TE WHAKAMĀNUTANGA

Operational Plan

2023 — 2024

HANGA-ARO-RAU
Manufacturing, Engineering and Logistics
Workforce Development Council

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Mā wai te huarahi e hora?
Mā ngā ahumahi!

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Who will pave the pathway forward? Industry will!

Hanga-Aro-Rau Council (left to right): Rachel Mackintosh, Maea Pivac, Renata Hakiwai, Jerome Mika, Dr Troy Coyle, Teresa Poli (Governance Associate), Stuart Lawrence, Mark O'Grady, Gary Sue, Nick Leggett.

He tīmatanga kōrero nā te Poari o Hanga-Aro-Rau

| Foreword from the Hanga-Aro-Rau Council

We are delighted to bring you the Hanga-Aro-Rau Operational Plan for 2023–24. This document outlines the key mahi Hanga-Aro-Rau proudly commits to across the coming financial year as we journey alongside industry, Māori businesses, employers, employees, sector associations, unions, iwi, hapū and our fellow Workforce Development Councils (WDCs) to transform vocational education in Aotearoa.

This plan is built on the back of two things. The first is our Statement of Strategic Direction. Broadly mapping the Hanga-Aro-Rau course for the next five years, the Statement of Strategic Direction is a seminal work that connects to and draws on all the knowledge and deliverables contained within our foundational documents: our Order in Council, the Council's Letter of Expectation, Māori and Pacific Peoples Workforce Development Strategies, the Tertiary Education Commission's Funding Agreement, our Key Performance Indicators, Annual Action Plans and, of course, our Operational Plans.
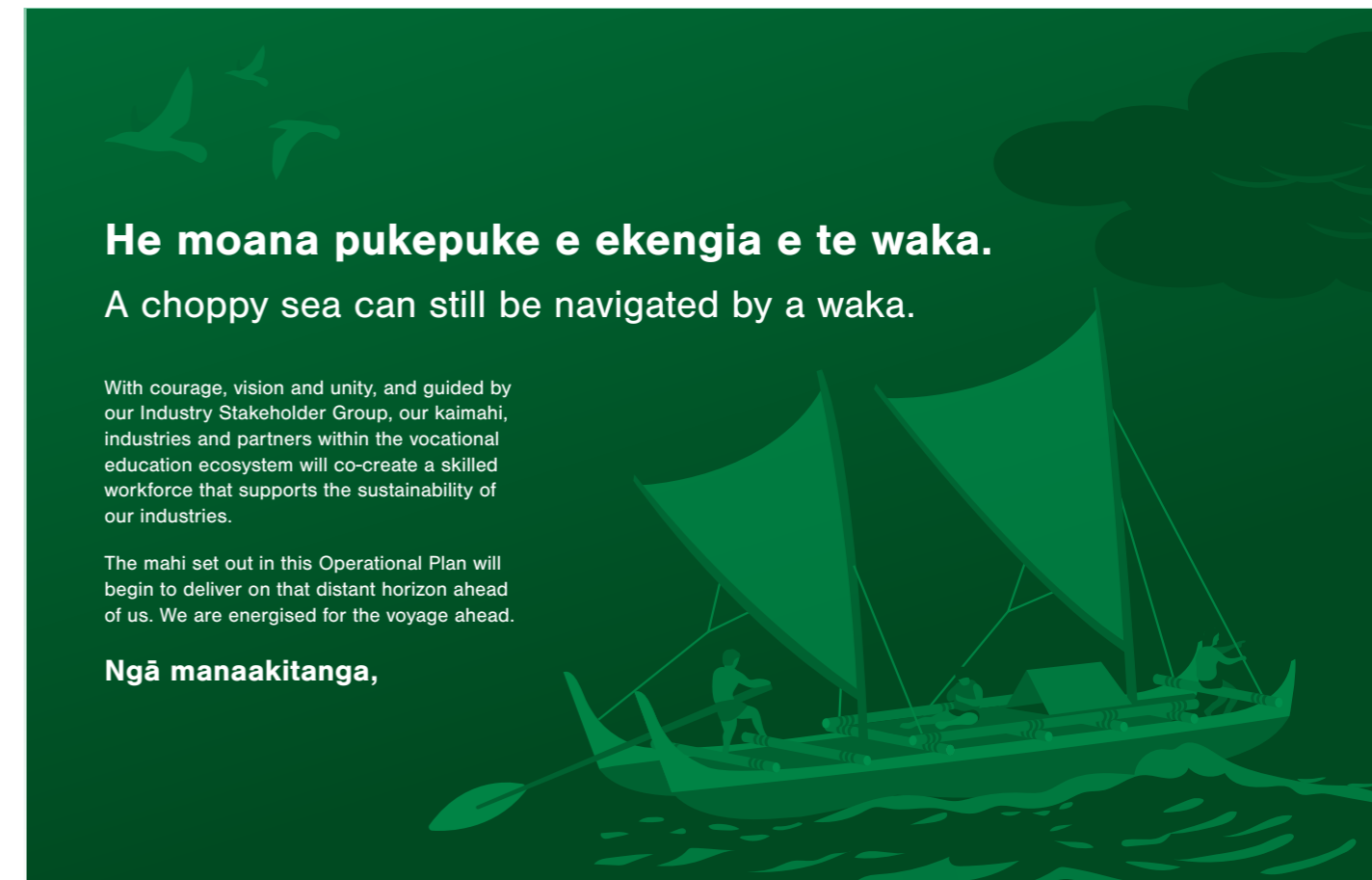
The Statement of Strategic Direction sets the direction of our journey and the principles that we navigate by:

- **Providing a strong industry voice**
- **Honouring Te Tiriti o Waitangi**
- **Championing equity and supporting intergenerational wellbeing**
- **Hardwiring sustainability**

The second building block for this plan is the Letter of Expectation 2023–24, gifted to Hanga-Aro-Rau rangatira and kaimahi by the Council. We are encouraged and pleased by the immense progress already made in the start-up phase and excited to see the transformation as the organisation matures.

Together with the Statement of Strategic Direction, the Letter of Expectation gives clear vision to Hanga-Aro-Rau of the direction to steer our waka. The Operational Plan 2023–24 dives into the detail of how that vision will be achieved and the mahi we will do over the coming 12 months. It is a bold, exciting and ambitious programme of work that will begin to bring forth the transformation we collectively seek.

The route to true transformation may be long, there will be unforeseen detours and our horizons may shift or change, but as the whakataukī says:

He moana pukepuke e ekengia e te waka.

A choppy sea can still be navigated by a waka.

With courage, vision and unity, and guided by our Industry Stakeholder Group, our kaimahi, industries and partners within the vocational education ecosystem will co-create a skilled workforce that supports the sustainability of our industries.

The mahi set out in this Operational Plan will begin to deliver on that distant horizon ahead of us. We are energised for the voyage ahead.

Ngā manaakitanga,

Dr Troy Coyle
Co-chair

Renata Hakiwai
Co-chair
Ngāti Kahungunu,
Rongomaiwahine,
Tūwharetoa, Waikato-Tainui

Hanga-Aro-Rau Executive Leadership Team (left to right): Yvonne O'Callaghan, Darrell Lambert, Alisha Tsai, Samantha McNaughton, Mike Crossan, (resigned), Phil Alexander-Crawford, Maria Fuata.

He kupu arataki nā ngā Tumu Whakarae o Hanga-Aro-Rau
| Welcome from the executive leaders of Hanga-Aro-Rau

Hanga-Aro-Rau has proudly launched our waka and begun to rere (sail) towards our horizon of a transformed vocational education in Aotearoa.

We can confidently do this thanks to our strong foundational mahi since becoming operational on 4 October 2021. Guided by our governing Council and Industry Stakeholder Group, the Hanga-Aro-Rau rangatira and kaimahi have developed connections, collaborations, systems and processes to build a robust organisational cadence.

By the completion of our first full year of operation in June 2023, we will have formally engaged with at least 2,000 stakeholders, including Māori industry, iwi, hapū, employers, learners, unions, associations and providers, across 70+ sectors. This critical kōrero informs our functional activities (such as qualification development, skills and workforce leadership, quality assurance and investment advice), as well as providing navigational direction to the future skills and labour needs of our diverse workforces.

We will have strengthened how we honour Te Tiriti o Waitangi through the development of Māori and Pacific peoples workforce development strategies and an internal cultural capability programme, plus the creation of a Māori employer and insights database.

We will have conducted in-depth research, literature reviews, environmental scans and primary and secondary data analysis. We will have collaborated with Ohu Ahumahi, where appropriate, to determine or validate the most significant priorities for our industries and their stakeholders.

And we will have invested in our kaimahi - those courageously paddling our waka - through a leadership course for people managers and organisation influencers, coming together for all-staff wānanga, and implementing a robust organisation-wide focus on health, safety and wellbeing.

This preparation, including meeting all our proposed outcomes in the Operational Plan 2022–23, stands us in good stead to move into unfamiliar waters, as this new Operational Plan details. Our stakeholders have told us – and continue to tell us – what they believe we need to focus on to meet the changing workforce needs and to transform the vocational education system.

Through our engagement and analysis, stakeholders have said they expect us to:

- Focus on cultural obligations under Te Tiriti o Waitangi and other critical considerations such as sustainability, the circular economy and equity

- Encourage more Māori into our sectors and increase workforce capacity and capability by improving equitable outcomes

- Improve opportunities for Māori, Pacific peoples, and tāngata whaikaha (disabled people) to progress into higher-skilled work

- Increase the capability of our domestic market to create a more sustainable economy

- Reduce gaps in the workforce's capability and capacity

- Increase participation rates of women to address the workforce's largest gap

- Evolve education products to meet Industry 4.0 needs and the future of work

- Give small- and medium-sized businesses a stronger voice in vocational education to allow them to grow greater capacity or capability and keep up with the skills transformation needed

- Recognise that industry's skill-set requirements have fundamentally transformed in the post-COVID-19 environment

- Determine how we can support the implementation of the Advanced Manufacturing Industry Transformation Plan.

The above priorities have shaped our organisational objectives for 2023–24 and closely link to our Statement of Strategic Direction 2023-2028. We know these objectives can't be achieved solely by Hanga-Aro-Rau. To meet them we need to continue the close and connected collaboration that we have started across the vocational education ecosystem.

For each objective, we have outlined the intended impacts and the real, tangible results you will see for those we are here to serve. We have shared the proposed strategies and initiatives we believe will bring these objectives to fruition and explain how we will measure our success. In 2023–24, our explicit focus is on enabling action to address the skills and workforce challenges faced by our sectors, their people and the labour ecosystem.

Our objectives are aspirational; some might even be considered audacious. We are undaunted as we bravely paddle forward, intrinsically knowing the waka is sure and solid beneath us, the oars made to fit our hands, and that our powerful rhythm will propel us.

Kei te haere mātou! We're on our way! Nau mai, haere mai: come with us on this haerenga (journey) of transformation.

Phil Alexander-Crawford
Chief Executive
Ngāti Hine, Ngāti Rēhia, Ngāpuhi

Samantha McNaughton
Deputy Chief Executive

Anei mātou o Hanga-Aro-Rau
| About us

Hanga-Aro-Rau is the Workforce Development Council for Aotearoa New Zealand's manufacturing, engineering and logistics sectors.

We serve more than 105,000 businesses employing more than 650,000 people and impacting every single person across the motu. Priorities for our industries are to diversify their workforces, improve operations through Industry 4.0 technology and processes, and ensure a sustainable pipeline of people entering their industries for generations to come.

Māori comprise a higher proportion of the manufacturing and engineering workforce in comparison to other industries, and our sectors are the second-largest employer of Pacific peoples. Currently, Māori and Pacific peoples are more likely to be employed in low-skilled occupations that could be most at risk of disruption as our sectors evolve with Industry 4.0. These ethnic groups are also younger and growing at faster rates than other groups. Therefore, we place a priority focus on Māori and Pacific peoples for the industries we serve, to create strong pipelines into our industries and provide fulfilling and sustainable careers.

Our purpose is to provide industry with a strong voice in making Aotearoa New Zealand's workforce fit for today and the future, as well as honouring Te Tiriti o Waitangi and strengthening Māori–Crown relations by giving greater voice to Māori business and iwi development.

We know that vocational education has a direct impact on improving social, economic and sustainability outcomes. We continue to work on the transformation of vocational educational, making it more accessible to all New Zealanders. We recognise the fundamental role we play in a unified vocational education system that brings together industry and educators to ensure New Zealand's workforce is fit for today's needs and tomorrow's expectations.

As one of six Workforce Development Councils, or Ohu Ahumahi, we are committed to collaborating to ensure Aotearoa New Zealand's vocational education continues to meet the evolving needs of our industries, their current and future workforces, and the communities they serve.

Sectors by Manufacturing, Engineering and Logistics

Manufacturing

- Alcohol Manufacturing (Excluding Wine)
- Aluminium Joinery
- Apparel
- Automotive Parts and Wholesaling
- Baking
- Binding and Finishing
- Boat Building and Maintenance
- Chemical Manufacturing
- Dairy Processing
- Direct Mail Production
- Energy and Chemical Plant Operations
- Fibreboard and Paper Packaging
- Food and Beverage Manufacturing
- Furniture Manufacturing
- General Manufacturing
- Glass Processing
- Industrial Textiles
- Kitchen Joinery
- Marine Technology
- Meat Processing
- Metal Manufacturing
- Motor Vehicle Manufacturing (Coachbuilding)
- Non-Metallic Mineral Manufacturing
- Offsite Manufacturing
- Petroleum and Coal Manufacturing
- Pharmaceutical and Medicinal Product Manufacturing
- Plastics, Polymer and Rubber Product Manufacturing
- Primary Processing Support
- Print
- Protective Coatings
- Pulp and Paper
- Retail Meat/Butchery
- Signmaking
- Solid Wood Manufacturing
- Textiles
- Tissue Converting
- Wood Panel and Plywood Manufacturing

Engineering

- Automotive Engineering
- Automotive Reglazing
- Collision Repair
- Composites Technology
- Dairy Systems Engineering
- Engineering Design and Consulting Services
- Engineering Fabrication
- Extractives
- Extractives - Blasting
- Extractives - Drilling
- Fire Protection
- Irrigation
- Laundry and Dry-Cleaning Services
- Locksmithing
- Maintenance Engineering
- Mechanical Building Services
- Mechanical Engineering
- Motorcycle Engineering
- Outdoor Power Equipment
- Refrigeration and Airconditioning
- Welding

Logistics

- Commercial Road Transport
- Customs and Freight Support Services
- Digital Infrastructure
- Driving Skills
- Forklift
- Maritime and Marina Operations
- Postal and Courier Services
- Rail Transport
- Resource Recovery and Efficiency
- Road Passenger Services
- Stevedoring and Ports
- Supply Chain
- Warehousing and Storage
- Water Freight and Passenger Transport

Our governing Council

Our Order in Council sets out the requirements for our governing Council. We are proud to have a diverse and highly skilled and experienced Council that is committed to our kaupapa of industry and vocational education transformation.

Our Council is co-chaired by Dr Troy Coyle and Renata Hakiwai (Ngāti Kahungunu, Rongomaiwahine, Tūwharetoa, Waikato-Tainui). The Council comprises Māori, union representation, business consultants, industry experts and community advocates. We also have two associate Council roles (one filled, one in recruitment at the time of writing this plan) who participate in a comprehensive governance development programme as well as all governance discussions. However, they do not have governance accountability or voting rights.

Our Council reviews its performance via an annual self-evaluation. Its performance is externally evaluated by our Industry Stakeholder Group (page 8).

Many of the inaugural Council members' tenures will end during 2023–24. A comprehensive recruitment and appointment process (managed by our Industry Stakeholder Group) for new Council members will begin in April 2023.

Industry Stakeholder Group

We have a unique requirement in our Order in Council to establish an Industry Stakeholder Group. This core group is representative of industry, including their workforces, as defined in section 7d of our Order in Council, and is an essential part of our governance ecosystem.

The group was established in June 2022, and its primary purpose is to:

- Provide guidance and feedback on our organisational strategic direction and performance (including endorsement of key organisational documents such as our Statement of Strategic Direction, Operational Plan and Investment Advice to the Tertiary Education Commission)

- Offer advice and guidance from an industry perspective

- Evaluate the performance of our governing Council

- Recruit and appoint future governing Council members.

The rōpū is independently chaired (interim) by Matura Turi Ngātai. The founding members of the Industry Stakeholder Group are:
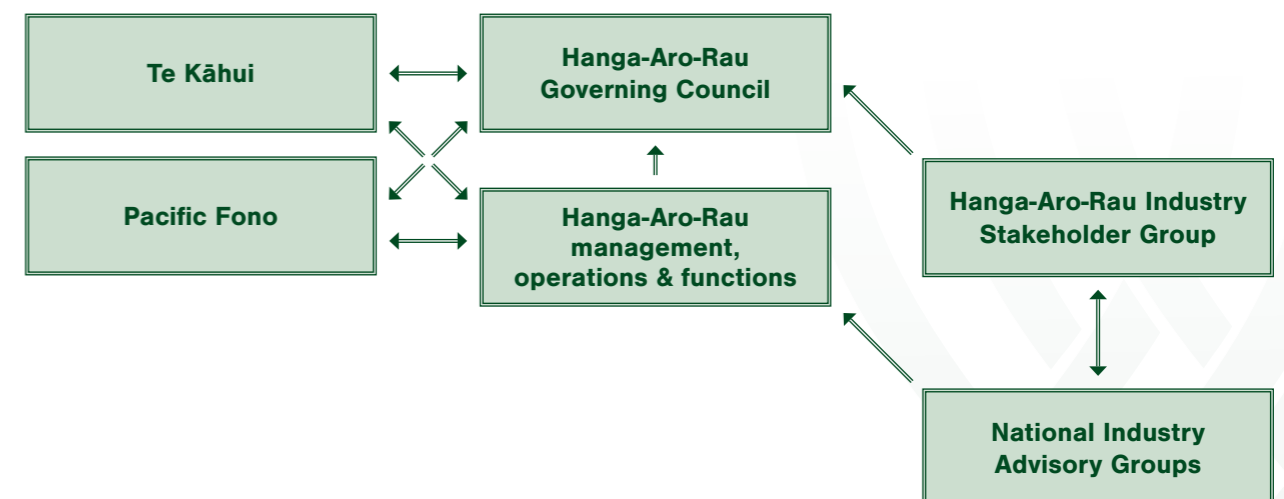
Allan Jack
Ovation NZ

Bryn Thompson
Metalcraft Engineering

Scott Lawson
Fire Protection Association
of New Zealand (FPANZ)

Melissa Bennett
Red Stag Timber

Pererika Makiha
Coastguard New Zealand

Mary Jensen
Waikato Engineering Careers
Association (WECA) and Smart
Waikato Trust

Ida-Jean Murray
North Drill

Sean Rooney
Allied Petroleum

Ruth Cobb
PrintNZ

Rick Lunn
Smart Trade Solutions

Peter Busfield
New Zealand Marine Industry
Association

Scott Fisher
OffsiteNZ

Wayne Butson
Rail and Maritime
Transport Union

Catherine Lye
Employers & Manufacturers
Association (EMA)

At the time of writing this Operational Plan, we were in the process of recruiting a permanent Chair. The group meets at least twice per calendar year (March and August), with the second meeting including our governing Council.

National Industry Advisory Groups

In addition to our Industry Stakeholder Group, we are in the process of establishing eight sector-specific National Industry Advisory Groups to guide and inform our functional operational and organisational priorities. The groups will provide critical insight into the current and future workforce development needs of their sector, helping to cement industry voice in all that we do.

At the time of writing this plan, the groups were being finalised, with the first meetings anticipated from April 2023. Members of the Industry Stakeholder Group may also be members of the National Industry Advisory Groups, and the Chairs of the advisory groups may also become members of the Industry Stakeholder Group. This crucial connection will ensure operational and strategic information flows seamlessly between our advisory network.

Our people

We are proud to employ 54 kaimahi from all over Aotearoa New Zealand; each person is courageously paddling our waka forward.

Our organisation is structured around our key functions. As vacancies arise, we take a pragmatic review of the roles to ensure we remain aligned to our strategic aspirations and legislated obligations. Our Executive Leadership Team also takes a holistic review of the organisational structure to ensure we are aligned with our Council's Annual Letter of Expectation as our priorities evolve to ensure we continue to bring in and/or develop the right capability.

While most of our workforce is remote, kaimahi are supported with office facilities in Tāmaki Makaurau, Kirikiriroa and Te Whanganui-a-Tara. The health, safety and wellbeing of our kaimahi is paramount. All kaimahi have completed health and safety training, with wellbeing training being rolled out in 2023–24.

Our executive leadership team, co-led by Chief Executive Phil Alexander-Crawford and Deputy Chief Executive Samantha McNaughton, lead the organisation to deliver against our Operational Plan and Statement of Strategic Direction. Their role is to ensure that industry has a strong voice in influencing vocational education and their future workforce development needs. They also make sure we honour Te Tiriti o Waitangi and give greater voice to Māori business and iwi development.

We know that we cannot grow others if we don't grow ourselves. Therefore, we have committed to a comprehensive cultural capability development programme for all kaimahi, covering te ao Māori, tikanga Māori, te reo Māori and Te Tiriti o Waitangi. In 2023–24 we also intend to grow our cultural capability of Pacific peoples' cultures, backgrounds, customs and practices. We will integrate this knowledge into our ways of working internally, as well as strengthen connections with our industries and their workforces.

We will also continue investing in our leadership development programme and individual professional development. This will help us navigate to our horizon of a transformed vocational education system that puts industry voice at the centre.

Our tīma around Aotearoa

🏛 **Head Office**

- Kerikeri
- Whangārei
- Mangawhai
- **Tāmaki Makaurau** Auckland
- **Kirikiriroa** Hamilton
- Te Awamutu
- Tauranga
- Rotorua
- Taranaki
- **Tūranga-nui-a-Kiwa** Gisborne
- **Heretaunga** Hastings
- **Pōneke** Wellington
- **Ōtautahi** Christchurch

HANGA-ARO-RAU
Manufacturing, Engineering and Logistics
Workforce Development Council

Collaboration

We know we are one influential yet small part of a complex ecosystem that facilitates vocational education and labour market outcomes.

We are committed to collaborating with all our partners to ensure our industries get what they need so that their workforces and their whānau, communities and broader social networks can have fulfilling, meaningful and sustainable work.

Our close collaboration with our Ohu Ahumahi partners will continue in 2023–24, covering a range of activities from governance, operational management, research, engagement and standard-setting initiatives. **These will include, but are not limited to:**

Collaborating on women in industry initiatives

Collaborating on Māori, Pacific peoples and tāngata whaikaha strategic development and initiatives

Sharing knowledge and insights gathered through engagement and research, including developing ethical guidelines

Supporting our Māori and Pacific kaimahi to network, collaborate and implement initiatives

Co-designing qualifications, standards and shared understanding around moderation activities and provider engagement

And much, much more!

In addition, we are growing our provider engagement tīma with the sole purpose of strengthening connections with Te Pūkenga and its network, private training establishments (PTEs) and wānanga. Our provider engagement focus is to create reciprocal relationships where we can guide and support, rather than exclusively focus on compliance.

We will continue our close and collaborative engagement with all 15 Regional Skills Leadership Groups (RSLGs). We will ensure their priorities are reflected in our work priorities and investment advice, as appropriate; and that our national priorities are considered in their regional views.

Our Chief Executive will continue his participation in the Reform of Vocational Education (RoVE) design authority. We will ensure all our mahi has clear connections to the desired outcome of the reformed vocational education system of Aotearoa New Zealand.

Tirohanga whānui
| Strategic context

Our Statement of Strategic Direction 2023–2028 provides navigational waypoints over the next five years for Hanga-Aro-Rau as we steer towards achieving impactful outcomes for those we serve.

We know that the needs of our industries, employers and their employees will continue to evolve. We recognise that we need to learn and grow with them to serve them in a way that adds value to their workforces and workplaces, the vocational education system, and to Aotearoa and its people.

Hanga-Aro-Rau has a number of functions and duties assigned under the Education (Hanga-Aro-Rau Manufacturing, Engineering and Logistics Workforce Development Council) Order 2021. To elevate these, Hanga-Aro-Rau has aligned its duties under four interconnected pou, or strategic pillars. These pou provide strong foundations upon which Hanga-Aro-Rau advocates for industry and for those that are currently underserved by the vocational education system. We recognise that no single pou can be achieved without the others.

Ngā pou | Strategic pillars


Ahumahi
Strong industry voice

Reflect and prioritise industry voice, advocate for our industries in the education ecosystem to create a sustainable, globally engaged, and adaptive New Zealand

Te Tiriti o Waitangi
Honour Te Tiriti o Waitangi

Supports Māori-Crown relationships. Our Te Tiriti o Waitangi partners inform how vocational education is improved by Māori for Māori
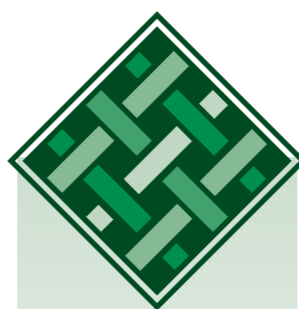
Ka Tika
Equitable outcomes

Embed equitable outcomes in all functions and ways of working to support improvement in equitable outcomes for all

Te Taiao
Hardwire sustainability

Develop skills through the vocational education system to meet the Living Standards Framework and Sustainability Development Goals

Prioritising industry voice

Industry, as defined in section 7d of our Order in Council, is what provides the horizons for us to navigate to. It is our role to ensure that our industries and those they employ and serve have a strong voice in shaping and influencing their vocational educational needs and the broader vocational education ecosystem. This will ensure they have a workforce that is fit for today and evolving for tomorrow.

We do this through our engagement, research and functional mahi, such as qualification development, programme endorsement, moderation and advice. To us, success is our industries and their people endorsing that we are their advocates to transform the vocational education ecosystem, supporting their aspirations and preparing them for the future.

Our organisation is guided by the following:

Mā wai te huarahi e hora? Mā ngā ahumahi!

Who will pave the pathway forward? Industry will!

Industry voice, and the voices of their people and communities they serve, will continue to be a central principle to our operations in 2023–24. This focus will ensure we are making an explicit contribution to build a productive, circular and inclusive economy that improves the wellbeing of all New Zealanders.

Honouring Te Tiriti o Waitangi in all that we do

As a Te Tiriti o Waitangi-based organisation, Hanga-Aro-Rau is committed to reimagining vocational education by leading and building a vocational education system that honours Te Tiriti o Waitangi and supports Māori-Crown relations.

This educational system will meet the needs of Māori, iwi and hapū, industry, businesses, learners and their whānau and help to fill present and future workforce development needs. This includes skills and knowledge development that will underpin their sustainability, viability and relevance to the future of both the Māori and wider Aotearoa economies.

Hanga-Aro-Rau continues to meet its obligations under the Education and Training Act 2020 to:

- Provide New Zealanders and those studying in New Zealand with the skills, knowledge and capabilities they need to fully participate in the labour market, society and their communities

- Support their health, safety and wellbeing

- Assure the quality of the education provided and the institutions and educators that provide and support it

- Honour Te Tiriti o Waitangi and support Māori–Crown relationships.

In performing Te Tiriti o Waitangi functions and duties, we will give effect to the Tertiary Education Strategy and the Statement of National Education and Learning Priorities, which set out the Government's priorities for education.

In delivering against our functions (especially regarding qualification and standards development, programme endorsement, moderation and quality assurance, and investment advice), we will also integrate considerations from:

- **Ka Hikitia – Ka Hāpaitia** where it outlines how education services will support Māori learners and their whānau, hapū and iwi to achieve excellent equitable outcomes

- **Ako Whakaruruahu** as it supports Māori apprenticeship success by mentoring and building employer capability, key characteristics, organisational culture change, and placing Māori apprentices to work together while building connections with iwi and mana whenua to ensure learner success.

We see our role as a leader for skills and workforce leadership, as well as a connector and collaborator across the broader vocational education and labour market ecosystem to ensure Māori thrive.

Champion equity in all that we do

We support the proposition that equity in its most basic form is about justice, fairness and impartiality, and is not to be confused with equality.[1]

Through the functions and duties outlined in our Order in Council, we seek to contribute to equity in the employment and education systems, as well as our own organisational context. We recognise that a steadfast commitment to equity is essential to reducing inequities across these domains. In 2023–24 we are prioritising additional investment to develop and operationalise our equity programme and initiatives.

Key to the success of our equity programme is understanding equity in Aotearoa New Zealand as the pursuit of social justice for all people, and as a critical part of the Crown's obligation to Māori through Te Tiriti o Waitangi. Also, we recognise our dual accountability to address the significant inequities in education and employment for Māori, Pacific peoples and tāngata whaikaha. In addition, our industries have advised us to prioritise the needs of women and older workers as employers seek to create diverse and sustainable workforces.

In performing these equity-oriented functions and duties, we will give effect to the Tertiary Education Strategy and the Statement of National Education and Learning Priorities, which set out the Government's priorities for education. These statutory documents, issued under the Education and Training Act 2020, set out five objectives to define the long-term strategic direction for tertiary education. Objective 2, barrier-free access, and the actions which sit under it, focuses on reducing barriers to education for all, including for Māori and Pacific ākonga, disabled ākonga and those with learning support needs.

Sustainability

We are committed to contributing to the creation of a sustainable, globally engaged and adaptive New Zealand.

The term 'sustainable' here describes a system consisting of the three E's: environment, economy and equity. A thriving society depends on maintaining a balance between each of these elements. Equity in this context refers to people; in our ecosystem this includes ākonga, kaimahi, employers, industry peak bodies and influencers (including whānau, community groups, government and social networks).

Our research in 2023–24 will continue to focus on sustainable business practices, including the circular economy, and identify how we can evolve our qualifications and standards to include a sustainability lens. We recognise that sustainability is the balanced integration of economic performance, social inclusiveness and environmental resilience, to the benefit of current and future generations. Meeting climate targets will require tackling the 45 per cent of emissions associated with making products. Maintaining, rather than depleting, resources is core to a circular economy and to sustainability.

The circular economy contributes to the broader goal of global sustainability and is a condition for sustainability. Recurring themes in the circular economy literature focus on minimising waste in production and keeping processed materials in use as long as possible, benefiting the environment and people. Our role is to support our industries and their workforces – and the broader ecosystem they operate in – to evolve their businesses and their operations to be both circular and sustainable.

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1. Meares, C., Stedman, L., Van Marrewijk, K. & Siakumi Kautoke, M. (2023). Draft – Defining Equity at Hanga-Aro-Rau. Internal Hanga-Aro-Rau document.

Letter of Expectation

To deliver against our Statement of Strategic Direction and embed our Operational Plan 2023–24, our governing Council has issued us with a Letter of Expectation for 2023–24. This guidance ensures we will continue on our journey to truly transform vocational education in Aotearoa New Zealand.

HANGA-ARO-RAU
Manufacturing, Engineering and Logistics
Workforce Development Council

PO BOX 445
Wellington 6141

hangaarorau.co.nz

28 February 2023

Phil Alexander-Crawford
Chief Executive

Kia ora Phil,

Hanga-Aro-Rau Letter of Expectations

We write to convey our expectations of Hanga-Aro-Rau for the year 2023/2024, and for the medium term.

The functions and duties of Hanga-Aro-Rau are clearly set out in our Order in Council, we have had 18 months of operations and we are close to having our Statement of Strategic Direction finalised. These two documents underpin this letter and will continue to guide what is needed to improve our vocational education system and provide a stronger industry voice through the WDCs.

The board is encouraged and pleased with what has been delivered to date, and where we are as an organisation. Using that strong start, we need to maintain the momentum for positive change and better outcomes. As an organisation that has been in operation for over 18 months, the significant gains that have made over this time, suggests we must now start transitioning our organisation out of start-up mode into a period where we are mature and effecting transformation. As with any organisation there are always a range of factors, some of which we can control and others that we must adapt to. For both, we see Hanga-Aro-Rau playing a key role in assisting our industries to prepare for the future through the required workforce development.

Accordingly, we expect Hanga-Aro-Rau to reflect industry voice in all that we do. This means our industries need to feel we are advocating for them in the education eco-system, supporting their aspirations and preparing them for the future.

Mā wai te huarahi e hora? Mā ngā ahumahi! – Who will pave the pathway forward? Industry will.

We expect Hanga-Aro-Rau to support the building of a productive, circular, and inclusive economy that improves the wellbeing of all New Zealanders. This requires:

1. Relevant vocational education that meets the current and future skills requirements of industry, employers, learners, regions, Māori, iwi, and hapū - a vocational education system for all.

2. National consistency in graduate outcomes.

3. The vocational system to address inequities for underserved learners.

4. Clear pathways enabling learners to progress skill development.

5. Learners able to transition seamlessly between site, region, mode and employer.

6. Learning environments and pastoral care practices appropriate to diverse learner groups and modes of delivery.

7. Increased learner access to provision across the motu.

8. Increased attractiveness of vocational education

9. A stronger voice for learners, employers, Māori employers and regions, including iwi development.

10. Integrated network of provision that is financially sustainable.

We have a role to lead/facilitate/support across our country's vocational system-we are all wayfinding -there are many opportunities to create real value for our sectors and you need to continue to rise to the challenge both in unison and independently. It will create at times discomfort; however, we will endeavour to ensure that an appropriate values-based environment is established with the appropriate support structures in place for you to thrive in your role.

Priority Expectations

We expect Hanga-Aro-Rau to support sector-wide changes where they are needed, and you should have strategies now to deliver on them. We encourage you to look for the opportunities to accelerate delivery of better outcomes and prioritise your budget to deliver on that. As part of the wider system our priorities are outlined clearly below,

Expectation 1: Strong Industry voice
- Act as the industry voice within the vocational education system.
- All communications about the role of Hanga-Aro-Rau must emphasise this.
- Embed and reflect and an industry-focused approach – ensure that our interactions improve outcomes for industry. Hanga-Aro-Rau must add value to our industries, and we must always challenge ourselves that we can demonstrate this.
- Liaise with industry to ensure that our voice reflects industry aspirations, needs and future requirements.
- Take industry with us on a journey of transformation- sometimes looking further over the horizon than participants have the luxury to be able to.
- Inspire, guide, show best practice, and new ways of working and learning.
- Prepare our industries for future workforce requirements.

Expectation 2: Giving effect to Te Tiriti o Waitangi.
- Collaborate with Māori industry and Māori employers.
- Support Māori Crown relationships.
- Honour Te Tiriti o Waitangi in form and function as outlined in the Education and Training Act, 2020.
- Assist our industries to understand why we have this obligation and how it supports industry
- Build cultural confidence, cultural capability, and cultural competency to deliver workforce development outcomes and provide the support for people to continue their journey. A particular emphasis on understanding the role Te Tiriti o Waitangi has as outlined in section 4 and section 9 of the Education and Training Act, 2020.
- Actively lift cultural practice and competency of all staff -this includes normalising the use of te reo me ona tikanga.
- Encourage more Māori into our sectors.
- Engage with Te Kahui Ahumahi, a place to test your thinking.

Expectation 3: Achieving equitable outcomes.
- Work to improve opportunities for Māori, Pacific, and disabled peoples, and women.
- Improve equity of voice. This includes the voices of all specified industries within our Order in Council, to contribute to the creation of a sustainable, globally engaged, and adaptive New Zealand.
- Ensure fair and equitable outcomes for all people whilst providing opportunities to reach their full potential and capabilities, in particularly to those who have been traditionally underserved by the education system.
- To engage with the Fono- a place to test your thinking.

Expectation 4: Te taiao: Hardwire sustainability.
- Develop skills through the Vocational Education system to deliver intergenerational wellbeing as indicated by the Living Standards Framework and Sustainability Goals.
- Promote and advocate the values of kaitiakitanga through the transition to a low-emissions and climate-resilient New Zealand.
- Prepare our industries for circularity, i.e., the circular economy.

Expectation 5: Strong Operating rhythm
- Promote, embed and build a strong culture and working environment that is values-led.
- Embed strong and core business practices which include robust:
  - Business planning
  - Policies, systems, controls, and procedures
  - Health and safety practices
  - Fiscal management
  - Operating processes
- Develop recording and reporting systems to ensure we can monitor and report on achievement of the objectives in the SSD.
- Reach a stage, by the end of FY2024, where Hanga-Aro-Rau will have formed strong foundations, will have transitioned from start-up stage to a more mature state where a strong operating rhythm is established.
- Due to a strong operating rhythm, you will increase efficiency, productivity, and the effectiveness of team members. Habits are hard to form, but an operating rhythm will help team members and create accountability.
- Build a culture of Financial Integrity/Financial probity.
- Ensure strong financial management where resourcing is available to deliver on what we have prioritised.
- Develop a culture of evidence-based decision making.
- Work with wider vocational system which include vocational partners.
- Make the appropriate decision where and when it comes to collaborating across the RoVE system and across other WDC's. We accept that the six WDCs are at different stages of growth and operating maturity. Our order in council is clear on its guidance with regards to collaboration and we encourage this. But we note this is not a requirement nor is it practical to collaborate on everything.
- Manage and monitor our key service provision with Hapaitia, ensuring service levels are appropriately met.
- Work with all providers, Te Pūkenga, Wānanga and Private Training Organisations.

Expectation 6: Transformation
- The transformation we are delivering is described, measured and reviewed annually.
- This is a core part of our identity and focus.
- We do things innovatively. We understand future threats and opportunities and are preparing our industries for them.

Expectation 7: Delivering on our promise.
- Deliver on all promises made to a high level of standard and quality.
- Develop a set of organisation KPI's and key milestone points, that you will deliver on in conjunction with our annual planning and budgeting process.

We wish you all the best for the FY2023/2024.

Nga mihi nunui
On behalf of the Hanga-Aro-Rau Workforce Development Council
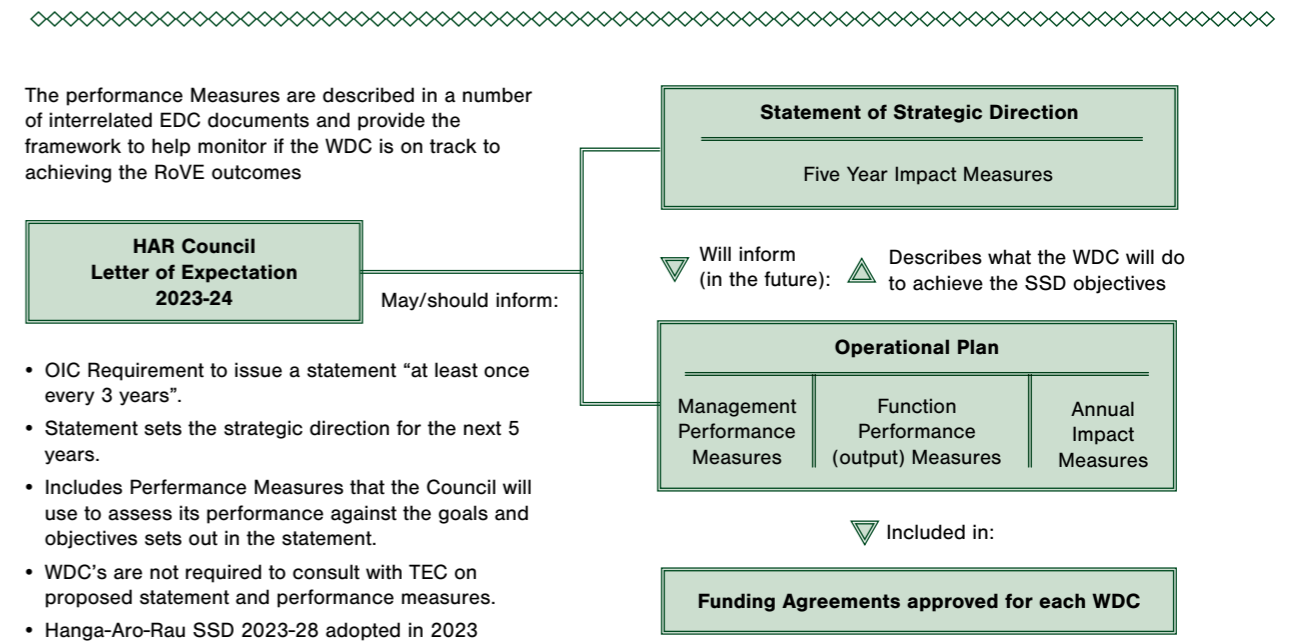
Renata Hakiwai
Co-chair

Dr Troy Coyle
Co-chair

Tirohanga whāiti
| Our priorities and operating context

This Operational Plan details our core areas of focus for 2023–24 to drive impactful change to New Zealand's vocational education system, workforce development, and the industries and their people we serve. Our Operational Plan is one facet of a broader framework that enables measurement of the impact the Reform of Vocational Education is having. The diagram below demonstrates how our Operational Plan is linked to our Statement of Strategic Direction, performance objectives and the broader RoVE ecosystem.

The performance Measures are described in a number of interrelated EDC documents and provide the framework to help monitor if the WDC is on track to achieving the RoVE outcomes

HAR Council Letter of Expectation 2023-24

May/should inform:

Statement of Strategic Direction

Five Year Impact Measures

Will inform (in the future):　Describes what the WDC will do to achieve the SSD objectives

Operational Plan

| Management Performance Measures | Function Performance (output) Measures | Annual Impact Measures |

Included in:

Funding Agreements approved for each WDC

- OIC Requirement to issue a statement "at least once every 3 years".
- Statement sets the strategic direction for the next 5 years.
- Includes Performance Measures that the Council will use to assess its performance against the goals and objectives sets out in the statement.
- WDC's are not required to consult with TEC on proposed statement and performance measures.
- Hanga-Aro-Rau SSD 2023-28 adopted in 2023

Ākonga | Learners
We use their voices to drive improvement: learners can be confident their qualifications are both relevant and meet employers' expectations and national industry standards.

Kaituku Mahi | Employers
We work together with employers to set skills standards and give confidence to employers - including Māori business owners - that vocational education graduates have the skills employers need, now and in the future.
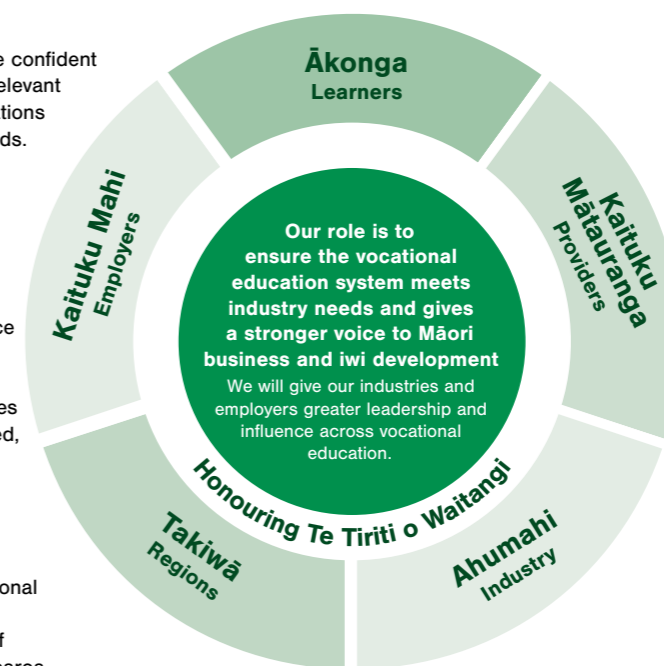
Takiwā | Regions
We are a nationally-focused organisation that takes a regional perspective, listening to and ensuring the diverse needs of through the provinces of Aotearoa are met.

Kaituku Mātauranga | Providers
We share industry's needs with education and training providers to develop learning programmes that will give people the skills Aotearoa needs. We ensure industry standards are consistently applied by providers across the country, and across all modes of learning.

Ahumahi | Industry
Industry voice is central to our mahi: we partner with industry to understand the challenges they face and the skills they need to address these, then develop qualifications for providers to deliver.

Ākonga Learners

Kaituku Mahi Employers

Kaituku Mātauranga Providers

Our role is to ensure the vocational education system meets industry needs and gives a stronger voice to Māori business and iwi development We will give our industries and employers greater leadership and influence across vocational education.

Takiwā Regions

Honouring Te Tiriti o Waitangi

Ahumahi Industry

Honouring Te Tiriti o Waitangi
Underpins everything we do – how we engage, how we work, and how we ensure te ao Māori values are central to how the ecosystem operates

Over the last 18 months of our operation, we have engaged formally and informally with thousands of stakeholders, including Māori, industry associations, employers, employees, business entities, community organisations, unions, training providers (including Te Pūkenga and PTEs), RSLGs, Māori organisations (including employers, consultancies, iwi and hapū), and local and central government agencies to seek to understand what is most important to our stakeholders and their workforce development needs.

We have also undertaken in-depth research, literature reviews and environmental scans, and primary and secondary data analysis. Where appropriate, we have collaborated with Ohu Ahumahi to determine and validate the most significant priorities for our industries and their stakeholders.

Through our engagement and analysis, our stakeholders have told us that they expect us to:

- Focus on cultural obligations under Te Tiriti o Waitangi and other critical considerations such as sustainability, the circular economy and equity
- Encourage more Māori into our sectors and increase workforce capacity and capability by improving equitable outcomes
- Improve opportunities for Māori, Pacific peoples and tāngata whaikaha to progress into higher-skilled work
- Increase the capability of our domestic market to create a more sustainable economy, while balancing the ongoing need for immigration to bring in current and future skills and labour
- Reduce the workforce capability and capacity gap

- Increase participation rates of women to have the biggest impact on the workforce gap
- Evolve education products to meet Industry 4.0 needs and the future of work
- Give small- and medium-sized businesses a stronger voice in vocational education to enable them to grow greater capacity and capability and keep up with the skills transformation needed
- Recognise that industry's future skills requirements have fundamentally transformed in the post-COVID-19 environment
- Determine how we can support the implementation of the Advanced Manufacturing Transformation Plan.

Ngā Takere o te Waka
| Strategic planning framework

Our vision
The horizon we look to
Manufacturing, engineering and logistics industries' voices influence the vocational education to create equitable outcomes and a sustainable Aotearoa.

Our purpose
What keeps us moving
Our purpose is to provide the manufacturing, engineering, and logistics industries we represent with a strong voice in making the workforce of Aotearoa fit for today and the future, while honouring Te Tiriti o Waitangi and supporting Māori-Crown relations.

Our values
What empowers us
We want our values to represent who we are and who we want to be as an organisation. Our values are being developed to be a reflection of the collective aspirations of all our kaimahi.

Outcomes
These outcomes for our Order in Council requirements form part of the Intervention Logic Map which connects to our functions and activities.

Te Tiriti o Waitangi partners inform how vocational education is improved by Māori for Māori.
Our Te Tiriti o Waitangi Framework guides us in meeting our obligations and this moves into manifesting and actioning through our Māori Workforce Strategy and five times yearly plans (see Appendix II).
(TES) Objectives: 1,2 and 3

Improve the influence of industry voice
in the strategic direction of workforce development for the manufacturing, engineering, and logistics industries. This will contribute to the creation of a sustainable, globally engaged, and adaptive New Zealand.
(TES) Objectives: 2

Enhance industries and employers' ability to respond
to New Zealand's current and future workforce needs by developing the skills, qualifications, and expectations for providers to deliver. These will consider new global challenges, emerging technologies, global sustainability goals, the changing nature of work, the skills, knowledge, and qualifications learners will need to achieve future success, and the transition to a low-emissions climate-resilient New Zealand.
(TES) Objectives: 2, 3 and 4

Improved opportunities and equitable outcomes for all people in the specified industries to reach their full potential and capabilities, including those who have been traditionally underserved by the education system.
(TES) Objectives: 2, 3 and 4

Improved regional workforce development outcomes through developing a national workforce strategy informed by regional needs.
(TES) Objectives: 4

Our core functions
The functions and powers we have that enable us to achieve our outcomes

Leadership:
to lead and coordinate industry efforts to identify workforce needs and support the vocational education system and employers to meet those needs. This is supported by research and analysis, advocacy, workforce plan development, and contributing to career services.

Endorse programmes:
to provide industry with assurance that their needs will be met by programmes. The programme endorsement function provides learners and employers with confidence and supports consistent and coherent programme delivery in the system.

Qualifications system products:
to develop and maintain industry qualifications, capstone assessments, and skill standards that meet industry needs.

Moderation activities:
to ensure learners have met a required standard when they are awarded a qualification. This involves confirming that assessment materials are fit-for-purpose and that assessment decisions are fair, valid, and consistent with the national standard.

Brokerage and advisory services:
brokerage services aim to help employers and industries meet their skills needs. Advisory services aim to guide employers and industries on the importance of vocational education and training and improve learner/worker experiences in their industries.

Advise the Tertiary Education Commission:
to enable WDCs to guide and influence the TEC's vocational education funding decisions.

Ngā pou
Strategic pillars
The foundations by which Hanga-Aro-Rau will build itself over the next five years.

Ahumahi
Strong industry voice

Te Tiriti o Waitangi
Honour Te Tiriti o Waitangi

Ka Tika
Equitable outcomes

Te Taiao
Hardwire sustainability

Underpinned by the Living Standards Framework

Our individual and collective well-being

The Wealth of Aotearoa, New Zealand.
The natural environment, social cohesion, human capability, financial and physical capital.

Our institutions and governance
Institutions also define and protect rights, such as the right to free education that is specified in the Education and Training Act 2020.

Sustainability Development Goals

Ngā kaupapa matua | Priorities for 2023–24

Hanga-Aro-Rau is taking a proactive approach to its functions and duties by contributing to impactful actions that will create transformational shifts in the workforce development of the manufacturing, engineering and logistics industries.

The objectives outlined below are aspirational and are specified in our Statement of Strategic Direction 2023–28. They are also explicitly linked to the expectations set out by our stakeholders specified above.

To achieve our objectives, we seek to create a strong operating rhythm, both internally and across the broader vocational education ecosystem. We recognise none of the objectives below, apart from 6 and 8, can be achieved solely by Hanga-Aro-Rau. We intend to meet our Order in Council obligations and the requirements set out in our governing Council's Letter of Expectation to the highest level of relevance to the sectors and stakeholders we serve. We seek strong and influential collaboration with NZQA, the TEC, the Ministry of Education, the Ministry of Business Innovation and Employment, as well as the vast vocational education provider network.

Impact measures

Our 2023–24 workplan against our objectives is presented overleaf. We include indicators of success, including performance measures. The following impact measures are included:

Impact measures for 2023/24

	Reform of Vocational Education (RoVE) benefit	Key performance indicators	Measures	Frequency
Existing	Industry and regions have stronger leadership and learners have a stronger voice in the vocational education and training (VET) system	Industry leadership is stronger and more impactful	Confidence of industry that WDC leadership is stronger and more impactful	Reported annually
New	All learners and employers have their training needs met through more relevant and flexible provision	Graduates consistently have relevant skills	Confidence of employers that graduates will have the relevant skills	Reported annually

Source: TEC Guidance for WDCs when drafting Operational Plans in 2023–24.

Detail around our functional priorities and legislative functions can be found in the following section.

Tahi / One

Manini waka | *Improve connections and collaboration across the vocational education ecosystem to improve workforce development for industry and employers*

Intended impact

A better-connected system reduces duplication of effort and channels time and resource into actions that have positive consequences for our industries and their people.

Strategies and initiatives

a. Drive a cross-system approach through targeted and effective collaboration and engagement to share knowledge, identify innovative, cost and outcome effective best practices, to implement the development of skills for industry that considers the macro-environment including changes in economic conditions. (Links to Outcomes 1-5). (Ongoing)

b. Engage providers in the development of educational products that meet industry workforce development needs, validated through industry engagement and research (Links to Outcome 1, 2 and 3). (Ongoing).

c. Drive tailored engagement approaches by 1) continuing to map industry, employers and education providers industry, employers and education providers across the manufacturing, engineering, and logistics sectors, and 2) develop engagement strategies to enhance connectedness and elevate industry voice, and 3) develop sector workforce development plans. (Links to Outcome 2). (Ongoing).

d. Develop Māori and Pacific People's Workforce Development action plan). These will be the forerunners of focussed collaboration to unite efforts and actions for the six Workforce Development Councils and the wider ecosystem to develop and deliver upon equity, the honouring of Te Tiriti o Waitangi and Māori Crown Relations. This will allow for connection and partnership with these key communities. (Links to Outcomes 1-5) (Q1).

e. Initiate an approach to understanding workforce outcomes for Māori with Regional Skills Leadership Groups, iwi, hapū, Māori, and industry. This will enable Hanga-Aro-Rau to monitor its progress for equity and outcomes against agreed targets. (Links to Outcomes 1, 3, 4 and 5). (Ongoing).

f. Initiate an approach to understanding workforce outcomes for Pacific peoples with Regional Skills Leadership Groups, Pacific fono and industry. This will enable Hanga-Aro-Rau to monitor its progress for equity and outcomes against agreed targets. (Links to Outcomes 3, 4 and 5). (Ongoing).

Performance measures

1. RoVE IMPACT: Industry satisfaction is measured and improves from baseline.

2. Annual action plans are developed and implemented to improve workforce development for Māori and Pacific peoples.

3. Engagement strategy developed each stakeholder group across the VET (Vocational Education and Training) sector.

4. Outcomes framework and reporting mechanisms developed, reviewed and reported on.

Rua
Two

Tere waka | *Improve opportunities for all, specifically Māori, Pacific Peoples, Tāngata whaikaha (disabled people), and women to move into higher skilled work*

Intended impact

- More people engaged in learning and pathway into higher skilled work improves economic outcomes for people and their whanau.

- Increase number of Māori into leadership roles in Hanga-Aro-Rau sectors.

- More employers employing Māori, Pacific Peoples, disabled people and Women improves opportunities for skills gaps to be filled with domestically trained people and greater economic resilience if immigration settings change.

- Improved social, economic and wellbeing for all New Zealanders through workforce development that takes account of New Zealand's Changing population.

- Increase in participation and completion rates in education and training for those underserved.

Strategies and initiatives

a. Conduct additional engagement with education and training providers, Māori and Pacific Peoples groups and employers to develop a strategy and action plan on how to engage with young Māori and Pacific Peoples at secondary school. Demonstrate the opportunities within the sector so that they are considering it more often as a career option. (Links to Outcomes 2, 4 and 5). (Ongoing).

b. Develop targeted initiatives to address key skill gaps, areas of inequity and workforce gaps, with an initial focus on women (Links to Outcomes 2, 4 and 5). (Q1, with implementation from Q2).

c. Create and commence the implementation of action plans to address the recommendations from the post-Covid-19 Manufacturing, Engineering and Logistics workforce development research. (Links to Outcomes 2, 4 and 5). (Q1, with implementation from Q2).

d. Conduct workforce analysis to ensure sector workforce development plans remain current and identify 1) where those that have been underserved are in the workforce, 2) which types of roles at select subsector level they are and by region, and 3) examine future trends and identify barriers. (Links to Outcomes 2, 3 and 4). (Ongoing, annual sector plans reviewed and refreshed by 30 June each year).

e. Engage with Te Tiriti partners and iwi/hapū groups to start to 1) embed Te Tiriti principles and te ao Māori into industry practice guidelines and business operations, 2) investigate how the vocational education and training system can have a whānau centric design for Māori to be successful in learning and in the work environment. (Links to Outcomes 3, 4 and 5). (Ongoing, but explore a specific partnership with Te Wānanga o Aotearoa by early Q1).

f. Engage and form partnerships with industry to inform an approach to advance understanding of Pacific philosophy and wellbeing (Laumalie - Spiritual, 'Atamai - Mental, Sino - Physical, Kainga – Collective / Community and 'Atakai – Environment) and its applicability and alignment to the work environment. (Links to Outcomes 2 and 4). (By end of Q2).

g. Obtain/create disabled population and activity datasets to 1) better understand the training and employment patterns for this group, 2) develop an action plan to enable implementation of appropriately targeted initiatives in 2024-25 i.e., key skill gaps, areas of inequity and workforce gaps. (Links to Outcome 4). (Q4).

Performance measures

1. Māori and Pacific Peoples workforce analysis developed.

2. Tāngata whaikaha (Disabled people) Workforce Development Strategy and annual Action Plans implemented (cross-WDC).

3. As part of our Māori Workforce action plan develop, with two of our providers and in partnership with Māori employers, iwi, hapū, industry, increased pathways for learning and skills development.

4. As part of our Pacific Workforce Strategy develop a consortium of Pacific community, providers, industry and WDCs to implement an industry specific Pacific philosophy and wellbeing programme.

5. RoVE IMPACT: Industry leadership is stronger and more impactful – confidence rating from our stakeholders increases from base (base to be determined in 2022-23)

Toru
Three

Tere ki tai | *Increase opportunities to create a sustainable workforce by contributing to improved knowledge transfer in the workplace.*

Intended impact

- Support efforts to address the shortage of skilled workers

- Workers use and develop their skills to find and remain in employment as they age

- Workers find sustainable employment that fulfils their needs and aspirations, and contributes to their individual wellbeing as well as wellbeing of communities and Aotearoa New Zealand

Strategies and initiatives

a. Ageing Workforce Research Project focused on Manufacturing, Engineering and Logistics. (Q4).

b. Raise awareness of employers to good practice guidelines developed for age-diverse workplaces. This could include best practice for an age-diverse workplace — business.govt.nz, and using the Mature workers toolkit — business.govt.nz. (Links to Outcomes 2, 3 and 4). (Q4).

c. Develop skills standards and/ or qualifications that encourages succession planning, mentoring and knowledge sharing to improve industry sustainability. (Links to Outcome 3). (Ongoing).

Performance measures

1. Aging and older worker research (phase 1) completed with action plan developed.

2. Create micro-credentials with industry that enable skill and knowledge transfer.

3. Publish and distribute research report/s and any associated resources for stakeholders.

Whā
Four

Tai ki tai | *Improve attraction, retention rates and increase new hires into the manufacturing, engineering, and logistics industries through targeted collaborative initiatives*

Intended impact

Targeting specific employers, employees and those not currently employed improves the talent pipeline between sectors, countries and age groups.

Note: This has some linkages to the Ministry of Business, Innovation and Employment co-ordinated Advanced Manufacturing Industry Transformation Plan

Strategies and initiatives

a. Programme endorsement function used to ensure barriers are removed for those traditionally underserved by the vocational education system, including enrolment into and success completing, programmes such as those presented by literacy requirements. (Links to Outcome 2). (Ongoing).

b. Through our qualification and skills standard design, actively collaborate with industry and providers to design programmes that focus on the whole learner, their learning environment and are aligned with industry needs. This will encourage positive and empowering learning experiences that not only enable programme completion but ongoing learning and career progression. (Links to Outcomes 3 and 4). (Ongoing).

c. Understand learnings/best practice from other jurisdictions on how we can get additional workforce into the country (that considers immigration settings). Develop education products that enable ease of transition and exchange of skilled migrants into industry. (Links to Outcomes 2 and 3). (Ongoing).

d. Identify and scale good practice models of industry engagement with vocational education that promote equitable outcomes for ākonga at all levels (funding to providers around employer education to help better onboard workers). (Links to Outcomes 2, 3, 4 and 5). (Ongoing).

e. Drive key initiatives to remove or reduce the current barriers to attracting and retaining people, in collaboration with other agencies, groups and/or organisations. (Links to Outcome 2). (Q4).

Performance measures

1. Applications for programme endorsement are evolving to ensure programmes remove barriers for those traditionally underserved.

2. RoVE IMPACT: Graduates consistently have relevant skills – confidence of employers that graduates have relevant skills is determined.

Rima
Five

Tere ki uta| *Improve future skills development for the manufacturing, engineering and logistics workforce through collaboration across the Hanga-Aro-Rau ecosystem.*

Intended impact

- Contribute to productivity growth.
- Contribute to uptake of skills development in sustainability
- Increase future skills awareness, understanding and capacity among Hanga-Aro-Rau stakeholders using bespoke internally-developed resources.
- Increase the resilience of manufacturing, engineering and logistics workforces.

Strategies and initiatives

a. Develop resources on future skills, including the circular economy and high impact sectors; and emerging technologies, to support Hanga-Aro-Rau Kaimahi and their collaborations across the Hanga-Aro-Rau ecosystem. (Links to Outcomes 2 and 3). (Q3).

b. Collaborate with training providers to help understand and promote the needs for emerging future skills including the value of transferable and soft skills, the necessity of digital competencies and the value of the circular economy that are relevant for the manufacturing and engineering industries. This will influence the design of training courses and materials suitable for meeting the future skills mix including assisted technologies. (Links to Outcome 3). (Q1 – sharing investment advice; ongoing).

c. Work with training providers to implement micro-credentials and/or standards for learning that are relevant to manufacturing, engineering, and logistics to enable quick career pivots and niche training. (Links to Outcomes 2 and 3). (Ongoing).

d. Initiate and increase activities between schools and industries to improve entry-level training at school so learners can develop the right technical and non-technical skills sets to lead into industry pathways. This will contribute to learners progressing from secondary to tertiary. (Links to Outcome 3). (Ongoing).

e. Initiate and increase activities with other organisations that support those not in employment, education, or training (NEETs) or other groups (such as career changers) (including, but not limited to, community organisations, local government, Ministry of Social Development, etc) to improve pathways into our industries. (Links to Outcome 3). (Ongoing).

f. Engage with providers to encourage transformational design to support learning and teaching in non-technical skill sets. (Links to Outcomes 2 and 3). (Ongoing and supported by guidance supplied in investment advice).

Performance measures

1. RoVE IMPACT: Graduates consistently have relevant skills – confidence of employers that graduates have relevant skills is determined. Micro-credentials developed.

2. As part of our ongoing self-assessment, we demonstrate how the collaboration with training providers has promoted merging future skills and then the design of training courses and materials.

3. Regular, targeted, and impactful communications shared with industry, the provider network and other stakeholders to showcase success.

Ono
Six

Hiki hikitia | *Broaden our understanding of the future of manufacturing, engineering, and logistics industries to support targeted workforce development.*

Intended impact

Reduce duplicated effort for the education ecosystem and government by focusing efforts where we can create the most value to our sectors and Aotearoa.

Strategies and initiatives

a. Apply research and incorporate insights into the development and review of qualifications and skills standards. (Link to Outcome 3). (Ongoing).

b. Apply research and industry engagement insights and employer feedback to continually improve the effectiveness of industry

engagement. (Link to Outcome 3). (Ongoing).

c. Develop annual sector workforce development plans that articulate the future workforce development needs of industry. (Links to Outcomes 3, 4 and 5). (Published by 30 June each year).

d. Create and commence the implementation of action plans to address the recommendations from the post-Covid Manufacturing, Engineering and Logistics workforce development research (Links to Outcomes 2, 4 and 5). (Q1, with implementation from Q2).

Performance measures

1. Insights and research published.

2. Education products reflect industry insights.

3. RoVE IMPACT: Graduates consistently have relevant skills – confidence of employers that graduates have relevant skills is determined.

Whitu
Seven

Hāpai hāpainga | *Increase the number of women in the manufacturing, engineering, and logistics workforce*

Intended impact

- Reduce skills shortages for employers
- Increase career pathway options for women

Strategies and initiatives

a. Build on the Women in Trades promotional campaign by targeted pilots that brings together education providers, employers, and Hanga-Aro-Rau to increase the number of women working and learning. (Link to Outcome 4). (Q1 in collaboration with Waihanga Ara Rau).

b. Work collaboratively with Hanga-Aro-Rau employers to create safe, inclusive, and welcoming workplaces for women, Māori and Pacific peoples, disabled and neuro-diverse people, older workers, and other underserved groups. (Link to Outcome 4). (Ongoing).

c. Initiate and increase activities with other organisations that support women seeking career changes (including, but not limited to, community organisations, local government, Ministry of Social Development, etc) to improve pathways into our industries. (Links to Outcomes 2, 3 and 4). (Ongoing).

Performance measures

1. At least one pilot conducted in partnership with Ohu Ahumahi, our industries and community stakeholders.

Ka tau ki uta | *Industries start to express a growing satisfaction that their workforces have the required qualifications, knowledge and skills*

Intended impact

- Providing demonstrated value for the government investment through authentic and meaningful outcomes, delivered in a timely fashion
- Employers and employees in our industries become stronger and more resilient to changes in the macro-environment to grow a highly employed and engaged workforce.

Strategies and initiatives

All initiatives listed here are ongoing and part of our standard functional requirements, unless otherwise specified.

a. Develop and maintain industry qualifications, capstone assessments and skill standards that meet industry needs.

b. Critically assess the value of qualifications for industry through regular engagement with industry on the qualification review workplan and refine the qualifications review cycle process to improve workforce development outcomes for industry.

c. Create stackable micro-credentials to improve skill development and career progression.

d. Assure industry their needs will be met by programmes through a rigorous endorsement function that provides learners and employers with confidence and supports consistent and coherent programme delivery in the system.

e. Moderate assessments to ensure learners have met a required standard when they are awarded a qualification. This involves confirming that assessment materials are fit-for-purpose and

that assessment decisions are fair, valid, and consistent with the national standard.

f. Provide advisory services that aim to guide employers and industries on the importance of vocational education and training and improve learner worker experiences in their workplaces.

g. Advise TEC's vocational education funding decisions that aligns investment to developing a sustainable equity driven workforce. (Q2, TBC by TEC).

h. Increase our kaimahi capability and capacity to honour Te Tiriti o Waitangi and be confident leaders in meeting our Order in Council requirements. (Q1-2, deliver bespoke cultural capability to kaimahi).

i. Grow links to NZQA to ease the continued incorporation of Mātauranga Māori into qualifications.

j. Provide guidance to providers at the inception of programme

development to ensure the needs of identified underserved, Māori and Pacific learners are being addressed.

k. Grow opportunities for Tangata whaikaha (Disabled peoples) in emerging future industries and Hanga-Aro-Rau becoming an employer of choice.

l. Develop and maintain industry qualifications, capstone assessments and skill standards that meet industry needs through:

1. Review qualification development processes

2. Normalise the use of Mātauranga Māori in our qualification design

3. Aligning our actions to our stainability goals.

m. Deepen our links with NZQA so that providers get a whole of system approach to our mahi.

n. Drive the shift to skills standards within the provider network.

o. Create opportunities for Iwi/Hapū to engage directly in qualification development.

Performance measures

1. 55 qualifications and 980 unit standards reviewed.

2. Annual moderation plan activated.

3. A minimum of four providers visited each month.

4. Programmes endorsed within 20 working days of receiving an application that meets all criteria.

5. RoVE IMPACT: Graduates consistently have relevant skills – confidence of employers that graduates have relevant skills is determined.

6. TEC investment advice produced annually.

7. Data shows clear learning pathways and improvement in outcomes for Māori, Pacific and underserved learners as a result of the Programme Endorsement function.

8. Measures agreed with NZQA (drafting at time of writing)

He mana taurangi
| Delivering our legislative functions

Our organisation is structured to deliver against our legislative functions as outlined in our Order in Council. All roles across Hanga-Aro-Rau contribute to our functional delivery.

Our functional mahi is woven into our strategic objectives, as outlined in our 2023–24 workplan. At a high level, our cycle of qualification development, endorsement and moderation creates the checks and balances necessary to account to hold us and providers to account to meet industry requirements. This approach connects our duties (industry voice, honouring Te Tiriti o Waitangi, equity and sustainability) with our functions – skills leadership (including research), standard setting, moderation, programme endorsement and investment advice to TEC.

Skills and workforce leadership

Our strong focus on industry voice remains a core feature of our Operational Plan 2023–24. Through our formal engagement with more than 2,500 stakeholders since October 2021, we have a clear mandate from our stakeholders on the current and future skills and workforce development priorities for our industries. These clear navigational points have confirmed our 2023–24 work and engagement plans.

Stakeholder (group)	Nature of engagement and frequency	Functional lead	2023-24 engagement target
Industry			
Industry associations	• Face-to-face and virtual, conference presentations • Connect at least once every two months	Industry transformation	1,500
Industry Stakeholder Group (ISG)	• Face-to-face meetings (at least two per year) • Out of session communication (email, online hui)	CE/DCE/ Poumatua	
National Industry Advisory Groups (NIAGs)	• One or two formal face-to-face meetings per year • Out of session communication (email, online)	Industry transformation	
Employers	• Weekly engagement with employers across our sectors • Regular communication via Te Hā • Engagement in standard-setting mahi	Industry transformation/ Māori workforce development	
Unions	• At least quarterly engagement with each union • Regular communication via Te Hā • Engagement in standard-setting mahi	Industry transformation	
Other groups as identified in our Order in Council (e.g. volunteers)	• At least quarterly engagement with identified groups • Regular communication via Te Hā • Engagement in standard-setting mahi	Industry transformation	
Iwi/hapū Māori	• Five regional engagement events • At least quarterly engagement with iwi (likely in collaboration with Ohu Ahumahi)	Māori workforce development	At least: • 80 Māori employers • 100 kaimahi • 150 new contacts
Māori employers	• Weekly connection with Māori employers		
Regional Skills Leadership Groups (RSLGs)	• At least two monthly engagements with all RSLGs • Monthly connection with specified RSLGs (Tāmaki Makaurau, Waikato, Canterbury)	Industry transformation	50
Providers	• At least one annual meeting with Te Pūkenga executive team • Monthly meeting with Te Pūkenga Ako Network lead • At least two monthly engagements with prioritised providers (refer to programme endorsement and moderation activities below)	CE/DCE Improvement and operations Industry standards	80
Community groups (including Pacific networks, tāngata whaikaha networks)	• Engagement with at least two community groups per month • Groups have representation on our advisory groups	Industry transformation (linked to Hāpaitia shared services)	24
Vocational pathways	• Monthly engagement with government networks and influencers		12

Communication

Our tailored communications approach has evolved to best meet our stakeholder requirements. Below is a summary of our communication methods and targets we have set for 2023–24. These support the implementation of our engagement plan.

Communication method	Audience	2023–24 target
LinkedIn	Industry, providers	At least two LinkedIn posts per week
Web stories	Industry, employers, providers, employees	At least one web story per fortnight
Press releases	Media (mainstream, industry, Māori, Pacific)	At least one PR opportunity per quarter
Hanga-Aro-Rau-led industry stakeholder forums	Industry, providers, employees, unions, community organisations, iwi and hapū	At least two forums per year
Te Hā – Hanga-Aro-Rau external communication	Industry, providers, employees, unions, community organisations, government, iwi and hapū	At least four publications per year
Provider communication	Providers, employers, schools	At least four publications per year

Research

Our comprehensive research programme is core to achieving our strategic objectives. In addition, our tīma of dedicated and experienced business and data analysts and researchers provide guidance and support to the organisation to inform:

- How we can advance equity
- Qualification and standards development and review
- New vocational education product opportunities
- Insights and data for formal presentations and communications
- Insights for industry and engagement such as employment forecast, technological changes and research to support a diversifying workforce, with a focus on recruitment, support and retention of underserved groups, while also being mindful of sustainability goals and objectives
- Ethical guidelines for gathering information.

Research is a core area of collaboration with other Ohu Ahumahi. In 2023–24 we will continue to collaborate on the following projects:

- Regional hospital builds and vocational pathways and products initiatives (with Waihanga Ara Rau and, potentially, Toitū te Waiora)
- Industry equity, with a continued focus on women in industry, and expanded focus on tāngata whaikaha (with Waihanga Ara Rau and probable expansion to all Ohu Ahumahi)
- Māori Workforce Development Strategy (informing the broader RoVE programme) and specific action and engagement plans
- Pacific Peoples Workforce Development Strategy (informing the broader RoVE programme) and specific action and engagement plans
- Tāngata Whaikaha Workforce Development Strategy and actions plans
- Understanding pathways for employees entering our industries and how they progress following their qualification attainment (with all Ohu Ahumahi)
- Future workforce development requirements to 2040 (with all Ohu Ahumahi).

Vocational pathways

During 2022–23 our vocational pathways advisors developed a strategic plan (linked to our Statement of Strategic Direction and the broader RoVE outcomes) to support sustainable workforce pipelines and pathways and equitable outcomes for Māori, Pacific peoples, women, older workers and tāngata whaikaha.
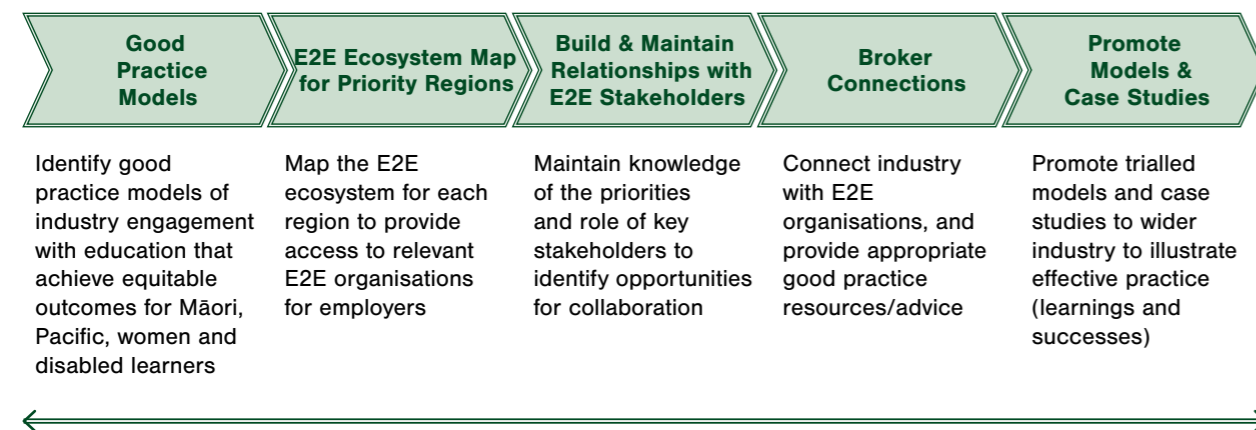
There are currently irregular connections between industry and the education ecosystem, so our tīma have sharpened their focus to address the following:

1. Employers need quality workers and are struggling to attract and retain employees through the education-to-employment ecosystem

2. Pathways into and progression with our industries are not visible or are deemed inaccessible – people cannot be what they cannot see

3. The status quo of employee progression and experience in our industries is inequitable.

The above problem statements have formed two core workstreams for 2023–24:

1. Brokerage and advisory workstream

Objective	Known barriers to address
Brokerage and advisory services to employers with the knowledge of how to engage with the education ecosystem, providing advice on good practice to create fruitful partnerships (2023–2025).	• Removing the maintenance of an inequitable status quo to ensure equitable outcomes • Addressing the current management and capability gaps by creating strong cross-agency partnerships.

Good Practice Models	E2E Ecosystem Map for Priority Regions	Build & Maintain Relationships with E2E Stakeholders	Broker Connections	Promote Models & Case Studies
Identify good practice models of industry engagement with education that achieve equitable outcomes for Māori, Pacific, women and disabled learners	Map the E2E ecosystem for each region to provide access to relevant E2E organisations for employers	Maintain knowledge of the priorities and role of key stakeholders to identify opportunities for collaboration	Connect industry with E2E organisations, and provide appropriate good practice resources/advice	Promote trialled models and case studies to wider industry to illustrate effective practice (learnings and successes)

Employer Education
Implement collaborative agency and industry initiatives to educate employers on the experiences of youth and career changers (focus on Pacific, Māori and disabled peoples), within the changing nature of the world of work; to encourage safe, inclusive and welcoming workplaces in our industries.
Key Partners: Employers, secondary and tertiary education institutions, Ministry of Social Development (including funded initiatives), Ministry of Education, Ministry of Business, Innovation and Employment, economic development agencies, Regional Skills Leadership Groups, Mayors Taskforce for Jobs, community organisations.

2. Inform the careers system workstream

Objective	Known barriers to address
Empower ākonga by equipping relevant agencies and associations with career pathway information, fostering a seamless connection between industry and the education ecosystem.	• Ensuring pathways into our industries are clear and understood • Create seamless information flows between career practitioners and other members of the education-to-employment ecosystem.

Tertiary Education Commission and Ministry of Education	Identify insights	Collate and share	Review
Establish relationships with TEC and MoE and set up parameters for collaboration on career education	In discussion with each agency, identify the kinds of industry insights they need	Collate and share insights through an agreed process that includes frequence and format	Review utility of insights on a regular basis. Ensure agencies are incorporating insights into their programs and products

Key Partners: Ministry of Education, Tertiary Education Commission (Tahatū and Inspiring the Future), Careers and Transition Education Association New Zealand, Career Development Association New Zealand industry associations and employers.

Qualification and system product

Hanga-Aro-Rau is the standard-setting body for more than 200 qualifications and just under 4,000 unit standards across the manufacturing, engineering and logistics industries we serve.

In 2023–24 we intend to review 55 qualifications and 980 standards across the following sectors:

- Apparel
- Automotive
- Baking
- Dairy processing
- Energy and chemical plant operations
- Extractives
- Fellmongery
- Fire protection
- Furniture making
- Marine
- Meat processing
- Outdoor power equipment
- Ports
- Powerboat
- Wood and timber manufacturing.

We prioritise being responsive to industry needs over the standard five-year review cycles requested by NZQA. Therefore, our standard-setting workplan naturally evolves as new initiatives are identified and endorsed by industry during the course of the year. If this impacts on our ability to ensure all our qualifications are reviewed within the standard five-year time frame, we work with impacted industry stakeholders and NZQA to adjust review time frames.

In 2022–23 our stakeholders identified, validated and endorsed the need for at least 13 new vocational education products, with all woven into our workplan for anticipated registration on the New Zealand Qualifications Framework by the end of 2023 or early 2024. These new products will provide new opportunities for our provider network and form a central feature of our investment advice to TEC.

We anticipate this trend to remain in 2023–24, with our stakeholders continuing to identify new opportunities for vocational education. As part of all development, we seek to partner up front with our provider network to ensure they can plan their programme design (and pastoral support structures) to best meet the needs of industry and ākonga undertaking these new products.

In October 2021 Hanga-Aro-Rau established Paewhiri Mātauranga[2], a dedicated rōpū representing Hanga-Aro-Rau leaders who have a functional and strategic interest in standard setting. The purpose of this group is to provide guidance and approval for programme endorsement, new vocational education product development and overarching monitoring of the standard-setting workplans. Meeting monthly, this group plays a critical role in ensuring that all mahi associated with standard setting is linked back to industry and stakeholder need.

2. This inoga (name) was gifted to the rōpū from the Te Reo and Mātauranga Māori Advisor for Hanga-Aro-Rau and is translated as paewhiri – panel, wānanga, weave together, and mātauranga – knowledge, education and academia.

Mātauranga Māori and qualification development

In 2022, we started the process of reviewing all our qualifications with a te ao Māori lens to align with our engagement and research kaupapa. We also began to identify opportunities to include mātauranga Māori, te reo Māori and tikanga within qualifications. Our industry standards tīma (Whatu Tohu) has developed the Te Aronga Māori framework to enable this process. In te reo Māori aro means to focus, understand, comprehend; and aronga is direction, focus, interest, purpose).

The goal is to enable system transformation. The impact of change will be measured through quality assurance activities (including moderation and programme endorsement) and provider, ākonga, employer, and iwi and hapū feedback as appropriate. Using this approach, we aim to embed a Māori world view into our qualifications and standards to enable this to flow into training programmes and teaching and practice.

We believe this is a core area of transformation. Our first application of this tool is being applied to the review of mechanical engineering qualifications, strands and standards in 2023–24. This diagram provides an indication for how this tool will be applied in practice.

Qualification	Opportunities	Impact for Change

- Qualification details
- Kaiwhatu Tohu - Qualification Developer
- Māori Stakeholder engagement
- Māori WFD Focus Areas
- Graduate Profile Outcomes Matrix alignment to Ngā Mātāpono o Te Hono o Te Kahurangi (NZQA Dynamic Principles)

Inclusion of MM within Qualification:
- Outcome Statements (Strategic Purpose Statement, Graduate Profile, Pathways)
- Qualifications Specifications (Evidence Requirements, General Conditons for Programme)
- Other (Additional Commentary Guidance)
- Recommendations (Advice)

- Outcomes (QD feedback / rationale)
- Provider (uptake and engagement in new qual)
- Learner results - Retention, Completion of Programme, Completion of Qualification (graduation)
- Insights (Industry, Māori stakeholders and graduates)

Programme endorsement

In mid 2022 Ohu Ahumahi launched our programme endorsement functions. In 2022, Hanga-Aro-Rau endorsed 33 programmes all with conditions around encouraging providers to provide more comprehensive information on how they are supporting priority groups.

We are currently reviewing the programme endorsement approach and process to ensure consistency for providers, while also ensuring industry requirements are central to the decision-making process. For 2023-24 our focus is to ensure impacts and changes are being made by providers in how they are developing programmes to support better educational outcomes. We are meeting with all providers to provide support and guidance.

Our Te Aronga Māori framework will provide additional guidance to providers around programme design and we hope to see that coming through programme endorsement applications.

Moderation activities

Our moderation activities will continue at pace in 2023-24. We will publish our moderation plan that will outline areas of focus and provide guidance to providers around what they can expect when engaging with us. We will also progress more kanohi ki te kanohi engagement with our provider partners to provide guidance that will enable continuous improvement in programme endorsement applications and quality assurance activities.

The methodology behind our moderation selection is that 30 per cent of our provider base will be called for post-moderation each quarter. A minimum of three unique unit standards with three samples for each will be requested. The unit standards will be retrospective assessments of the prior calendar year. Each provider's assessment history will be analysed using the risk-based approach outlined below:

- Previously not approved unit standards
- Newly developed or reviewed unit standards
- Health and safety risks attached to an assessment
- New programmes
- Recently granted consent to assess

Depending on the outcome of the initial selection of post-moderation, it will then determine whether additional samples or unit standards are called within the same quarter and/or an onsite visit is conducted.

A provider that assesses many unique unit standard or a high volume of a specific unit standard will be called more than once in a calendar year.

All providers will experience post-moderation activity within the calendar year.

2023-24 moderation priorities have been identified as follows:

1. Programme Endorsement applicants
   - New Programme with conditions
   - New Programme (no specific conditions applied)
   - Type 2 Endorsement with conditions
   - Type 2 Endorsement (no specific conditions applied)
2. Providers with low success rates in post-moderation
3. Providers that Hanga-Aro-Rau has not yet been able to engage with.

Business intelligence

We are increasingly growing our sophistication in utilising provider data and overlaying it with learner, NZQA and, where relevant, industry data and insights to drive our prioritisation around provider engagement, support and intervention. This has resulted in the creation of a Provider Portfolio or business intelligence tool to understand the performance of providers in the following ways:

- Learner enrolment – including demography, sector, location and qualification/programme
- Quality assurance outcomes (including pre- and post-moderation outcomes, consent to assess applications, and programme endorsement applications)
- Unit standards offered
- Completion rates.

The purpose of understanding performance in this multi-layered way enables Hanga-Aro-Rau to develop a risk profile of providers to prioritise intervention and continuous improvement.

The data in this tool is overlaid with data from other sources including: Ngā Kete, Aka Kōrero, NZQA and completion data from TEC.

Our business intelligence tool is also being shared with Ohu Ahumahi to ensure consistency in moderation practice and processes across the vocational education system.

Advice to TEC on the mix of vocational education provision

Most of our insights gleaned from stakeholder engagement, research and standard-setting activities (including qualification and standards development, moderation and programme endorsement) inform the advice we provide to TEC on future investment in vocational education.

The insights we collect from individual or collective stakeholders are triangulated with research and analysis of official statistics. Our insights are then developed into themes to inform the vocational education system. These themes may relate to creation of new qualifications, or the refresh of others; they may relate to specific considerations for learners to improve success; or they may identify some new priorities relating to the delivery.

Given the diverse range of sectors we serve, we acknowledge the challenge we have in ensuring all voices are represented. To do this, we test with our Industry Stakeholder Group and, once established, our National Advisory Groups, to confirm priorities. As an example, our analsysi and testing may involve:

- Forecasting employment growth/demand, business change and regional focus for a sector.
- Analysing educational outcomes (e.g. education level of the sector, other training pathways, etc).

- Validating industry demand with a representative group of stakeholders including employers, community groups, business organisations, industry associations. This involves in-person/virtual discussions as well as surveys.

- Engaging with providers to seek their input/views as well as explore how they might continue to support employers and learners in the specified sectors.
- Testing with iwi and Māori employers as appropriate.

Once we have a rounded, evidenced-based understanding of our sectors' priorities, then we are in a position to include this in our investment advice. Our 2023-24 objectives outline what our stakeholders have told us is important and these have guided our 2024 advice. The structure of the 2024 advice submitted to the TEC in April 2023 will also pave the way for the 2025 investment advice. We anticipate that the 2025 investment advice to TEC will be submitted later 2023 or early 2024 (as stipulated by TEC).

Function measures

Our activity is measured and reported on a monthly basis. Our functional measures are summarised below:

Function	Measure	
Skills leadership	• Formal engagement with at least 2,000 stakeholders including industry, employers, employees, iwi, hapū, Māori employers, community groups, unions, RSLGs, providers • Frequent and tailored communication to showcase skills leadership in action • Research and insights published and used to drive sector and industry transformation	• Sector workforce development plans published annually • Provide clarity on the education-to-employment ecosystem • Industry satisfied that their career and education pathways are clear and visible (baseline in 2023–24)
Qualification and systems	• 55 qualifications reviewed • 980 standards reviewed • Te Aronga Māori framework implemented	• Baseline insights on impact of the Te Aronga Māori framework captured • NZQA aligned measures TBC by 30 June 2023
Programme endorsement	• All programmes endorsed within 20 working days	• NZQA aligned measures TBC by 30 June 2023
Moderation activities	• All providers and schools moderated at least once per calendar year, with a minimum of three unit standards and three assessment samples selected • High-risk providers identified and an improvement plan implemented, with a minimum of two providers visited each month	• 30 per cent of our provider base will be called for moderation each quarter • Implement our provider engagement plan with a minimum of two providers visited per month • For National External Moderation (NEM) Performance Criteria aligned with NZQA, please see Appendix 1
Investment advice	• Advice evidences industry need	• Advice submitted to TEC on time and to specification to inform 2025 investment planning

Penapena pūtea
| Financial management and risk

In preparing our budget for 2023–24 we have worked on the basis that the funding envelope from TEC remains consistent with 2022–23. In addition, we have developed this budget with consideration to the Council's Letter of Expectation and our strategic priorities, as presented in our Statement of Strategic Direction. Our proposed budget is presented in here.

Profit and Loss Statement	"2022/23 Forecast" $000s	"2023/24 Budget" $000s
TEC Funding	13,114	13,114
Other Income	14	298
Total Income	13,128	13,412
People Costs	7,589	8,923
Engagement, Meetings and Events	1,244	1,446
Qualifications and Assurance	198	165
Governance	346	431
Consultancy	353	355
Other Expenses	263	521
Operating Costs	9,992	11,841
Hāpaitia Costs	1,592	1,561
Total Expenditure	11,584	13,402
Operating Surplus/(Deficit) (ex Projects	1,544	10
Projects		
Project Income	441	0
Project Expenditure	441	0
Total	0	0
Movement to Accumulated Surplus	1,544	10
Shared Services - Lease	104	139
Movement to Capital Reserve	(104)	(139)
Total Surplus/(Deficit)	1,440	(129)

Budget for the year ending 30 June 2024

The budgeted net deficit projected for the year ending 30 June 2024 is $129,000. This is made up of an operating surplus of $10,000, and shared services asset lease and deprecation costs totalling $139,000, which are met from Capex Reserves[3], Net Funded Projects of $0 and Reserve Funded Projects of $0.

Budgeted revenue is expected to remain at $13.1 million, as established in the original funding agreement. In addition, we are budgeting interest income of $298,000. Budgeted expenditure is expected to be $13.4 million, to be met from TEC operating funding. A further $139,000 for Hāpaitia lease costs (based on depreciation) will be met from capital reserves established at the end of the 30 June 2022 financial year.

3. Note, these reserves have an expected life expectancy of nine years. After such time, asset lease depreciation (i.e. the lease Hanga-Aro-Rau has on assets from Hāpaitia, such as ICT equipment) will need to be met from operating budgets.

Hāpaitia

Hāpaitia has prepared a draft budget (which is subject to review and approval by their Finance, Audit and Risk Committee and Board in early March 2023) with indications that the shared service cost for each WDC will be $1,699,409. This is made up of $1,560,798 for Hāpaitia services and an additional $138,611 for Hāpaitia shared asset lease expenses, which would be allocated from the capital reserve funding. Budgeted expenses have been aligned with the service level agreement with line items providing greater transparency against services delivered. In preparing the 2023–24 budget, Hāpaitia management have adjusted down their original agreed funding allocation for items like insurance and audit fees that are no longer shared services costs (rather, they are met by Hanga-Aro-Rau).

Projects

We have accounted for Externally Funded Projects with allocation each month from Income Received in Advance to match expenditure incurred. These project expenses were excluded from the 2022–23 budget but have been included with both income and expense in the Projects section of the Operating Budget. We are expecting to complete all these projects prior to the end of the current financial year at 30 June 2023.

We also plan to undertake some business-as-usual projects which will be accounted for in operating expenses. We will use project codes to help track expenditure on these targeted projects. They will not be reported separately in the budget. These costs are met from TEC operating funding.

We also intend to undertake some special initiative projects which are accounted for in the abnormal items section of the operating budget. At this time, we have not included budgets for Special Initiative Projects, with our focus being on operating budgets. Special Initiatives project funding would be met from prior year surpluses held in the special initiatives reserve. Any such projects would be presented for approval by Council in accordance with the Prudent Reserves Policy. Expenditure for these projects would then see a commensurate reduction in the special initiatives reserve at the end of the financial year.

Budget assumptions

In preparing our 2023–24 budget we have assumed the following:

- Our funding from TEC remains consistent from 2022–23.

- New roles have been created as we evolved in 2022–23. Those kaimahi who joined us in 2022–23 will now be budgeted for the full year.

- The budget includes a five per cent salary adjustment for personnel.This is consistent with 2022-23.

- We expect to see a considerable decline in recruitment costs. We will channel this cost saving into professional development for kaimahi.

- We seek to retain some budget in our contractor and consultant lines as we continue to grow and evolve.

- We will be recruiting for Council members as the current tenure for some expire in 2023–24; therefore, we have allowed for recruitment costs for these positions. We have also allowed for a professional development budget to support our governance associates.

- We have held travel expenses at similar levels to 2022–23, recognising the increased costs in travel and accommodation. Now that strong relationships have been established, we anticipate online and in-person meetings will be balanced.

- We have increased our research budget to ensure ongoing support for Ohu Ahumahi collaborative projects (e.g. Shared Data Platform), as well as bespoke research to take our industries forward.

Five-year forecast

When preparing the draft budget, we have also taken the opportunity prepare our five-year forecast. This forecast uses the 2023-24 budget as a key driver for expenditure and assumes that there will be no increases in TEC Revenue. Core assumptions have been made around increasing expenditure based on inflation estimates provided by Treasury and stable staffing levels, with allowance for annual salary increases in line with expected sector increases (3 per cent). It has been assumed that there will be no increases in Hāpaitia shared services costs while TEC funding remains static. To achieve this, Hāpaitia will focus on investment in systems improvements and cross-WDC collaboration and alignment projects to achieve operating efficiencies.

The increasing cost pressures in an environment of fixed funding, as premised in the forecast, clearly show the likelihood of significant and ongoing deficits which will over time see a reduction in reserves. Should fixed funding income continue in the longer term, the Council may have to consider reviewing how best to meet core services under the OIC while maintaining a break-even position. In the shorter-term, management will continue to focus on prudent fiscal management to ensure effective and efficient use of TEC funding resources in delivery of OIC mandated outcomes.

Profit and Loss Statement Five Year Forecast 2023-2027	"2022/23 Forecast $000s"	"2023/24 Budget" $000s	"2024/25 Forecast" $000s	"2025/26 Forecast" $000s	"2026/27 Forecast" $000s
TEC Funding	13,114	13,114	13,114	13,114	13,114
Other Income	14	298	248	222	183
Total Income	13,128	13,412	13,362	13,335	13,296
People Costs	7,589	8,923	9,091	9,350	9,617
Engagement, Meetings and Events	1,244	1,446	1,465	1,496	1,509
Qualifications and Assurance	198	165	166	166	166
Governance	346	431	434	436	438
Consultancy	353	355	358	360	363
Other Expenses	263	521	535	548	562
Operating Costs	9,992	11,841	12,048	12,356	12,654
Hāpaitia Costs	1,592	1,561	1,561	1,561	1,561
Total Expenditure	11,584	13,402	13,609	13,917	14,215
Operating Surplus/(Deficit) (ex Projects	1,544	10	(247)	(582)	(918)
Projects					
Project Income	441	0	0	0	0
Project Expenditure	441	0	0	0	0
Total	0	0	0	0	0
Movement to Accumulated Surplus	1,544	10	(247)	(582)	(918)
Shared Services - Lease	104	139	139	139	139
Movement to Capital Reserve	(104)	(139)	(139)	(139)	(139)
Total Surplus/(Deficit)	1,440	(129)	(386)	(720)	(1,057)

Balance Sheet Five Year Forecast 2023-2027	"2022/23 Forecast" $000s	"2023/24 Budget" $000s	"2024/25 Forecast" $000s	"2025/26 Forecast" $000s	"2026/27 Forecast" $000s
ASSETS					
BNZ Cheque Account	1,497	2,135	961	265	132
ASB Term Deposits	2,497	2,497	2,497	2,497	1,597
Term Deposit - BNZ	1,600	1,600	1,600	1,600	1,600
Interest Bearing Account	402	402	402	402	402
Hapaitia Advance	300	300	300	300	300
Hapaitia Advance Capex	525	525	525	525	525
Prepayments	68	68	68	68	68
Total Assets	6,888	7,527	6,352	5,657	4,623
LIABILITIES					
Accounts Payable	1,066	1,806	1,038	1,065	1,090
Accruals	41	41	41	41	41
Income_In_Advance	0	0	0	0	0
Employee Entitlements	67	67	67	67	67
GST	(145)	(118)	(138)	(140)	(141)
Other liabilities	4	4	4	4	4
Total Liabilities	1,033	1,800	1,012	1,036	1,060
Net Assets	5,855	5,727	5,341	4,620	3,563
EQUITY					
Accumulated Surplus	1,589	1,599	1,351	770	(149)
Operating Reserve	3,000	3,000	3,000	3,000	3,000
Capital Reserve	796	658	519	381	242
Special Initiatives Reserve	400	400	400	400	400
Te Kahui Ahumahi Reserve	70	70	70	70	70
Total Equity	5,855	5,727	5,341	4,620	3,563

Cashflow Forecast Five Year Forecast 2023-2027	"FY 22/23 Forecast 000s"	"FY 23/24 Budget 000s"	"FY 24/25 Forecast 000s"	"FY 25/26 Forecast 000s"	"FY 26/27 Forecast 000s"
Receipts from Govt	13,145	13,114	13,114	13,114	13,114
GST (net)	259	754	930	837	844
Payments to Employees	(7,384)	(8,533)	(8,697)	(8,951)	(9,213)
Payments to Suppliers	(5,305)	(4,995)	(6,768)	(5,916)	(5,961)
Net Cash flows from operating	715	340	(1,422)	(917)	(1,216)
Receipts of Interest	14	298	248	222	183
Cash from Financing	14	298	248	222	183
Net Inc/(Decrease) in Cash	729	638	(1,174)	(695)	(1,033)
Opening Bank Balance	5,266	5,995	6,633	5,459	4,764
Closing Bank Balance	5,995	6,633	5,459	4,764	3,730

Risk management

Hanga-Aro-Rau continues to take a proactive approach to risk management and mitigation through a comprehensive risk management framework. Our executive leadership team formally reviews all organisational risks on a monthly basis, with our Council reviewing them every meeting (approximately every two months) and our Finance, Risk and Audit Committee reviewing them at least quarterly.

As we are now well into our operation, our organisational risks continue to evolve. In 2022–23, our primary organisational risks were around the recruitment of staff. Now the focus has shifted to engagement and retention. Kaimahi engagement is formally measured on an annual basis, in November, with action plans developed by each functional team. In addition our professional development budgets, at both individual and collective level, have increased to ensure our kaimahi continue to learn and grow in their roles as we do as an organisation.

Externally, one of the biggest risks we have identified is that of Te Pūkenga and its operation. While we have close connections with some areas of Te Pūkenga, including the executive team, we recognise that Te Pūkenga is on its own evolving journey. This has created elements of uncertainty among our external stakeholders. Given that Te Pūkenga currently delivers approximately 80 per cent of the qualifications we manage, we have rated this as a high risk. Mitigations include close engagement with Te Pūkenga at all levels, including a structured engagement plan around programme endorsement, moderation and overall quality assurance capability development. We will continue to work with our whole provider network on qualifications, standards and micro-credentials development.

Management performance measures

As outlined by TEC, we are committed to monitoring and reporting against the following focus areas:

Management measure for inclusion in Operational Plan for 2023/24

Focus area	Measures	Agreed target
Financial management	The WDC has performed within its budget (via the standard Financial Plannning and Reporting Template)	• Any material difference between actuals and the overall budget explained in financial reporting
Risk management	The Risk Register is completed (incl. risk details, level of risk). Each risk has an appropriate response for mitigation	• Mitigation activities identified for all identified risks
Governance	The WDC maintains a strong and capable governing council that: • provides effective leadership • agrees plans with achievable targets • understands its functions and responsibilities • and has the skills and experience needed to fulfill its fuctions	• Regular council self-assessment, independent governance assessment in line with the Order in Council (OIC) and results actioned • Skill gaps identified and expertise obtained if need be • Council members up to date with the vocational education environment, the WDC's response, and best practice governance • Plans in place that reflect stakeholder needs, with targets being achieved • Council meeting agendas provided to the TEC

Source: TEC Guidance for WDCs when drafting Operational Plans in 2023–24.

We have also created a range of internal performance indicators covering kaimahi engagement, professional development and cultural capability, sensitive expenditure monitoring and compliance, and overall policy compliance. These will form part of our Statement of Service Performance in our Annual Report.

Appendix| National External Moderation (NEM) Performance Criteria

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Ohu Ahumahi Guidance Document:
Responding to NEM Monitoring Questions

The purpose of this document is to direct WDCs in their provision of information to NZQA in relation to the National External Moderation (NEM) cycles.

This document is collectively 'owned' by Ohu Ahumahi.

Each WDC will use this as an overarching document to create their own scripts on the ways they choose to share their information with NZQA.

Regardless of any individual WDCs' chosen format, this document functions to ensure that responses to each of the monitoring questions:

- Are in accordance with each of NEM principles
- Address, throughout, the following two key self-assessment questions:
  - What key learnings did you realise in the 2022 national moderation cycles?
  - Using these learnings, what significant improvements are to take place subsequently?
- Are supported by appropriate and sufficiently detailed quantitative and qualitative evidence.

Note 1. The possible evidence listed provides guidance only – each WDC will identify and include the evidence best suited to their activities and evidence gathering processes.

NEM Principle 1

Ensure assessment practice is fair, valid and consistent

| **Fair** - Assessment processes, activities, conditions and marking provide equal opportunity for all learners to achieve. | **Valid -** Assessment has a clear purpose and measures what it aims to measure. Assessment activities and assessor decisions reflect the knowledge, skills, and application of knowledge or skills required to meet the learning outcome at the appropriate NZQF level. | **Consistent -** Assessor judgements are reliable and accurate across all learners, regardless of who does the assessing or when the assessment occurs. |

Possible evidence

- Moderation policy and process documents
- Moderation kaimahi position descriptions
- Currency of moderators' skills and knowledge

- Policy and processes for kaimahi professional development
- Framework for moderators' reflective practice and high level synopsis of outcomes

- Minutes from community of practice (CoP) meetings
- Moderation plan
- CMRs

How does your national external moderation system ensure assessment practices are fair, valid and consistent?

How do you know your national external moderation system works?

NEM Principle 2

- Be appropriate to the nature of the learning outcomes and assessment evidence collected
- Moderation appropriately enables and supports Mātauranga Māori-based learning and assessment.

- Moderation is flexible and accommodates a variety of learning outcomes, assessment contexts and evidence gathering methods.

Possible evidence

- Moderation policy and process documents
- Synopsis, or examples, of key/notable pre- and post-assessment moderation findings that confirm an accommodative approach

- Framework for moderators' reflective practice and high-level synopsis of outcomes and approach
- Examples of moderation findings which support Mātauranga-based learning and assessment

How are the approaches taken by your national external moderation system:

- Appropriate to the nature of the learning outcomes and assessment evidence submitted? **and**
- Flexible and adaptive enough to:
  - Accommodate different learning outcomes and assessment methodologies? Accommodate different learning outcomes and assessment methodologies?
  - Enable and support Mātauranga Māori-based learning and assessment, appropriately?

How do you know these approaches work?

NEM Principle 3

- Provide confidence that learners have achieved the specified standard

- Moderation provides assurance to the standard-setting body, learners, employers, communities and other stakeholders that learners have achieved the learning outcomes for which they are credentialed.

Possible evidence

- Moderation policy and process documents
- Moderation plan
- Feedback from providers which attest to the learning outcomes for which their learners are credentialed (provide specific examples)
- Synopsis of pre-assessment moderation activity – insights and themes from assessment resource submissions (approved and not approved/ resubmission required outcomes)

- Synopsis of post-assessment moderation activity – insights and themes from assessment sample submissions (supported and not supported/required action/improvement plan outcomes)
- Selected data from Tab B NZQA draft NEM spreadsheet

What mechanisms does your national external moderation system employ to provide confidence to all stakeholders that learners achieved the learning outcomes for which they are credentialed?

How do you know the mechanisms are effective?

NEM Principle 4

• Provide confidence in the reliability and consistency of assessor judgements about learner performance	• Assessment design and judgement guidance result in consistent measurement of learning, within and across education organisations and assessors.	• Moderation systems include sufficient sampling to enable a national perspective on the consistency of assessment of a standard or group of standards.

Possible evidence

• Moderation policy and process documents
• Moderation plan
• Evidence-based rationale for post-assessment moderation selection and sampling criteria, which also demonstrates that compliance costs have been considered, i.e., which standards, number of samples required from each provider, moderation approach
	• Synopsis of pre- and post-assessment moderation activity – insights and themes from submissions (pre-assessment: approved and not approved/ resubmission required outcomes; post-assessment: supported and not supported/required action/ improvement plan outcomes)
	• Synopsis of outcomes from moderators' peer review sessions
		• Framework for addressing:
		  • provider poor performance, and
		  • inequitable progression and achievement outcomes for learners
		• Summary of appeals, including:
		  • outcomes, and
		  • key learnings from reflection on them
		• Selected data from Tab B NZQA draft NEM spreadsheet

What mechanisms does your national external moderation system employ to provide confidence in the reliability and consistency of assessor decisions across different schools and tertiary providers?

How do you know the mechanisms are effective, nationally?

NEM Principle 5

• Focus on improving assessment practice • Moderation systems and processes encourage and support good practice in assessment, teaching and learning. • Moderation reports provide assessors and education organisations with clear, actionable feedback. • Assessors and education organisations can query moderation findings and/or challenge moderation decisions.	• National external moderation results are used to clarify standards interpretation and inform standards review. • Moderation practice evolves to reflect innovations in assessment practice. • Examples of good assessment practice are shared and promoted with assessors and assessing organisations.

Possible evidence

• Moderation policy and process documents
• High-level overview of moderation outcomes which includes:
• Identification – of substantive issues that have arisen over the reporting period
• Resolution – of how identified issues
• Reflection – on the WDC's processes; what process(es) have been changed
• Examples where the WDC recognised and promoted good assessment practices
• Examples of WDC clarification of standards to providers
• Framework for addressing:
  • provider poor performance, and
  • inequitable progression and achievement outcomes for learners
	• Methodology for gathering feedback from assessors and their organisations in ways which contribute to improvement and demonstrate consideration of compliance costs
	• Evidence of WDC evaluation of providers' improvement efforts
	• Examples of where innovative assessment practice inspired changes to moderation practice; and, in turn, where reflective evolving moderation practice inspired innovative assessment
	• Framework for moderators' reflective practice and high level synopsis of outcomes
	• Collaboration with other WDCs toward consistent assessment and moderation practices
	• Examples where moderation findings affected unit standard review processes
	• Selected data from Tab C NZQA draft NEM spreadsheet

How do the processes and evolving practices of your external moderation system focus on, and work toward, continually improving assessment practice?

Are these processes and evolving practices effective? How do you know?

1. Please show National External Moderation results by organisation type.

Organisation	Number of assessor decisions moderated	Number of assessor decisions verified by the moderator	Percentage
GTEs (Government Training Establishments)			
Other WDCs (Workforce Development Councils)			
Polytechnic/Institutes of Technology			
PTEs (Private Training Establishment)			
Schools			
Universities			
Wānanga			

2. Please list any standards or classifications of standards (e.g. domains) that generate assessment and/or moderation issues.

Standards	Issue	Action taken

3. Please list any organisations where assessment materials and/or assessor decisions generate assessment and/or moderation issues. Note this section is important when there is less than 100 per cent moderator agreement.

Organisation	Issue	Actions in response

He maurea kai whiria!

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Ignore small matters
and direct effort toward
important projects