Meaning that the creative, cultural, recreation and technology workforce is vital for New Zealand's future economic and social wellbeing and will help drive future productive growth and exports.

Toi Mai consider that our creative, culture and recreation sectors are integral to our national identity and are valuable and positive enhancers of our physical, mental, and social wellbeing.

Notes that technology, in all its forms, is now centre stage through integrating digitisation, automation and combating climate change, which will need to be led by Toi Mai and woven through all the other WDC's. All other sectors are directly impacted by the positive and future focused work of technology both in productivity and sustainability.

Areas of focus

Toi Mai's priorities in the Establishment Phase include the following activities:

- Set a culture and vision that contributes to an industry-led and learner-centric vocational education model, and which gives effect to Te Tiriti o Waitangi.
- Put industry engagement mechanisms in place, especially for industries who have historically not had a TITO.
- Inform our industries about what a WDC is and what its functions and purpose are.
- Support collaboration across the WDCs.
- Create a high-performing WDC, ensuring we are making an organisation which can deliver on our stated commitment to priority learners such as Māori, Pacific, Asian, LGBTTTQI+ and learners with disabilities.
- Anticipate global trends in the future of work that will impact its sectors.



TOITŪ TE WAIORA

**Community, Health, Education
and Social Services**

Workforce Development Council

Forward

Deep dive into the meaning on the name gifted to the WDC by the Tē Kāhui Ahumahi- Toitū te Waiora- Protecting and preserving health and well-being now and in the future.

Highlights the relationship between Toitū te Waiora and Te Kāhui Ahumahi with the gifting of a waiata which incorporates Te Whare Tapa Whā model of health (Durie. 1984).

Demonstrates the WDCs strong commitment to Te Tiriti and the importance that is placed on elevated korero and thinking in relation to health and well-being

Areas of focus

Toitū te Waiora intend to prioritise the following activities during the Establishment Phase:

- Show the WDC's commitment to Te Tiriti o Waitangi from Day One.
- Set a culture and vision for the role of the WDC and contribution to the transformation of Vocational Education as an industry-led and learner-centric model.
- Support collaboration across the WDCs.
- Establish and building relationships with industry.
- Prioritise and effectively resource key functions.
- Develop new systems and ways of working across all WDCs.
- Develop Priority Industry Vocational Education and Training (PIVET), identify PIVET for jobs in high demand; and progress PIVET to help offset labour shortages for the workforce
- Transition of COVID-19 response projects;
 - Attracting, training and retaining a resilient and diverse kaiāwhina workforce in a post Covid-19 environment.
 - What mode of training best serves Careerforce employers in a post COVID-19 setting?



HANGA-ARO-RAU

**Manufacturing, Engineering
and Logistics**

Workforce Development Council

Forward

Emphasis placed on supporting the response to future workforce needs, taking into account climate and other global crises, emerging technologies, global sustainability goals, the changing nature of work and the skills, knowledge and qualifications future leaders need to achieve success for themselves and their communities.

Recognition of the foundations the interim Establishment Board have laid and the commitment the WDC has to build out the capability and the capacity to deliver on the functions.

Awareness of the anticipation industry has while recognising the significant work remaining to ensure the WDC can operate effectively. Establishment of key industry consultative mechanism, the Industry Stakeholder Group and recruiting expert staff are key to this, along with integration with the rest of the vocational education and training system.

Areas of focus

Hanga-Aro-Rau intend to prioritise the following activities during the Establishment Phase:

- Set a culture and vision for the role of the WDC and contribution to the transformation of Vocational Education as an industry-led and learner-centric model, which gives effect to Te Tiriti o Waitangi.
- Support collaboration across the WDCs.
- Develop relationships with key partners across the entirety of the education ecosystem.
- Develop industry engagement model and engage with industry.
- Prioritise and effectively resource key functions.
- Develop new systems and ways of working across all WDCs.
- Design approach to skills leadership, where appropriate leveraging existing BAU advisory group mechanisms, and starting to undertake research and applying gathered insights.
- Scaling up scheduled reviews of standards to ensure WDC is carrying out BAU levels of review by the end of the Establishment Phase.
- Transition of COVID-19 response project- Increasing the number of qualified staff in MEL sectors



MUKA TANGATA
People, Food and Fibre
Workforce Development Council

Forward

Recognise their important role, as the voice of some 200,000 people across their very diverse industries, in the vocational education system.

Identified the challenge to build sustainable and competitive businesses that deliver produce to meet and exceed the ethical requirements of consumers. This will require upskilling at all levels of business, as well as recruiting new talent to bring the skills required.

Intend to work and collaborate with industry - and any other interested parties - to deliver to the aspirations of their people and businesses.

Areas of focus

Muka Tangata intend to prioritise the following activities during the Establishment Phase:

- Set their tikanga and priorities.
- Set a culture and vision that gives effect to Te Tiriti o Waitangi.
- Build a WDC with a collective sense of purpose.
- Support collaboration across the WDCs.
- Establish and strengthen relationships and trust across industries.
- Develop a relationship with the Food and Fibre CoVE.
- Develop and harness relationships with interested parties across the WDC education kaupapa.
- Prioritise and effectively resource key functions.
- Develop new systems and ways of working across all WDCs.



SERVICES

Workforce
Development
Council

Forward

Recognise the challenges in the 31 sectors the WDC represent are great, not only for the sustainability of those industries post COVID-19, but also for the changing environment within which those industries sit and, most importantly for the workforce which has a significant number of Māori, Pasifika and immigrant people.

Acknowledge the exciting opportunity to support the development of the vocational education system but also to grow the talent of and opportunities for people seeking to learn and work in these industries.

To deliver the outcomes sought, Services WDC will work with industry stakeholders, tangata whenua, and the other WDCs.

Areas of focus

Services intend to prioritise the following activities during the Establishment Phase:

- Building Conditions for Success - relationships with key partners; industry partnership and engagement model; support collaboration across industries and across all the WDCs; relationships with Māori, hapū and iwi industries; setting a culture and vision for Services WDC to an industry-led and learner-centric model, which gives effect to Te Tiriti o Waitangi.
- Building a High-Performing Team - making the changes from Transitional ITOs to WDCs as seamless as possible for its industries.
- Creating our Strategic Future - develop a blueprint for the future of workforce development in the Services industries; support our industries in their COVID-19 recovery; build a resilient workforce; develop and set tikanga and priorities for the WDC which reflects a meaningful and appropriate te reo Māori name for its WDC; build Māori Crown relationship settings; understand how to realise its transformational potential.