

Event backgrounder: Meeting with NZIST Chief Executive and Chair on Tuesday 25 August

To:	Hon Chris Hipkins, Minister of Education
From:	Deirdre Marshall, Manager, Delivery and Projects
Date:	24 August 2020
Reference:	E-20-00583

Purpose

1. You are scheduled to meet with New Zealand Institute of Skills and Technology (NZIST) Chief Executive, Stephen Town, and Chair, Murray Strong, on Tuesday 25 August 2020 at 10.15 – 10.45 am by Zoom.
2. This event backgrounder provides you with background information on topics included in the agenda NZIST have provided for the meeting:
 - NZIST name;
 - Investment Plan;
 - Transitional Industry Training Organisation update;
 - Positive response and activity from COVID;
 - DCE Appointments and Subsidiary CE update;
 - International students;
 - Out of region delivery.
3. Biographies of the NZIST Chief executive and Chair are attached as an appendix to this backgrounder.
4. We recommend that this event backgrounder is released with some redactions.

About NZIST

5. 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.
6. 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.

7. 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. In May 2020 it was announced that the head office of NZIST would be located in Hamilton.

The formal naming of NZIST

8. A briefing with an updated recommendation on the legal name of the NZIST was provided to you on 16 August 2020 by NZIST.
9. Subject to your agreement, the Ministry of Education will facilitate the process of an Order in Council to give effect to the legal name recommended by the NZIST.

Investment Plan

10. On 7 August 2020 NZIST submitted a request for additional funding for its sixteen subsidiaries, and also for itself (as parent) for 2021 delivery. With respect to other Investment Plan (Plan) documentation, as at 24 August NZIST had yet to submit its Strategic Intent (the narrative story addressing its priorities and focus for 2021); its Learner Success Plan (for supporting priority learners including Māori and Pacific peoples); and its COVID19 response plan. When all documentation has been received the TEC will review it against the gazetted Plan criteria, and in the context of the NZIST Letter of Expectation and Charter.
11. The TEC will take a high-level, transitional approach to assessing NZIST's Plan and related documentation. This reflects the newness of the institution – in particular, the fact that Workforce Development Councils and Regional Skills Leadership Groups are still being established and so haven't had the opportunity to formally engage with NZIST over its proposed provision for 2021. The TEC has been clear to NZIST that we will be expecting to receive a more detailed Plan from them next year that will address funding, delivery and performance expectations for 2022 on.

Transitional Industry Training Organisation - update

A summary of progress to date

12. We have received all 11 transitional plans. These outline transitional industry training organisations (ITOs') preferred approach, scope and timing for the transitioning of their standard setting and arranging training functions. Section 9(2)(j)



13. Section 9(2)(j)
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14. The Chief Executive of NZIST has recently appointed a governance group (a subgroup of the NZIST Council) to support the transition. He has also seconded Fiona Kingsford, the Chief Executive of Competenz, on a part-time basis to operationally support the transition of arranging training from Transitional ITOs to the NZIST. TEC is encouraged by these appointments which have enabled more focussed dialogue with NZIST on how we work together and our respective roles.
15. A working group has been established to support Fiona Kingsford. Council Chair Murray Strong and Council members Peter Winder and John Brockie will oversee the group. Chief Executive Stephen Town and acting Deputy Chief Executive of Transformation, Alex Cabrera, will work with Fiona. The working group expects to have an implementation plan before the end of the year.

16. Section 9(2)(g)(i)

[REDACTED]

17. Section 9(2)(g)(i)

[REDACTED]

Timeline of what has happened, and what comes next

June 2020 – Received first iteration of transition plans from the transitional ITOs.
– Continued group and one-on-one sessions with each transitional ITO to progress transition.

July 2020 – Commenced discussions with NZIST around respective roles in transition.

Section 9(2)(j) – [REDACTED]

Positive response and activity from COVID

18. NZIST subsidiaries successfully moved to online learning during the COVID-19 lockdown.
19. The Chair and CE may wish to update you on the impact of Budget 2020 initiatives that have recently been launched, such as the Targeted Training and Apprenticeship Fund.

DCE Appointments and Subsidiary CE - update

20. NZIST has recently announced the appointment of six Deputy Chief Executives (DCE). The DCE appointments are:
- Ana Morrison - DCE Partnerships and Equity. Ana is currently the Executive Director – Strategic Partnerships & Māori Success at Toi Ohomai Institute of Technology.

- Tania Winslade - DCE Learner Journey and Experience. Tania is currently the General Manager of Māori Outcomes at Auckland Council.
- Warwick Quinn - DCE Employer Journeys. Warwick is currently the Chief Executive of the BCITO.
- Dr Angela Beaton - DCE Delivery and Academic. Angela is currently General Manager of National Women's Health, Auckland DHB.
- Merran Davis - DCE Transformation and Transition. Merran is currently the interim Chief Executive of Unitec Institute of Technology.
- Vaughan Payne - DCE Operations. Vaughan is currently the Chief Executive of the Waikato Regional Council.

21. The DCEs are expected to take up their roles before early November 2020. These roles have all been offered as three-year fixed term positions.
22. As these are strategic leadership roles, the appointees will need to work across a very wide partner and stakeholder group to deliver a broad transformational mandate. Collectively, they will oversee the transformation NZIST needs to achieve, as outlined in legislation.
23. NZIST's DCE roles are very different in size, scope, responsibility and deliverables from the subsidiary CE roles. The subsidiary CEs continue to have an operational business as usual focus but are starting the journey of becoming part of one organisation. They have a direct link into NZIST's Chief Executive, whilst currently being employed by their respective Boards.

International students

24. NZIST subsidiaries have been growing their international student enrolments in recent years. NZIST is forecasting to deliver 8331 international EFTS in 2020. This is approximately 16% below what has been budgeted for (9,333 EFTS).

25. Section 9(2)(g)(i)
[REDACTED]

26. Section 9(2)(g)(i)
[REDACTED] Section 9(2)(ba)(i)
[REDACTED]
[REDACTED]

27. Section 9(2)(g)(i)
[REDACTED]

Out of region delivery

28. Historically, some ITPs have offered programmes out of their region, thereby competing with the ITP based in the region. In moving from a competitive model to the new collaborative model through NZIST, there is likely to be some consolidation of 'out of region' delivery across the country.

29. Section 9(2)(g)(i)

[REDACTED]

30. Section 9(2)(g)(i)

[REDACTED]

Matters they may raise with you

31. Update on the viability of Subsidiary ITPs

- Section 9(2)(g)(i)

[REDACTED]

32. Funding agreement between NZIST and the Crown

- We recently provided you with a draft funding agreement between NZIST and the Crown (B-20-00545 refers). This funding agreement sets out the terms and conditions of the Crown's investment as agreed by Cabinet on 20 July 2020 [CAB-20-MIN-0336 refers].
- Cabinet delegated you and the Minister of Finance authority to sign the funding agreement on behalf of the Crown.
- The draft funding agreement has a start date of 1 September 2020, and NZIST is likely to raise its status with you.
- NZIST is keen to receive its next tranche of funding as soon as possible, which will be paid once the funding agreement is signed by all parties. Once you are comfortable with the draft funding agreement, you need to sign it and forward it to the Minister of Finance for his approval and signature.



Deirdre Marshall

Manager, Delivery and projects

Tertiary Education Commission

24 August 2020



Hon Chris Hipkins

Minister of Education

25/8/2020

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Appendix: NZIST biographies

Chief Executive: Stephen Town



Stephen has held executive positions in the public sector for over 20 years in tertiary education, local government and transport. For the last seven years he was Chief Executive of Auckland Council, where he led a new organisation to serve the people of Auckland.

Stephen has previously been Chief Executive of Franklin District Council, Chief Executive of Tauranga City Council and Regional Director of the NZ Transport Agency in Northland/Auckland. His first chief executive role was at the Wanganui Regional Community Polytechnic in 1994, making him the youngest Chief Executive in New Zealand at the time.

Chair: Murray Strong



Murray is an independent Chair and professional director, and a Chartered member of the Institute of Directors of New Zealand. He has a long-term involvement with the TEC and the ITP sector.

He has experience in governance and advisory roles in both the public and private sector, including the New Zealand Qualifications Authority, Canterbury Earthquake Recovery Authority, the Ministry of Education and the TSB Trust. He has also been actively involved in the Christchurch rebuild.

**Appendix: Agenda for NZIST Meeting with Minister of Education
Tuesday 25 August 2020**

New Zealand Institute of Skills and Technology
Meeting with Minister of Education
Tuesday 25 August 2020

10.15am - 10.45am by zoom

NZIST Attendees: Murray Strong, Chair, Stephen Town, Chief Executive

Item	Subject
1.	NZIST Name
2.	Investment Plan
3.	Transitional ITO Update
4.	Positive response and activity from COVID
5.	DCE Appointments and Subsidiary CE update
6.	International students
7.	Out of region delivery