



## Appendix 1: Key talking points

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- On 1 April 2020, NZIST was formally established and the 16 former ITPs became its subsidiaries. It became our largest tertiary education provider, and over time as it shifts its focus from provider-based vocational education toward more work-based learning, NZIST will be supporting around 300,000 learners per annum.
- On 30 March 2020, Cabinet agreed to provide an initial payment of \$21.1 million to NZIST so that it could begin to set up operations and have sufficient working capital. We also established a \$50 million contingency to provide last-resort funding to support the viability of its subsidiaries.
- I am proposing a draw-down from the RoVE tagged operating contingency to invest \$85.182 million in NZIST over the next three years to progress its establishment and transformation.
- Alongside a proposed draw-down of \$5 million for NZQA over the next two years to make necessary changes to its systems to implement RoVE, this will fully exhaust the RoVE tagged operating contingency. Up until now, NZQA has funded its RoVE activities within its baseline, but it is not able to continue to do this given the scale of changes it needs to make.
- I considered lower levels of investment and not exhausting the RoVE contingency. However, a lower level of investment would:
  - result in NZIST moving at a slower pace and not provide sufficient certainty for it to begin the transformation of its network and support a well-managed transfer of support for workplace-based learning; and.
  - a potential focus only on cost reduction without the transformational change needed to support learners and employers, meaning NZIST would be less likely to achieve our vision of a strong, unified, sustainable vocational education system that is fit for the future of work and delivers the skills stakeholders need.
- In light of COVID-19, the need to better align on-the-job and off-the-job training has never been more urgent than it is now, and ensuring greater accessibility, portability, and consistency remain critical priorities for the reform programme.
- The proposed investment in NZIST will enable it to be a necessary key part of delivering our \$1.6 billion Trades and Apprenticeships Training Package. Investing in NZIST is crucial to supporting a smooth transition of responsibility for supporting apprentices from Transitional Industry Training Organisations to NZIST and other providers.
- It should be noted that the Establishment Board requested §9(2)(j) in Crown funding to deliver its establishment and transformation programme and I have already removed parts of the request that I did not consider provided the Crown with value for money.
- I have been very clear that NZIST cannot be another layer of management in a system that is already seen as administration heavy. At the end of 2022, I expect NZIST to have made the necessary changes so that it will operate like any other tertiary education institution and run its operations on TEC funding and other revenue.
- I will establish a formal legal agreement between the Crown and NZIST that will set out the conditions of funding, and a set of targets and milestones to ensure accountability for funding.
- NZIST has indicated that it will seek additional funding in the future for investments to modernise its physical and technological infrastructure and deliver new teaching and learning models. As part of its transformation planning and design, I expect NZIST's Council will carefully consider all funding sources available to it before approaching the Crown.