

Present

Nigel Gould (Chair)
Alastair MacCormick
Sir Christopher Mace
Vanessa Stoddart
Vivien Sutherland Bridgwater

Phil O'Reilly
Jenn Bestwick
John Russell
Nancy McConnell

Apologies

In attendance

Tim Fowler, Chief Executive
Gillian Dudgeon, Deputy Chief Executive Delivery (part-meeting)
John Soulis, Deputy Chief Executive Corporate and Finance (part-meeting)
Nina Ive, Manager Strategic Engagement (part-meeting)
s9(2)(a), Education New Zealand (part-meeting)
Grant McPherson, Chief Executive, Education New Zealand (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.

Deep Dive – Careers System Strategy

The Chief Executive and Nina Ive, Manager Strategic Engagement, provided an update to the Board on the Careers System Strategy.

Meeting with ^{s9(2)(a)} and Grant McPherson, Education New Zealand

The Chair welcomed ^{s9(2)(a)} and Grant McPherson, Chief Executive from Education New Zealand to the meeting for a discussion regarding international education. He outlined a number of trends and issues relating to international education, and the possible reasons for the fall off in both the number of international students coming to New Zealand and an increase in the number of New Zealand students choosing to undertake tertiary education overseas.

^{s9(2)(a)} spoke about the need for the tertiary education system to be aligned with national goals and to have a strategic direction and to identify the knowledge and skill base to be translated into a strategic environment. He spoke about the background to TEC being set up and how its role has changed. He noted the Government's attitude towards matters such as border control has impacted particularly on ITPs and PTEs, and has cost the sector a lot of money. Education NZ has started an exercise of looking at "where to from here" following a successful 10 years of Education NZ. Threats identified include a changing, highly competitive world and students looking at different ways of doing things. Opportunities include the chance to turn around the drop in the number of international students coming to New Zealand to study. He noted there is a limited number of students that the system can absorb, but there are enormous opportunities beyond that off-shore, for example the audience for online learning and other blended learning models, and what would need to occur so advantage can be taken of those opportunities, working with other government agencies. Discussion took place on how TEC could be involved in working with other agencies on this.

Grant McPherson noted the need for alignment with NZ Inc across the system is vital. He noted the timing is right to do things in a different way and have deeper conversations around this. The Board noted the need to have a point of difference to attract students to New Zealand.

Agreeing with the Board's comment that part of the problem in New Zealand is that universities in New Zealand regard each other as competition rather than working collaboratively, ^{s9(2)(a)} reported on discussed Education NZ has held with Universities NZ. He noted universities would have to work together offshore.

^{s9(2)(a)} advised Education NZ would be funding a feasibility study to look at what countries around the world are doing at the present time, and if New Zealand were to go down that same track, what would that look like. Part of the feasibility study will be to look at the costs of transitioning to a more international focus. Discussion took place around the quality of education provided and to ensure the New Zealand "brand" remains one of quality.

Welcome and Apologies

The Chair opened the meeting and welcomed everyone to the meeting.

Minutes of previous meetings

Minute No. TEC190801

1 *The Board of Commissioners (the Board) **adopted** the minutes of the 8 July 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.

Discussion took place on the shape of the agenda for Board meetings going forward. The Board noted that very little had been on the agenda in the last 12 months regarding universities, and suggested this should be a regular agenda item of the Board. The Chief Executive undertook to consider how that would be done. Discussion also took place regarding the recording of action items and how Diligent is used to provide papers to the Board.

Declaration of Interests

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

Commissioner Stoddart advised a changed to her declarations.

Chief Executive's report

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

With regard to the Data 2020 project, the Chief Executive noted changes to the programme management had created a risk that the self-imposed deadline for bringing the business case to the Board might not be met. He felt it was important to ensure that the project is up to standard from a project management point of view from the start. He was confident the technology component would be straightforward and easily down, however, 90% of the project is about change management and relationships with the sector.

The Chief Executive noted two RAG statuses for the RoVE project had improved in the last month.

Turning to his report, the Chief Executive noted the FMP project had gone live on 29 July. The Deputy Chief Executive Corporate and Finance advised that 640 providers had been paid using the new system.

Turning to the Chief Executive's report, in response to a query from the Chair as to whether feedback had been received from the Minister regarding the Tertiary Education Strategy (TES), the Deputy Chief Executive Delivery advised that although the TES had been included in the papers for this morning's meeting, it had not been discussed. The Chief Executive noted the ongoing conversations around three areas TEC feels are not strongly communicated, being international, research and achievement and excellence. Discussion took place regarding the TES.

The Chief Executive advised that around 300 people had registered for the Ōritetanga conference, and outlined the other meetings Dr Tim Renick and Dr Tristan Denley would be undertaking during the week.

s9(2)(b)(ii)

The Chief Executive provided background on the Employer-led Workplace Literacy and Numeracy (EVLN) Fund and around the increase in demand for funding. Although money is available elsewhere, this cannot be moved to the EVLN, so he had asked the Deputy Chief Executive Corporate and Finance and his team to work through the Ministry of Education and the Minister as to how this could occur. In response to a question from the Board as to whether the funding should be raised to more than \$10million per year, the Deputy Chief Executive Delivery advised Treasury is leading another piece of work looking at this. Commissioners noted the need for the Board to have visibility of anything provided to the Minister in this regard.

Discussion took place regarding fees-free. Noting that the second year of fees-free was about to commence, the Board queried whether there would be any opportunity for engagement around changes to the fees-free policy. The Chief Executive advised there would be no changes to the policy this year.

The Deputy Chief Executive Corporate and Finance spoke to the Finance Report. He noted the key highlight that the year-end deficit would be \$2.4m, a saving of \$3m better than originally planned for. This was a result of higher revenue, vacancies and a reduction in the number of contractors, and an underspend of the RoVE budget. He confirmed \$600,000 of RoVE budget had been accrued to the next financial year. \$8.6m of the \$11.1m funding requested had been approved for phase 2 of the RoVE project and work is continuing on what that means for the

resources supporting the project going forward. A separate fund of \$70m has been approved for the Establishment Board, but this will go through the Ministry of Education.

A paper will be coming to the Board on lessons learned from the Kia Rite project. Kiritaki and FMP are the other big spends. On the capital side, a bit more has been spend around infrastructure assets and the outfitting of 138 The Terrace which will house the RoVE hub. He advised that Cabinet had approved \$20m of underspends in grant funding being transferred into contingency for RoVE.

The Deputy Chief Executive Corporate and Finance advised that repayments have been received from debtors and he was confident a lot of those debts will be recovered. He advised there are no issues regarding the balance sheet and cash. TEC would end up in a good position at the end of the financial year.

The Board discussed TEOs on the risk register. The Chief Executive provided an update regarding Te Wananga o Aotearoa (TWOA). He said he believed TEC staff are doing everything they can to identify the amount involved and work on an acceptable manner in which that will be recovered. The confirmed TWOA remains viable.

Revised TEC Purpose and Vision Statements

The Chair noted the TEC purpose and vision statements had been previously discussed. The Board provided extensive feedback on the revised purpose and vision statement. It was noted by the Chief Executive that the end product would include a “long form narrative” in addition to the specific and short form vision and purpose. Board members commented that this might be helpful as there was a view that the standalone statements lack the broader context of the economy, our relationships with providers, commentary on research and the like. The Chief Executive committed to again reviewing the draft statement and to bring them back for discussion.

Update on Reform of Vocational Education (RoVE)

The Board noted the paper and the further information provided in the resource centre. The Board queried the six sector groups outlined with regard to the Workforce Development Councils (WDCs). The Deputy Chief Executive noted these groupings are the six vocational pathways that currently exist, and are a starting point for consultation. She advised the intention is to have between four and seven WDCs, and the intention is to consult on the groupings within those WDCs.

Noting paragraph 18 of the paper refers to a key function of the Regional Skills Leadership Groups (RSLGs) being to provide advice to the education system, the Board queried who the “education system” refers to. The Deputy Chief Executive Delivery advised TEC would be part of

this, together with the new institution and WDCs. The voice of the WDCs would be sought in terms of national skills, the mix of provision required and the opportunities and together with the voice of the RSLGs would be used to come up with investment plans in the future. This should provide more information to inform decision making than currently, where TEC is reliant mainly on what providers tell us. Discussion took place around the RSLGs. The Chief Executive noted this part of the work is being driven by MBIE to enable it to be tied with economic development and immigration issues.

In response to a query from Commissioners, the Chief Executive outlined why the IST Establishment Board will sit within the Ministry of Education.

Update from Remuneration Committee meeting

The Chair and Commissioner Stoddart provided an update on matters discussed at the Remuneration Committee meeting earlier in the day.

Bargaining Strategy

Minute No. TEC190802

- 1 *The Board of Commissioners (the Board) **agreed** to the recommended bargaining parameters with the Public Service Association (PSA) set out in the paper.*

Remuneration Review Budget for 2019/20

Minute No. TEC190803

- 2 *The Board of Commissioners (the Board):*

- A. **Approved** a 2019/20 remuneration spend of \$565k, which includes moving the TEC grade midpoint; and
- B. **Approved** a sub-delegation to the Chief Executive to approve staff remuneration increases (excluding ELT) for 2019/20 within the budget provision.

New Auckland Office Lease

In response to a query from the Board, the Deputy Chief Executive Corporate and Finance advised that the exit from the lease on the previous Auckland premises had been negotiated and agreed.

Minute No. TEC190804

1 The Board of Commissioners (the Board) **agreed** to delegate to the Chief Executive the authority to confirm the draft lease on behalf of TEC.

Annual Report 2018/19: proposed approach, topics and content

The Board provided feedback on the proposed approach, topics and suggested content of the 2018/19 Annual Report. The Board felt comment should be made that the year has been a challenging one, emphasising the huge contribution made by TEC, in particular to RoVE and the implementation of fees free, and other work undertaken to help learners and improve the quality and alignment with schools for the benefit of New Zealand. The Annual Report should be looked at in conjunction with the Statement of Intent and Statement of Performance Expectation to work out the commonality between them. The introduction could include looking at the environment TEC is operating in, how does that environment change and what are the impacts of that.

Update on our response to *Growing Food and Fibres – recommendations to the TEC*

Discussion took place on the paper, including TEO involvement in this sector and whether the idea of a Food and Fibre centre of excellence is still being pursued. Commissioners noted this is TEC's response to the Food and Fibre paper, and doesn't limit what TEC recommends to the Minister.

Fees-free Eligibility Appeals

The Board noted the paper.

The Chief Executive, Deputy Chief Executive Delivery and Deputy Chief Executive Corporate and Finance left the meeting.

Confirmation of Remuneration Committee decisions

The Board confirmed the decisions made by the Remuneration Committee earlier in the day with regard to the Chief Executive and Tier 2 remuneration results and performance reviews. The Chief Executive's KPIs for the 2019/20 year are to be provided to the Board once finalised.

Board sub-committee appointments

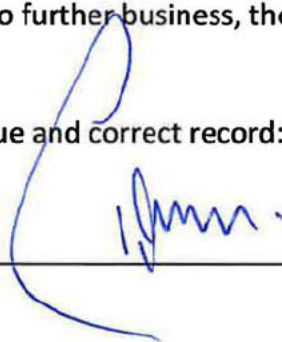
The Board confirmed the following appointments to sub-committees:

Remuneration Committee – Commissioner MacCormick

Audit Risk and Compliance Committee – Commissioners Bestwick and McConnell

There being no further business, the meeting closed at 3.45pm.

Signed as a true and correct record:



Chair

Date: _____



Present

Nigel Gould (Chair)
Alastair MacCormick
Sir Christopher Mace
Vanessa Stoddart

Vivien Sutherland Bridgwater
Jenn Bestwick
John Russell
Nancy McConnell

Apologies

In attendance

Phil O'Reilly
Tim Fowler, Chief Executive
Gillian Dudgeon, Deputy Chief Executive Delivery (part-meeting)
John Soulis, Deputy Chief Executive Corporate and Finance (part-meeting)
Ian Lee, Deputy Chief Executive Strategy & Design (part-meeting)
Brendan Kelly, Deputy Chief Executive Information (part-meeting)
Paora Ammunson, Deputy Chief Executive Ōritetanga – Learner Success (part-meeting)
Jan Sheppard, Manager Information Services/Chief Data Officer (part-meeting)
Dean Winter, Manager Monitoring and Crown Ownership (part-meeting)
s9(2)(a), Chief Advisor Ōritetanga – Learner Success (part-meeting)
Panny Litras, Manager Organisation Planning & Performance (part-meeting)
s9(2)(a), Project Manager, Information (part-meeting)
s9(2)(a) Change Manager, Information (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 meeting. Apologies were received from Commissioner O'Reilly. The Chair noted this would be Commissioner O'Reilly's last meeting.

Minutes of previous meetings

Minute No. TEC190901

1 *The Board of Commissioners (the Board) adopted the minutes of the 5 August 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 by exception.

The Chief Executive advised that the RoVE and Review of the Funding System projects, although related, had been separated out for reporting purposes. He noted that budget requests for RoVE are higher than the funding available, but the Deputy Chief Executives Corporate and Finance and Delivery are working through those requests and he is confident the programme will come back on budget. In response to a query from the Board as to what would move to the IST Establishment Unit, the Chief Executive outlined the role of the IST Establishment Unit versus that of TEC. He outlined the role of the current RoVE Programme Board and how that would change going forward with a move to a new governance framework which would involve Commissioner MacCormick and external, independent parties.

With regard to the Careers System Strategy, the Chief Executive reported on positive meetings held recently with compulsory education sector unions about the work being done in the careers space and in particular the Inspiring the Future programme.

The Chief Executive noted that contractor numbers had decreased again in July, and the forecast was that numbers would not fall much below this level going forward. The reduction from 120 to 57 was as a result of active management over several months.

With regard to the snapshot graphs for Customer Contact total enquiries, the Chief Executive pointed out that this is a new team doing some really good work, but still learning. Sector standard approaches are slowly being brought in, and it is expected it will take a few months to embed these.

Referring to the Ministerial timeliness, the Chair noted the targets recorded in the snapshot, but noted that the Ministerial rating in the Annual Report had dropped. The Chief Executive advised that these are measuring two different things. The snapshot records the timeliness in particular of Ministerial items, Aide Memoires, briefings and the like, going to the Minister's office. He outlined how the Minister's rating in the Annual Report is obtained, and noted this is broader than the information in the snapshot. He advised that other agencies had also received a lower rating than in previous years and he was not concerned about TEC's rating.

Turning to the Chief Executive's report, discussion took place regarding the current position with the Crown debt for Taratahi's Home Farm. The Chief Executive confirmed that the Audit Risk and Compliance Committee will be consulted on any matters relating to this debt.

With regard to the Reform of Vocational Education, Commissioner MacCormick queried whether there is any conflict with Murray Strong taking on the role of Executive Director of the new IST Establishment Unit. The Chief Executive advised extensive legal advice had been obtained regarding this, which was that there is no conflict of interest in terms of Murray Strong's role as Commissioner at Tai Poutini Polytech and Unitec, but that he would stand down from his role as Chair of NZQA. Commissioner Bestwick advised that Neil Quigley had been appointed as Deputy Chair of NZQA and he would act as Chair in the meantime.

The Deputy Chief Executive Finance outlined the work being undertaken with Treasury in regard to reducing the size of TEC's multi category appropriation and balance sheet mechanism facility and the return of surplus to the Crown. The Chief Executive confirmed this would not constrain any latent demand in the system, as TEOs have the ability to provide 102% of their plan without approaching TEC.

Discussion took place regarding the employee survey. Commissioner Stoddart outlined what is occurring in other organisations around employee surveys.

Turning to the Finance Report, the Deputy Chief Executive Corporate and Finance noted the report is a light touch report, being the first report of the new financial year and with focus being on preparation of the Annual Report. He advised audit clearance had been verbally received from Audit NZ that morning, with no major issues raised.

With regard to operational funding, the Deputy Chief Executive Corporate and Finance noted the variance for the current month is about \$100,000 below budget. All funding allocated for the RoVE project has been spent and the approved funding of \$8.6m for 2019/20 will be start to be used as the project scales up.

Turning to grant funding, the Deputy Chief Executive Corporate and Finance advised forecasting would be updated following finalisation of the August SDR and an update forecast would be brought to the Board's October meeting.

In response to a query from the Board, the Deputy Chief Executive Delivery advised that s9(2)(b)(ii) (the Trust) had been advised last Friday that the s9(2)(i). TEC would continue to work with the Trust on a longer term solution. s9(2)(i). The Chief Executive advised that TEC would s9(2)(i).

The Board noted the Risk Register. With regard to Lincoln University, the Deputy Chief Executive outlined TEC's advice to the Minister regarding the \$85m Crown funding towards rebuilding its science facilities.

Performance-based Research Fund 2018 Quality Evaluation: Approval of the final QE results and 2019 funding allocations

The Deputy Chief Executive Delivery noted a small change between the indicative funding table presented the April Board paper and the finalised in this paper, in that the Research Degree Completion funding for Whitecliffe Enterprises Limited had now been included. She confirmed few complaints had been received but none were substantiated. Complaints had been investigated in detail and providers advised of the result. She confirmed that no further response had been received from providers following advice being provided that complaints had not been upheld, and that the project was now being closed down.

Minute No. TEC190902

1 The Board of Commissioners (the Board):

- A. **approved** the 2019 Performance-based Research Fund (PBRF) funding allocations contained in Appendix One of the paper; and
- B. **agreed** that the updated funding be published as part of the finalised Quality Evaluation (QE) results report.

In response to a query from Commissioner MacCormick regard the review of the PBRF, the Deputy Chief Executive Delivery advised that a review panel has been appointed and held its first meeting, which TEC presented at to provide background and other information. Ian Town, who was the Chair of the PBRF Quality Evaluation Panel for TEC is part of that panel. The work is progressing and within TEC, the Strategy and Design team are providing resources to help support the review panel.

Commissioner MacCormick noted this is one of the pivotal ways funding can influence the university system and expressed disappointment that the Board had not been provided more information regarding membership of the review panel and the Terms of Reference, and the ability to have some input into that. Noting a conversation earlier in the meeting about the Board's role, Commissioner Stoddart asked that thought be given to why the Board hadn't been provided with a copy of the Terms of Reference and some thought given as to what role the Board might have in considering the Terms of Reference.

It was agreed a paper be brought to the Board at the next meeting to provide an update on the review, and that the Terms of Reference and information on the review panel be provided to the Board.

Action item 190801: Update paper on the PBRF review to be provided to the Board, including the Terms of Reference and outlining the review panel.

Commissioner MacCormick noted a point raised at the last Board meeting that universities don't appear on the Board agenda as a topic. The Chief Executive advised that the Deputy Chief Executive Strategy and Design was giving consideration as to how this could best be covered and would come back to the Board with suggestions.

Data 2020 Foundation and Full Functionality Business Case

The Deputy Chief Executive Information and Manager Information Services/Chief Data Officer joined the meeting.

In answer to a query from the Board, the Deputy Chief Executive Information confirmed that the government's better business case process had been followed in preparing the business case. He advised the governance group includes tier 2 managers from the Ministry of Education and NZQA. He advised that, given the size of the project, it does not require Treasury approval. That had led to the framing of the project as a

change management rather than technology project, and the cost breakdown inside the project has a very heavy emphasis on change support across the system. The Chief Executive advised that Mark Loveard, the Chief Operating Officer from Victoria University, and s9(2)(a), the former COO at the Ministry of Education are both on the governance board. The Deputy Chief Executive Information advised that a lot of time and effort has been spent on formal engagement on the project.

In response to a question from the Board, the Deputy Chief Executive Information advised that the dollars set out in the business case are the correct dollars. He noted a high contingency had been included as it was expected further work would have to be undertaken in the RoVE space, and there is enough uncertainty in the business environment that a request has been made for a 20% contingency.

Discussion took place around risks around the project. The Deputy Chief Executive Information noted the driver for change is the change to vocational training and this platform will have the flexibility to cope with that change. Discussion also took place around how quickly data will be available via this system. The Deputy Chief Executive Information advised the intention is to move to real time data. Discussion took place as to whether the name of the project should be changed.

Minute No. TEC190903

1 The Board of Commissioners (the Board) **approved** the Data 2020 Foundation and Full Functionality business case.

Kiritaki Demonstration

s9(2)(a), Project Manager and s9(2)(a), Change Manager from Information/ICT Services joined the meeting to provide a demonstration of Kiritaki, TEC's new CRM tool.

The Deputy Chief Executive noted that Kiritaki is relatively new in terms of embedding it within TEC. s9(2)(a) noted Kiritaki is a new way of working, putting the customer at the centre of what TEC does. This tool will make it easier to do that. All contact with organisations will be captured in the same place.

TEC draft Annual Report for the year ended 30 June 2019

Panny Litras, Manager Organisation Performance and Planning, joined the meeting. The Board provided feedback on the draft Annual Report.

The Board asked that the forewords from the Chair and Chief Executive be circulated out of session.

Draft Tertiary Education Strategy (TES)

The Deputy Chief Executive Strategy & Design joined the meeting.

The Chair reported on a recent meeting of Education sector Chairs and Chief Executives where the general context of the TES had been discussed, including a presentation from Education New Zealand. He felt that international education and increasing the level of participation in tertiary education were missing from the current draft.

The Deputy Chief Executive Strategy and Design provided background to the preparation of the current draft TES and draft National Statement of Learning Priorities (NELP). As a result of the combining of these two documents and the Education Sector strategy into one document, some sections had been lost, including the international context. This has been raised in feedback provided to the Ministry of Education. He advised that TEC would have a further opportunity to raise these issues during the consultation process. In response to a query from the Board, he confirmed that the document was likely to be put out for consultation in its current form. Discussion took place regarding the draft and on the options for the TEC and the Board in particular to provide feedback. Discussion also took place on how the Board could raise its concerns at its meeting with the Minister later in the day.

Update on Reform of Vocation Education programme (RoVE)

The Deputy Chief Executive Delivery advised that information on the potential impacts of the draft legislation on TEC would be brought back to the Board next month. In response to a query from Commissioner MacCormick, the Chief Executive explained the reasons why the Secretary for Education has responsibility for signing off capital expenditure. In the same way that the Secretary for Education currently approves borrowing consents for TEIs once TEC has assessed requests, overall plans would be considered by TEC and would then go to the Secretary for Education for approval. He felt, however, that some wording changes may still be required. The Deputy Chief Executive Delivery noted that this is also a result of the IST Establishment Unit technically being part of the Ministry of Education.

Update on Te Wānanga o Aotearoa

The Manager, Monitoring and Crown Ownership, Deputy Chief Executive Ōritetanga – Learner Success and Chief Advisor Ōritetanga – Learner Success joined the meeting.

Discussion took place on why the investigation has only covered the 2016 and 2017 years at present. The Chief Executive explained the investigation started in 2018 and so TEC did not have complete data for the 2018 academic year. However, it is now the Team's intention to look at 2018.

Discussion took place on how the investigation had arisen and NZQA's involvement. Commissioner Bestwick declared a conflict of interest in regard to her role on the NZQA Board.

Having raised the issue, the Board was satisfied and agreed with the investigation covering the period 2016-2018 inclusive, but notes the issue will be obtaining the agreement of Te Wānanga o Aotearoa for the investigation of these three years.

In response to a query from the Board, the Chief Executive advised that the work done by NZQA demonstrates students have achieved the outcomes required to earn their certificates, which is a different to some other investigations. He also confirmed that no complaints about quality had been received. The original investigation arose out of an internal review. Discussion took place on what the investigation is likely to look at and with regard to repayment of any funding. He noted that TWA has a new Chair and relatively new Chief Executive who are keen to work with TEC to resolve this matter.

Unified Funding System Project - Update

The Deputy Chief Executive Strategy & Design noted this piece of work is in the very early stages. He noted the current system has not changed since 2006 and any new system needs to be configured to recognise what is being delivered, how it's being delivered, who is it being delivered for and when. The Board noted this is quite a fundamental rethink of the funding system and there would be a need to incentivise TEOs to think in this way and may require multiple levers. Discussion took place on the types of issues to be considered when designing a new system, the effect a new system might have on TEC's current investment planning process and how any new model would work. The Deputy Chief Executive Strategy and Design noted this project is not about funding for degree based provision but is more levels 3 to 7 and focused on vocational education, including diplomas and micro-credentials.

Discussion took place on how the Board could be involved in this piece of work.

The Chair left the meeting with Commissioner MacCormick taking over as Chair.

Follow-up from Ōritetanga conference

The Deputy Chief Executive Ōritetanga – Learner Success thanked the Board for its support of the recent Ōritetanga conference. He highlighted some of the challenges following on from the conference.

Commissioner MacCormick congratulated those involved for a successful conference.

The Chief Advisor Ōritetanga – Learner Success outlined the work to be done following the conference and how that will be done, working with other groups within TEC.

Overview of the 2020 Investment Plan process

The Deputy Chief Executive Delivery noted that based on the conversation earlier in the meeting, part of the information that would come back to the Board in October would be information regarding the TEC's investment in midwifery programmes given that Victoria University was seeking funding for a new programme in this area.

The Board noted the paper.

Kia Rite – summary outlining lessons learned

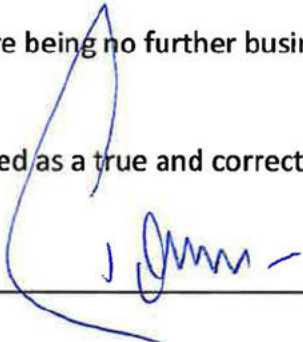
The Board noted the paper.

Delegations Register

The Delegations Register was noted.

There being no further business, the meeting closed at 2.50pm.

Signed as a true and correct record:


_____ Chair

Date: _____



Present

Nigel Gould (Chair)
Alastair MacCormick
Sir Christopher Mace
Vanessa Stoddart

Vivien Sutherland Bridgwater
Jenn Bestwick
John Russell
Nancy McConnell

Apologies

In attendance

Tim Fowler, Chief Executive
Gillian Dudgeon, Deputy Chief Executive Delivery (part-meeting)
John Soulis, Deputy Chief Executive Corporate and Finance (part-meeting)
Ian Lee, Deputy Chief Executive Strategy & Design (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 meeting.

Minutes of previous meetings

Minute No. TEC191001

1 The Board of Commissioners (the Board) **adopted** the minutes of the 2 September 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. Commissioner Bestwick declared her conflict in relation to discussions involving NZQA.

Chief Executive's report

The scorecard and Chief Executive's report were taken as read.

In relation to the snapshot graph relating turnover, the Chief Executive noted that figures are shown on a rolling average, and the figures in this report are August's numbers and he expected the rolling average would decrease from September onwards. Discussion took place as to why a rolling average for turnover is used. The Chief Executive advised this is to provide a longer run view of turnover. The Board queried the injury frequency rate, and the Deputy Chief Executive Corporate and Finance undertook to check the figures.

Turning to his report, the Chief Executive provided an update regarding the death of a student at the University of Canterbury's (the University) student accommodation. Discussion took place as to what responsibility TEC has in matters such as this. The Chief Executive noted TEC's role has been to support the University and provide some guidance around areas such as communications, as TEC has a relationship with the University. He confirmed that the TEC does not have responsibility for how universities look after their students. He advised the Minister had asked for guidance on what the government could do in this particular space, which the Ministry of Education has provided options on, and outlined possible steps the Minister might take. The Chief Executive noted TEC is going through the process of gathering more information, outlined the requests made to date and the reasons for those requests. He advised this is an information gathering exercise that will contribute to what the Minister might want to do in the future. The Board cautioned that TEC needs to be careful that it not to putting itself or the Chief Executive in a position of responsibility for the wellbeing of students which it has no control over. The Board noted that it is timely given TEC's related work on student success.

Discussion took place regarding follow up from the Board's meeting with the Minister on 2 September. The Chair noted the Board had had a general discussion on this earlier in the meeting, particularly in regard to the Board's thoughts on the system as a whole and concerns with the current system. Actions that the Board is looking for in November had been discussed.

The Chief Executive noted that the agreement by Ministers that funding within Vote Tertiary Education will be used to fund RoVE is a significant one and means all funding for RoVE in out years will come from the current tertiary spend. He outlined how this will work. The Chair noted the Board will need to have visibility over the RoVE budget and how it is tracking. The Deputy Chief Executive Finance advised this is about funding separate to that given to the IST Establishment Unit, and funding that impacts TEC will be reported on.

The Chief Executive noted that the Lincoln business case has been submitted to TEC and is currently going through the IQA process. In response to comments from the Board, he noted this was a Cabinet level decision that the current Government is committed to, and the only issue is whether the business case supports the provision of \$80million, not whether the funding should be provided. Discussion took place around the business case and it was agreed the business case would be provided to the Board.

With regard to ServiceIQ, the Chief Executive noted that ServiceIQ has advised it has brought further employers on board, so expects to be able to compensate for the forecast under-delivery.

The Chief Executive noted the information regarding the University of Auckland's sale of the Epsom Campus. He noted that TEC regularly deals with asset transfer and disposal, however, this is a large one. The Board noted the need to ensure a degree of consistency is applied in the advice provided on these matters. Noting that it is the Minister's decision to make as to whether an asset can be sold, based on the advice of both TEC and the Ministry of Education, the Chief Executive outlined some of the issues faced relating to transfer of titles, and the criteria used in making recommendations. He agreed the criteria would be provided to the Board.

Commissioner Mace left the meeting.

Discussion took place regarding the employee experience survey. The Chief Executive noted the results cannot be compared to previous surveys used. Discussion took place on the types of themes ELT should be looking for in the survey.

In response to a query from Commissioner Bestwick, the Chief Executive outlined what is being done in regard to business continuity planning and that this is reported back to the Board via the Audit Risk and Compliance Committee (ARCC). Commissioner MacCormick, as Chair of the

ARCC, noted that business continuity is under control, realistic practice sessions have been held and reported on back to ARCC. The Chief Executive outlined some of what is contained in the business continuity plan.

The Board noted the proposed meeting dates for 2020 and were asked to advise any issues with those.

The Chief Executive noted he had mentioned the draft new approach to EFTS forecasting earlier in the meeting and that further information would come to the Board later in the year. He provided an update on the work being undertaken, and noted this was being worked through with the Ministry and that independent advice was also being sought.

The Deputy Chief Executive Corporate and Finance provided an update on bargaining. He noted one of the issues raised was the question of an increase to the one off payment to PSA members. The Board asked that this issue be referred to the Remuneration Committee and that it be put in the context of the total claims.

In response to a query from the Board, the Chief Executive confirmed that TEC had made a submission to NZQA on proposed changes to the New Zealand Qualifications Framework and advised this would be provided to the Board.

Discussion took place regarding the Risk Register. The Chief Executive noted that WITT and NorthTec are two institutions that are newly nervous regarding their cashflow position in the next 18 months to two years moving into the IST. In response to a query from the Board, he advised that there is no possibility that NorthTec would require a cash injection prior to 1 April.

In response to a query from the Board, the Deputy Chief Executive Corporate and Finance noted there had been no action regarding BEST Pacific Institute of Education, but that he would go back to the liquidator for a report on how that is progressing.

Engagement on the Unified Funding System Project

The Deputy Chief Executive Strategy & Delivery, Jeremy Morley (Chair of the Funding Reference Group for the project), Marny Dickson (Chief Policy Analyst, Ministry of Education) and Emma Pym (Principal Advisor, TEC) joined the meeting for a discussion regarding the Unified Funding System Project, which focuses on reforming some core aspects of the tertiary funding system. The Deputy Chief Executive Strategy & Design noted that, as advised at the last Board meeting, the group were keen to engage with the Board as it works through advice to the Minister and a Cabinet paper in the new year regarding the funding system.

In response to a comment from the Board that the project currently focuses on vocational activities and at some point this will need to be extended to include universities, Marny Dickson noted that the Minister, with Cabinet, took the position that the part of the funding system causing the most issues is the level 3-7 non-degree, and had asked for the focus to be on setting up a better, more sustainable system going forward for those levels of study. This will include some provision in universities, with the view that lessons learned from this review might apply to higher education. She explained some of the areas to be covered in the review.

Jeremy Morley reported on meetings that had currently been held regarding the project. The first meeting had spent considerable time looking at the weaknesses and strengths of the system. The second meeting built on that and spent time identifying what the problems are. An A3 page was tabled setting out the Issues and challenges facing the existing system and the Board provided feedback on these. The Board noted that implications for the entire system should be thought about, and other matters to be considered are value for money, equity, recognition of cost of regional provision, cover off unintended consequences, microcredentials and the process of investing.

Jeremy Morley, Marny Dickson and Emma Pym left the meeting.

Reform of Vocational Education (RoVE) – Governance Update

The Deputy Chief Executive Delivery noted the paper is an overarching look at the RoVE programme across all seven workstreams and provides the Board with background on how the programme is being managed and the different levels of reporting that the Board will see. The Chief Executive and Deputy Chief Executive Delivery outlined both the current and future reporting from both TEC and the IST Establishment Board, who they will report to and what they will report on, including what will be provided to the Board. The Chief Executive advised that the IST Establishment Board is separately funded through the appropriation via the Ministry, and does not come out of TEC's budget.

The Chief Executive reported on a meeting he had had with Local Government New Zealand regarding the RoVE project. The Deputy Chief Executive Delivery outlined other engagements that have taken place and noted specific regional engagement is about to start. She noted that most engagements have been very positive once the model and opportunities have been talked through. The Chief Executive advised that the level of engagement and the way it's been received couldn't have gone better.

Tertiary Education Strategy 2020: Public consultation discussion document for comment

Discussion took place regarding the Minister's obligation to consult with TEC regarding the TES. Discussion also took place on what form the Board's submission should take. The Deputy Chief Executive Strategy and Design outlined the process of preparing the Board's submission, noting it was likely an out of cycle paper would need to come to the Board.

Commissioner Mace rejoined the meeting.

Discussion took place on what would be included in the feedback and how the Board could feed into that. The Board was asked to provide specific feedback to the Deputy Chief Executive Strategy and Design, but noted that matters to provide feedback on include:

- Reputation
- International
- Research – noting that the title of objective 5 doesn't reflect the discussion in that section
- Nothing included about knowledge/skills and building capability
- Little mention of employers.

TEC draft Annual Report for the year ended 30 June 2019

Commissioner MacCormick advised that ARCC was happy to endorse recommendations A, B and C without further discussion. He complemented the Chief Executive, Deputy Chief Executive Corporate and Finance and their staff on obtaining a very good Audit Report, and advised that the recommendations in the Audit Report had been covered in detail at the recent ARCC meeting.

Minute No. TEC191002

1 The Board of Commissioners (the Board):

- A. Approved the Annual Report for the year ended 30 June 2019 and delegated signing of the report to the Chair of the Board and the Chair of the Audit Risk and Compliance Committee;***
- B. Approved the letter of representation to Audit New Zealand and delegated signing of the letter to the Chair of the Board and the Chair of the Audit Risk and Compliance Committee; and***
- C. Approved the fraud questionnaire and delegated signing of the questionnaire to the Chair of the Board.***

Commissioner MacCormick noted that the ARCC meeting had received a very good risk management paper which would come to the Board, along with the minutes of that meeting.

2020 In-full Investment Plan Approvals

Recognising the amount of detail in the paper, the Deputy Chief Executive Delivery provided a high level overview of its contents. She noted there is an opportunity for further planning around TEIs' 2021 funding.

The Board sought clarification on a number of matters, including Food and Fibre, a wide ranging discussion regarding Māori and Pasifika participation, the tension between results and looking after students and the use of levers. Discussion also took place on the relative roles of different universities. Discussion took place around TEC's ability to influence TEOs via investment plans. The Deputy Chief Executive Delivery advised that work was being undertaken looking at investment plans and how they can be better used going forward.

The Deputy Chief Executive Delivery outlined the process that had been undertaken in preparing the recommendations. In response to a query from the Board, the Chief Executive specifically outlined the process for funding of CAPEs and CoRES. The Chief Executive and Deputy Chief Executive answered queries relating to specific institutions.

With regard to the University of Waikato, the Board noted the issue regarding the lease of land and asked that information be brought back to it on this.

Action item 191001: Provide information to the Board regarding issues around the lease of land by the University of Waikato.

The Chief Executive confirmed that the University of Otago's "moderate" rating in regard to Financial Monitoring Framework is a result of very significant borrowings.

With regard to Massey University, the Deputy Chief Executive advised that the poor completion rates referred to in paragraph 51 of the paper related to the performance of individual extramural courses as opposed to individual qualifications. She noted that one of the changes in the assessment process is to put more emphasis on paper completion and less about qualification completion.

Turning to the Wānanga sector, the Board noted that funding for Te Wānanga o Aotearoa is made on the basis of existing information and is subject to completion of the review in respect of this year and prior years' funding.

In the PTE sector, the Deputy Chief Executive Delivery noted that The Mind Lab Limited had requested a decrease in funding. She advised a conservative approach was being taken following the transition from Mind Lab being funded through Unitec to being funded as a PTE. If Mind Lab can provide evidence of improvement going forward, that will be supported.

The Chief Executive noted that Te Rito Maioha Early Childhood New Zealand has a high overall risk rating for s9(2)(b)(ii) [REDACTED]. The Deputy Chief Executive Delivery advised that the Monitoring and Crown team is comfortable with the recommendation provided.

Minute No. TEC191003

- 1 *Based on the advice and recommendations of the Chief Executive, the Board of Commissioners (the Board):*
 - A. **Approved** the \$2.2 billion in 2020 funding recommendations, tertiary education organisation (TEO)-specific conditions and Plan durations in Appendices A and B of the paper, for six Universities, thirteen Institutes of Technology and Polytechnics (ITPs), seven Industry Training Organisations (ITOs), three wānanga and eleven large Private Training Establishments (PTEs);
 - B. **Approved** the nine ITPs and five ITOs that were Plan exempt for a one year Plan duration; and
 - C. **Agreed** to the ITP sector-specific funding condition in paragraph 57 of the paper (that the ITP is required to provide the TEC with financial monthly reports).

Approval of 2019 funding amendments for Te Wananga o Aotearoa, New Zealand School of Education Limited and Unitec New Zealand

The Deputy Chief Executive advised these amendments had come to the Board for approval as they exceed the delegations held by her and the Chief Executive. They are all for amendments to 2019 funding and are all decreases.

Minute No. TEC191004

- 1 *Based on the advice and recommendations of the Chief Executive, the Board of Commissioners (the Board) **approved** the 2019 significant plan amendments contained in Appendix One of the paper for Te Wananga o Aotearoa, New Zealand School of Education Limited and Unitec New Zealand.*

2020 Investment Plan Approval – Victoria University of Wellington

The Deputy Chief Executive Delivery noted that Victoria is a high performing university that TEC is keen to support as it continues to improve its performance on several fronts. The only issue with regard to the Victoria University plan is around its proposal to provide midwifery training. She noted a number of concerns around the proposal, including that enrolments at other providers have gone down, and that discussions are ongoing with the Midwifery Council as to understand the reason for the drop in enrolments and the number of non-completions at a time when there is a demand for more midwifery graduates. Extensive discussion took place on this issue.

Minute No. TEC191004

- 1 *Based on the advice and recommendations of the Chief Executive, the Board of Commissioners (the Board) **approved** the 2020 funding recommendations for Victoria University of Wellington, which are either:*
 - (i) *Funding for VUW in full provided it removes proposed undergraduate Midwifery provision from its Plan; or*
 - (ii) *Funding for VUW in part – approving its entire Plan except its proposed undergraduate midwifery provision.*

Management will now discuss these options with Victoria University to determine whether it proceeds as an in full approval or an in part approval. The Board asked management to convey to the University that they work with the TEC, the Ministry of Health and existing midwifery providers to investigate future options to increase student demand for and provision of midwifery in New Zealand. In this context the Board asked that the door be kept open for Victoria University to provide midwifery in the future.

The Deputy Chief Executive Ōritetanga – Learner Success joined the meeting.

s9(2)(b)(ii) debt recovery and future funding

The Deputy Chief Executive Ōritetanga – Learner Success outlined discussions that had taken place with the wider s9(2)(b)(ii) regarding both this matter and RoVE, noting that this matter is separate to the wider iwi.

Minute No. TEC191005

- 1 *The Board of Commissioners (the Board) **approved** the s9(2)(b)(ii) remaining 2019 funding.*

Additional 2020 Investment Plan Approvals and 2019 Amendment

Minute No. TEC191006

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

- A. **Approved** the 2019 in-year Plan amendment for The Skills Organisation and Skills Update; and
- B. **Approved** the 2020 funding recommendations for People Potential.

Exemption of the 10 credit under-achievement offset for BCITO from 2019 and future delegation

The Deputy Chief Executive Delivery explained the reasons for the request for exemption.

Minute No. TEC191007

- 1 *Based on the advice and recommendations of the Chief Executive, the Board of Commissioners (the Board)*
 - A. **Approved** an exemption of the 10 credit under-achievement offset for the Building and Constructions ITO (BCITO) from 2019; and
 - B. **Delegated** any future exemptions of the 10 credit under-achievement offset to the Deputy Chief Executive Delivery, where specific conditions exist.

No recoveries for exceeding prior achievement limit in 2019 for Youth Guarantee and SAC levels 1 and 2 funds

Discussion took place on the paper.

Minute No. TEC191008

- 1 *The Board of Commissioners (the Board) **approved** not including prior achievement conditions in 2019 recovery methodologies for the Youth Guarantee and Student Achievement Component (SAC) levels 1 and 2 funds.*

Learner Success prototypes funding – delegation of authority

The Deputy Chief Executive Ōritetanga – Learner Success noted this is a tidy up paper to treat Equity Funding underspends like a new fund.

Minute No. TEC191009

- 1 *The Board of Commissioners (the Board)*
 - A. **Delegated** approval of funding decisions for use of Equity Funding underspends to TEC's Chief Executive and Deputy Chief Executive Delivery; and
 - B. **Approved** retrospective delegation of funding approval for the three learner success prototype contacts already signed by the Chief Executive.

Approval of policies

Commissioner MacCormick advised the Audit Risk and Compliance Committee had recommended the approval of the policies, subject to some minor amendments.

1 *The Board of Commissioners (the Board) **approved** the Credit Card and Travel policies.*

Understanding and responding to skills shortages

Discussion took place around what role TEC can and should play, in conjunction with other agencies, in identifying and raising awareness of opportunities in sectors where skills shortages currently exist and to assist in providing a pathway to fill those shortages. Discussion took place around the matching of demand and supply and the levers TEC has through funding and monitoring to influence this. The Board agreed this needs to be a multi-agency arrangement.

Commissioner Stoddart left the meeting.

Barriers to learner participation and success in tertiary education

The Deputy Chief Executive Ōritetanga – Learner Success noted this paper is a think piece in response to a previous query from the Board. Discussion took place on the paper.

Update on the 2020 Performance Based Research Fund Panel Review Process

The Chair noted that it was timely to go back and undertake an assessment as to whether the PBRF has achieved what it was expected to achieve.

Discussion took place regarding the review. In response to a query from the Board as to whether TEC would make a submission on the review, the Deputy Chief Executive Delivery noted TEC is involved in working with the review panel and would have an opportunity to comment on the review once it is released. The Board suggested Minister Salesa, the Minister responsible for the review, be invited to meet with the Board in the new year after the draft review is released. The Deputy Chief Executive Strategy and Design advised the draft report is due in December and there will be a formal process of consultation next year, similar to the consultation process around the Tertiary Education Strategy. The Chief Executive advised sector consultation would probably not take place before Christmas. Given the fiscal impact of the PBRF, he noted any decisions around the fund would require Cabinet decision.

Commissioner Bestwick left the meeting.

TEC Summary Business Plan, including the Priority Work Programme for 2019/20

The Chief Executive advised the Board would be kept informed of how the TEC Business Plan is managed, and invited feedback from the Board on anything the Board felt it would be useful to include in the plan.

Wānanga Dialogue overview

Discussion took place on the paper. The Deputy Chief Executive Ōritetanga – Learner Success advised that once the Terms of Reference for this work will come to the Board once finalised.

Delegations Register

The Delegations Register was noted.

There being no further business, the meeting closed at 4.25pm.

Signed as a true and correct record:



Chair

Date:





Present

Nigel Gould (Chair)

Alastair MacCormick

Sir Christopher Mace

Vivien Sutherland Bridgwater

Vanessa Stoddart

Jenn Bestwick

John Russell

Nancy McConnell

Apologies

In attendance

Tim Fowler, Chief Executive

Gillian Dudgeon, Deputy Chief Executive Delivery (part-meeting)

John Soulis, Deputy Chief Executive Corporate and Finance (part-meeting)

Ian Lee, Deputy Chief Executive Strategy & Design (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 meeting.

Minutes of previous meetings

Minute No. TEC191101

1 The Board of Commissioners (the Board) **adopted** the minutes of the 7 October 2019 Board meeting as a true and correct record.

Matters arising from previous meetings

Action items from previous meeting were noted.

Declaration of Interests

Commissioners' declarations of interest and consequential actions are recorded under the items to which they relate. Commissioner Bestwick noted an addition to her declarations.

Chief Executive's report

The Chief Executive advised he would deal with matters in the scorecard by exception.

With regard to RoVE, the Chief Executive noted this was the first month where the overall risk rating has come back to amber. He noted that, as discussed earlier in the meeting, there are major issues still around resourcing. The project is currently under budget, but budget will be tight.

Discussion took place regarding the roles of TEC and the IST Establishment Board in relation to each other. Discussion also took place around CoVEs, WDCs and their roles, and how to involve universities in the system.

Noting the Board's comment regarding the percentage of work completed on the Unified Funding System project, the Chief Executive noted that this had moved on since the scorecard information was collected five to six weeks ago. In particular, he reported that the Minister had commented he believed the work could move out two or more months before a substantive Cabinet level report back. This has taken the pressure off the teams given the over-committed capacity. The Board noted earlier comments in terms of utilising experts in New Zealand and beyond in the Unified Funding System, one of the opportunities being to access local economists, including those from within the university sector.

The Deputy Chief Executive Delivery outlined discussions held at the Minister's meeting this morning regarding preparation of the TES. A large amount of feedback had been received and it has been agreed that it's important to take the appropriate amount of time to look at that

feedback. As a result, the current TES will be reissued with a 2020 date while the feedback on the draft new TES is considered. A briefing will be prepared for the Minister, which will include any implications for the preparation of Plan Guidance for the 2021 year. TEC will also prepare a briefing for the Minister outlining the process for preparing Plan Guidance.

Turning to the monthly snapshot graphs, the Chief Executive advised that the two graphs with a red RAG status are red because they are outside service level agreements. Niki Penberthy, the manager of the Customer Contact Group, is doing a great job of forming that team and the Chief Executive noted he is confident the RAG status will improve over the coming months.

Discussion took place regarding turnover and in particular the definition of “regrettable” turnover. Discussion took place about whether there are any trends coming from exit interviews.

Turning to the Chief Executive’s report, discussion took place regarding the death of a student at the University of Canterbury and the issue of pastoral care of students.

The Chief Executive reported on the recent launch of the Food and Fibre Careers Hub in conjunction with the Food and Fibre Skills Action Plan. He had had the opportunity to talk to students about the Careers hub during that function and those he had spoken to thought the hub was good.

Discussion took place regarding the update on August 2019 enrolments, and the drop in Youth Guarantee numbers. The Chief Executive noted the drop in numbers could occur for a number of reasons, including high schools becoming better at retaining students, too many products in the foundation level space and being highly restrictive. He noted that a review of foundation education has not yet commenced. The Deputy Chief Executive Delivery advised this topic had been discussed at the Minister’s meeting this morning, and the Ministry of Education had undertaken to bring some work back on this.

The Board noted positively the participation rate of staff in the employee experience survey, *He waka eke noa*. The Chief Executive outlined the work being done around responding to this survey, and advised further information would come back to the Board.

The Board noted a discrepancy in the figures relating to the approved in-year plan amendment for the University of Auckland, noting the description refers to an increase in funding, while the amount shows a decrease. The Deputy Chief Executive Delivery undertook to check this.

Action item 191101: Check the discrepancy in the figures relating to the approved in-year plan amendment for the University of Auckland.

Turning to the Finance Report, the Deputy Chief Executive Corporate and Finance noted this is the first forecast for the year. Capital spend is still on track to be \$5m and a few more projects will start in the next half of the year. Grant funding is forecast to be \$8m over budget but he was confident this could be brought back.

The Board noted the major decline in regard to Unitec recorded in the risk register. Discussion took place around the numbers outlined in the report, including a discussion around who is likely to be picking up the number lost from Unitec. Recognising the regional view of education is an emerging issue, the Board felt that some in depth analysis is required on this during the course of the next year as the new IST settles down, including discussions with universities, look at increased demand and the ability to access choices that student might expect to have.

Discussion took place on a number of other institutes mentioned in the risk register, including Whitireia/WelTec, the University of Auckland, MIT and Te Wananga o Aotearoa.

RoVE Programme Update and meeting with Barry Jordan

Barry Jordan, Chair of the IST Establishment Board, joined the meeting. He provided an update on the current work of the IST Board, and the work still to be done, and answered queries from the Board.

Barry Jordan left the meeting.

The Chief Executive outlined some of the work that had been carried out since the appointment of David Strong as the RoVE Portfolio Director. The Board asked that a paper be brought back outlining each workstream and the interactions between each workstream.

Action item 191102: Provide a paper outlining each of the workstreams in the RoVE programme and the interactions between those workstreams.

Overview of the University sector

The Deputy Chief Executive Strategy and Design joined the meeting.

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.

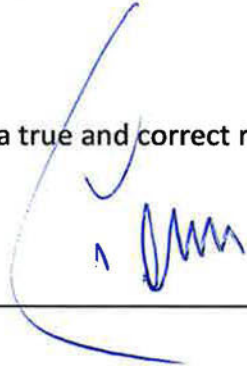
Discussion took place on how investment plans would be submitted going forward, whether the NZIST would submit one plan or whether plans would be received from subsidiaries, and how plans would be received from Workforce Development Councils. The Chief Executive and Deputy Chief Executive Delivery noted 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