

Event backgrounder: Meeting with NZIST Subsidiary Board Chairs on 29 July 2020

To:	Hon Chris Hipkins, Minister of Education
From:	Gillian Dudgeon, Deputy Chief Executive, Delivery
Date:	28 July 2020
Reference:	E-20-00514

Purpose

1. You are scheduled to attend and speak at a meeting of the New Zealand Institute of Skills and Technology (NZIST) Subsidiary Board Chairs (via Zoom) on Wednesday 29 July 2020 from 9:45 – 10:15 am. The NZIST Subsidiary Board Chairs meet on a monthly basis; this will be the first time they have met face-to-face since NZIST's establishment on 1 April 2020. NZIST's Chair and Chief Executive will also be in attendance, as will a number of NZIST Council members and the NZIST Communications Manager.
2. In preparation for this meeting, your office requested an event backgrounder be prepared that provides you with *"advice on key things it would be useful and timely to speak to"*. Accordingly this paper provides you with high level content addressing the following topics:
 - Crown funding for NZIST;
 - TEC funding for NZIST via the Investment Plan process; and
 - Suggested talking points for the meeting.
3. The agenda for the meeting is attached to this backgrounder as Appendix 1.
4. Key NZIST biographies, accompanied by a full list of other meeting attendees, are included in Appendix 2.
5. We recommend that this event backgrounder is released with redactions made to protect the commercial position of the NZIST and its subsidiaries.

About NZIST and its subsidiaries

6. In July 2019, Cabinet agreed to create a fundamentally new vocational education system, with a different set of institutional arrangements, new and different roles and relationships, and a unified funding system.
7. The Education Amendment (Vocational Education and Training Reform) Amendment Act 2020 established NZIST as a new tertiary education institution on 1 April 2020. Its objective is to become a unified, sustainable, public network of regionally accessible vocational education, bringing together 16 institutes of technology and polytechnics (ITPs), improving their efficiency and effectiveness, and expanding their delivery of on-job and work-integrated learning.

8. When formally established on 1 April 2020, NZIST became New Zealand's largest tertiary education provider, with approximately 70,000 equivalent full-time students (EFTS) and a network of subsidiaries with revenue of over \$1 billion per annum.

Crown funding for NZIST

9. As you are aware, further funding for NZIST was considered at the Cabinet Business Committee (CBC) meeting on 6 July 2020 and it was agreed to invest an additional \$85.182 million in NZIST over the next three years to progress its establishment and transformation. Combined with funding already appropriated, this equates to nearly \$100 million in additional funding being provided to NZIST and follows the \$21.1 million paid to NZIST in April 2020 on its establishment.
10. On 24 July 2020 you sent the Chair of NZIST a letter outlining details of the funding package being provided, along with the key messages and expectations accompanying it. A number of these messages are relevant to NZIST subsidiaries. In particular, NZIST cannot become just another layer of management in a system that is already seen as administration heavy. It needs to be small and nimble, and leverage off the extensive expertise that already exists within the individual subsidiaries.
11. The letter also stresses that rapid progress needs to be made to integrate and transform the network of subsidiaries. This is crucial in order to enable NZIST to shift its focus from provider-based vocational education toward more work-based learning.

TEC funding for NZIST via the Investment Plan process

12. In August 2020 the TEC will be receiving an Investment Plan (Plan) from NZIST. Due to the newness of the tertiary education institute (TEI), and the immediate challenges that NZIST has been focussed on addressing as a result of COVID-19, it has been agreed that NZIST will only be requesting a one year Plan approval.
13. Accordingly, the expectation for this year's Plan round is that NZIST provides the TEC with a high-level, strategic document that primarily focusses on its immediate, short term objectives; while providing a briefer outline of how it will look to achieve its medium and longer term goals. The short term objectives will incorporate NZIST's ongoing response to COVID-19, and learner success challenges as they apply across its subsidiaries. The Plan will be assessed not only against the relevant NZIST gazetted criteria, but also in the context of NZIST's Letter of Expectation and Charter.
14. In summary, TEC expects to be reviewing coherent and holistic NZIST Plan documentation that shows:
 - How every decision NZIST makes can be traced back to the desire to deliver improvements in the best interests of learners;
 - How collaboration amongst subsidiaries is being developed, encouraged and supported;
 - How NZIST will leverage the expertise that exists in its higher performing subsidiaries to improve the performance of those subsidiaries under financial stress;
 - How NZIST will start to rationalise its portfolio of provision to achieve efficiencies, realise economies of scale, and remove consistently underperforming programmes; and
 - Evidence that NZIST is starting to think, act and speak as a single entity coordinating and managing sixteen nodes across a network of provision.

Suggested talking points for the meeting

- Recognise the significant work that NZIST Subsidiary Board Chairs, and NZIST Council members, have undertaken in light of the challenges posed by establishing a new TEI while managing novel, COVID-19 issues.
- Note that it is particularly pleasing to see that “Network Collaboration” and “Quick Collaborative Wins” are two agenda items for discussion at this meeting.
- Stress that the key messages to take away from today are that firstly, learners must be at the centre of every decision NZIST makes, and every action it undertakes. Secondly, that effective collaboration across all aspects of its network of provision is the only way that NZIST can start delivering on this promise to learners and stakeholders. It has been pleasing to hear of early collaboration between NZIST and some of the Transitional Industry Training Organisations (TITOs) on ways to support learners as a result of the impacts of COVID-19. Starting to work together as early as possible is a great way to break down historical barriers and start the work of re-imagining the future of NZIST.
- Note that NZIST is now New Zealand’s largest tertiary education institution. And that this brings with it unique challenges, but also, unique opportunities.
- Stress that one such challenge is that of integration. How to essentially transform sixteen former institutes of technology and polytechnics, (all with different processes, operations and challenges), into one single, successful entity. And furthermore – a single entity that is not bureaucratic or administratively heavy; but rather nimble, high performing and the key driver of vocational change and improvement in New Zealand.
- Note that integration brings with it an opportunity to leverage the huge expertise that already exists within all NZIST subsidiaries, within transitional ITOs, and, as they become established and build capability, those stakeholder groups including (but not limited to) Workforce Development Councils and Regional Skills Leadership Groups.
- Remind the audience that successful integration can’t be achieved without effective collaboration.
- Note that COVID-19, and its accompanying recession, is obviously an immediate challenge. Stress that while this challenge brings with it opportunity, that opportunity is different to the opportunity arising from past recessions. It is not an opportunity for every former ITP (or now, every NZIST subsidiary) to automatically get an increase in funding simply because enrolments increase in times of recession. Money will not automatically pour into subsidiaries with a history of poor performance – the government has been clear that this kind of investment is not sustainable. It doesn’t resolve fundamental problems – it only delays, masks, and ultimately exacerbates them.
- Note that instead, the opportunity is for NZIST to use this time of great uncertainty to its advantage by capitalising on the fact that, in uncertain times, we are all more accepting of innovation, of new ideas, of finding new and better ways to do things differently.
- Note that there will unfortunately be disappointments for some. Those who want to compete with others, or to hold onto their knowledge or expertise (rather than share it with their colleagues), will find it hard to find a place within NZIST.
- Emphasise that Cabinet has invested significant funds in NZIST’s establishment, but this funding stream isn’t unlimited. Some compromises will need to be made in order for NZIST to

move from being provider-focussed to learner-focussed, while also meeting the needs of employers, communities and iwi.

- Emphasise that government is here to provide help and assistance. MoE for policy; NZQA for programme quality assurance; TEC for investment and careers guidance. It is by engaging with these agencies that NZIST will get the information it needs to make the best decisions. And not just for the benefit of learners, but for all its stakeholders.



Gillian Dudgeon

Deputy Chief Executive, Delivery

Tertiary Education Commission

28 July 2020

Hon Chris Hipkins

Minister of Education

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Appendix 1: Meeting agenda

New Zealand Institute of Skills and Technology Subsidiary Board Chairs' Meeting Wednesday 29 July 2020

Bell Gully, ANZ Building, 171 Featherston Street, Wellington

9.30am - 1pm

Item	Time	Subject
1.	9.30am – 9.35am	<i>Karakia and welcome</i>
2.	9.35am – 9.45am	Welcome & Introductions
3.	9.45am – 10.15am	Network Collaboration, Board operation and Alignment Hon Chris Hipkins, Minister of Education in attendance by zoom
4.	10.15am – 10.45am	NZIST Chair and CE Update
5.	10.45am – 11.00am	Board and CE Relationship
6.	11.00am - 11.20am	<i>Morning Tea</i>
7.	11.20am - 11.35am	Quick Collaborative Wins
8.	11.35am – 11.50am	Transitional ITOs
9.	11.50am - 12.15pm	International
10.	12.15pm – 12.50pm	Question & Answer Session
11.	12.50pm – 1pm	<i>Whakamutunga and Close</i>

Appendix 2: Meeting attendees

NZIST Chief Executive: Stephen Town

	<p>Stephen has held executive positions for over 20 years in tertiary education, local government, and transport. He is currently Chief Executive of Auckland Council.</p> <p>Previous roles include leading the Franklin District and Tauranga City Councils, and Regional Director of the NZTA in Northland/Auckland.</p> <p>His first chief executive role was at Wanganui Regional Community Polytechnic in 1994, making him the youngest CE in New Zealand at the time.</p>
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NZIST Chair: Murray Strong

	<p>Murray is an independent director and Chair, and a member of the Institute of Directors in New Zealand.</p> <p>Mr Strong has governance and senior management experience across many sectors including tertiary education.</p> <p>He was the IST Establishment Unit Executive Director, where he was closely involved with all workstreams, key stakeholders and the future direction.</p> <p>He is chair of the Centre of Digital Excellence in Dunedin.</p>
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NZIST Deputy Chair: Kim Ngārimu

	<p>Kim Ngārimu (Te Aitanga ā Mate, Ngāti Porou) is a director of Tāua Limited, a consultancy specialising in public policy and management advice.</p> <p>Earlier in her career, Ms Ngārimu held a range of senior public sector roles in Wellington.</p> <p>She is a member of the Medical Council of New Zealand and the Waitangi Tribunal, Chair of Tairāwhiti District Health Board, and a council-appointed member of the Eastern Institute of Technology. She was Deputy Chair of the IST Establishment Board.</p>
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NZIST Council member: Tania Hodges

	<p>Tania Hodges JP (Ngāti Pāhauwera, Ngāti Ranginui, Ngāti Hauā, Tuwharetoa, Maniapoto, Kahungunu) is Managing Director of Digital Indigenous.Com Ltd, providing advice on governance and leadership, strategic development, change management, Māori and Iwi relationships, and community development.</p> <p>Ms Hodges has an MBA and qualifications in social science, business research and Te Reo Māori to complement her Registered Psychiatric Nursing qualification.</p>
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NZIST Council member: Peter Winder

	<p>Peter Winder is a Director of McGredy Winder & Co.</p> <p>He has been a Ministerial appointee and Chair of Manukau Institute of Technology since 2013 and is a Member of the Advisory Committee to the Commissioner at Unitec.</p> <p>Mr Winder was Chief Executive of Auckland Regional Council (2005–2010) and of Local Government New Zealand (2001–2003).</p> <p>He was Crown Manager of the Kaipara District Council and is a member of the State Services Commission Risk and Audit Committee.</p>
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NZIST Subsidiary Board Chairs

- Thérèse Arseneau – Ara
- Hilton Collier – EIT
- Daryl Wehner – NMIT
- Ripeka Evans – NorthTec
- Tony Allison – Otago Polytechnic
- Alison Broad – SIT
- Rebecca Keoghan – TPP
- Vaughan Renner – Open Polytechnic
- Steve Maharey – UCOL
- Cathy Cooney – Toi Ohomai
- Niwa Nuri – Wintec
- Robin Brockie – WITT
- Justin Lester – Weltec/Whitireia
- Peter Winder – MIT/Unitec (*also NZIST Council member*)

NZIST Communications Manager

- Denise Mackay