

Reform of Vocational Education (RoVE) – ITO Update

26 September 2019

We intend to provide regular updates to you going forward to respond to your information requests, advise on planned activities, and generally make sure we are keeping you well informed!

What's in this update?

What's in this update?	1
Next ITO workshop – 27 September 2019	1
Supporting presentation for your engagement	2
Workplace assessors	2
The role of the New Zealand Qualifications Authority in the WDC/ITO transition work	2
Summary of the Education (Vocational Education and Training Reform) Amendment Bill for industry groups	3
Draft high level timeframes	6
Next update	7

Next ITO workshop – 27 September 2019

Our ITO workshop will be held on 27 September 2019. This will be held at Fusion Events and Meetings, 85 The Terrace, from 11am – 3pm (at the latest). Light refreshments will be served.

Our proposed agenda is:

- Feedback from our engagement with industry and employers
- Opportunity for ITOs to provide us feedback on your engagement
- Skills leadership and brokerage discussion
- Update on work planned for ITO data collection
- Discussion on form/content of ITO feedback to TEC/MoE due late October
- Transition planning
- Overview of work stream programme and timelines

Supporting presentation for your engagement

We have attached the latest copy of our presentation. We have made it a bit shorter due to the length of the public meetings. We also added in a four WDC option. This was raised at our Hamilton meeting and of course illustrates the lower end of range the Government proposed. Brief output documents created after each meeting are being published and made available on the TEC website at [this page](#).

Please note you may have to adjust the slide size according to your screen, as otherwise the pie charts will not display properly.

Staffing availability

We have some staff absences coming up on the WDC team. While you are welcome to contact us individually, we would highly recommend that you CC the WDCs@tec.govt.nz address over the next month, to ensure your email is responded to promptly.

Jane Duncan is away 2 October to 14 October inclusive.

Belinda Birchall is away 30 September to 17 October inclusive.

Workplace assessors

Currently, 'workplace assessors' (often experienced employees of firms with a trainee or apprentice) are approved by and registered with the ITO to carry out workplace assessments against unit standards. NZQA expects workplace assessors to meet the consent and moderation requirements of the unit standards they assess and this includes criteria for assessment.

Some ITOs fear tertiary providers that support work-based training will prefer to rely on their own staff to carry out all assessments. Workplace assessors help make it viable and cost-effective for employers to employ trainees and apprentices. In principle, with appropriate measures to provide assurance of the quality of the assessments, we would encourage providers to continue this approach.

Providers need to know they can be confident in workplace assessors. This requires appropriate quality management systems, robust moderation of workplace assessments (including by workforce development councils), and NZQA's continued overall quality assurance. Transition plans for arranging training will need to include planned assessment approaches, and information for relevant New Zealand Institute of Skills & Technology (Institute) staff and other provider staff on how work-based training works should describe the role and value of workplace assessors.

The role of the New Zealand Qualifications Authority in the WDC/ITO transition work

Several ITOs have asked us what the role of the New Zealand Qualifications Authority will be in the RoVE programme. The NZQA's role in the RoVE programme is to identify and make appropriate changes to NZQA's quality assurance system, to support the transition to the new system. This includes the quality assurance framework for workforce development councils, NZIST, and where necessary, for the transition of arranging training. NZQA is responsible for transferring statutory approvals and consents to the NZIST and the WDCs, setting the operational policy and Rules for qualifications, programmes, and skills standards, and developing appropriate external quality assurance processes for NZIST and the WDCs.

Summary of the Education (Vocational Education and Training Reform) Amendment Bill for industry groups

Please find below a summary of the Education (Vocational Education and Training Reform) Amendment Bill, which you are welcome to share with your networks.

Purpose

To provide an initial introduction to aspects of the Reform of Vocational Education (RoVE) Bill to assist industry in responding to the Bill.

Introduction to the Bill

The Education (Vocational Education and Training Reform) Amendment Bill was introduced to parliament on 26 August. The Bill received its first reading on 29 August 2019. The Bill is intended to implement the RoVE reforms, by establishing a unified and cohesive vocational education and training system.

It amends the Education Act 1989 (the principal Act) and repeals the Industry Training and Apprenticeships Act 1992. Key provisions of the Industry Training and Apprenticeships Act are incorporated in the principal Act.

Responding to the Bill

The Bill has been referred to the Education and Workforce Select Committee, which is currently seeking submissions from the public. The close-off date for submissions is Sunday 13 October 2019. Your submission can be in any form. If you wish to present in person to the committee, you should indicate this to the Clerk or in your written submission.

For more details on the Bill and how to make a submission see the Parliamentary website at: https://www.parliament.nz/en/pb/bills-and-laws/bills-proposed-laws/document/BILL_91082/education-vocational-education-and-training-reform-amendment

Outline of the Bill

The Bill:

- Establishes some new terminology (in section 159 of the principal Act, in new Part 34, and in Schedule 1 – Transitional arrangements)
- Amends the functions and duties of TEC and NZQA in order to support the new structural arrangements (Part 1 of the Bill)
- Establishes the NZ Institute of Skills & Technology (the Institute) as a tertiary education institute in the principal Act
- Enables WDCs to be established on the recommendation of the Minister to the Governor-General by Order in Council and sets out their functions (inserted new Part 34 of the principal Act)
- Includes the apprenticeship provisions of the Industry Training and Apprenticeships Act (inserted Subpart 2 in new Part 34 of the principal Act) and levy provisions (inserted Subpart 3)
- Provides transition arrangements to enable a smooth transfer of functions and responsibilities from the current system to the new system.
- Provides for transitional regulations
- Consequentially amends other Acts and Regulations

New terminology

The Bill introduces new terms, including “vocational education and training”, “work-based training”, “trainee”, and “transition period” by either amending s. 159 (1) of the principal Act or by insertion of a new s. 377 in a new Part 34 of the Act (see clause 65) or a new transitional Schedule.

Amendments to the functions and duties of TEC and NZQA

NZQA and TEC functions and duties are amended to support WDCs (see new s.159FA) and the Institute. TEC has powers to require information from WDCs and to audit WDCs (see new s.159FB and 159FC respectively). The Bill also incorporates additional TEC functions that were previously outlined in the Industry Training and Apprenticeships Act (see clause 9 on page 9 of the Bill that amends section 159F of the principal Act).

Other amendments to the principal Act reflect the disestablishment of institutes of technology and polytechnics and the removal of references to ITOs. Where appropriate provisions now relate to the Institute or WDCs.

New Zealand Institute of Skills & Technology

Clause 49 replaces Part 15A of the principal Act with the establishment of the Institute and provides for its constitution, governance, advisory committees, functions and accountability arrangements.

Enabling establishment of WDCs

The Bill (see Clause 65, which inserts a new Part 34 in the principal Act on page 32) provides for WDCs to be established by the Governor-General, on the recommendation of the responsible Minister (new section 479 on page 34). This is achieved through an Order in Council (see new section 479) outlining constitutional arrangements conferred on the WDC. WDC constitutional arrangements can be amended (under the Interpretation Act 1999) and they can be disestablished (see section 480 inserted) by Order in Council.

The WDC has all of the powers and duties of a body corporate (see s.481 inserted) and has a number of statutory functions (see section.481). A WDC must take into account the needs of industries that it covers in undertaking its functions, but in doing so, would be required to also consider national and regional interests (refer sub-section (2)), and that wānanga are to be treated differently (see new section 483).

Under the Bill, a WDC must not operate a Private Training Establishment (see new section 484), must comply with any prescribed quality assurance requirements of NZQA, and have regard to the needs of Māori and other population groups identified in the tertiary education strategy (section 485). It will be required to pay annual fees to NZQA (section 486).

NZQA may issue a quality assurance improvement notice (see new section 487) or issue a compliance notice, and may notify the Minister if a WDC fails to comply (section 487).

Inclusion of apprenticeship provisions

The apprenticeship provisions of the existing Industry Training and Apprenticeships Act 1992 are to be incorporated in the principal Act under the Bill (see Clause 65, Subpart 2 in the new Part 34 in the principal Act on page 38). Relatively minor changes have been made in this Part.

Inclusion of voluntary training levy provisions

The levy provisions of the existing Industry Training and Apprenticeships Act 1992 would be incorporated in the principal Act under the Bill (see Clause 65, Subpart 3 in a new Part 34 on page 40). Some minor changes have been made to provisions. There is also a corresponding schedule that relates (see Schedule 5, which adds a new Schedule 24 to the principal Act on page 74 of the Bill).

Transition arrangements for industry training organisations

The Bill provides for transitional arrangements for the 11 existing funded industry training organisations (see Subpart 2 of on page 58 of the Bill).

Clause 43 provides for automatic re-recognition of ITOs on the Bill coming into force, ITOs would be re-recognised as “transitional ITOs” and would have new recognition conditions reflecting the fact that their recognition would lapse no later than 31 December 2022. Any other body corporate can be recognised by the Minister, by notice in the Gazette. This would allow holding organisations to replace coverage of one or more ITOs or to separate out standards-setting and arranging training activities.

Clause 44 provides for the specification of industries covered by the transitional ITO and for articulating their activities, while clause 46 provides for varying coverage and activities over time. A transition plan would help plan these transitions (see Clause 51 below). Clause 45 provides for conditions on recognition of a transitional ITO.

The next group of changes (clauses 47 to 50) provide for transitional ITOs to continue to operate as normal during the transition period (subject to reducing scope under clause 46).

Clause 51 requires all transitional ITOs to develop a transition plan that is agreed with TEC.

Clause 52 provides for the Minister to direct funding to particular providers for work-based training, providing there is a good reason to do so.

Transitional ITOs would have their scope wound down as WDCs and providers take over activities, and under clause 53 may have their recognition cancelled by the Minister. Recognition of Transitional ITOs would lapse at the end of the transition period (i.e. on 31 December 2019).

Transitional ITOs are established under other legislative authority as body corporates (e.g. as a Charitable Trust, Incorporated Society, or as a non-for-profit company). All are currently registered charities. Notwithstanding the constraints imposed by the existing organisational form of a transitional ITO, a provision in the Bill (see clause 55) would allow assets to be allocated to WDCs should this be the wish of industry.

Clause 56 provides for employees of transitional ITOs to not be compensated for technical redundancy should they be offered employment in an equivalent position in a WDC, education provider or another transitional ITO during the transition period under certain conditions.

Transitional regulations

A general transitional regulations provision enables the Governor-General, by Order in Council on the recommendation of the Minister, to prescribe regulations that either facilitate or ensure the orderliness of the transition or ensure the existing rights or obligations continue (see Subpart 3 on page 64 of the Bill).

Consequential Amendments

A number of consequential amendments are made to other Acts and other Regulations (see Schedule 6 on page 76 of the Bill).

For more information

The Tertiary Education Commission and the Ministry of Education are official advisors to the Select Committee on the Bill, which means that there are confidentiality requirements we must follow in terms of the information and advice we can provide on the Bill during the Select Committee process. If you have questions about the Bill, these should be referred to the Clerk of the Select Committee.

You can contact the Clerk via email at: select.committees@parliament.govt.nz. Alternatively, you can phone Parliament on 04 817 9999 and ask to speak to the Clerk of the Education and Workforce Select Committee.

Draft high level timeframes

We will continue to include this in our communications, and will update it accordingly as our work programme continues.

You will note that the following table refers to ‘transitional ITOs’, which reflects the legislation (replacing holding organisations referred to earlier).

Transition Milestones	Timeline
Establishment of Workforce Development Councils	
Engagement with industry around WDC establishment: Coverage and Functions The RoVE team will work with industry groups (including ITOs) to explore the likely shape of WDCs. This would include identifying contact points in industry from which further discussion on establishing individual WDCs could be held.	Between now and October 2019 Target: Report back to the Minister in November 2019
Engagement with ITOs around funding arrangements for WDCs The RoVE team will work with ITOs to identify a suitable framework for funding WDCs under a Skills Leadership Plan (that will specify outputs and measures relating to all WDC functions)	Between September and mid-November 2019 for quantum of funding December – January for outputs and measures
Engagement with industry around WDC establishment: Governance Engagement with industry leads on WDC establishment details – working towards draft Orders in Council.	Between November 2019 and at least June 2020
Establishment Boards (TBC) for Workforce Development Councils begin to be put in place , with interim funding agreements (will take a month or two after passing for Order in Council to be in place) <i>Transitional ITO(s) are recognised automatically.</i>	On Bill coming into effect (around 1 April 2020)
All WDCs in either establishment phase (with transitional funding) or operational (with funding under a Skills Leadership Plan)	Within 6 months of Bill passing Target: At least one Workforce Development Council (WDC) established in 2020 Early WDCs would receive interim funding support until at least 30 June
All WDCs should be in operation and funded for all their functions	by June 2021
Transition of ITO activities This will include one-on-one engagement with ITOs to build a better understanding of ITO business models, activities outside of those funded under the IT&A Act, existing provider/contractor relationships, future plans for the organisation, and discussion of transition options and outline of transition plan expectations (Transitional ITOs will need to produce a Transition Plan). It is expected that this will be an iterative process.	

<p>Engagement with ITOs for information gathering to support the transition, in relation to:</p> <p>Standard-setting transition</p> <p>Arranging training transition including:</p> <ul style="list-style-type: none"> - Stocktake of currently contracted providers - Provider selection process - Funding of providers <p>Transition Plans including:</p> <ul style="list-style-type: none"> - ITO residual functions - ITO support to providers - Funding during transition period - Transitional ITOs & restructuring - Systems implications 	<p>Between November 2019 and March 2020</p> <p>Target: First transfers of standard-setting functions to WDCs: From 1 July 2020</p>
<p>Transition of work-based training functions from at least one ITO to vocational education providers</p> <p>This may involve continued recognition of an ITO (as transitional ITO) but sub-contracting of arranging training activity to a provider</p>	<p>Shortly after legislation has been passed</p> <p>Target: Transition of all work-based training activities from ITOs to vocational education providers is complete by the end of 2022</p>
<p>All recognition lapses for transitional ITO for all of their industries of coverage (and NZQA consents and approvals will cease)</p>	<p>By the end of 2022</p>
<p>Other</p>	
<p>Legislation:</p> <ul style="list-style-type: none"> - Introduced <p>If interested, ITOs can seek further information from the RoVE team about how the legislation gives effect to Cabinet policy decisions.</p> <ul style="list-style-type: none"> - Parliamentary Select Committee <p>The Select Committee has opened public consultation on the Bill. The committee will receive oral submissions after written submissions close on 13 October. This may include hearings outside of Wellington. Submissions can be made in person or in written form.</p>	<p>26 August 2019</p> <p>Submissions close on Sunday 13 October 2019</p>
<p>NZQA Rules Review</p> <p>NZQA Board to formally review all Rules to ensure alignment with RoVE policy decisions. This is likely to include some initial engagement, development of draft rules, and formal consultation on proposals, prior to submission of proposals to the Minister and Board.</p> <p>It is anticipated new rules would be phased in from 1 July 2020 beginning with programme approval rules.</p>	<p>Between January and June 2020</p>

Next update

As noted earlier, we intend to continue to engage with you on a regular basis via these updates. If there are any additional email addresses within your organisation you would like this to be sent to, please let us know at WDCs@tec.govt.nz.