



Present

Nigel Gould (Chair)
Sir Christopher Mace
John Morris
Jenn Bestwick

Phil O'Reilly
Alastair MacCormick
Vivien Sutherland Bridgwater

Apologies

Vanessa Stoddart
Tim Fowler, Chief Executive

In attendance

John Soulis, Deputy Chief Executive Corporate & Finance (as Acting Chief Executive)
Gillian Dudgeon, Deputy Chief Executive Delivery (part-meeting)
Ian Lee, Deputy Chief Executive Strategy & Design (part-meeting)
Tony Scott, Manager Operational Strategy Policy & Insights (part-meeting)
Kirsten Ralph, Strategy Consultant, Strategy & Design (part-meeting)
Barry Brook, Co-Chair, Food & Fibre Industry Advisory Group (part-meeting)
Grant Klinkum, Deputy Secretary, Ministry of Education (part-meeting)
Andy Jackson, Ministry of Education (part-meeting)
Ross Clapcott, Ministry of Education (part-meeting)
s9(2)(a), Ministry of Education (part-meeting)
s9(2)(a), PwC (part-meeting)
Chris Collins, RoVE Programme Director (part-meeting)
Jennifer Pearce, Executive Officer (part-meeting)

Commissioners Only Session

Commissioners held a closed session.

Commissioners and Chief Executive's Session

Commissioners held a closed session with the Acting Chief Executive.

Welcome and Apologies

The Chair opened the meeting and welcomed everyone. Apologies were received from Commissioner Stoddart and the Chief Executive.

Minutes of previous meetings

Minute No. TEC190501

1 *The Board of Commissioners (the Board) **adopted** the minutes of the 8 April 2019 Board meeting as a true and correct record.*

Matters Arising from Previous Meetings

Commissioner Bestwick queried whether the focus of the paper on micro-credentials under action item 181215 was to be a definition of micro-credentials or a strategic think piece. A discussion took place about micro-credentials.

The Board noted its concern that it had not yet received a summary of submissions regarding the Review of Vocational Education (RoVE) project as outlined in action item 190311. The Chair noted that any information provided to the Minister on RoVE should be automatically copied to the Board.

Action item 190501: Ensure any information sent to the Minister regarding RoVE is copied to the Board.

Commissioner MacCormick expressed concern that no updates on RoVE had been provided to the Board since the last Board meeting and suggested more thought needs to be given to how the Board is kept informed and engaged.

Commissioner MacCormick queried why action item 190305, an update on international enrolments, was not being provided until quarter three, and asked that an interim report be provided. He suggested these updates be provided twice yearly.

Action item 190502: Provide an interim update on international enrolments (reference action item 190305).

The Board asked that action items have months recorded against the due date, rather than quarters.

Action item 190503: Action items to have months recorded against due date, rather than quarters.

Declaration of Interests

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

Chief Executive's report

Noting the comment in the scorecard that the Minister would be provided with the total cost and number of learners benefitting from the first year of fees free, the Chair asked whether an analysis of this information had taken place. The Acting Chief Executive advised this was still being worked through following the final April SDR. The Chair asked that any information provided to the Minister also be sent to the Board.

Action item 190504: Provide the Board with any information sent to the Minister regarding an analysis of the first year of fees free.

With regard to Learner Success, Commissioner Bestwick reported on a session she had attended where Dr Hana O'Regan had highlighted the conscious and unconscious bias in language that pervades the system, and wondered if it would be useful for the Board and Executive team to have a discussion with Dr O'Regan. The Board suggested that information of this sort be put into the resource centre and highlighted to Commissioners as being of interest.

In response to a query from the Board, the Acting Chief Executive provided clarification around the comment in the scorecard relating to the Data 2020 project that the project is striking some conservatism from the Ministry of Education. He confirmed that the Ministry of Education and TEC are committed to this project. The Board sought further clarification around these issues.

Action item 190505: Provide further clarification around the issues referred to in the scorecard in relation to the Data 2020 project.

The Acting Chief Executive explained what had occurred with the unsuccessful Budget bid for the Careers System Strategy, and reported on the Executive Leadership Team's discussion on how other funding could be reprioritised to enable delivery of the Strategy to be continued. Further information would come back to the Board in June.

Noting the scorecard in regard to FMP refers to changes from the organisational structure putting pressure on the timeline, the Board queried whether the FMP was robust to change. The Acting Chief Executive advised that some initial assumptions made when the FMP project was developed had not eventuated, therefore some changes were needed. A line had been drawn a few weeks ago, from which point any change requests would be required to go through a change control process.

Noting that the Board did not have a clear view over what is happening in the Ōritetanga Learner Success area, Commissioners asked that an update paper be provided.

Action item 190506: Update paper to be provided on Learner Success.

The Board noted a spike in health and safety reporting for March. The Acting Chief Executive advised there had been a number of workstation assessments that had taken place following seating changes, but no reports of any issues. The Chair suggested that in future a commentary be provided around any spikes like this.

In response to a query from Commissioner MacCormick, the Acting Chief Executive advised that Tuia is TEC's internal intranet site, and the reporting of hits on that site is to show whether it is being used effectively as it is one of the mechanisms for engagement with staff.

Turning to the Chief Executive's report, discussion took place on the use of the word "equity" in relation to learners with higher needs, and whether "parity" should be used.

Noting that work has commenced with the Ministry of Education on a funding system review and design, Commissioners noted there are two parts to this work, first to identify what is wrong with the current system and then look at options around how change could be effected. It was suggested that TEC should look at this matter first, and then work with the Ministry.

The Board noted the major risk associated with the Treaty of Waitangi claims and judicial review lodged by Skills Active.

Noting the work done by TEC in bringing women onto Boards, Commissioners asked who is representing TEC on the Implementation Advisory Group.

Action item 190507: Advise who is representing TEC on the Implementation Advisory Group around work to bring women onto boards.

The Chair asked for an update on appointments to TEI Councils and asked whether a programme is being developed for new Council appointees.

Action item 190508: Provide an update on TEI Councils appointments.

Action item 190509: Advise whether a programme is being developed for new appointments to TEI Councils.

Noting the information regarding potential new premises, the Chair queried who has the delegated authority to approve investment in premises, noting a conflict between paragraphs 31 and 33 in regard to who signs leases. The Acting Chief Executive undertook to check this.

Action item 190510: Check who has the delegated authority to sign off on leases for premises.

The Acting Chief Executive advised that since the Finance Report was prepared, the forecast deficit had reduced to \$2.5million from \$3million and explained the reasons for that reduction. He advised the cash position is still strong, and RoVE costs are tracking to target.

The Acting Chief Executive sought the Board's feedback on a request from the Ministry of Education that surplus funding at the end of the year be returned to the Government Inc pot, and outlined the reasons for the request. In response to a query from the Board as to whether this funding could be used by TEC in other areas, the Acting Chief Executive outlined the very strict rules around how the funding could be used. The Board noted the need to retain the maximum amount possible for TEC's use, and felt it would be useful to know what other work might come TEC's way in the foreseeable future before deciding what might be returned, or whether TEC should seek to hold that funding to cover other costs for work consistent with the Government's strategy, for example, RoVE and the Careers System Strategy.

In response to a query from the Board around the end of the Canterbury recovery exemptions, the Acting Chief Executive referred to the Board paper presented to the May Board meeting and explained the position regarding the accounting for those exemptions.

The Deputy Chief Executive Delivery joined the meeting, and provided an updated from a recent meeting with Buddle Findlay regarding the judicial review and Treaty of Waitangi claim lodged by Skills Active.

Referring the risk review and the letter of support for Tai Poutini Polytechnic, and in response to a query from the Board, the Deputy Chief Executive Delivery advised that Whitireia and Tai Poutini Polytechnics were the only two potential requests TEC is preparing advice for the Minister on in terms of cashflow.

Overview of Lincoln University

The Deputy Chief Executive Delivery noted the paper arose from the conversation at the last Board meeting in terms of risk and to provide the Board with background around current thinking regarding Lincoln.

She advised that the new Vice Chancellor of Lincoln is due to meet with the Minister this week, following which the Minister should be in a position to reply to the proposal regarding a Lincoln/University of Canterbury partnership which will provide a catalyst for discussions with Lincoln around other decisions it needs to make. She noted Lincoln is currently in a s9(2)(b)(ii) [REDACTED], the concern is around other decisions, and TEC is continuing to work with Lincoln.

Commissioners noted the bigger question is around Lincoln's role in the system, and in particular its role in the food and fibre sector, what it is that Lincoln can offer that will be absolutely unique in the system and how can that be developed. The issue is less about solving the institution and more about solving the strategy.

Discussion took place on advice to be provided to the Minister about what actions need to be taken in regard to Lincoln, including what the sector needs, the Lincoln/University of Canterbury partnership and around s9(2)(i) [REDACTED].

The Board asked that a paper be prepared to go to the Board prior to the next meeting providing a short update on the current position and outlining options and priorities for discussion during engagements with the Minister and Lincoln, and the continued engagement with Canterbury, and to include in particular information regarding international enrolments.

Action item 190511: Provide an update to the Board on Lincoln prior to the next Board meeting.

Approval of s9(2)(b)(ii) [REDACTED]

Minute No. TEC190502

1 The Board of Commissioners (the Board) **approved** a s9(2)(i) [REDACTED] as set out in the paper.

Information on historical recoveries and Investment Plan Amendments

The Board noted the paper.

Draft Statement of Intent 2019/20 – 2022/23, Draft Statement of Performance Expectations 2019/20

In response to a query from the Chair, the Acting Chief Executive advised that a formal budget was expected to be included in the final versions of the Statement of Intent and Statement of Performance Expectations which would come to the Board in June for final approval.

Commissioners felt further emphasis needed to be placed on linkages back into the compulsory sector, noting that the tertiary sector does not work in isolation. It was suggested this be included in the Chair and Chief Executive's forewords.

Surplus Grants Funding – Process and Procedure

The Board noted the paper and noted the approach to managing the surplus at year-end. The Board emphasised that any agreement to return funds is clearly a Board responsibility to sign off before agreement with central agencies and the Ministry of Education.

Risk Management Policy and Process

Commissioner MacCormick advised this paper had been considered at the last Audit Risk and Compliance Committee meeting.

Minute No. TEC190503

1 *The Board of Commissioners (the Board) **approved** the TEC Risk Management Policy.*

Food and Fibres Sector: recommendations from the Industry Advisory Group

Barry Brook, Co-Chair of the Industry Advisory Group, the Deputy Chief Executive Strategy & Design and Tony Scott, Manager Operational Strategy Policy & Insights and Co-Chair of the Industry Advisory Group (IAG), joined the meeting.

Barry Brook provided background to the preparation of the report from the IAG, noting it had arisen out of discussion in 2017 when TEC identified the primary sector as one of the big four focus areas. He noted there had been good engagement between the Advisory Group and TEC. He outlined other engagement that had taken place in the preparation of the report, including the Primary ITO, Lincoln and Massey Universities, and Dairy NZ. The IAG had gained a good overview and understanding of the issues, and the picture of the current state of the sector is not good. He noted it is well documented that trends are heading in the wrong direction, the sector has a net promoter problem in arguably the most valuable sector in the economy.

The IAG had taken a value chain approach for an individual from primary school, through secondary school, into tertiary training through to work, and had looked from a food and fibre sector view at what success would look like in each of those stages. The IAG then looked at would

need to be done to achieve that success. The final component of the report was to come up with five priority areas and put forward a number of recommendations in each of those areas. Barry Brook noted there are a number of recommendations and in some cases one recommendation will build on another, and in a number of cases there will need to be engagement by TEC with other groups. The principle adopted and very much at the heart of the development piece is industry led, government facilitated or enabled, requiring industry to be a lot more proactive in saying what needs to be done, how industry would like to engage and government can look at how a number of those activities can be facilitated. The IAG had discovered there is far too much siloed activity in the industry, one of the classic areas being the lack of working with schools, where everyone is trying to approach schools individually and losing impact as a result.

Discussion took place on the report and what needs to happen within the sector. Barry Brook noted that industry will need to get in behind institutions and motivate and inspire to be part of any significant change and development. Discussion took place regarding barriers to the change and ways to ensure that change happens. Discussion also took place on “where to from here” and it was suggested a gap analysis be undertaken to gain an understanding of what the entire sector needs and what is currently provided by the entire sector, not just Massey and Lincoln Universities. Work needs to be done to gain a clear vision of what “great” looks like, how the sector gets there, what should TEC do to help attain that versus what other partners do, and how should TEC evolve to be more value adding. The Board asked that management consider how TEC can evolve to better lead in this sector, and asked for information on Food and Fibre EFTS and programmes across New Zealand.

Action item 190512: Look at how TEC can evolve to better lead in the Food and Fibre sector.

Action item 190513: Advise the Board on Food and Fibre EFTS and programmes across New Zealand.

Barry Brook and Tony Scott left the meeting.

Tertiary Education Strategy: round table discussion

Dr Grant Klinkum, Andy Jackson, Ross Clapcott and s9(2)(a) from the Ministry of Education, together with Kirsten Ralph, Strategy Consultant, joined the meeting for a discussion about the preparation of the Tertiary Education Strategy.

Dr Klinkum noted how closely TEC and the Ministry are currently working on the RoVE project, and that a lot of RoVE work will appear in the TES, particularly in the areas of relevance, flexibility and end user influence in the system. He outlined discussion with the Minister around preparation of the TES. Some of the strategic priorities to be considered are to support a system that can adapt as well as possible to the

changing world of work; that people can continue to train, which is not just about full and formal qualifications; more flexibility in the qualification system; more control by end users; and the importance of pathways, careers and equity.

Discussion took place regarding the TES, and the Board provided feedback including: the necessity is to see how the TES fits within an international environment, and the need for recognition and acceptance of a rapidly changing world; a priority to retain or obtain an international position which sees New Zealand being a centre of significant tertiary achievement; system flexibility and adaption to be a priority; the need to be more aspirational; shifts need to be more about lifelong learning; funding modelling and incentives; how will success look; more fluid pathways; flexibility, an emphasis on strategy, not objectives.

The Deputy Chief Executive Strategy and Design noted that TEC and the Ministry would collate the Board's feedback and circulate that to the Board out of session to ensure the feedback had been correctly captured.

Action item 190514: Board feedback on the TES to be collated and circulated to the Board to ensure feedback has been correctly captured.

The Deputy Chief Executive Strategy and Design, the Ministry of Education representatives and Kirsten Ralph left the meeting.

Update on Reform of Vocational Education

Chris Collins and s9(2)(a) joined the meeting.

The Chair noted that the Board had expected to receive an update on the consultation process which had not been received. The Deputy Chief Executive Delivery provided a high level overview of the feedback received, and also reported on feedback from meetings held with ITO Chief Executives. She also briefed the Board on discussions that had occurred at the Minister's meeting earlier in the day.

Discussion took place on the Draft RoVE Models Assessment provided in the paper. s9(2)(a) outlined each of the various approaches and how these would evolve. Discussion took place on the models.

The Deputy Chief Executive Delivery explained how it was proposed the NZIST would work, including regional delivery, funding and reporting. She also outlined TEC's expected role. Discussion took place around how several matters would operate between the main body and regions, including monitoring; setting, developing and delivering courses; and funding. Discussion also took place around TEC's role and the role of regional leadership groups. In response to a query from the Board, s9(2)(a) explained how the analysis of each of the suggested models

had been arrived at. He noted the analysis was a tool to help with the conversation around the models. The Board emphasised the need for regional and sector responsiveness, noting that this had been referred to as something the Minister was keen to see included in the TES. The Deputy Chief Executive Delivery, s9(2)(a) and Chris Collins all emphasised that the regional voice has been emphasised in discussions with the Minister.

In response to a query from the Board, the Deputy Chief Executive Delivery advised a set of Cabinet papers would be prepared jointly by TEC and the Ministry of Education and would be jointly signed by the Chief Executive and the Secretary for Education. She confirmed there would not be a separate set of TEC papers provided, the advice provided is that of both the Ministry of Education and TEC. She outlined the current process for preparation and sign-out of papers going to the Minister. Noting that the joint submission of papers from TEC and the Ministry means TEC Commissioners and management will be perceived to be comfortable and supportive of the process, the Board commented that the pace of work had not facilitated Board involvement and input on a real time basis into the process, and queried whether there was another way of this being achieved.

Discussion took place around the appointment of the establishment board, how it is going to operate and who will monitor it. The Board emphasised the need to take a whole of tertiary sector perspective, including universities, Wānanga and industry. The discussion needs to be about tertiary education, not just vocational education. Further discussion took place around TEC's role.

Discussion took place around the proposed industry skills bodies (ISBs). The Deputy Chief Executive Delivery advised there are a number of options in term of how many ISBs would be needed. There needs to be some scale and capability and work is currently taking place around what the groupings of ISBs would be, but no decisions have been made, although agreement has been reached that there needs to be more than one ISB, but 100 are not required. The catchment of ISBs would need to be wider than that of the current ITOs.

Commissioners queried the relationship between the NZIST and ISBs. The Deputy Chief Executive Delivery advised the NZIST will be one of the providers of delivery to the ISBs and the expectation is that the NZIST would develop programmes with the ISBs, and ISBs would sign off on those programmes. ISBs would be responsible to industries and would be funded centrally through a mix of Crown and industry funding, with a wider conversation needed around employer incentives and levies. The Crown contribution would come through TEC. Discussion took place regarding the relationship between ISBs and PTEs.

Commissioners asked why TEC could not take on the NZIST role. The Deputy Chief Executive Delivery noted that would effectively turn TEC into a TEI, which would result in TEC losing its other roles. s9(2)(a) noted that TEC taking on the NZIST role would fundamentally conflict TEC in funding the rest of the system. The new structure should mean that when TEC goes through the investment planning round, it should be

able to provide a more holistic view about recommendations, informed by industry and regional bodies which will require new skills and capabilities in terms of TEC's role. The Deputy Chief Executive Delivery noted the next conversation would be around the funding system, but noted any change may not happen until 2023.

Discussion took place around the next steps. The Board again expressed disquiet around the degree of its involvement in the process. Discussion took place on to ensure the Board is more engaged in and has more ownership of the process. The Deputy Chief Executive Delivery suggested setting up a telephone conference call mid-month to update the Board on progress. It was agreed that a summary of the consultation feedback would be provided to the Board, and that other opportunities to include Board feedback into the advice preparation process be considered.

Action item 190515: Telephone conference to be arranged to provide an update to the Board on RoVE.

Action item 190516: Summary of RoVE consultation feedback to be provided to the Board.

Action item 190517: Consider other opportunities to include Board feedback into the advice preparation process.

There being no further business, the meeting closed at 4.20pm.

Signed as a true and correct record:



Chair

Date: _____



Present

Alastair MacCormick (Chair)
John Morris
Vanessa Stoddart

Jenn Bestwick
Vivien Sutherland Bridgwater

Apologies

Nigel Gould, Sir Christopher Mace, Phil O'Reilly

In attendance

Tim Fowler, Chief Executive
John Soulis, Deputy Chief Executive Corporate & Finance (as Acting Chief Executive)
Gillian Dudgeon, Deputy Chief Executive Delivery (part-meeting)
Paora Ammunson, Deputy Chief Executive Ōritetanga – Learner Success (part-meeting)
s9(2)(a) [REDACTED], Chief Advisor, Ōritetanga – Learner Success (part-meeting)
s9(2)(a) [REDACTED], Senior Advisor, Ōritetanga – Learner Success (part-meeting)
Jennifer Pearce, Executive Officer (part-meeting)

Commissioners Only Session

Commissioners held a closed session.

Commissioners and Chief Executive's Session

Commissioners held a closed session with the Chief Executive.

Welcome and Apologies

The Chair opened the meeting and welcomed everyone. Apologies were received from Commissioners Gould, Mace and O'Reilly.

Minutes of previous meetings

Minute No. TEC190601

1 The Board of Commissioners (the Board) **adopted** the minutes of the 6 May 2019 Board meeting as a true and correct record.

Matters Arising from Previous Meetings

The Chair noted that a number of action items are on the agenda for this meeting.

Declaration of Interests

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

Commissioners Stoddart and Bridgwater noted changes to their declarations.

Chief Executive's report

The Chief Executive noted he would deal with matters in the scorecard and his report by exception.

Referring to the scorecard, the Chief Executive noted that the RAG status for the Careers System Strategy (for budget and resourcing) had moved to red as a result of the unsuccessful Budget bid. There is funding for the agreed strategy through until the end of June and the process for determining the next steps is now being worked through. Discussion took place on why the Budget bid was unsuccessful and whether there were lessons that could be learned. The Board asked that a paragraph be included in the Chief Executive's report for the July Board meeting around this and the next steps post-Budget.

Action item 190601: Paragraph to be included in the Chief Executive's report outlining any lessons learned from the unsuccessful Budget bid for funding for the Careers System Strategy, to include next steps post-Budget.

In response to a query from the Chair as to whether the number of contractors employed would fall off in the Careers area, the Chief Executive confirmed that a number of contractors from the Careers System Strategy would finish at the end of June. The Deputy Chief Executive Finance advised that the number of contractors employed on the RoVE project is also expected to decline. Commissioners noted the need to keep an eye on turnover creep.

Turning to his report, the Chief Executive reaffirmed to the Board that there is still a Careers System Strategy to be delivered, however, with the unsuccessful Budget bid, some components that would have been delivered simultaneously will now have to be done sequentially. He outlined discussions that have been held around the Inspiring the Futures programme and advised that an implementation case for this will come back to the Board for approval. Commissioners asked that a deep dive on the Careers System Strategy, including background to the project, the changes required as a result of the unsuccessful Budget bid and what those changes mean for the project.

Action item 190602: Deep dive to be held on the Careers System Strategy, the changes required as a result of the unsuccessful Budget bid and what those changes mean for the project.

The Chief Executive noted the information regarding the Judicial Review by Skills Active Aotearoa. He noted advice received is that it is highly unlikely that urgency will be granted, so the judicial review will likely not be considered until after decisions on the RoVE project are made by Cabinet. He advised Crown Law and the Ministry of Education are handling the judicial review.

With regard to the Unitec fraud, the Chair noted this had been discussed earlier in the closed session. The Board noted the issue and talked generally about protection against fraud and corruption.

Turning to the update on Monitoring and Crown Ownership activity, with regard to Taratahi, the Chief Executive advised that good feedback had been received from some students who had been picked up by other providers. Commissioner Stoddart noted with concern that only around 63% of learners had enrolled at another TEO or ITO and felt this number was not high enough. Commissioners asked whether it was possible to track all learners. The Chief Executive advised that there were a number of learners who were not contactable and the Deputy Chief Executive Delivery noted that there was not a direct replacement for Taratahi's residential course. She noted the figures in the Chief Executive's report reflected that for learners who were able to find another course, the uptake was good. The Chief Executive suggested that a full accounting of Taratahi learners at the time of Taratahi closing be prepared to show whether learners were able to be placed at other institutions.

Action item 190603: Prepare a full accounting of Taratahi learners at the time of Taratahi closing to show whether learners were able to be placed at other institutions.

Noting that the investigation report into ServiceIQ had been published, the Chair recalled a discussion around the time of the report into BEST being released, that reports would be seen by either the Board or the Audit Risk and Compliance Committee (ARCC) before they were published, and noted this report had not been referred to either. The Chief Executive undertook to check this.

Action item 190604: Check whether investigation reports are to be referred to either the Audit Risk and Compliance Committee or the Board before being publically released.

With regard to the risk rating for s9(2)(b)(ii), the Chair advised the ARCC had requested the increased risk rating over concerns around reputational rather than financial risk.

With regard to prosecutions for false statutory declarations relating to fees-free, the Chief Executive advised that TEC is working with the Crown Solicitor's office and Crown Law on this matter. There has been a small number of cases where it has been obvious false declarations have been made for the purpose of receiving fees-free. With the Crown Solicitor's office, TEC will go through the process of prosecuting those cases. The Chief Executive advised that the Minister would be advised before this occurs, and the earliest it will occur is early July. He advised there were less than half a dozen cases to be prosecuted at this stage, but a large number of warning letters would also be sent.

The Chief Executive noted the information regarding TEC's obligations to PTEs under the Health and Safety at Work Act 2015, having sought legal advice following a query raised by one of his Chief Executive colleagues.

The Chair noted that the information provided regarding current interventions is all about statistics and finances, but does not contain anything positive about turn-around strategies. He noted that turn around strategies are not simply about cutting costs and queried what is being done to make the institutions more attractive to students. While acknowledging that a number of ITPs are in holding patterns awaiting the outcome of the RoVE project, Commissioners noted it would be good to hear some positive messages.

In response to a query from Commissioner Bestwick regarding the Lincoln University/AgResearch hub, Commissioners and the Chief Executive provided background to what had occurred around that project, and what is currently happening. Commissioner Stoddart noted that a decision needs to be made around what the tertiary strategy for the primary/agriculture sector is for New Zealand, and once that is decided, everything else will fall into place around that strategy.

The Board noted the information regarding the formation of a separate Institutes of Technology and Polytechnics group and agreed with the Chief Executive that the main focus for TEC is to try and stop further fragmentation.

With regard to the Data 2020 project, the Chief Executive advised a review had been undertaken of the work being done around this project. Every university had been visited and there was a disparate range of view of what should be done in the future. The first Steering Committee meeting is due to be held, and Mark Loveard, the Chief Operating Officer from Victoria University, is part of that Committee. The Chief

Executive noted two areas of risk, one a substantive issue with the funding system changing and RoVE, what data is being collected and what for and whether that should be delayed. The other is a primarily university driven risk being agreement around the frequency of collection, which he noted is a change management issue as much as anything else. Noting the information regarding the Ministry of Education's attitude towards the Data 2020 project and noting an earlier discussion about strategic possibility for TEC in the future and the necessity to have data to work with, the Chair noted the need to continue to work with the Ministry on this matter.

Commissioner Bestwick outlined work in this area being undertaken by other agencies and suggested TEC think about other ways to find out what people are thinking about tertiary education.

With regard to business continuity planning, the Chief Executive noted that although two business continuity planning tests had been promised this year, other work, such as RoVE, have made those difficult to plan. At least one exercise will be conducted this year, scheduled for 9 July.

Noting the resolution achieved regarding Careers NZ holiday pay, the Deputy Chief Executive Finance advised a solution had been found that would save TEC money. He advised the person leading this piece of work had done similar work for the NZ Police.

Referring the information regarding the work to bring more women onto Boards, Commissioner Bridgwater Sutherland queried whether there was work also occurring around equity spread. The Board asked that a paper be prepared on the work of the Implementation Advisory Group.

Action item 190605: Prepare a paper outlining the work of the Implementation Advisory Group.

Turning to the Finance Report, the Deputy Chief Executive Finance advised the forecast year end variance is now in a more positive position, with the May month end information now available and slightly better than reported. Income has increased slightly and there has been some softening of costs related to RoVE. He noted that a breakdown of RoVE costs is included in the Finance Report, with people costs being the biggest factor. The Chief Executive outlined discussions that had taken place around people costs for RoVE, particularly around the number of TEC staff working on the project versus contractors and consultants. He noted that part of the reason for TEC staff being used is the quick timeline for the project. The Deputy Chief Executive Delivery noted that going forward, staffing numbers would be relatively small, with mostly longer term fixed-term employees. The Deputy Chief Executive Finance also advised that the Ministry of Education is wanting some funding for staff working on the policy side of the project.

The Deputy Chief Executive Finance that capital spend has been reduced to \$6.6million, predominantly because the Careers System Strategy work has been pushed out to next year.

He noted a paper later on the agenda relating to the return of surpluses and advised that the Minister has asked that some surplus funding be returned to be utilised for the RoVE project. He advised the figure has reduced and approximately \$12.2million will be requested from contingency.

He noted there is paper on the agenda relating to the write off of debts and drew attention to the information in the Finance Report regarding recoveries which have now been finalised.

Turning to the risk register, the Chief Executive highlighted the number of ITPs with an extreme/red RAG status. Discussion took place regarding Unitec's current EER status, and about EER audits generally.

Update on Reform of Vocational Education

The Chair noted the Board's concerns regarding its involvement in the RoVE project and queried whether there was anything that could be done around this. He commented on the risk rating in the business case given to the project and the Chief Executive outlined some of the issues faced in the preparation of the business case.

The Chief Executive outlined what is currently occurring in terms of the process and timetable. He provided an update on decisions made regarding the establishment identity. He advised one of the challenges is around identifying a chair and board members for the establishment board, and he would welcome suggestions from the Board. He outlined how the appointment process would take place.

The Deputy Chief Executive Delivery advised that in terms of standing up the new identity in April next year, agreement had been reached that the 16 ITPs would become subsidiaries of the new entity. Discussion took place on what this would mean for ITPs.

Update on the financial position of ITPs – Quarter 1 performance including term 1 EFTS

The Board noted the information in the paper. The Deputy Chief Executive Delivery noted one positive in the report is that adjustments are being made to reflect the fact that revenue is decreasing.

April 2019 enrolment update at tertiary education organisations

Discussion took place on a number of matters arising from the paper, including the reasons for the trends shown in international enrolments in table 3. The Chief Executive advised that the Chief Executive New Zealand would be meeting with the Board at its August meeting, and the Board asked that more information on the international student picture be provided in advance of that meeting.

Commissioner Stoddart queried whether there was any requirement for institutions to advise any strategic risks in their investment plans. The Deputy Chief Executive Delivery undertook to check this.

Action item 190606: Advise whether institutions are required to advise any strategic risks in their investment plans.

Draft Statement of Intent 2019/20 – 2022/23, Draft Statement of Performance Expectations 2019/20

Minute No. TEC190602

1 *The Board of Commissioners (the Board):*

- A. **approved** the TEC Statement of Intent 2019/20 -2022/23 and the TEC Statement of Performance Expectations 2019/20; and
- B. **approved** the signing of a physical copy of the Statement of Intent 2019/20 -2022/23 and the TEC Statement of Performance Expectations 2019/20 by Dr Alastair MacCormick (Chair, Audit Risk and Compliance Committee) and John Morris (Commissioner).

Business benefits of capital expenditure

The Chief Executive noted the preparation of this paper in response to an action item had been a useful exercise. The paper outlines the capital expenditure over the last several years and where that has been spent, together with a RAG status as to whether the benefits sought had been achieved.

Review of our 2019/20 Five Year Capital Plan

The Deputy Chief Executive Finance noted the paper is for the Board's information. He confirmed that any business cases seeking funding over \$1million will come to the Board for approval.

The Board noted the paper.

Return of surplus grant funding to the Crown at year end

Minute No. TEC190603

1 *The Board of Commissioners (the Board) approved* returning the \$30-\$25m grant surplus for 2018/19 to the Crown.

Update from Audit Risk and Compliance Committee meeting of 15 May 2019

The Deputy Chief Executive Finance provided an update from the Audit Risk and Compliance Committee (ARCC) meeting held on 15 May 2019. He noted ARCC reviewed the annual conflicts of interest register, recommended the internal audit plan for approval, went through the TEO risk register, and endorsed the delegation policy with some amendments. ARCC also endorsed the grants debtors write off, considered the review of the compulsory student services fees and reviewed the TEC risk update. A new item on the ARCC agenda is to review privacy and security breaches, of which there had been one low level, minor breach.

Internal Audit Work Programme

Commissioner Bestwick noted her interest as a member of the NZQA Board.

The Deputy Chief Executive Finance advised the audits listed in the paper were in no particular order, and could change during the year. The paper contains the work plan as it currently stands.

Minute No. TEC190604

*1 The Board of Commissioners (the Board) **approved** the 2019/20 Internal Audit Work Programme.*

Delegation Policy Review

The Chair noted the paper had been approved by ARCC with one minor suggested change. The Deputy Chief Executive Finance confirmed that change had been included in the paper.

Commissioner Stoddart noted one of the changes suggested was that the ability to negotiate a Collective Employment Agreement with the PSA or other bargaining agent be sub-delegated to the HR Manager. She said her understanding was that this matter had previously come to the Remuneration Committee to approve the mandate and felt the change took this mandate away from the Board. She suggested the delegation be changed to reflect that the Chief Executive or HR Manager could negotiate a Collective Agreement as per the mandate from the Board.

The Deputy Chief Executive Finance answered a number of queries from Board relating to the delegation policy. The Board asked for some minor amendments to be made to the policy, with those amendments to be approved by Commissioners MacCormick and Stoddart.

Action item 190607: Amendments as requested to be made to the delegations policy to be provided to Commissioners MacCormick and Stoddart for approval.

Minute No. TEC190605

1 With the amendments as requested, the Board of Commissioners (the Board) **approved** the changes to the Delegation Policy.

Grant Debtors Write Off

Minute No. TEC190606

1 The Board of Commissioners (the Board) **approved** the writing off of the Acts Institute of New Zealand grant debt in 2018/19 (\$48,816 GST inclusive).

DREAM Annual Conference 2019 report

The Board noted the paper.

Micro-credentials' place in the system

The Board noted the paper.

Australia Vocational Education and Training System Register

The Board noted the paper.

TEC's Ōritetanga Learner Success work programme

The Deputy Chief Executive Ōritetanga Learner Success; s9(2)(a) [REDACTED], Chief Advisor, Ōritetanga Learner Success; and s9(2)(a) [REDACTED] Senior Advisor, Ōritetanga – Learner Success joined the meeting.

The Deputy Chief Executive Ōritetanga Learner Success outlined the objectives of the directorate and how the directorate works, noting that most of the work involves supporting other groups within TEC. One piece of work the directorate is leading is the learner success project. The Deputy Chief Executive Ōritetanga Learner Success, s9(2)(a) [REDACTED] took the Board through a presentation on the work being undertaken on this project. They noted the Minister is very keen for work to be done not only around achievement for Māori and Pasifika, but also for disabled people and lower socio-economic groups.

Discussion took place on the work programme. Commissioners queried how TEC would make sure institutions did not start playing the system through grade inflation, lowering standards, etc. The Chief Executive noted this would come down to monitoring. He said what had been noted from the American experience was that most of the interventions have nothing to do with academics, it's mostly the pastoral side. The Deputy Chief Executive Ōritetanga Learner Success confirmed this would sit alongside a number of other initiatives from TEC over the next few years.

There being no further business, the meeting closed at 3.15pm.

Signed as a true and correct record:



Chair

Date: _____



Present

Nigel Gould (Chair)	Phil O'Reilly (by video conference)
Alastair MacCormick	Jenn Bestwick
Sir Christopher Mace	John Russell
Vanessa Stoddart (by video conference)	Nancy McConnell

Apologies

Vivien Sutherland Bridgwater

In attendance

Tim Fowler, Chief Executive
Gillian Dudgeon, Deputy Chief Executive Delivery (part-meeting)
Paora Ammunson, Deputy Chief Executive Ōritetanga – Learner Success (part-meeting)
Jennifer Pearce, Executive Officer (part-meeting)

Commissioners Only Session

Commissioners held a closed session.

Commissioners and Chief Executive's Session

Commissioners held a closed session with the Chief Executive.

Welcome and Apologies

The Chair opened the meeting and welcomed everyone to the Board meeting being held at Te Wānanga o Aotearoa's Maungakotukuku campus in Hamilton, in particular welcoming John Russell and Nancy McConnell to their first meeting. Apologies were received from Commissioner Bridgewater.

Minutes of previous meetings

The Board requested that a copy of the presentation from the Ōritetanga – Learner Success team be made available to the Board.

Action item 190701: Copy of Ōritetanga – Learner Success presentation from June Board meeting to be circulated to the Board.

Minute No. TEC190701

1 The Board of Commissioners (the Board) **adopted** the minutes of the 10 June 2019 Board meeting as a true and correct record.

Matters Arising from Previous Meetings

The Chief Executive noted that action items are on the agenda for this meeting or scheduled for out months.

Declaration of Interests

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

Chief Executive's report

The Chief Executive noted he would deal with matters in the scorecard and his report by exception.

With regard to Fees Free, the Chief Executive noted a lot of thought is going into what can be done to improve the process for TEOs and make it more systematised than manual to reduce compliance. Noting the reference in the paper later in the agenda to the period of six months following an offence in which any charges under the Education Act must be filed, the Chair queried where that six month period had come from. The Deputy Chief Executive Delivery noted this is an existing policy setting and is one of a number of things the MCO team has been talking to the Ministry of Education about. She said there are a lot of learnings after a year of operation around dates, timeframes and operational policy that could be improved.

The Chief Executive noted there are a number of amber RAG statuses in regard to the Careers System Strategy. Noting the paper later on the agenda, he advised if that paper was approved, most of those ambers would move to green. In response to a query from the Board, he advised the Budget bid for the Careers System Strategy was \$24m, the majority of which was for Managed and Accessible Pathway Systems (MAPS) over a four year cycle. Similarly, the Inspiring the Futures work is \$1.5m in terms of set up but managed within baselines going forward.

The Chief Executive advised that roll out of the Funds Management & Payments (FMP) system is due to occur in late July. Training is going well and the integration with TechnologyOne has been management well, with one of TechnologyOne's senior management team on the FMP steering committee for the last 18 months.

The Chief Executive explained the Kiritaki (CRM) project, noting it would be the source of capture of all interactions with the sector. The Board asked that a demonstration of Kiritaki be provided to it at a future meeting.

Action item 190702: Demonstration of Kiritaki to be arranged for a future meeting.

The Chief Executive explained the Data 2020 project, noting it is a replacement for the Single Data Return (SDR), Industry Training Register (ITR), Workspace 2 and other ancillary systems. He confirmed it will be used across every TEO. He agreed that one of the key risks to the project is the resignation of the Deputy Chief Executive Information. The Deputy Chief Executive Delivery noted that Data 2020 would form part of the answer to funding reform, giving some flexibility to how funding occurs in the future. The Chief Executive noted that the project is progressing well for the most part, particularly engagement with the university sector, and reported on feedback received. He noted a change in project manager had recently occurred and a stocktake of the project would be undertaken. It was anticipated a business case for the design phase would come to the Board in September.

With regard to RoVE, the Chief Executive advised that, as noted on the contractors' page in the scorecard, a number of contractors had finished, some of this from the RoVE project. He said some good work had been done to get to the situation where Cabinet papers had successfully been through the Cabinet Committee and provided feedback received regarding those Cabinet papers. He outlined issues relating to ongoing funding for the project, partly caused by the delay in the Cabinet paper being considered and approved by the full Cabinet. He advised the Deputy Chief Executive Corporate and Finance is working on how to fund the process in July until the Cabinet paper is approved. Interim funding would largely be from underspends, but any further delay to the Cabinet paper will create issues for TEC's ability to operationally deliver the work.

In response to a query from the Board as to whether the PWC costs around RoVE are reflected in the contractor numbers and costs, the Deputy Chief Executive Delivery advised these are included in the costs of consultants rather than contractors and are reflected in the RoVE spend in the Finance report.

Turning to the Chief Executive's report, the Chair noted the information covering the Cabinet paper leak had been discussed earlier. The Chief Executive confirmed that the Cabinet paper would be considered by Cabinet on 22 July, which was the same day the Judicial Review is due to be heard. The advice received from Crown Law is that it is unlikely there will be a resolution on the Judicial Review for 2-3 weeks.

Noting the table outlining current interventions at TEIs, the Chief Executive advised Jeremy Morley's contract at Lincoln was in the process of being renewed, but it would be slightly different from the present contract.

The Chief Executive outlined the current position regarding the sale of land at Unitec's Mt Albert Campus and advised this was being worked on with Murray Strong, the Crown Commissioner.

In regard to the additional office space at 138 The Terrace, the Chief Executive advised that from a health and safety position, the new premises would have the same systems as those at 44 The Terrace. The Deputy Chief Executive Delivery noted she had visited the premises and described the layout. She confirmed access would be by swipe card. The Chief Executive said this is likely to be where RoVE and the IST establishment board is housed.

The Board requested that it be provided with a copy of the programme for the Ōritetanga Conference. The Chief Executive noted invitations to the conference had been sent to all Board members, and he and the Deputy Chief Executive Ōritetanga Learner Success were giving consideration to what functions could be organised around the conference. He noted Tim Renick and Tristan Denley would be in Wellington later in the week of the conference and there would be opportunities for Board members to meet with them at that point also.

Action item 190703: Provide the Board with a copy of the programme for the Ōritetanga conference.

The Chief Executive noted the information in his report regarding the update to the Cabinet Fees Framework.

Referring to the release of investigation reports, the Chief Executive sought the Board's advice as to whether investigation reports should be made available to the Audit Risk and Compliance Committee (ARCC) in advance of public release. The Board requested that this happen, noting that reports may need to be circulated out of session.

Action item 190704: Copies of investigation reports to be considered by ARCC in advance of public release.

Turning to the Finance report, the Chair highlighted the information regarding PWC consultants.

Noting that the table on the first page of the Finance report shows revenue being \$1million over budget, Commissioner MacCormick how this had come about. The Chair noted this was likely to be interest received. The Chief Executive undertook to check and advise the Board.

Action item 190705: Advise how the variance of \$1million over budget in total operating revenue and interest received to date has occurred.

In response to a query from the Board, the Chief Executive confirmed he is comfortable with sensitive expenses across TEC. He confirmed that he signs off on all expenses for Deputy Chief Executives, and the Deputy Chief Executive Corporate and Finance and his team keep a very good record of expenses across the business. He outlined who within TEC has corporate credit cards, noting that the majority have small limits attached to them, and that 100% of expenses are reviewed.

Discussion took place regarding the debt from Taratahi and the amount provisioned as doubtful debt. The Deputy Chief Executive Delivery confirmed that it always been expected that some funding would be recovered. The Chief Executive provided an update on discussions taking place regarding Taratahi, both in regard to sale of properties and running the education unit.

The Chief Executive noted there are no significant changes to the Risk Register. He provided an update on the Unitec fraud, advising that this has been referred to the Police. The Board asked that any new information in future reports be highlighted in some way.

Action item 190706: New information in the risk register to be highlighted.

The Chief Executive confirmed s9(2)(i) is being investigation by the Serious Fraud Office but advised there was no update regarding the timeline or status of that investigation. The Deputy Chief Executive Delivery provided an update on changes occurring around a restructured senior leadership team at WITT.

In response to a query from Commissioner MacCormick regarding EFTS at Tai Poutini Polytechnic (TPP) being 65% behind target, the Deputy Chief Executive Delivery confirmed that this was due in part to changes in emergency management and search and rescue training where funding no longer goes through TPP. The Chief Executive and Deputy Chief Executive Delivery provided an update on the current position at WelTec and Whitireia Polytechnic and how the situation at those institutions differs from Unitec.

The Chief Executive noted that the Chair of ServiceIQ has retired.

Background on Te Wānanga o Aotearoa

Discussion took place regarding the upcoming discussion with representatives of Te Wānanga o Aotearoa.

Update on Reform of Vocational Education (RoVE)

The Chair noted discussion regarding RoVE had taken place with the Chief Executive earlier in the meeting. He noted there are still some questions to be answered in relation to the transition process such as continuity of apprenticeships, funding issues, the appointments process

to the new entity board and the ongoing population of that board. What has been achieved in the Cabinet papers is a position which better ensures a smoother transition and the Board should be comfortable and supportive and applaud the outcomes achieved.

While noting that the way the apprenticeship programme will be run during the transition period still needs to be worked through, the Chief Executive and Deputy Chief Executive Delivery noted the working assumption is that business as usual will continue for a period of time. Once announcements are made there will be a process of working with ITOs to understand what the options for transition are. Discussion took place regarding the new operating model and the work the establishment unit will be required to do, in particular the need to involve employers and industry in discussions around transition and where responsibility for workplace learning will sit. Noting that the Board will be meeting with the Minister following the Board meeting on 5 August and that the Cabinet paper will have been considered by that date, the Chair suggested a letter be written to the Minister outlining some of the views expressed by the Board.

Action item 190707: Write letter to the Minister for Chair to review.

The Board noted the important piece of work is the capability of the establishment board and flow through into the IST, and emphasised the need for cohesion around the various roles.

The Board asked that an updated version of the governance model be circulated.

Action item 190708: Updated RoVE governance model to be circulated to the Board.

The Board noted that what is emerging now is clarity of vision around what vocational education will look like into the future, with a focus on transition from the current model into the new model, and how that transition will be monitored and supported.

The Chief Executive and Deputy Chief Executive outlined changes to be made to the programme board going forward. Discussion took place on the make-up of that board. The Chief Executive suggested the most recent governance arrangements be circulated to the Board out of session in the half monthly Board update and a deeper dive be held at the next Board meeting to give the Board more visibility around the mechanics of the programme governance as well as how the project will be run.

Action item 190709: Circulate the current programme RoVE governance arrangements in the half monthly Board update.

Action item 190710: Deep dive on the mechanics of the RoVE programme governance and how the project will be run.

The Board also asked that a dedicated communications plan be circulated.

Action item 190711: Circulate dedicated RoVE communications plan to the Board.

In response to a query from the Board, the Deputy Chief Executive Delivery advised that a risk plan is being developed. The Board emphasised the need for risk control.

Meeting with Te Wānanga o Aotearoa

The Chair welcomed Vanessa Eparaima (Chair), Bryan Hemi (Deputy Chair), Hon Te Ururoa Flavell (Chief Executive), and Nepia Winiata, Deputy Chief Executive from Te Wānanga o Aotearoa (TWOA) to the meeting and thanked them for hosting the Board meeting.

Te Ururoa Flavell presented to the Board, providing information including a history of the institution, its mission, vision and values, current student figures and ethnic make-up, the challenges and opportunities currently facing TWOA and its key priorities.

Following the presentation, discussion took place with the Board. The Chair noted that TEC and TWOA have a common vision to ensure an environment is created that gives the maximum ability for people to access tertiary education. The discussion covered matters such as funding rates, the unique contribution TWOA makes to the tertiary education system, and priorities for system change.

Following the departure of the TWOA guests from the meeting, the Deputy Chief Executive Ōritetanga Learner Success noted that the RoVE process has highlighted the need to work with the Wānanga. He outlined discussions being held and work being done with the Wānanga, the Ministry of Education and TEC. The Chief Executive commented there is a massive opportunity for TWOA in trades training and it was an area he would like to see them do more in.

The Board asked that a copy of the TWOA presentation be added to Diligent.

Action item 190712: Copy of TWOA presentation to the Board to be added to Diligent.

Careers System Strategy update and approval to fund Inspiring the Future

The Chair noted some frustration with the government's decision not to support the Careers System Strategy budget bid in Budget 2019. He also queried whether TEC's ongoing work in the careers area was aligned to the original intent of merging Careers NZ into TEC. That reason was to make all levels of tertiary study available to all ages and a core part of that was a role in schools. He queried whether the current proposal is a stand-alone process or part of the programme envisaged. The Board felt it would be timely for a reminder of the Careers vision and what TEC is responsible for delivering in the Careers space. Noting that it had been agreed to hold a deep dive into Careers at the next Board meeting, the Chief Executive suggested this be included in that session.

Action item 190713: Deep dive to be held on Careers System Strategy, including a reminder of the Careers vision and what TEC is responsible for delivering in the Careers space.

Discussion took place on the Inspiring the Future programme and how it operates. The Chief Executive noted the programme is the first in a very big scope of work and can be rolled out into secondary as well as primary schools. Noting comment from the Board that a number of other groups in New Zealand are doing similar work, the Chief Executive noted the intention is to set up an umbrella where all these types of programmes can come together as no one entity (21st Century Skills as an example) have comprehensive engagement across New Zealand's 800 secondary schools, let alone the 2000 primary schools. He advised that work was being done with the New Zealand Principals Federation, NZEI and School Trustees Association to socialise the programme with them before engaging with schools direct and employers who would be the volunteers. The aim is to demonstrate that this is not going to create extra work for teachers.

Minute No. TEC190602

1 *The Board of Commissioners (the Board) **approved** the budget of \$1.5m Opex and \$0.5m Capex to proceed with the Inspiring the Future programme.*

Lincoln University sensitivity analysis

In response to a query from the Chair, the Chief Executive advised that he is highly confident the \$85million capital funding from the Crown will be available to Lincoln. The Deputy Chief Executive Delivery noted that even if the business case did not stack up, this would result in a deferral rather than withdrawal of the funding. The Chief Executive advised this paper was generated as a result of a request from the Board to see what the various scenarios look like given various potential situations.

The Chair asked what level of capacity this investment would provide Lincoln in terms of student numbers, for example, if Lincoln was to rebuild science labs, what level of student enrolments would Lincoln have the capability to support. The Chief Executive noted the original business case only had EFTS increasing by 500, most of those were international and was after several years. In response to a query from the

Chair as to whether the \$300million investment would make s9(2)(b)(ii) with a student population of 5,000 or 8,000, the Deputy Chief Executive Delivery advised she did not think any plans had been seen that would make s9(2)(b)(ii) institution. The Chief Executive noted that was the case even with the previous business case.

The Deputy Chief Executive Delivery noted the Board had previously asked about the mix of study at Lincoln. She noted that, looking at undergraduate programmes, about 60% relate to agriculture and 20% in post-graduate, however science is not included in that number.

In response to a query from Commissioner Bestwick regarding discussions with the University of Canterbury, the Chief Executive noted these discussions are progressing slowly. Lincoln is also having discussions Otago and Massey universities around shared services.

Taratahi student transitions

The Board noted the paper.

Fees-free monitoring, investigating, and filing charges against learners who have made false declarations to access fees-free

The Chair noted the issue raised earlier in the meeting regarding the six month limit within which any charges under the Education Act must be filed, noting that any offences committed last year cannot now be prosecuted.

The Chief Executive outlined discussions held with the Crown Prosecutor regarding the prosecutions. He advised there are three cases he is considering filing charges for. Thought is being given to communications in this matter, with current thinking being around proactive communications. The Chief Executive outlined some of the circumstances resulting in the decision to prosecute these particular students and not others. In response to a query from the Board, the Chief Executive outlined the steps being taken to ensure integrity around the systems involved in the process. He outlined the checks that take place when statutory declarations are received. Small and continuous improvements are being made.

The Deputy Chief Executive Delivery confirmed that all of the students involved had been picked up before they were made eligible for fees free. In response to a query from the Board as to whether students would have to reimburse fees if the false declarations were not picked up before the students received fees free, the Deputy Chief Executive Delivery advised this would then become a matter between the student and the TEO. Discussion took place on what TEC is trying to achieve by prosecuting these students, and whether any risk assessment had been

undertaken. The Chief Executive noted that extensive thought had been given to prosecuting and that in his view it was a facility in the Act and that TEC has a responsibility to prosecute in order to deter future rorting of the system.

2020 Investment Round: Indicative Allocations

The Chair queried how \$62million of funding remains unallocated when SAC rates have increased, meaning there are less students for more money. The Deputy Chief Executive Delivery explained that the indicative allocations are based mainly on how TEOs performed 2018 and planned delivery in 2019. TEOs are able to come back and ask for more funding based on their performance this year. She said it would be expected that a lot of that \$62million would be allocated based on evidence.

The Chief Executive noted this is the start of the conversation which will be finalised for final allocations to be made at the October Board meeting. Providing indicative allocations now allows institutions to start their budgetary planning. He noted the figures in the papers are baseline and he would expect some ITPs and PTEs to go down.

In answer to a query from the Board as to the reason for the decrease in allocations from 2018, the Deputy Chief Executive noted that some of the decrease is a result of changing programmes and some is a reduction in the number of PTEs. She advised the Monitoring and Crown Ownership team is currently doing some work on the risk across PTEs. In the April SDR data, some PTEs were well below where they had forecast to be in 2019. The Chief Executive noted the decline was also likely to include a decline in Youth Guarantee numbers which had been falling for the last two to three years. The Deputy Chief Executive Delivery confirmed that a large part of underperformance was in Youth Guarantee at levels 1 and 2.

The Chief Executive agreed with Commissioner Mace that these numbers are very preliminary and further details will be available later in the year. He advised that the Board would receive papers confirming funding allocations in October and November.

There being no further business, the meeting closed at 3.30pm.

Signed as a true and correct record:


_____ Chair

Date: _____

The Chair noted the importance of not losing sight of the position of the universities in the current environment and emerging opportunities and threats. He noted the paper captures this very well, looking from a New Zealand context, but noted there was little reference to the international position, for example, looking ahead, can New Zealand maintain international relevance and what will be the threats to that positioning; academic capability, which is what in many ways drives the perceived value to students and internationally to researchers; and how can that be retained, attracted and further developed. How can the current model be changed or optimised to ensure New Zealand is not just maintaining but lifting its international reputation, capability and positioning.

The Deputy Chief Executive Strategy and Design noted this is the first of many papers to come on the university sector, and sought feedback from the Board in terms of areas of interest. The Board noted a number of matters it felt should be considered.

Discussion took place on where to from here and the Board suggested that once the RoVE programme is underway, discussions could be held with the University Chancellors about how they view the future position of the traditional university sector, along with some of the issues set out in the paper.

2020 Investment Plan Approval – Recommendations for proposed in-part funding

In response to a query from the Board regarding the note in the paper that approved funding is subject to final funding determinations being signed off by the Minister, the Deputy Chief Executive Delivery explained TEOs cannot be provided with a final funding letter until the Minister has signed the s159L funding determinations. They can, however, be advised that the Board has approved funding, subject to those determinations being signed and that that had been the process the previous month when the Board approved funding for several institutions.

The Chief Executive provided an update to the Board regarding Victoria University proposed midwifery programme, and advised this is still under discussion with the university. The university was clear that if it wanted to seek funding for the programme it would need to submit a revised proposal to the Board.

Minute No. TEC191102

1 Based on the advice and recommendations of the Chief Executive, the Board of Commissioners (the Board):

- A. **Approved** 4357 million in 2020 funding recommendations and Plan durations contained in Appendix A of the paper, for one university, three institutes of technology and polytechnics (ITPs), four industry training organisations (ITOs), and five large private training establishments (PTEs);*

- B. **Approved** the one ITP and three ITOs that were Plan exempt for a one-year Plan duration; and
- C. **Approved** the updated 2020 allocation amount for Open Polytechnic New Zealand (OPNZ).

Proposed non-recovery of fees-free payments

In response to a query from the Chair regarding the ongoing assessment of eligibility, the Deputy Chief Executive Delivery advised that a review had been undertaken of several hundred applications to ensure the right decisions had been made, and that review had been fed back into the decision making process going forward.

Minute No. TEC191103

1 The Board of Commissioners (the Board) **approved** that TEC does not recover fees-free provider payments.

Approval of 2019 and 2020 Qualification Development Fund funding

In response to a query from the Chair, the Deputy Chief Executive Delivery advised that funding for World Skills was being considered as part of other work. The Board queried what would happen to this funding post-RoVE. The Deputy Chief Executive Delivery advised the funding would still be available but how it is used would be reviewed.

Minute No. TEC191104

1 Based on the advice and recommendations of the Chief Executive, the Board of Commissioners (the Board):

- A. **Approved** the Qualification Development Fund 2019 and 2020 funding recommended in Table One of the paper;
- B. **Approved** final milestone 2018 Qualification Development Fund (QDF) funding of \$6,000 for the Funeral Industry Training Organisation; and
- C. **Approved delegating** funding decisions for the 2020 application round for the Qualification Development Fund to the Chief Executive and Deputy Chief Executive Delivery.

Approval of 2019 funding amendments; additional funding requests; payments to be put on hold

Minute No. TEC191105

1 Based on the advice and recommendations of the Chief Executive, the Board of Commissioners (the Board):

- A. **Approved** an in-year plan amendment for The Mind lab, subject to agreement with them;

- B. **Approved** an in-year plan amendment for the Building and Construction Industry Training Organisation; and
- C. **Approved** the 2019 Youth Guarantee Payments and in year amendments, for high risk providers.

Careers Planning Solution: Our Approach to the Budget Funding Bid

Discussion took place regarding the 2020 Budget bid to be presented from the TEC Careers Planning Solution (CPS). The Chief Executive advised that the bid has to go through the Ministry of Education. The Ministry of Education had supported the first bid, and is working with TEC on this one. He noted the bid will need to be a coherent package from the education agencies and he and the Deputy Chief Executive Strategy and Delivery outlined what the bid would need to include. They both noted the numerous demands on the existing government surplus.

Home-based early-child education programmes in languages other than English or Māori

Minute No. TEC191106

- 1 The Board of Commissioners (the Board) **delegated** funding approval for initiatives to develop level 4 early childhood education (ECE) programmes in languages other than English and Te Reo Māori to the TEC's Chief Executive and Deputy Chief Executive Delivery, up to a maximum amount of \$1million.

Privacy and Personal Information Policy

The Board noted the policy had been through the Audit Risk and Compliance Committee and was comprehensive, clear and logical.

Minute No. TEC191006

- 1 The Board of Commissioners (the Board) **approved** the Privacy and Personal Information Policy.

RoVE legislative impacts on the TEC

The Board noted that the legislation is a work in progress, and that it is important to understand the implications to TEC so there is transparency around who is responsible for what.

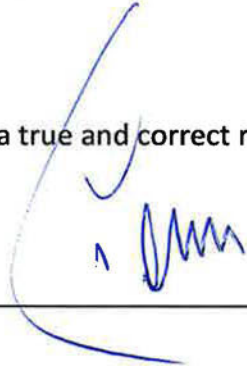
Discussion took place on how investment plans would be submitted going forward, whether the NZIST would submit one plan or whether plans would be received from subsidiaries, and how plans would be received from Workforce Development Councils. The Chief Executive and Deputy Chief Executive Delivery noted this was a matter that would need to be discussed with the new entity going forward. Discussion also took place on how funding to Workforce Development Councils will occur.

Any other business

The Chair noted that this meeting was Commissioner Mace's last meeting. He acknowledged and thanked Commissioner Mace for his input the Board in many areas.

There being no further business, the meeting closed at 3.15pm.

Signed as a true and correct record:



Chair

Date: 2/12/19