

# Report: Transfer of some vocational standards-setting to NZQA – Funding options

To:	Hon Penny Simmonds, Minister for Vocational Education		
Cc:	-		
Date:	16/05/2025	Deadline:	27/05/2025
Security Level:	In-Confidence	Priority:	Medium
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## Why are we sending this to you?

- You are receiving this advice to support your discussion with officials on the option of transferring some standards-setting functions from Workforce Development Councils to the New Zealand Qualifications Authority (NZQA), on Tuesday 20 May.

## What action do we need, by when?

- Public consultation on Industry Skills Boards closes on 20 May.
- Final decisions on the number and coverage of Industry Skills Boards will need to include the transfer of responsibility for any areas not represented by an Industry Skills Board.
- We recommend that you meet with Minister Stanford to discuss your decisions regarding standards-setting responsibilities, and the options in this report if necessary.

## Key facts, issues and questions

- Current proposals for the redesign of the VET system would see responsibility for some qualifications and associated standards return to NZQA, with the specific arrangements subject to decisions after consultation.
- If this approach is taken following consultation then additional funding will be needed to support NZQA taking on these functions, including within the 2025/2026 financial year (for January to June 2026).
- While NZQA is funded primarily from Vote Education, some funding from Vote Tertiary Education could be used to support a transfer of functions initially as part of the VET system transition.

## 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 (ISBs) will take over many of the functions currently performed by WDCs.
3. Before WDCs were established, the New Zealand Qualifications Authority (NZQA) was the standards-setting body for a range of vocational and generic qualifications that did not fall under the responsibilities of the former Industry Training Organisations. When WDCs were established in October 2021, they took on responsibility for all vocational standards setting. Responsibility for 65 qualifications and associated standards transferred from NZQA to relevant WDCs, along with five staff.
4. Current proposals for the redesign of the vocational education and training (VET) system would see some industries currently represented by a WDC not represented by an ISB. Where a field does not have an ISB, functions could 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).

## Context for this paper

5. We understand you are considering different approaches to accommodate the fields which were proposed to return to NZQA. We provided advice on options, including that allowing niche providers to set their own standards would require a Cabinet decision [METIS 1347247 refers]. You could choose to incorporate some or all of the proposed areas into ISBs to avoid any transfer to NZQA.
6. This paper provides options to support discussions with Minister Stanford, in the event that you do consider the transfer of some functions to NZQA as part of final decisions on the number and coverage of ISBs. Talking points for such a discussion are also provided (Annex 1).
7. If you choose not to transfer any standards-setting functions to NZQA, we recommend you meet with Minister Stanford to communicate this as an outcome of consultation.

## Scope and scale of functions to be transferred

8. The areas for which responsibility may be returned to NZQA are dependent on the outcome of consultation (which ends on 20 May 2025) and subsequent decisions. As such, the impacts for NZQA and the case for additional funding remain uncertain until decisions about ISBs are made.
9. In the proposals currently being consulted on, the following areas are proposed for return to NZQA:
  - a. business administration;
  - b. information technology; and
  - c. creative arts.
10. Under these proposals we estimate that approximately 95 qualifications, and their associated standards, might transfer from the relevant WDCs to NZQA. This represents about a third of the qualifications Toi Mai is currently responsible for, as well as approximately 15 business qualifications currently under Ringa Hora. Details of Toi Mai qualifications were provided with previous advice [Annex 1, METIS 1347247 refers].

- ## Options to fund these functions if they are returned to NZQA

14. Final decisions on industry standards-setting, including the number and coverage of Industry Skills Boards and whether any sector coverage is returned to NZQA, will be made after consultation closes on 20 May. To inform these decisions you would need agreement from Minister Stanford for any functions to be returned to NZQA. Minister Stanford has indicated that if functions are to be transferred, funding will need to be provided to support this.
15. Since Cabinet has confirmed decisions for Budget 2025, and given the accelerated timeline for the VET redesign, any additional funding for the 2025/2026 financial year would need to be sourced from existing funds. To avoid an additional burden on Vote Education or on NZQA you have the option of sourcing transition funding from Vote Tertiary Education.
16. If any standards-setting functions are to be transferred to NZQA from 1 January 2026, we recommend that transitional funding be made available to support transferred functions from 1 January 2026 to 30 June 2027 (one and a half calendar years). Once the new standard-setting model is in place and the organisations involved are delivering their assigned functions, it would be beneficial to review how funding arrangements are working in practice. Any ongoing funding required could then be sought through Budget 2027.
17. 9(2)(f)(iv)

Category	Sub-category	Value
Category 1	Sub-category 1.1	Value 1.1.1
	Sub-category 1.2	Value 1.2.1
	Sub-category 1.3	Value 1.3.1
	Sub-category 1.4	Value 1.4.1
	Sub-category 1.5	Value 1.5.1
Category 2	Sub-category 2.1	Value 2.1.1
	Sub-category 2.2	Value 2.2.1
	Sub-category 2.3	Value 2.3.1
	Sub-category 2.4	Value 2.4.1
	Sub-category 2.5	Value 2.5.1

18. 9(2)(f)(iv) [Redacted]

9(2)(f)(iv) [Redacted]

- [Redacted]
- [Redacted]
- [Redacted]

**Further work could explore efficiencies between NZQA and the VET system**

22. As Industry Skills Boards are established and develop their working relationships with providers, there is an opportunity to reduce overlap between their functions and those of NZQA. In quality assurance, for example, NZQA provides programme approval (which addresses educational quality) while WDCs provide programme endorsement (which addresses the fit between training and industry needs). These functions involve some duplication in process for providers, and could potentially be collapsed into one function to avoid double-handling. You may like to discuss this possibility and commission further work from officials as needed.

**Risks**

23. As noted above, if standards-setting functions are transferred to NZQA without additional funding, it would add to NZQA's existing financial challenges and is expected to impact the quality of standard-setting that NZQA could offer these industries relative to the Industry Skills Boards. Minister Stanford has stated that a transfer of functions to NZQA would need to be accompanied by additional funding to support those functions.
24. Transferring some funding from Vote Tertiary Education to NZQA would necessarily reduce the amount available for other transition and establishment costs. However, given the small amount of funding likely to be required and the availability of transition funding 9(2)(f)(iv) [Redacted] we consider this a low risk for the transition period. Impacts will differ if additional funding is sought on an ongoing basis.

**Next Steps**

25. We recommend that the Minister of Education and Minister for Vocational Education meet to discuss these options and agree an approach.

26. The final funding arrangements will be dependent on decisions on the number and coverage of Industry Skills Boards after consultation. We can revise estimates of cost and capacity for NZQA based on what provision is transferred.

## Annexes

The following are annexed to this paper:

Annex 1: Talking points – Funding options for the transfer of standards-setting functions to NZQA

Annex 1 withheld under 9(2)(g)(i)

Proactively Released

## Recommended Actions

The Ministry of Education recommends you:

- a. **note** that any transfer of standards-setting functions to NZQA as part of the redesign of the vocational education and training system will require both agreement from Minister Stanford and funding to support these functions

☒ Agree ☐ Disagree

- b. **agree** to discuss with Minister Stanford, before confirming final decisions on the number and coverage of Industry Skills Boards:

- i. whether, and which, standards-setting functions will be transferred to NZQA; and
- ii. options to provide additional funding for NZQA if some functions will be transferred

☒ Agree ☐ Disagree

### Proactive Release:

- c. **agree** that the Ministry of Education release this paper once decisions for Industry Skills Boards and standards-setting have been announced, with any information needing to be withheld done so in line with the provisions of the Official Information Act 1982.

☒ Agree ☐ Disagree



Rachel Dillon

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**Te Pou Kaupapahere**

16/05/2025



Hon Penny Simmonds

**Minister for Vocational Education**

17/05/25