



RINGA HORA

Services

Workforce Development Council

Operational Plan

2022/2023

April 2022



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Ka rongó te pō, ka rongó te ao, ka awatea

From both darkness and light, a new dawn beckons.

Foreword from our Chair and Chief Executive



E ngā ringa hora, e ngā ringa hāpai, tēnei te mihi ki a koutou i runga i te wā o Matariki me Puanga.

We have set sail on this incredible journey of transformation in vocational education. Together we are navigating the choppy waters of change to see our industries at the helm of qualifications. In front of us is a future with vibrant and skilled teams who will underpin the sustainable future of Aotearoa. We serve our learners through excellent qualifications and providing endorsement and assurance in the vocational education journeys they take. Our navigational star is Te Tiriti o Waitangi. Guiding our double-hulled waka to a destination that supports all learners and their whānau to see a limitless future for themselves in their chosen vocation.

We are building a team that can live to our name, Ringa Hora, which denotes those whose hands are outstretched in service of others. We are charged to serve a broader definition of service industries. Each industry has its own priorities yet there are key issues that are common to all, and that is to deliver a service to a group of customers that meets their needs and derives value of some kind. This includes the public service and local government who have a different value proposition for the customers they serve.

As a publicly funded, industry led organisation, our customer base is broad indeed, and we are determined to listen and deliver! We are charged in legislation to understand the needs of our industries regarding their current and future workforces and to think about all New Zealanders and their right to a meaningful career. Many of our industries are hurting right now and we do need to build our knowledge, and walk alongside iwi Māori, community and Crown leaders, and try things that grow innovative solutions.

I commend our first report to you. It maps out a full-on year starting in July 2022 and look forward to hearing from our industries and Te Tiriti partners on how well we are doing to fulfil the promise of the Reform of Vocational Education.

Hinerangi Edwards
Chair Ringa Hora Services WDC



Ringa Hora, along with five other newly formed Workforce Development Councils (WDCs), celebrated its six-month birthday at the time of crafting this 2022/23 Operational Plan. We see this report as our first step towards the promise of a new dawn. We are carefully placing our feet knowing that retracing our steps in future is time lost in amplifying the voice of industry, but more importantly, embedding Te Tiriti o Waitangi in all aspects of our work and building strong connections across the workforce development and vocational education landscapes. This plan outlines how we will do this.

A Te Tiriti o Waitangi based approach will enable us to form trusted relationships with industry but equally importantly with iwi, hapū and Māori entities. Industry, training providers and Regional Skills Leadership Groups will help us all deliver on the outcomes dreamed of by Reform of Vocational Education (RoVE). Critically, we need to become cognisant of the needs of Māori, iwi, and hapū, and an urgent need for equitable outcomes to be realised together.

During our Establishment Phase, we've been encouraged by the open arms of industry and the shared desire for us to become an active part of the future success across the Service sector. We acknowledge that many of our businesses, including those led by iwi, have closed, gone into temporary abeyance, or are barely surviving the economic impacts of the last two and a half years. Emerging from COVID-19 and supporting the industries to whom we are charged with giving voice, growing their talent and skills pipeline and, increasing their baseline resilience will be fundamental to our collective success. Our primary piece of advice for 2022/23, our Workforce Development Plan will further evolve this thinking as we get more connected, capable, and knowledgeable about the Service sector needs.

The wonderful thing about our industries is the transferrable skills of our workforce combined with the manaakitanga and whanaungatanga that gets practised every day by those serving and helping others. Finally, Ringa Hora looks forward to being part the awakening of this new dawn.

Ngā manaakitanga

Kari Scrimshaw
CEO Ringa Hora Services WDC

Our context

Who we are

The Ringa Hora Services Workforce Development Council is one of six Workforce Development Councils established to drive transformational change in the vocational education system.

Our name 'Ringa Hora' is made up of 'ringa' which are 'hands', and 'hora' which means 'spread out' and in this case, facing upwards. 'Ringa Hora' - the upturned, outspread hands - symbolises manaakitanga, hospitality, and service, which is fundamental to and pervades the whole Service sector.

Established through the Education and Training Act 2020 and our Order in Council, it is Ringa Hora's role to channel and amplify the voice of the Service sector into the vocational education system. We do this by partnering with industry, highlighting their needs, and advocating on their behalf. As a Workforce Development Council, we:



capture the diverse Service sector voices to identify current and future workforce needs.



partner with industry and translate their skills gaps and needs into relevant standards, qualifications, and other learning products that equip learners with the right skills and qualifications for current and future workforce needs.



work with training providers to moderate existing qualifications and standards to ensure consistent industry standards and learning outcomes, across the motu and across all modes of learning.



endorse programmes that are developed by providers, with an aim to actively incorporate the voice of industry into new and existing programmes.



advise the Tertiary Education Commission on their investment in vocational education so that it meets the skills and workforce needs of the Service industries.



The Service sector¹

The Service sector workforce is undergoing a period of significant change. The impacts of COVID-19 have been profound with major service disruption, job loss, and new pressures for businesses and people across the sector. Not only have many of our businesses felt the direct impacts of COVID-19, but several pre-existing trends have been intensified or sped up due to the COVID-19 shocks. These include shifts in consumer consumption patterns (e.g. online purchasing, food delivery), societal tensions and increasing housing market volatility to name a few. At the same time, there have been major shifts in the education sector and in the understanding of skills. These factors combine to create a different landscape for skills and workforce development in the Service sector than existed prior to COVID-19 arriving in Aotearoa in early 2020.

The Service sector is essential to the economy

OVER ONE THIRD of all workers in New Zealand work in the Service sector.



Employing around **924,000** people in 2021

The Service sector contributes over

\$100 Billion+



per year to New Zealand's Gross Domestic Product(GDP) or just over 30% of the total GDP.

↓ 1.1% in 2021
The contribution from the sector to New Zealand's GDP fell in 2021 by 1.1%, which is the first fall in contribution since 2009.

60%



Over 60% of Service sector kaimahi are employed in businesses covering retail and distribution services, hospitality and food services, and business, professional and personal services. While the number of people working in the sector has grown every year from 2011-2020, in 2021 employment fell by 1%. Losses were heavily concentrated in the Tourism and Aviation industries where the lasting effects of COVID-19 will likely be felt for the longer term.

There are **292,000**

Service sector businesses in New Zealand, representing around half of all businesses in the country.

These businesses employ an average of 3.2 people.



They are predominantly small businesses, with almost half of all business owners in the sector being self-employed.

39% in Auckland

12% in Canterbury

11% in Wellington

Employment in the sector is over-represented – relative to the whole New Zealand economy – in Auckland and Wellington – and underrepresented in all other regions.

Around 39% of Service sector businesses are located in Auckland, 12% in Canterbury, and 11% in Wellington.

¹Infometrics 2021 data was used in this section. While we acknowledge that this data may not be complete or accurate – especially with regard to Māori and Pacific – it is the most accurate data we have available at this point in time.

The Service sector workforce is young and diverse

When compared to the general population, young people are over-represented in the Service sector. Youth (15 to 24-year-olds) represent more than 20% of the service workforce (36% in hospitality and 27% in retail), but many work part-time. This emphasises the key role that Service sector jobs play in the start of working life for many rangatahi. While there are fewer older workers in the Service sector overall, Real Estate & Rental Services, and Business, Professional & Personal Services are the exception to this.



Productivity and lower wages are a challenge for many Service industries

Productivity in the Service sector was \$125,000 per full-time employee, compared with \$140,000 per employee in the overall economy. Average annual earnings in 2020 in the Service sector were \$60,000 per worker, compared to \$64,000 per kaimahi in the overall population. However, earnings growth has been slightly higher in the Service sector than in the overall economy. Cleaning, Hospitality and Food services workers on average earn \$30,000 less than the New Zealand average and these Service industries have very low productivity rates. Aviation & Airport services and Financial & Advisory services, by way of contrast have very high productivity rates and incomes more than \$30,000 above the New Zealand average.

The percentage of Māori and Pacific in the Service sector has been growing over the past ten years, in line with growth in both groups in the overall New Zealand workforce. We expect this trend to continue in the coming years with Māori and Pacific making up an increasing share of the New Zealand workforce.



Around 114,000 of workers (12.8% or slightly fewer than in the overall population) are Māori and almost 7% are Pacific (about the same as in the population). Proportionally higher numbers of Māori and Pacific can be found in Contact Centres and Industry Support services and Cleaning services. Asian workers are more highly represented in the Service sector (at 19.4% of workers) and particularly in Hospitality, Cleaning, Travel and Retail sectors.



Almost 55% of workers in the Service sector are women; for some of our industries (like Tourism & Travel and Hospitality & Food services) it is much higher.



Our role in the broader vocational education system

Ringa Hora was established as a part of the Reform of Vocational Education (RoVE) to play a central role in Aotearoa's vocational education system; responsible for channelling and amplifying the voice of the Service sector. RoVE envisions "a strong, unified, sustainable vocational education system that is fit for the future of work and delivers the skills that learners, employers and communities need to thrive". The promises made by RoVE are for a vocational education system that:

- honours Te Tiriti o Waitangi and supports Māori-Crown relationships
- is industry led
- is regionally responsive, accessible and relevant
- demonstrates excellence in vocational education.

As a key part of the future of vocational education in Aotearoa, we aim to lead the charge in making the RoVE promises reality over time, through partnership with industry, Māori and iwi businesses, our partners, and our RoVE and other vocational education system collaborators.



Our way forward

Our strategy

Together with the Service sector, Ringa Hora wants to build a future where the essential skills that come through education learning while in employment can be carried forward for life. At the heart of our businesses are skills that can be building blocks for careers – within the Service sector or across other sectors – that support people with their unique needs and choices. This new world enables learners to earn while they are working, and to learn wherever they are located. This is of real importance to hapū and iwi who lose their rangatahi to places where learning is situated. Creating a strong, resilient workforce, that is built on skills gained through short, sharp, and stackable learning opportunities benefits industry, individuals, and Aotearoa.

We believe the Service sector can celebrate their unique role as a contributor in developing essential skills across Aotearoa, as essential Service skills get woven into other jobs outside the Service sector. While there are good career options and pathways to be had in Services, many of our kaimahi may find that life and their career takes them somewhere else, but those skills will always be there for them and our economy to thrive.

As one part of the Reform of Vocational Education, our advice should enable providers and businesses to work together to give learners whoever and wherever they are the opportunities to learn and develop.

In 2021/22, we defined our (draft) strategy around this emerging vision, and we will continue to refine this strategy and our values required to support the achievement of our strategy in 2022/23.

The future of vocational education in Aotearoa

Industry-led

Honours Te Tiriti o Waitangi and supports Māori-Crown relationships

Regionally responsive, accessible and relevant

Excellence in vocational education



Our strategic priorities

In order to execute our (draft) strategy, we defined four strategic priorities, which will guide our workplan:

- growing a Te Tiriti embedded organisation
- channelling and amplifying the voice of the Service sector
- driving transformation in the vocational education system
- building a high-performing team.

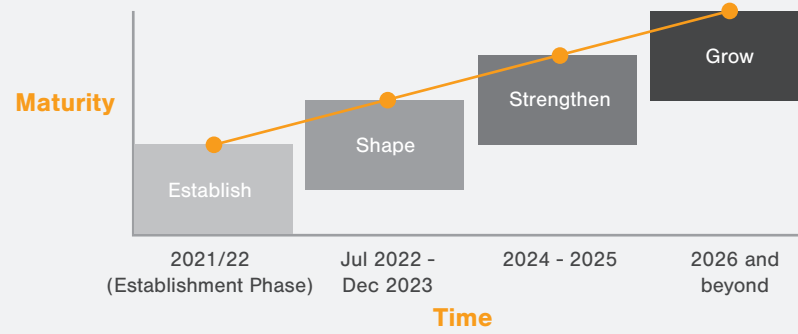
We will continue to work with industry, partners, collaborators and other key parties to refine what these priorities mean in practice.

While we are fully committed and focused on our strategic priorities, we do foresee potential challenges that we will need to overcome. These include:

- reaching parts of the Service sector that historically have not been engaged in vocational education
- navigating the changing education landscape, as many parts of RoVE find their place within the new system
- getting access to timely and accurate data and information so we can respond to rapidly changing needs
- finding the right talent with the right capabilities to deliver on our ambitions.

Maturing our organisation

Having been established in October 2021, we consider Ringa Hora still to be a start-up. We are rapidly – and with purpose – building our organisation and maturing in our team, our operations, our partnership, and our engagement with industry. As we move out of our Establishment Phase with the foundations of our business in place, we are now entering a phase where we continue to shape our organisation in 2022 and 2023.



As Ringa Hora matures, we expect that the way we give effect to our strategic priorities will evolve:

	Establish	Shape	Strengthen	Grow	
	We have the foundations in place to be a successful business	We shape our business and build on our foundations	We strengthen our business and make sure we are resilient	We continue to grow and improve our business	
Our strategic priorities	<p>Growing a Te Tiriti embedded organisation</p> <ul style="list-style-type: none"> We established our tikanga, and took steps to embed these throughout Ringa Hora 	<ul style="list-style-type: none"> We continue to recruit Māori capability into Ringa Hora We continue our Te Tiriti o Waitangi capability uplift and its practical application in everything we do 	<ul style="list-style-type: none"> We partner with Māori and iwi businesses, who value and trust our partnership and what we bring to the table 	<p>We live Te Tiriti o Waitangi and empower Māori and iwi businesses to thrive</p>	
	<p>Channelling and amplifying the voice of the Service sector</p> <ul style="list-style-type: none"> We started establishing relationships with our industries and key partners 	<ul style="list-style-type: none"> We listen to our Service industries and our partners to gain an understanding of what is important to them We build trusting relationships with our partners for greater collective impact 	<ul style="list-style-type: none"> We raise awareness of the value of Ringa Hora and of careers in the Service sector 	<ul style="list-style-type: none"> We are trusted by industry We have a deep understanding of the opportunities and challenges faced by the Service sector We have a clear value proposition on what it means to join the Service sector 	<p>We are embedded in industry and are a trusted partner to them</p>
	<p>Driving transformation in the vocational education system</p> <ul style="list-style-type: none"> We developed initial work plans for each of our teams and started to action them We started building connections across the vocational education system 	<ul style="list-style-type: none"> We influence the NZQA qualification system changes which will better support our industries We collect data and insights to more deeply understand the vocational education needs of the Service industries 	<ul style="list-style-type: none"> We align industries interests with investment advice to the TEC We contribute to a cohesive vocational education system 	<ul style="list-style-type: none"> We constantly look for opportunities to deliver transformational change in the vocational education system We introduce seamlessness in the vocational education system 	<p>We drive transformational change in the vocational education system</p>
	<p>Building a high-performing team</p> <ul style="list-style-type: none"> We onboarded our leadership team and other key roles within Ringa Hora We set up basic processes and ways of working 	<ul style="list-style-type: none"> We continue to build a team of passionate and talented individuals We develop our operating model, and make sure we do the basics right 	<ul style="list-style-type: none"> We hold ourselves to account and track the impact we make, and are accountable to our industry and iwi partners 	<ul style="list-style-type: none"> We continue to identify and fill our capability gaps through training or external recruitment We understand our culture and our employee value proposition We consolidate our operating model so we can efficiently and effectively deliver our functions We produce outstanding work that supports Māori-Crown relationships 	<p>We nurture a collaborative culture in line with our values</p>

Similarly to our strategy, we will continue to work on this maturity model. It will serve as the basis for our impact reporting and how we measure our performance.

Our commitment to honour Te Tiriti o Waitangi

Ringa Hora acknowledges that even prior to the signing of Te Tiriti o Waitangi, both iwi and Māori were adept entrepreneurs and had an eye for both business and overseas trade opportunities.

Furthermore, our long-term Te Tiriti o Waitangi goal is that Māori, iwi and hapū be supported and empowered to conduct their own interactions with a vocational education system they will grow to trust and value.

During the establishment phase of Ringa Hora, a set of interim values were gifted to us, and we have used these values to guide our work to date. The values Pono, Tika, Mārama and Aroha are being used as a proxy while a Te Tiriti o Waitangi framework is being developed.

Pono: We are genuine and sincere

Tika: We are honest and open

Mārama: We follow due diligence processes

Aroha: We are compassionate and caring

To effectively embed Te Tiriti o Waitangi into our work, we acknowledge that a Te Tiriti o Waitangi framework must be developed in collaboration with and across all Workforce Development Councils and with our Te Tiriti o Waitangi partners.

Our Manukura will lead this development along with the Poumatua / Manukura of the other wāhanga. This work will take time, time that all good relationships need to realise their potential. We expect this approach will strengthen the connections across Workforce Development Councils by providing us with a framework that anchors and empowers us all to enter into trusted, meaningful and empowering relationships with Māori, iwi and hapū.

While this work is in progress, we will continue to operate mana-enhancing relationships with Māori, iwi and hapū businesses where kaimahi work with kaimahi. Where opportunities arise for relationships to be established at the Governance level, guidance from the Ringa Hora governance group and Te Kāhui Ahumahi will be sought.



Our impact

We have high ambitions for the vocational education system and for the role Ringa Hora plays in this system. We want to hold ourselves to account and be able to track the impact we make on the Service sector as a whole and on the Māori economy and businesses.

In 2022/23, we will initiate a project on 'Impact Reporting', with the aim to develop a total impact reporting tool capturing the fiscal, economic and wellbeing outcomes of investments in and by Ringa Hora. It is our aim to be consistent with the Treasury's wellbeing approach including the He Ara Waiora, and the Living Standard Framework that takes a wellbeing approach to cost-benefit analysis. It also offers a framework for adding non-financial performance metrics to traditional financial ones, as the overall true benefit or cost of our activities is not necessarily economically driven.

Our work on our impact will be consistent with the focus of the wider public sector on current and future wellbeing and will estimate the likely impact across the broad range of wellbeing indicators set out within He Ara Waiora and the Living Standards Framework over a medium to longer term timeframe. This holistic measurement approach – while complex to think through – also supports our Order in Council performance expectation that we also play our part in making sustainable choices.

The 'Impact Reporting' project will look across a range of possible impact areas that Ringa Hora has influence over, while considering wider Government policies. The work will reflect:

Ringa Hora's four strategic priorities (including our maturity model)

- growing a Te Tiriti embedded organisation
- channelling and amplifying the voice of the Service sector
- driving transformation in the vocational education system
- building a high-performing team

The promises made by RoVE for a vocational education system that:

- honours Te Tiriti o Waitangi & supports Māori-Crown relationships
- is industry led
- is regionally responsive, accessible & relevant
- demonstrates excellence in vocational education



Partnership and Engagement

Through partnership and engagement, Ringa Hora wants to empower our industries and partners to influence and transform the vocational education system and the outcomes this system produces.

Partnership and engagement considerations play a crucial role in how we operate day to day, resulting in valuable insights, creating buy-in from industry and from our partners, working collaboratively on outcomes that will benefit industry and learners, etc.

As a Workforce Development Council, we partner / engage to:

- channel and amplify the voice of industry into the vocational education system
- reflect best practice in working with Māori, iwi and hapū
- bring the voice of other priority groups (Pacific Peoples, disabled communities) into the vocational education system
- build trusted, sustainable partnerships that are collaborative and empowering
- produce mutually beneficial outcomes for WDCs and for industry, partners, collaborators and other key parties
- deliver on our statutory and legislative obligations (as set out in the Education and Training Act 2020 and in our Order in Council)
- build a vocational education system that prioritises groups to achieve equity

Meet our PARTNERSHIP & ENAGEMENT TEAM

The Ringa Hora **Partnership & Engagement team** builds strong and trusted relationships across the Service sector with industry, Māori, iwi and hapū, and other priority groups in building the workforce of the future.

We work with industry, partners, collaborators and other key parties to ensure their voices are amplified and that we are able to identify future workforce development needs.

This team is responsible for:

- engagement with industry, Māori, iwi and hapū, and other priority groups to address current and future service sector needs
- brokering solutions across the system that enables innovation and transformation, particularly for priority groups, e.g., Māori, Pacific and disabled.

The Partnership and Engagement team is led by **Mel Harrington**, our General Manager Partnership and Engagement.

Mel is supported by the team:

- Industry engagement leads
- Team Managers
- Transformation and Equity team.

“ **Nāku te rourou nāu te rourou ka ora ai te iwi**
With your basket and my basket the people will thrive

Our Partnership and Engagement principles

We use Te Arawhiti’s framework for ‘Crown engagement with Māori’ as the basis for our partnership and engagement model. Before and when engaging, we ask ourselves a number of questions, and we tailor our approach, depending on the answers.



- 1. WHAT is our kaupapa?** – We define what the topic of our engagement is and what the envisioned outcomes are.
- 2. WHO do we engage with?** – We consider who is best suited to engage with, given the kaupapa.
- 3. HOW do we engage?** – We tailor our engagement approach to the kaupapa, the audience, and how significant the kaupapa is to that audience.
- 4. WHEN do we engage?** – We work with our audience to find when it is the time best to engage, which is generally early on in the process.
- 5. How do we review and evaluate our engagement?** – Our engagement model is founded on an ethos of continuous improvement where we review and evaluate our engagements and examine ways of making them more effective.

Our approach to engaging and partnering with industry, partners, collaborators and other key parties will be flexible to fit their unique context – we strongly believe that partnership and engagement is not a one-size-fits-all approach.

We will continue to tailor our engagement approach to the kaupapa, the audience, and how significant the kaupapa is to that audience. We do not determine ourselves how significant a particular topic or issue is to any group, but rather validate with them

MINOR Interests are limited or not affected in any specific way		MODERATE Interests are important to create impact		SIGNIFICANT Interests are significantly affected.	
INFORM Ringa Hora will keep industry, partners, collaborators and other key parties informed about what is happening.	CONSULT Ringa Hora will seek feedback. We will listen, acknowledge concerns and aspirations from industry, partners, collaborators and other key parties.	COLLABORATE Ringa Hora will work with industry, partners, collaborators and other key parties to determine the issues, opportunities and solutions together.	PARTNER / CO-DESIGN Ringa Hora will partner to determine the issue/problem, to design the process and develop solutions. We will make joint decisions.	EMPOWER Industries, partners, collaborators and other key parties will decide. Initiatives, projects and partnerships will be enduring and sustainable.	

Service sector industries, partners, collaborators and interested parties

Service sector industries

We have clustered the Service sector industries in 10 distinct industry groups:



Aviation & Airport services



Business, Professional and Personal services



Cleaning services



Contact Centres & Industry Support services



Financial & Advisory services



Government, Security & Defence services



Hospitality & Food services



Real Estate & Rental services



Retail & Distribution services



Tourism & Travel services

These industry groups have been created based on commonalities and will serve as portfolios for our Industry Engagement Leads.

One of our main activities in 2022/23 is to identify those industry players who traditionally have not been engaged in the vocational education system, for example Pacific, Māori, Disability groups that are not part of national or large industry associations or forums. We will work with industry to identify and fill in gaps in membership of existing industry groups and forums, and – where needed – support the set up of new Industry Advisory Groups or forums.

Our partners, collaborators and other key parties

Apart from 'industry', we also engage with several other groups, organisations, networks, agencies, associations, etc.

We group these into three broad categories: Partners, (RoVE) collaborators, and other key parties. The list below sets out these three categories and a number of groups (non-exhaustive) under each category.

Partners	(RoVE) Collaborators	Other key parties
<ul style="list-style-type: none"> Māori, iwi and hapū 	<ul style="list-style-type: none"> Providers (incl. Te Pūkenga, Wānanga, PTEs, Transitional ITOs) Regional Skill Leadership Groups TEC NZQA Other WDCs 	<ul style="list-style-type: none"> Māori Business Networks Pacific Business Networks Government Unions Business Associations Other Interest Group



Working collaboratively across the six Workforce Development Councils

With our name centred around reciprocity, Ringa Hora will continue our focus on working collaboratively with other Workforce Development Councils when collectively performing our functions. This enables industry, Māori organisations, government, and providers for Workforce Development Councils to speak with one voice, engage in shared activities, and to develop shared practices together especially around areas of common interest.

Collaboration across all WDCs provides welcome diversity and thought beyond our organisation. Standing together as Ohu Ahumahi, all underpinned by a strong desire for transformative change, will be critical if we are to maintain the momentum and overcome the discomfort that large scale change presents. Our combined strengths provide a unique opportunity for both challenge and energy as we lean into the once-in-a-lifetime step shift for our vocational educational system.

In 2022/23 Ringa Hora will do this through deliberate actions and focus on:

- Playing an active role in the pan-WDC groups and committees including:
 - At a governance level – One or more of our Ringa Hora Council members actively participates in meetings for the WDC Chairs, Te Kāhui Ahumahi, Finance, Audit & Risk Chairs, Pacific Fono, People & Capability Chairs and others as the opportunity arises.
 - At an operational level – Members of the Ringa Hora team actively contribute to pan-WDC leadership and communities of practice including CE Hui, Poumatua/Manukura hui, Kaimahi Māori, and Communities of Practice (CoPs).
- Leading key relationships on behalf of WDCs within the vocational educational system as agreed with other WDCs (each WDC holds several of these key relationships on behalf of all WDCs).
- Encouraging and leading combined responses across changes in legislation, policy and thought leadership on issues relevant to all WDCs and industries.
- Partnering with Hāpaitia Ltd the WDC shared services organisation to ensure that synergies and efficiencies across the common services of IT, HR, Finance, procurement, and property get realised. Examples of this are the implementation of a cross-WDC CRM system and a shared data platform, both of which Ringa Hora plays an active role in.

Our workplan for 2022/23

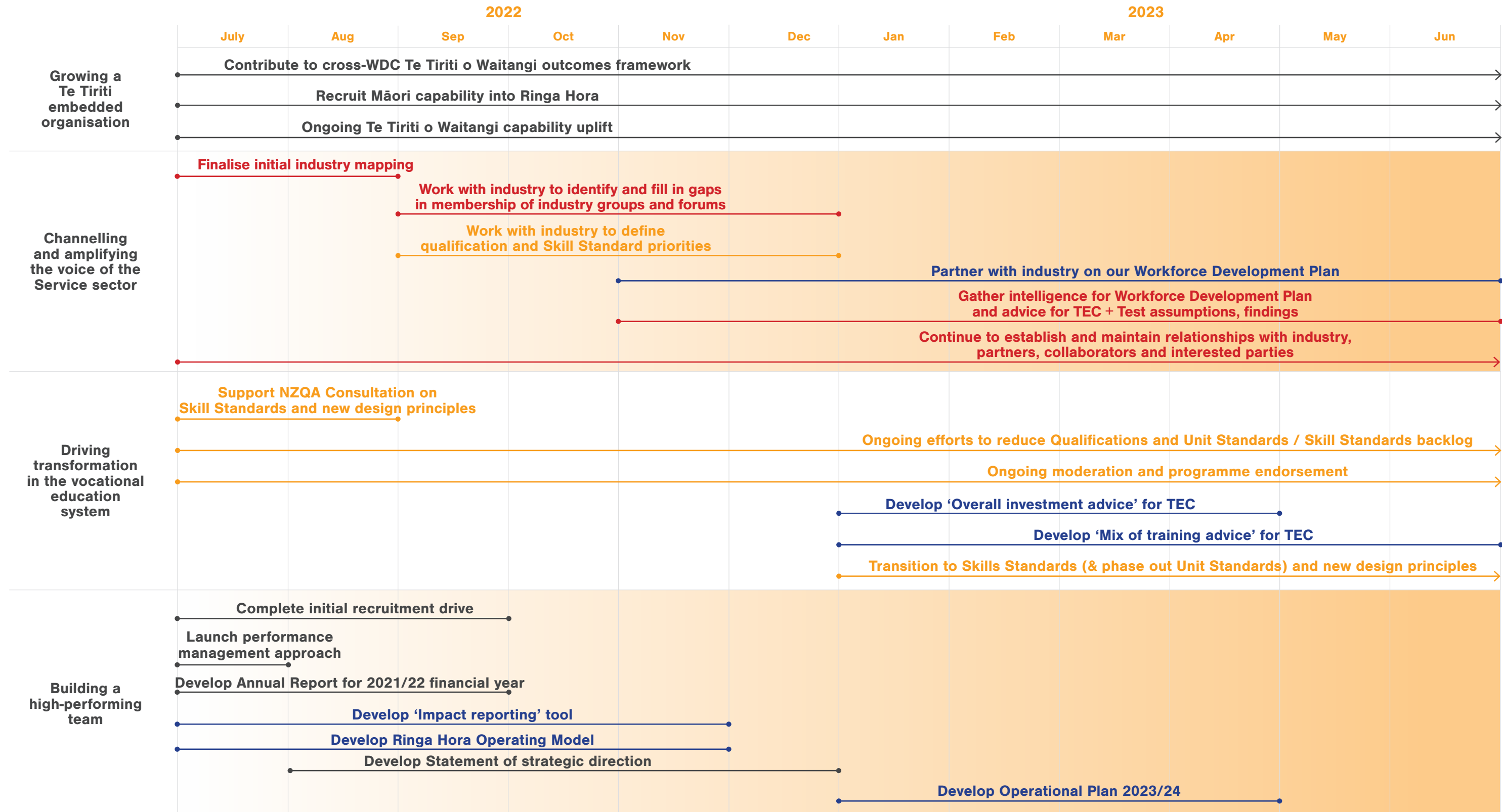
Workplan Summary

Supporting our strategic priorities, Ringa Hora has developed and manages a workplan across our teams. The timeline below sets out the main activities we want to accomplish during the 2022/23 financial year – mapped against our four priorities – and the key periods of delivery for achieving them. In 2021/22 we lacked the runway to really start engaging and creating many of our deliverables together with industry, partners and collaborators.

In the 2022/23 financial year, we are committed to working with industry and others in developing many of our plans and deliverables. As we engage, we fully expect to adjust our workplan and take into account their needs and priorities.

Activity driven by:

- **Strategy & Advice team**
- **Qualifications & Quality Assurance team**
- **Partnership & Engagement team**
- **Ringa Hora Transformation Leadership Team (TLT)**



In this section, we unpack our workplan in more detail for each of Ringa Hora's legislative functions:

- Skills Leadership
- Qualification System Products
- Moderation
- Programme Endorsement
- Advice to TEC
- Brokerage and Advisory Services

Skills Leadership

Our Skills Leadership function is one of the most powerful tools that Ringa Hora has available to drive meaningful change in the vocational education system. It gives us the mandate to capture the diverse industry voices to identify current and future workforce needs and inform the investments in the vocational education system required to respond to these needs.

Skills Leadership plays a pivotal role within Ringa Hora, as it partially relies on other teams (e.g. the Partnership and Engagement team) for qualitative and quantitative inputs, while providing valuable insights and information to enable those same teams.

Meet our STRATEGY & ADVICE TEAM

The Ringa Hora **Strategy & Advice team** provides strategic advice to TEC and others on future workforce development needs and how the vocational system can better meet those needs and support a thriving and resilient sector.

This team is responsible for the following Ringa Hora functions:

- Skills Leadership
- Advice to TEC
- Brokerage and Advisory Services

They are also responsible for 'Corporate and Governance' and 'Communications and Marketing'.

In 2022/23, we will continue to strengthen the Strategy & Advice team by embedding Te Tiriti o Waitangi in our ways of working and by building our capability focusing on policies, design (including co-design), project management processes, communications, qualitative and quantitative research skills.

The Strategy & Advice team is led by **Leo Shen**, our General Manager Strategy & Advice.

“ We are absolutely focused on doing the right thing by the service sector. This means that we will ground our advice based on the voices of iwi, hapū, Māori businesses and the wider industry whiling bringing in in-depth research to ensure we are adding value to the service sector and wider vocational education system in everything we do.

Our Skills Leadership function is responsible for four, distinct activities that are integral to Ringa Hora's delivery:

- undertaking research and analysis
- developing Workforce Development Plans
- advocating for industries skills and workforce needs
- contributing to TEC Career Services.

In addition, our Skills Leadership function also ensures Ringa Hora reports to TEC and to industry on our progress and performance, this includes:

- our annual report 2021/22 – Expected September 2022
- our mid-year progress report – Expected December 2022
- our final progress report for the 2022/23 financial year – Expected April 2023
- our Operational Plan for 2023/24 – Expected April 2023.

Undertaking research and analysis

As a Workforce Development Council, we want to have access to accurate data – both quantitative and qualitative – from which to deduct useful information and insights. These insights will inform and enable many of our other Ringa Hora functions and activities, including our investment advice to TEC, the development of new qualifications, targeted industry engagement, the creation of our Workforce Development Plans, etc. Our 'research and analysis' activities will be a great enabler of our efforts to become an organisation that "contributes to an education system that honours Te Tiriti o Waitangi and supports Māori-Crown relations".

Given that we are looking to enable changes for those who for generations have been failed by the vocational educational system, our challenge will be to find ways to understand, build and support insights that break that cycle. Luckily, we do not have to be the experts, but will need to build trusted and enabling connections with Māori and Pacific organisations, groups that represent learners with disabilities or learners from remote rural communities, etc. and work in different ways to contribute to solutions that will work for them. Rangahau Māori considerations therefore become crucial and an important investment in research that supports and builds conclusive outcomes that improves Māori outcomes.

It will take the combined capability and efforts of our Strategy & Advice, Partnership & Engagement, and Qualifications & Quality teams, with guidance from our Poumatua/Manukura and it will be an opportunity that they take on collectively.

A cross-WDC (and RSLG) project to develop a shared data platform is currently underway, with the aim to provide consistent, rigorous and common data intelligence that is simple to use and accessible across the vocational education ecosystem. The shared data platform is working under a governance structure that includes Poumatua/Manukura and a SME on Māori data sovereignty. It is expected that WDCs and RSLGs, but also other partners across the vocational education system (providers, industry, iwi and hapū, regions, etc.) will be able to start using this platform in 2022/23.

Our Strategy & Advice team will use this platform and other sources (e.g. industry surveys, industry information gathered by our Engagement Leads, etc.) to form a view of the current and future skill needs of the Service sector. This includes cross-industry analysis alongside other Workforce Development Councils and Regional Skills Leadership Groups

Developing Workforce Development Plans

Our yearly Workforce Development Plan is the main publication by Ringa Hora, and it is intended for industry. It will capture the Service sector industries' current and future skill and workforce needs and set out the opportunities and challenges that they are facing. Workforce Development Plans will drive action by Ringa Hora and other parts of the vocational education system and will help us coordinate industry efforts to improve the matching of skill supply and industry demand.

Our first Workforce Development Plan will be published in June 2022 and will be framed as a discussion document that invites people from across the Service sector and vocational education system to engage and contribute to our first, full plan which will be produced in 2022/23.

Our 2022/23 and subsequent Workforce Development Plans will provide industry with relevant insights and guidance and will be informed by appropriate engagement with industry and our other partners. It is our intention to develop a single plan for all industries covered by Ringa Hora, with a snapshot of each Industry Group incorporated in the Plan.

A full Workforce Development Plan will be produced every three years, with updates annually in between the delivery of the full plan.



Advocating for industries' skills and workforce needs

The purpose of our advocacy and brokerage function is to influence government agencies, providers, regional bodies, and schools to help meet the skill and workforce needs of the Service industries. It is a powerful tool we have in our belt to influence and drive change in the wider vocational education system for the benefit of the Service sector.

Throughout the pandemic a cohort of learners have struggled, through no fault of their own, to stay connected and engaged in the educational system. The vocational educational system, and the Service sector with the relatively larger proportion of youth employed must be prepared to support this cohort to find their second chance.

In practice, this advocacy means that Ringa Hora will:

- advocate for good opportunities and career pathways into the Service sector jobs and careers
- submit feedback and engage with government consultations, with an aim to drive policy change to benefit the Service industries
- discuss with providers their delivery capability to meet the Service industries' skills needs, and plan interventions where required.

Contributing to TEC Career Services

Ringa Hora is one of the many contributors to 'TEC Career Services', which are services offered by TEC to people starting a career or making a career change. The most well-known example of this is the TEC-owned and TEC-maintained website careers.govt.nz.

Our Ringa Hora Vocational Pathways Advisor (who is part of our Partnership & Engagement team) will lead this work with the TEC, enabling positive transitions from secondary schools into the labour market.

Through our research and analysis activities, we have access to a wealth of information and insights regarding the skills and workforce needs of the Service sector, and we are committed to use these insights and work with TEC wherever we can to contribute and improve their career services.

Qualification System Products

One of Ringa Hora's core functions is to develop and maintain Qualifications System Products like qualifications and unit standards. Fit-for-purpose standards and qualifications help learners get the right skills and qualifications to match current and future industry needs and help employers to get the right people with the right skills. The team will also be a key enabler to "contribute to an education system that recognises the role of mātauranga Māori" through Qualification System Products.

We aim to engage key partners across the vocational education ecosystem to ensure that our Qualification System Products meet industry needs, encourage and enable flexible, creative delivery and excellence with Tertiary Education Organisations, and are meaningful, and relevant for learners and communities.

Meet our QUALIFICATIONS AND QUALITY ASSURANCE TEAM

The Ringa Hora Qualifications and Quality Assurance team leads the quality assurance system and the development of the high-quality qualifications and standards and endorse programmes that are relevant for the changing needs of our industries and learners.

This team is responsible for the following Ringa Hora functions:

- Qualification Development and Standard Setting
- Quality Assurance
- Programme Endorsement.

Adding to the structure of the Qualifications and Quality Assurance team to realise our vision for Mātauranga Māori and te reo Māori is the addition of a third team to be led by a Principal Advisor Māori and supported by te reo Māori and Mātauranga specialists. This team will work with the Qualification Systems Products and Quality Assurance teams to develop a strategy, systems and processes in how Ringa Hora will support positive outcomes for Māori.

The Qualifications and Assurance team is led by Te Oho Reedy, our General Manager Qualifications and Quality Assurance.

Te Oho is supported by the:

- Qualifications System Product Manager
- Quality Assurance Manager
- Principal Advisor Māori.

“ Hāpaitia te ara tika pumau ai te rangatiratanga mō ngā uri whakatipu.
Foster the pathway of knowledge to strength, independence and growth for future generations.

The Qualifications team have started planning and undertaking the review work required to remedy overdue, now due, and zero usage qualifications and unit standards. We have commenced the review of qualifications and standards that have critical health and safety requirements, that are the result of significant legislative changes, or that are critically out of date. At the same time, our Qualifications team is involved in the development of the new, simplified New Zealand Qualifications and Credentials Framework, and planning their workload from January 2023, when the changes as a result of the new framework will be implemented.

Qualification System Products stocktake

During our establishment phase (2021/22), Ringa Hora's Qualification Systems Products Team undertook a stocktake of our qualification system products and reported that – as of April 2022 – Ringa Hora has 113 qualifications and 1,970 unit standards across all the Service industries we represent. Out of these products:

- 44 qualifications and 635 unit standards are overdue or due for review in 2022 *, and
- 9 qualifications and 122 unit standards are due for review in 2023.

* Refer to appendix C for a detailed breakdown of qualifications and unit standards by industry.

The stocktake also highlighted that 415 of our unit standards have had no usage over the last 3-5 years. These unit standards will undergo an analysis to find out why zero usage has occurred, and they will be retired/expired if there is no future interest of them from Tertiary Education Organisations. While some unit standards may not be used because there is no current or future need for them anymore, some standards may – for example – have zero usage because they are reasonably new and there has not been ample chance for Tertiary Education Organisations (TEOs) to develop learning and assessment materials.

The Ringa Hora Qualifications team is committed to reduce our qualifications and unit standards backlog throughout 2022/23, however we do not expect to complete all reviews that are overdue / due. Our Qualifications team will prioritise the standards that are actively used by industry and TEOs for urgent review in 2022, while others may be redeveloped using the new Skill Standards initiative in 2023.



Partnering with NZQA to simplify the New Zealand Qualifications Framework

From our establishment in October 2021, Ringa Hora – together with the other WDCs – has been partnering with NZQA in their endeavour to simplify the New Zealand Qualifications Framework and Quality Assurance Requirements, including the design of skill standards and national curricula, and we will continue to do so in 2022/23.

Skill standards and national curricula will help to address inconsistencies in programme and graduate outcomes and support a coherent and flexible qualifications and credentials landscape. Both skill standards and national curricula will be set by standard-setting bodies like WDCs, NZQA and the Ministry of Education.

The NZQF simplification project is expected to significantly impact the 2022/23 workplan of our Qualifications team, as – from January 2023 onwards – we will transition into working in the simplified system, using the new design principles. During the second half of 2022, we will be working with industry to define their qualification and skill standard priorities. These priorities will define our workplan in 2023.

Skills standards	National Curricula
<p>Skill standards are intended to be the core building blocks of vocational qualifications. Skill standards will bring together industry skills and learning outcomes in a common education product, supporting greater consistency in programme design and assessment, and seamless transitions from provider-based learning to workplace learning and vice-versa.</p> <p>Skill standards will be listed on the Directory of Assessment and Skill Standards (DASS) at levels 1-7 and will eventually be the core components of qualifications up to Level 7. Where a qualification or credential defines mandatory skill standards, these must be used by all providers.</p>	<p>National curricula may be developed for a specific qualification. It is envisaged that national curricula will draw on the skill standards within a qualification and prescribe further the context, structure, sequencing, guidance, and other information to encourage consistency in graduate outcomes.</p> <p>The development and maintenance of national curricula is intended to be a collaborative process, where standard-setting bodies partner with providers and other parties to reach a shared view. Where a qualification or defines mandatory national curricula, it must be used by all providers, which means that providers will not need to develop a programme of study.</p>

Moderation

Our moderation function is a quality assurance activity that benefits industry, providers and ultimately learners. It ensures learners have met the required standard when they are awarded a unit or skill standard, qualification, or credential. Working alongside providers, Ringa Hora's external moderation activities confirm that assessment materials developed by providers are fit-for purpose and that assessment decisions are fair, valid, and consistent with the national standard, irrespective of the mode and place of learning.

Within Ringa Hora, the Moderation (and Programme Endorsement) function is carried out by the Quality Assurance team, which is part of the Qualifications & Quality Assurance team.

At the start of 2022, we published our [National External Moderation Plan](#) and sent this plan to all providers that have consent to assess Ringa Hora unit standards. The aim of this plan is to give providers information and relevant details about Ringa Hora's moderation activities, including pre-assessment and post-assessment moderation (desktop, assessor peer review workshops, on-site).

Our preferred approach to moderation is one of engagement and building relationships with providers, which we believe leads to better outcomes for learners over time.

Our **pre-assessment moderation** workload is generally provider-driven; we have little control or visibility of the volume of moderations that will be requested by providers. From January to March 2022, the Quality Assurance team received 42 requests (encompassing 69 unit standards) from providers for the pre-moderation of materials, and out of these requests 34 have been approved and 8 are still ongoing. These moderation requests are for standards relating to a range of our Industry Groups, including Business, Professional and Personal services, Cleaning services, Hospitality & Food services, Real Estate & Rental services, Government, Security & Defence services, and Tourism & Travel services.

Regarding our **post-assessment moderation**, we anticipate higher workloads in Q1 (July – September) and Q4 (April – June) of our 2022/23 financial year. This is largely because workplaces in the Service sector have their busiest periods over the summer and are more available to engage in our moderation processes outside of these busy periods.



Programme endorsement

The endorsement of programmes that are developed by providers is a new component of quality assurance for which Workforce Development Councils are now responsible. We believe this new function presents a huge opportunity for us to bring the voice of industry more actively into the programme approval process.

Within Ringa Hora, the Programme Endorsement (and Moderation) function is carried out by the Quality Assurance team, which is part of the Qualifications & Quality Assurance team.

Over the past few months, all Workforce Development Councils have been working together to develop a model and associated processes for endorsing programmes prior to NZQA approval. We have started adopting these processes and guidelines from May 2022 and will continue to apply and improve them throughout the 2022/23 financial year and beyond.

It is our intent to move programme approval away from being a rigorous compliance exercise to one that is more reflective of industry needs. We will aim to work with Tertiary Education Organisations at the beginning of their programme development process to ensure they have support they need for a successful outcome.

Advice to TEC

One of our key functions is to advise the TEC on its investments in vocational education. Through our advice, we can guide and influence TEC's investment decisions, and ensure that they meet the needs of the Service industries.

Within Ringa Hora, the advice to TEC is developed by the Strategy & Advice team.

Our first round of investment advice – due June 2022 – is what TEC will use to consider its allocation of funding in 2023. Our initial advice will be relatively high-level and focused on the critical challenges of three of our Industry Groups – Tourism & Travel services, Aviation & Airport services, and Hospitality & Food services – which have been significantly impacted by COVID-19 and New Zealand's public health response. As we are still building out our engagement channels and relationships, this first round of investment advice will not be developed through heavy collaboration with industry. Instead, we will work through Industry Associations to test themes and recommendations for this round of advice.

For our 2022/23 advice (for TEC's 2024 investment decisions), we are committed to take a significantly more collaborative approach with industry and with Māori in developing this advice. We expect that – throughout this year – our engagement, as well as our research and analysis activities will be in full swing, and able to provide valuable industry insights which will be included in our advice. We should also be in a position to take a more balanced approach in terms of qualitative, but also quantitative evidence to support our recommendations.



Acknowledgement

We would like to acknowledge and thank our Ringa Hora Council for their continued guidance and support through our establishment phase. We look forward to working with them as we continue our path to becoming a Te Tiriti o Waitangi enabled, industry-led organisation.

Brokerage and advisory services

Through our brokerage and advisory services function, Ringa Hora connects, supports, and works together with the Service industries to meet their skills needs:

- Our brokerage services help industries find solutions for addressing skills pipeline or workforce development issues.
- Our advisory services guide industries on the importance of vocational education and training and improving learner and worker experiences in their industries.

In 2022/23, we expect to ramp up our brokerage and advisory activities and start developing a brokerage and advisory approach and plan in partnership with industry.

Our Partnership and Engagement Team will play a central role in understanding what industry needs from Ringa Hora, but also in informing industry how the reformed vocational education system works, and the role Ringa Hora plays in this system to support the workforce of the future.



Ringa Hora Workforce Development Council Members at Council Induction 2021

Photo: Top left to right: Paul Retimanu, Loren Heaphy, Jamie Williams, Alastair Carruthers.

Bottom left to right: Des Flynn, Jill Hatchwell, Hinerangi Edwards (Chair), Hinurewa te Hau, Maxine Gay.

Appendices

Appendix A – Our organisational structure as of April 2022

As would be expected, the Ringa Hora organisational structure has been reviewed several times from the initial structure recommended by the WDC Establishment Unit in June 2021. Initial changes focused on developing tier 2 roles that would provide opportunities for thought leadership across one or more functions, but that would also provide adequate spans of controls across people to enable good succession opportunities for future WDC leadership.

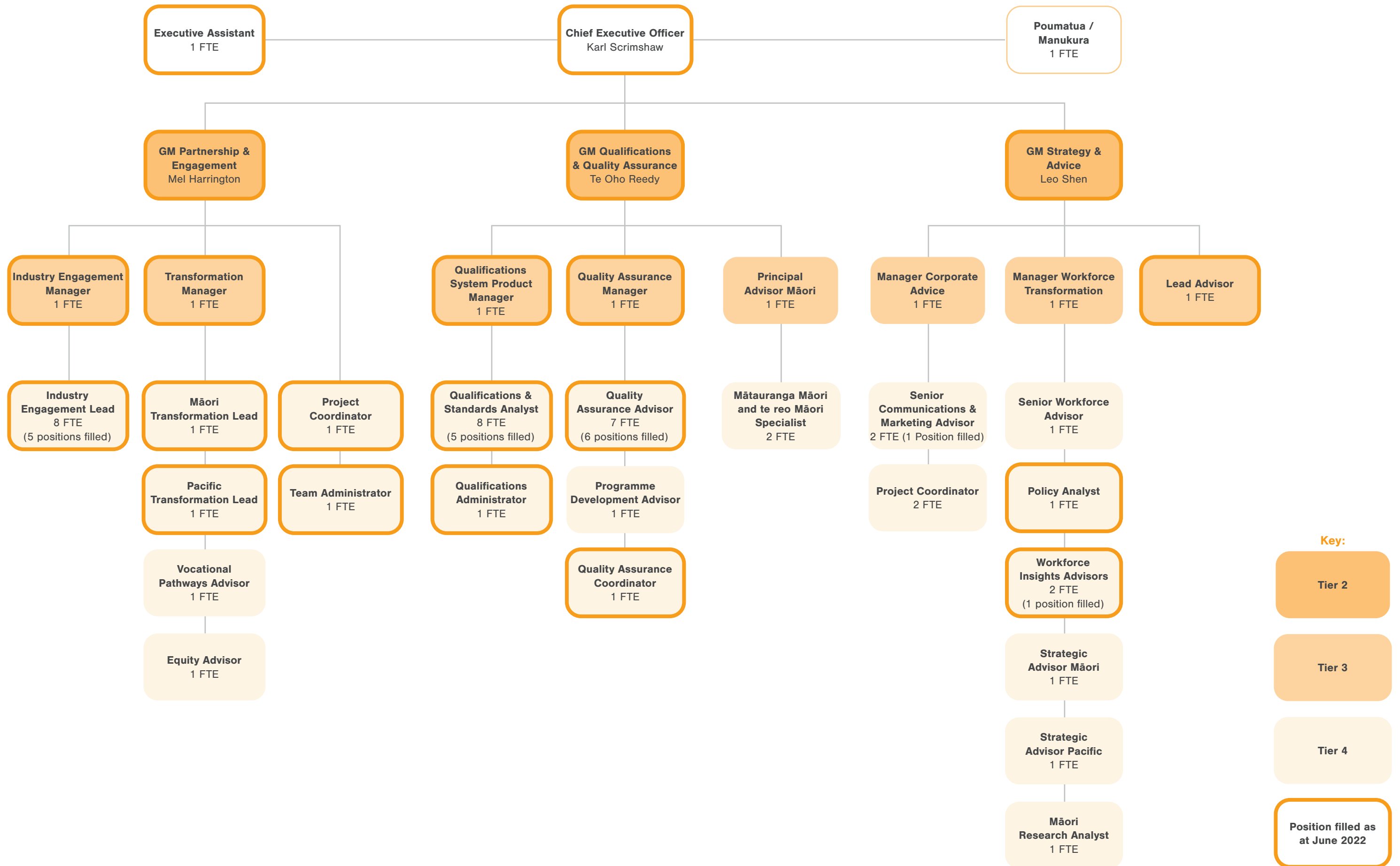
Since bringing on the tier 2 leadership team in early 2022, our structure underwent additional reviews, allowing for those new leaders to shape and form their own teams. We have since continued to recruit key roles within our organisation.

It is our aim to build a well-rounded team, and recruit people based on any capability gaps within the existing team and our organisation, rather than rushing to fill the roles themselves. Key capability gaps that we have identified and that we are – slowly and deliberately – filling, are mainly in the te ao Māori and mātauranga Māori space.

The diagram below sets out our organisational structure as of April 2022. While further changes to our organisational structure may still occur in the future, we expect these to be minor.

As of April 2022, we have filled 34 positions within Ringa Hora, with 25 vacancies. We expect to fill most of these vacancies by the end of September 2022. While we developed our workplan in accordance with this recruitment timeline, we do have the option to prioritise critical pieces of work and deprioritise others.





Appendix B – Our finances

Hāpaitia Shared Services

Ringa Hora's finances are looked after by Hāpaitia Ltd, a jointly owned vehicle for the provision of shared services functions across Ohu Mahi, the six Workforce Development Councils. Hāpaitia is a limited liability company with a Board of Directors that includes a representative from each Workforce Development Council. Led by General Manager, Chris Gosling, Hāpaitia's purpose is to provide ICT, Finance, People and Culture and Office Management services for the WDCs and act as a vehicle to assist with collaborative activities. Hāpaitia charges the WDCs equally for these services, on a monthly basis.

Financial Management

The Finance Team

The Hāpaitia Finance team, led by Financial Controller Leanne Milligan, offers a range of finance services to Ringa Hora and the other five WDCs, as defined in our Service Level Agreement:

- Strategic Financial Policy and Advice
- Budgeting, Monthly Forecasting and Financial Modelling
- Monthly Management & Project Financial Reporting (tracking income and expenditure for tagged grant receiving projects)
- External Financial Reporting (e.g. to the Tertiary Education Commission)
- Financial Accounting Services (Banking, Accounts Payable & Receivable, Asset Management, Payroll, Tax & Compliance)
- Annual Reporting and External Audit
- Procurement & Contract Management
- Internal Audit & Risk Management
- Expense & Credit Card Management.

The Hāpaitia Finance team comprises of the following personnel:

- Financial Controller – Responsible for Strategic Financial Policy and Advice and oversight of Finance Function as a whole.
- Financial Accountant – Responsible for Monthly Management Accounting and Annual Reporting and External Audit
- Management Accountant – Responsible for Budgeting, Forecasting, Financial Modelling, Project reporting and External Reporting to TEC
- Assistant Accountant – Responsible for Financial Accounting Services and Expense and Credit Card Management.

During the first half of the 2022/2023 financial year, two additional roles will be recruited:

- a Procurement Specialist responsible for Procurement and Contract Management, and
- an Internal Auditor to be responsible for the Internal Audit and Risk Management function.

A review of finance personnel resources against workload and financial information and systems demands was conducted towards the end of the 2021/2022 financial year to ensure planned resourcing is adequate to meet the needs of the Workforce Development Councils.

Financial Policies and Procedures

Hāpaitia Ltd is currently continuing a project to develop a comprehensive set of Finance and Assurance Policies which started in 2021/22. A number of policies were submitted for approval to each of the WDCs in May 2022 and will be operationalised for the full 2022/2023 financial year. Councils have approved a key control policy with their Delegation Policy and Procedures approved in November/December 2021. The delegations schedule covers financial, legal capex, contract and comprehensive human resource management delegations provided to Tier 1 – 3 managers, noting that all delegations must be approved directly by Council for all tiers. The other finance policies include:

- Prudent Reserves Policy
- Treasury Policy
- Procurement Policy
- Fraud and Corruption Policy
- Sensitive Expenditure Policies (Travel & Expenses, Catering & Entertainment, Credit Cards, Gifts Policy, Koha Policy, Employee Reimbursements & Allowances policy)
- Accounting & Budget Policies
- Fixed Asset Policy (also covers use of assets)
- Conflict of Interest Policy.

In conjunction with the development of the Finance Policies, the Hāpaitia team has completed a comprehensive suite of systems documentation, including flow charts and process documents for key finance systems and a RASCI review of finance duties to ensure adequate segregation of duties and sufficient internal controls are in place for the beginning of the 2022/2023 financial year.

Key Financial Controls and Systems

Key financial controls that are in place include:

- Bank accounts are reconciled daily.
- Purchase Order (PO) approval system to ensure purchase orders are raised and approved by one-up managers with correct delegations and goods and services are received for Accounts Payable (AP) processing. All AP payment batches are reviewed by the Financial Accountant and approved by bank signatories.
- Expense Management system implemented to ensure that reimbursement and credit card expenses are correctly recorded and approved.
- Monthly balance sheet reconciliations and financial workpaper reviews.
- Monthly financial reporting to Executive Leadership and Governance, including variance analysis against budget and prior monthly forecast and monthly forecast reviews.
- Payroll reviews and authorisation by CE.
- Masterfile reviews of Suppliers and Employees (in Payroll) and changes to PO approvals (Delegations) are conducted on a quarterly basis by the Financial Controller.
- Review of Internal Controls (Segregation of Duties) via RASCI analysis with onboarding of additional finance team members.
- Establishment of External Audit programme including the use of Internal Audits.

The Office of the Auditor General has appointed BDO Wellington as Auditors for the Workforce Development Councils. Interim audits commenced in March – June 2022 which will form part of the full audit of 2021/2022 financial statements and Annual Report. The inaugural Annual reports will be signed off by Auditors on 31 October 2022.

The establishment of an Internal Audit Function is planned for October 2022 which will help to ensure policy compliance and risk reporting is appropriate for the WDCs.

Financial Risks

The key financial risks identified by the Hāpaitia Financial Controller, in order of priority, for the each WDC include:

- **Operational Risk** – the risk that financial loss could occur through mismanagement, error, fraud, or unauthorised use of Council funds. This will be mitigated through the application of our delegation's policy, segregation of duties, reconciliations, and reviews of working paper documentation, sound reporting systems, procedural documentation and review of compliance and implementation and review of Treasury Policy and compliance. Our Internal Controls systems and processes should effectively reduce this risk to low likelihood of occurrence.

- **Liquidity Risk** – the risk that due to unforeseen events or circumstances the Council will not be able to meet its day-to-day financial commitments. The Financial Controller at Hāpaitia has the overall responsibility for day-to-day cash and working capital management. Executive Leadership and Governance leaders are provided with cash flow reports and forecasts to provide oversight of this function. The Treasury Policy specifically provides for regular Treasury Reporting and appropriate investment of any surplus funds to ensure effective mitigation of liquidity risk.
- **Funding Risk** – the risk that arises from insufficient funding being available to support desired activity and outcome outputs. There is concern that the projected states underlying the establishment budgets and year one operating budgets are flawed and that this may impact adversely on ability to deliver given budget constraints. Continued review and modelling of future funding needs and communication of this through TEC Relationship Managers to our funding agency TEC will assist in mitigating this risk.
- **Interest Rate Risk** – the risk that changes in interest rates will lead to an unforeseen loss for the Council. It is noted that as the Council is not a borrower this risk is low however the Treasury Policy does provide guidance on the effective arrangement of investments to mitigate any risk.
- **Credit Risk** – the risk that the credit rating of the entity with which the Council places its investments deteriorates and that there is a potential counterparty default in repayment of invested funds. The draft Treasury Policy provides clear guidelines as to the rating requirements of counter parties which must be A or above for investments greater than 12 months and A-1 or above for short term investments. Effective implementation of the Treasury policy will mitigate this risk.
- **Foreign Exchange Risk** – this risk arises from changes in foreign exchange rates creating a loss for the Council. As the Council has very little interaction with other currencies this risk is minimal and core guidance to mitigate any risk is provided in the Treasury Policy.

The above risks are reviewed annually with a report made to the Finance, Audit and Risk (FAR) Committee as part of our Treasury reporting policy. Any additional risks identified are also reported and form part of our risk management reviews. As a result of the policies, controls, systems and reviews that have been established the above risks are effectively managed and there is a low likelihood of these being crystallised.

Budget

Budget Summary for 2022/23 financial year

Our proposed budget for the 2022/23 financial year is set out in the table below. Apart from the proposed budget, it also shows the estimated 2022/23 budget from our original funding model, as well as the variance between the two. The largest variance from the original finance model falls under people related costs, Personnel, Contractors, and Consultants. The driver for the variance is based on updates to the organisational structure and remuneration adjustments to improve the equity, consistency, and relativity for all roles. While we have retained a small leadership (tier 2) team, we have reviewed and revised a number of roles, including their job size and related remuneration to better reflect the need for high level of expertise particularly for Māori and Mātauranga capabilities. As we continue to try to fast track our work in 2022/23, we can also see the need for surge capacity and expertise which is why the provision for Contractors and Consultants is also included.

Ringa Hora Budget Summary for 2022/23 financial year

Revenue	2022/23 Proposed Budget (\$)		2022/23 Original Funding Model (Comparative)	Variance
TEC Operational Revenue	11,292,871		11,292,871	0
Interest Income	26,633		0	26,633
Total Revenue	11,319,504		11,292,871	26,633

High-level Expenses	2022/23 Proposed Budget (\$)	% of Expenses	2022/23 Original Funding Model (Comparative)	Variance
Direct Costs				
Personnel	7,674,704	67%	6,956,959	-717,745
Contractors and Consultants	247,950	2%	0	-247,950
Subject Matter Experts	218,750	2%	191,745	-27,005
Governance	352,000	3%	463,500	111,500
Travel & Transport	404,198	4%	907,505	503,307
Engagement, Meetings and Events	366,010	3%	721,174	355,164
Research and Insights	100,000	1%	205,000	105,000
Memberships and subscriptions	15,000	0%	0	-15,000
Other	40,000	0%	47,513	7,513
Contingency	100,000	1%	330,000	230,000
Total Direct Costs	9,518,613	84%	9,823,397	304,784
Overheads				
Shared Services (Hāpaitia) - OPEX	1,600,576	14%	1,470,872	-129,704
Shared Services (Hāpaitia) - Depreciation	186,219	2%	0	-186,219
Total Overheads	1,786,795	16%	1,470,872	-315,923
Total Spend	11,305,408	100%	11,292,871	-12,537
Total Surplus / (Deficit)	14,096		0	14,096
Plus CAPEX Adjustment (Depreciation)	186,219		0	186,219
Total Surplus (OPEX)	200,315		0	200,315

- Based on the budget proposed, a net surplus is projected to be **\$14,096**. After adjusting net capital allocations (retained funding for capital spend less depreciation), net surplus for operations is expected to be **\$200,315**.
- Total operating revenue for the year ended 30 June 2023 is expected to be **\$11,319,504**. This is made up of TEC Operational funding (\$11,292,871) and anticipated interest income on investments of TEC cash funding (\$26,633).
- Total expenditure is anticipated to be **\$11,305,408** for the 2022/23 financial year.
- Personnel costs** are projected to be **\$7,674,704** or 68% of all expenditure (excluding projects). Budgeted personnel costs are made up of \$7,328,803 in base salaries (including provisional salary adjustment uplift), \$219,864 in employee benefits and \$126,038 in other related staff costs. It is assumed that the recruitment of employees will be mostly completed in the 2023 financial year with 59 employees expected to be on board during the 2022/23 financial year.
- Contractors and Consultants (\$247,950)** and **Subject Matter Experts (\$218,750)** are anticipated to be necessary in supporting the workforce with technical and strategic advisory with operations as well as ability to support the fast tracking of the BAU projects.
- Travel and Transport (\$404,198)** and **Engagement costs (\$366,010)** are another significant pairing of costs to enable staff to be front facing with industry, partners, collaborators and other key parties. A majority of Travel and Engagement costs have been determined based on activity measures and cost drivers tracking how often WDC staff members will travel to visit and host various groups in their field. Even though the current year has been restrictive with regards to travel around the country, there is still optimism that travel will proceed normally during the course of the 2022/23 financial year. Should travel restrictions persist through to next year, there is a possibility that an online conferencing tool may be invested into to compensate for this, costs would likely offset against currently budgeted travel and engagement costs.
- At the time of writing this Operational Plan, components of **the Hāpaitia 2023 budget** have yet to be approved. The (draft) total spend for Hāpaitia for the 2023 financial year budgeted to be \$10,678,593. A majority of these costs are to be shared equally, with the Ringa Hora portion totalling **\$1,786,795**.

Variance between 2022/23 proposed budget and original funding model

In 2021, the WDC Establishment Unit developed a financial model that formed the basis of our 2021/22 funding agreement. The model also secured our budget for 2022/23, which amounted to \$11,292,871 of Operational Funding from TEC. As many of the elements making up this original funding model were based on benchmarking and assumptions available at that point in time, we revisited this model for our 2022/23 Operational Plan. Our 2022/23 budget reflects decisions taken over the past year, as well as updated employment market information and other costs such as overheads that are now “firmed up”.

Below is an overview to outline key variances from the original funding model for the 2022/23 financial year and the drivers behind these.

- **Personnel costs** are expected to rise from \$6,956,959 to \$7,674,704 (\$717,745 unfavourable movement). This has been driven by change in the team structure, change in base salaries for bringing on more specialised or senior roles and a provision for salary adjustments to recognise the lift in for cost of living in New Zealand.
- **Contractors and Consultancy** has been budgeted at \$247,950, which was not budgeted for in the initial model. A significant portion of this relates to provisioned costs to engage with external consultants to support and enhance the quality of delivery of operational projects.
- **Governance costs** are expected to reduce to \$352,000 from \$463,500 (\$111,500 favourable variance). This is driven by the Kāhui fees and Kaumatua support initially budgeted, being centralised and moved to the Hāpaitia line as well as reduced travel costs expected for the Council Members.
- **Travel and Transport costs** are anticipated to be \$404,198, a \$503,307 reduction from the initial funding model allocation of \$907,505. There was significant focus for key management to build their travel budget based on the number of meetings requiring personnel to travel and meet industry, partners, and other parties in-person over the financial year. Similar to the initial funding model, the Engagement and the Quality Assurance teams are expecting to see higher levels of travel compared to other teams within Ringa Hora.
- **Engagement, Meetings and Event costs** are budgeted at \$366,010, a \$355,164 favourable shift from the initial model of \$721,174. Similar to the travel and transport budget, there were correlated drivers that built up a portion of the engagement budget. A key reason for the decrease is driven by the reduced budget for Costs in Supporting Industry Advisory Groups with a more efficient means of engagement expected to be utilised.
- **Shared Service Costs** for Ringa Hora are anticipated to be \$1,786,795 for the 2022/23 financial year. The allocation of Shared Service Costs and other overheads based on the original funding model were \$1,470,872, resulting in a \$315,923 variance. The significant drivers for this variance include an increase in personnel costs, the inclusion of depreciation on capital assets recharged from Hāpaitia, Kāhui engagement costs and people and culture costs for recruitment and wellbeing. This budget has been approved by the Hāpaitia board and rationale for these variances has been accepted the WDC Chief Executives.

Reserves

The Ringa Hora Council has agreed to adopt a prudent reserves policy, with the intention to grow our reserves to six months of operating costs. This is driven off the basis to ensure that Ringa Hora can continue to provide essential services if our expenses or revenue suddenly go up or down; or fund strategic initiatives that span one or multiple financial years.

We will build up our reserves from annual surpluses over time to a level which provides sufficient comfort. As of 30 June 2023, total retained reserves from TEC funding should amount to **\$3,253,247**.

Transfer of funding from ServiceIQ

Ringa Hora has been privileged to have received a transfer of funding from ServiceIQ, one of the Transitional Industry Training Organisations (Transitional ITOs). The amount that has been confirmed by ServiceIQ is \$3 million, and this funding is to be used by Ringa Hora to fund the development of Service sector specific Skills Leadership and Brokerage projects in partnership with the Retail, Hospitality, Tourism, Travel and Aviation industries.

Ringa Hora will support the development of funding proposals for the use of the ServiceIQ funds, and these proposals will require the approval of the relevant Service sector representative before the funds can be applied. These funds will be ringfenced and managed outside of core Ringa Hora allocations.

From 2022/23, we will engage with the relevant Service industries to determine what projects would be most beneficial to them.

Appendix C – Breakdown of Ring Hora qualifications and unit standards

QUALIFICATIONS	Total number of qualifications	Qualifications Overdue or due in 2022	Qualifications to be explored for expiry
Aviation & Airport services	32	25	2
Business, Professional and Personal services	12		
Cleaning services	3	1	
Contact Centres & Industry Support services	5	3	
Financial & Advisory services	4		
Government, Security & Defence services	17	10	
Hospitality & Food services	16		
Real Estate & Rental services	7		
Retail & Distribution services	7	2	
Tourism & Travel services	10	3	
TOTAL	113	44	2

UNIT STANDARDS	Total number of standards	Standards overdue or due in 2022	Standards to be explored for expiry
Aviation & Airport services	731	222	163
Business, Professional and Personal services	262	18	35
Cleaning services	24		
Contact Centres & Industry Support services	40	3	4
Financial & Advisory services	130		8
Government, Security & Defence services	102	18	32
Hospitality & Food services	221	42	41
Real Estate & Rental services	102	31	30
Retail & Distribution services	173	173	41
Tourism & Travel services	185	128	61
TOTAL	1970	635	415





RINGA HORA

Services

Workforce Development Council