

Industry Training Organisations
(ITOs)

Workforce Development Councils
(WDCs)

What is different now?
What do stakeholders value?

What next?

A discussion for vocational education system users and policy makers.

THE BUSINESS PERFORMANCE TEAM

Contents

Introduction.....	2
Purpose	2
Methodology	2
Acknowledgements	2
The Authors	3
Executive summary	4
Insights for policy makers	5
Discussion.....	6
Sector feedback.....	9
The structural stuff	13
The Old World: ITO Scope of Activities.....	13
The RoVE Changes.....	13
The New World: WDC Scope of Activities	14
The New World: Provider Scope of Activities.....	15
Appendix 1: Education and Training Act (2020) S366 - Functions of workforce development councils.....	16
Appendix 2: Education and Training Act (2020) S376 - Apprenticeship training activities must be included in proposed plan.....	17
Appendix 3: Comparison ITO vs WDC - Table.....	18
Appendix 4: If not WDCs, then where? NZQA?	19

IMPORTANT NOTE:

Industry Training Organisations (ITOs) no longer exist as functional or legal entities.

Despite the above, many stakeholders still refer to these functions as ‘ITOs’ – which they are not. So, to avoid confusion, in this document we refer to this collection of activities as **Workplace Support Functions (WSFs)**.

The staff and functions of the former ITOs have been dispersed amongst the WDCs, and the Receiving Organisations - Te Pūkenga and a select few PTEs.

While the branding of disestablished ITOs is still prevalent, the activities under these brands are now limited to attracting and enrolling ākonga¹ [Arranging Training] and providing workplace support to ākonga and employers.

¹ Learners

Introduction

Purpose

The purpose of this paper is to highlight the differences in operating environment and responsibilities between the pre-RoVE Industry Training Organisations (ITOs), and the post-RoVE Workforce Development Councils (WDCs) and to reflect what is valued by stakeholders.

We articulate the benefits gained from the adoption of the new structure and the questions and suggestions that arose in our conversations about the WDC and the wider vocational education model.

Our work reflects what the stakeholders told us they need and value from the previous offerings of ITOs and current offerings from WDCs, and some additional system insights.

The impetus for this work emerges from our observation that many stakeholders hold concerns around potential further changes to the system and the need to retain what is working and what is valued.

Knowing there are a number of pre-election political agendas and promises at the time of writing, we did not set out to make a case for one model or another. Where we have referred to WDCs we are equally referring to a collection of responsibilities, so we deliberately use the wording “*activities that constitute the Workforce Development Council (WDC) mandate*” because, regardless of the form the activities take, or which entity they sit in, these are the activities valued by the sectors being served.

We hope this work will be useful for enhancing the New Zealand vocational education system and as a reference source for policy makers considering further changes to the system.

Methodology

The research behind this paper is qualitative, based on interviews with a range of industry and vocational education system stakeholders, review of documents produced as part of the Review of Vocational Training (RoVE) and its subsequent development and implementation phases.

Our work is independent and, while our sample size is limited due to timing constraints, we feel we have reached a high degree of saturation in that the perspectives articulated by interviewees in the discrete parts of the system had considerable alignment.

This document includes questions and areas for policy makers to explore in more depth, some strongly held stakeholder views, and some recommendations. We believe it also opens areas for further investigation.

Acknowledgements

The Authors wish to acknowledge and thank the multiple stakeholders that assisted with funding this project, and the people who contributed their time and experience for our interviews, including Employers, Workforce Development Council staff, Industry Associations, and Tertiary Education Organisations that we spoke to. We also acknowledge the confidentiality required by our funders, and the organisations that declined to participate because of this. We believe from our previous conversations that many of these organisations will have a strong degree of alignment with our findings. We are also sure those that don't will make themselves heard.

The Authors

This document is researched and presented by **The Business Performance Team**, people focussed on supporting entities and individuals on their journey to enhance ethical governance, leadership, change management and staff engagement.

www.businessperformance.nz

Jeremy Sole

MBA (UoA), MInstD, PG.Bip.Bus.(HR), Doctoral Student (Otago)

021 777 646

team@businessperformance.nz

Jeremy was previously CEO of a major NZQA Category One tertiary education organisation and New Zealand's largest group apprentice employer for six years until December 2022. He led Etco through the RoVE transition including the development and implementation of Etco's Receiving Plan for receiving Arranging Training functions from Skills Organisation and leading the associated organisational changes. Jeremy has experienced ITOs from an industry association leadership perspective, and while leading a major TEO, and has a strong understanding and experience of WDCs.

He gained insights to the intentions and thinking behind the RoVE as a member of the WDC Design Reference Group, a member of the Waihanga Ara Rau WDC Interim Establishment Board which created the Order in Council establishing that WDC in legislation, and he was a member of the Waihanga Ara Rau first Board Selection Panel. And a former Board member at PTE industry representative organisation Independent Tertiary Education New Zealand (ITENZ)

Prior to working at etco Jeremy worked at MBIE in the Sector Trends and Innovation team within the Building Systems Performance division. Prior to that, he was CEO of the New Zealand Contractors' Federation (NZCF) (now CCNZ) for six years. As CEO of NZCF Jeremy was closely involved with Infratrains, the civil construction sector ITO, including during the period of Government led ITO consolidation where Infratrains transitioned into Connexis. On the establishment of Connexis, Jeremy was appointed to the Board Appointments Committee by the ITO member representatives.

Nadia Tu'itahi

MBA Student (AUT), BHSc Occupational Therapy (AUT), Prince 2 Agile Practitioner, MInstD

021 808 081

nadia.tuitahi@gmail.com

Nadia has recently completed her tenure as General Manager Operations, at etco, a major national tertiary education organisation where she was responsible for steering the organisation to achieve NZQA Category One status. Nadia was instrumental in preparing for and implementing the business' transition as a receiving organisation under the RoVE changes, and for integrating the new responsibilities and activities into the business. This included implementation of business operational processes to meet all compliance and regulatory reporting (STEO, ITR, Investment Plan and Strategic Fund submissions) and ensuring people capability throughout the organisation. She oversaw the transition of 3,700 ākonga from the ITO to etco in October 2022, ensuring the operational integration was successful. Nadia is also a member on the ITENZ Board.

Prior experience includes business consulting, Employment Relations, Operations Manager at Future Skills Academy, Auckland Campus Director for Nelson Marlborough Institute of Technology, HR Manager at Skills Update, and Executive Business Manager at Polar Buildings Ltd. Prior to entering the tertiary and vocational education sector, she worked as an Occupational Therapist in New Zealand and Australia. She still holds her registration as a non-practicing Occupational Therapist.

Executive Summary

RoVE has taken the vocational education and industry training sectors through momentous change and disruption over the past four years.

The disestablishment of Industry Training Organisations (ITOs) and the emergence of Workforce Development Councils (WDCs) brought with it a realignment of the vocational education system around industry sector clusters and changes in the funding of standards setting.

Our research suggests that what industry clearly values more than anything else from the RoVE, the standout success from the initiative, is the 'collection of responsibilities and activities that now constitute the Workforce Development Council (WDC) mandate.

Industry feedback has confirmed strong support for the work the WDCs do in understanding and articulating the current and future needs of industry and collaborating with industry and training providers to ensure Vocational Education Training (VET) meets these needs. This work ensures that the Tertiary Education Commission (TEC) receives robust evidence informed investment advice, that training provider investment plans submitted to TEC accurately address sector needs, and industry associations have access to reliable and useful data.

In the brief time the WDCs have been in operation, they have made important and significant inroads in supporting businesses to thrive, have collaborated closely with Māori and Pacific peoples, and are providing insights to the Tertiary Education Commission on investment priorities linked to industry and economic needs.

Throughout our interviews, we find three overarching themes about the WDCs and their impact and influence:

1. Increased industry collaboration and engagement to meet sector needs and future workforce demands, and tailor education and training accordingly.
2. Improving workforce alignment with industry needs by collaborating with the sectors, and training providers, to match programmes with the requirements of the labour market.
3. Set and maintaining qualifications and standards to meet needs of industry with a consistent approach throughout the country.

The WDCs are increasingly playing a vital role in ensuring a well-trained, adaptable, and productive workforce that aligns with the dynamic demands of New Zealand industry sectors. Their efforts aim to contribute to economic growth, reduced unemployment, enhanced competitiveness, and a more equitable distribution of opportunities across the country.

Insights for policy makers

We have distilled the following insights for policy makers to consider when evaluating the performance, potential evolution of the WDCs, or system level changes to the vocational education model.

1. The work WDCs do is strongly endorsed and highly valued by stakeholders, particularly PTEs and Industry Associations.
2. WDCs are still 'stepping into their new shoes' and have not fully realised their potential.
3. WDCs have identified that sector workforce development and closing skills gaps is more complex than just the vocational education component, it should also include a mandate to influence the employment practices, management, and leadership cultures in their sectors.
4. The separation of funding for standards setting activities, from the previous regime where standard setting activities were funded based on ākonga numbers, has produced stronger industry engagement and more focus on qualifications development.
5. While some issues arising from implementation of the WDC model are being addressed at an operational level, it is possible the causes of some of these issues are more structural in nature. In this respect, it is possible the RoVE, while responding to a need for change, was perhaps too narrowly focussed on resolving a few presenting issues, resulting in little more than a redistribution of functions rather than a considered attempt to resolve sector issues from a whole system perspective.
6. Given the WDCs' functions, and to eliminate unintended functional overlaps between NZQA and the WDCs, we question whether it is still necessary or appropriate for NZQA to reach past the WDCs to audit the training providers. The WDCs should be the quality and performance auditor operating between NZQA and the training providers.

WDCs are the entities that accumulate knowledge and understanding of what industry wants and needs, today and tomorrow, and how sector appropriate assessments of qualifications and delivery should be constructed and maintained. Due to the WDCs having close working relationships with industry, they have become the party best positioned to integrate, hold, and use the knowledge gleaned from industry about new technologies (digital and other), market insights trends and changes, and the ability to use that information to develop or approve qualifications and assessments.

7. We found no support for CoVEs or RSLGs in our interviews. It is felt these functions should be WDC functions. And that in carrying them out, the WDCs would develop a higher level of understanding of the sectors and practices under their mandate.
8. Some of the requirements of S377 of the Education and Training Act (2020) do not appear to have fallen under any agency's control or monitoring activities. Providers may not be complying due to conflict of interest. It may be necessary to review the Act and reassign some of these functions, such as notifying employers and apprentices (S377), which could be assigned to an independent, unconflicted party such as the WDCs.
9. The concept of brokerage is not well defined in S336, or in any of the information available to us.
10. We believe there are opportunities to make the system more efficient and to significantly reduce the overall cost.

Discussion

This section consolidates the subsequent Sector Feedback and Structural sections.

WDCs are transitioning through three development stages – 1. Establish, 2. Resolve inherited problems, 3. Develop whole system approach.

While it appears that most of the six WDCs have completed their first phase of establishment and are well into their second phase, much of the concerns about the pace of WDC maturity relates to only two of them, but we understand they are progressing. Those that have transitioned out of the first stage are highly regarded and valued by their sectors.

Overall, industry representatives we spoke to report a significant increase in engagement since the establishment of WDCs. What is especially valued by industry is:

- compared to previous experience with ITOs, WDCs listen, are responsive, and advocate for training programmes required for industry.
- the ability to confidently assess needs and plan due to the centralised data and statistical information WDCs have pooled from various sources such as Stats NZ, IRD, MBIE, etc., has improved visibility on skills, workforce, and labour requirements. This data is highly valued with industry as it has given excellent visibility on sector gaps that industry have been highlighting for years without any tangible result.
- the ability of WDCs to quickly respond to industry needs. There are some niche industry segments that have not previously received sufficient attention from ITOs, that are now getting strong service from their WDC.

Under WDC model the standard setting engagements with their sectors has increased and enabled a stronger understanding of the dynamics of whole sectors rather than the previous primary focus on qualifications and ākongā numbers (the latter is now a responsibility of training providers). This shift and wider focus have highlighted that not all skill shortages are the result of the vocational training system or skill gaps, but many of these issues may be outcomes of complex industry contexts.

Any review of the vocational education system should take a whole system, New Zealand Inc., perspective and recognise the need to have a vision and goal for NZ industry skill acquisition, retention, and development, and what that means for the workforce, employers, training providers, and the sectors they collectively need to work in. Such reviews should also recognise changing industry needs and build in what is necessary to enable that vision and to enhance creativity and responsiveness in the system. The mandate that emerges from this perspective would reflect that vocational education is nestled inside and reliant on wider industry systems and dynamics. In this respect, our research suggests that the standout success from the RoVE has been the collection of responsibilities and activities that constitute the Workforce Development Council (WDC) mandate. WDCs are currently emerging from a nascent stage and while the work that they are currently doing has significant backing from industry who sing praises of the collaboration and progress made within industry, their true potential is not yet realised.

However, these WDCs, being new to 'the system', are potentially operating with a mandate that was not anticipated when NZQA regulatory systems and activities were developed, and not anticipated from the vocational education provider's perspective. Given this, the overlapping responsibilities, and functions of the different players in the system have not collectively realised the anticipated system efficiencies. While issues arising from implementation are being exposed, discussed, and often resolved at an operational level, it is possible that the causes are more structural in nature.

In this respect, it is possible the RoVE, while responding to a need for change, was perhaps too narrowly focussed on resolving a few presenting issues, resulting in little more than a redistribution of functions rather than a considered attempt to resolve sector issues from a whole system perspective.

WDCs are the entities that accumulate knowledge and understanding of what industry wants and needs, today and tomorrow, and how sector appropriate assessments of qualifications and delivery should be constructed and maintained. Due to the WDCs having close working relationships with industry, they have become the party best positioned to integrate, hold, and use the knowledge gleaned from industry about innovative technologies (digital and other), market insights trends and changes, and the ability to use that information to develop or approve qualifications and assessments.

Section 377 of the Education and Training Act (2020) sets out the specific duties of persons carrying out apprenticeship training activities. While a sizeable portion of WDC activities relate to apprenticeships, there appears to be no regulatory, or quasi regulatory, agency specifically engaged in, or responsible for, monitoring compliance with Section 377.

A significant portion of apprenticeship learning, and provider support activity, is carried out as work-based on-the-job learning. Providers that receive UFS Work-based mode² funding are required to support ākonga health and wellbeing, in combination with the employer, and in accordance with employment legislation and where applicable, the Code of Good Practice for New Zealand Apprenticeships³. We note that this CoP also does not cover the full depth of provider responsibilities under S377.

Given there is little oversight or guidance in this area, other than the four yearly EER, and insufficient expectations set through the UFS funding mode, there is a significant variation in the provision of workplace support functions. While some degree of difference is expected across different sectors, we found extremes such as one provider providing ten workplace visits a year plus support groups, and at the other extreme we found ākonga who had not received any workplace support in the past 11 months, and another provider that holds quarterly meetings with up to 20 apprentices from different employers at the same time. Only one of these three examples comes close the level of workplace ākonga support we believe is anticipated under the requirements stipulated in Section 377 of the Education and Training Act (2020) or the Code of Practice requirements.

It is constructive to note that all three providers receive the same funding regardless of the actual cost incurred in delivery – and note the clear differential in delivery costs for providers conducting ten visits and those visiting once every eighteen months. That unregulated economics suggests the latter as a preferred trajectory for some providers.

We suggest that this variation would do little to improve the wide range in attrition rates for apprenticeships⁴ and vocational education and is something the Government intended the RoVE to address. In his commentaries in the initial stages of the RoVE, Minister Hipkins was very specific about having more of ‘vocational training provision being more apprenticeship like’, and he specifically stated that the new system took inspiration from the successes of Group Apprentice Employment schemes. We speculate that the wider enablement of workplace support functions and specific funding for these is intended to replicate the success group apprentice employment schemes were having with on-time-completions. This is an area the RoVE does not appear to have delivered on.

There are two points of note here; firstly, the changes through RoVE have enabled the WDCs to be **impartial in their assessment** of workplace support functions⁵, as they have no financial interest in the outcomes from audits and reviews. This is a change welcomed by industry and training providers as the WDCs focus is solely on the needs of industry to design relevant qualifications to meet gaps and

² [Refer TEC Website](#)

³ [Refer TEC website for the code](#)

⁴ [MoE - NZ Workplace Learners](#)

⁵ *Noting earlier comments about gaps in this area*

improve current qualifications. Secondly, ITOs previously held ownership of qualifications and they 'completed' ākongā and informed NZQA, including for ākongā subcontracted out to other providers. Noting also [anecdotally] that at least one ITO submitted their subcontracted supplier assessments for NZQA moderation, rather than their own. The 'completion' function has (rightly) been redirected to training providers who are well-versed in understanding the importance of qualification completions and are now being funded to take ākongā through the entire programme journey. Whether they are successful in this capacity is yet to be determined.

Section 377 contains a conflict of interest in that some providers will be reluctant to "give written notice" (S377 (2)) to apprentices who are unlikely to be able to complete their qualification with their current employer, and to find alternative employment if asked (S377 (3)(a)). Doing so will likely cost them the business from that employer and cause [unjustified] reputational damage to the provider. The enforcement of these clauses may cause a race to the bottom as providers respond to the standards of other providers to retain ākongā. We acknowledge there are ways for providers to work with employers in this area – but with no regulatory oversight (which is currently the case), it is unlikely that all actors will willingly comply with the legislated requirements.

Some providers are yet to integrate campus-based learning and work-based support functions, and until they achieve this, the current model will not achieve its goals of fully supporting ākongā in the classroom and on the job or achieving higher on-time completion rates. Whether all the current institutions can achieve this transition is hotly debated given the residual and different mindsets and cultures of ITPs and previous ITO practices coming together. Our belief is this is a natural change management challenge and that providers such as ITPs would be able to adopt and integrate the two functions over time with the right leadership and guidance – pressure from appropriate regulatory oversight - and an appropriate time limit expectation.

In the meantime, PTEs advise they are experiencing increasing enquiries and enrolments because of student flight from Te Pūkenga, and we heard that Te Pūkenga is frustrated at what they claim is PTEs 'poaching' ākongā from them.

Despite promises to the contrary, the vast majority of PTEs are blocked from providing workplace support functions and there is still uncertainty around whether they will eventually get access to funding for delivering these functions. The problem PTEs also face is the cost of preparing themselves for delivering these functions while trying to stay afloat given the 20% reduction in their core funding.

Despite the approaches mentioned above, we found that the wider PTE sector is frustrated that they have been blocked from participating in the provision of workplace support functions, and say their historical high performance speaks for itself when compared to the performance of Te Pūkenga. Again, a wider system and NZ Inc. approach to the provision and improvement of training would be beneficial to ākongā engaged in and currently falling out of the system.

A frustration we have heard many times from PTEs was their expectation that the 20% reduction in their provider based (SAC) funding might have been offset by access to funding for workplace support functions. Some WDCs have expressed a 'desperate' need for more PTEs to be operating in this space to enable choices for ākongā and employers that are dissatisfied with the support they are currently receiving. Much of this dissatisfaction, rightly or wrongly, has been aimed at Te Pūkenga and many ākongā are going to PTEs where they can. We observe that there are two potential solutions here – the first to have Te Pūkenga (or the ITPs) better serve their ākongā so they elect to stay, or secondly, allow PTEs to pick up the load. Either, or both, solutions would be good for the system and for NZ Inc.

We heard that **TEC's decision making processes take longer** than the WDCs would like, but we have not investigated whether this relates to TEC's processes or the timing of requests relative to funding decision timelines, or availability of funds.

Feedback from Vocational Sector Stakeholders

The following is a consolidation of information from our interviewees.

1. ITOs had previously been established with three natural conflicts of interest.
 - Firstly, the ITOs were simultaneously the standard setters overseeing the level and quality of work-based learning, and the primary delivery agent for work-based learning. In this respect they were both 'judge and jury' over their own activities.

This situation was exacerbated through the lack of definitions for what constitutes adequate workplace support functions, and with no overarching agency monitoring this.
 - Secondly, ITO revenues were primarily driven by ākongā numbers, which meant they needed a strong focus on recruiting ākongā into the system, and ensuring they were resourced to withstand financial uncertainty and fluctuations. This is one of the perverse outcomes of the ITO model that resulted in the ITOs needing to divert funds to build significant rainy-day funds.
 - Anecdotally, for some ITOs, this meant less funding and less focus on servicing ākongā after they were enrolled, and, again anecdotally from industry, the standard setting functions became under resourced, particularly in areas with little or no industry or regulatory oversight – including workplace support functions.

As a result, there was significant variance in the amount and quality of workplace support being provided. This was evident in the on-time-completion rate differences between ākongā being serviced by different ITOs and those being serviced by private providers, with the latter achieving the highest on-time completion rates.

2. WDCs, which have only existed for two years, are transitioning through three development stages – 1. Establish, 2. Resolve inherited problems, 3. Develop whole system approach.

While it appears that four of the six WDCs have completed their first phase of establishment and are well into their second phase, there are a couple who have yet to reach the same evolutionary point. Those that have transitioned out of the first stage are highly regarded and valued by their sectors.

Overall, industry representatives we spoke to report a significant increase in engagement since the establishment of WDCs. What is especially valued is:

- Compared to previous experience with ITOs, WDCs listen, are responsive, and advocate for training programmes required for industry. (Perhaps this has been enabled by removing the conflict of interest inherent in the previous ITO funding model?)
- the centralised data and statistical information WDCs have pooled from various sources such as Stats NZ, IRD, MBIE, etc., has improved visibility on skills, workforce, and labour requirements. This increased focus is likely due to the RoVE alignment of the WDC funding model with the WDCs' functions and responsibilities.
- The ability of WDCs to quickly respond to industry needs. In some cases, there are niche segments of an industry that have not previously received sufficient attention from ITOs, that are now getting strong service from their WDC.

While WDCs are listening to these industries, there is little or no funding support for providers to set up and deliver to these niche areas when the number of students entering some of these programmes does not meet minimum financial return requirements for providers, and therefore, industry remains shortages of trained, qualified people.

We do note in this area, that a challenge for WDCs in their current development phase is the need for stronger communication and alignment between their industry engagement

personnel and their Quality Assurance and Programme Development functions, so that the assessments and moderation activities reflect the sector context they are being used in. Technology is fast moving, and ITO QA and programme development had historically been slow to keep up. While this remains an issue for some WDCs to date, it is perhaps a teething issue arising from drivers that are different to the structural issues previously faced by ITOs.

3. Questions emerged about the way that the new post RoVE vocational structures have created overlaps and gaps in responsibilities. As per point 1 above, there is, perhaps inadvertent, duplication at the points of delineation between the roles of the WDCs, NZQA, and TEC which has resulted in overlaps and gaps.

Now the WDCs are evolving, it may be timely to re-evaluate the roles and functions and responsibilities of the different parties. If more of these were to be devolved to WDCs, the system may become more efficient and responsive to industry and regulator needs.

WDC are the standard-setting body. With industry, they decide which programmes are needed and should be accredited, they approve the programmes which then go to NZQA who also have a programme approval process. This means the providers must go through two processes designed to achieve essentially the same outcome.

Despite the promises of agility to respond to industry needs in a timely way, the above duplications mean systems have become more bureaucratic. For example, due to the duplication in endorsements and approvals, programme endorsements require an additional month, at minimum, to be approved which extends the time taken for providers to commence delivery of these programmes.

It is acknowledged that NZQA is the regulator and gatekeeper of the qualifications framework and has a responsibility to ensure the quality of the products on the framework, but the duplication is unnecessarily time consuming and costly for providers and regulators alike.

4. Feedback received from interviews is that training providers are over-audited with WDC, TEC and NZQA, all conducting overlapping audits. Time spent preparing for and having staff, students, and employers available to participate, is taking away time that could be used to focus on delivering the programmes. For example, one provider told us their WDC requires post-assessment moderation quarterly. This costs the provider almost \$12,000 per quarter in direct time and resources, including on-premises moderation, and interviews with staff and students.

In addition to the WDC audits, TEC and NZQA are also conducting similar audits which require training provider staff to prepare for and participate in these additional audits. With current funding for provider-based learning cut by 20%, training providers are finding the onerous and uncoordinated over-auditing by the agencies to be time consuming, expensive, and unnecessary. While prudent training providers understand and encourage the need for performance oversight through audits, they are keen to see a streamlined system that ensures effective regulatory oversight, but reduce both the cost to themselves, and the cost to the government for that oversight.

5. Another area for consideration might be the NZQA External Evaluation and Review (EER). The EER crosses over the responsibilities of TEC, the WDCs, and NZQA. Providers in the sector are now also experiencing WDC programme post assessment moderation requirements that duplicate much of the NZQA EER process.

In the parties' respective approaches to fulfilling their current responsibilities, they are requiring providers to undertake a highly invasive and resource hungry process twice – with much of the same information required. ITENZ, NZQA and the WDCs are currently discussing the issue of auditing duplication with.

Again, acknowledging NZQA's responsibilities as the regulator – but also acknowledging that their responsibility is to ensure that the compliance work is carried out – but not necessarily by them.

WDCs are the entities that accumulate knowledge and understanding of what industry wants and needs, and what sector appropriate assessments should be given they are not generic.

6. Under the new model, the WDCs operate independently of the providers of workplace support functions, and, unlike ITOs, WDCs have a specific mandate to exert influence over providers which means they can provide impartial oversight on performance of these functions.

However, WDC oversight and monitoring of provider workplace support functions and performance are still handicapped by the lack of formal guidance over what good workplace support looks like and current understandings and practices do not appear to deliver on the requirements laid out in Section 377 of the act. (See 'Discussion' Page 7 and 'Workplace Support Function' P15)

7. In developing engagement channels and activities with industry, some WDCs are being asked by industry to address issues that industry should be addressing itself. Not all sector skill shortage issues have their genesis in vocational training and qualifications or shortages of applicants. While some of these issues relate to the availability of skilled staff, others are more aligned with industry structures and practices than to vocational qualifications and skills. Some sectors have their own worker related issues to resolve, such as becoming better employers, to become more attractive to job seekers.

Therefore, it may be beneficial to widen the WDC's operating mandate beyond a siloed vocational training focus, towards a more holistic sector support function. Perhaps WDCs could support, or at least promote, the adoption of practices more aligned with the Treasury Living Standards Framework and UN Sustainable Development Goals.

Should WDC mandate be more encompassing and wider? Need to see the whole workplace system not silo to training - what are the other system inputs in complex environment - training is only part of it - how can WDCs expand their mandate and thinking to accommodate this? Is productivity also a social and cultural issue?

8. The new Unified Funding System (UFS) has brought strong funding for workplace support functions which is appreciated by the select group of providers able to work in this area. However, as per previous comments, there is little or no guidance as what appropriate workplace support looks like.

While some degree of difference is expected across different sectors, we found extremes such as one provider providing 10 workplace visits a year plus support groups, and at the other extreme we found ākongā who had not received any workplace support in the past 11 months, and another that holds quarterly meetings with up to 20 apprentices from different employers at the same time.

Only one of these three examples comes close to the workplace support function requirements stipulated in Section 377 of the Education and Training Act (2020) which governs workplace support.

9. A downside to the introduction of the UFS, was the approximately 20% reduction of funding for campus-based provision. While the funding for workplace support functions and campus-based funding together is more than adequate for providers of both.

However, very few providers have access to both. This brings a dual problem, firstly in that the campus-based providers are finding it difficult to both remain solvent and invest in the future.

And secondly, for PTEs, this also means they do not have the financial and people resources to prepare for the [uncertain] possibility of them being able to provide workplace support functions in the future.

This problem is not limited to PTEs as one of the trade associations we spoke to, advised that Te Pūkenga prioritises pre-trade programmes over qualifications that require work-based support functions as they are not adequately geared up to deliver integrated campus-based and workplace support. This has the feel of a funding-based decision rather than a best for sector decision.

Additionally, when the apprentice boost was offered, one sector organisation we interviewed had experienced a 30% increase in apprentice numbers, but no increase in block course delivery from Te Pūkenga. Marking is four months behind after block courses finish, which industry says is unacceptable – especially when traditionally high performing private providers are actively blocked from participating. It should also be noted that many apprentices receive their wage increments based on apprenticeship progress – so the delays are costing low paid apprentices significant amounts in lost earnings.

10. Overall, we found little understanding of, or support for, either of RSLGs or CoVEs amongst our interviewees. The theme of responses was that WDCs have proven themselves effective at sector engagement and it was felt that WDCs could effectively carry out the work of the RSLGs through regional engagement with industry and economic development agencies at a fraction of the cost of servicing RSLGs. With an added benefit of the WDC building its own institutional knowledge and understanding of each region in the process. It was also felt that CoVEs were doing work that WDCs should be doing.
11. There has been speculation that, in the event a new government disestablished the WDCs, their functions might be transferred to the sector's regulator-NZQA. This concerns industry as a regulator is not necessarily well placed to engage with and respond to industry people for the purposes of identifying industry needs and developing qualifications. These functions require significantly different cultural environments and mindsets to that of a regulator. *(Some comments at appendix 4)*

The Structural Stuff

The Old World: ITO Scope of Activities

Industry training organisations (ITOs) were established in 1991 for the purpose of arranging training for trainees and apprentices and developing and managing qualifications in their respective industries.

The ITOs were disestablished in October 2022.

At a macro level, ITO responsibilities included:

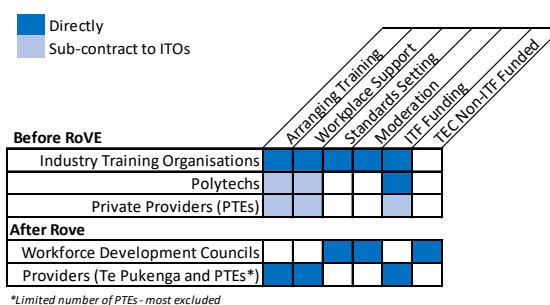
Attracting and enrolling ākonga (Arranging Training)	Promoting industry training and facilitating establishment of Training Agreements. ITOs engaged with schools and other sources of students to attract ākonga into the sectors the ITOs were responsible for. ITOs promoted training to their sectors, matched employers with ākonga, and arranged training agreements.
Workplace Support Functions	Provide workplace support to ākonga and employers that were parties to Training Agreements. Workplace support functions included periodical assessments, pastoral care, supporting progress, liaising with employers about exposure to the requisite range of work activities, recording work exposures and progress, supporting ākonga needs. And lodging credits with NZQA.
Campus based training	ITOs were prohibited by legislation from providing training. They contracted Te Pūkenga and PTEs to provide the training
Standards Setting	Work with industry to develop and maintain industry relevant qualifications. Worked with Industry to develop and maintain industry standards by way of Advisory Committees, meeting usually when programme changes were required.
Moderation	Ensure providers were complying with qualification requirements to an acceptable standard. Conducted external moderation of assessments which were delivered by other training establishments. NOTE: there was no independent body conducting post assessment moderation over ITOs' own assessment activities, and it appears some ITOs used assessments from subcontracted providers to avoid scrutiny of their own activities.
Industry Training Fund (ITF)	ITOs received ITF funds from TEC to cover the cost of their operations and to contract independent providers for the provision of on-campus training. ITOs reported to TEC through the Industry Training Register (ITR) system. ITPs were directly funded by TEC outside of the ITO system.

The RoVE Changes

Under the Reform of Vocational Education (RoVE), the ITO functions were re-distributed and ITO staff employment agreements were renegotiated and transferred to the organisations taking on the new responsibilities.

Arranging Training (Attracting and enrolling ākonga)	transferred from ITOs to Receiving Organisations – Te Pūkenga and selected PTEs.
Workplace Support Functions	transferred from ITOs to the Receiving Organisations.
Standards Setting	transferred to the Workforce Development Councils (WDCs)
Moderation	transferred to the Workforce Development Councils

Industry Training Fund	Receiving organisations now access ITF directly from TEC. Te Pūkenga was already direct funded but the other receiving organisations had previously received funding via ITOs
------------------------	---



The New World: WDC Scope of Activities

The new WDCs have a tighter focus and mandate than their predecessor ITOs. WDCs were established through the Education and Training Act (2020), and each WDC's specific mandate was regulated through its Order in Council (OIC).

Education and Training Act (2020) [S366](#) (For convenience, also see S366 at [appendix 1](#))
WDC Orders in Council [here](#)

WDCs' purpose is to influence vocational education and training through ensuring qualifications meet the current and future needs of industry and to meet industry standards. They work closely with industry to understand needs, future trends, and opportunities to offer skills leadership for the industries they serve. Additionally, they offer funding decision advice to TEC, with regards to PTE or ITP delivery areas and channels.

A strength of the WDC model is that WDCs are not funded based on ākonga numbers, so they have a predictable funding future which enables them to focus on their core mandate and to better engage with employers, providers and industry associations and develop a whole system view and plan five to fifteen years ahead. This is quite different to the previous ITO funding model where the ITOs often sacrificed funding for core activities and future focus to mitigate funding uncertainties and focus on individual ākonga at the expense of standard setting and sector focus and planning. (See *sector feedback section - item 5 – below*).

Skills Leadership	A primary function of a WDC is to develop and promote skills leadership and workforce plans and to set a vision for their sectors. The new model has enabled WDCs to become the voice of their industry and focus five to fifteen years into the future compared to short term focus of ITOs
Endorse programmes and moderating assessments	WDCs work with industry to endorse programmes leading to qualifications that meet industry skills needs. NZQA will only approve programmes that WDCs have endorsed. Moderation of assessments completed by Providers.
Recommend funding	WDCs recommend how the available TEC funds should be applied in their sectors. Under the Education and Training Act (2020), TEC must 'give effect' to WDC recommendations.
Standards Setting	Developing and setting standards, capstone assessments, and qualifications in collaboration with industry

Brokerage and advisory services	The concept of brokerage is not well defined in any of the information available to us. Advisory services involve working with industry sectors and employers. WDCs have also been reaching out to schools and sources of ākongā.
---------------------------------	---

The New World: Provider Scope of Activities

In the post-RoVE world, providers have a wider scope of activity and responsibilities as they have picked up some functions previously undertaken by ITOs.

Attracting and Enrolling Ākongā (Arranging Training)	<p>A select few providers are now responsible for promoting industry training and facilitating establishment of Training Agreements. Providers engage with schools and other sources of potential ākongā attract people into the sectors. Providers promote training to their sectors, match employers with ākongā, and arrange training agreements.</p> <p>Education and Training Act (2020) S376 Also, see S376 at appendix 2 of this document</p>
Campus-Based Learning	Tertiary Education Organisations continue to provide campus-based learning as they always have done.
Workplace Support Functions	<p>Providers are now responsible for workplace support to ākongā and employers that are parties to Training Agreements.</p> <p>Workplace support functions include periodical assessments, pastoral care, supporting progress, liaising with employers about exposure to the requisite range of work activities, recording work exposures and progress, supporting ākongā needs. And lodging credits with NZQA.</p> <p>Education and Training Act (2020) S377 Also, see S377 at appendix 2 of this document.</p> <p>NOTE: It appears there is currently no guidance over what constitutes appropriate workplace support specified under S377, and several approaches are being adopted. Anecdotally some requirements are not being monitored or adhered to. There appears to be no agent charged with oversight or setting standards in this area.</p>
Integration	Part of the intention of the RoVE was for providers to better integrate campus-based and work-based learning in a way that is more like apprenticeships.

Appendix 1: Education and Training Act (2020) S366 - Functions of workforce development councils

(1) The functions of a workforce development council in relation to the specified industries covered by it, are—

Leadership

(a) 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:

Developing and setting standards, capstone assessments, and qualifications

(b) to develop, set, and maintain skill standards:

(c) to develop and maintain industry qualifications for listing on the Qualifications and Credentials Framework and to maintain qualifications for which it has become the qualifications developer:

(d) to develop and maintain micro-credentials:

(e) to develop and maintain national curricula for qualifications for which it is responsible as a standard-setting body under [section 438](#):

(f) to develop, set, and maintain capstone assessments based on the needs of the specified industries:

Endorsing programmes and moderating assessments

(g) to decide whether to endorse programmes developed by providers:

(h) to carry out moderation activities in relation to any standards and capstone assessments it sets:

Advisory and representative role

(i) to provide employers with brokerage and advisory services approved by TEC:

(j) to advise TEC, as provided for in [section 411](#),—

(i) about its overall investment in vocational education and training:

(ii) about the mix of vocational education and training needed for the 1 or more specified industries covered by the workforce development council in the manner required by TEC:

(k) to represent the interests of the specified industries:

Other functions

(l) to perform any other functions conferred on it by the Minister in relation to the specified industries.

(2) For the purposes of subsection (1)(g), the Minister may, by notice in the *Gazette*, specify criteria relating to when a workforce development council must endorse a programme before it may be approved by NZQA under [section 439](#).

(3) The Minister must not confer any additional function on a workforce development council under subsection (1)(l) without first consulting the workforce development council.

[Return to linked page](#)

Appendix 2: Education and Training Act (2020) S376 - Apprenticeship training activities must be included in proposed plan

(1) A provider that seeks funding for an apprenticeship training activity (as described in subsection (2)) via a plan must specify in its proposed plan how it intends to carry out that activity.

(2) The **apprenticeship training activities** are—

(a) to promote apprenticeship training generally through providing information, guidance, and advice to employers and prospective apprentices about the benefits of an apprenticeship:

(b) to identify—

(i) prospective apprentices; and

(ii) employers able to offer apprenticeship training that satisfies all of the work-based requirements of the approved programme of the provider:

(c) to provide or arrange training or employment that may lead to apprenticeship training for prospective apprentices:

(d) to help prospective apprentices enter into apprenticeship training agreements:

(e) to produce, and facilitate (in consultation with the apprentice and the apprentice's employer) the implementation of, individual training plans consistent with an apprentice's apprenticeship training agreement:

(f) to monitor individual apprentices to ensure that their apprenticeship training leads them to attain, within a reasonable time, the level of skills necessary to complete a qualification in the skills of the specified industry:

(g) to ensure, as far as is reasonably practicable, that apprenticeship training, and every apprenticeship training agreement, within the specified industry is consistent with any apprenticeship training code:

(h) to provide or procure appropriate pastoral care and support for apprentices, having regard to the age and experience of the apprentice and the contents of any apprenticeship training code.

Education and Training Act (2020) S377 - Duties of persons carrying out apprenticeship training activities.

(1) Persons carrying out apprenticeship training activities (whether or not via a plan) must,—

(a) in performing any apprenticeship training activity described in [section 376\(2\)](#), comply with every part of the apprenticeship training code that affects that activity:

(b) before helping a person to enter into an apprenticeship training agreement, advise that person to seek advice about the agreement from an independent person.

(2) A provider must give written notice to an apprentice under the provider's care if the provider becomes aware that it is impracticable for the apprentice to continue their apprenticeship training with their current employer.

(3) A notice under subsection (2) must advise the apprentice—

(a) that the provider is able to assist the apprentice with finding a new employer with whom the apprentice can complete their apprenticeship training; and

(b) if the apprentice so requests, the provider will make reasonable endeavours to find a new employer with whom the apprentice can complete their training.

Appendix 3: Comparison ITO vs WDC- Table

ITO	WDC
Funded via Training Agreements	Independent of ākongā numbers brings stability and focus
Focus on Training Agreement sign ups and qualification completions, at the expense of other activities, due to funding structure. Tendency to sign up inappropriate ākongā knowing they were unlikely to complete.	Funding not determined by number of active training agreements or qualification completion
Industry membership structure	Independent -strong industry advocacy and voice
Develop qualifications – often reactive to NZQA needs and less responsive to industry	Develop qualifications but based on stronger connections with industry and industry needs.
Data and information gathered. Often financially focussed rather than industry focussed - lack of forward planning by some ITOs	Full system view, whether or not polytechnics are regionalised

Appendix 4: If not WDCs, then where? NZQA?

Given this paper has been completed a week prior to the general election date, there has been some speculation about where WDC functions might go if WDCs were to be disestablished after a change of government. During our work we heard several commentaries about this, and the following is a clear direction we received from our interviewees.

NZQA, as the regulator, is not well positioned to engage with industry or to make recommendations about the need, content, or appropriateness of qualifications. NZQA's role is to apply its regulatory powers to provide assurance that the qualifications system is functioning well and that qualifications deliver what they are purported to deliver. It is not NZQA's purpose to assess the appropriateness of a qualification or its content with regards to an industry's current and future needs. To suggest that NZQA could, or should, take on the current responsibilities of WDCs would potentially create a conflict of interest between these activities and its regulatory functions.

Perhaps a simpler system might be to have the WDCs engaging with industry and managing the end-to-end process of deciding which programmes should be approved, conducting the programme approval process, through to passing the fully approved programmes over for NZQA to load onto the framework. NZQA could then fulfil its regulatory and quality oversight responsibilities through provision of detailed guidelines and scheduled audits of the WDCs' and their processes.

Another area of current contention is the duplication and cross over of audit functions. For example, NZQA's EER crosses over the interests of all three of the parties to the system (NZQA, TEC, WDCs), and each of these parties also conducts its own reviews and investigations with providers. One example of this is that providers in the sector are now experiencing WDC programme post assessment moderation requirements that more or less duplicate much of the NZQA EER process.

One suggestion to resolve this onerous and expensive role conflict, might be for the WDCs to conduct the provider audits and reviews on behalf of itself and NZQA and TEC.

Naturally, NZQA has regulatory responsibilities in this area, but it also has power to delegate these responsibilities to a competent party. Perhaps NZQA could delegate this regulatory function to the WDCs and set up a schedule of WDC audits instead of the current multiple overlapping processes?