



Report: Provision of VET standards-setting functions

To:	Hon Penny Simmonds, Minister for Vocational Education		
Cc:	Hon Erica Stanford, Minister of Education		
Date:	13/05/2025	Deadline:	19/05/2025
Security Level:	In-Confidence	Priority:	High
From:	Rachel Dillon VET Programme Manager	Phone:	9(2)(a)
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Why are we sending this to you?

- You are receiving this because you indicated that you wish to explore the option of smaller and niche programme providers having the ability to undertake the standards-setting function, rather than an Industry Skills Board or NZQA.
- This is only in instances where there is no Industry Skills Board coverage for the related industry.

What action do we need, by when?

- We are seeking your agreement to progress the discussions with Minister Stanford following this advice.
- Please return the signed paper by 19 May 2025

Key facts, issues and questions

- The scope of practice for standards-setting and the standard-setting functions that NZQA did prior to the Reform of Vocational Education (RoVE) were significantly expanded and changed following RoVE.

Alignment with Government priorities

1. This report supports the Government's commitment to disestablish Te Pūkenga and replace it with a more agile, regionally responsive network of vocational educational institutions.

Background

2. Cabinet decisions in December 2024 agreed to progress legislative changes that will enable the disestablishment of Workforce Development Councils (WDCs) and the establishment of Industry Skills Boards [SOU-24-MIN-0174 refers]. Industry Skills Boards will take over many of the functions currently performed by WDCs.
3. Before WDCs were established, standards-setting was primarily undertaken by Industry Training Organisations (ITOs) and the New Zealand Qualifications Authority (NZQA). In 2021 there were approximately 13,500 industry-aligned unit standards and approximately 1000 NZQA-owned unit standards. Approximately 40% of the unit standards were not used as at 2020. The subsequent shift to skills standards provided an opportunity to simplify the vocational standards into a system that was more coherent, and focused on access, quality and relevance.
4. Under the previous system, NZQA was the standards-setting body for a range of vocational and generic qualifications that did not fall under the responsibilities of the former ITOs. WDCs were established in October 2021 and took on responsibility for all vocational standards setting. This included transferring responsibility for around 65 qualifications and associated standards from NZQA to relevant WDCs, along with five staff.
5. The Tertiary Education Commission (TEC) is currently consulting on the number of Industry Skills Boards and the industries each Industry Skills Board would cover. Part of the proposal is that some industries and fields of study currently represented by a WDC will not be represented by an Industry Skills Board.
6. Where a field does not have an Industry Skills Board, functions would return to NZQA as part of the transition. This would require the agreement of the Minister for Vocational Education and the Minister of Education (as Minister responsible for NZQA).

The system for standards setting, and programme and qualification approval is different to pre-2020

7. Changes to the Act as part of the 2020 reforms introduced skills-standards as the 'building blocks' of VET qualifications and revised the role of other products. The intention was for skills-standards to replace unit standards over time, improving the coherence and portability of learning across the VET system.
8. In January 2024, we provided advice recommending that the requirement for providers delivering VET to use skills-standards be retained in the redesigned system [METIS 1320755 refers].
9. In the current vocational education system qualification development teams in WDCs develop industry relevant skills-standards and qualifications. A qualification recognises the achievement of a set of learning outcomes for a particular purpose through formal certification.
10. Qualifications include a graduate profile, which describes the knowledge, skills, and attributes that a graduate will be able to demonstrate upon achieving the qualification.
11. In some instances, where a field of study is niche, qualification development teams may not have sufficient expertise to design the qualification and they work with industry experts or will sub-contract out the qualification development, for example, to a recognised industry regulatory body. This practice is still consistent with the overall policy of maintaining

independent quality assurance, as the organisations developing the qualifications and standards are not also delivering the training.

12. Providers then develop programmes, usually made up of skills standards, which set out a pathway to achieve the qualification. The relevant WDC (soon to be replaced by an ISB) then endorses the programme, and NZQA approves the programme.
13. Under the current system, no provider develops and approves their own qualifications and programmes leading to that qualification.

Legislation limits self-certification of programmes

14. Standard-setting is a key function in the VET system. Under the Education and Training Act 2020, an approved standard-setting body includes a workforce development council [industry skills board], the Ministry, NZQA, and any other body approved by NZQA.

15. Standard setting roles within the current VET system are:

WDCs / ISBs	NZQA	Provider
Develop qualifications and credentials	Approve qualifications and standards	Develop programmes leading to qualifications
Develop skills standards		
Endorse programmes	Approve programmes	
External moderation of student assessments		Internal moderation of assessments

16. NZQA also have an important role in quality assurance, for example, programme assessment and monitoring. This current configuration of roles and responsibilities is carried through to the Education and Training (Vocational Education and Training) Amendment Bill that you have introduced to Parliament.
17. Our initial assessment is that shifting responsibility for certain standards-setting functions (such as setting standards, endorsing programmes and quality assurance) to organisations that are also developing programmes and delivering learning, would be a significant policy change. It places the independence of the standard setting and related quality assurance functions from education delivery at risk. Furthermore, this change would require Cabinet agreement and amendments to the legislation.

Indicative data for Toi Mai

18. You have requested further information on the qualifications and standards that are likely to not be covered by the Industry Skills Boards under the current proposal, and how many providers currently offer programmes leading to those qualifications. For programmes that have only a single provider, you have asked that officials look at the option of those providers developing or maintaining the standards and maintaining the qualification themselves, given the necessary expertise is likely to be held within the provider.
19. Creative and IT fields of study are not proposed to be covered by an ISB along with Business Administration. As an initial examination of what this might mean, the TEC have looked at their data for Creative and IT qualifications. This indicative information is attached at **Annex 1**.
20. Around a third of Toi Mai's qualifications could be returned to NZQA under the current proposal (approximately 80 out of a total of around 230). **Annex 1** lists the qualification and the number of providers offering that qualification, as well as the number of learners. Over the past five years (2020 – 2024), between 9,500 and 12,500 learners annually have undertaken study towards one of these qualifications listed.
21. **Annex 2** sets out the providers offering each of these qualifications. Many of these qualifications are offered by both polytechnics and PTEs, and also Wānanga. 16 of the approximately 80 qualifications have only one provider.

22. The qualifications are allocated across fields of study as follows:

<i>Field</i>	<i>Number of qualifications</i>
Communication and Media Studies	9
Computer Science	>5
Graphic and Design Studies	10
Information Systems	8
Office Administration	>5
Other Creative Arts	>5
Visual Arts and Crafts	15
Performing Arts	29

We therefore consider there are two viable options for standard-setting responsibility

23. The other options that don't require Cabinet agreement to a policy and legislative change are:
- 23.1. Include responsibility for standards-setting for these fields of study within an Industry Skills Board; or
- 23.2. Transfer responsibility for standards-setting for these fields of study to NZQA
24. Each option has benefits and costs. Shifting responsibility to an Industry Skills Board supports proximity to industry and the opportunity for greater industry leadership in developing qualifications in these fields. It also utilises the core capability and capacity that you are building in the Industry Skills Boards, further cementing their wider industry leadership role. The marginal cost of including Creative, IT and Business Administration qualifications within an Industry Skills Board will be minimal and, given their reduced level of funding (as compared to the WDCs), the Industry Skills Boards will need to prioritise efforts to developing standards to where the greatest demand and need is.
25. The alternative of a transfer to NZQA may help support a greater emphasis on educational aspects of the qualification. However, standards-setting is not NZQA's primary function and their capability in this particular area is just one part of their organisational capability dedicated to fulfilling their functions.
26. However NZQA have advised that, in the event standard setting is returned to NZQA, it will reposition how it undertakes these functions from its previous reactive approach to a committed, active industry engagement and leadership role ensuring that qualifications, standards and micro-credentials meet industry needs.
27. Minister Stanford has specified that a transfer to NZQA will require you to provide funding.

Next Steps

28. Discuss this paper with officials at Tertiary Agencies Officials meeting on Tuesday, 20 May 2025.

Annexes

The following are annexed to this paper:

- Annex 1: Summary of Delivery 2020 to 2024 – Selected qualifications from Toi Mai WDC
- Annex 2: Selected qualifications from Toi Mai delivery by TEO

Recommended Actions

The Ministry of Education recommends you:

- a. **note** that standard-setting roles within the VET system have changed and expanded since 2020
- b. **note** that the current and proposed legislation limits self-certification of programmes
- c. **note** that there are two viable options for standards-setting responsibility – an Industry Skills Board or NZQA
- d. **agree** to discuss this paper with officials

Noted

Noted

Noted

Agree / Disagree

Proactive Release:

- e. **agree** that the Ministry of Education release this paper once it has been considered by you with any information needing to be withheld done so in line with the provisions of the Official Information Act 1982.

Agree / Disagree

9(2)(g)(i)



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Te Pou Kaupapahere

13/05/2025



Hon Penny Simmonds
Minister for Vocational Education

15,525.