

## Tertiary Education Report: COVID recovery - opportunities to accelerate aspects of RoVE

<b>To:</b>	Hon Chris Hipkins, Minister of Education		
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<b>Messaging seen by Communications team:</b>	No	<b>Round Robin:</b>	No

This report responds to your request to accelerate some RoVE elements due to COVID-19

To support the tertiary sector and the wider economy to recover from the impacts of Covid-19, you have asked for advice on accelerating some components of the Reform of Vocational Education (RoVE).

This paper outlines opportunities and challenges related to accelerating three components of RoVE:

- the establishment of WDCs,
- the transition of support for workplace-based learning, and
- components of the New Zealand Institute of Skills and Technology's (NZIST) work.

*This acceleration of RoVE components would be complemented by a range of other work...*

Accelerating these aspects of RoVE would be completed by a range of other work, including:

- work with partner agencies to plan and prioritise immediate and longer-term responses to the labour market impacts of Covid-19, including cross-agency work on wage subsidies and benefit entitlements,
- the Vocational Education and Training Boost package (which includes accelerating aspects of the Unified Funding System),
- establishing interim Regional Skills Leadership Groups (iRSLGs), led by MBIE,
- working with Te Taumata Aronui to shape Government's response in the tertiary education system to COVID-19,
- expanding student support in response to COVID-19, and
- measures to enable and encourage micro credentials and other flexible learning options through changes to regulatory and funding policies.

## Executive summary

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1. It is difficult to know what the medium and long term impacts of COVID-19 will be for the tertiary sector and for the wider economy. But we do know the effects will vary for different industries and different regions. Having a dynamic and responsive vocational education system that supports the changing needs of learners and industry will be critical.
2. We also know that we want to avoid a situation where learners are pushed into taking long off-job qualifications, and then cannot take their study into a workplace context when a job becomes available.
3. The objective of the Reform of Vocational Education (RoVE) is to create “a strong, unified, sustainable vocational education system that is fit for the future of work and delivers the skills that learners, employers and communities need to thrive”. This remains the long-term intention of the reforms, and is even more important now than before COVID-19.
4. To help ensure we have a dynamic and responsive vocational education system that supports our immediate response and recovery from COVID-19, with a focus on supporting learners and employers we see particular opportunities within the RoVE to:
  - a. **Accelerate aspects of Workforce Development Councils’ (WDCs) operations** – we propose that you appoint six WDC working groups. These working groups would provide an earlier opportunity for industry voice to influence work on education-focussed COVID-19 response strategies whilst also rapidly developing and consulting with industry on the detail of the Orders in Councils for all six permanent WDCs, which would then be established in late September or early October.
  - b. **Accelerate a well-managed transition of support for workplace-based learning** – we highlight that transitioning the role of supporting workplace-based learning is likely to happen earlier than planned due to a range of factors resulting from COVID-19 (and the willingness of some TITOs to move quickly). However, we do not recommend setting an earlier deadline for this transition as this component of the reforms is a key concern for employers. A key message in response to their concerns has been that we will do it “with” not “to” employers.
  - c. **Accelerating components of the NZIST’s work** – we propose that the NZIST should, over the next 3 to 6 months, prioritise work related to: putting learners at the centre of everything they do , including by developing strong links with WDCs working groups (and WDCs, from September), iRSLGs, Te Taumata Aronui, and Transitional Industry Training Organisations - TITOs); building capability and support workplace-based learning; restructuring programmes (where required); and developing innovative ways to deliver learning.

## Recommended Actions

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

### *Accelerate aspects of WDCs operations*

- a. **agree** to a process of accelerating WDCs by appointing (possibly as Ministerial Advisory Groups) six WDC working groups that would engage with industry, develop the content of each WDC Order In Council, negotiation with relevant TITOs on the transfer of capability, and provide advice to agencies (along with TITOs and others) on the skills needs of their industries,

**AGREE** **DISAGREE**

- b. **note** that this would allow for WDCs to be formally established by September/October, following the election, ✓

### *Accelerate a well-managed transition of support for workplace-based learning*

- c. **agree** that officials work with the NZIST and TITOs to build capability and design solutions for apprentices and trainees impacted by COVID-19, and prepare for an accelerated transfer of support for workplace-based learning,

**AGREE** **DISAGREE**

### *Accelerate components of the NZIST's work*

- d. **agree** to direct the NZIST, through your Letter of Expectation to prioritise the following work over the next 3 to 6 months:
- learners at the centre of everything they do,
  - building capability and support for workplace-based learning,
  - restructuring vocational programmes (where required), and
  - developing innovative ways to deliver learning.

**AGREE** **DISAGREE**

- e. **note** that this will help to ensure those groups at most risk of being disadvantaged by COVID-19 are supported to succeed, apprentices and trainees are supported to continue learning, and new programmes can be developed more suited to the post-COVID-19 environment.



**Andy Jackson**  
Deputy Secretary, Graduate Achievement,  
Vocations and Careers  
Ministry of Education

23 April 2020



**Tim Fowler**  
Chief Executive  
Tertiary Education Commission

23 April 2020



**Hon Chris Hipkins**  
Minister of Education

29/ 4 /2020

## RoVE can support the recovery of the tertiary sector and the wider economy

1. It is difficult to know what the medium and long term impacts of COVID-19 will be for the tertiary sector and for the wider economy. But we do know the effects will vary for different industries and different regions. Having a dynamic and responsive vocational education system that supports the changing needs of learners and industries will be critical.

### *Accelerating specific components of RoVE can support New Zealand's recovery...*

2. The objective of RoVE is to create “a strong, unified, sustainable vocational education system that is fit for the future of work and delivers the skills that learners, employers and communities need to thrive”. This remains the long-term intention of the reforms.
3. We see both a need and an opportunity to accelerate key elements of the RoVE to support our recovery from COVID-19, in particular those components of the reforms that:
  - a. **strengthen collaboration across industry, employers, and communities** so that the vocational education sector is able to respond quickly to changing labour market demands and deliver the skills that learners and businesses need, This work will be supported by elements of the COVID VET Boost package.,
  - b. **ensure high-quality and timely information and advice** is available on labour market and skills demands of both sectors and regions, so that the system can adapt its delivery to reflect the different impacts that COVID-19 will have across New Zealand. This work will be supported by the acceleration of all WDCs, so industry influence in the tertiary education will be sooner and stronger, and
  - c. **enable learners to access different ways of learning** and careers advice that will improve employment outcomes, in particular where these learners have been displaced due to COVID-19. This work will be supported by developing NZIST's capability and shifting system settings to respond to learner needs in a more agile way.

### *We see an opportunity to accelerate specific aspects RoVE to support our immediate recovery from COVID-19...*

4. To help ensure we have a dynamic and responsive vocational education system to support our immediate response and recovery from COVID-19, we see particular opportunities within the RoVE to:
  - a. accelerate aspects of WDCs operations,
  - b. accelerate a well-managed transition of support for workplace-based learning (with engagement and support from TITOs and employers), and
  - c. accelerate components of the NZIST's work.

*Progressing these aspects of RoVE should be weighed against the risks of reducing stakeholder buy-in to the reforms....*

5. While accelerating aspects of RoVE can and will contribute to supporting our recovery from COVID-19, this needs to be carefully weighed against the longer-term outcomes we seek from the reforms, and the risks and the costs associated with this acceleration. We should not jeopardize the long-term intent of the reform, which will require the continued support and buy-in from employers, learners, providers, and other key stakeholders in the vocational education system.

## Accelerating aspects of WDC operations

*Current WDC establishment processes are being impacted by COVID-19...*

6. The current approach is to support industry to form working groups. These working groups have proven relatively slow to form and as yet, their mandate has not been tested or endorsed by the industries encompassed by the WDC.
7. Lockdown has further impacted the primary and construction sectors' ability to progress its working groups. Engagement with the manufacturing, engineering, logistics and technology sectors was interrupted before a working group was established. No other engagement with other industry sectors has been possible to raise awareness and engagement in the WDC establishment process.
8. Industries' immediate concerns are with business survival and recovery. The extent to which they can actively engage with the establishment of WDCs over the short term will be diminished and may result in WDC establishment being slowed down.
9. Furthermore engagement post COVID-19 will need to be different and will most likely elongate the time required to get industry mobilised.
10. The current plan to have all WDCs established (but not all operational) by June 2021, is now at risk.

*Some level of Ministerial intervention in WDC establishment would speed up and align the process...*

11. To accelerate the creation of WDCs, you could intervene to ensure progress was secured and accelerated. Key immediate tasks are engaging with industry, developing the content of the Order in Council, securing initial funding and negotiating with relevant TITOs on the transfer of capability.
12. Ideally any intervention would aim to more closely align the establishment of all WDCs. This would ensure all industries were able to equally be heard and influence the tertiary education system as early as possible through WDC functions.

*There are several key benefits of this...*

13. The key benefits of accelerating the establishment of all WDCs and aligning their establishment dates include:
  - a. **ensuring all industries have a voice** and that changes in their needs resulting from COVID-19 are well understood (e.g. focus on building capacity vs reskilling/ new pathways for their apprentices and trainees). Working groups (and then from September, WDCs) will be able to advise MoE, TEC,

NZQA, RSLGs, NZIST, etc. on the needs of their industries, along with TITOs and other industry groups.

- b. **getting basic WDC structures established by September/October** will mean that fully operational WDCs are up and running much earlier than currently planned.
- c. **cementing collaboration and explore shared functions and services across WDCs** through simultaneous stand-up over a shorter time frame. We will explore establishing shared secretariat and advisory support for all WDC working groups. This arrangement would enhance collaboration and more easily facilitate shared functions once WDCs are formally established.
- d. **enabling industry to focus on recovery in the short-term** rather than engaging in the process to create working groups. Some industries advise WDCs are not as high priority at the moment, given the impact of COVID-19. While many recognise the value WDCs would have at this time, their energies are rightly focused on supporting industry and enterprises to survive and recover.
- e. **making it easier for TITOs that want to move faster** to transition their functions and for those that will be financially unviable over the next 6-12 months
- f. **retaining critical skills in the vocational education system** if transition points are clearer and opportunities are greater (by having all six WDCs established at the same time) as TITO staff may be more likely to leave if options are not clear or have long time horizons.

*There is a strong risk to a lack of industry buy-in to WDCs from Ministerial intervention...*

14. The key risk to accelerating the establishment of WDCs through Ministerial intervention is that industry buy-in to WDCs may be significantly reduced.

*However, this risk can be partially mitigated...*

15. It will be very important to assure industry this intervention is due to COVID-19 and to emphasise the value of having WDCs operational sooner in the recovery process. It will be important to emphasise industry-led governance arrangements will still be a key feature of the WDCs.
16. Inviting industry involvement and drawing on working groups already forming in determining potential nominees for these working groups will help mitigate negative industry views of Ministerial action. Ultimately, negative views of Ministerial intervention at the beginning of the process should be overcome by early demonstration of WDC value through effective connections to industry, clear reflection of industry needs and strong influence in the vocational education system.

*There are two main options for accelerating the establishment of WDCs...*

17. There are two main options for accelerating the creation of WDCs:
  - a. **Option 1** – establishing WDCs by 1 July as minimum viable products with Ministerially-appointed boards, or
  - b. **Option 2** (recommended) – appointing working groups for all WDCs to ensure all WDCs are stood up within 6 months.

18. These are set out in more detail below. For either option, it will be critical to secure funding for WDCs through the C-19 Budget process.

**Option 1 – establishing WDCs by 1 July as minimum viable products with Ministerially-appointed boards**

*Completing the processes required to form WDCs as legal entities by 1 July will be very difficult...*

19. We have considered an accelerated approach for enabling the establishment of WDCs as ‘minimum viable products’ with Ministerially-appointed boards by 1 July.
20. The following steps would be required to establish WDCs as legal entities:
- a. develop the core proposals for WDCs that form the Orders In Councils (OICs), and get these agreed by Cabinet,
  - b. consult with industry on these proposals (legislative requirement is for a ‘reasonable consultation period’, which we estimate to be 1 month),
  - c. Parliamentary Counsel Office (PCO) to draft the OICs (this would need to take place in parallel to the consultation, creating additional risk), and
  - d. OICs to be approved by the Legislative Cabinet Committee (e.g. on 26 May), Cabinet (e.g. on 2 Jun), and then and Gazetted (commencement would be 28 days after notification in Gazette, unless this rule is waived), and
  - e. Ministerial appointments to form WDC boards.
21. The key risk with this approach is that Ministerial appointments cannot be made after 19 June, as this is the start of the pre-election period.
22. The effect of these restrictions is that, even if the 28-day Gazetting rule were waived, we would need draft proposals for consultation to be approved by Cabinet the end of April.

*There are mechanisms to speed up this process, but the threshold for doing so would be very high...*

23. There are options for condensing the OIC process and for allowing more time to make the board appointments. For example, we could:
- a. seek to use a Modification Order under the Epidemic Preparedness Act to suspend the obligation to consult with industry on the WDC proposals. The threshold for issuing such an Order would be very high, and we would need to demonstrate to both Crown Law and PCO that the legislative requirement we are proposing to suspend (i.e. to consulting with industry on WDCs) is impracticable or impossible to comply with due to the current epidemic,
  - b. waive the 28-day Gazetting rule, and
  - c. seek the Prime Minister’s approval to make the WDC Board appointments inside of the pre-election period (i.e. later than 19 June). We do not consider that there is a strong case for this exemption.

24. We consider that the steps that would have to be taken to manage within this timeframe would create risks to operating a successful process, in particular fast-tracking consultation within government and with industry groups.

**Option 2 (recommended) – appointing working groups for all WDCs to ensure all WDCs are stood up within 6 months**

*Appointing WDC working groups (possibly as Ministerial Advisory Groups) would enable all WDCs to stand up in late September...*

25. The original approach to establishing WDCs was to support industry to form working groups to undertake the preparatory activities above. However, these working groups have proven relatively slow to form and as yet, their mandate to establish their WDC has not been tested with wider industry.
26. In order to allow for WDCs to stand up early, you could appoint a working group (possibly as Ministerial Advisory Groups) for each WDC. Each working group would be responsible for engaging with industry, providing advice to education agencies and providers on industry needs post COVID-19, developing the content of each OIC, developing a 90 day plan and associated request for initial funding and negotiating with relevant TITOs on the transfer of capability.
27. Appointing working groups now rather than waiting for the industry sectors to form them would:
- a. mean all WDCs could be formed within 6 months (i.e. by September/October),
  - b. ensure that a strong industry voice (alongside TITOs) is available to advise and support government in its response to COVID-19,
  - c. support the consideration of shared services and functions, and
  - d. support efficiencies and cross-industry collaboration in the establishment process.
28. Ministerial appointments to working groups will allow clear expectations, responsibilities and mandates to be set by you for all.
29. We will need to look into the appropriate designation for these working groups to ensure they have the resources and mandate to do the job. Currently only \$1.7 million is appropriated to support WDC establishment in 2019/2020 and this is not available to fund costs incurred by agencies.
30. It should also be noted that the permanent WDC Boards (created in September/October) may have a different membership from the working groups you appoint, though some continuity would be desirable.

## Accelerating a well-managed transition of support for workplace-based learning

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*Transitioning the role of supporting workplace-based learning is likely to happen earlier due to a range of factors, but we do not recommend setting a particular deadline...*

31. The transition of supporting workplace-based learning from TITOs to the NZIST (or other providers) is likely to be accelerated due to the early establishment of WDCs



(from September), the willingness of some TITOs to move quickly, and the fact that COVID-19 may put significant pressure on the longer-term viability of several TITOs.

32. All relevant parts of the system need to be ready and able to support the transitions if they are to be successful, including wananga and PTEs. We need to better understand the impacts of COVID-19 on these different parts of the system to ensure the transition does not create additional issues for employers and learners.
33. We recommend that the transition of supporting workplace-based learning from TITOs to the NZIST (or other providers) is not tied to an earlier date than already communicated.

*This component of the reforms is a key concern for employers, and a well-managed transition is critical to keeping them engaged in the system over the long-term...*

34. The transition of supporting workplace-based learning is the element of the reforms that employers are most nervous about. Given the uncertainty and stresses from COVID-19 for employers and their employees, it is particularly important to ensure this transition is well managed and supported.
35. Disruptions that destabilise the relationships between TITOs, employers and their staff will affect engagement with training. For many industries, COVID-19 will mean employers need to cut costs. Training, along with research and development are often seen as optional costs that employers seek to cut first.
36. Of particular importance to this transition, is building the capability and capacity of the NZIST to take on this role of supporting workplace-based learning. This should be a key focus for acceleration and is discussed in further detail below.
37. TITOs are currently working on their transition plans. These plans will give us a better understanding of the scale and spread of their capability and how this capability can best support the transition of functions (both to WDCs and to NZIST or other providers). The plans will also help identify the auxiliary activities TITOs undertake that we wish to protect and preserve over the transitions.

*We can work with TITOs and the NZIST to ensure a well-managed but more rapid transition can take place...*

38. Supporting workplace-based learning and associated activities are the largest and most complex part of TITOs' operations. There would be significant risks associated with working to meet a particular deadline. However, we can work with TITOs to ensure rapid progress is made. It is likely we would need to stagger the transitions to ensure the changes are manageable for all involved.
39. TITOs, their industries, and employers all have an expectation of engagement around transitions for arranging training. Some TITOs have already engaged with their industries around transitions while others have not. We will need to be mindful of this expectation and the degree to which different sectors have the capacity to engage at this time.
40. There are several TITOs that have indicated a desire to transition quickly. We have already signalled to them that we would like to start the next phase of this process once we receive their initial transition plans. We will report back to you with a more detailed approach and timeline as this transition information from the TITOs becomes available.

41. Furthermore, work is already underway to accelerate the collaboration between TITOs and the NZIST (and other providers) to build capability and design solutions for apprentices and trainees impacted by COVID-19. This is a critical part of ensuring both learners and employers are well supported as options for continued training and support are developed.

*There are risks of accelerating the transition of supporting workplace-based learning to meet a particular deadline...*

42. Transitioning functions (and associated staff and assets) from TITOs into the NZIST will require robust due diligence. This may be more complex in an environment of significant uncertainty for all parties involved. Such work will require significant resource and management from both NZIST and TITOs and has the potential to distract these organisations from the immediate task of supporting employers and learners.
43. Rushing this transition would risk increasing disengagement from training by employers, particularly if they are heavily occupied by challenges to their business resulting from COVID-19. Good support for arranging training must be maintained, so sufficient time to plan and execute any changes is critical.
44. Furthermore, while encouraging the blending of workplace-based and class-based learning within the NZIST is a long-term objective of the reforms, accelerating this integration within the current funding model could create perverse incentives and poor outcomes for learners. So while it may be possible to speed up the transition of support for workplace-based learning to the NZIST sooner than planned, ultimately this function within the NZIST and other providers needs to be fully supported by the design and implementation of the Unified Funding System.

## Accelerating components of the NZIST's work

*The benefits that will come from the NZIST are now more critical than ever, but it will take time to fully realise these...*

45. The intent of the NZIST is to be a completely new kind of organisation that will provide on campus, on-the-job, and online vocational learning and training right across the country. It will have both a national and regional reach, enabling learners to move between workplaces and other educational offerings and between locations as their needs change.
46. This integrated approach to vocational education and the national and regional reach of the NZIST will be even more critical the post-COVID-19 world, where study and work opportunities are likely to differ greatly from region to region. But this new operating model will take time to bed in.

*Accelerating some components of this establishment work could support New Zealand's immediate response to COVID-19...*

47. Seven NZIST working groups are looking at the design and development of different 'future' functions of the NZIST, from Learner Journey Maps to Work-Based Learning Development.
48. While all seven working groups are important for realising the long-term objectives of the NZIST, we consider that accelerating a few specific aspects of this work could tie in with other accelerated initiatives (such as the WDCs and Regional Skills

Leadership Groups – RSLGs) to support New Zealand’s response to and recovery from COVID-19.

49. We consider that the NZIST should prioritise the following work over the next 3 to 6 months:

- a. **Putting learners at the centre** – some particular groups of learners are likely to be more adversely affected by COVID-19 (in particular, Māori, Pacific, and those with additional learning needs). The impacts may also differ for learners from region to region. To understand what is needed to ensure learner success, it will be critical for the NZIST to develop strong linkages with iWDCs, iRSLGs, Te Taumata Aronui, the current TITOs, and others. The NZIST will also need to build this knowledge into the way it designs and delivers programmes, to improve learner success.

Prioritising work to ensure the NZIST builds the capabilities and capacity to understand and then build programmes that meet the needs of learners across New Zealand will help to ensure those most vulnerable to the impacts of COVID-19 are a key focus of the NZIST and receive the support and guidance they need to succeed.

- b. **Building capability and support workplace-based learning** – in the event of an extended recession, provider-based learning is likely to grow over the coming years, while workplace-based learning may decline in some regions or sectors. This may result in many apprentices and trainees being displaced from jobs, and therefore not being able to complete the practical components of their qualification.

Prioritising work so that the NZIST is able to more quickly take on some of the responsibilities for supporting workplace-based learning from TITOs could provide a range of benefits, including by helping apprentices and trainees to connect with work opportunities in different regions. However, as detailed above, it will be critical to ensure the NZIST had the necessary capability and capacity before making this transition.

- c. **Restructuring programmes (where required)** – some apprentices and trainees may be unable to undertake the workplace-based component of their study for some time. It may be necessary to restructure current programmes so that learners can complete the class-based components earlier, and then begin the work-based component further into their studies as more job opportunities arise.

Over the more immediate term, the NZIST should work with TITOs and education agencies to develop mechanisms to support learners and avoid unnecessary disruption to their studies. This could involve transitioning learners between workplace-based and class-based systems using similar variations of the dual enrolment schemes used post Canterbury, or through the use of Group Training Schemes.

- d. **Developing innovative ways to deliver learning** – in addition to restructuring some programmes and finding (temporary) ways of minimising disruption to learning, the NZIST could accelerate the development of a new suite of programmes that are more suited to the post-COVID environment by looking at innovative ways of delivering learning (for example, by using micro-credentials).

The NZIST would need to develop strong relationships with iWDCs, TITOs (and other industry organisation) and iRSLGs to ensure these programmes meet the needs of employers and learners. The work being undertaken by NZQA looking at decoupling training schemes and micro-credentials could also allow for new types of programmes to be developed.

Furthermore, the NZIST's work with education agencies to progress the recommendations of the Productivity Commission could help streamline and open up opportunities to issue existing products more effectively.

50. In order to direct the NZIST to prioritise the above work, you could outline these areas in your Letter of Expectation to the NZIST Board.

*Accelerating these components of the NZIST's work would provide a range of benefits...*

51. Ensuring the NZIST focuses on having learners at the centre, developing capability and capacity to support workplace-based learning, restructuring programmes (where required), and developing innovative ways to deliver learning would provide a range of benefits. In particular, this would help to:
- a. **ensure those groups most at risk of being disadvantaged** by COVID-19 are a key focus of the NZIST's work, and receive the care, support, and advice they need to succeed,
  - b. **ensure apprentices and trainees are supported** to find new placements in different regions of New Zealand, through the NZIST's strong national network and links with local employers, or to transition to new modes of learning, and
  - c. **enable more flexible and work-relevant programmes** to be offered to learners by developing strong relationships with the TITOs, the accelerated iWDCs, and iRSLGs, and by taking advantage of micro credentials (where appropriate).

*Accelerating some aspects of the NZIST's work may create unforeseen consequences...*

52. While we recommend that the above components of the NZIST's work are accelerated, it is important to bear in mind that the NZIST, as a new organisation, will have limited (though growing) capacity to undertake this work. There is a risk therefore, that going faster in some areas will create unforeseen consequences elsewhere. Education agencies will need to work very closely together with the NZIST over the coming months to identify and mitigate any such consequences.