

8 June 2021

For the attention of:  
The Board of Directors and Management of each Te Pūkenga subsidiary

Tēnā koutou

## **Updated letter of expectations to Te Pūkenga subsidiaries**

### **1. Introduction**

#### **Purpose of this letter**

- 1.1. Firstly, we want to acknowledge that the transformation required by the Reform of Vocational Education (RoVE) is substantial. We are aware of the ongoing collective effort and commitment being demonstrated across the network since our establishment on 1 April 2020 and would like to express our appreciation for the high quality of mahi from staff and management in all Te Pūkenga subsidiaries.
- 1.2. It is important to us that we remain transparent about our progress and our expectations for our subsidiaries. As it is now over a year since the establishment of what is now Te Pūkenga – New Zealand Institute of Skills and Technology, and a lot has happened in that time, we would like to replace the letter of expectations issued to you in May 2020 with this updated letter<sup>1</sup>.
- 1.3. As with the previous letter, this letter should be read in conjunction with your company Constitution and the most recent Operational and Financial Parameters Direction issued to you.

#### **Introducing Te Pūkenga Work Based Learning Limited**

- 1.4. We would also like to take this opportunity to introduce you to, and welcome, Te Pūkenga Work Based Learning Limited (WBL). In preparation for acquiring those Transitional Industry Training Organisations (TITOs) who wish to transfer their arranging training activities to Te Pūkenga, we (with Ministerial approval) incorporated WBL on 20 April 2021.
- 1.5. WBL, as with all Te Pūkenga subsidiaries, is required to comply with all parts of the Education and Training Act 2020 (ETA). WBL will cease to exist when integration occurs as part of the operating model implementation. Unlike the other Te Pūkenga subsidiaries, there is no specific date for the dissolution of WBL. However, the Minister's expectation is for integration to occur as soon as possible.

#### **Recap on the purpose of Te Pūkenga**

- 1.6. Before setting out our expectations, it may be helpful to reflect on the purpose of Te Pūkenga and what we, as a group, are trying to achieve.

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<sup>1</sup> We acknowledge that this is the first letter of expectations to be issued to Te Pūkenga Work Based Learning Limited (WBL), which was incorporated on 20 April 2021.

1.7. As you know:

- (a) The creation of Te Pūkenga is a key component of RoVE: a reform that seeks to create a strong, unified, sustainable vocational education system that is fit for the future of work and delivers the skills that learners, employers and communities need to thrive. A further component of RoVE is to shift the role of supporting workplace learning from former industry training organisations to providers (such as Te Pūkenga). The intention is for providers to support work-based, on-the-job training as well as delivering education and training in provider-based, online and on -the-job / workplace based settings to achieve seamless integration between the settings and to be well connected with the needs of industry.
- (b) The functions of Te Pūkenga are set out in the ETA<sup>2</sup>. The ETA requires Te Pūkenga to give effect to its Charter<sup>3</sup>, the requirements of which include: governance, management and operations across the network of Te Pūkenga to give effect to Te Tiriti o Waitangi; to recognise that Māori are integral to regional social, environmental, and economic development; and, commit to improving outcomes for Māori learners, whānau, hapū and iwi, communities and employers.
- (c) Te Pūkenga is currently carrying out the transformational work necessary to shift from a group structure to a national entity responsible for delivery of vocational education and training across the country, including functions of the now ITP subsidiaries and the arranging training functions of TITOs. The objective of this transformation stage is to bring to life the vision and deliver against the expectations set by the Minister of Education. The Transformation Programme of Te Pūkenga has been set up to deliver this with ongoing mahi across the following workstreams:
  - **Ahumahi, Ahuako** - TITO Transition & Work-based Learning
  - **Mana Orite** - Māori Partnership & Equity
  - **Ko te Ākonga te Putake** - Ākonga at the Centre
  - **Hāngai ki te Kaitukumahi** - Employer Aligned
  - **Whakaumu i te ako** - Operating Model
  - **He Tukunga Auaha** - Academic Delivery Innovation
  - **Whātui Mahi Tahi** - Network Collaboration
  - **Mana Tiaki, Manu Mātai** - Governance & Accountability Framework
  - **Tātai Rawa** - Capital Asset Strategy & Network Stabilization

- 1.8. Once the operating model is finalised, and we move into the implementation phase in 2022, we will issue a further letter of expectations and / or guidance as to the steps necessary to implement the governance transition needed to prepare for 31 December 2022 for those subsidiaries that will dissolve on close of business that date. We anticipate being in a position to issue this further letter of expectations / guidance in the first half of 2022.

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<sup>2</sup> <https://www.legislation.govt.nz/act/public/2020/0038/latest/LMS253355.html>

<sup>3</sup> <https://www.legislation.govt.nz/act/public/2020/0038/latest/LMS253892.html#LMS253892>



## Ngā Whāinga Tōmua – Priorities

- 1.9. As a Council, we have five educational priorities that we keep coming back to. These priorities support us meeting our legislative requirements and guide our work as we move through the transition period:
- (a) A relentless focus on equity and ensuring participation – we honour and uphold Te Tiriti o Waitangi in all we do.
  - (b) Delivering customised learning approaches that meet the needs of learners and trainees wherever they are.
  - (c) Using our size and scale to strengthen the quality and range of education delivery throughout Aotearoa. Excellence in educational provision for all.
  - (d) Services that meet the specific regional needs of employers and communities.
  - (e) Transition educational services in a smooth and efficient manner.
- 1.10. We have reframed our expectations of each Te Pūkenga subsidiary by aligning it with one of these priorities, which are outlined in the table below.



## 2. Te Pūkenga Council's expectations

	Council Priority	Expectations to meet Priority	Te Pūkenga Support
2.1.	<b>A relentless focus on equity and ensuring participation – we honour and uphold Te Tiriti o Waitangi in all we do.</b>	<p>We expect each Te Pūkenga subsidiary (including WBL) to be an effective Te Tiriti o Waitangi partner and to continue to demonstrate a genuine commitment to Te Tiriti o Waitangi. This requires a continued focus on embedding equity for Māori learners in the culture, delivery and outcomes across the whole of its institution and lifting leadership practice and cultural capability to effectively partner with Māori, iwi and hapū and contribute to Te Tiriti o Waitangi honouring relationships across the organisation.</p> <p>In the context of WBL, we expect the Board to have regard to and honour the spirit and intent of the Memorandum of Understanding between Te Pūkenga and Te Wānanga o Aotearoa Te Kuratini o Ngā Waka dated 10 May 2021 (MOU), with particular regard to the Initial Area of Focus set out in that MOU and the intention to collaborate and share arranging training activities.</p>	<p>We will work with you to give effect to this, including through Te Pae Tawhiti Tiriti excellence framework activities. We will work in collaboration with you and the network Te Pae Tawhiti Champions, as we apply the insights into the Transformation activities of Te Pūkenga to build an organisation that delivers equity and inclusion for Māori. Through authentic and effective partnerships, we will work together to address our common challenges and to support enhancement of the good practice and innovation that exist across the network.</p>
2.2.	<b>Delivering customised learning approaches that meet the needs of learners and trainees wherever they are.</b>	<p>We expect each Te Pūkenga subsidiary to prioritise a holistic wellbeing approach to learner outcomes that puts learners at the centre. We expect that you prioritise, in particular, Māori, Pasifika and disabled learners, rangatahi who are NEETS (not in employment, education or training), Adult Second Chance Learners, LGBTQI+ – and other populations that the vocational education system has historically disadvantaged or oppressed. We expect you to put these learner voices at the centre of your decision-making and share best practice across the network.</p>	<p>We will share with you the knowledge and initiatives developed through our learner-centred design staff network. We will work alongside you as we develop a network learner experience strategy, outcomes, and measures.</p>



2.3.	<p><b>Using our size and scale to strengthen the quality and range of education delivery throughout Aotearoa. Excellence in educational provision for all.</b></p>	<p>We expect (and are heartened to witness) the cooperation and coordination between subsidiaries across all capabilities and services. We expect this to continue and to extend to WBL.</p> <p>As part of this new way of working, we expect a continuing focus on:</p> <ul style="list-style-type: none"> <li>a) working collaboratively to reset our international education approach;</li> <li>b) presenting ourselves as a network to the international market by using Te Pūkenga branding in all overseas marketing campaigns (with input and prior consent from Te Pūkenga marketing team);</li> <li>c) a joined-up response to COVID-19;</li> <li>d) preparing to deliver work-based learning and associated arranging training activity; and</li> <li>e) preparing to develop the new business and operating model which will support the priority of excellence in educational provision for all.</li> </ul> <p>As the transformation programme accelerates over 2021, and we prepare to implement the operating model in 2022, we expect you to provide ongoing support to staff who may feel uncertain in this period of change. Wellbeing of staff and retention of capability should be a focus.</p> <p>It is anticipated that educational delivery will increase in 2022 and so we ask that you consider means of retaining capability in high demand fields. For those staff in low demand fields, we ask that you consider opportunities for retraining or developing the skills of these staff members so that they can be redeployed to high demand areas.</p>	<p>Collaboration and coordination are important as the network continues to identify unifying programmes for delivery to resolve the current portfolio structure (with multiple programmes leading to the award of a qualification on the New Zealand Qualifications Framework).</p> <p>The current replication of programmes does not increase real choice for learners and only serves to complicate and confuse learner pathways. From a learner perspective, unifying programmes and delivery alignment supports seamless transition between delivery sites and educational modes, which is key to delivering on our Charter. We will support you in this unifying of programmes.</p> <p>We will also support you in identifying opportunities for retraining / upskilling staff so that their skill sets align with and meet the needs of the aligned delivery model.</p> <p>In the context of WBL, we will support the transition of the TITOs into it and to each business division within WBL retaining the confidence of employers and the capability of their staff.</p>
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2.4.	<b>Services that meet the specific regional needs of employers and communities.</b>	<p>We expect the Board and management of each Te Pūkenga subsidiary, and in particular the Chief Executive and executive team, to be change leaders and change champions. We expect alignment between Te Pūkenga network's strategy, the direction set for your subsidiary and the delivery led by your Chief Executive. The performance of the Board and management team of each Te Pūkenga subsidiary will be essential to the effective performance of the individual subsidiary and its contribution to our national network. The Board and executive of each Te Pūkenga subsidiary are asked to act in the best interests of Te Pūkenga and its Charter.</p> <p>The transformation programme and wider reform is drawing heavily from the talent and expertise of the staff of each Te Pūkenga subsidiary. We expect the proactive contribution to the wider Te Pūkenga network to continue, acknowledging the pressure this is placing on both individual members of staff and subsidiaries. This involves things such as secondments, participating in working groups, replication and sharing of best practice across the network and ensuring all decisions factor in network considerations. This also involves ensuring that staff within your institution remain engaged as we move through the transformation so that the key capabilities are retained as education delivery increases over the coming years.</p>	<p>As stated the Charter, Te Pūkenga is committed to operating in a manner that ensures regional representatives are empowered to make decisions about delivery and operations that are informed by local relationships and to make decisions that meet the needs of regional communities.</p> <p>We will enhance our national network of delivery for the benefit of all learners and employers and in so doing will collaborate with you to take account of regional changes in delivery. We ask that you inform us in advance of any proposed regional changes so that we can strengthen our overall mix of provision, inform the development of the 2022 Te Pūkenga investment plan and reset our international approach.</p>
2.5.	<b>Transition educational services in a smooth and efficient manner.</b>	<p>In addition to all the expectations outlined above, meeting this priority requires that you engage with us openly and early – <b>No surprises, either way.</b></p> <p>We expect each Te Pūkenga subsidiary to follow the process set out in the Risk Framework Document which is designed to be an active 'no-surprise' early disclosure regime. This requires each Te Pūkenga subsidiary to report risk to Te Pūkenga periodically and report any 'red-flag' items</p>	<p>The path forward is becoming clearer; we commit to being as open and transparent as possible, engaging early and adopting co-design wherever practical.</p> <p>We ask you for the same openness and transparency. We will work through the transition period together to effect the transformation needed</p>



	<p>immediately. We expect that you (or your delegated Risk Champions) engage with our Te Pūkenga Risk Advisor who has been engaged to liaise with each Te Pūkenga subsidiary and assist you in understanding and implementing the Risk Framework.</p> <p>To measure progress and report externally, we expect each Te Pūkenga subsidiary to provide relevant historic and forecast management information on a timely basis.</p> <p>At this time of uncertainty and change, management and financial controls are put under strain and there is often a heightened risk of fraud and error. We expect each Te Pūkenga subsidiary to actively consider how it will manage the risk and ensure that controls are operating as intended.</p> <p>As we prepare for 31 December 2022, we also expect each subsidiary to work with us and agree on the processes and protocols that need to be put in place for specific Te Pūkenga representatives to access all systems in the network and extract data. This is to ensure that we have visibility over, and understand, the nature and scope of the obligations that will be assumed in relation to employees, students and all other relevant matters come close of 31 December 2022.</p>	<p>to meet the challenges we face.</p> <p>Over 2021, Te Pūkenga Council has begun work to determine its preferred future operating model and an implementation strategy. We commit to moving at pace, whilst at the same time being responsive to the changing environment we all find ourselves in.</p> <p>We want to support you in the implementation of the operating model and will engage with in relation to it over the remainder of 2021.</p> <p>We also want to support you in the implementation of the Risk Framework Document. If any member of a Te Pūkenga subsidiary is in any doubt about the status of a risk, they are asked to contact Te Pūkenga risk team on <a href="mailto:risk@tepukenga.ac.nz">risk@tepukenga.ac.nz</a></p>
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## Conclusion

The expectations set out in this letter reflect the substantial challenge we continue to face – to simultaneously transform the learner experience, shift to a single national network, and to manage financial pressures.

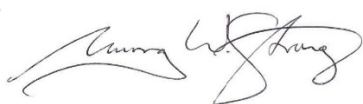
These expectations will underpin how we will consider the performance of our network, each Te Pūkenga subsidiary and the performance of its board. Similarly, we expect they will underpin how each board monitors the performance of its Chief Executive.

Adherence to and delivery against our Charter is the cornerstone of Te Pūkenga. All board members and management within the network of Te Pūkenga are asked to keep this front and centre of mind. If there is a possibility that any decision could potentially undermine our ability to achieve the Charter and the Minister's annual Letter of Expectations, we expect the matter to be referred to the Chief Executive of Te Pūkenga so that he can advise on the most appropriate means of achieving clarity in the circumstances.

**Me mahi tahi tātou mo te oranga o te katoa**  
**We work together for the well-being of everyone.**

Thank you to all board members for their ongoing willingness to perform this governance leadership role as part of the transformation of vocational education. As you know, by working together we can ensure Te Pūkenga (and each Te Pūkenga subsidiary) upholds the obligations in the Charter and meets the vocational and educational needs of all regions and local communities.

Ngā manaakitanga, nā



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Murray W. Strong  
**Chair**



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Stephen Town  
**Chief Executive**

Cc. Tim Fowler, Chief Executive, Tertiary Education Commission

