



MP for Remutaka

Minister of Education

Minister of Health

Minister of State Services

Leader of the House

Minister Responsible for Ministerial Services

Murray Strong
Chair
New Zealand Institute of Skills and Technology

Via email: Murray.Strong@vocationaleducation.ac.nz

Dear Murray

New Zealand Institute of Skills and Technology – Letter of Expectations

I am writing to convey my expectations of the New Zealand Institute of Skills and Technology (NZIST) for the year from the date of its establishment, 1 April 2020, and for the medium term.

The functions of NZIST are set out in the Education (Vocational Education and Training Reform) Act 2020 (section 222B) and the Charter of NZIST is Schedule 3 of that Act. The functions and the Charter are attached as appendices to this letter.

The Charter embodies enduring principles for the way that Parliament expects NZIST to operate. Those principles underpin this letter and should help guide you in implementing the vision of the reforms.

I expect NZIST to work closely with TEC on identifying consequences from the current COVID-19 pandemic, and to note my expectations around accelerating aspects of the Reform of Vocational Education (RoVE) programme to support our immediate response to, and recovery from, COVID-19. Specifically, I expect NZIST to prioritise the following areas of work over the next 3-6 months:

- putting learners at the centre of everything you do, especially as it relates to developing an organisation-wide learner success approach;
- coordinating its subsidiaries to deliver the relevant parts of the Trades and Apprenticeships Training Package and ensuring the subsidiaries are able to meet the training needs of learners, including those most recently dislocated as a result of COVID-19;
- building capability and support for workplace-based learning;
- restructuring vocational programmes (where required); and
- developing innovative ways to deliver learning.

The Vision – a new blueprint for vocational education

A cornerstone of the reform is the design and implementation of NZIST's longer-term operating model to create a sustainable, national network of regionally accessible vocational education and training, which is responsive to the needs of all regions of New Zealand, their learners, industries, employers, and communities.

Every conversation, every decision you make needs to pause and ask the question "what will this actually mean for students, trainees, apprentices and employers and their communities?" *We need to move from a tertiary system that has operated on the belief that "build and they will come" to one that first understands students and apprentices, then we build it and they will not only come but they will succeed.*

Transformative thinking and change is required to deliver a national network of provision which will enable students and employers to transition seamlessly between delivery sites and educational modes, so that NZIST can be a true long-term skills training partner to firms and industries, operating both nationally and regionally.

Ultimately, I expect to see a nationwide network of provision that can respond to a fast changing future of skills, learning and work that will:

- deliver for the unique needs of all learners, including those who have been traditionally under-served, such as Māori, Pasifika, and disabled learners, particularly as Māori and Pasifika will form a growing part of the working-age population in the future;
- be relevant and responsive to the changing needs of employers;
- be collaborative, innovative and sustainable for all regions of New Zealand; and
- uphold and enhance Māori Crown partnerships.

I expect NZIST to provide the governance, leadership, systems and initiatives to turn the vision into reality, building on the work of the Establishment Board and the former ITPs and ITOs. The aim is to create an integrated network of provision by the end of the transition period, December 2022.

Priority Expectations - NZIST priorities must reflect the Tertiary Education Strategy

I expect NZIST to support the Government's goals for building a productive, sustainable and inclusive economy and improving the wellbeing of all New Zealanders, and our long-term vision for the education system, which is based around the following objectives:

- Learners at the centre;
- Barrier-free access;
- Quality and leadership;
- Focus on the future of learning and work; and
- World class inclusive education.

NZIST's national reach and the integration of work-based training mean it is particularly well placed to contribute to these objectives. I expect these objectives, and the new Tertiary Education Strategy, which I will confirm very soon, to be at the forefront of designing NZIST's operating model.

I have also outlined my expectations around opportunities to accelerate aspects of the RoVE programme to help the tertiary sector transition to a post-COVID world and the areas I expect NZIST to focus on over the next 3-6 months.

Expectation 1: Te Tiriti o Waitangi: Delivering partnership, protection, participation and equity

Commitment to Te Tiriti

I expect NZIST to demonstrate genuine commitment to Te Tiriti o Waitangi and the principles that underpin the relationship between Government and Māori. Under Te Tiriti, the Government, education sector agencies and Crown entity providers have joint responsibility with Māori to ensure the education system delivers with and for Māori.

The Charter requires NZIST governance, management, and operations to give effect to Te Tiriti, to recognise that Māori are integral to regional social, environmental, and economic development; and commit to improving outcomes for Māori learners, whanau, hapū and iwi, and employers.

Crown Tertiary Education Institutions have a responsibility to genuinely partner with Māori to ensure the education system delivers with, and for, Māori. For NZIST this means:

1. embedding a commitment to Te Tiriti o Waitangi | the Treaty of Waitangi in NZIST organisational policy and practices;
2. embedding equity for Māori learners in the culture, delivery and outcomes across the whole of NZIST;
3. interrogating governance and leadership decisions for their ability to transform the status quo and deliver equitable outcomes for Māori;
4. ensuring Māori rangatiratanga is supported by enabling Māori as individuals, whānau, hapū, iwi, mana whenua, or a combination of these, to be actively engaged and able to participate in decision making;
5. valuing, validating and protecting local knowledge, interests and values; and
6. partner effectively with Māori and contribute to Tiriti honouring relationships across the organisation.¹

I expect NZIST to work actively to lift the leadership practice and cultural capability of NZIST staff to effectively partner with Māori. This should be achieved through tailored cultural capability frameworks and tools that are consistent with the Te Arawhiti Māori Crown Relations Capability Framework.²

Māori Advisory Committee

The NZIST Council (the Council) has a Māori Advisory Committee, established to advise the Council at an operational level on how NZIST works with Māori to improve outcomes for Māori learners. I expect NZIST to:

- ensure the Committee is resourced to operate effectively;
- hear and respond to the Committee's advice;
- ensure governance and leadership decisions are able to transform the status quo and deliver equity for Māori;
- ensure akonga, whanau, iwi and hapū are actively engaged and able to participate in decision-making;
- value, validate and protect local and regional knowledge, interests and values;
- prioritise Māori cultural knowledge and capability within NZIST and its subsidiaries; and
- maintain and further develop strategic partnerships with iwi and Māori.

Expectation 2: Learners at the centre

Our maturity as a system as to what learners at the centre means is growing and I expect to see NZIST leading this transformation for the sector.

I expect to see NZIST partner with TEC to adopt the Learner Success Framework to build on work underway within the sector and your subsidiaries on student pathway mapping, learner-centred design, rigorous data analytics and how all of these can support implementing an NZIST wide system and set of interventions that improve learner success especially for Māori learners, Pasifika learners and learners with disabilities which will deliver an overall return on investment to drive future decisions I also expect the Council to empower learners and staff, and create opportunities for their influence on academic, non-academic, and wellbeing matters relating to NZIST policies, practices and services. I expect NZIST to promote equitable access to learning opportunities for learners across all regions, and have culturally responsive delivery approaches, whether on campus, in the workplace, online, or otherwise.

In the first instance, NZIST will need to demonstrate that it is effectively engaging with its advisory committees, providing real opportunities for active participation in Council decision-making and ensure that these committees have the support to operate effectively, and information on how their

¹ <https://www.tearawhiti.govt.nz/te-kahui-hikina-maori-crown-relations/engagement/>

² <http://tearawhiti.govt.nz/assets/Tools-and-Resources/Maori-Crown-Relations-Capability-Framework-Organisational-Capability-Component.pdf>

insights are influencing decisions.

The recent response required by providers to the COVID-19 pandemic has highlighted the current inequity in the system for some learners. I expect NZIST to coordinate its subsidiaries to deliver the relevant parts of the Trades and Apprenticeships Training Package and ensure collaboration between subsidiaries to leverage off areas of excellence to best meet the training needs of learners. COVID-19 is expected to result in a significant increase in demand for vocational education, and I expect NZIST to ensure a coordinated response that supports the training of people and helps them back into employment. I expect the prioritisation of work to ensure NZIST builds the capability and capacity to understand and build organisation-wide systems and programmes that meet the needs of learners across New Zealand to help ensure those most vulnerable to the impacts of COVID-19 are a key focus of the NZIST and receive the support and guidance they need to succeed.

Developing innovative ways to deliver learning

I expect NZIST to accelerate the development of a new suite of programmes that are more suited to the post-COVID environment by looking at innovative ways of delivering learning (for example, by using micro-credentials). NZIST will need to develop strong relationships with workforce development councils (WDCs), transitional industry training organisations (TITOs) and other industry organisations, and regional skills leadership groups (RSLGs) to ensure these programmes meet the needs of employers and learners. It will be important for NZIST to engage closely with NZQA's work to simplify the vocational qualifications system.

Additionally, NZIST's work with education agencies to progress the recommendations of the Productivity Commission could help streamline and open up opportunities to issue existing products more effectively, so I expect this to be prioritised.

Expectation 3: Working collaboratively, collectively and inclusively through partnerships

Partnership

I expect NZIST to undertake regular and genuine communication and engagement with stakeholders, including students and staff. I expect there will be an open and transparent approach to working in partnership with its stakeholders and subsidiary providers, providing guidance and support in bringing about transformation, encouraging opportunities for cross-sector collaboration and identifying the benefits in acting collectively.

In line with its Charter, I expect NZIST's stakeholder partnerships to extend to industry, including Māori and Pasifika employers, and communities at a local level, including hapū and iwi, and Pasifika communities.

All stakeholders need to be valued, trusted and included in decision making.

Working inclusively requires active listening; not only providing opportunities for voices to be heard and providing the systems underpinning representation, but making room in the decision-making agenda for those views to be properly taken into account.

I expect NZIST to be inclusive and customer-focused in its communication and engagement with its stakeholders and to build its capability to understand their needs.

I expect NZIST to establish systems and procedures to provide the opportunity for stakeholders, students, staff, iwi, industry and employers, to have their voices heard and taken account of in decision-making. I expect the NZIST work programmes to embed student, staff and whanau voice, building on the requirement for the Council's statutory committees.

Collaborative working

The Establishment Board working groups have laid the foundation for collaborative working. I

expect NZIST to capitalise on the momentum and goodwill this has generated across the sector and to work collaboratively with schools, wānanga, the newly formed RSLGs and other tertiary sector organisations, including WDCs.

I expect NZIST to work closely with WDCs and RSLGs as they are established, to identify areas for collaboration and ways to leverage the valuable information and insights of WDCs and RSLGs. NZIST will need to collaborate with WDCs so that its programmes meet industry-set standards and it can continue to innovate ways to improve programme delivery and enhance learner outcomes.

Sharing information and insights is a key component of collaborative working and enables every learner to benefit from collective knowledge. I expect to see opportunities created for the new subsidiary board Chairs and directors and other cross-sector groups to meet to regularly share information and insights. Encouraging and supporting collaborative and collective work practices will also support the transition from subsidiary companies to integration within NZIST.

Expectation 4: Creating Quality International Education

It is important that NZIST contributes to the goals of the International Education Strategy 2018-2030 to help reposition vocational education for international students from being focused on student volume and revenue generation to high quality education provision, long term sector sustainability, and student experience and wellbeing.

As part of the collective response to COVID-19, I expect NZIST to work closely with education agencies, and in particular Education New Zealand (ENZ), as the strategy to reposition New Zealand's international education offering to ensure it is sustainable and of the highest quality is developed and implemented.

Over the next few years, I expect this will include NZIST:

- developing and implementing a strategic approach for the international education aspects of the reform as a major vocational education provider. This will include focus on regional development; market diversification to reduce reliance on China and other key markets; workforce capability and needs; and a coordinated plan for the investment of any international education revenue;
- prioritising student wellbeing and experience by providing and ensuring care, continuity and reassurance for current and potential international students as the vocational education reforms bed in;
- supporting and enabling the development of high quality education that contributes to onshore and offshore priorities of the International Education Strategy, particularly where they can contribute to identifying and addressing regional development opportunities and gaps;
- working with other education agencies and sector stakeholders to create and support better student pathways that respond to regional opportunities and skills gaps, improve student experience, and that create more global citizenship pathways for students, educators and industry (including work experience and placements); and
- working with ENZ and other education agencies to build a brand identity that supports long term sector sustainability and regional growth and specialisation, and that can be tailored to international markets and different sector stakeholders.

Expectation 5: Striking the right balance – delivering transformative change and core business

An immediate challenge for NZIST will be to manage its network of subsidiaries to deliver its core business-as-usual functions against standards of excellence (across all levels of provision and including existing research), mobilise the opportunities inherent in the transformation, and take advantage of rationalisation where possible. NZIST has inherited a network of subsidiaries that play a crucial role in delivering for their regions but face financial pressure to a greater or lesser extent.

I expect NZIST to address at an early date the financial fragility of parts of the ITP network and, in the longer term, build into the network greater flexibility, responsiveness and resilience that will mitigate the risks of further deteriorating financial performance.

Decision making needs to be aligned to the vision for RoVE. In transforming the vision of the reforms into reality, I expect NZIST to build on the Establishment Board's "Mobilising the Future" work and develop a new operating model that creates a unified and sustainable national network for all vocational education. NZIST is New Zealand's largest tertiary education institution. It has a unique opportunity to work at scale to develop much higher quality products (whether those are programmes, engagement with employers, or learner management and support systems), and to use its network to deploy those initiatives across the country.

I expect that NZIST will develop its initial operational model to clearly reflect the need to build an organisation which will be ready to transition support for workplace learning into it and have the capability to effectively build and manage employer, WDC and RSLG relationships. During the transition phase, NZIST will be required to work closely with TEC and the TITOs and their respective employers on the transfer of support for learners into NZIST.

As part of the implementation of the Trades and Apprenticeships Training package, I expect NZIST to prioritise work to more quickly take on some of the responsibilities for supporting workplace-based learning from TITOs. This approach should provide a range of benefits to assist the recovery from COVID-19, including by helping apprentices and trainees to connect with work opportunities in different regions.

Some apprentices and trainees may be unable to undertake the workplace-based component of their study during the COVID-19 response and recovery. I expect NZIST to work with TITOs and education agencies to develop mechanisms to support learners and avoid unnecessary disruption to their studies.

Early signals of change will support transformation

NZIST has the opportunity to signal elements of transformative change early. This includes completing the work on name and brand, and the decisions which will shape the operating model. An example would be how the new Academic Board is structured and its areas of focus which could include:

- immediately operating as one entity and not taking an independent view across each subsidiary;
- integration of employer and work-based learning needs as early as possible; and
- constructing pathways between secondary and tertiary education and between different tertiary providers.

I expect the new operating model to align with the Charter and:

- deliver vocational education that is more relevant to work and provides the skills that learners, employers and communities need to thrive;
- have learners and employers at its centre in all decisions;
- ensure greater consistency in vocational education across the network;

- respond to regional needs and enable regions to share resources, support each other and share accountability;
- increase the use of technology in curriculum delivery and continuously review and develop the best options and products for delivering learning and support through workplace, on-campus and online learning;
- look at the optimisation of digital assets to support a sector solution for the current COVID-19 situation;
- encourage employers' participation with flexible work-integrated learning becoming an increasingly important part of the vocational education system; and
- provide learners with more support while they are training, enable them to move seamlessly between regions and between work-based and provider-based training, and to continue training move easily if their employment situation changes.

To support making a transformative shift in the system I expect NZIST's immediate focus to be on:

- developing capability at its head office and throughout the network;
- addressing the financial fragility of parts of the ITP network and building into the network greater resilience to mitigate risks of deteriorating financial performance;
- creating the infrastructure, including pedagogical and administrative systems, to bring cohesion to the network of providers;
- working towards new systems which need to be flexible, cost effective and adaptable;
- developing innovative education products and services as employers and learners build confidence in the new system; and
- planning and managing the transfer and integration of responsibility for work-based training within NZIST.

The design of the new operating model needs to be well-planned and resourced with realistic implementation timelines. I expect to see the development of plans for capital asset management, human resource capability, communications, and the information systems that provide the data to enable NZIST to effectively manage organisational performance on a national basis.

I expect NZIST to collaborate in key design work with the central agencies, including the Ministry of Education, TEC, NZQA and MBIE, and particularly the wider RoVE team.

Expectation 6: Accountable to all stakeholders

NZIST's accountability is to all its stakeholders. The legislation ensures that NZIST and subsidiaries that provide education comply with the same requirements for public reporting as all TEIs. NZQA maintains its role in assessing academic standards.

NZIST is accountable for managing its own performance at every level of the organisation. I expect that the SOI, SPE, and Investment Plan documents for NZIST will provide transparency to the decisions and programmes required to achieve the agreed outcomes and facilitate effective monitoring of progress and management of the risks.

I expect the NZIST Council to assess and build board performance, to have a view on Council succession needs, gaps in Council composition or future risks, and to share these insights with the TEC. Within NZIST, it is important that the Council works effectively together, and has a cohesive and collaborative approach.

Relationship with TEC

NZIST will, as with any TEI, receive funding from the TEC under an Investment Plan. The TEC has an important role in monitoring the progress towards the goals of this plan and the overall performance of NZIST and is refining its monitoring frameworks to take account of the new arrangements.

In recognition of the TEC's statutory oversight and monitoring role, I expect NZIST to operate closely and cooperatively with the TEC and to proactively share information. An example would be

the regular submission of Council and committee papers to the TEC along with regular financial reports (monthly management accounts) as well as a willingness to informally share information and seek guidance.

The initial period of transition presents heightened risks as NZIST balances maintaining business-as-usual with new initiatives. I expect NZIST to ensure it can meet targets and milestones detailed in the funding agreements with the Crown and that it works constructively with officials around business case development, capital asset plans, investment planning and other matters.

...and the ROVE Programme Board

NZIST also has responsibilities for its role in the overall RoVE programme. I expect NZIST to keep the RoVE Programme Board informed of progress, ensure alignment in the design synchronisation of major deliverables. I expect the Director RoVE to work with you on an integrated transformation roadmap for the reform, looking out several years. Success will require working collaboratively with the wider RoVE programme, involvement of key team members, integrated design where appropriate and comprehensive testing.

...and "no surprises"

NZIST needs to continue to have constructive relationships with Ministers and TEC, and a "no surprises" approach to keeping me and TEC informed of matters of significance. Through the regular reports I receive from NZIST and TEC, I look forward to seeing progress against this LoE and receiving assurance that performance and risk are being well managed. I would expect this reporting to initially be monthly, moving to quarterly over time.

Yours sincerely

A handwritten signature in blue ink, appearing to be 'CH', written in a cursive style.

Chris Hipkins
Minister of Education

**Attachment 1 – Functions of NZIST
Education Act 1989, Section 222B**

NZIST has the following functions:

- a) to provide or arrange, and support, a variety of education and training, including vocational, foundation, and degree-level or higher education and training:
- b) to conduct research, with a focus on applied and technological research:
- c) to be responsive to and to meet the needs of the regions of New Zealand and their learners, industries, employers, and communities by utilising NZIST's national network of tertiary education programmes and activities:
- d) to improve the consistency of vocational education and training by using skill standards and working in collaboration with workforce development councils:
- e) to improve outcomes in the tertiary education system as a whole, including (without limitation) by making connections with schools and other organisations involved in tertiary education and by promoting and supporting life-long learning:
- f) to improve outcomes for Māori learners and Māori communities in collaboration with Māori and iwi partners, hapū, and other stakeholders:
- g) to carry out any other functions consistent with its role as a tertiary education institution.

NZIST's charter

1. The New Zealand Institute of Skills and Technology (**NZIST**) exists to perform the functions set out in section 222B.
2. NZIST will be responsive to the needs of all regions of New Zealand, their learners, industries, employers, and communities.
3. To meet the needs of regions throughout New Zealand, NZIST must—
 - a. offer in each region a mix of education and training, including on-the-job, face-to-face, and distance delivery that is accessible to the learners of that region and meets the needs of its learners, industries, and communities; and
 - b. operate in a manner that ensures its regional representatives are empowered to make decisions about delivery and operations that are informed by local relationships and to make decisions that meet the needs of their communities; and
 - c. ensure that international learners are attracted to train and study in regions throughout New Zealand; and
 - d. ensure that there is collaboration across its national network; and
 - e. maintain a high-quality coherent network of infrastructure that meets regional skills needs.
4. NZIST must operate in a way that allows it to—
 - a. empower students and staff on academic, non-academic, and well-being matters and matters relating to the organisation's practices and services; and
 - b. develop meaningful partnerships with—
 - i. industry across the country, including Māori and Pacific employers, smaller employers, and those operating in niche sectors; and
 - ii. communities at a local level, including hapū and iwi, and Pacific communities; and
 - c. use the insights gained through partnerships to—
 - i. develop and provide vocational education and training that meets short-term and long-term skills needs; and
 - ii. expand industry training into smaller employers and niche sectors; and
 - iii. align education and training delivery to support the unique social and economic goals of local communities; and
 - iv. work towards equity for learners and staff of different genders, ethnicities, cultures, and abilities; and
 - d. reflect Māori-Crown partnerships in order to—
 - i. ensure that its governance, management, and operations give effect to Te Tiriti o Waitangi; and
 - ii. recognise that Māori are key actors in regional social, environmental, and economic development; and
 - iii. respond to the needs of and improve outcomes for Māori learners, whānau, hapū and iwi, and employers; and
 - e. hold inclusivity and equity as core principles, recognising and valuing the diversity of all of its learners, and providing the unique types of support different learners need to succeed; and

- f. meet the needs of all of its learners, in particular those who are under-served by the education system, including, but not limited to, Māori, Pacific, and disabled learners; and
 - g. promote equitable access to learning opportunities for learners across all regions; and
 - h. have culturally responsive delivery approaches, whether on campus, in the workplace, online, or otherwise; and
 - i. work collaboratively with schools, wananga, and other tertiary education organisations (including workforce development councils) to improve the outcomes of the education system as a whole, including the transition of learners into employment.
5. In giving effect to clause 4, NZIST must ensure that—
- a. students and employers can transition seamlessly between delivery sites and educational modes, including between workplaces and other forms and places of learning; and
 - b. programmes of study and qualifications are portable and consistent, yet flexible enough to meet local needs; and
 - c. the academic integrity of the education and training programmes it delivers is protected; and
 - d. New Zealand's reputation as a quality study destination for international learners is sustained; and
 - e. the range of education and training options available to learners and employers is appropriately broad and current; and
 - f. future skill needs are anticipated and quickly responded to; and
 - g. teaching and learning is supported by research, evidence, and best practice; and
 - h. learning pathways provide learners with a range of opportunities to progress to higher levels of education and training, and also into employment; and
 - i. the needs of adult and second-chance learners are afforded high priority.