



**Te Pūkenga**

Level 2, Wintec House  
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8 Hakihea 2023

Hon Penny Simmonds  
Minister for Tertiary Education and Skills  
Parliament  
By email: [Penny.Simmonds@parliament.govt.nz](mailto:Penny.Simmonds@parliament.govt.nz)

Tēnā koe Minister

I acknowledge receipt of your initial Letter of Expectations to Te Pūkenga, and your letter in relation to our draft Statement of Intent 2024-27 and Statement of Performance Expectations 2024, both of which were received on 5 Hakihea 2023.

### **Letter of Expectations**


Although not unexpected, your Letter of Expectations formalises a significant change in approach to that which has been pursued over recent years, creating a national network of vocational education and training provision. The Te Pūkenga Council is currently considering your letter, and importantly, how it can give effect to your intentions while the policy process evolves, and while it is still required to operate in accordance with the existing statutory framework and deliver on its Charter.

The shift towards regional autonomy will necessitate full consideration of options that are possible within the existing statutory framework, and an assessment of the costs, benefits and risks associated with this change.

Having said that, we do believe that there are options available to make progress towards this, ranging from increased local level delegations, through to increasing the number of administrative regions and reducing the controls within their operating frameworks. This work will not, however, be able to be properly completed within your expected timeframe of the end of next week, 15 December 2023.

A full stocktake of impacted operating processes, staff, and national level commitments, and how they may be adjusted towards a more regional approach, including consideration of the associated financial and legal risks, is a considerable undertaking. Once Council has had the opportunity to more fully scope the extent of this work we will advise you of the timeframe within which we expect to be able to complete this work.

s 9(2)(b)(ii)




I also note that various national contracts for the delivery of vocational education and training, international and inter-governmental agreements, supply contracts and other commitments will also have to be considered in light of this shift. Any attendant risk that might attach itself to these agreements as a result of this shift will be quantified and advised in due course. This will necessarily include advice on costs and legal implications for any contractual breaches that might also result.

Of critical and immediate importance is that learners and staff are given assurance that delivery of vocational education and training will continue, and that they should feel confident to enrol in Te Pūkenga, and to continue with their employment.

#### **Notification**

s 9(2)(g)(i)



In addition, there may be a risk of members of the executive leadership team departing.

s 9(2)(a)



At this time, the Council remains willing to serve as required, but accepts that there might be changes in the composition of Council.

#### **Draft Statement of Intent 2024-2027**

I note that you have waived the requirement for Te Pūkenga to provide a Statement of Intent 2024-2027. The notice of the waiver of this requirement, and the reasons for it, will be published on the Te Pūkenga website, as required by the Crown Entities Act 2004.

## Draft Statement of Performance Expectations 2024

With the change signalled in your Letter of Expectations, the budget presented in the draft Statement of Performance Expectations 2024 will require significant reworking. We will make our best endeavours to complete this work within the required timeframe.

I have separately sent my letter of resignation.

Ngā mihi nui



Murray W. Strong  
**Chairman**

Cc. Jenn Bestwick, Chair, Tertiary Education Commission  
Iona Holsted, Secretary for Education  
Tim Fowler, Chief Executive, Tertiary Education Commission

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**Hon Penny Simmonds**

Minister for Tertiary Education and Skills  
Parliament

By email: [Penny.Simmonds@parliament.govt.nz](mailto:Penny.Simmonds@parliament.govt.nz)

15 December 2023

Tēnā koe Minister

Thank you for meeting with me and my fellow council members Bill Moran and Jeremy Morley on 13 December 2023. Prior to our meeting with you we had met with your officials from the Tertiary Education Commission (TEC).

Given your Letter of Expectations to Te Pūkenga, and the Government's policy direction to disestablish Te Pūkenga and shift back to regional autonomy, we appreciated your time to discuss your priorities and how these might best be achieved. We consider it is important to confirm with you our discussion, and to provide you with some high-level thoughts on what we consider we could focus on given that legislative changes will be some time away and that we are still required to work within the existing legislative framework.

**Our people**

As you noted, with any change in direction there is uncertainty and during this transition we consider it is our role to support our people, staff and ākongā alike. It is fair to say that the Executive Leadership Team had been driving very hard over the last year to establish Te Pūkenga as required under the previous Government's Letter of Expectations. That team is now required to disestablish Te Pūkenga. As we noted in our initial response to you, there is a heightened risk that the current Executive Leadership Team could be unsettled, and some members may choose to leave. In the next week we will meet with individual members to better understand their future plans and to offer support.

Council will now set out with the help of the Executive Leadership Team to deliver on the intent of your Letter of Expectations while balancing all the obligations placed on it under the Education and Training Act 2020 until new legislation is passed.

In line with your expectations to reconsider activities that may reduce integral capability in business divisions, our immediate focus is to work through what this change in direction means for kaimahi who have had their roles disestablished and for kaimahi appointed to the new roles. We will be working closely with staff and seeking to support and retain staff within the network. This will have financial implications which we are working to quantify.

Given our Charter obligations to "operate in a manner that ensures [its] regional representatives are empowered to make decisions about delivery and operations that are informed by local relationships and to make decisions that meet the needs of their communities", we consider we are able to give effect to your expectations within the current framework while disestablishment work begins.

Council wants to take a collaborative and pragmatic approach to working alongside you, TEC, and the Ministry of Education to ensure we can give best effect to policy. In order to do this, we have a starting list of priorities.

## Priorities

The key and urgent priorities we have determined are as follows:

- Finalise how we can establish a smaller and tighter governance structure and decision-making framework, through any reconfiguration of Council and its Committees noting your advice that Council terms will not be extended on expiry of terms, and there is no intention to appoint further Council members.
- Support the existing management team through appropriate assurances, other contractual mechanisms, and internal and external resources to ensure that we are well prepared for “business as usual” activities including the wellbeing, safety, and educational needs of our staff and ākonga, and minimise disruptions as we move into 2024.
- Finalise our operational and financial obligations for 2023 and ready ourselves for year-end close-off and audit.
- Continue with commitments and work we have already undertaken aimed at returning the network to viability and sustainability and which are not inconsistent with the future policy direction.
- Consider all options to deliver greater levels of decision-making and authority to our business divisions to support respective regions. We need to work through the implications of these options and consult and work with our business division staff to operationalise these.
- Consider how to give effect to the Letter of Expectations in relation to work-based learning and ITO business divisions. We will look to maintain and strengthen existing and future relationships with industry and employers, including ensuring open and constructive consultation with them. This will enable us to manage and mitigate significant risk, including any adverse financial implications, across the network.
- Work with your officials and regional staff and stakeholders on scoping, design, and costing to give effect to the future policy directions.
- Ensure that outstanding and ongoing issues of educational, operational, and financial compliance are resolved and maintained.
- Actively manage and mitigate risks around the above matters.
- Robust and regular communication with staff, ākonga, the network, and stakeholders.

Following our discussion, we noted you and your officials were generally supportive of this direction.

## Governance

It is our view, and one shared by you and your officials, that there needs to be some immediate changes to our structure and membership aimed at achieving timely, efficient, and effective decision-making. To this end, we are working to implement the following:

- Combining the current Finance and Capital Investment Committee (FinCap) with the Risk and Audit Committee, with the current Chair of FinCap staying in that role as Chair of the combined Committee. We will then review membership and terms of reference which can be approved by resolution of Council.

- Reviewing the Terms of Reference of the Health, Safety and Wellbeing, and Appointment and Remuneration Committees to determine if further changes and/or delegations are required to govern our people and culture policies and procedures, as we work through the next 12 months.
- Working with TEC and the Ministry of Education to discuss any possible repurposing of the recent Crown Loan given the digital transformation programme has now been ceased. This may include revising the terms to support the new policy direction.
- Passing any resolutions at a special meeting of the Council on 15 December 2023 to give effect to the above actions.

## **Ongoing Commitments, Opportunities, Financial Implications and Redesign of the New Network**

There are several workstreams underway which need to be continued, especially in respect of capital projects, personnel restructures, and management and monitoring of the FY2024 budget. However, because of the proposed disestablishment there are also several workstreams that have already stopped or are likely to cease, especially those in respect of digital transformation and fully implementing the new organisation structure.

We are committed to working with regional staff and regional stakeholders to ensure their input/views are considered as part of financial decisions, while noting that there needs to be a significant reduction in expenditure across many business divisions to align with lower student numbers. It is worth noting that the announcement of the disestablishment and the uncertainty that creates is impacting enrolments. In the coming months we will further review these with the aim of identifying what further work can commence or cease, and how the FY2024 budget can be best managed and achieved.


We will be cognisant of the future capability that may be needed following the proposed disestablishment and will carefully consider potential redeployment of current resources. We will need to also work very closely with you, your officials, and stakeholders on the disestablishment process and welcome this opportunity and the sharing of information, ideas, and testing options in a completely transparent and cooperative environment.

### **Conclusion**

In summary, the Council and management of Te Pūkenga is committed to the work ahead. We will continue to keep you and your officials regularly informed and consult on a regular and “no surprises” basis, including through regular reports to your office from 2024.

We look forward to working with you and your ongoing support.

Ngā mihi nui,



Sue McCormack  
Deputy Chair of Te Pūkenga Council

### **CC:**

Jenn Bestwick, Chair, Tertiary Education Commission

Iona Holsted, Secretary for Education

Tim Fowler, Chief Executive, Tertiary Education Commission



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23 January 2024

**Hon Penny Simmonds**  
**Minister for Tertiary Education and Skills**

Dear Minister,

### **Response to request for information**

Thank you for your request through the Tertiary Education Commission (TEC) on Thursday January 18 for information to be submitted on 23 January 2024.

We have understood the brief from TEC to be for information demonstrating the progress that has been made to support the disestablishment of Te Pūkenga.

Please find attached information outlining key work and activities we have undertaken or have planned since receiving your Letter of Expectations on 5 December 2023, and the Council's response to you on 15 December 2023.

As you will see, while quick progress is being made, there are a number of unknowns that we need to clarify with you to continue to give effect to your Letter of Expectations and the Government's direction. While some decisions can be made and implemented easily and quickly in the current environment, others will need to have the vision for the system and clear policy and structural decisions made in order for us to accelerate progress. We understand that this will rely on robust information and data. We are committed to supporting you and officials to inform advice to support these decisions.

We consider continual open and transparent dialogue with you and officials on the progress we are making is crucial to the success of the disestablishment of Te Pūkenga. A meeting with you sooner rather than later would be very helpful to discuss this briefing, better understand any further thoughts you have and if you consider we are heading in the right direction.

We look forward to hearing from you soon.

Ngā mihi nui,

Sue McCormack  
Acting Chair, Te Pūkenga Council

Jeremy Morley  
Chair, Finance Risk and Audit Committee

# Disestablishment update

An update for the Minister for Tertiary Education & Skills  
23 January 2024



# Agenda

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# Overview

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The following briefing provides an update to the Minister on the work that Te Pūkenga has progressed since receiving the Minister's Letter of Expectations (LoE), and the Council's response to the Minister on December 15.

The LoE underscored the Government's 100-day plan to begin the disestablishment of Te Pūkenga and required the organisation to:

- Undertake operations consistent with the Government's plans to **progress disestablishment**
- **Empower regional leadership** through the development of local decision making and authority
- **Continue to deliver** quality vocational education, teaching and learning with strong support for students and staff
- **Work collaboratively** with the Minister, officials and advisors.

In response to the LoE, Te Pūkenga Council and Leadership Team have undertaken a range of actions to give effect to the Government's direction, while also ensuring we meet our current legislative and Charter requirements, including delivering on the Statement of Performance Expectations, managing our financial position, compliance and risk profile.

This briefing shows the work that has been stopped, started (or due to be started), and what we are continuing to do in the interests of financial stability and risk mitigation for future entities to provide stability to the network as the Government develops its vision and plans for the disestablishment of Te Pūkenga and creation of the future vocational education system. We have identified some early deliverables and we offer these up for discussion.

We have highlighted some high-level financial implications as well as risks, and can provide further details as needed. We are developing a plan to support open and honest communication with staff and external stakeholders which will be critical to ensuring we continue to maintain trust and confidence.

Finally, we have noted other matters that need to be considered in advancing the disestablishment and creating regionally-led entities.

# Governance & Management

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# Governance and management

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Following the change of direction for Vocational Education, the Council has agreed to the following approach to Governance.

- Timely and flexible ways of working and decision making.
- Strict alignment with the Minister's Letter of Expectations and advice.
- Consolidation/reduction of the current Council and Committee structures and membership.
- Support a suitable structure to work with external advisors.
- Early identification and prioritisation of key issues, aimed at providing the Minister with early deliverables/wins.
- Stabilising the CEO and executive management roles.
- Timely recognition of the legal, employment and operational status of affected roles, functions and personnel with respect to the continuation or cessation of the proposed restructure.
- Working closely with the Minister, Officials and management to enable successful deliverables.
- Implementation of communication plans with all stakeholders (Minister, officials, staff, students and others).
- Finalising decision-making frameworks and delegations and what we need to consult TEC and/or the Minister on, and what comes to Council and/or Committees, including a review of current projects to determine what should continue and what needs to cease.
- Ensuring business as usual for 2024 is safe and secure with strong financial prudence and budget management and understanding of scenarios under current budget and proposed disestablishment options.

These factors mean that there needs to be careful planning, oversight, decision making, and risk management by the Council and its Committees, and management. They are expanded upon further in the following sections.

It is imperative that we acknowledge that business as usual delivery for learners and meeting current performance outcomes is not mutually exclusive from disestablishment and will need to be managed and resourced accordingly.

# Governance priorities

Area	Key Findings and Deliverables	Estimated Timeline
Timely and flexible ways of working and decision making	<ul style="list-style-type: none"> <li>• Council has identified a smaller “disestablishment group” comprising the acting Chair (Sue McCormack); Chair of Finance, Investment and Capital Committee (Jeremy Morley); and a Council member (Bill Moran), who are taking on increased responsibilities to work through matters. We suggest a few independent members be added to this group including representatives with experience in polytechnics and work-based learning.</li> <li>• At the December Council meeting, Mr Morley was appointed as Council advisor to management and is now working closely with the ELT.</li> </ul>	Ongoing
Consolidation of Council and Committee(s)	<ul style="list-style-type: none"> <li>• At the December Council meeting, a resolution was passed to combine the existing Finance, Investment and Capital Committee (Fincap) with the Audit and Risk Committee, with Jeremy Morley as Chair of the new Finance, Risk and Audit Committee (FRAC).</li> <li>• The Terms of Reference (ToR) are being reviewed to enable the Committee to have an expanded mandate on disestablishment, new delegations and additional independent membership, so it can deal with matters that require urgent attention.</li> </ul>	Next FRAC meeting: 31 January Next Council meeting: 8 February. FRAC will meet face-to-face every 4-6 weeks, with online meetings in between.

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# Disestablishment PMO

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We have initiated the establishment of a Disestablishment PMO, which will directly support the disestablishment process and the implementation of the new Government direction, including the reinstatement of regional leadership. It will report to the interim Te Pūkenga Chief Executive and work in partnership with TEC and other agencies to plan and implement disestablishment decisions.

The PMO will need to engage with the organisation as the work progresses, but the work could potentially be broken into:

- Phase 1: change in the current state, using small changes that don't require Ministerial/Cabinet approval to move in the direction desired.
- Phase 2: possible structural change begins with establishing more regionally focused structures, staff recruitment to those roles, increasingly local planning and delivery, possible shared services approach developed under existing legislation and Te Pūkenga vehicle.
- Phase 3: Legislation change occurs based on policy agreed by Cabinet and final disestablishment.

***Key roles and responsibilities for the PMO will include:***

- Coordinate the provision of information from Te Pūkenga to help inform the development of the new direction
- Inform and drive the associated Te Pūkenga programmes of work (and key dependencies) required to deliver the new direction
- Influence what and how BAU work is undertaken within Te Pūkenga throughout the transition period so that it does not materially impact disestablishment
- Coordinate business resources and effort to give effect to the disestablishment purpose, on an 'as required' basis
- Provide Governance, Executive and other stakeholders visibility on progress, risks and issues
- Ensure the organisation complies with all legislative requirements as part of the disestablishment process.

# Immediate priorities

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# Immediate priorities

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In giving effect to the Letter of Expectations, we have noted three key areas of focus. This has then been developed further using a “stop, start, continue” framework, as noted in the following section.

The actions undertaken, or planned to be undertaken all support the Minister’s direction to progress disestablishment, empower regional leadership, continue to manage well, and work collaboratively.

We have also noted a range of other actions, which can serve as “quick wins”. While we can lead some of these, others will require a system response.



UNDERSTAND OUR  
CURRENT STATE AND NEW  
OPERATING RISK PROFILE



STABILISE OUR OPERATING  
ENVIRONMENT



INFORM THE PLAN FOR THE  
NEW DIRECTION

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# Stop

## Now

**We immediately stopped progressing the structural changes to a national organisation** <sup>s 9(2)(ba)(i)</sup>

**We immediately stopped the Digital Transformation previously planned.**

We have stopped all IT projects that were planned to consolidate a Digital platform across all entities, e.g. single LMS, SMS, CRMs, as these could be inconsistent with the future direction, and/or would take a number of years to implement, and may not suit the needs of the various new entities. The exception is the FMIS which is contracted and we believe will support the disestablishment process and the resulting new entities regardless of how they are configured. The Digital Transformation looked to address various risks with each Division's current IT state, given under-investment over time. We are working through each of these to ensure they are appropriately identified and managed where possible.

**We have stopped the progress towards a new Te Pūkenga Brand architecture**, and are returning to single Division branding. In the absence of understanding the final state we need to ensure that this is being done cost effectively and where there is little or no new cost, e.g. new fleet signage, all marketing campaigns and online, running out existing co-branded stock before changing. It is not expected we will replace physical signage or make other significant branding changes until the new end state becomes clearer. We will carefully manage any cultural implications.

**We continue to actively monitor our work** to ensure activity remains in line with the LoE and will continue to stop/modify work as the end state becomes clearer.

# Start

## Q1 2024

### **To support as much regional decision making as possible**

- Stabilise our organisational structure (in line with stopping the implementation of the national organisational structure) and determining interim leadership teams in each Business Division to ensure operations can be maintained during this period of time.
- Review our delegations framework to empower Business Divisions with greater decision making and operational mandate. This will include, but is not limited to, where appropriate, greater financial delegations, greater ability to determine regional Mix of Provision in response to regional needs, and ability to make local staffing decisions.

### **To operate in a manner that is consistent with Government plans to disestablish Te Pūkenga**

- Repurpose our transformation PMO to act as the disestablishment PMO, and work closely with TEC and other agencies to support disestablishment.
- Implement the framework for future decision making to guide managers to ensure their decisions are consistent with the new direction.
- Support officials with financial modelling and other information as required.
- Prepare a risk assessment associated with the change, including a review of systems and functions at critical risk of failure in the next 12 months and a plan to remediate these.

### **To ensure vocational education and training continues and staff and learners are supported**

- Ensure sufficient resources (finance and people) are in place to operate effectively and deliver expected education and training outcomes.
- Develop a communication and engagement strategy.

# Continue

## Ongoing

### Overall Te Pūkenga Performance

- Focusing on financial sustainability, revenue growth and cost reduction. This includes lease rationalisation, optimising facilities utilisation and the removal of historically non-viable programmes unless there is a genuine strategic need for retention (this means those programmes that will always struggle to be financially viable no matter what funding system we have).
- Ongoing review, consultation and implementation of the current capital plan as it aligns with the Letter of Expectations, e.g. EIT rebuild, <sup>s 9(2)(b)(ii)</sup> [REDACTED], and previously approved sales of land.
- Ensuring compliance, including recognition that until such time as there is a legal structural change some things can't be devolved to Business Divisions or sub-delegated, e.g. health and safety obligations, collective bargaining, qualification ownership, employer responsibilities, etc.
- Working collaboratively as a network to avoid unnecessary duplication and competition while we are still a single organisation.
- Continue to make procurement savings where it makes sense and does not make disestablishment harder or more costly, e.g. energy, insurance, software. These savings can then support new entity budgets.

### Empowering Business Divisions to deliver high-quality education and training

- Continue to ensure learners can have expectations of a consistent experience from wherever they choose to study.
- Continue to monitor closely academic delivery against performance targets.
- Continue to implement local plans to welcome new students and ensure they are ready for 2024.
- Programme unification for qualifications that align to national regulated industry requirement. e.g. Nursing, Midwifery.
- Building capability regionally to support understanding and compliance with the Code of Pastoral Care.
- The rollout of Eduroam (consistent nationwide internet access for staff and learners) and other platforms that enable online access for students and staff at no or reduced costs.

# Empowering local leadership

We have leveraged our existing regional executive directors across the network and assigned them business divisions (former polytechnics) to lead as part of the work to promote greater regional decision making. We have also moved some former ITO leads from national roles to return to leading ITO divisions. The tables show leaders in place for ITP and ITO divisions presently.

As noted earlier, we are reviewing our delegations framework to make changes which will give greater authority, accountability and responsibility to division leaders where this makes sense. We look forward to discussing leadership roles for the future with you.

Regional leaders could also play a role in engaging with national and local employers, industry bodies, iwi partners, local communities, regional economic development agencies, and others on the shape of future entities. We will need to review capacity to support leaders deliver day-to-day operations as well as undertake consultation for the new model.

It should be noted that the former ITOs typically run to a national rather than regional model and their role in consultation and future structures will require clarity.

ITP Region	Regional Executive Director
Northland	Toa Faneva
Auckland	Peseta Sam Lotu-liga
Waikato	Huia Haeata
ROT/BOP	Kieran Hewitson/Huia Haeata
Hawkes Bay/Gisborne	Kieran Hewitson
Taranaki	Olivia Hall
Manawatu	Mark Oldershaw
Greater Wellington	Mark Oldershaw
Upper South Island	Olivia Hall
Canterbury/West Coast	Darren Mitchell
Otago	Megan Pōtiki
Southland	Daryl Haggerty
Open Polytechnic	Alan Cadwallader

ITO	Executive Director
Competenz	Amanda Wheeler
Service IQ	Tony Laskey
BCITO	Greg Durkin
Careerforce	Rod Bentham
Primary ITO	Andrea Leslie
HITO	Kay Nelson
Connexis / Earn Learn	Kaarin Gaukrodger
MITO	Verna Niao

# Early deliverables

<b>Progress disestablishment</b>	<ul style="list-style-type: none"><li>• Review all funding at the centre, e.g. Strategic Component and Learner Component Funds, with a view to reallocate these to regions for local management and direction.</li><li>• Review centralised budgets to identify opportunities to re-allocate to Divisions. e.g. Marketing.</li><li>• Review and consult with staff in head office roles that can be done regionally, and/or closed out, and consolidate roles and/or end contractors.</li><li>• Retire Te Pūkenga branding and lead with Business Division branding – taking care with retention of name and entity status.</li></ul>
<b>Empower regional leaders</b>	<ul style="list-style-type: none"><li>• Review delegations policy – upweight local decision making and delegation limits.</li></ul>
<b>Continue to manage well</b>	<ul style="list-style-type: none"><li>• Continue cost savings in 2024 budgets – lead locally (with national support as required).</li><li>• Review Capital Plans for Digital and Property and check in with Divisions as to whether the change in direction means we need to put some items back on the plan.</li></ul>
<b>Work collaboratively</b>	<ul style="list-style-type: none"><li>• Set up regular sessions with officials at TEC/MoE/NZQA/ENZ to support policy and operational policy development, and work through key matters as they arise.</li><li>• Develop and implement communication and engagement plan for internal and external audiences, including iwi partners.</li><li>• Progress a small number of exemplar local iwi and Māori partnerships and explore possible visit opportunities for the Minister.</li></ul>

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# Financial considerations

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# Financial considerations

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While we continue to manage costs as prudently as possible, and are looking at all avenues to maximise revenue, it is important to note some budgeted savings are at risk given the new direction, as they were dependent on consolidation and restructuring efforts. This risk range is s 9(2)(b)(ii)  . We remain focussed on minimising the impact of this risk and continuing all relevant cost out efforts that align with the Letter of Expectations.

Financial viability of the former ITPs remains a major challenge to the establishment of a future structure. The loss of international revenues during Covid-19, coupled with the UFS funding change has resulted in further degradation of the pre-existing challenges.

While a return to the previous SAC funding rates will support future viability, this will not fully address the ongoing operating viability challenges, and the new entities will not be a going concern from day one without intervention, which could include options such as initial capitalisation, working capital support, and a centralised treasury management option.

Work is underway with the TEC to provide financial modelling including options and scenarios that will inform the level and options of intervention needed. We are working to a separate timeline with officials on this and this work will be provided via the TEC.

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# Financial strategies underway

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Cost control and accurate financial information remains a priority.

## **Lease consolidation**

The ongoing reduction in former ITP learner numbers coupled with an already underutilised asset base has caused property utilisation levels to reach an unsustainable level on many campuses across the country.

Industry training organisations have individual leases across the country, and polytechnics have under or unutilised space. Over the last nine months the lease consolidation programme has delivered over 15 lease ends and moves to campuses realising § 9(2)(b)(ii) in annual lease savings.

Continuing on the same path for 2024 and consolidating other opportunities that are pending lease renewal terms would result in a further § 9(2)(b)(ii) annualised savings.

Given the Government's focus on expenditure, we believe this is a fiscally prudent initiative to continue.

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# FMIS: why this needs to continue

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In March 2023, Te Pūkenga received confirmation of funding for key systems being a new Finance system including budget and forecasting functionality and a single Digital Workplace (optimising the Microsoft Office 365 product set across Te Pūkenga). The Digital Workplace Project has now been halted, however the Finance systems project was well advanced and the decision has been taken to continue for the following reasons:

- The current project platform will provide a quick win for the new network, or the platform(s) could be supported by a new entity on behalf of the network.
- We have internally reviewed the setup to ensure it is fit for any future entity restructure. The platform(s) will enable a faster pivot to a new structure than the current 25 finance systems, which has been challenging from a management and reporting perspective, both on a centralised or dispersed model.
- This project is well advanced with contractual commitments for three years made in respect of the new systems cloud-based software platforms. Any decision not to proceed and retain current system licenses will result in significant cost increases.
- Support, maintenance, and/or replacement of the existing systems over recent years has been poor or non-existent in the former ITP divisions due to lack of investment and resource constraints, with many approaching end-of-life. This addresses essential and long overdue systems' upgrade for the network. A number of the existing systems were required to upgrade in 2024 and therefore would require new investment, any pivot now would not meet the technology provider's timelines.
- The project mitigates an increasing risk of system failure.
- The majority of the former ITO/Work-based learning divisions have rudimentary systems, not including what we would expect would be some very basic modules (e.g. purchasing).

# Future focus

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# Areas for further consideration

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As we have progressed work to deliver on the Government's 100-day plan, it has become clear that there are areas which could benefit from more direction. We have highlighted some of these below for your consideration, and understand that TEC and MoE are working with you on these. Clarity on these matters will help us accelerate the disestablishment work.

## **Vision and purpose**

- The vision for the vocational education sector and its role in, and for, New Zealand
- Regional economic development priorities
- The level of change from the existing RoVE reforms given its basis and the new environment and direction

## **Funding**

- Balance between commercial / competitive and social objective and financial sustainability required (funding)
- Funding or appropriation to complete disestablishment (potential to repurpose Crown Loan)

## **Process**

- Level of consultation proposed for the new direction

## **Structure**

- The number of regional entities
- Components of a shared services entity and/or centres of excellence which could be housed within different regions, e.g. product development and quality assurance, IT service desk, learner support services, systems standardisation (LMS/SMS), industry and Government engagement, procurement, audit, legal, etc.
- The structure and composition of work-based learning, and its role in standard setting
- The role and positioning of online and distance learning as independent to and/or within other entities
- The governance model and form of entity for these

# High level risks

We are currently working on a full risk mitigation plan to address these (high level) and other risks, noting that this will be an ongoing exercise.

<b>Transformation risk</b>	Working at pace to give effect to the Government's direction, could lead to agencies focusing on their areas of priority focus in isolation. It is critical we work tightly together in pursuit of a singular vision. Failure to do so could derail the disestablishment and also compromise new entities.
<b>Financial sustainability</b>	In light of increased future funding uncertainty and cost issues, we are reforecasting budgets and putting in place controls.
<b>Staff capacity and retention</b>	Staff capacity and retention throughout the forthcoming change period is unlikely to be able to be substantially mitigated until certainty is provided over the future operating model for vocational education. Staff in key areas will be difficult to retain and recruit, particularly with the labour market still very strong at this time.
<b>Contractual obligations</b>	There are risks associated with failure to meet contractual obligations. These range from employment obligations, supplier contracts, the recently signed FMIS contract, and national employer contracts, to international contracts <sup>s 9(2)(i)</sup> Work is underway to review all contracts and develop appropriate mitigation.
<b>Reputational impact to sector</b>	Confidence in the system to deliver quality vocational education is at a low point considering further uncertainty around the future structure, operation, and priorities of that system. This risk includes loss of enrolments as a result of the reputation risk. We also need to continue to keep an eye on the competition who are using this period of uncertainty as part of their marketing strategies.
<b>IT related risks</b>	Critical IT infrastructure failure or outage, backup and recovery capability. Vulnerability to cyber threats. Loss or disclosure of sensitive data.
<b>Tiriti related risks</b>	Our current legislation sets a very high Tiriti standard. We will continue to manage this risk carefully and provide advice.

# Next steps

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As noted earlier, Te Pūkenga Council and Executive Leadership are committed to the new direction and working collaboratively and transparently with the Minister and officials to give effect to the Government's 100-day plan.

While we have started activities and are making changes in line with the Minister's Letter of Expectations, having clarity on the Government's vision for vocational education, not just Te Pūkenga, will enable us to accelerate the disestablishment.

To this end, we have proposed a joint workshop involving MoE, TEC, other relevant agencies and ourselves. This is currently scheduled for early February.

In the interim, we continue to work closely with TEC providing the data and modelling that is needed to inform its advice to you.

A summary of the early deliverables can be found below.

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# In Summary

Summary of key Q1 2024 deliverables in response to the Letter of Expectations	December	January	February	March
Council subgroup focused on disestablishment stood up	Completed			
Finance and Risk and Audit Council Committees merged into one to support swift decision making	Completed			
Establish a PMO focused on disestablishment	Completed			
Appointment of interim Chief Executive				
Stop structural changes – including national restructure and digital transformation	Completed			
Review brand architecture and commence shift away from Te Pūkenga brand				
Stabilise organisational structure, consult with staff to resolve their employment status, and determine interim leadership teams in each Business Division to ensure operations can be maintained				
Review & consult with staff in head office roles and close out or consolidate roles and/or end contractors				
Review delegations framework to empower Business Divisions with greater decision making ability				
Implement future decisions guide so managers' decisions are consistent with the new direction				
Prepare risk assessment (for change), including a review of systems and functions at critical risk				
Implement local plans to welcome new students and ensure they are ready for 2024				
Review funding at centre with a view to reallocate these to regions				
Review Capital Plans for Digital and Property				
Develop and implement communication and engagement plan for internal and external stakeholders				
Progress some exemplar local iwi and Māori partnerships and visit opportunities for the Minister				
Set up regular meetings with TEC/MoE/NZQA/ENZ to support policy development			Kick off workshop	

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**Message from Peter to all kaimahi**

Kia ora koutou,

We have now received the Letter of Expectations from our new Minister for Tertiary Education and Skills Hon. Penny Simmonds.

In her letter, the Minister has confirmed that it is no longer the Government's priority to have a centralised organisation delivering vocational education and training.

The Minister notes that disestablishing Te Pūkenga will require legislative change and a lot of further work will be needed before she can establish the future state we are moving towards. This includes Cabinet decisions that are still to be made on the disestablishment process and the configuration of the future network.

While next steps are developed, we need to ensure that we align our work programme with the Government's intent.

Details of these will be confirmed over time, however there are some immediate steps it is prudent we take. This means that we will not proceed with phase 2 of our Digital group restructure and we are halting all recruitment we have begun for the Tāraia te anamata | Creating our futures structure.

We are working through what this change in direction means for the newly established roles to which we have made appointments, and to the roles that have been disestablished. We will provide further advice on this as soon as we are able to, but sadly this will not be before Christmas. Please be assured that we will meet all of our obligations as your employer and will work as quickly as possible to provide certainty.

I can appreciate the stress, uncertainty and anxiousness that you may be feeling. Please seek support from your People, Culture and Wellbeing team and remember you can access external support from services like EAP as needed.

While these are challenging times, I also ask that you remember our ākongā, employers and communities.

We will provide more information as soon as we can. In the meantime, please look after each other.

Ngā mihi nui,

Peter Winder  
**Tumuaki** | Chief Executive

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**Message to ākongā**

Kia ora koutou

You may have seen recent news of the new Government's intention to disestablish Te Pūkenga | New Zealand Institute of Skills and Technology.

As we work through the details of how this change will be implemented, I wanted to reassure you that your programme of study or training will continue as planned.



We are committed to ensuring that organisational changes that need to be made to meet the Government's expectations do not impact your learning, and the skills and qualifications you are seeking.

As always, please feel free to access learner support services that you need and contact us with any questions or concerns you may have.

Ngā mihi nui,

Andrew McSweeney

Deputy Chief Executive – Learner and Employer, Experience and Attraction

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### Message to employers

Kia ora koutou

You may have seen recent news of the new Government's intention to disestablish Te Pūkenga | New Zealand Institute of Skills and Technology.

As we work through the details of the steps required to give effect to the Government's expectations, we wanted to reassure you that our training programmes will continue as planned.

We are committed to ensuring that organisational structure changes do not impact the delivery of our programmes and training for you.

As always, please feel free to contact me with any questions or concerns you may have.

Ngā mihi nui,

Andrew McSweeney

Deputy Chief Executive – Learner and Employer, Experience and Attraction

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