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22 August 2025

[Redacted]
[Redacted]
[Redacted]

By email: [Redacted]

Tēnā koe [Redacted]

Request under the Official Information Act 1982

I refer to your email dated 11 July 2025 to the Minister for Vocational Education, Hon Penny Simmonds, requesting information regarding Te Pūkenga – New Zealand Institute of Skills and Technology (Te Pūkenga).

I am aware the Office of Hon Penny Simmonds clarified the request with your agreement on 24 July, subsequently transferring the following part to Te Pūkenga on 25 July for direct response:

Copies of any aide memoire and regularly (weekly, fortnightly, monthly or quarterly) reports the Minister has received from Te Pūkenga related to vocational on-the-job training and vocational campus-based learning since December 2024 to date

This letter provides a formal decision on your request under the Official Information Act 1982 (OIA).

The decision

There are four reports from Te Pūkenga to the Minister for Vocational Education that fall within scope of your request. In addition, there are two cover letters with two of the reports. From May this year, Te Pūkenga Council began including these letters to provide an update on recent council meetings and decisions.

In total, six documents are listed in the table below, along with our decision on the release of each of them. Copies of five of these documents are attached as Appendix One. Certain information within the reports has been withheld under section 9(2)(b)(ii) to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information, and under section 9(2)(a) protecting the privacy of individuals.

Title and Date of Report	Decision on release
0. Report to Minister for Vocational Education 11 February 2025	We are refusing this report under section 18(d) as it is already publicly available and can be viewed at: www.tepūkenga.ac.nz/assets/OIA-Responses/June-2025/TP250040-OIA-Response.pdf We note that two figures are withheld from the report under section 9(2)(b)(ii).
1. Report to Minister for Vocational Education 14 March 2025	Some information withheld under section 9(2)(a)(ii) – commercial prejudice
2. Cover letter to Minister’s report - Monthly update from Te Pūkenga Council 2 May 2025	Some information withheld under section 9(2)(a)(ii) – commercial prejudice
3. Report to Minister for Vocational Education 2 May 2025	Some information withheld under section 9(2)(a)(ii) – commercial prejudice and section 9(2)(a) – privacy of individual
4. Cover letter to Minister’s report - June update from Te Pūkenga Council 19 June 2025	Some information withheld under section 9(2)(a)(ii) – commercial prejudice and section 9(2)(a) – privacy of individual
5. Report to Minister for Vocational Education 19 June 2025	Some information withheld under section 9(2)(a)(ii) – commercial prejudice

You have the right to make a complaint to the Ombudsman under section 28(3) of the OIA if you are not happy with this response. Information about how to do this is available at www.ombudsman.parliament.nz or by calling 0800 802 602.

We may publish our OIA responses and the information contained in our reply to you on our website. Before publishing we will remove any personal or identifiable information.

Ngā mihi



Gus Gilmore
Tumuaki | Chief Executive

Report to Minister for Vocational Education

14 March 2025

To:	Hon Penny Simmonds, Minister for Vocational Education
Cc:	Tim Fowler, Chief Executive, Tertiary Education Commission
From:	Gus Gilmore, Chief Executive, Te Pūkenga NZIST
Date:	14 March 2025

Financial Performance

Enrolment update

- As of 7 March 2025, our enrolments across all ITP divisions are 4% (1,585 EFTS) higher overall, compared to the same time last year. However, nine of our 15 ITP divisions are experiencing flat domestic enrolments or small declines ranging from 0-8% compared to the same time in 2024. Four ITP divisions (NorthTec, WITT, Otago Polytechnic and SIT) are experiencing declining international enrolments compared to 2024.
- We have the first set of work-based learning (WBL) data as of 31 January 2025. Overall WBL STMs (Standard Training Measure) are down 7% compared to the same time last year. Individually, WBL decreases range from 3-19%. Only one WBL division is showing an increase in January 2025 compared to 2024 (Connexis with an increase of 12%). As you will be aware WBL enrolments don't follow traditional campus-based enrolment patterns and are dependent on when employers engage in training. My engagement with some employers is that they are experiencing softness in demand for their products and services. The current economic and employment outlook has been soft for work-based training.

Table One: ITP division 2025 year to date enrolments compared to 2024 – as at 7 March

Enrolment type (EFTS)	2025 YTD	2024 YTD	YTD % variance
Domestic	41,430	40,573	2%
International	4,843	4,116	18%
Total	46,273	44,689	4%

International students fee pricing

- As part of devolving decisions to business divisions, the Executive Leadership Team (ELT) has agreed that international pricing decisions for ITP divisions should be set at the division level for 2026 fees. We are in the process of proposing this to Council with an expectation that they will consider and approve by April.

4. International fees for the 2025 year were agreed and set in 2024. This is standard practice to give applying students' certainty of pricing for the full year. Changing fees in year is not something we would support and impact negatively on our international income and reputation.
5. While entities remain within NZIST as one legal entity we need to balance creating flexibility for divisions in setting their own fees for 2026 with not creating unhelpful competition and a race to the bottom for all ITP divisions as they exit.

Regional ITP Viability

Community Advisors

6. You considered the appointment of community advisors an important step to supporting transition of ITP divisions to becoming autonomous regional ITPs. Following our meeting with you on 20 February, we have worked with TEC to progress these appointments. Advisors will act as a critical friend to ITP division leadership and provide support and advisory functions as ITP divisions progress implementing their financial improvement plans and other planning initiatives for 2026 and beyond.
7. We have progressed and had verbal acceptance from advisors for SIT, NMIT, Ara and EIT. We are awaiting signed acceptance letters. We are now considering possible options for Otago, NorthTec, Wintec and Toi Ohomai. We hope to have advisors for these entities in place shortly. We will then work through appointments for WITT, Ara, Unitec and MIT, and Weltec and Whitireia. We do not consider Open Polytechnic needs a community advisor given it is a national provider.
8. The advisors will be contracted by the ITP divisions directly and work with the ITP Executive Director in line with our delegation's policy. We will keep you updated on the progress of appointments.

ITP division viability

9. We continue to work closely with ITP division project teams, balancing the need to monitor and have oversight of their progress towards viability while continuing to devolve responsibility and giving them ownership of the changes they need to make to progress to viability.
10. We are currently undertaking some early revenue projections for the 2025 year based on current enrolments and historical enrolment patterns. Based on some of this early analysis we expect to be able to understand whether ITP divisions are progressing in line with the financial forecasts in their financial improvement plans and to put in place remedial actions as needed. Some ITPs forecast ambitious enrolment growth which has not eventuated yet.
11. We will also undertake more detailed financial modelling and forecasting in early April that will indicate whether ITP divisions will be on track for their financial forecasts for 2026 and beyond, and what additional capitalisation for these divisions may be required.
12. We will continue to work with the TEC on this and keep you updated on the progress of our analysis.

Progressing Establishment and Transition

Wellington property background

13. When we met with you on 20 February you asked about our Wellington property strategy. I committed to providing a brief written overview of the current state for our Wellington property portfolio. This is attached in the appendix for your information.

14.

s 9(2)(b)(ii)

Other Matters

Supporting the Prime Minister's Mission to India

15. In the week of 17 March, I will be travelling to India as part of the Prime Minister's Trade Mission. While on the mission I will be engaging with education agents and supporting the signing of an agreement between Toi Ohomai and Kalinga Institute of Industrial Technology (KIIT), a private university in Odisha (a province in Northeast India with a population of circa 41 million). The agreement will enable the two partners to develop articulation pathways in commerce and management fields at degree and post-graduate levels. It will also provide opportunities for student pathways, joint research, teacher and student exchanges and recruitment activities.
16. In addition, I will be travelling to Sri Lanka, which is now our second largest market (behind India and ahead of China) and one of the fastest growing. I will meet with the New Zealand High Commissioner, key education agents and key policy and institutional contacts to support increased enrolments and institutional arrangements for our divisions. Pre-pandemic 2019, we had 297 EFTS from Sri Lanka. In 2024, that number increased to 720 EFTS with a very high visa approval rate.



Gus Gilmore
Chief Executive
14 March 2025

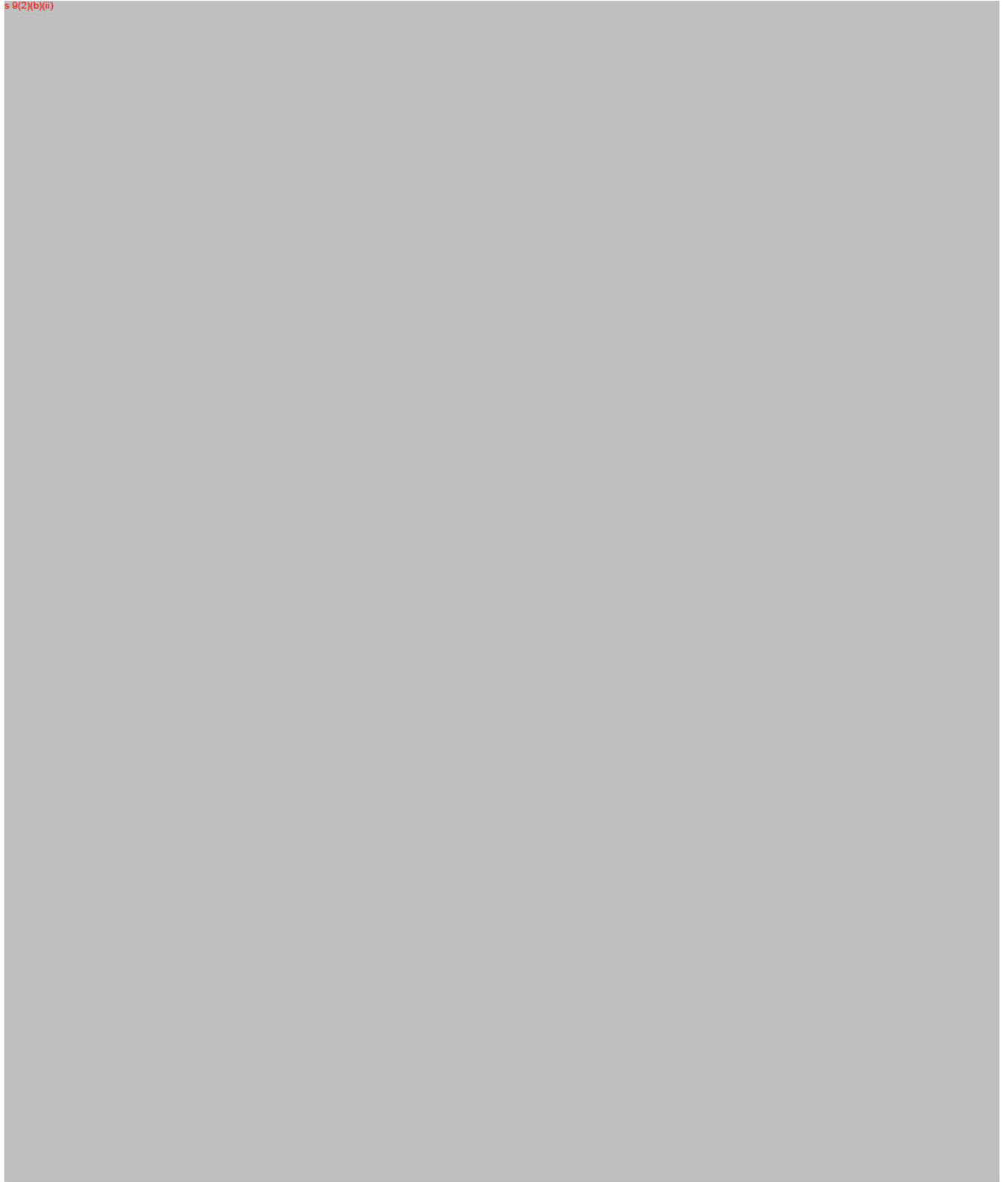
Appendix

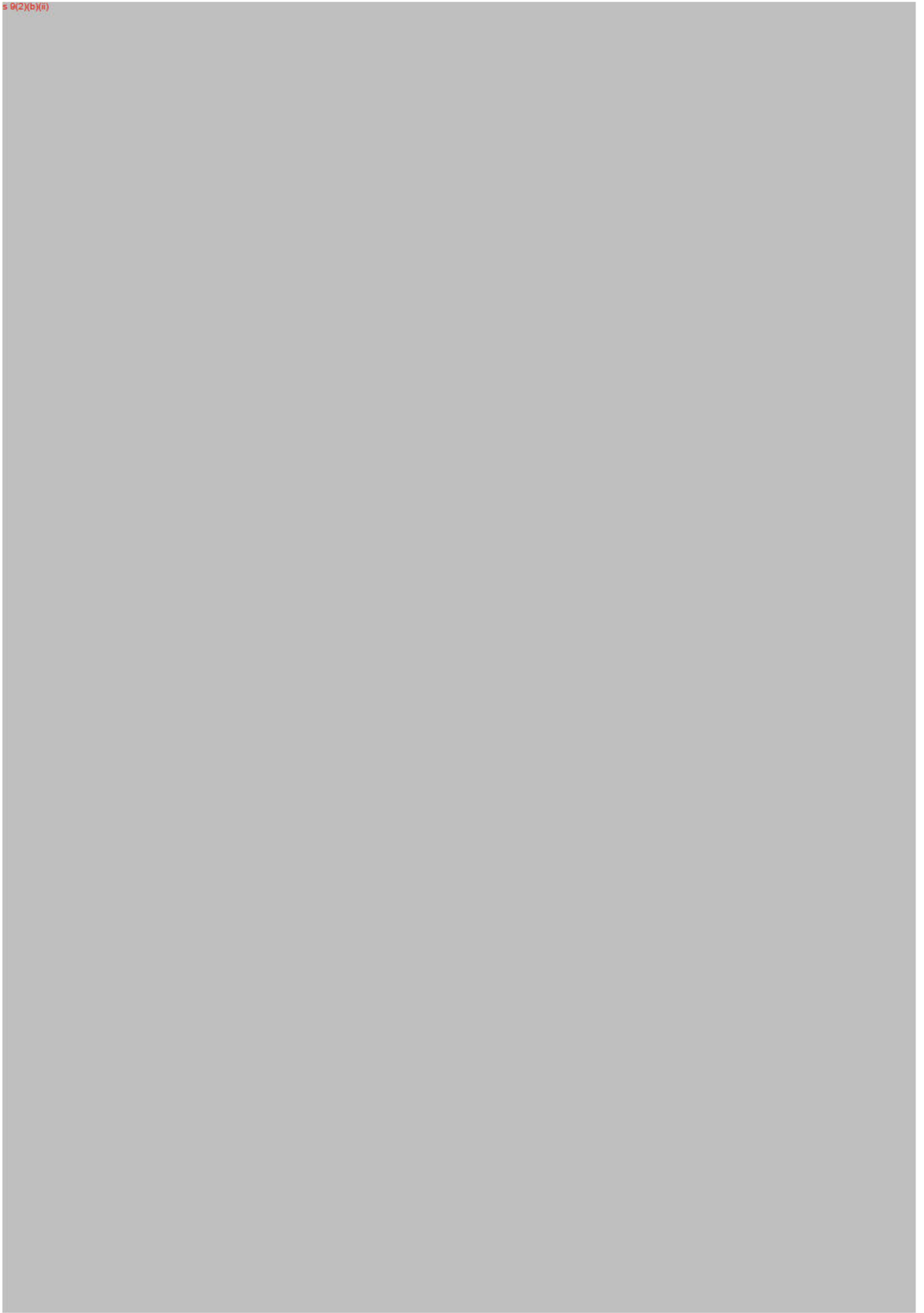
Wellington Property Update – March 2025

To: Hon Penny Simmonds, Minister for Vocational Education

From: Gus Gilmore, Chief Executive

§ 9(2)(b)(ii)





2. Te Pūkenga Council update to the Minister – cover letter



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Hon Penny Simmonds
Minister for Vocational Education
Private Bag 18888
Parliament Buildings
Wellington 6160

2 May 2025

Tēnā koe Minister Simmonds

Monthly update from Te Pūkenga Council

In addition to regular reporting from our Chief Executive, Te Pūkenga Council would like to provide you with a regular update on the work it is undertaking to progress towards disestablishment, continuing to ensure smooth operations of our business divisions until this occurs, and any risks and mitigations which we feel you should be aware of.

We will provide this in the form of a cover letter to the regular report from our Chief Executive, in advance of our regular meetings with you.

In April, Te Pūkenga held a Council meeting and a meeting of the Finance, Risk and Audit Committee. At those meetings, we discussed a range of matters, of which we would like to draw to your attention to the following:

- The Finance, Risk and Audit Committee noted that a reforecast has been undertaken on the 2025 budget and that campus and online business divisions have increased enrolments vs 2024, while work-based learning business divisions enrolments have softened since 2024. More information about enrolments is contained in the Chief Executive's report appended. The Committee also noted that operating expenses are trending favourably to budget, which is consistent with cost-out exercises currently underway.
- Good progress continues to be made by the Regional ITP Viability Programme, although further interventions are required at several business divisions to ensure they are on a path to viability. The Programme Governance Group will meet on 7 May and, amongst other matters, will review updated modelling which will be provided to the Tertiary Education Commission (TEC) to contribute to their advice to you.
- The Finance, Risk and Audit Committee discussed a business case for a § 9(2)(b)(ii). We would like to discuss this further with you before it proceeds.
- Our academic board, Te Poari Akoranga, has reported that there is now more programme development work being done at business divisions, and business division local academic committees are reporting regularly to Te Poari Akoranga to ensure that it has appropriate oversight. Te Poari Akoranga still has responsibility for unified programmes.

- Te Pūkenga wrote to the TEC on 3 April seeking further clarity and additional support in some areas, including property disposals, to enable viability and disestablishment work to progress. Further information on this is contained in the Chief Executive's report attached.
- International agents have expressed caution about placing students with Te Pūkenga because of uncertainty about changes. This is being mitigated to an extent by offshore marketing focusing on business division brands rather than Te Pūkenga. We are also hopeful that a review of post-study work rights for Levels 4-7 by Immigration New Zealand will result in a more favourable position which will make Te Pūkenga business divisions more attractive to international learners.
- The 2024 Annual Report has not been completed by the statutory deadline of 30 April, largely due to ongoing discussions with Audit New Zealand about depreciation charges. Audit New Zealand is satisfied with progress to date and hopes that the audit can be completed by mid-May. The Finance, Risk and Audit Committee has approved the Going Concern Assessment for the 2024 Annual Report.
- We received an update on Tiriti o Waitangi risks and noted that many of these have now been passed on to business divisions. While there are still risks remaining centrally, mainly around property and asset sales, we do not consider these risks to be high in the current context.
- With a reduced number of Council members, we have reviewed our meetings for the rest of the year and will now be holding a monthly meeting of Te Pūkenga Council immediately following the Finance, Risk and Audit Committee.

I look forward to meeting with you and discussing these, and other matters, in more detail.

Ngā mihi nui,

A handwritten signature in dark ink, appearing to read 'Sue McCormack', with a long horizontal flourish extending to the right.

Sue McCormack

Te Pūkenga Council Acting Chair

Report to Minister for Vocational Education

2 May 2025

To:	Hon Penny Simmonds, Minister for Vocational Education
Cc:	Tim Fowler, Chief Executive, Tertiary Education Commission
From:	Gus Gilmore, Chief Executive, Te Pūkenga NZIST
Date:	2 May 2025

Financial Performance

2025 enrolments

- As at 25 April, ITP business division domestic enrolments have increased 2% compared to the same time last year. Two ITPs that offer significant levels of online provision are experiencing the largest increases (SIT 11% and Open Polytechnic 9%). NMIT is also experiencing growth of 11%. Nine ITPs are experiencing no growth or a decline in domestic enrolments. ITP division specific enrolments are included in Appendix One.
- International enrolments have increased 14% compared to the same time last year. Three ITPs are seeing declines in international enrolments, however growth at some ITPs is strong with six ITPs experiencing growth of over 20%.
- Work-based learning (WBL) divisions’ active learners have reduced 7% compared with the same time in 2024, with only Connexis ahead of 2024 numbers. There is a real risk that budgeted demand in the second half of 2025 is not achieved for some business divisions based on historic sign-up patterns. All work-based learning business divisions are actively working to maximise sign-ups and revenue in what is a slow economic environment. WBL division specific enrolments are included in Appendix Two.

WBL decision and transition

- While some WBL divisions had already been reviewing costs prior to your announcement about the future of work-based learning, a more comprehensive cost out project will begin this month to ensure all divisions are right-sized and viable for a 1 January 2026 transition out of NZIST. We are working with TEC to get this work underway and will include it in the RIV cost out programme.
- We have also commenced work with WBL divisions on building a central repository of programmes which all divisions can have access to prior to them leaving NZIST. (Refer pt 17)

2025 NZIST financial position

- The recent forecast shows a full-year group surplus of \$2.3 million for 2025, \$8.3 million favourable to budget. A key driver of this result is a projected § 9(2)(b)(a) in operating cost savings across the group, with the largest savings being personnel expenses.
- Personnel expenses are forecast to achieve § 9(2)(b)(ii) aligning with cost-efficiency targets set through the Regional ITP Viability (RIV) project, and are being realised consistently across nearly all business divisions.

2024 Audit

8. We continue to work with Audit NZ on finalising our audit. We expect to receive clearance in May and hope to finalise the annual report to table in late May / early June. We will work with your office to table the Annual Report once finalised. This means we will miss the 30 April statutory deadline but are reporting significantly earlier than last year.
9. 2024 results indicate a \$10.2 million surplus for the parent and a \$16.6 million surplus for the group. We are still finalising adjustments, so these figures are subject to change following the final audit results.

International fee pricing delegations

10. A further round of delegations was made by NZIST Council on 28 March. These included fees setting and other administrative matters.
11. For international fees, delegations have been updated to allow international pricing decisions to be set by business divisions for 2026 fees. To mitigate the risk of uncoordinated pricing, reputational harm, and income instability from competition between divisions, an international fees framework has been put in place, supported by pricing principles which were agreed by all business divisions.
12. The pipeline of international applications is softening and anecdotal advice from agents is that the reasons for this include visa processing timelines and low approval rates for key markets, as well as uncertainty about the future of the sector.

Progressing Establishment and Transition

Regional ITP Viability

13. We continue to work closely with ITP business divisions to support them implement their financial improvement plans. At a programme level, we are projecting a 2025 FTE reduction of about 620 at an estimated § 9(2)(b)(ii). This is subject to the consultation processes divisions undertake with staff. Reported FTE reduction as at end of March is § 9(2)(b)(ii) FTE with associated cost savings of about § 9(2)(b)(ii). This includes some reductions that occurred in late 2024 and have been implemented. A number of staff change proposals are currently underway with further expected to be launched in May and June.
14. Business divisions have provided updated plans which the programme has reconciled against the original Financial Improvement Plans. This is to ensure that cost savings are either the same or greater and account changes in the operating environment (enrolments) or update and adjust assumptions made by consultants as part of their reports.
15. Most ITP business divisions are making good progress implementing their improvement plans and are on track to deliver the expected savings. There are six ITP business divisions where we have concerns about their ability to deliver their plans or there is risk associated with the scale of changes. These are § 9(2)(b)(ii). We have in place or are instituting a range of interventions subject to the risks, including reengaging independent consultants and/or increasing monitoring and oversight.
16. Updated modelling will be completed in early May which will provide a view of the required equity to support establishment of autonomous ITPs from 1 January 2026 and what will be required to support a residual NZIST and the ITP business divisions that remain with NZIST. We are sharing this modelling with the Tertiary Education Commission (TEC).

17. We have also written to the TEC seeking its support and guidance in key areas to help expedite our work to improve the financial viability of ITP divisions. This includes setting clear expectations for ITP divisions that may be autonomous in 2026 in Investment Plan Guidance and options to reduce some compliance activities to dispose of ITP division properties to reduce the time it takes to move through the process. The TEC has responded, and we are considering this response.

Intellectual property

18. A project has commenced to consolidate and preserve academic intellectual property (IP) across the network, ensuring these assets remain accessible and useful to future vocational education entities. The project will establish a national knowledge hub to support a smooth and equitable disestablishment process. This hub will safeguard the integrity of academic resources, strengthen the future viability of standalone organisations, and honour your expectation that academic IP be made available to support the next iteration of the vocational education system.
19. We would welcome further reinforcement of this expectation when you meet with all ITP and WBL business division leads on 12 May, to ensure full cooperation across the network. We are working with TEC on some messaging for you to talk to.

Unitec-MIT business case

20. An Indicative Business Case to establish a single Auckland region ITP was presented to the TEC at the beginning of April. The business case has assumed a decision to merge the divisions will be made in the first half of 2025 with the merged entity coming into existence on 1 January 2026. We consider it important to progress the business case and for planning work to begin to ensure a single entity can be established on 1 January 2026 and the benefits of a merger, including cost-out, can begin to be realised.
21. We are happy to meet with you to discuss any aspect of the business case at your earliest convenience. We will support the TEC in providing any further information and advice you may require.

Community advisors

22. You considered the appointment of community advisors an important step to supporting transition of ITP divisions to becoming autonomous regional ITPs. The below appointments have been confirmed.
23. The individuals will work closely with ITP division leads to ensure there is a local voice in the implementation of financial viability plans and regional requirements are considered.

Table One: Community Advisor Appointments

ITP Division	Community Advisor
NorthTec	Derek Slatter
Unitec/MIT	Peter Parussini
Wintec	Edgar Wilson
Toi Ohomai	Leith Corner
EIT	Chris Collins
NMIT	Tony Gray
Ara	Mike Rondel
Otago	Mike Collins
SIT	Chris Ramsay

24. We are working through appointments for WITT (^{s 9(2)(a)}) UCOL (Ian McKelvie), and WelTec & Whitireia.

Other Matters

^{s 9(2)(b)(ii)}



NorthTec Bachelor of Social Work

^{s 9(2)(b)(ii)}



People

28. Finally, I have been getting around the business divisions, and while the anxiety levels are high in relation to the pending changes and the likely headcount reductions, most divisions are focused on their core business and converting new business.
29. I have commenced consultation with the Executive Directors around the complete disestablishment of the co-leadership model and regional Executive Directors. I am undertaking another review of resourcing at the National Office with further cuts to be made. This work will continue for the remainder of the year ensuring we have the absolute minimum number of staff at the centre, as decisions by Government are taken in relation to new entities being established.
30. The Council and Management of Te Pūkenga remain committed to implementing the Government's new direction for VET in New Zealand.



Gus Gilmore

Chief Executive

2 May 2025

Appendix One – 2025 ITP division enrolments as 25 April 2025

2025 YTD EFTS Enrolments (only ITP)

Domestic	56,557 2025 Budget	43,688 2025 YTD	42,815 2024 YTD
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Rohe	2025 YE EFTS Budget	2025 YTD EFTS	2024 YTD EFTS	YTD EFTS Var	%YTD EFTS Var	2025 % of YE Budget	2024 % of YE Forecast	2024 % of YE Actual
OPNZ	9,329	5,593	5,138	455	9%	60%	59%	59%
OPN	9,329	5,593	5,138	455	9%	60%	59%	59%
Rohe 1	10,812	8,170	8,170	0	0%	76%	82%	80%
MIT	4,471	3,710	3,590	120	3%	83%	83%	79%
NTC	1,954	1,141	1,231	-89	-7%	58%	76%	77%
UNI	4,387	3,319	3,349	-30	-1%	76%	82%	84%
Rohe 2	11,686	9,417	9,475	-58	-1%	81%	85%	82%
EIT	3,833	2,711	2,580	132	5%	71%	74%	73%
TOI	3,643	3,361	3,414	-53	-2%	92%	93%	86%
WIN	4,210	3,345	3,481	-137	-4%	79%	87%	85%
Rohe 3	9,518	8,197	8,017	181	2%	86%	86%	86%
NMT	2,185	1,787	1,605	181	11%	82%	76%	79%
UCL	2,602	2,088	2,195	-107	-5%	80%	88%	85%
WAW	3,566	3,358	3,212	146	5%	94%	90%	90%
WIT	1,164	964	1,004	-40	-4%	83%	88%	88%
Rohe 4	15,211	12,311	12,015	296	2%	81%	85%	86%
ARA	6,411	5,571	5,547	24	0%	87%	87%	88%
OTG	4,329	3,616	3,626	-11	-0%	84%	92%	92%
SIT	4,260	2,987	2,699	287	11%	70%	74%	77%
TPP	211	137	142	-5	-4%	65%	52%	50%
Total	56,557	43,688	42,815	873	2%	77%	80%	80%

International	6,937 2025 Budget	5,048 2025 YTD	4,438 2024 YTD
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Rohe	2025 YE EFTS Budget	2025 YTD EFTS	2024 YTD EFTS	YTD EFTS Var	%YTD EFTS Var	2025 % of YE Budget	2024 % of YE Forecast	2024 % of YE Actual
OPNZ	9	29	31	-2	-7%	323%	49%	43%
OPN	9	29	31	-2	-7%	323%	49%	43%
Rohe 1	1,827	1,478	1,206	273	23%	81%	73%	72%
MIT	456	408	317	91	29%	89%	78%	72%
NTC	145	63	93	-30	-33%	43%	68%	71%
UNI	1,225	1,007	795	212	27%	82%	71%	71%
Rohe 2	2,298	1,666	1,358	309	23%	73%	76%	75%
EIT	731	480	461	20	4%	66%	71%	73%
TOI	747	490	431	59	14%	66%	83%	82%
WIN	819	696	466	230	49%	85%	74%	72%
Rohe 3	1,050	736	667	68	10%	70%	76%	74%
NMT	278	258	188	69	37%	93%	78%	70%
UCL	229	144	107	38	35%	63%	67%	67%
WAW	400	245	230	16	7%	61%	77%	76%
WIT	143	88	143	-54	-38%	62%	82%	82%
Rohe 4	1,754	1,139	1,176	-37	-3%	65%	74%	74%
ARA	575	397	331	65	20%	69%	69%	72%
OTG	677	478	593	-115	-19%	71%	78%	75%
SIT	502	264	252	12	5%	53%	75%	76%
Total	6,937	5,048	4,438	610	14%	73%	74%	73%

Appendix Two – 2025 WBL division enrolments as 31 March 2025

Work Base Learning

Delivered STMs as at 31/03/2025

34,681	7,838	8400
2025 Budget	2025 YTD	2024 YTD

Division	2025 YE Budget	2025 YTD Actual	2024 YTD Actual	YTD Var	% YTD Var	YTD Budget Achievement
BCITO	9,546	2,194	2369	-175	-7%	23%
Careerforce	3,856	931	1062	-131	-12%	24%
Competenz	4,257	984	1061	-77	-7%	23%
Connexis	2,057	526	471	55	12%	26%
EarnLearn	4,796	1,078	1120	-42	-4%	22%
HITO	684	143	171	-28	-17%	21%
MITO	3,201	756	801	-45	-6%	24%
PrimaryITO	3,720	723	741	-17	-2%	19%
ServiceIQ	2,564	505	605	-99	-16%	20%
Total	34,681	7,838	8400	-561	-7%	23%

4. Te Pūkenga Council update to the Minister – cover letter



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Hon Penny Simmonds
Minister for Vocational Education
Private Bag 18888
Parliament Buildings
Wellington 6160

19 June 2025

Tēnā koe Minister Simmonds

June update from Te Pūkenga Council

I would like to update you on the work that Te Pūkenga Council is undertaking to progress towards disestablishment, continuing to ensure smooth operations of our business divisions until this occurs.

On 30 May, Te Pūkenga held a Council meeting and a meeting of the Finance, Risk and Audit Committee. At those meetings, we discussed a range of matters, including the following.

Education and Training Act (Vocational Education and Training System) Amendment Bill

Te Pūkenga Council has not made a submission on the Education and Training Act (Vocational Education and Training System) Amendment Bill, but it has seen and reviewed Management's submission. Te Pūkenga Management has also provided detailed feedback to the Ministry of Education and TEC on several clauses that it believes require clarification and/or amendment.

Although the Education and Training Act is not intended to be effective until 1 January 2026, the Council will now proceed as if it is in place (noting existing obligations), subject to any changes to the Bill as it progresses through the legislative process. This is imperative to enable new entities to be stood up on 1 January 2026. Please advise if you have any concerns with this approach.

Transition timeframe

The timeframe provided for in the proposed legislation to implement transition plans is ambitious. We are concerned about change fatigue for kaimahi in our business divisions and the potential for loss of capacity and capability through the transition process. We are highlighting this risk to you but are committed to doing everything in our power to ensure a smooth transition.

Regional ITP viability

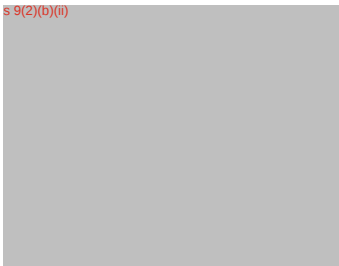
On 14 June 2024, the Tertiary Education Commission (TEC) requested that Te Pūkenga obtain specialist help under section 332 of the Education and Training Act 2020. This specialist help was to support the long-term financial sustainability of the former ITP business divisions of Te Pūkenga. To oversee this work, Te Pūkenga and the TEC formed a Programme Governance Group (PGG), independently chaired by s 9(2)(a). Te Pūkenga Council has confidence in the work undertaken by the specialists to determine financial viability

plans for each business division, and the work undertaken by the project teams at our business divisions to enact these plans, including any changes in response to the changing operating environment. The TEC's Financial Monitoring Framework has underpinned the work to develop and assess financial viability plans. The PGG has discussed and agreed to Red/Amber/Green statuses for the former ITP business divisions to identify our confidence in divisions achieving these plans and ultimately, financial viability. Achievement of viability depends not just on business divisions successfully implementing their plans but on indicative 2026 TEC funding, and the funding framework and rates beyond that date. The programme team and our finance staff are reviewing the implications of 2026 indicative funding allocations recently received from the TEC. The specialists and the PGG have only focussed on financial viability and no work has been undertaken to consider whether these plans best meet learner needs and outcomes.

Green-rated business divisions

Given the work undertaken by specialists and the project teams at each business division, and the various assumptions around the modelling of financial forecasts for 2026 and beyond, Te Pūkenga Council currently believes that these green-rated business divisions have a pathway to financial viability and sustainability from 1 January 2026. They will be monitored to ensure they continue to realise project goals.

s 9(2)(b)(ii)

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Amber-rated business divisions

The amber-rated business divisions are not expected to reach an immediate point of viability or sustainability before the end of 2025, despite the work undertaken by specialists and project teams.

These ITPs are receiving targeted support, capacity building, and closer monitoring to support their paths to viability and sustainability.

s 9(2)(b)(ii)

A large rectangular area of the document has been redacted with a solid grey fill.

Red-rated business divisions

The following business divisions are not immediately viable or sustainable as standalone entities and require Ministerial direction.

s 9(2)(b)(ii)

A large rectangular area of the document has been redacted with a solid grey fill.

These ITPs are receiving intensive support, agile planning, and rapid feedback loops to allow for quick adjustments.

Future sustainability

Notwithstanding the above statuses, we also highlight that immediate and ongoing viability on day 1 for any business division may not equate to long term sustainability in the context of the current funding model. Future viability of new entities will also depend on funding decisions that are currently being made by TEC in terms of funding rates and also support for strategic provision.

Work-based learning business divisions

On 14 May 2025, the Tertiary Education Commission (TEC) requested that Te Pūkenga obtain further specialist help under section 332 of the Education and Training Act 2020. This specialist help is to support the future financial viability of work-based delivery focussing on aligning the work-based learning business divisions cost-base to the current level of enrolments. Specialist help has been obtained and is now working with the leadership of our work-based learning business divisions. The PGG will also oversee this work.

2025 Forecasts

The latest 2025 forecasts by business divisions presented to us at the 30 May meeting are provided below.

Net Surplus/(Deficit) by Division	2025 Forecast (000)
s 9(2)(b)(ii)	

Net Surplus/(Deficit) by Division	2025 Forecast (000)
§ 9(2)(f)(ii)	

We continue to reforecast monthly.

Delegations to business divisions

Te Pūkenga Council has approved an update to the Standing Delegations Register which will enable business divisions to set their own domestic pricing for study in 2026 (including scholarships and discounts). Setting of international fees was already delegated to business division leads earlier in the year.

Finance, Risk and Audit Committee

2024 annual report

The Finance, Risk and Audit Committee has approved the 2024 external audit and annual report, which is currently being printed, and a soft copy of the report is appended to this letter. A hard copy is expected to be provided to your office next week. The operating surplus achieved by Te Pūkenga for 2024 was \$16.658m. We are committed to achieving a result that is as close to break-even as possible for 2025, including the operating savings and capital disposals required to ensure the new entities are set up for the best possible financial viability on or after 1 January 2026.

The Committee also noted the following.

- The property divestment portfolio has been reconciled with the Regional ITP Viability programme and § 9(2)(f)(ii) are in progress. The major investment (over \$1m) property programme has 13 projects in progress and the high priority building programme had a further three projects completed. EIT Hawkes Bay remediation construction has started on § 9(2)(b)(ii), and these are scheduled to be completed by March 2026.
- An internal audit project of unusual transaction testing has been successfully completed by PwC, reviewed by the Finance, Risk and Audit Committee, and has been well received by business divisions.
- The risks of talent retention, capacity and wellbeing, and critical IT infrastructure failure or outage, remain assessed as Very High. It is important that these risks and future mitigation plans are assumed and managed by the new entities as they are established, and we are working through appropriate transition plans in this regard.
- The Finance systems project is scheduled to finish in June 2025 and work around vendor contract negotiation and ongoing support models is scheduled to take place in the second half of 2025. On the current workplan a forecast § 9(2)(f)(ii) will be achieved.
- Te Pūkenga Digital is working in collaboration with the TEC to align the respective programme schedules for the Data Systems Refresh programme and ensure business divisions are well placed to meet expected milestones. The overall programme risk status remains at Amber (moderate risk) and

the programme end date is likely to extend from August 2025 to October 2025 to manage implementation of additional TEC requirements to support Fees Free. This work will be completed within the approved budget.

I look forward to meeting with you on Thursday 26 June and discussing these, and other matters, in more detail.

Ngā mihi nui,

A handwritten signature in dark ink, appearing to read 'Sue McCormack', with a long horizontal flourish extending to the right.

Sue McCormack

Te Pūkenga Council Acting Chair

Cc: Tim Fowler, Chief Executive Tertiary Education Commission

Report to Minister for Vocational Education

19 June 2025

To:	Hon Penny Simmonds, Minister for Vocational Education
Cc:	Tim Fowler, Chief Executive, Tertiary Education Commission
From:	Gus Gilmore, Chief Executive, Te Pūkenga NZIST
Date:	19 June 2025

Financial Performance

Enrolment update

- As at 13 June, ITP business division enrolments are up 3% compared to the same time in 2024. This includes a 2% increase in domestic enrolments and a 13% increase in international enrolments. While these figures are encouraging in the context of a softening pipeline and broader economic conditions, we are tracking slightly behind budget year-to-date.
- As at 30 April, work-based learning (WBL) divisions experienced a 7% decrease in Single Training Measures and 9% decrease in active learners compared with the same time in 2024. Only Connexis experienced an increase for this period. Detailed enrolment tables are included in the appendix.
- Uncertainty around visa approvals and the impact of structural change continue to affect enrolment dynamics across several divisions for international learners. Work is ongoing with Immigration NZ to improve approval rates for NZIST ākonga.

Table One: ITP division 2025 year to date enrolments compared to 2024 – as at 13 June

Enrolment type (EFTS)	2025 YTD	2024 YTD	YTD % variance
Domestic	47,696	46,775	2%
International	5,515	4,862	13%
Total	53,211	51,637	3%

2025 Financial performance

- The latest 2025 forecast projects a year-end group § 9(2)(b)(i) an improvement from the budgeted § 9(2)(b)(ii). This reflects improved expenditure management and § 9(2)(b)(i) in personnel cost savings attributed to the RIV programme. However, our forecast continues to rely on § 9(2)(b)(i) in TEC funding that is yet to be confirmed. Engagement with TEC is ongoing to address this risk, but so far, no confirmation.

2024 Audit

5. Please find attached our final 2024 Annual Report. You will have five days to then table the report in Parliament. We will publish the annual report once tabled, which we expect will be in the week of 23 June. We can confirm we made a surplus in 2024 of \$16.6 million. This is an excellent result and the teams across the network can be proud of what they have achieved.

Property transformation and divestment

6. There are currently 50 active property divestment projects, totalling § 9(2)(b)(ii) in identified value. We have identified some internal process improvements which have accelerated the disposal timeline, with several assets now expected to exit the portfolio by 2026–27 rather than the previously forecast 2028. However, timeframes for disposal are very much dependent on the process outlined in the Public Works Act. A further § 9(2)(b)(ii) in property has been recategorized for consideration to progress at a later stage but are not necessary for viability.

Domestic fee pricing delegations

7. Another round of delegations to business divisions was made by the Council on 30 May. Domestic fee delegations have now been updated to allow domestic pricing decisions to be set by business divisions for 2026 fees.

Progressing Establishment and Transition

8. Work continues across all workstreams of the VET Future State Programme. All workstreams are aligned to support a stable, well-managed transition that delivers on Government objectives. Updates are provided below.

Regional ITP Viability (RIV)

9. All ITP divisions have now completed Project Initiation Document reconciliations and updated Financial Improvement Plans. We are forecasting § 9(2)(b)(ii) in cost reductions in 2025, increasing to § 9(2)(b)(ii) annually from 2026, largely through workforce changes, property rationalisation, and programme alignment. § 9(2)(f)(i) savings has already been reported.
10. As at the end of April 2025, a total reduction of 694 FTEs is forecast across all ITPs, contributing to an estimated § 9(2)(ba)(ii) in projected cost reductions in 2025 and annualised savings of § 9(2)(f)(ii). These will be subject to consultation processes with affected staff and there may be changes to actual FTE numbers once decisions are finalised. As at the end of April, confirmed reductions are § 9(2)(a) FTEs.
11. The programme has reviewed its management and oversight approach to prioritise its monitoring and support. ITPs have been categorised into three groups based on forecasted equity, viability expectations for 2026, project governance confidence, and the scale of change required to meet cost-out goals.
 - **Green** – considered healthy. These ITPs are on track and are being monitored to ensure they meet benefit goals and reporting timelines. Includes: § 9(2)(b)(ii)
 - **Amber** – considered at risk. These ITPs will be receiving targeted support, capacity building, and closer monitoring. Includes: § 9(2)(b)(ii)

- **Red** – uncertainty regarding their end state. These ITPs are not viable as standalone entities and require Ministerial direction. They will receive intensive support, agile planning, and rapid feedback loops to allow for quick adjustments in line with Ministerial decisions. Includes: § 9(2)(b)(ii)

Work-based learning viability

12. Following receipt of the TEC's letter requiring Te Pūkenga to obtain specialist help for our WBL divisions, we have contracted the named consultancies. Their scope of work at a high-level is:
 - Confirming the financial position of each business division (including undertaking downside sensitivity analysis).
 - Advising on what financial improvement initiatives and changes to business division operating models need to be undertaken to ensure long-term financial sustainability of future independent organisations.
 - Understanding recapitalisation needs to support future independent operations.
13. We expect the initial work to be completed by the end of July but will enable WBL business divisions and consultants to move faster where possible.

ITP and WBL Transition

14. We are working closely with the TEC to understand and inform their guidance and expectations for transition plans. We are also supporting divisions in preparing the likely activities and material needed for transition plans. Activity includes:
 - Identifying and collating key information to inform transition and operational plans for divisions;
 - Supporting divisions develop transition plans;
 - Supporting organisational design, employment continuity, and workforce transitions;
 - Coordinating with TEC on asset transfer, Investment Plan readiness, and statutory compliance;
 - Finalising the scope and operating model for the residual NZIST, including system wind-downs.
15. Business divisions will lead their transition and development of their transition plans with central support, oversight and reporting.
16. We think there should be flexibility in the process that would allow WBL business divisions that are ready to form a PTE to do so without going into an ISB. If needed they could even stay in Te Pūkenga for a few months and make just one step rather than a cumbersome process of into an ISB and then into a PTE. § 9(2)(b)(ii) is ready to do that, with evidence of strong and aligned industry support.

National Academic IP Repository

17. This workstream is focused exclusively on the development of a national repository for academic intellectual property (IP). Progress this month includes:
 - Establishing the cataloguing framework for academic content, with input from across all ITP and WBL divisions;

- Beginning the migration and preservation of high-value academic resources, including digital content, assessments, and learning objects.
18. This repository will ensure a smooth disestablishment process and provide future entities with the educational content required to sustain and evolve their provision models.

Other Matters

Collaboration with industry

19. Te Pūkenga, Spark and Open Polytechnic launched an “Introduction to Generative AI” micro-credential, with Spark sponsoring 30 digi-coaches who will use library and community hubs to boost digital confidence nationwide. Separately, through an initiative with Seen Ventures and backed by MSD, UDC Finance and Performance Building Solutions, we launched the 12-week “AI Solutions Accelerate” micro-credential, giving learners hands-on experience on live AI projects and clear pathways into tech roles.

Supporting the Prime Minister’s Mission to China

20. During the week of 16 June, I will travel to China as part of the Prime Minister’s Trade Mission, engaging with education agents and supporting new international agreements at the Beijing New Zealand Education Connect Event.
21. These include a dual degree and exchange agreement between Unitec and Shanghai University of Engineering Science (projected to generate § 9(2)(b)(ii)) and a Memorandum of Understanding between NMIT and Zhejiang University of Water Resources and Electric Power to deliver three degrees in China, expected to generate over § 9(2)(b)(ii) once fully implemented.

Submission to the Education and Workforce Select Committee

22. We made a submission to the Education and Workforce Committee on the Education and Training (Vocational Education and Training System) Amendment Bill, with an intention to appear before the Select Committee. The submission has been developed by the Executive Leadership Team and has been shared with Council, though the Council is not a signatory.
23. The submission highlights our support for the Bill’s aims - particularly its focus on improving responsiveness to regional and industry needs - while also recommending changes to ensure clarity and effectiveness in implementation. Key points include:
- The need to restore stronger obligations for Māori, Pacific, and Disabled learners, which we consider are currently diminished in the Bill.
 - Recommendations to strengthen the oversight and accountability for collaboration and shared services through Investment Plans and annual reporting.
 - The need to ensure funding systems and provisions reflect the changing nature of education and training and support long term viability of the sector.
 - Questioning the added complexity of the federation model and proposing simpler alternatives where possible.
 - Recognising the value of public assets if/when they were to be transferred to private ownership.

24. A copy of our submission to the Education and Workforce Committee is attached for your information.
25. We remain focused on ensuring the sector is well-positioned for the transition and that kaimahi and ākonga are supported with minimal disruption.
26. Sue and I look forward to meeting with you on 26 June and continuing the work to deliver the Government's vision for vocational training in Aotearoa New Zealand.

A handwritten signature in black ink, appearing to read 'Gus Gilmore', with a large circular flourish above the name.

Gus Gilmore
Chief Executive
19 June 2025

Appendix – ITP Division enrolments as at 6 June 2025

2025 YTD EFTS Enrolments (only ITP)

Domestic	56,557 2025 Budget	47,182 2025 YTD	46,065 2024 YTD
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Rohe	2025 YE EFTS Budget	2025 YTD EFTS	2024 YTD EFTS	YTD EFTS Var	%YTD EFTS Var	2025 % of YE Budget	2024 % of YE Forecast	2024 % of YE Actual
OPNZ	9,329	6,561	6,155	406	7%	70%	71%	71%
OPN	9,329	6,561	6,155	406	7%	70%	71%	71%
Rohe 1	10,812	8,707	8,769	-62	-1%	81%	88%	86%
MIT	4,471	3,951	3,844	107	3%	88%	89%	84%
NTC	1,954	1,248	1,281	-32	-3%	64%	80%	80%
UNI	4,387	3,508	3,644	-136	-4%	80%	89%	91%
Rohe 2	11,686	10,106	10,047	60	1%	86%	90%	86%
EIT	3,833	3,026	2,797	229	8%	79%	81%	79%
TOI	3,643	3,587	3,635	-48	-1%	98%	99%	91%
WIN	4,210	3,493	3,614	-121	-3%	83%	90%	88%
Rohe 3	9,518	8,612	8,367	245	3%	90%	90%	90%
NMT	2,185	1,913	1,725	188	11%	88%	82%	85%
UCL	2,602	2,231	2,309	-78	-3%	86%	92%	90%
WAW	3,566	3,452	3,308	144	4%	97%	93%	93%
WIT	1,164	1,017	1,025	-8	-1%	87%	90%	90%
Rohe 4	15,211	13,196	12,727	469	4%	87%	90%	91%
ARA	6,411	5,889	5,848	41	1%	92%	92%	93%
OTG	4,329	3,707	3,743	-36	-1%	86%	95%	95%
SIT	4,260	3,459	2,984	475	16%	81%	82%	85%
TPP	211	141	152	-11	-7%	67%	55%	54%
Total	56,557	47,182	46,065	1,118	2%	83%	86%	86%

International	6,937 2025 Budget	5,449 2025 YTD	4,808 2024 YTD
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Rohe	2025 YE EFTS Budget	2025 YTD EFTS	2024 YTD EFTS	YTD EFTS Var	%YTD EFTS Var	2025 % of YE Budget	2024 % of YE Forecast	2024 % of YE Actual
OPNZ	9	38	40	-2	-4%	430%	64%	56%
OPN	9	38	40	-2	-4%	430%	64%	56%
Rohe 1	1,827	1,571	1,349	222	16%	86%	81%	80%
MIT	456	416	333	83	25%	91%	82%	76%
NTC	145	69	102	-32	-32%	48%	74%	77%
UNI	1,225	1,086	914	172	19%	89%	82%	82%
Rohe 2	2,298	1,779	1,480	299	20%	77%	82%	82%
EIT	731	543	526	17	3%	74%	81%	83%
TOI	747	524	458	66	14%	70%	88%	87%
WIN	819	713	496	217	44%	87%	79%	77%
Rohe 3	1,050	744	684	60	9%	71%	78%	76%
NMT	278	260	199	61	30%	93%	82%	74%
UCL	229	146	107	40	37%	64%	67%	67%
WAW	400	247	232	16	7%	62%	77%	77%
WIT	143	90	146	-56	-38%	63%	84%	84%
Rohe 4	1,754	1,316	1,255	62	5%	75%	79%	79%
ARA	575	434	374	60	16%	75%	78%	81%
OTG	677	607	626	-19	-3%	90%	82%	80%
SIT	502	275	255	20	8%	55%	76%	77%
Total	6,937	5,449	4,808	641	13%	79%	80%	80%

Work Base Learning

Delivered STMs as at 30/04/2025

34,681	10,404	11183
2025 Budget	2025 YTD	2024 YTD

Division	2025 YE Budget	2025 YTD Actual	2024 YTD Actual	YTD Var	% YTD Var	YTD Budget Achievement
BCITO	9,546	2,879	3139	-260	-8%	30%
Careerforce	3,856	1,233	1391	-158	-11%	32%
Competenz	4,257	1,310	1405	-96	-7%	31%
Connexis	2,057	710	618	92	15%	35%
EarnLearn	4,796	1,429	1498	-69	-5%	30%
HITO	684	190	227	-37	-16%	28%
MITO	3,201	1,011	1081	-70	-6%	32%
PrimaryITO	3,720	970	1005	-35	-3%	26%
ServiceIQ	2,564	673	819	-146	-18%	26%
Total	34,681	10,404	11183	-778	-7%	30%

Active Learners as at 30/04/2025

Accounts	Reporting month 2025	Reporting month 2024	YoY %
☒ Funded Active Learners	49,547	54,673	-9%
BCITO	13,607	15,056	-10%
Careerforce	6,166	6,735	-8%
Competenz	7,092	7,386	-4%
Connexis	3,285	2,932	12%
EarnLearn	6,455	7,027	-8%
HITO	967	1,143	-15%
MITO	4,664	4,907	-5%
PrimaryITO	4,594	4,905	-6%
ServiceIQ	2,717	4,582	-41%
☒ Non-Funded Active Learners	4,527	4,627	-2%
BCITO	759	708	7%
Careerforce	1,315	1,538	-14%
EarnLearn	1,377	925	49%
MITO	426	996	-57%
Total	54,074	59,300	-9%