



Education Report: Summary of public consultation, Regulatory Impact Assessment and Programme Business Case for Reform of Vocational Education

To:	Hon Chris Hipkins, Minister of Education		
Date:	31 May 2019	Priority:	High
Security Level:	In Confidence	METIS No:	1192733
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Messaging seen by Communications team:	No	Round Robin:	No

Purpose of Report

This paper seeks feedback on the three enclosures that will accompany the Cabinet papers on the Reform of Vocational Education: the summary of public consultation, the Regulatory Impact Assessment and the Programme Business Case. We also seek decisions to support further changes to Cabinet papers.

Recommended Actions

The Ministry of Education and the Tertiary Education Commission recommend that you:

- note** that officials seek your feedback on the summary of public consultation, the Regulatory Impact Assessment and the Programme Business Case (attached) as soon as possible in order to meet timeframes to lodge Cabinet papers on 13 June
- note** that we are preparing a short Cabinet paper to seek agreement to transfer remaining 2018/19 underspends to the Reform of Vocational Education contingency if Cabinet does not take decisions on 24 June
- sign** the letter to the Chair of the Attorney-General (attached in Appendix 1) that seeks approval for the Parliamentary Counsel Office to start drafting legislation for the Vocational Education Legislation Bill
- agree** to seek Cabinet's agreement to establish a Māori/Crown Partnerships Advisory Group to advise Ministers, officials, the industry-led transition bodies and the Establishment Group for the New Zealand Institute of Skills and Technology

Noted ✓

Noted ✓

Agree / Disagree

- e. **note** that officials will establish a stakeholder advisory group to advise officials, the industry-led transition bodies and the Establishment Group for the New Zealand Institute of Skills and Technology

Noted

- f. **agree** that the New Zealand Institute of Skills and Technology Council be required to:
- i. appoint a board responsible for advising the Council on how it works with Māori to improve outcomes for Māori learners and communities, and
 - ii. seek and consider advice from this board

Agree / Disagree

- g. **agree** that the name 'Industry Skills Bodies' is changed to 'Workforce Development Authorities' in response to feedback from industry

Agree / Disagree

- h. **forward** the attached papers to any additional ministers you may wish to include in discussion on the Reform of Vocational Education proposals

Agree / Disagree

- i. **agree** to proactively release this briefing note and the attachments once final decisions have been made (and following any Cabinet agreement).

Agree / Disagree



Grant Klinkum

Acting Deputy Secretary, Graduate
Achievement, Vocations and Careers
Ministry of Education

31/05/2019



Tim Fowler

Chief Executive
Tertiary Education Commission

31/05/2019



Hon Chris Hipkins

Minister of Education

12/6/19

Background

1. Work is progressing to support your report back to Cabinet in June 2019, based on consultation on Reform of Vocational Education (RoVE) proposals from 13 February to 5 April.
2. On 23 May, we provided your office with a first draft of RoVE Cabinet papers (METIS 1191664 refers). As discussed at the agency meeting on 28 May, we have not yet made changes to the structure or length of these papers, pending feedback on your preferences.
3. We seek feedback on the summary of public consultation and engagement, the Regulatory Impact Assessment (RIA) and the Programme Business Case (attached). These enclosures will be provided to Cabinet to support decisions. The enclosures are still subject to proofreading and quality assurance processes.

RoVE Programme Business Case

4. The diagrams on page 24 are being updated and are placeholders only. These will be aligned with the diagrams included in the suite of Cabinet Papers. The governance structure for the next phase of the programme (page 62) is still being developed, and will be included in a final draft of the Programme Business Case.

Regulatory Impact Assessment

5. The draft RIA is not yet complete as we need to further align it with the various ongoing streams of analysis and decisions. We will continue to revise it, but it may not be possible to fully meet all RIA quality assurance requirements. The panel may consider that a single round of consultation on Proposal 1 was not adequate, given the scale of the changes it entails. The key gaps in the RIA are in the detailed costs and benefits, which will be based mainly on the completed Business Case.
6. We plan to submit a draft of the RIA for a preliminary panel assessment on 6 June, and to submit the final RIA on 10 June. We will provide you with copies for your information.

Timeframes

7. We are working towards finalising the RoVE Cabinet papers and three enclosures in time for lodgement with the Cabinet Office by 10am 13 June, for consideration by Cabinet Social Wellbeing Committee (SWC) on 19 June and Cabinet consideration on 24 June. There are several keep steps between now and lodgement:
 - a. seeking your agreement to an approach for the transition arrangements for 'arranging training functions' and establishment of the New Zealand Institute of Skills and Technology (the Institute)
 - b. discussing and revising Cabinet papers and enclosures in response to your feedback
 - c. seeking and responding to feedback from Central Agencies on *Paper 6: Financial implications*
 - d. ministerial consultation
 - e. proofreading and quality assurance processes.
8. We seek advice from your office about the timing and sequence of these stages.

Underspend for the RoVE contingency

9. In the cover note for the first draft of Cabinet papers provided on 23 May (METIS 1191664 refers), we indicated that if Cabinet did not take decisions on 24 June, we would need a secondary vehicle to ensure Cabinet agrees to transfer remaining 2018/19 underspend to the RoVE contingency. We are preparing a short Cabinet paper to do this.
10. An alternative approach (if the suite of papers are considered in July) would be to seek Cabinet agreement to increase the RoVE contingency by the amount that will be returned to the centre once the 2018/19 underspend is finalised. Treasury has indicated support for this approach.
11. We still recommend preparing a short Cabinet paper to seek Cabinet's agreement to transfer remaining 2018/19 underspend to the RoVE contingency to provide certainty on RoVE funding.

Approval for drafting by Parliamentary Counsel Office

12. Parliamentary Counsel Office (PCO) will need to start drafting legislation before Cabinet approves policy in relation to the Vocational Education Legislation Bill. Early drafting will be critical to enable us to deliver on legislative timeframes. We anticipate this work will start on the week beginning 10 June.
13. The *Cabinet Manual* states that departments should not instruct PCO to commence drafting in advance of policy approvals unless the Attorney-General has approved drafting before policy approvals have been obtained. Accordingly, we have drafted a letter to the Attorney-General for your signature (attached as Appendix 1).

Additional content in Cabinet papers requiring decisions

Establishment of advisory groups for RoVE

14. To support the transition arrangements for RoVE, we intend to establish a Māori/Crown Partnerships Advisory Group, and a Stakeholder Advisory Group. We anticipate that the costs associated with establishing these advisory groups can be managed within the estimated RoVE Programme Costs.

Māori/Crown Partnerships Advisory Group

15. The Māori/Crown Partnerships Advisory Group will advise Ministers, officials, the industry-led transition bodies and Establishment Group for the Institute on how the vocational education system could:
 - a. reflect Māori/Crown relationships
 - b. ensure that the system improves outcomes for Māori learners
 - c. align with other relevant components of the Education Work Programme
 - d. support Māori economic and social development strategies.
16. We recommend that you seek Cabinet's agreement to establish this group. Following the standard Cabinet Appointment and Honours process would mean that the group could be stood up in October. We will provide further advice on options to seek Cabinet agreement to alter this process to stand up the group sooner.

Stakeholder Advisory Group

17. The Stakeholder Advisory Group will advise officials, the industry-led transition bodies and the Establishment Group for the Institute on how to design the new system and manage the transitions. This will help to ensure vocational education stakeholders have a strong voice in shaping the transitions and in creating a system that meets their needs.
18. Establishment of this group will not require Cabinet agreement because this group will not advise Ministers directly. Officials will establish this group supported by input from stakeholders.

Changing name of 'Industry Skills Bodies' to 'Workforce Development Authorities'

19. In response to feedback from industry, we propose changing the name of 'Industry Skills Bodies' (ISBs) to 'Workforce Development Authorities' (WDAs). During consultation we referred to this group as ISBs, but industry would like them to have a broader scope (hence 'workforce development') and a stronger emphasis on their weight in the system (hence 'authorities').
20. Subject to your agreement, we will replace all references to ISBs in the Cabinet papers and enclosures with WDAs.

A board to support the Institute's council to give effect to Māori/Crown relationships

21. We have received feedback from previous engagement, consultation and the two workshops on Māori vocational education held on 21 May and 29 May. This feedback highlighted the importance of supporting the Institute's Council to work with Māori to improve outcomes for Māori learners and communities, particularly at local and regional levels.
22. We recommend that the Council be required to appoint, and seek and consider advice from, a board responsible for advising on how the Institute works with Māori to improve learner and community outcomes. This is in addition to the expectation that the Institute does this through levers, such as the Charter. This would support the Council to ensure its decision-making is both focused on outcomes for learners and communities and responsive to their needs at a local and regional level.

Ongoing work

23. As discussed at the agency meeting on 28 May, we will provide further advice tomorrow (31 May) on:
 - a. the holding company approach to the transition of arranging training, and
 - b. the transition arrangements for the establishment of Institute, including subsidiaries within the establishment entity.

Feedback from sector engagement

Workshops with Māori education and development experts

24. At the two workshops on Māori vocational education, participants told officials that a stronger relationship between Māori and the Crown is a central catalyst to positive change and that Māori are not a consultant body. More specific feedback was that success looks like a vocational education system:
 - a. *where aroha guides our work* – students know they are loved, and that we are walking with them on their journey

- b. *that involves national collaboration and leadership with local solutions to local issues – there are a range of responsibilities and relationships because Māori needs are diverse, and if we are doing our job right this will change over time*
 - c. *where people who work with and serve Māori are culturally competent*
 - d. *that listens to and learns from the groups that it serves.*
25. Officials have aimed to reflect this feedback in our advice on the reforms regarding the transition, implementation and the steady state entities of the reform. In particular, through the establishment of advisory groups to inform Ministers, officials, and transition entities, and also through the various levers proposed to support the Institute to work with Māori to improve outcomes for Māori learners and communities. Officials are also continuing to think about how we reflect Māori/Crown partnerships in our wider work going forward.