

Tertiary Education Report: Recognition of the Funeral Service Training Trust of New Zealand as an industry training organisation

Date:	30 May 2019	TEC priority:	High
Security level:	In Confidence	Report no:	B-19-00703
		Minister's office No:	

ACTION SOUGHT		
	Action sought	Deadline
Hon Chris Hipkins Minister of Education	<p>approve the recognition of the Funeral Service Training Trust of New Zealand for the specified industries for a period of five years from 24 June 2019;</p> <p>note if approved we will publish a notice in the <i>New Zealand Gazette</i> reflecting your decision; and</p> <p>sign and send the attached letter to the Chair of the Funeral Service Training Trust Board, notifying him of your decision.</p>	17 June 2019
Enclosure: Yes. Letter and Gazette notice.		Round Robin: No

CONTACT FOR TELEPHONE DISCUSSION (IF REQUIRED)				
Name	Position	Telephone		1st contact
Gillian Dudgeon	Deputy Chief Executive, Delivery	s9(2)(a)		
s9(2)(a)	Principal Relationship Manager, Delivery/Relationships Invest	s9(2)(a)		✓

THE FOLLOWING DEPARTMENTS/AGENCIES HAVE SEEN THIS REPORT

- DPMC
 MPI
 ENZ
 ERO
 MBIE
 MoE
 MFAT
 MPP
 MSD
 NZQA
 NZTE
 TEC
 TPK
 Treasury

Minister's Office to Complete:
 Approved
 Declined

Noted

Seen

See Minister's Notes

Needs change

Overtaken by Events

Withdrawn

Comments:

Recommendations

Hon Chris Hipkins, Minister of Education

It is recommended that you:

1. **note** that you, as Minister of Education, have the statutory power under the Industry Training and Apprenticeships Act 1992 (the Act) to recognise an organisation as an industry training organisation (ITO) for a specified industry;
2. **note** that we and the New Zealand Qualifications Authority (NQZA) consider that The Funeral Service Trust of New Zealand (FSTT) satisfies the requirements for recognition under section 5 and 7 of the Act;
3. **approve** the recognition of FSTT as an ITO for the specified industries for a period of five years from 24 June 2019;

AGREED / NOT AGREED

4. **agree** that the TEC release this briefing in full.
5. **sign** and send the attached letter to John Schipper, Chair of the FSTT Board, notifying him of your decision (Appendix C); and
6. **agree** to proactively release this paper in full.



Gillian Dudgeon

Deputy Chief Executive, Delivery

30 May 2019

Hon Chris Hipkins

Minister of Education

___ / ___ / ___

Purpose

1. We recommend that FSTT be recognised as an ITO for the funeral industry. NZQA supports our recommendation.

Background

2. As Minister, you may recognise any body corporate as an ITO under section 5 and 7 of the Act, once satisfied the organisation meets the requirements of these sections of the Act. Recognition is a TEC funding requirement for ITOs. However, having recognition does not guarantee we will fund the ITO.
3. Your power under the Act and the powers of both TEC and NZQA enable significant influence over the activities, behaviour and performance of ITOs when warranted.
4. Where the performance of an ITO becomes a concern, NZQA may issue a quality assurance improvement notice to the ITO. We can also apply the performance consequences framework to tertiary education organisations, which includes attaching conditions to funding through our Investment Plan process. You may also impose a condition or amend any existing conditions in order to address issues.
5. The Act specifies that the recognition of an industry training organisation expires after five years. The Act does not provide you with any powers to recognise an ITO for a shorter time period unless recommended by NZQA due to quality assurance concerns. The Act gives you the ability to cancel an ITO's recognition but only under certain circumstances.
6. Any changes under RoVE could result in a change to legislation pertaining to ITO recognition, including the impact on current recognitions. For the time being, however, the current legislative provisions will apply to your decision to recognise any ITO.
7. The FSTT's application for full recognition as an ITO has been assessed against the specific criteria set out in sections 5 and 7 of the Act (see Appendix A).

We have assessed FSTT's application for recognition

8. FSTT's has applied for recognition as its recognition period expires on 23 June 2019. Its current coverage statement is "...to set standards at Levels 1-7 on the New Zealand Qualifications Framework for the funeral industry (defined as funeral directing and embalming)."
9. FSTT is the standard-setting body for training in the funeral industry. Its model for managing training differs from other ITOs as it does not receive industry training funding (in the form of Standard Training Measures) from the TEC. All training is delivered by WelTec and funded by Student Achievement Component funding.
10. In September 2011, the TEC provided a briefing¹ on the FSTT's business model which concluded:

"The entirely industry funded model that FSTT uses, operating as a charitable trust, seems well suited to its particular coverage. The funeral and embalming industry is discrete, has relatively low numbers of trainees and has good buy-in from other industry bodies. It is a small, stable industry where all the training demand is for specialist skills at Level 5, and it is appropriate that an ITP delivers this level of training."

This assessment remains accurate.

¹ B/11/00923 Funeral ITO Business Model - ITO use this (A649756) pg. 6

Educational Performance

11. FSTT is not funded by the TEC to arrange industry training and therefore it has no educational performance indicators associated with it. Training is provided by WelTec in two level 5 qualifications; funeral directing and embalming. Students are required to have one year's funeral industry work experience prior to enrolling in these qualifications. This means students have a sound understanding of the industry and are generally committed to their training, which results in good course completion and qualification completion rates. Below are the recent educational performance indicators (EPIs) for these qualifications at WelTec.

Table 1: WelTec's course and programme completion rates 2015 – 2017 for funeral directing and embalming qualifications

	2015	2016	2017
EFTS weighted course completion rates	93.3%	91.5%	84.4%
EFTS weighted programme completion rates*	93.1%	95.5%	96.4%

* EFTS weighted programme completion rates are affected by changing enrolment patterns. As the number of programme completions is small, fluctuations in enrolments can significantly affect rates from year to year.

12. Although FSTT does not directly influence the outcomes of this training, the rates indicate the training provided for this industry has good outcomes for both employers and trainees.

Quality assurance

13. NZQA's External Evaluation and Review (EER) process forms the basis of NZQA's assessment of an ITO's:

- skills and knowledge to develop and maintain skill standards and arrange the delivery of training (section 11B of the Act);
- systems and processes to enable compliance with quality assurance requirements (section 5 of the Act); and
- capability, knowledge and experience to enable compliance with quality assurance requirements (section 5 of the Act).

14. In addition to the EER, NZQA utilises information from:

- the ITO's national external moderation system and its participation in NZQA moderation systems;
- the ITO's participation in qualification consistency;
- tertiary records (trainee results and qualification requirements);
- risk management and complaints investigation;
- quality assurance of unit standards, consent and moderation requirements, programmes of industry training and qualifications in relation to approvals and accreditations;
- the ITO's participation in the NZQA process to consider applications for consent to assess against the ITO's standards;
- the ITO's engagement with programme developers, where the ITO is the qualification developer; and

- any applications from the ITO to assess against standards developed by the National Qualifications Services and Māori Qualifications Services, or other ITOs.

15. NZQA has no current or ongoing issues with the quality assurance of FSTT's unit standards, consent and moderation requirements, and programmes or qualification applications.

16. NZQA published FSTT's EER in September 2017. FSTT was assessed as confident in ITO performance and confident in capability in self-assessment. This EER risk assessment means FSTT is a Category Two ITO.

Setting standards and arranging training

17. FSTT has 22 unit standards listed on the Directory of Assessment Standards, however these unit standards are not currently in use, because WelTec uses its own approved unit standards.

18. NZQA's report on FSTT's EER noted that it "is involved in standard-setting and moderation and monitors the Wellington Institute of Technology (WelTec) as its sole provider for training". WelTec itself has a 2017 EER rating of Confident in educational performance and Confident in capability in self-assessment, which means it is a Category Two provider.

Overall performance

19. The TEC has an arms-length relationship with FSTT, as there is no investment relationship. Therefore, FSTT does not have an Investment Plan, is not subject to TEC audits, and does not need to provide financial reports to TEC. This means TEC's oversight of the organisation is limited. However, given the small nature of the industry, the significant involvement of key stakeholders in FSTT's membership, the long history of FSTT's activities, the absence of any complaints to the TEC during the current recognition period, and NZQA's recent EER report, the TEC is confident that full recognition of FSTT as an ITO is appropriate.

20. s9(2)(b)(ii) & s9(2)(g)(i) [REDACTED]

Industry support

21. FSTT has provided letters of support for recognition from three industry associations: the Funeral Directors Association of New Zealand (FDANZ), the New Zealand Embalmers Association (NZEA) and New Zealand Independent Funeral Homes (NZIFH).

22. NZQA noted in the 2017 EER report that "There is a very close relationship between FSTT and the industry. This ensures that training meets industry needs and that changes are made in response to changing community expectations of funeral services and the increasing diversity of ethnicities and religious observance encountered by practitioners".

Conclusion

We recommend FSTT be recognised

23. Based on the analysis set out above (and in further detail in Appendix A), the TEC, in consultation with NZQA, recommends that you approve full recognition for FSTT as an ITO for a period of five years, from 24 June 2019, for their coverage of the funeral industry (defined as funeral directing and embalming).

Communications

24. FSTT has been advised of this report's recommendations.
25. If you recognise FSTT as an ITO, we will publish a notice in the *New Zealand Gazette* detailing FSTT's recognition and industries of coverage (Appendix B).
26. A letter is attached for you to sign and send to John Schipper, chair of the FSTT Board, advising him of the outcome of your decision (Appendix C).
27. TEC will also communicate your decision to FSTT. The TEC has prepared the following talking points for Relationship Managers should they get questions about the impact of the Reform of Vocational Education on their recognition:
- The Government is still considering options around the proposed Reform of Vocational Education, and at this stage, it is 'business as usual' for ITOs.
 - For this reason, the Minister has followed the normal process for the re-recognition of ITOs.
 - We hope to be able to share more information with you following Cabinet decisions in mid-2019.

Appendix A: Assessment against the relevant sections of the Industry Training and Apprenticeships Act 1992

Section 5(3) of the Act lists the considerations that the Minister must be satisfied with before recognising an ITO:

Section 5(3)(a) - the Minister must take into account the matters set out in section 7.

The TEC and NZQA are satisfied that FSTT meets section 5(3)(a) of the Act .

Section 7(a) - whether the organisation can provide services to a sufficient number of employers in the specified industry.

FSTT oversees the delivery of training for under 50 trainees annually, which is a small number but is all of the formal training undertaken towards qualifications for the funeral industry. The funeral directing and embalming programmes are delivered by Weltec and FSTT acts as an advisory committee. In addition, FSTT organises seminars and creates professional and technical development training for existing staff in consultation with the Funeral Directors Association of New Zealand (FDANZ) and the New Zealand Embalmers Association (NZEA). Due to the expected growth of mortality rates, FSTT has established introductory courses in Auckland, Wellington, Christchurch and Dunedin to promote and explain the funeral profession to prospective students.

Section 7(b) - whether the organisation is adequately funded by employers in the specified industry.

FSTT is fully funded by its industry through levies, seminar registrations and moderation income. The government funds Weltec directly through Student Achievement Component funding. However, FSTT received a small, one off grant of \$6,000 from the Qualification Development Fund of TEC in 2018 for qualification development. This was the first external funding FSTT has received since its establishment in 1991.

Section 7(c) - whether the organisation has adequate arrangements for involving employers in the governance of the organisation.

The FSTT board has six trustees at present who represent different areas of the industry. One trustee each from the Funeral Directors Association of NZ and the New Zealand Embalmers Association, two from independent funeral companies and two trustees with educational experience, one who represents Māori interests. This membership ensures employers are well represented in the governance of FSTT.

Section 7(d) - whether the organisation can monitor demand for industry training and respond to that demand at the required skill level required in the specified industry.

FSTT plays a key role in recommending to and advising the industry on all aspects of the industry's education programmes and development, but does not involve itself directly in the overall direction of the industry. It leaves that role to the two major industry organisations: FDANZ and NZEA.

FSTT has indicated that during meetings the trustees reflect on, explore and plan for future requirements of the industry. They have forecast that with the NZ death rates set to increase there will be an increase in funeral home volume, greater competition, changing ceremonies reflecting personal choices, staff increases and further requirements for training and retention.

Section 7(e) - whether the organisation can avoid unnecessary duplication of resources in providing industry training for the specified industry.

Formal industry training for this industry is provided in a very specific manner through a sole provider, minimising duplication and ensuring resourcing is well concentrated.

Section 7(f) - whether the organisation has the necessary Qualifications Authority approval for programmes and/or training schemes and consent to assess learners against the relevant standards.

NZQA advises that FSTT meets standard setting, moderation and assessment requirements. However, it notes that FSTT's Consent and Moderation Requirements document 0221 was due for review in 2018 and has yet to be reviewed by NZQA for quality assurance.

Section 7(g) - whether the organisation performed satisfactorily at other times when the organisation has been recognised.

FSTT has performed its role satisfactorily during the period of its current recognition. Neither the TEC nor NZQA is aware of any industry concerns that would impact on the agencies' support for full recognition.

Section 7(h) - the organisation has taken reasonable steps to avoid fragmentation and to provide a clear and representative industry focus.

FSTT does not involve itself directly in leading the overall direction of training for the industry. That role is undertaken by the two major industry organisations. This is appropriate given the very small size of the industry and the roles of these industry associations. FSTT provides a clear and representative focus for customised training such as seminars, presentations and continuing professional development.

Section 5(3)(b) - the Minister must be satisfied that the organisation has the skills and knowledge to carry out the core activities of an industry training organisation under section 11B(1)(a) of the Act, namely:

- (i) to develop and maintain skill standards; and**
- (ii) to arrange the delivery of training for trainees to meet those standards.**

The TEC and NZQA are satisfied that FSTT meets section 5(3)(b) of the Act.

NZQA reports that FSTT manages its statutory functions for ITO re-recognition, unit standard and qualification development and review, and qualification monitoring. It plays a key role in recommending to and advising the industry on all aspects of the industry's education programmes and development. FSTT actively monitors WelTec as its sole provider of training.

Section 5(3)(c) - the Minister must be satisfied (following consultation with the Qualifications Authority) that the organisation has:

- (i) systems and processes to enable that organisation to comply with the prescribed quality assurance requirements; and**
- (ii) the knowledge, capability and experience to enable the organisation to comply with the prescribed quality assurance requirements.**

TEC and NZQA are satisfied that FSTT meets section 5(3)(c) of the Act

NZQA published FSTT's EER in September 2017. A copy of the report from that review has been published on NZQA's website. The overall assessment of the ITO was Confident in ITO performance and Confident in capability in self-assessment.

Appendix B: Proposed notice for publication in the New Zealand Gazette

Notice of Recognition of the Funeral Services Training Trust of New Zealand

Pursuant to section 5 of the Industry Training and Apprenticeships Act 1992, the Funeral Services Training Trust of New Zealand is recognised as an industry training organisation for the funeral industry (defined as funeral directing and embalming).

The recognition takes effect from 24 June 2019.

Dated at Wellington this ___ day of June 2019.
Hon Chris Hipkins, Minister of Education.

Appendix C: Proposed letter of notification to FSTT

John Schipper
Chair
Funeral Service Training Trust of New Zealand
PO Box 10-872
The Terrace
Wellington 6143

Dear John,

I am pleased to advise that I have approved, pursuant to section 5 of the Industry Training and Apprenticeships Act 1992 (the Act) and subject to notification in the *New Zealand Gazette*, recognition of the Funeral Service Training Trust of New Zealand as an industry training organisation, with effect from 24 June 2019, for your requested industries.

A copy of the notice that will be published in the *New Zealand Gazette* is enclosed with this letter for your information.

I have made this decision based on advice prepared by the Tertiary Education Commission and information supplied by your organisation and the New Zealand Qualifications Authority. I am advised that this advice was shared with you.

As you will be aware, if for any reason I lose confidence in an industry training organisation's ability to meet the requirements of the Act, I can impose a condition of recognition. If an industry training organisation does not meet a condition of recognition, this may begin the process of cancelling the recognition under section 9 of the Act. Under section 159YG of the Education Act 1989, the Tertiary Education Commission can also suspend or revoke funding if an industry training organisation is not complying with funding conditions.

Thank you for your continued efforts in and contribution to industry training.

Yours sincerely

Chris Hipkins
Minister of Education

Enc. Copy of Gazette notice wording

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