

Summary of Feedback

WHAT WE HEARD ABOUT THE POTENTIAL COVERAGE AND
GOVERNANCE OF WORKFORCE DEVELOPMENT COUNCILS



Tertiary Education
Commission
Te Amorangi Mātauranga Matua



MINISTRY OF EDUCATION
TE TĀHUHU O TE MĀTAURANGA

New Zealand Government

Acknowledgements

We want to thank all of the respondents and workshop attendees who provided input during our engagement in September and October 2019. We would also like to thank Industry Training Organisations who undertook engagement activities with their respondents and provided this information to us.

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Background

The Reform of Vocational Education is one of four ‘big reviews’ that form part of the Minister of Education’s Work Programme.

The Government aims to create a strong, unified vocational education system that is sustainable and fit for the future of work, and delivering what learners, employers and communities need to be successful. The proposals include fundamental reforms to create a sustainable, nationally and regionally networked vocational education system that will better meet the needs of learners and employers and link provider-based and work-based training.

One of the key proposals of the Reform of Vocational Education is Proposal 1, as outlined below.

Proposal 1: Redefined roles for industry bodies and education providers - redefine the roles of education providers and ITOs, and extend the leadership role of industry and employers across all vocational education through new Industry Skills Bodies (now called ‘Workforce Development Councils’).

In September and October 2019, the Tertiary Education Commission and Ministry of Education undertook engagement around the potential coverage areas and governance of Workforce Development Councils.

This paper provides a brief summary of the engagement process undertaken, and summarises the feedback we received during this process. It also summarises the information that Industry Training Organisations received when they undertook engagement with respondents over a similar period of time.

What Happens Next?

The information we heard through our engagement helped to inform our advice to the Minister in November 2019.

On 17 December 2019, the Minister of Education, Hon. Chris Hipkins, announced his decision on the coverage and number of Workforce Development Councils. You can find out more about this decision online at <https://www.beehive.govt.nz/release/workforce-development-councils-lead-stronger-industry-voice>

We are just at the beginning of the process of forming Workforce Development Councils, and there is much more policy work to follow. We will continue to offer opportunities for relevant respondents to engage with us as we develop this work programme.

Executive Summary

- The Tertiary Education Commission and Ministry of Education, along with Industry Training Organisations, undertook engagement with industry and employers in the second half of 2019.
- This engagement was focused around the potential industry groupings that Workforce Development Councils could cover ('coverage'), the number of Workforce Development Councils, and options for governance.
- Feedback generally supported the creation of six or seven Workforce Development Councils.
- There was support for either a model based on the Vocational Pathways, or a modified version of this.
- Some industries indicated where they would like to sit within the groupings, but others indicated they wanted an opportunity to reconsider this once the broad groupings were agreed. Other industries or groupings indicated a preference for a Workforce Development Council to exclusively cover their sector.
- The importance of industry voice in the new Workforce Development Councils was raised often, particularly by industries that were concerned about becoming part of a larger grouping than their current Industry Training Organisation grouping.
- There was overall support for the idea of some sort of shared services or shared functions, but little agreement on what this should contain, or how it should be arranged.
- There was mixed support for different governance models, with feedback split between a skills based Board or a mixed Board. While respondents acknowledged that industry representation was key, they noted it would be difficult to facilitate a representative Board for diverse industries.
- Respondents agreed that further thinking and discussion on the best governance arrangements was needed.

Our Engagement Approach



During September and October 2019, we undertook engagement activities around potential coverage areas and governance arrangements for Workforce Development Councils. We engaged on these two topics as a starting point for conversations on Workforce Development Councils.

Our engagement also sought to provide an overview of the aims of the Workforce Development Council and Industry Training Organisation transitions project, as well as the overarching Reform of Vocational Education programme.

How Did We Engage?

We aimed to engage with industry (including industry associations), employers, members of the public, and Industry Training Organisations. We also engaged with a number of providers through our public workshops.

The following activities were undertaken. While these engagement activities did not constitute formal consultation, they provided an opportunity for respondents to provide feedback and to discuss their concerns.

- Five public workshops/meetings attended by approximately 213 organisations and 294 people – two in Auckland, and one each in Wellington, Christchurch and Hamilton;
- Workshops with Industry Training Organisations, 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 Industry Training Organisation arranged engagement events;
- Regional engagement as a part of the wider Reform of Vocational Education programme, including participation at Ministry of Business, Innovation and Employment Regional Skills Leadership workshops.

Additional feedback from a range of respondents was also received via a public email address, WDCs@tec.govt.nz.

This document covers feedback received:

- Via our public engagement activities;
- Through email directly to us;
- In meetings with organisations that we spoke to; and
- By Industry Training Organisations through their engagement with stakeholders.

How to Read This Summary

This summary document is organised under the following sections:

1. *What We Heard Through Our Engagement*

1.1 *Coverage*

1.2 *Governance*

**1.3 *What Else is Important to Respondents When
Creating Workforce Development Councils?***

2. *Summary of Feedback Received from Industry Training Organisations*

**2.1 *Overview of Industry Training Organisation
Engagement Activities***

2.2 *Coverage*

2.3 *Governance*

**2.4 *What Else is Important to Respondents When
Creating Workforce Development Councils?***

Please note that when we use the term ‘respondents’ this also includes feedback from people who participated in engagement events. This approach is continued when discussing Industry Training Organisation feedback, which also includes people who responded to surveys.

“

1.

***What We
Heard
Through Our
Engagement***

1.1

Coverage

This section includes:

Feedback on the Number of Workforce Development Councils
Feedback on the Coverage of Workforce Development Councils
Feedback on Potential Shared Functions or Services

Section 1 covers feedback that we heard from respondents, which may include employers associated with Industry Training Organisations, or representatives from Industry Training Organisations. However, it does not include feedback received from Industry Training Organisations through their own engagement.

Coverage

Through our engagement, we discussed the following ways that Workforce Development Councils could represent industry groupings, and sought commentary and further ideas from respondents.

Model 1: based on current Vocational Pathways

Model 2: seven coverage areas as proposed by the Industry Training Federation/Industry Training Organisations

Model 3: potential shared services model

Model 4: four coverage areas

Model 5: vertically integrated approach (industry alignment)

Graphic representations of models 1 to 4 are included on pages 11 and 12 of this document.

Feedback on the Number of Workforce Development Councils

Most People Supported the Establishment of Six or Seven Workforce Development Councils

Overall, there was stronger support for more (six or seven) Workforce Development Councils rather than less. In most cases, this was linked to the idea that a greater number of Workforce Development Councils would enable effective industry representation. This belief was present across all of our engagement.

There was very limited commentary on creating more than seven Workforce Development Councils – although a number of specific industry areas indicated that they wanted a Workforce Development Council that covered their industry (without saying whether that would require more than seven Workforce Development Councils).

Although people generally favoured the creation of six or seven Workforce Development Councils, a number of respondents said it was hard to determine how many



Workforce Development Councils there should be without an in-depth understanding of their proposed functions. Regardless of how many were established, respondents indicated that these organisations needed to be flexible enough to respond to future workforce changes, and to not make the structure of the organisation so rigid that it cannot adapt in future.

There was comment that, if an industry is aligned to a grouping where it does not feel it should sit, there should be an opportunity to rectify this before coverage areas are finalised.

Support for a Smaller Number of Workforce Development Councils

A minority of respondents, some of them large employers, discussed the possibility of grouping Workforce Development Councils around the size of the businesses interacting with them, as these businesses would have different skills needs.

When respondents indicated a desire for four Workforce Development Councils, this was generally because they felt a model of four could offer greater economies of scale and cost efficiencies, with a range of fixed costs likely to be required within each Workforce Development Council. It would also mean fewer Workforce Development Councils that each employer would have to deal with, and (hopefully) a more consistent approach.

Large employers suggested they could nominate a 'lead' Workforce Development Council to discuss their concerns

Potential models for Workforce Development Council coverage areas



Model 1: Current Vocational Pathways Model



Model 2: Industry Training Organisation-Industry Training Federation Model

over industry needs and standards setting.

Some Felt the Operations of the Workforce Development Councils, Rather Than the Number, Was Critical

Some people who spoke to us said they were less concerned about the number and coverage of Workforce Development Councils, but were more concerned about how these organisations would operate, and reflect industry needs.

A small number of respondents also noted the number of Workforce Development Councils was irrelevant, as organisational operating structures could create industry-specific business units within larger Workforce Development Councils at a lower cost than having separate Workforce Development Councils. This view, however, was not widely supported.

Support for the Vocational Pathways

The Vocational Pathways were generally seen as a sensible starting point for thinking about the coverage of Workforce Development Councils, which - as noted earlier - meant most people supported either six or seven Workforce Development Councils being established. When they supported seven being established, this was on the basis of the tweaked coverage areas provided by the Industry Training Organisations and Industry Training Federation (or something similar).

Views on a Vertically Integrated Approach and Other Options

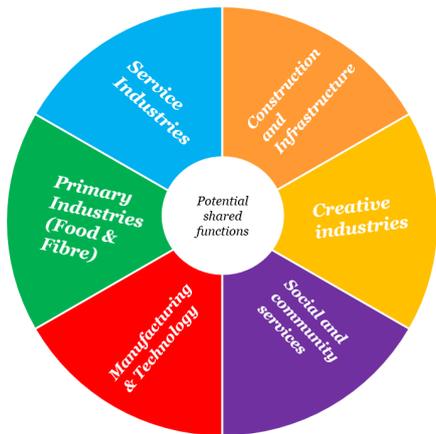
Though larger employers could see the benefit of a vertically integrated approach, there was limited support for all Workforce Development Councils to take a vertically integrated approach towards coverage, mainly due to the potential complexity of this type of model. However, there was recognition that this might work for certain industries, such as the primary industries.

Feedback on the Coverage of Workforce Development Councils

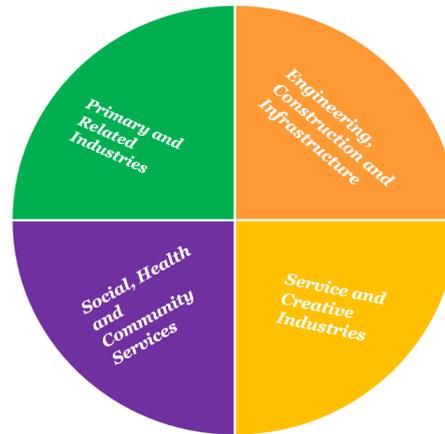
We Heard Mixed Views on a Potential Information and Communications Technology (ICT) and Professional Services Workforce Development Council

While respondents supported the idea of having seven Workforce Development Councils, and a majority of people supported the idea of an ICT and Professional Services grouping, we didn't receive much specific feedback on why this grouping was valuable. There was almost universal agreement, though, of how integral technology is to all education in New Zealand, and that it should be incorporated across all industry training.

Potential models for Workforce Development Council coverage areas.



Model 3: Shared Functions and the Vocational Pathways



Model 4: Four Larger Groupings

Given this need for technology to sit across all industry training, some respondents were unsure whether a seventh Workforce Development Council would help facilitate integration. Some respondents noted that, dependent on what was included within this suggested grouping, it may lack the size and scale to be able to function or engage efficiently, particularly given its alignment to occupations rather than industry.

Some ICT industry respondents that commented on potential coverage areas felt ICT better aligned with engineering (noting that design-related ICT fields would likely fall under a Creative Industries Workforce Development Council), and at different points mooted a separate engineering and ICT grouping, or a separate ICT grouping, or being part of a wider grouping that included engineering.

There was limited commentary from other employers or industry organisations that may have fallen under the ICT and Professional Services Workforce Development

Council, although respondents at several meetings noted that there was no current coverage for administration professionals. Administration professionals were keen to make sure they had visibility in a future system.

Some Sectors and Employers Were Very Concerned About Becoming Part of a Larger Grouping

Many respondents were concerned about being ‘lumped’ into a large grouping. Where respondents had an existing Industry Training Organisation that they closely aligned and identified with, there was stronger concern exhibited about which Workforce Development Councils would represent them in future. This was particularly displayed by organisations covered by the Hairdressing and Beauty Industry Training Organisation, The Skills Organisation, Marine and Composites Industry Training Organisation and the Motor Industry Training Organisation.



As well as expressing concern about how their voice would be heard amongst a range of diverse interests, they also noted the support they had received from their current Industry Training Organisation, and a concern that similar service levels to the present could not be retained in a ‘larger’ Workforce Development Council grouping.

Some employers indicated they would stop industry training altogether if they felt they would not be

adequately represented in future, or the system of interacting with the Workforce Development Councils was too bureaucratic.

There was concern from a number of smaller organisations and industries that one large industry or employer could effectively dominate a Workforce Development Council, and what measures could be put in place to prevent this.

Others Expressed Concern on Where They Would Sit, or Feedback on Proposed Inclusion Areas

In addition to the above, some individual industry groupings, associations and employers also indicated preferences as to where they would sit within the Workforce Development Councils, either through discussion or via written communication.

Hairdressers, for example, generally indicated that, if they could not have their own Workforce Development Council, they wanted to align with the creative sector. Some organisations straddling the manufacturing and construction or primary sectors showed an indication where they would prefer to align.

There was strong support for the removal of 'public services' from the title of the proposed Health, Community and Public Services Workforce Development Council, due to concern that it would make it appear that the organisation was based around the public sector, and that 'health' needed to be in the title. The grouping names discussed are, of course, working titles, and any future Workforce Development Council would need to provide an enduring name for themselves.

Logistics was generally supported as an inclusion into a Manufacturing, Engineering and Logistics Workforce Development Council, although a smaller number of respondents raised the concept of a single large Workforce Development Council covering Construction, Infrastructure, Manufacturing, Engineering and Logistics. They felt there was sufficient alignment between these areas - particularly for large employers - to consider a single Workforce Development Council to cover them.

We saw support for a Creative, Cultural and Recreation Workforce Development Council from a number of different organisations that sit within these sectors. The proposed inclusion of recreation within this grouping was also supported, due to the alignment of these related industries in the context of wellbeing.

Some respondents, who were mainly from organisations not within these sectors, questioned whether there was sufficient breadth within these areas to create a separate Workforce Development Council.

Feedback on Potential Shared Functions or Services

There was some discussion around a potential seventh Workforce Development Council offering a development function for shared standards that sat across all industry training areas.

While people generally supported the idea of sharing functions, there wasn't agreement overall on what this should include.

Some respondents felt there should be a completely separate Workforce Development Council or entity with a sole purpose of delivering shared functions. Others felt that a separate Workforce Development Council could deal only with shared standards and competencies required across all industry training, such as literacy, numeracy and 'soft skills'.

Some respondents felt that rather than an additional Workforce Development Council, a Centre of Vocational Excellence could be an appropriate place to develop common standards for industry training, but it was discussed that Workforce Development Councils would be responsible for this function. There was also the suggestion of a Centre of Vocational Excellence specifically focused on cultural competencies and Maturanga Māori.

Some respondents felt that a shared framework for operation and common principles for Workforce Development Councils would be sufficient, without the need for an additional organisation. This might

include different Workforce Development Councils using a consistent set of systems or processes, which many larger employers were supportive of. These would be developed collaboratively across the new organisations.

There was discussion on what could be included as a part of a shared function. The agreed benefits of shared services were around transferability (particularly for trainees), consistency, and reducing duplication. There was doubt expressed that financial savings would be made by having shared functions, but a recognition of the value of consistency across the new system.

Some respondents noted that if the shared functions were in a separate entity, accountability and monitoring of these functions would need to be considered, with a clear ownership and accountability model established. If shared functions were instead an agreed framework or set of principles for operation, accountability could be to the governance arrangements of Workforce Development Councils.

Some respondents discussed the value of an 'establishment unit' for Workforce Development Councils, but there was generally little support for the creation of an additional organisation to offer a shared services function. There was strong support for the common development of cultural competencies that recognise a te ao Māori or Mātauranga Māori worldview, which would be interwoven across all industry training. There was recognition that a te ao Māori worldview also respects the inclusion and views of other cultures, which would continue to grow in importance as the New Zealand workforce diversifies.

Some of the Potential Functions People Suggested Could Be Shared

- *Single learning management system*
- *Moderation function*
- *Account management*
- *Marketing*
- *Strategic planning*
- *Investment advice to the TEC*
- *Human Resources*
- *Mātauranga Māori advice function*
- *Financial management*
- *Industry engagement*
- *Brokerage services*
- *Best practice development for learners who were differently abled*
- *General vocational skills standards development*

1.2

Governance

This section includes:

Feedback on Potential Governance Arrangements, the Form and Function of These, and Mechanisms for Industry Engagement

Governance

The Importance of Governance

One of the strongest pieces of feedback received from our engagement was how crucial governance is. This was not only making sure the right people were appointed to governance positions, but also making sure they were supported and enabled to help Workforce Development Councils succeed.

At a broad level, people commented that they wanted assurances that:

- Appropriate industry representatives were able to choose Board appointees;
- Board appointees would represent a valuable mixture of skills, knowledge and experience;
- The representation of certain key respondents would be considered;
- A framework for good governance would be established;
- Appropriate mechanisms for feedback at the operational level would be created, to allow the Board to understand and respond to the needs of industry;
- An understanding of the mandate of Workforce Development Councils to be agreed and shared;
- There would be consideration for shared principles of governance across Workforce Development Councils;
- The system of governance needed to avoid being bureaucratic and overly complicated; and
- Workforce Development Councils would be accountable to their industries.

There was general agreement that if governance was not effective, industry buy-in to the new Workforce Development Councils could be compromised.

Representation and Voice

Many respondents linked the number of Workforce Development Councils to the strength of each industry's voice. A smaller number of respondents noted that it

Some Notes to Guide You Through This Section

'**Governance Group**' means governance groups for each WDC, as opposed to one governance group for all.

'**Representative**' means people who have been chosen to act and speak on behalf of their industry. A representative governance group would then be one which is mostly made up of people who represent their industry.

'**Skills based**' means people who have been chosen because of their abilities. A skills based governance group would then be one which is mostly made up of people with the ability to advise on important aspects of a Workforce Development Council's operation. These people would not represent specific industries. Abilities could include their skills, expertise in dealing with important stakeholders, and/or their knowledge.

would be the governance mechanisms and operational activity or structure that would enable industry voice to be heard.

Employers and industry were concerned about the inclusion of effective mechanisms for feedback, review/evaluation and representation within the Workforce Development Councils. There was also concern raised by employers about knowing who to speak to at a Workforce Development Council about training needs. These conversations, in some instances, appear to have been based on a misunderstanding that there would be a large amount of sector-facing staff retained at Workforce Development Councils to undertake an 'arranging training' function.

It wasn't always clear at which level respondents wanted to ensure their voice was heard. Some respondents articulated that it was actually the *operational* level which needed to have appropriate mechanisms for feedback and industry participation, or "voice", as opposed to the governance level. A number of respondents said that governance should be led by people who were experts in governance and change management for at least the initial stages of Workforce Development Council creation, as opposed to industry experts or representatives.



There was general agreement that if governance was not effective, industry buy-in to the new Workforce Development Councils could be compromised.

There was concern that the largest industry groupings could drown out smaller industries with niche needs, which led to discussion of the potential funding of Workforce Development Councils, and the design of the incentive and accountability system related to their functions.

How Board Composition Could Work

Generally, discussion around governance favoured a skills-based approach to ensure that competent people that could deliver principles-based governance (across multiple industries) were elected to governance roles.

This does not mean that a representative model was not supported, or that representation was not considered important. However, there was recognition of the difficulty of applying a representative model in light of the diverse interests to reflect on a Workforce Development Council Board.

The concerns of diverse learner and stakeholder groups – including iwi and Māori – were also raised, noting the possibility of a mixed skill and representation-based governance model. After a skills-based approach, a mixed approach was the next most widely supported. There was also discussion of the potential interaction between the Workforce Development Councils and Te Taumata Aronui¹.

If a mainly skills-based model was to be considered, respondents commented that Māori representation had to be present on the Board, and industry also wanted the right to retain at least one employee representative. It was discussed that some industries may require a more culturally integrated approach to governance, based

¹ Te Taumata Aronui is a group which will help develop tertiary education, including the Reform of Vocational Education, from Māori community and employer perspectives.

Some potential governance models discussed through engagement

Model 1

Full representative Board
Solely industry
-based appointees

Model 2

Skills Based Board
Solely skills-based appointees

Model 3

Mixed model
A mixture of skills and representative
appointees

Model 4

A Board that is overseen by a Stakeholder Council
This Council would be elected by industry and hold the Board to account

Model 5

A transition Board
Operates for a period of time (and potentially as a skills-based Board) and switch to a representative Board at a later date

on the number of Māori employers and their potential increased engagement in industry training. Ensuring the representation of other groups - potentially based on gender, culture, age or ability - was also discussed.

Though respondents repeatedly raised the importance of industry buy-in for Workforce Development Councils, most respondents recognised that fully 'representative' Boards could become unwieldy and cumbersome when a number of industries were within the coverage of a Workforce Development Council. For this reason, people were more supportive of industry advisory layers to inform Board decisions, either at the same level as the Board or above it.

A small number of individuals and employers, however, indicated they would only support a truly industry-representative Board, as they felt this was their assurance that the needs of their industry would be met.

How Governance Appointees Could be Chosen

Respondents noted how important it was that Workforce Development Councils are industry-led and driven, and this was considered crucial in the selection of governance appointees.

While there was no consensus on the means of appointing members to a Board, there was agreement that whatever mechanism was chosen, it needed to be driven by industry.

While few people favoured the Board being fully appointed by the Minister of Education, some said they would consider an approach where the Minister of Education was only able to make appointments from a group of people nominated by industry. There was mixed support for an appointee process where the Minister of Education appoints the initial Board members, and they appoint the rest of the Board. Generally, respondents supported the Minister of Education appointing only a minority of Board members, if any.

When discussing the appointment of governance on a 'skills' based principle, some respondents noted the value of 'independents'. These are people who would be completely separate from the industries represented by a Workforce Development Council, but would exhibit

a specific set of skills. It was acknowledged this could be particularly useful in ensuring change management issues were considered in the startup phase of the new Workforce Development Councils.

There was strong recognition that the needs of learners within the system needed to be represented, and consideration of how they would fit into the governance of a Workforce Development Council.

There were mixed views on whether a clean slate approach should be used, or whether there was value in the use of transition Boards (potentially utilising some current Industry Training Organisation Board members) for a period of time. There was recognition of the fact that Workforce Development Councils would have quite different functions than current Industry Training Organisations, and discussion over whether a 'roll-over' would be appropriate.

Supporting Advisory Layers and Ways Industry Would Engage with Workforce Development Councils

There was discussion of a representative layer of governance above, underneath or accompanying the Board level, utilising industry advisory groups/committees (or similar). There was recognition that governance is not the only, or best process, to aggregate industry voice. A skills-based approach to governance would require a strong industry representative level with 'teeth'. The use of reference groups was broadly supported as a way of ensuring industry voice was heard within the new organisations.

While many employers and respondents indicated their concern about how their voice could be heard in the new system, they recognised a skills-based approach to governance was likely to attract the kind of knowledge and experience needed to drive the substantial change the new system required. However, they were very clear on the importance of industry interacting with the governance level of Workforce Development Councils, and how this could be facilitated.



A skills-based approach to governance would require a strong industry representative level with ‘teeth’.

Some of the key ideas presented were:

- Membership/representative Council that sits above the Board and holds them to account;
- Industry working and advisory groups working at the same level of the Board (but having some decision-making authority);
- Consistent approaches to workforce research and information sharing, to help employers and industry map out skills needs; and
- Referendums and surveys.

In addition, there was a call for feedback loops to be integrated into the core of Workforce Development Council operations. This would provide assurance that employers, industry and providers could feed into the ongoing improvement of the operations of Workforce Development Councils.

As noted above, industry also indicated a desire to participate in the election process for governance. This could require them to nominate people that met an agreed skillset (potentially including governance experience, change management and the ability to identify and articulate the needs of a broad range of industry areas), not necessarily people representative of their specific industry.

The role of industry associations and their representation of respective industries was also raised in this context, noting that there could be a benchmark – for example, at least 50% of relevant industry organisations belonging to the association – for when it could be said to fairly represent the views of an industry.

The Importance of Industry Buy-In

Across all engagement on governance, there was a consistent call for further discussion. Respondents, on the whole, were in a position to discuss the principles of good governance and potential frameworks for governance, but not the exact mechanisms that could be used to implement this.

A Consistent Framework to Governance

It was generally agreed that a standardised framework for governance – with appropriate tweaks to account for specific industry groupings – would be appropriate. This could help to ensure the representation of a diverse range of respondents was achieved across Workforce Development Councils, as well as allowing employers dealing with multiple Workforce Development Councils some level of consistency.

Adequate compensation for representatives was also discussed, along with the identification of an agreed core set of skills and competencies for governance roles.

The Role of Industry Regulators

Where an industry already had a standards setting body or industry regulator, concerns were raised about how the Workforce Development Councils would interact with these organisations. There was a desire to not duplicate layers of bureaucracy or approvals where these already existed, with consideration given to the role of existing bodies in the new system.



1.3

What Matters to Respondents When Creating Workforce Development Councils

This section includes:

A Summary of Other Key Feedback Received

A Summary of Other Key Feedback Received

In our engagement, people raised a number of general comments not specifically related to the coverage areas or governance of Workforce Development Councils.

These are summarised in the following paragraphs.

Responsiveness to Industry and Transition

A number of respondents noted the relationships they held with the current Industry Training Organisation sector.

For those that had positive relationships with their Industry Training Organisation, there was a strong preference to make sure the factors they saw as useful and constructive (such as skilled staff, open communication and specific industry knowledge) were retained in the new system.

There were mixed views about to what extent the new Workforce Development Council system should resemble the existing Industry Training Organisation sector.

It was clear that respondents were concerned about the process of transitioning to a Workforce Development Council, and the shift of the arranging training function.

Respondents also discussed what the training needs of a particular industry actually were – with these not necessarily being large qualifications –



and the value that micro-credentials could play in a new system.

It was very clear from respondents that they wanted to ensure the new system resulted in the training that employers and industry actually need and want, rather than something necessarily being prescribed to them. Fundamentally, respondents expressed that Government funding should be directed to support qualifications and the delivery of training that meets the needs of industry.

Respondents spoke of what they referred to as an engagement burden. They were concerned that, as new Workforce Development Councils were established, they would be required to build relationships with a whole new set of people working within them. They also noted they would need to potentially build relationships with providers, too.

A number of respondents raised concerns about having to engage with providers and a Workforce Development Council, particularly when they had not had a positive experience with an Institute of Technology and Polytechnic (ITP) or Private Training Establishment (PTE) in the past.

As noted earlier, where positive relationships had been built with Industry Training Organisation staff, they hoped these could somehow be facilitated into the new industry training system. Where new relationships had to be built, they were concerned about the ability of employers - particularly small businesses - to meaningfully engage.

System Features

While this is discussed earlier in this document within the context of the coverage and governance of the Workforce Development Councils, there was general discussion about how these organisations can be created in such a way that fully integrates Mātauranga Māori principles, and the needs of key learner groups.

Many respondents noted the competition present in the current industry training system, both between Industry Training Organisations and with providers, as a result of current government policy settings.

There was a desire that the new system effectively incentivises collaboration, and that the system integrates an expectation that organisations within the system will work together for the greater good.

There was universal support for funding system reform from nearly all respondents.

The Two Key End Users of the New System - Employers and Trainees

Respondents noted the dual end users of the new system - trainees/learners that were undertaking industry training, and their employers.

They continued to emphasise the importance of building a system around these two key stakeholder groups. For example, many attendees indicated that they wanted to see the greatest transferability of standards possible for trainees, so they weren't penalised if they changed roles (or, potentially, subject areas). Where it was possible and

sensible to have consistent standards across multiple areas of training, this was preferred.

Linkages to the Compulsory Schooling Sector and Central Government

Whichever coverage areas were determined, there was a strong need to ensure they aligned with the secondary schooling system.

There was also a strongly stated need for New Zealand Qualifications Authority and Tertiary Education Commission processes and operations to align with Workforce Development Councils' work, and to address the compliance burden which may result from a need to transfer current approvals to a new Workforce Development Council.

How Workforce Development Councils Could Be Held to Account

A number of respondents questioned how Government would measure the success of Workforce Development Councils, and how accountability of these organisations would be monitored. They questioned what the success factors of a Workforce Development Council would be, particularly from the industry viewpoint.

They also asked how the Workforce Development Councils - including advisory components - would be funded, given the different incentive system that would need to be developed compared to the current system.

“

2.

*Summary
of Feedback
Received From
Industry Training
Organisations*

Overview of Industry Training Organisation Engagement Activities

Alongside Reform of Vocational Education engagement activities, Industry Training Organisations also engaged with their key stakeholders, including employers and industry associations.

The following sections summarise the feedback received from Industry Training Organisations as at the end of October 2019. This summary summarises themes in their feedback, noting that some engagement continued in November, and we continued to consider this new feedback as it became available.

Engagement Undertaken by Industry Training Organisations

Officials attended Industry Training Organisation activities ranging from small meetings and video-conferences through to large workshops and seminars with industry and employers. Respondents represented varying levels of engagement and support for change, provided specific feedback on coverage and governance, and also presented a range of other key questions and concerns regarding the formation of Workforce Development Councils.

While the following list does not represent all engagement undertaken (because we did not collect details on every engagement), it provides insight to the breadth of engagement undertaken.

- 125 workshops (ranging from seven to over 110 attendees), webinars, meetings, conferences or participation in meetings and conferences; and



- Four online surveys (sent to more than 3,500 respondents).

Overall, Industry Training Organisations engaged with hundreds of employers through face-to-face meetings, workshops and conferences, and many more via online surveys and forms.

Where possible, and when an invitation was extended, Tertiary Education Commission and Ministry of Education staff attended the majority of Industry Training Organisation led-engagement events.

A point for consideration when reading this summary

We have summarised the feedback from Industry Training Organisations about their engagement. It is important to clarify that the detail of information received from each Industry Training Organisation ranged significantly.

For this reason, when we provide information on feedback received that notes support (or a lack of support) for a particular idea (and an opposing view is absent), this does not mean a contrary view was not expressed at some point in the process. Rather, we may not have received information on it.

2.1

Coverage

This section includes:

Feedback on the Number of Workforce Development Councils
Feedback on the Coverage of Workforce Development Councils
Feedback on Potential Shared Functions or Services

Section 2 specifically covers the feedback received from Industry Training Organisations in their engagements with stakeholders, some of which included representation by Tertiary Education Commission or Ministry of Education staff members.

Potential Coverage Areas and Numbers of Workforce Development Councils

Industry Training Organisations largely presented the same models as presented at our engagement events. These are referenced earlier in this document on pages 11 and 12.

Feedback on the Number of Workforce Development Councils

There Was Strong Support for Six or Seven Workforce Development Councils

Most respondents at Industry Training Organisation events or respondents that provided feedback were supportive of at least six, and often seven, Workforce Development Councils. This was a very strong theme throughout all engagement undertaken by Industry Training Organisations.

The reasons respondents supported six or seven Workforce Development Councils included the following:

- The new system should build upon the agreed Vocational Pathways;
- Seven Workforce Development Councils would likely result in the strongest voice for industry;
- Groupings should not be so narrow that employers would have to engage with too many different Workforce Development Councils, but neither so broad that industry voice is lost;
- There was value for networking opportunities and business alignment when placed with like-minded industries;
- Ideally, industries don't want to be split multiple times;
- When volunteers are considered, this greatly increases



- the potential size of some groupings;
- Concern that voices would be lost if there were five or fewer groupings; and
- With only six groupings based purely on the Vocational Pathways, some industries lacked viability and others would be lost within larger groupings.

Overwhelmingly, the main piece of feedback in support of six or seven groupings was that this would better enable industry and employer voices to be heard. A number of industries had a strong concern that they would be 'swallowed' by a larger Workforce Development Council, and they would effectively lose representation for their industry.

Where there was a preference for seven Workforce Development Councils, this was aligned to the Industry Training Organisation - Industry Training Federation proposed set of groupings (see Model 2). Some respondents did, however, note that the Vocational Pathways were originally developed for secondary school students, and questioned whether these were appropriate for an industry target group.

Some respondents also noted it was hard to provide feedback on the number of Workforce Development Councils when Government had not provided a fixed view. The presented models were also noted as providing a traditional view of skills, rather than a future-focused approach.

There Was Limited Support for Any Model of Fewer Than Six Workforce Development Councils

Few respondents supported fewer than six Workforce Development Council groupings. A number expressed concern that having only four large groupings would make it difficult to ensure industry voice and representation was facilitated.

One area where respondents did provide feedback on the potential value of a larger Workforce Development Council grouping (and fewer overall Councils) was in a combined Construction, Infrastructure, Logistics, Engineering and Manufacturing grouping.

While a number of respondents were strongly opposed to such a grouping - citing it would be extremely difficult for niche industries within the grouping to have their voice heard - others felt there was sufficient alignment between the industry areas in the grouping to warrant its consideration.

Some larger employers also noted this would reduce the number of Workforce Development Councils they would have to interact with, and favoured an approach that meant their business was not split across Workforce Development Councils.

Several industries and employers were concerned about the reality that they will likely have to deal with multiple Workforce Development Councils. They mentioned a need for consistency in approach, systems and standards so sectors can recognise each others' qualifications.

Feedback on the Coverage of Workforce Development Councils

We Received a Range of Information Indicating Preferred Coverage Areas

Some Industry Training Organisations sought endorsements from their respondents as to where they felt they would best sit in the new Workforce Development Council system. In these cases, they were able to provide an overview of specific areas of coverage, and where respondents would prefer these were aligned. For others, while evidence of specific engagement wasn't provided, a summary was presented that indicated stakeholder preferences on where



industries could sit.

There was generally limited 'overlap' between areas presented in the summaries. A small number of industry areas identified divided preferences about which Workforce Development Council should represent them, although further examples are likely to arise as the details of Workforce Development Coverage are worked through.

Views on Specific Coverage Groupings

Because of the specific nature of most of this feedback, we have chosen not to replicate it in detail here. However, the following summarises some feedback where there was very strong support not challenged in other feedback received:

- The Hairdressing and Beauty therapy Industry Training Organisation showed a desire to align with the Creative Industries;
- Recreation, exercise and sport organisations generally indicated they would align best with a Creative, Cultural and Recreation Workforce Development Council;
- Ambulance Services wanted to be included in any organisation covering Health;
- Health needed to be included in the name and coverage of a Workforce Development Council;
- Components of forestry related to harvesting and silviculture would align best with a Primary Industries Workforce Development Council;
- Resource and recovery could go to the Workforce Development Council covering

Community Services; and

- Cleaning and Urban Pest Management may align best with a Services Workforce Development Council.

Feedback from respondents represented by specific Industry Training Organisations indicated - in the first instance - they would prefer their own Workforce Development Council. If this could not be facilitated, they provided feedback on their next preference within a larger grouping.

Generally, there was good support for a Creative, Cultural and Recreation Workforce Development Council, noting this would provide those sectors with their own identity, voice and relevance. People also recognised the alignment of these sectors with the mandate of the Ministry of Culture and Heritage.

Other sectors, such as the health sector, reiterated the complexities of their operations, and would support a model that included a health segment.

There Was Support for an ICT and Professional Workforce Development Council, but Limited Discussion of Why

A number of respondents supported the creation of an additional ICT and Professional Services Workforce Development Council. Many people recognised that information technology was important across training.

Feedback from respondents at one Industry Training Organisation indicated that it wished to see the ICT and Professional Services Workforce Development Council replaced by one covering core skills including literacy and numeracy, health and safety, ICT and management.

Mixed Discussion on a Vertically Integrated Versus Skills-Based Approach

Though it wasn't discussed in all feedback received, a number of respondents indicated a preference for a skills-based approach to coverage. However, vertical integration was discussed by some respondents, with recognition of the potential value of this for some industry sectors.

It was recognised that vertical alignment could mean there was unnecessary duplication and a potential lack of integration of common standards. Therefore, where vertical



Therefore, where vertical alignment was discussed, there was a strong focus on ensuring that there was a shared understanding around the creation of common standards, and a need for a collaborative approach to development.

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Feedback on Potential Shared Services and Functions

There was generally support for some concept of shared services or functions across Workforce Development Councils. However, feedback differed about which functions should be shared.

Services identified included:

- Back office systems - payroll, management, information management, finance, human resources, communications;
- The operation of back office *functions* (as opposed to back office *systems*);
- Data and information sharing;
- Capability development; and
- Development of common standards or general qualification development.

In addition, the view on 'common standards' varied, with proposals as specific as limiting this to only literacy and numeracy, and as broad as sharing an overall standards or qualifications development function. Some respondents felt that Workforce Development



Councils should create courses with sections/modules that can transfer across qualifications. Where there was limited support for combined literacy and numeracy development, it was due to concern that standards would not be created for the context of a specific industry.

There was recognition that common standards could be beneficial to learners, as well as minimising differences for industries that work across more than one Workforce Development Council.

Where there was support for generic vocational standards, there was a desire for these to be set and maintained through the Workforce Development Councils, rather than through the New Zealand Qualifications Authority.

Where it was supported, respondents noted that shared functions could:

- Facilitate the sharing of data and enable an understanding of the 'bigger picture';
- Help staff to concentrate on their specialist skillsets and avoid cross-over of other functions;
- Facilitate stronger leadership and guidance;
- Provide continuity and consistency; and
- Help develop capability and reduce duplication.

People were concerned at the idea of introducing shared services to save money, that the governance and maintenance of these would be complex, and whether all Workforce Development Councils would be required to use them. There was also concern for the general risks

of centralisation, including delay, cost concerns and a 'bulky' system with bottlenecks.

Generally, there was less support for sharing a back office than for general collaboration. However, respondents were more receptive to the idea of utilising a single system (for example, for financial management) across the Workforce Development Councils.

For those who supported shared services, there were different views about the best organisational form. Some respondents suggested this could be best undertaken in a project type approach, or through collaborative development by the Workforce Development Councils during establishment. It was suggested this didn't need to be through another organisation.

Others indicated a preference for a separate organisation owned by the Workforce Development Councils. Some respondents felt that a separate entity should be used in the establishment phase only.

Regardless of respondents' stances on shared services or functions, there was support overall for collaboration between Workforce Development Councils.

2.2

Governance

This section includes:

Feedback on Potential Governance Arrangements, the Form and Function of These, and Mechanisms for Industry Engagement

Governance

Feedback Received on Potential Governance Arrangements, the Form and Function of These, and Mechanisms for Industry Engagement

Stronger Support for a Mixed Governance Model

While feedback covered the merits of skills-based, representative-based and mixed models, the most favoured was a mixed governance approach.

Some of the key reasons why this approach was preferred included:

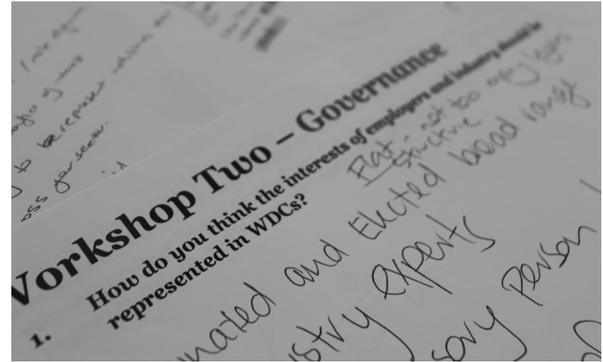
- It was felt a skills-based approach could totally preclude industry voice from being heard;
- The need to ensure the boards have a mixture of people and skill-sets;
- A skills only board may be too academic in nature;
- Tendency to lose industry view and practical application when using a skills-based approach; and
- An industry representative board could be very large, eliminate some industry areas or be swayed by larger, powerful industries.

Despite this being the most commonly agreed option in the feedback provided, it is important to note that a number of people favoured either a skills-based board, or a representative approach.

Those favouring a representative approach were concerned to ensure industry voices were strong in the new system.

Respondents supporting a skills-based Board considered that it would be the operational delivery of the Workforce Development Council that would enable effective industry input, rather than at the representative governance level.

When a mixed model was preferred, there was discussion of the skill types needed amongst appointees,



and the potential need for independent directors with specific governance skills and experience. This wouldn't prevent Boards from appointing an industry or skills-based Chair, providing they exhibited that skill-set.

Where a skills-based governance model was preferred, this was due to a need for certain skills to be present that a mixed or representative-based model might not be able to provide. This would mean the focus would be on 'managing the business' as opposed to issues of representation. However, it was felt that the use of a clear skill-set for industry representatives could just as effectively deliver good management.

There was also some support for a single purely skills-based Council governing across all Workforce Development Councils, and drawn from specific representative advisory groups (or similar). This option could also include some independent councillors.

The Size of a Potential Board

Respondents discussed the importance of the size of the Board. Eight to ten directors was suggested by one Industry Training Organisation as an appropriate size. Others talked simply about a need for the Board not to be too big and unwieldy.



It is important to consider that the key to a highly effective Workforce Development Council will be the operational delivery, rather than sector engagement at a governance level.

Some of the Models of Governance Discussed

Model 1: Transitional Governance model

Where a number of directors from the current Industry Training Organisation Boards would form a transitional governance group, limited to the initial establishment and transitional phases for the Workforce Development Council. Representation could be proportional to existing sector coverage, and this model would offer the retention of institutional knowledge during transition.

Model 2: Half of the initial Board appointed by Minister

This would include the Chair, with the ministerial appointees then appointing the remainder of the Board. Respondents commented that this would not be consistent with the Minister of Education's stated intent that the Board be industry-led.

Model 3: Board appointed by industry

Some respondents commented that this approach would align best with the Minister of Education's vision of an industry-led Board, but it could prove difficult for industry to agree on a selection process and appointees. The appointments could occur through a nomination process by industry advisory groups (or similar).

Model 4: Current Industry Training Organisation Boards recommend potential interim Board

As suggested, if an Industry Training Organisation was

to become a Workforce Development Council, it could provide advice on potential Board members (a variation of Model 1).

There was not a consensus on what the most appropriate model of governance could be but rather a discussion of the merits and potential disadvantages of each.

How Appointments Could Be Made

One of the clearest messages that came through the feedback provided by Industry Training Organisations is that industry groupings should self-determine the best governance model for their Workforce Development council.

Some respondents valued the bicultural approach taken by their current Industry Training Organisation, and recognised that industry and employers would be in the best position to determine what is appropriate for their Workforce Development Council.

There was some consideration over the tenure of potential appointments, noting that varying terms may be useful during the first set of appointments. This would allow for an ongoing rotation of Board members.

Discussion of a Standard Governance Model

There was mixed support for a standard operating model for governance (and general Workforce Development Councils operations). While there was some merit discussed in a standard operating and governance model, there was also recognition that one size does not fit all - and adaptation needed to be accommodated accordingly.

There was agreement amongst some respondents that a common constitution and rules for all of the Workforce Development Councils could have merit.

There was recognition that accountability to industry was a crucial component of new Workforce Development Councils, but that further work would be required to develop mechanisms for this.

Mechanisms for Engagement

Respondents wanted assurance that mechanisms for engagement would be integral to the operations of the Workforce Development Councils.

Some respondents reiterated that, where things are working well with current Industry Training Organisations, similar mechanisms should exist in new Workforce Development Councils. In addition, some feedback commented that existing mechanisms should be acknowledged, such as feedback loops facilitated via industry associations. However, there were also concerns raised that competitive practice would require individual employer engagement, rather than allowing engagement to occur via industry associations.

Some of the proposed methods of sector engagement with governance and organisation are presented below:

- Formal meetings with senior management/leadership;
- Industry advisory groups/sector advisory groups, and a direct feedback loop from these to the Board;
- Mechanisms for a coverage transfer if an industry is consistently unhappy with Workforce Development Council performance;
- Surveys and questionnaires; and
- Engagement days and activities.

Some respondents suggested that Workforce Development Councils could replicate some of the existing two-tier

governance models represented within certain Industry Training Organisations, with a Board being appointed by an Industry Council.

More Time Needs to Be Taken on Getting Governance Right

Getting the governance arrangements correct will be one of the key ways to ensure employer and industry confidence in Workforce Development Councils. Stakeholders noted that, once coverage areas are finalised (or in a relatively final state), a further conversation needs to occur on governance. This needs to have industry at its core. If the governance of the organisation does not have the support and backing of industry, there is a risk of industry disengagement. If it is not done well, the operating and governance models could limit responsiveness to all sectors.



2.3

What Matters to Respondents When Creating Workforce Development Councils

This section includes:

A Range of Other Issues, Ideas and Concerns Presented by Stakeholders to Industry Training Organisations in Their Engagement Activities



A Summary of Other Key Feedback Received

In Industry Training Organisation engagement with stakeholders, a large number of questions, concerns and comments were raised. While the following pages do not cover every item discussed, it aggregates the most commonly discussed matters from Industry Training Organisation engagement activities.

Responsiveness to Industry and Transition

A point consistently raised across the engagement activities was that the transition process needed to minimise uncertainty and disruption, to limit (and hopefully eliminate) any negative impact on trainees, staff and employers.

A number of respondents questioned what would happen to the intellectual property held or created by Industry Training Organisations, or created by employers and industry associations.

Feedback from one Industry Training Organisation emphasised that they felt the arranging training function should be retained within the new Workforce Development Councils, in order to ensure that employers and trainees continue to receive the same high level and standard of service. This could be for a specified time, although it was not indicated whether this was longer than the currently agreed transition period.

System Features

Acknowledging that it was unlikely that Workforce Development Councils would be able to retain the arranging training function, a number of respondents noted the positive relationships they held with their current Industry Training Organisation. The new system needed to capture key aspects of the current system that are working well, and either help support these within Workforce Development Councils, or facilitate their transfer to appropriate providers.

When industry contributions were discussed, there was no support for Workforce Development Council functions being funded by industry. There was acknowledgement that this approach may be more palatable if every employer that received some sort of benefit from the system contributed to the cost.

Though there was only limited information provided, pertaining to the ongoing nature of a Treaty of Waitangi claim, feedback was received that a Māori Workforce Development Council and Māori Tertiary Education Commission were desired.

Respondents struggled to see how the New Zealand Qualifications Authority would fit into the new system, and wanted assurances there wouldn't be duplication across the system of existing New Zealand Qualifications Authority functions and new Workforce Development Council functions.

Although it was acknowledged that degree level provision was outside of the scope of the Workforce Development Councils, respondents felt there had to be better integration with degrees and higher level learning with vocational training.

Feedback reinforced a lack of clarity on the roles of Regional Skills Leadership Groups and Centres of Vocational Excellence alongside Workforce Development Councils. There was concern that this could lead to duplication and gaps in understanding of skills

requirements. Feedback stated that there needed to be distinct linkages between Regional Skills Leadership Groups and Workforce Development councils, and better alignment and sharing of information between these organisations.

Several organisations noted respondents' desire to explore options for future Centres of Vocational Excellence, including in manufacturing (Industry 4.0 technology).

The difficulty of having split industries for regulators was also mentioned.

Some respondents also noted that they wanted Workforce Development Councils to be able to promote trades and marketing.

Workforce Development Council Establishment

Respondents were interested in who would take the leading role in facilitating the creation of Workforce Development Councils.

Some sectors were further advanced in discussing options for a potential Workforce Development Council than others, and were in a position to present principles for establishing a Workforce Development Council. These included, but were not limited to, the embedding of te ao Māori and embracing manaakitanga, innovation, agility and experimentation, and supporting economic development.

Several respondents noted that the names of Workforce Development Councils needed to be reflective and owned by industry, so any names currently being proposed should be considered working titles only.

Respondents consistently identified that WDCs would need to be adequately funded to provide the required level of responsiveness to their sector, in order to improve on the current system. There is skepticism that this will be the case, and concern over the ability of the Workforce Development Council to carry out its functions if it is not funded to a sufficient level.

Some respondents wanted clarification over whether Workforce Development Councils would be able to continue the 'additional functions' that Industry Training Organisations currently undertake. There were also questions asked about how Workforce Development Councils could be approved to

carry out those functions.

Some industries noted they should have the ability to change Workforce Development Councils in future if there was a strong reason to do so, such as a changing skills need for their industry.

