

Joint Tertiary Education Report: Workforce Development Councils Biannual Monitoring Report – May 2023

Date:	15 May 2023	TEC priority:	Medium
Security level:	In Confidence	Report no:	B-23-00399
		Minister's office No:	

ACTION SOUGHT		
	Action sought	Deadline
Hon Jan Tinetti Minister of Education	<p>Note that all six Workforce Development Councils have met their delivery requirements to Tertiary Education Commission since the last monitoring report, for the period from October 2022 to April 2023;</p> <p>Note that five of the six Workforce Development Councils are operating satisfactorily but that the performance of Toitū te Waiora Workforce Development Council is unsatisfactory in respect of two of its four core functions – “Skills and Workforce Leadership” and “Advice and Representation”;</p> <p>Note that TEC has been working closely with Toitū te Waiora to address this performance and is confident that they are taking appropriate action to rectify it; and,</p> <p>Agree that TEC release this briefing, with any sensitive information redacted.</p>	At your earliest convenience
Enclosure: No	Round Robin: No	

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

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 checked="" type="checkbox"/> MoE	<input type="checkbox"/> MFAT	
<input type="checkbox"/> MPP	<input type="checkbox"/> MSD	<input checked="" 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:

Approved

Declined

Noted

Needs change

Seen

Overtaken by Events

See Minister's Notes

Withdrawn

Comments:

Executive Summary

1. The six Workforce Development Councils (WDCs), each responsible for one of six broad categories of industry and employment, were established with the purpose of ensuring that the vocational education system meets industry needs, including the needs of Māori and Iwi businesses.
2. On **operational** matters, systems, processes, and policies, are largely in place, and all WDCs have either completed at least one cycle of the various documents they are required to produce (Progress Reports, Operational Plans, Statements of Strategic Direction, Advice to TEC, and Annual Reports), or are on the verge of doing so.
 - In the previous monitoring report, recruitment of staff was considered an area of minor concern by the Tertiary Education Commission (TEC). In the past six months, the percentage of positions filled across the WDCs has risen from 73% of target to more than 90%, with WDCs being careful to retain some flexibility as they gain a greater appreciation of their workforce needs. The recruitment of staff is no longer a concern to TEC and, accordingly, has been removed from the operational scoreboard at Table 2.
 - After posting large surpluses for the nine months ending 30 June 2022, 9(2)(b)(ii) [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
 - The independent accounting firm, BDO, was appointed by the Office of the Auditor-General to carry out the audit of the WDCs on its behalf at the end of 2022. All six WDCs received unqualified opinions. However, BDO has made several recommendations in relation to sensitive expenditure at Toitū te Waiora, and these matters are currently being worked through by its Council.
 - All WDCs' governing councils have been established and are operating in accordance with the requirements of the Orders in Council. TEC confirms that all councils are constituted in accordance with the legislative requirements, members have the capability to fulfil their responsibilities and the functions of the council, and councils are meeting their public accountability requirements.
3. Under the Education and Training Act 2020, WDCs have four core functions, two of which, “skills and workforce leadership” and “advice and representation”, were introduced with the Reform of Vocational Education. The two other core functions, “developing and maintaining qualifications and standards” and “quality assurance”, are longstanding roles largely carried over from the disestablished Transitional Industry Training Organisations.
4. After nine months in their establishment phase (to June 2022), WDCs are now ten months into their operational phase. There is variability in performance between the new core functions and the longstanding ones, and between the individual WDCs but, overall, the WDCs are meeting TEC requirements and expectations for this stage of their development.
 - In skills and workforce leadership, all WDCs have produced their first Workforce Development Plan. They are at various stages in engaging with their industries and demonstrating value, carrying out research and using data to inform their analyses, and showing thought leadership.
 - In advice and representation, for its 2024 investment, TEC received advice from WDCs in early April 2023. The quality of advice from most of the WDCs was satisfactory, given their current level of maturity. However, TEC does not have the same level of confidence in advice from Toitū te Waiora. TEC has supported Toitū te Waiora to resubmit their April

advice to ensure that the key workforce issues facing their sectors are adequately reflected.

- In qualifications and standards, and in quality assurance, New Zealand Qualifications Authority's (NZQA) overall assessment is that WDCs are engaged, proactive and are fulfilling these functions well. WDCs are continuing the standard-setting work of their forerunners, the Transitional Industry Training Organisations, and are carrying out the new qualifications-related functions that have arisen from changes in the Education and Training Act 2020, and from the Reform of Vocational Education. WDCs are showing innovation by testing new approaches to moderation, for example: Hanga-Aro-Rau has trialled a portfolio approach to moderation to determine whether moderating an entire learner portfolio will be more useful than the current moderation approach that is largely based on the post-assessment moderation of samples of multiple learners' work, and; Toitū te Waiora has trialled a new observation moderation tool incorporating the NZQA Aromatawai principles of assessment (an approach that is underpinned by mātauranga Māori).

Recommendations

Hon Jan Tinetti, Minister of Education

It is recommended that you:

1. **note** that all six WDCs have met their delivery requirements to TEC since the last monitoring report, for the period from October 2022 to April 2023;
2. **note** that five of the six WDCs are operating satisfactorily but that the performance of Toitū te Waiora WDC is unsatisfactory in respect of two of its four core functions – “Skills and Workforce Leadership” and “Advice and Representation”;
3. **note** that TEC has been working closely with Toitū te Waiora to address this performance and is confident that they are taking appropriate action to rectify it; and,
4. **agree** that TEC release this briefing, with any sensitive information redacted.

AGREED NOT AGREED



Gillian Dudgeon

Deputy Chief Executive, Delivery
Tertiary Education Commission
15 / 5 / 2023



Eve McMahon

Deputy Chief Executive
New Zealand Qualifications Authority
5 / 5 / 2023



Hon Jan Tinetti

Minister of Education

19 / 05 / 2023

Purpose

1. The WDCs were legally established in June 2021 as part of the Reform of Vocational Education (RoVE), becoming operational in October 2021. The first monitoring report in October 2022 covered the establishment phase (up to 30 June 2022) and the first few months of operational delivery (to September 2022).
2. This is the second monitoring report, providing a high-level summary and assessment from the TEC and NZQA of the WDCs' activities and performance since the last monitoring report, for the period from October 2022 to April 2023.
3. This report is informed by information from all six WDCs: progress reports for the period July-December 2022, received in February 2023; Operational Plans for 2023-24, received in April 2023; and, Advice to TEC, received in April 2023.

Background

4. There are six WDCs, each responsible for specific sectors of industry.
 - *Hanga-Aro-Rau*: manufacturing, engineering, and logistics
 - *Muka Tangata*: food and fibre industries
 - *Ringa Hora*: service industries
 - *Toi Mai*: creative, cultural, recreation and technology
 - *Toitū te Waiora*: community, health, education, and social services
 - *Waihanga Ara Rau*: construction and infrastructure
5. As the voice of industry, WDCs work primarily with industries and employers, including Māori and iwi businesses, to develop a strategic view of the skills their industries require, now and in the future. They then engage with government agencies, education providers, and other entities to ensure that the vocational education system delivers on these needs.

Roles of WDCs

6. The four core **functions** of the WDCs, as provided by the Education and Training Act 2020, are to:
 - provide skills and workforce leadership (by identifying the current and future needs of their industries and advocating for those needs);
 - provide advice and representation (including advice to TEC on the mix and overall investment in vocational education and training);
 - develop and maintain qualifications and standards (skill standards, qualifications, micro-credentials, national curricula, and capstone assessments); and
 - provide quality assurance (by endorsing programmes and moderating assessments).

Funding

7. The appropriated budget for the six WDCs for 1 July 2023 to 30 June 2024 is \$65 million, which is the same amount of funding as for 2022-23.
8. The split of funding between WDCs is unchanged from the previous year. It is based primarily on the number and size of the industries that each WDC supports, as determined in consultation with the WDC Interim Establishment Boards in 2021.

9. Subject to their Operational Plans for 2023-24 being approved by the TEC Board in May 2023, the WDCs will receive the funding shown in Table 1. In early June 2023 you will be provided with an updated letter of delegation to approve and sign in relation to the ongoing funding of the WDCs.

Table 1: Proposed WDC funding allocations for 2023-24

	Waihanga Ara Rau manufacturing, engineering, and logistics	Toi Mai creative, cultural, recreation and technology	Toitū Te Waiora community, health, education, and social services	Hanga-Aro-Rau construction and infrastructure	Muka Tangata food and fibre industries	Ringa Hora service industries
Allocation	\$12,259,586	\$8,739,793	\$9,439,253	\$13,113,603	\$10,154,890	\$11,292,871
Share	19%	13%	15%	20%	16%	17%

Roles of TEC and NZQA

10. TEC leads the Government’s relationship with WDCs through two dedicated Partnership Managers.
11. WDCs are currently funded by TEC on an annual basis, with the funding agreements setting out performance measures and requiring specified deliverables (six-monthly progress reports, an annual operational plan, and advice to TEC).
12. In relation to the WDCs, NZQA leads the support for two of their four core functions, “qualifications and standards” and “quality assurance”. TEC leads the support for the remaining two core functions.

Role of Ministry of Education

13. The Ministry of Education has a policy role with respect to WDCs, and the Reform of Vocational Education generally, and is in regular discussion with TEC and NZQA on these matters. The Ministry of Education has contributed to this report.

State of Play

14. Green, orange, and red indicators are based on performance expectations at this stage of the WDCs’ development, as they complete their second funded year of operation.

Key	In line with expectations for stage of development	Requires engagement/guidance	Of concern
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15. Arrows are used to indicate the change in score since the last report in October 2022.

Key	↑ better score	→ same score as last report	↓ worse score
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16. In time, these indicators will be replaced by more precise measures, which WDCs, TEC, and NZQA are designing currently. These measures will cover: finances, risk and governance; core

functions (as in Table 3); and, impact measures (ensuring that there are long-term benefits for the WDCs’ industries).

17. The following scoreboards represent the assessment by TEC and NZQA of WDC performance for the period, October 2022 to March 2023. “Staffing” and “Risk” have been deleted as categories since the last report, as they are no longer justify an individual indicator – staffing levels now average more than 90% of the target figure, and TEC is working with some WDCs to ensure that their risk registers are fully fit for purpose.

Table 2: Operational scoreboard, by WDC

Operation*		
	Finances	Governance
Hanga-Aro-Rau - construction and infrastructure	→	↑
Muka Tangata - food and fibre industries	→	↑
Ringa Hora - service industries	→	↑
Toi Mai - creative, cultural, recreation and technology	↓	↑
Toitū te Waiora - community, health, education, and social services	↓	↑
Waihanga Ara Rau - manufacturing, engineering, and logistics	→	↑

Table 3: Core functions scoreboard, by WDC

Supporting agency	Core functions			
	TEC		NZQA	
	Skills & Workforce Leadership	Advice & Representation	Quality Assurance	Qualifications & Standards
Hanga-Aro-Rau	→	↑	→	→
Muka Tangata	→	→	→	→
Ringa Hora	→	↑	→	→
Toi Mai	→	↑	→	→
Toitū te Waiora	→	↓	→	→
Waihanga Ara Rau	→	↑	→	→

Operational Matters

WDCs are ten months into their operational phase

18. WDCs started out in October 2021, and spent their first nine months in an establishment phase. They have now been in operational phase for ten months and are still maturing.

19. Low staffing levels were a minor concern in our last monitoring report (October 2022) but are no longer a concern. Overall, WDC staffing levels are within 10% of target, with CEOs retaining the discretion to fine-tune staffing as they gain greater appreciate of the skills they require. Collectively, WDCs employ slightly more than 300 staff.

20. The WDCs are supported by Hāpaitia Limited, a shared services entity owned by the WDCs. Hāpaitia provides corporate services such as finances, IT, data security, operational policies, and human resource management. The TEC does not directly fund Hāpaitia or monitor its performance but recognises its important role and maintains regular engagement with it. Hāpaitia’s governing board is made of representatives of the six WDCs.

WDCs have produced their first Annual Reports ...

21. Each WDC is required to provide an annual report to the Minister of Education and to their industries. All WDCs have completed the first annual report, for the period ending 30 June 2022, and these and are now publicly available online.

... and their first Progress Reports ...

22. As part of their Funding Agreement with TEC, WDCs are required to provide six-monthly Progress Reports on their activities, the deliverables listed in their Operational Plans, and the performance of their core functions.

... and are at various stages in producing their first Statements of Strategic Direction

23. Each WDC is required to issue a Statement of Strategic Direction at least once every three years, setting out the strategic direction for the next five years. Before a Statement of Strategic Direction is issued, a WDC must consult the Minister of Education, vocational education providers, and representatives of Māori interests.

24. So far, the TEC (on behalf of the Minister of Education) has received five draft Statements of Strategic Direction, which demonstrate substantial work, including extensive consultation, with stakeholders in their specified industries. Two (for Toi Mai and Muka Tangata) have now been published online. Waihanga Ara Rau has not yet submitted its draft Statement of Strategic Direction to the Minister but is expected to do so in the next month or two.

WDCs have provided TEC with drafts of their Operational Plans for 2023-24

25. By early April 2023, all six WDCs had submitted drafts of their Operational Plans for 2023-24. Feedback has been provided by TEC and NZQA, and final plans were submitted at the end of April.

26. The final Operational Plans summarise the WDCs’ activities, priorities, and deliverables for the 2023-24 funding year. Approval of these plans by the TEC Board is a condition of funding for 2023-24, and will be considered at its meeting at the end of May.

Financial Update

Strong surpluses were reported for the nine months ending 30 June 2022...

27. Since our last update in October 2022, all six WDCs have finalised the independent audits of their 2022 financial statements, with all reporting an operating surplus for 2022. These surpluses were in line with expectations and ranged from \$3.0 million to \$7.1 million, with individual results set out in Table 4.

Table 4: Net Surplus for the nine-month period to 30 June 2022

Toitū te Waiora	Toi Mai	Ringa Hora	Muka Tangata	Waihanga Ara Rau	Hanga-Aro-Rau
\$2,987,000	\$3,678,000	\$7,071,000	\$4,088,000	\$3,234,000	\$4,415,000

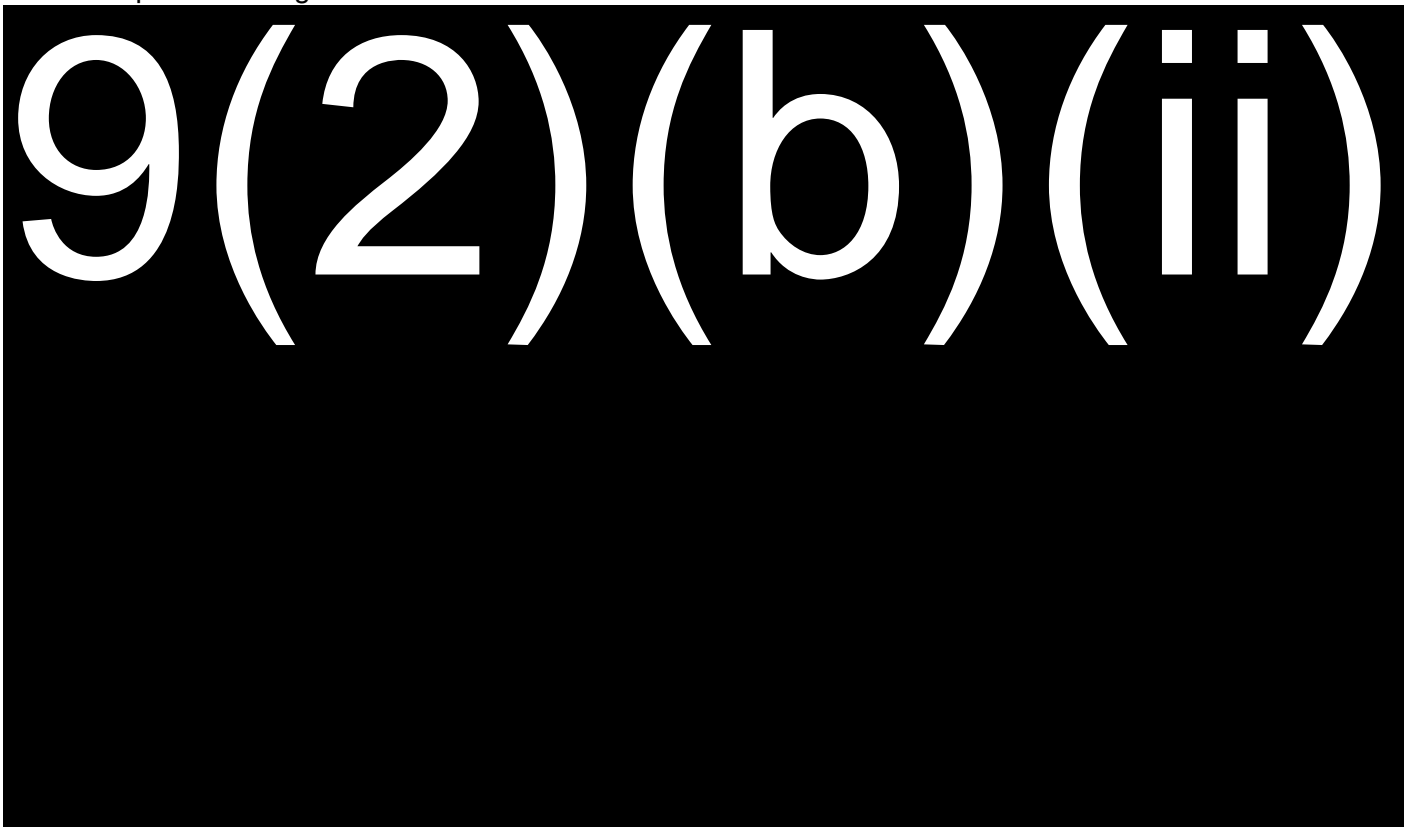
28. Ringa Hora’s surplus is an outlier to the other five WDCs as it received funding of \$2,609,000 from ServiceIQ before ServiceIQ ceased operation as a Transitional Industry Training Organisation. There are specific requirements associated with this funding, so it cannot be used for general operating expenses of the WDC, with any expenditure needing to meet the specifications for distribution.

... which established a strong financial base for each WDC...

29. The operating surpluses in 2022 enabled the WDCs to establish both Capital and Operating reserves, which are managed through a Prudent Reserves policy. The Capital reserve is based on the WDC’s long-term (five years) capital asset requirements. The Operating reserve is to primarily allow for liquidity and can be accessed for larger project work that the WDC would not otherwise be able to afford within its baseline funding.

... with all six WDCs reporting operating surpluses for the six months to 31 December 2022

30. The 2023 full year operating budgets set by five of the WDCs targeted a net deficit, with one WDC targeting a small surplus. As at 31 December 2022, all six WDCs are reporting an operating surplus of between 9(2)(b)(ii), and have reforecast their full year 2023 result to outperform budget. The individual results are set out in Table 5.



31. The favourable results are predominantly due to under-spends in personnel costs, consultancy, research, and insights. Ringa Hora’s figures also include the funds from ServiceIQ.

32. 9(2)(b)(ii)
[Redacted]

33. 9(2)(b)(ii)
[Redacted]

9(2)(b)(ii)

Employee expenditure is favourable to budget

34. Currently, the six months performance to 31 December 2022 shows that all WDCs are tracking favourably to budget, as a result of still not having all budgeted FTE onboard, and care being taken to ensure that recruitment is effective and can be sustained long-term on fixed funding.

35. 9(2)(g)(i)

All WDCs have strong liquidity

36. As at 31 December 2022, all WDCs have strong working capital surpluses, with approximately 90 percent of their respective assets held in cash and cash equivalents.

WDCs are making good progress on operational improvements following audit recommendations

37. The independent accounting firm, BDO, was appointed by the Office of the Auditor-General as the WDCs' external auditor. We have received all six WDC audit management letters, and a summary of the improvements and recommendations made to improve internal processes.

38. We consider that most recommendations are broadly operational and for the respective WDCs to manage, with Hāpaitia making good progress in implementing the recommendations to date.

39. Toitū Te Waiora, however, has several recommendations in relation to sensitive expenditure, and these matters are currently being worked through by its Council. For this reason, TEC has given Toitū Te Waiora an orange indicator for its finances. While this specific matter is an operational issue for Toitū Te Waiora Council, TEC will continue to monitor it.

WDC self-assessment of risk

40. All six WDCs provided their Risk Register as part of their Operational Plan for 2023-24. These explained any risks that have been identified, along with the controls and mitigations to address them.

41. TEC is satisfied that all Risk Registers meet its requirements.

Governance

Governance requirements from WDCs' Orders in Council are being met

42. The governance arrangements of each WDC have been established in accordance with the requirements of the Orders in Council (OIC), with each council having between seven and twelve members.

- Two of the councils (Muka Tangata and Ringa Hora) have ongoing Ministerial appointments.
- Five of the WDCs (all except Ringa Hora) may supplement their councils by co-option and, so far, Hanga-Aro-Rau and Waihanga Ara Rau have done so. Hanga-Aro-Rau has also appointed "governance associates" (non-voting members), to bring new perspectives to their council and to support the professional development of aspiring directors.

- Four of the WDCs have co-chairs, and for three of them, one of the co-chairs must be Māori. Overall representation of Māori on the governing councils sits around 50%. All WDCs demonstrate a strong commitment to Te Tiriti o Waitangi and a determination to support Māori Crown relationships.

WDCs have set up Te Kāhui Ahumahi and a Pacific Fono

43. Te Kāhui Ahumahi, a governance group of Māori members on WDCs, has been set up to support WDCs to honour, give effect to, and embed Te Tiriti o Waitangi and support Māori Crown relationships.
44. A Pacific Fono has been established as a collective voice of WDC members of Pacific heritage to help ensure that the WDC ecosystem is delivering on its obligations to help Pacific learners and āiga/families.

Half of council members are women

45. Across the six WDCs, 28 of the 56 board members are women (50%), with Toi Mai and Muka Tangata Councils being outliers. Toi Mai has five female members out of seven and Muka Tangata has seven male members out of twelve, which reflects the lack of gender parity in their respective industries.

Council members' terms are expiring, and new appointments are being made

46. Three WDCs (Ringa Hora, Muka Tangata and Toi Mai) had council member terms expire in 2022. There have been delays in filling some of these positions, but this has no immediate impact as council members may continue to serve until they are replaced or resign.
47. All twelve council members of Muka Tangata are Ministerial appointments. You have recently made eleven appointments to the Muka Tangata Council, including two new appointees. One member whose appointment has expired is continuing to serve until the twelfth appointment can be made.
48. Ringa Hora has two of their four Ministerial appointments due for consideration in June 2023, and we recently provided advice about these appointments to the Minister's Office.
49. The first appointments to Toi Mai were Ministerial appointments but this is no longer a requirement. The Council engaged a recruitment specialist to assist a selection panel that included representatives of other WDCs. The Council has reduced its membership to seven members. Only one of three outgoing members was replaced, by a new appointee, Dr Kathie Irwin MNZM.
50. The three other WDCs have some non-Ministerial council appointments expiring in June 2023.

WDCs' governing councils are meeting public accountability requirements

51. All WDCs' governing councils have been established and are operating in accordance with the requirements of their Orders in Council. While TEC does not have a complete overview of meeting minutes and outcomes, nor the substance of what is being discussed, it does receive information through progress reports and operational plans. TEC confirms that all councils are constituted in accordance with the legislative requirements, members have the capability to fulfil their responsibilities and the functions of the council, and councils are meeting their public accountability requirements.

Toitū te Waiora Council has appointed an Acting Chief Executive

52. Toitū te Waiora’s Chief Executive, Donovan Clarke, has been on leave since November 2022 while an employment matter is being resolved. While this is for Toitū te Waiora’s Council to resolve, TEC is staying across this matter and is confident that the Council is taking the appropriate actions towards resolution.
53. Toitū te Waiora’s Council appointed council member Sean McKinley as Acting Chief Executive in November 2022. In addition to his governance experience, Mr McKinley was Chief Executive of the Social Workers Registration Board for 12 years to 2017 and has held similar roles with the Veterinary Council of New Zealand, Playcentre Aotearoa, and YMCA New Zealand.

Te Tiriti o Waitangi

All WDCs are showing a commitment to Te Tiriti

54. Section 7 of each WDC’s Order in Council specifies a common requirement on all WDCs that they “must act in a manner that contributes to an education system that honours Te Tiriti o Waitangi and supports Māori–Crown relations.”
55. All WDCs employ kaimahi (staff) whose specific purpose is to enable their WDC to meet this requirement.
56. All WDCs run cultural capability programmes, have engagement plans for Māori and Iwi, and show a commitment to Te Tiriti. Te ao Māori and mātauranga Māori are also incorporated into WDC work plans across all their core functions.
57. WDCs have embarked on several joint initiatives to collectively increase their effectiveness in honouring Te Tiriti, such as joint discussion to increase their understanding of mātauranga Māori and te ao Māori, and a common approach to Māori engagement.

Functions of the WDCs – Skills and Workforce Leadership

WDCs are required to demonstrate skills and workforce leadership

58. The Education and Training Act 2020 states that the leadership function of a WDC is “to provide skills and workforce leadership for the specified industries, including by identifying their current and future needs and advocating for those needs to be met through its work with the industries and with schools, providers, regional bodies, and the Government”.
59. Ideally, by now WDCs would have been able to: develop engagement plans for their industrial sectors and start to develop strong links with peak bodies, major businesses, Māori and Pacific businesses, Regional Skills Leadership Groups (RSLGs), and other interested parties such as Iwi and unions; discuss with their industry sectors the longer-term issues that the industries are facing; identify data sources and conduct research and analysis on their sectors; publish their first Workforce Development Plan and develop or start further sector-specific plans; show thought leadership by publishing on issues across all four core functions; take initiatives in respect of underserved learners, and; demonstrate that they are starting to provide value in meeting the skills and workforce needs of industries.
60. However, it is unreasonable to expect all WDCs to have reached the same level in their skills and workforce leadership. The WDCs have each inherited industries that vary in their degrees of organisation. For example, Toi Mai covers a wide diversity of industries in the creative, cultural, recreation and technology sectors that have not had collective or formal representation within the vocational education system, where there is a relative lack of peak bodies, and in which there

has been little representation by Industry Training Organisations. Toitū te Waiora and Toi Mai have raised data issues, for example the incompleteness of the Australian and New Zealand Standard Classification of Occupations (ANZSCO) codes in respect of some of their industries (for example, the lack of recognition of occupations in Māori creative arts) and the difficulty of identifying a workforce that is unregistered.

61. In the past six months, the level of engagement of all WDCs with their industries (and with other people and bodies that have an interest in the industries) has stepped up markedly, although there is variability between them.
62. There are an increasing number of positive examples of skills and workforce leadership:
 - Several WDCs have developed strong engagement platforms. Hanga-Aro-Rau has held a highly attended summit and engaged with more than 900 stakeholders from organisations that include industry, Māori businesses, iwi, unions, Regional Skills Leadership Groups, and providers. Waihanga Ara Rau has developed a sound and organised process for gathering the views of industry based on Strategic Reference Groups, interviews, data, and the Workforce Information Platform (a web-based forecasting tool for the construction and infrastructure labour market at a regional level). Ringa Hora has developed Māori and Pacific Transformation and Engagement Plans.
 - Rather than staging the development of Workforce Development Plans for each of its 14 industry sectors, Muka Tangata has done them all in parallel, placing them on a dedicated website to create an accessible and dynamic source of information, and proving its practical relevance to its industries.
 - WDCs have been using Statistics New Zealand's Integrated Data Infrastructure and the WDCs' Shared Data Platform for research on their sectors.
 - Examples of thought leadership include the publication of *Whiria Te Muka Tangata*, a literature scan highlighting research into pedagogical approaches in relation to Māori learner success, and the completion of the *Te Whakatōnga* project on how to incorporate te ao Māori approaches into quality assurance.
63. There is divergence in the extent to which and role of WDCs engagement with schools. Currently, some preferring to work with organisations only, while others interact with schools directly. The TEC will work with the Ministry of Education and the WDCs to produce some guidance for WDCs, which will consider the various agencies that are involved in vocational pathways, resource constraints and where WDC advice and resources will be most effective.

Functions of the WDCs – Advice and Representation

WDCs are required to provide advice that informs TEC investment in vocational education

64. Ideally, by now WDCs have been able to: develop sources of information and forms of engagement with their industries that allows them to ascertain the skills and workforce needs; analyse and prioritise the needs; relate the needs to existing qualifications, standards and micro-credentials, and potential new ones; and distil the information into a form that is useful to TEC and informative for industry.
65. For 2024 investment, TEC received advice from WDCs in early April 2023. Guidance was provided that this advice should be focused specifically on the mix of vocational education and training as WDCs had already had an opportunity to provide thematic advice (on broader priorities) in December.
66. The advice, in general, shows a considerable improvement from the previous year. The capability of WDCs to understand the workforce needs of their sectors and the vocational

training that will support this continues to develop. Some WDCs have shown stronger analysis of the labour market while others show stronger understanding of their specific qualifications and the suitability for their sectors. Most WDCs have highlighted new qualifications and credentials they are developing to fill gaps in provision which will be available in the next 12 months.

67. The quality of advice from most of the WDCs was satisfactory, given their current level of maturity. However, TEC does not have the same level of confidence in advice from Toitū te Waiora.
68. Toitū te Waiora's initial advice received in April 2023 showed insufficient analysis of workforce data, and industry engagement that did not cover the full range of stakeholders. TEC has supported Toitū te Waiora to resubmit this advice to ensure that the key workforce issues facing their sectors are adequately reflected. In future, their engagements with industry must be a priority with a stronger emphasis on identifying immediate and longer-term workforce challenges and where tertiary education, and specifically TEC, can address those challenges.
69. We understand that Toitū te Waiora will be reviewing its organisational structure in the near future to ensure that it has the capacity and capability to deliver against this function.
70. TEC will continue to work closely with Toitū te Waiora, including their Acting Chief Executive, to ensure future advice reflects the elements required for investment decisions to be made to support their industries.

Functions of the WDCs – Qualifications and Standards, and Quality Assurance

WDCs have a broader standard-setting role than the TITOs

71. WDCs are continuing the standard-setting work of their forerunners, the Transitional Industry Training Organisations (TITOs). They set standards (skill standards, micro-credentials and qualifications), and moderate the assessment of skill standards they set.
72. As a result of changes in the Education and Training Act 2020, and the Reform of Vocational Education, WDCs can now: determine whether a qualification may be delivered by multiple programmes or by a single “national curriculum”, now known as a “New Zealand Programme”; decide whether to “endorse” programmes developed by providers (i.e. state that they meet industry needs), and; develop, set, and maintain capstone assessments (i.e. summative assessments at the end of a qualification).

NZQA is working towards whole-of-organisation quality assurance for WDCs

73. NZQA is in the final stages of agreeing with WDCs a set of performance questions and measures to guide a self-review to be undertaken by each WDC and reported to NZQA in June/July 2023. Good progress is being made in this area, with the biannual progress reports the WDCs provide to TEC, and NZQA's day to day interaction with WDCs, providing a view of the quality of WDCs' processes and outputs.
74. NZQA is working towards a formal whole-of-organisation review mechanism for WDCs, expected in 2024. This is in conjunction with an overall refresh of NZQA's quality assurance framework applicable to the non-university tertiary sector.

Approval of qualifications, micro-credentials, and standards

75. Since 1 October 2021, WDCs have completed around 4,400 unit-standard reviews and 340 qualification reviews. Some scheduled qualification review dates have been deferred at the

request of industry and providers, and the WDCs are managing this as required. Most WDCs have indicated that the review of existing qualifications is progressing well.

76. The NZQA Rules that enable skill standards to be developed and listed on NZQA's Directory of Assessment and Skill Standards came into effect in January 2023. WDCs have indicated that they now have skill standards under development. They have also indicated that new micro-credentials will be developed over the next reporting period.

Programme endorsement, New Zealand Programmes, and capstone assessments

77. All programmes, leading to vocational qualifications developed by WDCs, must be endorsed by the WDC before a provider submits them to NZQA for approval. WDCs commit to a 20-day turnaround time for endorsement applications. Indications are that, overall, this target is being met. Not all programmes are endorsed, and some have been endorsed on the condition that further information is provided. A WDC-wide review of the endorsement process is to be completed in April 2023.

78. Waihangā Ara Rau has indicated that they will lead the development of New Zealand Programmes for Plumbing, Drain laying and Gas fitting qualifications at Levels 3 and 4 in the first half of 2023. New Zealand programmes are to be developed collaboratively between the WDC and relevant providers. They ran two capstone exams for the electrical sector over the reporting period, with a further two exams to be run over the January – June 2023 period.

Assuring consistency of graduate outcomes

79. A key feature of New Zealand qualifications is that the qualification can be obtained through different programmes and education organisations. Reviews to assure consistency are undertaken to ensure that graduates are all achieving the same outcomes at an equivalent standard.
80. Representatives from all WDCs have attended online meetings, initiated by NZQA, to achieve greater alignment between the scheduling of Consistency Reviews and Qualification Reviews. This allows the outcomes of consistency reviews to inform the qualification review.
81. Some WDCs have requested bespoke workshops to help them better prepare for attending Consistency Reviews. Two of these were conducted in February 2023 with 13 WDC representatives in attendance. WDCs are the qualification developer for 21 of the qualifications which have undergone a Consistency Review from October 2022 to March 2023. WDC representatives have attended and made valuable contributions to each of these.

WDCs are testing new approaches to moderation

82. WDCs run nation-wide external moderation systems that provide assurance of the quality of assessment carried out by all organisations with consent to assess vocational unit standards. 2022 was the first year that WDCs had this responsibility. NZQA quality assures the WDC-run moderation systems.
83. WDC moderation activities covering 2022 assessments are on-track or completed. Most WDCs have released their 2023 moderation plans to providers.
84. WDCs are testing new approaches to moderation. Hanga-Aro-Rau has trialled a portfolio approach to moderation to determine whether moderating an entire learner portfolio will be more useful than the current system. Toitū te Waiora has trialled a new observation moderation tool incorporating the NZQA Aromatawai principles of assessment (an approach that is underpinned by mātauranga Māori).
85. NZQA and WDCs are jointly developing a monitoring system that will efficiently and effectively assure WDCs' 2022 national external moderation activities. Agreement on an assurance system is imminent and NZQA's assurance activity is expected to be completed mid-year.

Ministry of Education has been holding strategic sessions with WDCs

86. The Ministry of Education has set up quarterly, joint strategic sessions with the WDCs' Chief Executives and General Managers, Strategy. These sessions are a useful touchpoint with WDCs for the Ministry to better understand the performance of policy settings and keep track of new opportunities.
87. Topics covered so far include the Government's proposed Equitable Transitions Strategy and its implications for vocational education and training, and the WDCs' strategic insights for this year and beyond.
88. WDCs have also discussed their role in several areas of interest for industries, such as: workforce shortages; mismatch of skills; balancing immigration with internal growth; how to focus on jobs that promote other jobs and growth; planning for training (including degree level and above when relevant to industries' needs); and, retention challenges.
89. WDCs have told the Ministry that industry is keen to focus on the secondary-tertiary transition to work, and to understand the outcomes of existing programmes.

Conclusion / Next Report

90. TEC and NZQA will continue to support the WDCs as they build momentum on the delivery of their core functions.
91. TEC will provide further updates to the Minister of Education on the progress of the WDCs every six months, in alignment with progress reporting of the WDCs to TEC. The next report will be in October 2023.