

Education Report: Draft Cabinet papers for Reform of Vocational Education

To:	Hon Chris Hipkins, Minister of Education		
Date:	23 May 2019	Priority:	High
Security Level:	In Confidence	METIS No:	1191664
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Messaging seen by Communications team:	No	Round Robin:	No

Purpose of Report

This paper seeks feedback on the six draft Cabinet papers for the proposals on the Reform of Vocational Education (RoVE), scheduled for Cabinet Social Wellbeing Committee (SWC) to consider on 19 June and Cabinet on 24 June.

Recommended Actions

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

note that officials seek your feedback on the six Cabinet papers for RoVE (attached) by the week starting 27 May in order to meet timeframes to lodge the papers on 13 June

Noted

note that officials particularly seek your feedback on the financial implications paper, so that we can discuss this with you before sharing it with other agencies

Noted

note that Cabinet would need to agree in principle by the end of the 2018/19 financial year (30 June) to transfer 2018/19 underspends to the RoVE contingency, if we are to retain those underspends

Noted

note that the Cabinet papers are still subject to proof reading processes and further work will be undertaken to ensure alignment of terminology across the suite of cabinet papers

Noted

forward the attached Cabinet papers to any additional ministers you may wish to include in discussion

Agree / Disagree

agree to proactively release this briefing note and the draft Cabinet papers once final decisions have been made (and following any Cabinet agreement).

Agree / Disagree



Grant Klinkum

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

____/____/____



Tim Fowler

Chief Executive
Tertiary Education Commission

____/____/____

Hon Chris Hipkins
Minister of Education

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Proactively Released

Background

1. Work is progressing to support your report back to Cabinet in June 2019, based on consultation on RoVE proposals from 13 February to 5 April. The suite of six draft Cabinet papers on RoVE proposals attached for your feedback are as follows:
 - a. Paper 1: Overview
 - b. Paper 2: Redefined roles for industry bodies and education providers
 - c. Paper 3: Create a New Zealand Institute of Skills and Technology
 - d. Paper 4: A unified vocational education funding system
 - e. Paper 5: Implications across the education system
 - f. Paper 6: Financial implications.
2. Alongside these six papers, we will also provide Cabinet with the following three enclosures: a summary of public consultation and engagement, the Regulatory Impact Assessment (RIA) and the Programme Business Case.

Timeframes

3. We are working towards finalising the RoVE Cabinet papers and three enclosures in time for lodgement with the Cabinet Office by 10am 13 June, for consideration by SWC on 19 June and Cabinet consideration on 24 June. Table 1 sets out the key dates that we are currently working to in order to meet this timeframe, although we will continue to work with your office to adjust these in light of the quantity of material to review.

Table 1: timeframe for RoVE Cabinet update

Key work	Date
Package of six draft RoVE Cabinet papers sent to you for feedback	Thursday 23 May
Discuss your feedback on Cabinet papers with officials	Monday 27 May
Summary of public consultation, RIA and Business Case sent to you for feedback	Tuesday 28 May
Feedback due on summary of public consultation, RIA and Business Case	Thursday 30 May
Second draft of RoVE Cabinet papers sent to you for ministerial consultation	Friday 31 May
Feedback due from ministerial consultation	Friday 7 June
Lodge Cabinet papers and enclosures with Cabinet Office	Thursday 13 June

Risks

4. As it is now close to the end of 2018/19 financial year, there is limited time to make changes to 2018/19 Appropriations and transfer unspent funding to 2019/20 or out-years. If we do not meet the 24 June deadline for Cabinet decisions, or if Cabinet does not take decisions on that day, we will need a secondary vehicle to ensure Cabinet does agree to transfer 2018/19 underspends to the RoVE contingency. In the absence of such a decision before 2018/19 ends, that funding will be returned to the centre.
5. We will continue to monitor the timelines carefully and provide alternatives for seeking Cabinet approval if it appears that RoVE will not be considered at Cabinet on 24 June.


Ongoing work on Cabinet papers

6. The Cabinet papers are based on decisions you have already made through several annotated agendas discussed over the past six weeks (METIS 1183856, 1184640, 1187910 and 1187912 refer).
7. In the annotated agenda submitted 17 May (METIS 1190415 refers), officials also provided advice on:
 - a. transition arrangements for the transfer of the "arranging training" function from industry training organisations (ITOs) to tertiary education providers
 - b. transition arrangements for the establishment of Industry Skills Bodies (ISBs)
 - c. the form of the proposed transitional entity for the New Zealand Institute of Skills and Technology (NZIST) and associated arrangements
 - d. initial decisions on the establishment of Centres of Vocational Excellence (CoVEs)
 - e. the fiscal implications of RoVE.
8. As you are yet to review and provide feedback to officials on this advice, we have incorporated placeholder text into the Cabinet papers.
9. All draft Cabinet papers attached are subject to proofreading and quality assurance processes. This will include further work to ensure alignment of terminology across the papers and adding cross-references where appropriate. The submissions analysis will also be reviewed for accuracy before the papers are finalised. We will also ensure the papers receive a full technical peer review from our legal team, ensuring all recommendations are in the form required to feed into drafting instructions to Parliamentary Counsel Office (PCO).

Māori/Crown relationships

10. The Cabinet papers identify several opportunities to enhance Māori/Crown relationships, for example, through the design of the NZIST and ongoing work with wānanga regarding their engagement with ISBs.
11. In particular, after Cabinet decisions in June, officials would work with a technical working group with expertise in Māori and governance on ways to give effect to Māori/Crown relationships in the governance arrangements of the NZIST. This will inform draft legislation considered by Cabinet Legislation Committee in August 2019.

s 9(2)(g)(i)



Paper 2: Redefined roles for industry bodies and education providers

Potential purchasing role for Industry Skills Bodies (ISBs)

12. At the agencies meeting on 20 May 2019 you sought further advice on whether ISBs should purchase vocational education provision as opposed to providing advice to TEC on investment in this provision. The framing of the current text in this paper is based on ISBs providing advice to TEC to inform investment decisions. We will revise this section once we have provided further advice and received feedback on this.

Paper 3: Create a New Zealand Institute of Skills and Technology

New proposal for limited power to direct funding to NZIST

13. **s 9(2)(f)(iv)**
[Redacted text]
14. The paper also recommends establishing a longer-term ability for the Minister to direct funding through section 159L of the Education Act (1989) to the NZIST only, if it is in the national interest or needed for the efficient use of national resources. This may be needed to implement elements of the unified funding system.

Regional Leadership Groups (RLGs)

15. The Cabinet paper does not yet include a discussion on the formation of RLGs. This will be discussed by labour market ministers on 23 May, following which we will develop content for inclusion in the second draft of the Cabinet papers on 31 May.

Changes relating to international student visas

16. We will work with Immigration New Zealand (INZ) to ensure that international learners whose visas are tied to a specific ITP will maintain their visa status when the single NZIST is established. We have recommended seeking Cabinet agreement in late 2019 to confirm appropriate changes are made to education provider listings to cover a transition period for students on multi-year visas.

Paper 4: A unified vocational education funding system

17. We have not yet sent this paper for agency consultation. Now that we have received your feedback on the annotated agenda (1187912 METIS refers), we are sending this paper for agency consultation at the same time as we seek your feedback. We will provide additional advice on any changes that arise from agency feedback.

Paper 6: Financial implications

18. We would like your feedback on the financial implications paper in particular. This is because, unlike the other papers, we would like to discuss it with you before sharing it with other agencies.
19. The estimated costs in this paper are subject to some further quality checks and decisions on policy matters, including further quality assurance checks on the RoVE Programme Business Case. The appropriation structure and recommendations will also need to be worked through with Treasury.

20. s 9(2)(f)(iv)

Consultation

21. We have consulted, or are consulting, with the following agencies in preparing this suite of Cabinet papers:

Department of Corrections	Ministry of Primary Industries
Department of Internal Affairs	Ministry of Pacific Peoples
Department of the Prime Minister and Cabinet	Ministry of Social Development
Education Review Office	NZQA
Education New Zealand	Office of Disability Issues
Ministry for Women	State Services Commission
Ministry of Culture and Heritage	TEC
Ministry of Health	The Treasury
Ministry of Justice – Te Arawhiti	Te Puni Kōkiri
Ministry of Business, Innovation & Employment	

22. Officials were generally supportive of the proposed changes and offered specific amendments to reflect the specific priorities of their agency. We continue to work through some of the more technical machinery of government issues with central agencies, and will provide advice on any changes that arise from this work.

23. We are continuing to incorporate feedback from three papers that address opportunities through RoVE to better support Māori (METIS 1186442 refers), Pacific peoples (1186869 refers) and disabled learners (METIS 1188354 refers).

Cabinet Māori Crown Relations: Te Arawhiti Committee

24. Feedback from Te Arawhiti has drawn attention to a recent Cabinet Office circular *Better Co-ordination of Contemporary Treaty of Waitangi Issues* (CO (19) 3) and suggested reporting these Cabinet papers, or a consolidated Māori issues paper, to Māori Crown Relations Committee (MCR) for consideration. We will work with your office if you would like to facilitate a discussion with the Minister for Māori Crown Relations on this.

25. Options could include referring the paper through both SWC and MCR before it goes to Cabinet, or inviting those members from MCR who are not members of SWC to attend a specific meeting to discuss the implications for Māori/Crown partnership.

Ongoing engagement

26. A workshop session with industry training organisations is taking place on 23 May. Officials also attended a workshop with Māori education and development experts on 21 May in Christchurch and will attend a similar workshop on 28 May in Tauranga. Officials will provide further advice following these engagements, including any amendments to current advice.