



Board meeting minutes

Monday, 2 November 2020

Present

Jenn Bestwick (Chair)
Alastair MacCormick
John Russell
Kirk Hope

Nancy McConnell (by Zoom)
Vivien Sutherland Bridgwater
Wayne Ngata

Apologies

Guests

s9(2)(a) Cheryl de la Rey (VC) and Catherine Moran (DVC Academic)
University of Canterbury

In attendance

Tim Fowler, Chief Executive
Gillian Dudgeon, Deputy Chief Executive – Delivery
s9(2)(a), Executive Officer to the Board (minutes)

John Soulis, Deputy Chief Executive – Corporate and Finance (as required – by Zoom)
Paora Ammunson, Deputy Chief Executive – Learner Success – Ōritetanga (as required – by Zoom)
Ian Lee, Deputy Chief Executive – Strategy & Design (as required – by Zoom)
Mat Pawley, Deputy Chief Executive – Information (as required – by Zoom)

Strategy agenda/deep dives/guests

1. University of Canterbury

The Board noted the 'Backgrounder on discussion with the University of Canterbury (UC)' paper dated 2 November 2020.

Prior to the Board meeting starting some Commissioners and TEC staff completed a tour of the University Campus.

The Chair (Jenn Bestwick) welcomed s9(2)(a) Cheryl de la Rey (VC) and Catherine Moran (DVC Academic) University of Canterbury (UC) and thanked them and Dr Te Maire Tau for their warm welcome to Christchurch and the University and invited them to take the floor.

s9(2)(a)

- › UC are doing okay
- › lock down went well, numbers and learner success are good
- › she is extremely proud of UC's management team in the way they communicated with students and their shift to online teaching
- › UC has taken a hit on international student numbers, but doesn't want to stand still and wants to move on with their strategy.

Paora Ammunson joined the meeting

Cheryl de la Rey –Vice Chancellor

- › joined UC in 2019 – a few curve balls since then
- › introduced UC's Strategic Vision 2020-2030 document which is fully endorsed by Ūpoko o Ngāi Tūāhuriri (Ngāi Tahu), their partnership agreement with mana whenua, Ngā Tūāhuriri in March 2019 and their strategy on a page summary
- › overviewed:
 - UC's review of their strategy during COVID-19 and conclusion that it was even more relevant than ever before
 - UC's research direction and new clusters: Community and Urban Resilience, Biosecurity Innovations, Te Pae Hiwarau
 - 2021 domestic Māori and Pasifika applications to enroll

Professor Catherine Moran - DVC Academic

- › gave an in-depth presentation on UC's Student Success Framework – creating a step change in priority learner achievement and discussed and presented one of UC's 'spaghetti junction' slides showing the myriad of paths a first year student might face when changing courses
- › UC are focusing on the following to support their first year curriculum
 - advising
 - catapult courses
 - technology
- › a number of initiatives are required to ensure the success of the project.

General discussion

Discussion focused on:

- › learnings about why students drop out in their first 5 weeks and/or at the end of the first year and how UC can work with this, e.g. providing 1:1 case management, support and advising on academic, health and housing, flexibility in courses, online learning etc, as a 1:1 not being passed around a number of different services
- › UC's first year advising is mandatory, however not everyone needs to see an advisor, others need to see one more often, it's about achieving equity and parity
- › understanding barriers for learners e.g. life challenges, financial, technology, whanau support etc
- › portability and transferability between course and/or institutions, lost credits, expenses etc
- › future learning
 - all new course will be planned for online learning, then adjusted for use on campus
 - the structure of degrees, do all course require a learner to complete level 100 and 200 to complete a level 300, can other course cross credit
 - the length of time a degree takes to complete, does it need to be three years
 - catering to mature learners
- › UC is moving along on some of its initiatives they:
 - already have first year advisory group in place
 - are talking about centralised advising and getting structural changes in place

- are looking at adaptive technology, where students can do the work at their own pace or identify gaps and manage their own learning
- have put in place teaching learning scholarships, scholars/leaders across the university
- looking at how to use authentic assessment
- › students value having a campus, but the way of learning has changed, we need to work together to identify and embrace the future way of learning
- › technology being the way of the future, however it will require a lot of investment
- › UC are working with two secondary schools , building cohorts who travel together through university, looking at how they approach their first year, what courses they end up in and why, and transferability between course etc
 - UC showed a slide which demonstrates the myriad of changes students make for one for one qualification (see presentation slide in the Resource Centre), they have this same data available for all their courses
- › how TEC can best support UC with some of its initiatives and take people on the journey?
 - UC suggested
 - ~ TEC could try to persuade the Ministry to allow them to invest in a few things of scale rather than the whole system
 - ~ be data driven – UC being able to work with TEC to get a bigger scale earlier

s9(2)(a) [REDACTED] Cheryl de la Rey, and Catherine Moran (UC) and s9(2)(a) [REDACTED], Cheryl de la Rey (VC) and Catherine Moran

Administration

2. Welcome and apologies

The Chair (Jenn Bestwick) welcomed everyone and declared the meeting open.

3. Adoption of Board meeting minutes

Minute No. TEC201102/3

5 October 2020 draft minutes – Item 12 – Chief Executive’s report – Risk Register

The Board felt the narration summarised their conversation, but that the Action Point did not reflect their desired outcome of the Board being routinely advised on matters for institutions so they can have confidence that they are working to their strategy and making required changes to fix risks.

Gillian Dudgeon advised, that while this was not specifically stated in the action, it is what she has asked her team to do and that the heat map provided in the November 2020 Board meeting papers was the first step in that direction, and that her team are discussing ways of refreshing and updating how we record and report against risk.

Action item 201102/3.1: *Action Item 4 – Chief Executive’s Report – Risk Register* is to be updated to show that TEC will update the Board on work being done with high risk institutions to ensure they are working to achieve their strategies.

5 October 2020 draft minutes – Item 15 – The Investment Plan Landscape for 2021

The Board’s concerns regarding the Ministry of Education’s forecast growth in enrolments, was about ‘all students’, not just ‘Māori students’ and whether the figures were over inflated. The action point is to be amended to show this and increased scrutiny going forward.

Action item 201102/3.2: *Action Item 5 – The Investment Plan Landscape for 2021* is to be updated to include scrutiny of growth for ‘all enrolments’, not just ‘Māori student’, and to provide periodic reporting on this scrutiny.

Resolved

The Board of Commissioners (the Board) adopted the minutes, plus amendments, of the 5 October 2020 Board meeting as a true and accurate record of that meeting.

The Board adopted en bloc the following out of cycle minutes as a true and accurate record of those email decisions:

- › *17 March 2020 – Approval of 2020 funding amendment for the Open Polytechnic of New Zealand*
- › *3 April 2020 – REM Committee Recommendation amendment to the Chief Executive’s Employment package for the year ending June 2019*
- › *22 April 2020 – REM Committee Recommendation CE 2019 Remuneration Review*
- › *14 May 2020 – BUDGET SENSITIVE: Hardship Fund for Learners – funding delegation*
- › *15 May 2020 – He Kupu Whakatau: an agreement between TEC and Te Wānanga o Aotearoa*
- › *14 July 2020 – Seed Funding for Tiro Whetū*
- › *16 September 2020 – Board approval of Domestic Violence Leave Policy – Minute amendment*
- › *23 September 2020 – Pricing for the Direct Career Guidance Services*

4. Action items update as at 27 October 2020

Minute No. TEC201102/4

The Board noted the ‘Action items update as at ‘27 October 2020’ paper dated 2 November 2020.

5. Declaration of interests

Minute No. TEC201102/5

The Board noted the ‘Commissioners’ Declarations of interest’ paper dated 2 November 2020.

Consequential actions are recorded under the items to which they relate.

6. Board work programme as at 27 October 2020

Minute No. TEC201102/6

The Board noted the 'Board work programme as at 27 October 2020' paper dated 2 November 2020.

The Board noted that the 7 December 2020 Board meeting was to be a shorter virtual meeting, that the first meeting of 2021 will be on Thursday, 18 February 2021 and that the Thursday, 18 March 2020 Board meeting was to be outside Wellington at a destination yet to be agreed.

Action item 201102/6.1.s9(2)(a) is to record the Beyond Diversity (Racial Equity Training) on Thursday/Friday 19 and 20 November 2020 in the Board work programme.

Core business and project reporting

7. Chief Executive's report

Minute No. TEC201102/7

The Board noted the 'Chief Executive's Report' dated 2 November 2020 plus the attached 'OPM Scorecard as at 30 September – for October OPM 2020' and 'Commentary', 'Priority Project Updates as at October 2020' and 'Risk Register' dated 2 November 2020 reports.

OPM Scorecard and Commentary

The Board noted:

- › TEC's average rolling staff turnover is below the state sector average and over five percent below our target rate of 14 percent

Action item 201102/7.1: Tim Fowler is to check with the Public Service Commission whether the public sector turnover rates had changed at all and if our approach needs to reflect this.

- › the Privacy Policy Act is changing on 1 December 2020, all TEC staff are to complete a 30 minute update training module by 30 November 2020
- › one 'low level' privacy breach was recorded in October 2020
- › staff leave balances are being monitored and those with high balances being encouraged to take leave

- › two Customer Contact Group (CCG) key metrics are still a little low – this is primarily due to technology issues – we have just issued an RFP for the new technology for our Call Centre, which will hopefully be installed in the first part of 2021, resulting in better Call Centre numbers over all
- › Tiro Whetū has commenced
- › the VET Marketing Campaign is due to commence in the next two-three weeks

Action item 201102/7.2: The Board are to be sent the link to the VET Marketing Campaign before it goes live.

Priority Projects – as at 30 September – for October OPM 2020 and Commentary

Tim Fowler has asked the team to review and potentially evolve the Priority Projects report template to potentially provide more information on; what the project is and desired outcomes, what is happening, whether it is on track or not, key impediments, risks and opportunities. He is expecting a revised format in early 2021.

- › Unified Funding System (Phase 2) – Green
 - This project is reported on regularly as it is one of the biggest impacts on the system – a full update is scheduled for February 2021.

Chief Executive’s Report

- › Update on the Ombudsman’s investigation of TEC’s decisions on the Fees Free eligibility of two learners
 - we are comfortable this was referred to a Queen’s Council (QC); if we are doing something wrong we need to know and learn from it
 - the QC identified shortcomings in TEC’s communications, primarily case-specific and related to ‘teething troubles’ in the first few months of Fees Free, and as such agree it is appropriate to s9(2)(a)
 - future communications, particularly in different cases, need to be very clear.
- › He waka eke noa – our employee experience survey
 - given 2020 we are very pleased with the feedback and comfortable things are heading in the right direction
 - we are aware staff are very tired and some very stressed and are taking steps to address this; where possible we are encouraging staff to take leave, especially if they have high leave balances
 - the main areas ELT and Tier 3 managers will focus on is technology, roles and responsibilities and managing behaviours

- › The University of Waikato has received a 2020 CAUDIT award in recognition of its use of data sets to improve student success
 - › RoVE Work Programme update – WDC Establishment
 - nearly ready to go to consultation on Orders of Council
 - challenges with engagement with Māori iwi, Gillian Dudgeon, Paora Ammunson and Wayne Ngata closely involved in this work
 - Tim Fowler has spoken with most Interim Establishment Board (iEB) Chairs, who are complimentary of the work TEC has done to date, but concerned on the work still to do
 - some iEB Chairs would have preferred us to engage/consult differently e.g. go out with specific ideas and ask for feedback rather than being more open, however we do not see this being good for relations with industry
 - we had a one day workshop the week beginning 26 October 2020 focussing on how WDCs work with the Treat and together, this identified that we have opportunities in enhancing the understanding of WDC.
 - › Prioritising our work programme for Quarters 2 and 3
 - we are working with our Tier 3 managers to prioritise work and ‘clear the runway’ before taking on more work
 - we want to reduce work pressures and stress where possible and give people time to think as some are becoming tunnel visioned and missing things they might normally pick due to tiredness and overwork
 - in the first quarter of 2021 the Board would like a deep dive on a revised operating model, outlining the changes required within TEC including the impact of RoVE, COVID-19 etc
- Action item 201102/7.3: s9(2)(a) [REDACTED] is to add a deep dive on a revised operating model to the Board work programme in the first quarter of 2021.**
- › IT update - Cyber Security maturity continues to be a focus
 - Tim Fowler signaled to the Board that this is an area that ‘keeps him awake at night’. A thorough review of our systems and cyber security is being completed by Aura and is due with the Executive Leadership Team shortly
 - we are continuing to work on educating and upskilling staff in relation to cyber security.

Risk Register

The Board noted:

- › the new style heat map Risk Register, but advised, as noted in Minute No. TEC201102/3 and Action item 201102/3.1 they wanted additional and new style information in the Risk Register moving forward
- › overall Te Pūkenga is assessed as ‘high risk’ as it is still in its establishment stage
- › up to now we have reported on Te Pūkenga’s subsidiaries individually and will continue to do so while they continue to operate individually, as Te Pūkenga develops this will transition and the reporting will recognize where the risk sits, but this will take time, possibly two-three years

8. Board Finance Report as at September 2020

Minute No. TEC201102/8

The Board noted the ‘Board Finance report as at September 2020’ dated 2 November 2020.

John Soulis overviewed key points from the Board Finance report as at September 2020 Finance Report:

- › our favourable \$0.8m surplus is from lower depreciation, core costs and personal savings
- › our first year end forecast is under budget by \$1m
- › project resources spending, such as RoVE, are under budget but will balance out over the year
- › capex on track for \$5.5m
- › Grant recoveries reduced by \$2.2m in September 2020
- › the Chief Executives expenses are recorded and reported to Treasury – the inclusion of his IPAD is for transparency purposes.

Sensitive, Board and Chief Executive Expenses

The Board noted the Sensitive, Board and Chief Executive Expenses as at September 2020.

Resolved

The Board Chair approved the Board of Commissioners' and Chief Executive's expenses for September 2020.

The Chair of the Audit, Risk and Compliance Committee approved the Board Chair's expenses for September 2020.

9. 2021 Investment Plan – Overview (Late papers)

Minute No. TEC201102/9

The Board noted the '2021 Investment Plan – Overview' with the attached 2021 Investment Plan – Universities, 2021 Investment Plan – Private Training Establishments, 2021 Investment Plan – Transitional Industry Training Organisations and 2021 Investment Plan – Wānanga, late papers dated 2 November 2020.

The Board:

- › appreciated the break down and narrative for each institution
- › queried how the Private Training Establishments (PTE) work in the tertiary system and add value
- › noted there is not much flexibility for the Board/TEC in steering the system and that the system does not provide incentive for cooperation or change
- › queried whether we are investing (e.g. buying places) in the right places and/or at a national level
- › voiced concern about duplication of programmes and commented that in the future we should look to have programmes approved by TEC before a provider develops them.

Action item 201102/9: Gillian Dudgeon to provide a 'background on PTEs, their role and place in the system' paper to the Board.

Gillian Dudgeon outlined:

- › that we invest at a regional level, within the government priorities, e.g. if a provider wants to move into a new area, we first look to see if that same thing is already provided in that area by another provider, and if so consider whether we should be developing that before funding a new provider into the area
- › we expect that as Te Pūkenga's new model becomes operational we are likely to see some consolidation in the PTE sector

- › a piece of work about ‘what higher education will be required in 10 years’ is underway, however addressing the developing needs of the system may require legislative changes
- › the process and how the panel considered each request for funding: for the 2021 round we used a more robust tool and framework for assessing – which gave a much better view of everything
- › there are about 200 PTEs, the Board don’t get visibility of, that we also assess and invest in as the Board only approve the largest funded PTEs and has delegated the smaller ones to management.

9.1 2021 Investment Plan – Universities

The Board noted the ‘2021 Investment Plan – Universities’.

- › The Board requested that in the future additional information on the ‘all round strengths’ and ‘financial position, including free cash flow, depreciation and capital expenditure’, for each university.

Action item 201102/9.1.1: Gillian Dudgeon is to include additional all round strengths and financial position information in the next update on university financial situation paper scheduled for December 2020.

- › The Board considered the funding recommendation for each university, noting the following key points:

Massey University (MU)

- TEC’s Chair and Chief Executive are due to meet with MU’s Chancellor and Vice Chancellor to discuss their concerns regarding TEC’s funding decisions.
- While MU does well in some areas, they have a long way to go in other areas e.g. learner success. The 2021 funding recommendation for an increased allocation above their initial allocation, is solely based on the areas they do well in. If they were able to demonstrate a clear path for improvement, we would consider recommending additional funding.
- MU are lacking in the data capability (collection, analysis and reporting) which affects their ability to identify and lift their performance in key areas.
- MU needs to demonstrate genuine commitment to change, they need to be able to demonstrate to their Council and TEC that they can identify the areas that need improvement and develop and most importantly deliver on a strategy to achieve this improvement.

- The Board propose TEC suggest we have someone attend their Council meetings to help them develop and deliver a strategy for improvement as their current structure (three campuses) and consultation document does not solve their issues.
- To date, MU has had a competitive advantage with its s9(2)(b)(ii) however, this may change now other universities are moving into this space.

The Board agreed to fund Massey University with the following conditions:

- Funded for one year conditional on:
 - ~ a strategy for improvement covering: institutional sustainability, and delivery of programmes in key areas resulting in improved learner success
 - ~ extensive monitoring of both current and future strategies
 - ~ MU accepting TEC's offer to work with them where a TEC staff member or consultant attends MU Council meetings to work alongside them as they develop and deliver on their strategy to be sustainable and more responsive to learners.

Victoria University of Wellington (VU)

- VU is significantly exposed by the international student reduction due to COVID-19.
- The Board has concerns about s9(2)(i)

University of Canterbury (UoC)

- UoC requested funding based on a forecast number of increased EFTs, however they didn't provide the necessary information to support their request. Therefore TEC has recommend an in-part increase but suggested, the Board agree that when they can provide the necessary evidence TEC will be happy to support additional growth.

Lincoln University (LU)

- LU has a massive exposure to the reduction of international students due to COVID-19.

Resolved

The Board resolved to:

- A. **approve** for 2021, recommended total funding of \$1,342 million for eight universities that comprises \$9.4 million of additional in-part funding for five universities, and \$8 million of additional in-full funding for three universities, outlined in the Appendix of the 2021 Investment Plans – Universities paper dated 2 November 2020;
- B. **agree** that the plan duration of Lincoln University and the University of Waikato be set for two years; and
- C. **approve** funding for **Massy University** with the following conditions:
 - *Funded for one year conditional on:*
 - ~ *a strategy for improvement covering: institutional sustainability and delivery of programmes in key areas resulting in improved learner success*
 - ~ *extensive monitoring of both current and future strategies*
 - ~ *MU accepting TEC’s offer to work with them where a TEC staff member or consultant attends MU Council meetings to work alongside them as they develop and deliver on their strategy to be sustainable and more responsive to learners.*

Kirk Hope left the meeting

9.2 2021 Investment Plans – Private training establishments

The Board noted the ‘2021 Investment Plans – Private training establishments’ late paper dated 2 November 2020.

- › The Board noted that:
 - New Zealand School of Tourism is approved with caution due to their exposure to the loss of international tourists due to COVID-19.
 - Ignite Colleges has a high risk rating.

Resolved

The Board resolved to:

- A. **approve** for 2021, recommended total funding of \$158.8 million for 17 large private training establishments that comprises \$3.3 million of additional in-full funding, and \$7.9 million of additional in-part funding, outlined in Appendix A of the 2021 Investment Plans – Private training establishments paper dated 2 November 2020
- B. **approve** for 2021, recommended total funding of \$33 million for 11 small private training establishments, outlined in Appendix B of the 2021 Investment Plans – Private training establishments paper dated 2 November 2020
- C. **agree** that the plan duration of Mind Lab, English Language Partners NZ Trust, Whitecliffe Enterprises, Te Rito Maioha, New Zealand Management Academies, and Land Based Training be set for two years, and the plan duration of Literacy Aotearoa Charitable Trust, New Zealand School of Education, and New Zealand Tertiary College be set for one year
- D. **agree** that no changes or conditions were placed on the Private training establishments for 2021.

9.3 2021 Investment Plan Approval – Transitional Industry Training Organisations

The Board noted the '2021 Investment Plan Approval – Transitional Industry Training Organisations' late paper dated 2 November 2020.

- › The Board:
 - discussed the Industry Training Organisations' pastoral care – noting that they felt it could be improved; the Board were advised that Industry Training Organisations don't consider they are funded for this and therefore have limited focus on it
 - noted that Service Skills Institute, (Service IQ) are a high risk.

Resolved

The Board resolved to:

- A. **approve** for 2021, recommended total funding of \$183.9 million for 11 Transitional Industry Training Organisations (Transitional ITOs) outlined in the Appendix of the 2021 Investment Plan Approval – Transitional Industry Training Organisations dated 2 November 2020
- B. **agree** that the duration of all Transitional ITO plans is only for 2021 (one year)

- C. **agree** that no changes or conditions were placed on the Transitional ITOs for 2021
- D. **note** that this recommendation will result in an over-allocation of funding and is subject to Ministerial approval to transfer funds within the Multi Category Appropriation.

9.4 2021 Investment Plans – Wānanga

The Board noted the '2021 Investment Plans – Wānanga' late paper dated 2 November 2020.

Resolved

The Board resolved to:

- A. **approve** for 2021, recommended total funding of \$160 million for three wānanga, as detailed in Table 2 and outlined in the Appendix of the 2021 Investment Plans – Wānanga paper dated 2 November 2020
- B. **agree** that the plan duration of Te Wānanga o Aotearoa be set for one year
- C. **agree** that no changes or conditions were placed on the Wānanga for 2021

Kirk Hope rejoined the meeting.

10. Approval of 2021 indicative allocations for extreme risk rating providers

Minute No. TEC201102/10

The Board noted the 'Approval of 2021 indicative allocations for extreme risk rating providers' paper dated 2 November 2020.

Resolved

The Board resolved to:

- A. **approve** the 2021 Allocation for Te Pūkenga – New Zealand Institute of Skills and Technology of \$347,527 to support funding for Māori and Pasifika Trades Training (MPTT) for the following two subsidiaries which are rated as extreme risk. Given the nature of the way MPTT works the allocation will be applied to each subsidiary:
 - a. for Whitireia Community Polytechnic (Whitireia) Māori and Pasifika Trades Training (MPTT) Brokerage monthly funding of \$34,500 and MPTT Fees Top-Up of \$204,000

- b. *for Western Institute of Technology at Taranaki (WITT) MPTT Brokerage monthly funding of \$16,675 and MPTT Fees Top-Up of \$92,352*
- B. **agree** to delegate any future changes to these funding allocations for 2021 to the Chief Executive or Deputy Chief Executive Delivery as long as they are within the usual \$2 million allocation threshold
- C. **note** in the minutes of your meeting, any details of the proposed funding recommendations or conditions that you do not approve, the reasons why, and any alternative decisions made.

11. WDC standup requires PwC's ongoing commitment

Minute No. TEC201102/11

The Board noted the 'WDC standup requires PwC's ongoing commitment' paper dated 2 November 2020.

Resolved

The Board resolved to:

- A. **approve** a variation to the Consultancy Services Order (CSO) with PwC for Workforce Development Council (WDC) establishment, at a cost of \$0.38 million, taking the total maximum contract value to \$1.30 million (see Table 1) in the 'WDC standup requires PwC's ongoing commitment' paper dated 2 November 2020
- B. **delegate** signing the finalised CSO variation to the Chief Executive.

Ian Lee joined the meeting

12. Approval criteria for assessing Transitional ITO transition plans

Minute No. TEC201102/12

The Board noted the 'Approval criteria for assessing Transitional ITO transition plans' paper dated 2 November 2020.

The Board noted that:

- › this is a two-step process and that the first step, ‘the role in determining who the provider is’, will be updated in a paper to the Board in December 2020
- › Stephen Town has joined the RoVE Programme Board, and that this may be a conflict of interest, but is critical to the process
- › pastoral care is part of the overall model for Te Pūkenga.

Resolved

The Board resolved to:

- A. **approve** the criteria that will be used by to assess and recommend approval of Transitional ITO transition plans
- B. **cancel** the previously agreed delegation of approval of transition plans to the Deputy Chief Executive Delivery and the Chief Executive.

13. Performance-Based Research Fund Independent Panel Review 2019 – TEC response to MoE on proposed changes and options to strengthen the PBRF

Minute No. TEC201102/13

The Board noted the ‘Performance-Based Research Fund Independent Panel Review 2019 – TEC response to MoE on proposed changes and options to strengthen the PBRF’ paper and presentations dated 2 November 2020.

Ian Lee outlined that TEC is providing its response on the proposed changes to the Performance-Based Research Fund (PBRF) Independent Review in the form of a letter and brief presentation so that we can address areas beyond the submission form.

The Board supported the retention of external research income (ERI).

Resolved

The Board resolved to:

- A. approve** *TEC's response to MoE on the proposed changes and options to strengthen the Performance-Based Research Fund outlined in the 'Performance-Based Research Fund Independent Panel Review 2019 – TEC response to MoE on proposed changes and options to strengthen the PBRF' paper dated 2 November 2020.*

Ian Lee left the meeting

14. Proposed non-recovery of fees free payments

Minute No. TEC201102/14

The Board noted the 'Proposed non-recovery of fees free payments' paper dated 2 November 2020.

Resolved

The Board resolved to:

- A. approve** *that TEC do not recover fees-free provider payments in relation to seven learners detailed in the 'Proposed non-recovery of fees free payments' paper dated 2 November 2020.*

Nancy McConnell and John Soulis' zoom connection became intermittent during item 15. Nancy McConnell left the meeting at 4.00pm, John Soulis remained with intermittent connection.

15. Application of COVID-19 Funding Guarantee

Minute No. TEC201102/15

The Board noted the 'Application of COVID-19 Funding Guarantee' paper dated 2 November 2020.

- › The paper provided information about how TEC has implemented the Minister's COVID-19 funding guarantee and gives advance notice that TEC will ask the Board to write-off approximately \$151 million of recoveries in early 2021, the level of funding distributed to TEOs in 2020 which is currently forecast as not being consumed in 2020.
- › The funding guarantee is limited in both scope and time. It only applies to on-plan funding made in 2020 under an investment plan which was already in place at the time the guarantee was made. Funding in other years, off-plan funding, and plan amendments or funding agreements made after the guarantee, are not covered.
- › However, some funds are volume driven despite being off plan and have been adversely affected by COVID-19 so TEC is applying the funding guarantee to four specific areas: Gateway, Trades Academy, ICT Graduate Programmes and Māori and Pasifika Trades Training.

The Board noted:

- › TEC has communicated to TEOs which have been granted additional funding in 2020, that if they haven't used it, it is not covered by the funding guarantee and therefore recoverable;
- › Te Pūkenga has challenged our October 2020 funding decision for 2021 investment and while we won't look at every subsidiary, we will look at the updated data to see if that would change the recommendation across the group, Gillian advised a recommendation on this will come to the December 2020 Board meeting
- › we have \$78m of unallocated funding, this might be used to fund specific initiatives e.g. UoC initiatives with learner success and or additional SAC.

Accountability documents

16. Five year Capital Plan

Minute No. TEC201102/16

The Board noted the 'Five year Capital Plan' paper dated 2 November 2020.

The Board noted the slightly high cap of \$5.5m because of the change in the Data 2020 project, which is required to maintain an adequate level of IT capital investment.

Information and items for noting

17. TEC Change Programme – implications on TEC from RoVE

Minute No. TEC201102/17

The Board noted the 'TEC Change Programme – implications on TEC from RoVE' paper dated 2 November 2020.

The Board noted this was a Reform of Vocational Education centric piece of work only and will contribute to a broader TEC piece of work in due course.

Committee updates

18. 23 September 2020 Risk and Assurance Committee draft minutes

Minute No. TEC201102/18

The Board noted the '23 September 2020 Risk and Assurance Committee draft minutes'.

19. Financial policy review

Minute No. TEC201102/19

The Board noted the 'Financial policy review' paper dated 2 November 2020 plus the attached Fees payment Policy and Gifts and Koha Policy – both dated November 2020.

Resolved

The Board resolved to:

- A.** *note that the Risk and Assurance Committee reviewed and endorsed the Fees Payment Policy and Gifts and Koha Policy, with minor changes, at its 23 September 2020 meeting*
- B.** *approve the updated Fees Payment Policy dated November 2020 and Gifts and Koha Policy dated November 2020.*

Close

The Chair thanked everyone for their participation and closed the meeting at 4.55 pm.

Signed as a true and correct record:



Chair: Jenn Bestwick

Date: 7 December 2020



Board meeting minutes

Monday, 7 December 2020

Via teleconference

Present

Jenn Bestwick (Chair)
Alastair MacCormick
John Russell
Kirk Hope (9.38am)

Nancy McConnell
Vivien Sutherland Bridgwater
Wayne Ngata

In attendance

Tim Fowler, Chief Executive
Gillian Dudgeon, Deputy Chief Executive – Delivery
John Soulis, Deputy Chief Executive – Corporate and Finance
Paora Ammunson, Deputy Chief Executive – Learner Success – Ōritetanga
Ian Lee, Deputy Chief Executive – Strategy & Design
Mat Pawley, Deputy Chief Executive – Information
s9(2)(a), Executive Officer to the Board (minutes)

1. Welcome and apologies

The Chair (Jenn Bestwick) welcomed everyone and declared the meeting open. She noted that she would need to leave the meeting at 11.00am and asked the Board to approve Wayne Ngata taking over her chairing responsibilities.

Resolved

The Board resolved that Wayne Ngata would assume the Chair's responsibilities for the Monday, 7 December 2020 Board meeting, when Jenn Bestwick (Chair) left the meeting.

Core business and project reporting

2. 2021 Investment Plans – Challenge Responses and ACE Funding

Minute No. TEC201207/2

The Board noted the '2021 Investment Plans – Challenge Responses and ACE Funding' paper dated 7 December 2020.

Prior to the discussion on the paper, Jenn Bestwick provided the Board with an update of her and Tim Fowler's meeting with Michael Ahie (Chancellor) and Jan Thomas (Vice Chancellor) from Massey University (MU).

MU:

- › are largely accepting of our assessment of their performance but wanted to be clear on what we are not seeing
- › accepted our suggestion that they talk with University of Canterbury (UC) to gain insight into what, and how, they are achieving, to help them lift their performance, especially in the learner success area, and are due to visit UC in late December 2020
- › **s9(2)(g)(i)**, instead invited members of TEC's Board and management to attend MU's Council meeting in March 2021 to 'outline what good looks like' and 'detail where we want them to be with their learner success plans'
- › and TEC are due to meet to discuss improvements in programmes that have poor outcomes and achievements, especially for Māori, e.g. their nursing programme
- › want an improved relationship with TEC and suggested continuing the meetings between their Chancellor and Vice Chancellor and TEC's Chair and Chief Executive.

Gillian Dudgeon overviewed the '2021 Investment Plans – Challenge Responses and ACE Funding' paper":

- › there are a very small number of providers we are recommending additional funding for, and in most cases this is where they have provided additional information or evidence, as requested, to support the recommendations
- › we accepted a late request from Te Whare Wānanga o Awanuiarangi for additional funding
- › the remainder of providers took on the feedback of what they need to do to secure additional funding in the future

- › following extensive discussions with Massey University, we have recommended an amended approach to the conditionals placed on them by the Board during their November 2020 meeting
- › extensive information has been provided on Te Pūkenga, however we are only recommending an additional \$2m draw down from the ring fenced \$35m as we believe Te Pūkenga’s predicted growth of 25 percent is optimistic, if the predicted growth materialises we can approve additional funding quickly.

Resolved

Based on the advice and recommendations of the Chief Executive, the Board resolved to:

- › **approve** for 2021, our ‘post challenge’ final recommended allocations (updated from the November 2020 Board meeting) of \$1.349 billion for universities, \$509.5 million for Te Pūkenga, \$161.2 million for wānanga, \$158.3 million for large PTEs, and \$33.1 million for small PTEs, totaling \$2.2 billion, as detailed in Table 3 of the Appendix in the 2021 Investment Plans – Challenge Responses and ACE Funding paper dated 7 December 2020;
- › **approve** for 2021, allocations for the Adult Community Education funds totaling \$13.6 million for four Tertiary Education Organisations, as detailed in Table 2 of the 2021 Investment Plans – Challenge Responses and ACE Funding dated 7 December 2020;
- › **agree** to not impose formal funding conditions on Massey University as specified at your November 2020 Board meeting, but instead adopt a revised approach, as recommended in the 2021 Investment Plans – Challenge Responses and ACE Funding dated 7 December 2020;
- › **agree to delegate** authority to approve final proposed funding allocations of Transitional Industry Training Organisations to the Chief Executive and Deputy Chief Executive Delivery from available funding;
- › **agree to delegate** authority to approve final Adult and Community Education funding allocations of any Tertiary Education Organisation to the Chief Executive and Deputy Chief Executive Delivery from available funding; and
- › **to note**, in the minutes of your meeting, any details of the proposed funding recommendations or conditions that you do not approve, the reasons why, and any alternative decisions.

3. COVID response: Adjusting funding for 2021

Minute No. TEC201207/3

The Board noted the 'COVID response: Adjusting funding for 2021' paper dated 7 December 2020.

Tim Fowler talked the Board through the current process for flexible funding for high performing TEOs and outlined why we are requesting a higher threshold for high achievers in 2021:

- › the current flexible funding level is 102 percent, management are recommending this be increased to 105 percent for 2021
- › criteria will be developed, focusing on learner success and delivering on government and TEC's priorities e.g. skills
- › institutions will be assessed independently of each other and may have different criteria
- › approximately 36 institutions will be eligible for the increased flexible funding.

Resolved

The Board resolved to:

- › **agree to implement** an approach that will pay a small number of high performing TEOs up to a maximum 105 percent of their SAC Level three and above (SAC 3+) funding in 2021, rather than 102 percent, and
- › **delegate** to the Chief Executive approval of the criteria for varying the threshold for flexible funding up to 105 percent, taking into account the wish to reward high performing TEOs for success if their learners and considering affordability.

Kirk Hope joined the meeting partway through the Approval of Plan Guidance for 2022 investment discussion (9.38am)

4. Approval of Plan Guidance for 2022 investment

Minute No. TEC201207/4

The Board noted the 'Approval of Plan Guidance for 2022 investment' paper dated 7 December 2020.

Tim Fowler overviewed the draft Plan Guidance for 2022 investment:

- › Plan Guidance is issued 12-15 months in advance of the investment year it applies to, to give guidance on what we want to invest in and how to write plans for this
- › the draft 2022 Plan Guidance:
 - hones in on what we want to buy
 - is specific and give more direction rather than guidance
 - is very clear on requirements for parity and equity and the need to be able to demonstrate this by governance, leadership and management
 - aligns with government priorities and the TES
 - is another piece in the puzzle of being consistent in our communication and discussions with providers.

The Board provided the following feedback and amendments to be made to the draft Plan Guidance for 2022 investment:

- › page 4 – ‘Chief Executive’s Forward’ needs to emphasise:
 - the Board and TEC Management’s commitments to delivering on the new TES, RoVE, and government priorities
 - a strong emphasis on equity, skills and employability, and system responsiveness to learners, communities and employers/industry needs
 - looking for TEOs to demonstrate true commitment – they have plans and have been/are delivering/will be able to deliver – to these priorities, as opposed to ‘ticking the boxes’ in the plan
 - engagement with TEOs throughout 2021 to prepare to deliver to these commitments
- › page 6 – second bullet of sixth paragraph – add the word ‘support’ in a wider sense ‘....including teaching, learning and support environments’
- › page 10 – paragraph 2 – change ‘response’ to ‘respond’ – “...give effect to the TES, to respond to...”
- › page 10 – first paragraph under ‘Equity’ – change ‘same’ to ‘at least same’ – strengthen the sentence
- › page 10 – the ‘Summary of our priorities’ needs to have more about our relationships with industry and employers
- › page 11 – second paragraph under “Targeted growth priorities’ – change ‘reducing the parity gap’ to ‘eliminating the parity gap’ – *note look for this same reference through the document*
- › page 11 – mentions ‘other priorities such as Te Reo’ but when referencing giving effect to the TES, it is missing mātauranga Māori
 - reference ‘research lead innovation’ and ‘mātauranga Māori’ in the system responsiveness area

- acknowledge that ‘mātauranga Māori’ is in the TES, that we are committed to its development whilst recognising that there is a longer journey to this (there is work to be done to define it further, etc.)

Action Item 201207/4.1 Paora Ammunson is to share Te Taumata Aronui’s strategy work with the Board.

Action item 201207/4.2: OLS will work with Delivery to ensure the wording in the Plan guidance reflects mātauranga Māori.

Resolved

The Board resolved to:

- › **approve** the Plan Guidance for 2022-2024, dated December 2020, plus amendments noted in the 7 December 2020 meeting,
- › agree to delegate the ability to approve minor changes to the content of the Plan Guidance for 2022-2024 dated December 2020 to the Chief Executive.

5. Tiro Whetū Business Case

Minute No. TEC201207/5

The Board noted the ‘Tiro Whetū Business Case’ paper dated 7 December 2020.

In September 2020 the Board approved an ‘out of cycle’ funding request to draw down \$4.2m of the allocated Tiro Whetū funding ahead of a full business case being presented; this paper provides the full business case for approval to allow the programme to draw down the remaining funding.

The Board noted:

- › two key statements of work (SoW) have been identified with future statements of work to be confirmed:
 - SoW 1 – Futures Teams (defining a strong foundational approach for the overall project) – commencing in December 2020
 - SoW 2 – Minimum Viable Product Team (job transferability tool to help works displaced by COVID-19) – commencing in April 2021
- › each member of the consortium has specific roles with unique strengths
- › management does not feel Nicholson Consulting (consortium member) is conflicted, given the other work they perform for TEC

- › an update on the renaming of Tiro Whetū with an English name:
 - research was completed and presented to the Executive Leadership Team, who then requested further work
 - we are now going to market and anticipate an update in the first quarter of 2021
- › the names of the Project Steering Group members were not included in the Business Case and received assurance that we had strong ‘cross agency’ and ‘user groups’ representation
- › management are working together to ensure Māori has a voice in all areas of the programme, including reaching out to Te Taumata Aronui, and they asked if Board members have suggestions on specific members to ensure Māori, Pasifika and vocational guidance representation is well covered to pass these names on to Tim Fowler – noting that it is important that we have the balance right and the people in the right groups.

Action Item 201207/5: Board members are to advise Tim Fowler if they would like to suggest someone for inclusion in the Project Steering Group.

Resolved

*The Board resolved to **approve** the Tiro Whetū Business Case dated 3 December 2020.*

Gillian Dudgeon left the meeting

6. TEC Board obligations in relation to transitional industry training organisation transition plans

Minute No. TEC201207/6

The Board noted the ‘TEC Board obligations in relation to transitional industry training organisation transition plans’ paper dated 7 December 2020.

The Board noted:

- › that they are required to issue guidance to Transitional ITOs on the content of transitional plans
- › that they have three key obligations in relation to Transitional ITO transitional plans; summarized in the ‘TEC Board obligations in relation to transitional industry training organisation transition plans’ paper dated 7 December 2020.

Resolved

The Board resolved to:

- › **agree to delegate** approval of transition plan templates for Transitional ITOs, which have been developed based on the approval criteria you approved at your November 2020 meeting, to the TEC's Transitional ITO Steering Committee in order to meet project timelines while still meeting TEC's statutory obligations; and
- › **agree**, in order to satisfy your obligations under clause 52(1)(a)(iii) of the Education and Training Act 2020 (and for clarity), specify 'any wānanga, Te Pūkenga, or private training establishment' as those providers which Transitional ITOs can include in their transition plans regarding the transfer of their arranged training and apprenticeship responsibilities.

7. Approval of additional funding for two Te Pūkenga subsidiaries

Minute No. TEC201207/7

The Board noted the 'Approval of additional funding for two Te Pūkenga subsidiaries' paper dated 7 December 2020.

The Board noted TEC are encouraging Te Pūkenga to work with Tai Poutini Polytechnic as they have limited funding available to them.

Resolved

Based on the advice and recommendations of the Chief Executive, the Board resolved to:

- › **approve** the 2020 plan amendments for Western Institute of Technology of Taranaki and Waikato Institute of Technology totaling \$784,472.50; and
- › **agree** to note in the minutes of your meeting, any details of the proposed funding recommendation that you do not approve, the reasons why, and any alternative decisions made.

8. Chief Executive's report

Minute No. TEC201207/8

The Board noted the 'Chief Executive Report' dated 7 December 2020 plus the attached 'OPM Scorecard and Commentary as at 31 October 2020, Priority Project Updates as at November 2020 and Risk Register dated 7 December 2020' reports.

OPM Scorecard

The Board noted:

- › leave balances are starting to come down
- › the bench mark numbers for turnover and sick leave have been adjusted in line with other government agencies
- › new table and charts are being developed for discussion with the Board in early 2021
- › managers are confident the call centre measures will improve quickly once the new software is installed in early 2021.

Chief Executive's Report

- › Tim Fowler overviewed Treasury's RoVE Gateway Review noting that it was good to have the Memorandum of Understanding between TEC and Te Pūkenga signed in advance of this as it was referenced during review:
 - this is a stage gate zero review to assess if we are set up for success in terms of how the project is run and governed
 - it is highly likely we will do another review in 12-18 months
 - the project was rated 'Amber' with 13 recommendations for the RoVE Programme Board to consider
 - the Programme Board will develop a comprehensive plan in response to the recommendations in early 2021, not every recommendation needs to be accepted, but we need to demonstrate it was considered, and if not accepted, why and what the alternative action is
 - ~ one recommendation was to bring some independence onto the Programme Board and that maybe that independent person could also be the chair, however while we would be happy to include independence on the Programme Board, we would push back and suggest that as the main sponsor and responsible person, Tim Fowler, should also remain the chair

- funding for RoVE runs out in June 2021, in the review it was made very clear for the programme to deliver the desired results it will require additional funding after June 2021; the Minister indicated he was happy to support this, but would require a comprehensive business case to support it.

Risk Register

The Board:

- › likes the new style risk register
- › noted TEC are working with Ngāti Maniapoto Marae Pact Trust Incorporated and are having discussions with wider Iwi, the Iwi itself is thinking about how to engage with the marae
- › that Ngāti Maniapoto Marae Pact Trust Incorporated is an example of being treated lead and that there is an opportunity to better understand this in the new year.

9. Board Finance report as at October 2020

Minute No. TEC201207/9

The Board noted the 'Board Finance report as at October 2020' dated 7 December 2020.

John Soulis overviewed key points from the October 2020 Finance Report:

- › our surplus (excluding funded programmes) is \$1.3m favourable to budget as a result of lower core costs
- › we are forecasting a \$3.3m to \$4.0m year-end deficit, this includes \$3.5m of reserves we expect to be spent on further projects and COVID-19 costs still uncommitted
- › our balance sheet is going well
- › management met with the auditors the week of 30 November 2020
 - they are pleased with our overall audit and said we have very good management and manual controls in place
 - the auditors provided an unqualified opinion on the finances because we couldn't do our public provider survey due to COVID-19 and as a result have five performance measures not measured; information relating to this will need to be included in the Select Committee questions; it was noted this is the same for many government organisations

- a final draft of the Annual Report and Representation letter will be sent to the Chairs of the Board and Risk and Assurance Committee for final sign off (this was delegated by the Board in their October 2020 Board meeting).

Action Item 201207/9 s9(2)(a) is to provide a list of the Select Committee members to the Board.

Sensitive, Board and Chief Executive Expenses

The Board noted the Sensitive, Board and Chief Executive Expenses as at October 2020.

Resolved

*The Board resolved to **note** the list of policies in paragraph 22, of the Board Finance report as at October 2020, dated 7 December 2020, with minor amendments approved by Deputy Chief Executive Corporate & Finance/CFO during 2020 so far.*

*The Board Chair **approved** the Board of Commissioners' and Chief Executive's expenses for October 2020.*

*The Chair of the Audit, Risk and Compliance Committee **approved** the Board Chair's expenses for October 2020.*

10. Business Continuity and Flexible Working Hardware Purchase

Minute No. TEC201207/10

The Board noted the 'Business Continuity and Flexible Working Hardware Purchase' paper dated 7 December 2020.

The Board noted:

- › TEC conducted a business continuity test on 3 December 2020; all staff were asked to work from home for the day to test our IT capability
- › this again highlighted that the mix of technology was less than perfect and that there is a clear requirement for all staff to have a uniform build, reasonably up-to-date, laptop
- › providing all staff with TEC laptops for use from home, should also significantly reduce our cyber risk.

Resolved

The Board resolved to:

- › **approve** capital expenditure of up to \$605k for additional laptops, to complete the hardware requirements for post COVID business continuity and flexible working.

Accountability documents

11. Annual Legislation Compliance Results - 2019/20

Minute No. TEC201207/11

The Board noted the 'Annual Legislation Compliance Results - 2019/20' paper dated 7 December 2020.

Committee updates

None

Administration

12. Adoption of Board meeting minutes

Minute No. TEC201207/12

Resolved

The Board of Commissioners (the Board) adopted the minutes of the 2 November 2020 Board meeting as a true and accurate record of that meeting.

The Board of Commissioners (the Board) adopted the minutes of the 28 October 2020 Out of Cycle – Increase to 2020 funding – Te Pūkenga subsidy – Otago Polytechnic' email decision as a true and accurate record of that decision.

13. Action items update as at 30 November 2020

Minute No. TEC201207/13

The Board noted the 'Action items update as at 30 November 2020' paper dated 7 December 2020.

14. Declaration of interests

Minute No. TEC201207/14

Commissioners' declarations of interest were noted, consequential actions are recorded under the items to which they relate.

15. Board Work Programme

Minute No. TEC201207/15

The Board noted the 'Board Work Programme as at 30 November 2020' paper dated 7 December 2020.

The Board:

- › approved the outline for the February and March 2021 meetings
- › will have some Commissioners and TEC executive attending Massey University's March 2021 Council meeting, as a result we will find a new venue for our July 2021 off-site meeting.

Action Item 201207/15.1 Jenn Bestwick/Tim Fowler are to make initial contact with University of Waikato and TWoA regarding the TEC Board visiting their region in March 20201.

Action Item 201207/15.2 s9(2)(a) is to invite representatives from Te Taumata Aronui to the February 2021 Board meeting.

Gillian Dudgeon rejoined the meeting

Information and items for noting

16. Reform of Vocational Education (RoVE) – Programme Update

Minute No. TEC201207/16

The Board noted the 'Reform of Vocational Education (RoVE) – Programme Update' dated 7 December 2020.

The Board asked that we ensure the terminology in the Blueprint demonstrates us 'working with and for Iwi and Māori' – not just 'for Iwi and Māori'.

17. RoVE Unified Funding System project – progress update

Minute No. TEC201207/17

The Board noted the 'RoVE Unified Funding System project – progress update' paper dated 7 December 2020.

TEC are meeting with the Minister regarding strategic funding for UFS.

18. He Waka Eke Noa – 2020 results for TEC's employee experience survey

Minute No. TEC201207/18

The Board noted the 'He Waka Eke Noa - 2020 results for TEC's employee experience survey' paper dated 7 December 2020.

The Board noted the Executive Leadership Team (ELT):

- › noted areas we can improve on but overall are happy with the results of 'He Waka Eke Noa' given the year we have had
- › had talked with the People Managers about behaviours and making sure TEC is a safe place to be while also achieving its goals.

Jenn Bestwick congratulated Tim Fowler and ELT on what they had done for staff and the sector in the last year saying she was very proud to be associated with the organisation and had huge confidence in the good job they are doing.

Close

Jenn Bestwick thanked everyone for their participation in the meeting, noting the year we had had, and how we wanted to move forward in 2021.

She went on to reference the Beyond Diversity training the Board and ELT had recently completed and noted:

- › how this aligned TEC with the government's priorities and the TES and that she was looking forward to seeing good things coming from TEC in 2021
- › that she had followed up with MoE the discussion about TEC having 'co-chair'. MoE will look at the legislation to see if it can be done or if flexibility can be applied.

Jenn Bestwick then thanked both the Board and management for their work over the year, wished everyone a 'meri kirihimete' and closed the meeting at 11.01am.

Note – there was no requirement for Wayne Ngata to take the Chair responsibilities as the meeting finished prior to Jenn Bestwick's departure.

Signed as a true and correct record:

Chair:

Date:



Board meeting minutes

Thursday, 18 February 2021

Present

Jenn Bestwick (Chair)
Alastair MacCormick

Nancy McConnell
Vivien Sutherland Bridgwater

Apologies

John Russell, Kirk Hope and Wayne Ngata

In attendance

Tim Fowler, Chief Executive
Gillian Dudgeon, Deputy Chief Executive – Delivery
John Soulis, Deputy Chief Executive – Corporate and Finance
Paora Ammunson, Deputy Chief Executive – Learner Success – Ōritetanga
Ian Lee, Deputy Chief Executive – Strategy & Design (late arrival)
Mat Pawley, Deputy Chief Executive – Information
s9(2)(a) Executive Officer to the Board (minutes)

Administration

1. Welcome and apologies

The Chair (Jenn Bestwick) welcomed everyone and declared the meeting open.

Jenn Bestwick took this opportunity to tell the Board that this would be s9(2)(a) last meeting supporting them as she was leaving TEC on Friday, 26 February 2021. She thanked s9(2)(a) for her support and dedicated service throughout 2020.

She noted that the Thursday, 18 February 2021 meeting agenda had been changed due to the changes in COVID-19 Alert levels, saying that the meeting with the Minister had been rescheduled to May 2021, and that the Ōritetanga Learners Success deep dive would be rescheduled to March 2021 and Te Taumata Aronui meeting with the Board would be rescheduled to a later date it would be better as a face to face session.

2. Adoption of Board meeting minutes

Minute No. TEC210218/2

Resolved

The Board of Commissioners (the Board) adopted the minutes of the 7 December 2020 Board meeting as a true and accurate record of that meeting.

The Board of Commissioners (the Board) adopted the minutes of the 28 January 2021 Out of Cycle paper – ‘Approval to delegate funding to persons or bodies; and Delegation to fund Workforce Development Council Establishment activities and Remaining 2021 Investment Plan Approvals’ email decision.

3. Action items update as at 11 February 2021

Minute No. TEC210218/3

The Board noted the ‘Action items update as at 28 January 2021’ paper dated 11 February 2021.

- › The majority of items have been completed with those remaining on the register not yet due.
- › Item No 3 – ‘Tiro Whetū Business Case – Board members are to advise Tim Fowler if they would like to suggest someone for inclusion in the Project Steering Group’
 - Tim Fowler is looking for people with breadth and depth – we have a lot of people from colleague agencies and would like external people with user experiences around large customer groups and or large complex IT implementations
 - Jenn Bestwick offered to approach s9(2)(a) to gauge her interest on being on the Project Steering Group
 - Commissioners are to advise Tim Fowler with any additional names by Friday, 26 February 2021.

Action item 210218/3.1: Jenn Bestwick is to approach s9(2)(a) to gauge her interest on being on the Tiro Whetū Project Steering Group.

Action item 210218/3.2: Board members are to advise Tim Fowler of any additional names of people they would recommend for the Tiro Whetū Project Steering Group.

4. Declaration of interests

Minute No. TEC210218/4

Commissioners' declarations of interest were noted, consequential actions are recorded under the items to which they relate. No new declarations were advised.

5. Board work programme as at 11 February 2021

Minute No. TEC210218/5

The Board noted the 'Board work programme as at 11 February 2021' paper dated 18 February 2021.

Jenn Bestwick reminded the Board that the March 2021 Board meeting was being held in Hamilton. The Board is scheduled to meet with representatives from Te Wānanga o Aotearoa for dinner on Wednesday, 17 March 2021, Te Pūkenga for breakfast on Thursday, 18 March 2021 and Waikato University for the day on Thursday, 18 March 2021.

Nancy McConnell advised her apologies for the March 2021 meeting and stakeholder activities.

Strategy agenda/deep dives/guests

Core business and project reporting

6. Chief Executive's report

Minute No. TEC210218/6

The Board noted the 'Chief Executive Report' dated 18 February 2021 plus the attached 'OPM Scorecard as at January 2021, Priority Project Updates as at February 2021 and Risk Register as at February 2021' reports.

OPM Scorecard

› **Customer Contact**

- we are beginning to see changes in the Customer Contact Group with much better clearance rates and are much closer to our service level agreement target
- this is before the new technology is installed, which is due at the end of March 2021.

› **Leave balances and turn over**

- leave balance numbers are looking better, but we still need a watchful eye to ensure these continue to trend down and that staff are taking well-earned breaks, particularly in what is looking like another busy year
- turnover is below the Public Sector average, there is a healthy rate of turnover which we don't want to go below.

› **Contractor rates**

- our contractor numbers are now stable, 34, well down from 2018, when they were over 100, not including RoVE.

Scorecard Commentary

The Vocation Education Training (VET) marketing campaign, Direct Career Guidance Services, Targeted Training and Apprenticeship Fund (TTAF) are driving a lot of traffic to our careers.govt.nz website; this is going to be extremely helpful when we launch the public side of Tiro Whetū on our website, which will in turn phase the careers website out.

Priority Projects – February 2021

The Board noted the new style Priority Projects report, noting that some projects were yet to be populated. The report now includes a 'Strategic Enables and Alignment to our Strategic' row for each project.

› **Careers System – Tiro Whetū 'Amber'**

- 'Red' – for resources – we have now found a product owner and are in the process of completing relevant checks, once this is under way the project should move to 'green'
- the project is going well, on time and within budget, with a roadmap due to be signed off in March 2021

Ian Lee joined the meeting

- the project has three main phases
 - ~ Skill Net 0.1 allows targeted people displaced from work by COVID-19 to enter their previous roles into the system, the system then matches these with a database and provides skills associated with these roles and gives the people ideas on jobs they might like/be able to do and tells them what the job does
 - ~ Phase 2 and 3 will then provide information on the qualifications needed for the jobs and then eventually connect the people to job boards e.g. Seek, Trade Me etc, with related jobs in their area
 - ~ eventually the system will identify skill gaps for people, but we are focusing on skills identification and matching people with jobs in the first instance given COVID-19, the system will then go wider to school teachers and leavers etc
- a link between Tiro Whetū and Inspiring the Future is also becoming apparent, in that school students might be able to identify study choices based on skills identification for jobs through Tiro Whetū
- it is important to get all aspects of the user experience right, not just displaced workers and students but all teachers and other agencies as well
- we are researching how Tiro Whetū can support the careers benchmarks in new NZQA curriculum
- we are receiving very good support from MoE for the project

› **Data 2021 – 'Amber'**

- the current phase of the Data 2020 project is replacing what we have today with better legacy and foundations, where we go to next will support the broader strategy
- we are going through everything and repackaging it to make it workable and acceptable, which involves a lot of work

- we now have the right resources and capability within the project team; including contracting a couple of people who were involved with the original complex coding while working for the original supplier
- Grant Thornton have provided a number of IQAs and a full project IQA benchmarking with other agencies and will continue to do target IQAs as the project progresses

Action item 210218/6.2: Mat Pawley is to provide the Board with a copy of the Grant Thornton IQA reports.

- Alastair MacCormick summarised that this was always going to be a difficult project, and that the Board had been expecting periods of 'red' during the stages and that he has confidence with where we are at, at the moment.

› **Careers System – Inspiring the Future**

- We have experienced delays in building the role model database due the COVID-19 but are comfortable with how things are progressing over all.

Chief Executive Report

› **AUT Review –verbal update and discussion**

- Kate Davenport's report did not find ongoing issues of sexual harassment, but provided examples of where leadership could, and should, have done more in a couple of cases; it did however, identify and focus on ingrained bullying primarily by academic staff
- the new Deputy-Vice Chancellor brought in to support the process has decided to stay and will continue to provide support with the ongoing process and changes recommended in the report
- the incumbent Chancellor is retiring and the Council is nearing the end of his replacement process
- the 36 changes recommended in the report have been endorsed by Council and will be a priority implementation job for the leadership team; the Council is taking the lead and will continue to follow up on all the recommendations
- our involvement in this mainly relates to whether any of it affects AUT's ability to deliver on our investment, anything else is at a support level by invitation; TEC management are keeping in close contact with Council and the Vice Chancellor
- we have scheduled a Board meeting in Auckland later in 2021, this would be a good opportunity to meet with AUT

- other institutions received copies of Kate Davenport’s report and some have started reviewing and checking their own processes
- › **Proposed amendments to the Education and Training Act 2020**
 - the Ministry of Education (MoE) are working on amendments to the Education and Training Act 2020, focused on student well-being, international education, qualifications and credentials, vocational education and compulsory student fees, the Bill is expect to be introduced in November 2021
 - TEC has found a number of things in the Act that are operational and restrict our ability to make decisions effectively and has the opportunity to feedback to MoE on these during their process
 - to make the transitions for learner success we need to be dynamic, we will need the changes so we can respond to the sector as it shifts
 - the timing of MoE’s notification for this review, and for our feedback, is going to make it difficult to have meaningful discussions with the Board prior to providing our feedback; we may need to engage with the Board between Board meetings
 - the Board would like a deep dive on: what we are doing now, medium term and what we need and how this might line up with changes to the Act sometime soon; could also include MoE in this session
 - we are yet to do the work on how we want to be in the future, that will come out of the investment work we are currently doing, many of the changes MoE are focusing on are for the here and now and support RoVE, the work to commence the investment re-design would be the time to have a deep dive with the Board and MoE; MoE will signal to the Minister that more changes will be required to the Act in the future.
- › **New Internal Assurance Manager**
 - a new Internal Assurance Manager, employed by NZQA and outsourced to us under a shared services agreement, commenced in December 2020.
- › **Building and Construction ITO (BCITO)**
 - the BCITO figures are good, moving forward the Board would like to understand more about retention and completions as they go through their learning journey

- TEC are working with BCITO on a few matters e.g. base learning vs work journey and timing and the ITOs concerns regarding their ability to manage the ongoing increase in student numbers etc
- we need to ensure we evaluate the Targeted Training and Apprenticeship Fund to see how it has impacted and changed patterns, what is driving any shift (e.g. demand or dollar) and how this is communicated.

Risk Register

› **Te Pūkenga**

- have some expected teething problems – they don't yet have the systems in place to take ownership of subsidiary however, while this is a risk, it is usual for its size and set up at this stage
- TEC are keeping a very close and watchful eye on them and they are aware they have limited flexibility while they are setting up their operating model
- some ITOs are on TEC's high risk radar, with Te Pūkenga in place, we are not necessarily going to have the same exposure to these; Te Pūkenga is already engaging with TEC about some of these
- TEC are meeting regularly and working with Te Pūkenga on the subsidiaries issues and have commenced quarterly monitoring and reporting
- the Board are having an informal breakfast meeting with Te Pūkenga in Hamilton on 18 March 2021, this is our opportunity to ask them about their plans for: an operating model, managing their financials in 2021, high risk ITPs and subsidiaries etc

7. Board Finance report as at January 2021

Minute No. TEC210218/7

The Board noted the 'Board Finance report as at January 2021' dated 18 February 2021.

John Soulis overviewed key points from the January 2021 Finance Report:

- › our core costs are under budget by \$2.7m, largely due to lower personnel cost, depreciation, travel costs and capital charge
- › personnel savings are a result of continued vacancies, turnover and delayed spend on COVID-19 related activity
- › we continue to forecast a \$3.3- \$4.0m year-end deficit, we are currently re-planning and re-forecasting and will provide additional information at the March 2021 Board meeting

- › committed projects are under budget for various reasons – some relating to COVID-19 impacts
- › capital expenditure is on target – January and February of each year are often very quiet but we are expecting to reach our CAPEX budget
- › the third party contracts review was noted
- › TEC does not anticipate any international travel before 30 December 2021 due to COVIDS-19 – therefore no prior approval requests have been made
- › allocations is \$100m under, we will continue to review and change baselines if required
- › Fees Free is forecast to be under budget, we will return what we can to Treasury.

Sensitive, Board and Chief Executive Expenses

The Board noted the Sensitive, Board and Chief Executive Expenses as at January 2021.

Resolved

The Board resolved to:

- › **note** the Board action items relating Third party contract review and International travel (paragraphs 11 to 13) Board Finance report as at January 2021
- › **note** that minor amendments have been made to the Delegations Policy and approved by Deputy Chief Executive Corporate & Finance/CFO during 2021 so far
- › **approve** the Board of Commissioners' and Chief Executive's expenses for November 2020-January 2021

The Chair of the Risk and Assurance Committee resolved to

- › **approve** the Board Chair's expenses from November 2020-January 2021.

8. How, what and where learners study has changed over time

Minute No. TEC210218/8

The Board noted and discussed the 'How, what and where learners study has changed over time' paper dated 18 February 2021.

- › This is the first, of a series of planned papers, in response to a conversation at the September 2020 Board meeting.
- › There were not a lot of ‘light bulb’ moments, but good to see the evidence supporting the conversations and areas of focus – e.g. learner success and demand.
- › This first paper focused on domestic students only.
- › The Board discussed and fed back possible areas of research for future papers:
 - the impacts of not having international students and how, if at all, this changes demand and success rates
 - the impacts from COVID-19, internal vs extra mural study etc on success rates
 - how, if at all, success rates are affected from our investment driving people into areas where people don’t want to study but only want to do some papers
 - skill shortages and demand and the number of students coming out of schools and the inter dependencies of geography and provision
 - a percentage, by age bracket and population group – what shifts we are seeing in trends e.g. what age groups are going to polytechnic and ITOs, how is the system attracting customers and making changes for this and by regions and in relation to provision that is provided
 - what are we seeking from our tertiary system in relation to society at the moment
- › Gillian Dudgeon noted the TEC is doing a piece of work on the questions to look at in 2021. Once the list is developed she will bring it to the Board to ensure we are thinking about the same things.
- › The Board congratulated the team on this work, saying they are looking forward to seeing the list and future papers.

9. ACE Aotearoa sector capability building contract – Delegation of authority

Minute No. TEC210218/9

The Board noted the ‘ACE Aotearoa sector capability building contract – Delegation of authority’ paper dated 18 February 2021.

Resolved

The Board resolved to:

- › **approve** funding of \$3.0m for ACE Aotearoa through a three-year sector capability building contract

- › **delegate** the signing of the three year contract to the Chief Executive (CE) and Deputy Chief Executive (DCE) Delivery
- › **delegate** subsequent funding decisions relating to the Minister’s delegation to fund ACE Aotearoa (dated 29 September 2020) to the Chief Executive and DCE Delivery.

Accountability documents

10. Vote Tertiary Education Estimates of Appropriations 2021/22 – non-financial measures

Minute No. TEC210218/10

The Board noted the ‘Vote Tertiary Education Estimates of Appropriations 2021/22 – non-financial measures’ paper dated 18 February 2021.

This paper sought the Board’s:

- › comments on the draft performance measures and targets for the 2021/22 Vote Tertiary Education Appropriations
- › approval for the Chair and Chief Executive to approve the final measures after we have considered feedback from the Minister and MoE.

General discussion and feedback:

- › Centre’s of Excellence – should the new measure include post-doctoral qualifications instead of or as well as doctoral qualifications? We need to check this measure against what we report on
- › Centre of Asia, Pacific Excellence – we need to check this measure against what we report on
- › these measure are what we deliver, Government will also want to see deliverable/action to have a sense of TEC’s business as usual, success and quality; we could align them to the TES and NELP, however it is difficult to find the right measures and number of measures to make it substantive and valid without being over the top.

Action item 210218/10: John Soulis is to establish and ensure the measure is reflective of what is reported on for CoREs and CAPE.

Resolved

The Board resolved to:

- › ***delegate to the Chair of the Board and the Chief Executive the authority to approve the final measures for the Vote Tertiary Education Estimates of Appropriations 2021/22 following feedback from the Ministry of Education and the Minister of Education.***

Information and items for noting

11. Tiro Whetū (Online Career Planning Solution)

Minute No. TEC210218/11

The Board noted the 'Tiro Whetū (Online Career Planning Solution)' dated 18 February 2021.

This item was discussed minuted during the Priority Projects – February 2021 item above. Ian Lee added:

- › the consortium and TEC have invested a lot of time up front on how they work and how we will leverage peoples particularly strengths
- › the team is largely located at Springload, external provider, and has a cohesive approach
- › the naming and branding of Tiro Whetū is still in progress, we have a working name 'Skill Net' while we finesse and refine the overall brand; we expect to report back to the Board in two-three months on the issue of naming.

12. Reform of Vocational Education (RoVE) – Programme Update – January 2021

Minute No. TEC210218/12

The Board noted the 'Reform of Vocational Education (RoVE) – Programme Update for January 2021' dated 18 February 2021.

- › 2021 will be an implementation year: Te Pūkenga operating model, standing up of Workforce Development Councils (WDC), models for Regional Skills Leadership Groups, transitioning Transitional ITOs over by August 2021, there is no wriggle room on timeframes.
- › Following Treasury's initial Gateway Review:
 - Ian Fitzgerald, who has large transformation experience, has been added to the RoVE Programme Board

- Tim Fowler, Chair, RoVE Programme Board will have regularly, quarterly catches with Treasury, rather than them having a representative on the RoVE Programme Board.
- › Alastair MacCormick – the Board’s representative on the Rove Programme Board provided the following update:
 - the highest risk is the implementation of WDCs, NZQA and Transitional ITO transitions, shifting capability over to WDCs and Wānanga
 - WDCs are being implemented without clear operating models, it is being left to them, once they are appointed, to develop their own operating model, yet decisions are being made, or not made because they are being put off until they are appointed; industry training is vulnerable to the way this is progressing
 - the RoVE Programme Board received an assurance report, which would give anyone looking in from outside confidence we are spending a lot of effort on the right things, which is true, but the actual risks are significant no matter the quality of assurance and going in the risks to industry training, trainees and employers are very high in this transition
 - he feels the day-to-day work is driven by pace and constant risk awareness and if it weren’t for Tim Fowler and Gillian Dudgeon’s effort and oversight he would be even more concerned.
- › Gillian Dudgeon:
 - feels the work her team is doing on WDCs establishment over the next couple of months should provide both the RoVE Programme Board and TEC Board with more comfort
 - agrees the Transitional ITOs are the highest risk area
 - acknowledged the pace of the project over the next 12-24 months is being driven by the Minister, and that we are matching the risks associated with this.
- › Tim Fowler:
 - agreed the RoVE Programme Board and TEC are managing a lot of risk for this project and that it goes in peaks and troughs and that we are managing this at present.

13. Gateway Review for the Reform of Vocational Education (RoVE) programme

Minute No. TEC210218/13

The Board noted the 'Gateway Review for the Reform of Vocational Education (RoVE) programme' dated 18 February 2021.

The Board noted:

- › it is not unusual for a project of this complexity to be 'Amber' at this stage and in the Zero review
- › the Zero review becomes our baseline and subsequent reviews go from there
- › we need to pay attention to the recommendations in the review, the review also gave us some levers to address things we are concerned about
- › Alastair MacCormick is confident the recommendations in the Zero review are being addressed. If it continues to be 'Amber' for a while, so be it – this is a project that in the largely, apart from items already minuted, being managed very well.

Committee updates

14. Board Committees' – Terms of References

Minute No. TEC210218/14

The Board noted the 'Board Committees' – Terms of References' dated 18 February 2021.

- › Jenn Bestwick thanked the Committee Chairs and s9(2)(a) for nursing the Terms of References through the system.

The Board noted:

- › the Terms of References have specific Committee objectives and responsibilities, and generic clauses common across the three Committees
- › each Terms of Reference has a generic review period of two years, but any Terms of Reference can be reviewed at any time by either the Committee or Board if needed

- › that the People and Culture Committee had recommended using bilingual titles and headings in its Terms of Reference and agreed that this should be consistent across the three Committees' Terms of References
- › the suggested changes to the Risk and Assurance Committee Terms of Reference approved in October 2021 to ensure consistency in the generic clauses with the other Committees.

Resolved

The Board resolved to:

- › **approve** that the People and Culture Committee be renamed 'Ohu Tangata – People and Culture Committee'
- › **approve** the draft Ohu Tangata – People and Culture Committee's Terms of Reference dated 12 February 2021
- › **approve** the draft System Responsiveness Committee's Terms of Reference dated 12 February 2021
- › **approve** the following amendments to the Risk and Assurance Committee Terms of Reference approved in October 2020
 - Authority – clause 8.3 – add the words 'as a matter of practice all such requests should be channelled through the Chief Executive' as the end of the clause
 - Review of Terms of Reference – clause 31 – to 'At least every two years...

Commissioners Only Session

As three Commissioner were absent a Commissioners Only Session was not held.

The Board Self Evaluation 2020 discussion is to be rescheduled for the April 2021 Board meeting.

Commissioners and Chief Executive Session

As three Commissioner were absent a Commissioners and Chief Executive Session was not held.

Close

Before closing the meeting the Chair updated the Board on a few matters.

› **Select Committee Hearing**

- she and Tim Fowler would be attending a Select Committee Hearing on Wednesday, 24 February 2021.

› **Massey University**

- she and Tim Fowler have had two productive meetings with Michael Ahie (Chancellor) and Jan Thomas (Vice Chancellor)
- Massey University has sent three of their team to buddy with Canterbury University for a number of days on learner success issues
- TEC management and Board have been invited to attend a strategic planning session with Massey University on Thursday, 11 March 2021
 - ~ Jenn Bestwick, Alastair MacCormick, Vivien Sutherland Bridgwater and Wayne Ngata will attend on behalf of the Board
 - ~ a draft agenda has been circulated, Board members felt the session needed to be wider than learner success e.g. 'shifting science'
 - ~ a brief pre-planning session is to be scheduled prior to the strategic planning session.

› **Courageous Conversations – Beyond Diversity workshop – Unpick session**

- following the Beyond Diversity Workshop in November 2020 a 90 minutes 'Unpick' session was meant to be scheduled for the Board with Courageous Conversations, however due to everyone's' busy diaries leading into, and following, Christmas we have been unable to schedule this session
- following a brief discussion the Board agreed they would not complete the 'Unpick' session with Courageous Conversations and that they would complete their own reflection session focusing on themselves and their role in the sector at a future date – possibly in conjunction with the Ōritetanga Learner Success Deep Dive being rescheduled for March 2021.

Action item 210218/0.2: The Board Secretary is to schedule a Board Beyond Diversity self-reflection time on the 18 March 2021 Board meeting agenda.

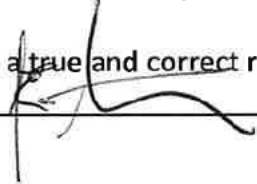
x **Farewell to s9(2)(a) Executive Officer to the Board**

- Jenn Bestwick took the opportunity to once again thank and acknowledge s9(2)(a) commitment and effort over the last year noting her discipline and dedication to all things governance, commenting on her achievements and noting her efforts for the Board and TEC
- s9(2)(a) took the opportunity to thank the Board and Tim Fowler, saying she had very much enjoyed her time at TEC, that the Board were one of the best she had ever supported and wished both TEC and the Board the very best for the future.

The Chair thanked everyone for their participation and closed the meeting at 1.25pm.

Signed as a true and correct record:

Chair: _____



Date: _____

20/5/21



Board meeting minutes Thursday, 18 March 2021

Present

Jenn Bestwick (Chair)
Alastair MacCormick
John Russell
Kirk Hope

Vivien Sutherland Bridgwater
Wayne Ngata

Guests

University of Waikato:

Neil Quigley (Vice-Chancellor), Jim Mercer (Chief Operating Officer), Associate Professor Tracy Bowell (Assistant Vice-Chancellor Academic), Professor Allison Kirkman (Special Projects – Nursing and past PVC of Division of Arts, Law, Psychology and Social Science)

Apologies

Nancy McConnell

In attendance

Tim Fowler, Chief Executive
Gillian Dudgeon, Deputy Chief Executive – Delivery
Paora Ammunson, Deputy Chief Executive – Learner Success – Ōritetanga
s9(2)(a) Executive Officer to the Board (minutes)

Welcome from the University of Waikato

1. The Vice Chancellor (Neil Quigley) and members of his senior management team welcomed the Board to the Waikato University campus. The VC and his team discussed a variety of matters with the Board. Key points discussed were:
 - Māori and Pacific students now make up 35% of the university's student numbers.
 - Domestic enrolments are looking strong for 2021.
 - Engineering is a growth area for the university (civil engineering is the biggest cohort) but education numbers are also up.
 - The university believes that part of the university's success in engineering is due to their strong relationships with business, and their ability to find students placements.
 - The university had 130 applications for its Bachelor of Nursing 2021 cohort (limited to 40 EFTS). Planning is underway to increase the Bachelor programme numbers in 2022.
 - Outside of existing areas, the university sees opportunities for student growth in Bay of Plenty and potentially from South Auckland.
 - **s9(2)(b)(ii)**
 - The university has developed a strategic campus masterplan with immediate investment priorities being completion of The Pa building works, improved student accommodation, digital maintenance and promoting their Tauranga campus.
 - The university has launched a Learner Success project pilot. Each new first-year undergraduate student is assigned a study advisor who monitors their students' academic engagement and progress via a data dashboard. If a student appears to be struggling, appropriate support is put in place to help that student. Initial feedback from students has been very positive.

Administration

2. Welcome and apologies

Jenn Bestwick welcomed everyone and declared the meeting open. The strategic agenda items (items 7 and 8) were moved to the front of the agenda.

Strategy agenda/deep dives/guests

3. Board reflection on Hamilton-based stakeholder meetings

The Board reflected on their conversations with representatives from Te Wananga o Aotearoa, Te Pūkenga, the University of Waikato and the engagement with Massey University the previous week.

Commissioners summarised that they enjoyed their out of Wellington engagements and noted that conversations are much more authentic when discussions occur face to face.

4. Ōritetanga Learner Success – deep dive discussion

Minute No. TEC210318/4

Morgan Healey (Manager, Ōritetanga Learner Success) and s9(2)(a) (Chief Advisor) joined the Board for this discussion.

Morgan and s9(2)(a) gave the Board a brief update on Ōritetanga's overarching work programme and presented an indepth look at the Learner Success Sector Capability project. Key points raised were:

- TEC is taking a whole of system approach to Ōritetanga through embedding equity throughout our strategies and work programme.
- We are making good progress across both the system and TEC, by:
 - implementing a new strategy which integrates equity throughout the TEC
 - requiring all larger TEOs to have a Learner Success Plan as part of investment plans
 - setting minimum performance commitment expectations which will be audited for the first time
 - embedding an explicit equity focus in our careers tools
 - starting design work to incentivise and enable equity through UFS and strategic funding
- We are also partnering proactively with Te Pūkenga and with the wānanga sector to support them to adopt learner success approaches that work for them
- We have also been working with TEOs to develop and spread an approach to build capability to improve learner success. Our initial evaluation has shown:

- our Learner Success Framework is useful and suitable for supporting TEOs to change
- enabling TEOs to take ownership of learner success approaches is a key success factor of our approach
- success relies on TEOs shifting their mindset towards different ways of doing business
- TEOs, including governance, need to understand that large scale and long-term work is required for large scale change
- we need to be vigilant in ensuring our Learner Success Framework is culturally affirming and aligned with Māori values and aspirations. There are opportunities to refine and increase flexibility of the framework.

Paora Ammunson noted that the Learner Success work is supported internally in TEC via a steering group and asked whether we should align this work to a Board Sub-Committee. The Board agreed that the Ōritetanga work programme, including reporting on the Learner Success Capability sector roll-out project, should be part of the System Responsiveness Board Sub-committee.

Action item: Updates on the Ōritetanga work programme, including reporting on the Learner Success Capability sector roll-out project, to form part of ongoing System Responsiveness Board Sub-committee agendas

5. Beyond Diversity – Board self-reflection discussion

Minute No. TEC210318/5

Due to time constraints, Commissioners agreed to defer this discussion until their 22 April 2021 Board meeting.

6. Adoption of Board meeting minutes

Minute No. TEC210318/6

Due to time constraints, the draft minutes of the 18 February 2021 Board meeting will be confirmed at the Board's 22 April 2021 meeting.

7. Action items update as at 9 March 2021

Minute No. TEC210318/7

Due to time constraints, the action items list as at 9 March 2021 was not discussed. An updated action items list will be provided to the Board for their meeting on 22 April 2021.

8. Declaration of interests

Minute No. TEC210318/8

Due to time constraints, Commissioners' declarations of interest as at 18 February 2021 were not discussed.

9. Board work programme as at 9 March 2021

Minute No. TEC210318/9

Due to time constraints, the Board work programme as at 9 March was not discussed. An updated Board work programme will be provided to the Board for their meeting on 22 April 2021.

Core business and project reporting

10. Chief Executive's report

Minute No. TEC210318/10

The Board noted the Chief Executive's Report, the OPM Scorecard, the Priority Project Update and Risk Register reports as at 18 March 2021.

Tim Fowler noted that staff were working hard on Data 2020 and 'getting under the hood' with regard to the workings of STEO. Some delays in configuring security controls had been identified which may have some knock-on effects to timelines, but at this stage there were no implications on the overall project budget.

11. Board Finance report as at 28 February 2021

Minute No. TEC210318/11

The Board noted the Board Finance report as at 28 February 2021.

Tim Fowler briefly noted that we are forecasting a much smaller deficit than previously indicated.

Sensitive, Board and Chief Executive Expenses

The Board noted the Sensitive, Board and Chief Executive Expenses as at 28 February 2021.

Resolved

- › The Board Chair **approved** the Board of Commissioners' and Chief Executive's expenses for February 2021.
- › The Chair of the Audit, Risk and Compliance Committee **approved** the Board Chair's expenses for February 2021.

12. s9(2)(b)(ii)

Minute No. TEC210318/12

The Board noted the s9(2)(b)(ii) paper dated 18 March 2021.

Resolved

The Board resolved to:

- › **approve** an amendment to s9(2)(b)(ii)
- › **agree** to delegate authority to the Chief Executive/Deputy Chief Executive to approve any future amendments to the repayment plan.

13. BCITO approval and overall TITO investment for 2021

Minute No. TEC210318/13

The Board noted the 'BCITO approval and overall TITO investment for 2021' paper dated 18 March 2021.

Gillian Dudgeon noted that BCITO had submitted strong growth forecasts in their recent request for additional in-year funding. Whilst the evidence from BCITO supported \$10 million worth of investment in apprentices, the Industry Training Fund (ITF) only had \$6.8 million remaining unallocated. A paper was going up to the Minister seeking approval for the transfer of funding from SAC to the ITF.

Gillian Dudgeon advised that once more funding was available the Board would likely receive further requests for additional funding to meet increased levels of demand.

Jenn Bestwick noted that it would be good to get an updated picture of current system-wide demand and what that means in terms of dollar values. Jenn Bestwick also noted that it would be useful to know the potential level of additional funding requests that the Board may be asked to approve.

Action item: Gillian Dudgeon to provide the Board with a snapshot of system-wide demand and potential levels of additional funding requests

Resolved

The Board resolved to:

- › **Approve** an additional \$6.8 million of funding for the Building and Construction Industry Training Organisation (BCITO), bringing their 2021 funding to \$45.4 million.
- › **Note** that if you approve the additional funding, the overall investment in Transitional Industry Training Organisations will be \$192.4 million for 2021.

Information and items for noting

14. PBRF update

Minute No. TEC210318/14

The Board noted the 'PBRF update paper' dated 18 March 2021.

15. Reform of Vocational Education (RoVE) – Programme Update – March 2021

Minute No. TEC210318/15

The Board noted the ‘Reform of Vocational Education (RoVE) – Programme Update for March 2021’.

Tim Fowler noted that we have a Minister with a number of very busy portfolios and getting papers in front of him could sometimes be challenging. Tim Fowler advised that he and Jenn Bestwick were looking to schedule a dinner with Iona Holstead (Secretary of Education) to help enlist MoE support for our timelines.

Commissioners Only Session

Due to time constraints, a Commissioners only session did not occur.

Commissioners and Chief Executive Session

Due to time constraints, a Commissioners and Chief Executive session did not occur.

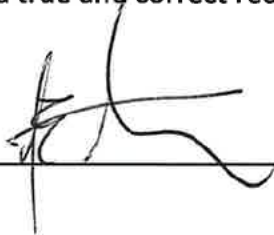
Close

Jenn Bestwick enquired whether Commissioners were available to attend the 22 April Board meeting in person, in Wellington, rather than the scheduled virtual meeting. With the exception of Wayne Ngata who lodged his apology for the 22 April meeting, the change of format from virtual to face to face was agreed.

Jenn Bestwick thanked everyone for their participation and closed the meeting at 3.40pm.

Signed as a true and correct record:

Chair: _____



Date: _____

20/5/21



Board meeting minutes

Thursday, 22 April 2021

Present

Jenn Bestwick (Chair)
Alastair MacCormick
John Russell

Nancy McConnell
Vivien Sutherland Bridgwater
Kirk Hope (via MS Teams)

Guests

Jeremy Morley (item 10)

Apologies

Wayne Ngata

In attendance

Tim Fowler, Chief Executive
Gillian Dudgeon, Deputy Chief Executive – Delivery
John Soulis, Deputy Chief Executive – Corporate and Finance
Paora Ammunson, Deputy Chief Executive – Learner Success – Ōritetanga
Ian Lee, Deputy Chief Executive – Strategy & Design
Mat Pawley, Deputy Chief Executive – Information
s9(2)(a) Executive Officer to the Board (minutes)

Administration

1. Welcome and apologies

In lieu of the Board Chair's delayed arrival, Nancy McConnell welcomed everyone and declared the meeting open. The meeting agenda was reordered with the administrative items and noting papers moved to the front of the agenda.

2. Adoption of Board meeting minutes

Minute No. TEC210422/2

Resolved

The Board of Commissioners (the Board) adopted the minutes of the 18 February 2021 and 18 March 2021 Board meetings as a true and accurate record of those meetings.

3. Action items update as at 15 April 2021

Minute No. TEC210422/3

The Board noted the 'Action items update as at 15 April 2021' paper.

Tim Fowler reported that all items on the action list were either underway or were items on today's agenda.

Vivien Sutherland Bridgwater advised that she would like to see some more regular reporting on the university sector and requested this be a standing agenda items for future Board meetings.

Action item 210218/10.1: Ian Lee and Gillian Dudgeon to provide the Board with more regular strategic and operational reporting on the university sector

4. Declaration of interests

Minute No. TEC210422/4

Commissioners' declarations of interest were noted. Nancy McConnell advised that she had some updates to make and she would send a revised list to the Executive Officer to the Board.

5. Board work programme as at 15 April 2021

Minute No. TEC210422/5

The Board noted the 'Board work programme as at 15 April 2021' paper.

The Executive Officer to the Board noted that due to Budget Day, the Minister was no longer available to meet with the Board on 20 May. The Minister's office were working on finding an alternative date and this would be communicated to the Board once the new timing was known.

Information and items for noting

6. Reform of Vocational Education (RoVE) – Programme Update – April 2021

Minute No. TEC210422/6

Jenn Bestwick joined the meeting.

The Board noted the 'Reform of Vocational Education (RoVE) – Programme Update' paper.

Tim Fowler provided a summary of the RoVE Programme update. Key points were:

- Over 200 nominations had been received for WDC Boards – with a 20% Māori and 45% women split. The evaluation panels were working their way through the nominations and timeframes were on track.
- The timetable for three Transitional ITOs (Competenz, Connexis and BCITO) to transition into Te Pūkenga had also recently been agreed between the three Transitional ITOs, TEC and Te Pūkenga. It would now be completed on a staggered basis.
- The Minister had been sent a report on the performance of Te Pūkenga following receipt of its first quarterly report for the December 2020 quarter.
- Generally on the RoVE front, the programme was under budget and on track but there was still a lot of process risk to manage. He noted that the RoVE Governance Board had requested greater visibility of the UFS work.
- Alastair MacCormick asked for an update on Te Pūkenga's relationship with TWoA and how they are going to manage the Transitional ITO's transition. The Chief Executive advised that a MoU between TWoA and Te Pūkenga was being drafted and should be in place by May. He also advised that Te Pūkenga were setting up a separate subsidiary to assist with the Transitional ITO transition.
- Jenn Bestwick advised she was interested in seeing the latest iteration of the RoVE Blueprint. She noted that she has a clear vision of what our piece in the operating model involves but queried whether all parties understood it. Gillian Dudgeon advised that Stephen Town is very clear about what he wants to do and that Ernst and Young (the contractors of the operating model design) were talking

to all parties. Gillian advised she took an action at the latest Design Authority meeting to set up an engagement meeting between Te Pūkenga and Ernst and Young to ensure everyone is on the same page.

Action item 210422/6.1: EO to the Board to distribute a copy of the Te Pūkenga quarterly monitoring report

7. Update on the impact of COVID-19 on TEC funding private training establishments

Minute No. TEC210422/7

The Board noted the 'Update on the impact of COVID-19 on TEC funding private training establishments' paper.

Gillian Dudgeon noted that the paper highlights that we don't fund PTEs with a large international exposure, but the team are continuing to monitor the PTE sector's financial position closely.

8. Financial update on the university sector

Minute No. TEC210422/8

The Board noted the 'Financial update on the university sector' paper.

Gillian Dudgeon reported that the university sector had performed better than they had initially forecast with all universities seeing an increase in domestic students in 2021. The team is working closely with universities on their forecasting as their future performance is currently heavily reliant on the number of international students allowed back in New Zealand. If the international student situation is further delayed, then some universities may take the opportunity to review their business models further. Gillian Dudgeon noted that the investment team were meeting with senior management of each university to get a clear understanding of their 2021 enrolment patterns and financial situation.

9. Investment overview update

Minute No. TEC210422/9

Gillian Dudgeon presented a SAC 3+ funding snapshot. She reported that with the university sector forecasting record growth in 2021, and other sectors signaling they are likely to need more funding to meet demand, how we allocate this year will be a big focus.

Strategy agenda/deep dives/guests

10. Data 2020/DXP Project – deep dive

Minute No. TEC210422/10

Jenn Bestwick welcomed Jeremy Morley to the meeting.

Tim Fowler introduced the session by noting that TEC's investment business fundamentally rests on its data collection systems. He noted that our legacy systems are old and we need new systems that are sustainable and offer us flexibility as well as longevity. The DXP project will deliver TEC a new Data Exchange Platform, giving us a robust, flexible, and fit-for-purpose data collection system.

Mat Pawley presented an overview of the Data Exchange Project (DXP). Key points were:

- The DXP project replaces our two key legacy sector data collection systems: Services for Tertiary Education Organisations (STEO) and Workspace2 (WS2). Combined these two systems underpin our core business and our end to end investment process.
- STEO is far more complicated than we anticipated.
- There is an eight-month delay in the project - three months for delivering the WS2 functionality and five months for delivering the STEO functionality. Project completion is now scheduled for June 2022.
- The estimated cost of the **s9(2)(b)(ii)** can be used to help offset these extra costs.
- We have commissioned an independent review of the project, led by Mark Dwight. The review will look into our revised plan, our planning approach, the quality of the work to date, and budget.

Jenn Bestwick enquired whether we were confident that we have got to the bottom of all of the complexities of the project. Mat Pawley advised that peer reviewing of code, the testing regime, and code security checks will form a large part of the work the independent review will look at to assure us from a quality perspective.

Jenn Bestwick also asked what was happening with the Industry Training Register (ITR) system. Mat Pawley advised that the ITR will still operate as it currently does, but ultimately the UFS will determine the future life cycle of ITR.

Jeremy Morley enquired how confident are we that TEOs will be able to use the new systems. Mat Pawley advised that no technology change is required by TEOs. The main difference is that they will go to a new website to submit their data, but the way they submit data will be unchanged. Jeremy Morley also asked about the ongoing operating costs of the system. Mat Pawley advised that future budgets would build in extra support costs.

The Board thanked Mat Pawley for the update. They requested that a project update be presented to the June Risk and Assurance Committee meeting, including a breakdown of ongoing operating costs, and that Mark Dwight be invited to discuss the results of the review with the Risk and Assurance Committee.

Action item 210422/10.1: DXP project update to be added to July RAC meeting agenda

Core business and project reporting

11. Chief Executive's report

Minute No. TEC210422/11

The Board noted the 'Chief Executive's Report' plus the attached 'OPM Scorecard', 'Priority Projects' and 'Risk Register' updates.

OPM Scorecard

Tim Fowler reported there was nothing significant to raise in this month's OPM scorecard. He noted the recent big increase in Customer Contact team enquiries and the new technology recently implemented was making a big difference in responding to this volume. Tim Fowler also noted that turnover rates were getting back to the long term average and the recent uptick in large annual leave balances would require ongoing effort to reduce. He noted the recruitment market remains very tight.

John Russell asked whether the number of late invoices paid was a concern. John Soulis advised that we have a high bar in terms of staff turnaround times for processing invoices. The recent increase in invoices paid outside the target timeframe were due to a small number of managers not approving their queues and Finance were working with them to ensure it did not become a trend.

Priority Projects

With regard to the Learner Success Sector Approach priority project, Jenn Bestwick enquired whether the allocated \$860,000 opex budget was enough to achieve the shifts we want to see. Paora Ammunson advised the budget was enough to get us through this calendar year.

With regard to MBIE starting to engage with universities on the feasibility of some Crown Research Institutes co-locating on university campuses, Alastair MacCormick suggested we front-foot this proposal with the Minister outlining our views/thinking. Tim Fowler agreed to have a conversation with MoE and provide a report back to the Board.

Action item 210422/11.1: Discuss Research, Science and Technology/CRI investment green paper with MoE and report back to the Board

Tim Fowler reported that he is meeting with acting Chief Executive at TWoA every month and NZQA was also engaging more with them. He noted that the appointment of an Advisor s9(2)(a) to provide advice and guidance was making a real difference. The Board requested we keep a watching brief on TWoA.

Risk Register

The Board noted the content of the risk register.

12. Board Finance report as at March 2021

Minute No. TEC210422/12

The Board noted the 'Board Finance report as at March 2021'.

John Soulis overviewed the key points from the March report:

- We've had a strong month with core costs under budget by \$3.4m. Committed programmes are also slightly under budget meaning our overall deficit won't be worse than \$1.6m.
- The capex budget has been revised slightly. We still forecast to spend approximately \$5.2m by the year end, which is marginally lower than our planned \$5.5m due to lower expenditure on Data 2020/DXP.

- Grants funding allocations for 2021 are significantly less than baseline at this stage. However demand is up and work is ongoing on how we will allocate.
- We do not expect to spend any of the WDCs \$42.0m appropriation in 2020/21. MoE and Treasury are seeking to transfer this funding to the Industry Training Fund in the 2022 calendar year to manage increased demand for apprenticeships.

Sensitive, Board and Chief Executive Expenses

The Board noted the Sensitive, Board and Chief Executive Expenses as at March 2021.

Resolved

*The Board Chair **approved** the Board of Commissioners' and Chief Executive's expenses for March 2021.*

*The Chair of the Audit, Risk and Compliance Committee **approved** the Board Chair's expenses for March 2021.*

13. Proposed use of the Balance Sheet funding mechanism

Minute No. TEC210422/13

The Board noted the 'Proposed use of the Balance Sheet funding mechanism' paper. Jenn Bestwick highlighted a typo at para 11, noting the Minister's announcement was in 2020, not 2021.

Resolved

The Board resolved to:

- › **approve** the Balance Sheet Funding Mechanism to be used for the following purposes:
 - to meet commitments totalling \$46 million for the final implications of guaranteed 2020 funding; and
 - to fund up to \$12m of additional demand in apprenticeships for the Industry Training Fund, before June 2022.

14. Approval of the 2020 debt write-offs related to COVID-19 recovery exemption

Minute No. TEC210422/14

The Board noted the 'Approval of the 2020 debt write-offs related to COVID-19 recovery exemption' paper.

Tim Fowler reported that we had previously indicated that the forecast write-off was estimated to be \$151 million. Following the receipt of actual student data we had re-calculated the debt write-off to be \$176m for 2020.

Resolved

The Board resolved to:

- › **approve** \$176,330,887 of 2020 debt write-offs related to the COVID-19 recovery exemption as detailed in the Appendix;
- › **note** that these figures were calculated on 15 April 2021 and may change if we receive any new or amended TEO data returns;
- › **approve delegating** to the Chief Executive and Deputy Chief Executive Delivery the authority to approve any changes to the 2020 debt write-offs detailed in the Appendix due to recalculations or new/amended data returns from TEOs; and
- › **note** we will report to the Board any material amendments to this write-off

15. Future of the National Centre for Tertiary Teaching Excellence/Ako Aotearoa

Minute No. TEC210422/15

The Board noted the 'Future of the National Centre for Tertiary Teaching Excellence/Ako Aotearoa' paper.

s9(2)(b)(ii)

s9(2)(b)(ii)

The scoping and design work would take time and Ako would be offered a two-year funding agreement, with Massey being retained as host.

s9(2)(b)(ii)

Resolved

s9(2)(b)(ii)

16. Investment round approach for 2022

Minute No. TEC210422/16

The Board noted the 'Investment round approach for 2022' paper.

Gillian Dudgeon outlined the proposed approach for the 2022 investment round. She reported that the Board will be asked to approve indicative allocations at their May meeting. TEOs who already have an approved Plan, and funding is simply being confirmed at the indicative allocation level, will be able to have their funding processed earlier. The Board will still see the plans of the big TEOs but the streamlined process will mean the Board won't need to see the small PTEs, providers who have no change to funding levels, or providers who are deemed low risk.

Resolved

*The Board resolved to **endorse** the proposed approach to the upcoming funding round for 2022.*

17. BCITO approval for revised additional in-year funding for 2021

Minute No. TEC210422/17

The Board noted the 'BCITO approval for revised additional in-year funding for 2021' paper.

Gillian Dudgeon advised that given there is now an additional \$25m in the Industry Training Fund, we recommend supporting BCITO's request for additional funding.

Resolved

*The Board resolved to **approve** an additional \$9.2 million of funding for the Building and Construction Industry Training Organisation (BCITO), bringing their 2021 funding to \$54.6 million.*

18. Te Pūkenga approval for additional in-year funding for 2021

Minute No. TEC210422/18

The Board noted the 'Te Pūkenga approval for additional in-year funding for 2021' paper.

Gillian Dudgeon reported that we have received, and we support, a request from Te Pūkenga for release of the previously approved ring-fenced funding due to the significant increases in enrolments seen in early 2021.

Resolved

*The Board resolved to **approve** the release of the remaining \$33 million of ring-fenced funding for Te Pūkenga, bringing their total funding for 2021 to \$542.9 million.*

19. Hardship Fund for Learners – delegation of funding authority

Minute No. TEC210422/19

The Board noted the 'Hardship Fund for Learners – delegation of funding authority' paper.

Gillian Dudgeon reported that the Minister is seeking Cabinet's approval for an initial \$4 million to be transferred to the Hardship Fund for Learners. Additional funding may also be allocated through the upcoming Budget process. If Cabinet approves this funding, the Minister will issue a new letter of delegation instructing the TEC to distribute this funding to TEOs.

Resolved

The Board resolved to:

- › **delegate** funding decisions for the Hardship Fund for Learners to TEC's Chief Executive and Deputy Chief Executive, Delivery until 30 June 2022; and
- › **note** that we will add this delegation to the Register of Ad-Hoc Board Delegations.

20. Ongoing PwC services to support the establishment of the Workforce Development Councils

Minute No. TEC210422/20

The Board noted the 'Ongoing PwC services to support the establishment of the Workforce Development Councils' paper.

Tim Fowler reported that we are seeking an ongoing commitment from PwC to support the legal establishment and Council appointments process of the Workforce Development Councils. This required a variation to the existing Consultancy Services Order which was over his delegation level. The Chief Executive noted a change in the paper, advising the work will be done by June, not July.

Resolved

The Board resolved to:

- › **approve** for the Workforce Development Council (WDC) project, a variation to the existing Consultancy Services Order (CSO) with PwC to support the legal establishment and council appointments, at a cost of \$0.35 million, taking the total maximum contract value to s9(2)(i) million excl. GST (Table 1) for the period through to 30 June 2021;
- › **approve** for the WDC Establishment Unit, a variation to the existing CSO with PwC, increasing the maximum contract value by \$1.2m, taking it to a total maximum contract value of \$1.50 million excl. GST for the period 18 January 2021 to 30 June 2021;
- › **approve** for the WDC Establishment Unit, an additional contingency amount of \$0.35 million to be released under Chief Executive delegation, if required, to meet unforeseen requirements;
- › **note** that there is sufficient budget within the WDC project to pay for these recommendations;
- › **delegate** signing the finalised CSO variations to the TEC Chief Executive.

21. Evaluation process for Board approval of transition plans for Transitional ITOs

Minute No. TEC210422/21

The Board noted the 'Evaluation process for Board approval of transition plans for Transitional ITOs' paper.

Gillian Dudgeon reported that transition plans from four Transitional ITOs (Connexis, Competenz, BCITO and NZMAC) will come to the Board for approval in June. Gillian Dudgeon advised that draft plans are coming in now and a TEC evaluation panel is assessing them. It is intended that the transition plans will also go through the RoVE Programme Board for their endorsement before coming to the Board.

Gillian Dudgeon also advised that Te Pukenga and TWoA will be invited to the June Board meeting to discuss how they will support the transfer of arranging training functions into their organisations.

Resolved

*The Board resolved to **agree** to the proposed approach for supporting the Board's approval of Transitional Industry Training Organisation transition plans at the June meeting.*

Accountability documents

22. Draft Statement of Performance Expectations

Minute No. TEC210422/22

The Board noted the 'Draft Statement of Performance Expectations' paper.

John Soulis reported that the draft Statement of Performance Expectations (SPE) had been updated to include TEC's new purpose and vision. It also incorporates changes that the Board requested at its February meeting regarding the Centre of Research Excellence Appropriation measure and the Tertiary Sector/Industry Collaboration Projects' Appropriation measure. John Soulis also reported that the draft SPE had been discussed and endorsed by the Risk and Assurance Committee.

Resolved

*The Board resolved to **delegate** final sign off of the Statement of Performance Expectations 2021/22 to the Board Chair and Chief Executive.*

Committee updates

23. Update from Ohu Tangata / People and Culture Committee meeting

Minute No. TEC210422/23

Jenn Bestwick reported that the Ohu Tangata Committee had met on 26 March 2021. The Committee completed a half yearly check-in on the Chief Executive's KPIs and also considered a paper on TEC's proposed bargaining and remuneration strategy for 2021/22. The Chief Executive advised that we were still waiting on advice from the Public Service Commission (PSC) on remuneration movement but it was expected that pay restraints will be high. In lieu of receiving PSC guidance, the paper seeking Board approval for the 2021/22 remuneration round was withdrawn. Once we were in receipt of PSC advice, a new paper would come back for the Board's consideration.

Action item 210422/23.1: Present a new remuneration strategy for 2021/22 paper to the Board once advice from the PSC has been received

24. Update from Whatitata me te Whakau / Risk and Assurance Committee meeting

Minute No. TEC210422/24

Alastair MacCormick reported that the Whatitata me te Whakau Committee had met on 7 April 2021. The Committee had a full agenda and endorsed a number of papers for Board approval. These papers were:

- › Strategic Financial Plan
- › Declarations of Conflict of Interest
- › Updated Internal Audit Charter
- › Internal Audit Quality Assurance and Improvement Programme
- › Internal Audit Report into TEC's Financial Systems

Resolved

*The Board resolved to **approve** the papers endorsed by the Risk and Assurance Committee.*

Before the Board held its closed session with the Chief Executive, Alastair MacCormick raised his frustration with the Resource Centre in Diligent and specifically trying to locate documents buried within it.

Action item 210422/24.1: Executive Officer to the Board and the Executive Officer to the Chief Executive to investigate alternative Governance Board management software options and report back

Commissioners and Chief Executive Session

Commissioners held a Board self-evaluation session with the Chief Executive which was not minuted.

Signed as a true and correct record:

Chair:  _____ Date: 20/5/21 _____



DRAFT Board meeting minutes

Thursday, 20 May 2021

Present

Jenn Bestwick (Chair)
Alastair MacCormick
John Russell
Kirk Hope

Nancy McConnell
Vivien Sutherland Bridgwater
Wayne Ngata (via MS Teams)

In attendance

Tim Fowler, Chief Executive
Gillian Dudgeon, Deputy Chief Executive – Delivery
John Soulis, Deputy Chief Executive – Corporate and Finance
Paora Ammunson, Deputy Chief Executive – Learner Success – Ōritetanga
Ian Lee, Deputy Chief Executive – Strategy & Design
Mat Pawley, Deputy Chief Executive – Information
s9(2)(a), Executive Officer to the Board (minutes)

Commissioners Only Session

Commissioners held a closed session which was not minuted.

Commissioners and Chief Executive Session – Beyond Diversity self-reflection

Paora Ammunson and Morgan Healey (Manager, Oritetanga Learner Success) joined the meeting for a follow-up discussion on Commissioners Beyond Diversity training in November 2020.

To support the conversation, Commissioners were asked the following:

- Reflection 1: Since the training think about a time when you engaged in a discussion about race. What are some of the reflections or learnings you took from that experience?
- Reflection 2: In 2-3 years time, what does success look like for the TEC in terms of being learner centric, equity-minded and culturally affirming?
- Reflection 3: In your role as the Board, what collective actions do you commit yourself to as part of moving the TEC and tertiary system forward?

Reflection 1

Commissioners noted that conversations about race were happening much more regularly – especially in regard to the Treaty and tangata whenua but acknowledged that we are not sitting in a place of equality yet. We are playing a long game.

Reflection 2

Commissioners noted that it was important that Maori and Pacific see themselves in the system.

Jenn Bestwick noted that success for her is when TEC feels like home no matter who you are or what your place is. TEC is a multi cultural/multi-racial organisation, and we are a safe place for people to come and work. She asked what are we doing that makes a difference for Maori and Pacific students, what are the outcomes, and where is the evidence.

Action item 210520/1: Develop a dashboard on Māori and Pacific learners which is tied to the TES and focused on outcomes

Action item 210520/2: Draft a paper for the August Board meeting on the output of the Chief Executive's KPI on developing an operational plan to ensure TEC is learner-centric, equity minded and culturally affirming

Commissioners noted the importance of ensuring we were truly fronting issues that matter for young people and suggested that a learner advisory body and the use of surveys could be a means of gaining these insights.

Commissioners discussed the development of an accountability framework so that they could see that TEC was delivering on learners' needs. Kirk Hope noted that our accountability was not just to learners but that we also needed to take into account employers as well.

Action item 210520/3: Develop an accountability framework so the Board can make sure it is delivering on learners' and employers' needs

Reflection 3

Jenn Bestwick noted that the limitations of the legislation meant we couldn't have a co-chair of the TEC Board, but we could have a kaihautū. She envisages this as shared-leadership model and not just window dressing.

Commissioners then discussed the creation of a Charter outlining how the Board act and how they want to model behavior in relation to being learner centric, equity minded and culturally affirming.

Action item 210520/4: Draft a paper, including overarching principles, on how a shared co-chair leadership model would work

Administration

1. Welcome and apologies

The Chair (Jenn Bestwick) welcomed everyone and declared the meeting open.

2. Adoption of Board meeting minutes

Minute No. TEC210520/2

Resolved

The Board of Commissioners (the Board) adopted the minutes of the 22 April 2021 Board meeting as a true and accurate record of that meeting.

3. Action items update as at 13 May 2021

Minute No. TEC210520/3

The Board noted the 'Action items update as at 13 May 2021' paper.

4. Declaration of interests

Minute No. TEC210520/4

Commissioners' declarations of interest were noted, consequential actions are recorded under the items to which they relate.

5. Board work programme as at 13 May 2021

Minute No. TEC210520/5

The Board noted the 'Board work programme as at 13 May 2021' paper.

Strategy agenda/deep dives/guests

6. Tiro Whetu update

Minute No. TEC210520/6

Ian Lee introduced Paul Touhey (Programme Manager) and Lauren Skogstad (Experience Director, Springload) who gave a short overview of programme progress and walked the Board through the experience vision. Main points to note were:

- We are building an integrated, free, online career planning solution that provides targeted, quality, personalised career guidance for all.
- The target audience is all New Zealanders aged 7 – 70+
- We are focussing on priority, primary and secondary groups. These groups include:
 - Priority: Maori, Pacific, women, and disabled people;
 - Primary: 10-19 year olds; those not in employment, education or training (NEETs);

- Secondary: support people (ie career advisors, teachers, whanau).
- We are starting our New Zealand occupation dataset build by using the US classification O*Net database. From that, we will remove US-only based occupations, add in localised names and te reo translation. This work is a large and complex part of the project.
- First release of the full solution is scheduled for September 2022 though there are options for smaller scoped limited releases in October 2021 and February 2022.
- The experience vision sketches have been tested with learners, teachers, parents and NEETs. We are also engaging with other stakeholders, e.g. MoE, Statistics, Corrections and MSD.
- We are focussing the website build from the perspective of the learner, ensuring the tool is easily navigated and usable, and meets our Te Tiriti obligations.
- There is capex set aside in the budget to ensure the database information is maintained and kept up to date.
- Thinking is being done on what future jobs might look like.
- A teacher focus reference group will be established.

Action item 210520/6.1: Jenn Bestwick to send Ian Lee contact details for the Data Leaders Iwi Group

Core business and project reporting

7. Chief Executive's report

Minute No. TEC210520/9

The Board noted the 'Chief Executive Report' plus the attached 'OPM Scorecard', 'Priority Projects' and 'Risk Register' reports.

Tim Fowler summarised the key points from this month's report:

- The Government's workforce policy statement and pay guidance announcement had been disappointing news for staff. He advised that we had budgeted around \$650k for salary increases this year and some thinking was being done on what other things we can do for staff in the current restrained remuneration environment.
- The VET marketing campaign had been an outstanding success. An evaluation report was expected in the coming weeks.

- The national launch for Inspiring the Future was taking place at a Lower Hutt school next week.
- The deed of debt subordination relating to Taratahi had been finalised. The Board noted that the deed documentation was to be signed by TEC's Board Chair and the Chair of the Risk and Assurance Committee.
- TEC had received a draft copy of the University of Otago's Trainee Intern Elective Inquiry report. TEC had initially recovered \$93,000 of Otago's 2019 Medical Trainee Intern Grant funding but the university had subsequently paid back \$156,000 for the 2016 – 2019 period in acknowledgement that non-attendance by students had likely occurred in previous years. Jenn Bestwick asked whether this behavior existed elsewhere in the system. Tim Fowler advised that we had also looked at Auckland University but we had not identified any such issues.
- Tim Fowler and Jenn Bestwick had attended a meeting of the Lincoln University Governance Oversight Group. Domestic enrolments at Lincoln were up and its financial performance was looking stronger than expected. In terms of a future partnering, Jenn Bestwick noted that Canterbury were having a much closer relationship with Lincoln s9(2)(g)(i) [REDACTED]. Tim Fowler advised that the Minister had flagged with officials that he was open to system-level change in the university sector, but that he wanted the universities to lead this.
- There is the possibility that TEC may be called as a witness in the trial relating to shareholders legal action against Intueri Education Group Limited.

OPM Scorecard

- John Soulis reported there had been minimal change in this month's OPM Scorecard. He noted a small upward trend in annual leave balances and turnover rates. Contractor numbers in April had also increased slightly, the majority of which were RoVE project related.

Priority Projects

- Tim Fowler reported some good progress was being made across the RoVE Programme. He noted that Grant Klinkum (Chief Executive, NZQA) had provided the RoVE Programme Board with an update on simplifying New Zealand qualifications and other credentials.
- With regard to RSLG co-chairs, Kirk Hope noted a lack of business/industry representation on these groups. Jenn Bestwick advised it would be useful if the Board could have a cross-reference look at the skill set of both WDCs and RSLGs. She also asked if the Priority Projects reports could show a trend movement arrow similar to what is shown in the Risk Register report.

- Ian Lee noted that there was enough budget to run the Direct Careers Guidance Service until June (extended from March) but not beyond. Options included stopping the service, funding it ourselves, or discussing with MSD if they would be able to fund it going forward.

Action item 210520/7.1: EO to the Board to circulate the consultation document on simplifying New Zealand qualifications and other credentials and extend an invitation to Grant Klinkum to present at a future TEC Board meeting

Action item 210520/7.2: Gillian Dudgeon to talk to MBIE about a perceived lack of business/industry representation with regard to RSLG co-chairs

Action item 210520/7.3: Gillian Dudgeon to provide the Board with a snapshot of the skill set across both WDC and RSLG membership

Action item 210520/7.4: Update the Priority Projects reports to include a RAG status arrow

8. Board Finance report as at April 2021

Minute No. TEC210520/10

The Board noted the 'Board Finance report as at April 2021'.

John Soulis provided an overview of the key points from the April 2021 Finance Report:

- We have reviewed the capitalisation treatment of our priority projects, including Tiro Whetu and DXP. We are now forecasting a year end deficit of between **s9(2)(b)(ii)**
- We are drawing **s9(2)(i)** from the Balance Sheet to fund the SAC overspend which the Board approved in April.
- The interim audit starts next week, with auditors back in again in August.

Sensitive, Board and Chief Executive Expenses

The Board noted the Sensitive, Board and Chief Executive Expenses as at April 2021.

Resolved

The Board Chair approved the Board of Commissioners' and Chief Executive's expenses for April 2021.

The Chair of the Risk and Assurance Committee approved the Board Chair's expenses for April 2021.

9. Ako Aotearoa contracts – approval of funding and delegation of authority

Minute No. TEC210520/9

The Board noted the 'Ako Aotearoa contracts – approval of funding and delegation of authority' paper.

Gillian Dudgeon reported that the paper seeks to roll over Massey University's contract to host the National Centre for Tertiary Teaching Excellence (Ako Aotearoa) for another two years. During that period, and in line with the recommendations from Roger Smyth's report, we will review Ako Aotearoa's governance, accountability and performance functions so that in future they have greater alignment with the Tertiary Education Strategy and the reforms of vocational education. Tim Fowler advised that the Minister is also supportive of the approach we are taking with Ako Aotearoa.

Alastair MacCormick enquired where things are at with veterinary and Massey. Gillian advised that we have sent a letter to Massey acknowledging the extra information they have provided. She advised MoE are supportive but she will raise it again with them to keep it on their radar.

Resolved

The Board resolved to:

- **Approve** off-plan funding of s9(2)(j) for Massey University to host the National Centre for Tertiary Teaching Excellence, known as Ako Aotearoa, through a s9(2)(i);
- **Approve** off-plan funding of s9(2)(j) for Ako Aotearoa for the annual Tertiary Teaching Excellence Awards to be held during the s9(2)(i);
- **Approve** funding of s9(2)(j) for Adult Literacy and Numeracy and Cultural Capability building services to be delivered by Ako Aotearoa through a s9(2)(i)
- **Delegate** the approval and signing of the contracts to the Chief Executive.

10. Cyber Security presentation

Minute No. TEC210520/10

Mat Pawley and Reinier Weers (Manager, Infrastructure and Operations) provided a short presentation on the progress made with regard to a recent review of TEC's cyber security maturity. Key points of the presentation were:

- We have implemented a four tier cyber security assurance model - people, organisational, technical, and security by design.
- We have selected Aura as our cyber security partner, we have improved our security by design approach for new initiatives, we have matured our reporting of cyber security incidents, we are utilising our major incident management processes, and we are following an improved certification and accreditation process.
- Aura has undertaken a security review, phishing campaign, password audit, and internal network review. The findings of that work show that TEC is relatively well positioned in defining its information security practices.
- TEC is susceptible to phishing attacks and staff security awareness with regard to phishing attacks needs to be improved.
- Our password policy is inadequate and needs to be strengthened. Work is underway to review this policy.
- Cyber security is ever evolving and we need to continue to invest in future years to stay ahead of the risk.
- Aura will undertake another maturity and risk assessment in late 2021/early 2022.

Jenn Bestwick asked who accepts the level of cyber security risk as being appropriate for TEC as an organisation?

Action item 210520/10.1: Mat Pawley to draft a paper for RAC's consideration seeking approval of our cyber security risk appetite

11. Approval of additional funding for universities

Minute No. TEC210520/11

The Board noted the 'Approval of additional funding for universities' paper.

Gillian Dudgeon reported that all eight universities had submitted requests for additional in-year funding and these requests had been assessed. She advised that for all universities, except s9(2)(b)(ii), we have recommended a structure of funding that will meet

their needs. If universities find they need more funding we are open to having further conversations with them. She noted that we are comfortable with baselining most of the recommended funding.

Gillian Dudgeon reported that s9(2)(b)(ii) continue to over-enroll and we do not wish to fund them at the level they have requested. She advised that the funding recommended is sufficient to fund the priority areas put forward by s9(2)(b)(ii) which we want to support. However, we are recommending that the Board approve additional funding for s9(2)(b)(ii) for one year only, based on our concerns with their retention and learner success progress. Gillian Dudgeon noted that a s9(2)(b)(ii) would hold s9(2)(b)(ii) accountable to making the changes we want to see.

Resolved

The Board resolved to:

- **Approve** for 2021, recommended additional in-year funding of \$45.6 million across eight universities as detailed in the Appendix, that brings their total funding for 2021 to \$1,394 million;
- **Approve** baselining \$40.7 million of recommended additional in-year funding for 2022.

12. Indicative allocations for 2022

Minute No. TEC210520/12

The Board noted the 'Indicative allocations for 2022' paper.

Gillian Dudgeon advised that following on from the previous paper on growth in the TEO sector, this paper recommends that indicative funding allocations for 2022 are based on TEOs 2021 baseline funding allocation. If TEOs do not request any changes to their 2022 indicative funding allocation, this funding will be confirmed and the Board will not be asked to approve anything further for these TEOs. If a TEO does request additional funding for 2022 these approvals will come back for the Board's consideration later in 2021.

Gillian Dudgeon advised that with regard to Te Pukenga, they would receive a further \$5m of equity funding on top of the indicative allocation figures.

Resolved

The Board resolved to:

- **Approve** a total of **\$2,633,445,869** in funding through 2022 indicative allocations whereby the indicative allocations will be treated as final approvals, unless subsequent changes are required.
- **Approve delegating** to the Chief Executive, and Deputy Chief Executive Delivery, the authority to approve any changes to the 2022 indicative allocations due to:
 - recalculations or new/amended data returns from TEOs;
 - equity calculations as a result of Budget 2021; and
 - inclusion of any baseline funding increases for Universities approved at the May Board meeting

Accountability documents

13. Draft Letter of Expectations

The Board noted the 'Draft Letter of Expectations' paper.

John Soulis reported that the draft letter was still at the Minister's office awaiting his final review and sign-off.

Jenn Bestwick noted that the draft letter contained no surprises and there was nothing within it that we were uncomfortable with.

Information and items for noting

14. Reform of Vocational Education (RoVE) – Programme Update – April 2021

Minute No. TEC210520/14

The Board noted the 'Reform of Vocational Education (RoVE) – Programme Update for April 2021' paper.

Tim Fowler provided a summary of the RoVE Programme update. Key points were:

- Overall the RoVE programme was progressing well, although timelines remained tight for a number of workstreams.
- The six Orders in Council to establish the new Workforce Development Councils were published in the New Zealand Gazette on 13 May 2021.

- An aide memoire was being drafted for the Minister providing an assessment of Te Pūkenga’s performance following receipt of its second quarterly report.
- While Te Pūkenga is clearly busy, it has not yet developed an integrated and sufficiently detailed transformation roadmap. We have had a discussion with Te Pūkenga’s management about this and the need for this to be addressed.
- With the recent departure of the Te Pūkenga’s DCE Transformation and Transition, we have concerns about the organisation’s capacity to lead its complex transformation work. We are leaning in as much as possible to provide support with this.

Action item 210218/14.1: Share with the Board separate critical path maps that will start going to RoVE Programme Board

15. UFS update

Minute No. TEC210520/15

The Board noted the ‘UFS update’ paper.

s9(2)(a) (Project Lead, Operational Policy and Implementation Design) joined the meeting and gave the Board an update on progress with the UFS project. Main points to note were:

- The UFS is focussed on three core areas of policy design: a new funding category component; a new learner-based funding component, and a new funding approach for strategically important priorities.
- The Minister had agreed to the project continuing to engage with the sector on the funding category component and the strategic component but he had raised concerns with the proposed policy design of the Learner Success component. A comprehensive briefing outlining the Learner Success modelling, its rationale, pros and cons, and alternatives had been submitted to the Minister and we are awaiting his decision.
- This delay has required us to adjust our timelines and it is now proposed that detailed policy design for the UFS will be agreed by Cabinet in November 2021.
- There is risk that if the Minister does not agree to the proposed policy approach that a significant amount of replanning work would be required.
- The Operational Policy and Implementation Design workstreams are progressing in line with current plans.

16. Transitional ITOs update

Minute No. TEC210520/16

The Board noted the 'Transitional ITOs update' paper.

Gillian Dudgeon advised that the paper outlined the proposed approach for when the first set of Transitional ITO transition plans come to the Board for approval next month.

Resolved

The Board resolved to:

Agree to the proposed approach for supporting the Board's approval of Transitional Industry Training Organisation transition plans at the June meeting.

Committee updates

17. Draft minutes from the Whatitata me te Whakau / Risk and Assurance Committee meeting, 7 April 2021

The Board noted the draft minutes from the Whatitata me te Whakau / Risk and Assurance Committee meeting on 7 April 2021.

John Soulis reported on a proposal for additional internal auditor resource. He had met with his counterpart at NZQA and more resource had been budgeted for.

18. Draft minutes from the Matai Punaha / System Responsiveness Committee meeting, 26 April 2021

The Board noted the draft minutes from the Matai Punaha / System Responsiveness Committee meeting on 26 April 2021.

Kirk Hope reported that the Committee's initial meeting had agreed to focus its work on the three key areas of Te Tiriti, Careers and Investment. A scoping paper was being drafted and a further update would be provided to the Board next month.

Close

The Chair thanked everyone for their participation and closed the meeting at 4.10pm

Signed as a true and correct record:

A handwritten signature in black ink, appearing to be 'FH' with a long horizontal stroke extending to the right.

Chair: _____ Date: 17 June 2021



DRAFT Board meeting minutes

Thursday, 17 June 2021

Present

Jenn Bestwick (Chair)
Alastair MacCormick
John Russell
Kirk Hope (via MS Teams)

Nancy McConnell
Vivien Sutherland Bridgwater
Wayne Ngata

Guests

s9(2)(a), Chief Executive, Competenz
Kaarin Gaukrodger, Chief Executive, Connexis
Vanessa Eparaima, Chair, Te Wānanga o Aotearoa
Nepia Winiata, Te Kōmaru, Acting Chief Executive, Te Wānanga o Aotearoa
Lindsay Baxter, Tumutaumatua, Executive Director Quality & Corporate Services, Te Wānanga o Aotearoa
Murray Strong, Chair, Te Pūkenga
Stephen Town, Chief Executive, Te Pūkenga

In attendance

Tim Fowler, Chief Executive
Gillian Dudgeon, Deputy Chief Executive – Delivery
John Soulis, Deputy Chief Executive – Corporate and Finance
Paora Ammunson, Deputy Chief Executive – Learner Success – Ōritetanga
Ian Lee, Deputy Chief Executive – Strategy & Design
Mat Pawley, Deputy Chief Executive – Information
David Strong, Programme Director, RoVE (part-meeting)
s9(2)(a), Head of Establishment Unit, RoVE (part-meeting)
s9(2)(a), Senior Business Analyst, RoVE (part-meeting)
s9(2)(a), Acting Team Manager, Planning & Reporting (part-meeting)
Jennifer Pearce, Executive Officer to the Chief Executive (minutes)

Commissioners and Chief Executive Session

Commissioners held a closed session with the Chief Executive which was not minuted.

Administration

1. Welcome and apologies

The Chair welcomed everyone and invited Wayne Ngata to open the meeting with a karakia. The Chair declared the meeting open.

2. Adoption of Board meeting minutes

Minute No. TEC210617/1

Resolved

*The Board of Commissioners (the Board) **adopted** the minutes of the 20 May 2021 Board meeting as a true and accurate record of that meeting.*

3. Action items update as at 1 June 2021

Minute No. TEC210617/2

The Chief Executive advised that most action items are underway, with the exception of action item 11 – “*develop an accountability framework so the Board can make sure it is delivering on learners’ and employers’ needs*”. The Chief Executive advised work is currently underway preparing how this will be done. Action item 3 would come back to the Board once individual meetings with universities regarding their financial position are completed.

The Board noted the action items update.

4. Declaration of interests

Minute No. TEC210617/3

Commissioners’ declarations of interest were noted, consequential actions are recorded under the items to which they relate.

Noting there are papers on the agenda referencing NZQA, the Chair declared her interest as a Board member of NZQA.

5. Board work programme as at 13 May 2021

Minute No. TEC210617/4

The Board noted the Board work programme and made suggestions about items to be added.

Commissioner MacCormack provided the Board with an update on a presentation that Grant Klinkum, the Chief Executive of NZQA, had provided to the RoVE Programme Board meeting on 16 June on NZQA's consultation into simplifying New Zealand qualifications and other credentials. He advised some Programme Board members had expressed concern around the possible response to the consultation feedback which could dilute the RoVE reform design. The Chair advised she would raise the TEC Board's concerns with the NZQA Board at its upcoming meeting.

Strategy agenda/deep dives/guests

6. Workforce Development Councils: Transitional ITO and NZQA Transition Plan

Minute No. TEC210617/5

The Chair congratulated David Strong on his recent appointment as Chief Executive of the New Zealand Film Commission.

The Deputy Chief Executive Delivery tabled and took the Board through a paper *Overview paper – Approval of Transition Plans*, which provided the Board with an overview of the suite of papers submitted to the Board. The Board received the paper and the Chair confirmed the Board's comfort with the paper.

The Board asked that it be provided with list of appointments to the Workforce Development (WDC) Councils.

Action item 210617/1: List of appointments to WDC Councils to be provided to the Board

Noting the risks and issues raised regarding transitions, the Deputy Chief Executive Delivery advised the greatest risk was that staff do not transfer to the new entities. Discussion took place regarding flight risk of staff and around matching of roles between organisations. Julian Moore outlined discussions taking place with the interim Establishment Boards around this.

Julian Moore left the meeting.

7. Discussion on Transitional ITO transition plans: Connexis and Competenz

Minute No. TEC210617/6

The Chair welcomed s9(2)(a), Chief Executive of Competenz and Kaarin Gaukrodger, Chief Executive of Connexis, to the meeting. They took the meeting through presentations outlining the consultation that had taken place around the preparation of their organisations' transition plans and answered questions from the Board.

s9(2)(a) and Kaarin Gaukrodger left the meeting.

8. Workforce Development Councils and approach to funding their establishment phase

Minute No. TEC210617/7

The Board noted and confirmed its comfort with the approach outlined in the paper to fund Workforce Development Councils to support their ongoing establishment activities.

9. Discussion with Te Wānanga o Aotearoa

Minute No. TEC210617/8

Wayne Ngata welcomed Vanessa Eparaima, Chair; Nepia Winiata, Te Kōmaru, Acting Chief Executive; and Lindsay Baxter, Tumutaumatua, Executive Director Quality & Corporate Services, from Te Wānanga o Aotearoa (TWOA) to the meeting. They took the meeting through a presentation outlining TWOA's vocational training strategy and how this sits alongside TWOA's memorandum of understanding with Te Pūkenga, following which they answered questions from the Board.

Murray Strong, Chair, and Stephen Town, Chief Executive of Te Pūkenga, joined the meeting and a discussion took place regarding the nature of the relationship between Te Pūkenga and TWOA and how the organisations are building a relationship and working together.

The Chair thanked the TWOA representatives for the korero with the Board, noting that TEC sees TWOA as a major, unique and very special part of the tertiary education system and is extremely keen to maintain, build and support the relationship between TEC and TWOA.

Vanessa Eparaima, Nepia Winiata and Lindsay Baxter left the meeting.

10. Discussion with Te Pūkenga

Minute No. TEC210617/9

Murray Strong and Stephen Town presented to the Board regarding planning for the transition of TITOs to Te Pūkenga, including preparation of the day one “lift and shift” of TITOs to Te Pūkenga, and Te Pūkenga’s relationship with TWoA.

In response to a query from the Board, Stephen Town outlined the relationship between Work Based Learning Limited (WBL) - the entity through which Te Pūkenga would acquire those TITOs wishing to transfer their training activities to Te Pūkenga - and Te Pūkenga.

Discussion also took place on Te Pūkenga’s operating model, and on the need for Te Pūkenga to build relationships with Private Training Establishments and others to ensure programme development becomes a collaborative activity amongst all providers. Stephen Town noted that one of the core platforms for the reform of vocational education was to end up with a simplified programme and qualifications network for New Zealand that makes it easy for learners to be at the centre. Discussion took place around areas that will feed into this, including rationalisation and standardisation across regulations and programmes being offered; pastoral care; and recognition of prior learning; and how TEC can assist in bringing this about.

Murray Strong and Stephen Town outlined some of the challenges and issues being faced by Te Pūkenga, but noted the level of excitement and anticipation around the reform programme, and outlined the good work and collaborative discussions occurring around the country which have not been seen before.

Murray Strong reiterated that this work is something Te Pūkenga can’t do alone, and that the ongoing support received from TEC is significant and should not be underestimated. He thanked the TEC Chief Executive and his team for that support, which is appreciated.

11. Approval of Connexis and Competenz Transition Plans

Minute No. TEC210617/10

The Board dealt with the papers *Approval of Connexis Transition Plan* and *Approval of Competenz Transition Plan* together.

Resolved

The Board:

- **Approved** *Connexis' transition plan which provides for the transition of Arranging Training (AT) to Te Pūkenga targeted for 1 September 2021 and provides for the transition of its Qualifications Systems Functions (QSF) to the relevant Workforce Development Councils (WDCs) targeted for 4 October 2021;*
- **Approved** *Competenz' single transition plan which provides for the transition of Arranging Training (AT) to Te Pūkenga and Skills4Work targeted for 2 August 2021 and provides for the transition of its Qualifications Systems Functions (QSF) to the relevant Workforce Development Councils (WDCs) targeted for 4 October 2021;*
- **Approved** *TEC Investment plan funding that is presently provided to Connexis be transferred to Te Pūkenga from 1 September 2021 in accordance with TEC's transfer methodology;*
- **Approved** *TEC Investment plan funding that is presently provided to Competenz be transferred to Te Pūkenga and Skills4Work from 2 August 2021 in accordance with TEC's transfer methodology;*
- **Agreed** *that the monitoring framework proposed in the papers be monitored by the RoVE Programme Board against agreed reporting milestones and that any material issue arising is brought to the attention of the Board;*
- **Agreed** *to delegate authority to the Chief Executive and DCE, Delivery Directorate to take any reasonable action if necessary to give effect to these recommendations.*

12. Debrief from Board meetings with guests

Minute No. TEC210617/11

The Board held a debrief on the meetings with guests and agreed that Te Pūkenga should be invited to meet with the Board on a quarterly basis, and that TITO Chief Executives' be invited to present to the Board before a decision is made on their transition plans.

Action item 210617/2: Te Pūkenga to be invited to meet with the Board on a quarterly basis.

Action item 210617/3: TITO Chief Executives to be invited to present to the Board before a decision is made on their transition plans.

Core business and project reporting

13. Chief Executive's report

Minute No. TEC210617/12

The Board noted the Chief Executive's Report, including the OPM scorecard, Priority Projects report and Risk Register.

The Chief Executive noted:

- The use of false personas to investigate potentially false Fees Free statutory declarations. Neither he nor the Deputy Chief Executive Delivery were aware this was occurring at the time, nor would they have agreed to it had they been aware. The information being sought was in the public domain, but these actions breached the LinkedIn rules. The Chair suggested this incident be used as a learning experience and the opportunity to have conversations around values based integrity.
- Good progress is being made by TWoA on teaching and learning improvements.
- Funding for the Direct Career Services which came from the Covid-19 response Budget, runs out at the end of 2021 and TEC was expecting to wind that programme down. The Ministry of Social Development (MSD) is keen for the programme to continue until June 2022 and has agreed to fund TEC \$2million to do so. If MSD wants the programme to continue after June 2022, TEC will hand the programme to MSD to run.
- Mixed news regarding the Unified Funding System (UFS). Discussion took place regarding the allocation of the UFS Learner Success component. The Board would like discussions around the UFS to reflect that the Board is keen to see that the connection between this fund and outcomes for learners be much more tangible and explicit than currently.
- The Chief Executive thanked Commissioner Hope for attend the launch of Inspiring the Future. The mini ITF events being held at Field Days have been going well.

OPM Scorecard

The Chief Executive noted:

- Improvements in the RAG status for total enquiries, call volume and abandoned calls driven out of the Customer Contact Group as a result of transitioning to a new technology platform. He confirmed input into the Partner and Provider Survey had occurred well before the new technology was introduced.
- The Deputy Chief Executive Corporate & Finance and his team are keeping a close eye on contractor numbers, many of who are RoVE specific.

Priority Projects Report

The Chief Executive noted:

- The DXP project has had a Red RAG status for some time while an assurance review has been undertaken. A first version of the assurance review report has been received. That report will go to the Risk and Assurance Committee before coming to the Board.
- Looking at the first quarter of calendar year 2022 for the major release of Tiro Whetū to ensure it works for students and teachers, with some small, limited release in advance of that. The next Programme Steering Group meeting will be looking at the critical path to get to that point and making sure the budget lines up with that.

14. Board Finance report as at May 2021

Minute No. TEC210617/13

The Board noted the Board Finance report as at May 2021.

The Deputy Chief Executive Finance noted the following:

- Core costs remain the same as last month.
- Year-end deficit is forecast to be about \$3million, below that originally forecast.
- RoVE operating budget was approved in Budget 2021 so we have received the full RoVE money.
- Grant funding is overspent due to non-recoveries and COVID policy change. Overspends will be funded via the balance sheet mechanism.
- Cash reserves are strong, spending will start next year.
- Audit took place during May, results will go to the Risk and Audit Committee.

Sensitive, Board and Chief Executive Expenses

The Board noted the Sensitive, Board and Chief Executive Expenses as at 31 May 2021.

Resolved

*The Board Chair **approved** the Board of Commissioners' and Chief Executive's expenses for May 2021.*

*The Chair of the Risk and Assurance Committee **approved** the Board Chair's expenses for May 2021.*

15. Approval for 2021 in-year additional funding for Competenz and Skills Organisation

Minute No. TEC210617/14

Resolved

*The Board **approved** an additional s9(2)(i) of funding for Competenz and s9(2)(i) million for Skills Organisation, bringing their 2021 funding to s9(2)(i) respectively, as detailed in the Appendix to the paper.*

*It was **agreed** that this funding would be baselined for 2022 and so the indicative allocations for 2022 approved last month would now increase by s9(2)(i) respectively.*

16. Approvals to support simplified Transitional ITO wash-up processes

Minute No. TEC210617/15

The Deputy Chief Executive Delivery outlined how exemptions for over-enrolment or actual average duration offsets would be dealt with for Transitional ITOs as they transition their arranging training function. In response to a query from the Board, she advised that it is unlikely that any one wash-up will exceed \$2million.

Resolved

The Board:

- **Approved** the exemption of over-enrolment or actual average duration off-sets in the year that each Transitional Industry Training Organisation (Transitional ITO) transitions its arranging training function; and
- **Approved** the delegation to the Chief Executive and Deputy Chief Executive Delivery of approval of funding wash-ups which require additional funding of more than \$2million to be paid to the Transitional ITO.

Accountability documents

17. Approval of final Statement of Performance Expectations 2021/22

Minute No. TEC210617/16

Resolved

The Board resolved to:

- **Approved** the TEC Statement of Performance Expectations 2021/22 for publication; and
- **Approved** the signing of a physical copy of the Statement of Performance Expectations 2021/22 by Jenn Bestwick (Board Chair) and Dr Alastair MacCormick (Chair, Risk and Assurance Committee).

Information and items for noting

18. Reform of Vocational Education (RoVE) – Programme Update

Minute No. TEC210617/17

The Board took the paper as read.

The Deputy Chief Executive Delivery and Chief Executive noted that work was continuing on measures and outcomes, which would come to the Board in due course, and the challenge is to find the balance between outcomes and outputs.

19. Risk Management Update Q3 2020/21

Minute No. TEC210617/18

Patrick Bulfin, Acting Team Manager, Planning & Reporting, joined the meeting. The Board took the paper as read.

The Deputy Chief Executive Corporate and Finance noted this paper was a result of the work done by TEC over the last 18 months to improve risk reporting. Both operational and strategic risks are now reported on. The update had been reviewed by both the Executive Leadership Team and the Risk and Assurance Committee, who had suggested an update be provided to the Board.

Discussion took place on:

- Movement in risks in the last month. Patrick Bulfin advised most movement had occurred in risks with a rating lower than high. He undertook to provide the Board with an update on those movements.
- Cyber security, and whether this should be dealt with as a strategic or operational risk.
- Inability to deliver the Learner Success sector approach and whether this needs to be more broadly defined.

Action item 210617/4: Update to be provided to the Board on movement in risks over the last month.

20. Private Training Establishments: background to their role and place in the system

Minute No. TEC210617/19

The Chief Executive noted this paper had been provided following a request from the Board for an overview of the PTE sector.

The Board noted the paper.

21. Update on progressing the future of universities

Minute No. TEC210617/20

The Chief Executive noted this paper had been requested by the Board some time ago, and the work had gained some momentum since the paper was first requested. He outlined the work currently underway, both by TEC, the Ministry of Education and the Minister, and by the university Vice Chancellors. He sought the Board's feedback on the paper.

The Board provided feedback on the paper around:

- The need to move to a more learner centric higher education system and what that might look like;
- The topics and potential phasing of TEC's higher education "deep-dives";
- What is New Zealand's ambition for the university system; as the investor, where do we see the system;
- Where does leadership in the system come from;
- The distortion in funding and differing requirements for research expertise compared to teaching expertise, and the need to invest in research expertise;
- What do any changes to the system mean in a global sense;
- What does "great" look like;
- Where does Mātauranga Māori sit in the mix.

22. Partner and Provider survey results

Minute No. TEC210617/21

The Deputy Chief Executive Delivery noted this survey has been run for a number of years, and going forward the survey will be reframed.

In response to an observation from the Board that the results of the survey show TEC has a consistency problem, the Deputy Chief Executive noted there was a complexity issue which creates inconsistency. Simplifying things like the investment process and funds will help with this, as will tools such as a knowledge portal and new training material for the Customer Contact Group.

The Chief Executive outlined how the results of the survey are used. The Deputy Chief Executive Delivery confirmed that Nielsen's had undertaken a debrief of the survey with TEC.

23. Any other business

Minute No. TEC210617/22

Commissioner Russell drew attention to a recent newspaper article regarding cheating at Auckland University and queried whether TEC should be looking at this to see if there is any rising risk. The Board noted this is an issue for NZQA, and that it is likely any universities that discover this type of thing happening, will deal with it as it goes to the integrity of their institution's credibility and that of the system.

Close

The Chair thanked everyone for their participation and closed the meeting at 4.30pm.

Signed as a true and correct record:



Chair: _____ Date: 22 July 2021



Out of cycle Board paper – 25 June 2021

Workforce Development Councils: Property Lease arrangements

Emailed

Jenn Bestwick (Chair)
Alastair MacCormick
John Russell
Kirk Hope

Nancy McConnell
Vivien Sutherland Bridgwater
Wayne Ngata

Workforce Development Councils: Property Lease arrangements

Minute No. TEC210625/1

The paper *Workforce Development Councils: Property Lease arrangements* was emailed to the Board on 25 June 2021. The paper sought Board agreement to support the Establishment Unit in procuring office space for the Workforce Development Councils (WDCs) in Wellington.

Although the WDCs have been established as legal entities, the Council members have not yet met and Council members may not be in a position to agree to the Councils entering into contractual arrangements for the properties within an acceptable timeframe. Due to the short timeframes required to acquire and fit-out the properties to enable the WDCs to be operational in October 2021, it may be necessary for TEC to enter into lease agreements on behalf of WDCs, which can be either assigned or novated at a later date.

Board approval is required as the cost to enter into the lease for the Wellington property is outside the Chief Executive's delegation.

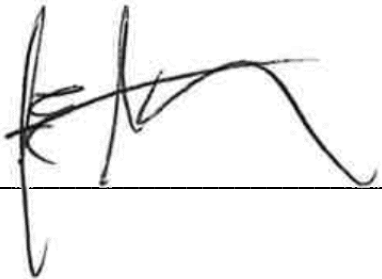
Resolution

Via email, the Board of Commissioners:

- A. Agreed that, if necessary to enable effective facilitation of property lease negotiations, TEC enter into a property lease agreement on behalf of the Workforce Development Councils (WDCs) estimated at s9(2)(i) to be novated or assigned to the WDCs at a later date; and**

B. Delegated to the TEC Chief Executive Officer the authorisation to sign any negotiated lease agreements, or documents outlining the intent to lease, and future novation or assignment of the lease arrangements, on behalf of the WDCs.

Signed as a true and correct record:

Chair:  _____

Date: 22 July 2021 _____



Board meeting minutes

Thursday, 22 July 2021

Via MS teams

Present

Jenn Bestwick (Chair)
Alastair MacCormick
John Russell
Kirk Hope

Nancy McConnell
Vivien Sutherland Bridgwater
Wayne Ngata

Guests

Grant Klinkum, Chief Executive, NZQA (part-meeting)
Chris van der Hor, Chief Executive, NZMAC ITO (part-meeting)
Tracey Stevenson, Chair, MAST (part-meeting)

In attendance

Tim Fowler, Chief Executive
Gillian Dudgeon, Deputy Chief Executive – Delivery
John Soulis, Acting Programme Director, RoVE
Ian Lee, Deputy Chief Executive – Strategy & Design
Mat Pawley, Deputy Chief Executive – Information
Mark Leeming, Acting Deputy Chief Executive, Corporate and Finance
Jennifer Pearce, Executive Officer to the Chief Executive (minutes)
s9(2)(a), Executive Officer to the Board (minutes)

Administration

1. Welcome and apologies

The Chair welcomed everyone and invited Wayne Ngata to open the meeting with a karakia. The Chair declared the meeting open.

Guest

2. NZQA consultation into simplifying New Zealand qualifications and other credentials

The Chair welcomed Dr Grant Klinkum, Chief Executive of the New Zealand Qualifications Authority, to the meeting. She noted that following discussion at the last Board meeting, Dr Klinkum had been invited to talk to the Board regarding NZQA's consultation into simplifying New Zealand qualifications and other credentials.

The Chair declared her interest as a member of the NZQA Board.

Dr Klinkum outlined the background to the consultation process and outlined the consultation proposals. He reported on the submissions received. The level of support from stakeholders for the original proposals was not robust, therefore changes were made as a result of the submissions, and he outlined those changes. The amended proposal had received better support. He noted the legislative changes that will be required to support the amended proposal.

Discussion took place regarding the consultation; including:

- The risk of a proliferation of qualifications resulting from the change and the reasons this might not occur;
- Provider understanding of RoVE is still weak and concerns around that;
- The change process will be slow because of the five year review cycle of some qualifications and will take five to 10 years to move through;
- The programme approval process that ITP academic boards will run will look quite different in the future;
- The intent is to take the best of programme outcome learning, whether trade based or unit standards, and join those together in new skills standards;
- The capacity and capability required by Workforce Development Council to set standards. If providers are handed standards that are of poor quality, the system won't work;
- What risks arise from the integration between RSLGs and WDCs and how will these be overcome;
- The critical importance of appointments to the Chief Executive and senior leadership roles within the WDCs.

Dr Klinkum left the meeting.

3. Adoption of Board meeting minutes

Minute No. TEC210722/1

Resolved

*The Board of Commissioners (the Board) **adopted** the minutes of the 17 June 2021 Board meeting and 25 June 2021 out of cycle paper as a true and accurate record.*

4. Action items update as at 14 July 2021

Minute No. TEC210722/2

The Board noted the action items update.

The Chair noted most action items are either dealt with on the agenda, not currently due, or are in progress.

Action item 201102/9.1.1

The Deputy Chief Executive, Delivery advised that meetings with universities regarding their financial position have been completed. A summary will be provided to the Board at the September meeting, with individual reports made available in the resource centre. The Chief Executive gave a brief overview of the meetings.

5. Declaration of interests

Minute No. TEC210722/3

Commissioners' declarations of interest were noted, consequential actions are recorded under the items to which they relate.

6. Board work programme as at 13 May 2021

Minute No. TEC210722/4

The Board noted the Board work programme.

Core business and project reporting

7. Chief Executive's report

Minute No. TEC210722/5

The Board noted the Chief Executive's Report, including the OPM scorecard, Priority Projects report and Risk Register.

OPM Scorecard

The following items were noted:

- Not a great deal of change since last month, notwithstanding the commentary around the change in system for the CCG and what that has done to the numbers. There will be new reporting for CCG next month. The cultural change is being bedded down and interviews are underway for a new manager.
- Turnover is starting to pick up, with a tight labour market and impact of the public sector pay freeze. HR is looking at what can be done to assist in retaining staff.

Priority Projects Report

The following items were noted:

- The Deputy Chief Executive Information provided an update on the IQA report on the DXP project which was provided to the Risk and Audit Committee. The RAG status remains red while the report's recommendations are being considered. A change request will be made to re-baseline the timeframe and dollars.
- Tiro Whetū will be an ongoing challenge with so many moving parts. A big piece of work that will be tricky but several Deputy Chief Executives are across this on a daily basis.
- A briefing is going to the Minister about the Learner Success Sector Approach to ensure he is up to speed on the framework of the pilot that has been run using underspends approved by him. TEC has been invited to speak to Ministers about this.

Chief Executive's Report

The following was noted:

- Positive signs regarding the provision of discretionary funding to TEC, and the need to be clear in our thinking about how this is used. Assuming this is approved, funding will be available for 2022.
- 14 key recommendations were received in the DXP IQA report, with two broad themes around the operating model and product leadership. The Deputy Chief Executive Information outlined how these will be addressed. Noted the IQA rated the project as likely to successful deliver.
- TEC is working with s9(2)(b)(ii) can be accommodated, with some options being negotiated.
- There are no concerns around the closure of Outdoor Studies Limited as there is plenty of provision in this space.

8. Board Finance report as at June 2021

Minute No. TEC210722/6

The Board noted the Board Finance report as at June 2021.

The Acting Programme Director RoVE, in his capacity as Deputy Chief Executive Corporate and Finance, noted:

- The report is as at year end. It was a good financial year. The \$1m under budget deficit is higher than advised last month.
- There was a comprehensive accrual process at year end.
- Committed expenditure is slightly under budget again, at \$1.2m, because of COVID.
- Grant funding is \$31m overspent but there was some fees free surplus moved into SAC in June.
- \$15m will be returned to the balance sheet funding mechanism
- PELT cash is going down slowly, with a repayment made to MBIE in June.
- The timing of TEC's audit may slip because of personnel constraints at Audit NZ. Parliament has extended the statutory reporting deadlines to December.
- Last year had qualified audit report as a result of not being able to do the partner and provider survey due to COVID. This impacted TEC and a number of other organisations. This was raised with Audit NZ who advised they are going to take technical advice on this issue.

Discussion took place on the demands likely to be placed on SAC funding over the next 3-5 years. There is concern around funding in out years as Covid funding disappears.

Sensitive, Board and Chief Executive Expenses

The Board noted the Sensitive, Board and Chief Executive Expenses as at June 2021.

Resolved

*The Board Chair **approved** the Board of Commissioners' and Chief Executive's expenses for June 2021.*

*The Chair of Whatitata me te Whakau - Risk and Assurance Committee **approved** the Board Chair's expenses for June 2021.*

9. Presentation on NZMAC TITO Transition Plan

Minute No. TEC210722/7

Chris van der Hor, Chief Executive of NZMAC ITO and Tracey Stevenson, Chair of MAST, joined the Board for a discussion on the NZMAC TITO transition plan and answered questions from the Board.

Chris van der Hor and Tracey Stevenson left the meeting.

10. Approval of NZMAC Transition Plan

Minute No. TEC210722/8

Resolved

Based on the advice and recommendations of the Chief Executive, the Board resolved to:

- **Approve** NZMAC's transition plan which provides for the transition of Arranging Training (AT) to MAST Academy on s9(2)(i) and for the transition of its Qualifications Systems Functions (QSF) to Hanga-Aro-Rau Manufacturing, Engineering + Logistics Workforce Development Council (MEL WDC) on s9(2)(i)
- **Agree** that TEC Investment Plan funding currently provided to NZMAC will be provided to MAST Academy from s9(2)(i)
- **Agree** to delegate authority to the Chief Executive and DCE, Delivery Directorate to take any reasonable action if necessary to give effect to these recommendations;
- **Agree** to share the Board's approval decisions, and the rationale if approval is not granted, with NZMAC and MAST Academy.

11. Approval of grants funding for the Establishment of Workforce Development Councils

Minute No. TEC210722/9

The Acting Programme Director, RoVE, noted that some of these costs incurred in the 2020/21 financial year have been accrued and need to be reimbursed from grants funding.

The Board noted it is approving the accrual for the last financial year and approving delegation for the 2021/22 year.

Resolved

The Board resolved to:

- **Delegate** future funding decisions for the Workforce Development Councils Establishment Unit up to a total of \$3.7m for 2021/21 and \$6.0m for 2021/22 to the Chief Executive and Deputy Chief Executive, Delivery.

12. Establishment Unit Requires PwC Services

Minute No. TEC210722/10

The Acting Programme Director, RoVE, noted that the total cost of PwC consultancy services under this contract exceeds the Chief Executive's delegation and requires Board approval.

Resolved

The Board resolved to:

- **Approve** procurement of services from PricewaterhouseCoopers (PwC) to support the WDC Establishment Unit, up to a total cost of s9(2)(i) for the period 1 July to 31 October 2021; and
- **Delegated** signing of the finalized variation of the Consulting Services Order (CSO) to the Chief Executive.

Information and items for noting

13. Reform of Vocational Education (RoVE) – Programme Update

Minute No. TEC210722/11

The Board noted the paper.

The Acting Programme Director, RoVE, noted the following:

- Key milestones in the last month include WDC Councils being put in place, with induction days being held.
- Now in the process of recruiting CEs for the WDCs.
- The key date of 4 October for WDCs to be operational is still on track although there are some challenges, and work is continuing with TITOs on their issues.

Discussion regarding the remaining TITO transition plans, how they are tracking and the challenges faced by everyone involved in the transition. Discussion also took place around the recruitment of WDC Chief Executives and senior leadership teams and the work being done by Council members.

14. Workforce Development Councils (WDC) and Regional Skills Leadership Groups (RSLG) Appointments

Minute No. TEC210722/12

The Board noted the paper.

15. Update from Whatitata me te Whakau – Risk and Assurance Committee meeting

Minute No. TEC210722/13

Commissioner MacCormick provided an update from the Whatitata me te Whakau – Risk and Assurance Committee meeting held on Friday 2 July 2021, noting that the minutes were available in the Board papers.

16. Internal Audit Report – Enterprise Risk Management

Minute No. TEC210722/14

Resolved

Based on the advice and recommendations of the Risk and Assurance Committee at its 2 July meeting, the Board of Commissioners resolved to **approve** the Enterprise Risk Management – Internal Audit report.

17. Internal Audit Report – Strategy and Plan and 2021/22 Internal Audit Work Programme

Minute No. TEC210722/15

Resolved

Based on the advice and endorsement of the Risk and Assurance Committee at its 2 July meeting, the Board resolved to **approve** the 2021/22 Internal Audit Work Programme.

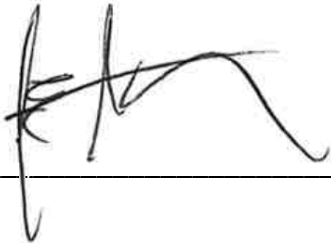
Commissioners and Chief Executive Session

Commissioners held a closed session with the Chief Executive which was not minuted.

Close

The Chair thanked everyone for their participation and closed the meeting at 12.30pm.

Signed as a true and correct record:

Chair:  _____ Date: 19 August 2021 _____



Board meeting minutes Held via MS Teams Thursday, 19 August 2021

Present

Jenn Bestwick (Chair)
Alastair MacCormick
Kirk Hope

Nancy McConnell
Vivien Sutherland Bridgwater
Wayne Ngata

Apologies

John Russell

Guests

Toby Beaglehole, CEO, BCITO
s9(2)(a), BCITO

Fiona Kingsford, Acting Chief Executive, WBL Ltd

In attendance

Tim Fowler, Chief Executive
Gillian Dudgeon, Deputy Chief Executive – Delivery
John Soulis, Acting Programme Director - RoVE
Ian Lee, Deputy Chief Executive – Strategy & Design
Mat Pawley, Deputy Chief Executive – Information
Mark Leeming, Acting Deputy Chief Executive - Corporate and Finance
Paora Ammunson, Deputy Chief Executive, – Ōritetanga Learner Success
s9(2)(a), Executive Officer to the Board (minutes)

Administration

1. Chair's Welcome & Apologies

The Chair welcomed all to the meeting and invited the Deputy Chief Executive – Ōritetanga Learner Success to open the meeting with a karakia. The Chair declared the meeting open.

The Chair acknowledged Commissioner Russell's apology.

2. BCITO pre-meeting discussion

Minute No. TEC210819/1

The Executive Leadership Team assured the Board that they were happy with the outcomes achieved and that it was important that BCITO heard this from the Board.

The Chief Executive and Deputy Chief Executive – Delivery (DCE – Delivery) briefed the Board on recent meetings and outcomes likely to be discussed today.

3. Covid-19 response update

Minute No. TEC210819/2

Verbal update from the Chief Executive

All teams have easily transitioned to working from home. There are no issues to raise.

Learnings from the last lockdown have been realised in our communications focusing on working flexibly, working together, regular check-ins and availability of multiple facets of support.

The working premise is that lockdown is likely to be extended.

Sector update

An active Covid-19 case has been identified as a student of AUT. AUT has advised that all 15,000 people on the campus at the same time as this student are close contacts who must isolate for 14 days and be tested for Covid-19. This is the result of the virility of Delta and gives a clear indication of the measures that are being enforced by the Ministry of Health.

The DCE - Delivery informed the Board that daily sector meetings including student bodies and unions are being held to ensure effective communication and support throughout the tertiary education sector. The Government's health order is clear on essential services (ie: caring for animals on site) with an exceptions process being developed with the Ministry of Education (MoE).

4. Crown Entities workshop update

Minute No. TEC210819/3

The Chair shared her experience at the Crown Entities Workshop hosted by the Public Service Commission. Key points:

- › The living standards framework is being woven through new policy, legislation and work plans in order for the Government to achieve its three top priorities. TEC needs to integrate this, and communicate our expectation down.
- › It was acknowledged that there were significant challenges with access to labour. Ministers (Hipkins and Robertson) were clear that the pay restraint does not apply when retaining talent in the Public Service or to New Zealand.
- › A reduction in the proliferation of systems leading to cyber weakness is becoming a focus point to strengthen Cyber Security.
- › The Department of the Prime Minister and Cabinet flagged that the Covid disruption has now been extended from a 2-3 year horizon to an 8-10 year impact. National plans linked to the living standards framework and climate change are the likely outcome.

The Chair's report on the Crown Entities Chairs Workshop was continued in General Business.

Strategy agenda/deep dives/guests

5. Meeting with BCITO re transition plan

Minute No. TEC210819/4

The Board welcomed Mr Toby Beaglehole and Mr s9(2)(a) to the meeting at 9.30am.

The Chair confirmed that the Board had read the BCITO's presentation invited Mr Beaglehole to speak to this.

Mr Beaglehole thanked TEC for its demonstration of leadership, generosity and willingness to engage BCITO in courageous conversation and proceeded to speak to the presentation. Key points:

- › Unprecedented growth in apprentices (more than 10 x the expected uptake)
- › BCITO is actively encouraging learners in three focus areas: Te Tiriti, disability and women
- › There is no PTE that can take on the scale of 21k learners

- › BCITO is advocating for a seamless lift and shift approach to Te Pūkenga. Industry support for this was unanimous.

The Board expressed concern that attracting the right calibre of people into key roles behind Work Based Learning (WBL) and Te Pūkenga, and the risk of asymmetry. The BCITO acknowledged this risk as a reality. There is a greater uncertainty in what the role looks like at Te Pūkenga. To mitigate this a soft boundary to move between Te Pūkenga and the Workforce Development Council (WDC), coupled with an acknowledgement that the WDC will likely start under resourced, has been accepted. The Board agreed that soft boundaries would be good for achieving outcomes and supported this approach.

Mr King informed the Board of the journey to securing reserves in a registered charity. Mr King asked for patience with RoVE to identify industry training gaps and make the best use of the funds going forward. The Board suggested that the charity is clear in its constitution whether its intent is to be enduring or not in order to make the best decisions for the industry.

The Board and BCITO discussed the timeline, the transition to WDC and Te Pūkenga and the opportunities ahead post transition.

Mr Beaglehole and Mr King were thanked for their time and left the meeting at 10.02am

Te Pūkenga

The Board welcomed Ms Fiona Kingsford to the meeting at 10.03am, Ms Kingsford updated the Board that her role at WBL will be extended through to November 2021. Fiona shared the WBL RoVE transition slides. Key points:

- › Some TITO's are taking a commercial approach, the terms are being negotiated by Te Pūkenga.
- › Shared services may be well refined and consolidated before the final transitions which may result some transitional shared service staff efficiencies.
- › Te Pūkenga systems roadmap is part of an ISSP, the vision is a consistent interface across the different systems. IT infrastructure is an area that requires careful consideration.

The Board asked about learner support through Covid for the 21,000 apprentices. Ms Kingsford advised that advances in systems, online learning and assessment, and virtual engagement is improved compared to last year's traditional delivery model. Te Rito has good analysis of learners in the workplace, and the Technology Access Fund for Learners (TAFL) has provided many learners with access to virtual learning.

Ms Kingsford was thanked for her time and left the meeting at 10.27am.

6. Approval of BCITO transition plan

Minute No. TEC210819/5

Resolved to:

- › **Approve** BCITO's transition plan which provides for the transition of Arranging Training (AT) to Te Pūkenga on s9(2)(i) and for the transition of the majority of its Qualifications Systems Functions (QSF) to the Construction and Infrastructure Workforce Development Council (CIWDC) with the remainder transferring to Hanga-Aro-Rau Manufacturing, Engineering + Logistics Workforce Development Council (MEL WDC) on s9(2)(i)
- › **Agree** that TEC 2021 Investment Plan funding currently provided to BCITO will be provided to Te Pūkenga (WBL) from s9(2)(i)
- › **Agree** to delegate authority to the Chief Executive and DCE, Delivery Directorate to take any reasonable action if necessary to give effect to these recommendations.
- › **Agree** to share the Board's approval decisions, and the rationale if approval is not granted, with BCITO and Te Pūkenga.

Administration

7. Adoption of minutes: 22 July 2021 meeting

Minute No. TEC210819/6

Resolved

The Board of Commissioners (the Board) **adopted** the minutes of the 22 July 2021 Board meeting as a true and accurate record of that meeting.

8. Action items update as at 9 August 2021

Minute No. TEC210819/7

The Board accepted that action items 1 and 2 would be held over to the September Board meeting.

9. Declarations of interest as at 9 August 2021

Minute No. TEC210819/8

The Chair informed the Board that her tenure with NZQA would expire Thursday 26 August 2021. The interests register will be updated accordingly.

10. Board work programme as at 9 August 2021

Minute No. TEC210819/9

The Board agreed that the September meeting would be face to face if this was possible.

The Chair and Chief Executive met virtually with Mr Rob Campbell, Chancellor at AUT and informed the Board that they have been invited to attend the AUT Council meeting on 30 August 2021 to speak to TEC's view on investment, Ōritetanga – Learner Success, Maori and Pacifica learners and governance.

Core business and project reporting

11. Chief Executive's Report

Minute No. TEC210819/10

The Board noted the Chief Executive's Report, including the OPM scorecard, Priority Projects report and Risk Register.

OPM Scorecard and commentary for June 2021

The following items were noted:

- › CCG - there is a shortage of customer service representatives, this coupled with the investment round has resulted in higher than usual call abandonment. A recruitment strategy to fill the gaps is in place.
- › The Chief Executive has answered an OIA from PSA interested in the number of contractors and the agencies TEC are using. This indicates that this may be a topic for PSA heading into bargaining. The Chief Executive assured the Board that contractor use is well managed. It is critical TEC retain key people in sought after roles and areas. These areas are continually broadening.

Priority Projects Report

The following items were noted:

- › **Rove Programme View** - The overall project status is likely to improve to an amber/green status.
- › **Tiro Whetū** – The Chief Executive noted that this project is taking a considerable amount of executive leadership time. While the Chief Executive is not entirely comfortable, this level of attention is required to achieve delivery in the last quarter of 2022. There is a considerable level of governance and management to ensure this project progresses along its critical path. This means that other projects may temporarily slip in the short term in order to progress Tiro Whetū. The Board enquired about the level of Maori and Pacific engagement, the Chief Executive assured the Board that there was strong representation and engagement from Maori and Pacifica.

Chief Executive's Report

The Chief Executive noted that more information was required on the sector risk assessment of Cyber Security from Aura. There is uncertainty whether this will spark a requirement for significant investment. The Minister may deal with cyber security for the whole of education, noting that some providers have exemplar maturity, while other education providers are far more limited.

Lost opportunities summary report

This research was jointly funded by TEC with Te Pūkai Tara - Universities New Zealand. It is important to note that this project is owned by Universities New Zealand and TEC's role is a supportive stakeholder contributing to the cost and data.

Ōritetanga (Learner Success) is commercially valuable. The next step is a detailed foregone opportunities analysis. The Chief Executive cautioned that the research results are 'scary' which creates a risk of miss-use of this information. This data will help TEC to close the gap around ōritetanga, flexible funding and will inform our investment decisions in order to create better outcomes for New Zealand.

Ōritetanga

RoVE is formulating a model for fee parity between workplace and provider training including industry contributions and Government contributions. MoE has support from the Minister to test this with a potential release date of 2024. This work has the potential to create new barriers, issues and cost for the Crown. MBIE is also being consulted. The Board was concerned about the delay to 2024, however, it was agreed that this is a complex issue and that there was not the information, bandwidth or risk mitigation to move this forward any faster.

Rove update

The Board is concerned that the Te Pūkenga operating model has an unbalanced focus on learners to the detriment of employers, particularly the integration between work based learning and on campus learning. The issue TEC has raised is that there is no transition mechanism and a disconnect from an integrated view. There is also concern of the lack of awareness and understanding of work based learning in Te Pūkenga's leadership. It was noted that Te Pūkenga has committed to Te Rito and understanding learners, however this needs a shared vision across both work based learning and on campus learning.

Human capital changes

The Board discussed the transformation of human capital from an expense recorded in the Profit and Loss statement to an asset listed in the Balance Sheet. This view will change the governance thinking and organisation thinking around our people. Ministers Robertson and Hipkins expect Crown entities to invest in achieving living standards and the Government's top 3 priorities. In terms of TEC's own operational spend, it is unclear to what level they are expecting TEC to use its funding to contribute to wider New Zealand. It was noted that TEC will come under scrutiny of how TEC is using Crown funding to achieve these objectives, therefore, TEC's investment strategy needs to align with this. The Board suggested engagement with Treasury to help inform TEC thinking.

Action: *The Chair will provide a contact at Treasury for living standards*

12. Board Finance Report as at July 2021

Minute No. TEC210819/11

The Board noted the Board Finance report as at July 2021.

The Acting Deputy Chief Executive - Corporate and Finance (Acting DCE - Corporate and Finance), noted:

- › The annual audit is going well with no serious issues raised.
- › Core costs were close to budget in July which signals a much tighter budget.
- › Capex of s9(2)(i) budget is higher due to Tiro Whetū and the UFS build. The tight labour market poses a risk to achieving these projects.
- › 2022 grant funding will be tight, a cabinet paper to the Minister requesting transfer of s9(2)(i) into SAC and Inspiring the Future (ITF) will be presented in October in order for TEC to service the additional funding requests.

Sensitive, Board and Chief Executive Expenses

The Board noted the Sensitive, Board and Chief Executive Expenses as at July 2021.

Resolved:

*The Board Chair **approved** the Board of Commissioners' and Chief Executive's expenses for July 2021.*

*The Chair of Whatitata me te Whakau - Risk and Assurance Committee **approved** the Board Chair's expenses for July 2021.*

Accountability documents

13. Capital Plan 2021/22

Minute No. TEC210819/12

The Board accepted the paper as read and invited discussion.

The Board noted that that this plan holds a significant investment in TEC's future. The Board questioned if \$500k allocated for the Industry Training Register is likely to be adequate? The Acting DCE - Corporate and Finance responded that the need is yet to be assessed and that there may be a further funding required once this is assessed.

Resolved

To **approve** the updated Capital Plan for 2021/22.

Investment decisions and project reporting

14. Endorsement of the WDC establishment Plans

Minute No. TEC210819/13

The Board accepted the paper as read and invited discussion.

The DCE - Delivery met with the Chairs of the WDCs. Key outcomes from this meeting were:

- › Establishment plans and relationships will be reviewed once WDCs are bedded in.

- › Transparency in communication about deviation from initial structure is essential.
- › Financial spend is sensible, noting that in the second year budgets may evolve as WDCs better understand their business.
- › Some WDCs will need assistance in balancing resourcing to achieve their plans.
- › The focus for WDCs will be industry engagement, resource standards and skills setting.
- › Resourcing with the right people and growing promising resources to fill roles continues.

Resolved to:

- › **Approve** the funding amount of s9(2)(j) for the six Workforce Development Councils to be allocated as set out in this paper.
- › **Endorse** the Establishment Plans for all six Workforce Development Councils (WDCs).
- › **Delegate** the signing of all Funding Agreements to the Chief Executive of TEC.
- › **Delegate** authority to the Chief Executive and DCE, Delivery Directorate to amend the final funding allocations for each WDC if required, as part of the finalisation of the funding agreements.

General Business

15. Crown Entities workshop update *(continued)*

Minute No. TEC210819/03

- › Changes to the Public Service Commission will see Regional Commissioners – TEC needs to understand what this means for it and the wider education sector.
- › All public sector agencies have signed up the public finance modernisation programme, Crown Entities are now being asked to sign up, this is very in tune with TEC's own work in this area.
- › Gender pay gap negotiations have resulted in a 30% correction in pay for over 80,000 people in the public sector and lifted the gap from 14.6% to 9.6%. TEC's gender pay gap is still approximately 14% - the Chair challenged the Board to consider what TEC is doing to improve this.

Action: Chair to send slides from the Crown Entities workshop

Meeting close

The Chair asked the Deputy Chief Executive – Ōritetanga Learner Success to formally close the meeting at 12.10pm.


The Deputy Chief Executive – Ōritetanga Learner Success acknowledged the message that Mr Toby Beaglehole opened his presentation with:

Te kai a te rangatira, he kōrero (the sustenance of a chief is dialogue)

Te tohu a te rangatira, he manaaki (the sign of a chief is generosity)

Te mahi a te rangatira, he whakatira i te iwi (the work of a chief is bringing people together)

Signed as a true and correct record:

Chair:  _____ Date: 23 September 2021 _____

Commissioners Only session / Commissioners and Chief Executive session

Commissioners and the Chief Executive held a closed session which was not minuted.