

Hon Chris Hipkins

MP for Remutaka

Minister for COVID-19 Response

Minister of Education

Minister for the Public Service

Leader of the House



Jenn Bestwick
Chair
Tertiary Education Commission
PO Box 27-048
Wellington 6141

Dear Jenn

Delegation to fund Workforce Development Council Interim Establishment Boards and Workforce Development Councils

I am writing to advise you of changes to my delegation to fund Workforce Development Council Interim Establishment Boards and Workforce Development Councils (WDCs) during their development period before the end of June 2023. WDCs are a foundational component of the Reform of Vocational Education (RoVE) and will provide greater industry leadership across all aspects of the vocational education and training system. For the avoidance of doubt, the entire delegation is outlined in this letter, including my amendments.

Establishment of WDCs has been enabled by the appointment of six WDC Interim Establishment Boards, one for each WDC. The Interim Establishment Board members were appointed by the TEC, and each Interim Establishment Board had a primary responsibility for recommending to me the establishment its respective WDC through Orders in Council. Once established under an Order in Council, I expect WDCs to work at pace to fulfil their functions as described in the Education and Training Act 2020 and the Orders in Council.

WDC Interim Establishment Boards

The WDC Interim Establishment Boards, hosted by TEC, have the key responsibility for setting up their respective WDCs by Order in Council. WDC Interim Establishment Boards formed through the TEC-led appointment process will be eligible for funding from this part of the delegation. Interim Establishment Boards will work to deliver on the activities stipulated in their Terms of Reference.

I expect the WDC Interim Establishment Boards to be funded for those activities directly related to establishing individual WDCs, as stated in the Terms of Reference. Funding will not be given directly to the Interim Establishment Boards. The TEC will administer the funding to cover costs relating to:

- Interim Establishment Board member fees paid in accordance with the Cabinet Office Fees Framework for bodies for which the Crown has an interest (CO 19/1). Members will be entitled to claim a daily fee of \$750. The Chair, in recognition of the additional responsibilities, is entitled to claim a daily fee of \$1,100;

- Reasonable and out-of-pocket expenses incurred in the course of undertaking WDC business for travel, meals, and accommodation on presentation of GST receipts;
- Work carried out, or commissioned by the Interim Establishment Board in order to deliver their activities as per the Terms of Reference, with agreement from the TEC; and
- Secretariat support for the Interim Establishment Boards.

Interim Establishment Boards must draft an establishment plan outlining the activities that their respective WDC will undertake. The TEC has discretion to determine the appropriate time frames by which WDCs must approve their establishment plans, but they must be approved no later than 90 days after the WDC is appointed. Establishment plans must include:

- how WDCs will support their industries in the immediate term in light of COVID-19; and
- demonstrate broad industry support for their plans.

The TEC RoVE Programme must provide guidance on the expected content of these establishment plans, however I will have final approval of the establishment plans.

Though the Interim Establishment Boards can negotiate these plans on behalf of incoming WDC Boards, the incoming boards must review and approve their respective establishment plan. The TEC must only enter into funding arrangements for the WDC, with the established WDC board itself.

The TEC must be satisfied that Interim Establishment Board members are adhering to the terms of their appointments as stipulated by their Terms of Reference.

Interim Establishment Boards may be funded until handover to their respective WDC is complete.

The TEC may also use funding for establishment activities done on behalf of Interim Establishment Boards and incoming WDC Boards. These activities may include, but are not limited to:

- the appointment of the first WDC Boards
- arranging a secretariat function
- the provision of technology and other supporting services
- the design of operating models and analysis of people requirements including roles; and
- identifying options for head / regional office locations and premises.

To support these activities:

- up to \$5.7 million can be used from the Tertiary Sector/Industry Collaboration Projects appropriation within Vote Tertiary Education in the 2020/21 financial year; and
- up to \$6 million can be used from the Tertiary Sector/Industry Collaboration Projects appropriation within Vote Tertiary Education in 2021/22 financial year.

I expect any funding underspent from these amounts to be identified and proposed to be transferred to the Workforce Development Council appropriation within Vote Tertiary Education through a baseline update process.

I delegate to the TEC under section 409(1)(j) of the Education and Training Act 2020 authority to administer and pay funding:

- to cover the costs relating to the activities mentioned in this section of the delegation;
- of up to \$5.7 million in total in the 2020/21 financial year; and
- of up to \$6 million in the 2021/22 financial year.

Established WDCs

WDCs that are established by an Order in Council under section 363 of the Education and Training Act 2020 are eligible for funding described in this part of this delegation.

Once established, WDCs will receive funding agreements from the TEC for the length of time their plan reflects. I expect that after an establishment plan, WDCs will develop a further plan or plans laying out their strategic and operational direction up to the end of June 2023. The TEC must ensure that all plans demonstrate industry support, and describe how each WDC will support their industries in light of the ongoing effects of COVID-19.

The TEC must negotiate with each WDC about its proposed further plans and activities and base a final allocation of funding on activities, key deliverables and milestones agreed with the WDC, with the aim of WDCs being highly performing as soon as possible. The TEC must ensure funding takes into account the anticipated level of fixed costs for WDCs. The TEC must also take into account, when negotiating plans, the scale of the industries covered by each WDC, and other factors that the TEC considers relevant.

The TEC will utilise funding up to the amounts appropriated to the Workforce Development Council appropriation within Vote Tertiary Education to fund WDCs.

I delegate to the Tertiary Education Commission under section 409(1)(j) of the Education and Training Act 2020 authority to pay funding:

- To WDCs established under section 363 of the Education and Training Act 2020;
- For the activities agreed to by the TEC in their lodged plans; and
- Using funding up to the amounts appropriated to the Workforce Development Council appropriation with Vote Tertiary Education.

TEC must require WDCs to participate in cost-benchmarking exercises throughout their development.

I expect the TEC to:

- give effect to Te Tiriti o Waitangi and its principles as required by sections 4(d) and 9 of the Education and Training Act 2020 in the exercise of this delegation;
- report to me on the progress of Interim Establishment Boards regularly;
- report to me on established WDCs quarterly, including the progress of negotiations and any issues that may arise;
- publish information on the work of Interim Establishment Boards and WDCs regularly, including a public list that itemises each Interim Establishment Board and WDC that is funded and the amount of funding they have received. The Interim Establishment Board list may cease upon completion of handover to WDCs. For WDCs, I expect their plans to be published publicly;

- identify any underspends from the \$6 million appropriated from Tertiary Sector/Industry Collaboration Projects appropriation and propose they be transferred to the Workforce Development Council appropriation within Vote Tertiary Education through a baseline update process; and
- work to ensure that WDCs are collaborating with each other and demonstrating how they are maximising efficiency and effectiveness for the use of Government funding.

This delegation applies from the date of this letter until 30 June 2023.

The TEC may exercise any of its administrative functions outside of those dates as required to give effect to this delegation.

Yours sincerely



Chris Hipkins
Minister of Education